P&I

Annual Report

2011/2012

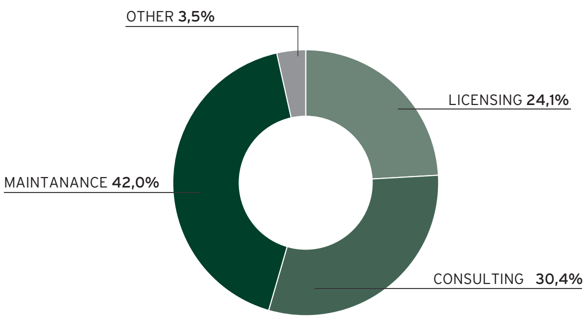
P&I Personal & Informatik AG

THE P&I GROUP IN FIGURES

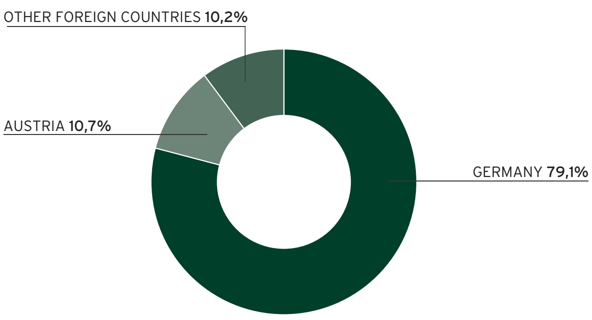
KEY FIGURES	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
million euros / verified					
Group sales	59.4	59.0	63.3	69.1	70.6
Earnings before depreciation (EBITDA)	17.5	15.4	18.1	17.7	21.1
Earnings before interest and taxes (EBIT)	13.1	13.1	15.3	15.4	18.1
Group result (DVFA/SG)	9.6	9.0	10.9	10.9	15.9
Number of employees (average)	286	306	334	333	331
Earnings per share (DVFA/SG)	€ 1.25	€ 1.17	€ 1.45	€ 1.44	€ 2.12

SALES / SEGMENTS AND COUNTRIES

Fiscal year 2011/2012: 70.6 Mio. Euros



Fiscal year 2011/2012: 70.6 Mio. Euros



FINANCIAL SITUATION, PROFITABILITY AND PRODUCTIVITY

KEY FIGURES TO DVFA/SG	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Equity ratio	49.7 %	48.9 %	46.7 %	45.0 %	33.2 %
EBIT margin	22.0 %	22.2 %	24.2 %	22.3 %	25.7 %
Return on sales	16.2 %	15.2 %	17.2 %	15.7 %	22.6 %
Performance per employee ('000 euro)	207.7	192.9	189.5	207.5	213.3
EBIT per employee ('000 euro)	45.7	42.8	45.9	46.4	54.8

OUR OBJECTIVE IS TO BE THE BEST SERVICE PROVIDER IN THE HR SECTOR. WITH ENTHUSIASTIC CUSTOMERS - AND AS AN EXCELLENT SUPPLIER. WE HAVE EVERYTHING NEEDED TO ACHIEVE THOSE GOALS: NEW EMERGING MARKETS AS A RESULT OF THE SHIFT OF IT TOWARDS CLOUD COMPUTING, A VALUABLE PORTFOLIO OF SOLUTIONS THAT HAS GROWN ORGANICALLY, FASCINATED AND FASCINATING EMPLOYEES, TRUE PASSION, SURE INSTINCTS FOR MARKETS AND NEEDS AS WELL AS A SOLID FINANCIAL FOUNDATION. WE HAVE A CLEAR GOAL: MAKING P&I LOGA SYNONYMOUS WITH HR SOFTWARE.

WE BELIEVE IN THIS IDEA.

4,7 Mio. Payslips

16.000 end customers

direct customers 3.900

turnover in business year 11/12 70,6 Mio.

383 employees

15 locations

Wiesbaden
Berlin

Hamburg
Iserlohn

Zweibrücken
Höxter

Wien (A)
Steyer (A)

Bratislava (SK)
Žilina (SK)

Horgen (CH)
Davos (CH)

Lausanne (CH)
Carouge Acacias (CH)

Amsterdam (NL)

MAGNETIC ATTRACTION – BEST SOLUTIONS FOR EUROPE'S MOST MODERN TRADE FAIR

Trade fair and congress organisers operate in a highly dynamic environment. The cyclical occurrence of peak workloads necessitates a large measure of commitment and flexibility in the provision of services. The trade fair company Messe Stuttgart is banking on the all-inclusive portfolio of P&I AG in conjunction with further development of its personnel department from a service centre into a business partner. Messe Stuttgart is investing the valuable time gained by streamlining and optimising administrative HR processes in its core function – the organisation and implementation of international trade fairs and events.


Messe Stuttgart
Messe Stuttgart

› Roughly 20,000 exhibitors, 21 percent of them from foreign countries, 1.3 million visitors and 65 events every year: That is the current success record of Messe Stuttgart at the Stuttgart location alone, where the company opens its gates at Europe's most modern trade fair and congress centre under the motto of "In the middle of the marketplace". The building complex has won several prizes for its architecture: it is located only a three-minute walk away from Stuttgart Airport, thus offering optimal transportation conditions for arriving and departing visitors. With a hall rental frequency factor rate of 14 in the year 2010, the Stuttgart Trade Fair Centre is one of the facilities of this type in Germany with the best capacity utilisation.

Web 2.0 at Messe Stuttgart

But Messe Stuttgart does not only attract attention because of its architecture and infrastructure. It banks on state-of-the-art solutions and in the process it exploits the wide diversity of developments in the area of mobile devices and Web 2.0. For example, iPhone users can view all of the events on their iPhone with the aid of a new application and obtain navigation plans for visits to exhibition stands during the trade fair. In addition, appointments with exhibitors can be arranged and contact information can be exchanged. Messe Stuttgart also wants to make use of the new technology for its access system: in future, it will be possible to save the admission ticket digitally on a smart phone, thus making paperless access to events possible.

Today the range of media offered is more extensive than ever before, and every new media addition triggers changes in the user behaviour of consumers. It is quite natural for a change in media behaviour to have an impact on the trade fair sector. "Communication has become more rapid and more intensive. Exhibitors and visitors conduct a dialogue with us online. Interest groups are formed for almost every conceivable thematic area. Multipliers reach many thousands of recipients via the touch of a button. Mobile apps and social media necessitate rethinking of communication strategy and offering media-compatible options," explains Peter Stumpp, who holds a general

commercial power of attorney, and is Divisional Head Finance & Personnel.

Nevertheless, virtual reality is no substitute for "on-site contacts", i.e. direct exchanges between exhibitors and visitors, just as chats will never supplant in-person communication between people. Even in the future, a trade fair event will be the best way for an exhibitor to meet his customers and the decision makers, which is really the crucial aspect.

Winning over staff through creativity

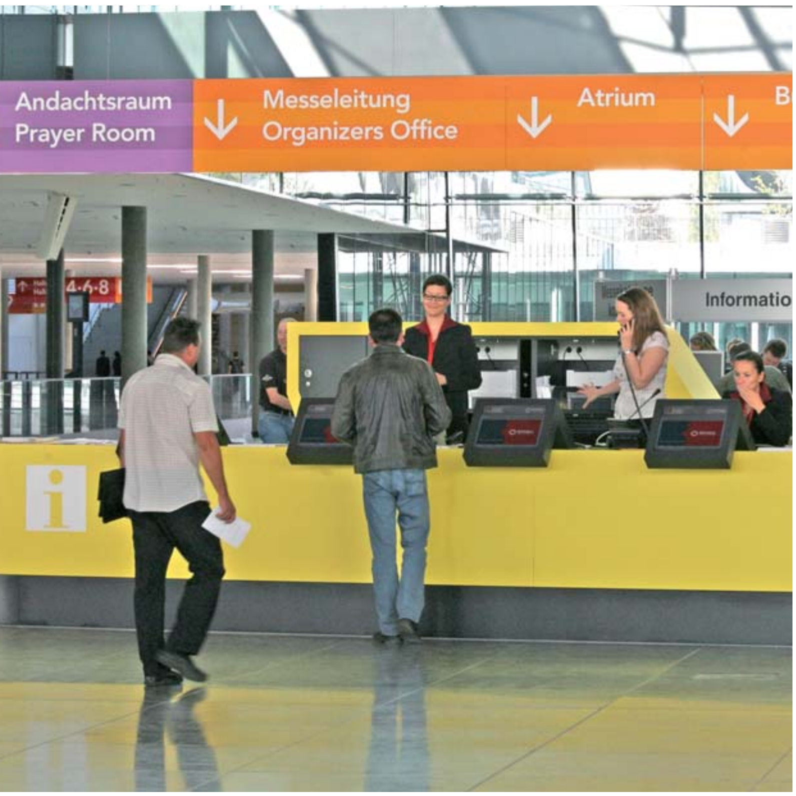
Even in the present age of internet marketing and online ordering processes, trade fairs are still regarded as an industry with a high level of attraction. In addition, within the region the trade fair company Messe Stuttgart is strongly perceived as an attractive employer. So the company does not have any problems finding suitable employees. It also addresses potential junior staff at an early stage and heightens awareness by means of targeted measures such as marketing at universities or traineeships. Furthermore, Messe Stuttgart also offers attractive professional opportunities following school such as vocational training as a commercial employee for the event sector and the study programme in trade fair, event and congress management at the Baden-Württemberg University of Co-operative Education.

In spite of its successful and sustainable personnel marketing, Messe Stuttgart also devotes attention to the issue of demographic change and the related trend towards declining numbers of skilled personnel. "As an HR department, we want to be well-prepared. We see the growing need to present the company to our relevant target groups as an attractive employer," explains Verena Arnold, Personnel Officer and Project Manager for the introduction of P&I LOGA at Messe Stuttgart. Making fast decisions when selecting personnel is indispensable. "Besides our online applicant management, we approach potential employees via social media channels such as Xing in order to mobilise candidates with a latent willingness to make a change as well as to maintain a closely knit network with former colleagues. Qualified personnel is becoming a scarce and therefore valuable asset to an increasing extent. That is why we are confronted with the challenge of being faster than the competition with the aid of creative concepts, and we constantly make use of

new strategic HR management themes and tools in order to be able to exploit plentiful resources in the future as well," emphasises Arnold.

Promoting the individuality of each single person

The significance of personnel development has grown considerably within the company. "Increasingly, the workplace is becoming a combined place of learning and working. We support our staff with regard to professional advancement through our comprehensive personnel development programme, which foresees supplementary training measures for individuals as well as for specific target groups. The topic of personnel development is already an established element of discussions during initial job interviews with our future employees. At Messe Stuttgart, the first personnel development measures are already agreed upon as binding on commencement of the employment relationship," says Peter Stumpp.



"Furthermore, we make use of modern tools for communication between employees and managers with the aim of comprehensively encouraging and promoting our staff. In the course of regular appraisal interviews, we promote and demand top-down communication from the senior manager to the employee as well as bottom-up communication through recurrent assessments of superiors by employees."

In addition, Messe Stuttgart attaches a great deal of importance to the development of senior management personnel. Special development programmes for future and existing senior managers, individual situation analysis, individually customised personnel development plans and specially designed senior manager networks form the foundations of modern management culture at Messe Stuttgart.

Success with the aid of strong tools

Since 2010 Messe Stuttgart has been working with the integrated HR software solution of P&I, which replaced the previous SAP system. "In the course of an extensive selection process we decided in favour of P&I because we perceived a substantial improvement for our HR management structures and processes, particularly in the workflow-related modules of the employee and management self-services option. It was a conscious decision in favour of a wide-spread and well-established system that can be tailored to our needs because of its modular and integrated structure," explains Stumpp. In addition to payroll as the basis, the main focus areas of application are personnel cost planning as an important division-internal control instrument and online applicant management for fast and modern recruitment of new staff. In addition, Messe Stuttgart is currently introducing the HR Control Centre with the aim of analysing a huge variety of key personnel and corporate figures on one platform in a management-compatible manner – for example turnover, results, exhibitors or visitor figures for individual events at Messe Stuttgart. "The content displayed depends on the respective hierarchy level of the manager and is processed differently for each target group," explains the divisional head. Many of the other HR management modules, such as the Navigator, the Position Plan or Seminar Management as well as Time Management, are already being utilised or are in the implementation phase.

Highest possible level of flexibility

Due to the various events, Messe Stuttgart is characterised by temporary peak periods and the resulting burdens on its staff. Because of those circumstances, designing working hours requires a large measure of flexibility. Therefore, the company offers its employees extremely adjustable working conditions by means of a adaptable flexitime model that stipulates a time frame from 6:00 a.m. to 8:30 p.m.. The employee himself is responsible for the flexitime account. The employee accumulates overtime hours during the peak phases before and during implementation of his trade fair and – on his own responsibility – he then uses up the hours worked in excess of his individual target time during the trade fair free months by compensating overtime with time off on a whole day or hourly basis. Various part-time models, on-call-as-needed employment relationships where the monthly working hours are based on the event-related need for work performance or on-call duty periods round off the range of options offered by the Stuttgart trade fair company. "We are also observing the evolution of society towards more and more flexible working time models in increased numbers of requests for sabbaticals, year-based working time models or home office arrangements," says Verena Arnold.

Streamlined processes through web portal

Time recording checking by the employee can be realised completely via the HCM web portal. In this respect, all employees have individual access to their own time account and can view their time log autonomously, supplement time postings as well as submit applications for absences such as holidays or business trips. Furthermore, Time Management in the web-based portal makes it possible to access the view of attendance and absence times in the calendar. "Generally speaking, we use the employee and manager portal to optimise HR-relevant workflows. These can be found primarily in the absence management section of applications for holidays and flexitime, applications for seminars or business trips, as well as account settlement for the latter or corrections of individual Time Management postings. The web portal creates more transparency for the employee as well as for the manager. Both the employee and the manager can obtain information about vacation and time data with to-the-day accuracy at the touch of a button. As an overreaching information system for senior managers and the executive management, the HR Control Centre offers additional transparency," explains the personnel officer. Internal information flows into the desired channels in bundled form and through defined workflows. "The IT system is making us viable for the future in this area. Processes and applications of all types are condensed and streamlined perceptibly through automation and optimisation."

Concrete optimisation a success

The self-service option results in more open communication and ensures digital transparency. All of the data entered in the portal are immediately visible as a change in P&I LOGA without any time delay and have a direct effect on time management, payroll accounting and vacation or leave entitlements. The processes of the various modules, such as Travel Management, Seminar Management or Personnel Development as well as Work Time Management, are integrated into the web portal via workflows in a standardised fashion. Consequently, errors and omitting to transfer information can be avoided, and all data are plausibility checked individually prior to posting. "Today we are noticing perceptible optimisation of processes throughout the entire company," states Arnold in conclusion.

A company like the Austrian ISOVOLTA Group feels the increasing speed of technological developments very strongly. As a manufacturer of electrical insulation materials, laminates and composite materials, ISOVOLTA is particularly dependent on the availability of raw materials. The company works effectively with the HR suite of P&I to enable it to react rapidly to market fluctuations and altered circumstances. That creates valuable time corridors for strategic HR management. The objective in this regard is optimum exploitation of existing personnel potential.

Thinking further.
Shaping the future

› In the area of electrical insulation materials, laminates and composites, the ISOVOLTA Group makes a contribution towards ensuring that conventional and alternative energies will be useable in the long-term. The motivation is to make daily life easier with the aid of modern technologies, as well as safeguarding and shaping it. The product portfolio of the company is based on comprehensive know-how relating to synthesis and transformation of raw materials into innovative materials. The two business fields of ISOVOLTA are the Energy and Composite Materials divisions. On the one hand, that means insulation materials for rotating electrical machines on the basis of the mineral raw material of mica, flexible laminates and coated materials, various resins and varnishes as well as high-quality high-pressure laminate materials. Those materials are used in wind power generators, for example, as laminates in aircraft passenger cabins, as mechanical components for the automotive industry or as insulation materials for high-voltage motors.

ISOVOLTA employs almost 1,700 people worldwide, 440 of them in Austria. The company's headquarters is located in Wiener Neudorf. ISOVOLTA is part of Constantia Industries AG, an Austrian private company with an international orientation.

Innovation is the driving force

The dynamics and speed of society also makes itself felt at ISOVOLTA as a large international company. With production and sales locations in the USA, Mexico, Japan, India, China and European countries, the Austrian company reacts to market fluctuations constantly. Furthermore, the speed of innovative new developments is picking up - particularly in technical areas. The underlying raw materials also play a decisive role for the success of the company. Regular access to relevant raw materials is essential when processing company-own technologies. Fluctuating market developments constitute a special challenge in this respect. “For example, we manufacture products for the aviation industry. The pressure to constantly deliver the best quality is ultimately passed on to all areas internally. That primarily applies to logistics, quality management, work scheduling, research & development, sales and purchasing, as well as to the service departments IT, Finance and Human Resources,“ explains Monika Etzel, Vice President Human Resources at ISOVOLTA.

Speed is greatest asset

ISOVOLTA operates a joint venture in Japan. “During the nuclear catastrophe in March 2011, many of our customers did not want to accept any products from Japan because of fears they might be radioactive,” says Monika Etzel. ISOVOLTA reacted quickly and procured its own devices in order to check the containers from Japan for radioactivity – and also to protect its own employees. But above all, the company had to switch over production at short notice. During that period ISOVOLTA obtained many raw materials from other suppliers. In some cases, they could not be stored in the usual way. “We as the HR department became involved in order to plan for additional shifts in the production area on the one hand or - in case it was necessary to wind down production – to deploy that staff at other locations,” explains Monika Etzel. “Depending on the requirements, for example, staff in the quality inspection area can be reinforced quickly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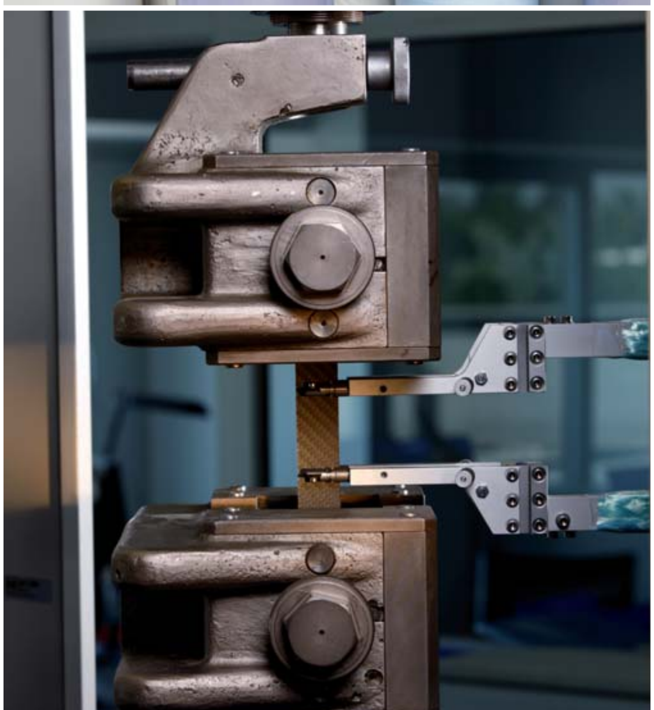


and flexibly or can be shifted there from a certain area." Some time ago, a kind of "plant driving licence" was introduced internally at ISOVOLTA so an employee has the possibility of obtaining training for several of the high-tech machines and can thus be deployed flexibly according to what is needed.

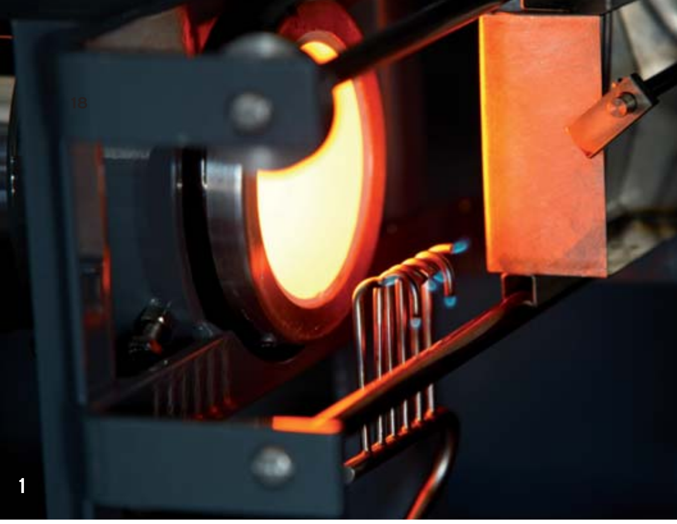
Time for optimisation

The web-based employee and manager portal P&I HCM is currently being introduced at ISOVOLTA to enable it to react precisely and rapidly when personnel reshuffling is necessary at

1 Complex impregnating machines

2 Best insulation materials

3 Processes and technologies are being upgraded constantly



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1 Latest technology at all production locations

2 Best products through specialist competence

short notice in the future. The company has already been a customer of P&I for many years and utilises all of the modules of the sophisticated software. However, the introduction of the web portal had to be postponed repeatedly for internal reasons. "By implementing P&I HCM we are pursuing one great objective above all: Through the resulting automation in many areas, we will procure valuable time for ourselves that we would like to use in order to further optimise our strategic personnel management and our deployment of P&I LOGA," explains HR Manager Monika Etzel..

Concentrating on internal knowledge

Human capital, i.e. every single employee, is already a top priority in the corporate guidelines. That guideline is also put into practice in Wiener Neudorf. "We attach great importance to our vocational and supplementary training and in that respect we have introduced a so-called "Performance Culture". That means that we deploy specific supplementary training for every employee in order to exploit existing and newly acquired know-how in a targeted manner," explains Monika Etzel. The programme includes an employee assessment as well as strategic personnel planning. The objective in this context is individually tailored development of every single employee and investment in his or her strengths. "Personnel development has a high priority within our corporate group and we put it into practice actively," affirms Monika Etzel. The P&I LOGA modules Applicant Management and Seminar Management constitute an essential part of personnel development at ISOVOLTA.

The addition of HCM will make life significantly easier for the company in the area of administration. In the future, employees will be able to independently register online for the desired seminars. Additional information about individual seminars is also saved in HCM as needed. However, in-person consulting discussions should not be dispensed with in the case of seminars relating to specialist topics, for example a licence for purchasing toxic substances, shift foreman training, a forklift operation course or a seminar on personnel management.

Online towards the future

By introducing the web-based employee and manager portal, ISOVOLTA is purposefully moving with the times and taking a step towards the digital future. Monika Etzel: "Using the internet is a matter of course in our society today. Many young people work in our corporate group, and they demonstrate the necessity of modern workflows to us quite vividly." The company expects to achieve general cost savings in the HR area, predominantly by simplifying administration and the flow of information. The web portal will evolve into an internal platform containing useful information, for example the menu plan, ISOVOLTA News, which appears quarterly, the organisational chart of the corporate group and the like.

Integration par excellence

Access to the web portal will be set up for all employees. Initially, the portal is scheduled to start with white collar employees in the administrative area. Then after several test months, employees in the production area will follow. "By introducing all HCM modules – whether travel management or application and approval management – we would like to achieve one thing above all: time savings. The solution gives us the option of reacting substantially faster to employee needs and of entrusting our employees with independent responsibility to an appropriate extent," explains the Human Resources manager. Switching time management over to P&I LOGA will also procure the company all of the advantages of an integrated solution based on one database. In the future, vacation days and travel expenses will be incorporated into time management directly, the time logs of employees will be available immediately and the various time models will be saved in P&I LOGA. Furthermore, the intention is to make a huge variety of standard reports possible for senior managers so that the burden on the HR department will be relieved in that area as well.

In the future ISOVOLTA will primarily invest capacities that become free in the expansion of advisory service, strategic personnel planning as well as management of long-term supplementary training measures.

"P&I LOGA is a very extensive programme with customer-specific functionalities. Because it is easy to operate, I can control the system entirely on my own and require very little

Laminate compression

external support. In the event of problems – or times like now in the middle of projects – we work very closely and efficiently together with the consultants at P&I," says Monika Etzel. ■

Headquarter ISOVOLTA in Wiener Neudorf

"P&I LOGA is a very extensive programme with customer-specific functionalities. Because it is easy to operate, I can control the system entirely on my own and require very little external support. In the event of problems – or times like now in the middle of projects – we work very closely and efficiently together with the consultants at P&I."

Monika Etzel, Vice President HR

On track to becoming No. 1 and outsmarting demographics

According to a study by the German economic research institute Prognos, physicians in Germany will not have any problems finding jobs in the coming years. Their profession is one of the Top 10 most popular professions overall. Qualified physicians are becoming scarce — primarily for age-related reasons. What is the situation like in Switzerland?

P&I talked to Dietmar Michlig, General Director, and Gilbert Briand, HR Director of the Valais Hospital Group, about the health care sector in Switzerland, recruiting and retaining qualified medical staff and about the path towards becoming a specialist hospital group that is well-known even beyond national borders.

› Valais is a charming, French and German speaking canton in the southwestern part of Switzerland - and the country's largest as far as area is concerned. The canton is entirely within the Alpine region and can boast of the incredible total of 47 mountains four thousand metres or higher as well as the longest glacier in the Alps. The canton is often called the "sun parlour of Switzerland". The Valais Hospital Group has established itself as the largest employer in the heart of this idyllic mountain region. The Valais Hospital Group, which also uses the name Gesundheitsnetz Wallis (GNW), i.e. Valais Health Network, was created in 2004 as a result of a merger of all publicly owned hospitals as well as the Central Institute of the Valais Hospitals. Today the 10 facilities are divided into three hospital centres in Upper and Central Valais as well as at the Chablais hospital centre. The Valais Health Network (GNW) offers a comprehensive range of state-of-the-art medical services at those locations. Distribution of the speciality areas among the various locations ensures optimal medical care for patients in the area of acute care, i.e. surgery, orthopaedics, internal medicine, anaesthesiology and reanimation, intensive care, gynaecology and obstetrics, paediatrics, emergency, radiology as well as oncology - rehabilitation, geriatrics and psychiatry.

The most important objectives of the Valais Hospital Group include optimal quality of care and treatment for patients as well as the quality of the medical services offered. In order to enhance its attractiveness for patients, employees and partners, the Valais Health Network has set itself the goal of retaining specialist competencies and developing them further in a targeted manner.

About 4,600 employees, 500 of which are physicians, currently work at the hospital group. A large number of the employees work in the medical-technical and in the nursing care area.

Qualified personnel is the name of the game

According to the current physician statistics of the Federal Association of Swiss Physicians and FMH, the umbrella organisation of the cantonal and medical speciality associations, there are currently 30,166 physicians working in Switzerland. Either in a medical practice, at a hospital or in another capacity. Whereas the average age of physicians in the in-patient area is 42 years, independent physicians are 52 years of age on the average. "In a few years there will be a shortage of qualified physicians as well as medical personnel in Switzerland. Therefore, it is up to us to already shape the future now so that tomorrow we will not be overwhelmed by developments that we can merely react to," says Gilbert Briand, summing up the situation.

The current personnel situation at the hospital group

In the administrative area, the hospital group will not have any problems filling position vacancies in the foreseeable future, because fluctuation is very low. The Health Network is an attractive employer and offers challenging positions in that area. However, the situation is quite different in certain medical professions. For instance, recruiting specialists in oncology is quite difficult at the present time. By contrast, the Health Network (GNW) is in a comfortable situation in the nursing care area as it has enough qualified applicants. "However, all that may change in the foreseeable future if the demographic wave reaches us here as well. We are now implementing targeted precautionary measures by identifying suitable employees with the aid of IT-supported personnel development and modern applicant management. Parallel with that, we will be substantially expanding our personnel marketing." Possible measures include offering vocational training and trial internships in order to give even more young people greater insight into what medical work is like on a day-to-day basis, for example. Participation at trade fairs and conventions is also supposed to be intensified. Co-operation arrangements with universities as well as support and liaison for students will continue to be important cornerstones.

"In the future, one huge question will be how much potential young staff our educational system can even generate. The political sector has to deal with that issue," demands Briand emphatically.

Quite a lot could be achieved by making admission to certain courses of study easier, for example. Access to foreign markets can also contribute towards improving the overall situation. "However, in that regard it is necessary to ensure comparable qualifications in order to be able to guarantee the quality of the medical services," explains Briand.

"WE INTEND TO CONTINUE TO CULTIVATE THE STRENGTHS OF THE INDIVIDUAL LOCATIONS"

Gilbert Briand, HR-Director

"The attractiveness of our Health Network also depends on the conditions that we offer: Besides salary, crucial factors are in particular attractive working conditions, the work environment itself as well as career prospects such as job enrichment," states the HR Director. "Furthermore, it depends on the extent to which we specialise at the individual hospitals. For example, interesting career development options can be available for individual physicians depending on their core competence." The Valais Hospital Group cultivates an intensive exchange with potential future suppliers in Switzerland and abroad via networking, and it is positioning itself as an attractive employer – also in co-operation with university hospitals.

"In this way, we can already generate enthusiasm for us in students or assistant physicians at an early stage and win them over as employees later on," explains Gilbert Briand. "Because of the wide variety of specialty areas at our individual hospitals, new areas are constantly being built up – for instance, pain treatment just a few years ago – thus offering tremendous development opportunities for ambitious physicians. Additional interesting medical projects are in the process of being set up and also offer exciting career options for dedicated physicians."

Gilbert Briand, HR Director

Hospital in Martigny

Hospital in Sion


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2


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1 Treatment of illnesses in older people requiring preventive and rehabilitative measures

2 Care for young patients in the paediatric department

3 Post-operative care

Computer tomography with state-of-the-art multi-slice equipment

On track to becoming Number 1

The amalgamation of the individual hospitals into a strong, specialised health network has led to increased efficiency and competence in all areas thanks to standardisation of processes and structures. But there are stumbling blocks on the road to achieving that. Besides language barriers – French as well as German is spoken in the Canton of Valais – above all it is necessary to unite the different cultures. In addition, the three hospital centres each have their own personnel departments, which have been handling administrative HR processes in their own, very different ways up to now. "The standardisation that is planned does not mean enforced conformity," emphases Briand. "We aim to explicitly reinforce and cultivate the strengths of the respective locations. When building up competence at one location, we also have to ensure that enough specialists are available on site and also check whether precisely those specialists are in short supply at another location."

An integrated HR system for transparency, efficiency and communication

Against this backdrop, the hospital group is especially dependent on transparency and smooth communication processes. Those are the main challenges facing the HR director: he represents the various positions vigorously and seeks to find a common denominator with a breath of fresh air. "Today we have not yet reached the stage where all locations – and therefore all processes – have been standardised. So we still have a lot of work ahead of us. In the area of HR management, we are strongly counting on the comprehensive options offered by an integrated HR system, which we will be introducing step by step in the next two years," explains Briand. The HR director wants to set standards with a non-redundant data inventory, transparent information and lean, efficient process workflows. "Every two weeks I get together with the personnel managers of the various locations in order to build a common foundation and to reinforce understanding and acceptance for the others partners. One valuable "side effect" of this process is: "The hospital group possesses an incredible diversity and consequently everyone can profit from the strengths of the others," states Briand. "However, my job is above all a strategic job. I am especially interested in aspects that are relevant for the system, for example: How can we succeed in motivating all of our staff even better – what measures and tools can we use to improve our management culture, and the like."

Internal identification of specialist personnel

At Valais Hospital Group, internal succession and position planning is currently handled by means of personal contacts and observations to a major extent. "Although 4,600 employees work here, the people at the centres know one

another
quite well. Of
course, even though those personal contacts are unbeatable, the introduction of the system will enable us to ensure transparency throughout the organisation and implement precisely targeted personnel development and talent identification. Not to mention efficiency," says Briand. "The example of applicant management clearly shows that workflows can be optimised many times over. At the moment, for example, a personnel manager in one hospital is not immediately informed when another hospital receives a job application. But it might be interesting for him." So particularly at times when there is a scarcity of specialised skilled staff and senior managers, it is necessary to have an intelligent, structured system in order to find the right employees for the positions in the future – at the touch of a button. To this end, the respective competencies of the employees must be mapped and evaluated successively. "Then the value of our human capital – meaning our staff – will be uncovered," says the HR director.

Gilbert Briand thinks that one initial step into the "new era" is to create a common communication basis. In this context, the hospital group expects the web-based employee and manager portal to provide considerable support. The portal is supposed to evolve into a joint platform providing an information link for the staff of the 10 individual hospitals. The networking connection as well as the accessibility of the portal 24 hours a day, regardless of location, is supposed to act as the supporting element within the optimisation process.

Strategic personnel management: The future is starting now

Today the HR managers of the Valais Hospital Group still fulfil the role of data suppliers and do not serve in the capacity of business partners for the executive management very much. However, the objective is for them to develop from just personnel administrators into strategic partners. "My concrete task in this context is to manage strategic projects throughout the group and initiate suitable measures," explains Gilbert Briand. "What is important now is to decide on joint standards as a first step and thus exploit synergies. We have to uncover strengths and combine processes in a useful manner. That will enable us to gain resources that we can deploy optimally in other areas. With the aid of system-supported HR, we will identify the strengths of our organisation and amalgamate the whole area involving contacts with patients, i.e. from reception to medical care and follow-up care, into a core of first-class competence.

We want to combine our existing strengths and make them available to our patients in competence centres. It can be summed up quite simply: We want the very best for the well-being of our patients," says the HR director in conclusion. ■

The editors of P&I's customer magazine met with Mr. Dietmar Michlig, General Director, as well as with Mr. Gilbert Briand, HR Director, on the premises of the Valais Hospital Group in Sion. We would like to thank them for the fascinating discussion!

5 questions for

Mr. Dietmar Michlig, General Director of Valais Hospital Group

What is a special day for you, or in other words: What does a day have to be like for you to go home happy?

When the people that I have contact with are able to do a good job and can work in a trust-based environment.

What prominent figure of contemporary history would you like to meet?

I would like to spend one entire day with our Minister of Health, which would give us time to discuss the challenges we will be facing in the next few years in depth.

What headline about your company would you like to read?

Valais Hospital Group supported by the people of Valais for the benefit of the people of Valais.

What do you have in your glove compartment?

A flashlight that my son won in an archery contest.

What ability would you like to have?

I would like to be Harry Potter – then I would just speed up a few political processes with a magic spell.

» THE CORRECT POSITIONING OF OUR COMPANY IS A VERY IMPORTANT FACTOR WITH REGARD TO OUR FUTURE SUCCESS IN A FIERCELY COMPETITIVE MARKET. «

Vasilios Triadis
CEO / Chairman of the Board

DEAR SHAREHOLDERS, CUSTOMERS, BUSINESS PARTNERS AND EMPLOYEES,

Once again we are able to look back on a fascinating, interesting and above all else, an extremely successful business year. This was the business year in which P&I set the course for continued growth and at the same time we recorded one of the best commercial successes that we have ever had.

Our success can be put down to the following four issues:

1. Convincing key financial figures
2. Newly acquired customers
3. Targeted acquisitions of competitors
4. Systematic further development of the business models and the employee portfolios.

We will take a look at the key financial figures first. Turnover of 71 million euros together with an EBIT of 18 million euros represents increases of 2.2 per cent and 17.5 per cent respectively as compared to the previous year. Consequently, P&I have proved once again that our strategic orientation is not only successful, but it also ensures sustainable profitable growth.

The new customers that we won during the previous business year are confirmation that our business model continues to be attractive to customers from all sectors and of all sizes. The correct positioning of our Company is a very important factor with regard to our future success in a fiercely competitive market. We must also take into account the changes in customer behaviour in today's era of internet and social networks. The P&I brand has been spreading its technological leadership for many years now and this message has to be made more specific, so that P&I's products are able to provide a platform in the future that is sufficiently flexible for creative users to fulfil their demanding tasks. We have expanded our service portfolio so that it is precisely this target group that will be supported as part of the services provided under a service contract.

As a result of the acquisition of Mirus AG in Switzerland we have been able to focus on the hotel and restaurant industry and we have already been very successful in this market segment. This clearly shows once again that specific acquisitions enable us to make contact with customers that we would find it difficult to make normally if it were not for these new connections.

Last but not least, the success of P&I comes down to our employees. The corporate culture that we have been carefully nurturing for many years is hard for many outsiders to understand whereas for our employees it forms the basis for their commitment and motivation and this is why they continually strive to deliver top performance and therefore they are the most important guarantors of the long-term success of P&I. I sincerely thank all of our employees for their perpetual dedication and their outstandingly successful work.

Dear Shareholders, we would like to thank you for the trust you have placed in us and assure you that we will do everything possible to ensure that the Company also remains successful in the future, in order to justify the trust that you have placed in us.

Yours faithfully, Vasilios Triadis

01/

INVESTOR RELATIONS

INVESTOR RELATIONS

THE P&I PORTFOLIO

ISIN & Trading Segment	DE0006913403 in Prime Standard (FSE); exchange code - PUI
Number of Shares and Category	7.7 m no-par-value bearer individual share certificates less 172,162 own shares
Share structure on March 31, 2011	77.33 % Argon GmbH & Co. KG, Germany 2.89 % Lazard Asset Management, U.S.A. 1.74 % Axxion S.A., Luxemburg 2.24 % own shares Remainder are diversified holdings
Designated Sponsors	Close Brothers Seydler Bank AG (Frankfurt on the Main)
Market capitalisation (FSE)	215.7 million euros (March 31, 2012)
Year's high / low (FSE)	28.90 euros (February 27, 2012) / 24.01 euros (August 9, 2011)

FINANCIAL ANNOUNCEMENTS RELEASED DURING FISCAL 2011/2012

May 18, 2011	The Supervisory Board extends the appointment of the
June 16, 2011	Balance sheet press conference together with the publication of the annual financial statements

IMPORTANT CHANGES IN THE HOLDING STRUCTURE

Controlling and profit transfer agreement

A controlling and profit transfer agreement was closed between the controlling company ARGON GmbH, whose headquarters are in Munich, and P&I on February 7, 2011. Consequently, P&I AG is now obliged to cede their total profit to ARGON GmbH. The agreement was concluded for a minimum of 5 years. This agreement was approved at the AGM held on March 24, 2011 and it was entered in the commercial register on September 9, 2011. The annual net profit shown in the annual financial statement for fiscal 2011/12, which was prepared in accordance with commercial legislation, has been ceded to ARGON for the first time. The agreement entitles the outside shareholders to receive an annual compensation payment amounting to 1.78 euros gross for each share held by them.

Furthermore, the controlling and profit transfer agreement also states that ARGON GmbH must pay a cash compensation amounting to 25.01 euros per P&I share on demand to outside shareholders. This cash compensation acceptance deadline started on September 9, 2011 and was terminated as a result of the legal challenge lodged in accordance with § 305, Para. 4, Sentence 3 AktG on January 31, 2011, i.e. two months from the day on which the decision covering the final positive application was published in the electronic pages of the Bundesanzeiger.

ANNUAL GENERAL MEETING HELD ON AUGUST 30, 2011

P&I Personal & Informatik AG's eleventh AGM was held on August 30, 2011 at the Wiesbadener Casino-Gesellschaft and was attended by around 50 shareholders and guests. They represented 6.2 million euros or 80.8 per cent of the Wiesbaden Company's capital stock of 7.7 million euros. Consequently, the amount of capital represented there was the highest recorded since the listing on the stock exchange in 1999 and the meeting was chaired for the first time by Thomas Volk, the Chairman of the Supervisory Board.

A dividend payment of 0.04 euros per share was resolved as the appropriation of the balance sheet profit payout. The previously announced guaranteed dividend will be applied for the first time to the current 2011 / 2012 fiscal year and this will be resolved at the next AGM to be held in 2012. The regular gross dividend will then be 1.78 euros per share. According to the current tax rates this corresponds to a net 1.55 euros per P&I AG share for each full fiscal year.

The two sitting members of the Board of Directors, Vasilios Triadis and Dr. Erik Massmann as well as Dr. Hartmut Voß, who resigned from the Board on September 30, 2010, were discharged by a majority vote. The sitting members of the Supervisory Board, who are the Chairman, Thomas Volk as well as Michael Wand and Dr. Thomas Dippel, were also discharged by a majority vote and Michael Wand was re-elected to the Supervisory Board.

SHARE MARKET TRENDS FROM APRIL 2011 TO MARCH 2012

P&I shares closed on March 31, 2012 at 28.65 euros in Xetra (FSE) after having closed on April 1, 2011 in the previous fiscal year at a price of 27,68 euros. When the dividend payout of 0.04 euros per share following the AGM is taken into account this means that the value increased by 3.6 per cent.

Source: Bloomberg (dividend adjusted)

REPORT FROM THE SUPERVISORY BOARD

Dear Shareholders,

P&I AG's 2011/2012 business year was distinguished by continued sales growth, increased profit margins and an excellent order situation. The continuous further development of our range of products and services as well as our in-depth knowledge of the established markets and the associated customer requirements have yet again proved decisive with regard to positive business development. These existing strengths are the basis that enables us to take on any competitors and it is this that proves to be decisive when it comes to winning major projects. Our position in Switzerland has been further strengthened by the acquisition of 'Mirus'. At the same time the year was characterised by the critical changes made to the share structure, which were directly associated with the implementation of the controlling and profit transfer agreement and this has contributed to the stability and was needed for the further development of P&I.

After the decision to ratify the controlling and profit transfer agreement with ARGON GmbH was taken at the AGM, the Supervisory Board focused on supporting the Board of Directors by advising them on the implementation of this agreement. In addition to this other activities undertaken during the business year under review focused on the Supervisory Board's controlling and consultation functions. The strategic orientation of P&I AG was discussed in particular and the resulting acquisition of Mirus AG was also supported. Furthermore, the personnel situation and the effects on the future development of the individual business sectors with regard to how it might affect the future profitability of the Company was analysed jointly with the Board of Directors. This resulted in the Board of Directors implementing measures to recruit and train new talent for the future orientation of the Company.

P&I AG is now a direct dependency of ARGON GmbH, of Munich. The Board of Directors has produced and submitted a report covering the relationships with affiliated companies in compliance with § 312 AktG to us.

The auditor has issued an unqualified audit certificate to P&I AG for the report from the Board of Directors covering the relations with affiliated companies in fiscal 2011/12 in accordance with § 313 Para. 3, AktG:

"On completion of our audit and assessment in accordance with professional standards, we confirm that:

1. The actual disclosures contained in the report are accurate.

2. That payments made by the Company for the legal transactions listed in the report were not disproportionately high.

The Supervisory Board has also audited the report from the Board of Directors relating to affiliated companies and concurs with the auditor's ruling.

The Supervisory Board did not raise any objections against the conclusion of the report or the declaration made by the Board of Directors in the management report after their own examination was completed.

In fiscal 2011/2012, the Supervisory Board of P&I AG fulfilled its tasks in accordance with legislation, the Memorandum and Articles of Association and Company bylaws, and provided consultative support and supervision for the Board of Directors of the Company within the meaning of the German Corporate Governance Code. The subject matter of the regular meetings and decisions taken by the Supervisory Board included development of sales and results, the financial situation, the strategic orientation of the Company, the acquisition strategy and the acquisition of Mirus, risk management, the adoption of the Group budget, the extension of the contract of the Chairman of the Board of Directors, corporate governance issues, annulment actions, taking decisions on specific matters requiring approval and questions concerning the remuneration of the Board of Directors.

The Supervisory Board held five regular meetings in fiscal 2011/2012, each time with all members present and with at least one meeting per quarter. Seven circular resolutions were also adopted. The Supervisory Board did not form any committees. There were no conflicts of interest within the meaning of Item 5.5 of the Corporate Governance Code in fiscal 2011/2012.

Mr. Michael Wand was re-appointed as a member of the Supervisory Board for a further three years and he was also reelected as the Deputy Chairman of the Supervisory Board at the AGM held on August 30, 2011.

In fiscal 2011/2012, the Supervisory Board also concerned itself with the issue of corporate governance in depth as well as the German Corporate Governance Code. In December 2011, the Supervisory Board and the Board of Directors jointly submitted a Declaration of Compliance pursuant to § 161 AktG (German Companies Act), in conformity with the German Corporate Governance Codex. This declaration was published on P&I's website so that it could be permanently accessed by all of the shareholders and it can be looked up under Section 2.5 of the Company's combined management report.

The consolidated financial statements, the annual financial statements of P&I Personal & Informatik AG as well as the combined management report for P&I Personal & Informatik AG and the Group have been audited by Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, appointed by the Annual General Meeting as auditors on August 30, 2011 and granted an unqualified audit certificate. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) additional commercial legislation to be applied pursuant to § 315a Para. 1 of the German Commercial Code (HGB). These consolidated financial statements prepared in accordance with IFRS exempt the Company from the obligation to prepare annual financial statements in accordance with the provisions of the German Commercial Code.

Regarding the early detection of risk, the auditors concluded that the Board of Directors had taken the measures required by §91 Para. 2 of the German Companies Act and that the Company's system for early detection of risk is well-suited to the early detection of any developments which could endanger the continued existence of the Company.

All financial statements, the combined management report and the auditor's reports were presented in due time to all members of the Supervisory Board. The auditor participated in the final explanations and negotiations concerning the annual financial statements and the consolidated financial statements at the Supervisory Board’s balance sheet meeting held on May 31, 2012 and reported the significant findings of his audit. The Supervisory Board agrees with the audit findings.

The consolidated financial statements and the annual financial statements of P&I Personal & Informatik AG, as well as the combined management report for P&I Personal & Informatik AG and the Group and the proposal for the appropriation of the balance sheet profit, have also been independently examined by the Supervisory Board. No objections were raised. Pursuant to §171 of the German Companies Act, the Supervisory Board has approved the annual financial statements and the consolidated financial statements for P&I Personal & Informatik AG compiled by the Board of Directors. The annual financial statements are thereby adopted. The Supervisory Board agrees with the management report and, in particular, with the appraisal of the Group’s future development.

At its meeting convened on May 31, 2012, the Supervisory Board also concerned itself with the obligatory disclosures pursuant to §§ 289 Para. 4 and 315 Para. 4 HGB, as well as the related report. The explanatory notes in the combined management report were referred to. We have examined these disclosures and explanatory notes, which we find to be complete, and adopted them.

The Supervisory Board would like to offer their thanks to the members of the Board of Directors and all employees for their commitment and for their successful efforts in fiscal 2011/2012.

Wiesbaden, May 31, 2012

The Supervisory Board

Thomas Volk
Chairman of the Supervisory Board

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02/

COMBINED MANAGEMENT REPORT

This Combined Management Report contains information concerning the P&I Personal & Informatik group (P&I Group) and P&I Personal & Informatik corporation (P&I AG). P&I Personal & Informatik AG is the parent company of the P&I Group and performs group leadership functions. Since P&I Personal & Informatik AG is a major part of the P&I Personal & Informatik Group, the Management Report of P&I AG is combined with that of the P&I Group pursuant to § 315 Para. 3 of the German Commercial Code (HGB) in combination with § 298 Para. 3 HGB. The respective details relate to the Group, unless P&I AG is expressly referred to.

The Group accounts are prepared in conformity with the International Financial Reporting Standards (IFRS) in the manner required in the European Union, and with the additional commercial legislation to be applied pursuant to § 315a Para. 1 HGB, The annual financial statements for the corporation have been compiled in compliance with the provisions of the German Commercial Code as well as of the German Companies Act.
worden.

1. OVERVIEW OF THE FISCAL YEAR

During fiscal 2011/2012 P&I recorded slightly higher sales growth as compared to the previous year together with heavier charges arising from one-off costs, especially the legal consultation costs, which arose from the conflicts between groups of shareholders and the changes in the shareholding structure. P&I increased the operating result to 18.1 million euros, which produced an EBIT margin of 25.7 per cent. Innovation, quality and service-orientation form the basis for a successful and sustainable business.

SALES GROWTH WITH SUSTAINED HIGHER PROFITABILITY

- The P&I Group boosted sales by 2.2 per cent from 69.1 million euros to 70.6 million euros.

- The EBIT result increased by 2.7 million euros to 18.1 million euros and this corresponds to an EBIT margin of 25.7 per cent.

- The Maintenance business grew as planned from the previous year whilst Consulting recorded a slight decline in sales when compared to the previous year.

- The Dataport order, which was won in fiscal 2011/2012, was the biggest order that has ever been won in the history of P&I and the project includes the implementation of our P&I Software for 300,000 civil servants involved in local government in Hamburg and Schleswig-Holstein as well as the civil servants involved in district administration in Schleswig-Holsteins and the overall implementation process will continue until 2014.

- The acquisition of MIRUS Software AG (MIRUS AG), of Davos, in Switzerland, on March 1, 2012 will strengthen P&I's position as a provider of integrated HR software solutions in the Swiss market.

- The P&I shares (prime standard quoted on the Frankfurter Stock Exchange) established themselves at a higher level. They started fiscal 2011/2012 at a price of 27.68 euros and closed on March 31, 2012 at a price of 28.65 euros (XETRA trading).

- P&I AG closed a controlling and profit transfer agreement with Argon GmbH, of Munich on February 7, 2011. P&I AG is now obliged to cede their total profit to Argon GmbH. The agreement was concluded for a minimum of five years. Approval of the agreement was adopted at the extraordinary P&I AG AGM held on March 24, 2011. The controlling and profit transfer agreement was registered in the commercial register on September 9, 2011 and it also became effective on this date. The annual profit shown in P&I AG's annual financial statements for fiscal 2011/2012 amounting to 15.2 million euros will be ceded to Argon GmbH in compliance with the controlling and profit transfer agreement and Argon GmbH will pay the outside shareholders of P&I AG a compensation payment amounting to 1.55 euros per P&I share after tax.

The most significant performance measurements for the P&I Group developed as follows:

In '000 euros	2011/2012	2010/2011	Variance	2009/2010	Variance
Incoming orders	61,451	42,912	43.2 %	42,921	0.0 %
Sales	70,604	69,114	2.2 %	63,297	9.2 %
Licensing sales	17,010	16,905	0.6 %	15,483	9.2 %
Consulting sales	21,439	23,169	-7.5 %	21,350	8.5 %
Maintenance sales	29,803	26,503	12.5 %	24,332	8.9 %
International sales	14,725	14,486	1.6 %	13,880	4.4 %
EBIT	18,146	15,438	17.5 %	15,337	0.7 %
EBIT margin	25.7 %	22.3 %	15.2 %	24.2 %	-7.8 %

2. THE P&I AG AND THE GROUP

2.1 OVERVIEW

P&I is a leading provider of integrated software solutions for HR management in Europe. The expertise and the high level of commitment of our more than 350 employees make P&I the premium provider of integrated software solutions for the world of HR management, regardless of whether it is payroll, web-based HR management or time management solutions. P&I AG's HR software is the leader, both with regard to technology as well as its functional features. In the meantime our P&I LOGA payroll accounting software is now being used in thirteen different European countries. With our P&I TIME software, P&I is able to provide a platform-independent and flexible standard software solution that can be customised for the time management sector and it is well-positioned as an attractive stand-alone product in a premium segment. Other services such as implementation, consulting, training and HR outsourcing services complete the range of services that P&I provide.

With a total of 6 offices in Germany and a further 8 offices in other European countries, P&I is easily able to support all of our customers and this is guaranteed by the high level of investment that we continually make in product research and development, investment protection and security. Leading international HR service providers as well as data centres look to P&I as their product supplier and we now have more than 3,900 direct customers who are able to run their HR businesses successfully using P&I solutions. They all place their trust in P&I's huge expertise gained from over 40 years market presence. P&I provide HR solutions from a single source and readying solutions that will prepare the customers for the future.

2.2 CORPORATE STRATEGY

P&I is extremely successful in the HR management market as a result of our proven creativity and flexibility and these characteristics paired with the credibility and the expertise that we have built up over many years must always be exemplified and made clear to the customers. P&I produce top quality and innovative products, provide an improved service sector and has an European presence as well as highly motivated employees.

The company is positioned as a HR services product provider, employing state-of-the-art technology and selling highly integrated all-in-one HR management solutions. P&I LOGA software is the only HR software that incorporates fully integrated payroll and time management modules whose payroll module can be employed in thirteen countries throughout Europe. The objective is to continue to be the trendsetter in the HR software sector, particularly with regard to the technology, the product's web-based functionalities as well as the service-orientated systems.

Today, the services provided by P&I are sub-divided into two distinctive sectors and the main focus is on being a company that is an all-in-one provider, i.e. licenses are sold to the customers, which enables them to use P&I software to support their HR work. These customers also receive our implementing and software support services and these generate licensing, support and consulting sales.

Furthermore, P&I is also a HR services product provider and the customers are mainly large, globally active businesses, who in turn offer services to their customers based on P&I software, without their customers having to obtain a license from P&I. P&I also generates licensing and software support sales from this segment.

P&I's core business is mainly based on three main cornerstones: new projects, migration projects and projects with existing customers.

Sales

More than 15,000 end customers throughout Europe successfully organise their HR business using P&I products. They all trust the P&I's top level of expertise, gathered from more than 40 years in the marketplace. Clients appreciate P&I's integrated solutions with no internal interfaces just as much as the redundancy-free data storage. The data generator, creating data for evaluation ensures up-to-the-minute reporting with increased efficiency and a significant reduction in administration.

This lowers running costs for businesses, making a value-added contribution to enterprises which have already opted for these solutions: software products with a provider who is oriented to the future.

The HR software market has been for years one of the most highly saturated: every business does its payroll accounting, that means increased sales can only be attained through an expansion of market share. This means that cutthroat competition will prevail. The acquisition of new customers for P&I's products therefore constitutes a very significant factor in its growth. Providing a business with a high-quality product which does not simply do the "obligatory" payroll accounting, but generates added value, thus contributing to the success of the company, is a powerful argument. Both direct sales channels as well as partnerships are used to acquire new customers.

P&I holds a special position in the HR system providers market: Inbetween the small “niche players”, who use their software solutions to address specific issues and the “global players”, who provide complete ERP solutions. The market segment where P&I is well established and draws most of its customers from is the mid-sized companies segment, with 250 to 5,000 employees. SAP dominates in the larger companies segment and various competitors such as s+p, Exact, HANSALOG, Sage, Varial and VEDA, etc., exist in the small companies segment and P&I is also very well positioned in this small companies segment as we provide comprehensive, functional and modern solutions as compared to the majority of our competitors who provide outdated and non-integrated solutions.

SAP AG is virtually the sole competitor in the large companies segment who is attempting to use the logic of a complete ERP solution in this market segment. P&I can counter this with its more comprehensive and logical range of functions and its more competitively priced solution.

Our customer magazine “Just P&I” was presented to customers and employees in 2011. This new magazine combined classic HR topics with the latest developments from the HR world, both as a printed copy as well as an online version. Current news from the world of HR management, presentations of P&I solutions, and best practice examples from various industry sectors were featured and more than 10,500 copies were printed. In addition to this, our weekly P&I E-newsletter is sent to more than 14,000 subscribers. Here we report on the A to Z of current developments in HR management - whether it is labour legislation or supplementary insurance.

We were also extremely successful during the previous year at special exhibitions and events covering human resources as well as being represented at various industry events.

Product

Important characteristics of our successful product strategy are our wide range of products, our HR specialisation, process orientation and our market leadership in technology as well as the investment protection that we provide for our customers.

P&I provide functional competence based on modern technologies for any industry and businesses of any size. The target market for P&I is comprised of businesses, public administration and institutions that require sophisticated software solutions. P&I can guarantee its customers increased efficiency and ongoing productivity initiatives.

What we focus on in our product development, sales activities and implementation of software solutions is not so much the individual modules involved, but the entire business process. In line with the Company's strategic orientation as a provider of an integrated software solution for payroll, time management and HR management, we offer customers an all-in-one package of services comprising software licences, maintenance services, consultation and the supply of hardware for time recording and access control.

P&I's web interface presents a technologically advanced platform for in-house solutions, and at the same time, a platform for provision of high quality services in the BPO field. More and more functionalities have been made available as web services, accessible by other applications used by customers. This makes integration of P&I software into other environments ever easier and offers customers the kind of flexibility in their IT strategies that is demanded today.

Through user interfaces to solutions provided by the large ERP providers, customers from any industry or of any size can be expediently addressed. The high level of expenditure on technological development of our range of products means that P&I is able to offer customers high investment security.

Research and Development

P&I has established itself in the market with four strong HR brands. Our P&I LOGA, P&I TIME and P&I PLUS products ensure that P&I possesses a valuable brand portfolio in the European software industry. P&I SMART has also enabled P&I to encompass the lower part of its market segment. The R&D activities play an important role here as they create the groundwork for future growth and for maintaining market leadership in technology.

During the fiscal year that has just ended P&I Group invested 19.5 per cent of our annual turnover in the maintenance and expansion of our range of products. The company is convinced that software must not only be functional, but also be right at the leading edge and always use the most up-to-date technology. Tenacious commitment to the continued expansion of our range of solutions is the sine qua non for our sustainable success.

Research and development expenditure during the fiscal year that has just ended came to 13.7 million euros (previous year: 12.7 million euros). Development is mainly carried out at our facilities in Wiesbaden as well our facilities in the Slovak Republic, where P&I is active in two locations, Bratislava and Zilina. With a total of 133 employees (previous year: 133) this annual average makes the R&D department the department with the most employees within the P&I Group.

The main focus of the R&D work has always been and still remains the continuous updating of P&I LOGA as well as HCM to ensure that they both comply with the latest technology available. P&I LOGA is distinguished by its modular and integrated hierarchy as well as the client / server technology, which enables it to be customised and implemented to meet specific customer requirements. As it is based on unified, redundancy-free as well as relational data models, P&I LOGA is able to take into consideration country-specific laws throughout Europe and this makes it a standardised cross-border application that can be used in all sectors. Other modules integrated in our P&I LOGA system is a comprehensive time management module with classic electronic attendance recording and evaluation, access control and personnel deployment planning capabilities. The planning capability enables users to look to the future with regard to personnel deployment planning. We also differentiate between shift planning (shift-based roster) and day planning (day-based roster). Additional modules can be used to expand P&I LOGA at any time.

P&I HCM (Human Capital Management) is the portal software integrated within P&I LOGA and supports web-based personnel work. Its prime functions are application / approval processing, personnel deployment planning, employee development, employee controlling and applicant data administration. The software is based on our P&I LOGA data model and all of the data stored in this comprehensive HR solution is also available via P&I HCM. Our P&I HCM employee portal has been designed so that all of a company's employees can access it, based on their roles within the company. This brings efficiency, integration and transparency objectives to the forefront. Efficiency is realised through functions such as employee self-service. P&I HCM has been designed as an open system, so that different customer applications can be integrated in the web-based graphical interface. The open internal architecture supports the different application-server platforms and databases. The data exchange is guaranteed by the use of miscellaneous interfaces such as XML or SOAP.

Furthermore, our P&I TIME, P&I PLUS and P&I SMART products have been optimised to meet the respective market requirements. Our P&I TIME, sector-neutral, modularly designed software package fulfils all of the criteria of a modern time management system, ranging from work hours management up to access control. P&I TIME's strengths lie especially in the flexible options that enable it to be customised to meet a company's special requirements as well as the economical price-performance ratio and in the very short implementation times. Communications with existing or even newly implemented IT landscapes is guaranteed by the appropriate interfaces. P&I TIME is based on client / server architecture, supports SQL database technology and runs under Microsoft Windows or the most up-to-date web-browser technology (e.g. AJAX). These are today's prerequisites for a time management system running under the most up-to-date technical requirements.

P&I PLUS is a web-based HR and time management solution that meets demanding criteria for flexibility when designing processes. This solution is most used by large companies and administrative bodies with specific individual requirements. The solution, supplemented by the time management module, enables comprehensive staff deployment planning and supports companies and administrative bodies in the implementation of flexible working-hours models. The HR management system P&I PLUS is no longer limited to the client/server version, but is now available as a full browser version.

P&I SMART is an all-inclusive package specially designed for businesses with up to 250 employees. The software covers the basic HR administration processes: payroll accounting, travel expenses and if required, time management. The manufacturer's initial settings enable the system to be installed easily and up and running within a few days.

For the future, apart from guaranteeing the updates for changes in legislation, P&I Group will continue developing the entire product palette. Investments in the coming years will be focussed on technological development of the software solutions, and also on adding to our products for standardising and optimising business processes, including, for instance, using new add-on modules as well as links to external systems, especially in other European countries.

Corporate management

The objective here is to continually and systematically increase the value of the Company on behalf of the shareholders and employees, through profitable growth and by concentrating on those business sectors that offer, from P&I's viewpoint, the best development opportunities with regard to their competitive positions and performance capabilities. In order to be able to control these issues, significant key data such as sales, especially licensing sales, operating result (EBITDA and EBIT) as well as the net result are analysed and evaluated every month. Behind all of this lie the sales and development targets as well as the degree of fulfilment and these topics are discussed weekly at regular reporting sessions with the personnel responsible.
If anything, value-orientated performance metrics with regard to capital expenditure play a lesser role for P&I, which is a typical software company. The capital commitment is low whereas the main costs pools are personnel costs as well as external services, which arise in connection with supporting our software products.

The permanent controlling of sales and the forecasting of the revenues from the Licensing, Maintenance and Consulting businesses underpin the continued improvement in the profitability. Licensing sales are the major growth engine for service and software support incomes. Incoming Licensing orders play a very important role here. Sustained tracking of licensing sales at all levels of management, from the first customer contact to the signing of the contract through to implementation is an important element. Monthly monitoring is carried out across the entire organisation. The second cornerstone of our profitability development is cost management. The cost positions are subject to strict budgetary controls as part of our detailed company planning.

Due to employee costs and purchased services in connection with the maintenance of our products, the fixed costs proportion is very high in the P&I Group. Variable budgets are therefore released, dependent on current sales development, during the course of the year. Mapping the significant value drivers to the remuneration system for executives rounds off the internal control system for the Group. The licensing sales value driver, total sales and the EBIT and EBITDA create the assessment base for the paid components variable. This ensures that the remuneration system is optimally aligned to the increase in shareholder value.

2.3 ORGANISATION / EMPLOYEES

At March 31, 2012 The P&I Group employed 383 people (previous year: 365). The annual average of 331 full-time-equivalent employees has dropped slightly below the previous year's level (previous year: 333). Of those, 247 were employed in Germany (previous year: 248), a total of 84 employees in the rest of Europe (previous year: 85), where the Company was most strongly represented in Austria, with 30 people (previous year: 32), and in Slovakia, with 42 (previous year: 41) employed by the development centre. The newly acquired MIRUS AG, which has 16 employees, will also contribute to our growth.

The P&I organisation sells in two strong sectors, the private and public sectors and is also efficiently and effectively positioned in the consulting business sector. The regional locations of our sales and consulting staff give us an organisational structure that is distinguished by its closeness to the customers. Short trips to visit the customers and internally build trust.

The Consulting/Systems Integration division supports customers in the implementation of P&I software solutions and ongoing operations. The palette of services offered includes, aside from advisory services, training for software end customers and technical and specialised hosting. The division also provides product training and specialist updating services (social security and income tax). P&I advises its customers on how they can structure their processes to be as efficient and straightforward as possible in order to reduce process costs and to be an even better partner for their departments and management. An annual average of 116 employees (previous year: 115) over the year were employed in this division.

The Development division focuses strongly on application development, technology, quality assurance and design. Four new software releases per fiscal year are developed and placed at the disposal of customers.
Development is headquartered in Wiesbaden. The development unit founded in Bratislava in 2002 is increasingly assuming localisation tasks, although support also comes from decentralised quality assurance and development units in Austria, Holland and Switzerland. The expansion of the development centre operation in Slovakia has been continued in fiscal 2008/2009 through the opening of a new development centre in Zilina. We are working here with very young software developers whose abundance of ideas and level technological know-how are exciting and infectious. The people-intensive area of Consulting employed the highest number of employees in the P&I Group with an average over the year of 133 (previous year: 133).

A total of 43 (previous year: 44) people were employed in Sales and Marketing in the past year. European sales activities are coordinated by our headquarters in Wiesbaden. In Austria and also in Switzerland, we have local sales agents. Focussing on the incoming orders for licences shaped our market cultivation in sales. The requirement for solutions from a single source is increasing – not only with respect to the software, but recurring service business as well. We will continue to expand our focus on sales.

As in the previous year, the P&I Group's administrative sector employed 39 employees (previous year: 41).

In fiscal 2011/2012, employee expenses amounted to 31.8 million euros (previous year: 31.9 million euros).

The management policy of the Group and P&I AG is founded on a broad-ranging target system. Corporate targets are broken down into divisional and individual targets and these are linked to appropriate, variable salary components depending on the respective level of responsibility involved. The corporate targets arise out of the planning data with respect to incoming orders, sales, and operating result.

P&I is a medium-sized Group and will only continue to remain successful if the Group companies remain creative and flexible, respond quickly and continue to radiate competence and credibility. This is why young professionals continue to join the P&I team in addition to our staff with expertise gained over many years. They all have extensive knowledge of our products and our customers. They are all competent in their jobs. P&I will continue to invest in our staff through advanced internal and external training. A new trainee programme involving more than 20 young junior staff started in February 2012.

2.4 DETAILS PURSUANT TO § 289 PARA. 4 AND 315 PARA. 4 HGB

Subscribed capital, voting rights and additional restrictions

Please refer to Note C. 5.1, "Subscribed capital" in the Notes to the separate financial statement as well as Note 19, "Subscribed capital and reserves" in the Group Notes. No voting rights restrictions exist. The voting rights are forfeited in the case or re-purchased own shares even though no other restrictions exist with regard to the voting rights.

At the AGM held on September 2, 2008 the Board of Directors were authorised, with the consent of the Supervisory Board, to increase the capital stock of the Company by up to 3,850,000 euros through the issue of new shares against monetary or non-monetary contributions up to September 1, 2013 (authorised capital). The subscription rights of existing shareholders may be excluded under certain circumstances with regard to this.

Direct or indirect capital investments in P&I AG

The Board of Directors were informed by Argon GmbH & Co. KG, of Munich, on December 10, 2010 that Argon GmbH & Co. KG holds a total of 5,954,192 shares in P&I AG, which represents a total of 77.33 per cent of the capital stock issued by P&I AG.

Please refer to Note F. 6 in the AG Notes as well as Note 39 in the Group notes ("Details pursuant to § 160 AktG") with regard to this.

Special privileges for shareholders

There are no shares in the Company with special privileges.

System of control of voting rights in the event of employees' participations and where they do not directly exercise their voting rights

The Company has no knowledge of whether its employees hold participations in the Company and if voting rights control is carried out.

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

Members of the Board of Directors are appointed for a maximum of five years. A reappointment or extension of the period of office, for five years respectively, is permissible, but requires a new resolution to be passed by the Supervisory Board, which may be made, at the earliest, one year before the expiry of the previous term of office. The Supervisory Board may revoke the appointment of a member of the Board of Directors and/or the appointment of a Chairperson of the Board of Directors, if cause exists within the meaning of § 84 Para. 3 German Companies Act (AktG). Members of the Board of Directors are appointed and dismissed pursuant to §§ 84 f, AktG. Amendments to the Memorandum and Articles of Association are made pursuant to § 179 AktG by the Annual General Meeting with a majority of at least three quarters of the capital stock represented at the time of the resolution.

Important agreements of the Company in the case of Change in Control as a result of a take-over bid

A change-of-control regulation was passed by the Board of Directors on the balance sheet date. This provided a special resignation right in the event of a change of control occurring that the members of the Board of Directors could exercise within the first 3 months after the change takes place. A lump-sum payment would be made in this case.

Dependency of P&I AG

P&I AG was a dependent company of Argon GmbH within the meaning of § 17, AktG during the entire 2011/2012 fiscal year. The Board of Directors of P&I AG has produced a relevant report about the relations with affiliated companies during the fiscal year that has just ended and the content of this report is reproduced in Section 5.4 of this management report.

Controlling and Profit Transfer Agreement

A controlling and profit transfer agreement was closed between the controlling company Argon GmbH, whose headquarters are in Munich, and P&I on February 7, 2011. Consequently, P&I AG is now obliged to cede their total profit to Argon GmbH. The agreement was concluded for a minimum of 5 years. This agreement was approved at the extraordinary AGM held on March 24, 2011 and it was entered in the commercial register on September 9, 2011. Therefore the annual net profit shown in the annual financial statement for fiscal 2011/2012, which was prepared in accordance with commercial legislation, was ceded to Argon GmbH for the first time. The agreement entitles the outside shareholders to receive an annual compensation payment from Argon GmbH amounting to 1.78 euros gross or 1.55 euros net for each share held by them.

Furthermore, the controlling and profit transfer agreement also states that Argon GmbH must pay a cash compensation amounting to 25.01 euros per P&I share on demand to outside shareholders. This cash compensation acceptance deadline commenced on September 9, 2011 and was terminated as a result of the legal challenge lodged in accordance with § 305, Para. 4, Sentence 3, AktG on January 31, 2011, i.e. two months from the day on which the decision covering the final positive application was published in the electronic pages of the Bundesanzeiger.

Share buyback scheme

At the Annual General Meeting held on August 30, 2011, the Board of Directors was authorised, with the consent of the Supervisory Board and only up until August 29, 2016, to purchase treasury stock to a maximum of ten per cent of the capital stock of the Company existing at the time that the resolution was passed.

2.5 MANAGEMENT DECLARATION PURSUANT TO § 289A HGB

Due to § 289a HGB, P&I Personal und Informatik AG (P&I AG) is obliged to issue a management declaration and to include it either in the management report or to publish it on the company's internet site in order to comprehensively and transparently present P&I AG's company management and operational structures and their management body. The management declaration pursuant to § 317, Para. 2, Sentence 3, HGB has not been included in the annual audit.

Declaration pursuant to § 161 AktG (issued in December 2011)

In December 2011 the Board of Directors and the Supervvisory Board of P&I AG declare in accordance with § 161 Companies Act: P&I AG complies with the recommendations of the 'Government Commission on German Corporate Governance Code' listed in the version published on May 26, 2010 and will continue to comply in the future with the exception of the following divergences:

Company bylaws for the Board of Directors (Code Item 4.2.1 Sentence 2)

The company bylaws for the Board of Directors include a majority clause covering the Boards' resolutions without a regulation covering the deciding vote to be cast by the Chairman of the Board. As it would not be possible to rule in favour of one or the other of the members by majority ballot with a two-member Board of Directors, the view of the Supervisory Board and of the Board of Directors is that there is no place for such a ruling given the present composition of the Board of the Company.

Board of Directors' emoluments – Emolument structure (Code Item 4.2.3, Para. 2)

The Board of Directors contract with the Chairman of the Board of Directors, Mr. Vasilios Triadis, which was valid up to March 31, 2012, was agreed upon for the coming into force of the law covering the appropriateness of the Board of directors remunerations and was last amended on May 17, 2011. The remuneration structure listed in this contract still does not correspond with the regulations stipulated in the current version of the Code and the principles for establishing the salaries of the members of the Board of Directors in accordance with § 87 of the German Companies Act included in the version of the law covering the appropriateness of the Board of Director's remuneration. The Supervisory Board concluded a new Board of Director's contract with Mr. Triadis on May 17, 2011, and this will become effective with the new 2012/2013 fiscal year that commences on April 1, 2012. This Board of Director's contract, which will be valid as from April 1, 2012, fully complies with the recommendations of the Code as well as the legal requirements governing the Board of Director's emolument structure.

Board of Directors' remuneration – No settlement cap for change of control (Code Item 4.2.3, Para. 5 in conjunction with Para. 4)

An agreement was signed with a member of the Board of Directors, Vasilios Triadis, on September 1, 2008, which gave him the right to resign from his position and his contract of employment within a specific period in the case of a change in control. He would then receive a settlement to the amount of the remuneration (including the variable component), which he would otherwise have received up to the end of the term of his contract. A change of control will take place as per the agreement if "a third party acquires at least 30 per cent of the Company's voting rights through the purchase of shares or other means in compliance with §§ 39, 35, Para. 1, Sentence 1, WpÜG. § 22 Paras. 1 and 2, WpHG, have to be complied in order to calculate the voting rights."

The Company therefore dissents from the recommendation covering a settlement cap in the case of a change of control. Hereafter any payments arising from the premature ending of Board of Directors activities that resulted from a change of control must not exceed 150 per cent of the settlement cap. Pay-outs, including fringe benefits, made in the case of premature ending of the Board of Directors activities without any other important reasons being given must not exceed a value of two years annual remuneration in accordance with the settlement cap, whereby the previous fiscal years as well as the current fiscal year, if necessary, must be used for calculating the compensation package. The existing regulations in the agreement signed on September 1, 2008 correspond to the view of the Supervisory Board that was sitting at the point in time when the contract was concluded, which was that this offer was appropriate. The Supervisory Board concluded a new Board of Director's contract with Mr. Triadis on May 17, 2011, and this will become effective with the new 2012/2013 fiscal year that commences on April 1, 2012, and it fully complies with the recommendations listed in the Code that govern the settlement cap.

Disclosure of the remuneration of the Board of Directors in the Compensation Report (Code Item 4.2.5)
The recommendation in the Compensation Report regarding the disclosure of the remuneration of members of the Board of Directors could and can only be complied with to the extent that doing so does not conflict with the decision of the Annual General Meeting of August 29, 2006 and August 30, 2011, to refrain from individual disclosure of the Board of Directors' remuneration. The non-disclosure of individual Board of Director's remunerations resolution that was passed at the AGM held on August 29, 2006 expired on August 28, 2011 and was applied for the last time in the annual financial statement for fiscal 2010/2011. It was resolved at the AGM held on August 30, 2011 to continue to omit the disclosure of the individual remunerations paid to the members of the Board of Directors. The obligation to omit the disclosure of the individual remunerations paid to the members of the Board of Directors under this resolution will remain valid until August 29, 2016 and this means that it will run from fiscal year 2011/2012 up to fiscal year 2015/2016.

Conflict of interest – Ancillary activities (Code Item 4.3.5)
Code Item 4.3.5 states that: "Members of the Board of Directors should only accept ancillary activities with the approval of the Supervisory Board." This recommendation has been upheld in practice. However, the employment contract with Mr. Triadis that was valid up to March 31, 2012, merely states that ancillary activities only require the approval of the Supervisory Board "if these activities might conflict with the Company's interests". The Supervisory Board concluded a new Board of Director's contract with Mr. Triadis on May 17, 2011, and this will become effective with the new 2012/2013 fiscal year, which commences on April 1, 2012, and it fully complies with the recommendations listed in the Code that govern the approval of ancillary activities.

Formation of committees (Code Items 5.3.1 to 5.3.3)
The Supervisory Board has not formed any committees as opposed to the recommendation listed in the Code. The Supervisory Board is comprised of only three members. The formation of committees in addition to the full Supervisory Board appear to serve no purpose, as a committee, in which at least three members would have to be present, would have to pass resolutions instead of the full Supervisory Board.

Composition of the Supervisory Board (Art. 5.4.1, Paras. 2 and 3, DCGK)

The Supervisory Board is not subjected to a specific target with regard to its composition, even though this is contrary to the recommendations listed in the Code, and it does not comply with the remaining recommendations listed in Art. 5.4.1, Paras. 2 and 3 of the Code. The Supervisory Board is comprised of only three members and this is why the Supervisory Board does not see any benefit in being bound to a specific target with regard to its composition. Furthermore, it is imperative that the Supervisory Board remains flexible in order to ensure that their proposals to the selection committee responsible are always made on an individual basis and that only the candidates with the best possible qualifications are given consideration.

Results-oriented remuneration for members of the Supervisory Board (Code Item 5.4.6, Para. 2)

Results-orientated remuneration has not been planned for the Supervisory Board as opposed to the recommendation listed in the Code. The view of the Group continues to be that this type of remuneration for the Supervisory Board would be in contradiction to its monitoring function and, given the size and structure of the Company, it would not appear to be in order either.

This declaration is published on the company's website under ‘Investor relations’ as are all previous declarations.

Relevant details covering corporate governance practises, which have to be applied in accordance with the legal requirements

Management and supervisory structure

For P&I AG, 'corporate governance' means management and supervision of the organisation in a manner that is responsible, transparent and oriented towards increased shareholder value in the long term. For the Board of Directors and Supervisory Board, the pre-eminent qualities for good management are sustainability, transparency and a value-based orientation.

The chief cornerstones of good corporate governance are effective cooperation between the Board of Directors and the Supervisory Board, safeguarding of the interests of all parties involved in the company's business success, responsible handling of risks, abiding by the legal and intra-group regulations as well as open, reliable and transparent channels of communication.

P&I AG is subject to the German Stock Corporation Act and has a two-tier structure of management and supervision. It is incumbent on the Board of Directors to carry out the management of the company under the supervision of the Supervisory Board. The Board of Directors and the Supervisory Board collaborate closely for the benefit of the company and maintain regular contact. Four regular meetings of the Supervisory Board are convened annually at P&I AG. The Board of Directors provides the Supervisory Board, on a monthly basis, with a comprehensive and up-to-date picture of business developments, targets, the current risk situation and any deviation from original targets in business developments. The operations of both the Board of Directors and the Supervisory Board are governed by the respective Company bylaws.

Directors' Dealings

Neither the members of the Supervisory Board nor the members of the Board of Directors acquired shares in the Company during fiscal 2010/2011. A variable salary component for the previous year was converted into shares by a member of the Board of Directors in accordance with the terms of his employment contract.

Open and transparent communication

P&I AG informs shareholders, analysts and journalists according to standardised criteria. All information is made transparent for all capital market participants.

Ad hoc announcements, press releases and presentations given at press or analysts' conferences are published promptly on P&I AG's website. The Board of Directors publishes insider information affecting the company immediately, apart from individual cases exempted from the disclosure obligation. Insiders are listed in accordance with statutory requirements and must observe confidentiality. P&I AG, observing a fixed financial calendar, publishes reports on its website four times annually on business developments and the current situation regarding its assets, finances and profits. In addition, all information relating to the AGM, such as the invitation, agenda, annual financial statements, memorandum and articles of association and explanatory notes to draft resolutions, is published on the company's website on the day of issue of the invitation. The website is also a repository of the information from previous AGMs, as well as the quarterly reports from the fiscal year just ended and from past fiscal years.

In addition, all relevant information is published in German and English. The Company also comply fully with the "German Electronic Commercial Registers and Company Register Act (EHUG)", which came into effect on January 1, 2007, by transmitting to the publishers of the electronic pages of the Bundesanzeiger, in electronic form, as stipulated, all documents required to be disclosed.

Functions of the Board of Directors and the Supervisory Board

Board of Directors

The Board of Directors bears independent responsibility for the management of P&I AG. It is committed to the interests of the Company and under an obligation to increase shareholder value over the long term. The Board of Directors provides the Supervisory Board with comprehensive and prompt information, on a regular basis, covering all conception questions that are relevant to P&I AG, business development, risk management and adherence to the intra-group regulations. The Board of Directors is responsible for the company's strategic orientation and these are regularly jointly agreed upon with the Supervisory Board.

At present, the Board of Directors consists of two members. P&I AG can be represented either by both members of the Board of Directors or by one member of the Board of Directors accompanied by an authorised officer (procurist). Eight employees were delegated as authorised officers (procurists) in fiscal 2011/2012.

Supervisory Board

The Supervisory Board advises the Board of Directors in its management of the organisation and also supervises and monitors its operations. The Supervisory Board is involved in all decision-making of fundamental importance for the organisation. In order to more closely define the reporting duties for the Board of Directors, the Supervisory Board has laid down a list of business transactions requiring approval, which forms part of the respective company bylaw. The Supervisory Board of P&I AG consists of three members. Elections to the Supervisory Board are made in accordance with the recommendations of the Corporate Governance Code: Each member of the Supervisory Board is elected singly.

2.6 ACQUISITION

P&I Personal & Informatik AG, of Horgen, in Switzerland, took over MIRUS Software AG, of Davos, in Switzerland, on March 1, 2012, after they acquired 100 per cent of the shares. MIRUS Software AG is the market leader with regard to the 'back-office' software used by the catering, hotel and tourist industries throughout Switzerland. The corporate object of the Company is the creation, marketing, and maintenance of software and the associated advising and training of operators, as well as dealings in both DP equipment and software.

The new company will enable P&I to strengthen its position as a local provider of integrated HR software solutions in the Swiss market and it will also profit from the expertise that Mirus Software AG brings with them. New sales channels for MIRUS Software AG's products used in the hotel industry will also open up in other European countries where the P&I Group operates.

The transaction was financed by a loan made by P&I AG to P&I Personal & Informatik AG, of Horgen and the effect of this merger on our sales and results is described in the consolidated financial statement.

2.7 REMUNERATION SYSTEMS

Board of Directors

Remuneration for the members of the Board of Directors is determined by the Supervisory Board and comprises both fixed and variable components. The fixed component, aside from a fixed-amount monthly remuneration, also includes benefits in kind, in particular the valuation for company vehicles to be applied in compliance with German taxation regulations. One part of the variable component of the Board of Directors' remuneration constitutes a performance related target income. The amount of the performance related target income is calculated on the basis of the degree to which the Group EBITDA set by the Supervisory Board has been fulfilled as well as specific success factors. The result-orientated compensation for a member of the Board of Directors for the current fiscal year is based on the advent of defined project events.

In the case of a member of the Board of Directors between 50 per cent and 100 per cent of the variable component will be paid in the Company's own shares at a respective price of 18 euros/share if this is approved by the Supervisory Board. The member of the Board of Directors will also receive an additional share-based payment for the respective fiscal year if there is a positive difference between the issuing price at the commencement of the contract and the respective market value on the balance sheet date. The Board are obliged not to sell the acquired shares until they have been held for at least 3 years.

In addition to this Argon GmbH entered into a agreement with a member of the Board of Directors during the fiscal year that has just ended that covers a variable reimbursement component with a long-term incentive based on a total of 300,000 Stock Appreciation Rights. The duration of this SAR agreement is open-ended and the claim is heritable. Under the assumption that the SAR's will be exercised before March 31, 2016, the fair value at the time of acceptance was 2,270,782.35 euros. As P&I employs the services of the member of the Board of Directors, the share-based payment has to be accounted for by P&I in accordance with IFRS 2.3 A, even though Argon GmbH is contractually responsible for fulfilling the payment claim. This employee expense will therefore be linearly distributed over the period and it will correspond to an increase in the capital reserves listed in the IFRS consolidated financial statement. This agreement is not posted as expenditure in P&I AG's annual HGB financial statement.

A basic obligation regarding the individual disclosure of remuneration for the board of directors of corporations listed on the stock exchange was introduced through the law regulating the disclosure of the Board of Directors' compensation (Transparency Law for the Compensation of Corporate Executives or VorStOG) published on August 3, 2005. However, pursuant to § 286 Para. 5 and § 314 Para. 2, Sentence 2 of the German Commercial Code (HGB), the annual general meeting of such an entity can decide to withhold this information in part. The non-disclosure of individual Board of Director's remunerations resolution that was passed at the AGM held on August 29, 2006 expired on August 28, 2011 and it was applied for the last time in the annual financial statement for fiscal 2010/2011 and the AGM held on August 30, 2011 once again resolved to omit the disclosure of the individual remunerations paid to the members of the Board of Directors. The obligation to omit the disclosure of the individual remunerations paid to the members of the Board of Directors under this resolution will remain valid until August 29, 2016 and this means that it will run from fiscal year 2011/2012 up to and including fiscal year 2015/2016. Therefore only statements regarding the total payments are made in the following.

The total remuneration for the members of the Board of Directors in fiscal 2011/2012 and the previous year is shown in the following table:

In '000 euros	2011/2012	2010/2011
Non-performance related remunerations		
Salaries	590	590
Other*)	53	771
Performance-related remunerations		
Bonuses / bonus programme	628	388
Components with long-term incentives	0	600
Total remuneration Financial Statements according to German law (HGB))	**1,271**	**2,349**
Components with long-term incentives**)	230	0
Total remuneration Consolidated Financial Statements acc. to IFRS	**1,501**	**2,349**

*) Allowances for insurances, non-cash benefits, non-recurring income, settlements

**) Expenditure for the share-based reimbursement is recognised in the IFRS consolidated financial statement only and not in the HGB separate financial statement

No further additional salary components exist.

Supervisory Board

In fiscal 2011/2012 the Supervisory Board of P&I AG was composed as follows:

Thomas Volk, Chairman
Vice President EMEA of Dell Inc., of Bobingen, is
Chairman of the Supervisory Board of SNP Schneider-Neureither & Partner AG, of Heidelberg, in Germany

Michael Wand, Deputy Chairman
Managing Director of The Carlyle Group, of London (GB), is
Member of the Advisory Board of UC4 Software GmbH, of Wolfsgarben, in Austria
Member of the Administrative Board of KSC.net AG, of Liestal, in Switzerland.
Member of the Board of Directors of The Foundry Visionmongers Ltd., of London, in Great Britain
Member of the Advisory Board of ADA Cosmetics Holding GmbH, of Kehl, in Germany

Dr Thorsten Dippel
Director of The Carlyle Group, of London (GB), is
Member of the Administrative Board of Tell AG, of Liestal, in Switzerland.
Member of the Advisory Board of ADA Cosmetics Holding GmbH, of Kehl, in Germany

Each member of the Supervisory Board received, in accordance with the Articles of Association, a fixed annual remuneration of 11,248.42 euros. The Chairman of the Supervisory Board received 14,316.17 euros per annum and the deputy Chairman of the Supervisory Board received 12,782.30 euros per annum. The company also reimbursed the members of the Supervisory Board for any expenses and VAT incurred in exercising their office. Mr. Wand and Dr Dippel have waived their right to be paid for their Supervisory Board duties for fiscal 2011/2012.

The total remuneration for the members of the Supervisory Board in fiscal 2011/2012:

In Euro	Fixed remuneration	Expenses reimbursed	Consultation
Thomas Volk	14,316.17	2,098.03	---
Michael Wand	---	3,713.41	---
Dr. Thorsten Dippel	---	3,485.78	---

3. ECONOMIC CONDITIONS

The recovery in the global economic situation faltered during 2011. After the strong 5.1 per cent growth recorded in 2010, an analysis conducted by the Kiel Institute for the World Economy in 2011 found that the global gross national product had only increased by 3.8 per cent. Temporary factors were mainly responsible for the moderate increase recorded in the global GNP during the first six months of 2011 and these include the sharp rise in commodity prices and the consequences that the earthquake in Japan had on global production. The easing of these factors enabled the global economy to continue grow at a current annual rate of a good 4 per cent during the third quarter. Nevertheless, the tendency for the economic situation in the final quarter of 2011 points downwards.

The German economy recorded clear growth in 2011. The price-adjusted gross national product was 3 per cent higher than the previous year according to the initial calculations made by the Federal Statistics Office. This reflects the upward trend in the world economy and that the German economy continues to grow for the second year after the economic crisis.

Business confidence in the German IT industry at the end of 2011 still remained good, even after the euphoria seen at the end of 2010. The development of the IT industry has actually improved as compared to that seen during the previous year. According to the market figures published by the BITKOM industry association, the IT industry recorded 3.2 per cent growth when compared to the previous year. In fact growth of 5 per cent over the previous year was realised by the software companies.

4. GROUP BUSINESS PERFORMANCE

The P&I Group recorded sales of 70.6 million euros, which was a slight improvement when compared to the previous year. The excellent Company operating result (EBIT) of 18.1 million euros, which represents a margin of more than 25.7 per cent shows that the P&I Group is one of the most attractive companies in the market segment. Since the time of acquisition on March 1, 2012, MIRUS Software AG recorded sales of 266,000 euros up to March 31, 2012, which means that they have already made a contribution to the Company's results. Financial statements for the previous year were not compiled for comparison purposes for economic reasons.

4.1 Profit Situation

Sales development

Im Geschäftsjahr 2011/2012 erzielt der P&I Konzern einen Umsatz von 70,6 Mio. Euro nach 69,1 Mio. Euro im Vorjahr. Die Umsatzsteigerung im abgelaufenen Geschäftsjahr beträgt 2,2 % und ist überwiegend organisch bedingt.

Sales (in '000 euros)	2011/2012	2010/2011	Variance
Licensing	17,010	16,905	0.6 %
Consulting	21,439	23,169	-7.5 %
Maintenance	29,803	26,503	12.5 %
Other	2,352	2,537	-7.3 %
Total	**70,604**	**69,114**	**2.2 %**

Licence business

After the strong increase in Licensing sales recorded during the previous year, which was characterised by a backlog demand resulting from the economic crisis, this P&I business sector has recorded a slight increase in licensing sales when compared to the previous year as a result of continued high licensing sales. Licensing sales amounted to 17.1 million euros. This means that 24.1 per cent of overall Group sales came from the licensing business. New customer acquisitions became the growth engine in addition to a multitude of small and medium sized projects undertaken with our existing customers. Innovative module solutions, the time management solution and the web-based HCM HR solution were all extremely popular.

Current licensing sales are an important indicator for the future for the P&I Group, as licence sales are followed after a certain period by regular annual maintenance services or else they ensure the maintenance for the coming year in the case of migration customers.

Maintenance business

The maintenance business recorded a continuous increase in their sales development. Development of P&I's maintenance service income mainly follows the licensing sales realised during the previous years. Revenue of 29.8 million euros was generated by the maintenance business. This is a year-on-year increase of 3.3 million euros or 12.5 per cent, which represents a 42.2 per cent share of overall sales. The excellent maintenance business is mainly the result of the successful licence sales realised during the previous year and the high level of satisfaction of our existing customers. A climb in maintenance income results in increased earning power, since the expenses for maintaining the software remain virtually independent of the number of customers to be serviced.

Product income linked to the attractive margins – the sum from licensing and maintenance revenues – increased by 7.8 per cent (previous year: 9.0 per cent). Virtually 66 per cent of overall P&I sales was generated by these product sectors.

Consulting and service businesses

The Service business recorded a slight decline in sales of 1.7 million euros as compared to the previous year, but still remains at its normal level as special effects were posted during the previous year. The Consulting / System Integration business sector generated sales of 21.4 million euros for the P&I Group and this sum corresponds to 30.4 per cent of P&I Group's overall sales. Shown here are revenues from seminars and training courses in addition to those arising from introductory projects and from ongoing existing customer support services. The P&I Group has been offering seminar packages since 2010 and these have been very well received by our various customer groups. Purchasing a seminar package will ensure that a customer is able to participate in release events, user conferences and the end-of-year seminar and will always be up-to-date with legal changes and the latest software. P&I will be simultaneously focusing on providing new support quotes covering the future support service requirements of our Consulting business customers.

Sales development in the segments

Sales (in 000 euros)	2011/2012	2010/2011	Variance
Domestic	55,879	54,628	2.3 %
Austria	7,561	7,499	0.8 %
Other foreign countries	7,164	6,987	2.5 %
Total	**70,604**	**69,114**	**2.2 %**

Domestic business growth

Sales growth in the traditionally strong competitive domestic market meant that the increase in P&I Group sales was slightly above the average for the Group. 55.9 million euros or 79.1 per cent of P&I Group sales were generated within Germany.

The Austrian business sector remains steady

10.7 per cent of P&I Group sales were generated in the Austrian business sector and they realised sales of 7.6 million euros (previous year: 7.5 million euros).

Other foreign countries

Other foreign countries includes sales from Germany made to international customers as well as sales recorded by our foreign subsidiary businesses in Holland, Switzerland and Slovakia. Sales recorded during the fiscal year that has just ended amount to 7.2 million euros as opposed to 7.0 million euros in the previous year and sales increased acquisition-related by 2.5 per cent.

Development in Sales and Orders

The inflow of orders (consulting, licensing and others) in fiscal 2011/2012 increased when compared to the previous year as a result of the major Dataport project and they amounted to 61.5 million euros (previous year: 42.9 million euros). Orders on hand (Licenses, Consulting and Maintenance) stands at 30.7 million euros over the next 12 months, which is more than 3.7 million euros above the previous year's level (45.0 million euros). Orders on hand include a future maintenance income of 32.7 million euros (previous year: 26.4 million euros) over the next 12 months.

Profit Situation

Profitability was characterised during fiscal 2011/2012 by moderate sales growth and reduced costs as compared to those recorded during the previous year. One-off costs that amounted to approximately 3.4 million euros (for legal consultations in particular) were recorded during the previous year and these resulted from the conflicts between groups of shareholders and the change to the shareholding structure.

In '000 euros	2011/2012	2010/2011
Operating result (EBIT)	18,146	15,438
EBIT-Margin	25.7 %	22.3 %
Earnings before tax-sharing respectively before tax	19,236	15,897
Consolidated result (before profit transfer [1])	15,944	10,860
Return on sales	22.6 %	15.7 %
Return on assets ROA [2]	49.8 %	39.7 %
Earnings per share (in euros)	2.12	1.44
Share price end of March in euros	28.65	27.68
Price-profit ratio	13.52	19.17

1) A controlling and profit transfer agreement has existed between P&I Personal & Informatik AG and Argon GmbH, of Munich, since April 1, 2011. The profit made by P&I Personal & Informatik AG, of Wiesbaden, for fiscal 2011/2012 was ceded to Argon GmbH. The outside shareholders of P&I AG will be paid a compensation payment amounting to 1.55 euros per P&I share after tax by Argon GmbH.

2) EBIT + interest income / operating assets (consisting of the sum of intangible assets, tangible assets, stocks, trade receivables as well as payments and cash equivalents).

The slight 0.8 per cent increase in the cost of sales as compared to the previous year can be attributed to payroll and price increases. The 1.1 million euro increase in the development costs is attributed to the expansion of the development services needed to increasing product quality. The marketing costs recorded a slight decline of 1 per cent as compared to the previous year due to the reduction in the variable personnel costs. The 0.7 million euros increase recorded under the administration costs arose from the modernisation measures to the technical infrastructure and the associated consultation fees. Impairments to the value of one of P&I's customer bases and one of the goodwill or company values were recorded as a result of the recovery tests undertaken at the end of the fiscal year and it was these impairments that caused the increase in the depreciations of the customer bases and the goodwill. The other operating incomes are derived from income arising from the termination of lawsuits, for which provisions had to be made during the preceding years. The other operating expenses recorded during the previous year were caused by one-off costs (for the legal consultations in particular), which arose from the conflicts between various groups of shareholders as well as the changes to the shareholding structure.

We decided to use the zero-profit method in the IFRS consolidated financial statement for two major projects instead of the PoC method, due to the inherent planning uncertainties regarding the accounting.

Profit Situation in the segments

In '000 euros	2011/2012	2010/2011	Variance
Domestic	14,124	10,962	3,162
Austria	595	706	-111
Other foreign countries	3,427	3,770	-343
Operating result (EBIT)	**18,146**	**15,438**	**2,708**

The Group earnings situation is determined by the parent company and domestic business. One-off costs, which are no longer applicable in this fiscal year, arose during the preceding fiscal 2010/2011 in this segment.

Conversely, losses in earnings were recorded under international sales, even though all of our foreign businesses recorded positive annual results up to March 31, 2012 and it was low Licensing sales that reduced the overall income.

The P&I Group generated an operating result after taxes and tax-sharing amounting to 15,944 million euros (previous year: 10,860 million euros).

A controlling and profit transfer agreement has existed between P&I AG and Argon GmbH since April 1, 2011. The annual net profit shown in the annual financial statement that was prepared in accordance with commercial legislation for P&I AG for fiscal 2011/2012 has been ceded to Argon GmbH in compliance with the controlling and profit transfer agreement and the profit transfer for 2011/2012 amounted to 15,227,000 euros (previous year: 0 euros).

Earnings per share

Earnings per share amount to 2.12 euros (previous year: 1.44 euros).

4.2 FINANCIAL SITUATION

Cashflow development and liquidity situation

The financial and liquidity planning is updated regularly in order to ensure that the necessary liquidity is available for the ongoing business. A loan amounting to 40.0 million euros, on which interest will be paid at customary market interest rates, was made to the controlling company, Argon GmbH, as instructed and with whom a controlling and profit transfer agreement has existed since September. The recoverability of the loan made to Argon GmbH will be monitored on a regular basis by the auditing of the financial figures of Argon GmbH. The current holding of liquid assets and liquid asset equivalents corresponds with our Group planning, even after this loan payment was disbursed, and this will ensure that the solid financing needed for our future business is available.

The Group has had no need for short-term refinancing and it has access to adequate financial resources in the form of unused credit lines that can be used for the future development of the Group.

The cashflow statement for fiscal 2011/2012, which includes a reduction in the liquid assets and liquid asset equivalent holdings that amounted to 7.6 million euros, is characterised by two significant effects that were both based on a single business transaction and the cashflow from the investment activities: firstly the disbursement of the loan of 40.0 million euros to the controlling company, Argon GmbH and secondly, using the funds from the short-term financial assets to provide the loan.

The annual maintenance business invoices sent out at the start of the calendar year result in higher comparative payments being made at the start of the calendar year. This means that it is traditional for liquid funds to increase at the end of the old fiscal year and the start of the new fiscal year.

Thereafter there remained a holding of liquid assets and liquid asset equivalents totalling 14.2 million euros (previous year: 21.9 million euros). Holding liquid assets and available-for-sale financial assets amounted to 33.7 million euros (March 31, 2011: 55.4 million euros) and this means that the P&I Group still remains in a solid position.

In '000 euros	2011/2012	2010/2011	Variance
Cashflow from			
- operating activities	25,759	20,924	4,835
- investments	-33,175	-19,263	-13,912
- financing	-301	-8,275	7,974
- Net change in cash and cash equivalents due to currency conversion	94	48	46
Changes in cash an cash equivalents	-7,623	-6,566	-1,057

The cashflow from operating activities in the 2011/2012 fiscal year under review increased from 21.0 million euros to 25.8 million euros and this growth resulted from the improved equity earning results as well as the payment received from a major project.

Cashflow from the investment activities dropped from minus 19.3 million euros in the previous year to minus 33.2 million euros and this huge outflow of funds resulted from a loan that was paid to Argon GmbH, as instructed. P&I Group also recorded an outflow of funds during fiscal 2011/2012 that amounted to 3.6 million euros and this arose from the acquisition of MIRUS AG together with payments for the investments in the assets sector that amounted to 1.2 million euros.

Cashflow from the financing activities amounted to minus 0.3 million euros (previous year: minus 8.3 million euros) and this resulted from the dividend distribution for fiscal 2010/2011, whereas a cash outflow is not shown in P&I AG's HGB annual statement for fiscal 2011/2012.

Decline in the cash holdings and short-term financial assets

Holding liquid assets and short-term financial assets amounted to 33.7 million euros (previous year: 55.4 million euros), which means that the P&I Group is in a solid position.

In '000 euros	2011/2012	2010/2011	Variance
Cash and cash equivalents	14,239	21,862	-7,623
Fixed term deposits/Securities	19,500	33,554	-14,054
liquid funds and the short-term assets	**33,739**	**55,416**	**-21,677**
Interest bearing loans	0	0	0
Net financial position	-33,739	-55,416	-21,677
Share of net financial position in the total assets	31.1 %	71.1 %	-56.2 %

In addition to this the Group possesses two long-term, fixed-interest securities worth a total of 4,542,000 euros (previous year: 1,946,000 euros), which provide collateral for a line of credit.

Financial management

The P&I Group has regularly had very high liquidity surpluses for many years.

A controlling and profit transfer agreement has existed between P&I AG and Argon GmbH since April 1, 2011. Financial management and the administration of the surplus liquidity has been characterised by this since then.

P&I AG together with the subsidiary companies in Austria and Switzerland entered into a financing agreement with Argon GmbH as planned and instructed by Argon GmbH in October 2011, which amounted to 110 million euros. Various security assignments from movable assets and collateral assignments from receivables and rights have been granted to the banks providing the financing as well as Argon GmbH's subordinate ob+ligation agreement covering the interest payments and the repayment of loans and these were closed in accordance with the existing liquidity plan. Furthermore and acting upon instructions, P&I AG has granted loans to Argon GmbH, which including interest amount to 40.6 million euros.

Surplus liquidity, when not used for investments, is held partly in bank balances and partly in marketable, available-for-sale securities. This policy corresponds with the management's view, shortly to have the Company's full liquidity at our disposal. Investment in securities is only made in euros and the most financially sound investments in order to minimise the risk of substantial fluctuations in value. The break-down respectively development of cash and cash equivalents of the Group is set out in the notes to the accounts and in the cashflow statement.

Derivative Financial instruments

The aim of using derivative financial instruments is to prevent as far as possible the risks arising from negative developments on the financial markets affecting the Company's assets, finances and profits. P&I does not make use of any derivative instruments at present. Off-balance sheet financial instruments, such as the sale of trade receivables, or sale-and-lease-back transactions are not used.

4.3 ASSETS

P&I Group's balance sheet total rose by 39.1 per cent as a result of the acquisition of MIRUS AG, the changed dividend distribution policy as well as the increased business volume and this amounted to 108.4 million euros (previous year: 77.9 million euros). This is reflected in the increase in long-term assets, particularly in the recorded increase in financial assets.

In '000 euros	2011/2012	2010/2011	Variance
Noncurrent assets	59,838	10,288	49,550
Current assets	48,566	67,623	-19,057
Assets	**108,404**	**77,911**	**30,493**

In '000 euros	2011/2012	2010/2011	Variance
Equity	35,991	35,053	938
Noncurrent liabilities	3,450	3,442	8
Current liabilities	68,963	39,416	29,547
Equity and Liabilities	**108,404**	**77,911**	**30,493**

Key data	2011/2012	2010/2011
Equity ratio	33.2 %	45.0 %
Gearing *)	-94.2 %	-158.1 %
Working capital in '000 euros **)	-20,397	28,207

*) Net borrowing/Equity
**) Short-term assets less short-term liabilities

The P&I Group holds assets with respect to *non-current/long-term assets* to the value of 59.8 million euros (previous year: 10.3 million euros), thus recording a significant addition of 49.5 million euros in the year under review. The increase in the financial assets is primarily due to a loan including the accumulated interest granted to Argon GmbH amounting to 40.6 million euros and this loan has been assigned to the fixed assets due to its long service life. Furthermore, this increase can also be attributed to the acquisition of MIRUS Software AG that occurred during the fiscal year, which resulted in an increase in the customer base, goodwill or company value as well as a downturn in the immaterial assets. Overall this overcompensated for the scheduled depreciations that were carried out as well as the impairments of the customer base and the goodwill or company value.

The *short-term assets,* which basically consist of liquid funds and receivables, have dropped as a result of the outflow of funds for the loan made to Argon GmbH and they have only been partially offset by the inflow of funds from the operating activities.

The decline in *receivables* from 10.3 million euros to 9.9 million euros is substantially attributable to the contractually agreed instalment payments from major projects..

Liquid funds (Cash and cash equivalents and current financial assets) fell by 21.7 million euros to 33.7 million euros (previous year: 55.4 million euros).

The *equity* increased by 0.9 million euros to 36.0 million euros when compared to the previous year's result. The slight increase resulted from the annual profit from the foreign subsidiaries as well as the increase in the capital reserves arising from the share-based reimbursement paid to a member of the Board of Directors. The annual net profit shown in P&I's HGB financial statement for fiscal 2011/2012 amounting to 15.2 million euros was ceded to Argon GmbH in compliance with the controlling and profit transfer agreement, whereby the increase in the balance sheet total resulted in the equity ratio being reduced from 45.0 per cent to 33.2 per cent.

The *long-term liabilities* of 3.4 million euros remained at the previous year's level. Long-term liabilities from a purchase price payment (+0.8 million euros) replace the reduction in the long-term liabilities from a long-term bonus programme (further listings: see 2.7). Due to the terms of the payment obligations up to March 31, 2012 these have been posted under short-term liabilities. The deferred tax liabilities and the deferred liabilities from the tax-sharing agreement amount to 2.6 million euros, which is slightly above the previous year (2.2 million euros).

The sum of *short-term liabilities* rose by 29.5 million euros to 69.0 million euros. This includes the liabilities from the trade receivables, liabilities from the transfer of the profit made under commercial law by P&I AG to Argon GmbH (+15.2 million euros), tax liabilities and tax liabilities arising from the tax-sharing agreement (+2.0 million euros), deferred charges (+3.8 million euros), payments received from uncompleted projects (+7.7 million euros) and other short-term liabilities (+1.0 million euros). The tax liabilities of 1.7 million euros mainly include P&I AG's tax on income and corporation tax charges for the fiscal years 2009/2010 and 2010/2011 as well as the tax liabilities for the subsidiary companies, which will be offset against the tax prepayments for this fiscal year. The tax liabilities from the tax-sharing agreement have arisen for the first time as a result of the tax-sharing agreement closed between P&I AG and Argon GmbH that has been in existence since April 1, 2011 and it will also apply to fiscal 2011/2012. There was a clear increase recorded in our deferred items, which have to be assembled in advance at the start of the calendar year and it consists of annual invoices that still have to be paid and these are reversed on a monthly basis in compliance with the sales realisations. Other short-term assets amounted to 12.3 million euros at the close of the fiscal year (previous year: 11.3 million euros) and included, amongst others, payment obligations to personnel resulting from the variable compensation components. Payments received from uncompleted projects increased, as a result of payments received for a major project, to 10.2 million euros (previous year: 2.5 million euros).

5. P&I AG

5.1 PROFIT SITUATION

Sales development recorded a moderate increase in sales of 1.8 per cent when compared to the previous year and overall sales amounted to 61.2 million euros. The operating result increased (before taxes and financial result) by 3.0 million euros to 17.4 million euros. The earnings situation in the HGB financial statement for fiscal 2011/2012 was characterised by two factors: Sales increases in the operating activities and the elimination of the hefty one-off costs posted during the previous year.

Sales development

In fiscal 2011/2012, total sales amounted to 61.2 million euros (previous year: 60,1 million euros). This includes 56.2 million euros (previous year: 55.3 million euros) sales to third parties, which corresponds to an increase aof 1.6 per cent.

Sales in 000 euros to	2011/2012	2010/2011	Variance
- third parties	56,183	55,315	1.6 %
- affiliated companies	4,971	4,748	4.7 %
Total	**61,154**	**60,063**	**1.8 %**
Net change in inventories	973	391	148.8 %
Overall performance	**62,127**	**60,454**	**2.8 %**

The highest contribution to sales was made by Maintenance. A sales volume of 27.2 million euros (previous year: 24.1 million euros), meant that Maintenance made a 44.5 per cent contribution to our sales. Despite a decline in sales the second strongest sales category was Consulting with a contribution of 27.0 per cent, which corresponds to 16.5 million euros (previous year: 18.9 million euros). Licensing sales increased once again to 15.1 million euros (previous year: 14.6 million euros) and this represents a 24.7 per cent contribution to overall sales. The volume of other sales, which amounted to 2.3 million euros (previous year: 2.5 million euros), was 3.8 per cent of overall sales.

The increase in the inventory during the fiscal year that has just ended was a direct effect of the services that were undertaken as part of the work contracts and fixed-price projects in Consulting. The increase in the inventory is the result of long-term project manufacturing, even though a whole range of projects were completed during the fiscal year that has just ended and sales were added after the work or the implementation phase was accepted and new projects were won simultaneously. The inventory was increased by a total of 0.6 million euros (previous year: 0.4 million euros).

Profit Situation: Result of ordinary business activities improved significantly

The result of ordinary business activities rose by 3.6 million euros to 18.4 million euros (previous year 14.8 million euros).

The increase in the result is attributed to two factors: Firstly the statistical growth in sales resulting generated by the extra sales and secondly, the reduced costs and the increased finance revenues. One-off costs amounting to around 3.4 million euros were recorded during fiscal 2010/2011 and costs of this amount have not been incurred during the current year.

As a result of the continued positive development of the business activities of our subsidiary company in Switzerland, this company's investment value has been accredited to the historical acquisition costs and it also recorded an income of 1.0 million euros (previous year: 0.8 million euros).

A tax-sharing agreement has existed between P&I AG and Argon GmbH since April 1, 2011. As P&I AG is a controlled company it must pay the tax on the compensation payments paid to outside shareholders.

The tax charge was reduced by 1.7 million euros to 3.2 million euros when compared to the previous year and this is attributed to the tax-sharing charge resulting from the tax-sharing agreement as well as the revenue from the accounting of deferred taxes.

Annual net profit / profit transfer

A controlling and profit transfer agreement has existed between P&I AG and Argon GmbH since April 1, 2011.

The annual net profit before the profit transfer amounted to 15.2 million euros (previous annual net profit: 10.0 million euros).

The annual net profit shown in the annual financial statement that was prepared in accordance with commercial legislation for P&I AG for fiscal 2011/2012 has been ceded to Argon GmbH in compliance with the controlling and profit transfer agreement Argon GmbH will pay the outside shareholders of P&I AG a compensation payment amounting to 1.55 euros per P&I share after tax.

In the previous year a dividend of 0.04 euros was paid out.

5.2 FINANCIAL SITUATION

Cashflow development and liquidity situation

The development of the cashflow during fiscal 2011/2012 is governed by the outflow of funds for investment activities that amounted to 32.9 million euros (previous year: 15.7 million euros) on one hand and an inflow of funds from current business activities that amounted to 21.1 million euros (previous year: 17.8 million euros) on the other hand. The outflow of funds from the financial activities cashflow came to 0.3 million euros (previous year: 8.3 million euros).

The cashflow from investment activities is based on the outflow of funds for loans granted to the controlling company, Argon GmbH, and another loan granted to a subsidiary company, P&I Personal & Informatik AG, of Horgen, in Switzerland, which amounted to a total of 45.9 million euros and securities from the current assets were sold in order to partially compensate for this. The cashflows mentioned above have resulted in a reduction in the cash holdings from 18.0 million euros to 5.9 million euros.

In a broader sense, the liquid funds have developed as follows:

In '000 euros	2011/2012	2010/2011	Variance
Cash and cash equivalents	5,932	17,962	-12,030
Fixed term deposits	13,500	20,000	-6,500
Securities	4,447	11,946	-7,499
Liquid funds	**23,879**	**49,908**	**-26,029**

Decline in the liquid funds

Adding the financial investments in available-for-sale securities and term deposits, which are listed under current assets, the total amount of liquid resources came to 23.9 million euros (previous year: 49.9 million euros), which corresponds to a decrease of 26.0 million euros.

As before, there were no liabilities due to banks.

Financial management & financial instruments

Please refer to the details given under 4.2 of the Combined Management Report.

5.3 ASSETS

In '000 euros	2011/2012	2010/2011	Variance
Fixed assets	52,301	6,005	46,296
Current assets	36,271	58,755	-22,484
Accrued assets	1,321	1,035	286
Active difference resulting from asset offsetting	57	0	57
Assets	**89,950**	**65,795**	**24,155**
Equity	**27,677**	**27,842**	**-165**
Accruals	10,360	12,273	-1,913
Liabilities	33,277	8,901	24,376
Deferred income	17,884	15,720	2,164
Deferred tax liabilities	752	1,059	-307
Equity and liabilities	**89,950**	**65,795**	**24,155**

The value of *fixed assets* rose from 6.0 million euros in 2010/2011 to 52.3 million euros in 2011/2012. The rise in the value of the assets is initially due to the granting of loans to an affiliated company amounting to 46.5 million euros as well as an appreciation in the shareholding in an affiliated company (1.0 million euros) and secondly to the reduced scheduled and non-scheduled asset depreciations. Loans wee granted to the controlling company, Argon GmbH and to a subsidiary company, P&I Personal & Informatik AG, of Horgen, in Switzerland.

Current assets, The liquid funds, which include other securities, sank by 26.0 million euros to the present level of 23.9 million euros and the increase in the active deferred charges results from the increase in the services purchased for the following year, which were implemented in March and are amortised periodically.

Assets that cannot be accessed by other creditors are held solely for settling any liabilities arising from the absolute credit value and the part time employment liabilities and the liabilities are offset against these specific assets If the value of the liabilities becomes excessive, then this overhang will be shown as an active difference resulting from the asset offsetting on the asset side of the balance. There was an active difference amounting to 57,000 euros from asset offsetting on the balance sheet date.

Equity decreased by 0.2 million euros to 27.7 million euros when compared to the previous year. This reduction resulted from the dividend distribution of 0.3 million euros for fiscal 2010/2011 as well as the posting of the sale of own shares. The annual net profit shown in the annual financial statement (HGB) that was prepared in accordance with commercial legislation for P&I AG for fiscal 2011/2012 has been ceded to Argon GmbH in compliance with the controlling and profit transfer agreement and this is why our equity has not increased. The consequence of the increase in the balance sheet is that it reduced the equity ratio and this now stands at 30.8 per cent (previous year: 42.3 per cent).

A notional own share value of 172,162 euros (previous year: 177,248 euros) was deducted from the total subscribed capital 7,700,000 euros, so that there was a subscribed capital of 7,527,838 euros (previous year: 7,522,752 euros) listed in the balance sheet after the accounts were closed on March 31, 2012.

Reserves declined by 1.9 million euros to 10.4 million euros. Tax reserves listed at 1.3 million euros include P&I AG's anticipated supplementary tax payments for fiscal years 2009/2010 and 2010/2011. Other reserves have reduced by 0.7 million euros to 9.1 million euros (previous year: 9.7 million euros).

Liabilities, listed at 33.3 million euros, rose significantly by 24.4 million euros in comparison to the previous year (8.9 million euros). This can be mainly attributed to the increase in the liabilities posted against affiliated companies (+18.4 million euros) and payments received (+6.4 million euros). First-time liabilities due from Argon GmbH amounting to 18,4 million euros are included in the liabilities from affiliated companies, of which 3,2 million euros arise from the liabilities in the tax-sharing agreement and 15,2 million euros arise from the profit transfer liabilities for fiscal 2011/2012.

The increase in the *deferred income* is initially due to the growth in the number of maintenance contracts and also due to the accrued income from recurring services (seminars, etc.). Deferred income takes into account income due after balance sheet date, which has been received before balance sheet date.

Deferred tax liabilities amounted to 0.8 million euros (previous year: 1.1 million euros) on the balance sheet day and these were calculated, for the first time, in accordance with the balance-orientated temporary concept introduced in BilMoG and the temporary differences were also taken into consideration.

5.4 FINAL DECLARATION REGARDING THE DEPENDENCY REPORT

The report about the relations with affiliated companies (dependency report) prepared by the Board of Directors that covered the period from April 1, 2011 up to September 9, 2011, closed with the following declaration:

"We hereby declare, with regard to all of the legal transactions referred to in the report about the relations with affiliated companies during the period April 1, 2011 to September 9, 2011, that our Company received appropriate payments for all legal transactions under the circumstances known to us at the date these transactions were effected. No other measures were implemented or omitted during the period April 1, 2011 to September 9, 2011."

6. SUMMARISED EVALUATION OF THE BUSINESS DEVELOPMENT

P&I AG is able to look back on a very successful year. The targets we set were realised and both the sales and the operating results increased when compared to the previous year. The Company can still expand in many ways as we have won international customers as well as major players in the public services sector. The P&I Group is in a very sound financial position. The P&I Group is also well positioned to meet all of our financial obligations in the future, as a result of the excellent income and financial situation. Our perceived aim is to become the most professional software company in the European HR market.

As a result of the acquisition of a majority stake by the Carlyle Group and the subsequent definitive change in the shareholder structure, the Company is working to settle various dissonant topics with previous members of the Supervisory Board and shareholders. After a couple of difficult years, the Board of Directors, in particular, now has the time to concentrate on operating topics concerning eh ongoing business.

The acquisition of MIRUS AG, which is a Swiss HR software company, shortly before the end of the fiscal year on March 1, 2012 was an absolute highlight from the point of view of the continued strategic growth of P&I AG. By acquiring MIRUS we have won the undisputed market leader with regard to the software used in the hotel industry and we will continue to meet the high demands of the customers in Switzerland.

7. CORPORATE RISK REPORT

In the context of its business activities, P&I is exposed to various risks which arise from, or can be attributed to ongoing operating activities or changes in external conditions. We define risks, in the broadest sense of the word, as the danger that we will not fulfil our financial, operative or strategic aims as planned. In order to secure the success of the enterprise in the long term, it is essential to identify and analyse risks, and to remove or limit them through appropriate management strategies. We aim for a good balance between risk and opportunity, taking on risks only if there is a high probability that the business activities will raise the value of the Company.

7.1 ORGANISATION OF THE RISK MANAGEMENT SYSTEM

P&I has a comprehensive risk management system which enables us to detect and analyse risks early on and take appropriate measures. The Group-wide precautions are guided and monitored centrally by P&I AG in Wiesbaden. Here, risk reports are prepared, further developments of the risk management system initiated and standard requirements for reducing risk, applicable Group-wide, are worked out.

We are now in the tenth fiscal year where risk management software has been supported by the Risk to Chance tool (R2C) which enables the active, web-based involvement of all managers in all risk management procedures. As well as financial data, the risk management procedure encompasses all activities of the organisation, systematically and continuously following through the steps of identification, analysis, evaluation, control, documentation, and communication.

A risk inventory is a system whereby previously identified and new risks are classified according to type, following a formalised procedure, and evaluated according to the probability of their occurrence and the degree of damage they might inflict.

7.2 RISK MANAGEMENT SYSTEMS AND INTERNAL CONTROL SYSTEMS WITH REGARD TO THE ACCOUNTING PROCESS

P&I is obliged, as it is an equity market orientated business within the meaning of § 264d HGB and based on § 289 (5) HGB in conjunction with § 315 (2) No. 5 HGB, to explain the important features of the internal risk management systems and the internal control systems with regard to financial accounting listed in the management report. A definition of this system does not have to be given under the law.

We believe that we have adhered to the principles, procedures and actions for guaranteeing the correctness and reliability of the internal and external financial accounting and also adhered to the significant legal regulations applicable to P&I in accordance with the PS 261 Auditing standard issued by the 'Institut der Wirtschaftsprüfer in Deutschland e.V. (Institute of Auditors)'.

All of the business transactions were undertaken in accordance with the legal regulations have been recorded in full and promptly, inventories have been carried out correctly, assets and liabilities have been listed and evaluated accurately.

The prerequisite throughout the Group has been the integration of the tax and monitoring instruments and the appropriate reporting in the important financial accounting processes.

P&I is distinguished by a clear management and company structure, which guarantees that the basic legal conditions and the statutory regulations have been fulfilled.

It consists of clearly defined separation of the functions involved in the incoming orders, accounting and Group controlling activity fields and the assigned responsibilities. Accounting and controlling are both tangible as well as personal forms and they enable correct and precise implementation and mapping of the financial accounting process.

We use our own guidelines and standards for the development of our financial accounting processes. The processes are audited on a regular basis and they are upgraded to meet current developments whenever necessary. External experts are brought in to evaluate complex matters such as mergers, accretions, legal risks and tax problems.

The internal financial accounting related checks are carried out regularly using automatic plausibility checks and manually with the aid of divergence analyses, which involves comparing them against defined key data as well as the budget figures. Any differences that might be detected can then be answered and eliminated. An important area for monitoring and checking risks is 'reporting', which guarantees that the transaction was mapped and presented in accordance with the Group's guidelines. The data is called up, prepared and made available for the various evaluations as part of the reporting system. The four-eyes principle is always used here. The Board of Directors and the Supervisory Board are informed about the asset, financial and profit situations at least once every month.
Furthermore any short-term risks that arise are reported to the Board of Directors and the Supervisory Board immediately.

Regular discussions about important key financial data are held with the relevant operating department in order to further support the reliability of our financial accounting.

All of our internal checks are regularly audited, developed and optimised to meet new requirements, in order to guarantee functional processes. Our internal guidelines are also regularly revised, in order to implement processing improvements or corrections. Due to the size of the business we do not undertake autonomous internal revisions. Those responsible for the respective profit center assume responsibility for completing the incumbent tasks involved in an internal revision: They are the divisional manager in the German organisation and the respective general manager in the foreign subsidiaries.

Our systems are protected against unauthorised access and manipulation by the implementation of the relevant security measures. Access to the systems by our employees is clearly defined and restricted.

We guarantee that controlled operational procedures are used throughout the company and that our organisational security measures and the relevant control mechanisms are able to promptly detect undesirable developments and implement suitable counter-measures.

7.3 RISK FACTORS

Strategic company risks

The demand for our recently introduced products and services and their acceptance by our customers is subject to a high degree of uncertainty and this due entirely to the current economical situation. An important component of P&I's strategy is the further development of our position as a medium sized company by winning new customers. Despite all of our endeavours, for example, the expansion of our sales and partner network or the reorganisation in the consulting sector, the demand for our products and services by medium sized companies has not developed as planned and this might have a negative effect on our business activities as well as our financial and profit situations.

P&I generates a considerable proportion of its sales income from its large base of long-standing customers. These customers, in the case of a decline in customer satisfaction, could decide not to prolong maintenance contracts, take out new licences or conclude other contracts for further products or services with us, or decide against reducing the scope of their existing maintenance contracts. The effect would be considerably detrimental to P&I's revenues and profits. However, given P&I's sound business development in dealings with its long-standing customers and its future-oriented technology strategy, which has earned recognition from analysts and customers alike, this scenario seems rather unlikely.

Fluctuations and declines in P&I's licensing business can affect service and maintenance income, which as a rule reflects the development of licensing sales after a certain period of time has elapsed. A significant reduction in the percentage share of software licensing income in total income could have a considerably negative impact on business, and on P&I's asset, financial and profit situation as well.

Risks from existing or new contracts for large-scale and fixed price projects are continuously monitored and measured. The implementation of P&I software frequently involves the customer in the commitment of large quantities of resources and may be subject to a range of risks over which the Company often has no control. The possibility of long-drawn out installation processes, or project costs which exceed the agreed fixed price and result in recourse claims or damage to the company image cannot always be excluded. P&I is currently working on two major projects that have to be monitored on a regular basis.

P&I believes that these risks have been sufficiently catered for, having being taken into account in financial planning, in particular through the formation of provisions. P&I's present view is that adverse effects on the expected business and result development through risks arising from large-scale and fixed price projects are rather low.

Financial risks

The opinion of the Board of Directors is that the closing of the controlling and profit transfer agreement does not increase the risks in any way. The granting of the loan to Argon GmbH required the testing of recoverability on the respective balance sheet date. This procedure fulfilled all of the necessary precautions.

P&I AG together with the subsidiary companies in Austria and Switzerland entered into a financing agreement with Argon GmbH as planned and instructed by Argon GmbH in October 2011, which amounted to 110 million euros. Various security assignments from movable assets and collateral assignments from receivables and rights have been granted to the banks providing the financing as well as Argon GmbH's subordinate obligation agreement covering the interest payments and the repayment of loans and these were closed in accordance with the existing liquidity plan. The loan was valued at approximately 69 million euros on the balance sheet date and the Board of Directors does not see any increased risk for the Company with regard to the current status of P&I AG's planning in relation to the in-flow of liquidity as well as the present interest and loan repayment plan.

The Board of Directors and the Supervisory Board regularly exchange views regarding the existing loan agreements and the consequences for the Company and the joint opinion is that the P&I AG and the Group are not subject to any significant credit risks. Liquid resources and securities are held by with banks with good credit ratings or invested in their investment funds.
P&I generally follows an extremely conservative investment strategy in order to hedge the financial risk of long-term impairment of financial assets: the investments are made in term deposit accounts of reputable financial institutions (at least A-Rating) or securities with a short term to maturity due to interest rate risks and credit risks.

The quarterly financial data provided to us as part of the terms for granting the loan to Argon GmbH will be monitored on a quarterly basis in order to check the credit rating.

We were able to hold the bad debt losses of the Group companies at the previous year's level despite the worsening of the general economic situation. Trade receivables are measured on an ongoing basis in respect of their recoverability, and value adjustments are undertaken if discrepancies are detected. Credit risks do not endanger the inventory as the Company does not have any customers whose contribution to sales exceeds 10 per cent.

Payment risks are managed by means of prepayments, by obtaining assumption declarations for receivables from the official receiver or through information on creditworthiness in doubtful cases. The Group does not maintain any other forms of collateral security such as entitlements to securities etc. The Group does not face a significant concentration of payment risks arising from one single contractual partner nor from a group of contractual partners with similar features.

Legal risks

As a corporation listed on the stock exchange we are subject to increasing risks which could lead to our no longer being in a position to observe the many regulations and increasing changes in legislation. P&I counters this risk by establishing strict, formal procedures and by immediately implementing any new or amended basic conditions in its own organisation. Any allegation of a legal infringement lodged against P&I, whether justifiable or not, might well have a negative effect on our reputation and on the share price as well. P&I counters this risk by establishing strict, formal procedures and by immediately implementing any new or amended basic conditions in its own organisation.

The majority of the annulment actions lodged against the AGM held in September 2010 have been rejected with the exception of the discharge resolutions for the Board of Directors and the Supervisory Board and this preceding depends on the higher regional court in Frankfurt. The Company hopes to reach a settlement regarding the annulment action against the AGM held in March 2011 during the current year. Annulment actions against specific resolutions passed at the AGM held in September 2011 were rejected in the first instance. The opposing parties have lodged objections against this ruling. The proceeding against a former member of the Supervisory Board is currently pending.

P&I is confronted with various claims and legal proceedings arising from normal business dealings. The negative consequences of legal claims made against us or a process settlement on our part might result in the payment of damages or unwinding costs as well as bad debts.

We believe that the outcome of these pending processes, both on an individual basis as well as an overall basis, will not have an adverse effect on our business activities, as precautionary reserves have been created and specific provisions have been made.

Employee risks

P&I is a specialist in standard software solutions for HR management. Accordingly, experts in these areas are also in demand with other software companies.In order to prevent our staff being “poached“, we enhance our employees' loyalty to the company through profit-sharing measures, provision of further training, and non-competition clauses. Furthermore, we make sure that there are several people in each of the essential areas who possess the requisite expertise for the independent continuation of the work.

Acquisition risks

P&I has made specific acquisitions in the past and we shall continue to consider possible purchases for the future. Consequently, the P&I Group is subject to acquisition risks. The challenges arising here relate to integration in the product portfolio, the organisational process, the personnel and the different company cultures. The established integration checking mechanisms that we use will identify any potential problematic areas, whilst taking into consideration the important sectors in the acquired company, as quickly as possible.

In the period under review, none of the risks identified and quantified in the context of P&I’s risk management system reached the threshold level established as an indication for the existence of inventory risk. The overview shows that the risks P&I is subject to are limited and manageable. No risks have been identified which could endanger the continuing existence of the Company, now or in the future.

8. FORECAST

8.1 THE ECONOMY AND INDUSTRY IN THE NEW FISCAL YEAR

The global economy has entered a recovery phase of low growth in 2011 from the economic environment that was induced by the recession. The Kiel Institute for the World Economy (IfW) expects that the global economy will show a moderate increase of 3.8 per cent in 2011 although it will only be 3.4 per cent 2012.

A downturn in the German Economy in 2012 is predicted in the economic forecast issued by the Institute for Economic Research at Munich University. This is chiefly based on the weakening global economy and the European debt crisis. The Economic Research Institute predicts economic growth of only 0.4 per cent for Germany in 2012.

The BITKOM industry association predicts growth of 4.5 per cent for the IT industry and 5.2 per cent for the software sector in 2012 as opposed to the slowdown in economic growth that was recorded in 2011. The German IT market should exceed a market volume of 150 billion euros for the first time in 2012. Sales of software should develop particularly strongly here and increase by more than 5 per cent (17 billion euros).

8.2 EXPECTATIONS AND OPPORTUNITIES FOR THE P&I GROUP AND P&I AG

In the past, the P&I Group has created a sound basis for continuing sustainable business development and we can and will continue to build on this. We shall continue to build on this in the coming years. Independence from specific industries, a broad geographical base, new, innovative developments, a large number of long-standing customers, and dedicated, performance oriented employees are the hallmarks of our business model. Our aim is to position P&I so that long-term success can be realised in the relevant markets and to win an even greater share of the market.

Software that can be used outside the HR sector has been developed into a central module for the information business. Innovative products and services can no longer be realised without reliable software. National as well as international competitiveness is characterised by the capabilities, the software and the interlinked services, which should be provided quickly, economically and be based close to the customer. We view the software industry as an important growth engine with strategic significance within a modern economy and as a core component for digitalising the economy.

In the future software will be an integrated, maybe even dominant, component that ensures flexible and agile company communication processes as a result of the digitalisation of companies and businesses. The digital company of tomorrow will run all of their routine work automatically, in order to be able to concentrate on strategic matters and all of this presents tremendous opportunities for P&I AG.

However, we must still implement a new dimension of changes for the coming years. Software manufacturers, service providers and co-operation partners must prepare themselves now for a fundamental change in the requirements regarding mobility in the future, as the software industry stands at the forefront of rapid development in all of the information technology used by all customer groups. Nothing runs anymore without computer programs, whether it is in private households or in companies. Automobiles, coffee machines, production lines and even marketing can no longer function without software. All of the major providers are investing large sums in the development of new programs or in the all-encompassing consulting respectively support of their customers in order to be able to cope with the changed demands in the future.

Naturally, these developments affect the P&I's trading. Software manufacturers must redevelop their on-demand software from the ground up, as this hinges on the way that this software will be distributed. This means that key functions will have to be created for specific business processes and not distributed for a wide range of functions. The new software world will also affect the long-term relationships between the manufacturer and the customer. The customer will need much faster and more flexible software services that are easy to implement and test when working in on-demand mode and this will therefore further reduce the barriers between the provider and the user. P&I wants to get even closer to the customer in the future, so that we can provide him with the functions that he wants and get to know even quicker, whether and how he received it.

Our forecast for fiscal 2012/2013, after taking the acquisition of MIRUS AG into consideration, is for sales growth and a virtually unchanged EBIT margin for the P&I Group and P&I AG as compared to the year under review that has just finished.

We are planning for sales to increase to 18 - 20 million euros in the Licensing sales sector and we noted four very important sources for our license sales during the previous year:

- New customer business in the private as well as in the public service sectors, both domestically and internationally,
- Migration sales of our P&I LOGA comprehensive HR software solution arising from customers won as a result of acquisitions
- Business with existing customers through on-demand products
- Partial sales arising from a major project, will be realised under the PoC method (sales realisation according to the degree of completion).

We are aiming for annual sales slightly above the previous year's level in the Consulting business sector. We expect the strongest growth to be recorded in the maintenance and software support sectors. Our solid customer base has enabled the P&I Group to generate more than 40 per cent of sales through recurring maintenance services. We see organic growth potential of more than 5 per cent here together with the strong service income from MIRUS AG. It should be taken into account here that growth generated from licensing sales realised from customers who migrated to P&I LOGA from an acquired old product at their cost during the previous fiscal year, will not generate any additional maintenance sales in the following year. This will merely result in an existing maintenance contract from an acquired "Old product" being converted to a P&I LOGA maintenance contract. The P&I Group will therefore secure recurring maintenance sales as part of the Group's future.

P&I also plan to implement investments during the coming fiscal year and these will be financed from the current operating cashflow. Further technical software development, production of the new on-demand software module, reinforcing the organisation, safeguarding our employees' expertise as well as expanding the range of services provided to our customers are all important constituent parts of our planning. We have to adjust to the new challenges regarding IT market requirements. The sustainability of the Group's success is centred on our decisions.

Due to the high quality of our products and services we are of the opinion that the P&I Group and P&I AG can increase sales and results in fiscal 2012/2013 as compared to the 2011/2012 fiscal year. We are also of the opinion that even when we include the acquisition of MIRUS AG, which was completed in 2012, we will be able to realise an overall Group sales target of approximately 80 million euros with an EBIT margin that is comparable to the level realised during the previous year. The operating cashflow will also develop positively.

As they stand at the moment, the Board of Director's expectations for fiscal 2013/2014 are moderate increases in earnings, operating cashflow and sales throughout the Group and P&I AG. Under the assumption that the global economy will develop positively, P&I will be able to continue to delight their customers with new solution ideas and excellent service.

These objectives will be realised by through continuous innovation with regard to technology, functionality and the system structure of our software as well as the build up of our services, including systems, for our existing as well as our new customers. Our claim as a specialist provider of integrated HR management processes is that we are the best there is. The unique content of the P&I brand must always be linked to the same quality inside the customer's head. Our customers demand new, future-orientated technologies from us and expect high level of utilisation from their co-operation with P&I. These demands will also be fulfilled in the future with all the required sustainability. We have demonstrated in the past that we have the necessary capability to think with regard to the long-term and to identify trends promptly.

Wiesbaden, May 24, 2012

Vasilios Triadis

Dr. Erik Massmann

03/

GROUP FINANCIAL STATEMENTS

1. INFORMATION REGARDING THE COMPANY

The P&I Personal & Informatik Aktiengesellschaft (hereafter the "Company" or "P&I AG") is based in Wiesbaden and has been registered there at the local court in the commercial register, Department B, under No. 9110 since May 28, 1998. The Memorandum and Articles of Association were agreed on April 2, 1998 and last amended at the Annual General Meeting on September 2, 2009.

The Company is the holding company of the P&I Group of affiliated companies active Europe-wide in the fields of software development, software development, licensing, maintenance and IT services.

The corporate object of the business activity for the Company and its subsidiaries is the creation, marketing and maintenance of software and the associated consultation and training of operators, as well as dealing in EDP equipment and software. In accordance with the Memorandum and Articles of Association, emphasis is placed on the Human Resources sector and information technology activities falling within this sector, such as programming, employee databases, project management, employee data graphics, image processing, procedure data processing, PPS, network control and special query language.

Since January 1, 2003, the Company's shares have been admitted for trading on the Prime Standard of the Frankfurt Stock Exchange. The Company's shares had previously been listed for trading on the Neuer Markt of the Frankfurt Stock Exchange from July 7, 1999.

P&I AG closed a controlling and profit transfer agreement with Argon GmbH, of Munich on February 7, 2011. Consequently, P&I AG is now obliged to cede their profit in compliance with the separate financial statement prepared under commercial law to Argon GmbH. The agreement was concluded for a minimum of five years. The agreement came into effect as the result of the approval of the resolutions at the Argon shareholder's meeting held on February 7, 2011 and at P&I's extraordinary AGM held on March 24, 2011 as well as the registration entered in the commercial register on September 9, 2011.

P&I AG's consolidated financial statement has neither been included in the consolidated financial statement released by their parent company, Argon GmbH nor in the consolidated financial statement released by their associate company, CETP Investment 1 Sarl, of Luxemburg, as these Companies are not responsible for releasing this information in their own consolidated financial statements. The ultimate parent company of the Group to which Argon GmbH belongs is Carlyle Offshore Partners II, Limited, of George Town, Grand Cayman, in the Cayman Islands.

The address of the Company's officially registered office is: Wiesbaden, Kreuzberger Ring 56.

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT	**2011/2012 April 1, 2011 to March 31, 2012**	**2010/2011 April 1, 2010 to March 31, 2011**
Details in 000 euros		
Sales (5)	70,604	69,114
Cost of sales (6)	21,933	21,758
Gross profit	**48,671**	**47,356**
Research and development expenses (6)	13,740	12,659
Sales and distribution expenses (6)	9,511	9,618
Administration expenses (6)	5,428	4,774
Write down of customer bases and goodwill (6)	2,033	1,304
Other operating income (6)	1,275	54
Other operating expenses (6)	1,088	3,617
Result of ordinary activities (EBIT)	**18,146**	**15,438**
Financial income (8)	1,200	567
Tax and financing costs (8)	110	108
Result of ordinary activities before tax (EBT)	**19,236**	**15,897**
Tax expense (9)	3,292	5,037
Profit or loss for the period	**15,944**	**10,860**
Average number of shares issued (diluted/undiluted) (10)	7,524,030	7,522,752
Earnings per share in euro (diluted/undiluted) (10)	€ 2.12	€ 1.44

GROUP'S STATEMENT OF RECOGNISED INCOME AND EXPENDITURE

	2011/2012	2010/2011
Details in '000 euros		
Profit/Loss for the period	**15,944**	**10,860**
Foreign exchange translations for foreign business operations (2)	**52**	**28**
thereof change in not realised gains and losses	52	28
Change in market value of financial assets helt for sale	**104**	**45**
thereof change in not realised gains and losses	108	66
thereof realised gains and losses	42	0
Effects on tax on income	-46	-21
Other Consolidated earnings	**156**	**73**
Group's Statement of recognised income an expenditure	**16,100**	**10,933**

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

	March 31, 2012	March 31, 2011
Details in '000 euros		
Assets		
Long-term assets		
Customer bases (11)	7,290	4,511
Goodwill (11)	3,938	1,738
Other intangible assets (11)	1,875	584
Tangible assets (12)	1,390	1,041
Long-term financial assets (13)	45,120	1,946
Deferred tax assets (14)	219	468
Deferred tax assets resulting from tax sharing agreement (14)	6	0
Total long-term assets	**59,838**	**10,288**
Short-term assets		
Inventories	167	276
Trade receivables (15)	9,940	10,313
Short-term financial assets (16)	19,500	33,554
Tax refund claims from current taxes on profits	2,741	0
Other short-term assets (17)	1,979	1,618
Cash and cash equivalents (18)	14,239	21,862
Total short-term assets	**48,566**	**67,623**
Total assets	**108,404**	**77,911**

	March 31, 2012	March 31, 2011
Details in '000 euros		
Equity and Liabilities		
Shareholders Equity		
Subscribed capital (19)	7,700	7,700
Capital reserve (19)	-121	-429
Revenue reserve (19)	30,216	29,800
Own shares (19)	-1,961	-2,019
Accumulated other Group Result (21)	157	-1
Total shareholders' equity	**35,991**	**35,053**
Long-term liabilities		
Deferred tax liabilities (14)	1,149	2,194
Deferred tax liabilities resulting from tax sharing agreement (14)	1,471	0
Long-term liabilities towards employees	0	1,248
Other long-term liabilities (22)	830	0
Total long-term liabilities	**3,450**	**3,442**
Short-term liabilities		
Trade payables (23)	2,277	2,363
Liabilities from the profit transfer (24)	15,227	0
Tax liabilities (25)	1,706	2,910
Tax liabilities resulting from tax sharing agreement (26)	3,179	0
Deferred income (27)	24,013	20,260
Payments received for projects that have not been completed (28)	10,214	2,536
Other short-term liabilities (29)	12,347	11,347
Total short-term liabilities	**68,963**	**39,416**
Total liabilities	**72,413**	**42,858**
Total equity and liabilites	**108,404**	**77,911**

CONSOLIDATED STATEMENT OF CHANGE IN SHAREHOLDERS' EQUITY

					Accumulated Other Group Result		
	Subsribed capital (19)	Capital reserve (19)	Revenue reserve (19)	Own shares (19)	Currency translation effects (21)	Change in market value of financial assets available-for-sale, which in turn altered the gains and losses (21)	Total
Details in '000 euros							
As at March 31, 2010	**7,700**	**-429**	**27,215**	**-2,019**	**6**	**-78**	**32,395**
Total Group Result			10,860		28	45	10,933
Distribution of dividend			-8,275				-8,275
As at March 31, 2011	**7,700**	**-429**	**29,800**	**-2,019**	**34**	**-33**	**35,053**
Disposal of own shares				58			58
Share-based payments		308					308
Total Group Result			15,944		52	104	16,100
Distribution of dividend			-301				-301
Profit transfer to Argon GmbH			-15,227				-15,227
As at March 31, 2012	**7,700**	**-121**	**30,216**	**-1,961**	**86**	**71**	**35,991**

CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT	2011/2012	2010/2011
Details in '000 euros		
Consolidated result	**15,944**	**10,860**
Taxes on income and profit	3,292	5,037
Financial result (finance revenue and finance costs)	-1,090	-459
Earnings before interest and taxes (EBIT)	**18,146**	**15,438**
Depreciation on tangible assets, intangible assets and financial assets	2,992	2,217
Change in inventories, trade receivables and other assets not attributable in investing of financing activities	-1,129	2,179
Changes in trade payables and other liabilities not attributable in investing of financing activities	9,867	7,500
Losses/gains from sales of non-current assets	-6	-21
Losses/gains from sales of current assets	0	0
Changes in other items not affecting payments	-433	-32
Interest paid	-51	-36
Interest received	579	331
Tax payments	-4,206	-6,652
Cash flow from operating activities	**25,759**	**20,924**
Payments for investments in tangible assets	-970	-631
Payments for investments in intangible assets	-203	-128
Proceeds from the sale of tangible/intangible assets	13	22
Payments for investments in long-term financial assets	-40,000	0
Proceeds from the sale of long-term financial assets	1,000	19
Proceeds from the sale of short-term financial assets	14,054	15,000
Payments for investments in long-term financial assets	-3,436	0
Payments for investments in short-term financial assets	0	-33,545
Payments for the acquisition of affiliated company (3)	-3,633	0
Cash flow from investing activities	**-33,175**	**-19,263**
Payments of the distribution of the dividend	-301	-8,275
Cash flow from financing activities	**-301**	**-8,275**
Net change in cash and cash equivalents due to currency conversion	94	48
Change in cash and cash equivalents	-7,623	-6,566
Cash and cash equivalents at the beginning of the fiscal year	21,862	28,428
Cash and cash equivalents at the end of the fiscal year (18)	14,239	21,862

2. ACCOUNTING AND VALUATION PRINCIPLES

2.1 CHANGES TO THE ACCOUNTING AND VALUATION METHODS

The accounting and valuation methods applied conform in general with those applied in the previous year. Since the end of 2003, the International Accounting Standards Board (IASB) has made various changes to existing IFRS, and in addition, has published new IFRS and also new interpretations from the International Financial Reporting Committee (IFRIC). The changes and the new IFRS/IFRICs are shown in the following explanatory notes and their possible effects on the accounting and valuation processes are outlined. Furthermore, interpretations and standards not yet adopted by the EU but already published are also set out. Their adoption is not mandatory and the Group has not applied them.

New and revised accounting standards that are mandatory in fiscal 2011/2012

IFRS 1 and IFRS 7 / Financial Instruments Disclosures

The initial application of the IFRS was changed in IFRS 1, so that new users are exempt from the disclosure requirements regarding the financial instruments stipulated in IFRS 7. These changes enable new users to apply the charges from the same transitional provisions as those that apply to companies whose balance sheets are already drawn up under IFRS. These changes did not have any affect on P&I AG's accounts.

IFRS 1 / First-time Adoption of International Financial Reporting Standards

The changes that are published as part of the annual improvements to the IFRS relate to changes to the accounting and valuation methods applied in the year of first-time adoption, with exceptions regarding the accepted acquisition or production costs arising during event-driven determination of the fair value as well as the accepted acquisition or production costs in the case of companies with controlled prices. These changes did not have any affects on P&I AG's accounts.

IFRS 3 / Business combinations

IFRS 3 controls the valuation of non-controlling interests, which do not replace or voluntarily replace share-based payment programmes as well as the transitional provisions for contingent purchase price payments made by business combinations as part of the changes that are published as annual improvements to the IFRS. These changes did not have any affects on P&I AG's accounts.

IFRS 7 / Financial instruments: Disclosures

In IFRS 7 the disclosure requirements that already exist have been clarified, as part of the changes that are published as annual improvements to the IFRS, to the effect that the qualitative information should be supplemented so that the users of the financial statements can form a more comprehensive view of the risks arising from the financial instruments. If the changes affect us they will be applied accordingly.

IAS 1 / Presentation of Financial Statements

The presentation of the transfer of the other income in the annual financial statement has been clarified in the changes that are published as part of the annual improvements to the IFRS. This clarification did not have any affect on P&I AG's accounts.

IAS 24 / Related Party Disclosures

The revised version of IAS 24 was published on November 4, 2009 and it is to be applied to reporting periods that start on or after January 1, 2011. It covers a fundamental revision of the definition of related parties in which the state retains partial ownership and simplifies the disclosure requirements. These changes did not have any significant affects on P&I AG's accounts.

IAS 27 / Consolidated and separate Financial Statements

As part of the changes that are published as annual improvements to the IFRS, IAS 27 introduces a range of subsequent amendments for consolidated financial statements applicable to IAS 21, Effects of Exchange Rate Changes, IAS 28, Shares in Associated Companies and IAS 31, Shares in Joint Ventures. These changes did not have any significant affects on P&I AG's accounts.

IAS 34 / Interim Financial Reporting

IAS 34 was amended for the purpose of clarification with regard to the publication of significant events and transactions in the interim financial reports, which relates to the updating of relevant information from the previous annual financial statement. If the changes affect us they will be applied accordingly.

New or amended interpretations that must be implemented in fiscal 2011/2012

IFRIC 13 / Customer Loyalty Programmes

The determination of the fair value in the case of loyalty award credits has been clarified by the change announced in IFRIC 13. As a result of the change to the determination of fair value of loyalty award credits, to what extent benefits or incentives can be granted to customers who have not received any loyalty award credits at the time of acquisition must now be taken into consideration. These changes did not have any significant affects on P&I AG's consolidated financial statement.

IFRIC 14 / The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The change to IFRIC 14 was published on November 26, 2009 and it is to be applied to reporting periods that start on or after January 1, 2011. The changes to the accounting regulations covering pension plans applies under limited circumstances, which are subject to a company's minimum funding regulations and allow the prepayment of the contributions in order to fulfil the requirements. This change now permits a company to post the use of this type of prepayment as an asset. These changes did not have any significant affects on P&I AG's consolidated financial statement.

IFRIC 19 / Extinguishing Financial Liabilities with Equity Instruments

The change to IFRIC 19 was published on November 26, 2009 and it is to be applied to reporting periods that start on or after July 1, 2010. The interpretation controls the issuing of equity instruments to a creditor for the complete or partial extinguishing of financial liabilities as well as the evaluation of such. These changes did not have any significant affects on P&I AG's consolidated financial statement.

New and revised interpretations and standards that have been published but have not yet been adopted by the EU

IFRS 1 / Deleting References to the Fixed Implementation Date for new users of IFRS

This change to IFRS 1 was published on December 20, 2010, but it only remained in force until July 1, 2011. This change has now added change guidelines to the standard covering the procedures for the presentation of financial statements that conform to IFRS, if a company is unable to comply with the IFRS provisions for a specific period, as their functional currency is subject to severe hyperinflation.

IFRS 7 / Improving the Disclosures Covering the Transfer of Financial Assets

The change to IFRS 7 was published on October 7, 2010 and it is to be applied to reporting periods that start on or after July 1, 2011. The supplement broadens the disclosures in the notes covering the transferring of financial assets, in which the transferring company retains a sustained commitment to the asset being transferred. Additional disclosures are also required, if an unusually higher amount is transferred at the end of the respective reporting period. P&I AG does not expect this amendment to have any significant affect on our accounts, as the P&I Group has not entered into and will not enter into this type of business activity.

IFRS 9 / Financial Instruments

IFRS 9 was published on November 12 and it governs the classification and measurement of financial assets. The IASB published a new version of IFRS 9 on October 28, 2010. This included new regulations covering the accounting of financial liabilities and regulations covering the writing off of financial assets and liabilities, which have been adopted from IAS 39. In a ruling released on December 16, 2011 the IASB has moved the mandatory initial application from January 1, 2013 to January 1, 2015. Earlier application is permitted. According to our present knowledge, P&I AG does not expect this to have any significant affects on the accounting in the consolidated financial statement.

IFRS 10 / Consolidated Financial Statements

IFRS 10 was published on May 12, 2011 and it is to be applied to reporting periods that start on or after January 1, 2013. Earlier application is permitted, but only in conjunction with IFRS 11, IFRS 12 as well as IAS 27 and IAS 28 and prior acceptance of the regulations by the European Commission is also required here. IFRS 10 controls the compiling and presentation of consolidated financial statements. New controls have been introduced covering the definition of the controlling approach in particular, and these serve as important criteria regarding the existence of a parent company/subsidiary relationship. P&I AG does not expect any significant changes to be made to the consolidated financial statement due to the existing 100 per cent investment.

IFRS 11 / Joint Arrangements

IFRS 11 was published on May 12, 2011 and it is to be applied to reporting periods that start on or after January 1, 2013. Earlier application is permitted, but only in conjunction with IFRS 10, IFRS 12 as well as IAS 27 and IAS 28 and prior acceptance of the regulations by the European Commission is also required here. IFRS 11 controls the prerequisites and the accounting of joint arrangements, either as joint activities or as a joint venture. In the case of joint activities the assets and liabilities as well as the income and expenses will be mapped proportionally for the joint activities. The equity method is binding for joint ventures. P&I AG does not expect this to have any significant affects on the accounting in the consolidated financial statement.

IFRS 12 / Disclosures Relating to Investments in Other Companies

IFRS 12 was published on May 12, 2011 and it is to be applied to reporting periods that start on or after January 1, 2013. Prior acceptance of the regulations by the European Commission is also required here. It is recommended that these disclosures be published voluntarily before the mandatory application comes into affect. IFRS 12 bundles the disclosure regulations covering shareholdings in other companies, both for subsidiary companies, joint ventures, associated companies as well as non-consolidated companies. As the investment adheres to risks and affects on the assets, financial situation and profit or loss statement these must be presented for users of the financial statements. P&I AG will apply this disclosure requirement as from the start of fiscal 2013/2014.

IFRS 13 / Fair Value Measurement

IFRS 13 was published on May 12, 2011 and it is to be applied to reporting periods that start on or after January 1, 2013. Earlier application is permitted, but it must be made together with the disclosures. Prior acceptance of the regulations by the European Commission is also required here. The term ‘fair value’ has been comprehensively defined in its own standard for the first time in IFRS 13 and other disclosure obligations have been stipulated for this measurement. P&I AG does not expect this to have any significant affects on the accounting in the consolidated financial statement.

IAS 1 (2011) / Changes to IAS 1

The changes to IAS 1 were published on June 16, 2011 and they are to be applied to reporting periods that start on or after July 1, 2012. Earlier application is permitted.

New regulations (options) covering the presentation of other comprehensive income were introduced by these changes. The presentation of the other comprehensive income has been changed to the effect that intermediate sums that can be recycled or not recycled are required for the posts. P&I AG does not expect this to have any significant affects on the accounting in the consolidated financial statement.

IAS 12 / Changes to IAS 12

The change to IAS 12 was published on December 20, 2010 and it is to be applied to reporting periods that start on or after January 1, 2012. Earlier application is permitted. The change eliminates a demarcation problem, i.e. whether the net carrying amount of an asset should be realised through use or disposal. A refutable assumption will be introduced so that the realisation of the net carrying amount will be made through disposal in normal cases. Consequently, this change means that SIC 21 no longer applies to the fair value of properties that have been evaluated as financial investments. The remaining guidelines have been integrated in IAS 12 and SIC 21 has been rescinded. P&I AG does not expect this to have any significant affects on the accounting in the consolidated financial statement.

IAS 19 / Changes to IAS 19

The change to IAS 19 was published on June 16, 2011 and it is to be applied to reporting periods that start on or after January 1, 2013. Earlier application is permitted. The change relates to the treatment of actuarial profits or losses arising from pensions or similar issues that were cancelled by the corridor approach and the effects of the new evaluation that have to be posted under other comprehensive income. In the case of treatment of compensation payments, the point in time when a company applies the liability and the regulations are adapted in accordance with US-GAAP. P&I AG does not expect this to have any significant affects on the accounting in the consolidated financial statement.

IAS 27 (2011) / Separate Financial Statements

IAS 27 (2011) was published on May 12, 2011 and it is to be applied to reporting periods that start on or after January 1, 2013. Earlier application is permitted, but only in conjunction with IFRS 10, IFRS 11, IFRS 12 and IAS 28 and prior acceptance of the regulations by the European Commission is also required here. IAS 27 controls the accounting of the investments in subsidiary and associated companies as well as joint ventures for separate financial statements, i.e. the accounting of acquisition costs or financial instruments in compliance with IFRS 9. P&I AG does not expect this to have any significant affects on the accounting in the consolidated financial statement.

IAS 28 (2011) / Investments in Associates and Joint Ventures

IAS 28 (2011) was published on May 12, 2011 and it is to be applied to reporting periods that start on or after January 1, 2013. Earlier application is permitted, but only in conjunction with IFRS 10, IFRS 11, IFRS 12 and IAS 27 and prior acceptance of the regulations by the European Commission is also required here. IAS 28 controls the accounting treatment of investments in associated companies and joint ventures and it now describes the equity method that is mandatory in the case of joint management of a joint venture or where significant influence applies. P&I AG does not expect this to have any significant affects on the accounting in the consolidated financial statement.

IAS 32 / Classification of Rights Issues

Changes to IAS 32 covering the netting of financial assets and liabilities were published by IASB in December 2011. The most important regulations remain unchanged, as it is merely the application guidelines that have been supplemented. The regulations in IFRS 7 have been supplemented simultaneously, which means that additional disclosures will be required when netting financial instruments in the future. P&I AG does not expect this to have any significant affects on the accounting in the consolidated financial statement.

IFRIC 20 / Stripping costs in the Production Phase of a Surface Mine

IFRIC 20 was published by IASB in November 2011 and it controls the posting of the stripping costs incurred during the production phase in a surface mine in the accounts and they can be posted either as long-term assets or inventory items. The initial application of IFRIC 20 is obligatory for fiscal years that start on or after January 1, 2013. IFRIC 20 will not affect the consolidated financial statement, as P&I AG has not entered into this type of business activity.

2.2. BASIS FOR THE COMPILATION OF THE FINANCIAL STATEMENTS

In accordance with Article 4 of Regulation (EC) No. 1606/2002 of the European Parliament and Council of Europe of July 19, 2002 on the application of international accounting standards (OJ. EC No. L 243/1) the Company prepares its financial statements in conformity with the International Financial Reporting Standards (IFRS). In preparing the consolidated financial statements, the Company has additionally observed and applied the provisions of §315a Para. 1 of the German Commercial Code (HGB). All IFRS (IFRSs, IASs, IFRICs, SICs) valid at balance sheet date were complied with in the manner required in the European Union.

The consolidated financial statements are prepared in principle applying the cost method. Excepted from this are the available-for-sale financial assets, which are shown at their fair value.

The cost of sales method was used in the Group's income statement.

The consolidated financial statements are prepared in the German language and in euros. Unless otherwise stated, all values have been rounded up or down to the nearest thousand euros.

Consolidated Companies

In the consolidated financial statements prepared for the 2011/2012 fiscal year, in addition to P&I Personal & Informatik AG (P&I AG), five foreign and one domestic (German) subsidiary are included in which P&I AG has, directly or indirectly, a majority of voting rights or with which a controlling relationship exists on the basis of other rights (referred to below as "P&I Group" or "Group").

The following changes were made to the consolidated companies during fiscal 2011/2012:

P&I Personeel & Informatica B.V., of Amsterdam in the Netherlands, which is a fully owned subsidiary of P&I AG, holds all of the shares in P&I Timemanagement B.V., of Gorinchem, in the Netherlands. P&I Timemanagement B.V. was merged with P&I Personeel & Informatica B.V. and the merger came into effective on April 1, 2011. The business was carried at acquisition costs during the previous years due to low sales. The impact on earnings amounting to 12,000 euros arose from the initial consolidation of the assets and liabilities of the newly merged P&I Timemanagement B.V.

P&I Steyr GmbH, of Steyr, in Austria was merged with their immediate parent company, P&I Personal & Informatik Gesellschaft mbH, of Vienna, in Austria and this became effective on on April 1, 2011.

Our subsidiary company, P&I AG, of Horgen, in Switzerland acquired MIRUS Software AG, of Davos, in Switzerland and this became effective on March 1, 2012. The initial consolidation of MIRUS Software AG in the P&I consolidated financial statements was undertaken on March 1, 2012 and more detailed information is listed in Note 3.

A list of the subsidiaries included in the consolidated financial statements is given in Note 36.

Consolidation principles

Subsidiary companies have been fully consolidated as from the time of acquisition, i.e. from the point in time when the controlling interest passed to the parent company. The consolidation ended as soon as the controlling interest was no longer held by the parent company. The financial statements from the subsidiary companies for the same reporting period were compiled using the same uniform accounting and valuation methods that were used for the financial statements prepared for the parent company. All intra-Group balances, business transactions and interim results were completely eliminated as part of the consolidation process.

A subsidiary company's overall result is assigned to the owners and any non-controlling partners and this will result in a negative balance in the event of a loss being recorded.

The acquisition method has been used for the accounting of acquired subsidiary companies. The acquisition costs arising from acquiring a company are measured after the transfer has been completed and determined together with the associated fair value and the valuation of the consideration at the time of the acquisition, which is derived from the sum of the applicable fair value of the transferred assets, the assumed liabilities and the recorded equity instrument on the date of the exchange. The transaction costs arising from the acquisition were recorded as expenses.

The acquired identifiable assets and assumed liabilities were valued at their fair value at the time of the acquisition.

The goodwill and company value was valued at the initial recognition of the acquisition costs, which were measured as profit from the total consideration and the amount of the shares without a controlling influence on the acquired identifiable assets and assumed liabilities. If this consideration lied below the fair value of the net assets belonging to the acquired subsidiary company then the differential amount is recorded in the profit and loss account.

The goodwill or company value resulting from the acquisition of a company will be posted at acquisition costs less the impaired value after the initial accounting and listed separately in the consolidated balance sheet.

The goodwill or company value will be allocated to each of the Group's cash-generating units (or groups of the same) for the purpose of an impairment test, from which it is expected that they will benefit from the synergies arising from the merger. This applies regardless of whether other assets or liabilities from the acquired company have also been assigned to these cash generating units.

These cash generating units will be tested for impairment on an annual basis. An impairment test will also be carried out if events or circumstances indicate that an impairment has occurred.

An impairment charge will be posted if the recoverable amount of the cash-generating unit (or the group of cash-generating units) is lower than the carrying amount of the recoverable amount of the cash-generating unit (or the group of cash-generating units) to which the goodwill or company value relates. An impairment charge for goodwill or company value may not be recovered in the following reporting period. The Group carries out its annual recoverability test for goodwill or company value on March 31.

If a cash-generating unit has been disposed of then the resulting amount of goodwill or company value will be taken into consideration as part of the process for determining the value of the outward movement.

2.3. DESCRIPTION OF IMPORTANT ACCOUNTING AND VALUATION METHODS

Foreign Currency Translation

The consolidated financial statements are prepared in euros, which is both the functional currency of the Group and its presentation currency. Each company within the Group determines its own functional currency. The valuation of items contained in the financial statements of the respective subsidiaries is made using this functional currency. Foreign currency transactions are translated initially at the spot rate between the functional currency and the foreign currency which is valid on the day of the business transaction. Monetary assets and liabilities in foreign currencies are translated into the functional currency at the closing rate. All currency adjustments are posted to net profit or loss for the period. Not included are currency adjustments arising from foreign currency loans to the extent that they serve to secure net investment in a foreign business operation. These are posted directly to equity until the sale of the net investment, and only on their disposal posted to net profit or loss for the period. Taxes arising from these currency adjustments are also posted to equity. Non-monetary items that are valued at their historical acquisition or production costs in a foreign currency are translated at the rate prevailing on the day of the business transaction. Non-monetary items that are measured at fair value in a foreign currency are translated at the rate prevailing at the time at which the fair value was calculated.

The functional currency of the first and second tier subsidiary in Switzerland is the Swiss franc (CHF). As at balance sheet date, the assets and liabilities of these first and second subsidiaries were translated into the presentation currency for statements of Personal & Informatik AG, Wiesbaden, at the closing rate. Income and expenditure are translated at the average rate for the quarter. Currency translation differences arising from translation are posted as not affecting net income in other consolidated results. The closing rate for Switzerland as at March 31, 2012 was 1.2045 CHF/euros (previous year: 1.3005 CHF/euros). In fiscal 2011/2012, the average exchange rate for Switzerland was 1.2142 CHF/euros (previous year: 1.3381CHF/euros).

Revenue realisation

The Company achieves sales income by granting licences for software products and providing software maintenance and other services, and from the sale of time management hardware and third party goods (merchandise), as well as hardware maintenance services. In multiple element arrangements, the Company offers backup services for its software – support, consultation, development, training or other services as well as utilisation rights to the software. In general, the Company agrees on the compensation for individual sales components separately. The payment agreed on for individual sales components is oriented regularly to the applicable market price.

Revenue from the sales of licences and third party goods (merchandise) is posted if the significant risks and opportunities associated with the goods or products sold have been transferred to the buyer and the income can be reliably determined.

Sales of Licences

Sales income from the granting of licences appears in the balance sheet only after a contract with the customer has been signed, the software has been made available in accordance with the contract and when a determinable price as well as settlement is sufficiently probable.

Maintenance Business

Sales income from maintenance business is recognised proportionally over the term of the service provided.

Provision of services

Sales income from service agreements for which the hours worked are invoiced, and are recognised separately from the services performed by P&I companies.

For service agreements for which a fixed price has been negotiated, sales income and expenses incurred are recognised pursuant to IAS 18 (possibly also in conjunction with IAS 11) corresponding to the progress of the work (Percentage of Completion Method, PoCM), if the level of income can be measured reliably, if it is sufficiently probable that the economic benefits from the business will flow to the Company, and that the costs for the activity which have accrued and the anticipated costs to completion can be reliably determined. The degree of completion is calculated on the basis of the number of hours worked as at balance sheet date as a percentage of the total working hours estimated for the respective project.

As the result of a fixed price project cannot be reliably estimated, the income is only recorded as the amount of the reimbursable expenses (zero profit method).

Intangible assets

Intangible assets acquired as part of a company merger – software and customer bases

Intangible assets, which were acquired as part of a company merger, are recorded separately from goodwill or company value and are valued together with their fair value at the point in time when they were acquired (acquisition costs). During the subsequent period, these will be valued in the same way as individually acquired intangible assets together with their acquisition costs less any accumulated depreciations and impairments.

Software that was acquired as part of a company acquisition is normally depreciated linearly over five years.

The capitalised customer base is attributed a useful life of five to ten years by P&I. It will be written down on a straight-line basis.

The carrying amount of the customer base and the software is reviewed for impairment of value as soon as indications are present that the carrying amount of an asset exceeds its estimated recoverable amount through usage and sale. Depreciations and impairment charges, which relate to the customer base, will be recorded in the profit and loss account as separate postings under customer base depreciations.

Individually acquired intangible assets

Intangible assets with a determinable life that were not acquired as part of a company merger will be depreciated over their economic life and tested for any possible impairment, provided that an indication exists that the intangible asset might be impaired. In the case of intangible assets with a determinable useful life, the determinable life and the depreciation method are reviewed, at the least, at the end of each fiscal year. Possible changes that might have to be made to depreciation methods and the determinable lives are treated as changes in estimates. Purchased software licences are normally written off linearly over three to five years.

All of the P&I Group's individually acquired intangible assets have a determinable life.

Self-generated intangible assets – Research and Development costs

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

- the technical feasibility of the completion of the intangible asset, which will enable internal use or the sale of the asset,
- the intention of producing the intangible asset and the capability of using or selling it,
- how the asset's future economic benefits will be realised,
- the availability of resources for the purpose of producing the asset,
- the capability of being able to reliably determine the attributable expenses during the development of the intangible asset.

An intangible asset originates on the day on which the conditions were first cumulatively fulfilled. Expenditure incurred as a result of this will be recognised and recorded. The procurement or manufacturing costs, less any accumulated depreciations and impairments, will be recognised during the subsequent period.

The R&D costs at P&I did not previously correspond to the requirements for capitalising an intangible asset. The LOGA products are permanently improved as part of the R&D projects undertaken at P&I. Capitalisation can only occur if the improvements or changes are so extensive that the result is considered to be a new product. Furthermore, the project goes through cyclical or iterative phases. New ideas (research) and idea implementation (development) never run sequentially, which means that the research and development phases cannot be separated. Therefore the conditions for capitalising self-generated intangible assets are not fulfilled.

The R&D costs are recognised and posted during the period in which they arose.

Writing off intangible assets

An intangible asset will be written off when sold or if no other economic benefit is expected from its utilisation or its sale. Profits or losses from the writing off of intangible assets are measured as the difference between the net income from sale and the carrying amount of the asset and posted to expenses in the period in which the items were written off.

Tangible assets

Property, plant and equipment are, in principle, valued at its cost of purchase less accumulated depreciation and accumulated impairment charges.

Write-downs are carried out according to the expected operating life of the asset on a straight-line basis over five years on the basis of estimates of their expected economic life:

Hardware	2 – 3 years
Vehicles	5 – 6 years
Other plant, property and equipment	2 – 13 years
Fixtures	Duration of the lease or estimated useful life

On the sale or scrapping of individual property, plant, or equipment items, the respective cost of purchase together with the related cumulative depreciation is derecognised and a realised gain or loss from the disposal is shown in the Group income statement.

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

Inventories

The historical costs include the direct costs and the measured overhead costs. Inventory items are measured at the lower value of acquisition or production cost and net realisable value The net realisable value is the estimated sale proceeds recoverable in the ordinary course of business less the estimated costs up to completion and the estimated necessary marketing expenses.

Impairment of non-financial assets not classified as goodwill or company value

The Group assesses on each balance sheet day whether indications are present that the direct costs and measured overhead costs have been included in the production costs. The assets might have to be impaired. Should such indications be present, or if an annual recoverability test for an asset is required, the Group performs an estimate of the recoverable amount of the respective asset. The recoverable amount of an asset is the higher of two amounts of the fair value of the asset or cash-generating unit less costs to sell, or its value in use. In determining the value in use, the estimated future cashflows are discounted on their present values using as a basis a pre-tax rate that reflects the current market expectation in respect of the interest rate effect and the specific risks of the asset.

The recoverable amount for the cash-generating unit to which the asset is to be allocated is specified in the case of an asset which does not generate inflow of funds and which is to a large extent independent of other assets or group of assets.

If an asset's carrying amount exceeds its estimated recoverable amount then it will be reduced by its estimated recoverable amount. The impairment expenses, including the impairment of stock, will be recognised and recorded.

P&I uses detailed budget and forecasting accounts for the impairment valuations, which are created separately for each of the cash generating units.

Financial Assets

Financial assets are classified as follows: financial investments held to maturity, financial assets measured at fair value through profit or loss, and available-for-sale financial assets as well as loans and receivables. On initial recognition, a financial asset is valued at its cost of purchase, which is the fair value of whatever was paid for the financial asset; transaction costs are included.

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

A financial asset is written off when the Group no longer possesses power of representation over the contractual rights. This case generally arises on the sale or transmission of all payment flows from the financial instrument to a third-party outside the Group.

All purchases and disposals of non-derivative financial assets made in line with normal market practice are recognised in the balance sheet on their trade date, i.e. on the day on which the Company acquired or transferred ownership of the relevant asset.

Recognition as an asset evaluated at fair value

Financial assets are classified as measured at fair value through profit or loss, if they are designated as either held for trading or measured at fair value through profit or loss. Financial assets primarily acquired to generate a profit from short-term price or rate fluctuations are classified as financial assets held for trading. Assets that are measured at fair value through profit or loss appear in the balance sheet under current assets. They are subsequently measured at fair value without deducting any transaction costs that may be incurred, and applying their quoted market price at balance sheet date. Changes in fair value are recorded in the financial result. Neither on the balance sheet date nor in the previous year did the Group own any financial assets that were measured at fair value.

Financial assets with fixed or determinable payments and set terms

Financial assets with fixed or determinable payments and set terms, which 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. These appear under non-current assets in the balance sheet unless they fall due within 12 months of balance sheet date. Follow-up valuation is carried out at amortised cost using the effective interest method, less impairment.

Available-for-sale financial assets

Financial assets available for sale include liabilities and equity. Debt instruments are always assigned to this category if they are going to be held for an indefinite period and can be sold to meet short-term liquidity requirements. All other financial assets, which are not assigned to another category, are recorded here. The follow-up evaluation will also be undertaken in the same way as the initial valuation by using the fair value. Profits or losses from the evaluation of an available-for-sale financial asset at fair value are posted directly to other Group results until the financial asset is sold, extinguished or otherwise disposed of, or until an impairment in value for the financial asset has been ascertained, so that the cumulative gain or loss previously posted to equity is at this time reported in net profit or loss for the period. All of the securities and term deposits with a term longer than three months held by P&I up to March 31, 2012 and March 31, 2011 were classified as available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. Subsequent to initial recognition, loans and receivables are measured at their amortised cost using the effective interest rate method less the impaired value. Gains and losses are posted to the result for the period if the loans and receivables have been derecognised or the value has been impaired.

Trade receivables and other receivables are always shown at their nominal value taking into account appropriate value adjustments. Trade receivables are charged off written off as soon as they become uncollectable. Long-term maturities (more than one year) are recognised according to normal market discounting practice.

The "Receivables" item includes as yet uninvoiced services for projects with substantial software modifications, and also fixed price projects, which are realised according to the “Percentage of Completion” or “Zero Profit” method. Payments that have already been received from these projects are offset against the amount due for the as yet uninvoiced services. Should the amount of the payments received exceed the amount due for the as yet uninvoiced services, the balance will be shown under liabilities as payments received for projects that have not been completed.

Trade payables are valued at their fair value. Liabilities that fall due within one year are valued at their settlement values.

Impairment of financial assets

The Impairment of financial assets is determined on every balance sheet date by testing as to whether the impairment of a single financial asset or a group of financial assets lies outside the measured at fair value through profit or loss category.

Assets which are carried at their amortised cost

Should there be objective indications that an impairment of the amortised cost of recognised assets has occurred, the amount of the impairment loss is the difference between the carrying amount of the assets and the present value of the expected future cashflows (with the exception of expected future but not yet occurring loan defaults) discounted with the original effective interest rate of the financial asset, i.e. the effective interest rate determined on first accounting. The carrying amount of the asset is reduced using a valuation adjustment account (absorption account). The impairment loss is recognised in the income statement.

If the amount of the value adjustment decreases in the subsequent reporting period, and this reduction can be objectively attributed to an event occurring after recognition of the impairment, the previously recognised value adjustment will be reversed. However, the new carrying amount of the asset may not exceed the amount of the amortised costs at the date of the reversal. The reversal is recognized in the income statement.

Should there be objective evidence that not all payments due according to the originally agreed invoice payment terms will be received (i.e. a likely insolvency or a debtor in significant financial difficulties) in the case of trade receivables, then impairment must be undertaken using a valuation adjustment account (absorption account). If impairment occurs then both single receivables as well as a portfolio of receivables can be audited. De-recognition of the receivable is undertaken when it is classified as uncollectable.

Available-for-sale financial investments

If the value of an available-for-sale asset becomes impaired, a sum to the amount of the difference between the cost of purchase (less amortisation and any repayments made as well as any value adjustments recognised previously in the income statement) and its current fair value is reclassified from equity to the income statement. Reversals of equity instruments, which are classified as available for sale are not posted to the income statement. Reversals of liability instruments, which are classified as available for sale are recognised in the income statement if an objective appraisal of the increase in the fair value of the results from an event that occurred subsequent to recognition in the income statement of the impairment.

Financial liabilities

Financial liabilities will either be categorised as recognised financial liabilities evaluated at fair value or as other financial liabilities. They will be evaluated at fair value when they are first recognised.

The Group does not have any financial liabilities recognised as evaluated at fair value or classified as held for trading purposes.

Other financial liabilities including any loans that were taken out will be first recognised at fair value less the transaction costs. They will be evaluated in accordance using the effective interest method for amortised costs as part of the follow-up evaluation, whereby the interest expenses will be posted in compliance with the effective interest rate. Gains and losses will be recognised, if the liabilities have been derecognised as are therefore within the realm of amortisation. The P&I Group's financial liabilities encompass liabilities incurred by trade receivables and services and other liabilities.

De-recognition of financial liabilities occurs when the Group's obligations are settled, lifted or have expired.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet encompass cash on hand, cheques and cash in bank balances as well as term deposits with a term – calculated from the date of acquisition – of up to three months.

Own stock

If the Group acquires own stock, then they will be posted as acquisition costs and deducted from the equity. The purchase or the sale resulting from the issue or recovery of own stock will be posted as not affecting net income.

Accruals

An accrual is shown when the Group possesses a current (legal or effective) obligation by reason of a past event, the outflow of resources with economic benefits to meet the obligation is probable and the value of the obligation can be estimated reliably. For accruals carried as liability, provided the Group expects at least a partial return (as for example for an insurance policy), the refund is posted as a separate asset only when the refund is practically assured.

Expenses incurred in the formation of the accrual are shown in the income statement. If the interest rate effect is significant, accruals are measured by discounting the expected future cashflows using as a basis an interest rate before tax which reflects the current market expectation in respect of the interest rate effect, as well as, if appropriate, the specific risks for the liability. In the case of discounting, the increase in the accrual due to the passage of time is posted as interest expenses.

Leasing arrangements

The Group acts as a lessee solely in the context of operating leasing arrangements. Leasing arrangements for which all risks and opportunities connected with ownership remain with the lessor are classified as operating leasing arrangements. Lease payments for operating leasing arrangements are expensed in the income statement on a straight-line basis over the term of the lease.

Determining whether an arrangement contains a lease shall be based on the substance of the arrangement at the time that the arrangement is agreed on, and requires an assessment of whether fulfilment of the contractual arrangement is dependent of the use of a specific asset or assets and if the arrangement conveys the right to use the asset.

Taxes on income and deferred taxes

The taxes on earnings and income include the deferred taxes and tax charges as well as the taxes for which P&I AG and their consolidated subsidiary companies are liable to pay tax on as a result of them being a taxable affiliated company of Argon GmbH in Germany.

A tax-sharing agreement covering business and corporation taxes was agreed upon between the affiliated company and Argon GmbH for fiscal 2011/2012 and this has been in force since the start of fiscal 2011/2012. The determination of the ongoing and latent taxes is made analogous to the provisions listed in IAS 12.

The ongoing tax expenses are determined from the taxable income. These are based on the tax rates and tax laws that are applicable on the balance sheet date in the various countries in which the Group operates. Ongoing tax expenses and deferred taxes are charged or credited directly to equity if the tax relates to items which are directly credited or charged to equity in the same or any other period.

Deferred taxes are ascertained using the liability method. Deferred taxes on income reflect the net tax expenses/income for temporary differences between the carrying amount of an asset or liability in the IFRS balance sheet and its tax base.

Deferred tax liabilities are posted for all taxable temporary differences. A deferred tax asset is shown for all deductible temporary differences to the extent to which it is probable that a taxable income will become available against which the temporary difference can be utilised. No deferred tax liability has been shown for temporary differences, except for the deferred tax liability resulting from the initial accounting of goodwill or company value or an asset or a liability arising from a business transaction that was not a merger and it did not affect the consolidated result prepared under commercial law nor the taxable result at the time of the business transaction.

To the extent that non-distributed profits from foreign investments are to remain invested in this Company for an indefinite period of time, no deferred tax liabilities are recognised.

At each balance sheet date, the Company reviews non-recognised deferred tax assets and the carrying amount of deferred tax assets. The Company shows a deferred tax asset which to date has not been recognised to the extent that it is probable that future taxable income will allow the deferred tax asset to be utilised.

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 utilise, in whole or in part, the benefits of the deferred tax asset.

Deferred tax assets and liabilities are measured according to the tax rates that are expected to apply to the period in which the asset is realized or the liability is settled.

Profit transfer

A controlling and profit transfer agreement exists between P&I AG and Argon GmbH with Argon GmbH as the controlling company. This agreement also permits Argon GmbH to issue instructions. P&I AG's profit after tax posted under commercial law has to be ceded to Argon GmbH. Conversely, Argon GmbH is obliged to compensate for any loss that is posted. All of P&I shareholders (with the exception of Argon GmbH) will be paid a compensation payment by Argon GmbH amounting to a total of 1.55 euros per share after tax instead of a dividend.

The profit transfer is listed as expenditure in the income statement in the consolidated financial statements, whereas it is listed as appropriation of net income in P&I AG's separate HGB financial statement (see consolidated statement of changes in shareholder's equity).

Company share-based payments (IFRS 2)

Share-based remuneration settled with an employee or others who provide comparable services using equity instruments will be evaluated at the fair value of the equity instrument on the day of the allocation.

The fair value determined when share-based payment with settlement using equity instruments is granted will be linearly posted over the retention period until vestment as expenditure with a corresponding increase in equity (provisions made for meeting employee benefits from equity) and based on the Group's expectations with regard to the equity instruments, which are then expected to be vested. The Group always checks their estimation of or the number of equity instruments that will be vested on each balance sheet date. The effects of the changes to the original estimations, providing that there are any, must be recorded as affecting net income. The posting must reflect the total expenditure relating to the change in the estimation and result in a corresponding adjustment to the provisions for employee benefits with settlement using equity instruments. In the case of a share-based payment via a cash settlement, the liability for the goods received or services must be posted and evaluated using the fair value upon receipt. The fair value of the liability must be re-determined on every balance sheet date up to the settlement of the liability and on the day of settlement and all of the changes to the fair value must be recorded as affecting net income.

Cashflow Statement

The cashflow statement shows how the funds available to the P&I Group changed during the course of the fiscal year through the inflow and outflow of funds. At the initial consolidation of the subsidiaries, only the actual net cash flows are shown in the cashflow statement. The amount affecting liquidity arising from the purchase or sale of companies i.e. the purchase price less/plus funds acquired/disposed of with the company, is shown as an outflow/inflow of funds from investment activities. In conformity with IAS 7, cashflows from operating, investing and financing activities are shown separately.

2.4. MANAGEMENT'S EXERCISE OF DISCRETIONARY RIGHTS AND CRITICAL ACCOUNTING ESTIMATES.

The preparation of the consolidated financial statement in accordance with IFRS requires the Board of Directors to make estimates and assumptions in certain cases that affect the assets, debts and financial liabilities reported on the balance sheet date as well as the income and expenditures of the period under review. The actual figures or developments may differ from the estimates.

Essential estimates require, among other things, that discretionary decisions for the formation of long-term liabilities (Note 22), estimations of the useful life of fixed assets (Notes 11 and 12) or the evaluation of the recoverability of trade receivables (Note 15) and inventories as well as deferred tax assets (Note 14) to be made. Assumptions, risks and uncertainties, which are all part of the "Percentage of Completion" sales realisation process, can affect the level of sales shown and their distribution over time (Note 5).

There are a number of internal and external factors that have a bearing on the estimates for services that have yet to be performed. Therefore, the estimates and the assumptions underlying them are regularly reviewed. Adjustments are recognised in the respective reporting period.

At each balance sheet date, the Group determines whether indications are present for an impairment of non-financial assets. Goodwill is reviewed for impairment of value at least once yearly as well as in the case of the presence of relevant indications. Other non-financial assets are audited for recoverability if there are indications that the carrying amount exceeds the estimated amount recoverable. For further details please refer to the relevant commentaries in Notes 11.

3. ACQUISITION OF MIRUS SOFTWARE AG, OF DAVOS, IN SWITZERLAND

P&I Personal & Informatik AG, of Horgen, in Switzerland, took over Mirus Software AG, of Davos, in Switzerland, on March 1, 2012, after they acquired 100 per cent of the company and the voting rights. MIRUS Software AG is the market leader with regard to the 'back-office' software used by the catering, hotel and tourist industries throughout Switzerland. The corporate object of the Company is the creation, marketing, and maintenance of software and the associated advising and training of operators, as well as dealings in both DP equipment and software.

An interim financial statement was prepared on February 29, 2012 as part of this purchase. An opening balance sheet for the company up to March 1, 2012, which was fully consolidated at this point in time, can be found in this financial statement.

The acquisition costs were apportioned on March 1, 2012 as follows:

	Book value	Fair value
In '000 euros		
Liquid funds	3,945	3,945
Trade receivables	513	513
Other Assets	50	50
Tangible assets and financial assets	75	75
Trade payables	-19	-19
Other liabilities	-225	-225
Deferred income	-2,311	-2,311
Customer base	0	4,126
Software	0	1,359
Net assets acquired	**2,028**	**7,513**
Deferred tax liabilities	0	-1,161
Goodwill from acquisition of the company	0	2,885
Net assets / Acquisition costs	**2,028**	**9,237**
Cash outflow arising from the acquisition of the company		
Cash outflow (purchase price payment)	7,578	
Acquired cash	3,945	
Outflow of funds arising from the acquisition of the company	**3,633**	
Outstanding purchase price instalments	1,659	

The conditional purchase price liabilities arising from the acquisition of the MIRUS Software AG shares result from an agreement that mainly depends on the company operating results over the next two years and covers payments amounting to a maximum of 1,659,000 euros. The payment of the maximum amount has been posted as part of the Company's planning.

The differential amount between the carrying amount of the acquired net assets and the purchase price of the participation generated residual goodwill amounting to 7,209,000 euros. This was initially assigned to the identifiable assets, the customer base (4,126,000 euros) and software (1,359,000 euros). This leaves residual goodwill amounting to 1,724,000 euros. This resulted in a temporary difference with the tax statement, due to the hidden reserve in the customer base and the software accounting in the IFRS Commercial Balance Sheet, which resulted in a deferred tax liability charge of 1,161,000 euros. This leaves residual goodwill amounting to 2,885,000 euros. The income neutral deferred tax liability will be posted later on as revenue according to the deferred taxes on the depreciations to the customer base and software.

Trade receivables with a fair value of amounting to 513,000 euros only were acquired. The nominal value of the receivables amounts to 540,000 euros. Therefore a sum of 27,000 euros was uncollectable at the time of acquisition.

There are no fundamental hidden reserves or encumbrances. There are no contingent liabilities.

The acquired customer base is to be written down over ten years and the software over five years.

Since the time of acquisition on March 1, 2012, the Company recorded sales of 266,000 euros up to March 31, 2012, which means that they have already made a contribution to the Company's results. Revenue and profit cannot be determined as it is assumed that the acquisition was already completed during fiscal 2010/2011 and we do not have a reliable IFRS value for the period prior to March 1, 2012.

The existing goodwill includes the significant benefits from the expected synergies, future market developments and the personnel's expertise. The residual goodwill is not tax-deductible.

The ancillary acquisition costs, which amounted to 26,000 euros, have been posted as expenditure.

The new company will enable P&I to strengthen its position as a local provider of integrated HR software solutions in the Swiss market and it will also profit from the expertise that Mirus Software AG brings with them. New sales channels for MIRUS Software AG's products used in the hotel industry will also open up in other European countries where the P&I Group operates.

4. SEGMENT REPORTING

The adoption of the accounting standard IFRS 8 Operating Segments is obligatory for annual financial statements for periods commencing on or after January 1, 2009. Segment reporting is now carried out applying the "management approach". This means that the financial information reviewed at regular intervals by the chief operating decision makers of the entity must be provided.

Segments according to IFRS 8 are differentiated according to the internal reporting structure and geographical region based on the location of the assets.

The Group comprises seven business segments, which provide the basis for decisions made by the Board of Directors (chief operating decision makers). P&I AG reports on three segments, i.e. Germany, Austria and Other Foreign Countries, which are shown as a combined segment for accounting purposes.

The German business segment includes P&I AG and P&I Beteiligungs Gesellschaft mbH. The Austrian business segment includes P&I Personal & Informatik GmbH, of Vienna, in Austria and P&I Steyr GmbH, of Steyr, in Austria, whose merger with P&I Personal & Informatik GmbH, of Vienna, Austria became effective on April 1, 2011.

The “Other Foreign Countries” segment includes the following segments:

- P&I Personal & Informatik AG, of Horgen, in Switzerland
- MIRUS Software AG, of Davos, in Switzerland (a 100 per cent subsidiary company of P&I Personal & Informatik AG, of Horgen, in Switzerland, since March 1, 2012).
- P&I Personeel & Informatica B.V., of Amsterdam, in the Netherlands
- P&I Personal & Informatik s.r.o., of Bratislava, in Slovakia,
- Support of other internationally based customers provided by P&I AG.

The combination of various business segments under the overall segment of Austria and Other Foreign Countries is made on the basis of comparable economic features.

The Board of Directors monitors each business segment's operating results separately, in order to determine the allocation of resources and to undertake an evaluation of the earning power of each segment. The earning power of each individual segments is assessed on the basis of its operating result (EBIT) and the EBITDA. Segment EBIT and Group operating result (EBIT) are evaluated according to the accounting and valuation methods described in Section 2.3. The finance costs, finance revenues and taxes on income are managed at Group level and are also measured according to the IFRS regulations.

The Company's presentation of its primary segment information is based on the regions. In the year under review, blanket contracts covering accounting for services existed between the parent company and its subsidiaries. Among the subsidiaries of the P&I Group, services are accounted for according to the resale price and cost mark-up methods.

The Group develops and sells its P&I LOGA, P&I PLUS, P&I TIME and P&I SMART products as part of its licensing business and also provides related consulting and maintenance services. In connection with the licensing of its own software, the Company sells time management hardware and a limited range of other hardware, software and printed forms produced by other companies (third party business) and these are shown under "Other". This has resulted in the breakdown of sales according to the Licensing, Maintenance, Consulting / System Integration and Other activity sectors. However, sales are come under internal reporting and the expenditure is broken-down and taxed according to other criteria (see the breakdown of sales listed under Note 5 and not as expenditure incurred by the activity sectors.

Information regarding sales, ordinary operating results and the depreciations as well as the total value of the assets, receivables and liquid resources from mandatory reporting segments is set out geographically as follows:

2011/2012 In '000 euros	Germany	Austria	Other foreign countries	Consolidation	Total Group
Sales	55,879	7,561	7,164	0	70,604
Sales to segments	4,808	1	164	-4,973	0
Segment sales	**60,687**	**7,562**	**7,328**	**-4,973**	**70,604**
EBITDA	**16,668**	**923**	**3,547**	**0**	**21,138**
Depreciations	2,544	328	120	0	2,992
thereof write downs on and impairments of goodwill and customer base or other intangible assets	1,005	0	0	0	1,005
Segment result (EBIT)	**14,124**	**595**	**3,427**	**0**	**18,146**
Financial result					1,090
Group result before tax					**19,236**
Assets	**89,674**	**9,503**	**20,035**	**-10,808**	**108,404**
Long-term assets	4,524	1,468	8,501	0	14,493
Additions to tangible and intangible assets	1,032	61	8,525	0	9,618
Receivables	8,157	1,428	1,530	-1,175	9,940
Cash*)	5,966	1,623	6,650	0	14,239

*) Cash an cash equivalents

2010/2011 In '000 euros	Germany	Austria	Other foreign countries	Consolidation	Total Group
Sales	54,628	7,499	6,987	0	69,114
Segment sales	4,615	0	0	-4,615	0
Segmentumsatz	**59,243**	**7,499**	**6,987**	**-4,615**	**69,114**
EBITDA	**12,752**	**1,037**	**3,866**	**0**	**17,655**
Depreciations	1,790	331	96	0	2,217
thereof write downs on and impairments of goodwill and customer base or other intangible assets	80	0	0	0	80
Segment results (EBIT)	**10,962**	**706**	**3,770**	**0**	**15,438**
Financial result					459
Group result before tax					**15,897**
Assets	**67,066**	**8,155**	**6,301**	**-3,611**	**77,911**
Long-term assets	6,043	1,735	96	0	7,874
Additions to tangible and intangible assets	655	39	65	0	759
Receivables	7,606	1,982	1,913	-1,188	10,313
Cash*)	14,450	3,416	3,996	0	21,862

*) Cash and cash equivalents

Sales between segments are shown separately and eliminated. In the segment operating results, neither finance revenues 1,200,000 euros (previous year: 567,000 euros) nor finance expenses 110,000 euros (previous year: 108,000 euros) are shown, as these are controlled as a whole across the group.

The goodwill, customer base and software licences resulting from the acquisition were assigned to the assets of the relevant segment. The consolidations include the liabilities consolidation, the capital consolidation and the deferred taxes. Neither deferred tax receivables nor financial instruments are included in the long-term assets.

5. SALES

Sales income broken down according to fields of activity developed as follows:

	2011/2012	2010/2011
In '000 euros		
Licences	17,010	16,905
Consulting	21,439	23,169
Maintenance	29,803	26,503
Other	2,352	2,537
Total	**70,604**	**69,114**

Sales income from the Percentage of Completion Method in the area of Consulting amounted to 1,454,000 euros (previous year: 1,690,000 euros) and for Licensing 921,000 euros (previous year: 271,000 euros).

No single client accounted for more than 10 per cent of Group sales during fiscal years 2010/2011 and 2011/2012.

6. NOTES ON THE INCOME STATEMENT ACCORDING TO THE COST OF SALES METHOD

COST OF SALES

The historical costs of activities leading to the generation of sales encompass expenses arising from the category of Consulting (primarily for employees, purchased services from partners and material resources), plus the cost of goods purchased in the category of third party and other costs of sales.

Cost of sales developed as follows:

Cost of Sales	2011/2012	2010/2011
In '000 euros		
Cost, Consulting	19,606	19,812
Cost of goods purchased: time management hardware, third party (merchandise) and other sales costs	2,327	1,946
Total	**21,933**	**21,758**

RESEARCH AND DEVELOPMENT COSTS

Significant expenses are incurred regularly in connection with research and development Projects, which are undertaken in the expectation of future earnings. Development expenses were posted as expenses. Expenditure on the maintenance and further development of the thirteen international country versions of our P&I LOGA software during the fiscal year amounted to 2,208,000 euros (previous year: 1,728,000 euros). In addition to this expenditure was also incurred by the depreciations and the value adjustments for impaired values arising from the intellectual property rights acquired during the acquisitions that amounted to 189,000 euros (previous year: 265,000 euros). The initial proportional depreciation of the intellectual property rights acquired through the acquisition of MIRUS Software AG is also included here. The BAGE software, which we inherited as the result of the acquisition of KSL, was fully impaired by the amount of 80,000 euros during the previous year. The BAGE software is no longer used or maintained by the Company.

MARKETING COSTS

Marketing costs include expenses for commissions for employees and partners, advertising expenses and expenditure on trade fairs and congresses. In fiscal 2011/2012, Group expenses for advertising, trade fairs and congresses amounted to 709,000 euros (previous year: 656,000 euros).

ADMINISTRATION COSTS

In addition to the cost of administration personnel, administration costs also include a proportion of the employee costs for the Board of Directors. Over and above this, legal and accounting expenses as well as auditing costs are included under administration.

CUSTOMER BASE AND GOODWILL OR COMPANY VALUE DEPRECIATIONS

The scheduled customer base depreciations amounted to 1,028,000 euros (previous year: 1,304,000 euros). As a result of the recovery tests undertaken at the end of the fiscal year, P&I AG's impaired valuations of the customer base amounted to 320,000 euros and the goodwill or company value amounted to 685,000 euros.

OTHER OPERATING INCOME/EXPENSES

Other operating income amounted to 1,275,000 euros (previous year: 54,000 euros). The main reason was the income arising from the termination of lawsuits, for which provisions had to be made during the preceding years.

Other operating expenses of 1,088,000 euros, (previous year: 3,617,000 euros) include in addition to the ongoing expenditure on investor relations (i.e. the AGM), the Supervisory Board costs and payment of damages as well as the cost of legal advice, which result from non-operating activities. Special costs were included during the previous year in addition to the normal ongoing costs and these were the result of unplanned legal and consulting costs, which were incurred as a result of the disagreements between the Company and previous members of the Supervisory Board and disagreements between various groups of shareholders. Furthermore, a one-off effect on the other costs was posted in the previous year and this arose in conjunction with the closing of the controlling and profit transfer agreement and the extraordinary AGM.

7. ADDITIONAL NOTES ON THE INCOME STATEMENT ACCORDING TO THE COST OF SALES METHOD

COST OF MATERIALS

The cost of goods purchased in fiscal 2011/2012 amounted to 2,327,000 euros and these costs have increased when compared to the previous year (1,946,000 euros) due to the increased material requirements for our time management hardware products.

EMPLOYEE EXPENDITURE

Employee expenditure amounted to 31,779,000 euros, which is approximately the same as the previous year's level (31,853,000 euros). In the same reporting period, the number of employees, calculated as an average employment quotient at the end of the year, was virtually constant at 333 in fiscal 2010/2011 and 331 in fiscal 2011/2012. An average of 247 people were employed by the P&I Group in Germany over the year, with a total of 84 employees in the rest of Europe, where we were most strongly represented by the company in Austria, with 30 people, and in Slovakia, with 42 employed at the development centre. The personnel-intensive Research and Development division employed the highest number of staff totalling 133 (40 per cent). 116 employees (35 per cent) were employed in the Consulting division. Sales and Marketing employed 43 people and another 39 were employed in the P&I Group's administrative division.

The expenditure posted for fiscal 2011/2012 includes the sum paid into a contribution-orientated pension plan that amounted to 1,398,000 euros.

SCHEDULED AMORTISATIONS AND DEPRECIATIONS

The scheduled depreciations of intangible and tangible assets (except for the customer base and the company value) amounted to 960,000 euros (previous year: 832,000 euros). The BAGE software, which we inherited as the result of the acquisition of KSL, was fully impaired by the amount of 80,000 euros in the previous year. The BAGE software is not longer used or maintained by the Company and it was written off from the fixed assets. Depreciations for physical assets and remaining intangible assets based on the cost of sales method are shown in the income statement under the Cost of Sales, Research and Development Costs, Sales and Marketing Costs and Administrative Costs positions.

8. FINANCING INCOME AND EXPENSES

FINANCING INCOME

This item is broken down as follows:

In '000 euros	2011/2012	2010/2011
Interest income from cash in bank balances and available-for-sale assets	583	472
Gains from non-current financial assets	578	0
Interest income from long-term receivables	20	19
Profit from currency translations	7	76
Other	12	0
Total	**1,200**	**567**

FINANCING EXPENSES

This posts are broken down as follows:

In '000 euros	2011/2012	2010/2011
Interest expenses on accrued interest from a long-term liability	60	25
Losses from currency translations	0	47
Other	50	36
Total	**110**	**108**

9. TAX EXPENSES

The taxes on income shown include both paid and unpaid taxes on income as well as deferred taxes on ordinary business activities.

In '000 euros	2011/2012	2010/2011
Deferred tax revenue/ expense		
Domestic, within the fiscal entity	-243	0
Domestic, other	0	48
Foreign	-296	-26
	-539	22
Current tax expenses		
Domestic, within the fiscal entity	3,296	0
Domestic, other	170	4,675
Foreign	365	340
	3,831	5,015
Total	**3,292**	**5,037**

The domestic tax expenses for fiscal 2011/2012 are primarily based on the tax-sharing agreement between P&I AG and Argon GmbH, which has been posted analogous to IAS 12. The combined tax rate applicable to P&I AG of 31.23 per cent takes into account the average business tax assessment rate of 440 per cent, the corporation tax rate of 15 per cent and the solidarity surcharge of 5.5 per cent.

The tax rate applied for Austria is 25 per cent, as in the previous year; for the Netherlands, 20 per cent, for Switzerland 21.7 per cent and for Slovakia 19 per cent. No other tax rates were applied.

Up to March 31, 2012 the accrued initial deferred tax liability stood at 109,000 euros (previous year: 92,000 euros) on the untransferred profit from the subsidiary companies.

The following overview contains a reconciliation of the notional tax expenses on applying German tax rates and the tax expenses as presented in these financial statements:

In '000 euros	2011/2012	2010/2011
Notional tax expenditure	6,007	4,965
Income tax effect on the affiliated company	-2,367	0
Tax effect on non-deductible expenses	-519	-77
Effects of tax-free revenues	337	304
Income tax paid for outside shareholders	223	0
Effects of foreign tax rates	-175	-274
Capitalisation of deferred tax on losses carried forward	0	-32
Deferred tax on non-transferred profits	17	92
Other	-231	59
Taxes on income	**3,292**	**5,037**

10. EARNINGS PER SHARE

In determining the earnings per share according to IAS 33, the annual profit attributable to the shareholders is divided by the weighted average of the ordinary shares issued.

A share buyback scheme was implemented from October 23, 2008 until September 30, 2009. A total of 177,248 shares were repurchased and 5,086 shares were transferred to a member of the Board of Directors as part of his variable remuneration during fiscal 2011/2012. The stock of own shares as of March 31, 2012 now stands at 172,162 shares. As of March 31, 2012 the weighted average number of shares was 7,524,030 and this results in undiluted earnings per share of 2.12 euros (previous year: 1.44 euros).

No further transactions involving ordinary shares or potential ordinary shares have taken place in the period between the balance sheet date and preparation of the consolidated annual financial statements.

	2011/2012	2010/2011
Annual profit attributable to shareholders of Parent Company Annual profit or loss in '000 euros	**15,944**	**10,860**
Weighted average number of ordinary shares outstanding – undiluted/diluted	7,524,030	7,522,752
Earnings per share – undiluted/diluted	**2.12**	**1.44**

11. CUSTOMER BASE, GOODWILL AND OTHER INTANGIBLE ASSETS

Up to March 31, 2012 the goodwill or company value appearing in the balance sheet resulted from the acquisition of KSL Gesellschaft für kommunale Informationssysteme mbH, of Zweibrücken, (945,000 euros), the acquisition of P&I Zeitmanagement GmbH, of Höxter, (108,000 euros) and the acquisition of MIRUS Software AG, of Davos, Switzerland, (2,885,000 euros). The goodwill or company value, which covers the acquired customer base and the acquired software product, exceeds the value of the acquisition: i.e. the market presence and the company's reputation as well as the employees and their expertise.

The goodwill or company values of the KSL, P&I Zeitmanagement and P&I Switzerland were assigned for the purpose of a recoverability audit.

The operating pre-tax cash flow from the area plan compiled by the Board of Directors flowed into the cash flow statement. This plan was based on the assumption of specific developments in the overall economy and the software industry as well as the P&I Group's inventory and new customer business. This plan was based on past experiences as well as external sources of information.

The plan covers a period of ten years. We have defined the Swiss business sector as a cash-generating unit for auditing the residual goodwill gained from the acquisition of MIRUS Software AG. P&I's Swiss business sector covers P&I Personal & Informatik AG, of Horgen and MIRUS Software AG, of Davos, as these two businesses are active in the same currency zone and same market segment and they will become a reporting segment in the future.

All of the cash flows are discounted using a unified pre-tax discount rate of 9.03 per cent (previous year: 10.07 per cent). A debt-free company was used for determining the interest rate. These discounting rates reflect the evaluation of the management regarding the specific risks attributable to the cash-generating units. The discounting rate determination was based on the following assumptions:

	March 31, 2012	March 31, 2011
Risk-free interest rate (euros)	2.41 %	3.7 %
Market risk premium	5.5 %	5.0 %
Beta factor *)	0.69	0.64
Expected tax rate	31.32 %	31.32 %

*) The beta-factor corresponds to an average beta-factor taken from three businesses in the software industry

A sensitivity analysis covering the acquired goodwill or company value, customer base and software listed above was carried out in parallel to the recovery audits undertaken on the balance sheet date. This determined that a potential value adjustment of 123,000 euros would be needed for a discount interest rate increase of 100 points and a further 14,000 euros for a 200 point increase. A reduction in the expected cashflows by 5 per cent would result in an impairment requirement totalling 132,000 euros.

GOODWILL

On March 31, 2012 the net carrying amount of the goodwill or company value of the P&I Group amounted to 3,938,000 euros. The accumulated depreciation relates to the impairment of the goodwill or company value from the acquisition of P&I Zeitmanagement that amounted to 685,000 euros to a net carrying amount of 108,000 euros implemented during the current business year. The recoverability test carried out on March 31, 2012 confirmed the recoverability of the existing goodwill or company value resulting from the acquisition of KSL and MIRUS Software AG.

The entire impaired goodwill or company value resulting from the acquisition of P&I Steyr GmbH during fiscal 2009/2010, which amounted to 216,000 euros, was eliminated during the fiscal year.

CUSTOMER BASE

The customer base also includes the customer base covering the migration customers from IBM Deutschland (233,000 euros) and it also includes the customer bases from the acquisitions of ZHS (165,000 euros) and KSL (1,022,000 euros) as well as P&I Zeitmanagement GmbH (488,000 euros). As a result of further acquisitions in Austria, the E-PM customer base amounting to 150,000 euros from the acquisition of P&I Steyr and the customer base from the acquisition of the JET PABIS NG HR business sector company amounting to 1,141,000 euros were also capitalised. A customer base totalling 4,092,000 euros resulted from the acquisition of MIRUS Software AG.

The customer base is systematically written down over a period of ten years. In this fiscal year, depreciation amounted to 1,027,000 euros (previous year: 1,304,000 euros). The impairment tests carried out on March 31, 2012 based on the value in use concept applied to the customer base from P&I Zeitmanagement resulted in an impairment requirement that amounted to 320,000 euros. This customer base impairment requirement arose from the changed customer components in the migration business. Customers who use both our P&I LOGA as well as our P&I Time products prefer to continue using P&I Time as a stand-alone solution and they have not migrated to our P&I LOGA Time management integrated software solution.

OTHER INTANGIBLE ASSETS

The increase in the other intangible assets is mainly attributable to he acquisition of MIRUS Software AG and the software that was acquired with it and this amounted to 1,359,000 euros. In this fiscal year depreciations and impairment charges amounted to 327,000 euros (previous year: 360,000 euros) and these charges are attributed solely to the scheduled depreciations. During the previous year the maintenance of the BAGE software resulting from the acquisition of KSL ended on December 31, 2010. As no economical use of the software is expected in the future, it was fully impaired (80,000 euros) and then written off.

12. TANGIBLE ASSETS

The analysis of fixed assets can be found at the end of these notes. The effects of foreign currency transactions have been waived due to negligibleness.

Depreciation costs posted during fiscal 2011/2012 amounted to 633,000 euros (previous year: 553,000 euros) and these refer solely to the scheduled depreciations.

13. LONG-TERM FINANCIAL ASSETS

Loans totalling 40 million euros were made to the controlling company, Argon GmbH, on September 16, 2011 and on March 13, 2012 and these loans have been assigned to the long-term assets due to their long-term service lives and interest will be paid on them at customary market interest rates. The accumulated interest up to March 31, 2012 amounted to 578,000 euros and this is shown combined with the loans.

Securities held as fixed assets amounted to 4,542,000 euros (previous year: 1,946,000 euros) and this includes a mortgage bond held as collateral against a bank guarantee.

14. DEFERRED TAXES

Deferred tax is calculated according to the liability method taking into account temporary differences. The tax rate applied for Germany remained unchanged from that of the previous year, of 31.23 per cent, with a tax rate for Austria of 25 per cent, for Switzerland, 21.17 per cent, for the Netherlands, 20.0 per cent and for Slovakia, 19 per cent. No other tax rates were applied.

Accrued taxes carried as assets and liabilities are broken down as follows:

2011/2012 Disclosures in '000 euros	Opening balance on 1. 4. 2011	Items affecting net income posted in the profit and loss statement	Income neutral items posted in other results	Liquidation of amounts from the profit and loss statement	Acquisitions/ Disposals	Final balance on 31. 3. 2012
Long-term assets	17	0	-17	0	0	0
Goodwill	0	0	0	187	0	187
Accruals	29	-29	0	0	0	0
Liabilities	422	-416	0	0	0	6
Other	0	0	0	32	0	32
Deferred tax assets	**468**	**-445**	**-17**	**219**	**0**	**225**
Deferred tax assets resulting from tax-sharing agreement	**0**	**0**	**0**	**0**	**0**	**6**
Long-term assets	0	0	30	0	0	30
Sales realisation	798	-93	0	0	0	705
Customer Base	912	-324	0	0	873	1,461
Software	87	-60	0	0	288	315
Dividend payouts from subsidiary companies	92	0	0	17	0	109
Other	305	-305	0	0	0	0
Deferred tax charges	**2,194**	**-782**	**30**	**17**	**1,161**	**2,620**
Deferred tax charges resulting from tax-sharing agreement	**0**	**0**	**0**	**0**	**0**	**1,471**
Deferred tax revenue/expenses		**337**		**202**		**539**
Deferred taxes (net)	**-1,726**					**-2,395**

A tax-sharing agreement has existed between P&I AG and Argon GmbH since April 1, 2011. The income-neutral credit to reserves arising from unrealised gains or losses on investments (see Note 21 as well) are shown in other consolidated results.

15. TRADE RECEIVABLES

Trade receivables are due exclusively from third parties and are broken down as follows:

In '000 euros	March 31, 2012	March 31, 2011
Trade receivables	8,846	9,951
Receivables from application of PoCM	3,263	2,088
Payments received from application of PoCM	-2,032	-1,206
Valuation adjustments	-137	-520
Total	**9,940**	**10,313**

Receivables from the application of the Percentage of Completion Method (PoCM), concerns receivables from service agreements where sales realisation is carried out depending on the services rendered by P&I companies.

Trade receivables are non-interest bearing. Receivables have an DSO (Days Sales Outstanding) of 10 – 20 days or are subject to individually negotiated agreements.

As at March 31, 2012 the trade receivables were impaired in value to a nominal value of 137,000 euros (previous year: 520,000 euros). A special valuation allowance of 100 per cent was recognised for receivables due from customers who are facing insolvency proceedings as well as receivables of more than 5,000 euros that were reported in the insolvency proceedings. A 50 per cent valuation allowance for doubtful debts was made as a rule for receivables due from customers whose creditworthiness is in doubt. For trade receivables where a specific valuation allowance was not recognised, a valuation allowance was mapped on a portfolio basis of 1 per cent (previous year: 1 per cent) for debts not individually adjusted.

The development of the valuation adjustment account is set out as follows:

In '000 euros	Individually adjusted	Adjustment on portfolio basis	Total
As at March 31, 2010	**525**	**141**	**666**
Additions	81	32	113
Utilisation	-84	0	-84
Dissolution	-150	-25	-175
As at March 31, 2011	**372**	**148**	**520**
Additions	1	5	6
Additions resulting from changes to the consolidated companies	0	22	22
Utilisation	-316	0	-316
Dissolution	-56	-39	-95
As at March 31, 2012	**1**	**136**	**137**

As at March 31, 2012, the age structure for trade receivables is broken down as follows:

In '000 euros	2011/2012	2010/2011
Overdue, but not impaired in value		
over 91 days	807	1,587
90 to 61 days	324	577
60 to 31 days	729	788
30 to 1 days	1,286	2,131
Neither overdue nor impaired in value	**5,563**	**4,348**
Total	**8,709**	**9,431**

16. SHORT-TERM FINANCIAL ASSETS

In '000 euros	March 31, 2012	March 31, 2011
Term deposits with a residual term of more than 3 months	19,500	23,545
Bonded loans	0	5,005
Mortgage bonds	0	5,004
Total	**19,500**	**33,554**

17. OTHER SHORT-TERM ASSETS

Other current assets comprise:

In '000 euros	March 31, 2012	March 31, 2011
Accrued assets	1,466	1,110
Rental deposits	67	57
Other	446	451
Total	**1,979**	**1,618**

18. CASH AND CASH EQUIVALENTS

In '000 euros	March 31, 2012	March 31, 2011
Cash on hand and in bank balances	14,239	21,862

The fair value of the funds and short term deposits amounts to 14,239,000 euros (previous year: 21,862,000 euros).

19. SUBSCRIBED CAPITAL AND RESERVES

The subscribed capital of the Company remained unchanged at 7,700,000 euros as at March 31, 2012 and is divided into 7,700,000 no-par value bearer shares. Each share is assigned one vote and has a notional value of 1 euro of subscribed capital.

In the year under review, as in the previous year, no subscription rights were issued .

At the AGM held on September 2, 2008 the Board of Directors were authorised, with the consent of the Supervisory Board, to increase the capital stock of the Company by up to 3,850,000 euros through one or more issues of new shares against monetary and/or non-monetary contributions up to September 1, 2013 (authorised capital 2008). Increasing the capital through monetary contributions is basically the same as granting subscription rights to existing shareholders. However, the Board of Directors is authorised, with the consent of the Supervisory Board, to exclude these subscription rights to the extent that this becomes necessary in order to grant subscription rights to the new shares to holders of conversion or subscription rights that were previously issued by the Company, in order to enable the holders of these existing rights to be able to exercise their subscription rights. In the case of a capital stock increase through monetary contributions, the Board of Directors has also been authorised, with the consent of the Supervisory Board, to exclude the shareholder's legal subscription rights, provided that the capital stock increase through monetary contributions does not exceed 10 per cent of the value of the Company's authorised capital stock when it was first used and that the issue price of the new shares is not substantially lower than the quoted price of the shares that are already being traded on the stock exchange on the date on which the issue price is finally agreed. The sale of own shares must also be offset against the 10 per cent of the capital stock limit, if valid authorisation regarding the sale of own shares with the exclusion of subscription rights is made on the date on which the capital stock increase authorisation becomes effective.

In the case of a capital stock increase through non-monetary contributions, the Board of Directors has been authorised, with the consent of the Supervisory Board, to exclude the shareholder's legal subscription rights, provided that the capital stock increase through non-monetary contributions is made for the purpose of acquiring or investing in other companies and that the total pro rata amount of the capital stock represented by the new shares, for which subscription rights have been excluded, must not exceed 20 per cent of the existing capital stock at the point in time when the new shares are issued. The Board of Directors has also been authorised, with the consent of the Supervisory Board, to exclude the shareholder's legal subscription rights on one or more occasions with regard to any fractional amounts. Furthermore, the Board of Directors has also been authorised, again with the consent of the Supervisory Board, to stipulate the conditions of the share issue and the further details regarding the implementation of the capital stock increase from the authorised capital. The Supervisory Board has also been authorised to amend the wording of the Articles of Association accordingly with regard to the utilisation of the 2008 capital stock.

At the Annual General Meeting held on August 30, 2011, the Board of Directors was authorised, with the consent of the Supervisory Board and only up until August 29, 2016, to purchase treasury stock to a maximum of ten per cent of the capital stock of the Company existing at the time of the resolution passed at the Annual General Meeting.

Furthermore, the Board of Directors has also been authorised to use the acquired Company's shares for any legally permitted purpose and in particular, the realising of these shares to third parties under specific circumstances, to use these shares for acquiring other companies and to offer them to employees and entities or to transfer them with a retention period. These shares can also be extinguished. With the authorisation of the Supervisory Board, shares in the Company that were previously acquired can also be used under the rules agreed between the Supervisory Board and the members of the Board of Directors of P&I Personal & Informatik AG covering the variable Board of Directors' remunerations.

This rule was implemented under this authorisation in fiscal 2011/2012 and the variable remuneration claim lodged by a member of the Board of Directors during fiscal 2011/2012 was fully converted into P&I shares (5,086 shares). The present value of the transferred shares amounts to 136,355.66 euros, of which acquisition costs amounting to 57,932.92 euros were deducted from the revenue reserves and the remaining amount of 78,422.74 euros were posted in the capital reserves.

In '000 euros	March 31, 2012	March 31, 2011
Own stock from share buyback scheme	37,952	37,072
Deductible items from share buybacks	-1,961	-2,019
Equity after share buybacks	**35,991**	**35,053**

The revenue reserves shown in the balance are broken down as follows:

In '000 euros	March 31, 2012	March 31, 2011
P&I AG's capital reserves	770	770
Offset IPO costs	-1,199	-1,199
Equity settled SAR programme	308	0
Capital reserves	**-121**	**-429**

Argon GmbH agreed a long-term incentive programme based on 'Stock Appreciation Rights' with a member of the Board of Directors during fiscal 2011/2012. For further details please refer to the "Executive bodies of the Company" section (Note 30).

The stock of own shares purchased during the previous years amounted to 172.162 shares on March 31, 2012, which represents a 2.24 per cent share of the capital stock. The acquisition costs resulting from buying back our own stock amounted to 1,961,043.09 euros. The value of these shares, based on the stock exchange price on the balance sheet date, amounted to 4,911,437.54 euros.

20. PAID OUT DIVIDENDS 2010/2011 AND PROPOSED DIVIDENDS 2011/2012

The net profit shown in the annual financial statements of P&I Personal & Informatik AG, prepared in accordance with commercial legislation, is, pursuant to the German Companies Act, material to a dividend distribution.

PAID OUT DIVIDENDS 2010/2011

On August 30, 2011 the AGM resolved to use the net profit for fiscal 2010/2011 as follows:

	euros
Retained earnings as at March 31, 2011	19,547,054.65
Dividends to be disbursed	- 300,909.56
Profit carried forward	**19,246,145.09**

Dividend payout of 0.04 euro (previous year: 1.10 euro) per no-par share entitled to a dividend. The dividend was paid out on August 30, 2011.

The own shares held by P&I AG were not entitled to dividend payments.

APPROPRIATION OF PROFIT FOR 2011/2012

P&I AG closed a controlling and profit transfer agreement with Argon GmbH on February 7, 2011. Consequently, P&I AG is now obliged to cede their total profit to Argon. The agreement was concluded for a minimum of five years. Approval of the agreement was adopted at the extraordinary P&I AGM held on March 24, 2011. The controlling and profit transfer agreement was registered in the commercial register on September 9, 2011 and the agreement became effective on that date.

The annual net profit shown in the annual financial statement that was prepared in accordance with commercial legislation for P&I AG for fiscal 2011/2012 that amounted to 15,227,000 euros has to be ceded to Argon GmbH in compliance with the controlling and profit transfer agreement. The outside shareholders of P&I AG will be paid a compensation payment amounting to 1.55 euros per P&I share after tax by Argon GmbH.

21. CUMULATIVE OTHER GROUP RESULTS

According to IAS 39, financial assets available for sale are to be measured at their fair value. The gain or loss arising from an available-for-sale financial asset is directly posted to equity in the balance sheet through change in equity. Effects of currency translations in connection with foreign subsidiaries are also posted to this item.

22. OTHER LONG-TERM LIABILITIES

The other long-term liabilities solely include a long-term component that arose from the conditional purchase price liability resulting from the acquisition of MIRUS Software AG.

23. TRADE PAYABLES

Trade payables primarily concern the purchase of material resources to maintain ongoing business activities.

24. LIABILITIES FROM THE PROFIT TRANSFER

This liability applies solely to Argon GmbH and it refers to the profit transfer made by P&I AG that amounted to 15,227,000 euros (previous year: 0 euros).

25. TAX LIABILITIES

Tax liabilities amounting to 1,706,000 euros (previous year: 2.910,000 euros) and 1,275,000 euros (previous year: 2,543,000 euros) exist and these were mainly incurred by P&I AG. These are considered to be tax charges arising from the fiscal years prior to 2011/2012 and they were therefore incurred before P&I became a taxable affiliated company of Argon GmbH.

26. TAX LIABILITIES RESULTING FROM THE TAX-SHARING AGREEMENT

Tax charges will be incurred by Argon GmbH as from fiscal 2011/2012 onwards as a result of the tax-sharing agreement closed by P&I AG and Argon GmbH.

27. DEFERRED INCOME

The deferred income is broken down as follows:

In '000 euros	March 31, 2012	March 31, 2011
Prepaid maintenance fees	22,304	18,078
Other	1,709	2,182
Total	**24,013**	**20,260**

Prepaid maintenance fees paid in advance by customers amounted to 22,304,000 euros (previous year: 18,078,000 euros). The "Other" item consists of deferred income from Licensing and Consulting sales.

28. PAYMENTS RECEIVED FOR PROJECTS THAT HAVE NOT BEEN COMPLETED

This position includes receivables arising from production orders with a liabilities balance arising from the application of the PoCM and zero-profit methods, which show a liabilities balance after being offset against the relevant payments received. The offsets are shown as follows:

In '000 euros	March 31, 2012	March 31, 2011
Proportional proceeds as per PoCM/ZPM	-2,032	-665
Advance payments received	12,246	3,201
Total	**10,214**	**2,536**

29. OTHER SHORT-TERM LIABILITIES

Other short-term liabilities are broken down as follows:

In '000 euros	March 31, 2012	March 31, 2011
Premiums, commissions and salaries	6,901	5,871
Annual leave	1,251	1,078
VAT	958	1,372
Bonuses	554	706
Employment tax, church tax and social security contributions	529	541
Other	2,154	1,779
Total	**12,347**	**11,347**

The other short-term liabilities include a long-term bonus programme for the Board of Directors, which was still classified as long-term during the previous year and now amounts to 1,321,000 euros (previous year: 721,000 euros).

Payment of a performance related target income, providing a long-term incentive, has been agreed on with one member of the Board of Directors with effect from September 1, 2007. This programme was terminated prematurely during fiscal 2011/2012 and no further claims were lodged. The amounts due for claims lodged up to March 31, 2011 were paid out accordingly with interest during fiscal 2011/2012.

30. EXECUTIVE BODIES OF THE COMPANY

The Board of Directors of the Company consists of at least two members. The Supervisory Board determines the number of members on the Board of Directors (see §4 Para.1 of the Memorandum and Articles of Association last revised on September 1, 2009).

The Members of the Board of Directors are:

Mr Vasilios Triadis, Chairman of the Board, Director of Strategy, Consulting, Research and Development and M&S.
Dr Erik Massmann, Director of Finance, HR, Administration and Investor Relations.

Mr Vasilios Triadis is a member of the Scientific Advisory Committee of otris Software AG, of Dortmund and of Solvenius GmbH, of Stuttgart, in Germany.

Dr Massmann is the Chairman of the Supervisory Board at SCIIL AG, of Koblenz, in Germany.

Mr Vasilios Triadis and Dr Erik Masmann represent the Company together with one other member of the Board of Directors or with an authorised officer.

Remuneration for the members of the Board of Directors is determined by the Supervisory Board and comprises both fixed and variable components. The fixed component, aside from a fixed-amount monthly remuneration, also includes benefits in kind, in particular the valuation for company vehicles to be applied in compliance with German taxation regulations.

One part of the variable component of the Board of Directors' remuneration constitutes a performance related target income. The amount of the performance related target income is calculated on the basis of the degree to which the Group EBITDA set by the Supervisory Board has been fulfilled as well as specific success factors. The result-orientated compensation for a member of the Board of Directors for the current fiscal year is based on the advent of defined project events.

In the case of a member of the Board of Directors between 50 per cent and 100 per cent of the variable component will be paid in the Company's own shares at a respective price of 18 euros/share. The member of the Board of Directors will also receive an additional share-based payment for the respective fiscal year if there is a positive difference between the issuing price at the commencement of the contract and the respective market value on the balance sheet date. The Board are obliged not to sell the acquired shares until they have been held for at least three years.

In addition to this Argon GmbH entered into a agreement with a member of the Board of Directors during the fiscal year that has just ended that covers a variable reimbursement component with a long-term incentive based on a total of 300,000 stock appreciation rights. The duration of this SAR agreement is open-ended and the claim is heritable. Under the assumption that the SAR's will be exercised before March 31, 2016, the fair value at the time of acceptance was 2,270,782.35 euros. The determination of the fair value was based on the following assumptions: That the SAR's will be exercised before March 31, 2016; 300,000 SAR's will be exercised; the share price on the day the agreement was made: 26.70 euros; expected dividend payment per annum: 1.55 euros; exercise price: 17.0 euros; annualised volatility of the P&I shares of 32.78 per cent, constant risk-free interest of 1.22 per cent. As P&I employ the services of the member of the Board of Directors, the share-based payment has to be accounted for by P&I in accordance with IFRS 2.3 A, even though Argon GmbH is contractually responsible for fulfilling the payment claim. This employee expense will therefore be linearly distributed over the period and it will correspond to an increase in the capital reserves listed in the IFRS consolidated financial statement. This agreement is not posted as expenditure in the annual HGB financial statement.

A basic obligation regarding the individual disclosure of remuneration for the board of directors of corporations listed on the stock exchange was introduced through the law regulating the disclosure of the Board of Directors' compensation (Transparency Law for the Compensation of Corporate Executives or VorStOG) published on August 3, 2005. However, pursuant to § 286 Para. 5 and § 314 Para. 2, Sentence 2 of the German Commercial Code (HGB), the annual general meeting of such an entity can decide to withhold this information in part. The non-disclosure of individual Board of Director's remunerations resolution that was passed at the AGM held on August 29, 2006 expired on August 28, 2011 and it was applied for the last time in the annual financial statement for fiscal 2010/2011 and the AGM held on August 30, 2011 once again resolved to omit the disclosure of the individual remunerations paid to the members of the Board of Directors. The obligation to omit the disclosure of the individual remunerations paid to the members of the Board of Directors under this resolution will remain valid until August 29, 2016 and this means that it will run from fiscal year 2011/2012 up to and including fiscal year 2015/2016. Therefore only statements regarding the total payments are made in the following.

The total remuneration for the members of the Board of Directors in fiscal 2011/2012 and the previous year are shown in the following table:

In '000 euros	2011/2012	2010/2011
Non-performance related remunerations		
Salaries	590	590
Other *)	53	771
Performance-related remunerations		
Bonuses / bonus programme	628	388
Components with long-term incentives	0	600
Total remuneration in separate HGB financial statement	**1,271**	**2,349**
Components with long-term incentives **)	230	0
Total remuneration in consolidated IFRS financial statement	**1,501**	**2,349**

*) Allowances for insurances, non-cash benefits and non-recurring income

**) Expenditure recorded in the consolidated IFRS financial statement only and not in the separate HGB financial statement

In accordance with § 95 AktG (German Companies Act) in conjunction with § 6 of the Memorandum and Articles of Association, version issued on September 1, 2009, the Company has a Supervisory Board consisting of three members.

Thomas Volk, Chairman
Vice President EMEA der Dell Inc., of Bobingen, is also
Chairman of the Supervisory Board of SNP Schneider-Neureither & Partner AG, of Heidelberg, in Germany.

Michael Wand, Deputy Chairman
Managing Director of The Carlyle Group, of London (GB), is also a
Member of the Advisory Board of UC4 Software GmbH, of Wolfsgraben, in Austria,
Member of the Administrative Board of KSC.net AG, of Liestal, in Switzerland.
Member of the Board of Directors of The Foundry Visionmongers Ltd., of London, in Great Britain
Member of the Advisory Board of ADA Cosmetics Holding GmbH, of Kehl, in Germany.

Dr Thorsten Dippel
Director of The Carlyle Group, of London (GB), is also a
Member of the Administrative Board of Tell AG, of Liestal, in Switzerland.
Member of the Advisory Board of ADA Cosmetics Holding GmbH, of Kehl, in Germany.

Each member of the Supervisory Board received, in accordance with the Articles of Association, a fixed annual remuneration of 11,248.42 euros. The Chairman of the Supervisory Board received 14,316.17 euros per annum and the deputy Chairman of the Supervisory Board received 12,782.30 euros per annum. The company also reimbursed the members of the Supervisory Board for any expenses and VAT incurred in exercising their office. Mr Wand and Dr Dippel have waived their right to be paid for their Supervisory Board duties for fiscal 2011/2012.

The salaries of the members of the Supervisory Board during fiscal 2011/2012 are listed in the following table:

In euros	Fixed remuneration	Reimbursements	Consultancy services
Thomas Volk	14,316.17	2,098.03	---
Michael Wand	---	3,713.41	---
Dr Thorsten Dippel	---	3,485.78	---

31. RELATED PARTY DISCLOSURES

The following payments were made to related parties:

	Receivables		Revenue	
In '000 euros	March 31, 2012	March 31, 2011	2011/2012	2010/2011
P&I Timemanagement B.V., Amsterdam, Netherlands[1)]	0	6	0	28
H.C. Starck GmbH, Goslar[2)]	1	24	130	127
Argon GmbH, Munich[3)]	40,578	0	578	0
Total	**40,579**	**30**	**708**	**155**

The following payments were made to related parties:

	Liabilities		Expenditure	
In '000 euros	March 31, 2012	March 31, 2011	2011/2012	2010/2011
P&I Timemanagement B.V., Amsterdam, Netherlands[1)]	0	20	0	108
Argon GmbH, Munich[3)]	18,406	0	3,296	0
Total	**18,406**	**20**	**3,296**	**108**

1) P&I Timemanagement B.V., of Amsterdam, in the Netherlands, is a non-consolidated, fully owned subsidiary company of P&I Personeel & Informatica B.V., of Amsterdam, Netherlands. It provides consulting services to other Group affiliated companies and uses the P&I Time licence from the parent company.) It was merged with P&I Personeel & Informatica B.V, of Amsterdam, in the Netherlands on April 1, 2011.

2) H.C. Starck GmbH, of Goslar, is an affiliated company of the superior parent company of Argon GmbH, i.e. Carlyle Offshore Partners II, Ltd. The business activities with H.C. Starck GmbH cover maintenance and consulting services as well as the sale of software.

3) Argon GmbH is the controlling company of P&I AG.

ARGON GMBH

A controlling and profit transfer agreement exists between P&I AG and Argon GmbH with Argon GmbH as the controlling company. This agreement also permits Argon GmbH to issue instructions. P&I AG's profit after tax, which amounted to 15,227,000 euros and was posted under commercial law, has to be ceded to Argon GmbH.

As instructed by Argon GmbH, the controlling company, a non-secured loan amounting to 40 million euros was made to Argon GmbH. The accumulated interest for fiscal 2011/2012 amounts to 578,000 euros and this is posted as interest income. The interest on the loan will be paid upon final maturity. The Board of Directors were satisfied that there are no indications of risks with regard to the recovery of the loan on the balance sheet date as they have been provided with information about the creditworthiness of the borrower. At the present moment we see no payment risk regarding the repayment of the loan and the interest. P&I AG have a special resignation right should the recoverability of the loan ever be endangered.

A tax-sharing agreement covering business and corporation taxes was agreed upon between the affiliated company and Argon GmbH for fiscal 2011/2012 and this has been in force since the start of fiscal 2011/2012. The determination of the ongoing and latent taxes is made analogous to the provisions listed in IAS 12 and the liabilities from the tax-sharing agreement on the balance sheet date amount to 3,179,000 euros. The tax charge resulting from the tax-sharing agreement for fiscal 2011/2012 came to 3,296,000 euros.

P&I AG together with the subsidiary companies in Austria and Switzerland entered into a financing agreement with Argon GmbH as planned and instructed by Argon GmbH in October 2011, which amounted to 110 million euros. Various security assignments from movable assets and collateral assignments from receivables and rights have been granted to the banks providing the financing as well as Argon GmbH's subordinate obligation agreement covering the interest payments and the repayment of loans and these were closed in accordance with the existing liquidity plan. The loan was valued at approximately 69 million euros on the balance sheet date and the Board of Directors does not see any increased risk for the Company with regard to the current status of P&I AG's planning in relation to the in-flow of liquidity as well as the present interest and loan repayment plan.

Supervisory Board approval has been granted for all of the services listed here.

The details concerning the Board of Directors and the Supervisory Board are listed in Note 30.

32. AUDITOR'S FEES AND SERVICES

The annual fee for the auditor for fiscal 2011/2012 and previous year was calculated as follows:

In '000 euros	2011/2012	2010/2011
Annual audit, for fiscal 2010/2011: 20,000 euros).	158	175
Other auditing services for fiscal 2010/2011: 0 euros).	0	10
Tax consultancy services	0	0
Other services	0	0
Total	**158**	**185**

33. CONTINGENCIES AND OTHER FINANCIAL OBLIGATIONS

As at March 31, 2012 future financial obligations for minimum lease payments arising from non-cancellable operating leasing arrangements amounted to the following:

In '000 euros	March 31, 2012	March 31, 2011
Due		
Within one year	2,128	2,119
Between one and five years	1,622	2,251
Over five years	78	36
Total	**3,828**	**4,406**

These obligations, based on normal market practice, mainly arise from agreements covering buildings, vehicles, computer systems and office equipment. The agreements have terms between one and five years and include extension/renewal or purchase options. There are no escalator clauses and no additional restrictions imposed by leasing arrangements. Leasing agreements were concluded in order to reduce the cash outflow.

In the fiscal year under review, payments arising from leasing arrangements amounted to 2,359,000 euros (previous year: 2,461,000 euros).

As at March 31, 2012, no financial obligations for minimum lease payments exist.

CONTINGENCIES

P&I monitors and measures on a continuing basis the risks arising from large-scale or fixed price projects. The possibility cannot be ruled out that in projects involving both P&I and the customer in the commitment of large quantities of resources, recourse claims may arise or project costs may occur in excess of the original fixed price agreed on. Costs for P&I occurring in conjunction with a project are always contained in expenses for the current period. Similarly, possible payment obligations are recognised in the financial statements.

In the course of our ordinary business activities, we have to deal with legal proceedings customers may instigate. Where an obligation to a third party is deemed probable and a reliable estimate of the cost involved can be made, contingency accruals are formed for such cases.

We believe that the outcome of present legal proceedings involving customers will have no material, negative effect on our business activities, assets, finances or cash flow. However, such processes are by nature uncertain and our present assessment may change in the future.

CONTINGENT LIABILITIES

The opinion of the Board of Directors is that the closing of the controlling and profit transfer agreement does not increase the risks in any way. At the present moment in time the Board of Directors does not see any increase in the risk in granting the loan to Argon GmbH. The Board of Directors are duly convinced with regard to the recoverability of this loan.

P&I AG together with the subsidiary companies in Austria and Switzerland entered into a financing agreement with Argon GmbH as planned and instructed by Argon GmbH in October 2011, which amounted to 110 million euros. Various security assignments from movable assets and collateral assignments from receivables and rights have been granted to the banks providing the financing as well as Argon GmbH's subordinate obligation agreement covering the interest payments and the repayment of loans and these were closed in accordance with the existing liquidity plan. The loan was valued at approximately 69 million euros on the balance sheet date and the Board of Directors does not see any increased risk for the Company with regard to the current status of P&I AG's planning in relation to the in-flow of liquidity as well as the present interest and loan repayment plan.

CREDIT BY WAY OF BANK GUARANTEE

The Company has a master agreement with the Commerzbank AG for the purpose of furnishing collateral ("credit by way of bank guarantee") for its liabilities, to a total amount of 3,500,000 euros (previous year: 820,000 euros). As at balance sheet date, availment of credit by way of bank guarantee to the amount of 3,471,000 euros (previous year: 803,000 euros) was made use of.

GROUP GUARANTEE

The Company has declared that in the event that P&I Personeel & Informatica, B.V., Amsterdam, Netherlands is unable to fulfil the contact it has concluded with a major client, it will enter fully into the contractual obligations agreed between P&I Personeel & Informatica, B.V., Amsterdam, Netherlands and the client.

Based on the current financial situation of the company concerned, we consider the risk of any claims arising from the Group guarantees as low.

The guarantee declaration that has been in force for the past few years for P&I Personal & Informatik AG, of Horgen, Switzerland has been waived as a result of the positive business development recorded by this subsidiary company during in fiscal 2011/2012.

34. TARGET SETTING AND METHODS OF FINANCIAL RISK MANAGEMENT

Sustaining the increase in the company's value in the interest of investors, employees, customers and suppliers whilst simultaneously ensuring and safeguarding the creditworthiness at all times counts as one of P&I AG's most important financial objectives.

This objective is essentially supported by focussing on quality of the margins. This does not exclude external growth being generated through acquisitions. Improving the profitability and the consequential increase in the return on the capital involved is the priority that all of our business decisions are based on.

This form of capital management means that P&I AG has to give prominence to establishing adequate liquid reserves. The retention of a solid equity capital base is also an important prerequisite, in order to be able to guarantee the continued existence of the company and to advance the growth strategy.

Liquid reserves are permanently controlled by the short- and medium-term forecasts based on future liquidity. The regular monitoring of the capital is based on the use of multiple key data. This includes the ratio of the net liquidity to the equity (Gearing) and the equity ratio relating to the important key data.

In '000 euros	March 31, 2012	March 31, 2011
Cash and cash equivalents	14,239	21,862
Short-term securities	19,500	33,554
Net liquidity	**33,739**	**55,416**
Equity	**35,834**	**35,053**
Equity ratio	33.2 %	45.0 %
Gearing	-94.2	-158.1

The equity ratio further reflects the ratio of equity to the balance sheet total. The Gearing indicates the ratio of net liquidity to equity. A negative value has been generated here as no debt positions exist.

Even after the payment of a loan amounting to 40 million euros to the controlling company in the fiscal year just ended, the Group, with 33.7 million euros (previous year: 55.5 million euros) still possessed a high level of liquid assets and liquid asset equivalents as well as short-term financial assets that were not offset by loans from third parties.

The company has an operating fund credit line with the Wiesbadener Volksbank eG totalling 1,534,000 euros (previous year: 1,534,000 euros) that is available for use via a current account at a charged interest rate of 7.50 per cent per annum. Furthermore, P&I AG has been granted a working capital credit line amounting to 5,000,000 euros by Argon GmbH's underwriting banks. This line of credit can be used as additional securing liquidity as and when it is required and was not included on the balance sheet date. The operating credit provided by Deutschen Bank AG with a total volume of 500,000 euros was cancelled on November 28, 2011.

For a detailed explanation of P&I AG's risk management system please refer to Section 7.2 of the Combined Management Report.

35. RISKS AND FINANCIAL INSTRUMENTS

As instructed by Argon GmbH, the controlling company, a non-secured loan amounting to 40 million euros was made to Argon GmbH. The interest on the loan will be paid upon final maturity. The Board of Directors were satisfied that there are no indications of risk with regard to the recovery of the loan on the balance sheet date as they have been provided with information about the creditworthiness of the borrower. At the present moment we see no payment risk regarding the repayment of the loan and the interest. P&I AG have a special resignation right should the recoverability of the loan ever be endangered.

The important financial liabilities used throughout the Group included trade payables and other liabilities. The main purpose of the financial liabilities is the financing of the Group's business activities. The Group uses trade receivables and other receivables as well as cash and short-term deposits, which are all derived directly from their business activities. The Group also uses available-for-sale short-term and long-term financial assets.

The group operates on a global basis, making it vulnerable to market risks arising from changes in interest rates and exchange rates.

CURRENCY RISKS

Currency risks are the risks to the fair values or the future cashflow of a financial instrument arising from the exchange rate currency fluctuations.

Overall, the risks associated with fluctuations in exchange rates of minor significance for the Group's operating activities. Currency risks associated with the Swiss franc are secondary risks.

Currency risks are not secured as fluctuations have only a very slight impact on the Group result.

INTEREST AND CHANGE IN VALUE RISKS

Interest risks or change in value risks are the risks to the fair values or the future cashflow of a financial instrument arising from the changes in the market interest rates or market prices.

Significant downturn and value risks changes do not exist, as bonded loans and mortgage bonds with repayment guarantees are always retained.

LIQUIDITY RISK

Liquidity risks arise from the potential inability of customers to meet their obligations to the Company within normal trading terms and conditions. In order to manage this risk, the Company periodically assesses the creditworthiness of its customers.

As at March 31, 2012 the maturities of Group's financial liabilities were as set out in the following:

March 31, 2012	Under 1 year	1 to 5 years	over 5 years	Total
In ‘000 euros				
Other short-term liabilities	22,561	0	0	22,561
Liabilities from the profit transfer	15,227	0	0	15,227
Tax liabilities resulting from tax-sharing agreement	3,179	0	0	3,179
Trade payables	2,277	0	0	2,277
Tax liabilities	1,706	0	0	1,706
Other long-term liabilities	0	830	0	830
Total	**44,950**	**830**	**0**	**45,780**

March 31, 2011	Under 1 year	1 to 5 years	over 5 years	Total
In ‘000 euros				
Other short-term liabilities	13,883	0	0	13,883
Trade payables	2,363	0	0	2,363
Gesamt	**16,246**	**0**	**0**	**16,246**

CREDIT RISKS

Payment risks are managed by means of prepayments or by obtaining assumption declarations for receivables from the official receiver or through information on creditworthiness in doubtful cases. The Group does not maintain any other forms of collateral security such as entitlements to securities etc. In addition, the debt inventory is continually monitored ensuring that the Group is not subject to significant payment risks. The maximum payment risk is limited to the carrying amount shown in Note 15. The Group does not face a significant concentration of payment risks arising from one single contractual partner nor from a group of contractual partners with similar features. For other financial assets of the Group, such as cash and cash equivalents and financial assets available for sale, the maximum credit risk on default of the contractant is the carrying amount of these instruments.

FAIR VALUE

The following chart shows carrying amounts and fair values for financial instruments recognised in the consolidated financial statements.

IAS 39 measurement category	Book value		Fair value	
In '000 euros	31. 3. 2012	31. 3. 2011	31. 3. 2012	31. 3. 2011
Loans and receivables				
Cash	14,239	21,862	14,239	21,862
Term deposits	19,500	23,545	19,500	23,545
Long-term financial assets	40,578	0	40,578	0
Trade receivables (less PoCM receivables and payments received)	8,709	9,431	8,709	9,431
Available-for-sale financial assets				
Bonded loans (short-term)	0	5,005	0	5,005
Mortgage bonds (short-term)	0	5,004	0	5,004
Mortgage bonds (long-term)	4,542	988	4,542	988
Bonds (long-term)	0	958	0	958
Other financial liabilities				
Trade payables	2,277	2,363	2,277	2,363
Tax-liabilities resulting from tax-sharing agreement	3,179	0	3,179	0
Liabilities from the profit transfer	15,227	0	15,227	0

The respective market prices of the short-term financial assets and the long-term financial assets were used to determine their fair value. An amount totalling 108,000 euros (previous year: 66,000 euros) was posted directly to equity and this resulted from the re-measurement of available-for-sale assets to their market value and this included a tax on income effect of minus 46,000 euros (previous year: minus 21,000 euros) as well as a realised profit of 42,000 euros (previous year: 0 euros) and it was posted directly to equity.

HIERARCHAL FAIR VALUE

The financial instruments evaluated for fair value were classified into the respective evaluation method levels as follows:

Level 1: The market prices quoted in the active market for identical financial assets or liabilities.

Level 2: Input factors, which cannot be dealt with at the prices quoted in Level 1 but have to be monitored either directly (i.e. as the price) or indirectly (i.e. as deductions from the prices) for the assets or the liabilities.

Level 3: Factors used for evaluating the assets or the liabilities that are not based on the monitored market data (unmonitored input factors).

Level 2	March 31, 2012	March 31, 2011
In ‘000 euros		
Available-for-sale financial assets	4,542	11,955

The Group does not use financial assets and liabilities that are evaluated according to Level 1 or Level 3.

36. SUBSIDIARIES

The following companies have been included in the consolidated financial statements:

- P&I Personal & Informatik AG, of Horgen, in Switzerland
- MIRUS Software AG, of Davos, in Switzerland
- P&I Personal & Informatik Gesellschaft mbH, of Vienna, in Austria
- P&I Personeel & Informatica B.V., of Amsterdam, in the Netherlands,
- P&I Personal & Informatik s.r.o., of Bratislava, in Slowakia,
- P&I Beteiligungs Gesellschaft mbH, of Wiesbaden, in Germany

P&I Timemanagement B.V., of Amsterdam, in the Netherlands, which was a 100 per cent subsidiary of P&I Personeel & Informatica B.V., of Amsterdam, in the Netherlands, was merged with P&I Personeel & Informatica B.V., of Amsterdam on April 1, 2011. The business was carried at acquisition costs during the past few years due to low sales.

P&I Steyr GmbH, of Steyr, in Austria was merged with their immediate parent company, P&I Personal & Informatik Gesellschaft mbH, of Vienna, in Austria and this became effective on on April 1, 2011.

The breakdown of P&I Personal & Informatik AG shareholdings with a direct or indirect share in the Company's capital, shareholder's equity and profit or loss for the year as at March 31, 2012 is set out as follows:

In '000 euros	Shares of the capital	Profit/loss for the year 2011/2012	Equity of the company 2011/2012
DOMESTIC			
P&I Beteiligungs Gesellschaft mbH, Wiesbaden	100 %	0	34
FOREIGN			
P&I Personal & Informatik AG, Horgen, CH	100 %	715	1,273
MIRUS Software AG GmbH, Davos, CH *)	100 %	23	2,052
P&I Personal & Informatik GmbH, Vienna, Austria	100 %	382	3,493
P&I Personeel & Informatica B.V., Amsterdam, NL	100 %	176	2,670
P&I Personal & Informatik s.r.o., Bratislava, Slowakia	100 %	69	422

* Lower-tier subsidiary, 100 per cent subsidiary of P&I Personal & Informatik AG, of Horgen, in Switzerland

37. DECLARATION OF COMPLIANCE

The Board of Directors and the Supervisory Board submitted the Declaration of Compliance pursuant to §161 AktG in December 2011. It is published on P&I's website and can also be requested from the Company. P&I complies with the recommendations of the German Codex Commission with the exception of the majorities required for resolutions to be passed by the Board, the individual disclosure of the Board of Directors' emoluments, the formation of Supervisory Board committees as well as the results-oriented remuneration for members of the Supervisory Board.

38. SHAREHOLDINGS OF THE COMPANY AND MEMBERS OF THE EXECUTIVE BODIES

As at March 31, 2012, P&I Personal & Informatik AG has shareholdings of 172,162 of its own shares.

No convertible bonds or similar securities pursuant to §160 Para. 1 No. 5 AktG (German Companies Act) had been issued as at March 31, 2012 by P&I Personal & Informatik AG or other companies pursuant to §160 Para. 1 No. 2 AktG.

Up to March 31, 2012, Dr Erik Massmann had received 5,086 P&I shares from the variable component programme for fiscal 2010/2011, as this distribution was due in December 2011. No members of the Supervisory Board have shareholdings in or options on P&I shares as of March 31, 2012.

39. DISCLOSURES PURSUANT TO §160 AKTG PARA 1 NO. 8 GERMAN STOCK CORPORATION ACT

The notification of voting right of Argon GmbH and persons acting in conjunction with them as per § 22 WpHG was issued in English by P&I AG on December 10, 2010. The content of this notification is reproduced below:

On December 10, 2010 the **Argon GmbH & Co. KG,** Munich, Germany, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights).2.30% of the aforementioned voting rights (corresponding to 177,248 voting rights) are to be attributed to Argon GmbH & Co. KG from P&I Personal & Informatik Aktiengesellschaft pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG.
On December 10, 2010 the **Argon Verwaltungs GmbH,** Munich, Germany, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to Argon Verwaltungs GmbH pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to Argon Verwaltungs GmbH from Argon GmbH & Co. KG..
On December 10, 2010 the **CETP Investment 1 S.à r.l.,** Luxembourg, Luxembourg, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to CETP Investment 1 S.à r.l. pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to CETP Investment 1 S.à r.l. from Argon GmbH & Co. KG via Argon Verwaltungs GmbH.
On December 10, 2010 the **CETP II Participations S.à r.l. SICAR,** Luxembourg, Luxembourg, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the threshold of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to CETP II Participations S.à r.l. SICAR pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to CETP II Participations S.à r.l. SICAR from Argon GmbH & Co. KG via the following companies:

(a) CETP Investment 1 S.à r.l.
(b) Argon Verwaltungs GmbH.

On December 10, 2010 the **Carlyle Europe Technology Partners II, L.P.,**George Town, Grand Cayman, Cayman Islands, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to Carlyle Europe Technology Partners II, L.P. pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to Carlyle Europe Technology Partners II, L.P. from Argon GmbH & Co. KG via the following companies:

(a) CETP II Participations S.à r.l. SICAR
(b) CETP Investment 1 S.à r.l.
(c) Argon Verwaltungs GmbH.

On December 10, 2010 the **CETP II Managing GP, L.P.,** George Town, Grand Cayman, Cayman Islands, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to CETP II Managing GP, L.P. pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to CETP II Managing GP, L.P. from Argon GmbH & Co. KG via the following companies:

(a) Carlyle Europe Technology Partners II, L.P.
(b) CETP II Participations S.à r.l. SICAR
(c) CETP Investment 1 S.à r.l.
(d) Argon Verwaltungs GmbH.

On December 10, 2010 the **CETP II GP, L.P.,**George Town, Grand Cayman, Cayman Islands, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to CETP II GP, L.P. pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to CETP II GP, L.P. from Argon GmbH & Co. KG via the following companies:

(a) Carlyle Europe Technology Partners II, L.P.
(b) CETP II Participations S.à r.l. SICAR
(c) CETP Investment 1 S.à r.l.
(d) Argon Verwaltungs GmbH.

On December 10, 2010 the **CETP II Managing GP Holdings, Ltd.,** George Town, Grand Cayman, Cayman Islands, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to CETP II Managing GP Holdings, Ltd. pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to CETP II Managing GP Holdings, Ltd. from Argon GmbH & Co. KG via the following companies:

(a) CETP II Managing GP, L.P.
(b) Carlyle Europe Technology Partners II, L.P.
(c) CETP II Participations S.à r.l. SICAR
(d) CETP Investment 1 S.à r.l.
(e) Argon Verwaltungs GmbH.

On December 10, 2010 the **CETP II Investment Holdings, L.P.,** George Town, Grand Cayman, Cayman Islands, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to CETP II Investment Holdings, L.P. pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to CETP II Investment Holdings, L.P. from Argon GmbH & Co. KG via the following companies:

(a) CETP II Managing GP, L.P.
(b) Carlyle Europe Technology Partners II, L.P.
(c) CETP II Participations S.à r.l. SICAR
(d) CETP Investment 1 S.à r.l.
(e) Argon Verwaltungs GmbH.

On December 10, 2010 the **CETP II GP (Cayman), Ltd.,** George Town, Grand Cayman, Cayman Islands, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to CETP II GP (Cayman), Ltd. pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to CETP II GP (Cayman), Ltd. from Argon GmbH & Co. KG via the following companies:

(a) CETP II GP, L.P.
(b) Carlyle Europe Technology Partners II, L.P.
(c) CETP II Participations S.à r.l. SICAR
(d) CETP Investment 1 S.à r.l.
(e) Argon Verwaltungs GmbH.

On December 10, 2010 the **TC Group Cayman Investment Holdings, L.P.,** George Town, Grand Cayman, Cayman Islands, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to TC Group Cayman Investment Holdings, L.P. pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to TC Group Cayman Investment Holdings, L.P. from Argon GmbH & Co. KG via the following companies:

(a) CETP II Managing GP Holdings, Ltd.
(b) CETP II Managing GP, L.P.
(c) Carlyle Europe Technology Partners II, L.P.
(d) CETP II Participations S.à r.l. SICAR
(e) CETP Investment 1 S.à r.l.
(f) Argon Verwaltungs GmbH.

On December 10, 2010 the **CETP II ILP (Cayman) Limited,** George Town, Grand Cayman, Cayman Islands, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to CETP II ILP (Cayman) Limited pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to CETP II ILP (Cayman) Limited from Argon GmbH & Co. KG via the following companies:

(a) CETP II Investment Holdings, L.P.
(b) CETP II Managing GP, L.P.
(c) Carlyle Europe Technology Partners II, L.P.
(d) CETP II Participations S.à r.l. SICAR
(e) CETP Investment 1 S.à r.l.
(f) Argon Verwaltungs GmbH.

On December 10, 2010 the **TC Group Cayman, L.P.,** George Town, Grand Cayman, Cayman Islands, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to TC Group Cayman, L.P. pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to TC Group Cayman, L.P. from Argon GmbH & Co. KG via the following companies:

(a) CETP II GP (Cayman), Ltd.
(b) CETP II GP, L.P.
(c) Carlyle Europe Technology Partners II, L.P.
(d) CETP II Participations S.à r.l. SICAR
(e) CETP Investment 1 S.à r.l.
(f) Argon Verwaltungs GmbH.

On December 10, 2010 the **TCG Holdings Cayman II, L.P.,** George Town, Grand Cayman, Cayman Islands, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to TCG Holdings Cayman II, L.P. pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to TCG Holdings Cayman II, L.P. from Argon GmbH & Co. KG via the following companies:

(a) TC Group Cayman Investment Holdings, L.P.
(b) CETP II Managing GP Holdings, Ltd.
(c) CETP II ILP (Cayman) Limited
(d) CETP II Investment Holdings, L.P.
(e) CETP II Managing GP, L.P.
(f) Carlyle Europe Technology Partners II, L.P.
(g) CETP II Participations S.à r.l. SICAR
(h) CETP Investment 1 S.à r.l.
(i) Argon Verwaltungs GmbH.

On December 10, 2010 the **TCG Holdings Cayman, L.P.,** George Town, Grand Cayman, Cayman Islands, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to TCG Holdings Cayman, L.P. pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to TCG Holdings Cayman, L.P. from Argon GmbH & Co. KG via the following companies:

(a) TC Group Cayman, L.P.
(b) CETP II GP (Cayman), Ltd.
(c) CETP II GP, L.P.
(d) Carlyle Europe Technology Partners II, L.P.
(e) CETP II Participations S.à r.l. SICAR
(f) CETP Investment 1 S.à r.l.
(g) Argon Verwaltungs GmbH.

On December 10, 2010 the **DBD Cayman, Limited,** George Town, Grand Cayman, Cayman Islands, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 85% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to DBD Cayman, Limited pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to DBD Cayman, Limited from Argon GmbH & Co. KG via the following companies:

(a) TCG Holdings Cayman II, L.P.

(b) TC Group Cayman Investment Holdings, L.P.

(c) CETP II Managing GP Holdings, Ltd.

(d) CETP II ILP (Cayman) Limited

(e) CETP II Investment Holdings, L.P.

(f) CETP II Managing GP, L.P.

(g) Carlyle Europe Technology Partners II, L.P.

(h) CETP II Participations S.à r.l. SICAR

(i) CETP Investment 1 S.à r.l.

(j) Argon Verwaltungs GmbH

On December 10, 2010 the **Carlyle Offshore Partners II, Limited,** George Town, Grand Cayman, Cayman Islands, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to Carlyle Offshore Partners II, Limited pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to Carlyle Offshore Partners II, Limited from Argon GmbH & Co. KG via the following companies:

(a) TCG Holdings Cayman, L.P.

(b) TC Group Cayman, L.P.

(c) CETP II GP (Cayman), Ltd.

(d) CETP II GP, L.P.

(e) Carlyle Europe Technology Partners II, L.P.

(f) CETP II Participations S.à r.l. SICAR

(g) CETP Investment 1 S.à r.l.

(h) Argon Verwaltungs GmbH.

The **Argon Verwaltungs GmbH,** Munich, Germany, notifies on December 30, 2010 pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) fell below the thresholds of 75%, 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% on December 29, 2010 and amounts, as at this date, to 0.00% (this corresponds to 0 out of a total of 7,700,000 voting rights).

The Company was informed in fiscal 2011/2012, that the following investments pursuant to § 21 Para. 1 of the German Securities Trading Act (WpHG) exists:

Lazard Asset Management LLC New York (U.S.A.) has declared pursuant to sec. § 21 para. 1 WpHG to P&I Personal & Informatik AG on April 29, 2011:
We hereby give notice, pursuant to § 21 para. 1 of the WpHG, that on April 28, 2011 the percentage holding of the voting rights held by Lazard Asset Management LLC in P&I Personal & Informatik AG, Kreuzberger Ring 56, 65205 Wiesbaden fell below the threshold of three percent and at that date amounted to 2.89 percent. The total number of voting rights is 222,780. All of those voting rights are attributable pursuant to § 22 para. 1 sent. 1 no. 6 WpHG.

Axxion S.A. Munsbach (Luxembourg) has declared pursuant to sec. § 21 para. 1 WpHG to P&I Personal & Informatik AG on September 16, 2010:
We hereby give notice that on September 13, 2010 the percentage holding of the voting rights held by Axxion S.A. in P&I Personal & Informatik AG, Kreuzberger Ring 56, 65205 Wiesbaden, exceeded the threshold of three percent and amounted to 3.01 percent (this corresponds to 231,385 voting rights) on this day.

Axxion S.A. Munsbach (Luxembourg) has declared pursuant to sec. § 21 para. 1 WpHG to
P&I Personal & Informatik AG on October 24, 2011:
We hereby give notice that on October 12, 2011 the percentage holding of the voting rights held by Axxion S.A. in P&I Personal & Informatik AG, Kreuzberger Ring 56, 65205 Wiesbaden, fell below the threshold of three percent and amounted to 1.74 percent (this corresponds to 133,716 voting rights) on this day.

40. EVENTS AFTER THE REPORTING PERIOD

No events occurred between the balance sheet date and the publication date that have had a significant affect on the consolidated financial statement.

The Board of Directors released the IFRS consolidated financial statements on the date of completion in order to subsequently pass them on to the Supervisory Board.

Wiesbaden, May 24, 2012

Board of Directors

DEVELOPMENT OF INTANGIBLE AND TANGIBLE ASSETS

	Acquisition and Production Cost				
	April 1, 2011	Change in group of consolidated companies	Additions	Disposals	March 31, 2012
In '000 euros					
Intangible assets					
Customer bases	19,599	4,126	0	0	23,725
Goodwill	1,954	2,885	0	216	4,623
Other intangible assets	6,103	1,415	203	234	7,487
Total intangible assets	**27,656**	**8,426**	**203**	**450**	**35,835**
Tangible assets	**3,825**	**19**	**970**	**688**	**4,126**
Total	**31,481**	**8,445**	**1,173**	**1,138**	**39,961**

	Acquisition and Production Cost				
	April 1, 2010	Change in group of consolidated companies	Additions	Disposals	March 31, 2011
In '000 euros					
Intangible assets					
Customer bases	19,259	0	0	0	19,259
Goodwill	1,954	0	0	0	1,954
Other intangible assets	5,530	0	128	228	5,430
Total intangible assets	**26,743**	**0**	**128**	**228**	**26,643**
Tangible assets	**3,295**	**0**	**631**	**232**	**3,694**
Total	**30,038**	**0**	**759**	**460**	**30,337**

Accumulated Depreciation					Book value	
April 1, 2011	Additions	Impairments	Disposals	31. 3. 2012	March 31, 2012	March 31, 2011
15,088	1,027	320	0	16,435	7,290	4,511
216	0	685	216	685	3,938	1,738
5,519	327	0	234	5,612	1,875	584
20,823	**1,354**	**1,005**	**450**	**22,732**	**13,103**	**6,833**
2,784	**633**	**0**	**681**	**2,736**	**1,390**	**1,041**
23,607	**1,987**	**1,005**	**1,131**	**25,468**	**14,493**	**7,874**

Accumulated Depreciation					Book value	
April 1, 2010	Additions	Impairments	Disposals	31. 3. 2011	March 31, 2011	March 31, 2010
13,444	1,304	0	0	14,748	4,511	5,815
216	0	0	0	216	1,738	1,738
4,714	280	80	228	4,846	584	816
18,374	**1,584**	**80**	**228**	**19,810**	**6,833**	**8,369**
2,328	**553**	**0**	**228**	**2,653**	**1,041**	**967**
20,702	**2,137**	**80**	**456**	**22,463**	**7,874**	**9,336**

RESPONSIBILITY STATEMENT

To the best of our knowledge and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial situation and profit or loss of the Group, and the consolidated management report, which has been combined with the parent company's management report, includes a true and fair review of the development and performance of the business and the situation of the Group, as well as a description of the principal opportunities and risks associated with the anticipated Group development."

Wiesbaden, May 24, 2012

P&I Personal & Informatik AG

Vasilios Triadis

Dr. Erik Massmann

AUDITORS' CERTIFICATE

We have examined the consolidated financial statements for the April 1, 2011 to March 31, 2012 fiscal year compiled by P & I Personal & Informatik Aktiengesellschaft, Wiesbaden, comprising the consolidated income statement, the Group's statement of recognised income and expenditure, the balance sheet, the notes to the consolidated income, the statement of changes in shareholders' equity as well as the Group management report, which has been combined with the management report issued by the parent company.

The consolidated financial statement and the combined management report were compiled in compliance with the International Financial Reporting Standards (IFRS), which are used in the EU with additional commercial legislation applied in compliance with § 315a Para. 1 of the German Commercial Code (HGB) under the responsibility of the Board of Directors. Our task is to submit an assessment, based on the audit we perform, of the annual financial statements and the combined management report.

We have conducted our audit pursuant to § 317 of the German Commercial Code (HGB) taking into account the generally accepted German auditing principles laid down by the Institut der Wirtschaftspruefer (Institute of Auditors). According to these, an audit is to be planned and performed in such a manner that it can detect with adequate certainty any inaccuracies and violations that have a material impact on the view presented of the assets, financial situation, and profitability, as conveyed by the consolidated financial statements prepared in accordance with the applicable accounting regulations, and by the combined management report. Knowledge regarding the company's business activities, its commercial and legal environment and expectations regarding possible errors are considered when establishing audit procedures. The effectiveness of the Company's accounts-related internal control mechanisms and supporting evidence for valuations and information reported in the consolidated financial statements and combined management report are assessed during the audit, chiefly on a random-sample basis. The audit covers the assessment of the annual financial statements of the companies included in the consolidated financial statements, the definition of the consolidated companies, the accounting and consolidation principles and the significant estimates made by the Board of Directors as well as an appraisal of the general presentation of the annual financial statements and the combined management report. We believe that our audit provides a sufficiently reliable basis for our assessment.

Our audit has not led to any objections being raised.

According to our assessment, based on the knowledge we gained through the audit we performed, the consolidated financial statements of the P&I Personal & Informatik Aktiengesellschaft, Wiesbaden, comply with the IFRS, which are used in the EU with additional commercial legislation applied in compliance with § 315a Para. 1 of the German Commercial Code (HGB) and present, in accordance with these regulations, an accurate account of the assets, financial situation and profitability of the Company. The consolidated management report combined with the management report of the Parent Company is consistent with the consolidated financial statements, presents a true and accurate picture of the situation of the Company and gives a true representation of the risks and opportunities involved in future development.

Frankfurt am Main, May 24, 2012

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Dr. Buhleier)	(ppa. Botsch)
Auditor	Auditor

04/ AG FINANCIAL STATEMENTS

STATEMENT OF INCOME

STATEMENT OF INCOME FOR THE FISCAL YEAR	2011/2012	2010/2011
Details in ‘000 euros		
Sales	61,154	60,063
Increase in stock of finished goods and in work in progress	973	391
Other operating income	1,685	1,187
Cost of materials		
a) Cost of raw materials and supplies, consumable stores and purchased materials	-2,156	-1,725
b) Cost of purchased services	-5,920	-5,314
Personal expenses		
a) Wages and salaries	-22,675	-23,573
b) Social security and pension expenses	-2,611	-2,582
Depreciation on intangible fixed assets and tangible assets	-2,223	-1,908
Other operating expenses	-10,828	-12,100
Income by loans on investments in financial assets of which from affiliated companies 578,000 euros (previous year: 0,000 euros)	578	0
Other taxes and similar income including the discounting of provisions 0,000 euros (previous year: 33,000 euros)	515	470
Write downs on financial assets and marketable securities	0	-18
Taxes and similar expenses including the compounding of provisions 73,000 euros (previous year: 25,000 euros)	-104	-60
Result of ordinary activities	**18,388**	**14,831**
Taxes on income of which from deferred tax liabilities 307,000 euros (previous year: -189,000 euros)	-3,160	-4,864
Other taxes	-1	-3
Profit transferred due to a profit and loss transfer agreement	-15,227	0
Net income for the year	**0**	**9,964**
Profit carried forward from previous year	19,246	10,165
Settlement arising from BilMoG (German Accounting Law Modernisation Act) modifications	0	-582
Liquidation of reserve for own shares	0	2,019
Allocation to other revenue reserves	0	-2,019
Retained earnings	**19,246**	**19,547**

BALANCE SHEET AS AT MARCH 31, 2012

BALANCE SHEET	**2012**	**2011**
Details in '000 euros		
Assets		
Fixed assets		
Intangible assets		
Software acquired against payment	375	497
Customer base acquired against payment	2,329	3,460
Goodwill	0	262
	2,704	**4,219**
Tangible assets		
Factory and office equipment	1,168	844
Fixtures	17	24
	1,185	**868**
Financial assets		
Shares in affiliated companies	1,934	918
Loans to affiliated companies	46,478	0
	48,412	**918**
Fixed assets	**52,301**	**6,005**
Current assets		
Inventories		
Work in progress	2,233	1,260
Goods	148	276
	2,381	**1,536**
Receivables and other assets		
Trade receivables	6,096	6,175
Receivables from affiliated companies	830	826
Other assets	3,085	310
	10,011	**7,311**
Securities		
Other investments	4,447	11,946
	4,447	**11,946**
Cash on hand and in bank balance	**19,432**	**37,962**
Current assets	**36,271**	**58,755**
Deferred income	**1,321**	**1,035**
Active difference resulting from asset offsetting	**57**	**0**
	89,950	**65,795**

BALANCE SHEET	2012	2011
Details in '000 euros		
Passiva		
Equity		
Subscribed capital	7,700	7,700
Notional value of own shares	-172	-177
Issued share capital	7,528	7,523
Capital reserve	848	770
Revenue reserve		
Legal reserve	2	2
Other revenue reserve	53	0
Net profit / loss	19,246	19,547
Equity	27,677	27,842
Provisions		
Tax provisions	1,292	2,543
Other provisions	9,068	9,730
	10,360	12,273
Liabilities		
Advance payments received on orders of which with a residual term of up to one year:12,749,000 euros (previous year: 6,365,000 euros)	12,749	6,365
Trade payables of which with a residual term of up to one year 938,000 euros (previous year: 789,000 euros)	938	789
Accruals to affiliated companies of which with a residual term of up to one year: 18,695,000 euros (previous year: 328,000 euros)	18,695	328
Other liabilities of which with a resiudal term of up to one year 895,000 euros (previous year: 1,419,000 euros) of which from taxes 854,000 euros (previous year: 1,393,000 euros) of which relating to social security and similiar obligations 2,000 euros (previous year: 1,000 euros)	895	1,419
Liabilities	33,277	8,901
Accruals and deferrals	17,884	15,720
Deferred tax liabilities	752	1,059
	89,950	65,795

FINANCIAL CALENDAR

August 16, 2012	Quartalsbericht Geschäftsjahr 2012/2013
September 4, 2012	Hauptversammlung 2012 in Wiesbaden
November 15, 2012	Halbjahresbericht Geschäftsjahr 2012/2013
Februar14, 2013	9-Monatsbericht Geschäftsjahr 2012/2013

IMPRESSUM

P&I AG
Investor Relations
Kreuzberger Ring 56
65205 Wiesbaden

Telephone +49 (0) 611 7147-267
Fax +49 (0) 611 7147-367

E-Mail aktie@pi-ag.com
Internet www.pi-ag.com

WKN 691 340
ISIN DE 0006913403

P&I GERMANY

P&I AG
Kreuzberger Ring 56
D-65205 Wiesbaden
Telephone +49 (0) 611 7147-0
Telefax +49 (0) 611 7147-220
info@pi-ag.com
www.pi-ag.com

P&I AUSTRIA

P&I GmbH
Ares Tower | Donau-City-Straße 11
A-1220 Wien
Telephone +43 (0) 1 260 39-0
Telefax +43 (0) 1 260 39-330
info.at@pi-ag.com
www.pi-ag.com

P&I SWITZERLAND

P&I AG
Dammstrasse 12
CH-8810 Horgen
Telephone +41 (0) 44 722 75-75
Telefax +41 (0) 44 722 75-79
info.ch@pi-ag.com
www.pi-ag.com

P&I NETHERLANDS

P&I B.V.
Kabelweg 37
NL-1014 BA Amsterdam
Telephone +31 (0) 20 6814033
Telefax +31 (0) 20 6814066
info@pi-ag.com
www.pi-ag.com

P&I SLOVAKIA

P&I Personal & Informatik, s.r.o.
Sliezska 1
SK- 831 03 Bratislava
Telephone +421 (0) 2 526361-61
Telefax +421 (0) 2 526361-63
info.sk@pi-ag.com
www.pi-ag.com

Gerne finden Sie alle P&I Standorte
unter www.pi-ag.com

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