P&I PURE HR

Annual Financial Statement
P&I Personal & Informatik AG

2012/2013

Facts and figures

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

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

1. OVERVIEW OF THE FINANCIAL YEAR

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

REVENUE GROWTH OF 16.3% ACCOMPANIED BY HIGH PROFITABILITY

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

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

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

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

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

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

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

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

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

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

2. P&I AG AND THE GROUP

2.1 OVERVIEW

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

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

2.2 CORPORATE STRATEGY

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

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

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

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

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

Produkt

The product lifecycle of pure expert systems is at an end

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

No acceptance for long and cost-intensive projects

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

The three-pillar model

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

The analysis: with a few questions on your configuration

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

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

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

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

In order to understand the significance and functionality of the P&I BIG DATA approach in conjunction with P&I LOGA3 and the analysis method, a distinction must first be made to the common understanding of the phrase "big data". Big data denotes particularly large quantities of data that can be processed using databases and tools. The P&I approach is not about identifying the right information in existing mega volumes of data or intelligent analytical methods to master the data chaos. In P&I BIG DATA, we instead build this information and data pool. We collect, structure and combine existing data sources, so that our customers' consultants and employees both benefit as much as possible.

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

P&I BIG DATA: basic configuration

All information on all conceivable basic configurations (tariffs, wage type frameworks), all potential entry systems and interfaces and format information is available in the feeder system.

P&I BIG DATA: checklists through best-in-class workflows

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

P&I BIG DATA: gigantic knowledge pool

The third emphasis is the broad mass of our customers and partners, who provide collected knowledge about the use of the system or about reporting and analyses.

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

P&I LOGA3: from an expert to a user system

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

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

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

P&I PLUS

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

Research and development

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

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

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

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

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

Sales/market

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

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

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

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

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

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

Company management

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

2.3 ORGANISATION/STAFF

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

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

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

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

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

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

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

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

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

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

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

Issued capital, voting rights and restrictions

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

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

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

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

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

Special rights for shareholders

The Company does not have any shares conferring special rights.

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

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

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

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

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

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

Control and profit transfer agreement

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

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

Authorised Capital

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

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

Share buyback

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Formation of committees (section 5.3.1 to 5.3.3 of the Code)
In derogation from the recommendation of the Code, the Supervisory Board has not formed any committees. The Supervisory Board consists of only three members. As such, the formation of committees in addition to the full Supervisory Board does not seem appropriate, particularly since committees formed to pass resolutions on behalf of the Supervisory Board are also required to have at least three members.

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

Performance-related remuneration for Supervisory Board members (section 5.4.6 (2) of the Code in the version valid until 15 June 2012)
In derogation from the recommendation of the Code in the version valid until 15 June 2012, no performance-related remuneration has been agreed for Supervisory Board members. The Company is of the opinion that such remuneration would contradict the monitoring function of the Supervisory Board and would be inadvisable in light of the size and structure of the Company.

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

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

Disclosures on corporate governance

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

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

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

Directors' dealings

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

Open and transparent communications

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

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

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

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

Working practices of the Management Board and the Supervisory Board:

Management Board

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

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

Supervisory Board

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

2.6 REMUNERATION SYSTEM

Management Board

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

There were no additional salary components.

Supervisory Board

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

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

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

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

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

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

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

3. ECONOMIC CONDITIONS

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

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

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

4. COURSE OF BUSINESS WITHIN THE GROUP

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

4.1 Results of operations

Revenue development

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

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

Licence business

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

Maintenance business

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

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

Consulting business

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

Other

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

Revenue development in the segments

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

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

Growth in domestic business

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

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

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

Austria segment reports double-digit growth

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

Other International

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

Development of orders

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

Results of operations

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

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

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

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

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

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

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

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

Results of operations in the segments

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

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

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

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

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

Earnings per share

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

4.2 FINANCIAL POSITION

Cash flow development and liquidity position

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

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

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

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

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

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

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

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

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

Increase in cash and cash equivalents and current financial assets

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

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

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

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

Financial management

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

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

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

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

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

Derivative financial instruments

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

4.3 NET ASSETS

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

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

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

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

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

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

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

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

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

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

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

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

Total current liabilities increased by EUR 1.0 million to EUR 69.9 million. This figure includes trade payables, the liability for the profit transfer from P&I AG to Argon GmbH (change: EUR +2.3 million), tax liabilities and liabilities resulting from the tax allocation agreement (change: EUR -3.3 million), deferred income (change: EUR +3.3 million), the gross amount due to customers for contract work (change: EUR -1.7 million) and other current liabilities (unchanged as against the previous year). Tax liabilities of EUR 1.1 million include the tax liabilities of subsidiaries that were offset against tax prepayments for the respective financial years. Tax liabilities from the tax allocation agreement relate to the tax allocation agreement concluded between P&I AG and Argon GmbH, which has been in place since 1 April 2011. The decrease as against the previous year is attributable to the prepayments made during the course of the year. There was an increase in deferred income, which reflects the income that is received at the start of the calendar year due to the annual invoices that are issued and paid in advance and that is reversed each month for the purposes of revenue recognition. The gross amount due to customers for contract work amounted to EUR 8.5 million (previous year: EUR 10.2 million) and included advance payments in connection with a major project, among other things. Other current liabilities amounted to EUR 12.4 million at the end of the financial year (previous year: EUR 12.3 million) and included payment obligations to staff members in relation to variable remuneration components, among other things.

5. P&I AG

5.1 RESULTS OF OPERATIONS

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

Revenue development

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

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

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

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

Results of operations: further improvement in profit from ordinary activities

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

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

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

Net profit / profit transfer

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

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

5.2 FINANCIAL POSITION

Cash flow development and liquidity position

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

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

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

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

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

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

Financial management and financial instruments

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

5.3 NET ASSETS

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

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

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

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

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

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

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

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

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

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

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

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

6. SUMMARY OF THE COURSE OF BUSINESS

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

7. RISK REPORT

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

7.1 ORGANISATION OF RISK MANAGEMENT

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

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

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

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

7.2 RISK MANAGEMENT SYSTEM AND ACCOUNTING-RELATED INTERNAL CONTROL SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

7.3 RISK FACTORS

Business risk

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

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

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

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

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

Financial risk

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

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

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

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

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

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

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

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

Legal risk

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

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

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

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

Staff risk

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

Acquisition risk

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

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

8. REPORT ON EXPECTED DEVELOPMENTS

8.1 THE ECONOMY AND THE INDUSTRY IN THE NEW FINANCIAL YEAR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Wiesbaden, 24 May 2013

Vasilios Triadis Martin C. de Groot

BALANCE SHEET AS AT MARCH 31, 2013

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

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

INCOME STATEMENT 1 APRIL 2012 - 31 MARCH 2013

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

A. GENERAL INFORMATION ON THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements were prepared in euro in accordance with the provisions of the German commercial and stock corporation law. For reasons of clarity, the disclosures in the balance sheet, income statement, notes and management report are in euro or thousands of euro.

B. ACCOUNTING POLICY DISCLOSURES

Intangible and tangible fixed assets

Purchased intangible assets are measured at acquisition cost. As in previous years, the option under section 248(2) of the Handelsgesetzbuch (HGB – German Commercial Code) to capitalise internally generated intangible fixed assets was not exercised. Purchased industrial and similar rights and assets are amortised on a straight-line basis over two to five years. Other purchased intangible assets are amortised on a straight-line basis over three years. Customer bases result from the acquisition of business divisions and from mergers or accrual. They are amortised on a straight-line basis over five to ten years.

Tangible fixed assets are measured at cost and – if depreciable – depreciated over their expected useful life of two to 13 years.

Leasehold improvements are depreciated on a straight-line basis over four years, not exceeding the remaining term of the lease at the date installed. Motor vehicles are depreciated on a straight-line basis over five to six years. Hardware is depreciated on a straight-line basis over two to three years; mainframes/servers are depreciated on a straight-line basis over seven years. Other operating and office equipment is depreciated on a straight-line basis over four to 13 years.

Useful lives are determined using estimates on the basis of experience from past financial years.

Impairment losses are recognised when the carrying amount exceeds the market value.

Low-value assets with a net individual value of up to EUR 410 (previous year: EUR 410) are written down in full in the year of addition. An annual omnibus item was recognised for assets with an individual net value of between EUR 151 and EUR 1,000 in the period from 1 January 2008 to 31 March 2010, which is written down over five years.

Long-term financial assets

Long-term financial assets are measured at acquisition cost. They are written down to their lower value on the balance sheet date if the impairment is expected to be permanent. If long-term financial assets are written down to lower market value, this impairment loss is reversed at a later balance sheet date if the reasons for it no longer apply.

Current assets

Inventories are carried at the lower of cost and fair value. The production cost includes the capitalised primary costs, appropriate portions of production and materials overheads and the depreciation of fixed assets if caused by production.

Receivables from software sales are recognised when there is a legally signed agreement with the customer with no right of withdrawal and the software has been delivered. Receivables from maintenance income are recognised pro rata over the contractual maintenance period. The share of maintenance income not yet recognised as sales is recognised as deferred income.

Receivables from consulting and training services are recognised after service is rendered. The receivables are carried at cost. Receivables from customer support agreements are recognised pro rata over the contractual term. The share of support income not yet recognised as sales is recognised as deferred income.

Impairment losses on receivables are recognised in line with the probability of default. A global valuation allowance of 1% (previous year: 1%) was recognised for trade receivables not subject to a specific valuation allowance.

Securities classified as current assets and reinsurance claims used to hedge partial retirement obligations or similar long-term obligations and that meet the requirements of section 246(2) sentence 2 HGB for netting against the corresponding obligations are measured at fair value as at the balance sheet date and netted.

Other assets include corporation tax credit carried at the present value of EUR 55 thousand (previous year: EUR 64 thousand). The nominal value as at 31 March 2013 is EUR 60 thousand (previous year: EUR 73 thousand) and the interest cost of the 2012/2013 financial year was EUR 3 thousand.

Bank balances are carried at nominal amount.

Prepaid expenses and deferred income

Prepaid expenses are calculated in line with the accrual of expenses. Deferred income includes income incurred after the reporting date but recognised before the reporting date.

Excess of plan assets over post-employment benefit liability

In accordance with section 246(2) sentence 2 HGB and the Bilanzrechtsmodernisierungsgesetz (BilMoG – German Accounting Law Modernisation Act) the company offsets assets that are unavailable to all other creditors and that are exclusively intended to settle liabilities for pensions and partial retirement obligations against these liabilities. The value of the assets exceeds the value of obligations; this excess is reported as an asset on the balance sheet under “Excess of plan assets over post-employment benefit liability”.

Subscribed capital

The subscribed capital is carried at nominal amount. The notional value of own shares of EUR 169 thousand (previous year: EUR 172 thousand) was deducted from this.

Provisions

Tax provisions and other provisions are carried at the settlement amount deemed necessary in line with prudent business judgement and take into account all discernible risks and uncertain obligations within the framework of section 249 HGB.

Owing to the settlement nature of the underlying agreement, the present value of all future monthly replenishment payments is calculated as the provision for partial retirement and recognised as such on conclusion of the agreement. The provision is utilised accordingly on commencement of the non-active phase of partial retirement. The outstanding settlement amounts are recognised as provisions pro rata at the start of the active phase of partial retirement and then utilised accordingly on commencement of the non-active phase.

Provisions with a remaining term of more than one year are discounted using the average market interest rates published by Deutsche Bundesbank appropriate to their remaining term.

Liabilities

Liabilities are recognised at their settlement value.

Deferred taxes

Despite forming a single entity for income tax purposes with Argon GmbH (consolidated tax group parent), P&I AG still recognises deferred taxes on differences between accounting and tax carrying amounts as it has a tax allocation agreement with Argon GmbH. Deferred taxes are calculated on the basis of a combined income tax rate of currently 31.23% (previous year: 31.23%). The combined income tax rate comprises corporation tax, trade tax and solidarity surcharge. Deferred taxes are reported net in accordance with the option of section 274(1) sentence 3 HGB. A net deferred tax liability was recognised as at the balance sheet date.

Foreign currency translation

Short-term foreign currency receivables and liabilities are translated using the current FX rate at the date of the transaction. There were no short-term or long-term foreign currency receivables or liabilities as at the balance sheet date.

The accounting policies are unchanged as against the previous year.

C. BALANCE SHEET DISCLOSURES

1. FIXED ASSETS

1.1. INTANGIBLE ASSETS

EUR thousand	Software	Customer bases	Goodwill	Total
Cost				
1 April 2012	4,366	17,419	299	22,084
Additions 2012/2013	266	0	0	266
Disposals 2012/2013	682	0	0	682
31 March 2013	**3,950**	**17,419**	**299**	**21,668**
Cumulative amortisation				
1 April 2012	3,991	15,090	299	19,380
Additions 2012/2013	260	577	0	837
Disposals 2012/2013	683	0	0	683
31 March 2013	**3,568**	**15,667**	**299**	**19,534**
Carrying amount 31 March 2013	**382**	**1,752**	**0**	**2,134**
Carrying amount 31 March 2012	375	2,329	0	2,704

The software column contains purchased industrial and similar rights and assets and licenses in such rights and assets. The company amortises purchased industrial rights amortised on a straight-line basis over two to five years.

The goodwill results from the merger of a previously acquired software company. It was originally amortised over a period of ten years and written down in full in the 2011/2012 financial year.

1.2. TANGIBLE ASSETS

EUR thousand	Operating and office equipment	Leasehold improvements	Total
Cost			
1 April 2012	3,501	69	3,570
Additions 2012/2013	575	0	575
Disposals 2012/2013	540	0	540
31 March 2013	**3,536**	**69**	**3,605**
Cumulative depreciation			
1 April 2012	2,333	52	2,385
Additions 2012/2013	641	5	646
Disposals 2012/2013	490	0	490
31 March 2013	**2,484**	**57**	**2,541**
Carrying amount 31 March 2013	**1,052**	**12**	**1,064**
Carrying amount 31 March 2012	1,168	17	1,185

The 2012/2013 disposals in “Operating and office equipment” essentially result from the scrapping of assets.

1.3. LONG-TERM FINANCIAL ASSETS

Shares in affiliated companies

EUR thousand	P&I GmbH Vienna	P&I AG Horgen	P&I BV Amsterdam	P&I s.r.o Bratislava	Beteil. GmbH Wiesbaden	Total
Cost						
1 April 2012	37	1,805	18	49	25	1,934
Additions	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
31 March 2013	**37**	**1,805**	**18**	**49**	**25**	**1,934**
Write-downs	0	0	0	0	0	0
Carrying amount 31 March 2013	**37**	**1,805**	**18**	**49**	**25**	**1,934**
Carrying amount 31 March 2012	37	1,805	18	49	25	1,934

Loans to affiliated companies

EUR thousand	P&I AG Horgen	Argon GmbH Munich	Total
1 April 2012	5,900	40,578	46,478
Additions	0	13,190	13,190
Disposals	592	15,227	15,819
31 March 2013	**5,308**	**38,541**	**43,849**
Write-downs	0	0	0
Carrying amount 31 March 2013	**5,308**	**38,541**	**43,849**
Carrying amount 31 March 2012	5,900	40,578	46,478

The loan to Argon GmbH, Munich, amounted to EUR 38,541 thousand as at the balance sheet date (previous year: EUR 40,578 thousand) and, in addition to the loan paid out, includes interest calculated at a standard market rate. The loan must be repaid by no later than 31 December 2025.

P&I AG concluded a control and profit transfer agreement with Argon GmbH on 7 February 2011. In it, P&I AG undertakes to transfer its entire profit to Argon GmbH. The net income for 2011/2012 of EUR 15,227 thousand was offset against the loan granted on the basis of an offsetting agreement with Argon GmbH. At the instruction of Argon GmbH, additional loan amounts of EUR 12,200 thousand were paid out in the 2012/2013 financial year and the interest for the 2012/2013 financial year of EUR 990 thousand was reported as an addition.

A loan of EUR 5,900 thousand was paid to P&I AG, Horgen, in the 2011/2012 financial year. The loan bears interest at standard market rates and is intended as liquidity assistance for the company's expansion. The loan must be repaid by no later than 31 March 2022. EUR 592 thousand was repaid in the 2012/2013 financial year.

Long-term investments

Long-term investments amounted to EUR 4,447 thousand (previous year: EUR 0 thousand). They are now permanently used for business operations and have therefore been reclassified from current assets to fixed assets. The securities are bonds used as collateral for a longer term guarantee credit facility at Commerzbank AG.

2. CURRENT ASSETS

2.1. INVENTORIES

EUR thousand	31 March 2013	31 March 2012
Services in progress	3,373	2,233
Merchandise	129	148
Total	**3,502**	**2,381**

Services in progress result from agreements in which P&I AG owes certain performance, These include fixed-price consulting projects and development projects with customers that usually result in an extension of standard software. Services in progress are measured using an average daily rate for personnel expenses as at the balance sheet date that includes all required components of cost of production in accordance with section 255(2) sentence 2 HGB.

2.2. RECEIVABLES AND OTHER ASSETS

Trade receivables

EUR thousand	31 March 2013	31 March 2012
Trade receivables	7,077	6,172
Specific valuation allowances	-30	-1
Global valuation allowance	-89	-75
Total	**6,958**	**6,096**

A global valuation allowance of 1% was recognised on net receivables not subject to specific valuation allowances in order to cover the general credit risk and dunning costs.

Receivables from affiliated companies

EUR thousand	31 March 2013	31 March 2012
P&I Personal & Informatik AG, Horgen, Switzerland	369	452
P&I Personal & Informatik GmbH, Wien, Austria	141	262
P&I Personeel & Informatica B. V., Amsterdam, Netherlands	89	116
Total	**599**	**830**

The receivables are trade receivables.

Other assets

EUR thousand	31 March 2013	31 March 2012
Recoverable corporation tax	55	64
Interest receivables	115	160
Tax authority receivable	0	2,741
Miscellaneous	303	120
Total	**473**	**3,085**

The receivable from the tax authorities in the previous year resulted from unjustified advance tax payments after forming a single entity for tax purposes with Argon GmbH (consolidated tax group parent).

As in the previous year, all receivables have a remaining term of up to one year. EUR 43 thousand (previous year: EUR 52 thousand) of other assets have a remaining term of more than one year.

2.3. CASH-IN-HAND AND BANK BALANCES

EUR thousand	31 March 2013	31 March 2012
Term deposit balances with remaining terms of less than three months	0	4,105
Term deposit balances with remaining terms of more than three months	5,000	13,500
Bank balances	20,124	1,824
Cash-in-hand	2	3
Total	**25,126**	**19,432**

The term deposit balance matures on 26 September 2013.

3. PREPAID EXPENSES

Prepaid expenses amounted to EUR 1,186 thousand (previous year: EUR 1,321 thousand) in the 2012/2013 financial year and essentially included prepaid insurance premiums and maintenance fees.

4. EXCESS OF PLAN ASSETS OVER POST-EMPLOYMENT BENEFIT LIABILITY

Partial retirement agreements are carried as provisions to employees at the present value of the obligation as at the balance sheet date. Securities are pledged to beneficiaries to protect vested partial retirement credit against insolvency.

The cost of the assets not available to other creditors is EUR 502 thousand (previous year: EUR 197 thousand), the fair value of the assets is EUR 507 thousand (previous year: EUR 202 thousand). The fair value was calculated using the market price of the investment fund units as at the balance sheet date.

The present value of the partial retirement obligation as at 31 March 2013 was calculated using an actuarial opinion and was EUR 448 thousand (previous year: EUR 145 thousand). The measurement date of partial retirement obligations is 31 March 2013. The 2005 G Heubeck mortality tables were used as the basis of calculation. A discounting factor of 3.89% and a wage and salary growth rate of 2% were assumed as parameters.

The provision for partial retirement obligations was offset against the corresponding assets (insolvency-protected fund assets) in accordance with section 246(2) sentence 2 HGB. There is an excess of plan assets of EUR 59 thousand (previous year: EUR 57 thousand); this amount is fully restricted from distribution in accordance with section 268(8) HGB.

There is interest income from the pledged assets in the income statement of EUR 1 thousand (previous year: EUR 3 thousand).

5. EQUITY

5.1. SUBSCRIBED CAPITAL

The subscribed capital of the company is divided into 7,700,000 bearer shares. Each share grants one vote and accounts for a notional amount of EUR 1 of subscribed capital.

The notional value of own shares of EUR 169 thousand (previous year: EUR 172 thousand) was deducted from the subscribed capital totalling EUR 7,700,000. Accordingly, issued capital amounted to EUR 7,531 thousand (previous year: EUR 7,528 thousand) as at 31 March 2013.

The holdings of own shares result from purchases in the period from 27 October 2008 to 30 September 2009 and amounted to 168,873 shares, or 2.19% of share capital, as at 31 March 2013. The cost of own shares was EUR 1,924 thousand. Measured using the stock market price as at the balance sheet date, their value is EUR 5,751 thousand.

In the 2012/2013 financial year, the variable remuneration claim of a Management Board member was converted into 3,289 P&I shares (0.04% of the share capital) and these shares were transferred to the Management Board member. The fair value of these transferred shares was EUR 98 thousand. EUR 3 thousand of this was deducted from the notional value of own shares, the other costs of EUR 34 thousand were appropriated to revenue reserves and the excess amount of EUR 61 thousand was appropriated to capital reserves.

In accordance with section 272(1a) HGB, the notional value of own shares (EUR 169 thousand) is deducted from subscribed capital on the face of the balance sheet and the difference between the notional value and the cost (EUR 1,755 thousand) is offset against the available revenue reserves.

As in the previous year, no pre-emption rights were issued nor were any outstanding in the reporting year.

At the Annual General Meeting on 2 September 2008, the Management Board was authorised, with the approval of the Supervisory Board, to increase the share capital of the company by up to EUR 3,850 thousand by issuing new shares against cash or non-cash contributions on one or several occasions by 1 September 2013 (Authorised Capital 2008). Shareholders must be granted pre-emption rights in capital increases against cash contributions. However, the Management Board is authorised, with the approval of the Supervisory Board, to disapply pre-emption rights to the extent necessary to grant bearers of exchange or pre-emption rights issued by the company pre-emption rights to new shares in the amount they would be entitled to after exercising their pre-emption rights. In a capital increase against cash contributions, the Management Board is also authorised, with the approval of the Supervisory Board, to disapply shareholders' statutory pre-emption rights if such a capital increase against cash contributions does not exceed 10% of the share capital of the company available on first-time utilisation of the authorised capital with pre-emption rights disapplied and the issue price of the new shares is not significantly less than the stock market price of the shares of the same category already listed as at the date of final determination of the issue price. The limit of 10% of share capital includes the disposal of own shares if disposed of on the basis of an authorisation to dispose of own shares with pre-emption rights disapplied valid at the time that the authorised capital takes effect.

For capital increases against non-cash contributions, the Management Board is authorised, with the approval of the Supervisory Board, to disapply shareholders' statutory pre-emption rights if the capital increase against non-cash contributions is effected for the purpose of acquiring companies or equity investments in companies and the total pro rata amount of share capital relating to the new shares for which pre-emption rights are disapplied is not greater than 20% of the share capital available at the time that the new shares are issued. The Management Board is authorised, with the approval of the Supervisory Board, to disapply shareholders' statutory pre-emption rights for any fractional amounts. The Management Board is further authorised, also with the approval of the Supervisory Board, to determine the conditions for the issue of shares and the details of the performance of capital increases from authorised capital. The Supervisory Board is authorised to adjust the wording of the Articles of Association in line with the respective utilisation of Authorised Capital 2008.

At the Annual General Meeting on 30 August 2011, the Management Board was authorised, with the approval of the Supervisory Board, to acquire own shares up to a total of 10% of the share capital present in the resolution of the Annual General Meeting by 29 August 2016.

The Management Board was also authorised to use the acquired shares of the company for all legally permitted purposes, including in particular selling them to third parties under certain conditions, using them to acquire companies and offering them to employees and executive bodies or applying a blocking period and transferring them to the same. The shares can also be redeemed. Also with the approval of the Supervisory Board, shares previously acquired by the company can be used under the regulations agreed between the Supervisory Board and the members of the Management Board of P&I Personal & Informatik AG on variable Management Board remuneration. The authorisation was utilised in the 2012/2013 financial year in that some of the variable salary claim of a member of the Management Board was settled by transferring 3,289 P&I shares in the 2012/2013 financial year.

5.2. CAPITAL RESERVES

The increase in capital reserves of EUR 61 thousand results from the transfer of own shares to a member of the Management Board described above and is the difference between the cost and fair value of the shares in accordance with section 272(2) HGB.

The capital reserves of the company therefore amounted to EUR 909 thousand as at 31 March 2013 (previous year: EUR 848 thousand).

5.3. REVENUE RESERVES

The legal reserve was recognised in accordance with section 150 of the Aktiengesetz (AktG – German Stock Corporation Act) and was unchanged at EUR 2 thousand as at 31 March 2013.

The increase in free revenue reserves of EUR 34 thousand results from the transfer of own shares to a member of the Management Board described above and is the value of the original cost of the shares less the notional value of these shares.

The free revenue reserves therefore amounted to EUR 87 thousand as at 31 March 2013 (previous year: EUR 53 thousand).

5.4. NET RETAINED PROFITS

P&I AG concluded a control and profit transfer agreement with Argon GmbH on 7 February 2011. In it, P&I AG undertakes to transfer its entire profit to Argon GmbH. The agreement was concluded for at least five years. The extraordinary general meeting of P&I AG approved the agreement on 24 March 2011. The control and profit transfer agreement was entered in the commercial register on 9 September 2011.

The net income reported in the HGB annual financial statements of P&I AG for the 2012/2013 financial year will be transferred to Argon GmbH in accordance with the control and profit transfer agreement. Outside shareholders of P&I AG receive a compensation payment from Argon GmbH of a total of EUR 1.55 after taxes per P&I share.

The profit carryforward prior to tax pooling significantly exceeds the amount blocked from distribution or transfer in accordance with section 268(8) HGB (EUR 59 thousand), with the result that the entire net income for the financial year was transferred to Argon GmbH.

6. PROVISIONS

6.1. PROVISIONS FOR TAXES

EUR thousand	31 March 2013	31 March 2012
Corporation tax and solidarity surcharge	237	603
Trade tax	0	689
Total	**237**	**1,292**

The tax provisions include provisions for corporation tax expenses and the solidarity surcharge for income taxable by the consolidated tax group subsidiary in accordance with section 15 of the Körperschaftsteuergesetz (KStG – German Corporation Tax Act) (20/17) for the years 2011/2012 and 2012/2013. The tax provisions prior to tax pooling for the years 2010/2011 and 2011/2012 were utilised as the tax assessments have since been received.

Owing to the tax allocation agreement in place, no tax provisions were recognised in the 2012/2013 financial year. The obligations from this agreement are reported under liabilities to affiliated companies.

6.2. OTHER PROVISIONS

EUR thousand	31 March 2013	31 March 2012
Variable remuneration	5,380	4,703
Holiday obligations	859	856
Outstanding invoices	728	449
Long-term bonus	0	1,321
13. Monthly salary	249	220
Legal and consulting expenses	597	544
Occupational health and safety agency	91	81
Miscellaneous	929	894
Total	**8,833**	**9,068**

Effective 1 September 2007, a performance-based target agreement with a long-term incentive effect (long-term bonus) was concluded with a member of the Management Board. The programme ran until the end of the 2011/2012 financial year. The accrued claim, for which a provision was recognised in the previous years, was paid out in September 2012 after official approval of the actions of the Management Board for the 2011/2012 financial year.

The provision for outstanding invoices rose on account of the increase in business activities.

The provisions for pension liabilities for employees (EUR 1,903 thousand) and for partial retirement obligations (EUR 448 thousand) were netted against the fair values of the corresponding securities.

Miscellaneous provisions mainly relate to outstanding consulting and development services and partner commission.

7. LIABILITIES

EUR thousand	31 March 2013	31 March 2012
Payments received on account of orders	13,821	12,749
Trade payables	962	938
Liabilities to affiliated companies	18,581	18,695
Liabilities from taxes	916	854
Social security obligations	2	2
Other liabilities	41	39
Total	**34,323**	**33,277**

The liabilities to affiliated companies include liabilities to Argon GmbH of EUR 18,080 thousand (previous year: EUR 18,406 thousand), EUR 517 thousand (previous year: EUR 3,179 thousand) of which relates to liabilities from the tax allocation agreement and EUR 17,563 thousand (previous year: EUR 15,227 thousand) to profit transfer liabilities from the 2012/2013 financial year.

The tax allocation agreement between P&I AG and Argon GmbH has existed since 1 April 2011. Under this agreement, each company participating in the tax group first calculates its notional tax liability as if it were an independent entity for trade and corporation tax purposes. The actual trade and corporation tax determined for the tax group at the level of the tax group parent is distributed among the other members of the tax group in proportion to their notionally calculated tax liabilities. The amount allocated to the participating tax group company is limited to not more than the amount of the permitted profit transfer.

As in the previous year, all liabilities have a remaining term of up to one year as at the reporting date. Payments received on account of orders of EUR 3,276 thousand (previous year: EUR 3,293 thousand) are secured by bank guarantees.

8. DEFERRED INCOME

EUR thousand	31 March 2013	31 March 2012
Deferred maintenance income	17,954	16,292
Deferred income from software rental	45	37
Deferred income from seminars	1,626	1,474
Other deferred income	57	81
Total	**19,682**	**17,884**

The company has concluded maintenance agreements with customers concerning ongoing updates of software and, in particular, its adjustment in line with legal changes and hotline services. As bills to customers are usually invoiced and paid in January, the services yet to be performed by the company after the balance sheet date are recognised as deferred income. This also applies to income for the rental/leasing of software. Income from seminars includes seminar packages for 2013. The invoices are issued in advance. The services to be performed by the company after the balance sheet date are recognised as deferred income and reclassified to sales after the conclusion of the respective seminar event.

9. DEFERRED TAX LIABILITIES

Deferred taxes are calculated taking into account temporary differences in accordance with the temporary liability concept introduced by the BilMoG.

The tax rate used was unchanged as against the previous year at 31.23%.

Deferred tax assets and liabilities are based solely on the recognised differences in measurement and are as follows:

	Balance sheet		Income statement	
Amounts in EUR thousand	31 March 2013	31 March 2012	2012/2013	2011/2012
Deferred tax assets				
Current assets	0	0	0	-20
Miscellaneous	80	6	74	-37
Total	**80**	**6**	**74**	**-57**
Deferred tax liabilities				
Intangible assets	-561	-758	197	364
Total	**-561**	**-758**	**197**	**364**
Deferred tax expenses/income			**271**	**307**
Deferred tax liability	**-481**	**-752**		

D. INCOME STATEMENT DISCLOSURES

1. SALES

Sales were generated mainly in Germany.

EUR thousand	2012/2013	2011/2012
Licenses	16,259	15,135
Consulting	17,860	16,495
Maintenance	30,287	27,217
Merchandise	278	289
Miscellaneous	1,651	2,018
Total	**66,335**	**61,154**

Sales include sales with affiliates of EUR 5,579 thousand (previous year: EUR 4,971 thousand). Consulting sales also include income for training sessions and seminars in addition to travel expenses passed on.

2. OTHER OPERATING INCOME

EUR thousand	2012/2013	2011/2012
Reversal of write-down on equity investment in P&I AG, Switzerland	0	1,016
Income from the reversal of specific valuation allowances	0	87
Income from the reversal of provisions	141	433
Income from the reversal of write-downs on securities	0	65
Miscellaneous	47	517
Total	**188**	**1,685**

Other operating income includes prior-period income of EUR 141 thousand (previous year: EUR 1,456 thousand).

3. DEPRECIATION, AMORTISATION AND WRITE-DOWNS

Amortisation on intangible assets and depreciation on tangible assets amounted to EUR 1,483 thousand (previous year: EUR 1,654 thousand), including amortisation on customer bases and goodwill of EUR 577 thousand (previous year: EUR 824 thousand). There were no write-downs in the 2012/2013 financial year (previous year: EUR 569 thousand).

4. OTHER OPERATING EXPENSES

EUR thousand	2012/2013	2011/2012
Rental and leasing expenses	2,078	2,103
Travel expenses	2,395	2,036
Legal and consulting expenses	1,135	1,701
Advertising and printing costs	530	685
Telecommunications costs	650	559
Miscellaneous	3,829	3,744
Total	**10,617**	**10,828**

Other operating expenses include prior-period expenses of EUR 30 thousand (previous year: EUR 70 thousand).

5. INCOME FROM LONG-TERM LOANS

The income of EUR 1,279 thousand (previous year: EUR 578 thousand) results from interest on loans granted in the 2012/2013 financial year to Argon GmbH and P&I AG, Horgen, and from long-term investments.

6. FINANCIAL RESULT

Other interest and similar income of EUR 136 thousand (previous year: EUR 515 thousand) essentially includes interest income from short-term investments of cash and cash equivalents and from interest on current accounts at banks.

7. TAXES ON INCOME

Income tax expenses break down as follows:

EUR thousand	2012/2013	2011/2012
Taxes on income from tax allocation agreement		
Corporation tax	1,696	1,200
Trade tax	2,253	2,030
Solidarity surcharge	93	66
Tax on compensation payment		
Corporation tax	229	223
Solidarity surcharge	25	0
Taxes on income – previous years	-198	-52
Deferred tax expenses	0	57
Deferred tax income	-271	-364
Total	**3,827**	**3,160**

The tax income of EUR 198 thousand (previous year: EUR 52 thousand) results from the reversal of provisions for tax expenses for previous years and the adjustment of the capitalised corporation tax credit in accordance with section 37 KStG.

The tax income remaining after offsetting deferred tax assets and liabilities amounted to EUR 271 thousand in the reporting year (previous year: EUR 307 thousand) and essentially includes deferred taxes on customer bases.

Deferred taxes are measured at P&I AG using a combined income tax rate of 31.23% (previous year: 31.23%).

E. CONTINGENT LIABILITIES, OTHER FINANCIAL COMMITMENTS AND OFF-BALANCE SHEET TRANSACTIONS

Contingent liabilities

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

In October 2011, P&I AG and its subsidiaries in Austria and Switzerland joined the financing agreement of Argon GmbH in the amount of EUR 110 million as planned and at the instruction of Argon GmbH. In this context, standard security assignments for movable assets were entered into with the financing banks, rights were granted and an obligation subordinate to Argon GmbH to make interest and principal repayments in line with a liquidity plan was entered into. P&I AG received no compensation for this in the 2012/2013 financial year. The loan was measured at EUR 62,017 thousand as at the balance sheet date (previous year: EUR 69,155 thousand).

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

Bank guarantees

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

Group guarantees

For the event that P&I Personeel & Informatica, B.V., Amsterdam, Netherlands, is unable to fulfil an agreement with a major customer, the customer has declared that it will assume all contractual obligations between P&I Personeel & Informatica, B.V., Amsterdam, Netherlands and the customer in full.

Given the current financial situation of the company concerned, we consider the risk of this guarantee being utilised to be low at this time.

The company has not entered into any other contingent liabilities in accordance with section 251 in conjunction with section 268(7) HGB.

Other financial obligations in accordance with section 285 no. 3a HGB and off-balance sheet transactions in accordance with section 285 no. 3 HGB

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

Maturity	31 March 2013	31 March 2012
EUR thousand		
Within one year	1,495	1,500
Between one and five years	834	854
More than five years	0	1
Total	**2,329**	**2,355**

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

Payments of EUR 1,734 thousand were made for leases in the financial year (previous year: EUR 1,762 thousand).

The company has a **working capital credit facility** with Wiesbadener Volksbank eG for a total volume of EUR 1,534 thousand (previous year: EUR 1,534 thousand) for current account utilisation at an interest rate of 7.50% p.a. Furthermore, P&I AG was granted a working capital line of EUR 5,000 thousand from banking syndicate of Argon GmbH. These facilities serve as additional liquidity protection if necessary. They had not been utilised as at the balance sheet date. There are no other working capital credit facilities.

The **guaranteed credit facility** shown under contingent liabilities can be utilised for rent, prepayment, warranty and performance guarantees. The bonds reported under other securities serve as collateral. The utilisation in the amount of EUR 3,453 thousand (previous year: EUR 3,471 thousand) comprises rent and contract guarantees.

The off-balance sheet transactions have not been disclosed separately as they are the same as the other financial obligations.

The off-balance sheet disclosures do not give rise to any significant risk to the assessment of the financial situation as at the balance sheet date.

F. OTHER DISCLOSURES

1. NUMBER OF EMPLOYEES

The average number of employees based on headcount as at the end of the respective quarter was 248 (previous year: 245). This does not include members of the Management Board, trainees or interns.

This figures breaks down among the following groups:

Employees	236 (previous: 237)
Executives	12 (previous: 8)

2. EXECUTIVE BODIES OF THE COMPANY

The Management Board of the company consists of at least two members. The Supervisory Board determines the number of members of the Management Board (see Article 4(1) of Articles of Association, last amended by resolution of the Annual General Meeting on 4 September 2012).

The members of the Management Board are:

Vasilios Triadis, CEO, Management Board member for Strategy, Consulting, Research and Development and Marketing and Sales.
Martin Christiaan de Groot, Management Board member for Finance, Personnel, Legal, Administration and Investor Relations.

Mr. Martin Christiaan de Groot was appointed as a member of the Management Board by the Supervisory Board of P&I Personal & Informatik AG effective from 1 May 2013 to 31 March 2016. He has therefore assumed the responsibilities of Dr. Erik Massmann, who left the company as at 30 September 2012.

Mr. Vasilios Triadis is a member of the Scientific Advisory Board of otris Software AG, Dortmund.

The members of the Management Board are authorised to represent the company together with one other member of the Management Board or an authorised signatory. By way of resolution of the Supervisory Board dated 4 October 2012, Mr. Vasilios Triadis was granted sole power of authorisation until 30 April 2013 to prevent the company from being temporarily unable to act following Dr. Massmann's resignation from the Management Board.

The remuneration of the members of the Management Board is determined by the Supervisory Board and consists of fixed and variable components. In addition to fixed monthly remuneration, the fixed component also includes remuneration in kind such as the value of company cars permitted in accordance with tax regulations and other financial advantages.

The variable component of Management Board remuneration consists of the target indicators: consolidated sales and consolidated EBITDA. There were different regulations on this in the 2012/2013 financial year.

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

Effective 1 September 2007, a long-term bonus with a long-term incentive effect was concluded with a member of the Management Board as a variable remuneration component. The agreement ran until the end of the 2011/2012 financial year. The accrued claim, for which a provision was recognised in the previous years, was paid out in September 2012 after official approval of the actions of the Management Board for the 2011/2012 financial year. This remuneration programme thereby ended.

There was a variable remuneration component consisting of performance-based target income for one member of the Management Board. The amount of performance-based target income was determined according to the extent to which the consolidated EBITDA stipulated by the Supervisory Board was achieved. This agreement ended in the 2012/2013 financial year.

In the case of one member of the Management Board, after approval by the Supervisory Board, between 50% and 100% of variable remuneration was converted into a transfer of own shares of the company at a price of EUR 18 per share. In doing so, the member of the Management Board received additional share-based remuneration for the respective financial year on a positive difference between the issue price stipulated at the start of the agreement and the respective market value on the reporting date. The Management Board member was required not to sell the shares acquired before three years had passed. This agreement ended in the 2012/2013 financial year.

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

In order to ensure a long-term focus on targets, the total sales and EBITDA generated in the financial years 2012/2013 to 2014/2015 will be used as the target value for one member of the Management Board from the 2012/2013 financial year. Instalments may be paid on this if annual targets are achieved. However, the bonus for each financial year will only be finally paid if the targets set are achieved after the 2014/2015 financial year.

In the 2011/2012 financial year, the majority shareholder of P&I Personal & Informatik AG, Argon GmbH, agreed a variable remuneration component with a long-term incentive effect based on a total of 300,000 stock appreciation rights to shares in P&I Personal & Informatik AG with one member of the Management Board. The SARs are undated, claims are heritable. Assuming that the SARs are exercised at the end of the member's appointment to the Management Board as at 31 March 2016, the calculated value of the commitment as at the date of the commitment was EUR 2,270,782.35. As P&I is the recipient of the work done by the member of the Management Board, the share-based remuneration is recognised by the company in its IFRS consolidated financial statements, even though Argon GmbH is contractually required to satisfy claims to payment. The personnel expenses are distributed over the term on a straight-line bases and correspond to an increase in capital reserves in the IFRS consolidated financial statements. This agreement is not recognised in the HGB annual financial statements of P&I AG.

As at the balance sheet date, there is a change of control clause with one member of the Management Board. This gives rise to a claim of not more than EUR 2,100 thousand.

The German Act on the Disclosure of Management Board Remuneration (VorStOG) of 3 August 2005 introduced a requirement to disclose individual management board remuneration for listed stock corporations. However, in accordance with section 286(5) HGB and section 314(2) sentence 2 HGB, the annual general meeting of such a company can resolve not to disclose some of this information. As per the resolution of the Annual General Meeting on 29 August 2006, the option not to disclose individual Management Board remuneration expired on 28 August 2011, and therefore applied for the last time to the annual financial statements for the 2010/2011 financial year. The Annual General Meeting on 30 August 2011 again resolved not to disclose individual Management Board remuneration. As per this resolution, the option not to disclose individual Management Board remuneration expires on 29 August 2016 and therefore applies to the financial years 2011/2012 to 2015/2016 inclusively. Thus, only total remuneration is disclosed below.

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

EUR thousand	2012/2013	2011/2012
Non-performance-based remuneration		
salary	520	590
Other *)	311	53
Performance-based remuneration		
Management bonus/bonus programme	375	628
Total remuneration in HGB single-entity financial statements	**1,206**	**1,271**
Component with long-term incentive effect **)	510	230
Total remuneration in IFRS consolidated financial statements	**1,716**	**1,501**

*) Allowances for insurance and financial advantages, early termination benefits (EUR 220 thousand).

**) Share-based remuneration is only recognised as an expense in the IFRS consolidated financial statements, not the HGB single-entity financial statements

There are no salary components in addition to the above.

A detailed description of the Management Board remuneration system can be found in the combined management report under item 2.6.

In accordance with section 95 AktG in conjunction with Article 6 of the Articles of Association as amended 4 September 2012, the company has a Supervisory Board consisting of three members.

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

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

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

As per the Articles of Association and in accordance with the resolution of the Annual General Meeting on 4 September 2012, from the 2012 financial year onwards, the members of the Supervisory Board receive fixed remuneration of EUR 20 thousand for each full financial year they spend on the Supervisory Board, payable after the end of the financial year. The Chairman receives two and a half times this amount; the Deputy Chairman receives one and a half times this amount. The company reimburses the members of the Supervisory Board for the expenses they incur in performing their duties and for value added tax incurred on their remuneration and expenses. Mr. Wand and Dr. Dippel waived their remuneration for Supervisory Board work for the 2012/2013 financial year.

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

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

3. RELATED PARTY TRANSACTIONS

Related parties are:
- Carlyle Offshore Partners II Limited; George Town, Grand Cayman, Cayman Islands, the ultimate parent company of the group to which Argon GmbH, Munich, the direct parent company of P&I AG, belongs,
- Argon GmbH, Munich, the direct parent company,
- all other companies named under section 7 of the notes and their direct and indirect subsidiaries,
- the subsidiaries of P&I AG named in section 5 of the notes.

The following services were performed for related parties not wholly owned, directly or indirectly, by P&I AG:

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

EUR thousand	2011/2013	2010/2012
Income		
Argon GmbH, Munich	990	578
H,C, Starck GmbH, Goslar	73	130
Total income	**1,063**	**708**
Expence		
Argon GmbH, Munich	4,042	3,296
Total Expence	**4,042**	**3,296**

Argon GmbH, München

There is a control and profit transfer agreement between P&I AG, Wiesbaden, and Argon GmbH, Munich, the controlling company. This agreement allows Argon GmbH to issue instructions. The HGB earnings after taxes of P&I AG in the amount of EUR 17,563 thousand (previous year: EUR 15,227 thousand) are to be transferred to Argon GmbH.

At the instruction of Argon GmbH, the controlling company, a loan was extended to Argon GmbH without collateral in the 2011/2012 financial year. In the 2012/2013 financial year, this loan was offset against the liability from profit transfer. As a result of new loan tranches of EUR 12,200 thousand granted in the 2012/2013 financial year, the loan amounted to EUR 38,541 thousand as at 31 March 2013. The loan interest accrued of EUR 1,568 thousand (previous year: EUR 578 thousand) will be paid on maturity.

In the 2011/2012 financial year, a tax allocation agreement was concluded from the 2011/2012 financial year onwards on the basis of the corporation and trade tax entity formed with Argon GmbH since the start of the financial year. The liability from the tax allocation agreement was EUR 517 thousand as at the balance sheet date. The tax expense resulting from the tax allocation agreement for the 2012/2013 financial year was EUR 4,042 thousand.

In October 2011, P&I AG and its subsidiaries in Austria and Switzerland joined the financing agreement of Argon GmbH in the amount of EUR 110 million as planned and at the instruction of Argon GmbH. In this context, standard security assignments for movable assets were entered into with the financing banks, rights were granted and an obligation subordinate to Argon GmbH to make interest and principal repayments in line with a liquidity plan was entered into. The loan was measured at EUR 62,017 thousand as at the balance sheet date.

H.C. Starck GmbH, Goslar

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

Owing to the control and profit transfer agreement in place, no guarantee commission was agreed or paid in relation to joining the Argon GmbH loan agreement. The guarantee for the unsecured loan to Argon GmbH was provided in accordance with the control and profit transfer agreement, also as instructed. There were no other related party transactions containing non-standard conditions.

4. TOTAL FEE FOR THE AUDITOR OF THE FINANCIAL STATEMENTS IN ACCORDANCE WITH SECTION 285 NO. 17 HGB

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

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

5. SHAREHOLDINGS OF P&I AG

The company is the parent company for the following subsidiaries within the meaning of section 290 HGB, which are therefore also affiliated companies within the meaning of section 271(2) HGB.

The list of shareholdings with the share of capital held directly or indirectly by P&I AG, the net income and the equity of the company as at 31 March 2013 is as follows:

EUR thousand	Share of capital	Net income 2012/2013	Equity of the company 2012/2013
GERMANY			
P&I Beteiligungsgesellschaft mbH, Wiesbaden	100%	0	34
INTERNATIONAL			
P&I Personal & Informatik AG, Horgen, Switzerland	100%	809	2,050
Mirus Software AG, Davos, Switzerland[1)]	100%	1,200	3,221
P&I Personal & Informatik GmbH, Vienna, Austria	100%	848	4,340
P&I Personeel & Informatica B.V., Amsterdam,NL	100%	150	2,818
P&I Personalistika & Informatika s.r.o., Bratislava, SK	100%	79	528

1) Second-tier subsidiary, wholly owned subsidiary of P&I Personal & Informatik AG, Horgen, Switzerland

6. CONSOLIDATED FINANCIAL STATEMENTS

P&I Personal & Informatik AG, Wiesbaden, is listed in the Prime Standard of the Frankfurter stock exchange and, as the parent company of the P&I Group, prepares consolidated financial statements in accordance with the International Financial Reporting Standards endorsed in the EU and in accordance with section 315 a(1) HGB. The annual financial statements and the management report combined with the Group management report of P&I Personal & Informatik AG, Wiesbaden, and the consolidated financial statements of the P&I Group for the 2012/2013 financial year have each been disclosed in the electronic Federal Gazette with their respective audit opinion. They will be available on the Internet site of our company. Furthermore, they can be requested from P&I Personal & Informatik AG, Kreuzberger Ring 56, 65205 Wiesbaden, Germany.

The consolidated financial statements of P&I Personal & Informatik AG, Wiesbaden, are not included in either the consolidated financial statements of its parent company, Argon GmbH, Munich, or the consolidated financial statements of its shareholder, CETP Investment 1 S.à r.l., Luxembourg, as these companies, according to the information available, are not required to publish consolidated accounts. The ultimate parent company of the group that owns Argon GmbH is Carlyle Offshore Partners II, Limited, George Town, Grand Cayman, Cayman Islands.

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

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

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

The share of voting rights held by CETP Investment 1 S.à r.l., Luxembourg, Grand Duchy of Luxembourg, in P&I Personal & Informatik Aktiengesellschaft rose above the thresholds of 50% and 75% on 7 December 2010 and amounted to 77.33% of the voting rights (5,954,192 voting rights from the same number of shares) on this date. These voting rights

were attributed to CETP Investment 1 S.à r.l. in full in accordance with section 22(1) sentence 1 no. 1(3) WpHG. The above 77.33% of the voting rights (5,954,192 voting rights from the same number of shares) were attributed to CETP Investment 1 S.à r.l. in part through the following companies controlled by CETP Investment 1 S.à r.l., whose share in the voting rights of P&I Personal & Informatik Aktiengesellschaft each amounted to 3% or more:
(a) Argon GmbH & Co. KG (now: Argon GmbH)
(b) Argon Verwaltungs GmbH

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8. DECLARATION OF COMPLIANCE IN ACCORDANCE WITH SECTION 161 AKTG

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

Wiesbaden, 24 May 2013

Vasilios Triadis Martin C. de Groot

STATEMENT OF CHANGES IN FIXED ASSETS AS AT 31 MARCH 2013

	Acquisition/production cost			
EUR thousand	01. 04. 12	Additions	Disposals	31. 03. 13
Fixed assets				
I. Intangible assets				
Software	4,366	266	682	3,950
Customer bases	17,419	0	0	17,419
Goodwill	299	0	0	299
Total	**22,084**	**266**	**682**	**21,668**
II. Tangible assets				
Leasehold improvements	69	0	0	69
Other equipment, operating and office equipment	3,501	575	540	3,536
Total	**3,570**	**575**	**540**	**3,605**
III. Long-term financial assets				
Shares in affiliated companies	1,934	0	0	1,934
Loans to affiliated companies	46,478	13,190	15,819	43,849
Long-term investments	0	4,447	0	4,447
Total	**48,412**	**17,637**	**15,819**	**50,230**
Total fixed assets	**74,066**	**18,478**	**17,041**	**75,503**

Cumulative depreciation and amortisation					Carrying amount	Carrying amount
01. 04. 12	Additions	Disposals	31. 03. 13		31. 03. 13	31. 03. 12
3,991	260	683	3,568		382	375
15,090	577	0	15,667		1,752	2,329
299	0	0	299		0	0
19,380	**837**	**683**	**19,534**		**2,134**	**2,704**
52	5	0	57		12	17
2,333	641	490	2,484		1,052	1,168
2,385	**646**	**490**	**2,541**		**1,064**	**1,185**
0	0	0	0		1,934	1,934
0	0	0	0		43,849	46,478
0	0	0	0		4,447	0
0	**0**	**0**	**0**		**50,230**	**48,412**
21,765	**1,483**	**1,173**	**22,075**		**53,428**	**52,301**

RESPONSIBILITY STATEMENT

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

Wiesbaden, 24 May 2013

Personal & Informatik AG

Vasilios Triadis

Martin C. de Groot

AUDITOR'S REPORT

We have audited the annual financial statements – comprising the balance sheet, income statement and notes – including the accounting and the management report, combined with the Group management report, of P&I Personal & Informatik Aktiengesellschaft, Wiesbaden, for the financial year from 1 April 2012 to 31 March 2013. The accounting and the preparation of the annual financial statements and the management report in accordance with the German Commercial Code are the responsibility of the Management Board of the company. Our responsibility is to express an opinion on the annual financial statements including the accounting and on the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with section 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW – Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with the applicable financial reporting framework and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the accounting, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting policies applied and significant estimates made by the Management Board as well as evaluating the overall presentation of the annual financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal provisions and give a true and fair view of the net assets, financial position and results of operations of P&I Personal & Informatik Aktiengesellschaft, Wiesbaden, in accordance with these requirements. The management report combined with the Group management report is consistent with the annual financial statements and as a whole provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.

Frankfurt/Main, 24 May 2013

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Dr. Buhleier)	(Botsch)
German public auditor (Wirtschaftsprüfer)	German public auditor (Wirtschaftsprüfer)

SUPERVISORY BOARD REPORT

Dear shareholders,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Wiesbaden, 3 June 2013

The Supervisory Board

Thomas Volk
Chairman of the Supervisory Board

P&I