P&I

3-Months Report

April 1, 2012 to June 30, 2012

P&I Personal & Informatik AG

» WE ARE CONVINCED THAT WE HAVE LAID THE FOUNDATIONS FOR OUR CONTINUED LONG-TERM SUCCESS AND THAT WE ARE FULLY EQUIPPED TO BE ABLE TO CONCLUDE THIS BUSINESS YEAR VERY SUCCESSFULLY AS WELL «

DEAR SHAREHOLDERS, CUSTOMERS, BUSINESS PARTNERS AND EMPLOYEES,

The first quarter of our current business year was the most successful in the history of P&I AG and not only can we be more than satisfied, we can also look ahead to the remaining three quarters with total confidence. However, this current business year is also a crucial time for us, as we must do our utmost in order to ensure that we are able to realise our ambitious goals.

Even in this business year we cannot be sure that we will not be affected by major environmental catastrophes. The euro and the international debt crises will not be resolved for a long time to come, more so as at the present moment both the politicians and the experts are nowhere near agreeing on what the solutions should look like. My country, Greece, has clearly shown that financial aid is simply wasted if the necessary structural reforms needed to bring about a business-friendly environment are simply suppressed. Even today many experts point out that a global medium- to long-term slump in growth will be seen and this will result in the economy cooling down, even here in Germany. We must be well prepared for these changes. It is no longer sufficient for us to be well positioned in the market or just to have good products in our portfolio or to release products on the market as new developments when they have just been given face-lifts or have been modified using technical gimmicks. In the meantime our customers have developed a keen instinct for this with regard to which functions to expect from the software as well as what is no longer acceptable from both the software and its provider. They expect powerful and beneficial solutions on one hand and solutions that are transparent, easy to control as well as easy to use on the other hand. I continue to consider the previous business year as a transitional stage. We have used it to re-position ourselves with regard to products and organisational matters. The sub-division of our customers according to their respective industries has been replaced by regional sub-divisions and the Consulting business has now been split into two divisions – North and South. Each of our consultants will now consult with customers assigned to them in their own regions regardless of the actual industry the customers are involved in. The improved quality of our closer relationship with the customers should result in us not only increasing customer satisfaction but also increasing our Consulting business sales by 4.5 per cent during the current business year.

Both of our P&I LOGA and P&I PLUS main product lines have been given new and modern web interfaces as part of our ongoing software development process and this enables the user to call up the required function with a maximum of three clicks (easy-to-use interface). The high level of complexity and the enormous functionality of our software will become apparent thanks to this “simple” user interface. The initial presentation to our customers will be made at this year’s user conference, which will be held in September. These are the two most important modifications from the many that we have implemented in order to guarantee our success during the current business year. We have left no stone unturned in our search for potential improvements and to ensure that we utilise them, as we are convinced that it is simply insufficient to be just ‘good enough’.

We are convinced that we have laid the foundations for our continued long-term success and that we are fully equipped to be able to conclude this business year very successfully as well.

Yours faithfully,

Vasilios Triadis
P&I AG, CEO

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KEY FIGURES ACCORDING TO IFRS	April 1 to June 30, 12	April 1 to June 30, 11	Change	Change
Details in '000 euros				in percent
Group sales	19,258	17,407	1,851	10.6%
Earnings before depreciation (EBITDA)	5,805	5,055	750	14.8%
Earnings before interest and taxes (EBIT)	5,154	4,522	632	14.0%
Earnings before tax (EBT)	5,540	4,714	826	17.5%
Period result	3,859	3,138	721	23.0%
Return on Sales (RoS)	20.0%	18.0%	./.	./.
Earnings per share (DVFA/SG)	€ 0.51	€ 0.42	€ 0.09	23.0%
Employment quotient (average/BQU)	360	333	27	8.1%

HIGHLIGHTS

SALES INCREASED WITH IMPROVED PROFITABILITY

Group sales increased in the first half-year of fiscal 2012/2013 by 10.6 per cent to 19.3 million euros. The P&I Group's operating result (EBIT) improved from 4.5 million euros to 5.2 million euros and we also realised an EBIT margin of 26.8 per cent (previous year: 26.0 per cent). The growth in sales is attributed to the high-profit Maintenance business in addition to the sales resulting from the acquisition of Mirus Software AG, Davos, Switzerland.

EXPANSION OF OUR SWISS BUSINESS DIVISION

The acquisition of Mirus Software AG, the market leader with regard to the 'back-office' software used by the catering, hotel and tourist industries in Switzerland, on March 1, 2012, has strengthened P&I's position as a local provider of integrated HR software solutions in the Swiss market. Segment reporting within the P&I Group has been expanded by the addition of the Swiss division, which was included from the start of the 2012/2013 business year and 2.6 million euros or 14 per cent of the P&I Group's overall sales were generated by this division.

SAAS (SOFTWARE AS A SERVICE)

P&I have rounded off their support concept with the addition of new infrastructures and services. P&I not only helps the customers with commissioning and using the software, but also helps the users to make optimum use of the software through the new support concept: by giving them the option to use centrally stored and regularly updated software via the internet and with seminars, which ensure that the user has the knowledge necessary to use our P&I products; providing support for release changes, so that specific customer installations continue to correspond with any special or technical features that were previously implemented after the release change has been installed and with a service package, which will enable a consultant to provide personal and specialised customer support.

1. ORDERS AND SALES

Sales volumes of 19.3 million euros (previous year: 17.4 million euros) recorded during the first quarter of fiscal 2012/2013 have ensured that an increase in sales can be posted once again and this corresponds to a total increase of 10.6 per cent (1.9 million euros) when compared to the same period during the previous year and 1.0 million euros of this increase can be traced back to the acquisition of Mirus Software AG, of Davos in Switzerland, which was completed during the previous year.

Licensing sales of 5.1 million euros (previous year: 4.9 million euros) are slightly higher than the level recorded for the previous year and this sum corresponds to a 27 per cent share of the Group's overall sales.

The maintenance business continued to grow as planned when compared to the comparable period in the previous year and it amounted to 8.3 million euros (previous year: 7.1 million euros) 41.3 per cent of the P&I Groups sales were generated by the recurring maintenance business. The increases were generated as a result of our successful previous year and focusing on our existing customers. One third of the recorded growth in Maintenance sales, which totalled 1.2 million euros, can be directly attributed to the acquisition of Mirus Software AG. A climb in maintenance income results in increased earning power, since the expenses for maintaining the software remain virtually independent of the number of customers that have to be serviced.

Service business sales remain at the same level recorded for the comparable period during the previous year and this amounted to 5.0 million euros, which means that 26 per cent of the P&I Group's overall sales were generated by this business sector. The other sales are acquisition related as compared to the sales recorded during the same period in the previous year and these increased by 0.3 million euros to 0.9 million euros.

Orders on hand for the coming twelve months stand at 53.9 million euros, which is well above the previous year's level of 43.7 million euros. Orders on hand include a future maintenance income of 32.3 million euros (previous year: 26.1 million euros).

2. PROFIT SITUATION AND COST DEVELOPMENT

The operating result increased by 0.6 million euros to 5.2 million euros when compared to the previous year's result. This represents an EBIT margin of 26.8 per cent as opposed to 26.0 per cent in the previous year.

The increase recorded in the operating result is the result of our high sales growth, even though our costs increased by 1.2 million euros.

The net result showed an increase of 0.7 million euros over the previous year's level and this resulted from a small increase in the financial result as well as a slight rise in the tax expenses. Profit per share stands at 0.51 euros (previous year: 0.42 euros).

P&I AG, of Wiesbaden and the domestic business determine the Group earnings situation and this has been characterised during the current fiscal year by an operating result that remains at the same level as the previous year. Nearly all of the recorded increase in sales in Austria has been reflected as an increase in the operating result. As a result of the acquisition of Mirus Software AG, the Swiss division has shown a clear increase in sales and operating result.

3. PRODUCT DEVELOPMENT (RESEARCH & DEVELOPMENT)

A strong product is the prerequisite for sustainable development. P&I has established itself in the HR market with four strong brands. With the P&I LOGA, P&I TIME and P&I PLUS products, P&I possesses a valuable portfolio of brands in the European software industry. With P&I SMART, P&I has separated off the lower part of its market segment.

3.8 million euros (previous year: 3.2 million euros) has been invested in R&D for product development, updates and changes in legislation and collective bargaining agreements as well as technical innovations. This corresponds to 19.6 per cent of total sales (previous year: 18.5 per cent) and this expenditure covers all P&I products as well as the maintenance of acquired products.

Legal changes to the tax and social security areas traditionally create a development focal point. Existing and newly developed reporting processes currently require extensive development services. The previously simple and valid process in which the employer reported to a specific receiving office has been increasingly superceeded by a "dialogue process", in which specific data has to be reported back in addition to the normal verification of the respective reports, all of which then has to be processed in the system. Inter alia this includes: integration of the new ERIC system, which is part of the Elster transfer method, in preparation for ELStAM (electronic wage-tax deduction feature), implementation of the DSBD operating data administration module, which is part of the DEÜV system, the new ELStAM tax reporting procedure (required from November 2012 or January 2013 onwards) as well as EEL account optimisation with regard to fictitious payroll accounts.

As always, the main focus of these intended optimisations is to ease the workload for the employers and their employees, cost-efficient working in the HR sector and the user friendliness of our software. In addition to this, P&I has made important investments in our basic P&I LOGA product, whereby the technical infrastructure enables standardisation and harmonisation to be undertaken so that the growing number of requirements can be taken into account.

4. ASSETS AND PROFIT

The financial and liquidity planning is updated regularly in order to ensure that the necessary liquidity is available for the ongoing business. During fiscal 2011/2012 a loan amounting to 40 million euros, on which interest will be paid at customary market interest rates, was granted to the controlling company, Argon GmbH, of Munich, with whom a profit transfer agreement exists. The current cash on hand corresponds with our planning and this will ensure that the solid financing needed for our future business is available.

The Group has had no need for short-term refinancing and it has access to adequate financial resources for the future development of the Group.

The cashflow statement for the first three months of fiscal 2012/2013 shows that the operative cashflow remains at the previous year's level even though the quarterly result rose. No special effects were posted during the first quarter.

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

The liquid assets holding stands at 8.3 million euros (March 31, 2012: 14.2 million euros) and short-term financial assets amounted to 19.5 million euros (March 31, 2012: 19.5 million euros) and this means that the P&I Group still remains in a solid position. In addition to this the Group possesses two bonds worth a total of 4.5 million euros, which provide collateral for a line of credit and loan guarantees that are recorded in the balance sheet under Financial Assets.

The P&I Group's balance sheet has been reduced by 9.4 million euros when compared to the March 31, 2012 balance sheet date and it now amounts to 99.0 million euros and the reason for this is the 9.5 million euros reduction in the short-term assets, which results from the outflow of funds for operating activities.

As the results posted for the first three months amounted to 3.9 million euros, the equity capital ratio of 33.2 per cent (March 31, 2012) posted in the reduced balance sheet increased to 40.4 per cent.

The P&I Group holds long-term liabilities to the value of 3.7 million euros (March 31, 2012: 3.5 million euros), which now consist mainly of deferred tax liabilities and deferred liabilities arising from the tax-sharing agreement. Also included here is a long-term component that arose from the conditional price liability resulting from the acquisition of Mirus Software AG.

Short-term liabilities fell by 13.6 million euros to 55.4 million euros when compared to March 31, 2012. The main reason for this is the liquidation of the prepaid maintenance fees, which have to be presented in advance at the start of the calendar year and consists of annual invoices that have to be paid and these are reversed on a monthly basis in compliance with the sales realisations. Deferred tax liabilities were reduced by 2.6 million euros to 2.3 million euros. The other short-term liabilities have declined when compared to March 31, 2012 and this is due to reduced liabilities relating to the employees.

5. EMPLOYEES

The P&I Group employed 383 people up to June 30, 2012 (June 30, 2011: 362). The annual average number of full-time employees amounted from 336 to 360 and 257 of these employees work in Germany (June 30, 2011: 251), with a total of 103 employees working in other countries (June 30, 2011: 82) and a total of 33 employees working at our subsidiaries in Austria (June 30, 2011: 29) and 43 employees working at the development centre in Slovakia (June 30, 2011: 43), where we are most strongly represented. The average number of employees increased by 17 as a result of the acquisition of Mirus Software AG.

6. OPPORTUNITIES AND RISKS INVOLVED IN FUTURE DEVELOPMENT

In the past, we have made certain acquisitions, and we shall continue to consider possible purchases for the future. This of course means that the P&I group is subject to acquisition and integration risks. Intangible assets accrued as the result of acquisitions includes inherent risks and fluctuations in value and these are regularly reviewed for impairment of value. Should the original conditions change vis-à-vis the original planning and this results in an impairment being indicated, then these value adjustments will have a considerable effect on the intangible assets, including the goodwill and company values, and the profit or loss account.

With regard to the Licensing business there is always the risk that the customers, especially those in the public sector, will postpone IT projects as a result of the tense economic situation. We are of the opinion that investments made in the private sector will compensate for any downturns in the public sector.

There have been no significant changes to the risks and chances in comparison with the assessments set out in the annual report released on March 31, 2012. Controllable risk is managed at P&I AG under a company-wide risk management system.

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

P&I AG entered into a financing agreement with Argon GmbH, as planned in October 2011, which amounted to 110 million euros. Various collateral securities had to be provided for the banks providing the financing as well as Argon GmbH's subordinate obligation agreement covering interest payments and the repayment of loans and these were closed in accordance with the existing liquidity plan. The Board of Directors does not see any increased risks for the Company with regard to the current status of the Company's planning in relation to the in-flow of liquidity as well as the present interest payment and loan repayment plan.

7. CONTROLLING AND PROFIT TRANSFER AGREEMENT / PROFIT APPROPRIATION

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

The annual net profit shown in the annual financial statement that was prepared in accordance with commercial legislation for P&I AG for fiscal 2011/2012 that amounted to 15.2 million euros has been ceded to Argon GmbH in compliance with the controlling and profit transfer agreement. We also plan to offset the loan made to Argon GmbH against the annual profit. The outside shareholders of P&I AG will be paid a compensation payment amounting to 1.55 euros per P&I share after tax by Argon GmbH.

Furthermore, the controlling and profit transfer agreement also states that Argon GmbH must pay cash compensation on demand to outside P&I shareholders. The cash compensation acceptance deadline started on September 9, 2011 and ended as a result of the ongoing appeal that was lodged in accordance with § 305, Para. 4, Sentence 3 AktG, i.e. two months from the day on which the decision covering the final positive application was published in the electronic pages of the Bundesanzeiger.

8. OTHER DEVELOPMENTS

The majority of the annulment actions lodged against the AGM held in September 2010 have been rejected with the exception of the discharge resolutions for the Board of Directors and the Supervisory Board and this preceding continues to depend on the higher regional court in Frankfurt. The preceding has been postponed until the District Court rules on the conformation resolutions resolved by the AGM held on August 30, 2011. Annulment actions against specific resolutions passed at the AGM held in September 2011 were rejected in the first instance. The opposing parties have lodged objections against this ruling. The preceding against a former member of the Supervisory Board is currently pending.

To the best of our knowledge, the Company does not expect these proceedings to have an essential effect on the Group's asset, financial situation or profit and loss situation.

9. OUTLOOK 2012/2013

The P&I Group has started the new 2012/2013 business year by recording two-digit growth and an excellent operating result during the first quarter and sales and the result are proceeding as planned.

All in all, P&I can restate its forecasts for fiscal 2012/2013: to realise total sales of about 80 million euros after taking into account the acquisition of Mirus AG, Licensing sales of around 18 - 20 million euros and an EBIT margin at the same level of 26 per cent that was realised during fiscal 2011/2012.

Expertise and continuity are the hallmarks of P&I – we are the standard HR management software experts and have been for more than 40 years. P&I's wealth lies in its software, which is firmly anchored to our HR management expertise, the technological maturity of the software as well as the reliability and the credibility of the entire organisation: which covers our Administration, Consulting, R&D and Sales divisions. The build-up in our services and systems means that P&I is well positioned to enjoy a very successful future.

We are confident that we will continue to realise our goals in the future as well. Our claim as a specialist provider of integrated HR management processes is that we are the best there is.

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET ACC. TO IFRS	June 30, 2012	March 31, 2012
Details in '000 euros		
Assets		
Long-term assets		
Customer base	6,974	7,290
Goodwill	3,938	3,938
Other intangible assets	1,960	1,875
Tangible assets	1,461	1,390
Financial assets	45,403	45,120
Deferred taxes	219	219
Deferred tax assets resulting from tax sharing agreement	6	6
Total long-term assets	**59,961**	**59,838**
Short-term assets		
Inventories	150	167
Trade receivables	10,245	9,940
Short-term financial assets	19,500	19,500
Tax refund claims from current taxes on profits	0	2,741
Other short-term assets	812	1,979
Cash and cash equivalents	8,346	14,239
Total short-term assets	**39,053**	**48,566**
Total financial assets	**99,014**	**108,404**

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET ACC. TO IFRS	June 30, 2012	March 31, 2012
Details in '000 euros		
Equity and Liabilities		
Shareholders' Equity		
Subscribed capital	7,700	7,700
Capital reserve	7	-121
Revenue reserve less	34,075	30,216
Own shares	-1,961	-1,961
Other accumulated equity	145	157
Total shareholders' equity	**39,966**	**35,991**
Long-term liablities		
Deferred taxes	1,113	1,149
Deferred tax assets resulting from tax sharing agreement	1,713	1,471
Other long-term liabilities	830	830
Total long-term liabilities	**3,656**	**3,450**
Short-term liabilities		
Trade payables	1,842	2,277
Liabilities from the profit transfer	15,227	15,227
Obligations from taxes on income	1,357	1,706
Tax liabilities resulting from tax sharing agreement	909	3,179
Accruals and deferrals	16,530	24,013
Advance payments for services not yet received	9,529	10,214
Other short-term liabilities	9,998	12,347
Total short-term liabilities	**55,392**	**68,963**
Total liablities	**59,048**	**72,413**
Total equity and liabilities	**99,014**	**108,404**

CONSOLIDATED STATEMENT OF INCOME

ONSOLIDATED STATEMENT OF INCOME ACC. TO IFRS	1st Quarter April 1 to June 30, 2012	1st Quarter April 1 to June 30, 2011
Details in '000 euros		
Sales	19,258	17,407
Cost of sales	5,901	5,229
Gross profit from sales	**13,357**	**12,178**
Research and development expenses	3,772	3,218
Sales and distribution expenses	2,562	2,526
Administrative expenses	1,434	1,348
Write-down of goodwill	316	320
Other operating income	36	11
Other operating expenses	155	255
Result of ordinary activities (EBIT)	**5,154**	**4,522**
Income from investments	389	230
Financing expenses	3	38
Result of ordinary activities before tax (EBT)	**5,540**	**4,714**
Tax expenses	1,681	1,576
Profit or loss for the period	**3,859**	**3,138**
Average number of shares (diluted/undiluted)	7,527,838	7,522,752
Earnings per share in euro (diluted/undiluted)	0.51	0.42

GROUP'S STATEMENT OF RECOGNISED INCOME AND EXPENDITURE

GROUP'S STATEMENT ACC, TO IFRS	1st Quarter April 1 to June 30, 2012	1st Quarter April 1 to June 30, 2011
Details in '000 euros		
Profit or loss for the period	**3,859**	**3,138**
Currency translation of foreign business operations		
therof change in unrealised gains and losses	2	53
therof change in realised gains and losses	0	0
Income tax effects	0	0
Total	**2**	**53**
Change in the market value		
of financial assets available-for-sale	-20	-29
therof change in unrealised gains and losses	0	0
therof realised gains and losses	6	9
Income tax effects	**-14**	**-20**
Other Group Result	**-12**	**33**
Consolidated Statement of Recognised Income	**3,847**	**3,171**

CASH-FLOW STATEMENT

CASH-FLOW STATEMENT ACC, TO IFRS	1st Quarter April 1 to June 30, 12	1st Quarter April 1 to June 30, 11
Details in '000 euros		
Consolidated result	**3,859**	**3,138**
Taxes on income and profit	1,681	1,576
Financial result (finance revenue and finance costs)	-386	-192
Earnings before interest and taxes (EBIT)	**5,154**	**4,522**
Depreciation on tangible assets, intangible assets and financial assets	651	533
Change in inventories, trade receivables and other assets not attributable in investing of financing activities	3,620	-287
Changes in trade payables and other liabilities not attributable in investing of financing activities	-13,805	-8,117
Losses/gains from sales of non-current assets	-11	-1
Losses/gains from sales of current assets	0	0
Changes in other items not affecting payments *)	137	-34
Interest paid	-3	-12
Interest received	86	10
Tax payments	-1,241	-1,757
Cash flow from operating activities	**-5,412**	**-5,143**
Payments for investments in tangible assets	-242	-143
Payments for investments in intangible assets	-242	-29
Proceeds from the sale of tangible/intangible assets	4	1
Payments for investments in long-term financial assets	0	0
Proceeds from the sale of long-term financial assets	0	0
Proceeds from the sale of short-term financial assets	0	0
Payments for investments in long-term financial assets	0	-3,436
Payments for investments in short-term financial assets	0	-0
Cash flow from investing activities	**-480**	**-3,607**
Payments for the acquisition of own shares	0	0
Payments of the distribution of the dividend	0	0
Cash flow aus der Finanzierungstätigkeit	**0**	**0**
Change in cash and cash equivalents due to currency conversion *)	-1	106
Change in cash and cash equivalents	-5,893	-8,644
Cash and cash equivalents at the beginning of the fiscal year	14,239	21,862
Cash and cash equivalents at the end of the fiscal year	**8,346**	**13,218**

*) change in disclosure as against June 30, 2011

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

					Accumulated Other Group Result		
	Subsribed capital	Capital reserve	Revenue reserve	Own shares	Currency translation effects	Change in market value of financial assets available-for-sale, which in turn altered the gains and losses	Total
Details in '000 euros							
As at March 31, 2011	**7,700**	**-429**	**29,800**	**-2,019**	**34**	**-33**	**35,053**
Disposal of own shares				58			58
Share-based payments		308					308
Currency effects from equity and loans					52		52
Change in market value of finanicial assets available-for-sale, which in turn altered the gains and losses						104	104
Total Group Result			15,944				15,944
Distribution of dividend			-301				-301
Profit transfer to Argon GmbH			-15,227				-15,227
As at March 31, 2012	**7,700**	**-121**	**30,216**	**-1,961**	**86**	**71**	**35,991**
Disposal of own shares		128					128
Currency effects from equity and loans					2		2
Change in market value of finanicial assets available-for-sale, which in turn altered the gains and losses						-14	-14
Total Group Result			3,859				3,859
As at June 30, 2012	**7,700**	**7**	**34,075**	**-1,961**	**88**	**57**	**39,966**

1. BASIC PRINCIPLES OF THE GROUP FINANCIAL STATEMENT

According to Article 4 of the European Parliament Regulation (EG) Nr. 1606/2002 and the counsel of July 19, 2002 concerning the use of international financial accounting standards (ABl. EG Nr. L 243 S.1), the company produces the quarterly report according to International Financial Reporting Standards (IFRS). The Group has also taken into account the regulations of the German Financial Accounting Standard No. 315a, Sentence 1 HGB in creating this Group financial statement. All regulations valid on the cut-off date for the Group financial statement were taken into account (IFRSs, IASs, IFRICs, SICs), as they are required to be applied in the European Union.

The consolidated financial statements have been compiled in euros. Unless otherwise stated, all of the values have been rounded up to thousand euros.

Accounting principles to be applied for the first time from June 30, 2012

The following changes to the standards and interpretations are to be first applied to all fiscal years starting after June 30, 2011 or after December 31, 2011 and they are therefore obligatory for the P&I Group as from fiscal 2012/2013:

- Changes to the IFRS 1 Initial application of the IFRS
- Changes to the IFRS 7 Financial instrument: Details
- Changes to the IAS 12 Taxes on income

2. NOTES ON THE PROFIT AND LOSS ACCOUNTING

The two "Other operating income" and "Other operating expenses" postings include income and expenses, which cannot be assigned to specific functional sectors. Bad debt losses / payment of damages are recorded under other operating expenses in addition to investor relations expenditure and Supervisory Board costs.

The financial result amounting to 386,000 euros (previous year: 192,000 euros) mainly includes the interest income from the long-term loan made to Argon GmbH as well as the interest income from the bank accounts.

The Group's tax expenses take into account the combined tax rate applicable to P&I AG of 31.23 per cent, the business tax assessment rate of 432 per cent, the new corporate tax rate of 15 per cent and the solidarity surcharge of 5.5 per cent. The income tax effects on the affiliated companies have not been included in this calculation.

The Group’s tax expenses are shown as follows:

In ‘000 euros	June 30, 2012	June 30, 2011
Taxes on income resulting from the controlling and profit transfer agreement	1,216	0
Deferred tax expense resulting from the controlling and profit transfer agreement	249	0
Tax expenses resulting from the controlling and profit transfer agreement between Argon GmbH / P&I AG	**1,465**	**0**
Taxes on income	252	1,354
Deferred income tax/expense (-)	-36	222
Tax expenses	**216**	**1,576**
Group tax expenses	**1,681**	**1,576**

The ensuing deferred tax liability is essentially based on the sales realisation arising from the “Percentage of Completion” method.

Earnings per share (diluted/undiluted) amount to 0.51 euros (previous year: 0.42 euros).

3. SEGMENT RESULTS

Segment reporting is now carried out by applying the "through the management’s eyes" approach. Please refer to the explanatory notes contained in Item 3 in the Notes to the financial statement issued on March 31, 2012 for an explanation of the segmentation.

Segment reporting within the P&I Group has been expanded by the addition of the Swiss division, which was included from the start of the 2012/2013 business year as a result of the acquisition of Mirus Software AG on March 1, 2012.

The Board of Directors monitors each business segment's operating results separately, in order to determine the allocation of resources and to undertake an evaluation of the earning power of each segment. The earning power of each individual segment is assessed on the basis of its operating result (EBIT). Segment EBITs are measured in compliance with IFRS in the same way as the Group operating result (EBIT). Finance costs, finance revenues and taxes on income are managed at Group level.

The segment result is set out as follows:

SEGMENT REPORT FOR THE 1ST QUARTER 2012/2013

	Germany		Austria		Switzerland		Other foreign countries		Elimination		Group	
	Q1. 2012	Q1. 2011	Q1. 2012	Q1. 2011	Q1. 2012	Q1. 2011	Q1. 2012	Q1. 2011	Q1. 2012	Q1. 2011	Q1. 2012	Q1. 2011
Details in '000 euros												
Sales to third parties	14,163	13,769	2,141	1,529	2,603	1,307	351	802	0	0	19,258	17,407
Sales to segments	1,465	1,117	0	-2	0	0	0	0	-1,465	-1,115	0	0
Segment sales	**15,628**	**14,886**	**2,141**	**1,527**	**2,603**	**1,307**	**351**	**802**	**-1,465**	**-1,115**	**19,258**	**17,407**
Segment result (EBIT)	3,509	3,579	384	-493	687	293	574	1,143	0	0	5,154	4,522
Financial result											386	192
Group result before tax											**5,540**	**4,714**

4. NOTES ON THE BALANCE SHEET

The long-term financial assets, which total 45.4 million euros, include a loan together with the accumulated interest made to an associated company that amounts to 40.9 million euros and this loan was made to Argon GmbH, of Munich.

Investments amounting to 484,000 euros were made during the first three months of fiscal 2012/2013 (previous year: 172,000 euros).

Cash and the financial assets available for sale are constituted as follows:

In '000 euros	June 30, 2011	March 31, 2011
Cash on hand and in bank balances	8,346	14,239
Available-for-sale financial assets	19,500	19,500
Total	**27,846**	**33,739**

Of the trade receivables of 10,245,000 euros (March 31, 2012: 9,940,000 euros) there was still 60 per cent (March 31, 2012: 35 per cent) that was not yet due.

The capital stock of the Company remained unchanged at 7,700,000 euros as at June 30, 2012 and is divided into 7,700,000 individual share certificates made out to bearer.

In accordance with the resolution passed at the AGM held on August 30, 2011, the Board of Directors, with the consent of the Supervisory Board, were authorised to transfer own shares to people, who have an employment relationship with P&I Personal & Informatik AG.

Argon GmbH agreed a long-term incentive programme based on 'Stock Appreciation Rights' with a member of the Board of Directors during the previous year. The duration of this SAR agreement is open-ended as the claim is heritable. The fair value of the SAR is 2,270,782.35 euros and this sum is based on the assumption that the SAR will be exercised before March 31, 2016. As P&I employ the services of the member of the Board of Directors, the share-based payment has to be accounted for by P&I in accordance with IFRS 2.3A, even though Argon GmbH is contractually responsible for fulfilling the payment claim. This employee expense will be linearly distributed over the period and it will correspond to an increase in the capital reserves listed in the IFRS consolidated financial statement for fiscal 2012/2013.

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

In '000 euros	
Capital reserves held on March 31, 2012	-121
Long-term incentive programme	128
Capital reserves held on June 30, 2012	**7**

The cumulative other consolidated result of 145,000 euros (March 31, 2012: 157,000 euros) mainly reflects the exchange rate differences arising from the valuation of securities as well as the effects that the currency exchange rates had on equity.

5. CHANGES IN SHAREHOLDER GROUP AND EXECUTIVE BODIES

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

Thomas Volk, Chairman, Vice President at EMEA, Dell Inc., of Bobingen
Michael Wand, Deputy Chairman, Managing Director of The Carlyle Group, of London (GB)
Dr. Thorsten Dippel, Director of the The Carlyle Group, of London (GB)

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

As at June 30, 2012, P&I Personal & Informatik AG has shareholdings of 172,162 of its own shares. The purchase price of our own shares amounted to 1,961,039.71 euros and this sum was paid from equity.

No convertible bonds or similar securities pursuant to §160 Para.1 No. 5 AktG had been issued by P&I Personal & Informatik AG or other companies pursuant to § 160 Para. 1 No. 2 AktG as at June 30, 2012.

As of June 30, 2012, Dr. Erik Massmann holds 5,086 P&I shares, which were received from a variable component programme for fiscal 2010/2011. As at June 30, 2012, no members or Supervisory Board have shareholdings in or options on P&I shares.

7. DIVIDEND

The net profit shown in the annual financial statements of P&I Personal & Informatik AG is, pursuant to the German Companies Act, material to a dividend distribution. The net profit was ceded to Argon GmbH under the terms of the controlling and profit and loss transfer agreement. Own shares held by P&I AG that are not entitled to a dividend are not taken into account.

The compensation payments to be made to the outside shareholders from fiscal 2011/2012 onwards later on were defined in the controlling and profit transfer agreement concluded between Argon GmbH and P&I. This agreement came into effect after it was registered in the commercial register on September 9, 2011 and applies as from fiscal 2011/2012.

8. EARNINGS PER SHARE

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

As of June 30, 2012 the weighted average number of shares amounts to 7,527,838, which results in diluted/undiluted earnings per share of 0.51 euros.

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

9. BOARD OF DIRECTORS' REMUNERATION

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

One part of the variable component of the Board of Directors' remuneration constitutes a performance related target income. The amount of the performance related target income is calculated on the basis of the degree to which the Group EBITDA (= earnings before depreciation, interest and tax) set by the Supervisory Board has been fulfilled.

In order to guarantee long-term target orientation, a specific sum must be realised during the period 2012/2013 to 2014/2015 from sales and the EBITDA and this has been set as a target sum for one of the members of the Board of Directors and this target applies as from fiscal 2012/2013. This applies only to the final bonus allocations for each fiscal year, provided that the stipulated sum has been realised by the end of fiscal 2014/2015.

10. NOTIFICATION OF VOTING RIGHTS PURSUANT TO § 26 PARA. 1 GERMAN SECURITIES TRADING ACT (WPHG)

The company registered several investments in the first quarter of fiscal 2012/2013 in compliance with §§ 21 ff. of the German Securities Trade Act.

11. RELATIONS WITH CLOSELY RELATED ENTERPRISES OR PERSONS

The following payments were made to closely related enterprises and persons

	Receivables		Revenue	
In '000 euros	June 30, 2012	June 30, 2011	Q1-2012/13	Q1-2011/12
Argon GmbH, of Munich[1)]	40,881	0	303	0
H.C. Starck GmbH, of Goslar[2)]	0	10	1	18
Total	**40,881**	**10**	**304**	**18**

	Liabilities		Expenses	
In '000 euros	June 30, 2012	June 30, 2011	Q1-2012/13	Q1-2011/122
Argon GmbH, of Munich	16,136	0	1,216	0
Brunner Treuhand[3)]	0	0	2	2
Total	**16,136**	**0**	**1,218**	**2**

1) Argon GmbH is the controlling company of P&I AG and the financial revenue results from the loan that was granted and the expenses incurred by the tax-sharing agreement covering the existing business and corporation taxes.

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

3) Mr. Bernhard Mueller is a partner in Brunner Treuhand AG and he is also a member of the Administrative Board of P&I Personal & Informatik AG, Horgen, Switzerland.

The terms and conditions for the transactions with closely related enterprises and persons are in accordance with normal market practice and certainly comparable with any transactions the Company may have arranged with independent third parties (price comparison method in accordance with IAS 24.21).

Wiesbaden, August 16, 2011

P&I Personal & Informatik AG

Vasilios Triadis
CEO

Dr. Erik Massmann
CFO

FINANCIAL CALENDAR

FINANCIAL CALENDAR	
September 4, 2012	Shareholders' Meeting 2012 in Wiesbaden
November 15, 2012	Half-year Report 2012/2013
February 14, 2013	9-Months Report 2012/2013

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