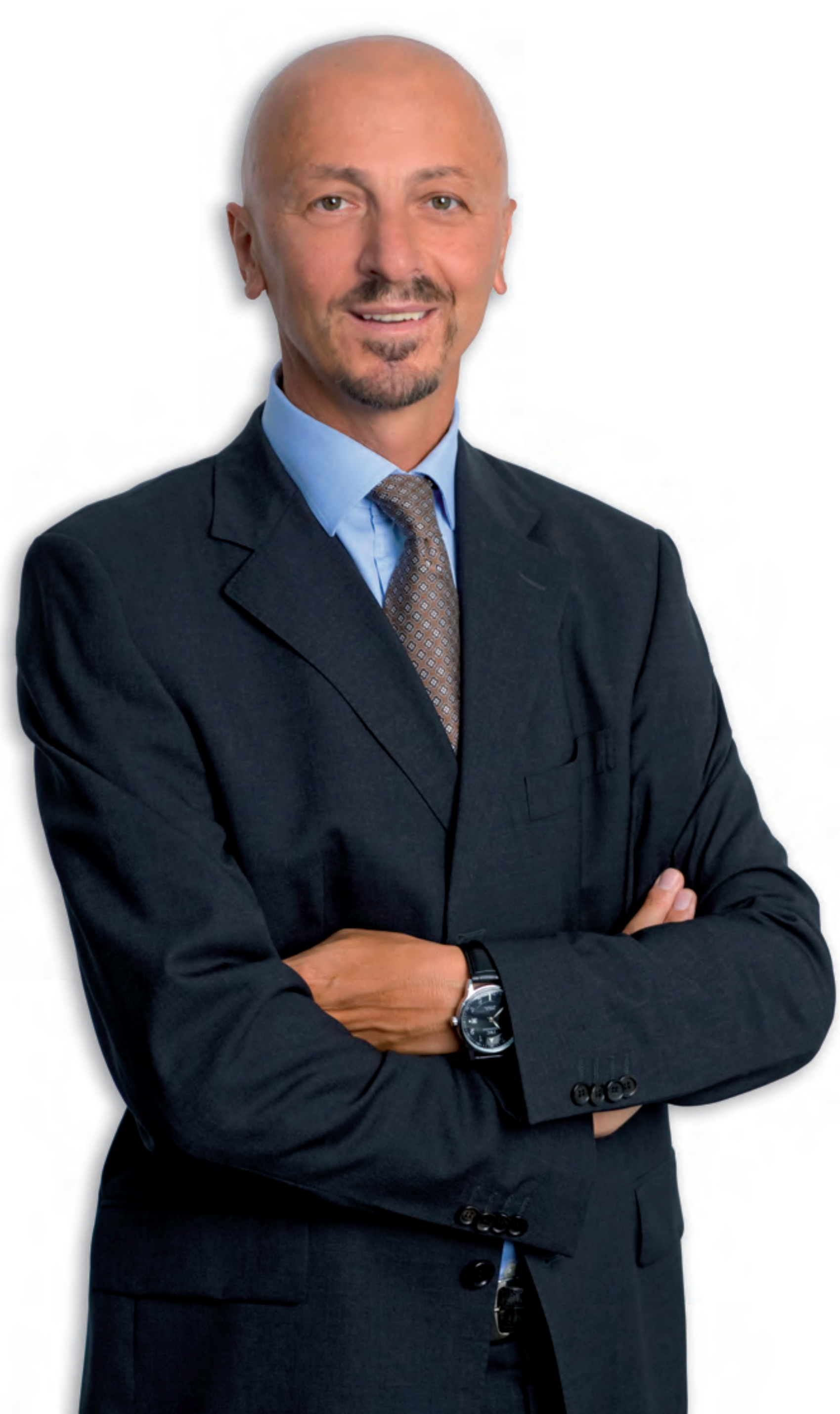
P&I PURE HR

Consolidated Half-year Financial Report
P&I AG / April 1, 2013 to September 30, 2013

2013/2014

» WITH P&I LOGA3 IN CONJUNCTION WITH THE DIGITAL WORLD MAPPED IN OUR P&I BIG DATA, WE ARE EXCELLENTLY PREPARED FOR THIS FUTURE. «



DEAR SHAREHOLDERS, CUSTOMERS AND BUSINESS PARTNERS, DEAR EMPLOYEES,

In our IT industry, nothing is as constant as change. Our IT products are increasingly being used by a new generation of people who grew up in a world of mobile devices. Our users can hardly imagine a life without smartphones, and expect correspondingly innovative applications in software to support their business processes. The decision-making criteria for software or services will therefore focus more on the innovation of a solution than the power of its functionality in future. The market expects digital products that are easy to manage and that have an intuitive interface.

It is precisely this requirement profile that the innovation strategy we defined three years ago is targeting. The focus is on the mobility of our digital service for all aspects of our software. Our customers have the choice of whether they want to work on-premises or in a public or private cloud, because it is the customers who decide the success or failure of a solution. This is how it was before, how it is today and how it will be in future. This is the basis of our business model.

Our motto “Pure HR” reflects this development in our product portfolio. A changing mentality is also taking root in our work. It is the change in the content of the HR concept that defines our strategy. It is the extension of classic HR work in the company to personnel work as a human resources management task within our company and beyond. In our digital world with social media platforms and internal and external workspaces, in which people communicate with each other today, these platforms and services are the building blocks of future HR management processes and therefore of future HR systems.

With P&I LOGA3 in conjunction with the digital world mapped in our P&I BIG DATA, we are excellently prepared for this future. However, we will remain alert. We are monitoring future developments as they emerge with unaltered intensity, constantly questioning our actions and always considering the relevance of our products.

The figures for the past second quarter of our financial year confirm that our growth strategy is right. We are very satisfied with our results and are growing in all market segments and product areas.

At this point I would especially like to thank our employees who systematically implement our strategic objectives with the utmost commitment and flexibility.

Dear shareholders, I hope that I have convinced you that your confidence in P&I will be justified moving forward as well.

Yours

Vasilios Triadis
P&I AG, CEO

KEY FIGURES

IFRS CONSOLIDATED KEY FIGURES	1.4. to 30.9.2013	1.4. to 30.9.2012	Change	Change
EUR thousand				in percent
Revenue	45,437	39,520	5,917	15.0%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	16,323	11,882	4,441	37.4%
Earnings before interest and taxes (EBIT)	15,206	10,531	4,675	44.4%
Earnings before taxes (EBT)	15,520	11,243	4,277	38.0%
Consolidated net income	12,234	8,633	3,601	41.7%
Return on sales	26.9%	21.8%	./.	./.
Earnings per share (diluted/basic)	€ 1.62	€ 1.15	€ 0.47	41.7%
Average FTEs for the period	379	358	21	5.9%

HIGHLIGHTS

REVENUE GROWTH ACCOMPANIED BY INCREASED PROFITABILITY

In the first half of the 2013/2014 financial year, consolidated revenue increased by 15.0% to EUR 45.4 million. The P&I Group improved its EBIT from EUR 10.5 million to EUR 15.2 million and generated an EBIT margin of 33.5% (previous year: 26.6%). This revenue and earnings growth was primarily due to the higher level of licence revenue.

1. ECONOMIC CONDITIONS

In the opinion of the leading economic research institutes, the German economy will not develop as strongly as previously assumed over the course of 2013. Average GDP growth of 0.4% is forecast for the year as a whole. The forecast for the coming year of 2014 was corrected slightly from 1.9% to 1.8%, provided that there is no resurgence in the debt crisis in Europe.

According to the industry association BITKOM, the SME segment of the German IT industry is continuing to develop well. The IT industry now employs more than 900,000 people in Germany for the first time. 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

Incoming licence orders increased by 5.7% year-on-year to EUR 5.7 million in the second quarter of the 2013/2014 financial year. This marks an increase of 22.0% to EUR 10.3 million for the first half of the year on the basis of the first quarter. This growth was essentially generated in the Germany segment.

At EUR 75.2 million, total orders on hand are up slightly on the previous year (EUR 72.0 million). This overall figure includes future maintenance/SaaS income for the coming twelve months in the amount of EUR 34.3 million (previous year: EUR 32.5 million). This means that 65% of the licence revenue target and 83% of the total revenue target for the 2013/2014 financial year had already been secured by the end of September.

Revenue increased once again in the second quarter of the 2013/2014 financial year to EUR 22.8 million (previous year: EUR 20.3 million). This represents an improvement of 15.0% or EUR 5.9 million as against the previous year.

Licence revenue increased by 27.2% year-on-year to EUR 13.0 million (previous year: EUR 10.2 million) and accounted for 29% of the Group's total revenue in the first half of the year. The largest share of licence revenue (EUR 10.1 million) was attributable to Germany, while Austria and Switzerland contributed licence revenue of EUR 1.4 million and EUR 1.3 million respectively.

In line with planning, maintenance revenue increased from EUR 16.8 million in the same period of the previous year to EUR 17.5 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.

The P&I Group is reporting SaaS (software as a service) as a separate revenue category for the first time in the 2013/2014 financial year (previously in other revenue). 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. SaaS revenue predominantly relates to the subsidiary MIRUS AG. Taking into account the prior-year restatement, SaaS revenue increased from EUR 1.0 million to EUR 1.8 million.

Service revenue saw year-on-year growth of 12.0% to EUR 12.0 million, meaning that 26% 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 from EUR 0.8 million in the same period of the previous year to EUR 1.2 million.

3. RESULTS OF OPERATIONS AND COST DEVELOPMENT

Operating earnings increased by EUR 2.3 million as against the same period of the previous year to EUR 7.7 million in the second quarter, resulting in growth for the first half of the year from EUR 4.7 million to EUR 15.2 million. In the financial year 2013/2014, this corresponds to an EBIT margin of 33.5% compared to 26.6% in the same period of the previous year.

This development is primarily attributable to the growth in licence and consulting revenue accompanied by cost control. The moderate increase in costs is due to the additional staff costs resulting from the growth in the workforce. There was a change in estimates for one long-term customer project accounted for using the percentage-of-completion method, resulting in a positive effect on revenue and earnings of EUR 1.0 million.

The P&I Group's results of operations were shaped in particular by the successful business performance in the Germany segment. Overall, the result of operations in international business (Austria, Switzerland and Other International segments) developed in line with planning and matched the high level of the previous year.

The financial result was down in the second quarter of the 2013/2014 financial year on account of the expenses for the free financial guarantee under the financing agreement with Argon GmbH, Munich. The increase in the profit from ordinary activities meant that the Group's tax expenses also increased to EUR 3.3 million. This figure already contains the beneficial tax effects of the income tax entity with Argon GmbH. In the second quarter alone, consolidated earnings amounted to EUR 6.5 million, EUR 1.7 million above the previous year's level; for the first half of the year consolidated earnings rose by EUR 3.6 million to EUR 12.2 million. Earnings per share increased to EUR 0.86 in the second quarter (previous year: EUR 0.63) and amounted to EUR 1.62 for the first half of the year (previous year: EUR 1.15).

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 7.3 million (previous year: EUR 7.4 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 16.0% of revenue (previous year: 18.7%). 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 in previous years, P&I's development costs did not meet the requirements for recognition as an intangible asset.

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 the controlling company Argon GmbH. The loan has been granted in several tranches and bears interest at a standard market rate. The cash outflow for the loan tranches in the second quarter of the 2013/2014 financial year amounted to EUR 15.5 million. As a result of the profit transfer agreement in place, P&I AG's HGB net income for 2012/2013 must be transferred and in the first quarter was offset against the loan granted under the terms of a netting agreement. As at September 30, 2013, the outstanding loan plus accrued interest had a carrying amount of EUR 37.0 million (March 31, 2013: EUR 38.5 million).

The P&I Group continues to enjoy a solid position, with cash and cash equivalents and current financial assets totalling EUR 19.6 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 statement of financial position as non-current financial assets. The current level of cash and cash equivalents is in line with Group planning and is sufficient to ensure the solid financing of the P&I 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 statement of cash flows as at September 30, 2013 shows an operating cash flow of EUR -6.3 million on the back of an increase in net income for the period (September 30, 2012: EUR -9.5 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 statement of cash flows.

The total assets of the P&I Group fell by EUR 22.5 million as against March 31, 2013 to EUR 89.3 million. 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 58.2%. 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 36.0 million as against March 31, 2013 to EUR 33.9 million. 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. This requires that the HGB net income of P&I AG is 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. The acceptance period for the arbitration proceedings in accordance with section 305(4) sentence 3 of the Aktiengesetz (AktG – German Stock Corporation Act) 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. 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.

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 93.9 million at the end of the reporting period (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 0.7 million (March 31, 2013: EUR 0.4 million) is calculated on the basis of a guarantee commission and recognised under other current liabilities.

At the instruction of Argon GmbH, P&I granted a non-collateralised loan to Argon GmbH in the 2011/2012 financial year. The loan plus accrued interest is to be repaid by 2025 at the latest. As at March 31, 2013, the loan plus accrued interest amounted to EUR 38.5 million. In the first quarter of 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). In the second quarter, new loan tranches totalling EUR 15.5 million were granted, with the result that the loan amounted to EUR 37.0 million as at September 30, 2013. This includes accrued loan interest of EUR 2.1 million (previous year: EUR 1.1 million). The financial result for the first half of the 2013/2014 financial year includes financial income of EUR 0.5 million from these transactions.

Under the terms of the agreement concluded with Argon GmbH in June 2013, the net income reported in P&I AG's HGB 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 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 allocation agreement amounted to EUR 1.8 million as at the end of the reporting period. The tax expense resulting from the tax allocation agreement in the period under review amounted to EUR 1.8 million.

The loan granted to Argon GmbH is tested for impairment at regular intervals. The Management Board's risk assessment 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 first half of the year, the P&I Group had a total of 379 FTEs expressed as an average for the financial year as a whole (previous year: 358). The Group had 264 employees in Germany (September 30, 2012: 252) and 115 in the rest of Europe (September 30, 2012: 106), with the development centre in Slovakia (47 employees; September 30, 2012: 45) and the company in Austria (30 employees; September 30, 2012: 33) being the largest individual components of this figure. In Switzerland the two companies have a total of 36 employees (September 30, 2012: 30).

8. OPPORTUNITIES AND RISKS OF FUTURE DEVELOPMENT

The P&I Group is exposed to 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. Please also see section 6. Control and profit transfer agreement in the interim Group management report and section 12. Contingent liabilities and contingencies in the selected notes to the interim consolidated financial statements.

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

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 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 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 are received well by the market.

9. FORECAST

The P&I Group reported revenue growth and strong operating earnings in the first half 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.

On the basis of the results for the first half of the year, the Management Board is raising its previous forecast for the 2013/2014 financial year of total revenue in a range of EUR 86 to EUR 90 million and an EBIT margin on par with the 2012/2013 financial year. The Management Board now anticipates total revenue in the direction of EUR 88 to EUR 92 million and licence revenue of EUR 25 million. Under these conditions and with further moderate increases in costs, an EBIT margin at the same level as for the first half of the year is realistic.

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 or results of operations.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

	Quarterly report 1. 7.-30. 9. 2013	Quarterly report 1. 7-30. 9. 2012	Half-year report 1. 4.-30. 9. 2013	Half-year report 1. 4-30. 9. 2012
EUR thousand				
Revenue	22,807	20,262	45,437	39,520
Cost of sales	7,171	6,712	13,880	12,613
Gross profit	**15,636**	**13,550**	**31,557**	**26,907**
Research and development costs	3,449	3,599	7,263	7,371
Distribution costs	2,361	2,442	4,890	5,004
Administrative costs	1,737	1,463	3,246	2,897
Amortisation of customer base	236	316	472	632
Other operating income	23	137	139	173
Other operating expenses	179	490	619	645
Operating earnings (EBIT)	**7,697**	**5,377**	**15,206**	**10,531**
Finance income	306	328	647	717
Finance expenses	265	2	333	5
Earnings before taxes (EBT)	**7,738**	**5,703**	**15,520**	**11,243**
Tax expense	1,208	929	3,286	2,610
Consolidated net income	**6,530**	**4,774**	**12,234**	**8,633**
Average number of shares (diluted/basic)	7,531,127	7,528,809	7,531,127	7,528,809
Earnings per share in euro (diluted/basic)	0,86	0,63	1,62	1,15
Consolidated comprehensive income attributable to:				
- shareholders of the parent company	6,530	4,774	12,234	8,633
- non-controlling shareholders	0	0	0	0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Quarterly report 1. 7.-30. 9. 2013	Quarterly report 1. 7-30. 9. 2012	Half-year report 1. 4.-30. 9. 2013	Half-year report 1. 4-30. 9. 2012
EUR thousand				
Consolidated net income	**6,530**	**4,774**	**12,234**	**8,633**
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	61	0	16	2
Income tax effects	0	0	0	0
Change in the fair value of available-for-sale financial assets				
of which change in unrealised gains and losses	-7	99	-38	79
Income tax effects	2	-31	12	-25
Total	**56**	**68**	**-10**	**56**
Consolidated other comprehensive income	**56**	**68**	**-10**	**56**
Consolidated comprehensive income	**6,586**	**4,842**	**12,224**	**8,689**
Consolidated comprehensive income attributable to				
- shareholders of the parent company	6,586	4,842	12,224	8,689
- non-controlling shareholders	0	0	0	0

CONSOLIDATED BALANCE SHEET

	September 30, 2013	March 31, 2013
EUR thousand		
Assets		
Non-current assets		
Customer base	5,585	6,060
Goodwill	3,904	3,904
Other intangible assets	1,329	1,556
Property, plant and equipment	1,420	1,288
Non-current financial assets	41,743	43,272
Deferred tax assets	104	108
Deferred tax assets from tax sharing agreement	263	208
Total non-current assets	**54,348**	**56,396**
Current assets		
Inventories	131	136
Trade receivables	11,279	10,228
Gross amount due from customers for contract work	1,790	1,276
Current financial assets	0	5,000
Other current assets	2,142	1,889
Cash and cash equivalents	19,571	36,886
Total current assets	**34,913**	**55,415**
Total assets	**89,261**	**111,811**

CONSOLIDATED BALANCE SHEET

	September 30, 2013	March 31, 2013
EUR thousand		
Liabilities and shareholders' equity		
Equity		
Share capital	7,700	7,700
Capital reserves	717	450
Retained earnings	45,296	32,886
Treasury shares	-1,924	-1,924
Accumulated other comprehensive income	229	239
Total equity	**52,018**	**39,351**
Non-current liabilities		
Deferred tax liabilities	870	949
Deferred tax liabilities from tax sharing agreement	2,493	1,583
Total non-current liabilities	**3,363**	**2,532**
Current liabilities		
Trade payables	2,588	2,552
Liabilities from profit transfer agreement	0	17,563
Tax liabilities	1,426	1,093
Tax liabilities from tax sharing agreement	1,795	517
Prepaid expenses	9,752	27,337
Gross amount due to customers for contract work	7,399	8,514
Other current liabilities	10,920	12,352
Total current liabilities	**33,880**	**69,928**
Total liabilities	**37,243**	**72,460**
Total liabilities and shareholders' equity	**89,261**	**111,811**

CONSOLIDATED CASH FLOW STATEMENT

	Half-year report 1.4. to 30.9.2013	Half-year report 1.4. to 30.9.2012
EUR thousand		
Consolidated net income	**12,234**	**8,633**
Tax expense	3,286	2,610
Financial result (finance income less finance costs)	-314	-712
Earnings before interest and taxes (EBIT)	**15,206**	**10,531**
Depreciation of property, plant and equipment and amortisation of intangible assets and non-current financial assets	1,117	1,351
Change in inventories, trade receivables and other assets not attributable to investing or financing activities	-1,864	548
Change in trade payables and other liabilities not attributable to investing or financing activities	-18,952	-19,653
Losses/gains on the disposal of non-current assets	-4	11
Changes in other non-cash items	99	326
Interest paid	-3	-1
Interest received	134	206
Tax payments	-1,988	-2,832
Cash flow from operating activities	**-6,255**	**-9,513**
Outflows for investments in property, plant and equipment	-510	-450
Outflows for investments in intangible assets	-46	-268
Inflows from the sale of property, plant and equipment and intangible assets	10	1
Inflows from the sale of current financial assets	5,000	15,000
Outflows for investments in non-current financial assets	-15,500	-5,200
Cash flow from investing activities	**-11,046**	**9,083**
Cash flow from financing activities	**0**	**0**
Exchange rate-related change in value of cash and cash equivalents	-14	-1
Change in cash and cash equivalents	-17,315	-431
Cash and cash equivalents at beginning of period	36,886	14,239
Cash and cash equivalents at end of period	**19,571**	**13,808**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

					Accumulated other comprehensive income		
	Shared capital	Capital reserves	Retained earnings	Treasury shares	Exchange rate effects	Change in fair value of available -for-sale financial assets	Total
EUR thousand							
As at March 31, 2012	**7,700**	**-121**	**30,216**	**-1,961**	**86**	**71**	**35,991**
Disposal of treasury shares				37			37
Share-based payment		316					316
Consolidated comprehensive income April - September 2012			8,633		2	54	8,689
As at September 30, 2012	**7,700**	**195**	**38,849**	**-1,924**	**88**	**125**	**45,033**
Share-based payment		254					254
Consolidated comprehensive income Oct. 2012 - March 2013			11,601		-43	69	11,627
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**
Reversal of partial retirement provision (from first-time application of IAS 19R) taken directly to equity			176				176
As at April 1, 2013 (after adjustment)	**7,700**	**450**	**33,062**	**-1,924**	**45**	**194**	**39,527**
Share-based payment		267					267
Consolidated comprehensive income April - September 2013			12,234		16	-26	12,224
As at September 30, 2013	**7,700**	**717**	**45,296**	**-1,924**	**61**	**168**	**52,018**

SELECTED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

This 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 in the EU as at September 30, 2013. In preparing the consolidated financial statements, the company also additionally applied the requirements of section 315a (1) of the Handelsgesetzbuch (HGB – German Commercial Code).

The interim consolidated financial statements were reviewed by an auditor.

The consolidated financial statements have been prepared 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 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 effective 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 Individual Items of Other Comprehensive Income
- Amendment to IAS 19: Employee Benefits
- First-time adoption of IFRS 13: Fair Value Measurement

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 distinction 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 to be applied retrospectively. The partial retirement provision that was recognised as at March 31, 2013 was adjusted accordingly, with the difference being reversed outside profit or loss. As a result, the partial retirement provision was offset against retained earnings in the amount of EUR 176 thousand. Given the minor significance of this amendment, the statement of financial position was not restated for April 1, 2012.

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

The P&I Group's business is not subject to material seasonal fluctuations. The operating cash flow of the P&I Group is characterised by the invoicing system for annual maintenance/SaaS services, which are invoiced – giving rise to a cash inflow – at the start of the calendar year. However, the income from annual maintenance/SaaS services is recognised periodically over their term.

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 date of the interim consolidated financial statements. There was a change in estimates for one long-term customer project accounted for using the percentage-of-completion method, resulting in a positive effect on revenue and earnings of EUR 1.0 million.

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 impairment losses on receivables.

The financial result in the amount of EUR 314 thousand (previous year: EUR 712 thousand) primarily consists of interest income from the long-term loan to Argon GmbH and interest income on bank balances. In addition, expenses of EUR 317 thousand arose from the financial guarantee granted (see section 6. Control and profit transfer agreement in the interim Group management report).

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	30. 9. 2013	30. 9. 2012
Income taxes from tax sharing agreement	1,840	1,531
Deferred tax expense from tax sharing agreement	867	554
Tax expenses from Argon GmbH/P&I AG tax sharing agreement	**2,707**	**2,085**
Income taxes	653	459
Deferred tax expense/income (-)	-74	66
Tax expense	**579**	**525**
Group tax expense	**3,286**	**2,610**

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 recognised under tax law.

Earnings per share (diluted/basic) amounted to EUR 1.62 (previous year: EUR 1.15).

3. SEGMENT REPORTING

Segment reporting is prepared 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 SECOND QUARTER OF 2013/2014

	Germany		Austria		Switzerland		Other International		Elimination		Group	
	Q2. 2013	Q2. 2012	Q2. 2013	Q2. 2012	Q2. 2013	Q2. 2012	Q2. 2013	Q2. 2012	Q2. 2013	Q2. 2012	Q2. 2013	Q2. 2012
EUR thousand												
External revenue	17,748	15,344	2,211	2,200	2,679	2,353	169	365	0	0	22,807	20,262
Internal revenue	134	86	388	384	94	15	1,950	1,884	-2,566	-2,369	0	0
Segment revenue	**17,882**	**15,430**	**2,599**	**2,584**	**2,773**	**2,368**	**2,119**	**2,249**	**-2,566**	**-2,369**	**22,807**	**20,262**
Segment costs before offsetting	11,267	10,622	1,230	1,521	1,432	1,090	629	952	0	0	14,558	14,185
Offsetting of segment costs	518	427	812	751	647	517	589	674	-2,566	-2,369	0	0
EBITDA	**6,097**	**4,381**	**557**	**312**	**694**	**761**	**901**	**623**	**0**	**0**	**8,249**	**6,077**
Depreciation, amortisation and write-downs	282	410	60	81	189	186	21	23	0	0	552	700
EBIT	**5,815**	**3,971**	**497**	**231**	**505**	**575**	**880**	**600**	**0**	**0**	**7,697**	**5,377**
Net finance costs											273	326
Consolidated earnings before tax											**7,970**	**5,703**

SEGMENT REPORT FOR THE FIRST HALF OF 2013/2014

	Germany		Austria		Switzerland		Other International		Elimination		Group	
	30. 9. 13	30. 9. 12	30. 9. 13	30. 9. 12	30. 9. 13	30. 9. 12	30. 9. 13	30. 9. 12	30. 9. 13	30. 9. 12	30. 9. 13	30. 9. 12
EUR thousand												
External revenue	35,222	29,507	4,384	4,341	5,404	4,956	427	716	0	0	45,437	39,520
Internal revenue	208	123	870	934	116	30	3,755	3,756	-4,949	-4,843	0	0
Segment revenue	**35,430**	**29,630**	**5,254**	**5,275**	**5,520**	**4,986**	**4,182**	**4,472**	**-4,949**	**-4,843**	**45,437**	**39,520**
Segment costs before offsetting	22,303	20,639	2,673	3,011	2,675	2,237	1,463	1,751	0	0	29,114	27,638
Offsetting of segment costs	902	737	1,574	1,488	1,249	1,114	1,224	1,504	-4,949	-4,843	0	0
EBITDA	**12,225**	**8,254**	**1,007**	**776**	**1,596**	**1,635**	**1,495**	**1,217**	**0**	**0**	**16,323**	**11,882**
Depreciation, amortisation and write-downs	578	774	122	161	375	373	42	43	0	0	1,117	1,351
EBIT	**11,647**	**7,480**	**885**	**615**	**1,221**	**1,262**	**1,453**	**1,174**	**0**	**0**	**15,206**	**10,531**
Net finance costs											314	712
Consolidated earnings before tax											**15,520**	**11,243**

4. NOTES TO THE STATEMENT OF FINANCIAL POSITION

The non-current financial assets in the amount of EUR 41.7 million (March 31, 2013: EUR 43.3 million) include a loan plus accrued interest to an affiliated company in the amount of EUR 37.0 million (March 31, 2013: EUR 38.5 million). This loan is to Argon GmbH. Please also see section 6. Control and profit transfer agreement in the interim Group management report.

Investments of EUR 556 thousand were made in the first half of the 2013/2014 financial year (previous year: EUR 718 thousand).

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

EUR thousand	30. 9. 2013	31. 3. 2013	30. 9. 2012
Cash in hand and bank balances	19,571	36,886	13,808
Current financial assets	0	5,000	4,500
Total	**19,571**	**41,886**	**18,308**

74% (March 31, 2013: 43%) of the trade receivables in the amount of EUR 11,279 thousand (March 31, 2013: EUR 10,228 thousand) were not yet due.

As at September 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.

The Annual General Meeting on September 2, 2008 authorised the Management Board, with the approval of the Supervisory Board, to increase the company's share capital by up to EUR 3,850,000 in the period until September 1, 2013 by issuing new shares in exchange for cash and/or non-cash contributions on one or more occasions (Authorised Capital 2008). The Annual General Meeting on September 3, 2013 renewed the authorisation until September 2, 2018 (Authorised Capital 2013).

In the 2013/2014 financial year, Argon GmbH agreed a variable remuneration component with a long-term incentive effect with a member of the Management Board on the basis of a total of 21,000 stock appreciation rights (SARs). The term of the SARs is unlimited and the entitlement is heritable. On the assumption that the SARs will be exercised at the end of the current Management Board appointment on March 31, 2016, the value calculated on the date they were granted is EUR 84,989.10. 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. The staff costs 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.

Since the end of the last reporting period, there have been no changes to the long-term incentive plan based on stock appreciation rights (SARs) already concluded with one Management Board member in 2011/2012. 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. Assumptions that may change over time were made in distributing the expense of SAR programmes for Management Board members. This can result in a change in the distribution of the non-cash expenses of these SAR programmes. If the two SAR programmes satisfy the non-market performance conditions at a time other than the end of their deferred term, either the allocation of the SAR rights will be accelerated or the rights will stay valid longer, with the result that the total non-cash expense has to be offset early or late in the P&I consolidated financial statements.

The capital reserves reported in the statement of financial position are composed as follows:

EUR thousand	
Capital reserves as at March 31, 2013	450
Long-term incentive programme	267
Capital reserves as at September 30, 2013	**717**

The accumulated other comprehensive income of EUR 229 thousand (March 31, 2013: EUR 239 thousand) contains the effect of exchange rate differences from the remeasurement of securities and currency translation effects.

As at March 31, 2013 and September 30, 2013, assets available for sale and the financial guarantee were measured at fair value in line with level 2 of the measurement hierarchy for financial instruments. For further information please see note 36 to the consolidated financial statements as at March 31, 2013.

There were no material changes between the carrying amount and the fair value of assets and liabilities between the interim consolidated financial statements as at September 30, 2013 and the consolidated financial statements as at March 31, 2013.

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

In accordance with section 95 of the Aktiengesetz (AktG – German Stock Corporation Act) in conjunction with Article 6 of the Articles of Association as amended September 3, 2013, the company has a Supervisory Board consisting of three members:

Thomas Volk, Chairman, Global CEO of Lumesse Ltd., London (UK)
Michael Wand, Deputy Chairman, Managing Director of the Carlyle Group, London (UK)
Dr. Thorsten Dippel, Director of the Carlyle Group, London (UK)

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 BOARD MEMBERS

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

Convertible bonds or similar securities in accordance with section 160(1) no. 5 AktG had not been issued by P&I Personal & Informatik AG or other companies in accordance with section 160(1) no. 2 AktG as at September 30, 2013.

The members of the Management Board and the Supervisory Board did not hold any P&I shares or options as at September 30, 2013. There are stock appreciation rights programmes for the Management Board that are explained in section 4. notes to the statement of financial position in the selected notes to the interim consolidated financial statements and in the 2012/2013 management report.

7. DIVIDEND

Please refer to section 6. Control and profit transfer agreement in the interim Group management report.

Under the terms of the control and profit transfer agreement with Argon GmbH, the HGB net income of P&I Personal & Informatik AG is transferred to Argon GmbH. The treasury shares held by P&I AG are not entitled to participate in dividends. 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.

8. EARNINGS PER SHARE

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

As at September 30, 2013, the weighted average number of shares was 7,531,127. This resulted in basic/diluted earnings per share of EUR 1.62. Earnings per share are 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 income within the Group's consolidated financial statements.

9. MANAGEMENT BOARD REMUNERATION

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). Please see section 4. notes to the statement of financial position in the selected notes to the interim consolidated financial statements.

10. VOTING RIGHT NOTIFICATIONS

The company did not receive any notifications of shareholdings in accordance with section 21 et seq. of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in the first half 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 and a description concerning the relationships between them can be found in the 2012/2013 annual report (note 32 of the notes to the consolidated financial statements); there have been no changes since this was published.

The following payments were made to related parties:

	Receivables		Income	
EUR thousand	30. 9. 2013	31. 3. 2013	H1 2013/14	H1 2012/13
Argon GmbH, Munich	36,976	38,541	499	512
H.C. Starck GmbH, Goslar	2	82	14	1
Total	**36,978**	**38,623**	**513**	**513**

	Liabilities		Expense	
EUR thousand	30. 9. 2013	31. 3. 2013	H1 2013/14	H1 2012/13
Argon GmbH, Munich	1,795	18,080	1,840	1,531
Total	**1,795**	**18,080**	**1,840**	**1,531**

Please refer to section 6. Control and profit transfer agreement in the interim Group management report for details of transactions with Argon GmbH.
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.

12. CONTINGENT LIABILITIES AND CONTINGENCIES

Information on contingent liabilities and contingencies can be found in the 2012/2013 annual report as there have been no material changes since it was published. Please also refer to section 6. Control and profit transfer agreement in the interim Group management report and the 2012/2013 annual report (notes to the consolidated financial statements section 34).

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.

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.

13. SUPPLEMENTARY REPORT

There were no events of particular significance after the end of the reporting period.

Wiesbaden, November 14, 2013

P&I Personal & Informatik AG

Vasilios Triadis   Martin C. de Groot

RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year."

Wiesbaden, November 14, 2013

P&I Personal & Informatik AG

Vasilios Triadis | Martin C. de Groot

REVIEW REPORT

To P&I Personal & Informatik AG, Wiesbaden

We have reviewed the condensed interim consolidated financial statements – consisting of the consolidated statement of financial position, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and selected explanatory notes, together with the interim Group management report of P&I Personal & Informatik AG, Wiesbaden, for the period from April 1 to September 30, 2013, that are part of the semi-annual financial report in accordance with section 37w(2) WpHG. The preparation of the condensed interim consolidated financial statements in accordance with those International Financial Reporting Standards applicable to interim financial reporting as adopted by the EU, and of the interim Group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the company's Management Board. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim Group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and of the interim Group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW – Institute of Public Auditors in Germany). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and in accordance with the IFRS for interim financial reporting as issued by the IASB, and that the interim Group management report has not been prepared, in material aspects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements of P&I Personal & Informatik AG, Wiesbaden, have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and in accordance with the IFRS for interim financial reporting as issued by the IASB, or that the interim Group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Frankfurt/Main, November 14, 2013

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Dr. Buhleier)	(Botsch)
Auditor	Auditor

FINANCIAL CALENDAR

FINANCIAL CALENDAR	
February 13, 2014	Report on the first nine months of the 2013/2014 financial year
June 12, 2014	Publication of the 2013/2014 annual financial statements
August 14, 2014	Publication of the report on the first quarter of the 2014/2015 financial year
September 2, 2014	Annual General Meeting 2014 in Wiesbaden

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P&I

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