P&I PURE HR

Annual Report
P&I Personal & Informatik AG

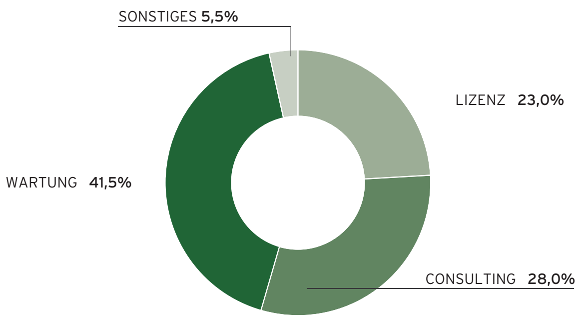
2012/2013

THE P&I GROUP IN FIGURES

KEY FIGURES	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
million euros					
Group sales	59.0	63.3	69.1	70.6	82.1
Earnings before depreciation (EBITDA)	15.4	18.1	17.7	21.1	26.6
Earnings before interest and taxes (EBIT)	13.1	15.3	15.4	18.1	24.0
Group result (DVFA/SG)	9,0	10.9	10.9	15.9	20.2
Number of employees (average)	306	334	333	331	358
Earnings per share (DVFA/SG)	€ 1.17	€ 1.45	€ 1.44	€ 2.12	€ 2.69

SALES / SEGMENTS AND COUNTRIES

Fiscal year 2011/2012: 70.6 Mio. Euros



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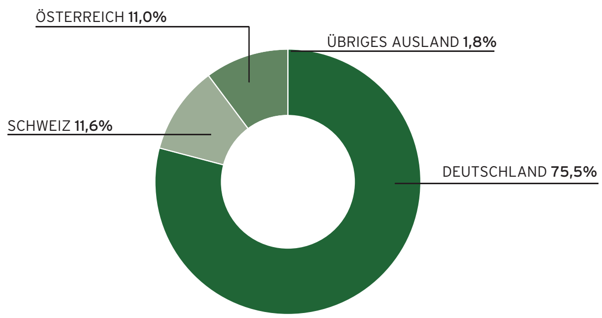


FINANCIAL SITUATION, PROFITABILITY AND PRODUCTIVITY

KEY FIGURES TO DVFA/SG	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
Equity ratio	48.9 %	46.7 %	45.0 %	33.2 %	35.2 %
EBIT margin	22.2 %	24.2 %	22.3 %	29.9 %	29.3 %
Return on sales	15.2 %	17.2 %	15.7 %	22.6 %	24.6 %
Performance per employee ('000 euro)	192.9	189,5	207.5	213.3	229.3
EBIT per employee ('000 euro)	42.8	45.9	46.4	54.8	67.0

P&I HAS REVOLUTIONISED PERSONNEL WORK IN THE YEAR 2013. PURE HR FROM THE CLOUD: IT NO LONGER FOCUSES ON HR PROFESSIONALS WITH ALL THEIR EXPERTISE, BUT RATHER ON MOBILE USERS WHO OPERATE INTUITIVELY. P&I SERVICES INTEGRATE ALL EMPLOYEES, OFFERING EVERYONE SUBSTANTIAL ADDED VALUE – NO MATTER WHETHER THEY ARE HR PROFESSIONALS, ORDINARY EMPLOYEES OR SENIOR MANAGERS. THAT ENABLES THE PERSONNEL DEPARTMENT TO REALISE TARGETED TALENT MANAGEMENT AND ACHIEVE SIGNIFICANT VALUE ENHANCEMENT IN ALL CORPORATE DIVISIONS.

P&I. PURE HR. NOTHING ELSE.

29,3 % EBIT margin

16.000 end customers

end customers **3.900**

turnover in business year 12/13

82,1 Mio.

398 employees

14 locations

Wiesbaden
Berlin
Hamburg
Iserlohn
Saarbrücken
Höxter
Wien (A)
Amsterdam (NL)
Bratislava (SK)
Žilina (SK)
Horgen (CH)
Davos (CH)
Lausanne (CH)
Carouge Acacias (CH)

CLEAN SOLUTION

The "grime scene": a well-known American fast-food restaurant, somewhere on the planet. A quick trip to the washroom before heartily biting into a huge hamburger with gusto. And then? Wash your hands. Disinfect them? Cleanliness, purity, disinfection – hygiene has become an integral part of everyday life.


hagleitner
Innovative Hygiene.

› Issues such as swine influenza, avian influenza, EHEC, etc. highlight the fact that cleanliness is a top priority, also in conjunction with health prevention at companies. According to studies, sick leave figures in organisations can be reduced by up to 50 percent if the transmission of germs is reduced to a minimum. On average, every employee takes sick leave because of the common cold on about nine days of the year. 80 percent of infections of that kind are transmitted hand to hand, which is not surprising if one takes into account that one single desk is blanketed in up to 100 million bacteria and an office contains approx. 200,000 germs per square centimetre.

In this environment, the Hagleitner Hygiene International GmbH company holds its own with innovative hygiene solutions for special requirements – and it does not accept any compromises in its HR management either. Hagleitner stands for professional, advanced hygiene systems in line with its guiding principle of "Innovative Hygiene". It is a family-managed company with a rich tradition that has been in operation since 1971. Today more than 700 employees generate enthusiasm for innovative hygiene solutions among customers and partners. And they all work with a clear corporate vision in mind. "We want to be a strong and independent brand internationally, a brand that convinces people through its innovation and service," says Martin Pfleger, Head of HR, putting things in a nutshell.

Hagleitner already succeeded in advancing from Zell am See to the international scene 20 years ago as a result of its development of proprietary dispensing systems. Today Hagleitner is represented by direct distribution companies in 11 European countries and additionally exports its products to 55 countries worldwide.

Fruitful region

In spite of that growth, Hagleitner is clearly committed to its production location in Zell am See. That bond makes itself felt in a wide variety of thematic areas. As one of the largest employers in the region, it employs many people who live in the town or the region, as well as in the neighbouring country of Germany because of its geographic proximity to the southern German region. At Hagleitner ideas are encouraged, among other things through research projects and co-operation relationships with schools and/or universities. Since 2005 the most modern chemical-technical production operation in Europe has been located at the company's head office in Austria.

Environmental protection and chemistry – even though that may seem to be a paradox at first glance, it is the great challenge that Hagleitner Hygiene International GmbH has devoted itself to. The company's domicile is located in an ecologically sensitive nature preserve in the heart of the federal state of Salzburg in Austria. Hagleitner contributes towards treating the environment and Nature in a respectful, resource-friendly manner under the aspect of sustainability.

Various commendations and awards confirm its sustainability concept. For example, UNA - a product line that is particularly eco-friendly – was awarded the Austrian environmental label as well as the EU Ecolabel. Furthermore, a recycling system for sanitary pads developed by Hagleitner was awarded the environmental prize of the federal state of Salzburg. Production processes are automated to as great an extent as possible in order to provide employees optimal protection from hazards. Risks are kept to a minimum in that way. Regular instruction and training in the subject of work safety also contribute to the low accident rate.

Valuable resource

Hagleitner does not only attach importance to responsibility for the environment. People themselves are regarded as a pivotal value. The objective is for customers to get the best possible products. Esteem, dealing respectfully with one another and mutual regard are important prerequisites for good co-operation and optimal performance. Hagleitner also banks on new technologies in areas outside of production. Modern solutions are essential in personnel work as well. "We would like to offer our customers the best solution in the hygiene area. For us, people are quite clearly the main focus. Therefore, we do not make any concessions whatsoever in our HR management," states Martin Pfleger, Head of HR at Hagleitner. The all-inclusive P&I LOGA solution fulfils the requirements that Hagleitner places on a software solution. "Besides the basic HR functions, our roughly 700 employees benefit in particular from P&I HCM, the integrated portal. Communication channels that used to be time-consuming have been replaced by lean processes,"

continues Pfleger. All of our employees have access to the archive including wage slips and time logs at all times. Even during the implementation phase of P&I HCM, all our staff have already been raving about the tremendous transparency that the system provides. For example, an employee can find out the current status of his or her vacation application at the touch of a button. So now we can offer personnel service that is unparalleled and in line with the high value we attach to people."

Personnel development

Developing and promoting the individual skills of personnel in a targeted manner – that is particularly important to Hagleitner, with the aim of retaining valuable know-how within the organisation. In accordance with that principle, Hagleitner offers regular training measures and seminars, ranging from orientation training and development series to annual information seminars. In addition, the special requirements of the hygiene industry also necessitate targeted product instruction and specific training measures. Employees can register for a seminar in the portal application of P&I or, alternatively, their superior registers them for the required training. Usually the constellation of participants at supplementary training measures is mixed so as to inform staff from the various departments about the latest developments in the area of hygiene and products. The qualifications that are acquired and the seminars that are absolved can be documented in detail with the aid of the Seminar Management module of P&I. A modern personnel development module, it facilitates all planning, co-ordination and evaluation of all supplementary training activities.

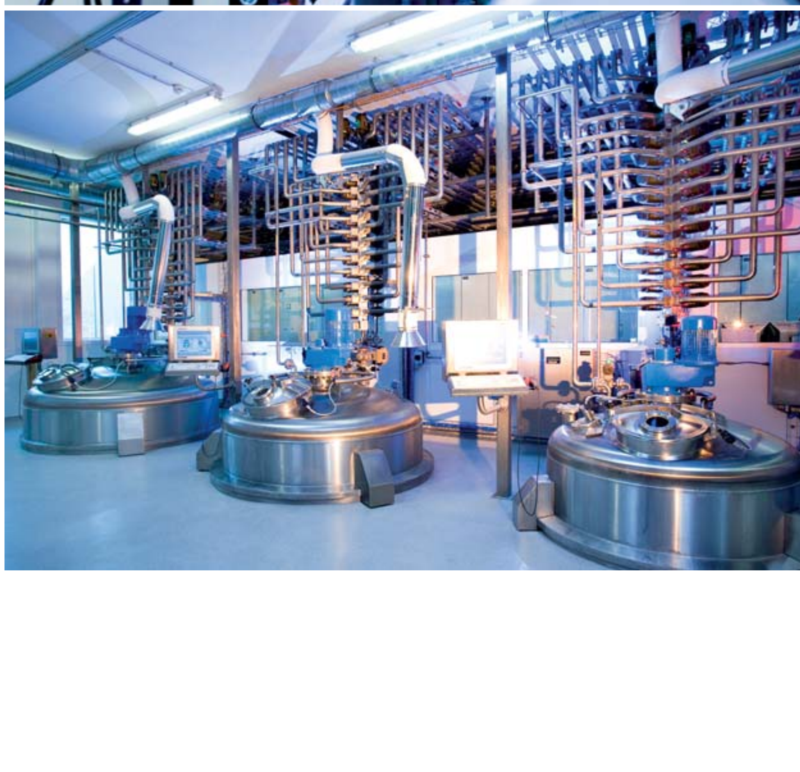
Hagleitner also provides support in the area of time management using P&I LOGA. All time accounts of its staff are managed conveniently in P&I LOGA - from the continuous four-shift operation to flexible working hours. The company plans to introduce time recording for its foreign subsidiaries via the integrated portal in future. HR Director Martin Pfleger: "Our requirements with regard to the international deployability of the software were extremely demanding. The objective is for our branches to be able to take advantage of the same services on a decentralised basis as our staff at head office. And the intention is for our mobile employees to use the entire range of personnel applications remotely when travelling."

Innovation & Service

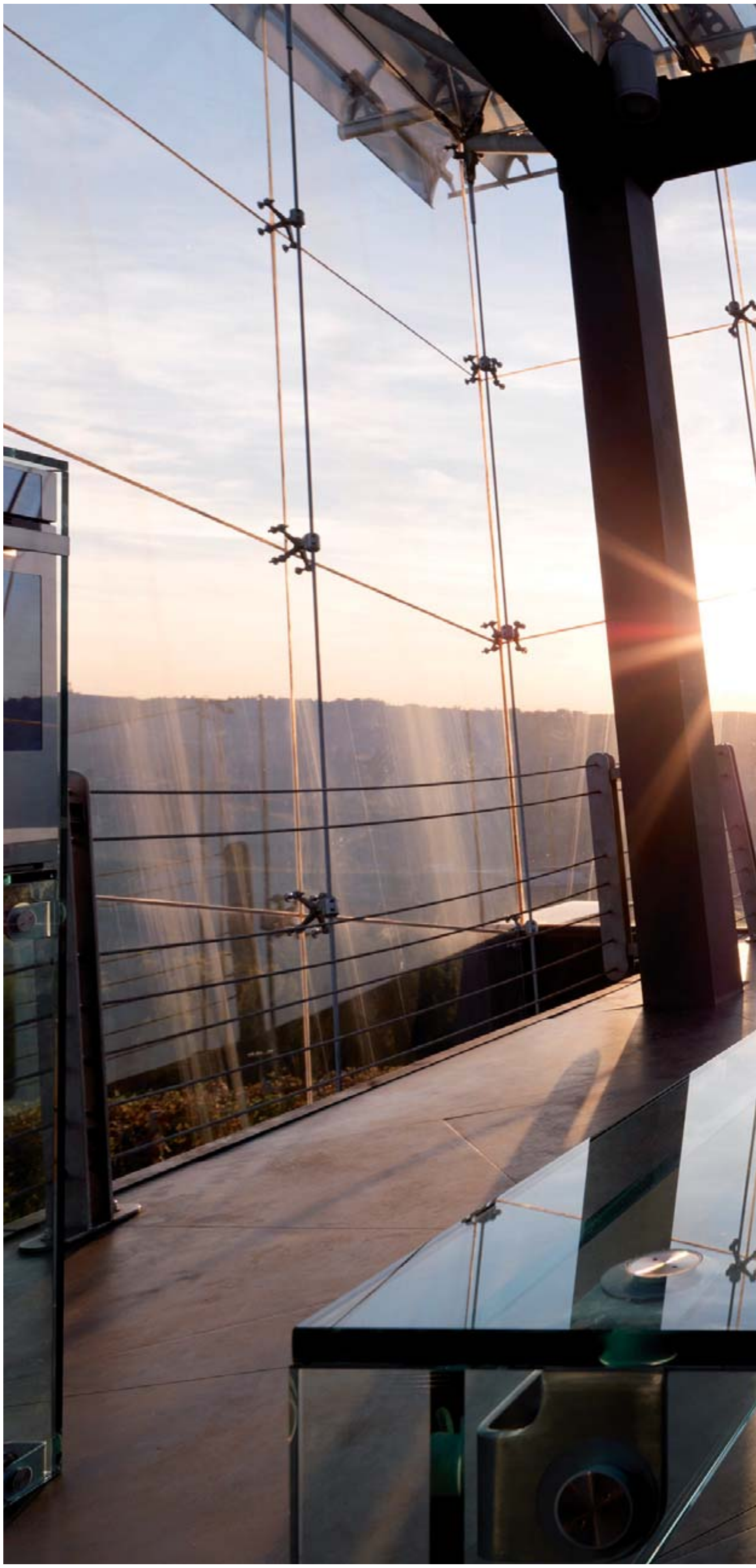
At Hagleitner these are not merely catchwords: they are a genuine reality. In its industry, the brand has been synonymous with innovation for years. The company continuously works on improving existing hygiene solutions and realising new ones in its development department and the company's own laboratory. Hagleitner is constantly surprising the market with better alternatives – whether by utilising harmless raw materials for kitchen and laundry hygiene, by establishing intelligent touch-free washroom systems or by mobilising disinfectant dispensers. "We are purposely positioning ourselves as the innovation and quality leader of the industry, offering highly effective hygiene for especially challenging applications," says the Head of HR.

A team of hygiene consultants, application technicians and deliverers with optimal training offer customers the best service around the clock. In-person contacts, continuous accessibility in the event of problems and emergencies and up-to-date information about all aspects of products and new developments – and that is just part of the service and customer care concept of Hagleitner. One example: If a customer has a very stubborn stain that cannot be removed, a Hagleitner specialist solves the problem right on location. Intensive proximity to customers and the resulting knowledge of what they need are decisive drivers of innovation at Hagleitner. Premium liaison & support plus customer service care par excellence. Hagleitner feels very comfortable with P&I LOGA because of its great similarity with regard to corporate philosophy, and it is banking on the HR management software of P&I for professional administration of its staff.

Hagleitner has already been handling classic tasks such as payroll accounting and time recording with P&I LOGA for years. The portal application of P&I was implemented in addition. Functions such as the electronic personnel file or the application procedure will facilitate decentralised personnel work. Among other things, employees can submit applications for vacation or business trips autonomously in conjunction with self-service for employees and managers. In future senior managers at Hagleitner will make use of the entire bandwidth of analysis options offered by P&I LOGA – from up-to-date lists of birthdays and budget preparation to absence time statistics.



Disposal, cooking, simmering, roasting, steam extraction, air cleansing, water filtering, cooling. Every day Franke helps millions of people on all continents put food on the table that they already look forward to while they are preparing it. All over the world it is hard to even imagine kitchens without the products of the Franke Kitchen Systems Group.



› Founded by Herrmann Franke in the year 1911, the traditional family-managed company has made a name for itself in the water-related segment of kitchens in private households through its proven expertise and the best of quality and has continuously perfected sinks, kitchen taps and disposal systems in order to implement the modern requirements of consumers.

An internationally leading and comprehensive range of systems and products for private and semi-professional kitchens transforms preparation and cooking of meals into a special experience. Customer proximity, the highest quality level as well as know-how and expertise for more than 100 years: with almost 100 million sinks produced, Franke sets standards for a huge variety of cooking needs and dining cultures. With perfection, it has developed the conventional sink even further to create a stylish and at the same time functional kitchen centre forming a symbiosis of form and function, optimised by the durability and hygiene of the materials used.

THE KITCHEN WORLD OF TOMORROW

The optimal solution

Knowing and understanding customers – Franke adheres to that principle throughout the entire company. In practice that means knowing and understanding individual customers including their needs and habits in order to develop the most modern kitchen systems and solutions that are tailored precisely to individual work methods and lifestyles. As a result, it offers an extensive product portfolio that encompasses a huge variety of features, particularly for consumers with different cultural backgrounds, sizes of households, planning and budget specifications.

The intelligent kitchen system of Franke is made up of solutions for the wet, hot and cool areas of the kitchen. For each segment there is a comprehensive range of products and accessories with a harmoniously co-ordinated design. Competence, experience and reliability in consulting and service ensure that extra something for each and every customer, including the world's most important kitchen manufacturers, among others. Only the best of quality for the most exacting standards: the use of high-quality stainless steel exclusively as well as the top quality of the supplementary product range are a matter of course. Franke offers a kitchen world full of creativity and individuality.

Individuality through exclusivity

Individual design is an expression of a person's personality. With five different surfaces, a substantial selection of edge options as well as a large number of sophisticated details, Franke opens up the path to creation of a kitchen that bears its owner's personal stamp and makes every kitchen quite unique – with attention to detail, carefully selected materials as well as perfectionism throughout execution. The design taps of Franke make a convincing impression in every kitchen with their matchless look.

Elegant, tasteful or purist – depending on individual preference. They stand out by reason of their precise quality, grace and elegance. In addition, all taps are certified with the "Energy Saving Label" issued by Energie Schweiz, an initiative of the Swiss Federal Ministry of Energy. Whether a pull-out spray head, pivoting or swivelling outlet: Franke infuses kitchen taps with a uniquely personal touch.

www.franke.com

Franke disposal systems – "sweet-smelling" solutions

There are certain things that make life easier – and they include the Franke disposal systems. The new 350 H suspended sorting series has set a benchmark. The active charcoal filter ensures neutralisation of smells, thus avoiding unpleasant odours. The 350 H sorting series is an impressive feature – whether with a practical pull-out drawer or a lid. Thanks to the new "Servo-Drive" feature for pull-out systems, which assists opening electrically, briefly pressing on the handle-free cabinet front is enough to make the drawers open automatically, ensuring sophisticated opening convenience.

Uniqueness is the mainspring at the Franke company. The high standards for everything relating to kitchens that the Swiss company consistently upholds have to be reflected in HR work as well. "We decided in favour of P&I because the company's passion for its own product is extremely perceptible there as well," states Hans Peter Müller, Head of HR at Franke Küchentechnik AG. The kitchen expert has been banking on P&I LOGA, the HR management system certified by swissdec, for more than 5 years and additionally makes use of the integrated analysis report generator. Franke uses this BI tool to analyse existing HR data and obtain important key performance indicators such as human resources figures (headcount, FTE) and personnel costs. "The central database of P&I LOGA contains the data of all modules in redundancy-free and historical form," states Müller "The integrated report generator selects all data in the database for optionally definable analysis reports and combines data from the various modules." In addition, drill-down queries make it possible to achieve a greater depth of transparency in the data collected. Highly convenient: The display of the selection results in chart form makes simple visual data interpretation possible! ■

› The town of Auerbach is a large county seat that is located in Vogtlandkreis, a rural district in the State of Saxony. It is regarded as the centre of the eastern part of Vogtland and it is the third largest town in the rural district after Plauen and Reichenbach. Arbeiterwohlfahrt Auerbach is a non-profit organisation that was was founded over 20 twenty years ago. At the time, the non-profit association had 25 employees who managed the welfare centre, used clothing distribution and the club for seniors. In the course of time, advisory centres and meeting places were set up; the "meals on wheels" service was launched and children's daycare centres, homes for seniors and adolescents were built.

All-inclusive worry-free support service

Today the main focus of AWO Auerbach is above all providing liaison & support and advisory service. The social facility offers a mother-father-child house and assisted living for children and adolescents in trouble, for example. The non-profit association pro-

AWO AUERBACH: SOCIALLY MINDED, FACE-TO-FACE, FUTURE-ORIENTED

By people for people: AWO Soziale Dienste Vogtland gemeinnützige GmbH, which is also called AWO Auerbach, fights for a socially just society with professional services and a great deal of commitment. Its foundation for success consists of qualified specialist personnel, motivated young staff and the goal of doing that little bit "more".

vides care for people with disabilities as well as for seniors. In line with the motto of "We give as much help as necessary – and as much independence as possible", the various seniors' centres ensure individually made-to-measure support and care 24-hours a day. Additional divisions of AWO Auerbach are the department devoted to patients in a persistent vegetative state and intensive care, debt counselling, a service centre for single mothers and fathers as well as an online advisory service in the area of skilled care and seniors. The non-profit association specialises in particular in the area of liaison & support for children and adolescents as well as geriatric care. As in the past the facility still operates a central kitchen. A fleet of 20 vehicles delivers freshly prepared warm lunches directly to people's homes every day. Local companies also appreciate the quality of the home-style cooking and take advantage of the catering service for their staff. Every day 3,000 individual meals are prepared in the central kitchen and delivered. In the meantime AWO Auerbach is one of the largest employers in the town with roughly 400 employees

Love for job

Nevertheless, the difficulties of the current times have not left the Saxon non-profit association unscathed. In particular the lack of skilled personnel is an issue, because a qualified nursing specialist has to constantly deal with matters of life and death and is thus under considerable psychological stress. The various disease symptoms, which are often no longer curable, demand additional mental strength. "The residents in our homes move in increasingly later in life and take advantage of out-patient care at home as long as possible. As a result, for many of our seniors this kind of nursing facility is the final phase of life. Our staff in the skilled care area in particular notice that. For example, that makes the job of a geriatric care specialist very challenging and strenuous," explains Jana Carabello, a personnel officer at AWO Auerbach. Our nursing specialists strive to make the residents' final phase of life as pleasant and agreeable as possible. In this regard, great importance is attached to delicious food, a nice atmosphere at the home and leisure activities that are geared to age. Furthermore, special efforts are made to reconcile the appealing atmosphere of the home with very high quality standards."

Accordingly, AWO Auerbach also has problems finding young staff. The number of vocational trainees is declining. "We offer young people the option of trying out the occupation before starting vocational training. In particular, the Voluntary Social Year helps young people find out whether an occupation which involves very intimate aspects of caring for people and which should only be undertaken with true commitment is actually the right choice for them," says the personnel officer. "We work for the quality of life of those who have been entrusted to us." Up to now this concept has made it possible to fill all of the vocational training openings and the drop-out rate among vocational trainees has dropped drastically, because the young people already know what they are getting into.

Personal contact is important

AWO Auerbach uses various methods in its search for qualified specialist personnel. In this respect a very strong focus is placed on word-of-mouth recommendations. "Because of our "meals on wheels" service we maintain a strong presence in the surrounding area and we take advantage of those personal encounters in order to draw attention to vacant jobs. Especially domestic science or nursing assistants are not very well-versed in the internet. Therefore, we can often reach them better via classic channels such as a print job advertisements or face-to-face contacts," says Carabello, summing up the problem. "In addition, we offer regular "open house" days or events to which we invite the surrounding regional area." The non-profit association is also working on its presence in the online area and is currently setting up various Social Media channels. So in future it will try to reach all target groups via a wide variety of channels.

Job applications made easy

In order to be able to administer job applicants in a more optimal manner, AWO Auerbach will be working with the Applicant Management of P&I in future. Implementation is scheduled for the current year 2012. Moving on from applicant administration, the Auerbach organisation will be taking an important step towards modern internet technology. With the progressive Applicant Management module, it is possible to organise the entire recruitment process electronically - starting with the job advertisement and including the job interview. All of the data that are relevant to the job advertisement are automatically transferred from the standardised P&I database, for example. Publication is implemented via e-mail, by transmitting the job advertisement data optionally to the company's own homepage or to external agencies or internet job portals. When the job advertisement is designed, the system offers the option of adapting the layout to the company's own corporate design. During the job application process itself, recording the job application data is delegated to the source where they originate: to the applicant personally. In this way, administrative time and effort for the personnel department is reduced substantially. "We are also looking forward to eliminating manual data recording and Excel spreadsheets. Our job applicant procedure will be optimised even with respect to time; the process will be more structured and planning workflows will be simpler. So we will be able to quickly identify the best possible candidate for a vacant position."

Simple, effective, successful

In addition to payroll accounting, various HR management modules are already being utilised at present: Among other things the position plan, the report generator and the analysis tool. As part of payroll accounting, the report generator in particular has established itself as a tool that enables the personnel department to manage a huge range of different management accounting / controlling measures or absence time statistics. "For example, we analyse which of the many employment contracts concluded for a limited time will run out when or we monitor the skilled personnel ratio in order to comply with statutory stipulations. Unlike our previous system, we can work with P&I LOGA very effectively. The solution is arranged more clearly, structured more logically and is thus much easier to understand," remarks the personnel officer enthusiastically. "The P&I software has simplified co-operation with the various directors of the facilities. We can do useful preliminary work and implement improved personnel planning and development."

Good planning is half the battle

The facility directors of AWO Auerbach carry full responsibility in the area of personnel planning and development. Planning constantly depends on what the current capacity utilisation of the home is like. Staff must be available accordingly. "We support our directors in their search for skilled personnel – often at short notice. We expect the Applicant Management module to provide us support in future, because our position requirement profiles are saved directly in the system and unsuitable applicants can be filtered out automatically," explains the personnel officer.

1 Leisure activities at the "High Life" youth centre

2 Exercise therapy with porcupine ball (social liaison & support)

3 Congenial get-together at the seniors' café

Counselling at the service centre for single mothers and fathers **1**

Animal therapy **2**

Encouraging and supporting staff – Safeguarding the future

On the one hand, the non-profit association is subject to stringent statutory stipulations in connection with personnel development. The medical services division of the health insurance bodies specifies specific training measures that have to be repeated annually. On the other, AWO Auerbach offers supplementary training measures for staff qualification. "Direct superiors conduct employee interviews every year with the aid of our employee assessment and target agreement system. In the process, the areas where employees may possibly have deficits and where refresher courses are necessary are discussed. But potential is also identified and elaborated on for the purpose of possible career planning. We as the personnel department monitor supplementary training measures, evaluate feedback questionnaires and the like." The personnel department is responsible for the entire planning of training measures, co-operation arrangements with various educational entities as well as organisation of in-house supplementary training.

3 Social liaison & care through ninepin bowling

Dreams for future

AWO Auerbach has targeted several other ambitious projects for the future. A web-based employee and manager portal, time management as well as personnel deployment planning will be introduced step by step. "Particularly the personnel deployment planning module will lead to tremendous improvements in our daily workflows," states Jana Carabello. "Interfaces will be eliminated and all data such as time bonuses for various shift times, for example, will come directly from the system. Therefore, we will no longer have to transfer data manually and can thus avoid a major source of errors." For the first time, the personnel department will also have access to the personnel deployment plans of the directors of the individual residential facilities, which will make it possible to organise appointments much better, for example physical exams by the company physician. In the area of time management, the non-profit association is in the process of planning absence time recording via the system. Initially, the approval procedure for applications such as vacation applications is supposed to be introduced via the web portal. In addition, it also has long-term plans for applications for business trips as well as supplementary training measures, trade fairs and the like. "Furthermore, our employees are supposed to be able to autonomously execute changes in their address or bank information by means of self-service," says Carabello. "We look forward to being able to reduce the constant flood of paper and achieve time savings in our work processes thanks to the automatic workflow."

Solution-oriented partner

After participating in the P&I Security & Performance Check, AWO Auerbach decided to bank on the technical and specialist expertise of the P&I specialists: it now makes use of Managed Application Service (MAS). "We are not particularly well-equipped as far as IT is concerned. So we are all the more relieved that we can take advantage of the services of experts who have the requisite know-how," explains the personnel officer. "In the course of the last two years of co-operation, we have repeatedly been able to assure ourselves of the quality of the P&I LOGA product line as well as the reliability of its staff in general. Thanks to the professional IT support, we are now concentrating on our core tasks: as a non-profit association, we serve as caregivers, educators, psychological parents, advisors and sometimes even as substitute families or parents," observes Jana Carabello in conclusion. ■

» WITH P&I'S NEW MOTTO, PURE HR, WE ARE BRINGING HR MANAGEMENT WORK INTO THE 3.0 AGE. «

Vasilios Triadis
CEO / Chairman of the Board

DEAR SHAREHOLDERS, BUSINESS PARTNERS AND EMPLOYEES,

Successful companies distinguish themselves by constantly searching, analysing and planning to improve their business model and to become more efficient at providing their services. They scrutinise everything: their existing product portfolio, their internal operational structure and their successful business models. This perpetual analysis keeps a company fit for the future.

The course of P&I's past financial year clearly shows that we were and are constantly moving and always looking for improvement. The results of our work confirm this, so we can be extremely pleased with what we have achieved. We achieved all of our goals, be it software licence revenue of ¤20 million, our profitability or our success in Europe outside Germany. At this point, my particular thanks go to our employees, on whose extraordinary commitment we have again been able to rely completely.

The new technologies that have challenged us in the last two to three years, such as virtualisation and cloud computing, socialisation through digital networks and the increasing relocation of services to the internet, have led to changes in our business model. With P&I's new motto, PURE HR, we are bringing HR management work into the 3.0 age. This means that future users of our software products can access the web via their PCs but also via any other mobile internet-enabled device. At the same time, P&I will offer its P&I LOGA3 software in the form of innovative HR services from the P&I cloud.

P&I LOGA3 is based on the basic principles "Three clicks to target", "Remove the superfluous", "The user interface is intuitive", "There is 45 years of experience behind the software" and "Implementation takes no more than four weeks with customer satisfaction guaranteed". Our dialogue-led real-time service concept based on our P&I BIG DATA offers our customers the opportunity to use the flexibility and performance of our software and our service in the cloud. This option from P&I positions our company on the market as a true HR cloud computing company.

These permanent, forward-looking developments make it clear that your investment in our company can continue to be seen as an enduringly profitable commitment. We, the Management Board and all the employees of the company, will do our utmost to continue delighting you with such news of success.

I thank you for your confidence in us.

Yours,

Ihr Vasilios Triadis

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INVESTOR RELATIONS

INVESTOR RELATIONS

THE P&I SHARE

ISIN & trading segment	DE0006913403 in the Prime Standard (FWB), stock symbol PUI
Number and class of shares	7.7 million no-par bearer shares less 168,873 repurchased shares
Shareholder structure as of 31 March 2013	77.33 % Argon GmbH & Co. KG, Germany 2.19 % treasury shares Rest free float
Designated Sponsor	Close Brothers Seydler Bank AG (Frankfurt am Main)
Market capitalisation (Xetra)	266.1 Mio. million Euro (28 March 2013)
Annual high/low (Xetra)	35.95 Euro (28 February 2013) / 28.51 Euro (8. June 2012)

FINANCIAL ANNOUNCEMENTS IN 2012/2013 FINANCIAL YEAR

14 June 2012	Accounts press conference and publication of the annual financial statements
5 Sept. 2012	Ad hoc announcement of the departure of Dr Erik Massmann from the Management Board as of 30 September 2012
30 April 2013	Ad hoc announcement of the appointment of Martin Christiaan de Groot as CFO from 1 May 2013

ANNUAL GENERAL MEETING ON 4 SEPTEMBER 2012

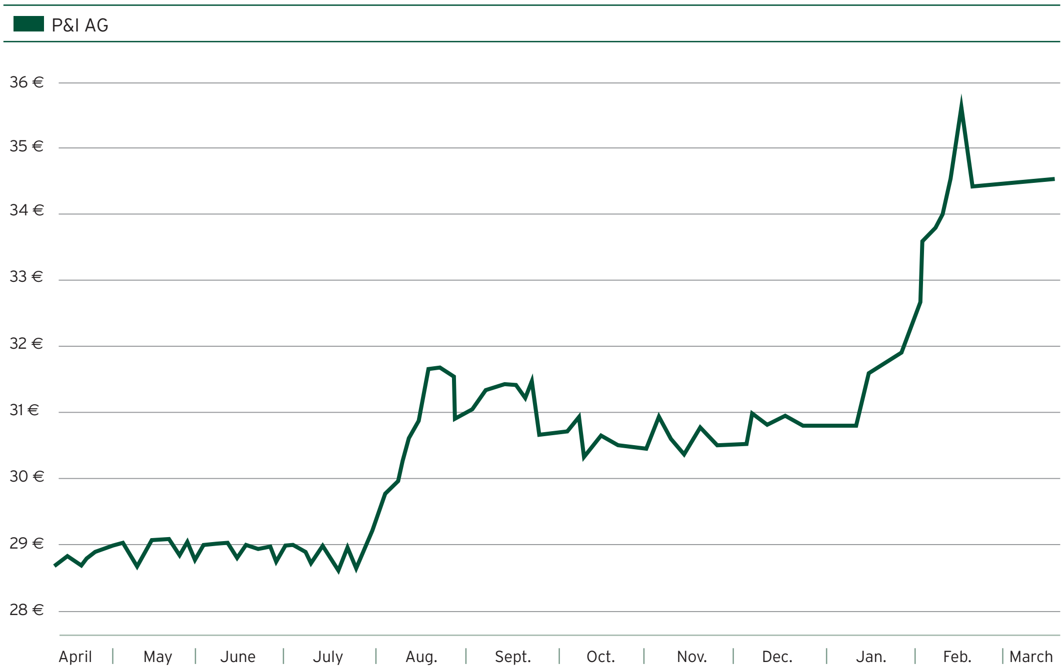
The twelfth Annual General Meeting of P&I Personal & Informatik AG was held on 4 September in the Wiesbadener Casino-Gesellschaft with approximately 50 shareholders and guests. EUR 6.8 million or 87.9% of the Wiesbaden company's share capital of EUR 7.7 million was represented. This again made the amount of capital represented the highest since the IPO in 1999. As in the previous year, the meeting was chaired by Thomas Volk, Chairman of the Supervisory Board.

In accordance with the control and profit transfer agreement, the profit for the 2011/2012 fi-nancial year in P&I AG's financial statements drawn up under commercial law is to be transferred to Argon GmbH. External P&I AG shareholders will receive an equalisation payment from Argon GmbH totalling EUR 1.55 net per share.

The conduct of the two incumbent members of the Management Board, Vasilios Triadis and Dr Erik Massmann, was approved by a majority vote. The conduct of the current Supervisory Board comprising Thomas Volk as Chairman, Michael Wand and Dr Thorsten Dippel was likewise approved.

PRICE PERFORMANCE FROM APRIL 2012 TO MARCH 2013

The P&I share closed at EUR 34.56 in the Xetra system (Frankfurt Stock Exchange) on 28 March 2013 after starting the financial year on 1 April 2012 at a price of EUR 28.65. Including the equalisation payment of EUR 1.55 per share subsequent to the AGM, the value increased by 26.0%.



Source: Bloomberg (adjusted for dividend payment)

SUPERVISORY BOARD REPORT

Dear shareholders,

The 2012/2013 financial year at P&I AG has joined the ranks of successful years in P&I's history. Above-average growth and rising profitability were based on increasing customer satisfaction and a continuously growing customer base. Constant development of products and services and innovation through the use of new technologies made P&I more competitive and fostered customer demand sustainably.

Investments in staff training and strengthening the workforce by appointing new key personnel increased results for the long term. The acquisition of Mirus in Switzerland also proved a success and contributed to the improvement in results. Specifically, this increased sales in the SaaS (software as a service) business, which now make a considerable contribution to business results. Together with rising maintenance sales, they provide an excellent basis for P&I's future sales and earnings performance.

The former Chief Financial Officer Mr Erik Massmann resigned by mutual agreement on 30 September 2012 and left the company. He will be replaced by a new CFO in the new financial year.

Therefore, in the past financial year the Supervisory Board has focused on finding a suitable candidate for the role of CFO. In addition, it advised the Management Board in the discussion of new business models, in order to increase SaaS sales, for example. The latter can be an essential component of P&I's strategic orientation and secure long-term sales and customer loyalty.

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

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

During the 2012/2013 financial year, the Supervisory Board of P&I AG fulfilled the responsibilities incumbent upon it according to the law, articles of association and internal regulations and monitored and advised the Management Board in accordance with the Corporate Governance Code. The subject matter of the regular discussions and resolutions of the Supervisory Board included sales and earnings performance, the financial situation, the strategic orientation of the company, the acquisition strategy, the product and consulting strategy, risk management, the adoption of the Group budget, the termination of the CFO's contract, corporate governance issues, actions to rescind AGM resolutions, resolutions on specific transactions requiring approval and questions concerning the remuneration of the Management Board.

In the 2012/2013 financial year, the Supervisory held four regular meetings and one telephone meeting with all members present, with at least one meeting taking place in each quarter. In addition, four resolutions were passed by circulation. The Supervisory Board did not form any committees. No conflicts of interest as defined by item 5.5 of the Corporate Governance Code occurred in the 2012/2013 financial year.

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

Again in the 2012/2013 financial year, the Supervisory Board dealt in detail with the issue of corporate governance and with the German Corporate Governance Code. In December 2012, the Supervisory Board, together with the Management Board, again issued a declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (AktG) on compliance with the German Corporate Governance Code. This declaration was made permanently available to shareholders by being published on P&I's website. It can also be read in section 2.5 of the company's combined management report.

The consolidated financial statements and the annual financial statements of P&I Personal & Informatik AG and the joint combined management report for P&I Personal & Informatik AG and the Group were audited by Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, appointed as auditors by the AGM on 4 September 2012, and granted an unqualified audit certificate. The consolidated financial statements were compiled according to the International Financial Reporting Standards (IFRS) and the additional requirements of German commercial law pursuant to Section 315a Paragraph 1 of the German Commercial Code (HGB). These consolidated financial statements according to IFRS exempt the company from the obligation to prepare consolidated financial statements in accordance with HGB.

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

All financial statements, the combined management report and the audit reports were presented to all members of the Supervisory Board in due time. The auditor participated in the final explanations and negotiations concerning the annual financial statements and the consolidated financial statements and reported the significant findings of his audit at the Supervisory Board's accounts meeting on 3 June 2013. The Supervisory Board approved the results of the audit.

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

In its meeting on 3 June 2013, the Supervisory Board considered the obligatory disclosures according to Sections 289 Paragraph 4 and 315 Paragraph 4 HGB and the related report. Please refer to the corresponding explanations in the combined management report. We examined and adopted these disclosures and explanations, which we find to be complete.

The Supervisory Board would like to thank the Management Board and all employees for their commitment and successful work in the 2012/2013 financial year.

Wiesbaden, 3 June 2013

The Supervisory Board

Thomas Volk
Chairman of the Supervisory Board.

02/

COMBINED MANAGEMENT REPORT

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

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

1. OVERVIEW OF THE FINANCIAL YEAR

In the 2012/2013 financial year, the P&I Group generated revenue of EUR 82.1 million and improved its operating result (EBIT) to EUR 24.0 million. This corresponds to an EBIT margin of 29.3%. P&I's successful model is based on the quality, creativity and innovation that consistently find answers to new and changed customer requirements.

REVENUE GROWTH OF 16.3% ACCOMPANIED BY HIGH PROFITABILITY

- The P&I Group increased its revenue by 16.3%, from EUR 70.6 million to EUR 82.1 million.

- EBIT improved by 32.5% to EUR 24.0 million. This corresponds to an EBIT margin of 29.3%.

- Adjusted for the effect of the acquisition of MIRUS Software AG, Davos (MIRUS AG), organic revenue growth amounted to 11.2%.

- At EUR 20.5 million, licence revenue exceeded the EUR 20 million barrier for the first time within a single financial year. Revenue growth in this area amounted to 20.3%.

- Maintenance business also enjoyed the forecast year-on-year growth, accounting for 41.4% or EUR 34.0 million of the P&I Group's revenue.

- The new P&I customer care concept ensures that customers are always kept up-to-date. Helping users to optimally employ the P&I software solution after it goes operational forms part of P&I's new customer care concept: with seminars at year-end and during the year, with support for release upgrades, and with a package of services that ensures personal, individual customer care from one of our consultants.

- P&I's shares (which are listed in the Prime Standard of the Frankfurt Stock Exchange) have established themselves at a high level. The share price opened the 2012/2013 financial year at EUR 28.65 and closed the year at EUR 34.56 on 31 March 2013 (in XETRA trading in both cases).

- P&I AG has entered into a control and profit transfer agreement with Argon GmbH, Munich, that has been in force since the 2011/2012 financial year. Under the terms of the control and profit transfer agreement, the net profit of P&I AG for the 2012/2013 financial year as reported in the single-entity financial statements in the amount of EUR 17.6 million is to be transferred to Argon GmbH (previous year: EUR 15.2 million). External shareholders of P&I AG are to receive a post-tax compensation payment totalling EUR 1.55 per P&I share from Argon GmbH.

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

in EUR thousand	2012/2013	2011/2012	Change	2010/2011	Change
Revenue	82,141	70,604	16.3 %	69,114	2.2 %
Licence revenue	20,464	17,010	20.3 %	16,905	0.6 %
Consulting revenue	23,290	21,439	8.6 %	23,169	-7.5 %
Maintenance revenue	34,045	29,803	14.2 %	26,503	12.5 %
International revenue	19,773	14,725	34.3 %	14,486	1.6 %
EBIT	24,040	18,146	32.5 %	15,438	17.5 %
EBIT margin	29.3 %	25.7 %	-	22,3 %	-

2. P&I AG AND THE GROUP

2.1 OVERVIEW

P&I is a leading provider of integrated software solutions for the European HR industry. P&I's workforce of almost 400 employees and its expertise and high degree of commitment make it a premium provider of integrated software solutions for the HR industry. Whether payroll, web-based HR management or time management: P&I AG's HR software is market-leading in terms of both technological and functional features. The payroll software P&I LOGA is used in thirteen European countries. Services such as implementation, consulting, continuous support, training and HR outsourcing round off P&I's service range.

With six locations in Germany and a further seven in the rest of Europe, P&I provides its customers with support and ensures security and a safe investment through substantial expenditure on product research and development. Internationally leading HR services providers and data centres count on P&I as a product supplier, and more than 3,900 direct clients use P&I solutions to successfully shape their HR business. All of them rely on P&I's high degree of expertise and 45 years of market presence. P&I is a one-stop shop for HR management and provides the solutions that allow customers to prepare for the future.

2.2 CORPORATE STRATEGY

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

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

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

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

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

Produkt

The product lifecycle of pure expert systems is at an end

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

No acceptance for long and cost-intensive projects

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

The three-pillar model

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

The analysis: with a few questions on your configuration

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

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

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

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

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

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

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

P&I BIG DATA: basic configuration
All information on all conceivable basic configurations (tariffs, wage type frameworks), all potential entry systems and interfaces and format information is available in the feeder system.

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

P&I BIG DATA: gigantic knowledge pool
The third emphasis is the broad mass of our customers and partners, who provide collected knowledge about the use of the system or about reporting and analyses.

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

P&I LOGA3: from an expert to a user system
With P&I LOGA3, we are meeting the present requirement to offer self-explanatory software. This software must be intuitive and above all adaptable to the personal requirements of the user.
To ensure this, the following main requirements have been formulated:

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

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

P&I PLUS

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

Research and development

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

A total of EUR 14.3 million (previous year: EUR 13.7 million) was invested in the expansion of the P&I LOGA product, the change service in accordance with statutory provisions and the law on collective agreements, and new technical developments; this corresponds to 17.4% of P&I's revenue for the year. This expenditure relates to all P&I products and the maintenance of the acquired products. Development activity is concentrated on the Company's location in Wiesbaden and in Slovakia, where P&I is active at two locations in Bratislava and Zilina. 134 Group employees (previous year: 133) are responsible for the development of P&I's products.

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

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

The P&I LOGA products are subject to permanent improvement in the form of P&I's research and development projects. P&I's projects are characterised by cyclical or iterative phases. The gathering (research) and implementation (development) of ideas are not sequential, meaning that the research and development phases cannot be separated. Research costs are expensed in the period in which they are incurred. The development costs for an individual project are only recognised as an intangible asset if the technical feasibility of the completion of the asset, the ability to use and sell the asset, the future economic benefit and the expenses relating to its development can be reliably determined. As of 31 March 2013, P&I's development costs did not meet the requirements for recognition as an intangible asset.

Sales/market

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

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

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

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

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

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

Company management

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

2.3 ORGANISATION/STAFF

As of 31 March 2013, the P&I Group had a total of 398 employees (previous year: 383). In terms of average FTEs for the year as a whole, the number of employees increased from 331 in the previous year to 358 in the year under review. This was primarily due to growth in the workforce outside Germany. The acquisition of MIRUS Software AG increased the number of employees by 19, while the rest of the increase is attributable to organic growth. The Group had 250 employees (previous year: 247) in Germany and a total of 108 (previous year: 84) in the rest of Europe, with the companies in Austria (32 employees; previous year: 30) and the development centre in Slovakia (45 employees; previous year: 42) being the largest individual components of this figure.

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

The area of Consulting/System Integration supports customers in implementing the P&I software solutions and in their day-to-day operations. The range of services includes consulting, training for software users, and technical and professional hosting. In addition to product-specific training, the area offers professional change services (social security and payroll tax). P&I advises its customers on how to make their workflows as simple and efficient as possible in order to reduce process costs and to be an even better partner for specialist departments and management. Support from an assigned consultant is guaranteed for all customers who have concluded a service agreement under the terms of the new P&I customer care concept. Consultants support their customers in optimally employing the P&I software subsequent to implementation. In addition to support for release upgrades, this includes setting up all of the relevant changes in the software to reflect amendments to statutory provisions, as well participation in P&I's training curriculum. An average of 140 employees were active in this area in the year under review (previous year: 116).

The area of Development focuses on the areas of application development, technology and quality assurance/design. Four new software releases are developed and provided to customers every financial year. The development centres are located in Wiesbaden and Bratislava/Zilina and are supported by decentralised quality assurance and development units in Austria and Switzerland. An average of 134 P&I Group employees worked in the area of Development in the year under review (previous year: 133).

In the year under review, there was an average of 43 employees in the area of Sales and Marketing (previous year: 43). European activities are coordinated by the head office in Wiesbaden, while we have local sales employees in Austria and Switzerland. Market cultivation within the sales organisation is focused on incoming licence orders. The need for one-stop solutions is increasing – not only in terms of the software, but also with regard to recurring services. We intend to expand the focus of our sales organisation to reflect this.

41 employees supported the P&I Group in administrative functions (previous year: 39).

Staff costs totalled EUR 35.3 million in the 2012/2013 financial year (previous year: EUR 31.8 million); the year-on-year increase is due to the growth in the workforce.

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

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

All of them have extensive knowledge of our products and our customers. They are experts in what they do. P&I continuously invests in the further education and development of its employees in the form of internal and external training measures. In the 2012/2013 financial year, another new trainee programme was established in which 15 new young talents are participating.

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

Issued capital, voting rights and restrictions

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

The Annual General Meeting on 2 September 2008 authorised the Management Board, with the approval of the Supervisory Board, to increase the share capital of the Company by up to EUR 3,850 thousand in the period until 1 September 2013 by issuing new shares in exchange for cash and/or non-cash contributions (Authorised Capital). Shareholders' pre-emptive subscription rights may be disapplied under certain conditions.

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

On 10 December 2010, the Management Board was informed by Argon GmbH & Co. KG, Munich (now Argon GmbH) that Argon GmbH & Co. KG held a total of 5,954,192 shares of P&I AG and therefore had a total interest in the share capital of 77.33%.

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

Special rights for shareholders

The Company does not have any shares conferring special rights.

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

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

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

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

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

A change of control agreement was in place with the Management Board as of the reporting date. Under the terms of this agreement, the members of the Management Board are granted a special right of termination within three months of a change of control. As of the reporting date, this would trigger a one-off payment of no more than EUR 2.1 million.

Control and profit transfer agreement

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

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

Authorised Capital

The Annual General Meeting on 2 September 2008 authorised the Management Board, with the approval of the Supervisory Board, to increase the share capital of the Company by up to EUR 3,850 thousand in the period until 1 September 2013 by issuing new shares in exchange for cash and/or non-cash contributions on one or more occasions (Authorised Capital 2008). As a matter of principle, shareholders must be granted pre-emptive subscription rights for cash capital increases. However, the Management Board is authorised, with the approval of the Supervisory Board, to disapply shareholders’ pre-emptive subscription rights insofar as this is required in order to grant subscription rights for new shares to the holders of exchange or subscription rights issued by the Company to the relevant extent. In the case of cash capital increases, the Management Board is also authorised, with the approval of the Supervisory Board, to disapply shareholders’ statutory subscription rights if such a cash capital increase does not exceed 10% of the share capital of the Company on the first-time utilisation of the Authorised Capital with shareholders’ pre-emptive subscription rights disapplied and the issue price of the new shares is not significantly lower than the quoted price for existing listed shares with the same conditions at the date on which the issue price is finalised. The sale of treasury shares shall count towards the restriction to 10% of the share capital if such a sale is conducted on the basis of a valid authorisation to sell treasury shares with shareholders’ pre-emptive subscription rights disapplied at the date on which the Authorised Capital becomes effective.

In the case of non-cash capital increases, the Management Board is authorised, with the approval of the Supervisory Board, to disapply shareholders’ statutory subscription rights if the non-cash capital increase is conducted for the purpose of acquiring companies or equity interests in companies and the total proportionate share capital attributable to the new shares for which subscription rights are disapplied does not exceed 20% of the share capital on the issue date of the new shares. The Management Board is authorised, with the approval of the Supervisory Board, to disapply shareholders’ statutory subscription rights on one or more occasions in order to eliminate fractions. The Management Board is also authorised, with the approval of the Supervisory Board, to determine the conditions of the share issue and the further details of the implementation of capital increases from authorised capital. The Supervisory Board is authorised to adjust the wording of the Articles of Association to reflect any utilisation of Authorised Capital 2008.

Share buyback

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

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

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

Declaration in accordance with section 161 AktG (dated December 2012)

The Management Board and Supervisory Board of P&I AG hereby declare the following in December 2012 in accordance with section 161 of the German Stock Corporation Act (Aktiengesetz; AktG): P&I AG complies with the recommendations of the Government commission on the German Corporate Governance Code in the version dated 15 May 2012, as published in the electronic Federal Gazette (Bundesanzeiger) on 15 June 2012, and will continue to comply with these recommendations in future, in each case with the following exceptions:

Deductibles for D&O insurance policies for Supervisory Board members (section 4.3.5 of the Code)

Section 4.3.5 of the Code recommends that a deductible be agreed for any D&O (directors' and officers' liability insurance) policy concluded by a company for its Supervisory Board members. As a matter of principle, the Supervisory Board and the Management Board are not of the opinion that the degree of motivation and responsibility with which the members of the Supervisory Board perform their activities could be improved by the conclusion of such a deductible.

By-laws for the Management Board (section 4.2.1 sentence 2 of the Code)

The by-laws for the Management Board contain a majority clause for resolutions by the Management Board without a provision on a casting vote by the Chairman of the Management Board. As the prevailing opinion is that no provision on a casting vote for any member of the Management Board can be agreed when the Management Board consists of just two members – as is currently the case at the Company – the Supervisory Board and the Management Board do not believe that there is any scope for such a provision.

Management Board remuneration – remuneration structure (section 4.2.3 (2) of the Code)

The contract with the Chairman of the Management Board, Vasilios Triadis, that was in place until 31 March 2012 was agreed prior to the German Act on the Appropriateness of Management Board Remuneration coming into force and was last amended on 17 May 2011. The remuneration structure set out in this contract did not yet comply with the provisions of the Code and the principles for the remuneration of Management Board members in accordance with section 87 AktG in the version applicable to the aforementioned Act.

On 17 May 2011, the Supervisory Board concluded a new Management Board contract with Mr. Triadis that came into force with effect from 1 April 2012, i.e. from the 2012/2013 financial year. This new Management Board contract that has been in place since 1 April 2012 meets the recommendations of the Code and the statutory provisions with regard to Management Board remuneration.

Management Board remuneration – no severance pay cap in the event of a change of control (section 4.2.3 (5) in conjunction with section 4 of the Code)

Under the terms of the contract of employment that was in place with the Management Board member Vasilios Triadis between 1 September 2008 and 31 March 2012, Mr. Triadis had the right to step down from his position and terminate his contract within a certain period following a change of control as defined in greater detail in the contract. He would then have received severance pay in the amount of the remuneration (including variable remuneration) that he would otherwise have received up until the end of his contractual term.

To this extent, the Company deviated from the recommendation on the severance payment cap in the event of a change of control as set out in the version of the Code that was valid until 15 June 2012, which stipulated that payments promised in the event of premature termination of a Management Board member's contract due to a change of control should not exceed 150% of the severance payment cap. The severance payment cap stipulates that payments made to a Management Board member on premature termination of his/her contract without good cause, including fringe benefits, shall not exceed the value of two years' remuneration as calculated on the basis of the total remuneration for the past full financial year and, if appropriate, also the expected total remuneration for the current financial year. In the view of the Supervisory Board that was in place when the contract was concluded, the provisions contained in the contract dated 1 September 2008 were consistent with the principle of appropriateness.

On 17 May 2011, the Supervisory Board concluded a new Management Board contract with Mr. Triadis that came into force from 1 April 2012, i.e. from the 2012/2013 financial year, in which the recommendations on the severance pay cap set out in the Code are complied with.

Disclosure of Management Board remuneration in the remuneration report (section 4.2.5 sentence 1 of the Code in the version valid until 15 June 2012)

The Company only complied with the recommendation contained in section 4.2.5 sentence 1 of the Code in the version valid until 15 June 2012 on the disclosure of Management Board remuneration in the remuneration report to the extent that this did not contradict the resolutions by the Annual General Meeting on 30 August 2011 on the non-disclosure of the individual remuneration of the Management Board members. In accordance with this resolution, approval of the non-disclosure of individual remuneration will expire on 29 August 2016, and hence applies to the 2011/2012 to 2015/2016 financial years inclusive.

Since 15 June 2012, section 4.2.5 sentence 1 of the Code no longer contains a recommendation on such disclosure, meaning that the declaration of a deviation from this recommendation no longer applies as of this date.

Conflicts of interest – sideline activities (section 4.3.5 of the Code)

Section 4.3.5 of the Code states that "Members of the Management Board shall take on sideline activities ... only with the approval of the Supervisory Board." This recommendation is followed in practice. However, the contract of employment with Mr. Triadis that was in place until 31 March 2012 stated that sideline activities only required the approval of the Supervisory Board "to the extent that they could affect the Company's interests".

On 17 May 2011, the Supervisory Board concluded a new Management Board contract with Mr. Triadis that came into force from 1 April 2012, i.e. from the 2012/2013 financial year, in which the recommendations on the approval of sideline activities set out in the Code are complied with.

Formation of committees (section 5.3.1 to 5.3.3 of the Code)

In derogation from the recommendation of the Code, the Supervisory Board has not formed any committees. The Supervisory Board consists of only three members. As such, the formation of committees in addition to the full Supervisory Board does not seem appropriate, particularly since committees formed to pass resolutions on behalf of the Supervisory Board are also required to have at least three members.

Composition of the Supervisory Board (section 5.4.1 (2) and (3) of the Code)

In derogation from the recommendation of the Code, the Supervisory Board has not specified concrete objectives for its composition, and hence does not comply with the other recommendations of section 5.4.1 (2) and (3) of the Code. The Supervisory Board consists of only three members. With this in mind, the Supervisory Board does not see any benefit in undertaking to comply with concrete objectives. Rather, it intends to maintain the flexibility to make recommendations to the responsible election bodies on a case-by-case basis and to take into account the best-qualified candidate wherever possible.

Performance-related remuneration for Supervisory Board members (section 5.4.6 (2) of the Code in the version valid until 15 June 2012)

In derogation from the recommendation of the Code in the version valid until 15 June 2012, no performance-related remuneration has been agreed for Supervisory Board members. The Company is of the opinion that such remuneration would contradict the monitoring function of the Supervisory Board and would be inadvisable in light of the size and structure of the Company.

Since 15 June 2012, the Code no longer contains a recommendation that the Supervisory Board members should receive performance-related remuneration, meaning that the declaration of a deviation from this recommendation no longer applies as of this date.

This and all previous declarations are published in the Investor Relations section of P&I's website.

Disclosures on corporate governance

Management and control structure

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

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

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

Directors' dealings

In accordance with a contract of employment that was in place until 30 September 2012, one member of the Management Board converted part of his variable salary component for the previous year into shares. Above and beyond this, no shares were acquired by the members of the Supervisory Board or the Management Board in the 2012/2013 financial year.

Open and transparent communications

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

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

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

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

Working practices of the Management Board and the Supervisory Board:

Management Board

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

The Management Board currently consists of two members. P&I AG is represented by both members of the Management Board or by one member of the Management Board together with an authorised signatory (Prokurist). In the 2012/2013 financial year, twelve employees were nominated as authorised signatories.

Supervisory Board

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

2.6 REMUNERATION SYSTEM

Management Board

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

The variable component of the Management Board remuneration is based on the performance indicators consolidated revenue and consolidated EBITDA (consolidated earnings before interest, taxes, depreciation and amortisation). Various provisions were in force during the 2012/2013 financial year.

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

With effect from 1 September 2007, a long-term bonus was agreed with one member of the Management Board as a variable remuneration component with a long-term incentive effect. The agreement ran until the end of the 2011/2012 financial year. The benefit obtained as a result, for which a provision was recognised in the previous years, was paid out following the approval of the actions of the Management Board for the 2011/2012 financial year in September 2012, thereby ending the remuneration programme.

For one member of the Management Board, the variable remuneration component consisted of performance-related target income. The amount of the performance-related target income was calculated on the basis of the extent to which the consolidated EBITDA (consolidated earnings before interest, taxes, depreciation and amortisation) prescribed by the Supervisory Board was achieved. The agreement was terminated in the 2012/2013 financial year.

For one member of the Management Board, the Supervisory Board approved the payment of between 50% and 100% of the variable remuneration in treasury shares of P&I AG at a price of EUR 18.00 per share. In the case of a positive difference between the agreed price of EUR 18.00 per share and the quoted price of the Company's shares on the day on which the variable remuneration was approved by the Supervisory Board, the member of the Management Board received additional share-based remuneration for the respective financial year. The member of the Management Board was required to not sell the shares acquired within three years of their acquisition. The agreement was terminated in the 2012/2013 financial year.

The following agreements on variable remuneration applied in the 2012/2013 financial year and continue to apply thereafter:

In order to ensure a long-term focus on targets, the target for one member of the Management Board from the 2012/2013 financial year onwards will be based on the total revenue and EBITDA generated between the 2012/2013 and 2014/2015 financial years respectively, while the target for the other member of the Management Board from the 2013/2014 financial year onwards will be based on the total revenue and EBITDA generated in the 2013/2014 and 2014/2015 financial years. Progress payments will be made if the respective annual targets are achieved. However, the final allocation of the bonus for each financial year will only be performed if the defined targets are achieved following the end of the 2014/2015 financial year.

In the 2011/2012 financial year, Argon GmbH agreed a variable remuneration component with a long-term incentive effect with a member of the Management Board on the basis of a total of 300,000 stock appreciation rights (SARs). The term of the SARs is unlimited and the benefit is heritable. Assuming that the SARs are exercised at the end of the current term of the respective Management Board member on 31 March 2016, the value calculated at the grant date was EUR 2,270,782.35. As P&I receives the services rendered by the Management Board member, IFRS 2.3 A requires that the share-based payment transaction is recognised by P&I AG even though Argon GmbH is contractually responsible for making the payment. Staff costs are allocated on a straight-line basis over the term and correspond to an increase in capital reserves in the IFRS consolidated financial statements. This agreement is not recognised in the single-entity financial statements of P&I AG.

In the 2013/2014 financial year, Argon GmbH agreed a variable remuneration component with a long-term incentive effect with a member of the Management Board on the basis of a total of 21,000 stock appreciation rights (SARs), which will come into effect in the 2013/2014 financial year.

The German Act on the Disclosure of Management Board Remuneration (VorStOG) dated 3 August 2005 introduced a fundamental obligation for listed stock corporations to disclose the remuneration of Management Board members individually. In accordance with section 286 (5) HGB and section 314 (2) sentence 2 HGB, however, the Annual General Meeting of such an entity may resolve the partial non-disclosure of this information. The non-disclosure obligation for individual Management Board remuneration as resolved by the Annual General Meeting on 29 August 2006 expired on 28 August 20111, meaning that it applied for the last time to the annual financial statements for the 2010/2011 financial year. The Annual General Meeting on 30 August 2011 agreed to renew the non-disclosure obligation for individual Management Board remuneration. In accordance with this resolution, the non-disclosure obligation for individual remuneration will expire on 29 August 2016, and hence applies to the 2011/2012 to 2015/2016 financial years inclusive. Accordingly, the following section only contains information on total remuneration.

The total remuneration paid to the members of the Management Board for the 2012/2013 financial year and the previous year is shown in the table below:

in EUR thousand	2012/2013	2011/2012
Non-performance-related remuneration		
Salary	520	590
Other*)	311	53
Performance-related remuneration		
Bonuses / Bonus programme	375	628
Total remuneration reported in HGB single-entity financial statements	**1,206**	**1,271**
Components with a long-term incentive effect **)	510	230
Total remuneration reported in the IFRS consolidated financial statements	**1,716**	**1,501**

*) Contributions to insurance policies and benefits in kind, benefits due to early contract termination (EUR 220 thousand).

**) Share-based remuneration only recognised in profit or loss in the IFRS consolidated financial statements and not in the HGB single-entity financial statements

There were no additional salary components.

Supervisory Board

The Supervisory Board of P&I AG was composed as follows in the 2012/2013 financial year:

Thomas Volk, Chairman
Global CEO of Lumesse Ltd., London, United Kingdom
Chairman of the Supervisory Board of SNP Schneider-Neureither & Partner AG, Heidelberg, Germany

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

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

Starting from the 2012/2013 financial year and in accordance with the Articles of Association and the resolution of the Annual General Meeting on 4 September 2012, the members of the Supervisory Board receive fixed remuneration of EUR 20,000 for each full year for which they have been members of the Supervisory Board; this remuneration is payable after the end of the financial year. The Chairman receives two and a half times this amount, while the Deputy Chairman receives one and a half times this amount. P&I AG reimburses the members of the Supervisory Board for expenses incurred in carrying out their positions and for the VAT incurred on their remuneration and expenses. Mr. Wand and Dr. Dippel waived the remuneration for their membership of the Supervisory Board for the 2012/2013 financial year.

The remuneration paid to the members of the Supervisory Board for the 2012/2013 financial year is shown in the table below:

EUR thousand	Fixed remuneration	Reimbursement of expenses	Consulting services
Thomas Volk	50	3	---
Michael Wand	---	19	---
Dr. Thorsten Dippel	---	18	---

3. ECONOMIC CONDITIONS

The global economy continued to lose momentum in 2012. Following moderate growth of 3.8% in 2011, total global economic output in the past financial year increased by just 3.1% according to the Kiel Institute for the World Economy (IfW). Within the euro zone, the countries of Southern Europe in particular meant that overall development was recessionary.

In Germany, too, economic growth declined in 2012 following a good start to the year. The sustained debt crisis affecting the European Economic Area had a tangible negative impact on economic growth in Germany. Accordingly, growth declined from 3.0% in the previous year to 0.7% in 2012.

Growth within the IT industry also deteriorated as against the previous year, albeit to a lesser extent than within the economy as a whole. According to the market figures published by the industry association BITKOM, the IT industry recorded growth of 2.2% (previous year: 3.2%). Business with IT services such as consulting and outsourcing increased by 2.5%. Software saw the strongest growth rate of almost 5%.

4. COURSE OF BUSINESS WITHIN THE GROUP

The P&I Group enjoyed positive business development in the 2012/2013 financial year. Thanks to revenue growth of 16.3% to EUR 82.1 million, the P&I Group reported EBIT of EUR 24.0 million and an EBIT margin of 29.3%. This meant that P&I's growth exceeded the growth within the IT industry as a whole.

4.1 Results of operations

Revenue development

In the 2012/2013 financial year, the P&I Group recorded consolidated revenue of EUR 82.1 million after EUR 70.6 million in the previous year, an increase of 16.3% or EUR 11.5 million. Of this latter figure, growth of EUR 3.6 million was attributable to MIRUS Software AG, which was acquired in the previous year, meaning that organic growth amounted to 11.2%.

Revenue (in EUR thousand)	2012/2013	2011/2012	Change
Licences	20,464	17,010	20.3 %
Consulting	23,290	21,439	8.6 %
Maintenance	34,045	29,803	14.2 %
Other	4,342	2,352	84.6 %
Total	**82,141**	**70,604**	**16.3 %**

Licence business

Licence revenue increased by 20.3% to EUR 20.5 million, meaning that licence business accounted for 24.9% of the Group's total revenue. Licence revenue at the P&I Group broke through the EUR 20 million barrier for the first time. P&I's business is characterised by continuously high licence revenue. The increase as against the previous year was particularly pronounced and was due solely to organic growth. In the past year, licence business was dominated by small and medium-sized projects with new customers, as well as the expansion of business with existing customers. Clients were won over by P&I's attractive and innovative solutions. In addition, one major project was responsible for seven-digit licence revenue. Current licence revenue is an important indicator of future performance for the P&I Group, as licence revenue is followed by downstream revenue for regular annual maintenance and, in the case of migration customers, serves to ensure maintenance for the coming years.

Maintenance business

Maintenance business is enjoying continuous revenue growth. P&I's maintenance income generally develops in line with product sales in the previous years. Maintenance revenue of EUR 34.0 million was generated in the year under review. This represents an increase of EUR 4.2 million or 14.2% as against the previous year, meaning that maintenance revenue accounted for 41.4% of the Group's total revenue. The strong maintenance business is primarily due to the successful licence sales in previous years and the high level of satisfaction among our existing customers. Around 25% of revenue growth in the maintenance business is attributable to the acquisition of MIRUS Software AG. The growth in maintenance income has also led to an increase in the Group's earnings strength.

High-margin product income – the total of licence and maintenance income – increased by 16.4% (previous year: 7.8%). 66% of P&I's total revenue is generated in the product area.

Consulting business

Consulting revenue increased by EUR 1.9 million year-on-year to EUR 23.3 million (previous year: EUR 21.4 million). This corresponds to 28.4% of total Group revenue. In addition to revenue from implementation projects and customer care for existing customers, this includes revenue from seminars and training. Helping users to optimally employ the P&I software solution after it goes operational forms part of P&I's new customer care concept: with seminars at year-end and during the year, with support for release upgrades, and with a package of services that ensures personal, individual customer care from one of our advisors. Many P&I LOGA users ensure that their product and specialist knowledge is updated to reflect changes in the software and the statutory conditions by regularly participating in the P&I seminar curriculum.

Other

Other revenue increased to EUR 4.3 million (previous year: EUR 2.4 million). Of this figure, EUR 2.3 million was attributable to the acquisition of MIRUS Software AG. The SaaS (software as a service) revenue generated by MIRUS is also reported in this category.

Revenue development in the segments

Due to the acquisition of MIRUS Software AG with effect from 1 March 2012, the P&I Group's segment reporting was expanded to include the Switzerland segment from the start of the 2012/2013 financial year.

Revenue (in EUR thousand)	2012/2013	2011/2012	Change
Germany	62,368	55,879	11.6 %
Switzerland	9,317	5,039	84.9 %
Austria	8,950	7,561	18.4 %
Other International	1,506	2,125	-29.1 %
Total	**82,141**	**70,604**	**16.3 %**

Growth in domestic business

In absolute terms, the P&I Group recorded its highest revenue growth of EUR 6.5 million in its traditionally strong domestic market of Germany. The P&I Group generated EUR 62.4 million or 75.9% of its revenue in Germany.

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

The acquisition of MIRUS Software AG with effect from 1 March 2012 means that Switzerland has become the second-strongest segment in the P&I Group, recording revenue of EUR 9.3 million in the year under review (previous year: EUR 5.0 million). Business in Switzerland is characterised by a high proportion of recurring revenue in the form of maintenance, SaaS and consulting services, which are collectively responsible for 65% of revenue.

Austria segment reports double-digit growth

The P&I Group generated 10.9% of its revenue, or EUR 8.9 million, in the Austria segment (previous year: EUR 7.6 million). Revenue growth was driven by licence business.

Other International

The rest of the world category is used to report revenue generated in Germany with international customers, as well as revenue from our companies in the Netherlands and Slovakia. Revenue in this segment amounted to EUR 1.5 million after EUR 2.1 million in the previous year.

Development of orders

In the 2012/2013 financial year, incoming orders (licences, consulting and other) declined year-on-year as a result of the non-recurring effect from the major Dataport project in the previous year, amounting to EUR 42.6 million (previous year: EUR 61.5 million). Incoming licence orders accounted for EUR 18.6 million of this figure (previous year: EUR 30.7 million). Orders on hand (licences, consulting and maintenance) for the coming twelve months totalled EUR 58.1 million, up EUR 9.4 million on the previous year (EUR 48.7 million). Orders on hand contain future maintenance and SaaS (software as a service) income of EUR 35.9 million (previous year: EUR 32.7 million) for the coming twelve months.

Results of operations

In the 2012/2013 financial year, the results of operations of the P&I Group were characterised by revenue growth accompanied by an increase in earnings strength. The vast majority of the EBIT growth of EUR 5.9 million is attributable to organic growth, while the remaining 14% relates to the acquisition made in March of the previous year.

The improvement in the operating result of the Group as a whole is due to the growth in revenue (EUR 11.5 million), and in particular licence revenue (EUR 3.5 million). This revenue growth is accompanied by a moderate rise in costs, which is primarily attributable to the acquired business of MIRUS Software AG – which was only included in the prior-year cost and earnings items for one month on account of its acquisition on 1 March 2012 – as well as the additional staff costs resulting from the increase in the workforce. All in all, however, the cost ratio declined as against the previous year.

in EUR thousand	2012/2013	2011/2012
Operating result (EBIT)	24,040	18,146
EBIT margin	29.3 %	25.7 %
Earnings before taxes	24,897	19,236
Consolidated net income (before profit transfer [1])	20,234	15,944
Return on sales	24.6%	22.6 %
Return on investment[2]	41.2%	49.8 %
Earnings per share (in Euro)	2.69	2.12
Share price at 31 March in (in Euro)	34.56	28.65
PER (price-earnings ratio)	12.86	13.52

1) Acontrol and profit transfer agreement has been in place between P&I Personal & Informatik AG, Wiesbaden and Argon GmbH, Munich, since 1 April 2011. The profit reported by P&I Personal & Informatik AG, Wiesbaden, is to be transferred to Argon GmbH. External shareholders are to receive a post-tax compensation payment totalling EUR 1.55 per P&I share from Argon GmbH.

2) EBIT + interest income/operating assets (consisting of intangible assets, property, plant and equipment, inventories, trade receivables and cash and cash equivalents)

The EUR 4.8 million increase in the cost of sales compared with the previous year is due to the higher level of staff costs resulting from the expansion in the number of employees, as well as to acquisition effects. The gross margin amounted to 67.5% (previous year: 68.9%). The EUR 0.6 million rise in development costs is primarily due to acquisition-related factors. In the year under review, the Group again made continuous investments in development. Selling costs were largely unchanged as against the previous year. The EUR 0.3 million increase in administrative expenses is due to acquisition effects. Only scheduled amortisation was recognised on the customer base in the year under review. In the prior-year period, impairment testing at year-end resulted in the recognition of impairment losses on a customer base and on goodwill. Other operating income amounted to EUR 0.3 million, thereby returning to normal after the extraordinary figure of EUR 1.3 million in the previous year.

This development was due to the income from legal proceedings that were concluded in the previous year and for which provisions had been recognised in prior periods. Other operating expenses declined slightly to EUR 0.9 million. In addition to current expenses for investor relations (including the Annual General Meeting), this item includes costs relating to the Supervisory Board, specific valuation allowances on receivables, and defaults.

The transition of revenue recognition from the zero profit method to the PoC method resulted in a positive earnings contribution of EUR 1.5 million in the 2012/2013 financial year.

Results of operations in the segments

in EUR thousand	2012/2013	2011/2012	Change
Germany	18,279	14,124	4,155
Switzerland	2,002	818	1,184
Austria	1,173	595	578
Other International	2,586	2,609	-23
Operating result (EBIT)	**24,040**	**18,146**	**5,894**

The results of operations within the Group are primarily driven by the parent company and business in Germany.

All in all, the results of operations outside Germany improved significantly compared with the previous year. While the growth in the Switzerland segment was primarily due to acquisition-related factors, the corresponding development in the Austria segment was due to the increase in licence revenues, which had a positive impact on earnings. All of the foreign companies reported a net profit for the year ended 31 March 2013.

The P&I Group reported a consolidated net income of EUR 20.2 million (previous year: EUR 15.9 million).

Under the terms of the control and profit transfer agreement, the net profit of P&I AG as reported in the single-entity financial statements in the amount of EUR 17.6 million is to be transferred to Argon GmbH (previous year: EUR 15.2 million).

Earnings per share

Earnings per share amounted to EUR 2.69 (previous year: EUR 2.12).

4.2 FINANCIAL POSITION

Cash flow development and liquidity position

Financial and liquidity planning are updated on a regular basis in order to ensure the liquidity that is required for the Group's day-to-day operations. On instruction, a number of loan payments at standard market interest rates have been made to the controlling company, Argon GmbH, with which a registered control and profit transfer agreement has been in place since September 2011. The net profit reported in the HGB financial statements for 2011/2012 was transferred to Argon GmbH in accordance with the terms of the profit transfer agreement and, in the 2012/2013 financial year, was offset against the loan granted on the basis of a netting agreement. At the reporting date 31 March 2013, the outstanding loan plus accrued interest amounted to EUR 38.5 million (previous year: EUR 40.6 million). The recoverability of the loan to Argon GmbH is monitored by way of a regular review of Argon GmbH's financial indicators. The current level of cash and cash equivalents is in line with Group planning even following this loan payment and is sufficient to ensure the solid financing of the Group's future business.

The Group does not have any short-term refinancing requirements and has sufficient financing scope for its future corporate development in the form of unutilised credit facilities totalling EUR 6.5 million.

in EUR thousand	2012/2013	2011/2012	Change
Net cash flow from/used in			
- operating activities	21,486	25,759	-4,273
- investing activities	1,245	-33,175	34,420
- financing activities	0	-301	301
- Changes in cash and cash equivalents due to exchange rate changes	-84	94	-178
Change in cash and cash equivalents	22,647	-7,623	30,270

In the year under review, net cash from operating activities declined from EUR 25.8 million to EUR 21.5 million. An increase in receivables and a decrease in current liabilities were the main changes in the operating cash flow compared with the previous year. In the prior-year period, non-recurring effects from the increase in advance payments for incomplete projects meant that the operating cash flow was significantly higher. This effect was not repeated in the year under review.

Net cash flow from investing activities amounted to EUR 1.2 million compared with net cash used in investing activities of EUR 33.2 million in the previous year. The cash outflow from a loan that the Group was instructed to pay to Argon GmbH was offset by the cash inflow from maturing fixed-term deposits. Investments in non-current assets amounted to EUR 1.1 million.

There was no cash flow from financing activities in the 2012/2013 financial year (previous year: net cash used in financing activities of EUR 0.3 million). The offsetting of the profit transfer obligation of EUR 15.2 million for 2011/2012 against the loan granted to Argon GmbH in the 2012/2013 financial year means that this transaction is not shown in the cash flow statement.

Changes in cash and cash equivalents due to exchange rate changes were attributable to the development of the Swiss franc compared with the euro. The closing exchange rate on 31 March 2013 was CHF 1.2195/EUR (previous year: CHF 1.2045/EUR).

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

Accordingly, cash and cash equivalents amounted to EUR 36.9 million (previous year: EUR 14.2 million).

Increase in cash and cash equivalents and current financial assets

The P&I Group enjoys a solid position with cash and cash equivalents and current financial assets totalling EUR 41.9 million (previous year: EUR 33.7 million).

in EUR thousand	31 March 2013	31 March 2012	Change
Cash and cash equivalents	36,886	14,239	22,647
Fixed-term deposits	5,000	19,500	-14,500
Cash and cash equivalents and current financial assets	**41,886**	**33,739**	**8,147**
Interest-bearing liabilities	0	0	0
Net financial position	41,886	33,739	8,147
Net financial position as a percentage of total assets	37.5 %	31.1 %	20.4 %

The Group also has two long-term fixed-income securities totalling EUR 4.7 million (previous year: EUR 4.5 million) that are used as security for a credit facility.

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

Financial management

The P&I Group has regularly had a substantial liquidity surplus for a number of years.

The financial management and administration of surplus liquidity is determined by the terms of the control and profit transfer agreement.

As planned, P&I AG and its subsidiaries in Austria and Switzerland were instructed by Argon GmbH to enter into a financing agreement with the latter company in the amount of EUR 110 million in October 2011. Movable assets, receivables and rights were assigned to the financing banks as the typical security, and a subordinated obligation to Argon GmbH for interest and principal payments was entered into in accordance with an existing liquidity plan.

On instruction, P&I AG also extended loans to Argon GmbH. At the reporting date 31 March 2013, the outstanding loan including interest amounted to EUR 38.5 million (previous year: EUR 40.6 million).

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

Derivative financial instruments

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

4.3 NET ASSETS

The total assets of the P&I Group increased by 3.1% due to the expansion of the business volume, amounting to EUR 111.8 million at the reporting date (previous year: EUR 108.4 million).

in EUR thousand	31 March 2013	31 March 2012	Change
Non-current assets	56,396	59,838	-3,442
Current assets	55,415	48,566	6,849
Assets	**111,811**	**108,404**	**3,407**

in EUR thousand	31 March 2013	31 March 2012	Change
Equity	39,351	35,991	3,360
Non-current liabilities	2,532	3,450	-918
Current liabilities	69,928	68,963	965
Equity and liabilities	**111,811**	**108,404**	**3,407**

Key financial indicators		31 March 2013	31 March 2012
Equity ratio		35.2 %	33.2 %
Gearing *)		-107.1 %	-94.2 %
Working capital in EUR thousand**)		-14,513	-20,397

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

The P&I Group had non-current assets in the amount of EUR 56.4 million (previous year: EUR 59.8 million). The decrease in the year under review was due to depreciation and amortisation. Financial assets primarily relate to a loan to Argon GmbH, including accrued interest, in the amount of EUR 38.5 million (previous year: EUR 40.6 million). The loan is allocated to non-current assets on account of its term.

Current assets, primarily consisting of cash and cash equivalents and receivables, increased by EUR 6.8 million year-on-year to EUR 55.4 million.

The increase in receivables (including the gross amount due from customers for contract work) from EUR 9.9 million to EUR 11.5 million corresponds to the Group's revenue growth, and hence relates to payments due under major projects.

Cash and cash equivalents and current financial assets increased by a total of EUR 8.1 million to EUR 41.9 million (previous year: EUR 33.7 million).

As planned, P&I AG and its subsidiaries in Austria and Switzerland were instructed by Argon GmbH to enter into a financing agreement with the latter company in the amount of EUR 110 million in October 2011. Movable assets, receivables and rights were assigned to the financing banks as the typical security, and a subordinated obligation to Argon GmbH for interest and principal payments was entered into in accordance with an existing liquidity plan.

Equity increased by EUR 3.4 million year-on-year to EUR 39.4 million. This development was primarily due to the net profit recorded by the companies outside Germany (EUR 2.7 million) and the increase in capital reserves as a result of the share-based remuneration of a member of the Management Board. Under the terms of the control and profit transfer agreement, the net profit of P&I AG for the 2012/2013 financial year as reported in the single-entity financial statements in the amount of EUR 17.6 million is to be transferred to Argon GmbH. The equity ratio increased from 33.2% to 35.2%.

Non-current liabilities declined from EUR 3.4 million in the previous year to EUR 2.5 million in the year under review. The non-current liabilities resulting from a purchase price payment (EUR +0.8 million) have been reclassified to current liabilities on account of their shorter residual term. Deferred tax liabilities and deferred liabilities resulting from the tax allocation agreement were down slightly year-on-year at EUR 2.5 million (previous year: EUR 2.6 million).

Total current liabilities increased by EUR 1.0 million to EUR 69.9 million. This figure includes trade payables, the liability for the profit transfer from P&I AG to Argon GmbH (change: EUR +2.3 million), tax liabilities and liabilities resulting from the tax allocation agreement (change: EUR -3.3 million), deferred income (change: EUR +3.3 million), the gross amount due to customers for contract work (change: EUR -1.7 million) and other current liabilities (unchanged as against the previous year). Tax liabilities of EUR 1.1 million include the tax liabilities of subsidiaries that were offset against tax prepayments for the respective financial years. Tax liabilities from the tax allocation agreement relate to the tax allocation agreement concluded between P&I AG and Argon GmbH, which has been in place since

1 April 2011. The decrease as against the previous year is attributable to the prepayments made during the course of the year. There was an increase in deferred income, which reflects the income that is received at the start of the calendar year due to the annual invoices that are issued and paid in advance and that is reversed each month for the purposes of revenue recognition. The gross amount due to customers for contract work amounted to EUR 8.5 million (previous year: EUR 10.2 million) and included advance payments in connection with a major project, among other things. Other current liabilities amounted to EUR 12.4 million at the end of the financial year (previous year: EUR 12.3 million) and included payment obligations to staff members in relation to variable remuneration components, among other things.

5. P&I AG

5.1 RESULTS OF OPERATIONS

Revenue growth of 8.5% to EUR 66.3 million meant that P&I AG also increased its operating result (before taxes and net finance costs) by EUR 2.6 million to EUR 20.0 million, thereby generating an EBIT margin of 30.1%. The results of operations in the single-entity HGB financial statements for the 2012/2013 financial year were characterised by two factors: revenue growth from operating business and the non-recurrence of the substantial extraordinary income in the previous year (increase in the carrying amount of the equity interest in Switzerland) accompanied by a moderate rise in costs.

Revenue development

Revenue for the 2012/2013 financial year totalled EUR 66.3 million (previous year: EUR 61.1 million). This includes revenue from third parties in the amount of EUR 60.8 million, up 8.1% on the previous year (EUR 56.2 million).

Revenue in EUR thousand from	2012/2013	2011/2012	Change
- third parties	60,756	56,183	8.1 %
- affiliated companies	5,579	4,971	12.2 %
Total revenue	**66,335**	**61,154**	**8.5 %**
Increase in inventories	1,140	973	17.3 %
Total operating revenue	**67,475**	**62,127**	**8.6 %**

Maintenance accounted for the highest proportion of revenue. With a revenue volume of EUR 30.3 million (previous year: EUR 27.2 million), it contributed 45.7% to total revenue. The second-largest revenue category was consulting, which made a contribution of 26.9% or EUR 17.9 million (previous year: EUR 16.5 million). At EUR 16.3 million (previous year: EUR 15.1 million), licence revenue increased once again, accounting for 24.5% of total revenue. Other revenue amounted to EUR 1.9 million (previous year: EUR 2.3 million) or 2.9% of total revenue.

In the past financial year, inventories increased due to the services performed in connection with contracts for work and services and fixed-price consulting projects. On the whole, inventories increased as a result of long-term project-related production, although the past year also saw the completion of a large number of projects that were recognised in revenue upon acceptance, as well as the launch of new projects.

Results of operations: further improvement in profit from ordinary activities

Profit from ordinary activities increased by EUR 3.0 million to EUR 21.4 million (previous year: EUR 18.4 million). This earnings growth is primarily attributable to the additional revenue generated as a result of revenue growth, which was accompanied by an only moderate increase on the cost side. The prior-year profit from ordinary activities also contained a non-recurring effect in the amount of EUR 1 million in connection with the increase in the carrying amount of the P&I Switzerland equity interest to cost.

A tax allocation agreement has been in place between P&I AG and Argon GmbH since 1 April 2011. The compensation payments to external shareholders are taxable at the level of P&I AG as the controlled company.

Tax expenses increased by EUR 0.7 million year-on-year to EUR 3.8 million due to the tax allocation under the terms of the tax allocation agreement and income from the recognition of deferred taxes.

Net profit / profit transfer

The net profit for the year before profit transfer amounted to EUR 17.6 million (previous year: EUR 15.2 million).

Under the terms of the control and profit transfer agreement, the net profit of P&I AG for the 2012/2013 financial year as reported in the single-entity financial statements is to be transferred to Argon GmbH. External shareholders of P&I AG are to receive a post-tax compensation payment totalling EUR 1.55 per P&I share from Argon GmbH.

5.2 FINANCIAL POSITION

Cash flow development and liquidity position

Cash flow development in the 2012/2013 financial year was characterised by an increase in cash and cash equivalents as a result of operating business. In the prior-year period, non-recurring effects from the increase in advance payments for incomplete projects meant that the operating cash flow was significantly higher. This effect was not repeated in the year under review.

In the previous year, loans totalling EUR 45.9 million were extended to the controlling company, Argon GmbH, and a subsidiary, P&I Personal & Informatik AG, Horgen, Switzerland.

in EUR thousand / Net cash from/used in	2012/2013	2011/2012	Change
- operating activities	18,127	21,130	-3,003
- investing activities	-3,933	-32,859	-28,923
- financing activities	0	-301	301
Change in cash and cash equivalents	14,194	-12,030	26,224

Cash and cash equivalents in the broader sense (including current financial assets) developed as follows:

in EUR thousand	31 March 2013	31 March 2012	Change
Cash and cash equivalents	20,126	5,932	14,194
Fixed-term deposits	5,000	13,500	-8,500
Securities	0	4,447	-4,447
Cash and cash equivalents and current financial assets	**25,126**	**23,879**	**1,247**

As in the previous year, there were no liabilities to banks.

Financial management and financial instruments

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

5.3 NET ASSETS

in EUR thousand	31 March 2013	31 March 2012	Change
Non-current assets	53,428	52,301	1,127
Current assets	36,658	36,271	387
Prepaid expenses	1,186	1,321	-135
Excess of plan assets over post-employment benefit liability	59	57	2
Assets	**91,331**	**89,950**	**1,381**
Equity	**27,775**	**27,677**	**98**
Provisions	9,070	10,360	-1,290
Liabilities	34,323	33,277	1,046
Deferred income	19,682	17,884	1,798
Deferred tax liabilities	481	752	-271
Equity and liabilities	**91,331**	**89,950**	**1,381**

Non-current assets increased by EUR 1.1 million to EUR 53.4 million in the year under review. Depreciation and amortisation and the repayment of loans extended to the controlling company, Argon GmbH, and a subsidiary, P&I Personal & Informatik AG, Horgen, served to reduce non-current assets, while the reclassification of securities from current assets to non-current assets increased the latter item as a whole. Securities in the amount of EUR 4.4 million are used to secure the Company's long-term operations and serve as collateral for guarantees.

Current assets, consisting of inventories, receivables, other assets and cash and cash equivalents, increased by EUR 0.4 million year-on-year, from EUR 36.3 million to EUR 36.7 million. While receivables including receivables from affiliated companies increased slightly to EUR 7.6 million, other assets declined by EUR 2.6 million to EUR 0.5 million; this was primarily due to the taxes reimbursed by the taxation authorities, which were recovered quickly on account of the fiscal entity created with Argon GmbH in the previous year and trade tax and corporation tax prepayments that were made in prior periods.

Cash and cash equivalents in the broader sense increased by EUR 1.3 million to EUR 25.1 million. As a result of reclassification to non-current assets, this item does not contain any securities (previous year: EUR 4.4 million). Prepaid expenses were essentially unchanged year-on-year at EUR 1.2 million and related to services for the subsequent year that were purchased at the beginning of the financial year and that are recognised on an accrual basis.

Assets that have been made inaccessible to all other creditors and that are used solely to settle liabilities arising from credit balances and partial retirement obligations are offset against the respective liabilities. If the value of the assets exceeds the amount of the obligations, the excess is recognised on the face of the balance sheet as an excess of plan assets over post-employment benefit liability. An excess of plan assets over post-employment benefit liability in the amount of EUR 59 thousand was recognised at the reporting date (previous year: EUR 57 thousand).

As planned, P&I AG and its subsidiaries in Austria and Switzerland were instructed by Argon GmbH to enter into a financing agreement with the latter company in the amount of EUR 110 million in October 2011. Movable assets, receivables and rights were assigned to the financing banks as the typical security, and a subordinated obligation to Argon GmbH for interest and principal payments was entered into in accordance with an existing liquidity plan.

Equity increased by EUR 0.1 million year-on-year to EUR 27.8 million. This development was due to the recognition of the transfer of treasury shares. Under the terms of the control and profit transfer agreement, the net profit of P&I AG for the 2012/2013 financial year as reported in the single-entity financial statements is to be transferred to Argon GmbH, which is why this did not result in an increase in equity. The increase in total assets meant that the equity ratio declined slightly to 30.4% (previous year: 30.8%).

The notional value of treasury shares in the amount of EUR 168,873 (previous year: EUR 172,168) was deducted from the issued capital in the amount of EUR 7,700,000, meaning that the issued capital reported on the face of the balance sheet as of 31 March 2013 totalled EUR 7.5 million (previous year: EUR 7,527,838).

Provisions decreased by EUR 1.3 million to EUR 9.1 million. Tax provisions in the amount of EUR 0.2 million relate to the items for which the controlled company is taxable. Tax provisions for the 2009/2010 and 2010/2011 financial years were reversed following payments in accordance with the tax assessments issued. Other provisions declined slightly by EUR 0.2 million to EUR 8.9 million (previous year: EUR 9.1 million).

Liabilities increased by EUR 1.0 million year-on-year to EUR 34.3 million (previous year: EUR 33.3 million). This was primarily attributable to the increase in advance payments received on orders. Liabilities to affiliated companies contain liabilities to Argon GmbH in the amount of EUR 18.1 million, of which EUR 0.5 million relates to the tax allocation agreement and EUR 17.6 million relates to the profit transfer for the 2012/2013 financial year.

The increase in deferred income is due to the larger number of software maintenance agreements as well as the deferral of income from recurring services (including seminars). Deferred income contains income received prior to the reporting date that relates to a certain period after the reporting date.

Deferred tax liabilities amounted to EUR 0.5 million at the reporting date (previous year: EUR 0.8 million) and were calculated including temporary differences in accordance with the balance sheet-oriented temporary concept introduced by the German Accounting Law Modernisation Act (BilMoG).

6. SUMMARY OF THE COURSE OF BUSINESS

The 2012/2013 financial year was a successful year for P&I AG that was characterised by revenue growth and an increase in earnings strength compared with the previous year. The Company exceeded its targets. Its success is based on the strong foundations of attracting new customers while systematically supporting existing customers. This positive performance was achieved across all of the business segments, with international business activities in Switzerland and Austria accounting for a particularly high percentage. The P&I Group has a solid financial basis. On account of its strong financial position and results of operations, the P&I Group is confident that it will be able to continue to meet its financial obligations in future. From a strategic perspective, the expansion of the P&I customer care concept and the development of P&I's product lines with a view to P&I BIG DATA are key factors for the financial year.

7. RISK REPORT

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

7.1 ORGANISATION OF RISK MANAGEMENT

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

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

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

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

7.2 RISK MANAGEMENT SYSTEM AND ACCOUNTING-RELATED INTERNAL CONTROL SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

7.3 RISK FACTORS

Business risk

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

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

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

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

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

Financial risk

In the view of the Management Board, the conclusion of the control and profit transfer agreement has not increased the risk to which the Company is exposed. The extension of the loan to Argon GmbH necessitates an impairment test at the respective balance sheet date. The necessary precautionary measures have been taken.

As planned, P&I AG and its subsidiaries in Austria and Switzerland were instructed by Argon GmbH to enter into a financing agreement with the latter company in the amount of EUR 110 million in October 2011. Movable assets, receivables and rights were assigned to the financing banks as the typical security, and a subordinated obligation to Argon GmbH for interest and principal payments was entered into in accordance with an existing liquidity plan. The loan had a carrying amount of EUR 62.0 million at the reporting date.

With regard to the current status of P&I's company planning, the associated cash inflow and the current interest and principal payment plan, the Management Board does not consider there to be an increased risk for P&I.

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

Accordingly, P&I AG and the Group are not exposed to any significant credit risk. Cash and cash equivalents and securities are held at banks with good credit ratings or in their investment funds.
P&I primarily counteracts the financial risk of the long-term impairment of financial assets by pursuing a highly conservative investment strategy: in order to prevent interest rate and counterparty default risk, investments are made in fixed-term deposits or securities with short terms and whose issuers are high-profile banks (with at least an A rating).

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

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

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

Legal risk

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

The actions for annulment that were brought against the Annual General Meeting in September 2010 have largely been rejected; the proceedings relating to the resolutions approving the actions of the Management Board and the Supervisory Board are still pending with the Frankfurt Higher Regional Court. These proceedings have been suspended until the regional court has ruled on the resolutions of confirmation adopted by the Annual General Meeting on 30 August 2011. The actions for annulment that were brought against individual resolutions by the Annual General Meeting in September 2011 were rejected by the court of first instance. The opposing party has appealed against this ruling. The proceedings against former members of the Supervisory Board are currently suspended.

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

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

Staff risk

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

Acquisition risk

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

In the period under review, none of the risks identified and quantified within P&I's risk management system exceeded the defined threshold for the existence of a risk that could endanger the continued existence of the Company. The overall risk assessment shows that P&I's risks are limited and manageable. There are no identified risks that could endanger the continued existence of P&I AG or the P&I Group, either at present or in the future.

8. REPORT ON EXPECTED DEVELOPMENTS

8.1 THE ECONOMY AND THE INDUSTRY IN THE NEW FINANCIAL YEAR

The Kiel Institute for the World Economy (IfW) expects the global economy to reach the low point of the current slowdown in growth at the turn of 2012/2013 and is forecasting a slight increase in global production of 3.9% for 2013.

Germany is also expected to see a moderate upturn in 2013 providing the euro zone crisis does not intensify further during the course of the year. The ifo Institute for Economic Research at the University of Munich is forecasting growth of 1.4% for Germany in 2013.

In contrast to the muted growth forecasts for the economy as a whole, the industry association BITKOM expects the IT industry to grow by 3% and the software segment to expand by 5% in 2013. The German IT market is expected to reach a volume of around EUR 154 billion in 2013 after EUR 152 billion in 2012.

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

The strength of the P&I Group lies in the continuity with which it has steadily and sustainably expanded its business year after year. P&I has a mature business model that is characterised by high growth rates, a significant degree of recurring services, independence from a single industry, a broad geographical spread and more than 3,500 customers. Its success is driven by the almost 400 employees whose most valuable assets are their specialist expertise, their flexibility and their passion. Our aim is to position P&I in such a way as to ensure that it remains successful on the relevant markets while gaining additional market share.

The development of information technology has become ever quicker over recent years. New Internet-based technologies are being developed using new types of device. Smartphones are replacing mobile phones, apps are replacing software systems. The user behaviour of the individual is changing, and hence so is the behaviour of our customers. This new form of automation and provision of IT services is still in its early days. However, the Internet is increasingly becoming a kind of “operating system for society”. It not only provides information, but will also offer increasingly extensive IT services in future. As we will see, the services provided by people today will increasingly be accessible via the Internet – or, indeed, will have to be accessed via the Internet. In future, this will include increasingly complex services and not just travel planning or shopping around for the best insurance policies or electricity prices. These routine actions will be performed entirely by the network, with only complex cases being dealt with individually via human interaction.

All of these changes will also demand rigorous analysis and remodelling on the part of the companies that are active in the IT market.

With the establishment of our P&I BIG DATA, we have created a new quality of service for our customers. This will change our business model significantly in future. When it comes to implementing our software, customers can use the knowledge contained in our P&I BIG DATA to configure their P&I LOGA3 software themselves. Only the last details will then require the involvement of a P&I consultant providing tailored service with all of the insider information.

The automation and standardisation of the implementation of our software and the provision of our P&I BIG DATA will substantially change our consulting business. Consulting will become quicker, more individual and of a better quality, as the consultants and sales staff responsible for the respective customer will be able to concentrate on their specific requirements to a greater extent. Customers requiring support will no longer end up talking to our call centre, but will instead turn directly to the consultants and sales staff responsible for them. Customer satisfaction will ultimately depend on the quality of these consulting services.

P&I BIG DATA and P&I LOGA3 are P&I’s response to the new challenges arising on the market.

For the 2013/2014 financial year, the Management Board expects the P&I Group and P&I AG to generate revenue growth accompanied by an EBIT margin that is at the current level. We believe that consolidated revenue of EUR 86-90 million is a realistic target. Operating cash flow will increase moderately.

We are forecasting licence revenue of EUR 21-25 million; this will depend on generating business with new customers as well as on the progress of major projects.

Increasing the proportion of total revenue attributable to recurring services and revenue is part of P&I's strategic orientation. Recurring revenue will help to safeguard the future of the P&I Group. In the past year, customers have given an extremely positive reception to the possibility of running their HR applications at MIRUS Software AG's data centre. The existing maintenance agreements have been converted to SaaS agreements. In the coming 2013/2014 financial year, the P&I Group will report the revenue resulting from these services in a separate category, SaaS. This means that the increase in maintenance revenue will be lower. The target for SaaS revenue is in excess of EUR 3 million.

In our consulting business, we are aiming to achieve a slight increase in revenue compared with the previous year. This will include the revenue from the introduction of the new P&I customer care concept in the past financial year. We also expect to see moderate revenue growth in the area of software management and maintenance. Thanks to its stable customer base, the P&I Group already generates more than 40% of its revenue from recurring maintenance services.

P&I intends to make further investments in its products, employees and infrastructure in the coming financial year and to finance these investments from its operating cash flow. No significant investments and cash outflows above and beyond this are planned for the 2013/2014 or 2014/2015 financial years. We are addressing the requirements of the IT market. Our decisions are always oriented towards the sustainability of P&I's success.

With regard to revenue and earnings development in the segments, the Management Board expects to see growth in the Germany, Switzerland and Austria segments, with Germany enjoying the strongest growth. Revenue in the rest of the world segment is expected to stabilise at its current level.

Based on the current situation, the Management Board also expects the Group and P&I AG to record a moderate increase in revenue, EBIT and operating cash flow in the 2014/15 financial year. Assuming the global economy develops positively, P&I will be able to continue to inspire its customers with new solution ideas and its customer care concept, thereby increasing the earnings strength of the P&I Group and P&I AG.

Expertise and solidity are P&I's trademarks – we are the experts for standard HR software, and have been for 45 years. P&I's capital lies in the HR expertise that is firmly established within its software, the technological maturity of the software and the reliability and predictability of the organisation as a whole: from development through to sales, consulting and administration. The transparency created by quarterly financial reporting also leads to greater confidence among customers and interested parties. With the expansion of the P&I customer care concept and the P&I LOGA3 and P&I PLUS software, P&I is well positioned for a successful future.

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

Wiesbaden, 24 May 2013

Vasilios Triadis Martin C. de Groot

03/

GROUP FINANCIAL STATEMENTS

1. COMPANY INFORMATION

P&I Personal & Informatik Aktiengesellschaft (hereafter the "company" or "P&I AG") is based in Wiesbaden, Germany, and has been registered there at the District Court in the commercial register, section B, under no. 9110 since 28 May 1998. The articles of association were adopted on 2 April 1998 and last amended on 4 September 2012 by resolution of the Annual General Meeting.

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

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

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

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

P&I AG's consolidated financial statements are not included in the consolidated financial statements of its parent company, Argon GmbH, or in the consolidated financial statements of its shareholder, CETP Investment 1 Sarl, Luxembourg, as according to information provided these companies are not obliged to compile financial statements for the Group. The Group's ultimate parent company, to which Argon GmbH belongs, is Carlyle Offshore Partners II, Limited, George Town, Grand Cayman, Cayman Islands.

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

CONSOLIDATED INCOME STATEMENT

	2012/2013 April 1, 2012 to March 31, 2013	2011/2012 April 1, 2011 to March 31, 2012
EUR thousand		
Sales (4)	82,141	70,604
Cost of sales (5)	26,724	21,933
Gross profit	**55,417**	**48,671**
Research and development costs (5)	14,291	13,740
Distribution costs (5)	9,541	9,511
Administrative costs (5)	5,722	5,428
Amortisation of customer bases and goodwill (5)	1,187	2,033
Other operating income (5)	246	1,275
Other operating expenses (5)	882	1,088
Operating earnings (EBIT)	**24,040**	**18,146**
Finance income (7)	1,343	1,200
Finance expenses (7)	486	110
Earnings before taxes (EBT)	**24,897**	**19,236**
Tax expenses (8)	4,663	3,292
Consolidated net income	**20,234**	**15,944**
Average number of shares (diluted/basic) (9)	7,529,965	7,524,030
Earnings per share in euro (diluted/basic) (9)	€ 2.69	€ 2.12
Consolidated net income attributable to		
Shareholders of the parent company	20,234	15,944
Non-controlling shareholders	0	0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2012/2013 April 1, 2012 to March 31, 2013	2011/2012 April 1, 2011 to March 31, 2012
EUR thousand		
Consolidated net income	**20,234**	**15,944**
Currency translation of foreign operations	**-41**	**52**
of which change in unrealised gains and losses	-41	52
Change in the fair value of financial assets available for sale	**123**	**104**
of which change in unrealised gains and losses	189	108
of which realised gains and losses	-7	42
of which income tax effects	-59	-46
Consolidated other comprehensive income (22)	**82**	**156**
Consolidated comprehensive income	**20,316**	**16,100**
Consolidated comprehensive income attributable to:		
Shareholders of the parent company	20,316	16,100
Non-controlling shareholders	0	0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 March 2013	31 March 2012
EUR thousand		
Assets		
Non-current assets		
Customer base (10)	6,060	7,290
Goodwill (10)	3,904	3,938
Other intangible assets (10)	1,556	1,875
Property, plant and equipment (11)	1,288	1,390
Non-current financial assets (12)	43,272	45,120
Deferred tax assets (13)	108	219
Deferred tax assets from tax sharing agreement (13)	208	6
Total non-current assets	**56,396**	**59,838**
Current assets		
Inventories (14)	136	167
Trade receivables (15)	10,228	8,709
Gross amount due from customers for contract work (16)	1,276	1,231
Current financial assets (17)	5,000	19,500
Current tax assets from income taxes	0	2,741
Other current assets(18)	1,889	1,979
Cash and cash equivalents (19)	36,886	14,239
Total current assets	**55,415**	**48,566**
Total assets	**111,811**	**108,404**

	31 March 2013	31 March 2012
EUR thousand		
Liabilities and shareholders' equity		
Equity		
Share capital (20)	7,700	7,700
Capital reserves (20)	450	-121
Retained earnings (20)	32,886	30,216
Treasury shares (20)	-1,924	-1,961
Accumulated other comprehensive income (22)	239	157
Total equity	**39,351**	**35,991**
Non-current liabilities		
Deferred tax liabilities (13)	949	1,149
Deferred tax liabilities from tax sharing agreement (13)	1,583	1,471
Other non-current liabilities (23)	0	830
Total non-current liabilities	**2,532**	**3,450**
Current liabilities		
Trade payables (24)	2,552	2,277
Liability from profit transfer agreement (25)	17,563	15,227
Tax liabilities (26)	1,093	1,706
Liabilities from tax sharing agreement (27)	517	3,179
Deferred income (28)	27,337	24,013
Gross amount due to customers for contract work (29)	8,514	10,214
Other current liabilities (30)	12,352	12,347
Total current liabilities	**69,928**	**68,963**
Total liabilities	**72,460**	**72,413**
Total liabilities and shareholders' equity	**111,811**	**108,404**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

					Accumulated other comprehensive income		
	Subscribed capital (20)	Capital reserves (20)	Retained earnings (20)	Treasury shares (20)	Difference resulting from currency translation (22)	Change in the fair value of available-for-sale financial assets (22)	Total
EUR thousand							
As at 31 March 2011	**7,700**	**-429**	**29,800**	**-2,019**	**34**	**-33**	**35,053**
Disposal of treasury shares				58			58
Share-based payment		308					308
Consolidated comprehensive income			15,944		52	104	16,100
Dividend distribution			-301				-301
Profit transfer to Argon GmbH			-15,227				-15,227
As at 31 March 2012	**7,700**	**-121**	**30,216**	**-1,961**	**86**	**71**	**35,991**
Disposal of treasury shares				37			37
Share-based payment		570					570
Consolidated comprehensive income			20,234		-41	123	20,316
Profit transfer to Argon GmbH			-17,563				-17,563
As at 31 March 2013	**7,700**	**450**	**32,886**	**-1,924**	**45**	**194**	**39,351**

CONSOLIDATED CASH FLOW STATEMENT

	2012/2013	2011/2012
EUR thousand		
Consolidated net income	**20,234**	**15,944**
Tax expense	4,663	3,292
Financial result (finance income less finance costs)	-857	-1,090
Operating earnings (EBIT)	**24,040**	**18,146**
Depreciation and amortisation of property, plant and equipment and intangible assets	2,565	2,992
Change in inventories, trade receivables and other assets not attributable to investing or financing activities	1,207	-1,129
Change in trade payables and other liabilities not attributable to investing or financing activities	-2,470	9,867
Losses/gains from the disposal of non-current assets	85	-6
Changes in other non-cash items	206	-433
Interest paid	-5	-51
Interest received	340	579
Tax payments	-4,482	-4,206
Cash flow from operating activities	**21,486**	**25,759**
Outflows for investments in property, plant and equipment	-717	-970
Outflows for investments in intangible assets	-338	-203
Inflows from the sale of property, plant and equipment and intangible assets	0	13
Inflows from the sale of non-current financial assets	0	1,000
Inflows from the sale of current financial assets	14,500	14,054
Outflows for investments in non-current financial assets	-12,200	-43,436
Outflows for acquisitions (3)	0	-3,633
Cash flow from investing activities	**1,245**	**-33,175**
Outflows from the distribution of the dividend	0	-301
Cash flow from financing activities	**0**	**-301**
Exchange rate-related change in value of cash and cash equivalents	-84	94
Change in cash and cash equivalents	22,647	-7,623
Cash and cash equivalents at beginning of period	14,239	21,862
Cash and cash equivalents at end of period (19)	36,886	14,239

2. ACCOUNTING POLICIES

2.1 CHANGES IN ACCOUNTING POLICIES

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

Effects of new or amended standards

All accounting principles to be mandatorily applied from the 2012/2013 financial year were implemented by the P&I Group.

The amendment to IFRS 7 did not have any effect on P&I's disclosures in the notes in the reporting year.

Unadopted new or amended standards

In the consolidated financial statements for the 2012/2013 financial year, the P&I Group did not observe the following accounting standards adopted by the IASB because they were not yet mandatory for the financial year.

Standard/Interpretation		Published by IASB	Mandatory application for financial years from	Adopted by the EU	Effects on the P&I Group
	Improvements to IFRSs 2011 (minor changes to IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34)	17. 5. 2012	1. 1. 2013	Yes	No major changes
IFRS 1	First-time Adoption - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	20. 12. 2012	1. 1. 2013	Yes	None
IFRS 1	Government Loans	13. 3. 2012	1. 1. 2013	Yes	None
IFRS 7	Financial Instruments: Disclosures – Offsetting Financial assets and Financial Liabilities	16. 12. 2011	1. 1. 2013	Yes	Extended requirements for disclosing the offsetting of financial instruments in the notes
IFRS 9	Financial Instruments: Classification and Measurement	12. 11. 2009/ 28. 10. 2010	1. 1. 2015	No	Changed recognition of changes in the fair value of financial instruments previously classified as available for sale
IFRS 10	Consolidated Financial Statements	12. 5. 2011	1. 1. 2014	Yes	None

	Standard/Interpretation	Published by IASB	Mandatory application for financial years from	Adopted by the EU	Effects on the P&I Group
IFRS 11	Joint Arrangements	12. 5. 2011	1. 1. 2014	Yes	None
IFRS 12	Disclosure of Interests in other Entities	12. 5. 2011	1. 1. 2014	Yes	Extended disclosures in the notes regarding the scope of consolidation
	Transitional regulations for IFRS 10, 11 and 12	28. 6. 2012	1. 1. 2013	No	No major changes
	Investment Entities (Amendments to IFRS IFRS 10, 12 and IAS 27	31. 10. 2012	1. 1. 2014	No	None
IFRS 13	Fair Value Measurement	12. 5. 2011	1. 1. 2013	Yes	Adjustment and extended disclosures in the notes for fair value measurement
IAS 1	Presentation of Individual Items of Other Comprehensive Income	16. 6. 2011	1. 7. 2012	Yes	Changed presentation of other comprehensive income
IAS 12	Deferred Tax - Recovering of Underlying Assets	20. 12. 2010	1. 12013	Yes	None
IAS 19	Employee Benefits	16. 6. 2011	1. 1. 2013	Yes	Changed presentation and extended disclosures in the notes for employee benefits
IAS 27	Separate Financial Statements	12. 5. 2011	1. 1. 2014	Yes	None
IAS 28	Investments in Associates and Joint Ventures	12. 5. 2011	1. 1. 2014	Yes	None
IAS 32	Financial Instruments: Offsetting Financial Assets and Financial Liabilities	16. 12. 2011	1. 1. 2014	Yes	No major changes
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	19. 10. 2011	1. 1. 2013	Yes	None

Because of the revision of IAS 19, the way P&I AG treats top-up amounts in partial retirement agreements is changing. As a result, a reversal of partial retirement provisions already formed will be recognised in equity in the 2013/2014 financial year, as partial retirement top-up amounts will no longer be recognised at their full present value but rather accrued on a pro rata basis. This change and the other changes from the Improvements to International Financial Reporting Standards (May 2012) will have no significant effects on the presentation of the results and financial position of the P&I Group.

2.2. BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

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

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

Consolidated group

In addition to P&I Personal & Informatik AG, the consolidated financial statements compiled for the 2012/2013 financial year include five foreign and one German subsidiary, in which P&I AG either directly or indirectly holds a majority of the voting rights (hereafter referred to as the "P&I Group" or "Group").

There were no changes to the consolidated group in the 2012/2013 financial year.

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

Principles of consolidation

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

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

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

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

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

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

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

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

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

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

2.3. SIGNIFICANT ACCOUNTING POLICIES

Currency translation

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

The functional currency of the subsidiaries in Switzerland is the Swiss franc. On the reporting date, the assets and liabilities of these subsidiaries are translated into the Group's presentation currency at the closing rate. Income and expenses are translated at the average rate for the quarter. The exchange differences arising from the translation are recognised outside profit or loss in other comprehensive income. As of 31 March 2013, the closing rate for Switzerland was CHF/EUR 1.2195 (previous year: CHF/EUR 1.2045). The average exchange rate for Switzerland for the 2012/2013 financial year was CHF/EUR 1.2104 (previous year: CHF/EUR 1.2142).

Revenue recognition

The company generates sales revenue from granting licences for software products, software maintenance services, other services, selling time management hardware and third-party products (merchandise) and hardware maintenance services. In multi-component agreements, the company offers software maintenance, consultation, development, training and other services together with the software licence. In general, the company agrees the compensation for individual revenue components separately, while the agreed fees regularly match the applicable market prices.

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

Sale of licences

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

Maintenance business

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

Provision of services

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

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

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

Intangible assets

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

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

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

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

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

Separately acquired intangible assets

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

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

Internally generated intangible assets – research and development costs

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

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

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

The development costs at P&I do not meet the requirements for capitalising an intangible asset according to IAS 38.57. P&I LOGA products are constantly being improved in the research and development projects at P&I. Capitalisation could only occur if the improvements or changes were so extensive that they would produce a new product. Furthermore, the projects are distinguished by cyclical or iterative phases. Idea generation (research) and idea implementation (development) do not run sequentially, so research and development phases are inseparable. Therefore, the conditions for capitalising internally generated intangible assets are not fully met until just before the products are ready for market. Expenses for development incurred after fulfilment of the capitalisation criteria are not significant and are recognised as expense on the date they are incurred.

Derecognition of intangible assets

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

Property, plant and equipment

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

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

Hardware	2 – 3 years
Vehicles	5 – 6 years
Other operating and office equipment	2 – 13 years
Leasehold improvements	Duration of the lease or estimated useful life

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

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

Inventories

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

Impairment of non-financial assets other than goodwill

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

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

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

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

Financial assets

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

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

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

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

Assets at fair value through profit or loss

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

Held-to-maturity financial instruments

Financial assets with fixed or determinable payments and fixed terms that the company intends and is able to hold to maturity, excluding loans and receivables originated by the company, are classified as financial investments held to maturity. They are recognised at cost under non-current assets, unless they mature less than 12 months after the reporting date. Subsequently, they are measured at amortised cost using the effective interest method less impairment. In the 2012/2013 financial year, no financial instruments fall under this category at P&I.

Available-for-sale financial assets

Available-for-sale financial assets include debt and equity securities. Debt securities are allocated to this category if they are to be held for an indefinite period and can be sold to meet short-term liquidity requirements. All other financial assets not assigned to another category are reported here. Subsequent measurement is performed in the same way as the initial measurement: at fair value. Gains and losses resulting from the measurement of an available-for-sale financial asset at fair value are recognised directly in other comprehensive income until the financial asset is sold, withdrawn or otherwise disposed of or until sustained impairment is detected for the financial asset, with the result that at this time the cumulative gain or loss, previously recognised in equity, is included in the net profit or loss for the period. At P&I, securities with a term longer than three months as of 31 March 2013 and 2012 are classified as available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or definable payments that are not listed on an active market. After initial recognition at fair value, loans and receivables are measured at amortised cost using the effective interest method less impairment. If the loans and receivables are derecognised or impaired, gains and losses are recognised in net profit or loss for the period. Fixed-term deposits with a term of longer than three months as of 31 March 2013 and 2012 at P&I also fall under this category.

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

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

Impairment of financial assets

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

Assets carried at amortised cost

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

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

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

Available-for-sale financial instruments

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

Financial liabilities

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

The Group has not classified any financial liabilities as measured at fair value through profit or loss or as held for trading.

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

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

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

Financial guarantees

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

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

Cash and cash equivalents

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

Treasury shares

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

Provisions

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

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

Partial retirement agreements

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

Leases

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

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

Income taxes

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

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

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

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

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

No deferred tax liabilities arise if undistributed profits of foreign holdings are to remain invested in this company for an indefinite period.

At the end of each reporting period, the company reassesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The company recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

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

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

Profit transfer

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

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

The company's share-based payment transactions

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

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

For cash-settled share-based payment transactions, a liability for the goods or services received is recognised and initially measured at fair value. Until the liability is settled, the fair value of the liability is remeasured at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss. As of 31 March 2013, P&I has recognised only equity-settled share-based payments to employees.

Statement of cash flows

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

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

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

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

Numerous internal and external factors can influence the estimates of services yet to be rendered. Therefore, the estimates and underlying assumptions are regularly reviewed. Changes are accounted for in the affected periods. Due to the transition from the zero profit method to the percentage of completion method in sales recognition for reliable estimates of contract costs, a positive earnings contribution of EUR 1,456 thousand arose in the 2012/2013 financial year.

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

3. SEGMENT REPORTING

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

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

The Group comprises four business segments, which serve as a basis for the decisions of the Management Board (chief operating decision maker). Due to the acquisition of MIRUS Software AG on 1 March 2012, at the beginning of the 2012/2013 financial year, the P&I Group's segment reporting was extended to include the Switzerland segment. P&I now reports on four segments: Germany, Austria, Switzerland and Other International, which are combined segments for accounting purposes.

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

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

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

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

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

The following table shows geographical information regarding the sales, ordinary operating results, depreciation and amortisation, total assets, receivables and cash and cash equivalents of the reportable segments. The previous year was adjusted to the changed segment structure.

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

*) Cash and cash equivalents

2011/2012 EUR thousand	Germany	Austria	Switzerland	Other International	Consolidation	Group Total
External sales revenue	55.879	7.561	5.039	2.125	0	70.604
Internal sales revenue	532	1.695	47	6.797	-9.071	0
Segment sales	**56.411**	**9.256**	**5.086**	**8.922**	**-9.071**	**70.604**
Segment costs						
without offsetting	38.029	5.683	2.393	3.360	0	49.465
Offsetting of segment costs	1.714	2.650	1.789	2.918	-9.071	0
EBITDA	**16,668**	**923**	**903**	**2,644**	**0**	**21,138**
Depreciation, amortisation and write-downs	2,544	328	86	34	0	2,992
of which impairment of goodwill, customer base or other intangible assets	1,005	0	0	0	0	1,005
Segment earnings (EBIT)	**14,124**	**595**	**817**	**2,610**	**0**	**18,146**
Net finance costs						1,090
Consolidated earnings before tax						**19,236**
Assets	**89,674**	**9,503**	**16,338**	**3,697**	**-10,808**	**108,404**
Non-current assets	4,524	1,468	8,460	41	0	14,493
Additions to property, plant and equipment and intangible assets	1,032	61	8,513	12	0	9,618
Receivables and gross amount due from customers for contract work	8,157	1,428	928	602	-1,175	9,940
Cash*)	5,966	1,623	5,620	1,030	0	14,239

*) Cash and cash equivalents

Sales between segments are shown separately and eliminated. Neither financial income of EUR 1,343 thousand (previous year: EUR 1,200 thousand) nor financial expenses of EUR 486 thousand (previous year: EUR 110 thousand) are shown in the segment operating results, as these are controlled uniformly throughout the Group.

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

4. SALES REVENUE

Sales revenue, divided by activity, developed as follows:

EUR thousand	2012/2013	2011/2012
Licences	20,464	17,010
Consulting	23,290	21,439
Maintenance	34,045	29,803
Other	4,342	2,352
Total	**82,141**	**70,604**

In addition to the sales in the time-management hardware, third-party software and merchandise category, other sales includes software as a service (SaaS) sales, which were primarily generated by MIRUS.

Sales revenue from the percentage of completion method in the Consulting category amounted to EUR 2,433 thousand (previous year: EUR 1,454 thousand) and in the Licenses category EUR 2,205 thousand (previous year: EUR 921 thousand). In one customer project, the information needed to determine the percentage of completion is connected with uncertainty and is thus not sufficiently secure, so only the incurred contract costs are reported as sales revenue. In another customer project, the requirements for the partial realisation of profit – in particular the reliable calculation of the percentage of completion – are met as of the reporting date. As a result, sales revenue was realised in the 2012/2013 financial year.

No customer had a share of more than 10% of the Group's sales during the 2011/2012 and 2012/2013 financial years.

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

COST OF SALES

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

The cost of sales developed as follows:

Cost of sales	2012/2013	2011/2012
EUR thousand		
Costs of consulting and SaaS services rendered	24,238	19,606
Cost of goods purchased for time-management hardware, merchandise and other costs of sales	2,486	2,327
Total	**26,724**	**21,933**

RESEARCH AND DEVELOPMENT COSTS

Significant expenses are incurred regularly for research and development projects carried out in the expectation of future revenue. Research and development expenses are recognised through profit or loss as the work is done. Expenses of EUR 2,027 thousand (previous year: EUR 2,208 thousand) were incurred for the maintenance and further development of the 13 international country versions of P&I LOGA in the financial year. In addition, expenses for write-downs of the property rights amounted to EUR 438 thousand (previous year: EUR 189 thousand).

DISTRIBUTION COSTS

Selling costs include expenses for staff and partner commissions, advertising expenses and expenses for trade fairs and congresses. For the 2012/2013 financial year, expenses for advertising, trade fairs and congresses amounted to EUR 549 thousand (previous year: EUR 709 thousand).

ADMINISTRATION COSTS

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

AMORTISATION AND IMPAIRMENT OF CUSTOMER BASE AND GOODWILL

The amortisation of the customer base amounted to EUR 1,187 thousand (previous year: EUR 1,028 thousand). At the P&I Group, the impairment tests at the end of the financial year did not result in impairment of the customer base (previous year: EUR 320 thousand) or goodwill (previous year: EUR 685 thousand).

OTHER OPERATING INCOME/EXPENSES

Other operating income amounted to EUR 246 thousand (previous year: EUR 1,275 thousand). The reason for the considerable decline is income from settled litigation from the previous year, for which provisions were made in preceding years.

The other operating expenses of EUR 882 thousand (previous year: EUR 1,088 thousand) include ongoing expenses for investor relations (e.g. AGM), costs for the Supervisory Board and specific valuation allowances on receivables.

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

COST OF MATERIALS

In the 2012/2013 financial year, the costs of goods purchased amounted to EUR 2,486 thousand and increased compared with the previous year (EUR 2,327 thousand) due to acquisitions. They include material requirements for portal software solutions and time-management hardware.

STAFF COSTS

At EUR 35,283 thousand, staff costs are well above the previous year's level (EUR 31,779 thousand). In the reporting period, this is because the number of employees – measured as an average employment rate – increased from 331 in the 2011/2012 financial year to 358 in the 2012/2013 financial year. This increase is primarily attributable to the acquisition of MIRUS Software AG on 1 March 2012.
In Germany, an average of 250 people were employed over the year, with a total of 108 in the rest of Europe, where the company was most strongly represented in Austria with 32 employees and the development centre in Slovakia with 45. The Consulting division had the most employees with 140 (39%). 134 staff (37%) were employed in the personnel-intensive Research and Development division. Sales and Marketing had 43 employees and 41 supported the P&I Group in the administrative sector.

The amount recognised as an expense for a defined contribution plan in the 2012/2013 financial year amounted to EUR 1,641 thousand (previous year: EUR 1,398 thousand).

DEPRECIATION, AMORTISATION AND IMPAIRMENT

The amortisation of intangible assets (except the customer base and goodwill) and depreciation of property, plant and equipment amounted to EUR 1,378 thousand (previous year: EUR 960 thousand). On the basis of the function of expense classification, depreciation and amortisation of equipment and other intangible assets are subdivided on the income statement into the items cost of sales, research and development costs, selling costs and administrative costs.

7. NET FINANCE COSTS

FINANCE INCOME

This item is comprised as follows:

EUR thousand	2012/2013	2011/2012
Interest income from loans granted	990	578
Interest income from bank balances	184	555
Income from non-current financial assets	155	28
Interest income from non-current receivables	13	20
Other	1	19
Total	**1,343**	**1,200**

FINANCE EXPENSES

This item is comprised as follows:

EUR thousand	2012/2013	2011/2012
Costs of the financial guarantee contract	388	0
Foreign exchange losses	93	0
Interest expense from accrued interest of a long-term obligation	0	60
Other	5	50
Total	**486**	**110**

The costs of the financial guarantee contract are the result of P&I AG's accession to Argon GmbH's financing agreement.

8. TAX EXPENSES

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

EUR thousand	2012/2013	2011/2012
Deferred tax income/expense		
Germany from tax sharing agreement	-149	-243
Outside Germany	-89	-296
Total	-238	-539
Current tax expenses		
Germany from tax sharing agreement	4,042	3,296
Germany other	56	170
Outside Germany	803	365
Total	4,901	3,831
	4,663	**3,292**

The German tax expenses of the 2012/2013 financial year are primarily based on P&I AG's tax sharing agreement with Argon GmbH, which is accounted for according to IAS 12. P&I AG's combined tax rate of 31.23% includes the average trade income tax assessment rate of 440%, the corporation tax rate of 15% and the solidarity surcharge of 5.5%.

The tax rate used for Austria was 25% (previous year: 25%), for the Netherlands 20% (previous year: 20%), for Switzerland 20% (previous year: 21.17%) and for Slovakia 19% (previous year: 19%). No other tax rates were applied.

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

EUR thousand	2012/2013	2011/2012
Calculated tax expense	7,775	6,007
Income tax effects of the tax sharing agreement	-2,633	-2,367
Effect of non-deductible expenses	-304	-519
Effect of tax-free income	0	337
Income taxes external shareholders	240	223
Effects of foreign tax rates	-462	-175
Deferred taxes on non-transferred profits	-109	17
Other	156	-231
Income taxes	**4,663**	**3,292**

9. EARNINGS PER SHARE

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

From 23 October 2008 to 30 September 2009, a share repurchase programme was carried out. A total of 177,248 shares were repurchased. In the 2012/2013 financial year, 3,289 shares (previous year: 5,086) were transferred to a member of the Management Board in the context of variable remuneration. On 31 March 2013, 168,873 treasury shares were held (31 March 2012: 172,162).

	2012/2013	2011/2012
Profit or loss for the period attributable to shareholders of the parent entity in EUR thousand	**20,234**	**15,944**
Weighted average number of outstanding shares - basic/diluted	7,529,965	7,524,030
Earnings per share - basic/diluted in EUR	**2.69**	**2.12**

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

10. GOODWILL, CUSTOMER BASES AND OTHER INTANGIBLE ASSETS

The goodwill recognised as of 31 March 2013 is the result of the acquisition of MIRUS Software AG (EUR 2,851 thousand), the acquisition of KSL Gesellschaft für kommunale Informationssysteme mbH, Zweibrücken, (EUR 945 thousand), and the acquisition of P&I Zeitmanagement GmbH, Höxter, (EUR 108 thousand). The goodwill includes the value of the acquisition that exceeds the acquired customer base and the acquired software product: the market presence and reputation of the company and the expertise of its employees.

For the purposes of an impairment test on the basis of the value in use, the goodwill was allocated to the cash-generating units KSL, P&I Time and P&I Schweiz.
The cash flows include the operating pre-tax cash flows from the segment planning compiled by the Management

Board. This planning is based on the assumption that the economy as a whole, the software industry and P&I AG's existing and new customer business will develop in a certain way. Both past experience and external sources of information are referred to.

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

The cash flows are discounted at a pre-tax discount rate of 10.50% for Germany and 9.02% for Switzerland. In the previous year, a uniform discount rate of 9.03% was used. To calculate the interest rate, it is assumed that the company is debt-free. The discount rates reflect the management's estimate of the specific risks allocable to the cash-generating units. The discount rate is derived on the basis of the following assumptions:

	31 March 2013	31 March 2012
Risk-free interest rate (EUR)	1.81 %	2.41 %
Market risk premium	6.25 %	5.5 %
Beta Factor *)	0.87	0.69
Expected tax rate (Germany)	31.23 %	31.23 %
Expected tax rate (Switzerland)	20 %	31.23 %

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

In parallel to the impairment test on the reporting date, a sensitivity analysis was carried out for the acquired goodwill, customer bases and software described above. This showed that neither an increase in the discount interest rate by 100 or 200 basis points nor a reduction of the expected cash flows by 5% would result in a potential need for impairment.

GOODWILL

As of 31 March 2013, the carrying amount of the goodwill in the P&I Group was EUR 3,904 thousand. The impairment tests carried out on 31 March 2013 confirm the recoverability of the existing goodwill from the acquisition of MIRUS Software AG, KSL Gesellschaft für kommunale Informationssysteme mbH and P&I Zeitmanagement GmbH.

CUSTOMER BASES

The customer bases break down as follows:

EUR thousand	31 March 2013	31 March 2012
KSL	807	1,022
P&I Zeitmanagement GmbH	419	487
ZHS	110	165
IBM Deutschland	0	233
Germany total	**1,336**	**1,907**
JET PABIS NG	963	1,141
E-PM	125	150
Austria total	**1,088**	**1,291**
MIRUS Software AG	3,636	4,092
Switzerland total	**3,636**	**4,092**
Total	**6,060**	**7,290**

Each customer base is amortised over ten years. In this financial year, the amortisation amounted to EUR 1,187 thousand (previous year: EUR 1,027 thousand). The impairment tests carried out on 31 March 2013 on the basis of the value-in-use concept revealed no need for impairment.

OTHER INTANGIBLE ASSETS

Other intangible assets primarily include software licences. The decrease in other intangible assets is largely due to amortisation of EUR 622 thousand (previous year: EUR 327 thousand). The increase in amortisation is the result of the acquisition of MIRUS Software AG in the previous year.

11. PROPERTY, PLANT AND EQUIPMENT

The development of fixed assets is described at the end of these notes. In the previous year, the effects of currency translation were not presented because of immateriality.

In the 2012/2013 financial year, depreciation expense amounted to EUR 756 thousand (previous year: EUR 633 thousand) and related exclusively to scheduled depreciation.

12. NON-CURRENT FINANCIAL ASSETS

A loan totalling EUR 40,000 thousand was paid to the controlling company, Argon GmbH, in the 2011/2012 financial year. It is allocated to non-current financial assets because of its longevity and bears interest at a market rate. In the 2012/2013 financial year, this loan was set off against the liability from the profit transfer agreement (EUR 15,227 thousand). Due to new loan tranches of EUR 12,200 thousand granted in the 2012/2013 financial year, the loan amounted to EUR 38,541 thousand as of 31 March 2013. The interest accrued up to 31 March 2013 amounted to EUR 1,568 thousand (previous year: EUR 578 thousand) and is reported together with the loan. The loan is to be repaid including accrued interest by 31 March 2025.

Non-current financial assets also include mortgage bonds of EUR 4,731 thousand (previous year: EUR 4,542 thousand), which are held as collateral for bank guarantees.

13. DEFERRED TAX

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

The deferred tax assets and liabilities are as follows:

2012/2013 EUR thousand	Opening balance 1. 4. 2012	Recognised in the income statement	Recognised in other compre-hensive income	Liquidation of amounts in the income statement	End balance 31. 3. 2013
Temporary differences					
Goodwill	187	-150	0	0	37
Liabilities	6	0	0	267	273
Other	32	-27	0	1	6
Deferred tax assets	**225**	**-177**	**0**	**268**	**316**
of which deferred tax assets from tax sharing agreement	**6**	**0**	**0**	**202**	**208**
Non-current assets	30	0	59	0	89
Differences of PoC measurement	705	-357	0	712	1,060
Customer base	1,461	-308	0	0	1,153
Software	315	-85	0	0	230
Other	109	-109	0	0	0
Deferred tax liabilities	**2,620**	**-859**	**59**	**712**	**2,532**
of which deferred tax liabilities from tax sharing agreement	**1,471**	**-659**	**59**	**712**	**1,583**
Deferred tax income/expense		**682**		**-444**	**238**
Deferred tax (net)	**-2,395**				**-2,216**

There has been a tax sharing agreement between P&I AG and Argon GmbH since 1 April 2011.

The offsetting that does not affect income, which results from unrealised price gains or losses on securities (see Note 22), is shown in other comprehensive income.

In addition, there are temporary differences from subsidiaries amounting to EUR 504 thousand for which no deferred tax liabilities were recognised.

14. INVENTORIES

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

15. TRADE RECEIVABLES

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

EUR thousand	31 March 2013	31 March 2012
Trade receivables	10,558	8,846
Valuation allowances	-330	-137
Total	**10,228**	**8,709**

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

As of 31 March 2013, trade receivables had been impaired by EUR 330 thousand (previous year: EUR 137 thousand). The impairments, in the form of specific valuation allowances, were based on various issues, such as default, the threat of inability to pay, over-indebtedness, the initiation of insolvency proceedings and the accompanying expected default risks. In the context of impairment on a portfolio basis, financial assets with a potential impairment requirement are grouped with similar default risks and collectively tested for impairment and impaired if necessary. For this purpose, past experiences of default are utilised when calculating future cash inflows.

The allowance account developed as follows:

EUR thousand	Subject to a specific allowance for impairment losses	Impairment on a portfolio basis	Total
As at 31 March 2011	**372**	**148**	**520**
Addition	1	5	6
Addition due to change in the consolidated group	0	22	22
Utilisation	-316	0	-316
Reversal	-56	-39	-95
As at 31 March 2012	**1**	**136**	**137**
Addition	134	90	224
Utilisation	-5	-26	-31
Reversal	0	0	0
As at 31 March 2013	**130**	**200**	**330**

As of 31 March 2013, the age structure of the trade receivables was as follows:

EUR thousand	31 March 2013	31 March 2012
Overdue, but not impaired		
over 90 Tage	830	807
61 to 90 Tage	3,071	324
31 to 60 Tage	389	729
1 to 30 Tage	1,685	1,286
Neither overdue nor impaired	**4,583**	**5,700**
Summe	**10,558**	**8,846**

16. GROSS AMOUNT DUE FROM CUSTOMERS FOR CONTRACT WORK

EUR thousand	31 March 2013	31 March 2012
Receivables from application of PoCM	5,540	3,263
Advance payments received from application of PoCM	-4,264	-2,032
Total	**1,276**	**1,231**

Receivables from the application of the percentage of completion method are receivables from service contracts where the realisation of sales depends on the work done by the P&I companies. In the financial year, the sales revenue from PoCM amounts to EUR 4,638 thousand.

17. CURRENT FINANCIAL ASSETS

EUR thousand	31 March 2013	31 March 2012
Fixed-term deposits with a remaining term of over three months	5,000	19,500
Total	**5,000**	**19,500**

18. OTHER CURRENT ASSETS

Other current assets comprise:

EUR thousand	31 March 2013	31 March 2012
Prepaid expenses	1,539	1,466
Rental deposit	69	67
Excess from partial retirement provision	37	57
Other	244	389
Total	**1,889**	**1,979**

The insolvency-protected assets in the form of securities amounted to EUR 508 thousand as of 31 March 2013 (previous year: EUR 202 thousand). The present value of the partial retirement obligation as of 31 March 2013 was calculated on the basis of actuarial valuations and amounted to EUR 471 thousand (previous year: EUR 145 thousand).

The measurement date for the partial retirement obligations is 31 March 2013. The 2005G mortality tables by Klaus Heubeck are taken as a basis for the calculation. A discount factor of 1% and a salary increase rate of 2% are assumed as parameters.

19. CASH AND CASH EQUIVALENTS

EUR thousand	31 March 2013	31 March 2012
Cash in hand and bank balances	**36,886**	**14,239**

As of 31 March 2013, the fair value of cash and cash equivalents was EUR 36,886 thousand (previous year: EUR 14,239 thousand).

20. ISSUED CAPITAL AND RESERVES

As of 31 March 2013, P&I AG's issued capital was unchanged at EUR 7,700,000 and is divided into 7,700,000 no-par-value bearer shares. Each share grants one vote and has a notional share of EUR 1 in the issued capital. In the reporting year, as in the previous year, no subscription rights were issued and none are in circulation.

At the AGM of 2 September 2008, the Management Board was authorised, subject to the consent of the Supervisory

Board, to increase the company's share capital by up to EUR 3,850,000 by issuing new shares in exchange for cash and/or non-cash contributions on one or more occasions by 1 September 2013 (Authorised Capital 2008). In the event of capital increases in exchange for cash contributions, the shareholders must be granted subscription rights. However, the Management Board is authorised, subject to the consent of the Supervisory Board, to disapply the subscription right as necessary to grant the holders of conversion or subscription rights issued by the company a subscription right to new shares in the amount to which they would be entitled after exercising the subscription right. In the event of a capital increase in exchange for cash contributions, the Management Board is also authorised, subject to the consent of the Supervisory Board, to disapply the shareholders' legal subscription rights if such a capital increase in exchange for cash contributions does not exceed 10% of the company's existing share capital when the authorised capital with subscription rights disapplied was used for the first time and the issue price of the new shares is not significantly lower than the stock market price of shares already listed in the same class on the date that the issue price is finally determined. The limitation to 10% of the share capital must also be applied to the sale of treasury shares if the sale is made on the basis of an authorisation to sell treasury shares with subscription rights disapplied valid on the date the authorised capital becomes effective.

In the event of capital increases in exchange for non-cash contributions, the Management Board is authorised, subject to the consent of the Supervisory Board, to disapply the shareholders' legal subscription rights if the capital increase in exchange for non-cash contributions is made for the purpose of acquiring companies or equity investments in companies and the total pro rata amount of share capital attributable to the new shares for which the subscription right is disapplied does not exceed 20% of the share capital existing on the date the new shares are issued. The Management Board is authorised, subject to the consent of the Supervisory Board, to disapply shareholders' legal subscription rights for any fractional amounts on one or more occasions. The Management Board is also authorised – likewise subject to the consent of the Supervisory Board – to determine the conditions of the share issue and the additional details of the implementation of capital increases from the authorised capital. The Supervisory Board is authorised to amend the articles of association to reflect the utilisation of Authorised Capital 2008.

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

Furthermore, the Management Board was authorised to use the acquired shares of the company for all legally permitted purposes, and in particular to sell them under certain circumstances to third parties, to use them to acquire companies and to offer them for purchase/transfer them with a blocking period to employees and bodies. The shares can also be withdrawn. Likewise with the Supervisory Board's consent, shares previously acquired by the company can be used as variable Management Board remuneration within the framework of regulations agreed between the Supervisory Board and the members of the Management Board of P&I Personal & Informatik AG. The authorisation was exercised in the 2012/2013 financial year.

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

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

EUR thousand	31 March 2013	31 March 2012
P&I AG capital reserves	770	770
Offsetting of IPO costs	-1,199	-1,199
Share-based payment	879	308
Capital reserves	**450**	**-121**

In the 2011/2012 financial year, Argon GmbH agreed a long-term incentive plan with a Management Board member based on stock appreciation rights (SARs). This continues unchanged. For more information, please refer to the section "Corporate bodies" (Note 31).

As of 31 March 2013, the portfolio of treasury shares comprises 168,873 shares, or 2.19% of the share capital. The acquisition cost of the treasury shares was EUR 1,924 thousand. As of the reporting date, they were valued at EUR 5,751 thousand on the stock market.

21. APPROPRIATION OF NET PROFIT

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

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

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

22. ACCUMULATED OTHER COMPREHENSIVE INCOME

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

23. OTHER NON-CURRENT LIABILITIES

The non-current liabilities of the previous year from a long-term component as a conditional purchase price obligation from the acquisition of MIRUS Software AG were reported as other current liabilities as of 31 March 2013 due to their now shorter remaining term.

24. TRADE PAYABLES

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

25. LIABILITY FROM PROFIT TRANSFER AGREEMENT

The liability is owed only to Argon GmbH and relates to the P&I AG profit transfer of EUR 17,563 thousand (previous year: EUR 15,227 thousand).

26. TAX LIABILITIES

All of P&I AG's preconsolidation tax liabilities were paid in the 2012/2013 financial year. The tax liabilities of EUR 1,093 thousand (previous year: EUR 1,706 thousand) include mainly the tax liabilities of foreign subsidiaries and tax liabilities of P&I AG of EUR 237 thousand from the equalisation payment to external shareholders.

27. LIABILITIES FROM TAX SHARING AGREEMENT

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

28. PREPAID EXPENSES AND DEFERRED INCOME

Prepaid expenses and deferred income are broken down as follows:

EUR thousand	31 March 2013	31 March 2012
Prepaid maintenance	25,431	22,304
Other	1,906	1,709
Total	**27,337**	**24,013**

Prepaid maintenance concerns maintenance fees paid in advance by customers and amounts to EUR 25,431 thousand (previous year: EUR 22,304 thousand). "Other" includes deferrals/accruals of licence and consulting revenue.

29. GROSS AMOUNT DUE TO CUSTOMERS FOR CONTRACT WORK

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

EUR thousand	31 March 2013	31 March 2012
Pro rata income according to PoCM/ZPM	-4,264	-2,032
Advance payments received	12,778	12,246
Total	**8,514**	**10,214**

30. OTHER CURRENT LIABILITIES

Other current liabilities comprise the following:

EUR thousand	31 March 2013	31 March 2012
Premiums, salaries and variable compensation	7,298	7,455
Holiday obligations	1,273	1,251
Value-added tax	930	958
Wage/church tax and social security contributions	599	529
Other	2,252	2,154
Total	**12,352**	**12,347**

A bonus programme for the Management Board from the 2007/2008 financial year for the financial years 2007/2008 to 2011/2012, which amounted to EUR 1,321 thousand in the previous year, was paid out in the reporting period.

31. CORPORATE BODIES

The company's Management Board comprises at least two members. The Supervisory Board determines the number of members of the Management Board (see section 4 paragraph 1 of the articles of association, last amended by AGM resolution on 4 September 2012).

The members of the Management Board are:

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

Mr Martin Christiaan de Groot was appointed to the Management Board by the Supervisory Board of P&I Personal & Informatik AG effective from 1 May 2013 to 31 March 2016. He thus takes over the responsibilities of Dr Erik Massmann, who left on 30 September 2012.

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

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

The remuneration of the Management Board members is determined by the Supervisory Board and comprises fixed and variable components. The fixed component includes monthly remuneration and remuneration in kind such as company cars, the values of which must be recognised according to tax law regulations, and other non-cash benefits.

The variable components of Management Board remuneration are based on the variables of Group sales and Group EBITDA (consolidated earnings before interest, taxes, depreciation and amortisation). In the 2012/2013 financial year, there were different regulations relating to this.

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

Effective 1 September 2007, a long-term bonus was agreed with one Management Board member as a variable remuneration component with long-term incentive effect. The agreement had a term that lasted until the end of the 2011/2012 financial year. In the previous year, the acquired claim was reported under other current liabilities and paid out once the conduct of the Management Board was approved for the 2011/2012 financial year in September 2012. This was the end of the remuneration programme.

In the case of one Management Board member, the variable component consisted of performance-based target income. The amount of the performance-based target income was calculated according to the extent to which the Group EBITDA (consolidated earnings before interest, taxes, depreciation and amortisation) targeted by the Supervisory Board was achieved. The agreement was terminated in the 2012/2013 financial year.

In the case of one Management Board member, after approval by the Supervisory Board, between 50% and 100% of the variable remuneration was converted into the transfer of treasury shares of the company at a price of EUR 18 per share. The Management Board member thus received additional share-based remuneration for the respective financial year if there was a positive difference between the issue price established at the start of the contract and the market value on the reference date. The Management Board was under an obligation not to sell the acquired shares until three years had passed since the acquisition. The agreement was terminated in the 2012/2013 financial year.

In the 2012/2013 financial year and beyond, the following agreements on variable remuneration are in effect:

In order to guarantee long-term goal orientation, in the case of one Management Board member, the total sales and EBITDA to be achieved in the financial years 2012/2013 to 2014/2015 has been used as a target value since the 2012/2013 financial year. Progress payments are made if annual targets are hit. However, the bonus is only finally granted for each financial year if the specified values have been achieved at the end of the 2014/2015 financial year.

In the 2011/2012 financial year, P&I AG's majority shareholder, Argon GmbH, agreed a variable remuneration component effective as a long-term incentive with a Management Board member on the basis of a total of 300,000 stock appreciation rights to P&I AG shares. The term of the SARs is unlimited and the entitlement is heritable. On the assumption that the SARs will be exercised at the end of the current Management Board appointment on 31 March 2016, the value calculated on the date they were granted is EUR 2,270,782.35. As P&I receives the Management Board member's service, the company has to include the share-based remuneration in its accounts according to IFRS 2.3 A, even though Argon GmbH is contractually obliged to fulfil the payment claim. The personnel expenses are distributed on a straight-line basis over the term and correspond to an increase of the capital reserves in the IFRS consolidated financial statements.

As of the reporting date, there is a change-of-control clause with one Management Board member. This could result in a maximum benefit entitlement of EUR 2,100 thousand.

The German Disclosure of Management Board Remuneration Act (VorStOG) of 3 August 2005 introduced an obligation to disclose Management Board remuneration on an individual basis for publicly traded companies. However, the AGM of such a company can decide to partially withhold this information pursuant to section 286 (5) HGB and section 314 (2) sentence 2 HGB. The obligation to refrain from the disclosure of individual Management Board remuneration expired on 28 August 2011 in accordance with the AGM resolution of 29 August 2006, and was therefore valid for the last time for the annual financial statements for the 2010/2011 financial year. At the AGM of 30 August 2011, it was once again resolved not to disclose individual Management Board remuneration. According to this resolution, the authorisation not to disclose individual Management Board remuneration will expire on 29 August 2016 and therefore applies to the financial years 2011/2012 to 2015/2016 inclusively. Therefore, the statements made below refer only to total compensation.

The total compensation of the Management Board members in the 2012/2013 financial year and the previous year can be seen in the following table:

EUR thousand	2012/2013	2011/2012
Non-performance-related remuneration		
Salary	520	590
Other *)	311	53
Performance-related remuneration		
Bonuses	375	628
Total compensation in HGB separate financial statements	**1,206**	**2,271**
Long-term incentive components **)	510	230
Total compensation in IFRS consolidated financial statements	**1,716**	**1,501**

*) Supplemental payments to insurance policies, non-cash benefit, termination benefits (EUR 220 thousand).

**) Only recognised through profit or loss in consolidated financial statements, not in separate financial statements

A detailed description of the Management Board remuneration system can be found in section 2.5 of the combined management report.

In accordance with section 95 AktG in conjunction with section 6 of the articles of association in the version dated 4 September 2012, the company has a Supervisory Board consisting of three members.

Thomas Volk, Chairman
Global CEO of Lumesse Ltd., London, UK, is
Chairman of the Supervisory Board of SNP Schneider-Neureither & Partner AG, Heidelberg, Germany.

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

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

In accordance with the articles of association and the resolution of the AGM of 4 September 2012, from the 2012 financial year, the members of the Supervisory Board receive fixed remuneration of EUR 20,000.00 for each full financial year of their Supervisory Board membership, payable at the end of the financial year. The Chairman receives two and a half times, his deputy one and a half times that amount. The company reimburses the members of the Supervisory Board for the expenses arising from the performance of their duties and for the value-added tax on their remuneration and expenses. Mr Wand and Dr Dippel have waived the remuneration of their Supervisory Board activity for the 2012/2013 financial year.

The compensation of the Supervisory Board members in the 2012/2013 financial year can be seen in the following table:

EUR thousand	Fixed remuneration	Reimbursement of expenses	Consulting services
Thomas Volk	50	3	---
Michael Wand	---	19	---
Dr. Thorsten Dippel	---	18	---
Total	**50**	**40**	**---**

32. RELATED PARTY DISCLOSURES

Related entities are:

- Carlyle Offshore Partners II Limited, George Town, Grand Cayman, Cayman Islands as the ultimate parent company of the group to which Argon GmbH, Munich, the direct parent company of P&I AG, belongs.
- Argon GmbH, Munich, as the direct parent company.
- All other companies named in Note 40 and their direct and indirect subsidiaries.
- The subsidiaries of P&I AG named in Note 37.

The following payments were made to related parties:

EUR thousand	31 March 2013	31 March 2012
Receivables		
Argon GmbH, Munich	38,541	40,578
H.C. Starck GmbH, Goslar *)	82	1
Total receivables	**38,623**	**40,579**
Liabilities		
Argon GmbH, Munich	18,080	18,406
Total liabilities	**18,080**	**18,406**

EUR thousand	2012/2013	2011/2012
Income		
Argon GmbH, Munich	990	578
H.C. Starck GmbH, Goslar *)	73	130
Total income	**1,063**	**708**
Expense		
Argon GmbH, Munich	4,042	3,296
Total income	**4,042**	**3,296**

1) H.C. Starck GmbH is an affiliated company of the highest known parent company of Argon GmbH, Carlyle Offshore Partners II, Ltd. The operating activities of H.C. Starck GmbH include maintenance and consulting services and software sales.

ARGON GMBH

There is a control and profit transfer agreement between P&I AG, Wiesbaden, and Argon GmbH, Munich, as the controlling company. This agreement allows Argon GmbH to issue instructions. P&I AG's accounting profit after taxes of EUR 17,563 thousand (previous year: EUR 15,227 thousand) must be transferred to Argon GmbH.

At the instruction of Argon GmbH, the controlling company, a non-collateralised loan was extended to Argon GmbH in the 2011/2012 financial year. In the 2012/2013 financial year, this loan was set off against the liability from the profit transfer. Due to new loan tranches of EUR 12,200 thousand granted in the 2012/2013 financial year, the loan amounted to EUR 38,541 thousand as of 31 March 2013. The accrued loan interest of EUR 1,568 thousand (previous year: EUR 578 thousand) will be paid at final maturity.

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

At the instruction of Argon GmbH, P&I AG, together with its subsidiaries in Austria and Switzerland, acceded to Argon GmbH's financing agreement in the amount of EUR 110,000 thousand in October 2011 as planned. In this context, movable assets, claims and rights were assigned as security to the financing banks, and an obligation subordinate to Argon GmbH to make interest and principal repayments in line with an existing liquidity plan was entered into. The loan was measured at EUR 62,017 thousand as of the reporting date (previous year: EUR 69,155 thousand).

The Supervisory Board approved all the payments disclosed here.

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

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

33. AUDITOR'S FEE

The total fee calculated by the auditor for the 2012/2013 financial year and the previous year was:

EUR thousand	2012/2013	2011/2012
Auditing financial statements of which for the previous year: EUR 7 thousand	152	158
Other assurance services of which for the previous year: EUR 0 thousand	10	0
Tax consultation	0	0
Other services	0	0
Total	**162**	**158**

34. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

As of 31 March 2013, there are future minimum lease payment obligations on account of operating leases in the following amount:

EUR thousand	31 March 2013	31 March 2012
Maturity		
Within one year	2,187	2,128
Between one and five years	2,262	1,622
More than five years	39	78
Total	**4,488**	**3,828**

The standard obligations essentially result from leases for buildings, cars, computer equipment and office equipment. The leases have terms of one to five years and some of them include renewal or purchase options. There are no price adjustment clauses and no further restrictions arising from the leases. Leases are concluded to minimise the outflow of liquidity.

Payments of EUR 2,423 thousand were made for leases in the financial year (previous year: EUR 2,359 thousand).

As of 31 March 2013, there are no future minimum lease payment receivables.

CONTINGENT LIABILITIES

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

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

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

CONTINGENCIES

In the opinion of the Management Board, the conclusion of the profit transfer and control agreement does not increase risk. The Management Board likewise does not currently feel that extending the loan to Argon GmbH increases risk. The Management Board has duly established that it believes that this loan receivable is recoverable.

At the instruction of Argon GmbH, P&I AG, together with its subsidiaries in Austria and Switzerland, acceded to Argon GmbH's financing agreement in the amount of EUR 110,000 thousand in October 2011 as planned. The loan was measured at EUR 62,017 thousand as of the reporting date (previous year: EUR 69,155 thousand). In this context, movable assets, claims and rights were assigned as security to the financing banks, and an obligation subordinate to Argon GmbH to make interest and principal repayments in line with an existing liquidity plan was entered into.
The maximum amount to which the P&I Group could be held liable under this granted financial guarantee is the loan amount less the assets of Argon GmbH. As it is a free financial guarantee, its fair value of EUR 388 thousand (previous year: EUR 0 thousand) is calculated on the basis of a guarantee commission and recognised under other current liabilities.

Given the current corporate planning of P&I AG, the associated liquidity flow to Argon GmbH arising from the profit transfer agreement in place and the interest and repayment plan for the financing agreement, the Management Board does not believe that this increases risk to the company.

BANK GUARANTEES

The company has a master agreement with Commerzbank AG for the provision of collateral ("guaranteed credit facility") for its own obligations with a total volume of EUR 3,500 thousand (previous year: EUR 3,500 thousand). As of the reporting date, this credit facility had been utilised in the amount of EUR 3,453 thousand (previous year: EUR 3,471 thousand).

GROUP GUARANTEES

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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

EUR thousand	31 March 2013	31 March 2012
Cash and cash equivalents	36,886	14,239
Short-term securities and fixed-term deposits	5,000	19,500
Liquidity	**41,886**	**33,739**
Equity *)	**39,112**	**35,834**
Capital ratio	35.2 %	33.2 %
Gearing	-107.1 %	-94.2 %

*) Equity not including accumulated other comprehensive income

Even after paying further loan tranches totalling EUR 12,200 thousand to the controlling company in the past financial year, the Group has a large amount of cash and cash equivalents at EUR 41,886 thousand (previous year: EUR 33,739 thousand) and current financial assets that are not opposed by any loans to third parties,

The company has a working capital credit facility with Wiesbadener Volksbank eG for a total volume of EUR 1,534 thousand (previous year: EUR 1,534 thousand) for current account utilisation at an interest rate of 7.50% p.a. Furthermore, P&I AG was granted a working capital line of EUR 5,000 thousand from the banking syndicate of Argon GmbH. These loans serve as additional liquidity protection if necessary and had not been utilised as of the reporting date.

For additional information, please refer to item 7.2 of the management report.

36. SUPPLEMENTARY DISCLOSURES ABOUT FINANCIAL INSTRUMENTS

At the instruction of Argon GmbH, the controlling company, a non-collateralised loan of EUR 40,000 thousand was extended to Argon GmbH in the 2011/2012 financial year. The loan interest will be paid at final maturity. As of 31 March 2013, the loan including accrued interest amounted to EUR 38,541 thousand. As of the reporting date, the Management Board believes that the loan is recoverable and has gathered information on the creditworthiness of the borrower. There are currently no indications of credit risk with regard to the loan plus interest. Should the recoverability of the loan be endangered, P&I AG has a special right to call in the loan.

The majority of the financial liabilities used by the Group concern trade payables and other liabilities. The main purpose of the financial liabilities is to finance the Group's operations. The Group has trade receivables, other receivables, cash and short-term deposits that result directly from its operations. The Group also has current financial assets that can be sold.

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

CURRENCY RISK

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

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

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

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

EUR thousand	31 March 2013	31 March 2012
Net profit for the year	447	274
Equity	514	320

INTEREST RATE AND VALUE RISK

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

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

LIQUIDITY RISK

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

As of 31 March 2013, the following maturities existed in respect of the Group's financial liabilities:

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

31 March 2012	Less than 1 year	1 to 5 years	More than 5 years	Total
EUR thousand				
Other non-current liabilities	0	830	0	830
Trade payables	2,277	0	0	2,277
Liabilities from profit transfer	15,227	0	0	15,227
Other current liabilities	830	0	0	830
Total	**18,334**	**830**	**0**	**19,164**

CREDIT RISK

The P&I Group does not believe it is exposed to any notable credit risk vis-à-vis a single contractual partner with regard to trade receivables. Credit risks are managed by cash in advance, seeking declarations of the assumption of claims by the insolvency administrator or credit reports in suspected cases. The Group does not have additional security in the form of rights to securities, etc. The maximum credit risk is limited to the carrying amount reported under Note 15. For the Group, there is no considerable concentration of credit risk either in a single contractual partner or in a group of contractual partners with similar characteristics. For the Group's other financial assets, cash and cash equivalents and current financial assets available for sale, the maximum credit risk if the counterparty defaults is equal to the carrying amounts of these instruments.

FAIR VALUE

The following table shows the carrying amounts and fair values of financial instruments reported in the consolidated financial statements.

Classification according to IAS 39	Carrying amount		Beizulegender Zeitwert	
EUR thousand	31 March 2013	31 March 2012	31 March2013	31 March 2012
Loans and receivables				
Non-current financial assets	38,541	40,578	39,600	40,578
Trade receivables	10,228	8,709	10,228	8,709
Current financial assets	5,000	19,500	5,000	19,500
Cash and cash equivalents	36,886	14,239	36,886	14,239
Available-for-sale financial assets				
Mortgage bonds	4,731	4,542	4,731	4,542
Other financial liabilities				
Other non-current liabilities	0	830	0	830
Trade payables	2,552	2,277	2,552	2,277
Liabilities from profit transfer	17,563	15,227	17,563	15,227
Other current liabilities	820	0	820	0
Financial instruments at fair value through profit or loss				
Financial guarantee contract	388	0	388	0

Due to their short terms, it is assumed that the fair value of receivables and payables is the same as the carrying amount. In the case of long-term loans, the fair value is calculated by comparison to an alternative investment with a similar risk structure that yields identical returns. The measurement of available-for-sale assets at market value resulted in an amount of EUR 190 thousand (previous year: EUR 108 thousand), which entailed an income tax effect of EUR -59 thousand (previous year: EUR -46 thousand) and was recognised directly in equity. There was no realised gain (previous year: EUR 42 thousand).

FAIR VALUE HIERARCHY

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

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

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

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

Level 2	31 March 2013	31 March 2012
EUR thousand		
Available-for-sale financial assets	4,731	4,542
Financial guarantee contract	388	0
Total	**5,119**	**4,542**

The Group has no financial assets or liabilities that are allocated to level 1 or level 3.

37. CONSOLIDATED COMPANIES

The following companies were included in the consolidated financial statements:

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

The list of shareholdings with the share of capital held directly or indirectly by P&I Personal & Informatik AG, the net income for the year and the equity of the company as of 31 March 2013 in thousands of euro and according to the financial statements under commercial and national law is as follows:

EUR thousand	Share in capital	Net profit for the year 2012/2013	Equity 2012/2013
INLAND			
P&I Beteiligungs Gesellschaft mbH, Wiesbaden	100 %	0	34
AUSLAND			
P&I Personal & Informatik AG, Horgen, Switzerland	100 %	809	2,050
MIRUS Software AG GmbH, Davos, Switzerland *)	100 %	1,200	3,221
P&I Personal & Informatik GmbH, Vienna, Austria	100 %	848	4.340
P&I Personeel & Informatica B.V., Amsterdam, NL	100 %	150	2,818
P&I Personal & Informatik s.r.o., Bratislava, Slowakei	100 %	79	528

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

38. DECLARATION OF COMPLIANCE

The Management Board and Supervisory Board issued the declaration of compliance in accordance with section 161 AktG in December 2012. It has been published on P&I AG's website and can also be requested from the company. P&I complies with the recommendations of the Code Commission with the exception of the regulation on resolution majorities for Management Board resolutions, the disclosure of individual Management Board remuneration, the formation of committees in the Supervisory Board and performance-based remuneration for members of the Supervisory Board.

39. SHARES HELD BY THE COMPANY AND BOARD MEMBERS

As of 31 March 2013, P&I Personal & Informatik AG held 168,873 P&I treasury shares.

Convertible bonds or similar securities according to section 160 (1) no. 5 AktG were not issued by P&I Personal & Informatik AG or other companies according to
section 160 (1) no. 2 AktG as of 31 March 2013.

As of 31 March 2013, the members of the Management Board and Supervisory Board do not hold any P&I shares or options.

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

The voting right notifications of Argon GmbH and parties acting with it within the meaning of section 22 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) were sent to P&I AG on 10 December 2010 in English and partially corrected/withdrawn by way of letters dated 28 February 2013 and 4 March 2013. Furthermore, various parties acting with Argon GmbH within the meaning of section 22 WpHG informed P&I AG of further voting right notifications by way of letters dated 3 September 2012 and 28 February 2013. Accordingly, the notifications received from Argon GmbH and parties acting with it within the meaning of section 22 WpHG have been reproduced as follows:

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

The share of voting rights held by CETP Investment 1 S.à r.l., Luxembourg, Grand Duchy of Luxembourg, in P&I Personal & Informatik Aktiengesellschaft rose above the thresholds of 50% and 75% on 7 December 2010 and amounted to 77.33% of the voting rights (5,954,192 voting rights from the same number of shares) on this date. These voting rights were attributed to CETP Investment 1 S.à r.l. in full in accordance with section 22 (1) sentence 1 no. 1 and (3) WpHG. The above 77.33% of the voting rights (5,954,192 voting rights from the same number of shares) were attributed to CETP Investment 1 S.à r.l. in part through the following companies controlled by CETP Investment 1 S.à r.l., whose share in the voting rights of P&I Personal & Informatik Aktiengesellschaft each amounted to 3% or more:

(a) Argon GmbH & Co. KG (now: Argon GmbH)
(b) Argon Verwaltungs GmbH

The share of voting rights held by CETP II Participations S.à r.l. SICAR, Luxembourg, Grand Duchy of Luxembourg, in P&I Personal & Informatik Aktiengesellschaft rose above the thresholds of 50% and 75% on 7 December 2010 and amounted to 77.33% of the voting rights (5,954,192 voting rights from the same number of shares) on this date. These voting rights were attributed to CETP II Participations S.à r.l. SICAR in full in accordance with section 22 (1) sentence 1 no. 1 and (3) WpHG. The above 77.33% of the voting rights (5,954,192 voting rights from the same number of shares) were attributed to CETP II Participations S.à r.l. SICAR in part through the following companies controlled by CETP II Participations S.à r.l. SICAR, whose share in the voting rights of P&I Personal & Informatik Aktiengesellschaft each amounted to 3% or more:

(a) Argon GmbH & Co. KG (now: Argon GmbH)
(b) Argon Verwaltungs GmbH
(c) CETP Investment 1 S.à r.l.

The share of voting rights held by Carlyle Europe Technology Partners II, L.P., Edinburgh, UK, in P&I Personal & Informatik Aktiengesellschaft rose above the thresholds of 50% and 75% on 7 December 2010 and amounted to 77.33% of the voting rights (5,954,192 voting rights from the same number of shares) on this date. These voting rights were attributed to Carlyle Europe Technology Partners II, L.P. in full in accordance with section 22 (1) sentence 1 no. 1 and (3) WpHG. The above 77.33% of the voting rights (5,954,192 voting rights from the same number of shares) were attributed to Carlyle Europe Technology Partners II, L.P. in part through the following companies controlled by Carlyle Europe Technology Partners II, L.P., whose share in the voting rights of P&I Personal & Informatik Aktiengesellschaft each amounted to 3% or more:

(a) Argon GmbH & Co. KG (now: Argon GmbH)
(b) Argon Verwaltungs GmbH
(c) CETP Investment 1 S.à r.l.
(d) CETP II Participations S.à r.l. SICAR

The share of voting rights held by CETP II Managing GP, L.P., Edinburgh, UK, in P&I Personal & Informatik Aktiengesellschaft rose above the thresholds of 50% and 75% on 7 December 2010 and amounted to 77.33% of the voting rights (5,954,192 voting rights from the same number of shares) on this date. These voting rights were attributed to CETP II Managing GP, L.P. in full in accordance with section 22 (1) sentence 1 no. 1 and (3) WpHG. The above 77.33% of the voting rights (5,954,192 voting rights from the same number of shares) were attributed to CETP II Managing GP, L.P. in part through the following companies controlled by CETP II Managing GP, L.P., whose share in the voting rights of P&I Personal & Informatik Aktiengesellschaft each amounted to 3% or more:

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

The share of voting rights held by CETP II Managing GP Holdings, Ltd., George Town, Grand Cayman, Cayman Islands, in P&I Personal & Informatik Aktiengesellschaft rose above the thresholds of 50% and 75% on 7 December 2010 and amounted to 77.33% of the voting rights (5,954,192 voting rights from the same number of shares) on this date. These voting rights were attributed to CETP II Managing GP Holdings, Ltd. in full in accordance with section 22 (1) sentence 1 no. 1 and (3) WpHG. The above 77.33% of the voting rights (5,954,192 voting rights from the same number of shares) were attributed to CETP II Managing GP Holdings, Ltd. in part through the following companies controlled by CETP II Managing GP Holdings, Ltd., whose share in the voting rights of P&I Personal & Informatik Aktiengesellschaft each amounted to 3% or more:

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

The share of voting rights held by CETP II Investment Holdings, L.P., Edinburgh, UK, in P&I Personal & Informatik Aktiengesellschaft fell below the thresholds of 75%, 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% on 2 May 2012 and amounted to 0.00% of the voting rights (zero shares) on this date.

The share of voting rights held by TC Group Cayman Investment Holdings, L.P., George Town, Grand Cayman, Cayman Islands, in P&I Personal & Informatik Aktiengesellschaft rose above the thresholds of 50% and 75% on 7 December 2010 and amounted to 77.33% of the voting rights (5,954,192 voting rights from the same number of shares) on this date. These voting rights were attributed to TC Group Cayman Investment Holdings, L.P. in full in accordance with section 22 (1) sentence 1 no. 1 and (3) WpHG. The above 77.33% of the voting rights (5,954,192 voting rights from the same number of shares) were attributed to TC Group Cayman Investment Holdings, L.P. in part through the following companies controlled by TC Group Cayman Investment Holdings, L.P., whose share in the voting rights of P&I Personal & Informatik Aktiengesellschaft each amounted to 3% or more:

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

The share of voting rights held by CETP II ILP (Cayman) Limited, George Town, Grand Cayman, Cayman Islands, in P&I Personal & Informatik Aktiengesellschaft fell below the thresholds of 75%, 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% on 2 May 2012 and amounted to 0.00% of the voting rights (zero shares) on this date.

The share of voting rights held by TCG Holdings Cayman II, L.P., George Town, Grand Cayman, Cayman Islands, in P&I Personal & Informatik Aktiengesellschaft fell below the thresholds of 75%, 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% on 2 May 2012 and amounted to 0.00% of the voting rights (zero shares) on this date.

The share of voting rights held by DBD Cayman, Limited, George Town, Grand Cayman, Cayman Islands, in P&I Personal & Informatik Aktiengesellschaft fell below the thresholds of 75%, 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% on 2 May 2012 and amounted to 0.00% of the voting rights (zero shares) on this date.

The share of voting rights held by Carlyle Offshore Partners II, Limited, George Town, Grand Cayman, Cayman Islands, in P&I Personal & Informatik Aktiengesellschaft fell below the thresholds of 75%, 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% on 2 May 2012 and amounted to 0.00% of the voting rights (zero shares) on this date.

The share of voting rights held by Carlyle Offshore Partners II Holdings, Limited, George Town, Grand Cayman, Cayman Islands, in P&I Personal & Informatik Aktiengesellschaft fell below the thresholds of 75%, 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% on 2 May 2012 and amounted to 0.00% of the voting rights (zero shares) on this date.

The share of voting rights held by DBD Cayman Holdings, Limited, George Town, Grand Cayman, Cayman Islands, in P&I Personal & Informatik Aktiengesellschaft fell below the thresholds of 75%, 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% on 2 May 2012 and amounted to 0.00% of the voting rights (zero shares) on this date.

The share of voting rights held by David Mark Rubenstein, resident in Maryland, USA, in P&I Personal & Informatik Aktiengesellschaft rose above the thresholds of 50% and 75% on 7 December 2010 and amounted to 77.33% of the voting rights (5,954,192 voting rights from the same number of shares) on this date. These voting rights were attributed to David Mark Rubenstein in full in accordance with section 22 (1) sentence1 no. 1 and (3) WpHG. The above 77.33% of the voting rights (5,954,192 voting rights from the same number of shares) were attributed to David Mark Rubenstein in part through the following companies controlled by David Mark Rubenstein, whose share in the voting rights of P&I Personal & Informatik Aktiengesellschaft each amounted to 3% or more:

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

The share of voting rights held by Daniel Anthony D'Aniello, resident in Virginia, USA, in P&I Personal & Informatik Aktiengesellschaft rose above the thresholds of 50% and 75% on 7 December 2010 and amounted to 77.33% of the voting rights (5,954,192 voting rights from the same number of shares) on this date. These voting rights were attributed to Daniel Anthony D'Aniello in full in accordance with section 22 (1) sentence 1 no. 1 and (3) WpHG. The above 77.33% of the voting rights (5,954,192 voting rights from the same number of shares) were attributed to Daniel Anthony D'Aniello in part through the following companies controlled by Daniel Anthony D'Aniello, whose share in the voting rights of P&I Personal & Informatik Aktiengesellschaft each amounted to 3% or more:

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

The share of voting rights held by William Elias Conway, Jr., resident in Virginia, USA, in P&I Personal & Informatik Aktiengesellschaft rose above the thresholds of 50% and 75% on 7 December 2010 and amounted to 77.33% of the voting rights (5,954,192 voting rights from the same number of shares) on this date. These voting rights were attributed to William Elias Conway, Jr. in full in accordance with section 22 (1) sentence 1 no. 1 and (3) WpHG. The above 77.33% of the voting rights (5,954,192 voting rights from the same number of shares) were attributed to William Elias Conway, Jr. in part through the following companies controlled by William Elias Conway, Jr., whose share in the voting rights of P&I Personal & Informatik Aktiengesellschaft each amounted to 3% or more:

(a) Argon GmbH & Co. KG (now: Argon GmbH)
(b) Argon Verwaltungs GmbH
(c) CETP Investment 1 S.à r.l.
(d) CETP II Participations S.à r.l. SICAR
(e) Carlyle Europe Technology Partners II, L.P.
(f) CETP II Managing GP, L.P.
(g) CETP II Managing GP Holdings, Ltd.
(i) TC Group Cayman Investment Holdings, L.P.
(j) CETP II Investment Holdings, L.P.
(k) CETP II ILP (Cayman) Limited
(l) TCG Holdings Cayman II, L.P.
(m) DBD Cayman, Limited

The share of voting rights held by TC Group Cayman Investment Holdings Sub L.P., George Town, Grand Cayman, Cayman Islands, in P&I Personal & Informatik Aktiengesellschaft rose above the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% on 2 May 2012 and amounted to 89.31% of the voting rights (6,876,932 voting rights from the same number of shares) on this date. All of the above 89.31% of the voting rights (6,876,932 voting rights from the same number of shares) were attributed to TC Group Cayman Investment Holdings Sub L.P. in part by the following companies controlled by TC Group Cayman Investment Holdings Sub L.P., whose share in the voting rights of P&I Personal & Informatik Aktiengesellschaft each amounted to 3% or more, in accordance with section 22 (1) sentence 1 no. 1 and (3) WpHG:

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

The share of voting rights held by Carlyle Holdings II L.P., Wilmington, Delaware, United States, in P&I Personal & Informatik Aktiengesellschaft rose above the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% on 2 May 2012 and amounted to 89.31% of the voting rights (6,876,932 voting rights from the same number of shares) on this date. All of the above 89.31% of the voting rights (6,876,932 voting rights from the same number of shares) were attributed to Carlyle Holdings II L.P. in part by the following companies controlled by Carlyle Holdings II L.P., whose share in the voting rights of P&I Personal & Informatik Aktiengesellschaft each amounted to 3% or more, in accordance with section 22 (1) sentence 1 no. 1 and (3) WpHG:

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

The share of voting rights held by Carlyle Holdings II GP L.L.C., Wilmington, Delaware, United States, in P&I Personal & Informatik Aktiengesellschaft rose above the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% on 2 May 2012 and amounted to 89.31% of the voting rights (6,876,932 voting rights from the same number of shares) on this date. All of the above 89.31% of the voting rights (6,876,932 voting rights from the same number of shares) were attributed to Carlyle Holdings II GP L.L.C. in part by the following companies controlled by Carlyle Holdings II GP L.L.C., whose share in the voting rights of P&I Personal & Informatik Aktiengesellschaft each amounted to 3% or more, in accordance with section 22 (1) sentence 1 no. 1 and (3) WpHG:

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

The share of voting rights held by The Carlyle Group L.P., Wilmington, Delaware, United States, in P&I Personal & Informatik Aktiengesellschaft rose above the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% on 2 May 2012 and amounted to 89.31% of the voting rights (6,876,932 voting rights from the same number of shares) on this date. All of the above 89.31% of the voting rights (6,876,932 voting rights from the same number of shares) were attributed to The Carlyle Group L.P. in part by the following companies controlled by The Carlyle Group L.P., whose share in the voting rights of P&I Personal & Informatik Aktiengesellschaft each amounted to 3% or more, in accordance with section 22 (1) sentence 1 no. 1 and (3) WpHG:

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

The share of voting rights held by TCG Carlyle Global Partners L.L.C., Wilmington, Delaware, United States, in P&I Personal & Informatik Aktiengesellschaft rose above the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% on 2 May 2012 and amounted to 89.31% of the voting rights (6,876,932 voting rights from the same number of shares) on this date. All of the above 89.31% of the voting rights (6,876,932 voting rights from the same number of shares) were attributed to TCG Carlyle Global Partners L.L.C. in part by the following companies controlled by TCG Carlyle Global Partners L.L.C., whose share in the voting rights of P&I Personal & Informatik Aktiengesellschaft each amounted to 3% or more, in accordance with section 22 (1) sentence 1 no. 1 and (3) WpHG:

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

The share of voting rights held by Carlyle Group Management L.L.C., Wilmington, Delaware, United States, in P&I Personal & Informatik Aktiengesellschaft rose above the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% on 2 May 2012 and amounted to 89.31% of the voting rights (6,876,932 voting rights from the same number of shares) on this date. All of the above 89.31% of the voting rights (6,876,932 voting rights from the same number of shares) were attributed to Carlyle Group Management L.L.C. in part by the following companies controlled by Carlyle Group Management L.L.C., whose share in the voting rights of P&I Personal & Informatik Aktiengesellschaft each amounted to 3% or more, in accordance with section 22 (1) sentence 1 no. 1 and (3) WpHG:

(a) Argon GmbH

(b) CETP Investment 1 S.à r.l.

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

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

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

(f) CETP II Managing GP Holdings, Ltd.

(g) TC Group Cayman Investment Holdings Sub L.P.

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

(i) Carlyle Holdings II L.P.

(j) Carlyle Holdings II GP L.L.C.

(k) The Carlyle Group L.P.

41. EVENTS AFTER THE REPORTING DATE

Between the end of the reporting period and the date the financial statements were compiled, there have been no events that had a material effect on the consolidated financial statements.

Once the preparation of the consolidated financial statements is complete on 24 May 2013 and the audit of the consolidated financial statements is complete on 24 May 2013, the consolidated financial statements will be presented to the Supervisory Board, which will decide whether to approve them at its accounts meeting on 3 June 2013.

Wiesbaden, 24 May 2013

Vasilios Triadis Martin C. de Groot

CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

	Cost					
	1. 4. 2012	**Changes in consolidated group**	**Currency translation**	**Additions**	**Disposals**	**31. 3. 2013**
EUR thousand						
Intangible assets						
Customer base	23,725	0	-43	0	0	23,682
Goodwill	4,623	0	-34	0	0	4,589
Other intangible assets	7,487	0	-12	337	1,308	6,504
Total intangible assets	**35,835**	**0**	**-89**	**337**	**1,308**	**34,775**
Property, plant and equipment						
Leasehold improvements	114	0	0	0	1	113
Operating and office equipment	1,614	0	0	263	352	1,525
IT systems	2,398	0	0	454	251	2,601
Total property, plant and equipment	**4,126**	**0**	**0**	**717**	**604**	**4,239**
Total	**39,961**	**0**	**-89**	**1,054**	**1,912**	**39,014**

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

CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

	Cost					
	1. 4. 2011	Changes in consolidated group	Currency translation	Additions	Disposals	31. 3. 2012
EUR thousand						
Intangible assets						
Customer base	19,599	4,126	0	0	0	23,725
Goodwillt	1,954	2,885	0	0	216	4,623
Other intangibl assets	6,103	1,415	0	203	234	7,487
Total intangible assets	**27,656**	**8,426**	**0**	**203**	**450**	**35,835**
Property, plant and equipment						
Leasehold improvements	114	0	0	0	0	114
Operating and office equipment	1,488	1	0	311	186	1,614
IT systems	2,223	18	0	659	502	2,398
Total property, plant and equipment	**3,825**	**19**	**0**	**970**	**688**	**4,126**
Total	**31,481**	**8,445**	**0**	**1,173**	**1,138**	**39,961**

Accumulated amortisation/depreciation					Carrying amounts	
1. 4. 2011	**Additions**	**Impairment**	**Disposals**	**31. 3. 2012**	**31. 3. 2012**	**31. 3. 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**
71	14	0	1	84	30	43
950	232	0	181	1,001	613	538
1,763	387	0	499	1,651	747	460
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**

AFFIRMATION BY THE LEGAL REPRESENTATIVES

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

Wiesbaden, 24 May 2013

P&I Personal & Informatik AG

Vasilios Triadis

Martin C. de Groot

AUDITORS' REPORT

We audited the consolidated financial statements compiled by P&I Personal & Informatik Aktiengesellschaft, Wiesbaden – comprising the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, notes to the consolidated financial statements, consolidated cash flow statement and the consolidated statement of changes in equity – and the Group management report, which is combined with the parent company's management report, for the financial year from 1 April 2012 to 31 March 2013. The preparation of the consolidated financial statements and Group management report in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315a Paragraph 1 of the German Commercial Code (HGB) is the responsibility of the company's Management Board. Our task is to express an opinion of the consolidated financial statements and the Group management report based on our audit.

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

Our audit has not resulted in any objections.

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

Frankfurt am Main, 24 May 2013

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Dr Buhleier)	(Botsch)
Auditor	Auditor

04/

AG FINANCIAL STATEMENTS

INCOME STATEMENT 1 APRIL 2012 - 31 MARCH 2013

	2012/2013	2011/2012
EUR thousand		
Sales	66,335	61,154
Increase in work in progress	1,140	973
Other operating income	188	1,685
Cost of materials		
a) cost of raw materials, consumables and supplies, and of purchased merchandise	-1,945	-2,156
b) Cost of purchased services	-7,003	-5,920
Personnel expenses		
a) Wages and salaries	-23,902	-22,675
b) Social security costs	-2,719	-2,611
Amortisation and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets	-1,483	-2,223
Other operating expenses	-10,617	-10,828
Income from other securities and long-term loans of which from long-term investments: EUR 155 thousand (previous year: 0) of which from affiliated companies: EUR 1,124 thousand (previous year: EUR 578 thousand)	1,279	578
Other interest and similar income	136	515
Interest and similar expenses of which interest costs on provisions: EUR 0 thousand (previous year: EUR 73 thousand)	-16	-104
Result from ordinary activities	**21,393**	**18,388**
Taxes on income of which deferred taxes: EUR 271 thousand (previous year: EUR 307 thousand)	-3,827	-3,160
Other taxes	-3	-1
Profit transferred on the basis of a profit transfer agreement	-17,563	-15,227
Net income	**0**	**0**
Retained profits brought forward	19,246	19,246
Withdrawal from capital reserves	0	0
Withdrawal from other revenue reserves	0	0
Appropriation to other revenue reserves	0	0
Net retained profits	**19,246**	**19,246**

BALANCE SHEET AS AT MARCH 31, 2013

	31. 03. 2013	31. 03. 2012
EUR thousand		
Assets		
Fixed Assets		
Intangible Assets		
Purchased software	382	375
Purchases customer bases	1,752	2,329
	2,134	**2,704**
Tangible assets		
Operating and office equipment	1,052	1,168
Leasehold improvements	12	17
	1,064	**1,185**
Long-term financial assets		
Shares in affiliated companies	1,934	1,934
Loans to affiliated companies	43,849	46,478
Long-term investments	4,447	0
	50,230	**48,412**
Fixed assets	**53,428**	**52,301**
Current assets		
Inventories		
Services in progress	3,373	2,233
Merchandise	129	148
	3,502	**2,381**
Receivables and other assets		
Trade receivables	6,958	6,096
Receivables from affiliated companies	599	830
Other assets	473	3,085
	8,030	**10,011**
Securities		
Other securities	0	4,447
	0	**4,447**
Cash-in-hand and bank balances	**25,126**	**19,432**
Current assets	**36,658**	**36,271**
Prepaid expenses	**1,186**	**1,321**
Excess of plan assets post employment benefit liability	**59**	**57**
	91,331	**89,950**

	31. 03. 2013	31. 03. 2012
EUR thousand		
Equity and liabilities		
Equity		
Subscribed capital	**7,700**	**7,700**
Notional value of own shares	-169	-172
Issued capital	**7,531**	**7,528**
Capital reserves	**909**	**848**
Revenue reserves		
Legal reserve	2	2
Other revenue reserves	87	53
Net retained profits	**19,246**	**19,246**
Equity	**27,775**	**27,677**
Provisions		
Provisions for taxes	237	1,292
Other provisions	8,833	9,068
Provisions	**9,070**	**10,360**
Liabilities		
Payments received on account of orders of which with a remaining term of up to one year: EUR 13,821 thousand (previous year: EUR 12,749 thousand)	13,821	12,749
Trade payables of which with a remaining term of up to one year: EUR 962 thousand (previous year: EUR 938 thousand)	962	938
Liabilities to affiliated companies of which with a remaining term of up to one year: EUR 18,581 thousand (previous year: EUR 18,695 thousand)	18,581	18,695
Other liabilities of which with a remaining term of up to one year: EUR 959 thousand (previous year: EUR 895 thousand) of which taxes: EUR 916 thousand (previous year: EUR 854 thousand) of which social security: EUR 2 thousand (previous year: EUR 2 thousand)	959	895
Liabilities	**34,323**	**33,277**
Deferred income	**19,682**	**17,884**
Deferred tax liabilities	**481**	**752**
	91,331	**89,950**

FINANCIAL CALENDAR

August 15, 2013	Veröffentlichung des Quartalsberichtes 2013/2014
September 3, 2013	Annual Meeting 2013 in Wiesbaden

IMPRESSUM

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