

# P&I PURE HR

3-Months Report / P&I AG  
April 1, 2013 to June 30, 2013

2013/2014

» AT THE CORPORATE MANAGEMENT LEVEL, HR IS NOW EXPECTED TO PROVIDE THE NECESSARY INFORMATION AND IMPETUS FOR FORTHCOMING WORKFORCE-RELATED STRATEGIC DECISIONS IN ORDER TO ALLOW THE COMPANY CONCERNED TO MEET THE CHALLENGES OF FUTURE ECONOMIC DEVELOPMENT. «



## DEAR SHAREHOLDERS, CUSTOMERS AND BUSINESS PARTNERS, DEAR EMPLOYEES,

In the past, the complexity and variety of the tasks facing an HR department largely crowded out its everyday work. At the corporate management level, HR is now expected to provide the necessary information and impetus for forthcoming workforce-related strategic decisions in order to allow the company concerned to meet the challenges of future economic development. Key issues include the integration of people from different cultural backgrounds, addressing demographic change in our society, and taking technological change into account when shaping workflows. In light of these factors, an HR department has to develop new approaches to attract the necessary employees, take care of them and ensure that they remain with the Company in the long term.

These three mega-trends – different cultural backgrounds, demographic and technological change – are now simultaneously presenting themselves as important issues for HR software providers, and the complexity of the tasks involved is rather extraordinary. As a software provider, this means that we are being forced to make more substantial changes to our systems than has been the case at any time in the past 20 years. The extent of these changes could almost be described as a digital revolution. They will affect every industry, every company and every administration. HR departments, which were often only tangentially affected by change, are now no longer the exception – but instead will be fully integrated into the change process along with all of the other departments of a company.

The future competitiveness of a company or an administration will be determined to a large extent by how effectively and efficiently it implements the new tasks facing it. This will not be easy for HR departments, as the everyday work – such as the controlling and monitoring of payroll accounting – will naturally also still need to be completed.

As such, three statements can be made:

- a) The conventional role of HR within a company will change significantly in future.
- b) The product lifecycle of pure expert systems is at an end.
- c) The software systems of the past are no longer suitable for the challenges of the future.

Our new product portfolio based on P&I LOGA3 in connection with P&I BIG DATA is ready for this paradigm shift. Under our new motto of “PureHR”, we offer our customers and partners end-to-end services to assist them in using our software over its entire useful life.

We are extremely satisfied with our figures for the first quarter of the current financial year. They are fully in line with our expectations and confirm our forecasts for the year as a whole. Once again, they underline the fact that we are on the right path and that we have earned your confidence.

Yours



Vasilios Triadis  
P&I AG, CEO

## KEY FIGURES

IFRS CONSOLIDATED KEY FIGURES	April 1 to June 30, 13	April 1 to June 30, 12	Change	Change
<i>Figures in EUR thousand</i>				in percent
Revenue	22,630	19,258	3,372	17.5%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	8,074	5,805	2,269	39.1%
Earnings before interest and taxes (EBIT)	7,509	5,154	2,355	45.7%
Earnings before taxes (EBT)	7,782	5,540	2,242	40.5%
Consolidated net income	5,704	3,859	1,845	47.8%
Return on sales	25.2%	20.0%	./.	./.
Earnings per share (diluted/basic)	€ 0.76	€ 0.51	€ 0.25	47.8%
Average FTEs for the period	382	360	22	6.1%

## HIGHLIGHTS

### GROWTH IN INCOMING LICENCE ORDERS

In the first three months of the 2013/2014 financial year, incoming licence orders increased by 50 % year-on-year to EUR 4.6 million.

### REVENUE GROWTH ACCOMPANIED BY INCREASED PROFITABILITY

In the first three months of the 2013/2014 financial year, consolidated revenue increased by 17.5 % to EUR 22.6 million. The P&I Group improved its operating result (EBIT) from EUR 5.2 million to EUR 7.5 million and generated an EBIT margin of 33.2 % (previous year: 26.8 %). This revenue and earnings growth was primarily due to the higher level of licence revenue.

### NEW CHIEF FINANCIAL OFFICER

The Supervisory Board of P&I Personal & Informatik AG appointed Mr. Martin C. de Groot to the Management Board with effect from May 1, 2013. Mr. de Groot is responsible for the areas of Finance, Administration, Human Resources, Investor Relations and Legal within the Company.

### SHARE PRICE PERFORMANCE

The share price started the period at EUR 34.56 and closed at EUR 36.90 on June 30, 2013 (in XETRA trading in both cases).

## 1. ECONOMIC CONDITIONS

According to the ifo Institute in Munich, the German economy is set to pick up again in the course of 2013. Average GDP growth of 0.6 % is forecast for the year as a whole. The outlook for 2014 appears to be favourable, with growth projected at 1.9 % providing that the crisis affecting the euro zone does not flare up again.

According to the industry association BITKOM, the SME segment of the German IT industry is continuing to enjoy positive development. Three-quarters of IT companies are forecasting increased revenue in the second half of the year (two-thirds of all companies for 2013 as a whole), and half of the companies surveyed are planning to hire new staff.

## 2. ORDERS AND REVENUE

In the first three months of the 2013/2014 financial year, incoming licence orders increased by 50 % year-on-year to EUR 4.6 million. The majority of this growth was attributable to the Germany segment.

At EUR 74.7 million, orders on hand are up slightly on the previous year (EUR 71.9 million). This figure contains future maintenance income for the coming twelve months in the amount of EUR 34.5 million (previous year: EUR 32.3 million). This meant that 64 % of the licence revenue target and 76 % of the total revenue target for the 2013/2014 financial year had already been secured by the end of June.

In the first quarter of the 2013/2014 financial year, revenue increased once again to EUR 22.6 million (previous year: EUR 19.3 million). This represents a year-on-year improvement of 17.5 % or EUR 3.4 million.

Licence revenue increased by 36.6 % year-on-year to EUR 7.0 million (previous year: EUR 5.1 million) and accounted for 31 % of the Group's total revenue. The largest proportion of licence revenue (EUR 5.3 million) was attributable to Germany, while Austria and Switzerland each contributed licence revenue of EUR 0.7 million.

As planned, maintenance revenue increased from EUR 8.3 million in the same period of the previous year to EUR 8.6 million, meaning that the P&I Group generated 38 % of its revenue from recurring maintenance business. This growth in revenue from recurring maintenance services was achieved thanks to the successful licence business in prior-year periods.

SaaS (software as a service) revenue is being reported as a separate revenue category for the first time in the 2013/2014 financial year. The P&I Group defines SaaS revenue as revenue from the use of software (including maintenance) and the IT infrastructure by customers at P&I's data centre. The prior-year revenue figures have been restated to reflect the redefinition of SaaS, having been reported in other revenue in the previous year. Taking into account the prior-year restatement, SaaS revenue increased from EUR 0.5 million to EUR 0.9 million.

Service revenue saw year-on-year growth of 14.6 % to EUR 5.7 million, meaning that 25 % of the P&I Group's total revenue was generated in this business area. In addition to revenue from implementation projects, consulting revenue includes customer care for existing customers.

Taking into account the change in presentation of revenue and the reporting of SaaS services as a separate revenue category, other revenue increased slightly year-on-year, from EUR 0.4 million to EUR 0.5 million.

### 3. RESULTS OF OPERATIONS AND COST DEVELOPMENT

The operating result increased by EUR 2.3 million year-on-year to EUR 7.5 million. This corresponds to an EBIT margin of 33.2 % after 26.8 % in the same period of the previous year.

This development is primarily attributable to the growth in licence and maintenance revenue accompanied by cost control. The moderate increase on the cost side is due to the additional staff costs resulting from the growth in the workforce.

The P&I Group's results of operations were shaped in particular by the successful business performance in the Germany segment. The Austria and Switzerland segments repeated the high level seen in the previous year and developed as planned.

The financial result declined due to the lower level of interest income from the loan to Argon GmbH, Munich, following the reduction in the loan volume. The increase in the profit from ordinary activities meant that the Group's tax expense also increased to EUR 2.1 million. This figure already contains the beneficial tax effects of the income tax entity with Argon GmbH. Consolidated net income rose by EUR 1.8 million year-on-year to EUR 5.7 million. Earnings per share increased to EUR 0.76 (previous year: EUR 0.51).

### 4. RESEARCH AND DEVELOPMENT

A strong product is a prerequisite for sustainable development. With its strong products P&I LOGA and P&I PLUS, P&I possesses a valuable brand portfolio in the European software industry. In the area of research and development, a total of EUR 3.8 million (previous year: EUR 3.8 million) was invested in the expansion of P&I LOGA, P&I PLUS, the P&I BIG DATA concept, the change service in accordance with statutory provisions and the law on collective agreements, and new technical developments. This corresponds to 16.9 % of revenue (previous year: 19.6 %). The falling revenue share attributable to research and development expenses is consistent with Group planning. This trend is expected to continue over the coming years as further revenue growth is achieved. The expenses relate to all P&I products and the maintenance of the products acquired. As of June 30, 2013, P&I's development costs did not meet the requirements for recognition as an intangible asset.

More detailed information on our research and development activities can be found in the consolidated financial statements for the 2012/2013 financial year (Management Report, page 38).

## 5. FINANCIAL POSITION AND NET ASSETS

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. A loan has been granted to Argon GmbH, the controlling company with which a profit transfer agreement is in place. The loan has been granted in several tranches and bears interest at a market rate. In the first quarter, the net profit reported in the single-entity financial statements for 2012/2013 was offset against the loan granted under the terms of a netting agreement. As of June 30, 2013, the outstanding loan plus accrued interest had a carrying amount of EUR 21.2 million (March 31, 2013: EUR 38.5 million). The current level of cash and cash equivalents is in line with Group planning 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.

The cash flow statement as of June 30, 2013 shows an operating cash flow of EUR -4.0 million on the back of an increase in net income for the period (June 30, 2012: EUR -5.4 million). The main reason for this negative cash flow, which is seasonal in nature, is the system used for annual maintenance invoicing. The annual maintenance invoices issued at the start of the calendar year mean that comparatively high payments are received in the fourth quarter of the respective financial year, whereas the corresponding income is realised over the term of the respective agreement. Expenses and payments relating to maintenance business are distributed across the year. This means that there is traditionally a relatively high level of cash and cash equivalents at the turn of the Group's financial year. The main reason for the improvement in the operating cash flow is the increase in consolidated net income. The offsetting of the net profit reported in the single-entity financial statements against the loan granted to Argon GmbH means that this transaction is not shown in the cash flow statement.

The P&I Group continues to enjoy a solid position, with cash and cash equivalents and current financial assets totalling EUR 37.5 million (March 31, 2013: EUR 41.9 million). The Group also has two bonds with a total volume of EUR 4.7 million that were acquired as security for a credit facility and for guarantees; these items are reported in the balance sheet as non-current financial assets.

The total assets of the P&I Group fell by EUR 21.6 million to EUR 90.2 million compared with March 31, 2013. This was primarily due to the offsetting of the liability from the profit transfer agreement against the loan granted to Argon GmbH.

The equity ratio increased from 35.2 % (March 31, 2013) to 50.2 %. This was due to the lower level of total assets and the reporting of P&I AG's net income for the period in equity, as the profit transfer only comes into effect at the end of the financial year.

Current liabilities fell by EUR 27.8 million to EUR 42.2 million compared with March 31, 2013. This was primarily attributable to the profit transfer and the reversal of prepaid maintenance income, which is recognised at the start of the calendar year due to the annual invoices that are issued and paid in advance and which is subsequently reversed each month for the purposes of revenue recognition. Other current liabilities also declined as against March 31, 2013; among other things, this was due to the lower level of liabilities to employees.

## 6. CONTROL AND PROFIT TRANSFER AGREEMENT

A control and profit transfer agreement with Argon GmbH, Munich, has been in place since the 2011/2012 financial year. Under the terms of the agreement, the net profit after taxes reported in P&I AG's single-entity financial statements must be transferred to Argon GmbH.

Following the approval of the annual financial statements by the Annual General Meeting, the external shareholders of P&I AG are to receive a post-tax compensation payment from Argon GmbH totalling EUR 1.55 per P&I share.

The control and profit transfer agreement also stipulates that Argon GmbH shall acquire P&I shares at the request of external shareholders in exchange for cash compensation. Arbitration proceedings have been initiated due to actions brought by shareholders against the control and profit transfer agreement. In the case of the arbitration proceedings in accordance with section 305 (4) sentence 3 of the German Stock Corporation Act (AktG), the acceptance period will end two months after the date on which the decision on the most recent application is announced in the electronic Federal Gazette (Bundesanzeiger).

The control agreement allows Argon GmbH to issue instructions.

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

P&I AG and its subsidiaries in Austria and Switzerland were instructed by Argon GmbH to enter into a supplementary agreement to the aforementioned financing agreement in the reduced amount of EUR 96 million in June 2013.

The loan had a carrying amount of EUR 62 million at the reporting date (March 31, 2013: EUR 62 million).

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 0.4 million (March 31, 2013: EUR 0,4) is calculated on the basis of a guarantee commission and recognised under other current liabilities.

At the instruction of Argon GmbH, a non-collateralised loan was granted to Argon GmbH in the 2011/2012 financial year. The loan plus accrued interest is to be repaid by 2025 at the latest. As of March 31, 2013, the loan plus accrued interest amounted to EUR 38.5 million. In the 2013/2014 financial year, this loan was offset against the liability from the profit transfer agreement for 2012/2013 in the amount of EUR 17.6 million (previous year: EUR 15.2 million). New tranches of the loan were not granted between the start of the financial year and the reporting date, meaning that the loan amounted to EUR 21.2 million as of June 30, 2013. This includes accrued loan interest of EUR 1.8 million (previous year: EUR 0.6 million). The financial result for the first three months of the 2013/2014 financial year contains financial income of EUR 0.3 million from these transactions.



Under the terms of the agreement concluded with Argon GmbH in June 2013, the net profit reported in P&I AG's single-  
entity financial statements for the 2012/2013 financial year in the amount of EUR 17.6 million was offset against  
the loan granted to Argon GmbH.

In the 2011/2012 financial year, a tax allocation agreement effective from the 2011/2012 financial year was concluded  
on the basis of the corporation and commercial tax entity with Argon GmbH that had been in place since the start of  
the financial year. Current and deferred taxes are calculated in accordance with the provisions of IAS 12. The liability  
from the tax allocation agreement amounted to EUR 1.4 million as of the reporting date. The tax expense resulting  
from the tax allocation agreement in the period under review amounted to EUR 1.4 million.

The loan granted to Argon GmbH is tested for impairment at regular intervals. The Management Board's risk assess-  
ment with respect to the control and profit transfer agreement and the loan granted has not changed since the 2012/2013  
Annual Report.

## 7. EMPLOYEES

In the period under review, the P&I Group had a total of 382 FTEs expressed as an average for the financial year as a  
whole (previous year: 360). The Group had 267 employees in Germany (June 30, 2012: 257) and 115 in the rest of  
Europe (June 30, 2012: 103), with the development centre in Slovakia (47 employees; June 30, 2012: 43) and the com-  
pany in Austria (30 employees; June 30, 2012: 33) being the largest individual components of this figure.

## 8. OPPORTUNITIES AND RISKS OF FUTURE DEVELOPMENT

The P&I Group is confronted with the risks that are typical for the industry. These are discussed in detail in the  
2012/2013 Annual Report and continue to apply as described. Reference is also made to section 6. Control and profit  
transfer agreement and section 12. Contingent liabilities and contingencies.

As the P&I Group places significant emphasis on a careful and cautious approach to potential risks, it uses a Group-wide  
risk management system to identify, minimise or prevent and control risks.

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 over-  
all risk assessment shows that P&I's risks are limited and manageable. There are no identified risks that could endanger  
the continued existence of the P&I Group, either at present or in the future.

Opportunities for improving the Group's earnings strength could present themselves if the next generation of P&I  
LOGA and the P&I BIG DATA concept and P&I's innovative customer care offering enjoy a good response from the  
market.

## 9. FORECAST

The P&I Group recorded revenue growth and a strong operating result in the first three months of the 2013/2014 financial year. The Group's revenue and earnings are at the upper end of the range published at the start of the financial year.

All in all, P&I is reiterating its forecast for the 2013/2014 financial year: total revenue of EUR 86-90 million, licence revenue of EUR 21-25 million and an EBIT margin at the same level as in the 2012/2013 financial year.

## 10. OTHER DEVELOPMENTS

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

Based on the information currently available, the Management Board does not expect these proceedings to have a material impact on the Group's net assets, financial position and results of operations.

## CONSOLIDATED BALANCE SHEET

IFRS CONSOLIDATED BALANCE SHEET	June 30, 2013	March 31, 2013
<i>Figures in EUR thousand</i>		
<b>Assets</b>		
<b>Non-current assets</b>		
Customer base	5,779	6,060
Goodwill	3,869	3,904
Other intangible assets	1,435	1,556
Property, plant and equipment	1,386	1,288
Financial assets non-current	25,931	43,272
Deferred tax assets	105	108
Deferred tax assets from tax allocation agreement	142	208
<b>Total non-current assets</b>	<b>38,647</b>	<b>56,396</b>
<b>Current assets</b>		
Inventories	134	136
Trade receivables	10,275	10,228
Gross amount due from customers for contract work	1,551	1,276
Current financial assets	5,100	5,000
Other current assets	2,056	1,889
Cash and cash equivalents	32,410	36,886
<b>Total current assets</b>	<b>51,526</b>	<b>55,415</b>
<b>Total assets</b>	<b>90,173</b>	<b>111,811</b>

## CONSOLIDATED BALANCE SHEET

IFRS CONSOLIDATED BALANCE SHEET	June 30, 2013	March 31, 2013
<i>Figures in EUR thousand</i>		
<b>Liabilities and shareholders' equity</b>		
<b>Equity</b>		
Share capital	7,700	7,700
Capital reserves	577	450
Retained earnings	38,766	32,886
Treasury shares	-1,924	-1,924
Accumulated other comprehensive income	173	239
<b>Total equity</b>	<b>45,292</b>	<b>39,351</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	915	949
Deferred tax liabilities from tax allocation agreement	1,804	1,583
<b>Total non-current liabilities</b>	<b>2,719</b>	<b>2,532</b>
<b>Current liabilities</b>		
Trade payables	2,253	2,552
Liability from profit transfer agreement	0	17,563
Tax liabilities	1,159	1,093
Tax liabilities from tax sharing agreement	1,401	517
Deferred income	18,315	27,337
Gross amount due to customers for contract work	8,947	8,514
Other current liabilities	10,087	12,352
<b>Total current liabilities</b>	<b>42,162</b>	<b>69,928</b>
<b>Total liabilities</b>	<b>44,881</b>	<b>72,460</b>
<b>Total equity and liabilities</b>	<b>90,173</b>	<b>111,811</b>

## CONSOLIDATED INCOME STATEMENT

IFRS CONSOLIDATED INCOME STATEMENT	Quarterly financial statements April 1 - June 30, 2013	Quarterly financial statements April 1 - June 30, 2012
<i>Figures in EUR thousand</i>		
Revenue	22,630	19,258
Cost of sales	6,709	5,901
<b>Gross profit</b>	<b>15,921</b>	<b>13,357</b>
Research and development costs	3,814	3,772
Distribution costs	2,529	2,562
Administrative costs	1,509	1,434
Amortisation of customer bases and goodwill	236	316
Other operating income	116	36
Other operating expenses	440	155
<b>Operating earnings (EBIT)</b>	<b>7,509</b>	<b>5,154</b>
Financial income	341	389
Finance expenses	68	3
<b>Earnings before taxes (EBT)</b>	<b>7,782</b>	<b>5,540</b>
Tax expenses	2,078	1,681
<b>Consolidated net income</b>	<b>5,704</b>	<b>3,859</b>
Average number of shares (diluted/basic)	7,531,127	7,527,838
Earnings per share in EUR (diluted/basic)	0.76	0.51
Consolidated net income attributable to		
- shareholders of the parent company	5,704	3,859
- non-controlling shareholders	0	0

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

IFRS CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Quarterly financial statements April 1 - June 30, 2013	Quarterly financial statements April 1 - June 30, 2012
<i>Figures in EUR thousand</i>		
Consolidated net income	5,704	3,859
Items not reclassified to profit or loss	0	0
Items that may be reclassified to profit or loss in subsequent periods		
Currency translation of foreign operations		
of which change in unrealised gains and losses	-45	2
Income tax effects	0	0
Change in fair value of available-for-sale financial assets		
of which change in unrealised gains and losses	-31	-20
Income tax effects	10	6
<b>Total</b>	<b>-66</b>	<b>-12</b>
Consolidated other comprehensive income	-66	-12
Consolidated comprehensive income	5,638	3,847
Consolidated comprehensive income attributable to		
- shareholders of the parent company	5,638	3,847
- non-controlling shareholders	0	0

## CONSOLIDATED CASH FLOW STATEMENT

<b>IFRS CONSOLIDATED CASH FLOW STATEMENT</b>	<b>Quarterly financial statements April 1 - June 30, 13</b>	<b>Quarterly financial statements April 1 - June 30, 12</b>
<i>Figures in EUR thousand</i>		
<b>Consolidated net income</b>	<b>5,704</b>	<b>3,859</b>
Tax expenses	2,078	1,681
Financial result (financial income less finance costs)	-273	-386
<b>Earnings before interest and taxes (EBIT)</b>	<b>7,509</b>	<b>5,154</b>
Depreciation of property, plant and equipment and amortisation of intangible assets and non-current financial assets	565	651
Change in inventories, trade receivables and other assets not attributable to investing or financing activities	-417	3,620
Change in trade payables and other liabilities not attributable to investing or financing activities	-10,966	-13,805
Losses/gains on the disposal of non-current assets	-1	-11
Changes in other non-cash items	383	137
Interest paid	-3	-3
Interest received	86	86
Tax payments	-1,128	-1,241
<b>Cash flow from operating activities</b>	<b>-3,972</b>	<b>-5,412</b>
Payments for investments in property, plant and equipment	-290	-242
Payments for investments in intangible assets	-30	-242
Receipts from the sale of property, plant and equipment and intangible assets	1	4
Payments for investments in current financial assets	-100	0
<b>Cash flow from investing activities</b>	<b>-419</b>	<b>-480</b>
<b>Cash flow from financing activities</b>	<b>0</b>	<b>0</b>
Change in cash and cash equivalents due to exchange rate changes	-83	-1
Change in cash and cash equivalents	-4,474	-5,893
Cash and cash equivalents at beginning of period	36,886	14,239
<b>Cash and cash equivalents at end of period</b>	<b>32,412</b>	<b>8,346</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Accumulated other comprehensive income						Total
	Shared capital	Capital reserves	Revenue reserves	Treasury shares	Exchange rate effects	Change in fair value of available-for-sale financial assets	
<i>Figures in EUR thousand</i>							
As at March 31, 2012	7,700	-121	30,216	-1,961	86	71	35,991
Share-based payment		128					128
Consolidated comprehensive income April - June 2012			3,859		2	-14	3,847
As at June 30, 2012	7,700	7	34,075	-1,961	88	57	39,966
Disposal of treasury shares				37			37
Share-based payment		442					442
Consolidated comprehensive income July 2012 - March 2013			16,375		-43	137	16,469
Profit transfer to Argon GmbH			-17,563				-17,563
As at March 31, 2013	7,700	450	32,886	-1,924	45	194	39,351
Share-based payment		127					127
Consolidated comprehensive income April - June 2013			5,704		-45	-21	5,638
Reversal of partial retirement provision (from first-time application of IAS 19R) taken directly to equity			176				176
As at June 30, 2013	7,700	577	38,766	-1,924	0	173	45,292



## 1. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The present interim report of the P&I Group has been prepared in condensed form as described in IAS 34 in accordance with the International Financial Reporting Standards (IFRS) applicable and required to be applied in the EU as of June 30, 2013. In preparing the consolidated financial statements, the Company additionally applied the requirements of section 315a (1) of the German Commercial Code (HGB).

All of the information contained in these consolidated financial statements is unaudited. It has not been audited or reviewed by an auditor.

The consolidated financial statements are prepared in euro. Unless otherwise indicated, all amounts 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 in totals and percentages.

The accounting policies applied are the same as those used in preparing the consolidated financial statements for the year ended March 31, 2013 with the exception of the following accounting standards that were applied for the first time. These standards are required to be applied for the first time for financial years beginning on or after July 1, 2012 or January 1, 2013, meaning that their application is mandatory for the P&I Group from the 2013/2014 financial year onwards:

- Amendment to IAS 1: Presentation of Items of Other Comprehensive Income
- Amendment to IAS 19: Employee Benefits

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

The amendments to IAS 19 have changed the accounting treatment of employee benefits such that top-up amounts for partial retirement agreements using the block model are now accrued on a pro rata basis. These amendments are required to be applied retrospectively as if the new accounting standard had always been in place. The partial retirement provision that was recognised as of March 31, 2013 was adjusted accordingly, with the difference being taken directly to equity. As a result, the partial retirement provision was offset against retained earnings in the amount of EUR 176 thousand.

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

The P&I Group's business is not subject to material seasonal fluctuations.

The preparation of the interim financial statements requires the use of assumptions and estimates concerning the amount and disclosure of the recognised liabilities and assets, income and expenses and contingent liabilities. All of these assumptions and estimates are based on premises that were valid at the reporting date.

## 2. NOTES TO THE INCOME STATEMENT

The items "Other operating income" and "Other operating expenses" contain income and expenses that cannot be allocated to any of the functional areas. In addition to expenses for investor relations and costs for the Supervisory Board, other operating expenses contain compensation payments and valuation allowances for receivables.

The financial result in the amount of EUR 273 thousand (previous year: EUR 386 thousand) primarily consists of interest income from the long-term loan to Argon GmbH and interest income on bank balances.

The Group's tax expenses are calculated on the basis of the combined income tax rate of 31.23 % for P&I AG, which takes into account the trade income tax assessment rate of 432 %, the corporation tax rate of 15 % and the solidarity surcharge of 5.5 %.

The Group's tax expenses are broken down as follows:

EUR thousand	June 30, 2013	June 30, 2012
Income taxes from tax sharing agreement	1,440	1,216
Deferred tax expense from tax sharing agreement	296	249
<b>Tax expenses from Argon GmbH/P&amp;I AG tax sharing agreement</b>	<b>1,736</b>	<b>1,465</b>
Income taxes	372	252
Deferred tax expense/income (-)	-30	-36
<b>Tax expense</b>	<b>342</b>	<b>216</b>
<b>Group tax expense</b>	<b>2,078</b>	<b>1,681</b>

The deferred tax expense from the tax allocation agreement and the deferred tax expense primarily relate to revenue recognition using the percentage-of-completion method, which is not acceptable under tax law.

Earnings per share (diluted/basic) amounted to EUR 0.76 (previous year: EUR 0.51).

### 3. SEGMENT REPORTING

Segment reporting is performed using the management approach. Information on the breakdown of the individual segments can be found in note 3 of the notes to the consolidated financial statements for the year ended March 31, 2013.

The business segments are as follows:

#### SEGMENT REPORT FOR THE FIRST QUARTER OF 2013/2014

	Germany		Austria		Switzerland		Other international		Elimination		Group	
	Q1 2013	Q1 2012	Q1 2013	Q1 2012	Q1 2013	Q1 2012	Q1 2013	Q1 2012	Q1 2013	Q1 2012	Q1 2013	Q1 2012
<i>Figures in EUR thousand</i>												
External revenue	17,474	14,163	2,173	2,141	2,725	2,603	258	351	0	0	22,630	19,258
Internal revenue *)	74	37	482	550	22	15	1,805	1,872	-2,383	-2,474	0	0
<b>Segment revenue</b>	<b>17,548</b>	<b>14,200</b>	<b>2,655</b>	<b>2,691</b>	<b>2,747</b>	<b>2,618</b>	<b>2,063</b>	<b>2,223</b>	<b>-2,383</b>	<b>-2,474</b>	<b>22,630</b>	<b>19,258</b>
Segment costs before offsetting *)	11,036	10,017	1,443	1,490	1,243	1,147	834	799	0	0	14,556	13,453
Offsetting of segment costs *)	384	310	762	737	602	597	635	830	-2,383	-2,474	0	0
<b>EBITDA</b>	<b>6,128</b>	<b>3,873</b>	<b>450</b>	<b>464</b>	<b>902</b>	<b>874</b>	<b>594</b>	<b>594</b>	<b>0</b>	<b>0</b>	<b>8,074</b>	<b>5,805</b>
Depreciation, amortisation and write-downs	296	364	62	80	186	187	21	20	0	0	565	651
<b>EBIT</b>	<b>5,832</b>	<b>3,509</b>	<b>388</b>	<b>384</b>	<b>716</b>	<b>687</b>	<b>573</b>	<b>574</b>	<b>0</b>	<b>0</b>	<b>7,509</b>	<b>5,154</b>
Net finance costs											273	386
<b>Consolidated earnings before tax</b>											<b>7,782</b>	<b>5,540</b>

\*) Restatement PY

## 4. NOTES TO THE BALANCE SHEET

The non-current financial assets in the amount of EUR 25.9 million (March 31, 2013: EUR 43.3 million) include a loan plus accrued interest to an affiliated company in the amount of EUR 21.2 million (March 31, 2013: EUR 38.5 million). This loan relates to Argon GmbH.

Investments of EUR 320 thousand were made in the first three months of the 2013/2014 financial year (previous year: EUR 484 thousand).

Cash and cash equivalents and current financial assets are composed as follows:

EUR thousand	June 30, 2013	March 31, 2013	June 30, 2012
Cash in hand and bank balances	32,410	36,886	8,346
Current financial assets	5,100	5,000	19,500
<b>Total</b>	<b>37,510</b>	<b>41,886</b>	<b>27,846</b>

73 % (March 31, 2013: 43 %) of the trade receivables in the amount of EUR 10,275 thousand (March 31, 2013: EUR 10,228 thousand) were not yet due.

As of June 30, 2013, the Company's share capital was unchanged at EUR 7,700,000 and is divided into 7,700,000 no-par value bearer shares.

Since the last reporting date, there have been no changes to the long-term incentive plan based on stock appreciation rights (SARs) concluded with the Management Board. The plan is being continued in the 2013/2014 financial year. Staff costs are recognised on a straight-line basis over the term of the plan and correspond to an increase in capital reserves in the IFRS consolidated financial statements in the 2013/2014 financial year.

The capital reserves reported in the balance sheet are composed as follows:

EUR thousand	
Capital reserves at March 31, 2013	450
Long-term incentive plan	127
<b>Capital reserves at June 30, 2013</b>	<b>577</b>

The accumulated other comprehensive income of EUR 173 thousand (March 31, 2013: EUR 239 thousand) contains the effect of exchange rate differences from the remeasurement of securities and currency translation effects.

## 5. CHANGES IN THE SHAREHOLDER BASE AND THE COMPOSITION OF THE EXECUTIVE BODIES

In accordance with section 95 of the German Stock Corporation Act (AktG) in conjunction with Article 6 of the Articles of Association in the version dated September 4, 2012, the Company has a Supervisory Board consisting of three members:

Thomas Volk, Chairman, Global CEO of Lumesse Ltd., London (GB)

Michael Wand, Deputy Chairman, Managing Director of the Carlyle Group, London (GB)

Dr. Thorsten Dippel, Director of the Carlyle Group, London (GB)

Mr. Martin C. de Groot was appointed to the Management Board by the Supervisory Board of P&I Personal & Informatik AG for the period from May 1, 2013 to March 31, 2016. He is responsible for the areas of Finance, Administration, Human Resources, Investor Relations and Legal within the Company.

## 6. SHARES HELD BY THE COMPANY AND MEMBERS OF THE EXECUTIVE BODIES

As of June 30, 2013, P&I Personal & Informatik AG held a total of 168,873 P&I treasury shares. The cost of the treasury shares is EUR 1,924 thousand; this amount is deducted from equity.

No convertible bonds or similar securities in accordance with section 160 (1) no. 5 AktG were issued by P&I Personal & Informatik AG or other companies in accordance with section 160 (1) no. 2 AktG as of June 30, 2013.

The members of the Management Board and the Supervisory Board did not hold any P&I shares or options as of June 30, 2013. There is a stock appreciation rights plan for the Management Board that is discussed in note 4 above and in the 2012/2013 Annual Report.

## 7. DIVIDEND

Reference is made to section 6. Control and profit transfer agreement.

Under the terms of the control and profit transfer agreement with Argon GmbH, the net profit of P&I Personal & Informatik AG as reported in the single-entity financial statements is transferred to Argon GmbH. The treasury shares held by P&I AG, which are not entitled to participate in dividends, are not taken into account. From the 2011/2012 financial year onwards, compensation payments to the external shareholders are determined by the control and profit transfer agreement concluded between Argon GmbH and P&I. The compensation payment will be made by Argon GmbH following the Annual General Meeting in September 2013.

## 8. EARNINGS PER SHARE

To calculate earnings per share in accordance with IAS 33, the net profit for the year attributable to the shareholders is divided by the weighted average number of ordinary shares outstanding.

As of June 30, 2013, the weighted average number of shares outstanding was 7,531,127. This resulted in basic/diluted earnings per share of EUR 0.76. Earnings per share is not affected by the profit transfer to Argon GmbH or the guaranteed dividend to the minority shareholders, as both of these transactions constitute appropriations of net profit.

## 9. MANAGEMENT BOARD REMUNERATION

There were no material changes compared with the presentation in the 2012/2013 Annual Report.

## 10. VOTING RIGHT NOTIFICATIONS IN ACCORDANCE WITH SECTION 26 (1) WPHG

The Company did not receive any notifications of shareholdings in accordance with section 21 ff. of the German Securities Trading Act (WpHG) in the first quarter of the 2013/2014 financial year, meaning that there are no changes compared with the presentation in the 2012/2013 Annual Report.

Detailed information is also provided by the voting right notifications published in accordance with section 26 WpHG, which are available on the Company's website.

## 11. RELATED PARTY DISCLOSURES

A list of related parties can be found in the 2012/2013 Annual Report (note 32 of the notes to the consolidated financial statements); there have been no changes in the meantime.

The following transactions were conducted with related parties:

EUR thousand	Receivables		Income	
	June 30, 2013	March 31, 2013	Q1 2013/14	Q1 2012/13
Argon GmbH, München	21,230	38,541	253	303
H.C. Starck GmbH, Goslar	11	82	13	1
<b>Gesamt</b>	<b>21,241</b>	<b>38,623</b>	<b>266</b>	<b>304</b>

EUR thousand	Liabilities		Expense	
	June 30, 2013	March 31, 2013	Q1 2013/14	Q1 2012/13
Argon GmbH, Munich	1,401	18,080	1,440	1,216
<b>Gesamt</b>	<b>1,401</b>	<b>18,080</b>	<b>1,440</b>	<b>1,216</b>

With regard to the transactions with Argon GmbH, reference is made to section 6. Control and profit transfer agreement.

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

The conditions for transactions with related parties are standard market conditions and are comparable with the conditions applied by the Company in arm's-length transactions (comparable uncontrolled price method as defined in IAS 24.21).

## 12. CONTINGENT LIABILITIES AND CONTINGENCIES

Information on contingent liabilities and contingencies can be found in the 2012/2013 Annual Report; there have been no material changes in the meantime. Reference is also made to section 6. Control and profit transfer agreement.

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. Similarly, the Management Board does not see an increased risk as a result of the loan granted to Argon GmbH. The Management Board has established in a proper manner that it believes this loan receivable to be recoverable.

In light of P&I AG's current corporate planning, the associated liquidity flow to Argon GmbH arising from the profit transfer agreement and the interest and repayment plan for the financing agreement, the Management Board does not consider there to be an increased risk for the Company.

### 13. EVENTS AFTER THE REPORTING DATE

At the instruction of Argon GmbH on July 1, 2013, a loan tranche of EUR 10 million was granted to Argon GmbH in July 2013.

There were no other events of material importance after the end of the first three months of the 2013/2014 financial year.

Wiesbaden, August 15, 2013

P&I Personal & Informatik AG



Vasilios Triadis



Martin C. de Groot



## FINANCIAL CALENDAR

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### FINANCIAL CALENDAR

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September 3, 2013	Annual General Meeting 2013 in Wiesbaden
November 14, 2013	Report on the First Half of the 2013/2014 Financial Year
February 13, 2014	Report on the First Nine Months of the 2013/2014 Financial Year

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## CONTACT

P&I AG  
Investor Relations  
Kreuzberger Ring 56  
65205 Wiesbaden

Telephone +49 (0) 6117147-267  
Telefax +49 (0) 6117147-367

E-Mail [aktie@pi-ag.com](mailto:aktie@pi-ag.com)  
Internet [www.pi-ag.com](http://www.pi-ag.com)

German Securities Code Number (WKN) 691 340  
ISIN DE 0006913403



**P&J**