Perspectives

9-Month Report
April 1, 2011 to December 31, 2011
P&I Personal & Informatik AG

» TODAY WE ARE EXTREMELY WELL EQUIPPED FROM A TECHNOLOGICAL AND PERSONNEL STANDPOINT AND ARE STRATEGICALLY POSITIONED SO THAT WE SEE GREAT OPPORTUNITIES TO BE ABLE TO DEFINE AND REALISE AMBITIOUS OBJECTIVES IN THE FUTURE. «

Vasilios Triadis
CEO P&I AG

DEAR SHAREHOLDERS, CUSTOMERS, BUSINESS PARTNERS AND EMPLOYEES,

P&I is no longer the recognised partner for HR management solutions in Germany only as we have now made breakthroughs in Austria, Spain and Switzerland and we are recording successes in all of these countries. P&I's listing on the stock exchange in 1999 was linked to our pan-European growth strategy. Our objective is to offer our software in all of the European countries in addition to remaining the market leader here in Germany. However, we must acknowledge that we cannot be simultaneously recognised and be profitable in all countries as not all of the European countries have the economic strength to be able to invest in our P&I products. As there is no question that we will revert to using dumping prices, we do not have to change our overall European strategy. Today we are concentrating on strong economies such as Austria and Switzerland and we are only able to provide our solutions in other countries if major international corporations require HR software for their branch offices.

We can be very proud of the results that we have realised over the first nine months of the current fiscal year. We have recorded sales of 53.1 million euros, which is an improvement of 2.6 per cent on the previous year's sales and the EBIT has increased by 13.2 per cent to 13.4 million euros. In addition to this we are especially proud of our innovative capacity and our strengths. In the last quarter alone we have won 23 new customers for our software in the countries that we are specifically focusing on, Austria, Germany, Switzerland and Spain. This success in the battle for new users has shown us that our organisation and our products enable us to meet the demands of our customers both now and in the future. The marketplace has confirmed our strategy and local representation has enabled us to understand the needs of our customers better than our competitors and this has enabled us to provide the required innovative solutions.

In Austria we have concluded a contract with MAGNA INTERNATIONAL, an automotive supplier, which is our reward for many years hard work in this difficult market. Today in Austria we have a very effective organisation with their own sales team, own service hotline and a software development department responsible for the special Austrian components that are integrated into our standard software. The numerous contracts that we have closed in the public administration sector and the latest contract in the clerical sector with the archdiocese of Vienna has shown us that we have become fully recognised in this exceptionally difficult sector in the meantime. Our 800 Austrian customers come from many different sectors such as local government bodies, industrial manufacturing and hospitals.

We have implemented our strategy successfully in Switzerland as well and the increase recorded in this market was initially based on our innovative P&I HCM product for HR management. The integration of our time management add-on package has enabled us to enter the public administration market sector with our software installation at the hospital in Wallis. Today in Switzerland we also have customers from different sectors such as banking, industrial manufacturing and hospitals. Our strong local presence in Horgen, which is close to Zurich, has enabled us to make the breakthrough in this country.

Both of these examples, Austria and Switzerland, show how our strategy for capturing a market is working. Even today, P&I is still not big enough to present itself as a major international software group. We will have to be satisfied with our competence in the special HR system segments as this competence is based on our huge experience and market position gained in Germany. The build-up of our local presence in specific countries has enabled us to win the trust of the customers in these markets. When we have realised a specific market position in these countries then we will have made the initial breakthrough and we can then work towards gaining the market leadership as we have done in Germany.

We are following another path in Spain, where we have entered into a partnership with the HR services leader. They have to deal with 20,000 HR billing cases every month, which are all managed using our software and the localisation of our software has been successfully implemented.

For us there is a special challenge along our path to becoming the European market leader and securing the position after it has been realised and that is to be permanently innovative and to strengthen the company over the long-term by implementing an urgently needed rejuvenation process. One of the most important measures here is refreshing the company and at the present moment we are running a trainee programme with 20 participants, from which we will take the best to reinforce our teams. In addition to this we have also increased the intensity of our research activities, in which we are trying to streamline the products and make them less complex and easier to use.

The changes within the organisation and workflow structures up to March 31, 2012 have been completed, which means that we will be able to start fiscal 2012/2013 with a new organisation.

Today we are extremely well equipped from a technological and personnel standpoint and are strategically positioned so that we see great opportunities to be able to define and realise ambitious objectives in the future.

Dear shareholders, we hope that you will continue to place your trust in us in the future and we will all continue to follow our extremely successful path.

Yours faithfully,

Vasilios Triadis
P&I AG
CEO

KEY FIGURES

KEY FIGURES ACC. TO IFRS	April 1 to Dec. 31, 2011	April 1 to Dec. 31, 2010	Change	Change
Details in '000 euros				in percent
Group sales	53,122	51,793	1,329	2.6%
Earnings before depreciation (EBITDA)	14,841	13,472	1,369	10.2%
Earnings before interest and taxes (EBIT)	13,379	11,814	1,565	13.2%
Result of ordinary activities before tax (EBT)	14,167	12,220	1,947	15.9%
Profit/loss for the period	9,881	8,575	1,306	15.2%
Return on Sales (RoS)	18,6%	16,6%	./.	./.
Earnings per Share (DVFA/SG)	€ 1.31	€ 1.14	€ 0.17	15.2%
Number of employees (average)	328	334	-6	-1.7%

HIGHLIGHTS

SALES INCREASED WITH IMPROVED PROFITABILITY

Group sales amounted 53.1 million euros during the 9-month period and this means that an increase of 2.6 per cent was recorded when compared to the same period in the previous year. The Group's operating result (EBIT) improved from 11.8 million euros to 13.4 million euros and we realised an EBIT margin of 25.2 per cent (previous year: 22.8 per cent). The high-profit maintenance business compensated for the decline in the consulting business.

OUR P&I LOGA FULLY INTEGRATED HR SOLUTION IS NOW WELL ESTABLISHED IN THE ECCLESIASTICAL MARKET SEGMENT

P&I has shown once again that our P&I LOGA fully integrated and universal HR solution is ideally suited for use by top-level ecclesiastical administrators by winning the archdiocese of Vienna. P&I solutions continue to be used throughout the public sector in Austria. The easy communications simplify the work between HR department and the many decentralised devices used throughout the ecclesiastical environment, especially with regard to the fully integrated, web-based employee and management portals.

THE P&I SPECIALIST TEAMS ARE BEING EXPANDED ONCE AGAIN

As a result of the successful running of last year's trainee programmes, P&I has started the new calendar year with a further 20 trainees, who are being trained for the Consulting & Sales departments.

1. ORDERS AND SALES

A sales volume of 18.6 million euros in the third quarter (previous year: 18.4 million euros) and 34.6 million euros in the first half year of fiscal 2011/2012 (previous year: 33.4 million euros) brought the nine-month sales up to 53.1 million euros. This corresponds to an increase of 2.6 per cent (1.3 million euros) when compared to the comparable period in the previous year.

Licensing sales remained at the previous year's level of 13.2 million euros (previous year: 13.2 million euros) and this represents a 25 per cent share of total Group sales.

The maintenance business continued to grow as planned when compared to the comparable period in the previous year and it amounted to 21.8 million euros (previous year: 19.5 million euros). 41 per cent of the P&I Groups sales were generated by the recurring maintenance business. The amount of maintenance and service income is always the result of the license sales realised during the previous year. The increases were generated as a result of our successful previous year and concentrating on our existing customers. The previous year's license sales, which resulted from customers who migrated to P&I LOGA from an acquired old product at their own cost, did not generate any additional maintenance sales in the following year, but merely led to existing maintenance contracts having to be converted and this ensured that there were recurring maintenance sales within the P&I Group. 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.

The service business recorded a decline in sales of 1.1 million euros when compared to the comparable period during the previous year and their sales amounted to 16.4 million euros. 31 per cent of our overall P&I Group sales were generated from this business sector. Consulting sales also include revenues from seminars and training courses in addition to those arising from introductory projects and from ongoing existing customer support services.

Orders on hand for the coming twelve months (Licensing, Consulting and Maintenance) stand at 45.9 million euros, which is well above the previous year's level of 41.0 million euros and this is attributable to the closing of the major Dataport project. Orders on hand include a future maintenance income of 27.4 million euros (previous year: 26.2 million euros).

2. PROFIT SITUATION AND COST DEVELOPMENT

The operating result increased by 1.6 million euros to 13.4 million euros when compared to the previous year's result. This represents an EBIT margin of 25.2 per cent as opposed to 22.8 per cent in the previous year.

Holding the costs at the previous year's level and the growth in sales has resulted in an increase in the operating result.

The net result showed an increase of 1.3 million euros over the previous year's level due to the rise in the financial result. Profit per share stands at 1.31 euros (previous year: 1.14 euros).

P&I AG, Wiesbaden and the domestic business determine the Group earnings situation and this has been characterised by improved sales and an increase in the operating result during the current fiscal year. A small increase in the operating result has been seen in Austria as a result of sales maintained at the previous year's level. Our foreign business, which also profits from inter-company settlements, showed a slight decrease in sales and results when compared to the previous year.

3. RESEARCH & DEVELOPMENT

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

9.8 million euros (previous year: 9.4 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 18.5 per cent of total sales (previous year: 18.1 per cent). This expenditure covers all P&I products.

Legal changes to the tax and social security areas traditionally create a development focal point. Existing and newly developed reporting processes will require extensive development services during the current fiscal year. 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 have to be processed in the system afterwards. 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. The new EEL unemployment benefits reporting process, the use of which is mandatory as from July 1, 2011, is a classic example of this. German employers can now safely convert to using electronic payment certificates and at little extra cost thanks to the new developments in our P&I LOGA and they will also profit from the security provided by the encrypted transfer of sensitive personal data. In November 2011 the legislators announced that the introduction of ELSTER II would be delayed by a year until January 2013, however, the necessary program modifications have already been implemented and pilot programs will be installed at specific users starting in 2012. Furthermore, some extensive modifications were required for the 2012 income tax declaration and income tax deduction certificates (Elster I). Product enhancements also relate to the national insurance reporting processes. Confirmation procedures from the agency to the employers have also been included in addition to sending reports to the national insurance agency. New reporting matters especially in the DEÜV sector as well as the computerised generation of the reporting process have been integrated in our standard P&I LOGA software.

The ELENA process (electronic payment certificates) will finish at the end of 2011 and will be removed from the programs in two years time.

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. A loan amounting to 34.5 million euros, on which interest will be paid at customary market interest rates, was made to the controlling company, Argon GmbH, with whom a controlling and profit transfer agreement has existed since September (see Section 7). The current cash on hand corresponds with our planning, even after this loan payment was disbursed, and this will ensure that the solid financing needed for our future business is available.

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

The cash flow statement for the first nine month of fiscal 2011/2012 is characterised by two significant effects, which were both based on a single business transaction and shown in the cashflow from the investment activities: the disbursement of the loan of 34.5 million euros to the controlling company, Argon GmbH and secondly, using the funds to provide the loan from the short-term financial assets. The cashflow from our operating activities has also increased as a result of the improved results and the payments received for two major projects.

The annual maintenance business invoices sent out at the start of the calendar year result in comparatively 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 15.5 million euros (March 31, 2011: 55.4 million euros) and this means that the P&I Group remains in a solid position. In addition to this the Group possesses two bonds worth a total of 4.1 million euros, which provide collateral for a line of credit and loan guarantees as well as another bond worth 1.0 million euros, which matures in March 2012. All three bonds are recorded in the balance sheet under Financial Assets.

The P&I Group's balance sheet has decreased by 1.3 million euros as compared to the previous balance sheet date of March 31, 2011 and it now stands at 76.6 million euros (March 31, 2011: 77.9 million euros).

The long-term assets have recorded a significant increase to total 37.9 million euros, whereas the short-term assets have dropped down to 39.1 million euros. The increase to 39.9 million euro recorded in the financial assets on December 31, 2011 is primarily due to a loan made to Argon GmbH, which includes accumulated interest, that amounted to 34.8 million euros and this loan has been assigned to the fixed assets due to its long-term service life. Consequently, the short-term assets have been reduced as a result of the outflow of funds that were used to finance the loan.

P&I AG tax prepayments amounting to 3.2 million euros for the current fiscal year are included in the short-term assets. As the controlling and profit transfer agreement is effective this means that P&I AG is now an affiliated company of Argon GmbH, who are the taxable company. A tax-sharing agreement between P&I AG and Argon GmbH has been signed. P&I AG taxes have been calculated up to December 31, 2011 under this agreement. The liabilities and receivables from this tax-sharing agreement are listed separately in the balance sheet up to December 31, 2011.

The 9.9 million euros result for the first nine months and the reduction in the balance sheet as well as the dividend distribution of 0.3 million euros combined to increase the equity ration from 45.0 per cent (March 31, 2011) to 58.3 per cent.

The P&I Group holds long-term liabilities to the value of 2.8 million euros (March 31 2011: 3.4 million euros), which now consist solely of the deferred tax liabilities and deferred liabilities arising from the tax-sharing agreement. In the meantime, the obligations arising from the long-term bonus scheme for one member of the Board of Directors now have a residual term of less than one year and are therefore listed as short-term liabilities.

Short-term liabilities fell by 10.3 million euros to 29.1 million euros when compared to March 31, 2011. 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 1.1 million euros to 1.8 million euros. The tax liabilities include P&I AG's tax on earnings accruals for the fiscal years 2009/2010 and 2010/2011, which will be offset against the tax prepayments for this fiscal year. Newly added are the liabilities from the tax-sharing agreement, which amount to 3.6 million euros and correspond to P&I AG's tax on earnings accruals for fiscal 2011/2012 and these have not been offset against the tax prepayments.

The increase in the payments received results mainly from the payments for two extensive production orders, which showed a liabilities balance after being offset against the relevant payments, as the payments received exceeded the proportional revenue as a result of the application of the percentage-of-completion and zero profit methods. Other short-term liabilities have been reduced as compared to March 31, 2011, due to a reduction in the VAT payable as well as reduced employee liabilities. Trade payables increased by 1.4 million euros to 3.8 million euros.

5. EMPLOYESS

The P&I Group employed 348 people up to December 31, 2011 (December 31, 2010: 359). The annual average number of full-time employees slightly decreased from 334 to 328 and 246 of these employees work in Germany (December 31, 2010: 249), with a total of 82 employees working in other countries (December 31, 2011: 85) and a total of 30 employees working at our subsidiaries in Austria (December 31, 2010: 32) and 42 employees working at the development centre in Slovakia (December 31, 2010: 41), where we are most strongly represented.

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.

The risk that customers will postpone a planned migration from a legacy product to a P&I software solution is even greater with regard to the licensing business. Apart from this, there has been no significant change in the risks and chances in comparison with the assessments set out in the annual report of March 31, 2011. 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 but is rather more likely to result in stabilisation of our environment. This will enable the Board of Directors and the Company to continue to concentrate on the operating activities after the previous turbulent year. The granting of the loan to Argon GmbH requires 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. The agreement was concluded for a minimum of five years. Approval of the agreement was adopted at Argon's AGM that was held on February 7, 2011 and at P&I AG's AGM that was held on March 24, 2011. The controlling and profit transfer agreement was registered in the commercial register on September 9, 2011. 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, will be ceded to Argon GmbH for the first time in accordance with the controlling and profit transfer agreement. The outside shareholders of P&I AG will receive a compensation payment amounting to 1.55 euros per P&I share after tax.

Furthermore, the controlling and profit transfer agreement also states that Argon GmbH must pay cash compensation on demand to outside P&I shareholders. The acceptance deadline started on September 9, 2011 and ended two months from the day on which the existence of the controlling and profit transfer was registered in the commercial register that refers to P&I and published in accordance with § 10 HGB (also referred to as 'acceptance deadline' in the following). The registration of the existence of the controlling and profit transfer agreement in the commercial register that refers to P&I was published on September 19, 2011 in accordance with § 10 HGB. Consequently, the acceptance deadline for the cash compensation offer ended on November 21, 2011 (24:00 hours CET).

If a legal challenge is lodged then the cash compensation acceptance deadline will end 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 is published in the electronic pages of the Bundesanzeiger.

8. OTHER DEVELOPMENTS

A total of five shareholders lodged objections and nullification actions with the District Court in Frankfurt am Main at the close of the AGM held on September 2, 2010 and one of the plaintiffs has withdrawn his objection in the meantime. Another shareholder, as well as two former members of the Supervisory Board, has also joined the process as intervening parties on the side of the plaintiff. An initial decision made on April 19, 2011 rejected the important points of the objections but accepted the objections regarding the discharge of the Board of Directors and part of the Supervisory Board. As the objections were accepted, P&I AG is lodging an appeal against the ruling of the district court in Frankfurt am Main. The appeals procedure depends on the higher regional court in Frankfurt am Main and as a date for the oral proceedings has not yet been announced, we cannot say when the proceedings will be finalised at the present moment.

Two shareholders have lodged objections and nullification actions at the close of the AGM held on August 30, 2011 to the following: the resolution covering the use of the net profit; resolution covering the discharge of the members of the Board of Directors for fiscal 2010/2011; the resolution covering the discharge of the members of the Supervisory Board for fiscal 2010/2011; the resolution covering the appointment of Mr. Michael Wand as a member of the Supervisory Board; the resolution in accordance with § 244 AktG covering the confirmation of the discharge resolutions resolved at the AGM held on September 2, 2010 with regard to Point 3 of the Agenda (discharge of the Board of Directors); the resolution in accordance with § 244 AktG covering the confirmation of the discharge resolutions proposed at the AGM held on September 2, 2010 with regard to Point 4 of the Agenda (discharge of the members of the Supervisory Board). The objections are pending with the 5th court for commercial matters at the District Court in Frankfurt am Main.

Two annulment actions were also lodged against the resolution to register the controlling and profit transfer agreement that was passed at the extraordinary AGM held on March 24, 2011. A settlement has already been reached regarding this matter.

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

9. OUTLOOK FOR 2012

Despite realising an increase in the GDP for 2011 that amounted to 2,9 per cent, the prognosis issued by leading German economic institutes for 2012 is merely growth of 0.5 per cent.

The operating activities of the P&I Group developed positively during the first nine month of fiscal 2011/2012: Sales growth combined with continuous profitability marked the Company's development. This is a very positive signal with regard to further business development. Competence, quality, service-orientation and creativity all combine to ensure a successful and sustainable business.

All in all, P&I can confirm its forecasts for fiscal 2011/2012: we should see a slight growth in sales as compared to the previous reporting year. If a small growth is recorded as compared to the year under review that has just finished, then the P&I Group expects an increase in the EBIT and a slight increase in the EBIT margin as compared to fiscal 2010/2011.

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 in class.

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET ACC. TO IFRS	December 31, 2011	March 31, 2011
Details in ‘000 euros		
Assets		
Long-term assets		
Customer bases	3,742	4,511
Goodwill	1,738	1,738
Other intangible assets	525	584
Tangible assets	1,373	1,041
Financial assets	39,919	1,946
Deferred tax assets	6	468
Deferred tax assets resulting from tax-sharing agreement	839	0
Total long-term assets	**48,142**	**10,288**
Short-term assets		
Inventories	270	276
Trade receivables	9,010	10,313
Short-term financial assets	0	33,554
Receivables resulting from tax-sharing agreement	3,164	0
Other short-term assets	612	1,618
Cash and cash equivalents	15,450	21,862
Total short-term assets	**28,506**	**67,623**
Total financial assets	**76,648**	**77,911**

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET ACC. TO IFRS	December 31, 2011	March 31, 2011
Details in '000 euros		
Equity and Liabilities		
Shareholders Equity		
Subscribed capital	7,700	7,700
Capital reserve	-249	-429
Revenue reserve less own shares	37,418	27,781
Accumulated other Group Result	-148	1
Total shareholders' equity	**44,721**	**35,053**
Long-term liabilities		
Deferred tax liabilities	59	2,194
Deferred tax liabilities resulting from tax-sharing agreement	2,724	0
Long-term liabilities towards employees	0	1,248
Total long-term liabilities	**2,783**	**3,442**
Short-term liabilities		
Trade payables	3,812	2,363
Obligations from taxes on income	1,760	2,910
Liabilities resulting from tax-sharing agreement	3,618	0
Accruals and deferrals	102	20,260
Billings in excess of costs and estimated earnings on uncompleted contracts	10,211	2,536
Other short-term liabilities	9,641	11,347
Total short-term liabilities	**29,144**	**39,416**
Total liablities	**31,927**	**42,858**
Total equity and liabilities	**76,648**	**77,911**

CONSOLIDATED STATEMENT OF INCOME

CONSOLIDATED STATEMENT OF INCOME ACC. TO IFRS	Quarter Report Oct. 1 to Dec. 31, 2011	Quarter Report Oct. 1 to Dec. 31, 2010	9-Month-Report April 1 to Dec. 31, 2011	9-Month-Report April 1 to Dec. 31, 2010
Details in '000 euros				
Sales	18,554	18,433	53,122	51,793
Cost of sales	5,503	5,734	16,125	16,284
Gross profit	**13,051**	**12,699**	**36,997**	**35,509**
Research and development expenses	3,435	3,096	9,814	9,388
Sales and distribution expenses	2,403	2,756	7,279	7,095
Administrative expenses	1,276	1,214	4,114	3,636
Write-down of goodwill and customer bases	225	321	769	984
Other operating income	-28	22	52	49
Other operating expenses	145	655	1,694	2,641
Result of ordinary activities (EBIT)	**5,539**	**4,679**	**13,379**	**11,814**
Income from investments	348	170	805	457
Financing expenses	-16	36	17	51
Result of ordinary activities before tax (EBT)	**5,903**	**4,813**	**14,167**	**12,220**
Tax expenses resulting from tax-sharing agreement	1,544	0	3,896	0
Tax expenses*	271	1,420	390	3,645
Profit or loss for the period	**4,088**	**3,393**	**9,881**	**8,575**
Average number of shares (diluted/undiluted)	7,522,766	7,522,752	7,522,766	7,522,752
Earnings per share in euros (diluted/undiluted)	€ 0.54	€ 0.45	€ 1.31	€ 1.14

* Tax expenses account both the paid taxes on income and deferred taxes on ordinary business activities,

GROUP'S STATEMENT OF RECOGNISED INCOME AND EXPENDITURE

GROUP'S STATEMENT ACC, TO IFRS	Quarter Report Oct. 1 to Dec. 31, 2011	Quarter Report Oct. 1 to Dec. 31, 2010	9-Month-Report April 1 to Dec. 31, 2011	9-Month-Report April 1 to Dec. 31, 2010
Details in ‘000 euros				
Profit/loss of the period	**4,088**	**3,393**	**9,881**	**8,575**
Foreign exchange translations for foreign business operations				
thereof change in not realised gains and losses	5	68	42	68
thereof Effects on tax on income	0	0	0	0
Total	**5**	**68**	**42**	**68**
Change in market value of financial assets held for sale				
thereof change in not realised gains and losses	-198	-74	-280	41
thereof Effects on tax on income	62	-15	88	-51
Total	**-136**	**-89**	**-192**	**-10**
Other consolidated earnings	**-131**	**-21**	**-150**	**58**
Group's Statement of recognised income and expenditure	**3,957**	**3,372**	**9,731**	**8,633**

CASH-FLOW STATEMENT

CASH-FLOW STATEMENT ACC, TO IFRS	9-Month-Report April 1 to Dec. 31, 2011	9-Month-Report April 1 to Dec. 31, 2010
Details in '000 euros		
Consolidated result	**9,881**	**8,575**
Taxes on income and profit	4,286	3,645
Financial result	-788	-406
Earnings before interest and tax (EBIT)	**13,379**	**11,814**
Depreciation on tangible assets, intangible assets and financial assets	1,462	1,658
Changes in inventories, trade receivables and other assets not attributable in investing of financing activities	-1,226	2,748
Changes in trade payables and other liabilities not attributable in investing of financing activities	-10,512	-16,708
Losses/gains from sales of non-current assets	-5	40
Changes in other items not affecting payments	359	18
Interest paid	-30	0
Interest received	510	266
Tax payments	-4,705	-4,080
Cash flow from operating activities	**-768**	**-4,244**
Payments for investments in tangible assets	-803	-430
Payments for the purchase of intangible assets	-169	-92
Proceeds from the sale of tangible/intangible assets	11	3
Payments in connection with loans to affiliated companies	-34,500	0
Proceeds from the sale of non-current marketable securities	0	19
Proceeds from the sale of marketable securities	33,554	15,000
Payments for the purchase of non-current marketable securities	-3,436	0
Payments for the purchase of marketable securities	0	-10,000
Cash flow from financing activities	**-5,343**	**4,500**
Payments of the distribution of the dividend	-301	-8,275
Cash flow from financing activities	**-301**	**-8,275**
Change in cash and cash equivalents	-6,412	-8,019
Cash and cash equivalents at the beginning of the fiscal year	21,862	28,428
Cash and cash equivalents at the end of the reporting period	15,450	20,409

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

					Accumulated Other Group Result		
	Subscribed 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, 2010	**7,700**	**-429**	**27,215**	**-2,019**	**6**	**-78**	**32,395**
Group Result			10,860		28	45	10,933
Distribution of dividend			-8,275				-8,275
As at March 31, 2011	**7,700**	**-429**	**29,800**	**-2,019**	**34**	**-33**	**35,053**
Share-based payment		180		58			238
Currency translation effects from equity and loan					42		42
Change in market value of financial assets held for sale						-192	-192
Group Result			9,881				9,881
Distribution of dividend			-301				-301
As at December 31, 2011	**7,700**	**-249**	**39,380**	**-1,961**	**76**	**-225**	**44,721**

1. BASIC PRINCIPLES OF THE GROUP FINANCIAL STATEMENT

According to Article 4 of the European Parliament Regulation (EG) No. 1606/2002 and the counsel of July 19, 2002 concerning the use of international financial accounting standards (ABl. EG No. L 243 p.1), the company prepares the consolidated financial statement 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 balance sheet 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 December 31, 2011

The following changes to the standards and interpretations are to be first applied to all fiscal years starting after July 1, 2010 or after January 1, 2011 and they are therefore obligatory for the P&I Group as from fiscal 2011/2012:

- Changes to IAS 24: Related party disclosures
- Collective standard for changes to various IFRS (2010): Improvements to IFRSs
- Changes to IFRIC 14 and IFRIC 19

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 788,000 euros (previous year: 406,000 euros) mainly includes interest income from bank balances and securities and a loan to an affiliated company.

The Group’s tax expenses are shown as follows:

In ‘000 euros	December 31, 2011	December 31, 2010
Tax on income from tax-sharing agreement	3,584	0
Deferred tax expenses from tax-sharing agreement	312	0
Tax expenses arising from the tax-sharing agreement between Argon GmbH / P&I AG	**3,896**	**0**
Taxes on income	401	3,437
Deferred tax revenue	-11	208
Tax expenses	**390**	**3,645**
Group tax expenses	**4,286**	**3,645**

The combined tax rate applicable to P&I AG of 31.23 per cent takes into account 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 ensuing deferred tax liability is based on the sales realisation arising from the “Percentage of Completion” method.

Earnings per share amount to 1.31 euros (previous year: 1.14 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 Section 3 in the Notes to the financial statement issued on March 31, 2011 for an explanation of the segmentation.

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. Finance costs, finance revenues and taxes on income are managed at Group level.

Their business segments are set out as follows:

SEGMENT REPORTING FOR 3RD QUARTER 2011/2012

	Germany		Austria		Other foreign countries		Elimination		Group	
	Q3, 2011	Q3, 2010	Q3, 2011	Q3, 2010	Q3, 2011	Q3, 2010	Q3, 2011	Q3, 2010	Q3, 2011	Q3, 2010
Details in '000 euros										
Sales to third parties	14,443	14,579	2,371	1,985	1,740	1,869	0	0	18,554	18,433
Intersegment sales	1,169	1,090	0	0	36	0	-1,205	-1,090	0	0
Segment Sales	**15,612**	**15,669**	**2,371**	**1,985**	**1,776**	**1,869**	**-1,205**	**-1,090**	**18,554**	**18,433**
Segment Result (EBIT)	4,147	3,505	497	78	895	1,096	0	0	5,539	4,679
Financial Result									364	134
Group Result before tax									**5,903**	**4,813**

SEGMENT REPORTING FOR 9-MONTHLY-REPORT 2011/2012

	Germany		Austria		Other foreign countries		Elimination		Group	
	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
Details in '000 euros										
Sales to third parties	42,297	40,581	5,533	5,532	5,292	5,680	0	0	53,122	51,793
Intersegment sales	3,438	2,242	0	2	63	0	-3,501	-2,244	0	0
Segment Sales	**45,735**	**42,823**	**5,533**	**5,534**	**5,355**	**5,680**	**-3,501**	**-2,244**	**53,122**	**51,793**
Segment Result (EBIT)	10,212	8,178	536	413	2,631	3,223	0	0	13,379	11,814
Financial Result									788	406
Group Result before tax									**14,167**	**12,220**

4. NOTES ON THE BALANCE SHEET

The financial assets, which total 39.9 million euros, include a loan and the accumulated interest to an associated company that amounts to 34.8 million euros. The loan was made to Argon GmbH, of Munich.

As explained previously, P&I AG became an affiliated company of Argon GmbH when the controlling and profit transfer agreement came into effect. A tax-sharing agreement between P&I AG and Argon GmbH has been signed. The receivables (3,170,000 euros, including deferred taxes of 6,000 euros) and the liabilities (6,342,000 euros, of which 2,724,000 euros are deferred tax liabilities and 3,618,000 euros are tax on income liabilities), which result from the tax-sharing agreement, have been listed separately in the balance sheet.

Investments amounting to 997,000 euros were made during the first nine month of fiscal 2011/2012 (previous year: 522,000 euros). Cash and the financial assets available for sale are constituted as follows:

In ‘000 euros	December 31, 2011	March 31, 2011
Cash on hand and in bank balances	15,450	21,862
Available-for-sale financial assets	0	33,554
Total	**15,450**	**55,416**

Of the trade receivables of 9,010 euros (March 31, 2011: 10,313,000 euros) there was still 56 per cent (March 31, 2011: 53 per cent) that was not yet due.

The capital stock of the Company remaines unchanged at 7,700,000 euros as at December 31, 2011 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. The variable component claim lodged by one of the members of the Board of Directors was fully converted into P&I shares as part of the variable component for fiscal 2010/2011. 5,086 shares were transferred for this reason during the quarter that has just finished.

The fair value of the transferred shares amounts to 136,355.66 euros, of which acquisition costs amounting to 57,932.92 euros were deducted from the revenue reserves and the remaining amount of 78,422.74 euros was posted in the capital reserves.

The revenue reserves shown in the balance sheet are composed as follows:

In ‘000 euros	December 31, 2011	March 31, 2011
Revenue reserve before deduction of own stock	39,379	29,800
Own shares	- 1,961	- 2,019
Profit carried forward	**37,418**	**27,781**

Argon GmbH granted a long-term incentive programme based on ‘Stock Appreciation Rights’ to a member of the Board of Directors during the quarter that has just finished. 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 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.

The capital reserves shown in the balance are composed as follows:

In '000 euros	
Capital reserve as at March 31, 2011	-429
Sale of own shares	78
Long Term Incentive programme	102
Capital reserve as at December 31, 2011	**-249**

The entry for other equity of –148,000 euros (March 31, 2011: 1,000 euros) mainly reflects the exchange rate differences arising from the valuation of securities as well as the effect of 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, Associate Director of the The Carlyle Group, of London (GB)

The Supervisory Board of P&I Personal & Informatik AG unanimously adopted a resolution on May 17, 2011, in which the appointment of Mr. Vasilios Triadis, the Chairman of the Board of Directors, as the chairman of the Board of Directors was extended for a further four years until March 31, 2016.

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

As at December 31, 2011, 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 reducing 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 December 31, 2011.

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

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.

Dividend for 2010 / 2011

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

In euros	
Net profit up to March 31, 2011	19,547,054.65
Dividend distribution	- 300,910.08
Profit carried forward	**19,246,144.57**

The distribution payout corresponded to a dividend payment of 4 cents per no-par share entitled to a dividend.

Own shares held by P&I AG that are not entitled to a dividend were not taken into account.

The compensation payments for the current fiscal year to be made to the outside shareholders 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.

A share buyback scheme was implemented during the period from October 23, 2008 until September 30, 2009. A total of 177,248 shares were repurchased. 5,086 shares were transferred to a member of the Board of Directors as part of the variable component for fiscal 2010/2011 during the quarter that has just finished. As of December 31, 2011 the weighted average number of shares was 7,522,766, which results in undiluted earnings per share of 1.31 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 target Group EBIT (= earnings before interest and taxes) respectively the Group EBITDA (= earnings before depreciation, interest and tax) set by the Supervisory Board has been fulfilled. The profit-related compensation for a member of the Board of Directors for the current fiscal year is based on the advent of defined project events.

Argon GmbH agreed a long-term incentive programme based on ‘Stock Appreciation Rights’ with a member of the Board of Directors during the quarter that has just finished. 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. The resulting employee expenditure will correspond with an increase in the capital reserves listed in the IFRS consolidated financial statement.

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

The company registered several investments in the nine month of fiscal 2011/2012 in compliance with §§ 21 ff. of the German Securities Trade Act.

On April 29, 2011, **Lazard Asset Management LLC** headquartered in New York, (U.S.A.), notified P&I Personal & Informatik AG pursuant to §§21 Para. 1 WpHG of the following:

The percentage of voting rights in P&I Personal & Informatik AG, Kreuzberger Ring 56, 65205 Wiesbaden, Germany, held by Lazard Asset Management, LLC had dropped below the 3 per cent threshold as at April 28, 2011 and that the percentage of voting rights it now holds amounts to 2,89 per cent (which corresponds to 222,780 voting rights). The voting rights have been calculated in accordance with § 22 Para. 1, Sentence 1, No. 6 WpHG.

On September 16, 2011, **Axxion S.A.** headquartered in Munsbach, (Luxembourg), notified P&I Personal & Informatik AG pursuant to §§21 Para. 1 WpHG of the following:
The percentage of voting rights in P&I Personal & Informatik AG, Kreuzberger Ring 56, 65205 Wiesbaden, Germany, held by Axxion S. A., exeeded the 3 per cent threshold as at September 13, 2011 and that the percentage of voting rights it now holds amounts to 3,01 per cent (which corresponds to 231,385 voting rights).

On October 24, 2011, **Axxion S.A.** headquartered in Munsbach, (Luxembourg), notified P&I Personal & Informatik AG pursuant to §§21 Para. 1 WpHG of the following:
The percentage of voting rights in P&I Personal & Informatik AG, Kreuzberger Ring 56, 65205 Wiesbaden, Germany, held by Axxion S. A., had dropped below the 3 per cent threshold as at October 12, 2011 and that the percentage of voting rights it now holds amounts to 1,74 per cent (which corresponds to 133,716 voting rights).

11. RELATED PARTY TRANSACTIONS

The following payments were made to closely related enterprises and persons:

	Receivables		Revenue	
In '000 euros	Dec. 31, 2011	Dec. 31, 2010	9 Month 2011/12	9 Month 2010/11
P&I Timemanagement B.V., Amsterdam, in the Netherlands[1)]	n/a	0	n/a	16
H.C. Starck GmbH, Goslar[2)]	2	55	66	67
Brunner Treuhand[3)]	0	0	0	0
Total	**2**	**55**	**66**	**83**

The following payments were received from closely related enterprises and persons:

	Liabilities		Expenditure	
In '000 euros	Dec. 31, 2011	Dec. 31, 2010	9 Month 2011/12	9 Month 2010/11
P&I Timemanagement B.V., Amsterdam, in the Netherlands[1)]	n/a	0	n/a	52
Brunner Treuhand[3)]	4	0	4	0
Total	**4**	**0**	**4**	**52**

1) P&I Timemanagement B.V., of Amsterdam, in the Netherlands, was a non-consolidated, fully owned subsidiary company of P&I Personeel & Informatica B.V., of Amsterdam, Netherlands, up to March 31, 2011. It provided consulting services to other Group affiliated companies and uses the P&I Time licence from the parent company. The business merged with Personeel & Informatica B.V. on April 1, 2011.

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

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

The terms and conditions for the transactions with related parties 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, February 16, 2012

P&I Personal & Informatik AG

Vasilios Triadis
CEO

Dr. Erik Massmann
CFO

FINANCIAL CALENDAR

FINANCIAL CALENDAR	
June 14, 2012	Publication of the Annual Report 2011/2012
August 16, 2012	Publication of the Quarterly Report 2012/2013
September 4, 2012	Shareholders' Meeting (AGM) for 2012 in Wiesbaden

IMPRESSUM

P&I AG
Investor Relations
Kreuzberger Ring 56
65205 Wiesbaden

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

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

WKN 691 340
ISIN DE 0006913403

P&I – YOUR PARTNER FOR INTEGRATED HR SOLUTIONS – Almost 400 people – contributing their knowledge, their high level of dedication and passion – make P&I the premium supplier of integrated software solutions for human resources management. Regardless of whether it is payroll, web-based personnel management or time management: the HR software of P&I AG is cutting edge – with regard to technological as well as functional attributes. In the meantime, the P&I LOGA payroll accounting software is now utilised in fourteen European countries. With the P&I TIME product, P&I now has a platform-independent and flexibly adaptable standard software application for time management and is thus positioning an attractive stand-alone product in the premium segment. Services such as implementation, consulting, training and HR outsourcing additionally round off the range of services that P&I offers.

P&I serves its customers through 6 branch offices in Germany and another 7 offices in other European countries, guaranteeing those customers reliability and investment protection by means of its large investments in product research and development. Leading international HR service providers as well as computer centres rely on P&I as a product supplier, and over 3,000 direct customers successfully process their HR business using P&I solutions. They all place their trust in the high level of expertise that P&I AG has in the meantime amassed in the course of its more than 40 years of presence in the market. P&I offers human resource management from one single source, providing solutions that ensure its customers are well-prepared for the future. P&I is stock exchange listed in the Prime Standard segment of the Frankfurt Stock Exchange; in the business year 2010/2011 it achieved a turnover of 69,1 million Euros.

P&I GERMANY

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

P&I AUSTRIA

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

P&I SWITZERLAND

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

P&I NETHERLANDS

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

P&I SLOVAKIA

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

P&I