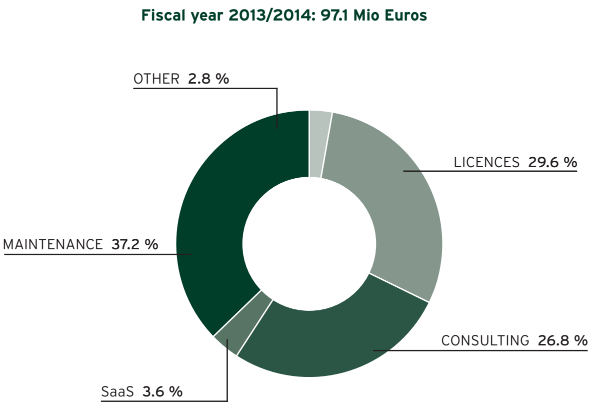
P&I
PURE HR

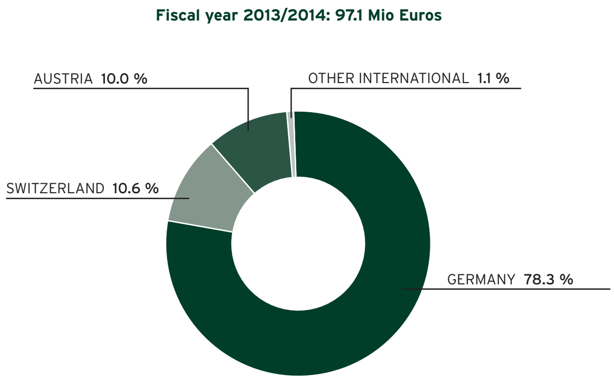
Annual Report
P&I Personal & Informatik AG
2013/2014

THE P&I GROUP IN FIGURES

KEY FIGURES TO IFRS	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Million euros					
Group sales	63.3	69.1	70.6	82.1	97.1
Earnings before depreciation (EBITDA)	18.1	17.7	21.1	26.6	33.7
Earnings before interest and taxes (EBIT)	15.3	15.4	18.1	24.0	31.5
Group result (DVFA/SG)	10.9	10.9	15.9	20.2	21.0
Number of employees (average)	334	333	331	358	382
Earnings per share (DVFA/SG) in euros	1.45	1.44	2.12	2.69	2.78

SALES / SEGMENTS AND COUNTRIES





FINANCIAL SITUATION, PROFITABILITY AND PRODUCTIVITY

KEY FIGURES TO DVFA/SG	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Equity ratio	46.7 %	45.0 %	33.2 %	35.2 %	29.9 %
EBIT margin	24.2 %	22.3 %	25.7 %	29.3 %	32.4 %
Return on sales	17.2 %	15.7 %	22.6 %	24.6 %	21.6 %
Performance per employee ('000 euro)	189.5	207.5	213.3	229.3	254.1
EBIT per employee ('000 euro)	45.9	46.4	54.8	67.0	82.4

» EVERY STEP WE TAKE AND EVERY DECISION WE MAKE MUST BRING US A LITTLE CLOSER TO OUR GOALS. «

Vasilios Triadis
CEO/Chairman of the Board

DEAR SHAREHOLDERS,

Since its formation by Egbert Becker, P&I has developed in line with the principle: "In the customers' perception, P&I stands for user-friendly and comprehensible software products". This principle also guided our strategic decisions after the entry of the Carlyle Group in 2004. We succeeded in achieving the major goal: developing a highly efficient payroll accounting system into a complete, integrated human resource management system. As well as covering all key requirements for HR management, this comprehensive overall system can also be used in 13 countries. It takes account not only of the different languages, but also the different legal and collective agreement provisions in the individual countries. In addition to payroll accounting, its range of functions includes HR administration, time management, personnel deployment planning and HCM (human capital management) with the web-based Management Self-Service (MSS) and Employee Self-Service (ESS) portals, which are key in the increasingly important decentralisation of HR work.

We were able to develop such as successful software package only because the whole company worked towards this with the special P&I feeling. Time and again, this feeling shows us that nothing is made for eternity, that everything has to be implemented in a very short space of time, that only an intensive way of working will bring success and that the passion and dedication that has become part of our mentality over the years leads all employees to act entrepreneurially. This P&I feeling shared by all employees was the main prerequisite for implementing our strategic goals in good time and making P&I AG one of the most important and renowned companies in the HR software sector in Europe.

Where do we stand today? The P&I feeling has led to the most successful implementation of a business model in the software sector. In the past six years alone, our revenue grew by 64 % from EUR 59.0 million to EUR 97.1 million, while our EBIT posted a 140 % increase from EUR 13.1 million to EUR 31.5 million. At this point, our particular thanks go to the Carlyle Group, which has repeatedly encouraged us in our strategic orientation and implementation over the past ten years.

Dear Shareholders, our revenue growth of 18.2 % in comparison to the previous financial year and a 30.9 % rise in EBIT, which we achieved under our own steam and without purchasing companies, clearly demonstrate how much potential our company has. Our share price performance has repeatedly confirmed this. I would like to take this opportunity to thank our employees, who generated this growth with their strong commitment and motivation. I am convinced that our current starting situation presents extremely positive prospects for our new major shareholder, too.

What does the future hold? Here we anticipate an exciting technological challenge. The digitalisation of industry, also known as "Industry 4.0", is the major challenge for the whole of the IT world. We want to take on this challenge not only by being better than the others. Being better and delivering the highest quality is our motivation; being different with the courage to specialise and focus is our objective.

We have repeatedly shown courage in the past, too. P&I AG has thus now established a network that is ten times larger than P&I itself, with five times more software developers and ten times more consultants than P&I employs.

For us, focussing means not only saying "yes" to the things that we want to focus on, but also saying "no" to the hundreds of other ideas that we do not want to pursue. It is our passion and our love of detail that drive us to devise payroll accounting within the P&I PLUS product family and to present a comparable product in such a way that everybody wants to have it.

Many competitors have got into difficulties because they wanted to serve the whole market. With P&I LOGA3, we made a clear decision that we would not aim to supply it to all companies. Companies that do not see the advantages of an integrated overall solution or cannot take advantage of these will not really be satisfied with P&I LOGA3. We will have to do without such companies in the future. Our software is no longer just a payroll accounting solution.

With P&I LOGA3 and P&I BIG DATA, we are aiming for technology leadership in the HR software sector. P&I will evolve into a technology company. We will therefore integrate technological impetus in our business model to enable us to fulfil our customers' expectations with regard to quality and reliability even better in the future. At P&I, we all know that this is a major prerequisite for future growth.

Every step we take and every decision we make must bring us a little closer to our goals. This is not always easy and does not always bring instant success. However, we are constantly working with the vision of finding the right impetus for the successful and sustainable development of our company.

I would like to thank you for the trust you have placed in us and hope that the current year will be one of health, confidence, happiness, hope and good business for all of us.

Yours

Vasilios Triadis

01/

INVESTOR RELATIONS

THE P&I SHARE

ISIN & trading segment	DE0006913403 in the Prime Standard (FWB), stock symbol PUI
Number and class of shares	7.7 million no-par bearer shares less 168,873 repurchased shares
Shareholder structure as of March 31, 2014	96.34 % Edge Holding GmbH, Frankfurt (Hg Capital) 2.19 % treasury shares Rest free float
Designated Sponsor	Close Brothers Seydler Bank AG (Frankfurt am Main)
Market capitalisation (Xetra)	EUR 502.3 million (March 31, 2014)
Annual high/low (Xetra)	EUR 66.09 (March 4, 2014) / EUR 32.75 (May 8, 2013)

FINANCIAL ANNOUNCEMENTS IN 2013/2014 FINANCIAL YEAR

April 30, 2013	Ad hoc announcement of the appointment of Martin Christiaan de Groot to the Management Board from May 1, 2013
June 13, 2013	Accounts press conference and publication of the annual financial statements
Nov. 19, 2013	Ad hoc announcement of the voluntary public takeover offer by Kallisto Neunzigste Vermögensverwaltungs-GmbH for a consideration in cash of EUR 50 per share.
Nov. 26, 2013	Voting right notification from HgCapital 7 General Partner (Guernsey) Limited, St. Peter Port, Guernsey with 89.66 % of the voting rights
Nov. 28, 2013	Voting right notification from HG Investment Managers Limited, London, United Kingdom with 89.66 % of the voting rights
Dec. 11, 2013	Correction notification from Edge Holding GmbH, Frankfurt am Main, Germany with 89.66 % of the voting rights
Dec. 23, 2013	Voting right notification from Alderaan Holdco Limited, London, United Kingdom, Hg Capital 7 (various) and Edge Holding GmbH for 91.94 % of the voting rights
Jan. 6, 2014	Joint statement by the Management Board and the Supervisory Board on the takeover offer by Edge Holding GmbH with approval for the takeover and rejection of the offer
Jan. 7, 2014	Addition to the joint statement by the Management Board and the Supervisory Board
Feb. 11, 2014	Increase in the takeover offer by Edge Holding GmbH to EUR 65 per share
Feb. 26, 2014	Mandatory publication by Edge Holding GmbH as of the end of the acceptance period with 96.34 % of the voting rights and attainment of the equity interest required for a squeeze-out

Annual General Meeting on September 3, 2013

The fourteenth Annual General Meeting of P&I Personal & Informatik AG was held on September 3, 2013 in the Wiesbadener Casino-Gesellschaft with approximately 60 shareholders and guests. EUR 7.1 million or 91.9 % of the Wiesbaden company's share capital of EUR 7.7 million was represented. This again made the amount of capital represented the highest since the IPO in 1999. As in the previous year, the meeting was chaired by Thomas Volk as Chairman of the Supervisory Board.

Under the terms of the control and profit transfer agreement, the net profit of P&I AG for the 2012/2013 financial year as reported in the single-entity financial statements is to be transferred to Argon GmbH. As in the previous year, external P&I AG shareholders will receive an equalisation payment from Argon GmbH totalling EUR 1.55 net per share.

The conduct of the current Management Board members Vasilios Triadis and Martin de Groot and the former Management Board member Dr Erik Massmann was approved by a majority vote. The conduct of the current Supervisory Board comprising Thomas Volk as Chairman, Michael Wand and Dr Thorsten Dippel was likewise approved by a majority vote. The term of office of the two Supervisory Board members Thomas Volk and Dr Thorsten Dippel was extended by another term. In the subsequent Supervisory Board meeting, Thomas Volk was re-elected as Chairman.

In addition, an authorization to increase the share capital in exchange for cash or non-cash contributions was resolved and the articles of association were amended to this effect. Furthermore, a contract for out-of-court settlement was concluded between former members of the Supervisory Board and P&I AG in order to resolve pending settlement proceedings from 2010.

Share price performance from April 2013 to March 2014

The P&I share closed at EUR 65.24 in the Xetra system (Frankfurt Stock Exchange) on March 28, 2014 after starting the financial year on April 2, 2013 at a price of EUR 34.20. Including the equalisation payment of EUR 1.55 per share subsequent to the AGM, the value increased by 95.3 %.

Source: Bloomberg (adjusted for dividend payment)

SUPERVISORY BOARD REPORT

Dear shareholders,

The 2013/2014 financial year was another very successful year for P&I Personal & Informatik AG. The investments made in recent years in products and technological innovations and in staff training and strengthening the workforce further improved the company's competitiveness again this year and ensured the sustainable success of its results. P&I is continuing to grow faster than the market and is gaining market share as a result of a continuously growing customer base and expansion of business with the extremely satisfied existing customers.

In the past financial year, a change in the major shareholder took place. This ensured the long-term continuity and stability of the company and created the basis for further expansion of business.

There were changes in the Supervisory Board due to the resignation of Mr Michael Wand, former Deputy Chairman of the Supervisory Board, and of Dr Thorsten Dippel with effect from February 2, 2014. Mr Kai Romberg and Mr Justin von Simson were appointed to the Supervisory Board by court order as at February 10, 2014 until the next Annual General Meeting. Mr Kai Romberg has assumed the role of Deputy Chairman of the Supervisory Board.

On April 29, 2013, the Supervisory Board appointed Mr Martin C. de Groot as a member of the Management Board effective from May 1, 2013 to March 31, 2016. In addition, on December 20, 2013 the Supervisory Board revoked the appointment of Mr Vasilios Triadis as a member of the Management Board and CEO of the company with his consent with effect from March 31, 2014 and reappointed him as a member of the Management Board and CEO of the company for the period from April 1, 2014 to the end of March 31, 2019, i.e. for a period of five years.

The Supervisory Board supported the Management Board during the process for the change in major shareholders. A fairness opinion was obtained in this context and a statement on the takeover offer was discussed in depth. The long-term business strategy and the associated investments were also discussed and analysed.

In addition to the regular risk reports, the Supervisory Board specifically reviewed the status of the major projects to be processed and the development of the cash flow to secure loan payments.

According to the final result of its own reviews, the Supervisory Board raises no objections to the Management Board declaration provided at the end of the report and included in the management report.

During the 2013/2014 financial year, the Supervisory Board fulfilled the responsibilities incumbent upon it according to the law, articles of association and internal regulations and monitored and advised the Management Board in accordance with the Corporate Governance Code. The subject matter of the regular discussions and resolutions of the Supervisory Board included revenue and earnings performance, the financial situation, the strategic orientation of the company, the acquisition strategy and the evaluation of potential acquisition candidates, the product and consulting strategy, risk management, the adoption of the Group budget, the drafting of Management Board contracts, corporate governance issues, actions to rescind AGM resolutions, resolutions on specific transactions requiring approval and questions concerning the remuneration of the Management Board.

In the 2013/2014 financial year, the Supervisory held five regular meetings, two extraordinary meetings and two telephone meeting with all members present, with at least one meeting taking place in each quarter. Two constitutive meetings were also held, in each of which the Deputy Chairman of the Supervisory Board was selected. The Supervisory Board also met for a two-day strategy meeting. In addition, four resolutions were passed by circulation. The Supervisory Board did not form any committees. No conflicts of interest as defined by item 5.5 of the Corporate Governance Code occurred in the 2013/2014 financial year.

Thanks to comprehensive information from the Management Board, the Supervisory Board was capable of performing its duties of supervising and advising the Management Board and making the necessary decisions at all times.

Again in the 2013/2014 financial year, the Supervisory Board dealt in detail with the issue of corporate governance and with the German Corporate Governance Code. In February 2014, the Supervisory Board, together with the Management Board, again issued a declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (AktG) on compliance with the German Corporate Governance Code. This declaration was made permanently available to shareholders by being published on P&I's website. It can also be read in section 2.5 of the company's combined management report.

The consolidated financial statements and the annual financial statements of P&I Personal & Informatik AG and the joint combined management report for P&I Personal & Informatik AG and the Group were audited by Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, appointed as auditors by the AGM on September 3, 2013, and granted an unqualified audit certificate. The consolidated financial statements were compiled according to the International Financial Reporting Standards (IFRS) and the additional requirements of German commercial law pursuant to Section 315a Paragraph 1 of the German Commercial Code (HGB). These consolidated financial statements according to IFRS exempt the company from the obligation to prepare consolidated financial statements in accordance with HGB.

With regard to the risk early-warning system, the auditor determined that the Management Board had taken the measures required by Section 91 Paragraph 2 AktG and that the company's risk early-warning system is suitable for the early detection of developments that could endanger the company as a going concern.

All financial statements, the combined management report and the audit reports were presented to all members of the Supervisory Board in due time. The auditor participated in the final explanations and negotiations concerning the annual financial statements and the consolidated financial statements and reported the significant findings of his audit at the Supervisory Board's accounts meeting on May 27, 2014. The Supervisory Board approved the results of the audit.

The Supervisory Board also independently examined the consolidated financial statements and the annual financial statements of P&I Personal & Informatik AG, the combined management report for P&I Personal & Informatik AG and the Group and the proposal for the appropriation of net profit. No objections were raised. In accordance with Section 171 AktG, the Supervisory Board approved the annual financial statements and the consolidated financial statements of P&I Personal & Informatik AG compiled by the Management Board. The annual financial statements are thereby adopted. The Supervisory Board agrees with the management report and in particular the assessment of the Group's future development.

In its meeting on May 27, 2014, the Supervisory Board considered the obligatory disclosures according to Sections 289 Paragraph 4 and 315 Paragraph 4 HGB and the related report. Please refer to the corresponding explanations in the combined management report. We examined and adopted these disclosures and explanations, which we find to be complete.

The Supervisory Board would like to thank the Management Board and all employees for their commitment and successful work in the 2013/2014 financial year.

Wiesbaden, May 27, 2014

The Supervisory Board

Thomas Volk
Chairman of the Supervisory Board.

02/

COMBINED MANAGEMENT REPORT

The following combined management report contains information on the P&I Personal & Informatik Group (P&I) and P&I Personal & Informatik Aktiengesellschaft (P&I AG). P&I Personal & Informatik AG is the parent of the P&I Group. It is operationally active and performs Group management functions. As P&I Personal & Informatik AG is a major component of the P&I Personal & Informatik Group, the management report of P&I AG is combined with the management report of the P&I Group in accordance with section 315 (3) in conjunction with section 298 (3) of the German Commercial Code (HGB). The information provided relates to the Group unless express reference is made to P&I AG.

The Group reports in accordance with the International Financial Reporting Standards (IFRS) as required to be applied in the EU and the supplementary provisions of section 315a (1) HGB. The annual financial statements of P&I AG are prepared in accordance with the provisions of the HGB and the German Stock Corporation Act (AktG).

1. OVERVIEW OF THE FINANCIAL YEAR

In the 2013/2014 financial year, the P&I Group generated revenue of EUR 97.1 million and an operating result (EBIT) of EUR 31.5 million. This corresponds to an EBIT margin of 32.4 %. Adjusted for the non-operating, non-recurring effects due to the change in the majority shareholder, EBIT totalled EUR 33.1 million and the adjusted EBIT margin amounted to 34.1 %. P&I's successful model is based on innovation in its product and service strategy and the sustainability of its growth strategy.

Revenue growth accompanied by increased profitability

- The P&I Group increased its revenue by 18.2 %, from EUR 82.1 million to EUR 97.1 million.
- EBIT improved by 30.9 % to EUR 31.5 million. This corresponds to an EBIT margin of 32.4 %.
- Licence revenue saw above-average growth, increasing by EUR 8.2 million year-on-year to EUR 28.7 million. This was primarily due to revenue recognition for two major projects, which made a significant contribution to the improvement in earnings. Revenue growth in this area amounted to 40.1 %.
- Service revenue also enjoyed strong development, increasing by 12.0 % year-on-year to EUR 26.1 million.
- Maintenance business also enjoyed the forecast year-on-year growth, accounting for 37 % or EUR 36.1 million of the P&I Group’s revenue.
- The P&I Group is reporting SaaS (software as a service) as a separate revenue category for the first time in the 2013/2014 financial year (having previously reported this item under other revenue). SaaS revenue recorded dynamic growth of 53.3 %, from the restated prior-year figure of EUR 2.3 million to EUR 3.5 million.
- P&I further extended its leading role in the HR industry with its product and service strategy. With its P&I LOGA3 and P&I BIG DATA products, it invested in new software technologies that make system implementation and utilisation even simpler and more user-friendly. P&I's service concept ensures that customers are always kept up-to-date when using the software even after the implementation phase is complete.

- P&I's shares (which are listed in the Prime Standard of the Frankfurt Stock Exchange) have established themselves at a high level. The share price opened the 2013/2014 financial year at EUR 35.56 and closed the year at EUR 65.24 on March 31, 2014 (in XETRA trading in both cases).
- P&I AG has entered into a control and profit transfer agreement with Argon GmbH, Munich, that has been in force since the 2011/2012 financial year. Under the terms of the control and profit transfer agreement, the net profit of P&I AG for the 2013/2014 financial year as reported in the single-entity financial statements in the amount of EUR 24.2 million is to be transferred to Argon GmbH (previous year: EUR 17.6 million). External shareholders of P&I AG are to receive a post tax compensation payment totalling EUR 1.55 per P&I share from Argon GmbH.

The key performance indicators of the P&I Group developed as follows:

EUR thousand	2013/2014	2012/2013	Change	2011/2012	Change
Revenue	97,082	82,141	18.2 %	70,604	16.3 %
Licence revenue	28,673	20,464	40.1 %	17,010	20.3 %
SaaS revenue	3,500	2,280	53.5 %	-	-
Consulting revenue	26,095	23,286	12.1 %	21,439	8.6 %
Maintenance revenue	36,121	34,045	6.1 %	29,803	14.2 %
International revenue	21,030	19,773	6.4 %	14,725	34.3 %
EBIT	31,458	24,040	30.9 %	18,146	32.5 %
EBIT margin	32.4 %	29.3 %	-	25.7 %	-
Non-operating non-recurring effects 2013/2014	-1,653	0	100.0 %	0	0.0 %

Consolidated operating earnings (after adjustment for non-operating non-recurring effects)

EUR thousand	2013/2014	2012/2013	Change	2011/2012	Change
Revenue	97,082	82,141	18.2 %	70,604	16.3 %
EBIT adjusted	33,111	24,040	37.7 %	18,146	32.5 %
EBIT margin, adjusted	34.1 %	29.3 %	-	25.7 %	-

2. P&I AG AND THE GROUP

2.1 THE P&I GROUP

P&I is the HR company with innovative software for the many and varied tasks of human resources management, from payroll and HR management through to analytics. The payroll software P&I LOGA is used in thirteen European countries. Services such as implementation, consulting, support for optimal software use, training and HR outsourcing round off P&I's service range. P&I's workforce of more than 430 employees and its expertise and high degree of commitment make it a premium provider of integrated software solutions on the HR market.

With six locations in Germany and a further seven in the rest of Europe, P&I provides its customers with security and a safe investment thanks to its substantial expenditure on product research and development. Internationally leading HR service providers and large data centres count on P&I as a product supplier, and more than 15,000 end customers use P&I solutions to successfully shape their HR business. All of them rely on the high degree of expertise possessed by P&I, a company that has continuously delivered innovative products for long-term business success throughout its 46-year history.

2.2 GROUP STRATEGY

P&I is one of the best-known and most important IT companies within the European HR industry. P&I's sustainable success is driven by its focus on technological progress, continuous growth and permanent innovation. P&I seeks to realise innovations without endangering the quality of its basic functions and technology functions.

Two key principles also underpin the P&I Group's activities: creativity and quality. Not only with regard to P&I's software products, but also with regard to the related services.

P&I's innovative strength is driven to a large extent by the regular launch of new trainee programmes for young academics. These programmes allow P&I to identify the new talents that can combine with experienced employees from the P&I Group to provide the momentum that is required to permanently improve innovation.

Our product development, sales and consulting activities are focused on business processes. In line with P&I's strategic orientation as the provider of an integrated software solution with functions for payroll, time management and HR management, customers are offered a complete package of solutions consisting of software licences, maintenance services, consulting, and the provision of hardware for time recording and access control.

In future, the Group's core business will continue to be driven by software sales, maintenance and implementation of P&I software at new customers including the transfer of existing data, and permanent customer care for existing customers in all areas of the HR industry. This core business is successful, which is why it forms the basis for the strategy that P&I is pursuing.

Product

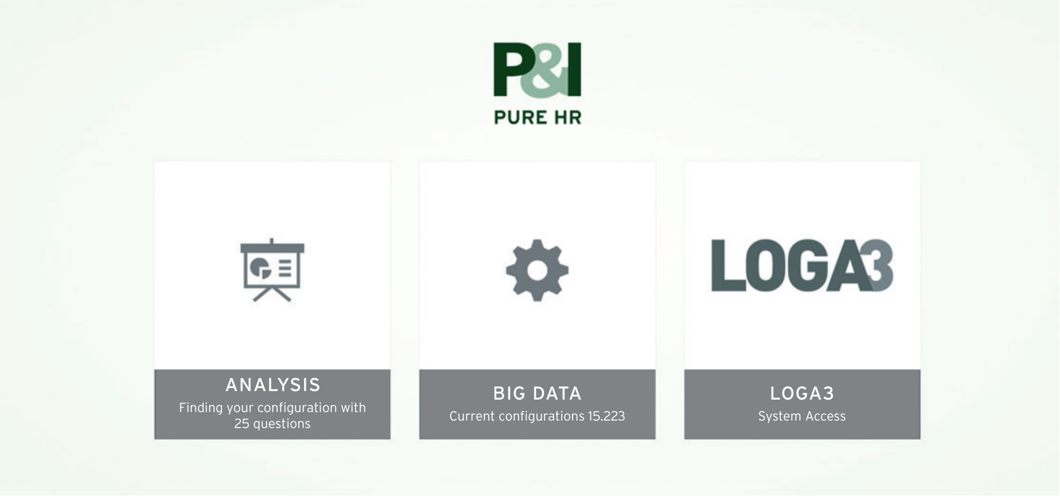
The product lifecycle of pure expert systems is at an end

Future users will be operators, not experts. It must be possible for them to find their way and operate the software intuitively without a great deal of expert or prior knowledge. Traditional HR roles are changing significantly. In future, HR will take on an advisory role and provide suitable management and governance structures. With our service model and highly developed software, we support the most modern HR delivery models, enabling HR to take an even more valuable role in the company.

No acceptance for long and cost-intensive projects

Due to ever greater transparency on the market, new software architectures and the trend among customers to adapt themselves more to the processes and functions of best-of-breed systems, the challenge of the present, and even more so of the future, is to offer customers tailored solutions quickly and professionally. In addition, a project or introduction should be possible without huge budgets.

The three-pillar model



Simply using knowledge - that is the vision. As a basis for this, we have P&I LOGA3 as a suitable product and P&I BIG DATA as a complementary service model. More than 15,000 customer configurations are structured in the unique data volume of P&I BIG DATA, and with a systematic analysis we assess the individual requirements of our customers.

The analysis: with a few questions on your configuration

In order to meet the requirements of the market and our customers by way of fast, targeted project and implementation methodology, we have introduced an innovative, step-by-step approach. The idea behind it is collective knowledge about our customers, because with our market leadership for HR software, we have already satisfied and stimulated nearly all of the conceivable requirements of our many customers in the past. The decisive question, however, is what requirements do our customers have and where have we implemented something similar before?

Following this question strategy, a group of ideal settings is determined that generates both the necessary conventional wage type framework (including tariffs) and prepared input and output interfaces, e.g. accounting. In addition, process models and reporting instruments are identified in "best-in-class" checklists and made available for implementation.

At the end of the chain of questions, information is available that allows fast and comprehensive implementation. We even go as far as promising implementation within four weeks with accounting accuracy of greater than 96 % and a satisfaction guarantee.

P&I BIG DATA: much more than a giant data warehouse

In order to understand the significance and functionality of the P&I BIG DATA approach in conjunction with P&I LOGA3 and the analysis method, a distinction must first be made to the common understanding of the phrase "big data".

Big data denotes particularly large quantities of data that can be processed using databases and tools. The P&I approach is not about identifying the right information in existing mega volumes of data or intelligent analytical methods to master the data chaos. In P&I BIG DATA, we instead build this information and data pool. We collect, structure and combine existing data sources, so that our customers' consultants and employees both benefit as much as possible.

In a structured and carefully implemented process, all data and information presently in our company (and thus in the heads of our employees, partners and customers) have been and will be collected, filtered, structured and transferred into the P&I BIG DATA service model.

P&I BIG DATA: basic configuration

All information on all conceivable basic configurations (tariffs, wage type frameworks), all potential entry systems and interfaces and format information is available in the feeder system.

P&I BIG DATA: checklists through best-in-class workflows

The second emphasis is "best-in-class information" on workflow models and procedures (HR checklists). This means that we have acquired and will continue to acquire collective knowledge, i.e. the individual experience and solutions of each P&I employee. P&I BIG DATA is therefore a living and constantly growing system.

P&I BIG DATA: gigantic knowledge pool

The third emphasis is the broad mass of our customers and partners, who provide collected knowledge about the use of the system or about reporting and analyses.

This makes it clear that P&I BIG DATA is the core of the P&I service model. All data flow into P&I BIG DATA and are taken from P&I BIG DATA and made available to our customers. For example, if customers in future need a new wage type that they have not needed previously, they can search for it - or have it searched for - in P&I BIG DATA and activate it for themselves.

P&I LOGA3: from an expert to a user system

With P&I LOGA3, we are meeting the present requirement to offer self-explanatory software. This software must be intuitive and above all adaptable to the personal requirements of the user.

To ensure this, the following main requirements have been formulated:

1. Three clicks to target
2. The possibility of removing unneeded content depending on the user ("Remove the superfluous")

By using P&I LOGA3 and P&I BIG DATA, P&I customers will experience an improved form of cooperation, collective use and knowledge and a positive, completely altered form of their own HR work.

P&I PLUS

P&I PLUS is our premium product and is primarily designed for major public authorities on account of its extensive functionality and flexibility. It covers almost every aspect of HR-related activities. This begins with staff procurement in the form of needs analysis, recruitment and applicant management, continues with actual HR management, payroll, workforce planning, cost planning and staff development, and is completed by mapping the respective customer's organisational and workforce structure. This comprehensive system is used by major authorities, particularly state administrations, some of which have more than 100,000 employees. For these customers, the quality, flexibility and adaptability of the system are extremely important.

Sales/market

More than 15,000 end customers around Europe successfully organise their HR business using P&I products. All of them rely on P&I's high degree of expertise and 45 years of market presence. Customers appreciate the integrated solution without internal interfaces and the non-redundant data storage offered by P&I.

These solutions reduce process costs and make a contribution to value added at the companies that have already opted for P&I software solutions: software with a forward-looking provider.

The market for HR software has been saturated for a number of years. Every company already has a payroll system, i.e. growth is only possible by increasing market share. The market is characterised by predatory competition. As such, gaining new customers for P&I's products is the key growth factor.

A high-quality product that generates value added for the customer and makes a contribution to its success as a company above and beyond basic HR management and payroll services is a strong argument. To this end, both direct sales and sales via partners are used in acquiring new customers.

P&I occupies a special position within the market for providers of HR systems: between the small niche players, whose software solutions address individual areas of HR, and the global players offering end-to-end ERP solutions. P&I is the leader in the market segment of SMEs with between 250 and 5,000 employees, and its customer base is concentrated in this area. SAP dominates when it comes to larger companies, while smaller companies are served by a number of competitors, including Sage, Exacty, HANSALOG, etc. In the small customer segment, P&I is well positioned with a more modern and functionally extensive solution, as many competitors are unable to offer integrated solutions. In the area of public authorities and large organisations, P&I has established itself as an alternative to the major ERP providers in recent years.

Due to the specialisation of the IT market, all of the known providers now offer products that are mature and established. This means that customers are largely unable to differentiate between products and the functions of the software. This means that the basis for decision-making is also changing. Criteria such as the quality and duration of implementation support, the level of in-house HR resources and continued personal support from the software supplier are becoming increasingly important. P&I is positioning itself on the HR market with the new P&I customer care concept, which helps users to optimally employ the P&I software solution after it goes live and ensures individual support from an assigned consultant, as well as through the development of P&I LOGA3.

Research and development

Strong products are a prerequisite for sustainable growth. P&I believes that software should not only reflect the state of the art in terms of functionality and technology, but that it should also reflect general societal trends. Graphic interfaces, P&I BIG DATA and cloud computing are some of the factors that shaped the continued development of P&I's products in the past financial year.

A total of EUR 15.3 million (previous year: EUR 14.3 million) was invested in the expansion of the P&I LOGA product, the change service in accordance with statutory provisions and the law on collective agreements, and new technical developments; this corresponds to 15.8 % of P&I's revenue for the year. This expenditure relates to all P&I products and the maintenance of the acquired products. Development activity is concentrated on the Company's location in Wiesbaden and in Slovakia, where P&I is active at two locations in Bratislava and Zilina. 135 Group employees (previous year: 134) are responsible for the development of P&I's products.

Statutory changes affecting tax and social security law are one traditional area of development work. Existing and new reporting procedures also require extensive development work. The previous system of simple reporting by the employer to a given collection office is increasingly being replaced by dialogue procedures. In addition to the simple confirmation of the data reported, this involves the feedback of concrete data that is required to be integrated into the systems of the respective submitters.

When making the aforementioned adjustments, we focus in particular on reducing the burden on the employer and its employees, enabling economical HR work and ensuring the user-friendliness of our software. P&I also makes important investments in the basis of the P&I LOGA product, in its technical infrastructure and in standardisation and harmonisation, thereby ensuring that it meets the growing requirements made of it.

The P&I LOGA products are subject to permanent improvement as part of P&I's development projects. P&I's projects are characterised by cyclical or iterative phases. The gathering (research) and implementation (development) of ideas are not sequential, meaning that the research and development phases cannot be separated. Research costs are expensed in the period in which they are incurred. The development costs for an individual project are only recognised as an intangible asset if the technical feasibility of the completion of the asset, the ability to use and sell the asset, the future economic benefit and the expenses relating to its development can be reliably determined. As in the previous years, the conditions for the recognition of development costs as assets at P&I AG were not met in the 2013/2014 financial year, meaning that all development costs were expensed.

Company management

P&I aims to systematically and continuously increase the value of the Company through profitable growth and a focus on the business areas that it considers to offer development opportunities in terms of its competitive position and performance. In order to manage these topics, the key performance indicators such as revenue, particularly licence revenue, and the operating result (EBITDA and EBIT) are evaluated and analysed on a monthly basis. In some cases, the underlying sales, consulting and development targets and the degree of achievement of these targets are discussed on a weekly basis at regular departmental meetings with the responsible officers.

2.3 ORGANISATION/STAFF

The P&I Group had an average of 382 FTEs in the year under review (previous year: 358). The Group had 266 employees in Germany (previous year: 250) and 116 in the rest of Europe (previous year: 108), with the development centre in Slovakia (47 employees; previous year: 45) constituting the largest individual component of this figure. The two companies in Switzerland have a total of 36 employees (previous year: 29), while P&I was represented in Austria with 30 employees (previous year: 32). The other employees are employed in the Other International segment.

Within its sales organisation, P&I is actively represented by two strong pillars: the private and public sectors. The regional focus of its sales and consulting employees means that P&I's organisational structure is characterised by its proximity to the customer.

The area of Consulting/System Integration supports customers in implementing the P&I software solutions and in their day-to-day operations. An average of 157 employees were active in this area in the year under review (previous year: 140), making it the area with the most pronounced expansion in the past financial year.

The area of Development focuses on further development work in the areas of application development, technology and quality assurance/design. Employees in the area of software development were highly motivated by our focus on technological innovation in the past financial year. Four new software releases are developed and provided to customers every financial year. Development had an average of 135 employees in the past financial year (previous year: 134).

There was an average of 47 employees in the area of Sales and Marketing (previous year: 43). European activities are coordinated by the head office in Wiesbaden, while we have local sales officers in Austria and Switzerland. Market cultivation within the sales organisation is focused on incoming licence orders. In the past financial year, this was supplemented by services relating to P&I BIG DATA.

43 employees supported the P&I Group in administrative functions (previous year: 41).

Staff costs for the 2013/2014 financial year totalled EUR 40.9 million (previous year: EUR 35.3 million). The increase in staff costs was attributable to the expansion in the workforce and the higher level of variable salary components due to target attainment.

Controlling for the Group and P&I AG primarily builds on a broad-based system of targets. Company targets are broken down into divisional targets and individual targets, and are rewarded in the form of variable salary components depending on the level of responsibility of the employees concerned. Company targets are derived from forecasts concerning incoming licence orders, revenue and the operating result.

P&I's permanent success as a medium-sized Group depends on ensuring that its employees are creative and flexible, that they can respond quickly and that they exude credibility and expertise. This is why P&I is always seeking to recruit new young talents to work alongside its long-standing employees.

All of them have extensive knowledge of our products and our customers. They are experts in what they do. P&I continuously invests in the further education and development of its employees in the form of internal and external training measures. In the 2013/2014 financial year, another new trainee programme was established in which 14 new young talents are participating.

2.4 DISCLOSURES IN ACCORDANCE WITH SECTIONS 289 (4), 315 (4) HGB

Issued capital, authorised capital, voting rights and restrictions

See note C. 5.1 "Issued capital" in the notes to the single-entity financial statements and note 20. "Issued capital and reserves" in the notes to the consolidated financial statements. No voting rights are attached to treasury shares. There are no further restrictions on voting rights.

The Annual General Meeting on September 2, 2008 authorised the Management Board, with the approval of the Supervisory Board, to increase the share capital of the Company by up to EUR 3,850 thousand in the period until September 1, 2013 by issuing new shares in exchange for cash and/or non-cash contributions on one or more occasions (Authorised Capital 2008). The Annual General Meeting on September 3, 2013 renewed the authorisation until September 2, 2018 (Authorised Capital 2013). Shareholders are granted pre-emptive subscription rights as a matter of principle. However, the Management Board is authorised, with the approval of the Supervisory Board, to disapply shareholders' pre-emptive subscription rights insofar as this is required in order to grant subscription rights for new shares to the holders of exchange or subscription rights issued by the Company, or to be issued by the Company in future, to the relevant extent. In the case of cash capital increases, the Management Board is also authorised, with the approval of the Supervisory Board, to disapply shareholders' statutory subscription rights if the proportionate amount attributable to the new shares does not exceed 10 % of the share capital of the Company when the capital increase becomes effective or – if lower – when this authorisation is utilised and the issue price of the new shares is not significantly lower than the quoted price for existing listed shares with the same conditions at the date on which the issue price is finalised. The restriction to 10 % of the share capital shall include any shares sold or issued with shareholders' subscription rights disapplied during the term of this authorisation up until its utilisation under the terms of other authorisations in direct or indirect application of section 186 (3) sentence 4 AktG.

In the case of non-cash capital increases, the Management Board is authorised, with the approval of the Supervisory Board, to disapply shareholders' statutory subscription rights if the non-cash capital increase is conducted for the purpose of acquiring companies, parts of companies, equity interests in companies or other assets and the total proportionate share capital attributable to the new shares for which subscription rights are disapplied does not exceed 20 % of the share capital on the issue date of the new shares. The Management Board is authorised, with the approval of the Supervisory Board, to disapply shareholders' statutory subscription rights if the capital increase is conducted for the purpose of creating shares to be transferred to members of the Management Board of P&I Personal & Informatik AG with a statutory holding period as an alternative to cash compensation in accordance with the provisions on variable Management Board remuneration agreed between the Supervisory Board and the members of the Management Board of P&I Personal & Informatik AG. The holding period for the shares to be granted to the respective Management Board members is generally three years. Details of Management Board remuneration are determined by the Supervisory Board. The Management Board is also authorised, with the approval of the Supervisory Board, to disapply shareholders' statutory subscription rights on one or more occasions in order to eliminate fractions. In addition, the Management Board is authorised, with the approval of the Supervisory Board, to determine the further content of the rights attached to the shares, the conditions of the share issue and the further details of the implementation of capital increases from authorised capital. The Supervisory Board is authorised to adjust the wording of the Articles of Association to reflect any utilisation of Authorised Capital 2013.

Direct or indirect interests in the capital of P&I AG

On February 26, 2014, Edge Holding GmbH, Frankfurt/Main, published a disclosure in the Bundesanzeiger (Federal Gazette) in accordance with section 23 of the German Securities Acquisition and Takeover Act (WpÜG) stating that it held a total of 7,432,565 shares of P&I AG directly and indirectly, and therefore had a total interest in the share capital of 96.53 %.

See note F. 7. in the notes to the single-entity financial statements and note 40. in the notes to the consolidated financial statements ("Disclosures in accordance with section 160 AktG").

Special rights for shareholders

The Company does not have any shares conferring special rights.

Control of voting rights in the case of employees with an interest in the Company's share capital who do not directly exercise their voting rights

The Company is not aware as to whether employees hold an interest in its share capital and whether the control of voting rights is exercised.

Appointment/dismissal of members of the Management Board and amendments to the Articles of Association

The members of the Management Board are appointed by the Supervisory Board for a maximum term of five years. The reappointment of members of the Management Board or the extension of their term, which is also limited to a maximum of five years, is permitted but requires a new resolution by the Supervisory Board that may be passed no earlier than one year before the end of the respective term. The Supervisory Board may revoke the appointment of members of the Management Board and/or the appointment of the Chairman of the Management Board if there is good cause within the meaning of section 84 (3) AktG. Members of the Management Board are appointed and dismissed in accordance with sections 84 f. AktG. In accordance with section 179 AktG, amendments to the Articles of Association are resolved by the Annual General Meeting and require a majority of at least three-quarters of the share capital represented at the respective meeting.

Material agreement of the Company subject to the condition of a change of control as a result of a takeover bid

A change of control agreement was in place with a member of the Management Board as of the reporting date. Under the terms of this agreement, the member of the Management Board is granted a special right of termination within three months of a change of control. If this right had been exercised at the reporting date, this would have triggered a one-off payment of no more than EUR 3.0 million.

A change of control agreement was in place with another member of the Management Board as of the reporting date. Under the terms of this agreement, a one-off payment will be made in the event of termination following a change of control. If this clause had been exercised at the reporting date, this would have triggered a one-off payment of no more than EUR 0.4 million.

Control and profit transfer agreement

On February 7, 2011, a control and profit transfer agreement was concluded between Argon GmbH, Munich, as the controlling company and P&I AG. Under the terms of the agreement, P&I AG undertakes to transfer its entire profit to Argon GmbH. The agreement was concluded for a minimum of five years. The agreement was approved by the Extraordinary General Meeting on March 24, 2011 and entered in the commercial register on September 9, 2011. This means that the net profit reported in the HGB financial statements has been required to be transferred to Argon GmbH since the 2011/2012 financial year. The agreement provides for a compensation payment from Argon GmbH to the outstanding shareholders in the amount of EUR 1.78 (pre-tax) or EUR 1.55 (post-tax) per no-par value share.

The control and profit transfer agreement also stipulates that Argon GmbH shall acquire P&I shares at the request of outstanding shareholders in exchange for cash compensation of EUR 25.01 per share. The acceptance period began on September 9, 2011. Under the terms of the arbitration proceedings in accordance with section 305 (4) sentence 3 AktG that were initiated on January 31, 2011, the acceptance period will end two months after the date on which the decision on the most recent application is announced in the electronic Bundesanzeiger (Federal Gazette).

Share buyback

The Annual General Meeting on August 30, 2011 authorised the Management Board, with the approval of the Supervisory Board, to buy back treasury shares up to a maximum of 10 % of the share capital on the resolution date in the period until August 29, 2016. The Management Board was also authorised to utilise the acquired treasury shares for all legally permitted purposes, and in particular to sell them to third parties under certain circumstances, to use them in acquiring companies and to offer them to employees and governing bodies for purchase or to transfer them with a lockup period. The shares may also be withdrawn. With the approval of the Supervisory Board, shares previously acquired by the Company may be used as variable remuneration components for the members of the Management Board of P&I Personal & Informatik AG in accordance with the provisions agreed between the Supervisory Board and the members of the Management Board.

Voluntary public takeover offer

By way of an offer document dated December 18, 2013, Edge Holding GmbH circulated a voluntary public takeover offer for the acquisition of all of the shares of P&I AG in exchange for cash consideration of EUR 50 per share. Due to the over-the-counter acquisition of P&I shares by the bidder at a purchase price of EUR 65 per share on February 10, Edge Holding GmbH is obliged to pay the difference between the consideration of EUR 50 per share as set out in the offer document and the consideration paid for the subsequent acquisition to those P&I shareholders who accepted the offer during the acceptance period; this amounts to EUR 15 per share.

Right of sell-out in accordance with section 39c WpÜG

As Edge Holding GmbH has exceeded the threshold of 95 % of the voting rights in P&I AG that is required for it to apply for the squeeze-out of the remaining shareholders in accordance with section 39a (1) and (2) WpÜG, P&I shareholders who have not yet accepted the offer may accept the offer in accordance with the right of sell-out set out in section 39c WpÜG within three months of the announcement. This three-month period ended on May 26, 2014. The consideration amounts to EUR 65 per P&I share sold accordingly.

2.5 DECLARATION ON CORPORATE GOVERNANCE IN ACCORDANCE WITH SECTION 289A HGB

In accordance with section 289a HGB, P&I AG is obliged to either include a declaration on corporate governance in the management report or make such a declaration publicly available on its website in order to comprehensively and transparently present the structure and working practices of P&I AG's management and governing bodies. In accordance with section 317 (2) sentence 3 HGB, the declaration on corporate governance is not audited.

Declaration in accordance with section 161 AktG (dated February 2014)

The Management Board and Supervisory Board of P&I AG issued the declaration of compliance in accordance with section 161 of the German Stock Corporation Act (AktG) in February 2014. The declaration for the previous year was issued in December 2012. However, the Company has issued a declaration of compliance prior to convening the Annual General Meeting in every financial year. The declaration of compliance and all previous declarations are published in the Investor Relations section of P&I's website.

Disclosures on corporate governance

Management and control structure

For P&I AG, corporate governance means the responsible, transparent management of the Company with a view to achieving long-term growth in enterprise value. For the Management Board and the Supervisory Board, good corporate governance is geared towards aspects such as sustainability, transparency and value orientation.

The central pillars of good corporate governance are efficient cooperation between the Management Board and the Supervisory Board, upholding the interests of all of the stakeholders in the Company's success, a responsible attitude towards risk, compliance with statutory and internal regulations, and openness, reliability and transparency in corporate communications.

P&I AG is subject to German stock corporation law and has a two-level system of corporate management and controlling: the Management Board is responsible for corporate management under the control of the Supervisory Board. The Management Board and the Supervisory Board work in close cooperation for the benefit of the Company and maintain regular contact. Four regular meetings of P&I AG's Supervisory Board are held every year. The Management Board provides the Supervisory Board with timely and comprehensive information on business development, planning, the risk situation and any deviations between actual business development and the original planning on a monthly basis. By-laws are in place to govern the work of the Management Board and the Supervisory Board.

Directors' dealings

No shares were acquired by the members of the Supervisory Board or the Management Board in the 2013/2014 financial year.

Open and transparent communications

P&I AG informs shareholders, analysts and journalists in accordance with uniform criteria. All information is made transparent for all capital market participants.

Ad hoc disclosures, press conferences and presentations from press and analyst conferences are published immediately on P&I AG's website. The Management Board publishes insider information relating to P&I AG immediately unless it is exempt from the duty of disclosure. In accordance with the statutory provisions, directories of insiders are maintained and insiders are required to observe confidentiality. Based on a fixed financial calendar, P&I AG reports on the Company's business development and net assets, financial position and results of operations on its website four times a year.

All information relating to the Annual General Meeting, such as the invitation, the agenda, the annual financial statements, the Articles of Association and information on the proposed resolutions, are also published on P&I's website on the day the invitation is issued. In addition, the website contains information from previous Annual General Meetings and the quarterly financial statements for the past financial year and previous financial years.

All of the relevant information is published in German and English. P&I AG complies in full with the German Act on the Electronic Commercial Register, the Register of Cooperatives and the Company Register (EHUG), which has been in force since January 1, 2007, by transmitting all documents requiring publication to the operator of the electronic Bundesanzeiger (Federal Gazette) in electronic form as prescribed by law.

Working practices of the Management Board and the Supervisory Board:

Management Board

The Management Board is responsible for the management of P&I AG. It is bound to respect the interests of the Company and is committed to achieving sustainable growth in its enterprise value. The Management Board provides the Supervisory Board with regular, timely and comprehensive information on all issues relating to concepts, business development, risk management and compliance with internal Group regulations that are relevant for P&I AG. The Management Board is responsible for the Company's strategic orientation and consults the Supervisory Board regularly on this matter.

The Management Board currently consists of two members. P&I AG is represented by both members of the Management Board or by one member of the Management Board together with an authorised signatory (Prokurist). In the 2013/2014 financial year, eleven employees were nominated as authorised signatories.

Supervisory Board

The Supervisory Board advises the Management Board on the management of the Company and monitors and examines its activities. The Supervisory Board is involved in decisions of fundamental importance to the Company. In order to specify the disclosure requirements of the Management Board in more concrete terms, the Supervisory Board has determined a catalogue of transactions requiring approval; these form part of the respective by-laws. The Supervisory Board of P&I AG is composed of three members.

2.6 REMUNERATION SYSTEM

Management Board

The members of the Management Board are:
Vasilios Triadis, CEO, member responsible for Strategy, Consulting, Research and Development, Marketing and Sales.
Martin Christiaan de Groot, member responsible for Finance, Human Resources, Legal, Administration and Investor Relations.

On April 29, 2013, Mr. Martin C. de Groot was appointed to the Management Board by the Supervisory Board of P&I Personal & Informatik AG for the period from May 1, 2013 to March 31, 2016.

On December 20, 2013, the Supervisory Board revoked the appointment of Mr. Vasilios Triadis as a member of the Management Board and CEO of the company with his consent with effect from March 31, 2014 and reappointed him as a member of the Management Board and CEO of the company for the period from April 1, 2014 to the end of March 31, 2019, i.e. for a period of five years.

Remuneration for the members of the Management Board is determined by the Supervisory Board and consists of fixed and variable components. The fixed component consists of fixed monthly remuneration and benefits in kind, such as the amounts for company cars and other non-cash benefits that are required to be applied in accordance with the relevant provisions of tax law.

The variable component of the Management Board remuneration is based on the performance indicators consolidated revenue and consolidated EBITDA (consolidated earnings before interest, taxes, depreciation and amortisation). Various provisions were in force during the 2013/2014 financial year.
In order to guarantee long-term goal orientation, in the case of one Management Board member, the total revenue and EBITDA to be achieved in the financial years 2012/2013 to 2014/2015 has been used as a target value since the 2012/2013 financial year. Progress payments will be made if the respective annual targets are achieved. However, the final allocation of the bonus for each financial year will only be performed if the defined targets are achieved following the end of the 2014/2015 financial year. This plan was terminated ahead of schedule effective March 31, 2014 and the bonus for the 2012/2013 and 2013/2014 financial years was finalised and allocated. In the 2013/2014 financial year, a new agreement was entered into with the same Management Board member using the total revenue and EBITDA to be achieved in the financial years 2014/2015 to 2016/2017 as a target value. An agreement was also entered into on a special bonus for the 2013/2014 and 2014/2015 financial years using increased EBITDA for the year as a target value.

In the 2013/2014 financial year, an agreement was entered into with a second Management Board member using the total revenue and EBITDA to be achieved in the financial years 2013/2014 and 2014/2015 as a target value. Progress payments will be made if the respective annual targets are achieved. However, the final allocation of the bonus for each financial year will only be performed if the defined targets are achieved following the end of the 2014/2015 financial year.

The following agreements on variable remuneration expired or were terminated in the year under review:

In the 2011/2012 financial year, Argon GmbH agreed a variable remuneration component with a long-term incentive effect with a member of the Management Board on the basis of a total of 300,000 stock appreciation rights (SARs). The term of the SARs is unlimited and the entitlement is heritable. On the assumption that the SARs will be exercised at the end of the current Management Board appointment on March 31, 2016, the value calculated on the date they were granted is EUR 2,270 thousand.

In the 2013/2014 financial year, Argon GmbH agreed a variable remuneration component with a long-term incentive effect with a member of the Management Board on the basis of a total of 21,000 stock appreciation rights (SARs). The term of the SARs is unlimited and the entitlement is heritable. On the assumption that the SARs will be exercised at the end of the current Management Board appointment on March 31, 2016, the value calculated on the date they were granted is EUR 85 thousand.

As P&I receives the services rendered by both Management Board members, IFRS 2.3 A requires that the share-based payment transaction is recognised by P&I AG even though Argon GmbH is contractually responsible for making the payment. As a matter of principle, staff costs are allocated on a straight-line basis over the term and correspond to an increase in capital reserves in the IFRS consolidated financial statements. This agreement is not recognised in the single-entity financial statements of P&I AG.

The allocation of both of these SAR variable remuneration plans was accelerated as a result of the plan conditions being met following the change of shareholder at Argon GmbH in the 2013/2014 financial year. This marked the end of the remuneration programme.

The German Act on the Disclosure of Management Board Remuneration (VorStOG) dated August 3, 2005 introduced a fundamental obligation for listed stock corporations to disclose the remuneration of Management Board members individually. In accordance with section 286 (5) HGB and section 314 (2) sentence 2 HGB, however, the Annual General Meeting of such an entity may resolve the partial non-disclosure of this information. The non-disclosure authorisation for individual Management Board remuneration as resolved by the Annual General Meeting on August 29, 2006 expired on August 28, 2011, meaning that it applied for the last time to the annual financial statements for the 2010/2011 financial year. The Annual General Meeting on August 30, 2011 agreed to renew the non-disclosure obligation for individual Management Board remuneration. In accordance with this resolution, the non-disclosure obligation for individual remuneration will expire on August 29, 2016, and hence applies to the 2011/2012 to 2015/2016 financial years inclusive. Accordingly, the following section only contains information on total remuneration.

The total remuneration paid to the members of the Management Board for the 2013/2014 financial year and the previous year is shown in the table below:

EUR thousand	2013/2014	2012/2013
Non-performance-related remuneration		
Salary	638	520
Other *)	48	311
Performance-related remuneration		
Bonuses/Bonus programme	664	375
Total remuneration reported in HGB single-entity financial statements	**1,350**	**1,206**
Components with a long-term incentive effect **)	1,616	510
Total remuneration reported in the IFRS consolidated financial statements	**2,966**	**1,716**

*) Supplemental payments to insurance policies, non-cash benefit and, in the 2012/2013 financial year, termination benefits (EUR 220 thousand).
**) Only recognised through profit or loss in the consolidated financial statements, not in P&I AG's separate financial statements

There were no additional salary components.

Supervisory Board

The Supervisory Board of P&I AG was composed as follows in the 2013/2014 financial year:

From April 1, 2013 to February 1, 2014, the members of the Supervisory Board were:

Thomas Volk, Chairman, Global CEO of Lumesse Ltd., London, United Kingdom, is
Member of the Board of Directors of Lumesse Ltd., London, United Kingdom

Michael Wand, Deputy Chairman, Managing Director of the Carlyle Group, London, United Kingdom, is
Member of the Supervisory Board of vwd Vereinigte Wirtschaftsdienste AG, Frankfurt/Main, Germany
Member of the Board of Directors of The Foundry Visionmongers Ltd, London, United Kingdom
Member of the Supervisory Board of KCS.net AG, Liestal, Switzerland
Member of the Advisory Board of ADA Cosmetics Holding GmbH, Kehl, Germany

Dr. Thorsten Dippel, Director of the Carlyle Group, London, United Kingdom, is
Chairman of the Supervisory Board of vwd Vereinigte Wirtschaftsdienste AG, Frankfurt/Main, Germany
Member of the Supervisory Board of Tell AG, Liestal, Switzerland
Member of the Advisory Board of ADA Cosmetics Holding GmbH, Kehl, Germany

By way of a resolution entered in the commercial register on February 10, 2014, Mr. Kai Romberg and Mr. Justin von Simson were appointed to the Supervisory Board of the company to replace Mr. Wand and Dr. Dippel effective immediately.

Since February 10, 2014, the members of the Supervisory Board have been:

Thomas Volk, Chairman
Global CEO of Lumesse Ltd., London, United Kingdom, is
Member of the Board of Directors of Lumesse Ltd., London, United Kingdom

Kai Romberg, Deputy Chairman
Managing Director of HgCapital Verwaltungs GmbH is
Member of the Supervisory Board of Lumesse Global Limited, United Kingdom
Member of the Supervisory Board of TeamSystem Holding S.p.A., Italy

Justin von Simson
Managing Director of HgCapital Verwaltungs GmbH is not a member of an executive body of a domestic or foreign company.

In accordance with the Articles of Association, the members of the Supervisory Board receive fixed remuneration of EUR 20 thousand for each full year for which they have been members of the Supervisory Board; this remuneration is payable after the end of the financial year. The Chairman receives two and a half times this amount, while the Deputy Chairman receives one and a half times this amount. P&I AG reimburses the members of the Supervisory Board for expenses incurred in carrying out their positions and for the VAT incurred on their remuneration and expenses. Mr. Romberg and Mr. von Simson waived the remuneration for their membership of the Supervisory Board for the 2013/2014 financial year, as did Mr. Wand and Dr. Dippel.

Furthermore, Argon GmbH agreed an equity incentive plan with a member of the Supervisory Board in the 2013/2014 financial year under which payment claims of the respective Supervisory Board member are secured by Argon GmbH on the basis of stock appreciation rights (SARs). The term of the SARs is unlimited and the entitlement is heritable. On the assumption that the SARs will be exercised at the end of the current Supervisory Board appointment on March 31, 2018, the value calculated on the date they were granted by Argon GmbH is EUR 268 thousand. IFRS 2.3 A requires that the payment claims of the Supervisory Board member under the equity incentive plan are recognised by P&I AG even though Argon GmbH is contractually responsible for making the payments. This agreement is not recognised in the single-entity financial statements of P&I AG. The allocation of this variable remuneration plan was accelerated as a result of the plan conditions being met following the change of shareholder at Argon GmbH in the 2013/2014 financial year, and hence was ended.

The remuneration paid to the members of the Supervisory Board for the 2013/2014 financial year is shown in the table below:

EUR thousand	Fixed remuneration	Variable remuneration	Reimbursement of expenses
Thomas Volk	50	268	2
Michael Wand	---	---	8
Dr. Thorsten Dippel	---	---	7
Kai Romberg	---	---	---
Justin von Simson	---	---	---
Total	**50**	**268**	**17**

3. ECONOMIC CONDITIONS

The global economy is in a phase of recovery and has been on an upward trend once again since mid-2013. According to the Kiel Institute for the World Economy (IfW), global production increased by around 3 % in 2013. The factors impacting the global economy became less pronounced in 2013. In the euro zone, the structural adjustments in the crisis-hit nations started to have a positive impact and the region emerged from the recession that had lasted one and a half years.

In the first half of 2013, Germany also recovered from the slump in production in winter 2012, with the economy gradually returning to a growth path. As exports failed to provide momentum, the main reason for the economic upturn was the intensification of investment activity in an extremely favourable financing environment for investors.

Revenue in the IT industry as a whole remained stable as against the previous year. According to the market figures published by the industry association BITKOM, the IT industry recorded growth of 0.1 % (previous year: 2.2 %). Business with IT services such as consulting and outsourcing increased by 2.4 %. Software saw the strongest growth rate of almost 5 %.

4. GROUP BUSINESS PERFORMANCE

The P&I Group enjoyed extremely strong business development in the 2013/2014 financial year. With revenue up 18.2 % at EUR 97.1 million, the Group reported EBIT of EUR 31.5 million and an EBIT margin of 32.4 %. This meant that P&I's growth exceeded the growth within the IT industry as a whole.

4.1 RESULTS OF OPERATIONS

Revenue development

In the 2013/2014 financial year, the P&I Group's consolidated revenue increased by 18.2 % to EUR 97.1 million on the back of organic growth.

in EUR thousand	2013/2014	2012/2013	Change
Licences	28,673	20,464	40.1 %
Software as a Service (SaaS)	3,500	2,280	53.5 %
Consulting	26,095	23,286	12.1 %
Maintenance	36,121	34,045	6.1 %
Other	2,693	2,066	30.3 %
Total	**97,082**	**82,141**	**18.2 %**

Licence business

Licence revenue saw above-average growth, increasing by EUR 8.2 million year-on-year to EUR 28.7 million. P&I's business is characterised by continuously high licence revenue. The Group's success in its licence business is attributable to the acquisition of new customers as well as the ongoing expansion of business with existing customers, which involves the extension of P&I's product range with the Internet platform in the licence business. The growth recorded in this area is primarily due to the transition of revenue recognition for a major project from the zero profit method to the PoC method, which resulted in upper seven-figure licence revenue. The P&I Group generated 30 % of its revenue from licence business. Current licence revenue is an important indicator of future performance for the P&I Group, as licence revenue is followed by downstream revenue for regular annual maintenance and, in the case of migration customers, serves to ensure maintenance for the coming years. The transition of revenue recognition from the zero profit method to the PoC method resulted in a positive earnings contribution of EUR 5.5 million in the 2013/2014 financial year as a catch-up effect from previous years. The year under review saw a change in estimates for one major long-term project accounted for using the PoC method that was completed in the 2013/2014 financial year, resulting in a positive revenue and earnings effect of EUR 1.7 million.

SaaS business (software as a service)

The P&I Group is reporting SaaS as a separate revenue category for the first time in the 2013/2014 financial year (having previously reported this item under other revenue). SaaS revenue recorded dynamic growth of 53.5 %, from the restated prior-year figure of EUR 2.3 million to EUR 3.5 million. The majority of SaaS revenue is generated by MIRUS Software AG, which was acquired by P&I in March 2012. MIRUS Software AG has already converted its business model to SaaS business, which is characterised by a high proportion of recurring revenue from data centre operation.

Consulting business

Consulting business enjoyed strong development compared with the previous year, with full-year revenue increasing by EUR 2.8 million to EUR 26.1 million (previous year: EUR 23.3 million). This corresponds to 27 % of total Group revenue. In addition to revenue from implementation projects, continuous customer support for optimal software usage is becoming increasingly important. Customer demand for technical services and support is on the rise, with the aim of relieving HR officers from routine tasks and freeing up time for strategic HR activities. In addition to the seminar curriculum of release events and the year-end seminar, the number of P&I users taking up the service agreement doubled in 2013/2014. 25.5 % (previous year: 21.4 %) of consulting revenue was generated from recurring services in the form of the P&I service agreement and the seminar curriculum.

Maintenance business

Maintenance revenue developed as forecast, totalling EUR 36.1 million in the year under review. This represents an increase of 6.1 % as against the previous year, meaning that maintenance revenue accounted for 37 % of the Group's total revenue. The strong maintenance business is primarily due to the successful licence sales in previous years and the high level of satisfaction among our existing customers. The growth in maintenance income has also led to an increase in the Group's earnings strength.

Other

Other revenue amounted to EUR 2.7 million (previous year: EUR 2.7 million). Following the reclassification of SaaS to a separate revenue category, other revenue consists solely of revenue from the sale of time management hardware and third-party products.

Revenue development in the segments

EUR thousand	2013/2014	2012/2013	Change
Germany	76,052	62,368	21.9 %
Switzerland	10,279	9,317	10.3 %
Austria	9,597	8,950	7.2 %
Other International	1,154	1,506	-23.4 %
Total	**97,082**	**82,141**	**18.2 %**

Above-average growth in domestic business

The traditionally strong domestic market of Germany enjoyed the most pronounced growth in the past financial year, accounting for EUR 76.1 million or 78 % of revenue in the P&I Group. Domestic revenue increased by EUR 13.7 million in absolute terms and is attributable to the expansion of business with new and existing customers as well as revenue recognition for two major projects.

Switzerland remains the second-strongest segment in the P&I Group

The Switzerland segment recorded double-digit revenue growth thanks to the expansion of SaaS activities at MIRUS Software AG in particular. The P&I Group generated revenue of EUR 10.3 million in this segment. Business in Switzerland is characterised by a high proportion of recurring revenue in the form of maintenance, SaaS and consulting services, which are collectively responsible for 67.9 % of revenue.

Austria segment reports moderate growth

The P&I Group generated 9.9 % of its revenue, or EUR 9.6 million, in the Austria segment (previous year: EUR 8.9 million). Revenue growth was again driven by licence business. In the period under review, a necessary upgrade licence was provided for the LOGAvplus product due to the discontinuation of an operating system element for IBM AS400 users.

Other International

The Other International segment is used to report revenue generated in Germany with international customers, as well as revenue from our companies in the Netherlands and Slovakia. Revenue in this segment amounted to EUR 1.2 million after EUR 1.5 million in the previous year.

Development of orders

In the 2013/2014 financial year, incoming orders (licences, consulting, SaaS and other) increased by EUR 16.3 million year-on-year to EUR 57.0 million (previous year: EUR 42.6 million). Incoming licence orders accounted for EUR 23.9 million of this figure (previous year: EUR 18.6 million). In addition to the higher level of incoming licence orders, the strong growth in incoming orders is primarily attributable to the conclusion of service agreements with a term of up to five years and SaaS services.

Total orders on hand increased from EUR 72.5 million in the previous year to EUR 76.1 million in the year under review; long-term services accounted for EUR 13.9 million of this figure. This overall figure includes future maintenance income for the coming twelve months in the amount of EUR 34.0 million (previous year: EUR 32.5 million).

Results of operations

EBIT increased by 30.9 % to EUR 31.5 million in the 2013/2014 financial year, due entirely to organic growth. This corresponds to an EBIT margin of 32.4 % (previous year: 29.3 %). As described under licence revenue above, the results of operations were positively impacted by catch-up effects from previous years for two major projects totalling EUR 7.2 million. EBIT was adversely affected by non-operating non-recurring expenses due to the change in majority shareholder in the amount of EUR 1.7 million. EBIT adjusted for these non-operating non-recurring effects amounted to EUR 33.1 million in the 2013/2014 financial year, up EUR 9.1 million year-on-year. This corresponds to an EBIT margin of 34.1 % compared with 29.3 % in the previous year.

Graphic: Impact of non-operating non-recurring effects on EBIT and EBITDA:

EUR thousand	2013/2014	2012/2013	Change
IFRS consolidated earnings			
Revenue	97,082	82,141	18.2 %
EBIT	31,458	24,040	30.9 %
EBIT margin	32.4 %	29.3 %	-
EBITDA	33,698	26,605	26.7 %
EBIT margin	34.7 %	32.4 %	-
Non-operating non-recurring effects 2013/2014			
SAR plans for the Management Board/Supervisory Board, other costs of the M&A process	1,653	0	-

Consolidated operating earnings (after adjustment for non-operating non-recurring effects)

EUR thousand	2013/2014	2012/2013	Change
Revenue	97,082	82,141	18.2 %
EBIT adjusted	33,111	24,040	37.7 %
EBIT margin adjusted	34.1 %	29.3 %	-
EBITDA adjusted	35,351	26,605	32.9 %
EBITDA margin adjusted	36.4 %	32.4 %	-

The improvement in the operating result of the Group as a whole is due to the growth in revenue (EUR 14.9 million), and in particular licence revenue (EUR 8.2 million). Revenue growth was accompanied by a moderate increase in costs. This is largely attributable to additional staff costs as well as non-recurring expenses resulting from the change in majority shareholder.

All in all, however, the cost ratio declined from 71.0 % in the previous year to 68.2 %. The cost ratio is defined as the ratio of the cost of sales, research and development costs, selling costs and administrative costs, depreciation, amortisation and write-downs and other operating expenses to revenue.

EUR thousand	2013/2014	2012/2013
Operating result (EBIT)	31,458	24,040
EBIT margin	32.4 %	29.3 %
Earnings before taxes	30,457	24,897
Consolidated net income (before profit transfer [1])	20,966	20,234
Return on sales	22 %	25 %
Return on operating assets [2]	46 %	36 %
Earnings per share (in euro)	2.78	2.69
Share price at 31 March (in euro)	65.24	34.56
PER (price-earnings ratio)	23.47	12.86

[1] A control and profit transfer agreement has been in place between P&I Personal & Informatik AG, Wiesbaden, and Argon GmbH, Munich, since April 1, 2011. The profit reported by P&I Personal & Informatik AG, Wiesbaden, is to be transferred to Argon GmbH. External shareholders are to receive a post tax compensation payment totalling EUR 1.55 per P&I share from Argon GmbH.
[2] Consolidated EBIT for the financial year/operating assets at the reporting date. Operating assets consist of intangible assets, property, plant and equipment, inventories, trade receivables and cash and cash equivalents.

EUR thousand	2013/2014	2012/2013	Change
Revenue	97,082	82,141	14,941
Cost of sales	30,157	26,724	3,433
Gross profit	**66,925**	**55,417**	**11,508**
Gross profit margin	68.9 %	67.5 %	-
Research and development costs	15,332	14,291	1,041
Distribution costs	11,799	9,541	2,258
Administrative costs	6,528	5,722	806
Amortisation of customer base	946	1,187	-241
Other operating income	630	246	384
Other operating expenses	1,492	882	610
Result of operating activities	**31,458**	**24,040**	**7,418**
Costs	66,254	58,347	7,907
Cost ratio	68.2 %	71.0 %	-

The year-on-year increase of EUR 3.4 million in the cost of sales is due to the higher level of staff costs as a result of the workforce expansion, as well as the increase in variable remuneration due to the positive revenue development and the higher cost of goods purchased. The gross margin amounted to 68.9 % (previous year: 67.5 %). The EUR 1.0 million increase in development costs reflects P&I's policy of continuous investment in development. The EUR 2.3 million increase in selling costs compared with the previous year is attributable to the higher level of staff costs, particularly as a result of variable remuneration; this was due to the high level of target attainment in terms of incoming licence orders and recurring services. Furthermore, external marketing activities were intensified and there was additional expenditure on commission for sales partners, which resulted in increased licence revenue.

The EUR 0.8 million increase in administrative costs is primarily attributable to non-recurring expenses relating to the change in majority shareholder. As in the previous year, only scheduled amortisation was recognised on the customer base in the year under review. Other operating income amounted to EUR 0.6 million (previous year: EUR 0.2 million). This sharp increase was due to unexpected payments on receivables written down in the previous year. Other operating expenses increased to EUR 1.5 million (previous year: EUR 0.9 million), largely as a result of non-recurring expenses in connection with the change in majority shareholder. In addition to current expenses for investor relations (including the Annual General Meeting), this item continues to include costs relating to the Supervisory Board, specific valuation allowances on receivables, and defaults.

Results of operations (EBIT) in the segments

EUR thousand	2013/2014	2012/2013	Change
Germany	25,350	18,279	38.7 %
Switzerland	1,529	2,002	-23.6 %
Austria	1,323	1,173	12.8 %
Other International	3,256	2,586	25.9 %
Total	**31,458**	**24,040**	**30.9 %**

The P&I Group's results of operations were positively impacted in particular by the successful business performance in the Germany segment. Overall, the results of operations in international business (Austria, Switzerland and Other International segments) developed in line with planning. The growth in the Austria segment was largely attributable to the higher level of licence revenue, which had a positive impact on earnings, while the increase in the Other International segment was due to P&I's flourishing international business activity. The lower earnings contribution in the Switzerland segment is due to investment and the expansion of the workforce for P&I's future development in the country as well as non-recurring expenses in connection with the 20th anniversary of MIRUS Software AG. All of the foreign companies reported a net profit for the year ended March 31, 2014.

The net finance costs of EUR 1.0 million in the 2013/2014 financial year (previous year: net financial income of EUR 0.9 million) are primarily attributable to the income and expenses in connection with the financial guarantee and interest income from the loan extended to Argon GmbH. The income and expenses in connection with the financial guarantee resulted from the termination of the financing agreement with Argon GmbH and P&I AG's accession to Edge Holding GmbH's financing agreement following the change in majority shareholder at Argon GmbH.

The P&I Group reported consolidated net income of EUR 21.0 million (previous year: EUR 20.2 million).

Under the terms of the control and profit transfer agreement, the net profit of P&I AG for the 2013/2014 financial year as reported in the single-entity financial statements in the amount of EUR 24.2 million (previous year: EUR 17.6 million) is to be transferred to Argon GmbH. External shareholders of P&I AG are to receive a post-tax compensation payment totalling EUR 1.55 per P&I share from Argon GmbH.

Earnings per share

Earnings per share amounted to EUR 2.78 (previous year: EUR 2.69).

4.2 FINANCIAL POSITION

Cash flow development and liquidity position

Financial and liquidity planning are updated on a regular basis in order to ensure the liquidity that is required for the Group's day-to-day operations. On instruction, a number of loan payments at standard market interest rates have been made to the controlling company, Argon GmbH, with which a registered control and profit transfer agreement has been in place since September 2011. The net profit reported in the single-entity financial statements for 2012/2013 was transferred to Argon GmbH in accordance with the terms of the profit transfer agreement and, in the 2013/2014 financial year, was offset against the loan granted on the basis of a netting agreement. At the reporting date March 31, 2014, the outstanding loan plus accrued interest amounted to EUR 50.8 million (previous year: EUR 38.5 million). The recoverability of the loan to Argon GmbH is monitored by way of a regular review of Argon GmbH's financial indicators. The current level of cash and cash equivalents is in line with Group planning even following this loan payment and is sufficient to cover the costs arising in connection with the Group's future business activity.

The Group does not have any short-term refinancing requirements and has sufficient financing scope in the form of unutilised credit facilities totalling around EUR 10.0 million. Cash flow enjoyed positive development in the 2013/2014 financial year. There are no liabilities to banks.

EUR thousand	2013/2014	2012/2013	Change
Net cash from/used in			
- operating activities	32,247	21,486	10,761
- investing activities	-24,601	1,245	-25,846
- Change in cash and cash equivalents due to exchange rate changes	15	-84	99
Change in cash and cash equivalents	7,661	22,647	-14,986

In the 2013/2014 financial year, net cash from operating activities increased from EUR 21.5 million to EUR 32.2 million. This development was largely attributable to the earnings growth and the increase in deferred income due to the high level of customer payments at the start of the calendar year.
Net cash from investing activities is characterised by the cash outflow from a loan that the Group was instructed to pay to Argon GmbH, which totalled EUR 28.7 million in the year under review. Investments in non-current assets amounted to EUR 0.9 million. This was offset by the cash inflow from maturing fixed-term deposits in the amount of EUR 5.0 million.

As in the previous year, there was no cash flow from financing activities in the 2013/2014 financial year. The offsetting of the profit transfer obligation of EUR 17.6 million for 2012/2013 against the loan granted to Argon GmbH in the 2013/2014 financial year means that this transaction is not shown in the cash flow statement.

Changes in cash and cash equivalents due to exchange rate changes were attributable to the development of the Swiss franc compared with the euro. The closing exchange rate on March 31, 2014 was CHF 1.2195/EUR (previous year: CHF 1.2045/EUR).

The annual maintenance and service invoices issued at the start of the calendar year mean that comparatively high payments are recorded at the start of the calendar year. This means that there is traditionally a high level of cash and cash equivalents at the turn of the Group's financial year.

Accordingly, cash and cash equivalents amounted to EUR 44.5 million (previous year: EUR 36.9 million).

Increase in cash and cash equivalents and current financial assets

The P&I Group enjoys a solid position with cash and cash equivalents and current financial assets totalling EUR 44.5 million (previous year: EUR 41.9 million).

EUR thousand	March 31, 2014	March 31, 2013	Change
Cash and cash equivalents	44,547	36,886	7,661
Fixed-term deposits	0	5,000	-5,000
Cash and cash equivalents and current financial assets	**44,547**	**41,886**	**2,661**
Interest-bearing liabilities	0	0	0
Net financial position	44,547	41,886	2,661
Net financial position as a percentage of total assets	35.0 %	37.5 %	-6.8 %

The Group also has two long-term fixed-income securities totalling EUR 4.6 million (previous year: EUR 4.7 million).

As in the previous year, the Group has no liabilities to banks.

Financial management

For a number of years, the P&I Group has regularly had a substantial liquidity surplus resulting from advance payments for maintenance and services as well as major projects.

The financial management and administration of surplus liquidity is determined by the terms of the control and profit transfer agreement and the loan extension to Argon GmbH.

As planned, P&I AG and its subsidiaries in Austria and Switzerland were instructed by Argon GmbH to enter into a financing agreement with the latter company in the amount of EUR 110 million in October 2011. Movable assets, receivables and rights were assigned to the financing banks as the typical security, and a subordinated obligation to Argon GmbH for interest and principal payments was entered into in accordance with an existing liquidity plan. P&I AG and its subsidiaries in Austria and Switzerland were instructed by Argon GmbH to enter into a supplementary agreement to the aforementioned financing agreement in the reduced amount of EUR 96 million in June 2013. Following the acquisition of the shares in Argon GmbH by Edge Holding GmbH, Frankfurt/Main, the remaining loan in the amount of EUR 62.0 million was repaid in full on December 20, 2013, the financing agreement was terminated and P&I AG and its subsidiaries were released from their liability.

In connection with the acquisition of the shares in Argon GmbH in December 2013, Edge Holding GmbH entered into financing agreements in the amount of EUR 210.5 million. In January 2014, Argon GmbH entered into these financing agreements as the borrower in the amount of EUR 97.8 million. As planned, P&I AG and its subsidiaries in Austria and Switzerland were instructed by Argon GmbH to enter into the financing agreements of Edge Holding GmbH and Argon GmbH in the amount of EUR 210.5 million in February/March 2014. All movable assets and extensive receivables and rights were assigned to the financing banks as the typical security, and a subordinated obligation to Edge Holding GmbH and Argon GmbH for interest and principal payments was entered into in accordance with an existing liquidity plan. The maximum amount to which the P&I Group could be held liable is the loan amounts less the assets of Edge Holding GmbH and Argon GmbH.

The loans arising from the financing agreements with Edge Holding GmbH and Argon GmbH had a total carrying amount of EUR 198.0 million at the reporting date.

Edge Holding GmbH was granted a revolving credit commitment in the amount of EUR 12.5 million for part of the total loan of EUR 210.5 million as set out above. This credit commitment serves as additional liquidity protection if necessary. P&I AG used EUR 3.5 million of this figure as collateral for a guaranteed credit facility under the terms of an ancillary facility agreement.

Given the current corporate planning of P&I AG, the associated liquidity flow to Argon GmbH and Edge Holding GmbH arising from the profit transfer agreement between P&I AG and Argon GmbH and the distribution by Argon GmbH to Edge Holding GmbH, and the interest and repayment plan for the financing agreement, the Management Board does not believe that P&I entering into these loan agreements poses a significant risk, or that there is any significant risk of utilisation for the Company.

On instruction, P&I AG also extended loans to Argon GmbH. At the reporting date March 31, 2014, the outstanding loan plus accrued interest amounted to EUR 50.8 million (previous year: EUR 38.5 million).

Surplus liquidity that is not used for investments is held in the form of bank balances, fixed-term deposits and marketable securities that are available for immediate sale. This reflects the management's aim of ensuring that it can access the available liquidity in full at short notice. Investments in securities are made solely in euro and with counterparties with excellent credit ratings in order to minimise the risk of significant fluctuations in value. The composition and development of cash and cash equivalents are presented in the notes to the consolidated financial statements and the consolidated cash flow statement.

Derivative financial instruments

Derivative financial instruments are employed in order to prevent to the greatest possible extent the risk to P&I's financial position and results of operations that could result from the negative impact of developments on the financial markets. P&I does not currently employ any derivative financial instruments. Off-balance-sheet financing instruments, such as the sale of receivables or sale-and-leaseback transactions, were not utilised.

4.3 NET ASSETS

The total assets of the P&I Group increased by 14.0 % due to the expansion of the business volume and amounted to EUR 127.4 million at the reporting date (previous year: EUR 111.8 million).

EUR thousand	March 31, 2014	March 31, 2013	Change
Non-current assets	68,006	56,396	11,610
Current assets	59,432	55,415	4,017
Total assets	**127,438**	**111,811**	**15,627**
Equity	38,090	39,351	-1,261
Non-current liabilities	6,640	2,532	4,108
Current liabilities	82,708	69,928	12,780
Total equity and liabilities	**127,438**	**111,811**	**15,627**

		March 31, 2014	March 31, 2013
Equity ratio		29.9 %	35.2 %
Gearing *)		-117.6 %	-107.1 %
Working Capital EUR thousand **)		-23,276	-14,513

*) Net financial position / Equity not including accumulated other comprehensive income at the reporting date
**) Current assets less current liabilities at the reporting date

The P&I Group had *non-current assets* in the amount of EUR 68.0 million (previous year: EUR 56.4 million). The increase in the year under review was due to the change in financial assets. Financial assets primarily relate to a loan to Argon GmbH, including accrued interest, in the amount of EUR 50.8 million (previous year: EUR 38.5 million). The loan is allocated to non-current assets on account of its term. Scheduled depreciation and amortisation led to a decrease in intangible assets and property, plant and equipment.

Current assets, primarily consisting of cash and cash equivalents and receivables, increased by EUR 4.0 million year-on-year to EUR 59.4 million.

The increase in *receivables* (including the gross amount due from customers for contract work) from EUR 11.5 million to EUR 12.5 million corresponds to the Group's revenue growth and also relates to payments due for major projects.

Cash and cash equivalents and current financial assets increased by a total of EUR 2.7 million to EUR 44.5 million (previous year: EUR 41.9 million).

P&I AG and its subsidiaries in Austria and Switzerland were instructed by Argon GmbH to enter into the financing agreements of Edge Holding GmbH and Argon GmbH. Please refer to section 4.2 Financial management.

The maximum amount to which the P&I Group could be held liable is the loan amounts less the assets of Edge Holding GmbH and Argon GmbH. As it was a free financial guarantee, the fair value of the financial guarantee was calculated on the basis of a comparable guarantee commission and recognised under other current liabilities.

The loans arising from the financing agreements with Edge Holding GmbH and Argon GmbH had a total carrying amount of EUR 198.0 million at the reporting date.

Equity declined by EUR 1.3 million year-on-year to EUR 38.1 million. This development was primarily due to profit distributions by the subsidiaries P&I Personal & Informatik GmbH, Vienna and P&I Personeel & Informatica B.V., Amsterdam, to P&I AG, which increased the net profit of P&I AG reported in the single-entity financial statements and required to be transferred in full to Argon GmbH. The profit distributions by the subsidiaries cover multiple financial years. The increase in capital reserves is due to the share-based remuneration paid to the Management Board and one member of the Supervisory Board. The equity ratio fell from 35.2 % to 29.9 %.

Non-current liabilities increased to EUR 6.6 million (previous year: EUR 2.5 million) and consisted of deferred tax liabilities, deferred liabilities resulting from the tax allocation agreement and the financial guarantee arising from the accession to the financing agreement of Edge Holding GmbH (EUR +2.8 million). The EUR 1.5 million increase in deferred liabilities resulting from the tax allocation agreement is primarily attributable to the differences resulting from the use of the PoC method.

Total *current liabilities* increased by EUR 12.8 million to EUR 82.7 million. This figure includes trade payables, the liability for the profit transfer from P&I AG to Argon GmbH (change: EUR +6.7 million), tax liabilities and liabilities resulting from the tax allocation agreement (change: EUR +5.1 million), deferred income (change: EUR +3.7 million), the gross amount due to customers for contract work (change: EUR -4.8 million) and other current liabilities (change: EUR +2.0 million).

Tax liabilities of EUR 1.1 million include the tax liabilities of subsidiaries that were offset against tax prepayments for the respective financial years.

Tax liabilities from the tax allocation agreement relate to the tax allocation agreement concluded between P&I AG and Argon GmbH, which has been in place since April 1, 2011. The increase in this item was due to the improvement in the taxable result of the fiscal entity compared with the previous year.

There was an increase in deferred income, which reflects the income that is received at the start of the calendar year due to the annual invoices that are issued and paid in advance and that is reversed each month for the purposes of revenue recognition.

The gross amount due to customers for contract work amounted to EUR 3.7 million (previous year: EUR 8.5 million) and primarily included advance payments in connection with a major project. The reduction is due to the degree of project progress. Revenue recognition was offset against the advance payments received.

Other current liabilities amounted to EUR 14.3 million at the end of the financial year (previous year: EUR 12.4 million) and included payment obligations to staff members in relation to variable remuneration components and VAT liabilities, among other things.

5. P&I AG

5.1 RESULTS OF OPERATIONS

Revenue growth of 17.6 % to EUR 78.0 million meant that P&I AG also increased its operating result (before taxes and net finance costs) by EUR 5.2 million to EUR 25.2 million, thereby generating an EBIT margin of 32.2 %. The results of operations in the single-entity financial statements for the 2013/2014 financial year were characterised by three factors: revenue growth from operating business, profit distributions by two subsidiaries and a moderate increase in costs.

Revenue development

Revenue for the 2013/2014 financial year totalled EUR 78.0 million (previous year: EUR 66.3 million). This includes revenue from third parties in the amount of EUR 72.3 million, up 19.0 % on the previous year (EUR 60.8 million).

EUR thousand	2013/2014	2012/2013	Change
Revenue with			
- third parties	72,271	60,756	11,515
- affiliated companies	5,765	5,579	186
Total revenue	**78,036**	**66,335**	**11,701**
Change in inventories	-386	1,140	-1,526
Total operating revenue	**77,650**	**67,475**	**10,175**

With a revenue volume of EUR 32.9 million (previous year: EUR 30.3 million), *maintenance business* accounted for the largest proportion of total revenue at 42.2 %. *Consulting business* recorded the strongest growth of all revenue types, amounting to EUR 22.2 million (previous year: EUR 17.9 million) and accounting for 28.5 % of total revenue. The Group realised revenue of EUR 20.4 million in its *licence business* in the year under review (previous year: EUR 16.3 million), corresponding to 26.1 % of total revenue. The growth in this area is primarily attributable to revenue recognition following the acceptance of a contract for work as part of a major project. Other revenue amounted to EUR 2.5 million (previous year: EUR 1.9 million) or 3.2 % of total revenue.

In the past financial year, inventories decreased due to the services performed in connection with contracts for work and services and fixed-price consulting projects. Inventories declined overall due to the acceptance of a major project in the past financial year. At the same time, a large number of small and medium-sized projects were completed, with the corresponding revenue being recognised following acceptance, while new projects were initiated.

Results of operations: further improvement in profit from ordinary activities

Profit from ordinary activities increased by EUR 10.7 million to EUR 32.1 million (previous year: EUR 21.4 million). This was due to the additional revenue generated as a result of revenue growth, which was accompanied by strict cost controlling, as well as revenue recognition for a major project and the profit distributions by two subsidiaries totalling EUR 5.5 million.

A tax allocation agreement has been in place between P&I AG and Argon GmbH since April 1, 2011. The compensation payments to external shareholders are taxable at the level of P&I AG as the controlled company.
Tax expense increased by EUR 4.1 million year-on-year to EUR 7.9 million as a result of the improvement in earnings.

Net profit/profit transfer

Under the terms of the control and profit transfer agreement, the net profit before profit transfer of P&I AG for the 2013/2014 financial year as reported in the single-entity financial statements in the amount of EUR 24.2 million (previous year: EUR 17.6 million) is to be transferred to Argon GmbH. External shareholders of P&I AG are to receive a post-tax compensation payment totalling EUR 1.55 per P&I share from Argon GmbH. The return on revenue generated by P&I AG increased from 26.5 % in the previous year to 31.1 %. The gross margin amounted to 87.3 % (previous year: 63.2 %).

5.2 FINANCIAL POSITION

Cash flow development and liquidity position

Cash flow development in the 2013/2014 financial year was characterised by an increase in cash and cash equivalents. This was due to the higher level of net cash from operating activities, which reflects the Company's revenue and earnings development and is also attributable to the increase in trade payables and provisions. Net cash from investing activities is characterised by the cash outflow from a loan that the Group was instructed to pay to Argon GmbH, which totalled EUR 28.7 million. This was offset by the cash inflow from maturing fixed-term deposits in the amount of EUR 5.0 million and from the profit distributions by two subsidiaries in the amount of EUR 5.5 million.

EUR thousand	2013/2014	2012/2013	Change
Net cash from/used in			
- operating activities	29,307	18,127	11,180
- investing activities	-18,900	-3,933	-14,967
Change in cash and cash equivalents	10,407	14,194	-3,787

Cash and cash equivalents in the broader sense developed as follows:

EUR thousand	March 31, 2014	March 31, 2013	Change
Cash and cash equivalents	30,533	20,126	10,407
Fixed-term deposits	0	5,000	-5,000
Cash and cash equivalents and current fina	**30,533**	**25,126**	**5,407**

As in the previous year, the Group has no liabilities to banks.

Financial management and financial instruments

See the separate disclosures in section 4.2 of the management report.

5.3 NET ASSETS

EUR thousand	March 31, 2014	March 31, 2013	Change
Non-current assets	65,177	53,428	11,749
Current assets	42,573	36,658	5,915
Prepaid expenses	1,133	1,186	-53
Excess of plan assets post employment benefit liability	6	59	-53
Assets	**108,889**	**91,331**	**17,558**
Equity	27,775	27,775	0
Provisions	11,537	9,070	2,467
Liabilities	46,640	34,323	12,317
Deferred income	22,555	19,682	2,873
Deferred tax liabilities	382	481	-99
Equity and liabilities	**108,889**	**91,331**	**17,558**

Non-current assets increased by EUR 11.6 million to EUR 65.2 million in the 2013/2014 financial year. Loans to affiliated companies rose by EUR 12.2 million due to the additional loan payments to Argon GmbH, while scheduled depreciation and amortisation was responsible for the decline in intangible assets and property, plant and equipment.

Current assets, consisting of inventories, receivables, other assets and cash and cash equivalents, increased by EUR 5.9 million year-on-year, from EUR 36.7 million to EUR 42.6 million. Receivables including receivables from affiliated companies rose by EUR 0.7 million year-on-year to EUR 8.2 million, largely as a result of the Company's revenue growth, while other assets also increased slightly (EUR +0.2 million). Cash and cash equivalents climbed EUR 5.4 million to EUR 30.5 million.

Prepaid expenses were essentially unchanged year-on-year at EUR 1.1 million and related to services for the subsequent year that were purchased at the beginning of the financial year and that are recognised on an accrual basis.

Assets that have been made inaccessible to all other creditors and that are used solely to settle liabilities arising from credit balances and partial retirement obligations are offset against the respective liabilities. If the value of the assets exceeds the amount of the obligations, the excess is recognised on the face of the balance sheet as an *excess of plan assets over post-employment benefit liability*. An excess of plan assets over post-employment benefit liability in the amount of EUR 6 thousand was recognised at the reporting date (previous year: EUR 59 thousand).

Equity remained unchanged as against the previous year. Under the terms of the control and profit transfer agreement, the net profit of P&I AG for the 2013/2014 financial year as reported in the single-entity financial statements is to be transferred to Argon GmbH, which is why this did not result in an increase in equity. The increase in total assets meant that the equity ratio declined to 25.5 % (previous year: 30.4 %).

The notional value of treasury shares in the amount of EUR 168,873 (previous year: EUR 168,873) was deducted from the issued capital in the amount of EUR 7.7 million, meaning that the issued capital reported on the face of the balance sheet as of March 31, 2014 totalled EUR 7.5 million (previous year: EUR 7.5 million).

Provisions increased by EUR 2.5 million to EUR 11.5 million. Tax provisions in the amount of EUR 0.3 million relate to the items for which P&I AG is liable as the controlled company. Other provisions increased by EUR 2.4 million to EUR 11.2 million (previous year: EUR 8.8 million), largely as a result of the higher variable salary components paid to employees.

Liabilities rose by EUR 12.3 million year-on-year to EUR 46.6 million (previous year: EUR 34.3 million), largely as a result of the EUR 11.8 million increase in liabilities to affiliated companies. This includes the liability to Argon GmbH in the total amount of EUR 29.8 million, of which EUR 5.6 million relates to the tax allocation agreement and EUR 24.2 million relates to the profit transfer for the 2013/2014 financial year.

The increase in *deferred income* is due to the larger number of software maintenance agreements as well as the deferral of income from recurring services (including seminars). Deferred income contains income received prior to the reporting date that relates to a certain period after the reporting date, and amounted to EUR 22.6 million (previous year: EUR 19.7 million).

Deferred tax liabilities amounted to EUR 0.4 million at the reporting date (previous year: EUR 0.5 million) and were calculated including temporary differences in accordance with the balance sheet-oriented temporary concept introduced by the German Accounting Law Modernisation Act (BilMoG).

P&I AG and its subsidiaries in Austria and Switzerland were instructed by Argon GmbH to enter into the financing agreements of Edge Holding GmbH and Argon GmbH and to assign as security all movable assets as well as receivables and rights. The accession to the financing agreements did not affect the accounting presentation of net assets in the single-entity financial statements of P&I AG. Please refer to section 4.2 Financial management.

6. SUMMARY OF THE COURSE OF BUSINESS

The forecast issued by the Management Board for the 2013/2014 financial year anticipated revenue of EUR 86-90 million and an unchanged EBIT margin of 29.3 %.

In the year under review, the forecast revenue was comfortably exceeded at EUR 97.1 million, while an EBIT margin of 32.4 % was achieved (forecast: 29.3 %). The Group's revenue and earnings growth was primarily attributable to the development of two major projects accompanied by the extremely successful conclusion of new licence business; this resulted in the recognition of licence revenue of EUR 28.7 million, in excess of the forecast range of EUR 21-25 million. At EUR 3.5 million, SaaS revenue was above the EUR 3 million mark as forecast. Consulting revenue also exceeded the forecast level by some distance. Among other things, P&I's service concept was implemented more quickly than expected and met with a positive response from customers. The proportion of revenue attributable to recurring services amounted to 47.7 % in the 2013/2014 financial year. The extremely positive revenue development meant that EBIT also exceeded forecasts, while the EBIT margin increased in spite of the non-recurring expenses in connection with the change in majority shareholder at Argon GmbH. Investment continued as planned, a fact that is reflected in the development of P&I LOGA3 and P&I+ as well as BIG DATA. The improved operating result meant that net cash from operating activities increased to a greater extent than anticipated

7. EVENTS AFTER THE REPORTING DATE

On May 5, 2014, Argon GmbH, Frankfurt/Main, submitted a formal request in accordance with section 327a (1) sentence 1 AktG requiring P&I AG to take all necessary measures to ensure that the Annual General Meeting of the Company can resolve the transfer of the shares of the remaining shareholders (minority shareholders) to the main shareholder, Argon GmbH, in exchange for adequate cash consideration (squeeze-out under German stock corporation law). Argon GmbH holds more than 95 % of the share capital of P&I Personal & Informatik AG, making it the main shareholder within the meaning of section 327a (1) sentence 1 AktG. The transfer resolution is expected to be adopted at the next Annual General Meeting of P&I Personal & Informatik AG.

8. CORPORATE RISK REPORT

In the course of its business activities, P&I is exposed to various risks that result or could result not only from its day-to-day business operations, but also from changes in its environment. We define risk in the broadest sense as the possibility that we will fail to achieve our planned financial, operational or strategic objectives. In order to ensure long-term business success, it is essential that risks are effectively identified, analysed and remediated or limited by way of appropriate control measures. We seek to achieve a balanced risk/reward ratio and only enter into risks if the corresponding business activities are highly likely to increase the value of P&I.

8.1 ORGANISATION OF RISK MANAGEMENT

P&I has an adequate risk management system that it uses to identify and analyse risks and initiate corresponding countermeasures at an early stage. Group-wide risk management is controlled centrally by P&I AG, Wiesbaden.

Central risk management is also responsible for preparing risk reports, initiating the further development of the risk management system and developing regulations aimed at reducing risk for the entire Group.

The “R2C - risk to chance” risk management software, which actively includes all managers in the risk management process via a web-based interface, is now being used for the twelfth financial year in succession. In addition to financial data, the risk management process encompasses all of the Company’s activities and involves the following permanent and systematic steps: identification, analysis, evaluation, controlling, documentation and communication.

The use of risk management software enables the performance of risk inventories, in which existing and newly identified risks are classified by topic in a formalised process and evaluated in terms of their probability of occurrence and the expected loss.

8.2 RISK MANAGEMENT SYSTEM AND ACCOUNTING-RELATED INTERNAL CONTROL SYSTEM

As a capital market-oriented company within the meaning of section 264d HGB, P&I is required to discuss the material features of the internal risk management system and the accounting-related internal control system in its management report in accordance with section 289 (5) HGB and section 315 (2) no. 5 HGB. The law does not prescribe a definition of these systems.

Based on Audit Standard PS 261 promulgated by the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW), we understand this to refer to the principles, procedures and measures for ensuring the propriety and reliability of the internal and external accounting system and compliance with all of the statutory provisions that are relevant to P&I.

Business transactions are recorded in full and in a timely manner as required by the statutory provisions and the Articles of Association, inventories are conducted in a proper manner, and assets and liabilities are recognised, measured and reported accurately.

The integration of the controlling and monitoring instruments and the appropriate reporting into the key accounting processes is a uniform Group-wide requirement.

P&I is characterised by a clear management and organisational structure that ensures that the requirements of the law and the Articles of Association are met.

There is a clear functional separation between incoming orders, accounting and Group controlling and the allocated responsibilities. In terms of both staff and materials, accounting and controlling are designed in such a way as to enable the proper and accurate performance and recording of accounting processes.

We apply uniform guidelines and standards in conducting accounting processes. The processes are reviewed on a regular basis and, where necessary, adjusted to reflect current developments. External experts are consulted when evaluating complex issues.

The internal accounting-related controls are performed regularly on an automated basis via plausibility checks and on a manual basis using deviation analyses by way of comparison with defined key performance indicators and forecast figures. Any differences thus identified are analysed and explained. One important area of risk monitoring and controlling is reporting, which ensures that business transactions are recorded and presented in accordance with uniform Group-wide guidelines. The reporting system collects and prepares the relevant data and makes it available for various evaluations. The principle of dual control is applied. The Management Board and the Supervisory Board are informed about the net assets, financial position and results of operations at least once a month.
In addition, risks arising in the short term are reported immediately to the Management Board and the Supervisory Board.

The reliability of the accounting process is supported by regular discussions of the key financial indicators with the operational departments.

Internal controls are regularly reviewed, developed and adjusted to reflect new requirements in order to ensure functional processes. Furthermore, our internal guidelines are regularly revised to incorporate process improvements and adjustments. The size of P&I means that there is no need for a separate Internal Audit unit. The tasks that would otherwise fall to Internal Audit are performed by the officers responsible for the respective profit centres, i.e. the heads of department within the German organisation and the managing directors of the respective foreign subsidiaries.

Our systems are protected from unauthorised access and manipulation through corresponding security measures. Employee access to the systems are clearly defined and delimited.

Organisational safety measures and corresponding control mechanisms serve to ensure structured workflows within the Company, thereby allowing adverse developments to be recognised in a timely manner and appropriate countermeasures to be initiated.

8.3 RISK FACTORS

Business risk

The current economic situation in particular means that demand for our products and services and their acceptance by our customers are subject to a high degree of uncertainty. A key element of P&I's strategy is the further expansion of our position in the SME sector and among public authorities and large organisations by attracting new customers. Despite our efforts – e.g. the expansion of our sales and partnership network or the reorganisation of our consulting activities – demand for our products and services in the SME segment could fail to develop as planned, which could have an adverse effect on our business activities and our financial position and results of operations.

P&I generates a significant proportion of its revenue from its large base of existing customers. If customer satisfaction were to decrease, our existing customers could decide against extending their maintenance agreements or entering into new licence or other agreements for additional products or services, or could downgrade the level of their maintenance agreements. This could have a significant adverse effect on P&I's revenue and earnings. However, this appears unlikely in light of P&I's solid business development with its existing customers in recent financial years and its forward-looking technological strategy, which is recognised by analysts and customers alike.

Fluctuations and downturns in P&I's licence business could have an impact on its consulting and maintenance income, which generally develops in line with licence revenue on a downstream basis. Accordingly, a significant reduction in the proportion of total income attributable to income from software could have a material adverse effect on business, and hence on P&I's net assets, financial position and results of operations.

Risks from existing or new major projects and fixed-price projects are permanently monitored and evaluated. The implementation of the P&I software often involves the extensive use of customer resources and is subject to a large number of risks over which P&I often has no influence. The possibility of lengthy installation processes or project costs that exceed the agreed fixed prices and that result in claims for recourse or damage to the Company's image cannot always be excluded. P&I is currently working on two major projects that are regularly monitored.

P&I believes that it has recognised these risks in its financial planning to an appropriate extent, particularly through the recognition of provisions. Accordingly, a significant adverse impact on the forecast business development and earnings performance as a result of risks from major projects and fixed-price projects is currently considered to be unlikely.

Financial risk

A control and profit transfer agreement has been in place with Argon GmbH since February 7, 2011. In the view of the Management Board, the conclusion of this control and profit transfer agreement has not increased the risk to which the Company is exposed. Similarly, the Management Board does not currently feel that extending the loan to Argon GmbH increases risk. The Management Board has duly established that it believes that this loan receivable is recoverable.

As planned, P&I AG and its subsidiaries in Austria and Switzerland were instructed by Argon GmbH to enter into a financing agreement with the latter company in the amount of EUR 110.0 million in October 2011. Movable assets, receivables and rights were assigned to the financing banks as the typical security, and a subordinated obligation to Argon GmbH for interest and principal payments was entered into in accordance with an existing liquidity plan. P&I AG and its subsidiaries in Austria and Switzerland were instructed by Argon GmbH to enter into a supplementary agreement to the aforementioned financing agreement in the reduced amount of EUR 96.0 million in June 2013. Following the acquisition of the shares in Argon GmbH by Edge Holding GmbH, Frankfurt/Main, the remaining loan in the amount of EUR 62.0 million was repaid in full on December 20, 2013, the financing agreement was terminated and P&I AG and its subsidiaries were released from their liability.

In connection with the acquisition of the shares in Argon GmbH in December 2013, Edge Holding GmbH entered into financing agreements in the amount of EUR 210.5 million. In January 2014, Argon GmbH entered into these financing agreements as the borrower in the amount of EUR 97.8 million. As planned, P&I AG and its subsidiaries in Austria and Switzerland were instructed by Argon GmbH to enter into the financing agreements of Edge Holding GmbH and Argon GmbH in the amount of EUR 210.5 million in February/March 2014. All movable assets and extensive receivables and rights were assigned to the financing banks as the typical security, and a subordinated obligation to Edge Holding GmbH and Argon GmbH for interest and principal payments was entered into in accordance with an existing liquidity plan. The maximum amount to which the P&I Group could be held liable is the loan amounts less the assets of Edge Holding GmbH and Argon GmbH.

The loans arising from the financing agreements with Edge Holding GmbH and Argon GmbH had a total carrying amount of EUR 198.0 million at the reporting date.

Given the current corporate planning of P&I AG, the associated liquidity flow to Argon GmbH and Edge Holding GmbH arising from the profit transfer agreement between P&I AG and Argon GmbH and the distribution by Argon GmbH to Edge Holding GmbH, and the interest and repayment plan for the financing agreement, the Management Board does not believe that P&I entering into these loan agreements poses a significant risk for the Company, or that there is any significant risk of utilisation for the Company.

The Management Board and the Supervisory Board regularly discuss the issues relating to the loan agreement and its consequences for P&I.

Accordingly, P&I AG and the Group are not exposed to any significant default risk. Cash and cash equivalents and securities are held at banks with good credit ratings or in their investment funds.

P&I primarily counteracts the financial risk of the long-term loss in value of financial assets by pursuing a highly conservative investment strategy: in order to prevent interest rate and counterparty default risk, investments are made in fixed-term deposits or securities with short terms and whose issuers are high-profile banks (with at least an A rating).

In connection with the loan extended to Argon GmbH, the creditworthiness of the counterparty is monitored on the basis of quarterly financial information. Based on the information currently available, the risk of default is unlikely.

Defaults at Group companies were maintained at the prior-year level. The recoverability of trade receivables is evaluated on an ongoing basis and valuation allowances are recognised when trigger events are identified. As P&I does not have any customer relations accounting for more than 10 % of its revenue, there is no credit risk that could endanger the continued existence of the Company.

The Company controls default risk by demanding advance payments and by obtaining confirmations of transfer from insolvency administrators or credit information in cases where there is a suspicion of default. The Group does not have additional collateral in the form of rights to securities or similar. The Group does not have a significant concentration of default risk either with an individual counterparty or with a group of counterparties with similar characteristics.

Exchange rate risk

P&I's exchange rate risk is concentrated on the Swiss franc, the currency in which its subsidiaries and second-tier subsidiaries in Switzerland conduct their business. Having appreciated significantly against the euro in the previous year, the Swiss franc exchange rate remained stable in the year under review. We do not currently consider our business in Switzerland as posing a material risk.

IT risk

P&I is subject to the risk that the availability, integrity, reliability, authenticity and clarity of data may not be adequately secured due to insufficient data protection. The Company counteracts this risk by examining its data protection concepts and regularly adjusting them to reflect new requirements, as well as conducting regular data backups. Data centre services are also subject to availability risk. P&I counteracts this risk by implementing corresponding back-up scenarios and redundant solutions.

Mobile data storage devices are subject to the risk of data loss and misuse. Organisational instructions are in place to ensure that IT equipment and data storage devices are handled carefully.

Legal risk

As a listed stock corporation, we are subject to an increasing risk as a result of the possibility that we will no longer be able to comply with the various provisions and the growing number of statutory amendments and provisions on corporate governance. Any accusation of a breach of the law that is brought against P&I, whether justified or not, could have a negative impact on our reputation and hence on our share price. P&I counteracts this risk by creating strict formal workflows and ensuring that new or amended legal conditions are reflected immediately within the organisation. External experts are consulted when evaluating complex issues.

The actions for annulment that were brought against the Annual General Meeting in September 2010 have largely been rejected; the proceedings relating to the resolutions approving the actions of the Management Board and the Supervisory Board are still pending with the Frankfurt Higher Regional Court. These proceedings have been suspended until the regional court has ruled on the resolutions of confirmation adopted by the Annual General Meeting on August 30, 2011. The actions for annulment that were brought against individual resolutions by the Annual General Meeting in August 2011 were rejected in full by the court of first instance. An appeal was not permitted. The plaintiffs have filed an action for non-admission against this ruling with the German Federal Court of Justice.

Several rulings were issued in the reporting period that affect matters in connection with licence sales. These rulings are known to the company and have been examined for their effects on its business model. The examination came to the conclusion that no impact on the company's business model is to be expected from these rulings.

P&I is confronted with various claims and legal proceedings arising from its regular business operations. The negative consequences of the claims made or the proceedings initiated against us could result in the payment of compensation or reversal costs or defaults.

We are of the opinion that the outcome of these pending proceedings, both individually and as a whole, will not have an adverse effect on our business activities as corresponding provisions and specific valuation allowances have been recognised as a precaution.

Staff risk

P&I is a specialist for standardised HR software solutions. Experts in this area are also in demand among other software companies. In order to prevent employees from being poached by competitors, we ensure that they are closely tied to the Company through measures such as profit-sharing, further education and training, and non-competition clauses. In key areas, we also ensure that several people have the expertise required to continue in their own right.

Acquisition risk

P&I has made acquisitions in the past and will continue to examine potential acquisitions for the future. This means that the P&I Group is exposed to acquisition risk. The challenges involved relate to the integration of product ranges, organisational processes, staff and different corporate cultures. We use established control mechanisms for integration to identify potential problem areas as quickly as possible, with a focus on the key areas of the acquired company.

Overall assessment of the risk situation

In the period under review, none of the risks identified and quantified within P&I's risk management system exceeded the defined threshold for the existence of a risk that could endanger the continued existence of the Company. The Company has not classified any risks as material to the course of business and the successful management of the Company above and beyond the identified risks described above. The overall risk assessment shows that P&I's risks are limited and manageable. There are no identified risks that could endanger the continued existence of P&I AG or the P&I Group, either at present or in the future.

9. FORECAST

9.1 THE ECONOMY AND THE INDUSTRY IN THE NEW FINANCIAL YEAR

The Kiel Institute for the World Economy (IfW) expects the recovery in the industrialised nations to consolidate and is forecasting an increase in global production of 3.6 % for 2014.

The IfW believes that the German economy is on the verge of boom conditions and is forecasting GDP growth of 1.9 % for 2014. The main factors behind this expansion are investment activity, the robust employment market with the resulting momentum in terms of private consumer spending, and the extremely favourable financing environment.

In contrast to the muted growth forecasts for the economy as a whole in 2013, the industry association BITKOM expects the IT industry to expand by 1.7 % in 2014. BITKOM is anticipating higher growth rates for individual segments, with forecast growth of 3.2 % for IT services such as consulting and outsourcing and 5.3 % for the software segment.

9.2 EXPECTATIONS AND OPPORTUNITIES OF THE P&I GROUP AND P&I AG

The strength of the P&I Group lies in the continuity with which it has steadily and sustainably expanded its business year after year. P&I has an innovative business model that is characterised by high growth rates, a significant degree of recurring services, independence from a single industry, a broad geographical spread and more than 15,000 end customers. Its success is driven by the more than 430 employees whose most valuable assets are their specialist expertise, their flexibility and their passion. Our aim is to position P&I in such a way as to ensure that it remains successful on the relevant markets while gaining additional market share.

P&I is ideally equipped for the future with P&I LOGA3 in combination with the digital world that is served by P&I BIG DATA. We will remain vigilant and will continue to intensely observe future developments, permanently examine our actions and review the relevance of our products. The varied applications of the P&I LOGA3 solution and the state-of-the-art technology used mean that we are in a good position to supersede traditional HR software systems and hence gain new customers.

With the implementation of P&I BIG DATA, we have created a new quality of service for our customers with the P&I service agreement. In our customised, rapid and high-quality consulting business, consultants and sales staff are assigned to specific customers, thereby allowing them to focus on their individual requirements. Customers requiring support will no longer end up talking to our call centre, but will instead turn directly to the consultants and sales staff responsible for them. We consider this to represent a good opportunity for further growth.

For internal controlling purposes, the Group uses the performance indicators of incoming orders, and incoming licence orders in particular, for sales controlling, consulting revenue for its consulting business, and EBITDA and EBIT for tracking its earnings strength.

Based on current circumstances, the Management Board is issuing the following outlook for the 2014/2015 financial year:

- We expect the P&I Group to record revenue growth of 5-7 %, meaning that consolidated revenue will exceed the EUR 100 million barrier.
- Licence revenue is expected to remain at the prior-year level; in addition to generating business with new customers, this will depend to a large extent on the progress made on major projects.
- Increasing the proportion of total revenue attributable to recurring services and revenue is part of P&I's strategic orientation. In addition to SaaS and maintenance services, this service range will increasingly also include P&I service agreements in future. In the coming 2014/2015 financial year, the P&I Group will report the revenue resulting from these services in a separate category, recurring revenues. We expect to record mid-seven-figure growth in this area compared with the previous year.

EUR thousand	2013/2014	"As if" 2013/2014
Licences	28,673	28,673
SaaS	3,500	
Consulting	26,095	19,446
Maintenance	36,121	
Recurring revenues		46,270
Other	2,693	2,693
Revenue	**97,082**	**97,082**
Recurring revenues in %		47.7 %

- The profitability of the P&I Group will increase on the back of the expected revenue growth accompanied by pronounced cost efficiency. Adjusted for the non-operating non-recurring expenses in connection with the change in majority shareholder, which are expected to total 1.7 million in the 2014/2015 financial year, an EBIT margin of 35-37 % is considered to be a realistic target if the forecast licence revenue is achieved. This would correspond to EBIT of around EUR 35-37 million.
- With regard to revenue and earnings development in the segments, the Management Board expects to see growth in the Germany, Switzerland and Austria segments, with Germany enjoying the strongest growth. Revenue in the Other International segment is expected to remain at its current level.

- Due to the differences in the accounting treatment of revenue recognition for major projects under the German Commercial Code (HGB) and IFRS, there are deviations between the single-entity HGB financial statements of P&I AG and the consolidated IFRS financial statements of the P&I Group. For P&I AG, we are forecasting revenue of between EUR 75-78 million and a profit from ordinary activities of around EUR 29-31 million.
- The lack of assurance in terms of the progress and completion of major projects means that the forecast for the P&I Group and P&I AG is subject to uncertainty and revenue recognition may be affected by fluctuations.
- The operating cash flow of the P&I Group and P&I AG is expected to remain at the prior-year level.
- P&I intends to make further investments in its products, employees and infrastructure in the coming financial year and to finance these investments from its operating cash flow. We are addressing the requirements of the IT market. P&I's long-term success lies at the heart of our decisions.

P&I has established itself as an excellent company with a leading position on the market. The Company's successful characteristics include its innovation and service strength, expertise, reliability and passion. P&I is the driving force for more than 15,000 European end customers, large data centres and international HR service providers. A high level of investment in development and an excellent product and service range serve to generate confidence among customers and interested parties.

The Company's success depends to a large extent on the innovative strength of its employees. Accordingly, the Company will continue to initiate trainee programmes for young academics. Diversity is important to us. We strive to ensure a mixture of young and old, immeasurable experience and carefree discovery, proven standards and a breath of fresh air. Development is driven by curiosity. We are not in the market for half-hearted compromises. We deliver an outstanding product and outstanding performance.

We have a solid business model. We have the ability to think in the long term and identify trends at an early stage. And we are confident that we will continue to achieve our objectives in future.

P&I Personal & Informatik AG
P&I – PURE HR. And nothing else.

Wiesbaden, May 26, 2014

Vasilios Triadis Martin C. de Groot

03/

GROUP FINANCIAL STATEMENTS

1. INFORMATION REGARDING THE COMPANY

P&I Personal & Informatik Aktiengesellschaft (hereafter the "company" or "P&I AG") is based in Wiesbaden, Germany, and has been registered there at the District Court in the commercial register, section B, under no. 9110 since May 28, 1998. The articles of association were adopted on April 2, 1998 and last amended on September 3, 2013 by resolution of the Annual General Meeting.

The company is the parent company of the P&I Personal & Informatik Group ("P&I"), which operates throughout Europe in the fields of software development, licensing and maintenance and IT services.

The corporate objective of the company and its subsidiaries is the production, sale and maintenance of software, the accompanying consultation and training of operators and the trading of IT equipment and software. In accordance with the articles of association, emphasis is placed on human resources and the information technology operations falling within this sector, such as programming, personnel databases, project management, personnel data graphics, image processing, process data processing, PPS, network control and special query languages.

The company's shares were permitted for trading in the Prime Standard of the Frankfurt Stock Exchange on January 1, 2003. Previously, the company's shares had been permitted for trading on the Neuer Markt at the Frankfurt Stock Exchange since July 7, 1999.

On February 7, 2011, P&I AG concluded a control and profit transfer agreement with Argon GmbH, Munich. Under this agreement, P&I AG is obliged to transfer its profits according to the separate financial statements prepared under commercial law to Argon GmbH. The agreement was concluded for a minimum of five years. The agreement came into effect with the approval of the Argon GmbH shareholders' meeting on February 7, 2011 and of the extraordinary general meeting of P&I AG on March 24, 2011 and its entry in the commercial register on September 9, 2011.

Edge Holding GmbH, Frankfurt, acquired all the shares of Argon GmbH with effect from December 20, 2013. By way of an offer document dated December 18, 2013, Edge Holding GmbH circulated a voluntary public takeover offer for the acquisition of all of the shares in exchange for cash consideration of EUR 50.00 per share. This offer was increased to EUR 65.00 per share on February 11, 2014.

P&I AG's consolidated financial statements are not included in the consolidated financial statements of its parent company, Argon GmbH, as according to information provided this company is not obliged to compile financial statements for the Group. At the level of Argon GmbH's shareholder, Edge Holding GmbH, according to the information available consolidated financial statements will be prepared in which P&I AG will be included. According to the information available, the annual financial statements and consolidated financial statements of Edge Holding GmbH will be disclosed in the electronic Federal Gazette with the auditor's report. The ultimate parent company of the group that owns Edge Holding GmbH is Rowan Nominees Limited, London, United Kingdom.

The address of the parent company's registered office is Wiesbaden, Kreuzberger Ring 56.

CONSOLIDATED INCOME STATEMENT

	2013/2014 April 1, 2013 to March 31, 2014	2012/2013 April 1, 2012 to March 31, 2013
EUR thousand		
Revenue (4)	97,082	82,141
Cost of sales (5)	30,157	26,724
Gross profit	**66,925**	**55,417**
Research and development costs (5)	15,332	14,291
Distribution costs (5)	11,799	9,541
Administrative costs (5)	6,528	5,722
Amortisation of customer bases and goodwill (5)	946	1,187
Other operating income (5)	630	246
Other operating expenses (5)	1,492	882
Operating result (EBIT)	**31,458**	**24,040**
Finance income (7)	1,786	1,343
Finance expenses (7)	2,787	486
Earnings before taxes (EBT)	**30,457**	**24,897**
Tax expenses (8)	9,491	4,663
Consolidated net income	**20,966**	**20,234**
Average number of shares (diluted/basic) (9)	7,531,127	7,529,965
Earnings per share in euro (diluted/basic) (9)	2.78	2.69
Consolidated net income attributable to		
Shareholders of the parent company	20,966	20,234
Non-controlling shareholders	0	0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	April 1, 2013 to March 31, 2014	April 1, 2012 to March 31, 2013
EUR thousand		
Consolidated net income	**20,966**	**20,234**
Items that may be reclassified to profit or loss in subsequent periods		
Currency translation of foreign operations	15	-41
Change in the fair value of financial assets available for sale	**-84**	**182**
of which change in unrealised gains and losses	-84	189
of which reclassification of realised gains and losses	0	-7
Income tax effects	26	-59
Consolidated other comprehensive income (22)	**-43**	**82**
Consolidated comprehensive income	**20,923**	**20,316**
Consolidated comprehensive income attributable to:		
Shareholders of the parent company	20,923	20,316
Non-controlling shareholders	0	0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2014 AND 2013

	March 31, 2014	March 31, 2013
EUR thousand		
Assets		
Non-current assets		
Customer base (10)	5,110	6,060
Goodwill (10)	3,904	3,904
Other intangible assets (10)	1,114	1,556
Property, plant and equipment (11)	1,358	1,288
Non-current financial assets (12)	55,509	43,272
Deferred tax assets (13)	109	108
Deferred tax assets from tax sharing agreement (13)	902	208
Total non-current assets	**68,006**	**56,396**
Current assets		
Inventories (14)	164	136
Trade receivables (15)	11,652	10,228
Gross amount due from customers for contract work (16)	823	1,276
Current financial assets (17)	0	5,000
Other current assets(18)	2,246	1,889
Cash and cash equivalents (19)	44,547	36,886
Total current assets	**59,432**	**55,415**
Total assets	**127,438**	**111,811**

	March 31, 2014	March 31, 2013
EUR thousand		
Equity and liabilities		
Equity		
Share capital (20)	7,700	7,700
Capital reserves (20)	2,334	450
Retained earnings (20)	29,784	32,886
Treasury shares (20)	-1,924	-1,924
Accumulated other comprehensive income (22)	196	239
Total equity	**38,090**	**39,351**
Non-current liabilities		
Deferred tax liabilities (13)	802	949
Deferred tax liabilities from tax sharing agreement (13)	3,060	1,583
Other non-current liabilities (23)	2,778	0
Total non-current liabilities	**6,640**	**2,532**
Current liabilities		
Trade payables (24)	2,675	2,552
Liability from profit transfer agreement (25)24,244	17,563	
Tax liabilities (26)	1,145	1,093
Liabilities from tax sharing agreement (27)	5,567	517
Deferred income (28)	31,035	27,337
Gross amount due to customers for contract work (29)	3,700	8,514
Other current liabilities (30)	14,342	12,352
Total current liabilities	**82,708**	**69,928**
Total liabilities	**89,348**	**72,460**
Total liabilities and shareholders' equity	**127,438**	**111,811**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

					Accumulated other comprehensive income		
	Subscribed capital (20)	Capital reserves (20)	Retained earnings (20)	Treasury shares (20)	Difference resulting from currency translation (22)	Change in the fair value of available-for-sale financial assets (22)	Total
EUR thousand							
As at 31 March, 2012	**7,700**	**-121**	**30,216**	**-1,961**	**86**	**71**	**35,991**
Disposal of treasury shares				37			37
Share-based payment		570					570
Consolidated net income			20,234				20,234
Consolidated other comprehensive income					-41	123	82
Consolidated comprehensive income			**20,234**		**-41**	**123**	**20,316**
Profit transfer to Argon GmbH			-17,563				-17,563
As at 31 March 2013	**7,700**	**450**	**32,886**	**-1,924**	**45**	**194**	**39,351**
Reversal of partial retirement provision (from first-time application of IAS 19R)			176				176
As at April 1, 2013 (after adjustment)	**7,700**	**450**	**33,062**	**-1,924**	**45**	**194**	**39,527**
Share-based payment		1,884					1,884
Consolidated net income			20,966				20,966
Consolidated other comprehensive income					15	-58	-43
Consolidated comprehensive income			**20,966**		**15**	**-58**	**20,923**
Profit transfer to Argon GmbH			-24,244				-24,244
As at 31 March 2014	**7,700**	**2,334**	**29,784**	**-1,924**	**60**	**136**	**38,090**

CONSOLIDATED CASH FLOW STATEMENT

	2013/2014	2012/2013
EUR thousand		
Consolidated net income	**20,966**	**20,234**
Tax expense	9,491	4,663
Financial result (finance income less financing costs)	-1,001	-857
Operating result (EBIT)	**31,458**	**24,040**
Depreciation and amortisation of property, plant and equipment and intangible assets	2,240	2,565
Change in inventories, trade receivables and other assets not attributable to investing or financing activities	-2,051	1,207
Change in trade payables and other liabilities not attributable to investing or financing activities	4,046	-2,470
Losses/gains from the disposal of non-current assets	-12	85
Changes in other non-cash items	-348	206
Interest paid	-6	-5
Interest received	250	340
Tax payments	-3,330	-4,482
Cash flow from operating activities	**32,247**	**21,486**
Outflows for investments in property, plant and equipment	-845	-717
Outflows for investments in intangible assets	-96	-338
Inflows from the sale of property, plant and equipment and intangible assets	26	0
Inflows from the sale of current financial assets	5,000	14,500
Outflows for investments in non-current financial assets	-28,686	-12,200
Outflows for acquisitions	0	0
Cash flow from investing activities	**-24,601**	**1,245**
Cash flow from financing activities	**0**	**0**
Changes in cash and cash equivalents due to exchange rate changes	15	-84
Change in cash and cash equivalents	7,661	22,647
Cash and cash equivalents at beginning of period	36,886	14,239
Cash and cash equivalents at end of period (19)	44,547	36,886

2. ACCOUNTING POLICIES

2.1 CHANGES IN ACCOUNTING POLICIES

The accounting rules applied correspond to the methods applied in the previous year. The International Accounting Standards Board (IASB) has made various amendments to existing IFRS and published new IFRS and interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC).

Effects of new or amended standards

All accounting principles to be mandatorily applied from the 2013/2014 financial year were implemented by the P&I Group.

The amendment to IAS 1 results in a revised presentation of the statement of comprehensive income. The amended standard requires items of other comprehensive income to be presented individually. A differentiation is made between items that are never reclassified to profit or loss ("items not reclassified to profit or loss") and items that are reclassified to profit or loss subject to certain conditions being met ("items that may be reclassified to profit or loss in subsequent periods"). The corresponding tax effects must also be allocated to these two groups. The statement of comprehensive income has been adjusted accordingly.

The amendments to IAS 19 have changed the accounting treatment of employee benefits such that top-up amounts for partial retirement agreements using the block model are now accrued on a pro rata basis due to the changed definition of termination benefits. This means top-up amounts are now other long-term employee benefits. These amendments are to be applied retrospectively. The partial retirement provision that was recognised as of March 31, 2013 was adjusted accordingly, with the difference being taken directly to equity. As a result, the partial retirement provision was offset against retained earnings in the amount of EUR 176 thousand, which is to be recognised in profit or loss again in subsequent periods. An adjustment of the previous-year period is not required, as the participants in the partial retirement plan as of April 1, 2012, were already in the passive phase of the block model on that date. If the previous version of IAS 19 had been applied in the 2013/2014 financial year, this would have had no material effects on the amount of the partial retirement provision or on the earnings per share. Given the minor significance of this adjustment to total assets, equity and consolidated net income, the values for the previous year were not adjusted.

The new IFRS 13 defines general regulations relating to fair value in one standard for the first time. In the P&I consolidated financial statements, this has no material effects on the net assets, financial position and results of operations, but additional disclosures are required in the notes. The adoption of IFRS 13 (Fair Value Measurement) in May 2011 also resulted in consequential amendments for IAS 36 (Impairment of Assets). The disclosure of the recoverable amount of the cash-generating unit was required regardless of whether impairment was recognised on that unit in the current reporting period. To correct this disclosure obligation, which was unintentionally too broadly defined, the IASB amended IAS 36 in May 2013 by "Recoverable Amount Disclosures for Non-Financial Assets". The recoverable amount is now to be disclosed only for cash-generated units for which impairment was recognised in the current reporting period. Additional disclosures are also required if, in the event of impairment or reversal of impairment on an asset or a cash-generating unit, the recoverable amount equals the net realisable value. The changes must be applied to financial years that begin on or after January 1, 2014. If IFRS 13 is already applied, however, early application of IAS 36 is permissible. The P&I Group is making use of this option.

The amendment to IFRS 7 (Financial Instruments: Disclosures) did not have any effect on P&I's disclosures in the notes in the reporting year.

The other accounting standards required to be applied for the first time in the 2013/2014 financial year did not influence or did not have a material impact on the presentation of the net assets, financial position and results of operations in P&I's consolidated financial statements.

Unadopted new or amended standards

In the consolidated financial statements for the 2013/2014 financial year, the P&I Group did not observe the following accounting standards adopted by the IASB because they were not yet mandatory for the financial year.

	Standard/interpretation	Published by IASB	Mandatory application for financial years from	Adopted by the EU	Effects on the P&I Group
	Improvements to IFRSs 2010–2012: Amendments and clarifications to various IFRSs	10.12.2013	1.7.2014	No	No major changes
	Improvements to IFRSs 2011–2013: Amendments and clarifications to various IFRSs	10.12.2013	1.7.2014	No	No major changes
IAS 19	Employee Benefits: Employee Contributions	21.11.2013	1.7.2014	No	No major changes
IAS 27	Separate Financial Statements	12.5.2011	1.1.2014	Yes	None
IAS 28	Investments in Associates and Joint Ventures	12.5.2011	1.1.2014	Yes	None
IAS 32	Financial Instruments: Presentation (Offsetting Financial Assets and Financial Liabilities)	16.12.2011	1.1.2014	Yes	No major changes
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	27.6.2013	1.1.2014	Yes	None
IFRS 9	Financial Instruments: Classification and Measurement and Hedge Accounting	12.11.2009/ 28.10.2010/ 19.11.2013	Open	No	of changes in the fair value of financial instruments previously classified as available for sale
IFRS 10	Consolidated Financial Statements	12.5.2011	1.1.2014	Yes	None
IFRS 11	Joint Arrangements	12.5.2011	1.1.2014	Yes	None
IFRS 12	Disclosure of Interests in other Entities	12.5.2011	1.1.2014	Yes	in the notes regarding the scope of
	Transitional regulations for IFRS 10, 11 und 12	28.6.2012	1.1.2014	No	No major changes
	Investment Entities (Amendments to IFRS 10, 12 and IAS 27)	31.10.2012	1.1.2014	No	None
IFRS 14	Regulatory Deferral Accounts	30.1.2014	1.1.2016	No	None
IFRIC 21	Levies	20.5.2013	1.1.2014	No	None

2.2 BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

Pursuant to Article 4 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards (OJ EC No. L 243 p. 1), the company compiles its consolidated financial statements according to International Financial Reporting Standards (IFRS). When preparing the consolidated financial statements, the company also additionally complied with the requirements of section 315a (1) of the German Commercial Code (HGB). All IFRSs (IFRSs, IASs, IFRICs, SICs) valid on the reporting date were applied as they are applied in the European Union.

The consolidated financial statements were prepared using the historical cost principle, with the exception of available-for-sale financial assets and non-current financial liabilities, which were also subsequently measured at fair value.

The function of expense method was applied in the consolidated income statement.

The consolidated financial statements were prepared in German and in euro. Unless otherwise indicated, all values are rounded to the nearest thousand euro (EUR thousand).

All amounts are rounded in accordance with standard commercial practice, which may give rise to minor discrepancies when these amounts are aggregated.

Consolidated group

In addition to P&I Personal & Informatik AG, the consolidated financial statements compiled for the 2013/2014 financial year include five foreign and one German subsidiary, in which P&I AG either directly or indirectly holds a majority of the voting rights (hereafter referred to as the "P&I Group" or "Group").

There were no changes to the consolidated group in the 2013/2014 financial year.

A list of the subsidiaries included in the consolidated financial statements is given in Note 37.

Principles of consolidation

Subsidiaries are fully consolidated from the date of acquisition, i.e. the date on which the parent company obtains control. Consolidation ends as soon as the parent company no longer exercises control. The subsidiaries' financial statements, which serve as a basis for consolidation, are prepared for the same reporting period as the parent company's financial statements using uniform accounting methods. All intra-group balances, transactions, income and expenses are eliminated in full on consolidation.

The total comprehensive income of a subsidiary is allocated to the owners and the possible non-controlling interests, even if losses result in negative total comprehensive income.

The acquisition of subsidiaries is accounted for using the purchase method. The costs of an acquisition are calculated according to the transferred consideration measured at fair value on the date of acquisition, which is determined by the total of the fair values, at the date of exchange, of transferred assets, assumed liabilities and issued equity instruments. Transaction costs incurred during the acquisition are recognised as expenses.

The identifiable assets acquired and the assumed liabilities are measured at their acquisition-date fair values.

On initial recognition, goodwill is measured at cost, which is calculated as the amount by which the total consideration transferred and the non-controlling interest exceeds the identifiable assets acquired and liabilities assumed (full goodwill method). If this consideration is lower than the fair value of the net assets of the acquired subsidiary, the difference is recognised in the income statement.

After initial recognition, the goodwill resulting from an acquisition is measured at cost less impairment and reported separately in the consolidated statement of financial position.

For the purposes of impairment testing, the goodwill is divided among all of the cash-generating units (or groups thereof) of the Group that are expected to benefit from the synergies of the combination. This applies independently of whether other assets or liabilities of the acquired company were allocated to these cash-generating units.

These cash-generating units are tested for impairment annually. An impairment test is also performed if events or circumstances indicate impairment.

If the recoverable amount on the basis of the value in use of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) that the goodwill was allocated to, an impairment loss is recognised. An impairment loss recognised for goodwill shall not be reversed in a subsequent period. The Group tests the capitalised goodwill for impairment annually as at March 31.

If a cash-generating unit is sold, the attributable amount of goodwill is taken into account in the calculation of the gain on disposal.

2.3 SIGNIFICANT ACCOUNTING POLICIES

Currency translation

The consolidated financial statements are prepared in euro, the Group's functional and presentation currency. Each company within the Group determines its own functional currency. The items included in the financial statements of each company are measured using this functional currency. Transactions in a foreign currency are initially translated at the spot exchange rate between the functional currency and the foreign currency on the day of the transaction. Foreign currency monetary assets and liabilities are translated into the functional currency at the closing rate on the reporting date. All exchange differences are recognised in the net profit or loss for the period. Exchange differences arising from foreign currency borrowings are an exception if they are used to hedge a net investment in a foreign operation. They are recognised directly in equity until the net investment is sold, and only recognised in net profit or loss for the period on disposal. Taxes resulting from these exchange differences are also recognised in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

The functional currency of the subsidiaries in Switzerland is the Swiss franc. On the reporting date, the assets and liabilities of these subsidiaries are translated into the Group's presentation currency at the closing rate. Income and expenses are translated at the average rate for the quarter. The exchange differences arising from the translation are recognised outside profit or loss in other comprehensive income. As of March 31, 2014, the closing rate for Switzerland was CHF/EUR 1.2195 (previous year: CHF/EUR 1.2195). The average exchange rate for Switzerland for the 2013/2014 financial year was CHF/EUR 1.2297 (previous year: CHF/EUR 1.2104).

Revenue recognition

The company generates revenue from granting licences for software products, revenue from the use of the software (incl. maintenance) including the IT infrastructure by customers in the P&I data centre (software as a service revenue, SaaS), maintenance services, other services, selling time management hardware and third-party products (merchandise) and hardware maintenance services. In multi-component agreements, the company offers software maintenance, consultation, development, training and other services together with the software licence. In general, the company agrees the compensation for individual revenue components separately, while the agreed fees regularly match the applicable market prices.

Revenue from the sale of licences and goods is recognised when the significant risks and opportunities associated with ownership of the goods and products sold have been transferred to the buyer and the income can be reliably determined.

Sale of licences

Revenue from the granting of licences is realised only when a contract with the customer has been signed, the software has been provided in accordance with the contract, a price is determinable and payment is sufficiently likely.

Software as a service (SaaS)

Revenue from SaaS business is recognised on a pro-rata basis while the service is rendered.

Maintenance business

Revenue from maintenance business is recognised on a pro-rata basis while the service is rendered.

Provision of services

Revenue from service agreements invoiced on the basis of hours worked is recognised in line with the services performed by P&I companies.

Revenue and expenses from service agreements for which a fixed price has been agreed are recognised in accordance with IAS 18 (in conjunction with IAS 11 where applicable) using the percentage of completion method (PoCM) if the amount of revenue can be measured reliably, it is sufficiently probable that the economic benefits associated with the transaction will flow to the company and the costs incurred for the transaction and the expected costs to completion can be measured reliably. The degree of completion is calculated on the basis of the hours worked up to the reporting date as a percentage of the estimated working hours required for the project.

If the result of a fixed-price project cannot be estimated reliably, the revenue is only recognised at the amount of reimbursable expenses (zero profit method, "ZPM").

Revenue from customer service agreements is recognised on a pro-rata basis while the service is rendered.

Intangible assets

Intangible assets acquired in a business combination – software and customer base

Intangible assets acquired in a business combination are recognised separately from goodwill and measured at fair value on the date of acquisition (cost). In subsequent periods, they are measured in the same way as individually acquired intangible assets: at cost less accumulated amortisation and impairment.

Software acquired in a business combination is normally amortised over five years on a straight-line basis.

At P&I, a useful life of five to ten years is applied to the capitalised customer bases. They are amortised on a straight-line basis.

The carrying amounts of the software and the customer bases are tested for impairment as soon as it is indicated that the carrying amount of an asset exceeds the amount recoverable through its use or sale. Amortisation and impairment losses on customer bases are recognised in the income statement under the separate item 'Amortisation on customer base'.

Separately acquired intangible assets

Intangible assets with determinable useful lives acquired not as part of a business combination are amortised over their economic lives and tested for impairment if there is an indication that the intangible asset may be impaired. In the case of intangible assets with determinable useful lives, the useful life and amortisation method are reviewed at least at the end of each financial year. Possible changes to the useful life and amortisation method are treated as changes in estimates. Purchased software licences are normally amortised on a straight-line basis over three to five years.

All of the P&I Group's separately acquired intangible assets have determinable useful lives.

Internally generated intangible assets – research and development costs

Research costs are expensed in the period in which they are incurred. Development costs for a single project are only capitalised as intangible assets if P&I can prove the following:

- The technical feasibility of completing the intangible asset so that it can be used internally or sold;
- The intention to complete the intangible asset and the ability to use or sell it;
- How the asset will generate future economic benefits;
- The availability of resources for the purpose of completing the asset;
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

An intangible asset exists from the day on which all these conditions are met for the first time. Expenses incurred prior to this are recognised as expense. In subsequent periods, the assets are measured at cost less accumulated amortisation and impairment.

The development costs at P&I do not meet the requirements for capitalising an intangible asset according to IAS 38.57. The P&I LOGA products are subject to permanent improvement in the form of P&I's development projects. Capitalisation could only occur if the improvements or changes were so extensive that they would produce a new product. Furthermore, the projects are distinguished by cyclical or iterative phases. The gathering (research) and implementation (development) of ideas are not sequential, meaning that the research and development phases cannot be separated. Therefore, the conditions for capitalising internally generated intangible assets are not fully met until just before the products are ready for market. Expenses for development incurred after fulfilment of the capitalisation criteria are not significant and are recognised as expense on the date they are incurred.

Derecognition of intangible assets

An intangible asset is derecognised when it is disposed of or when no further economic benefit is expected from its use or sale. Gains or losses from the derecognition are determined as the difference between the net sale proceeds and the carrying amount of the asset and recognised in income in the period in which the item is derecognised.

Property, plant and equipment

Operating and office equipment is recognised at cost less accumulated depreciation and impairment.

It is depreciated using the straight-line method according to useful life on the basis of estimated expected economic life:

Hardware	2–3 years
Vehicles	5–6 years
Other operating and office equipment	2–13 years
Leasehold improvements	4 years, or not exceeding the remaining term of the lease at the date installed

When property, plant and equipment is sold or scrapped, the corresponding cost and accumulated depreciation are derecognised. Any gain or loss from the disposal is reported in the consolidated income statement.

The residual values, useful lives and depreciation methods are reviewed at the end of each financial year and prospectively adjusted if necessary.

Inventories

Costs include direct costs and reasonable overhead costs. Inventories are measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Impairment of non-financial assets other than goodwill

On each reporting date, the Group assesses whether there are indications that an asset may be impaired. If such indications exist or an annual impairment test is required for an asset, the Group estimates the respective asset's recoverable amount. An asset's recoverable amount is the higher of an asset or cash-generating unit's fair value less costs to sell or its value in use. When calculating the value in use, the estimated future cash flows are discounted to their present value at a pre-tax rate that reflects current market expectations of the time value of money and the specific risks of the asset.

For an asset that generates no cash flows that are largely independent of those of other assets or groups of other assets, the recoverable amount for the cash-generating unit to which the asset is allocated is determined.

If the carrying amount of an asset exceeds the recoverable amount, it is lowered to the recoverable amount on the income statement.

For assessments of impairment, P&I uses detailed budget and forecast calculations, which are created separately for each of the cash-generating units.

Financial assets

Financial assets are classified as follows: held-to-maturity investments, financial assets at fair value through profit or loss, available-for-sale financial assets and loans and receivables. When a financial asset is recognised for the first time, it is recognised at the fair value of the consideration given, which equates to the acquisition cost.

The Group's financial assets include cash and short-term cash investments, trade receivables and other financial receivables.

A financial asset is derecognised when the Group no longer exercises control over its contractual rights. This normally occurs on sale or when all cash flows from a financial instrument are transferred to a third party outside the Group.

All arm's length purchases and disposals of non-derivative financial assets are recognised on the settlement date, i.e. the day on which the company acquires or transfers ownership of the asset.

Assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss if the financial asset concerned is either held for trading or classified as measured at fair value through profit or loss on initial recognition. Financial assets primarily acquired to generate profit from short-term price or rate fluctuations are classified as financial assets held for trading. Assets measured at fair value through profit or loss are reported under current assets. They are subsequently measured at fair value without deduction of any transaction costs incurred and applying their quoted market price at the reporting date. Changes in fair value are recognised in the financial result. The Group did not own any financial assets at fair value through profit or loss on the reporting date or in the previous year.

Held-to-maturity financial instruments

Financial assets with fixed or determinable payments and fixed terms that the company intends and is able to hold to maturity, excluding loans and receivables originated by the company, are classified as financial investments held to maturity. They are recognised at cost under non-current assets, unless they mature less than 12 months after the reporting date. Subsequently, they are measured at amortised cost using the effective interest method less impairment. No financial instruments fell under this category at P&I in the 2013/2014 financial year or in the previous year.

Available-for-sale financial assets

Available-for-sale financial assets include debt and equity securities of other companies. Debt securities are allocated to this category if they are to be held for an indefinite period and can be sold to meet short-term liquidity requirements. All other financial assets not assigned to another category are reported here. Subsequent measurement is performed in the same way as the initial measurement: at fair value. Gains and losses resulting from the measurement of an available-for-sale financial asset at fair value are recognised directly in other comprehensive income until the financial asset is sold, withdrawn or otherwise disposed of or until sustained impairment is detected for the financial asset, with the result that at this time the cumulative gain or loss, previously recognised in equity, is included in the net profit or loss for the period. At P&I, securities with a term longer than three months as of March 31, 2014 and 2013 are classified as available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or definable payments that are not listed on an active market. After initial recognition at fair value, loans and receivables are measured at amortised cost using the effective interest method less impairment. If the loans and receivables are derecognised or impaired, gains and losses are recognised in net profit or loss for the period. Fixed-term deposits with a term of longer than three months as of March 31, 2014 and 2013 at P&I also fall under this category.

Trade receivables and other receivables are recognised at cost taking into account appropriate valuation allowances. Receivables are derecognised as soon as they become uncollectible. Longer remaining maturities (more than one year) are accounted for with discounts at matching maturities.

Impairment of financial assets

The impairment of financial assets is determined on every reporting date by testing whether a financial asset or a group of financial assets apart from the financial assets measured at fair value through profit or loss is impaired.

Assets carried at amortised cost

If there are objective indications that an impairment loss on assets carried at amortised cost has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding expected future credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate, i.e. the effective interest rate computed at initial recognition. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

If the impairment loss decreases in subsequent reporting periods and this decrease can be attributed objectively to a circumstance arising after the impairment was recognised, the impairment loss is reversed. However, the new carrying amount of the asset may not exceed the amortised cost on the date of the reversal. The reversal of the impairment loss is recognised in profit or loss.

In the case of trade receivables, if there are objective indications that not all amounts due according to the originally agreed invoice terms will be received (e.g. a probable insolvency or a debtor in significant financial difficulties), the trade receivables are impaired through the use of an allowance account. Both individual receivables and portfolios of receivables can be tested for impairment. Receivables are derecognised if they are classified as uncollectible.

Available-for-sale financial assets

If an available-for-sale financial asset is impaired, an amount equal to the difference between the cost (less any repayments, amortisation and valuation allowances previously recognised in profit or loss) and the current fair value is reclassified from equity to the income statement. Impairment reversals for equity instruments classified as available for sale are not recorded in the income statement. An increase in fair value is shown in other comprehensive income. Impairment reversals for debt instruments classified as available for sale are recognised through profit or loss if an objective analysis shows that the increase in the fair value of the instrument is the result of an event that occurred after the recognition of the impairment through profit or loss.

Financial liabilities

Financial liabilities are categorised either as financial liabilities measured at fair value through profit or loss or as other financial liabilities. On initial recognition, they are measured at fair value.

In the P&I Group, the obligation from the granted financial guarantee in the non-current financial liabilities is measured at fair value through profit or loss.

Trade payables are recognised at fair value. For liabilities becoming due within a year, the fair value is the settlement amount.

Other financial liabilities, including borrowings, are first recognised at fair value less transaction costs. Subsequently, they are measured at amortised cost according to the effective interest method, whereby interest expense is recognised according to the effective interest rate. If the liabilities are recognised or amortised, gains and losses are recognised through profit or loss. Financial liabilities in the P&I Group include trade payables and other liabilities.

Financial liabilities are derecognised if the Group's obligations are settled, cancelled, or if they expire.

Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Obligations from financial guarantees are carried at fair value when acquired and subsequently measured at fair value through profit or loss.

Cash and cash equivalents

Cash and short-term cash investments in the statement of financial position include cash in hand, cheques, bank balances and fixed-term deposits with a term of less than three months from the date of acquisition.

Gross amount due from customers for contract work

The item 'Gross amount due from customers for contract work' includes as yet uninvoiced work in projects with significant software modification and fixed-price projects, which are recognised according to the percentage of completion method or the zero profit method. If advance payments have been received for these projects, they are offset against the amount of as yet uninvoiced work. If the amount of advance payments received exceeds the as yet uninvoiced work, the balance is reported on the liabilities side as the gross amount due to customers for contract work.

Treasury shares

If the Group acquires its own shares, they are recognised at cost and deducted from equity. The purchase, sale or cancellation of treasury shares is recognised in equity.

Provisions

A provision is recognised when the Group has a current (legal or constructive) obligation due to a past event, the outflow of resources with economic benefit to meet the obligation is likely and a reliable estimate of the amount of the obligation is possible. If the Group expects at least a partial reimbursement for a provision carried as a liability (e.g. in the case of an insurance contract), the reimbursement is recognised as a separate asset only if the reimbursement is as good as guaranteed.

The expense for forming the provision is shown in the income statement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, if applicable. In the event of discounting, the increase in provisions due to the passage of time is recognised as interest expense.

Partial retirement agreements

Partial retirement agreements are recognised as other long-term benefits to employees at the present value of the obligation as of the reporting date. To protect partial retirement credits earned from insolvency, securities are pledged to the beneficiaries. The fair value of these securities is netted with the corresponding obligation and exceeds the partial retirement obligation, so that an asset is reported in other current assets.

Leases

The Group only acts as a lessee in the context of operating leases. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments for operating leases are recognised as expense in the income statement on a straight-line basis over the term of the lease.

Whether an agreement contains a lease is determined on the basis of the economic substance of the agreement on the date it was concluded. This requires an assessment as to whether the fulfilment of the contractual agreement depends on the use of a certain asset or assets and whether the agreement grants a right to the use of the asset.

Income taxes

Income taxes include the tax allocations charged on the basis of the tax unity of Argon GmbH, the taxes owed by P&I AG and the consolidated subsidiaries, and deferred taxes.

In the 2011/2012 financial year, a tax sharing agreement from the 2011/2012 financial year was concluded on the basis of the existing corporation and commercial tax unity with Argon GmbH. The tax unity and tax sharing agreement remain unchanged in the 2013/2014 financial year. Current and deferred taxes are calculated in accordance with the provisions of IAS 12.

Current tax expenses are calculated on the basis of taxable income. This is based on the tax rates and tax laws valid as of the end of the reporting period in the countries in which the Group operates. Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

Deferred taxes are calculated using the temporary difference approach. Deferred income taxes reflect the net tax expense/income from temporary differences between the carrying amount of an asset or liability in the IFRS statement of financial position and its tax base.

Deferred tax liabilities are recognised for all taxable temporary differences. A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable income will be available against which the temporary difference can be utilised. No deferred taxes are recognised for temporary differences if it relates to the initial recognition of goodwill or an asset or liability from a transaction other than a business combination that affects neither accounting profit nor taxable profit at the time of the transaction. An exception to this are deferred tax assets from the recognition of goodwill arising in a business combination, which are recognised.

No deferred tax liabilities arise if undistributed profits of foreign holdings are to remain invested in this company for an indefinite period.
At the end of each reporting period, the company reassesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The company recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Conversely, it reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the differences reverse because the asset is realised or the liability is settled.

Profit transfer

There is a control and profit transfer agreement between P&I AG and Argon GmbH as the controlling company. This agreement allows Argon GmbH to issue instructions. P&I AG's accounting profit after taxes must be transferred to Argon GmbH. In turn, Argon GmbH is obliged to compensate any possible loss. All P&I shareholders (except Argon GmbH) receive an equalisation payment instead of a dividend from Argon GmbH totalling EUR 1.55 (previous year: EUR 1.55) per P&I share after taxes.

In the consolidated financial statements, the profit transfer is not recognised as expense in the income statement like in P&I AG's separate financial statements prepared under commercial law, but is rather represented as an allocation of profit or loss (see consolidated statement of changes in equity).

The company's share-based payment transactions

Equity-settled share-based payments to employees and others who render similar services are measured at the fair value of the equity instrument on the day it is granted.

The fair value determined when granting equity-settled share-based payment is recognised as an expense on a straight-line basis over the period until vesting with a corresponding increase in equity (reserve for equity-settled employee benefits), and is based on the Group's expectations regarding the equity instruments expected to vest. At the end of each reporting period, the Group must review its estimates of the number of equity instruments that will vest. The effects of changes to the original estimates, if any, are to be recognised through profit or loss. They are recognised such that the total expense reflects the change in estimates and results in a corresponding adjustment of the reserve for equity-settled employee benefits.

For cash-settled share-based payment transactions, a liability for the goods or services received is recognised and initially measured at fair value. Until the liability is settled, the fair value of the liability is remeasured at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss.

As of March 31, 2014, P&I no longer recognised any equity-settled share-based payments to employees, as the allocation of these was accelerated in the 2013/2014 financial year after the plan conditions were met.

Statement of cash flows

The statement of cash flows shows how the P&I Group's cash has changed during the course of the financial year by way of cash inflow and outflow. When subsidiaries are consolidated for the first time, only the actual cash flows are shown in the statement of cash flows. The cash inflow/outflow from the purchase or sale of companies, i.e. the purchase price less/plus the funds acquired/disposed of with the company, is recognised as net cash from investing activities. In accordance with IAS 7, a distinction is drawn between cash flows from operating activities, from investments and from financing.

2.4 MANAGEMENT'S USE OF JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the consolidated financial statements in accordance with IFRS sometimes requires the Management Board to make estimates or assumptions that can affect the recognition of assets and financial liabilities on the reporting date and income and expenses for the reporting period. The actual amounts or developments can deviate from these estimates and assumptions.

Among other things, significant estimates are required for judgements for the measurement of other long-term obligations (Note 23), estimates of the useful lives of fixed assets (Notes 10 and 11) and the assessment of the recoverability of trade receivables (Note 15), the gross amount due from customers for contract work (Note 16) and deferred tax assets (Note 13). Assumptions, risks and uncertainties associated with the percentage of completion method for revenue recognition affect the level of revenue shown and their distribution over time (Note 4).

Numerous internal and external factors can influence the estimates of services yet to be rendered. Therefore, the estimates and underlying assumptions are regularly reviewed. Changes are accounted for in the affected periods. Due to the transition from the zero profit method to the percentage of completion method in revenue recognition for reliable estimates of contract costs, a positive earnings contribution of EUR 5,468 thousand (previous year: EUR 1,478 thousand) arose in the 2013/2014 financial year. There was a change in estimates of contract revenue and costs for another long-term customer project accounted for using the percentage-of-completion method, which resulted in a positive effect on revenue and earnings of EUR 1,692 thousand.

At each reporting date, the Group determines whether there are indications of impairment of non-financial assets. Goodwill is tested for impairment at least once a year as well as if indications of impairment arise. Other non-financial assets are tested for impairment if there are indications that the carrying amount is greater than the recoverable amount. For further details, please refer to the relevant remarks in Note 10.

3. SEGMENT REPORTING

Segment reporting is carried out using the "management approach". The information examined at regular intervals by the company's major decision-makers must be disclosed.

According to the internal reporting structure, the segments pursuant to IFRS 8 are differentiated by geographical region based on the location of the assets.

The Group comprises four business segments, which serve as a basis for the decisions of the Management Board (chief operating decision maker). P&I reports on four segments: Germany, Austria, Switzerland and Other International, which are combined segments for accounting purposes.

The Germany business segment includes P&I AG and P&I Beteiligungs Gesellschaft mbH. The Austria business segment consists exclusively of P&I Personal & Informatik GmbH, Vienna, Austria. The Switzerland segment contains the two companies P&I Personal & Informatik AG, Thalwil, Switzerland, and MIRUS Software AG, Davos, Switzerland. P&I Personal & Informatik s.r.o., Bratislava, Slovakia, P&I Personeel & Informatica B.V., Amsterdam, Netherlands, and the international operations, which include support of internationally orientated customers and the international P&I LOGA property rights, remain in the "Other International" segment.

Business segments are combined in the superordinate Austria, Switzerland and Other International segments on the basis of similar economic characteristics.

The Management Board monitors the operating results of each business segment separately, in order to decide on the allocation of resources and evaluate their earnings power. The earnings power of the individual segments is determined on the basis of the operating result (EBIT) and EBITDA. The segments' EBIT is assessed like the EBIT of the Group according to the accounting policies described under Note 2.3. Financial expenses, financial income and income taxes are administered at Group level and likewise measured according to IFRS rules.

The regions form the basis on which the company presents its superordinate segment information. In the reporting year, there were framework agreements between the parent company and the subsidiaries on transfer pricing. Products and services transferred between the companies of the P&I Group are accounted for according to the resale price and cost-plus methods.

The Group and its Group companies develop and sell the P&I LOGA/P&I LOGA3 and P&I PLUS products as a licensing business and provide related consulting and maintenance services. In connection with the licensing of self-developed software, the company sells time-management hardware and to a lesser extent hardware, software and forms produced by third parties (third-party business), which are reported under the "Other" revenue area. As a result, revenue is divided into the activity categories Licensing, Software as a Service (SaaS), Maintenance, Consulting/System Integration and Other. Revenue by activity is part of internal segment reporting, but not expenses, because expenses are categorised and managed according to other criteria (for revenue, see the breakdown under Note 4).

The following table shows geographical information regarding the revenue, ordinary operating results, depreciation and amortisation, total assets, receivables and cash and cash equivalents of the reportable segments:

2013/2014 EUR thousand	Germany	Austria	Switzerland	Other International	Consolidation	Group Total
External sales revenue	76,052	9,597	10,279	1,154		97,082
Internal sales revenue	664	1,905	124	8,272	-10,965	0
Segment sales	**76,716**	**11,502**	**10,403**	**9,426**	**-10,965**	**97,082**
Segment costs						
Without offsetting	-47,714	-6,568	-5,782	-3,320	0	-63,384
Offsetting of segment costs	-2,491	-3,369	-2,340	-2,765	10,965	0
EBITDA	**26,511**	**1,565**	**2,281**	**3,341**	**0**	**33,698**
Depreciation, amortisation and write-downs	1,161	242	752	85	0	2,240
of which impairment of goodwill, customer base or other intangible assets	0	0	0	0	0	0
Segment earnings (EBIT)	**25,350**	**1,323**	**1,529**	**3,256**	**0**	**31,458**
Net finance costs						-1,001
Consolidated earnings before tax						**30,457**
Assets	**107,862**	**8,845**	**19,738**	**2,264**	**-11,271**	**127,438**
Non-current assets	3,351	952	7,196	61	0	11,560
Additions to property, plant and equipment and intangible assets	727	40	126	48	0	941
Receivables and gross amount due from customers for contract work	9,041	2,264	2,086	702	-1,618	12,475
Cash*)	30,567	4,625	7,960	1,395	0	44,547

*) Cash and cash equivalents

2012/2013 EUR thousand	Germany	Austria	Switzerland	Other International	Consolidation	Group Total
External sales revenue	62,368	8,950	9,317	1,506	0	82,141
Internal sales revenue	553	1,814	87	7,802	-10,256	0
Segment sales	**62,921**	**10,764**	**9,404**	**9,308**	**-10,256**	**82,141**
Segment costs						
Without offsetting	-41,086	-6,409	-4,499	-3,542	0	-55,536
Offsetting of segment costs	-2,120	-2,882	-2,155	-3,099	10,256	0
EBITDA	**19,715**	**1,473**	**2,750**	**2,667**	**0**	**26,605**
Depreciation, amortisation and write-downs	1,436	300	748	81	0	2,565
of which impairment of goodwill, customer base or other intangible assets	0	0	0	0	0	0
Segment earnings (EBIT)	**18,279**	**1,173**	**2,002**	**2,586**	**0**	**24,040**
Net finance costs						857
Consolidated earnings before tax						**24,897**
Assets	**90,407**	**9,356**	**16,360**	**4,166**	**-8,478**	**111,811**
Non-current assets	3,841	1,156	7,759	52	0	12,808
Additions to property, plant and equipment and intangible assets	842	17	141	54	0	1,054
Receivables and gross amount due from customers for contract work	8,833	1,280	1,738	786	-1,133	11,504
Cash*)	20,161	6,709	6,774	3,242	0	36,886

*) Cash and cash equivalents

Revenue between segments is shown separately and eliminated. Neither the financial income of EUR 1,786 thousand (previous year: EUR 1,343 thousand) nor the financial expenses of EUR 2,787 thousand (previous year: EUR 486 thousand) are shown in the segment operating results, as these are controlled uniformly throughout the Group.

The goodwill, customer bases and software licences resulting from acquisitions were allocated to the non-current assets of the relevant segment. The consolidations include the elimination of intragroup balances, capital consolidation and deferred taxes. Non-current assets include neither deferred tax assets nor non-current financial assets.

4. REVENUE

Revenue, divided by activity, developed as follows:

	2013/2014	2012/2013
EUR thousand		
Licences	28,673	20,464
Software as a service (SaaS)	3,500	2,280
Consulting	26,095	23,286
Maintenance	36,121	34,045
Other	2,693	2,066
Total	**97,082**	**82,141**

Revenue from the percentage of completion method in the Consulting category amounted to EUR 1,223 thousand (previous year: EUR 2,325 thousand) and in the Licenses category EUR 7,517 thousand (previous year: EUR 2,555 thousand). The accumulated costs of ongoing construction contracts as of the reporting date amounted to EUR 1,093 thousand (previous year: EUR 1,954 thousand), the accumulated recognised profits amounted to EUR 7,647 thousand (previous year: EUR 2,926 thousand). In a new customer project, the information needed to determine the percentage of completion is connected with uncertainty and is thus not sufficiently secure, so revenue is reported only in the amount of incurred costs. In one customer project, the requirements for the partial realisation of profit – in particular the reliable calculation of the percentage of completion – are met as of the reporting date. As a result, revenue – especially licence revenue – was realised in the 2013/2014 financial year.

No customer had a share of more than 10 % of the Group's revenue during the 2012/2013 and 2013/2014 financial years.

5. NOTES ON THE INCOME STATEMENT ACCORDING TO THE FUNCTION OF EXPENSE METHOD

COST OF SALES

The costs of products or services provided in order to generate revenue include expenses for the Consulting category (primarily for personnel, services purchased from partners and materials) and the cost of goods purchased in the time-management hardware category, merchandise and other costs of revenue.

The cost of sales developed as follows:

Cost of sales	2013/2014	2012/2013
EUR thousand		
Costs of consulting and SaaS services rendered	27,158	24,238
Cost of goods purchased for time-management hardware, merchandise and other costs of sales	2,999	2,486
Total	**30,157**	**26,724**

RESEARCH AND DEVELOPMENT COSTS

Significant expenses are incurred regularly for research and development projects carried out in the expectation of future revenue. Research and development expenses are recognised through profit or loss as the work is done. Expenses of EUR 2,312 thousand (previous year: EUR 2,027 thousand) were incurred for the maintenance and further development of the 13 international country versions of P&I LOGA/P&I LOGA3 in the financial year. In addition, expenses for write-downs of the property rights amounted to EUR 349 thousand (previous year: EUR 438 thousand).

DISTRIBUTION COSTS

Selling costs include expenses for staff and partner commissions, advertising expenses and expenses for trade fairs and congresses. For the 2013/2014 financial year, expenses for advertising, trade fairs and congresses amounted to EUR 707 thousand (previous year: EUR 549 thousand).

ADMINISTRATIVE COSTS

As well as the costs for administrative staff, administration costs also include a portion of the personnel costs for the Management Board. In addition, expenses for legal and tax consulting and auditing fall under administration.

AMORTISATION AND IMPAIRMENT OF CUSTOMER BASE AND GOODWILL

The amortisation of the customer base amounted to EUR 946 thousand (previous year: EUR 1,187 thousand). At the P&I Group, the impairment tests at the end of the financial year did not result in impairment of the customer base (previous year: EUR 0 thousand) or goodwill (previous year: EUR 0 thousand).

OTHER OPERATING INCOME/EXPENSES

Other operating income amounted to EUR 630 thousand (previous year: EUR 246 thousand). This significant increase was primarily due to unexpected payments received from receivables impaired in previous years.

The other operating expenses of EUR 1,492 thousand (previous year: EUR 882 thousand) include ongoing expenses for investor relations (e.g. AGM), costs for the Supervisory Board, specific valuation allowances on receivables and non-recurring expenses resulting from the change of majority shareholder

6. ADDITIONAL NOTES ON THE INCOME STATEMENT ACCORDING TO THE FUNCTION OF EXPENSE METHOD

COST OF MATERIALS

In the 2013/2014 financial year, the cost of goods purchased amounted to EUR 2,999 thousand (previous year: EUR 2,486 thousand). They include material requirements for portal software solutions and time-management hardware.

PERSONNEL EXPENSES

At EUR 40,861 thousand, staff costs are well above the previous year's level (EUR 35,283 thousand). In the reporting period, this is because the number of employees – measured as an average employment rate – increased from 358 in the 2012/2013 financial year to 382 in the 2013/2014 financial year.

In Germany, an average of 266 people were employed over the year, with a total of 116 in the rest of Europe, where the development centre in Slovakia with 47 employees and the company in Austria with 30 were most strongly represented. The Consulting division had the most employees with 157 (41 %). 135 staff (35 %) were employed in the personnel intensive Research and Development division. Sales and Marketing had 47 employees and 43 supported the P&I Group in the administrative sector.

The amount recognised as an expense for defined contribution plans in the 2013/2014 financial year amounted to EUR 1,961 thousand (previous year: EUR 1,641 thousand), of which EUR 1,722 thousand (previous year: EUR 1,403 thousand) for state pension insurance funds.

DEPRECIATION, AMORTISATION AND IMPAIRMENT

The amortisation of intangible assets (except the customer base and goodwill) and depreciation of property, plant and equipment amounted to EUR 1,294 thousand (previous year: EUR 1,378 thousand). On the basis of the function of expense classification, depreciation and amortisation of equipment and other intangible assets are subdivided on the income statement into the items cost of sales, research and development costs, selling costs and administrative costs.

7. NET FINANCE COSTS

FINANCE INCOME

This item is comprised as follows:

EUR thousand	2013/2014	2012/2013
Interest income from loans granted	1,124	990
Income from reversal of financial guarantee	388	0
Income from non-current financial assets	155	155
Interest income from bank balances	83	184
Interest income from non-current receivables	11	13
Other	25	1
Finance income	**1,786**	**1,343**

FINANCE EXPENSES

This item is comprised as follows:

EUR thousand	2013/2014	2012/2013
Costs of the financial guarantee contract	2,778	388
Other	9	98
Finance expenses	**2,787**	**486**

The income and expenses from financial guarantees are the result of the termination of the financing agreement with Argon GmbH and P&I AG's joining of the financing agreement of Edge Holding GmbH after the change of Argon GmbH's majority shareholder.

8. TAX EXPENSES

Taxes both paid and owed on income and deferred taxes are reported as income taxes.

Angaben in TEUR	2013/2014	2012/2013
Deferred tax income/expense		
Germany from tax sharing agreement	809	-149
Outside Germany	-147	-89
Total	662	-238
Current tax expenses		
Germany from tax sharing agreement	7,918	4,042
Germany other	62	56
Outside Germany	849	803
Total	8,829	4,901
Total	**9,491**	**4,663**

The German tax expenses of the 2013/2014 financial year are primarily based on P&I AG's tax sharing agreement with Argon GmbH, which is accounted for according to IAS 12. P&I AG's combined tax rate of 31.23 % includes the average trade income tax assessment rate of 440 %, the corporation tax rate of 15 % and the solidarity surcharge of 5.5 %.

The tax rate used for Austria was 25 % (previous year: 25 %), for the Netherlands 20% (previous year: 20 %), for Switzerland 20 % (previous year: 20 %) and for Slovakia 19% (previous year: 19 %). No other tax rates were applied.

The following table contains a reconciliation between tax expense calculated by applying the German tax rates and the tax expense reported in the annual financial statements:

EUR thousand	2013/2014	2012/2013
Calculated tax expense	9,511	7,775
Income tax effects of the tax sharing agreement	-745	-2,633
Effect of non-deductible expenses	76	-304
Effect of tax-free income	142	-64
Effect of tax-free expenses	588	0
Income taxes external shareholders	65	240
Effects of foreign tax rates	-235	-462
Other	89	111
Income taxes	**9,491**	**4,663**

9. EARNINGS PER SHARE

To calculate the earnings per share according to IAS 33, the net profit for the year attributable to shareholders is divided by the weighted average of the issued ordinary shares.

From October 23, 2008 to September 30, 2009, a share repurchase programme was carried out. A total of 177,248 shares were repurchased. In the 2013/2014 financial year, no shares (previous year: 3,289) were transferred in the context of variable remuneration. On March 31, 2014, 168,873 treasury shares were held (March 31, 2013: 168,873).

	2013/2014	2012/2013
Profit or loss for the period attributable to shareholders of the parent entity in EUR thousand	**20,966**	**20,234**
Weighted average number of outstanding shares - basic/diluted	7,531,127	7,529,965
Earnings per share - basic/diluted in EUR	**2.78**	**2.69**

In the period between the reporting date and the preparation of the consolidated financial statements, no other transactions with ordinary shares or potential ordinary shares were made.

10. GOODWILL, CUSTOMER BASES AND OTHER INTANGIBLE ASSETS

The goodwill recognised as of March 31, 2014 is the result of the acquisition of MIRUS Software AG (EUR 2,851 thousand), the acquisition of KSL Gesellschaft für kommunale Informationssysteme mbH, Zweibrücken, (EUR 945 thousand), and the acquisition of P&I Zeitmanagement GmbH, Höxter, (EUR 108 thousand). The goodwill includes the value of the acquisition that exceeds the acquired customer base and the acquired software product: the market presence and reputation of the company and the expertise of its employees.

For the purposes of an impairment test on the basis of the value in use, the goodwill was allocated to the cash-generating units KSL, P&I Time and P&I Schweiz.

The cash flows include the operating pre-tax cash flows from the segment planning compiled by the Management Board. This planning is based on the assumption that the economy as a whole, the software industry and P&I AG's existing and new customer business will develop in a certain way. Both past experience and external sources of information are referred to.

The planning covers a period of five years. Cash flows beyond this five-year period are extrapolated without a growth rate. For the test of the goodwill added by the acquisition of MIRUS Software AG, we defined the Swiss business segment as the cash-generating unit. The P&I Schweiz business segment includes P&I Personal & Informatik AG, Thalwil, and MIRUS Software AG, as these two companies operate in the same currency area and market segment and form one reporting segment.

The cash flows are discounted at a pre-tax discount rate of 10.69 % (previous year: 10.50 %) for Germany and 9.19 % (previous year: 9.03 %) for Switzerland. To calculate the interest rate, it is assumed that the company is debt-free. The discount rates reflect the management's estimate of the specific risks allocable to the cash-generating units. The discount rate is derived on the basis of the following assumptions:

	March 31, 2014	March 31, 2013
Risk-free interest rate (EUR)	2.09 %	1.81 %
Market risk premium	6.25 %	6.25 %
Beta Factor *)	0.84	0.87
Expected tax rate (Germany)	31.23 %	31.23 %
Expected tax rate (Switzerland)	20 %	20 %

*) The beta factor is an average beta factor from two companies in the software industry

In parallel to the impairment test on the reporting date, a sensitivity analysis was carried out for the acquired goodwill, customer bases and software described above. This showed that neither an increase in the discount interest rate by 100 or 200 basis points nor a reduction of the expected cash flows by 10 % would result in a potential need for impairment.

GOODWILL

As of March 31, 2014, the carrying amount of the goodwill in the P&I Group was EUR 3,904 thousand. The impairment tests carried out on March 31, 2014 confirm the recoverability of the existing goodwill from the acquisition of MIRUS Software AG, KSL Gesellschaft für kommunale Informationssysteme mbH and P&I Zeitmanagement GmbH.

CUSTOMER BASES

The customer bases break down as follows:

EUR thousand	March 31, 2014	March 31, 2013
KSL	592	807
P&I Zeitmanagement GmbH	350	419
ZHS	55	110
Germany total	**997**	**1,336**
JET PABIS NG	785	963
E-PM	100	125
Austria total	**885**	**1,088**
MIRUS Software AG	3,228	3,636
Switzerland total	**3,228**	**3,636**
Customer base	**5,110**	**6,060**

Each customer base is amortised over ten years. In this financial year, the amortisation amounted to EUR 946 thousand (previous year: EUR 1,187 thousand). The impairment tests carried out on March 31, 2014 on the basis of the value-in-use concept revealed no need for impairment.

OTHER INTANGIBLE ASSETS

Other intangible assets primarily include software licences. The decrease in other intangible assets is largely due to amortisation of EUR 537 thousand (previous year: EUR 622 thousand).

11. PROPERTY, PLANT AND EQUIPMENT

The development of fixed assets is described at the end of these notes. In the 2013/2014 financial year, depreciation expense amounted to EUR 758 thousand (previous year: EUR 756 thousand) and related exclusively to scheduled depreciation.

12. NON-CURRENT FINANCIAL ASSETS

A loan totalling EUR 40,000 thousand was paid to the controlling company, Argon GmbH, in the 2011/2012 financial year. It is allocated to non-current financial assets because of its longevity and bears a fixed interest rate. As of March 31, 2013, the loan plus accrued interest amounted to EUR 38,541 thousand. In the 2013/2014 financial year, this loan was set off against the liability from the profit transfer agreement (EUR 17,563 thousand). Due to new loan tranches of EUR 28,686 thousand granted in the 2013/2014 financial year, the loan amounted to EUR 50,788 thousand (previous year: EUR 38,541 thousand) as of March 31, 2014. The interest accrued up to March 31, 2014 amounted to EUR 2,692 thousand (previous year: EUR 1,568 thousand) and is reported together with the loan. The loan is to be repaid including accrued interest by March 31, 2025.

Non-current financial assets also include mortgage bonds of EUR 4,647 thousand (previous year: EUR 4,731 thousand).

13. LATENTE STEUERN

Deferred taxes are calculated according to the liability method, taking into account temporary differences. The tax rate used for Germany was 31.23 % (previous year: 31.23 %), for Austria 25 % (previous year: 25 %), for Switzerland 20 % (previous year: 21.17 %), for the Netherlands 20.0 % (previous year: 20 %) and for Slovakia 19 % (previous year: 19 %). No other tax rates were applied.

The deferred tax assets and liabilities are as follows:

2013/2014 EUR thousand	Opening balance April 1, 2013	Recognised in the income statement	Recognised in other compre-hensive income	Liquidation of amounts in the income statement	End balance March 31, 2014
Temporary differences					
Goodwill	37	-12	0	0	25
Liabilities	273	707	0	0	980
Other	6	0	0	0	6
Deferred tax assets	**316**	**695**	**0**	**0**	**1,011**
of which deferred tax assets from tax sharing agreement	**208**	**694**	**0**	**0**	**902**
Non-current assets	89	0	-27	0	62
Differences of PoC measurement	1,060	1,625	0	0	2,685
Customer base	1,153	-196	0	0	957
Software	230	-72	0	0	158
Deferred tax liabilities	**2,532**	**1,357**	**-27**	**0**	**3,862**
of which deferred tax liabilities from tax sharing agreement	**1,583**	**1,504**	**-27**	**0**	**3,060**
Deferred tax income/expense		**-662**		**0**	**-662**
Deferred tax (net)	**-2,216**				**-2,851**

There has been a tax sharing agreement between P&I AG and Argon GmbH since April 1, 2011. The offsetting that does not affect income, which results from unrealised price gains or losses on securities (see Note 22), is shown in other comprehensive income.

In addition, there are temporary differences from subsidiaries amounting to EUR 528 thousand (previous year: EUR 504 thousand) for which no deferred tax liabilities were recognised.

14. INVENTORIES

Inventories primarily include hardware and spare parts from the time management segment.

15. TRADE RECEIVABLES

The trade receivables are due exclusively from third parties and are comprised as follows:

EUR thousand	March 31, 2014	March 31, 2013
Trade receivables	11,998	10,558
Valuation allowances	-346	-330
Trade receivables	**11,652**	**10,228**

Trade receivables do not bear interest. The receivables have an average credit period of 10-20 days or are subject to individual contractual arrangements.

As of March 31, 2014, trade receivables had been impaired by EUR 346 thousand (previous year: EUR 330 thousand). The impairments, in the form of specific valuation allowances, were based on various issues, such as default, the threat of inability to pay, over-indebtedness, the initiation of insolvency proceedings and the accompanying expected default risks. In the context of impairment on a portfolio basis, financial assets with a potential impairment requirement are grouped with similar default risks and collectively tested for impairment and impaired if necessary. For this purpose, past experiences of default are utilised when calculating future cash inflows.

The allowance account developed as follows:

EUR thousand	Subject to a specific allowance for impairment losses	Impairment on a portfolio basis	Total
As at 31 March 2012	**1**	**136**	**137**
Addition	134	90	224
Utilisation	-5	-26	-31
Reversal	0	0	0
As at 31 March 2013	**130**	**200**	**330**
Addition	120	34	154
Utilisation	0	0	0
Reversal	-129	-9	-138
As at 31 March 2014	**121**	**225**	**346**

As of 31 March 2014, the age structure of the trade receivables was as follows:

EUR thousand	March 31, 2014	March 31, 2013
Overdue, but not impaired		
over 91 days	727	830
61 to 90 days	773	3,071
31 to 60 days	817	389
1 to 30 days	1,698	1,685
Neither overdue nor impaired	**7,983**	**4,583**
Total	**11,998**	**10,558**

16. GROSS AMOUNT DUE FROM CUSTOMERS FOR CONTRACT WORK

EUR thousand	March 31, 2014	March 31, 2013
Receivables from application of PoCM/ZPM	1,754	5,540
Advance payments received	-931	-4,264
Gross amount due from customers for contract work	**823**	**1,276**

Receivables from the application of the percentage of completion method are receivables from service contracts where the realisation of revenue depends on the work done by the P&I companies. In this financial year, revenue from PoCM amounts to EUR 8,740 thousand (previous year: EUR 4,881 thousand).

17. CURRENT FINANCIAL ASSETS

EUR thousand	March 31, 2014	March 31, 2013
Fixed-term deposits with a term of over three months	0	5,000
Current financial assets	**0**	**5,000**

18. OTHER CURRENT ASSETS

Other current assets comprise:

EUR thousand	March 31, 2014	March 31, 2013
Deferred income	1,841	1,539
Excess from partial retirement provision	78	37
Rental deposit	74	69
Other	253	244
Other current assets	**2,246**	**1,889**

The fair value of insolvency-protected assets in the form of securities amounted to EUR 595 thousand as of March 31, 2014 (previous year: EUR 508 thousand). The present value of the partial retirement obligation as of March 31, 2014 was calculated on the basis of actuarial valuations and amounted to EUR 517 thousand (previous year: EUR 471 thousand).

The measurement date for the partial retirement obligations is March 31, 2014. The 2005G mortality tables by Klaus Heubeck are taken as a basis for the calculation. A discount factor of 0.7 % and a salary increase rate of 2 % were assumed as parameters by the actuary.

19. CASH AND CASH EQUIVALENTS

EUR thousand	March 31, 2014	March 31, 2013
Cash in hand and bank balances	44,547	36,886
Cash and cash equivalents	**44,547**	**36,886**

As of 31 March 2014, the fair value of cash and cash equivalents was EUR 44,547 thousand (previous year: EUR 36,886 thousand).

20. ISSUED CAPITAL AND RESERVES

As of March 31, 2014, P&I AG's issued capital was unchanged at EUR 7,700 thousand and is divided into 7,700,000 no-par-value bearer shares. Each share grants one vote and has a notional share of EUR 1 in the issued capital. In the reporting year, as in the previous year, no subscription rights were issued and none are in circulation.

The Annual General Meeting on September 2, 2008 authorised the Management Board, with the approval of the Supervisory Board, to increase the share capital of the company by up to EUR 3,850 thousand in the period until September 1, 2013 by issuing new shares in exchange for cash and/or non-cash contributions on one or more occasions (Authorised Capital 2008). The Annual General Meeting on September 3, 2013 renewed the authorisation until September 2, 2018 (Authorised Capital 2013). Shareholders must be granted pre-emptive subscription rights. However, the Management Board is authorised, with the approval of the Supervisory Board, to disapply shareholders' pre-emptive subscription rights insofar as this is required in order to grant subscription rights for new shares to the holders of exchange or subscription rights issued by the company or to be issued by the company in future to the relevant extent. In the case of cash capital increases, the Management Board is also authorised, with the approval of the Supervisory Board, to disapply shareholders' statutory subscription rights if the pro rata amount attributable to the new shares does not exceed 10 % of the share capital either at the effective date or – if this value is lower – at the date this authorisation is exercised and the issue price of the new shares is not significantly lower than the quoted price for existing listed shares with the same conditions at the date on which the issue price is finalised. The limit of 10% of share capital includes shares that were sold or are to be issued during the term of this authorisation until the date it is exercised due to different authorisations in direct or mutatis mutandis application of section 186 (3) sentence 4 AktG with subscription rights disapplied.

In the case of non-cash capital increases, the Management Board is authorised, with the approval of the Supervisory Board, to disapply shareholders' statutory subscription rights if the non-cash capital increase is conducted for the purpose of acquiring companies, parts of companies, equity investments in companies or other assets and the total proportionate share capital attributable to the new shares for which subscription rights are disapplied does not exceed 20 % of the share capital on the issue date of the new shares. The Management Board is authorised, with the approval of the Supervisory Board, to disapply shareholders' statutory subscription rights if the capital increase is performed for the purpose of creating shares that are to be transferred by the members of the Management Board of P&I Personal & Informatik AG in accordance with provisions agreed between the Supervisory Board and the Management Board members of P&I Personal & Informatik AG on variable Management Board remuneration as an alternative to a cash payment with a statutory holding period for the shares. The holding period for the shares to be granted for the Management Board member regularly amounts to three years. The specifics of remuneration for Management Board members are defined by the Supervisory Board. The Management Board is also authorised, with the approval of the Supervisory Board, to disapply shareholders' statutory subscription rights on one or more occasions in order to eliminate fractions. The Management Board is also authorised, with the approval of the Supervisory Board, to determine the further content of the share rights, the conditions of the share issue and the further details of the implementation of capital increases from authorised capital. The Supervisory Board is authorised to adjust the wording of the Articles of Association to reflect any utilisation of Authorised Capital 2013.

At the AGM of August 30, 2011, the Management Board was authorised, up to August 29, 2016, to acquire treasury shares up to a maximum of 10 % of the company's share capital that existed when the AGM passed the resolution, subject to the consent of the Supervisory Board.

The Management Board was also authorised to utilise the acquired treasury shares for all legally permitted purposes, and in particular to sell them to third parties under certain circumstances, to use them in acquiring companies and to offer them to employees and governing bodies for purchase or to transfer them with a lockup period. The shares may also be withdrawn. Likewise with the Supervisory Board's consent, shares previously acquired by the company can be used as variable Management Board remuneration within the framework of regulations agreed between the Supervisory Board and the members of the Management Board of P&I Personal & Informatik AG. The authorisation was not exercised in the 2013/2014 financial year.

In the 2012/2013 financial year, a Management Board member's entitlement to variable remuneration was converted into 3,289 P&I shares (0.04 % of the share capital) and these shares were transferred to the Management Board member. The fair value of the transferred shares was EUR 98 thousand. EUR 37 thousand of this was deducted from retained earnings and the excess of EUR 61 thousand was allocated to the capital reserve.

The capital reserve reported in the consolidated statement of financial position is broken down as follows:

Angaben in TEUR	March 31, 2014	March 31, 2013
P&I AG capital reserves	770	770
Offsetting of IPO costs	-1,199	-1,199
Share-based payment	2,763	879
Capital reserves	**2,334**	**450**

In the 2011/2012 financial year, Argon GmbH agreed a long-term incentive plan with a Management Board member based on stock appreciation rights (SARs). In the 2013/2014 financial year, Argon GmbH granted a variable remuneration component with a long-term incentive effect to a member of the Management Board on the basis of a total of 21,000 stock appreciation rights (SARs). Argon GmbH also agreed a variable remuneration component with a long-term incentive effect with a member of the Supervisory Board on the basis of a total of 20,000 stock appreciation rights (SARs).

The allocation of these variable SAR remuneration plans was accelerated as a result of the plan conditions being met in the 2013/2014 financial year. In addition to the linear recognition of expenses resulting from the distribution over the full term of the agreement, an additional immediate recognition of expenses took place in the amount of EUR 1,527 thousand, corresponding to an increase in capital reserves of EUR 1,884 thousand in the IFRS consolidated financial statements in the 2013/2014 financial year. For more information, please refer to the section “Corporate bodies” (Note 31).

Due to the variable remuneration plans, the capital reserves increased in the 2013/2014 financial year by a total of EUR 1,884 thousand (previous year: EUR 510 thousand).

As of March 31, 2014, the portfolio of treasury shares comprised 168,873 shares (March 31, 2013: 168,873), or 2.19 % of the share capital. The acquisition cost of the treasury shares was EUR 1,923,581.38. As of the reporting date, they were valued at EUR 10,977 thousand on the stock market.

Retained earnings includes the legal reserve of P&I AG pursuant to section 150 AktG of EUR 2 thousand (previous year: EUR 2 thousand).

21. APPROPRIATION OF NET PROFIT

On the basis of the existing control and profit transfer agreement with Argon GmbH, P&I AG's accounting profit must be transferred to Argon GmbH. Therefore, a profit transfer liability is recognised.

Instead of a dividend, external shareholders receive an equalisation payment of EUR 1.55 after tax per P&I share from Argon GmbH.

The treasury shares held by P&I AG are not entitled to participate in dividends.

22. ACCUMULATED OTHER COMPREHENSIVE INCOME

According to IAS 39, financial assets available for sale are measured at fair value. The gain or loss from a financial asset available for sale is recognised directly in equity in the statement of changes in equity. Effects of currency translation for foreign subsidiaries are also reported here.

23. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities include the obligation from the free financial guarantee, which is recognised due to the entry into the financing agreement of Edge Holding GmbH.

24. TRADE PAYABLES

Trade payables relate primarily to the purchase of materials to maintain operating activities.

25. LIABILITY FROM PROFIT TRANSFER AGREEMENT

The liability is owed only to Argon GmbH and relates to the P&I AG profit transfer of EUR 24,244 thousand (previous year: EUR 17,563 thousand).

26. TAX LIABILITIES

The tax liabilities of EUR 1,145 thousand (previous year: EUR 1,093 thousand) include mainly the tax liabilities of foreign subsidiaries and tax liabilities of P&I AG of EUR 65 thousand (previous year: EUR 237 thousand) from the equalisation payment to external shareholders. P&I AG had no preconsolidation tax liabilities in the 2013/2014 financial year.

27. LIABILITIES FROM TAX SHARING AGREEMENT

Due to the tax sharing agreement concluded from the 2011/2012 financial year between P&I AG and Argon GmbH, the liabilities are owed to Argon GmbH.

28. DEFERRED INCOME

Prepaid expenses and deferred income are broken down as follows:

EUR thousand	March 31, 2014	March 31, 2013
Prepaid maintenance	24,757	25,431
Other	6,278	1,906
Prepaid expenses	**31,035**	**27,337**

Prepaid maintenance concerns maintenance fees paid in advance by customers and amounts to EUR 24,757 thousand (previous year: EUR 25,431 thousand). Others primarily include advance software as a service (SaaS) payments and recurring consulting services from service agreements and annual seminar packages.

29. GROSS AMOUNT DUE TO CUSTOMERS FOR CONTRACT WORK

This item includes receivables from production orders as a result of the application of the PoCM and the ZPM, which have a debit balance after being set off against the advance payments received. They are set off as follows:

EUR thousand	March 31, 2014	March 31, 2013
Costs and pro rata profit	-10,093	-4,264
Advance payments received	13,793	12,778
Gross amount due to customers for contract work	**3,700**	**8,514**

30. OTHER CURRENT LIABILITIES

Other current liabilities comprise the following:

EUR thousand	March 31, 2014	March 31, 2013
Premiums, salaries and variable compensation	9,844	7,298
Value-added tax	1,271	930
Holiday obligations	1,221	1,273
Wage/church tax and social security contributions	718	599
Other	1,288	2,252
Other current liabilities	**14,342**	**12,352**

The increase is primarily attributable to higher bonus payments at the end of the financial year on the basis of individual target achievement. The previous year's final purchase price instalment from the acquisition of MIRUS Software AG amounting to EUR 829 thousand was paid in February 2014.

31. CORPORATE BODIES

The company's Management Board comprises at least two members. The Supervisory Board determines the number of members of the Management Board (see section 4 paragraph 1 of the articles of association, last amended by AGM resolution on September 3, 2013).

The members of the Management Board are:

Vasilios Triadis, CEO, member responsible for Strategy, Consulting, Research and Development and Marketing and Sales.
Martin Christiaan de Groot, member responsible for Finance, Human Resources, Legal, Administration and Investor Relations (since May 1, 2013).

Mr Martin Christiaan de Groot was appointed to the Management Board by the Supervisory Board of P&I Personal & Informatik AG effective from May 1, 2013 to March 31, 2016.

On December 20, 2013, the Supervisory Board revoked the appointment of Mr Vasilios Triadis as a member of the Management Board and CEO of the company with his consent with effect from March 31, 2014 and reappointed him as a member of the Management Board and CEO of the company for the period from April 1, 2014 to the end of March 31, 2019, i. e. for a period of five years.

Mr Vasilios Triadis is a member of the scientific advisory board of otris Software AG, Dortmund.

The members of the Management Board are authorised to represent the company together with one other member of the Management Board or an authorised signatory. By resolution of the Supervisory Board dated October 4, 2012, Mr Vasilios Triadis was granted individual power of representation until April 30, 2013 in order to avoid the company's temporary inability to act as a consequence of Dr Massmann resigning his Management Board post.

Remuneration for the members of the Management Board is determined by the Supervisory Board and consists of fixed and variable components. The fixed component consists of fixed monthly remuneration and benefits in kind, such as the amounts for company cars and other non-cash benefits that are required to be applied in accordance with the relevant provisions of tax law.

The variable component of the Management Board remuneration is based on the performance indicators consolidated revenue and consolidated EBITDA (consolidated earnings before interest, taxes, depreciation and amortisation). Various provisions were in force during the 2013/2014 financial year. In order to guarantee long-term goal orientation, in the case of one Management Board member, the total revenue and EBITDA to be achieved in the financial years 2012/2013 to 2014/2015 has been used as a target value since the 2012/2013 financial year. Progress payments will be made if the respective annual targets are achieved. However, the final allocation of the bonus for each financial year will only be performed if the defined targets are achieved following the end of the 2014/2015 financial year. The plan was terminated prematurely on March 31, 2014, and the bonus for the 2012/2013 and 2013/2014 financial years finally allocated. In the 2013/2014 financial year, a new agreement was made with this Management Board member, which uses the total revenue and EBITDA to be generated in the financial years 2014/2015 to 2016/2017 as the target value. Furthermore, an agreement was made for a special bonus for the financial years 2013/2014 and 2014/2015, which provides for higher annual EBITDA as the target value.

In the case of a second Management Board member, an agreement was made in the 2013/2014 financial year that uses the total revenue and EBITDA to be generated in the financial years 2013/2014 and 2014/2015 as the target value. Progress payments will be made if the respective annual targets are achieved. However, the final allocation of the bonus for each financial year will only be performed if the defined targets are achieved following the end of the 2014/2015 financial year.

The following agreements on variable remuneration expired or were terminated in the year under review:

In the 2011/2012 financial year, P&I AG's majority shareholder, Argon GmbH, agreed a variable remuneration component effective as a long-term incentive with a Management Board member on the basis of a total of 300,000 stock appreciation rights. The term of the SARs is unlimited and the benefit is heritable. On the assumption that the SARs will be exercised at the end of the current Management Board appointment on March 31, 2016, the value calculated on the date they were granted is EUR 2,271 thousand.

In the 2013/2014 financial year, Argon GmbH agreed a variable remuneration component with a long-term incentive effect with a member of the Management Board on the basis of a total of 21,000 stock appreciation rights (SARs). The term of the SARs is unlimited and the benefit is heritable. Assuming that the SARs are exercised at the end of the current term of the respective Management Board member on March 31, 2016, the value calculated at the grant date was EUR 85 thousand.

As P&I receives the services rendered by the two Management Board members, IFRS 2.3 A requires that the share-based payment transaction is recognised by P&I AG even though Argon GmbH is contractually responsible for making the payment. Staff costs are allocated on a straight-line basis over the term and correspond to an increase in capital reserves in the IFRS consolidated financial statements.

The allocation of both these variable SAR remuneration plans was accelerated as a result of the plan conditions being met by the change of shareholder at Argon GmbH in the 2013/2014 financial year. This was the end of the remuneration programme. Expenses were immediately recognised in the amount of EUR 1,616 thousand, corresponding to an increase in capital reserves in the IFRS consolidated financial statements in the 2013/2014 financial year.

As of the reporting date, there is a change-of-control clause with one Management Board member. This could result in a maximum benefit entitlement of EUR 3,000 thousand.

The German Act on the Disclosure of Management Board Remuneration (VorStOG) dated August 3, 2005 introduced a fundamental obligation for listed stock corporations to disclose the remuneration of Management Board members individually. In accordance with section 286 (5) HGB and section 314 (2) sentence 2 HGB, however, the Annual General Meeting of such an entity may resolve the partial non-disclosure of this information. The option not to disclose individual Management Board remuneration as resolved by the Annual General Meeting on August 29, 2006 expired on August 28, 2011, meaning that it applied for the last time to the annual financial statements for the 2010/2011 financial year. The Annual General Meeting on August 30, 2011 agreed to renew the non-disclosure obligation for individual Management Board remuneration. In accordance with this resolution, approval of the non-disclosure of individual remuneration will expire on August 29, 2016, and hence applies to the 2011/2012 to 2015/2016 financial years inclusive. Accordingly, the following section only contains information on total remuneration.

The total remuneration paid to the members of the Management Board for the 2013/2014 financial year and the previous year is shown in the table below:

EUR thousand	2013/2014	2012/2013
Non-performance-related remuneration		
Salary	638	520
Other *)	48	311
Performance-related remuneration		
Bonuses/bonus programme	664	375
Total remuneration reported in HGB single-entity financial statements	**1,350**	**1,206**
Components with a long-term incentive effect **)	1,616	510
Total remuneration reported in the IFRS consolidated financial statements	**2,966**	**1,716**

*) Supplemental payments to insurance policies, non-cash benefit and termination benefits (EUR 220 thousand) in the 2012/2013 financial year.
**) Only recognised through profit or loss in consolidated financial statements, not in separate financial statem

There were no additional salary components.

A detailed description of the Management Board remuneration system can be found in section 2.6 of the combined management report.

In accordance with section 95 AktG in conjunction with section 6 of the articles of association in the version dated September 3, 2013, the company has a Supervisory Board consisting of three members.

The Supervisory Board of P&I AG was composed as follows in the 2013/2014 financial year:

From April 1, 2013 – February 1, 2014, the members of the Supervisory Board were:

Thomas Volk, Chairman, Global CEO of Lumesse Ltd., London, UK, is
Member of the Board of Directors of Lumesse Ltd., London, UK

Michael Wand, Deputy Chairman, Managing Director of the Carlyle Group, London, UK is
Member of the Supervisory Board of vwd Vereinigte Wirtschaftsdienste AG, Frankfurt/Main, Germany
Member of the Board of Directors of The Foundry Visionmongers Ltd, London, United Kingdom
Member of the Supervisory Board of KCS.net AG, Liestal, Switzerland
Member of the Advisory Board of ADA Cosmetics Holding GmbH, Kehl, Germany

Dr Thorsten Dippel, Director of the Carlyle Group, London, UK is
Chairman of the Supervisory Board of vwd Vereinigte Wirtschaftsdienste AG, Frankfurt/Main, Germany
Member of the Supervisory Board of Tell AG, Liestal, Switzerland
Member of the Advisory Board of ADA Cosmetics Holding GmbH, Kehl, Germany

By way of a resolution entered in the commercial register on February 10, 2014, Mr Kai Romberg and Mr Justin von Simson were appointed to the Supervisory Board of the company to replace Mr Wand and Dr Dippel effective immediately.

The following have been members of the Supervisory Board since February 10, 2014:

Thomas Volk, Chairman
Global CEO of Lumesse Ltd., London, UK, is
Member of the Board of Directors of Lumesse Ltd., London, UK

Kai Romberg, Deputy Chairman
Managing Director of HgCapital Verwaltungs GmbH is
Member of the Supervisory Board of Lumesse Global Limited, UK
Member of the Supervisory Board of TeamSystem Holding S.p.A., Italy.

Justin von Simson
Managing Director of HgCapital Verwaltungs GmbH is not a member of any executive bodies of enterprises in Germany or abroad.

As per the Articles of Association, the members of the Supervisory Board receive fixed remuneration of EUR 20 thousand for each full financial year they spend on the Supervisory Board, payable after the end of the financial year. The Chairman receives two and a half times this amount, while the Deputy Chairman receives one and a half times this amount. The company reimburses the members of the Supervisory Board for the expenses arising from the performance of their duties and for the value-added tax on their remuneration and expenses. Messrs Romberg and von Simson as well as Mr Wand and Dr Dippel waived the remuneration for their membership of the Supervisory Board for the 2013/2014 financial year.

In addition, Argon GmbH has agreed an equity incentive programme with a Supervisory Board member in financial year 2013/2014. In this programme, the Supervisory Board member concerned was guaranteed payment claims from Argon GmbH on the basis of stock appreciation rights (SARs). The term of the SARs is unlimited and the benefit is heritable. On the assumption that the SARs will be exercised at the end of the current Supervisory Board appointment on March 31, 2018, the value calculated on the date they were granted by Argon GmbH is EUR 268 thousand. Under IFRS 2.3 A, the payment claims of the Supervisory Board member under the equity incentive programme are recognised by P&I AG even though Argon GmbH is contractually responsible for making the payment. This agreement is not recognised in the single-entity financial statements of P&I AG. The allocation of this variable remuneration plan was accelerated as a result of the plan conditions being met by the change of shareholder at Argon GmbH in financial year 2013/2014 and was thus terminated. This resulted in the immediate recognition of expenses in the amount of EUR 268 thousand, corresponding to an increase in capital reserves in the IFRS consolidated financial statements in the 2013/2014 financial year.

The remuneration paid to the members of the Supervisory Board for the 2013/2014 financial year is shown in the table below:

EUR thousand	Fixed remuneration	Reimbursement of expenses	Consulting services
Thomas Volk	50	268	2
Michael Wand	---	---	8
Dr. Thorsten Dippel	---	---	7
Kai Romberg	---	---	---
Justin von Simson	---	---	---
Total	**50**	**268**	**17**

The total remuneration for the Management Board and the Supervisory Board for the 2013/2014 financial year was EUR 3,284 thousand (previous year: EUR 1,766 thousand).

Determination of fair value of cash-settled share-based remuneration plans for Management Board and Supervisory Board

The Black-Scholes model was taken as the basis for measuring the fair value of the cash-settled share-based remuneration, whose allocation was accelerated in the 2013/2014 financial year. The term of the SARs was unlimited and the benefit was heritable. The entitlement to exercise existed when either Argon GmbH sold P&I shares of over 25 % or the sale price exceeded the exercise price. The date of the first exercise was March 31, 2016.

The measurement was based on the following parameters:

Model parameters	3 SAR programmes
Share price on grant date	26.70 € to 46.65 €
Exercise price	17.00 € to 30.00 €
Exercise date (date of the first possible payment)	31.03.2016
Expected volatility	32.78 %
Option term	2.5 to 4.5 years
Expected dividend p.a.	1.55 €
Risk-free interest rate	1.22 %

32. RELATED PARTY DISCLOSURES

The following changes took place with effect from December 20, 2013:
Rowan Nominees Limited, London, United Kingdom, replaced Carlyle Offshore Partners II Limited, George Town, Grand Cayman, Cayman Islands, as the ultimate parent company of the group. As a result, H.C. Starck GmbH, Goslar, was no longer classified as a related party with effect from December 20, 2013, and Casa Reha Betriebs- und Beteiligungsgesellschaft mbH, Oberursel, was classified as a related party for the first time.

Overview of the related parties:

- Carlyle Offshore Partners II Limited; George Town, Grand Cayman, Cayman Islands, as the ultimate parent company of the group to which Argon GmbH, Munich, the direct parent company of P&I AG, belongs (until December 20, 2013),
- Rowan Nominees Limited, London, United Kingdom, as the ultimate parent company of the group to which Argon GmbH, Munich, the direct parent company of P&I AG, belongs (from December 20, 2013),
- Edge Holding GmbH, Frankfurt, as 100 % shareholder of Argon GmbH (from December 20, 2013),
- Argon GmbH, Munich, as the direct parent company,
- All other companies named in Note 40 and their direct and indirect subsidiaries,
- The subsidiaries of P&I AG named in Note 37.

The related parties of both Carlyle Offshore Partners II Limited and Rowan Nominees Limited are presented for reporting purposes as at March 31, 2014.

Until December 20, 2013, H.C. Starck GmbH, Goslar, was an affiliated company of the highest known parent company of Argon GmbH, Carlyle Offshore Partners II, Ltd, which was the majority shareholder until December 20, 2013.

Since December 20, 2013, Casa Reha Betriebs- und Beteiligungsgesellschaft mbH, Oberursel, has been an affiliated company of the highest known parent company of Argon GmbH, Rowan Nominees Limited, which became the new majority shareholder on December 20, 2013.

The following transactions and payments were made with related parties:

EUR thousand	March 31, 2014	March 31, 2013
Receivables		
Argon GmbH, Munich	50,788	38,541
H,C, Starck GmbH, Goslar (until December 20, 2013) *)	1	82
Casa Reha Betriebs- und Beteiligungsgesellschaft mbH, Oberursel (from December 20, 2013)	0	0
Total receivables	**50,789**	**38,623**
Liabilities		
Argon GmbH, Munich	29,811	18,468
Edge Holding GmbH, Frankfurt (from December 20, 2013)	2,778	0
Total liabilities	**32,589**	**18,468**

EUR thousand	2013/2014	2012/2013
Income		
Argon GmbH, Munich	1,512	990
H,C, Starck GmbH, Goslar (until December 20, 2013) *)	64	73
Casa Reha Betriebs- und Beteiligungsgesellschaft mbH, Oberursel (from December 20, 2013) *)	2	4
Total income	**1,578**	**1,067**
Expense		
Argon GmbH, Munich	7,918	4,430
Edge Holding GmbH, Frankfurt (from December 20, 2013)	2,778	0
Total expense	**10,696**	**4,430**

*) Previous year's figure relates to the whole 2012/2013 financial year

All amounts relating to transactions of H.C. Starck GmbH, Goslar, and Casa Reha Betriebs- und Beteiligungsgesellschaft mbH, Oberursel, comprise maintenance and consulting services and software sales.

TRANSACTIONS WITH ARGON GMBH

There is a control and profit transfer agreement between P&I AG, Wiesbaden, and Argon GmbH, Munich, as the controlling company. This agreement allows Argon GmbH to issue instructions. P&I AG's accounting profit after taxes of EUR 24,244 thousand (previous year: EUR 17,563 thousand) must be transferred to Argon GmbH. The net profit reported in the HGB financial statements for 2012/2013 was transferred to Argon GmbH in accordance with the terms of the profit transfer agreement and, in the 2013/2014 financial year, was offset against the loan granted on the basis of a netting agreement. At the reporting date March 31, 2014, the outstanding loan plus accrued interest amounted to EUR 50,788 thousand (previous year: EUR 38,541 thousand).

At the instruction of Argon GmbH, the controlling company, a non-collateralised loan was extended to Argon GmbH in the 2011/2012 financial year. In the 2013/2014 financial year, as in the previous year, this loan was set off against the liability from the profit transfer. Due to new loan tranches of EUR 28,686 thousand granted in the 2013/2014 financial year, the loan plus accrued interest amounted to EUR 50,788 thousand (previous year: EUR 38,541 thousand) as of March 31, 2014. The accrued loan interest of EUR 2,692 thousand (previous year: EUR 1,568 thousand) will be paid at final maturity. The Management Board does not currently feel that extending the loan to Argon GmbH increases risk. The Management Board has duly established that it believes that this loan receivable is recoverable.

In the 2011/2012 financial year, a tax sharing agreement from the 2011/2012 financial year was concluded on the basis of the corporation and commercial tax unity with Argon GmbH, which had existed since the beginning of the financial year. Current and deferred taxes are calculated in accordance with the provisions of IAS 12. The liability from the tax sharing agreement amounts to EUR 5,567 thousand (previous year: EUR 517 thousand) as of the reporting date. The tax expense resulting from the tax sharing agreement in the 2013/2014 financial year amounted to EUR 7,918 thousand (previous year: EUR 4,042 thousand).

As planned, P&I AG and its subsidiaries in Austria and Switzerland were instructed by Argon GmbH to enter into a financing agreement with the latter company in the amount of EUR 110,000 thousand in October 2011. Movable assets, receivables and rights were assigned to the financing banks as the typical security, and a subordinated obligation to Argon GmbH for interest and principal payments was entered into in accordance with an existing liquidity plan. P&I AG and its subsidiaries in Austria and Switzerland were instructed by Argon GmbH to enter into a supplementary agreement to the aforementioned financing agreement in the reduced amount of EUR 96,000 thousand in June 2013. Following the acquisition of shares in Argon GmbH by Edge Holding GmbH, Frankfurt, the remaining loan of EUR 62,017 thousand (March 31, 2013: EUR 62,017 thousand) was repaid in full, the financing agreement was terminated, P&I AG and its subsidiaries were released from the liability and the free financial guarantee was reversed with effect from December 20, 2013.

TRANSACTIONS WITH EDGE HOLDING GMBH

In connection with the acquisition of shares in Argon GmbH in December 2013, Edge Holding GmbH concluded financing agreements amounting to EUR 210,500 thousand. In January 2014, Argon GmbH entered into these financing agreements as a borrower of EUR 97,840 thousand. As planned, P&I AG and its subsidiaries in Austria and Switzerland were instructed by Argon GmbH to enter into the credit agreements of Edge Holding GmbH and Argon GmbH in the amount of EUR 210,500 thousand in February/March 2014. All movable assets and extensive receivables and rights were assigned to the financing banks as the typical security, and a subordinated obligation to Edge Holding GmbH and Argon GmbH for interest and principal payments was entered into in accordance with an existing liquidity plan. The maximum amount to which the P&I Group could be held liable equals the loan amounts less the assets of Edge Holding GmbH and Argon GmbH. The fair value of this obligation from the free financial guarantee of EUR 2,778 thousand is calculated on the basis of a guarantee commission and recognised under non-current financial liabilities as of March 31, 2014.

The loan from the financing agreements of Edge Holding GmbH and Argon GmbH was measured at EUR 198,000 thousand as of the reporting date.

Edge Holding GmbH was granted a revolving facility commitment of EUR 12,500 thousand for a portion of the above loan amount. This credit facility serves as additional liquidity protection if necessary. P&I AG utilised EUR 3,500 thousand of this under an ancillary facility agreement as security for a guaranteed credit facility.

Given the current corporate planning of P&I AG, the associated liquidity inflow for Argon GmbH and Edge Holding GmbH, arising from the profit transfer agreement in place between P&I AG and Argon GmbH and Argon GmbH's distribution to Edge Holding GmbH, and the interest and repayment plan for the financing agreement, the Management Board sees no significant risk in entering into these credit agreements and therefore no significant risk of utilisation for the company.

Owing to the control and profit transfer agreement in place, no guarantee commission was agreed or paid in relation to joining the Argon GmbH and Edge Holding GmbH loan agreement. The guarantee for the unsecured loan to Argon GmbH and Edge Holding GmbH was provided in accordance with the control and profit transfer agreement, also as instructed.

The Supervisory Board approved all the payments disclosed here.

There were no other related party transactions containing non-standard conditions.

The disclosures concerning members of the Management Board and Supervisory Board are given in Note 31.

33. AUDITOR'S FEE

The total fee calculated by the auditor for the 2013/2014 financial year and the previous year was:

EUR thousand	2013/2014	2012/2013
Auditing financial statements of which for the previous year: EUR 10 thousand	160	152
Other assurance services of which for the previous year: EUR 0 thousand	18	10
Tax consultation	0	0
Other services	0	0
Total	**178**	**162**

34. OTHER FINANCIAL OBLIGATIONS, CONTINGENT LIABILITIES AND CONTINGENCIES

OTHER FINANCIAL OBLIGATIONS

As of 31 March 2014, there are future minimum lease payment obligations on account of operating leases in the following amount:

EUR thousand	March 31, 2014	March 31, 2013
Maturity		
Within one year	2,335	2,187
Between one and five years	2,976	2,262
More than five years	39	39
Total	**5,350**	**4,488**

The standard obligations essentially result from leases for buildings, cars, computer equipment and office equipment. The leases have terms of one to five years and include standard extension options. There are no price adjustment clauses and no further restrictions arising from the leases. Leases are concluded to spread the outflow of liquidity over several financial years.

Payments of EUR 2,414 thousand were made for leases in the financial year (previous year: EUR 2,423 thousand).

As of March 31, 2014, there are no future minimum lease payment receivables.

There is a control and profit transfer agreement between P&I AG and Argon GmbH as the controlling company. This agreement allows Argon GmbH to issue instructions. P&I AG's accounting profit after taxes of EUR 24,244 thousand (previous year: EUR 17,563 thousand) must be transferred to Argon GmbH. In turn, Argon GmbH is obliged to compensate any possible loss. In the view of the Management Board, the conclusion of the control and profit transfer agreement has not increased the risk to which the company is exposed.

CONTINGENT LIABILITIES

P&I observes and measures risks from existing major and fixed-price projects on a permanent basis. For projects associated with a large commitment of resources on the part of the customer and P&I, it cannot be ruled out that rights of recourse will arise or that project costs above the agreed fixed prices will be incurred. The costs incurred by P&I for a project are always included in the expenses for the current period. Equally, the financial statements take possible payment obligations into account, provided the requirements are met.

In our ordinary course of business, we are confronted with customer complaints. We form provisions for such cases where an obligation to a third party is likely to have arisen and the amount of the corresponding expense can be estimated reliably, provided the requirements are met.

We are currently of the opinion that the outcome of the customer complaints will have no significant detrimental effects on our operations, financial position, financial performance or cash flows. However, such matters entail uncertainty and our present assessment may change in the future.

There are no other risks that would lead to the disclosure of contingent liabilities.

LIABILITY ARISING FROM THE PROVISION OF COLLATERAL FOR LIABILITIES OF AFFILIATED COMPANIES

As planned, P&I AG and its subsidiaries in Austria and Switzerland were instructed by Argon GmbH to enter into a financing agreement with the latter company in the amount of EUR 110,000 thousand in October 2011. Movable assets, receivables and rights were assigned to the financing banks as the typical security, and a subordinated obligation to Argon GmbH for interest and principal payments was entered into in accordance with an existing liquidity plan. P&I AG and its subsidiaries in Austria and Switzerland were instructed by Argon GmbH to enter into a supplementary agreement to the aforementioned financing agreement in the reduced amount of EUR 96,000 thousand in June 2013. Following the acquisition of shares in Argon GmbH by Edge Holding GmbH, Frankfurt, the remaining loan of EUR 62,017 thousand was repaid in full, the financing agreement was terminated, P&I AG and its subsidiaries were released from the liability and the free financial guarantee was reversed with effect from December 20, 2013.

In connection with the acquisition of shares in Argon GmbH in December 2013, Edge Holding GmbH concluded financing agreements amounting to EUR 210,500 thousand. In January 2014, Argon GmbH entered into these financing agreements as a borrower of EUR 97,840 thousand. As planned, P&I AG and its subsidiaries in Austria and Switzerland were instructed by Argon GmbH to enter into the credit agreements of Edge Holding GmbH and Argon GmbH in the amount of EUR 210,500 thousand in February/March 2014. All movable assets and extensive receivables and rights were assigned to the financing banks as the typical security, and a subordinated obligation to Edge Holding GmbH and Argon GmbH for interest and principal payments was entered into in accordance with an existing liquidity plan. The maximum amount to which the P&I Group could be held liable equals the loan amounts less the assets of Edge Holding GmbH and Argon GmbH.

The fair value of this obligation from the free financial guarantee of EUR 2,778 thousand is calculated on the basis of a guarantee commission and recognised under non-current financial liabilities as of March 31, 2014.

The loan from the financing agreements of Edge Holding GmbH and Argon GmbH was measured at EUR 198,000 thousand as of the reporting date.

Edge Holding GmbH was granted a revolving facility commitment of EUR 12,500 thousand from the financing banks for a portion of the above loan amount. This credit facility serves as additional liquidity protection if necessary. P&I AG utilised EUR 3,500 thousand of this under an ancillary facility agreement as security for a guaranteed credit facility.

Given the current corporate planning of P&I AG, the associated liquidity inflow for Argon GmbH and Edge Holding GmbH, arising from the profit transfer agreement in place between P&I AG and Argon GmbH and Argon GmbH's distribution to Edge Holding GmbH, and the interest and repayment plan for the financing agreement, the Management Board sees no significant risk in entering into these credit agreements and therefore no significant risk of utilisation for the company.

BANK GUARANTEES

The company has a master agreement with Commerzbank AG for the provision of collateral ("guaranteed credit facility") for its own obligations with a total volume of EUR 3,500 thousand (previous year: EUR 3,500 thousand). As of the reporting date, this credit facility had been utilised in the amount of EUR 2,853 thousand (previous year: EUR 3,453 thousand). The ancillary facility agreement of the banking syndicate of Edge Holding GmbH serves as security.

GROUP GUARANTEES

For the event that P&I Personeel & Informatica, B.V., Amsterdam, Netherlands, is unable to fulfil an agreement with a major customer, P&I AG has declared that it will assume all contractual obligations between P&I Personeel & Informatica, B.V., Amsterdam, Netherlands, and the customer in full. Given the current financial situation of the company concerned, we consider the risk of this guarantee being utilised to be low at this time.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

P&I AG's most important financial objectives include the sustainable increase of the company's value in the interests of investors, employees, customers and suppliers while also ensuring its solvency at all times.

For P&I AG, the creation of sufficient liquidity reserves is of very great importance to this form of capital management. Moreover, maintaining a sound capital base is an important requirement for securing the continued existence of the company and continuing the growth strategy.

Liquidity reserves are controlled persistently on the basis of short and medium-term forecasts of future liquidity. Capital is monitored regularly on the basis of various ratios. The most important are the relationship of liquidity to equity (gearing) and the capital ratio. As there is no financial debt, but rather a positive net position, the gearing ratio is negative.

EUR thousand	March 31, 2014	March 31, 2013
Cash and cash equivalents	44,547	36,886
Short-term securities and fixed-term deposits	0	5,000
Liquidity	**44,547**	**41,886**
Equity *)	**37,894**	**39,112**
Capital ratio	35.2 %	35.2 %
Gearing	-117.6 %	-107.1 %

*) Equity not including accumulated other comprehensive income

Even after paying further loan tranches totalling EUR 28,686 thousand to the controlling company in the past financial year, the Group has a large amount of cash and cash equivalents at EUR 44,547 thousand (previous year: EUR 41,886 thousand) and current financial assets that are not opposed by any loans to third parties.

The company has a working capital credit facility with Wiesbadener Volksbank eG for a total volume of EUR 1,534 thousand (previous year: EUR 1,534 thousand) for current account utilisation at an interest rate of 7.50 % p.a. Edge Holding GmbH was granted a revolving facility commitment of EUR 12,500 thousand from the financing banks. This credit facility serves as additional liquidity protection if necessary. P&I AG utilised EUR 3,500 thousand of this under an ancillary facility agreement as security for a guaranteed credit facility. These loans serve as additional liquidity protection if necessary.

For additional information, please refer to item 8.2 of the management report.

36. SUPPLEMENTARY DISCLOSURES ABOUT FINANCIAL INSTRUMENTS

At the instruction of Argon GmbH, the controlling company, a non-collateralised loan of EUR 40,000 thousand was extended to Argon GmbH in the 2011/2012 financial year. The loan interest will be paid at final maturity. As of 31 March 2014, the loan including accrued interest amounted to EUR 50,788 thousand. As of the reporting date, the Management Board believes that the loan is recoverable and has gathered information on the creditworthiness of the borrower. There are currently no indications of credit risk with regard to the loan plus interest. Should the recoverability of the loan be endangered, P&I AG has a special right to call in the loan.

The majority of the financial liabilities used by the Group concern trade payables and non-current financial liabilities. The main purpose of the financial liabilities is to finance the Group's operations. The Group has trade receivables, other receivables, cash and short-term deposits that result directly from its operations. Beyond this, the Group has no current financial assets that can be sold in the 2013/2014 financial year.

The Group operates internationally, whereby it is exposed to market risks on the basis of changes in interest and exchange rates.

CURRENCY RISK

Currency risk is the risk to which the fair value or future cash flow of a financial instrument is exposed because of exchange rate fluctuations.

Overall, the risks of changes in exchange rates are of minor importance to the Group's operations. There is a minor currency risk concerning the Swiss franc.

The currency risk is not hedged, because exchange rate fluctuations do not substantially affect consolidated net income.

The following table shows the sensitivity of a 10 % increase or decrease of the value of the euro against the Swiss franc from the Group's perspective. The sensitivity analysis only includes outstanding monetary items denominated in Swiss francs and adjusts their translation according to a 10 % change in the exchange rate.

EUR thousand	March 31, 2014	March 31, 2013
Net profit for the year	553	447
Equity	708	514

INTEREST RATE AND VALUE RISK

Interest rate or value risk is the risk that the fair value or future cash flow of a financial instrument will change because of changes in market interest rates or prices.

The P&I Group limits interest rate risks, especially when granting loans, by agreeing fixed-interest terms.

Changes in market interest rates for fixed-interest loans recognised at amortised cost therefore have no effect on profit or loss or equity and are therefore not included in the sensitivity analysis. These loans are subject to interest risk at reinvestment. The P&I Group is not subject to any other significant interest rate and value risks.

LIQUIDITY RISK

Liquidity risks arise when current payment obligations cannot be met. The P&I Group's supply of liquidity is secured at all times by liquidity planning focused on a fixed time horizon and available and unused lines of credit.

As of March 31, 2014, the following maturities existed in respect of the Group's financial liabilities:

March 31, 2014	Less than 1 year	1 to 5 years	More than 5 years	Total
EUR thousand				
Other non-current liabilities	0	0	2,778	2,778
Trade payables	2,675	0	0	2,675
Liabilities from profit transfer	24,244	0	0	24,244
Total	**26,919**	**0**	**2,778**	**29,697**

March 31, 2013	Less than 1 year	1 to 5 years	More than 5 years	Total
EUR thousand				
Trade payables	2,552	0	0	2,552
Liabilities from profit transfer	17,563	0	0	17,563
Other current liabilities	1,208	0	0	1,208
Total	**21,323**	**0**	**0**	**21,323**

CREDIT RISK

The P&I Group does not believe it is exposed to any notable credit risk vis-à-vis a single contractual partner with regard to trade receivables. The company controls default risk by demanding advance payments and by obtaining confirmations of transfer from insolvency administrators or credit information in cases where there is a suspicion of default. The Group does not have additional collateral in the form of rights to securities or similar. The maximum credit risk is limited to the carrying amount reported under Note 15. The Group does not have a significant concentration of default risk either with an individual counterparty or with a group of counterparties with similar characteristics. For the Group's other financial assets, cash and cash equivalents and current financial assets available for sale, the maximum credit risk if the counterparty defaults is equal to the carrying amounts of these instruments.

At the instruction of Argon GmbH, the controlling company, a non-collateralised loan was extended to Argon GmbH in the 2011/2012 financial year. In the 2013/2014 financial year, as in the previous year, this loan was set off against the liability from the profit transfer. Due to new loan tranches of EUR 28,686 thousand granted in the 2013/2014 financial year, the loan plus accrued interest amounted to EUR 50,788 thousand (previous year: EUR 38,541 thousand) as of March 31, 2014. The accrued loan interest of EUR 2,692 thousand (previous year: EUR 1,568 thousand) will be paid at final maturity. The Management Board does not currently feel that extending the loan to Argon GmbH increases risk. The Management Board has duly established that it believes that this loan receivable is recoverable.

In connection with the acquisition of shares in Argon GmbH in December 2013, Edge Holding GmbH concluded financing agreements amounting to EUR 210,500 thousand. In January 2014, Argon GmbH entered into these financing agreements as a borrower of EUR 97,840 thousand. As planned, P&I AG and its subsidiaries in Austria and Switzerland were instructed by Argon GmbH to enter into the credit agreements of Edge Holding GmbH and Argon GmbH in the amount of EUR 210,500 thousand in February/March 2014. All movable assets and extensive receivables and rights were assigned to the financing banks as the typical security, and a subordinated obligation to Edge Holding GmbH and Argon GmbH for interest and principal payments was entered into in accordance with an existing liquidity plan. The fair value of this obligation from the free financial guarantee of EUR 2,778 thousand is calculated on the basis of a guarantee commission and recognised under non-current financial liabilities as of March 31, 2014.

Given the current corporate planning of P&I AG, the associated liquidity inflow for Argon GmbH and Edge Holding GmbH, arising from the profit transfer agreement in place between P&I AG and Argon GmbH and Argon GmbH's distribution to Edge Holding GmbH, and the interest and repayment plan for the financing agreement, the Management Board sees no significant risk in entering into these credit agreements and therefore no significant risk of utilisation for the company.

FAIR VALUE

The fair values of financial instruments were calculated on the basis of the available market information on the reporting date. The following table shows the carrying amounts and fair values of financial instruments reported in the consolidated financial statements.

Classification according to IAS 39	Carrying amount		Fair value	
EUR thousand	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Loans and receivables				
Non-current financial assets	50,862	38,541	74,942	39,600
Trade receivables	11,652	10,228	11,652	10,228
Current financial assets	0	5,000	0	5,000
Cash and cash equivalents	44,547	36,886	44,547	36,886
Available-for-sale financial assets				
Mortgage bonds	4,647	4,731	4,647	4,731
Other financial liabilities				
Other non-current liabilities	0	0	0	0
Trade payables	2,675	2,552	2,675	2,552
Liabilities from profit transfer	24,244	17,563	24,244	17,563
Other current liabilities	0	820	0	820
Financial instruments at fair value through profit or loss				
Financial guarantee contract	2,778	388	2,778	388

Due to the predominantly short terms for trade receivables and liabilities, current financial assets and current liabilities, liabilities from profit transfer and cash and cash equivalents, the carrying amounts do not differ significantly from the fair values as of the reporting date.
In the case of non-current financial assets, the fair value is calculated on the basis of an alternative investment with a similar risk structure and conditions observable on the market that yields identical returns.

The measurement of available-for-sale assets at market value resulted in an unrealised expense of EUR 84 thousand (previous year: income of EUR 189 thousand), which entailed an income tax effect of EUR 26 thousand (previous year: EUR -59 thousand) and was recognised directly in equity. There was no realised gain as in the previous year.

FAIR VALUE HIERARCHY

The financial instruments measured at fair value are allocated to the levels of the measurement method as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as a price) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Available-for-sale financial assets are allocated to level 1 and recognised at quoted prices as of March 31, 2014.

Level 2	March 31, 2014	March 31, 2013
EUR thousand		
Non-current financial liabilities (financial guarantee)	2,778	388
Total	**2,778**	**388**

The fair value of non-current financial assets is calculated on the basis of a guarantee commission, the guaranteed interest and an assumed amortisation schedule.

The Group has no financial assets or liabilities that are allocated to level 3.

37. CONSOLIDATED COMPANIES

The following companies were included in the consolidated financial statements:

- P&I Beteiligungs Gesellschaft mbH, Wiesbaden,
- P&I Personal & Informatik Gesellschaft mbH, Vienna, Austria,
- P&I Personal & Informatik AG, Thalwil, Switzerland,
- MIRUS Software AG, Davos, Switzerland,
- P&I Personal & Informatik s.r.o., Bratislava, Slovakia,
- P&I Personeel & Informatica B.V., Amsterdam, Netherlands.

The list of shareholdings with the share of capital held directly or indirectly by P&I Personal & Informatik AG, the net income for the year and the equity of the company as of 31 March 2014 in thousands of euro and according to the financial statements under commercial and national law is as follows:

EUR thousand	Share in capital	Net profit for the year 2013/2014	Equity 2013/2014
Germany			
P&I Beteiligungsgesellschaft mbH, Wiesbaden	100 %	0	34
Outside Germany			
P&I Personal & Informatik AG, Thalwil, Switzerland	100 %	473	2,524
MIRUS Software AG, Davos, Switzerland *)	100 %	1,191	4,411
P&I Personal & Informatik GmbH, Vienna, Austria	100 %	1,015	1,855
P&I Personeel & Informatica B,V,, Amsterdam, NL	100 %	100	919
P&I Personal & Informatik s,r,o,, Bratislava, Slowakei	100 %	72	600

*) Second-tier subsidiary, wholly owned subsidiary of P&I Personal & Informatik AG, Thalwil

38. DECLARATION OF COMPLIANCE

The Management Board and the Supervisory Board issued the declaration of compliance in accordance with section 161 AktG in February 2014. The previous year's declaration was made in December 2012. However, the company has issued a declaration of compliance in every financial year before the next Annual General Meeting was convened. The declaration of compliance has been published on P&I AG's website and can also be requested from the company. P&I AG complies with the recommendations of the Code Commission with the exception of the deductible in D&O insurance, the regulation on resolution majorities for Management Board resolutions, the formation of committees in the Supervisory Board, the composition of the Supervisory Board and the application of criteria regarding the appropriateness of Management Board remuneration.

39. SHARES HELD BY THE COMPANY AND BOARD MEMBERS

As of 31 March 2014, P&I Personal & Informatik AG held 168,873 P&I treasury shares.

Convertible bonds or similar securities according to section 160 (1) no. 5 AktG were not issued by P&I Personal & Informatik AG or other companies as of March 31, 2014.

As of March 31, 2014, the members of the Management Board and Supervisory Board do not hold any P&I shares or options.

40. DISCLOSURES IN ACCORDANCE WITH SECTION 160 (1) NO. 8 AKTG

The company has received the following voting right notifications in accordance with sections 21, 22 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act). The content of these notifications has been reproduced below:

In accordance with section 21(1) WpHG, **Argon GmbH**, Munich, Germany, reported that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) rose above the thresholds of 50 % and 75 % on December 7, 2010 and amounted to 77.33 % of the voting rights (5,954,192 of a total of 7,700,000 voting rights) on this date. 2.30 % of these voting rights (177,248 voting rights) are attributed to Argon GmbH & Co. KG in accordance with section 22(1) sentence 1 no. 1 WpHG from P&I Personal & Informatik Aktiengesellschaft.

In accordance with section 21(1) WpHG, Mr **Daniel Anthony D'Aniello**, USA, notified us on December 27, 2013 that his share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany fell below the thresholds of 75 %, 50 %, 30 %, 25 %, 20 %, 15 %, 10 %, 5 % and 3 % on December 20, 2013 and amounted to 0 % of the voting rights (0 voting rights) on this date.

In accordance with section 21(1) WpHG, Mr **William Elias Conway, Jr.**, USA, notified us on December 27, 2013 that his share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany fell below the thresholds of 75 %, 50 %, 30 %, 25 %, 20 %, 15 %, 10 %, 5 % and 3 % on December 20, 2013 and amounted to 0 % of the voting rights (0 voting rights) on this date.

In accordance with section 21(1) WpHG, Mr **David Mark Rubinstein**, USA, notified us on December 27, 2013 that his share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany fell below the thresholds of 75 %, 50 %, 30 %, 25 %, 20 %, 15 %, 10 %, 5 % and 3 % on December 20, 2013 and amounted to 0 % of the voting rights (0 voting rights) on this date.

In accordance with section 21(1) WpHG, **TCG Carlyle Global Partners, L.L.C.**, Wilmington/Delaware, USA, notified us on December 27, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany fell below the thresholds of 75 %, 50 %, 30 %, 25 %, 20 %, 15 %, 10 %, 5 % and 3 % on December 20, 2013 and amounted to 0 % of the voting rights (0 voting rights) on this date.

In accordance with section 21(1) WpHG, **Carlyle Group Management L.L.C.**, Wilmington/Delaware, USA, notified us on December 27, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany fell below the thresholds of 75 %, 50 %, 30 %, 25 %, 20 %, 15 %, 10 %, 5 % and 3 % on December 20, 2013 and amounted to 0 % of the voting rights (0 voting rights) on this date.

In accordance with section 21(1) WpHG, **The Carlyle Group L.P.**, Wilmington/Delaware, USA, notified us on December 27, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany fell below the thresholds of 75 %, 50 %, 30 %, 25 %, 20 %, 15 %, 10 %, 5 % and 3 % on December 20, 2013 and amounted to 0 % of the voting rights (0 voting rights) on this date.

In accordance with section 21(1) WpHG, **Carlyle Holdings II GP L.L.C.**, Wilmington/Delaware, USA, notified us on December 27, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany fell below the thresholds of 75 %, 50 %, 30 %, 25 %, 20 %, 15 %, 10 %, 5 % and 3 % on December 20, 2013 and amounted to 0 % of the voting rights (0 voting rights) on this date.

In accordance with section 21(1) WpHG, **Carlyle Holdings II, L.P.**, Wilmington/Delaware, USA, notified us on December 27, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany fell below the thresholds of 75 %, 50 %, 30 %, 25 %, 20 %, 15 %, 10 %, 5 % and 3 % on December 20, 2013 and amounted to 0 % of the voting rights (0 voting rights) on this date.

In accordance with section 21(1) WpHG, **TC Group Cayman Investment Holdings, L.P.**, George Town, Grand Cayman, Cayman Islands, notified us on December 27, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany fell below the thresholds of 75 %, 50 %, 30 %, 25 %, 20 %, 15 %, 10 %, 5 % and 3 % on December 20, 2013 and amounted to 0 % of the voting rights (0 voting rights) on this date.
In accordance with section 21(1) WpHG, **TC Group Cayman Investment Holdings Sub, L.P.**, George Town, Grand Cayman, Cayman Islands, notified us on December 27, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany fell below the thresholds of 75 %, 50 %, 30 %, 25 %, 20 %, 15 %, 10 %, 5 % and 3 % on December 20, 2013 and amounted to 0 % of the voting rights (0 voting rights) on this date.

In accordance with section 21(1) WpHG, **CETP II Managing GP Holdings, Ltd.**, George Town, Grand Cayman, Cayman Islands, notified us on December 27, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany fell below the thresholds of 75 %, 50 %, 30 %, 25 %, 20 %, 15 %, 10 %, 5 % and 3 % on December 20, 2013 and amounted to 0 % of the voting rights (0 voting rights) on this date.

In accordance with section 21(1) WpHG, **CETP II Managing GP, L.P.**, George Town, Grand Cayman, Cayman Islands, notified us on December 27, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany fell below the thresholds of 75 %, 50 %, 30 %, 25 %, 20 %, 15 %, 10 %, 5 % and 3 % on December 20, 2013 and amounted to 0 % of the voting rights (0 voting rights) on this date.

In accordance with section 21(1) WpHG, **Carlyle Europe Technology Partners II**, L.P., George Town, Grand Cayman, Cayman Islands, notified us on December 27, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany fell below the thresholds of 75 %, 50 %, 30 %, 25 %, 20 %, 15 %, 10 %, 5 % and 3 % on December 20, 2013 and amounted to 0 % of the voting rights (0 voting rights) on this date.

In accordance with section 21(1) WpHG, **CETP II Participations S.à r.l. SICAR**, Luxembourg, Luxembourg, notified us on December 27, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany fell below the thresholds of 75 %, 50 %, 30 %, 25 %, 20 %, 15 %, 10 %, 5 % and 3 % on December 20, 2013 and amounted to 0 % of the voting rights (0 voting rights) on this date.

In accordance with section 21(1) WpHG, **CETP Investment 1 S.à r.l.**, Luxembourg, Luxembourg, notified us on December 27, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany fell below the thresholds of 75 %, 50 %, 30 %, 25 %, 20 %, 15 %, 10 %, 5 % and 3 % on December 20, 2013 and amounted to 0 % of the voting rights (0 voting rights) on this date.

In accordance with section 21(1) WpHG, **Alderaan Holdco Limited**, London, United Kingdom, notified us on December 20, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany rose above the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % and 75 % on December 20, 2013 and amounted to 91.94 % of the voting rights (7,079,167 voting rights) on this date.
91.94 % of the voting rights (7,079,167 voting rights) are attributed to the company in accordance with section 22(1), sentence 1, no. 1 WpHG via HgCapital 7 General Partner (Guernsey) Limited, HgCapital 7 General Partner L.P. Inc. (Guernsey limited partnership), HGT 7 L.P., HgCapital 7 A L.P., HgCapital 7 B L.P., HgCapital 7 C L.P., HgCapital 7 D L.P., HgCapital 7 E L.P., HgCapital 7 Executive Co-Invest L.P., Edge I Holding S.à r.l., Edge II Holding S.à r.l., Edge Holding GmbH and Argon GmbH.

In accordance with section 21(1) WpHG, **HgCapital 7 General Partner (Guernsey) Limited**, St. Peter Port, Guernsey, notified us on December 20, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany rose above the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % and 75 % on December 20, 2013 and amounted to 91.94 % of the voting rights (7,079,167 voting rights) on this date.
91.94 % of the voting rights (7,079,167 voting rights) are attributed to the company in accordance with section 22(1), sentence 1, no. 1 WpHG via HgCapital 7 General Partner L.P. Inc. (Guernsey limited partnership), HGT 7 L.P., HgCapital 7 A L.P., HgCapital 7 B L.P., HgCapital 7 C L.P., HgCapital 7 D L.P., HgCapital 7 E L.P., HgCapital 7 Executive Co-Invest L.P., Edge I Holding S.à r.l., Edge II Holding S.à r.l., Edge Holding GmbH and Argon GmbH.

In accordance with section 21(1) WpHG, **HgCapital 7 General Partner L.P. Inc.**, St. Peter Port, Guernsey, notified us on December 20, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany rose above the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % and 75 % on December 20, 2013 and amounted to 91.94 % of the voting rights (7,079,167 voting rights) on this date.
91.94 % of the voting rights (7,079,167 voting rights) are attributed to the company in accordance with section 22(1), sentence 1, no. 1 WpHG via HGT 7 L.P., HgCapital 7 A L.P., HgCapital 7 B L.P., HgCapital 7 C L.P., HgCapital 7 D L.P., HgCapital 7 E L.P., HgCapital 7 Executive Co-Invest L.P., Edge I Holding S.à r.l., Edge II Holding S.à r.l., Edge Holding GmbH and Argon GmbH.

In accordance with section 21(1) WpHG, **HgCapital Trust plc**, London, United Kingdom, notified us on December 20, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany rose above the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % and 75 % on December 20, 2013 and amounted to 91.94 % of the voting rights (7,079,167 voting rights) on this date.
91.94 % of the voting rights (7,079,167 voting rights) are attributed to the company in accordance with section 22(1), sentence 1, no. 1 WpHG via HGT 7 L.P., Edge I Holding S.à r.l., Edge II Holding S.à r.l., Edge Holding GmbH and Argon GmbH.

In accordance with section 21(1) WpHG, **HGT 7 L.P.**, St. Peter Port, Guernsey, notified us on December 20, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany rose above the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % and 75 % on December 20, 2013 and amounted to 91.94 % of the voting rights (7,079,167 voting rights) on this date.
91.94 % of the voting rights (7,079,167 voting rights) are attributed to the company in accordance with section 22(1), sentence 1, no. 1 WpHG via Edge I Holding S.à r.l., Edge II Holding S.à r.l., Edge Holding GmbH and Argon GmbH.

In accordance with section 21(1) WpHG, **HgCapital 7 A L.P.**, St. Peter Port, Guernsey, notified us on December 20, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany rose above the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % and 75 % on December 20, 2013 and amounted to 91.94 % of the voting rights (7,079,167 voting rights) on this date.
91.94 % of the voting rights (7,079,167 voting rights) are attributed to the company in accordance with section 22(1), sentence 1, no. 1 WpHG via Edge I Holding S.à r.l., Edge II Holding S.à r.l., Edge Holding GmbH and Argon GmbH.

In accordance with section 21(1) WpHG, **HgCapital 7 B L.P.**, St. Peter Port, Guernsey, notified us on December 20, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany rose above the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % and 75 % on December 20, 2013 and amounted to 91.94 % of the voting rights (7,079,167 voting rights) on this date.
91.94 % of the voting rights (7,079,167 voting rights) are attributed to the company in accordance with section 22(1), sentence 1, no. 1 WpHG via Edge I Holding S.à r.l., Edge II Holding S.à r.l., Edge Holding GmbH and Argon GmbH.

In accordance with section 21(1) WpHG, **HgCapital 7 C L.P.**, St. Peter Port, Guernsey, notified us on December 20, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany rose above the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % and 75 % on December 20, 2013 and amounted to 91.94 % of the voting rights (7,079,167 voting rights) on this date.
91.94 % of the voting rights (7,079,167 voting rights) are attributed to the company in accordance with section 22(1), sentence 1, no. 1 WpHG via Edge I Holding S.à r.l., Edge II Holding S.à r.l., Edge Holding GmbH and Argon GmbH.

In accordance with section 21(1) WpHG, **HgCapital 7 D L.P.**, St. Peter Port, Guernsey, notified us on December 20, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany rose above the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % and 75 % on December 20, 2013 and amounted to 91.94 % of the voting rights (7,079,167 voting rights) on this date.
91.94 % of the voting rights (7,079,167 voting rights) are attributed to the company in accordance with section 22(1), sentence 1, no. 1 WpHG via Edge I Holding S.à r.l., Edge II Holding S.à r.l., Edge Holding GmbH and Argon GmbH.

In accordance with section 21(1) **WpHG, HgCapital 7 E L.P.**, St. Peter Port, Guernsey, notified us on December 20, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany rose above the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % and 75 % on December 20, 2013 and amounted to 91.94 % of the voting rights (7,079,167 voting rights) on this date.
91.94 % of the voting rights (7,079,167 voting rights) are attributed to the company in accordance with section 22(1), sentence 1, no. 1 WpHG via Edge I Holding S.à r.l., Edge II Holding S.à r.l., Edge Holding GmbH and Argon GmbH.

In accordance with section 21(1) WpHG, **HgCapital 7 Executive Co-Invest L.P.**, St. Peter Port, Guernsey, notified us on December 20, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany rose above the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % and 75 % on December 20, 2013 and amounted to 91.94 % of the voting rights (7,079,167 voting rights) on this date.
91.94 % of the voting rights (7,079,167 voting rights) are attributed to the company in accordance with section 22(1), sentence 1, no. 1 WpHG via Edge I Holding S.à r.l., Edge II Holding S.à r.l., Edge Holding GmbH and Argon GmbH.

In accordance with section 21(1) WpHG, **HG Investment Managers Limited**, London, United Kingdom, notified us on December 20, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany rose above the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % and 75 % on December 20, 2013 and amounted to 91.94 % of the voting rights (7,079,167 voting rights) on this date.
91.94 % of the voting rights (7,079,167 voting rights) are attributed to the company in accordance with section 22(1), sentence 1, no. 1 WpHG via Rowan Nominees Limited, Edge I Holding S.à r.l., Edge II Holding S.à r.l., Edge Holding GmbH and Argon GmbH.

In accordance with section 21(1) WpHG, **Rowan Nominees** Limited, London, United Kingdom, notified us on December 20, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany rose above the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % and 75 % on December 20, 2013 and amounted to 91.94 % of the voting rights (7,079,167 voting rights) on this date.
91.94 % of the voting rights (7,079,167 voting rights) are attributed to the company in accordance with section 22(1), sentence 1, no. 1 WpHG via Edge I Holding S.à r.l., Edge II Holding S.à r.l., Edge Holding GmbH and Argon GmbH.

In accordance with section 21(1) WpHG, **Edge I Holding S.à r.l.**, Luxembourg, Luxembourg, notified us on December 20, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany rose above the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % and 75 % on December 20, 2013 and amounted to 91.94 % of the voting rights (7,079,167 voting rights) on this date.
91.94 % of the voting rights (7,079,167 voting rights) are attributed to the company in accordance with section 22(1), sentence 1, no. 1 WpHG via Edge II Holding S.à r.l., Edge Holding GmbH and Argon GmbH.

In accordance with section 21(1) WpHG, **Edge II Holding S.à r.l.**, Luxembourg, Luxembourg, notified us on December 20, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany rose above the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % and 75 % on December 20, 2013 and amounted to 91.94 % of the voting rights (7,079,167 voting rights) on this date.
91.94 % of the voting rights (7,079,167 voting rights) are attributed to the company in accordance with section 22(1), sentence 1, no. 1 WpHG via Edge Holding GmbH and Argon GmbH.

In accordance with section 21(1) WpHG, **Edge Holding GmbH**, Frankfurt am Main, Germany, notified us on December 20, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany rose above the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % and 75 % on December 20, 2013 and amounted to 91.94 % of the voting rights (7,079,167 voting rights) on this date.
91.94 % of the voting rights (7,079,167 voting rights) are attributed to the company in accordance with section 22(1), sentence 1, no. 1 WpHG via Argon GmbH.

In accordance with section 21(1) WpHG, **HgCapital LLP**, London, United Kingdom, notified us on December 23, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany rose above the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % and 75 % on December 23, 2013 and amounted to 91.94 % of the voting rights (7,079,167 voting rights) on this date.
91.94 % of the voting rights (7,079,167 voting rights) are attributed to the company in accordance with section 22(1), sentence 1, no. 1 WpHG via HgCapital 5 General Partner (Guernsey) Limited, HgCapital 5 General Partner L.P., HGT L.P., Edge I Holding S.à r.l., Edge II Holding S.à r.l., Edge Holding GmbH and Argon GmbH.

In accordance with section 21(1) WpHG, **HgCapital 5 General Partner (Guernsey) Limited**, St. Peter Port, Guernsey, notified us on December 23, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany rose above the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % and 75 % on December 23, 2013 and amounted to 91.94 % of the voting rights (7,079,167 voting rights) on this date.
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In accordance with section 21(1) WpHG, **HgCapital 5 General Partner L.P.**, St. Peter Port, Guernsey, notified us on December 23, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany rose above the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % and 75 % on December 23, 2013 and amounted to 91.94 % of the voting rights (7,079,167 voting rights) on this date.
91.94 % of the voting rights (7,079,167 voting rights) are attributed to the company in accordance with section 22(1), sentence 1, no. 1 WpHG via HGT L.P., Edge I Holding S.à r.l., Edge II Holding S.à r.l., Edge Holding GmbH and Argon GmbH.

In accordance with section 21(1) WpHG, **HGT L.P.**, St. Peter Port, Guernsey, notified us on December 23, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany rose above the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % and 75 % on December 23, 2013 and amounted to 91.94 % of the voting rights (7,079,167 voting rights) on this date.
91.94 % of the voting rights (7,079,167 voting rights) are attributed to the company in accordance with section 22(1), sentence 1, no. 1 WpHG via Edge I Holding S.à r.l., Edge II Holding S.à r.l., Edge Holding GmbH and Argon GmbH.

In accordance with section 21(1) WpHG, **HgCapital Edge Co-Invest L.P.**, St. Peter Port, Guernsey, notified us on December 23, 2013 that its share of the voting rights in P&I Personal & Informatik AG, Wiesbaden, Germany rose above the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % and 75 % on December 23, 2013 and amounted to 91.94 % of the voting rights (7,079,167 voting rights) on this date.
91.94 % of the voting rights (7,079,167 voting rights) are attributed to the company in accordance with section 22(1), sentence 1, no. 1 WpHG via Edge I Holding S.à r.l., Edge II Holding S.à r.l., Edge Holding GmbH and Argon GmbH.

41. EVENTS AFTER THE REPORTING DATE

327a(1), sentence 1 AktG to P&I AG, asking it to take all measures necessary to allow the Annual General Meeting to pass a resolution calling for the transfer of shares held by the other shareholders (minority shareholders) to Argon GmbH as the principal shareholder in return for adequate cash compensation (known as a squeeze out under stock corporation law). Argon GmbH has a stake of more than 95% of the share capital of P&I Personal & Informatik AG and is therefore its principal shareholder as defined by section 327a(1) sentence 1 AktG. The transfer resolution is expected to be passed at the next Annual General Meeting of P&I Personal & Informatik AG.

Once the preparation of the consolidated financial statements is complete on May 26, 2014 and the audit of the consolidated financial statements is complete on May 27, 2014, the consolidated financial statements will be presented to the Supervisory Board, which will decide whether to approve them at its accounts meeting on May 27, 2014.

Wiesbaden, May 26, 2014

Vasilios Triadis

Martin C. de Groot

DEVELOPMENT OF FIXED ASSETS

	Cost					
	April 1, 2013	Changes in consolidated group	Additions	Disposals	Reclassi-fication	March 31, 2014
EUR thousand						
Intangible assets						
Customer base	23,682	-4	0	0	0	23,678
Goodwill	4,589	0	0	0	0	4,589
Other intangible assets	6,504	-2	97	5	0	6,594
Total intangible assets	**34,775**	**-6**	**97**	**5**	**0**	**34,861**
Property, plant and equipment						
Leasehold improvements	113	0	0	34	0	79
Operating and office equipment	1,525	0	313	215	69	1,692
IT systems	2,601	0	531	216	-69	2,847
Total property, plant and equipment	**4,239**	**0**	**844**	**465**	**0**	**4,618**
Total	**39,014**	**-6**	**941**	**470**	**0**	**39,479**

APRIL 1, 2013 TO MARCH 31, 2014

Accumulated amortisation/depreciation					Carrying amounts	
April 1, 2013	Additions	Disposals	Reclassi-fication	March 31, 2014	March 31, 2014	March 31, 2013
17,622	946	0	0	18,568	5,110	6,060
685	0	0	0	685	3,904	3,904
4,948	537	5	0	5,480	1,114	1,556
23,255	**1,483**	**5**	**0**	**24,733**	**10,128**	**11,520**
92	6	29	0	69	10	21
983	264	206	32	1,073	619	542
1,876	487	213	-32	2,118	729	725
2,951	**757**	**448**	**0**	**3,260**	**1,358**	**1,288**
26,206	**2,240**	**453**	**0**	**27,993**	**11,486**	**12,808**

DEVELOPMENT OF FIXED ASSETS

	Cost					
	April 1, 2012	Changes in consolidated group	Additions	Disposals	Reclassi-fication	March 31, 2013
EUR thousand						
Intangible assets						
Customer base	23,725	-43	0	0	0	23,682
Goodwill	4,623	-34	0	0	0	4,589
Other intangible assets	7,487	-12	337	1,308	0	6,504
Total intangible assets	**35,835**	**-89**	**337**	**1,308**	**0**	**34,775**
Property, plant and equipment						
Leasehold improvements	114	0	0	1	0	113
Operating and office equipment	1,614	0	263	352	0	1,525
IT systems	2,398	0	454	251	0	2,601
Total property, plant and equipment	**4,126**	**0**	**717**	**604**	**0**	**4,239**
Total	**39,961**	**-89**	**1,054**	**1,912**	**0**	**39,014**

APRIL 1, 2012 TO MARCH 31, 2013

	Accumulated amortisation/depreciation					Carrying amounts	
	April 1, 2012	Additions	Disposals	Reclassi-fication	March 31, 2013	March 31, 2013	March 31, 2012
	16,435	1,187	0	0	17,622	6,060	7,290
	685	0	0	0	685	3,904	3,938
	5,612	622	1,286	0	4,948	1,556	1,875
	22,732	**1,809**	**1,286**	**0**	**23,255**	**11,520**	**13,103**
	84	9	1	0	92	21	30
	1,001	276	294	0	983	542	613
	1,651	471	246	0	1,876	725	747
	2,736	**756**	**541**	**0**	**2,951**	**1,288**	**1,390**
	25,468	**2,565**	**1,827**	**0**	**26,206**	**12,808**	**14,493**

AFFIRMATION BY THE LEGAL REPRESENTATIVES

"To the best of our knowledge, we affirm that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the applicable accounting principles, and that the Group management report, which has been combined with the parent company's management report, presents a true and fair view of the development and performance of the business and the situation of the Group and describes the principal opportunities and risks associated with the anticipated development of the Group."

Wiesbaden, May 26, 2014

P&I Personal & Informatik AG

Vasilios Triadis

Martin de Groot

AUDITORS' REPORT

We audited the consolidated financial statements compiled by P&I Personal & Informatik Aktienge-sellschaft, Wiesbaden – comprising the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, notes to the consolidated finan-cial statements, consolidated cash flow statement and the consolidated statement of changes in equity – and the Group management report, which is combined with the parent company's management re-port, for the financial year from April 1, 2013 to March 31, 2014. The preparation of the consolidated financial statements and Group management report in accordance with the International Financial Re-porting Standards (IFRS) as adopted by the EU and the additional requirements of German commer-cial law pursuant to Section 315a (1) of the German Commercial Code (HGB) is the responsibility of the company's Management Board. Our task is to express an opinion of the consolidated financial statements and the Group management report based on our audit.

We performed our audit of the consolidated financial statements in accordance with Section 317 HGB, observing the German standards for the audit of financial statements defined by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany). According to these standards, the audit must be planned and performed in such a manner that any inaccuracies and violations that have a ma-terial impact on the presentation of the view of the net assets, financial position and results of opera-tions conveyed by the consolidated financial statements prepared in accordance with the applicable accounting requirements and by the Group management report can be identified with a sufficient de-gree of certainty. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible errors are taken into account in the determination of audit pro-cedures. During the audit, the effectiveness of the company's accounting-related internal control sys-tem and supporting evidence for the disclosures in the consolidated financial statements and Group management report are assessed mainly on the basis of random sampling. The audit includes an assessment of the annual financial statements of the companies included in the consolidated financial statements, the definition of the consolidated group, the accounting and consolidation principles ap-plied and the major estimates made by the Management Board as well as an appraisal of the overall presentation of the consolidated financial statements and the Group management report. We are of the opinion that our audit provides a sufficiently reliable basis for our assessment.

Our audit has not resulted in any objections.

According to our assessment, based on the knowledge gained during the audit, the consolidated finan-cial statements of P&I Personal & Informatik Aktiengesellschaft, Wiesbaden, comply with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315a (1) HGB and give a true and fair view of the net assets, financial position and results of opera-tions of the Group in accordance with these requirements. The Group management report combined with the management report of the parent company is consistent with the consolidated financial state-ments, presents an accurate picture of the situation of the Group and accurately represents the oppor-tunities and risks of future development.

Frankfurt am Main, 27 May 2014

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Dr Buhleier) (Botsch)
Auditor Auditor

04/ AG FINANCIAL STATEMENTS

INCOME STATEMENT

INCOME STATEMENT APRIL 1, 2013 - MARCH 31, 2014	2013/2014	2012/2013
EUR thousand		
Revenue	78,036	66,335
Increase (+)/decrease (-) in work in progress	-386	1,140
Other operating income	287	188
Cost of materials		
a) Cost of raw materials, consumables and supplies, and of purchased merchandise	-2,207	-1,945
b) Cost of purchased services	-8,061	-7,003
Personnel expenses		
a) Wages and salaries	-26,942	-23,902
b) Social security costs	-2,928	-2,719
Amortisation and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets	-1,214	-1,483
Other operating expenses	-11,430	-10,617
Income from equity investments - of which from affiliated companies: EUR 5,500 thousand (previous year: EUR 0 thousand)	5,500	0
Income from other securities and long-term loans - of which from long-term investments: EUR 155 thousand (previous year: EUR 155 thousand) - of which from affiliated companies: EUR 1,242 thousand (previous year: EUR 1,124 thousand)	1,397	1,279
Other interest and similar income	73	136
Interest and similar expenses - of which interest costs on provisions: EUR 0 thousand (previous year: EUR 12 thousand)	0	-16
Result from ordinary activities	**32,125**	**21,393**
Taxes on income - of which income from deferred taxes: EUR 99 thousand (previous year: EUR 271 thousand)	-7,881	-3,827
Other taxes	0	-3
Profit transferred on the basis of a profit transfer agreement	-24,244	-17,563
Net income	**0**	**0**
Retained profits brought forward	19,246	19,246
Withdrawal from capital reserves	0	0
Withdrawal from other revenue reserves	0	0
Appropriation to other revenue reserves	0	0
Net retained profits	**19,246**	**19,246**

BALANCE SHEET AS AT MARCH 31, 2014

	March 31, 2014	March 31, 2013
EUR thousand		
Assets		
Fixed Assets		
Intangible Assets		
Purchased software	223	382
Purchases customer bases	1,407	1,752
	1,630	**2,134**
Tangible assets		
Operating and office equipment	1,061	1,052
Leasehold improvements	9	12
	1,070	**1,064**
Long-term financial assets		
Shares in affiliated companies	1,934	1,934
Loans to affiliated companies	56,096	43,849
Long-term investments	4,447	4,447
	62,477	**50,230**
Fixed assets	**65,177**	**53,428**
Current assets		
Inventories		
Services in progress	2,987	3,373
Merchandise	161	129
	3,148	**3,502**
Receivables and other assets		
Trade receivables	7,261	6,958
Receivables from affiliated companies	957	599
Other assets	674	473
	8,892	**8,030**
Cash-in-hand and bank balances	**30,533**	**25,126**
Current assets	**42,573**	**36,658**
Prepaid expenses	**1,133**	**1,186**
Excess of plan assets post employment benefit liability	**6**	**59**
	108,889	**91,331**

	March 31, 2014	March 31, 2013
EUR thousand		
Equity and liabilities		
Equity		
Subscribed capital	**7,700**	**7,700**
Notional value of own shares	-169	-169
Issued capital	**7,531**	**7,531**
Capital reserves	**909**	**909**
Revenue reserves		
Legal reserve	2	2
Other revenue reserves	87	87
Net retained profits	**19,246**	**19,246**
Equity	**27,775**	**27,775**
Provisions		
Provisions for taxes	302	237
Other provisions	11,235	8,833
Provisions	**11,537**	**9,070**
Liabilities		
Payments received on account of orders of which with a remaining term of up to one year: EUR 14,461 thousand (previous year: EUR 13,821 thousand)	14,461	13,821
Trade payables of which with a remaining term of up to one year: EUR 495 thousand (previous year: EUR 962 thousand)	495	962
Liabilities to affiliated companies of which with a remaining term of up to one year: EUR 30,424 thousand (previous year: EUR 18,581 thousand)	30,424	18,581
Other liabilities of which with a remaining term of up to one year: EUR 1,260 thousand (previous year: EUR 959 thousand) of which taxes: EUR 1,255 thousand (previous year: EUR 916 thousand) of which social security: EUR 2 thousand (previous year: EUR 2 thousand)	1,260	959
Liabilities	**46,640**	**34,323**
Deferred income	**22,555**	**19,682**
Deferred tax liabilities	**382**	**481**
	108,889	**91,331**

FINANCIAL CALENDAR

August 14, 2014	Publication of the Quarterly-Report 2014/2015
September 2, 2014	Shareholders' meeting 2014

IMPRESSUM

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