

Perspectives

Annual Report 2010/2011

P&I Personal & Informatik AG



THE P&I GROUP IN FIGURES

KEY FIGURES	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011
million euros / verified					
Group sales	54.5	59.4	59.0	63.3	69.1
Earnings before depreciation (EBITDA)	15.6	17.5	15.4	18.1	17.7
Earnings before interest and taxes (EBIT)	12.3	13.1	13.1	15.3	15.4
Group result (DVFA/SG)	8.8	9.6	9.0	10.9	10.9
Number of employees (average)	275	286	306	334	333
Earnings per share (DVFA/SG)	€ 1.14	€ 1.25	€ 1.17	€ 1.45	€ 1.44

HIGHLIGHTS

P&I GROUP'S ANNUAL RESULT UP TO MARCH 31, 2011

The P&I Group increased sales through organic growth by 9.2 per cent from 63.3 million euros to 69.1 million euros and with a recorded EBIT of 15.4 million euros the P&I Group was able to realise an EBIT margin of 22.3 per cent. The Group earnings situation in fiscal 2010/2011 was characterised on the one hand by sales increases in the operating activities and one-off costs amounting to approximately 3.4 million euros on the other hand.

CONTROLLING AND PROFIT TRANSFER AGREEMENT

P&I AG closed a controlling and profit transfer agreement with Argon GmbH, of Munich on February 7, 2011. Consequently, P&I AG is now obliged to cede their total profit to Argon. The agreement was concluded for a minimum of five years. The agreement came into effect as the result of the approval of the resolutions at the Argon's shareholder's meeting held on February 7, 2011 and at P&I's extraordinary AGM held on March 24, 2011 as well as the registration in the commercial register.

LET P&I TAKE YOU INTO THE FUTURE OF HR

P&I have presented new HR solutions and clever tools in order to master the current HR requirements as companies and administrative bodies now need more than just the standard programs when it comes to payroll accounting. P&I's HR suite, with its integrated complete solutions that can be used internationally and by all industries, fulfils this requirement perfectly.

FINANCIAL SITUATION, PROFITABILITY AND PRODUCTIVITY

KEY FIGURES TO DVFA/SG	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011
Equity ratio	44.7 %	49.7 %	48.9 %	46.7 %	45.0 %
EBIT margin	22.5 %	22.0 %	22.2 %	24.2 %	22.3 %
Return on sales	16.1 %	16.2 %	15.2 %	17.2 %	15.7 %
Performance per employee ('000 euro)	198.3	207.7	192.9	189.5	207.5
EBIT per employee ('000 euro)	44.6	45.7	42.8	45.9	46.4



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AG FINANCIAL STATEMENTS

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4.5 Mio. Payslips

15,000 end customers

direct customers 3,000

turnover in business year 10/11
69.1 Mio.

employees **365**

13 locations



Wiesbaden
Berlin

Hamburg
Iserlohn

Zweibrücken
Höxter

Vienna (A)
Steyer (A)

Bratislava (SK)
Žilina (SK)

Amsterdam (NL)
Horgen (CH)

Carouge Acacias (CH)

» OUR VISION IS TO MAKE P&I THE HR SECTOR COMPANY THAT IS
MANAGED THE BEST AND WORKS THE BEST. «



A stylized, handwritten signature in black ink, consisting of a large, sweeping initial 'V' followed by a series of connected loops and a long horizontal stroke at the end.

Vasilios Triadis
CEO / Chairman of the Board

DEAR SHAREHOLDERS, CUSTOMERS BUSINESS PARTNERS AND EMPLOYEES,

An extremely challenging business year is now behind us and we were very successful once again despite the difficulties. During the first half of the year we had to devote a lot of time and energy into settling the conflict with the previous Supervisory Board in addition to running the operating business. This conflict ultimately led to a turbulent AGM that was held in September last year and it has finally been settled. We all had clear heads once again afterwards and this enabled us to get on with our main job: Successfully guiding the Company through the continuing difficult economic situation and the result is there for all to see. Sales increased by more than 9 per cent to 69,100,000 euros, whereby sales in the software licensing sector have once again reached the level recorded during the year before last after the slump in sales recorded during the previous year. This 9 per cent increase rate was virtually the same as seen throughout our other sales divisions.

The operating result of 15,400,000 euros remained at the previous year's level, despite the record sales. This was the result of the special effects, which arose from the previously mentioned conflicts. The ensuing legal and consulting costs resulted in a one-off cost that amounted to approximately 3,400,000 euros.

We are particularly proud of the conclusion realised in the fiscal year that has just ended. The superb dedication shown at all levels enabled us to win the biggest order by far in the history of P&I: To provide the administering and accounting software for use by all of the 300,000 civil servants involved in local government in Hamburg and Schleswig-Holstein as well as the civil servants involved in district administration in Schleswig-Holstein. This success, in winning the tendering procedure against our major competitors, is viewed by us as an excellent confirmation of the strategy that we have continued to pursue since 2004. This strategy is based on confidence and trust in our own strengths and the superb quality of our work. The resulting enthusiasm releases the potential and resources needed for such tasks.

However, we must not succumb to the danger of neglecting the investments permanently required to ensure the future as a result of this success. We are presently investing in projects that are necessary to guarantee the sustainability of our business. This is why our development expenses are clearly higher than that of many other major Groups when measured against overall sales. The result is that our products remain amongst the most up-to-date in Europe. The capabilities involved in providing modern, top quality, effective and functional products that are easy to optimise in order to meet individual requirements are major factors in our success.

Our business is based on the capabilities and the commitment of our employees. We will do everything to ensure that they receive the appreciation and the recognition that they deserve in making this the most important chapter in P&I's history.

The HR industry is severely segmented. This can be seen from the fact that the Company's average sales throughout Europe lay somewhere between 10 to 15 million euros. The different legal and tariff regulations used throughout the various countries scare off many of our global competitors from entering this market segment and the market is then left to niche providers. Sales of nearly 70 million euros means that P&I is now one of the "Majors" and we are on the right path to expand our product range with the addition of "cloud computing" and the relevant software and providing this as a Service (SaaS) and to advance our market leadership.

P&I is a strong company. Neither the economic crisis nor the disputes with the Supervisory Board have been able to dislodge us from our growth path. The far-sighted management team will keep the ship on course to success even during stormy weather. Our strategy is also clearly aimed at ensuring that this chain of success will not be broken over the coming ten years. All of our actions are based on the responsibility that we have to our customers, employees, partners and shareholders. Sustained success mainly involves continually concentrating on the right things and to make a variety of unspectacular small improvements every day.

Our vision is to make P&I the best managed and best working company in the HR sector.

Please continue to support us in this goal by continuing to put your trust in us.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'V. Triadis', with a long horizontal stroke extending to the right.

Vasilios Triadis
P&I AG
CEO

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INVESTOR RELATIONS

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INVESTOR RELATIONS

THE P&I PORTFOLIO

ISIN & Trading Segment	DE0006913403 in Prime Standard (FSE); exchange code - PUI:
Number of Shares and Category	7.7 m no-par-value bearer individual share certificates
Share structure on March 31, 2011	77.30% Argon GmbH & Co. KG, Germany 3.06% Lazard Asset Management, U.S.A. 2.65 % Axxion S.A., Luxemburg 2.62 % Hauck & Aufhäuser Investment Gesellschaft S.A., Luxemburg 2.30% own shares 1.69 % Deutsche Balaton AG, Germany Remainder are diversified holdings
Designated Sponsors	Close Brothers Seydler Bank AG (Frankfurt Main)
Market capitalisation (FSE)	213.1 million euros (March 31, 2011)
Year's high / low (FSE)	30.89 euros (January 31, 2011) / 18.30 euros (April 1, 2010)

SUBSTANTIAL FINANCIAL ANNOUNCEMENTS RELEASED DURING FISCAL 2010/2011

April 1, 2010	Takeover offer made by Carlyle to the independent shareholders
June 15, 2010	Publication of the annual financial statement without restriction the auditor without approval from the Supervisory Board
June 15, 2010	Premature resignation of Dr. Hartmut Voß from the Board of Directors on September 30, 2010
June 17, 2010	Invalid resolutions passed by members of the Supervisory Board regarding the dismissal and the appointment of new members of the Board of Directors as well as the right to claim damages lodged against the members of the Board of Directors
July 14, 2010	Invalid resolutions passed by members of the Supervisory Board
July 16, 2010	AGM resolves the annual financial statements
July 23, 2010	Dr. Erik Massmann replaces Dr. Hartmut Voß
August 2, 2010	Legal confirmation of the invalid resolutions passed by the Supervisory Board
August 31, 2010	Confirmation of the legality of the Board of Director's conduct issued by the Appraiser
December 7, 2010	Argon's shareholding reached 75.03 per cent and they announced their intention of closing a profit transfer agreement as well as an extraordinary AGM to be held in March 2011
February 7, 2011	Closing of the profit transfer agreement

IMPORTANT CHANGES IN THE SHAREHOLDING STRUCTURE

The most important change to the shareholder reporting requirements in fiscal 2010/2011 was the increase in the shares held by The Carlyle Group, represented by their Argon GmbH & Co. KG subsidiary company in Munich. Argon GmbH reported a shareholding of 75.03 per cent on December 7, 2010.

Argon GmbH issued a voluntary, public takeover offer on April 1, 2010 to all the shareholders of P&I AG, who were registered on February 12, 2010. The related acceptance deadline ended on May 3, 2010 with Argon GmbH owning 30.08 per cent shareholding (2,316,272 voting rights). After the expiry of the statutory acceptance period extension for the takeover offer on May 20, 2010 the number of P&I shares held or attributable to Argon GmbH was 2,316,569 shares. This corresponds to a 30.085 per cent share of P&I AG's capital stock.

ANNUAL GENERAL MEETING HELD ON SEPTEMBER 2, 2010

In AGM that was convened at the request of our major shareholder, Argon GmbH & Co. KG, the shareholders adopted the financial statement for fiscal 2009/2010 that was audited by the accountants Deloitte & Touche and they also approved the consolidated financial statement. Approval at the AGM was necessary due to the conflict within the Supervisory Board, which resulted in their report not being submitted to the Board of Directors.

A dividend payment of 1.10 euros per share was resolved as the appropriation of the balance sheet profit payout. This denotes a ten per cent increase in the dividend as compared to the previous year's dividend. It underlines the Board of Directors intention of paying out more than 50 per cent of the balance sheet profit shown in the AG's financial statement to the shareholders as a dividend payment. This was the highest dividend payment that the shareholders have received since the shares were listed on the stock exchange.

Both members of the Board of Directors, Vasilios Triadis and Dr. Hartmut Voß, as well as the Chairman of the Supervisory Board, Michael Wand, were discharged by a majority vote. The term of office of Dr. Thomas Heidel, a member of the Supervisory Board, ended with the conclusion of the AGM and Robert Vinall was dismissed as a member of the Supervisory Board. Thomas Volk, managing partner of Timmaron Capital Advisors, and Dr. Thorsten Dippel, associate director of The Carlyle Group, were appointed as the new members of the Supervisory Board.

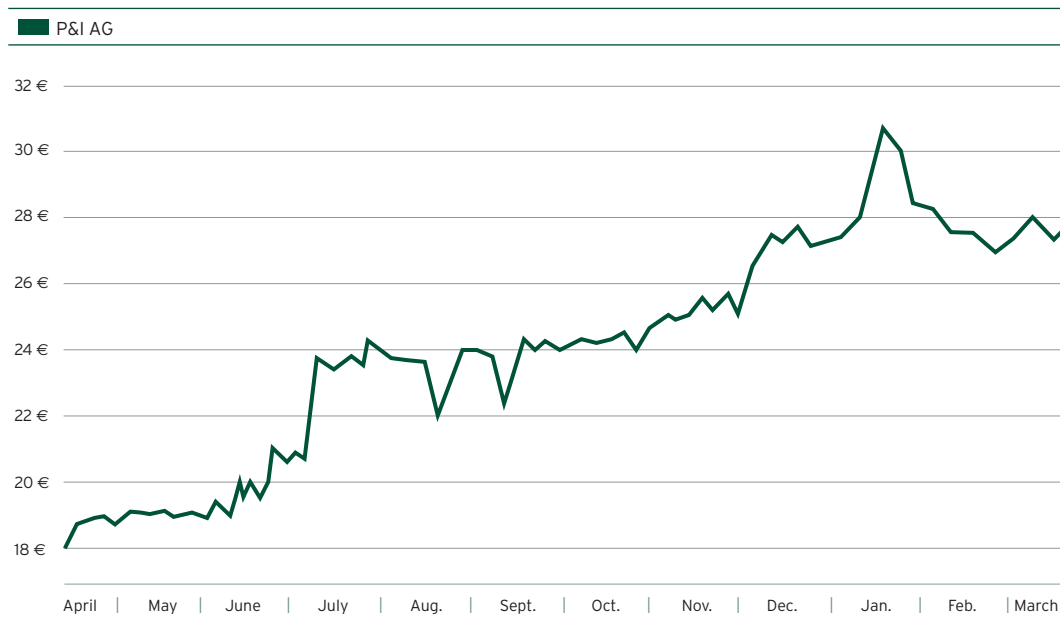
Thomas Volk was voted in as the new Chairman of the Supervisory Board and Michael Wand as the Deputy Chairman during the constituent Supervisory Board session that followed the AGM. Vasilios Triadis said that the Board of Directors welcomed the approval of the shareholders, which has cleared up the conflict situation and the consequences that the Company had to endure and that the Management can now fully concentrate on the successful daily-to-day business.

EXTRAORDINARY ANNUAL GENERAL MEETING HELD ON MARCH 24, 2011

An extraordinary AGM was proposed by The Carlyle Group, represented by their Argon GmbH subsidiary company in Munich. The following resolution was passed with the necessary majority vote: The request to enter into a controlling and profit transfer agreement between Argon GmbH and P&I Personal & Informatik AG was approved.

SHARE MARKET TRENDS FROM APRIL 2010 TO MARCH 2011

P&I shares closed on March 31, 2011 at 27.68 euros in Xetra (FSE) after having closed on April 1, 2010 in the previous fiscal year at a price of 18.25 euros. When the dividend payout of 1.10 euros per share on September 3, 2010 is taken into account this means that the value increased by more than 57 per cent. P&I's shares have continued to grow yet again.



Source: Bloomberg (dividend adjusted)

REPORT FROM THE SUPERVISORY BOARD

Dear Shareholders,

P&I AG grew well in a rapidly changing market and we further strengthened our position in the market during fiscal 2010/2011. The Management has focused on established markets and on developing the strengths of the various products and the consulting skills; these measures have proved to be decisive with regard to our success.

After the conclusion of a period of that was notable for the internal conflicts caused by the previous Supervisory Board the main focus since last year's AGM has been a return to the Supervisory Board's traditional advisory and supervisory functions. The strategic orientation of P&I AG was discussed in particular, as well as the future development of the individual business units with regard to any impacts they might have on the Company's profitability. The verification of the controlling and profit transfer agreement closed with ARGON GmbH was the central topic during the last quarter.

P&I AG is now a direct dependency of ARGON GmbH, Munich. The Board of Directors has produced and submitted a report covering the relationships with affiliated companies in compliance with § 312 AktG to us.

The auditor has issued an unqualified audit certificate to P&I AG for the report from the Board of Directors covering the relations with affiliated companies in fiscal 2010 in accordance with § 313 Para. 3, AktG:

"On completion of our audit and assessment in accordance with professional standards, we confirm that:

1. The actual disclosures contained in the report are accurate.
2. That payments made by the Company for the legal transactions listed in the report were not disproportionately high.

The Supervisory Board has also audited the report from the Board of Directors relating to affiliated companies and concurs with the auditor's ruling.

The Supervisory Board did not raise any objections against the conclusion of the report or the declaration made by the Board of Directors in the management report after their own examination was completed.

In fiscal 2010/2011, the Supervisory Board of P&I AG fulfilled its tasks in accordance with legislation, the Memorandum and Articles of Association and Company bylaws, and provided consultative support and supervision for the Board of Directors of the Company within the meaning of the German Corporate Governance Code. The subject matter of the regular meetings and decisions taken by the Supervisory Board included development of sales and results, the financial situation, the strategic orientation of the Company, risk management, the adoption of the Group budget, corporate governance issues, special audits and annulment actions, personnel decisions regarding the Board of Directors, taking decisions on specific matters requiring approval and questions concerning the remuneration of the Board of Directors.

The Supervisory Board held five regular meetings and another extraordinary meeting in fiscal 2010/2011, each time with all members present and with at least one meeting per quarter. Three circular resolutions were also adopted. The Supervisory Board did not form any committees. There were no conflicts of interest within the meaning of Item 5.5 of the Corporate Governance Code in fiscal 2010/2011.

The two members of the Supervisory Board, Dr Thomas Heidel and Mr. Robert Vinall were dismissed during the AGM held on September 2, 2010. Dr Thorsten Dippel and Mr. Thomas Volk were appointed to the Supervisory Board in their place. Thomas Volk was elected as the new Chairman of the Supervisory Board and Michael Wand was elected as the deputy Chairman of the Supervisory Board.

Dr Erik Massmann was appointed to the Board of Directors of P&I AG on September 1, 2010. He assumed the responsibilities previously undertaken by Dr Hartmut Voß, who exercised his right to resign his office on September 30, 2010 under the “Change of Control” clause.

The comprehensive information supplied by the Board of Directors to the Supervisory Board always enabled it to fulfil its tasks of supervising and providing consultative support to the Board of Directors and arriving at necessary decisions.

In fiscal 2010/2011, the Supervisory Board also concerned itself with the issue of corporate governance in depth as well as the German Corporate Governance Code. In December 2010, the Supervisory Board and the Board of Directors jointly submitted a Declaration of Compliance pursuant to § 161 AktG (German Companies Act), in conformity with the German Corporate Governance Codex. This declaration was published on P&I’s website so that it could be permanently accessed by all of the shareholders and it can be looked up in the Company’s combined management report.

The consolidated financial statements, the annual financial statements of P&I Personal & Informatik AG as well as the combined management report for P&I Personal & Informatik AG and the Group have been audited by Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, appointed by the Annual General Meeting as auditors on September 2, 2010 and granted an unqualified audit certificate. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) additional commercial legislation to be applied pursuant to § 315a Para. 1 of the German Commercial Code (HGB). These consolidated financial statements prepared in accordance with IFRS exempt the Company from the obligation to prepare annual financial statements in accordance with the provisions of the German Commercial Code.

Regarding the early detection of risk, the auditors concluded that the Board of Directors had taken the measures required by §91 Para. 2 of the AktG and that the Company’s system for early detection of risk is well-suited to the early detection of any developments which could endanger the continued existence of the Company.

All financial statements, the combined management report and the auditor's reports were presented in due time to all members of the Supervisory Board. The auditor participated in the final explanations and negotiations concerning the annual financial statements and the consolidated financial statements at the Supervisory Board's balance sheet meeting held on June 1, 2011 and reported the significant findings of his audit. The Supervisory Board agrees with the audit findings.

The consolidated financial statements and the annual financial statements of P&I Personal & Informatik AG, as well as the combined management report for P&I Personal & Informatik AG and the Group and the proposal for the appropriation of the balance sheet profit, have also been independently examined by the Supervisory Board. No objections were raised. Pursuant to §171 of the AktG, the Supervisory Board has approved the annual financial statements and the consolidated financial statements for P&I Personal & Informatik AG compiled by the Board of Directors. The annual financial statements are thereby adopted. We approve the proposal for the appropriation of the balance sheet profit for the year. The Supervisory Board agrees with the management report and, in particular, with the appraisal of the Group's future development.

At its meeting convened on June 1, 2011, the Supervisory Board also concerned itself with the obligatory disclosures pursuant to §§ 289 Para. 4 and 315 Para. 4 HGB, as well as the related report. The explanatory notes in the combined management report were referred to. We have examined these disclosures and explanatory notes, which we find to be complete, and adopted them.

The Supervisory Board would like to offer their thanks to the members of the Board of Directors and all employees for their commitment and for their successful efforts in fiscal 2010/2011.

Wiesbaden, June 1, 2011

The Supervisory Board



Thomas Volk
Chairman of the Supervisory Board

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This Combined Management Report contains information concerning the P&I Personal & Informatik group (P&I Group) and P&I Personal & Informatik corporation (P&I AG). P&I Personal & Informatik AG is the parent company of the P&I Group and performs group leadership functions. Since P&I Personal & Informatik AG is a major part of the P&I Personal & Informatik Group, the Management Report of P&I AG is combined with that of the P&I Group pursuant to § 315 Para. 3 of the German Commercial Code (HGB) in combination with § 298 Para. 3 HGB. The respective details relate to the Group, unless P&I AG is expressly referred to.

The Group accounts are prepared in conformity with the International Financial Reporting Standards (IFRS) in the manner required in the European Union, and with the additional commercial legislation to be applied pursuant to § 315a Para. 1 HGB. The annual financial statements for the corporation have been compiled in compliance with the provisions of the German Commercial Code as well as of the German Companies Act.

OVERVIEW OF THE FISCAL YEAR

P&I AG recorded increases in sales as well as the operating result in the first half of the fiscal year that has just ended, despite the continuing economic and financial crises. Nevertheless, the result was burdened by the high, unplanned costs, notably the legal consultations. These arose mainly as a result of actions brought by previous members of the Supervisory Board. Fiscal 2010/2011 has shown yet again that competence, quality and service-orientation are the ideal foundations for a successful and sustainable business.

9.2 PER CENT ORGANIC GROWTH WITH INCREASED PROFITABILITY

- The P&I Group increased sales through organic growth by 9.2 per cent and revenue grew from 63.3 million euros to 69.1 million euros.
- An EBIT of 15.4 million euros means that the P&I Group realised an EBIT margin of 22.3 per cent.
- The Group earnings situation in fiscal 2010/2011 was characterised by two factors: Sales increases in the operating activities were offset by one-off costs amounting to approximately 3.4 million euros (for legal consultations in particular), which arose from the conflicts between various groups of shareholders as well as changes in the shareholding structure.
- The increase in sales recorded during the fiscal year that has just ended was distributed evenly across all of our divisions and licensing sales increased by 9.2 per cent to 16.9 million euros.
- P&I AG made a dividend distribution in the previous year once again and it amounted to 1.10 euro per share. The Board of Directors and the Supervisory Board intend to propose a dividend payment of 4 cents for fiscal 2010/2011 at the next AGM.
- The P&I shares (prime standard quoted on the Frankfurter Stock Exchange) continued to develop extremely positively. They started fiscal 2010/2011 at a price of 18.25 euros and closed on March 31, 2011 at a price of 27.68 euros (XETRA trading).

- P&I Personal & Informatik AG (“P&I AG”) and Argon GmbH (“Argon”) have closed a controlling and profit transfer agreement pursuant with § 291, Para. 1 AktG, with Argon as the controlling company and P&I AG as the dependent company. The agreement was approved at Argon’s shareholder’s meeting as well as P&I AG’s extraordinary AGM (held on March 24, 2011). This has not been registered in the commercial register, in order to ensure that the contract for the fiscal year that has just ended has not come into effect.

The most significant performance measurements for the P&I Group developed as follows:

In 000 euros	2008/2009	2009/2010	Variance	2010/2011	Variance
Incoming orders	34,170	42,921	25.6 %	42,912	0.0 %
Sales	59,024	63,297	7.2 %	69,114	9.2 %
Licensing sales	17,243	15,483	-10.2 %	16,905	9.2 %
Consulting sales	19,101	21,350	11.8 %	23,169	8.5 %
Maintenance sales	21,161	24,332	15.0 %	26,503	8.9 %
International sales	12,208	13,880	13.7 %	14,486	4.4 %
EBIT	13,098	15,337	17.1 %	15,438	0.7 %
EBIT margin	22.2 %	24.2 %	9.0 %	22.3 %	-7.9 %

THE COMPANY

BUSINESS ACTIVITIES

The P&I Group is a corporation that is active throughout Europe as a provider of integrated software solution to the HR sector, providing software development, licensing, maintenance, and IT services. The Company’s products cover virtually all of the HR management tasks and they are the proven leaders – both with regard to technological as well as functional capabilities. Numerous data centres and international HR service providers provide their customers with services based on our products. More than 3,000 customers in Germany and in other European countries are looked after directly by P&I.

P&I is present in the market with four product lines - applicable for any size of business and any industry across Europe. Our complete portfolio of solutions for HR administration consists of

- P&I LOGA, which is an integrated HR software payroll accounting solution, that enables HR, time management and P&I HCM to be used as portal software within P&I LOGA for supporting web-based personnel work
- P&I TIME, which is a stand-alone time management solution for upmarket requirements with interfaces that enable it to be embedded in existing IT landscapes

- P&I PLUS, which is a web-based, HR and time management premium segment solution that operates independently from the payroll
- P&I SMART, which is a payroll-focussed brand for medium- and smaller-sized enterprises.

CORPORATE STRATEGY

P&I will continue to be successful, if we succeed in remaining creative and flexible, respond quickly and continue to radiate competence and credibility. The Company is well equipped to implement further strategic growth stages over the entire range of services that we provide. Top quality and innovative products, an improved service sector and a European business presence, motivated employees as well as excellent customer relations are the important success factors that P&I must realise in order to remain a valuable enterprise.

P&I is positioned as a provider of services in the HR market, employing state-of-the-art technology and selling highly integrated all-in-one HR management solutions. P&I LOGA software is the only HR software that incorporates fully integrated payroll and time management modules whose payroll module can be employed in ten countries throughout Europe. The Company is the trendsetter in the HR software sector, particularly with regard to the technology, the product's web-based functionalities as well as the service-orientated systems.

Essentially P&I operates two types of business:

On the one hand, as an all-in-one supplier, with the sale of licences to businesses which use P&I-Software in their HR administration, and on the other, provision of services in connection with software implementation and support. P&I offers its customers a holistic solution: an integrated all-in-one HR management solution based on cutting edge technologies and the provision of professional services, generating licensing, support and consulting sales. P&I owes its growth to this business principle.

On the other hand, as a product supplier, P&I makes its software available to HR service providers, who are major companies and many of which are also international companies who in turn offer their services based on P&I software without their customers having to obtain a licence from P&I. P&I generates licensing and support sales in this way.

Sales

Over 15,000 end customers Europe-wide structure their HR business successfully using P&I solutions. Leading international HR service providers rely on P&I as a product supplier. They all trust the P&I's top level of expertise, gathered from more than 40 years in the marketplace. Clients appreciate P&I's integrated solutions with no internal interfaces just as much as the redundancy-free data storage. The data generator, creating data for evaluation ensures up-to-the-minute reporting with increased efficiency and a significant reduction in administration.

This lowers running costs for businesses, making a value-added contribution to enterprises which have already opted for P&I-software solutions: software products with a provider who is oriented to the future.

P&I achieves its sales revenues from licensing of HR software and from the related maintenance and services arising from implementation and ongoing advisory services. P&I's core business is based on three main cornerstones: new projects, migration projects and projects with existing customers.

The HR software market has been for years one of the most highly saturated: every business does its payroll accounting, that means increased sales can only be attained through an expansion of market share. This means that cutthroat competition will prevail. The acquisition of new customers for P&I's products therefore constitutes a very significant factor in its growth. Providing a business with a high-quality product which does not simply do the "obligatory" payroll accounting, but generates added value, thus contributing to the success of the company, is a powerful argument. In our customer acquisition we utilise direct sales channels as well as our partnerships.

In the case of long-standing customers we are addressing important projects with a combination of P&I Time Management and P&I HCM. We are also developing new functions and modules, such as The Navigator in 2010/2011. Dealings with our existing customers are chiefly taken care of by our Direct Sales staff working together with our Consulting division.

P&I holds a special position in the HR system providers market: Inbetween the small "niche players", who use their software solutions to address specific issues and the "global players", who provide complete ERP solutions. The market segment where P&I is well established and draws most of its customers from is the mid-sized companies segment, with 250 to 5,000 employees. SAP dominates in the larger companies segment and various competitors such as s+p, Exact, HANSALOG, Sage, Varial and VEDA, etc., exist in the small companies segment and P&I is also very well positioned in this small companies segment as we provide comprehensive, functional and modern solutions as compared to the majority of our competitors who provide outdated and non-integrated solutions.

SAP AG is virtually the sole competitor in the large companies segment who is attempting to use the logic of a complete ERP solution in this market segment. P&I can counter this with its more comprehensive and logical range of functions and its more competitively priced solution.

Communication and Marketing

In our company publication, "P&I NEWS", which was published four times in fiscal 2010/2011, we reported on various topics relating to personnel issues, current developments in the world of HR management, presentations of P&I solutions, and best practice examples from various industry sectors were featured and more than 10,500 copies were printed. The P&I e-newsletter appears weekly and is received by over 14,000 subscribers and reports on the A to Z of current developments in HR management - whether labour legislation or supplementary insurance.

We were also extremely successful during the previous year at special exhibitions and events covering human resources as well as being represented at various industry events.

Product

Important characteristics of our successful product strategy are our wide range of products, our HR specialisation, process orientation and our market leadership in technology as well as the investment protection that we provide for our customers.

P&I provide functional competence based on modern technologies for any industry and businesses of any size. The target market for P&I is comprised of businesses, public administration and institutions that require sophisticated software solutions. It is not just the functionality of our products that impresses everyone, but also the explicit HR responsibilities. P&I can guarantee its customers increased efficiency and ongoing productivity initiatives.

What we focus on in our product development, sales activities and implementation of software solutions is not so much the individual modules involved, but the entire business process. In line with the Company's strategic orientation as a provider of an integrated software solution for payroll, time management and HR management, we offer customers an all-in-one package of services comprising software licences, maintenance services, consultation and the supply of hardware for time recording and access control.

P&I's web interface presents a technologically advanced platform for in-house solutions, and at the same time, a platform for provision of high quality services in the BPO field. More and more functionalities have been made available as web services, accessible by other applications used by customers. This makes integration of P&I software into other environments ever easier and offers customers the kind of flexibility in their IT strategies that is demanded today.

Through user interfaces to solutions provided by the large ERP providers, customers from any industry or of any size can be expediently addressed. The high level of expenditure on technological development of our range of products means that P&I is able to offer customers high investment security.

Research and Development

P&I has established itself in the market with four strong HR brands. Our P&I LOGA, P&I TIME and P&I PLUS products ensure that P&I possesses a valuable brand portfolio in the European software industry. P&I SMART has also enabled P&I to encompass the lower part of its market segment. The R&D activities play an important role here as they create the groundwork for future growth and for maintaining market leadership in technology.

During the fiscal year that has just ended we invested 18.3 per cent of our annual turnover in the maintenance and expansion of our range of products. We are convinced that our software must not only be functional, but also be right at the leading-edge and always use the most up-to-date technology. Tenacious commitment to the continued expansion of our range of solutions is the sine qua non for our sustainable success.

Research and development expenditure during the fiscal year that has just ended came to 12.7 million euros (previous year: 12.4 million euros).

The development work was mainly focused on P&I LOGA as well as P&I HCM. P&I LOGA is distinguished by its modular and integrated hierarchy as well as the client / server technology, which enables it to be customised and implemented to meet specific customer requirements. As it is based on unified, redundancy-free as well as relational data models, P&I LOGA is able to take into consideration country-specific laws throughout Europe and this makes it a standardised cross-border application that can be used in all sectors. Other modules integrated in our P&I LOGA system is a comprehensive time management module with classic electronic attendance recording and evaluation, access control and personnel deployment planning capabilities. The planning capability enables users to look to the future with regard to personnel deployment planning. We also differentiate between shift planning (shift-based roster) and day planning (day-based roster). Additional modules can be used to expand P&I LOGA at any time.

P&I HCM (Human Capital Management) is the portal software integrated within P&I LOGA and supports web-based personnel work. Its prime functions are application / approval processing, personnel deployment planning, employee development, employee controlling and applicant data administration. The software is based on our P&I LOGA data model and all of the data stored in this comprehensive HR solution is also available via P&I HCM. Our P&I HCM employee portal has been designed so that all of a company's employees can access it, based on their roles within the company. This brings efficiency, integration and transparency objectives to the forefront. Efficiency is realised through functions such as employee self-service. P&I HCM has been designed as an open system, so that different customer applications can be integrated in the web-based graphical interface. The open internal architecture supports the different application-server platforms and databases. The data exchange is guaranteed by the use of miscellaneous interfaces such as XML or SOAP.

Furthermore, our P&I TIME, P&I PLUS and P&I SMART products have been optimised to meet the respective market requirements. Our P&I TIME, sector-neutral, modularly designed software package fulfils all of the criteria of a modern time management system, ranging from work hours management up to access control. P&I TIME's strengths lie especially in the flexible options that enable it to be customised to meet a company's special requirements as well as the economical price-performance ratio and in the very short implementation times. Communications with existing or even newly implemented IT landscapes is guaranteed by the appropriate interfaces. P&I TIME is based on client / server architecture, supports SQL database technology and runs under Microsoft Windows or the most up-to-date web-browser technology (e.g. AJAX). These are today's prerequisites for a time management system running under the most up-to-date technical requirements.

P&I PLUS is a web-based HR and time management solution that meets demanding criteria for flexibility when designing processes. This solution is most used by large companies and administrative bodies with specific individual requirements. The solution, supplemented by the time management module, enables comprehensive staff deployment planning and supports companies and administrative bodies in the implementation of flexible working-hours models. The HR management system P&I PLUS is no longer limited to the client/server version, but is now available as a full browser version.

P&I SMART is an all-inclusive package specially designed for businesses with up to 250 employees. The software covers the basic HR administration processes: payroll accounting, travel expenses and if required, time management. The manufacturer's initial settings enable the system to be installed easily and up and running within a few days.

For the future, apart from guaranteeing the updates for changes in legislation, P&I Group will continue developing the entire product palette. Investments in the coming years will be focussed on technological development of the software solutions, and also on adding to our products for standardising and optimising business processes, including, for instance, using new add-on modules as well as links to external systems, especially in other European countries.

Corporate management

Our goal is to increase shareholder value systematically and constantly through profitable growth and concentration on the business areas which offer the most advantageous development potential in terms of our competitiveness and capacity to perform. The key elements of management include an integrated concept for financial control, control metrics and as well, comprehensive measures aimed at profitable growth and increased efficiency.

The significant key data for our Company are sales, in particular, Licensing sales, operating result (EBIT) and the EBIT margin. As is generally true for the software industry, sales and EBIT are the most important control metrics – so value-oriented performance metrics relating to capital turnover play a lesser role for P&I as well. Our capital commitment is low, but employee costs and external services in connection with support for our software products constitute high cost pools for P&I.

Permanent monitoring of sales and forecasting for the revenue types of Licensing, Maintenance and Consulting underpin the development of profitability. Licensing sales are the major growth engine for Services and Maintenance. In this connection, incoming orders for Licensing plays an key role. Sustained tracking of Licensing sales at all levels of management, from the first customer contact to signing of the contract through to implementation is an important element. Monthly monitoring is carried out across the entire organisation. The second cornerstone of our profitability development is cost management. All cost items are subject to strict budget controls.

Due to employee costs and purchased services in connection with the maintenance of our products, the fixed costs proportion is very high in the P&I Group. Variable budgets are therefore released, dependent on current sales development, during the course of the year. Mapping the significant value drivers to the remuneration system for executives rounds off the internal control system for the Group. The licensing sales value driver, total sales and the EBIT and EBITDA create the assessment base for the paid components variable. This ensures that the remuneration system is optimally aligned to the increase in shareholder value.

ORGANISATION / PERSONNEL

At March 31, 2011 The P&I Group employed 365 people (previous year: 360). The annual average of 333 full-time-equivalent employees is about the same as the previous year's level (previous year: 334). Of those, 248 were employed in Germany (previous year: 250), a total of 85 employees in the rest of Europe (previous year: 84), where the Company was most strongly represented in Austria, with 32 people (previous year: 31), and in Slovakia, with 41 (previous year: 41) employed by the development centre.

The P&I organisation sells in two strong sectors, the private and public sectors and is also efficiently and effectively positioned in the consulting business sector. The regional locations of our sales and consulting staff give us an organisational structure that is distinguished by its closeness to the customers. Short trips to visit the customers and internally build trust.

The Consulting/Systems Integration division supports customers in the implementation of P&I software solutions and ongoing operations. The palette of services offered includes, aside from advisory services, training for software end-customers and technical and specialised hosting. The division also provides product training and specialist updating services (social security and income tax). P&I advises its customers on how they can structure their processes to be as efficient and straightforward as possible in order to reduce process costs and to be an even better partner for their departments and management.

An annual average of 115 employees (previous year: 121) over the year were employed in this division.

The Development division focuses strongly on application development, technology, quality assurance and design. Four new software releases per fiscal year are developed and placed at the disposal of customers.

Development is headquartered in Wiesbaden. The development unit founded in Bratislava in 2002 is increasingly assuming localisation tasks, although support also comes from decentralised quality assurance and development units in Austria, Holland and Switzerland. The expansion of the development centre operation in Slovakia has been continued in fiscal 2008/2009 through the opening of a new development centre in Zilina. We are working here with very young software developers whose abundance of ideas and level technological know-how are exciting and infectious. The people-intensive area of Consulting employed the highest number of employees in the P&I Group with an average over the year of 133 (previous year: 131).

A total of 44 (previous year: 43) people were employed in Sales and Marketing in the past year. European sales activities are coordinated by our headquarters in Wiesbaden. In Austria and also in Switzerland, we have local sales agents. Focussing on the incoming orders for licences shaped our market cultivation in sales. The requirement for solutions from a single source is increasing – not only with respect to the software, but recurring service business as well. We will continue to expand our focus on sales.

As in the previous year, the P&I Group's administrative sector employed 41 employees (previous year: 39).

In fiscal 2010/2011, employee expenses amounted to 31.9 million euros (previous year: 28.9 million euros).

The Company's management policy is grounded in a broad-ranging target system. Corporate targets are broken down into division and individual targets and linked to appropriate, variable salary components depending on the respective level of responsibility involved. The corporate targets arise out of the planning data with respect to incoming orders, sales, and operating result. P&I is a medium-sized company and will only continue to remain successful if the company remains creative and flexible, responds quickly and continues to radiate competence and credibility. This is why young professionals continue to join the P&I team in addition to our staff with expertise gained over many years. They all have extensive knowledge of our products and our customers. They are all competent in their jobs. P&I will continue to invest in our staff through advanced internal and external training.

DETAILS PURSUANT TO §§ 289 PARA. 4 AND 315 PARA. 4 HGB

Subscribed capital, voting rights and additional restrictions

Please refer to Note D. 4.1, "Subscribed capital" in the Notes to the separate financial statement as well as Note 18, "Subscribed capital and reserves" in the Group Notes. No voting rights restrictions exist.

Direct or indirect capital investments

Please refer to Note E. 6 in the P&I AG Notes as well as Note 36 in the Group notes ("Details pursuant to § 160 AktG") with regard to this.

Special privileges for shareholders

There are no shares in the Company with special privileges.

System of control of voting rights in the event of employees' participations and where they do not directly exercise their voting rights

The Company has no knowledge of whether its employees hold participations in the Company and if voting rights control is carried out.

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

Members of the Board of Directors are appointed for a maximum of five years. A reappointment or extension of the period of office, for five years respectively, is permissible, but requires a new resolution to be passed by the Supervisory Board, which may be made, at the earliest, one year before the expiry of the previous term of office. The Supervisory Board may revoke the appointment of a member of the Board of Directors and/or the appointment of a Chairperson of the Board of Directors, if cause exists within the meaning of § 84 Para. 3 German Companies Act (AktG).

Members of the Board of Directors are appointed and dismissed pursuant to §§ 84 f, AktG. Amendments to the Memorandum and Articles of Association are made pursuant to § 179 AktG by the Annual General Meeting with a majority of at least three quarters of the capital stock represented at the time of the resolution.

Important agreements of the Company in the case of Change in Control as a result of a take-over bid

A change-of-control regulation was passed by the Board of Directors on the balance sheet date.

Dependency of P&I AG

P&I AG is a dependent company of Argon GmbH within the meaning of § 17, AktG. The Board of Directors of P&I AG has produced a relevant report about the relations with affiliated companies during the fiscal year that has just ended and the content of the report is reproduced in Section 5.4 of this management report.

Controlling and Profit Transfer Agreement

A controlling and profit transfer agreement was closed between ARGON GmbH and P&I on February 7, which will provide an annual compensation payment to outside shareholders amounting to 1.78 euros gross per share, after the agreement has been registered in the commercial register. Alternatively the shareholders can accept 25.01 euros per share.

MANAGEMENT DECLARATION PURSUANT TO § 289A HGB

Due to § 289a HGB, P&I Personal und Informatik AG (P&I AG) is obliged to issue a management declaration and to include it either in the management report or to publish it on the company's internet site in order to comprehensively and transparently present P&I AG's company management and operational structures and their management body. The management declaration pursuant to § 317, Para. 2, Sentence 3, HGB has not been included in the annual audit.

Declaration pursuant to § 161 AktG (issued in December 2010):

In December 2010 the Board of Directors and the Supervisory Board of P&I AG declare in accordance with § 161 AktG: P&I AG complies with the recommendations of the 'Government Commission on German Corporate Governance Code' listed in the version published on May 26, 2010 and will continue to comply in the future with the exception of the following divergences:

Company bylaws for the Board of Directors (Code Item 4.2.1 Sentence 2)

The company bylaws for the Board of Directors include a majority clause covering the Boards' resolutions without a regulation covering the deciding vote to be cast by the Chairman of the Board. As it would not be possible to rule in favour of one or the other of the members by majority ballot with a two-member Board of Directors, the view of the Supervisory Board is that there is no place for such a ruling given the present composition of the Board of the Company.

Board of Directors' emoluments – Emolument structure (Code Item 4.2.3, Para. 2)

The currently valid employment contract with the Chairman of the Board of Directors, Vasilios Triadis, was agreed upon for the coming into force of the law covering the appropriateness of the Board of Director's remuneration and it was last altered on September 1, 2008; it will also remain valid until March 31, 2012. The emolument structure in this contract still does not correspond to the regulations stipulated in the current version of the Code published on May 26, 2010 and the principles for establishing the salaries of the members of the Board of Directors in accordance with § 87 of the German Companies Act included in the version of the law covering the appropriateness of the Board of Director's remuneration. The Supervisory Board intends to deal with the Board of Directors contract with Mr. Vasilios Triadis in the Spring of 2011 and bring the emolument structure into line with the stipulations listed in the Code and the German Companies Act as quickly as possible.

Board of Directors' remuneration – No settlement cap for change of control (Code Item 4.2.3, Para. 5 in conjunction with Para. 4)

An agreement was signed with a member of the Board of Directors, Vasilios Triadis, on September 1, 2008, which gave him the right to resign from his position and his contract of employment within a specific period in the case of a change in control. He would then receive a settlement to the amount of the remuneration (including the variable component), which he would otherwise have received up to the end of the term of his contract. A change of control will take place as per the agreement if “a third party acquires at least 30 per cent of the Company’s voting rights through the purchase of shares or other means in compliance with §§ 39, 35, Para. 1, Sentence 1, WpÜG. § 22 Paras. 1 and 2, WpHG, have to be complied in order to calculate the voting rights.”

The Company therefore dissents from the recommendation covering a settlement cap in the case of a change of control. Hereafter any payments arising from the premature ending of Board of Directors activities that resulted from a change of control must not exceed 150 per cent of the settlement cap. Pay-outs, including fringe benefits, made in the case of premature ending of the Board of Directors activities without any other important reasons being given must not exceed a value of two years annual remuneration in accordance with the settlement cap, whereby the previous fiscal years as well as the current fiscal year, if necessary, must be used for calculating the compensation package. The existing regulations in the agreement signed on September 1, 2008 correspond to the view of the Supervisory Board that was sitting at the point in time when the contract was concluded, which was that this offer was appropriate. However, the Supervisory Board will ensure that the Code regulations covering settlement caps will be complied with in the future and have already done so with regard to the Executive Board employment contract concluded with Dr. Massmann.

Board of Directors' emoluments – AGM information (Code Item 4.2.3, Para. 6)

The recommendations in the Code stating that the Chairman of the Supervisory Board must provide the AGM with information about the general features of the remuneration system as well as any related changes that have been implemented, were not complied with. This was entirely due to the conflicts with the Supervisory Board that was in office up to September 2, 2010 and this prevented the relevant resolution from being adopted. The Supervisory Board will be complying with this recommendation in the future.

Disclosure of the remuneration of the Board of Directors in the Compensation Report (Code Item 4.2.5)

The recommendation in the Compensation Report regarding the disclosure of the remuneration of members of the Board of Directors can only be complied with to the extent that doing so does not conflict with the decision of the Annual General Meeting of August 29, 2006, to refrain from individual disclosure of the Board of Directors' remuneration. The non-disclosure of individual Board of Director's remunerations resolution that was passed at the AGM held on August 29, 2006 expires on August 28, 2011 and it will be applied for the last time in the annual financial statement for fiscal 2010/2011.

Conflict of interest – Ancillary activities (Code Item 4.3.5)

Code Item 4.3.5 states that: “Members of the Board of Directors should only accept ancillary activities with the approval of the Supervisory Board.” This recommendation has been upheld in practice. However, the employment contract with Mr. Triadis merely states that ancillary activities only require the approval of the Supervisory Board “if these activities might conflict with the Company’s interests”. The Supervisory Board aims to change this employment contract in order to bring it into line with the regulation stipulated in the Code and Mr. Triadis has indicated his willingness to accept this to the Supervisory Board.

Formation of committees (Code Items 5.3.1 to 5.3.3)

The Supervisory Board has not formed any committees as opposed to the recommendation listed in the Code. The Supervisory Board is comprised of only three members. The formation of committees in addition to the full Supervisory Board appear to serve no purpose, as a committee, in which at least three members would have to be present, would have to pass resolutions instead of the full Supervisory Board.

Candidate proposed as Chairman of the Supervisory Board (Code Item 5.4.3, Sentence 3)

A new Chairman of the Supervisory Board was appointed following the Supervisory Board appointments made at the AGM held on September 2, 2010. This deviates from the Code recommendation, which states that the shareholder’s proposed candidates for the position of Chairman of the Supervisory Board should be announced. The reason for such a change was that the decision to replace the Chairman of the Supervisory Board was not actually taken until the day of the AGM. This recommendation will be complied with in the future, provided that it is possible to do so.

Results-oriented remuneration for members of the Supervisory Board (Code Item 5.4.6, Para. 2)

Results-orientated remuneration has not been planned for the Supervisory Board as opposed to the recommendation listed in the Code. The view of the Board of Directors continues to be that this type of remuneration for the Supervisory Board would be in contradiction to its monitoring function and, given the size and structure of the Company, it would not appear to be in order either.

Discussing the quarterly report with the Supervisory Board (Code item 7.1.2, Para. 2)

For the first time ever the quarterly report that was published by P&I Personal & Informatik AG on August 12, 2010 was not discussed with the Supervisory Board, as opposed to the recommendation listed in Code, due to the dissention existing within the Supervisory Board itself and the subsequent factual incapacity that has resulted from this dissention.

Publication of the consolidated financial settlement (Code item 7.1.2 Sentence 4)

As opposed to the Code recommendation we were unable to publish the consolidated financial statement for fiscal 2009/2010 within 90 days from the end of the fiscal year. In fact it was actually compiled in ample time by the Board of Directors, but the Company’s Supervisory Board failed to submit a resolution covering the approval or non-approval of the consolidated financial statement within the specific period and neither was a Supervisory Board report submitted to the Board of Directors, so that the annual financial statement as well as the consolidated financial statement are therefore regarded as not having been approved by the Supervisory Board (§ 171, Para. 3, Sentence 3, AktG). Consequently, the AGM was then responsible, in accordance with § 173 Para. 1, Sentences 1 and 2, AktG, for adopting the annual

financial statement as well as approving the consolidated financial statement. A relevant resolution was scheduled for the AGM that was convened at the request of a shareholder on September 2, 2010 in accordance with § 122, Para. 1, AktG, so that the annual financial statement for fiscal 2009/2010 could be adopted and the consolidated financial statements for fiscal 2009/2010 could be approved. The consolidated financial statement compiled by the Board of Directors prior to the point of the publication of the convening of the AGM that was held on September 2, 2010 was not published in order to prevent the markets from being misled.

This declaration is published on the company's website under 'Investor relations' as are all previous declarations.

Relevant details covering corporate governance practises, which have to be applied in accordance with the legal requirements:

Management and supervisory structure

For P&I AG, 'corporate governance' means management and supervision of the organisation in a manner that is responsible, transparent and oriented towards increased shareholder value in the long term. For the Board of Directors and Supervisory Board, the pre-eminent qualities for good management are sustainability, transparency and a value-based orientation.

The chief cornerstones of good corporate governance are effective cooperation between the Board of Directors and the Supervisory Board, safeguarding of the interests of all parties involved in the company's business success, responsible handling of risks, abiding by the legal and intra-group regulations as well as open, reliable and transparent channels of communication.

P&I AG is subject to the German Stock Corporation Act and has a two-tier structure of management and supervision. It is incumbent on the Board of Directors to carry out the management of the company under the supervision of the Supervisory Board. The Board of Directors and the Supervisory Board collaborate closely for the benefit of the company and maintain regular contact. Four regular meetings of the Supervisory Board are convened annually at P&I AG. The Board of Directors provides the Supervisory Board, on a monthly basis, with a comprehensive and up-to-date picture of business developments, targets, the current risk situation and any deviation from original targets in business developments. The operations of both the Board of Directors and the Supervisory Board are governed by the respective Company bylaws.

Directors' Dealings

The former members of the Supervisory Board, Robert Vinall and Dr. Thomas Heidel, acquired one share each in P&I AG on August 4, 2010 at a purchase price of 23.80 euros during fiscal 2009/2010.

Open and transparent communication

P&I AG informs shareholders, analysts and journalists according to standardised criteria. All information is made transparent for all capital market participants.

Ad hoc announcements, press releases and presentations given at press or analysts' conferences are published promptly on P&I AG's website. The Board of Directors publishes insider information affecting the company immediately, apart from individual cases exempted from the disclosure obligation. Insiders are listed in accordance with statutory requirements and must observe confidentiality. P&I AG, observing a fixed financial calendar, publishes reports on its website four times annually on business developments and the current situation regarding its assets, finances and profits. In addition, all information relating to the AGM, such as the invitation, agenda, annual financial statements, memorandum and articles of association and explanatory notes to draft resolutions, is published on the company's website on the day of issue of the invitation. The website is also a repository of the information from previous AGMs, as well as the quarterly reports from the fiscal year just ended and from past fiscal years.

According to the new German Transparency Directive Implementation Act (TUG), as from January 20, 2007, the notification threshold for voting rights held in a company listed on the stock exchange has been lowered to three per cent. A suitably qualified agent will undertake the Europe-wide disclosures that are required under this law for P&I AG.

In addition, all published information is published in German and English. We also comply fully with the "German Electronic Commercial Registers and Company Register Act (EHUG)", which came into effect on January 1, 2007, in that we transmit to the publishers of the electronic pages of the Bundesanzeiger, in electronic form, as stipulated, all documents required to be disclosed.

Functions of the Board of Directors and the Supervisory Board:

Board of Directors

The Board of Directors bears independent responsibility for the management of P&I AG. It is committed to the interests of the Company and under an obligation to increase shareholder value over the long term. The Board of Directors provides the Supervisory Board with comprehensive and prompt information, on a regular basis, covering all conception questions that are relevant to P&I AG, business development, risk management and adherence to the intra-group regulations. The Board of Directors is responsible for the company's strategic orientation and these are regularly jointly agreed upon with the Supervisory Board.

At present, the Board of Directors consists of two members. P&I AG can be represented either by both members of the Board of Directors or by one member of the Board of Directors accompanied by an authorised officer (procurist). Eight employees were delegated as authorised officers (procurists) in fiscal 2010/2011.

Supervisory Board

The Supervisory Board advises the Board of Directors in its management of the organisation and also supervises and monitors its operations. The Supervisory Board is involved in all decision-making of fundamental importance for the organisation. In order to more closely define the reporting duties for the Board of Directors, the Supervisory Board has laid down a list of business transactions requiring approval, which forms part of the respective company bylaw. The Supervisory Board of P&I AG consists of three members. Elections to the Supervisory Board are made in accordance with the recommendations of the Corporate Governance Code: Each member of the Supervisory Board is elected singly.

Audit pursuant to § 111, Para. 2, Sentences 1 and 2, AktG

The Supervisory Board resolved that an audit of specific matters pursuant to § 111 Para. 2, Sentences 1 and 2, AktG, should be implemented at their meeting held on January 18, 2010.

The Supervisory Board appointed the law firm, Flick Gocke Schaumburg and the auditors, Warth & Klein mbH as the external experts authorised to carry out the audit. The auditors are of the opinion that comprehensive answers were provided by the Board of Directors to all questions and the requests for information that were based on the comprehensively processed issues and submitted by the auditors under the terms of the contract. The auditors have stated that in their view no information or existing documents were withheld from them. Furthermore, the auditors have confirmed that after inspecting the documents supplied to them were not left with the impression that any of the existing documents requested by them were withheld from them.

The auditors came to the conclusion, based on this extensive establishing of facts process, that no material breaches of diligence requirements were made by the members of the Board of Directors in any of the processes that were audited. The special audit final report submitted by the auditors appointed by the Supervisory Board confirmed the view of the Board of directors of P&I AG that they cannot be accused of any breach of duty with regard to the exercising of their office.

Nevertheless, since the last AGM P&I has voluntarily agreed, in agreement with shareholders representatives, to allow another special audit of selected issues that were audited previously. As of the balance sheet date, no findings were existent, that had to be taken into consideration in the accounts.

REMUNERATION SYSTEMS**Board of Directors**

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

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

Bonus schemes also constitute part of the Board of Directors' variable remuneration:

Payment of a long-term bonus (providing a long-term incentive) as a variable remuneration component was agreed on with one member of the Board of Directors with effect from September 1, 2007. Granting of the long-term bonus and its amount are dependent on the achievement of the target Group EBIT agreed previously with the Supervisory Board, and on the degree to which targets have been met in the respective fiscal year, and are also strictly dependent on the continuation of the board member's employment contract. The term of this agreement extends to the end of fiscal 2011/2012.

Payment of 50 per cent of the long-term bonus claims accumulated up to the end of fiscal 2009/2010 (March 31, 2010) will be effected seven days after discharge of the Board of Directors by the Annual General Meeting for fiscal 2009/2010.

After the discharge of the Board of Directors for fiscal 2009/2010 at the AGM held on September 2, 2010 it was confirmed that 50 per cent of the claims accumulated up to March 31, 2010 were paid out during the fiscal year that has just ended and this amounted to 721,000 euros.

Payment of the remainder of the bonus claims which have accumulated in the fiscal years up to March 31, 2010, and of the long-term bonus claims arising after March 31, 2010 and up to the end of the term. at March 31, 2012, will be effected seven days after discharge of the Board of Directors by the Annual General Meeting for fiscal 2011/2012.

In fiscal 2008/2009, it was agreed with the members of the Board of Directors, Mr Triadis and Dr. Voß, that in the case of a Change in Control they shall have the right to resign from their positions, within specified periods of time respectively, and terminate their employment contract. They shall then receive a settlement to the amount of the remuneration (including the variable component) which they would otherwise have received up to the end of the term of their contracts.

A member of the Board of Directors, Dr. Hartmut Voß, exercised his special resignation rights on June 15, 2010 and resigned from his Board of Director's employment contract with effect on September 30, 2010. This change of control of the Company is the result of the acquisition of more than 30 per cent of the voting rights of P&I Personal & Informatik AG by Argon GmbH & Co. KG that occurred on March 16, 2010. Dr Hartmut Voß resigned from the Board of Directors of P&I Personal & Informatik AG on September 30, 2010 and received the contractually agreed settlement.

Through the law regulating the disclosure of the Board of Directors' compensation (Transparency Law for the Compensation of Corporate Executives, (VorStOG)) of August 3, 2005, a basic obligation regarding the individual disclosure of remuneration for the boards of directors of corporations listed on the stock exchange was introduced. However, pursuant to §286 Para. 5 and § 314 Para. 2 Sentence 2 of the German Commercial Code (HGB), the annual general meeting of such an entity can decide to withhold this information in part.

The AGM of P&I AG on August 29, 2006 resolved that the details required by §285 Sentence 1 No. 9 lit. a) HGB and §314 Para. 1 No. 6 lit. A) HGB in the annual financial statements and Group financial statements for the Company for fiscal years 2006/2007 to 2010/2011 inclusive, will remain undisclosed, at the latest, until August 28, 2011. Therefore in the following, only statements regarding the total payments are made.

The total remuneration for the members of the Board of Directors in fiscal 2010/2011 and the previous year is shown in the following table:

In 000 euros	2009/2010	2010/2011
Non-performance related remunerations		
Salaries	550	590
Other ^{*)}	68	771
Performance-related remunerations		
Bonuses / bonus programme	660	388
Components with long-term incentives	600	600
Total remuneration	1,878	2,349

^{*)}Allowances for insurances, non-cash benefits, non-recurring income, settlements

No further additional salary components exist.

Supervisory Board

In fiscal 2010/2011 the Supervisory Board of P&I AG was composed as follows:

Michael Wand, Chairman, Managing Director of The Carlyle Group, London (GB)
Robert Vinall, Deputy Chairman, Managing Director of RV Capital GmbH, Kilchberg (Switzerland)
Dr Thomas Heidel, tax lawyer specialising in commercial, corporate and tax law, Bonn

The members of the Supervisory Board since September 2, 2010 (with supplementary details up to March 31, 2011) are:

Thomas Volk, Chairman

Managing Partner of Timmaron Capital Advisors, Bobingen
is a member of the Advisory Board of Saarland Versicherungen AG, Saarbrücken, Germany.

Michael Wand, Deputy Chairman

Managing Director of The Carlyle Group, London (GB) is a
member of the Advisory Board of UC4 Software GmbH, Wolfsgarben, (Austria),
member of the Administrative Board of KSC.net AG, Liestal, (Switzerland),
member of the Board of Directors of The Foundry Visionmongers Ltd, London (GB)

Dr. Thorsten Dippel

Associate Director of The Carlyle Group, London (GB) is a
member of the Administrative Board of Tell AG, Zug, (Switzerland).

Each member of the Supervisory Board received, in accordance with the Articles of Association, a fixed annual remuneration of 11,248.42 euros. The Chairman of the Supervisory Board received 14,316.17 euros per annum and the deputy Chairman of the Supervisory Board received 12,782.30 euros per annum. The company also reimbursed the members of the Supervisory Board for any expenses and VAT incurred in exercising their office. Mr. Wand and Dr. Dippel have waived their right to be paid for their Supervisory Board duties for fiscal 2010/2011.

The total remuneration for the members of the Supervisory Board in fiscal 2010/2011:

In euros	Fixed remuneration	Expenses reimbursed	Consultation
Robert Vinall	5,393.08	6,258.44	---
Dr. Thomas Heidel	4,745.91	---	---
Thomas Volk	8,275.92	4,239.01	---
Michael Wand	---	7,636.77	---
Dr. Thorsten Dippel	---	---	---

ECONOMIC CONDITIONS

The World economy clearly improved in 2010 from the global economic and financial crisis of 2008/2009. Against this background the International Monetary Fund (IMF) expects an increase in the global gross national product (GNP) of 4.6 per cent in 2010. In 2010 the Euro zone recorded overall GNP growth of 1.0 per cent as compared to the negative growth of minus 4.6 per cent recorded during the previous year. The German economy recorded GNP growth of 1.4 per cent as compared to the minus 5 per cent recorded during the previous year and it has developed far better than the average growth for the Euro zone.

The global IT market also started to recover from the crisis of the two previous years during 2010. The growth in worldwide IT investments over the year reached the upper single digit percentage range and by the end of the year it had reached its highest level since November 2007 according to the Goldman Sachs investment bank. Consequently, the fourth quarter continued in keeping with the season and was no longer characterised by the crisis.

According to the BITKOM industry association the IT market in the European Union shrunk by merely 0.6 per cent in 2010. Certain member countries, led by Germany, succeeded in realising positive development from the crisis quicker than expected.

The German IT market grew by 4.3 per cent according to the figures published by BITKOM in March 2011 to 68.8 billion euros (previous year: 65.9 billion euros). The IT services market increased by 3.5 per cent to 34.2 billion euros (previous year: 33,0 billion euros). In 2010/2011 the German software market recorded 4.5 per cent growth to 15.4 billion euros (previous year: 14.8 billion euros).

GROUP BUSINESS PERFORMANCE

The P&I Group recorded sales growth of 9.2 per cent to 69.1 million euros, which is above the development realised by the German IT market during the previous year. The excellent Company operating result (EBIT) of 15.4 million euros, which represents a margin of more than 22 per cent, makes the P&I Group one of the most attractive companies in the market segment.

Profit Situation

Sales development

P&I Group sales grew in fiscal 2010/2011 to 69.1 million euros from 63.3 million euros in the previous year. The 9.2 per cent increase in sales recorded during the fiscal year that has just ended, which lies well in the upper single digit range, indicates that it is exclusively organic and is distributed across all of our sales divisions, which covers licensing, the service business and the high profit maintenance business. In particular, the development of the licensing sales is very important for the Group as it is seen as the engine in P&I's business model. Permanent Innovative capacity, rapid reaction to enable us to meet our customer's new requirements and ensuring the safe fulfilment of these increased demands by providing efficient solutions are the basis of our growth.

Sales (in 000 euros)	2009/2010	2010/2011	Variance
Licensing	15,483	16,905	9.2 %
Consulting	21,350	23,169	8.5 %
Maintenance	24,332	26,503	8.9 %
Other	2,132	2,537	19.0 %
Total	63,297	69,114	9.2 %

Licensing business

The Company has now implemented investment projects that were previously stopped due to the poor economic situation prevailing in fiscal 2009/2010 and we have virtually returned to the level prior to the crisis.

Licensing sales, which amounted to 16.9 million euros, recorded a 9.2 per cent increase when compared to the previous year's sales of 15.5 million euros. This means that 24.5 per cent of overall Group sales came from the licensing business. New customer acquisitions became the growth engine in addition to a multitude of small and medium sized projects undertaken with our existing customers. Innovative module solutions, the time management solution and the web-based HCM HR solution were all extremely popular.

Current licensing sales are an important indicator for the future for the P&I Group, as licence sales are followed after a certain period by regular annual maintenance services or else they ensure the maintenance for the coming year in the case of migration customers.

Maintenance business

The maintenance business recorded a continuous increase in their sales development. Development of P&I's maintenance service income mainly follows the licensing sales realised during the previous years. Revenue of 26.5 million euros was generated by the maintenance business. This is a year-on-year increase of 2.2 million euros or 8.9 per cent, which represents a 38.4 per cent share of overall sales. The excellent maintenance business is mainly the result of the successful licence sales realised during the previous year. A climb in maintenance income results in increased earning power, since the expenses for maintaining the software remain virtually independent of the number of customers to be serviced.

Product income linked to the attractive margins – the sum from licensing and maintenance revenues – increased by 9.0 per cent (previous year: 3.7 per cent). Virtually 63 per cent of overall P&I sales were generated by these product sectors.

Consulting and service businesses

P&I recorded an 8.5 per cent or 1.8 million euros increase over the previous year's result in the Consulting/System Integration business sectors, which amounted to 23.2 million euros and this sum corresponds to 33.5 per cent of P&I Group's overall sales. Shown here are revenues from seminars and training courses in addition to those arising from introductory projects and from ongoing existing customer support services. The P&I Group has been offering seminar packages since 2010 and they have been very well received by our various customer groups. Purchasing a seminar package will ensure that a customer is able to participate in release events, user conferences and the end-of-year seminar and will always be up-to-date with legal changes and the latest software.

Sales development in the segments

Sales (in 000 euros)	2009/2010	2010/2011	Variance
Domestic	49,417	54,628	10.5 %
Austria	7,462	7,499	0.5 %
Other foreign countries	6,418	6,987	8.9 %
Total	63,297	69,114	9.2 %

Domestic business growth

Sales growth in the traditionally strongly competitive domestic market was the highest within the P&I Group and sales exceeded the 50 million euros level. 54.6 million euros or 79 per cent of P&I Group sales were generated within Germany.

The Austrian business sector remains steady

10.9 per cent of P&I Group sales were generated in the Austrian business sector and they realised sales of 7.5 million euros (previous year: 7.5 million euros). Tremendous effort was put into emulating the previous year's sales figures, in which a 15 per cent increase in sales was recorded.

Other foreign countries

Other foreign countries includes sales from Germany made to international customers as well as sales recorded by our foreign subsidiary businesses in Holland, Switzerland and Slovakia. Sales recorded during the fiscal year that has just ended amount to 7.0 million euros as opposed to 6.4 million euros in the previous year and sales increased by a good 8.9 per cent.

Business in Switzerland developed extremely well during the fiscal year that has just ended and the new customer acquisition business was extraordinarily successful. In addition to this there was also a currency exchange rate cost that had to be taken into consideration and it amounted to virtually 0.5 million euros (CHF into euros).

Development in Sales and Orders

The inflow of orders (licensing and consulting) in fiscal 2010/2011 dropped very slightly when compared to the previous year and amounted to 40.6 million euros (previous year: 41.2 million euros). Incoming orders for licenses stood at 19.6 million euros, however this 6 per cent above the previous year's level of 18.5 million euros. Orders on hand (Licenses, Consulting and Maintenance) stands at 45.0 million euros, which is more than 8.4 million euros above the previous year's level (36.6 million euros). Orders on hand include a future maintenance income of 26.4 million euros (previous year: 24.6 million euros) over the next twelve months.

Profit Situation

The Group earnings situation in fiscal 2010/2011 was characterised by two factors: Sales and profit increases in the operating activities were offset by one-off costs amounting to approximately 3.4 million euros (for legal consultations in particular), which arose from the conflicts between various groups of shareholders as well as changes in the shareholding structure.

in 000 euros	2009/2010	2010/2011
Operating result (EBIT)	15,337	15,438
EBIT-Margin	24.2 %	22.3 %
Earnings before tax	16,041	15,897
Consolidated result	10,878	10,860
Return on sales	17.2 %	15.7 %
Return on assets ROA1 ¹⁾	31.7 %	39.7 %
Earnings per share (in euros)	1.45	1.44
Share price end of March in euros	18.25	27.68
Price-profit ratio	12.59	19.17

1) (EBIT + interest income) / operating assets (consisting of the sum of intangible assets, tangible assets, stocks, trade receivables as well as payments and cash equivalents)

The higher cost of sales is directly proportional to the increase in sales. Conversely, the overall development costs have only increased slightly when compared to the previous year. Marketing costs clearly increased when compared to the previous year and this was due to personnel costs, which resulted from the higher variable salary components arising from the incoming orders. The increase in the administrative costs can be traced back to increased consultation requirements.

The operating result amounted to 15.4 million euros and this is virtually the same level as recorded during the previous year, despite the growth in sales. Unplanned legal and consulting costs as well as personnel costs totalled approx. 3.4 million euros (previous year: approx. 1 million euros), were recorded as a one-off effect and this has reduced the Company's EBIT growth. This sum also covers the unplanned legal and consulting costs that were incurred by the Company as a result of the disagreements between the members of the Supervisory Board and disagreements between various groups of shareholders. The Company had no choice but to seek legal advice to defend itself against putative Supervisory Board resolutions. It also covers the non-scheduled personnel costs that were incurred as a result of the exercising of special resignation rights by a member of the Board of Directors on September 30, 2010 and the resulting Company payment liabilities. Furthermore, the Company also incurred special charges arising from the closing of a controlling and profit transfer agreement and the implementation of the necessary measures relating to the agreement.

Profit Situation in the segments

In '000 euros	2009/2010	2010/2011	Variance
Domestic	12,292	10,962	-1,330
Austria	40	706	666
Other foreign countries	3,005	3,770	765
Operating result (EBIT)	15,337	15,438	101

The Group earnings situation is determined by the parent company and domestic business. Unplanned costs incurred during the previous fiscal year were also recorded in this segment and this had an impact on the profit and loss account when compared to the previous year, despite the increase in sales.

The losses recorded in the profit and loss account that were incurred by the national segment were offset by the foreign business. Once again all of our foreign subsidiaries recorded positive results up to March 31, 2011.

The positive development in the profit and loss account recorded in Austria can be attributed to the consolidation effect arising from the integrations resulting from the acquisitions that were completed in 2008/2009. The low earning power recorded during the previous year was mainly caused by the impairments incurred by the P&I Steyr goodwill as well as the eco-STAFF personnel leasing software based on the result of the impairment test.

The earning power of the “Other foreign countries” segment in the fiscal year that has just ended was strengthened by the successful business operations in Holland and Switzerland as well as the international business activities undertaken by the German P&I parent company.

The P&I Group generated an operating result after taxes amounting to 10.9 million euros (previous year: 10.9 million euros).

Earnings per share

Earnings per share amounted to 1.44 euros (previous year: 1.45 euros).

FINANCIAL SITUATION

Cashflow development and liquidity situation

We now permanently monitor the financial markets in order to secure our liquidity and the P&I Group pays great attention to this matter. Only very safe and short-term investment decisions are being made at the moment as a result of the financial crisis. The financial situation of the Group remains sound. The Group has had no need for short-term refinancing and has access to sufficient financial resources for the future development of the concern.

Cashflow development in fiscal 2010/2011 was mainly characterised by the following factors: The investing of cash and cash equivalents into securities and term deposits with a maturity date longer than three months as well as the maturity of securities that amounted to 18.5 million euros and the dividend payment to our shareholders that amounted to 8.3 million euros. This leaves us with a liquid assets and liquid asset equivalents holding totalling 21.9 million euros.

In '000 euros	2009/2010	2010/2011	Variance
Cash-flow from			
- operating activities	21,512	20,972	-540
- investments	8,416	-19,263	-27,679
- financing	-8,058	-8,275	-217

The cash-flow from operating activities recorded during the year under review, fiscal 2010/2011, dropped slightly from 21,5 million euros to 21.0 million euros despite the sound operating results. This decline mainly results from tax payments made for previous fiscal years and the increase in tax payments resulting from the new tax prepayment rulings for the year under review. Reserves have been allocated against tax payments for previous fiscal years.

Cash-flow from the investments dropped from 8.4 million euros in the previous year to minus 19.3 million euros. There was an inflow of 10.6 million euros recorded in the balance from the sale of securities held as current assets during fiscal 2009/2010, conditional on the cash outflow resulting from the new investments in securities and term deposits with a maturity of longer than three years amounting to 18.5 million euros. In the previous year the investments cash balance also included the net payment for the purchase of Gronemeyer Gesellschaft für Datentechnik, EDV und Organisationsberatung mbH, in Höxter.

Cashflow from the financing activities amounted to -8.3 million euros (previous year: - 8.1 million euros) and this was a direct result of the dividend payment. The previous year's amount comprised the dividend payment and the share buy-back scheme payments.

Increased cash holdings and short-term financial assets

Holding liquid assets and short-term financial assets amounted to 55.4 million euros (previous year: 43.4 million euros) means that the P&I Group is in a solid position.

In 000 euros	2009/2010	2010/2011	Variance
Cash and cas equivalent	28,428	21,862	-6,566
Securities	15,000	33,554	18,554
liquid funds and the short-term assets	43,428	55,416	11,988
Interest bearing loans	0	0	0
Net borrowing/Equity	-43,428	-55,416	-11,988
Share of total assets	62.6 %	71.1 %	13.6 %

In addition to this the Group possesses two long-term, fixed-interest securities worth a total of 1,946,000 euros (previous year: 1,906,000 euros), which provide collateral for a line of credit and are listed in the balance sheet under Financial Assets.

Financial management

The P&I Group has regularly had very high liquidity surpluses for many years.

This surplus liquidity, when not used for investments, is held partly in bank balances and partly in marketable, available-for-sale securities. This policy corresponds with the management's view, shortly to have the Company's full liquidity at our disposal. Investment in securities is only made in euros and the most financially sound investments in order to min-

imise the risk of substantial fluctuations in value. The break-down respectively development of cash and cash equivalents of the Group is set out in the notes to the accounts and in the cashflow statement.

Derivative Financial instruments

The aim of using derivative financial instruments is to prevent as far as possible the risks arising from negative developments on the financial markets affecting the Company's assets, finances and profits. P&I does not make use of any derivative instruments at present. Off-balance sheet financial instruments, such as the sale of trade receivables, or sale-and-lease-back transactions are not used.

ASSETS

P&I Group's balance sheet has increased by 12.3 per cent as a result of the increased business volumes and now amounts to 77.9 million euros (previous year: 69.4 million euros). This is reflected in the increase in short-term assets, particularly in the recorded increase of cash holdings and short-term financial assets.

In '000 euros	2009/2010	2010/2011	Variance
Noncurrent assets	11,627	10,288	-1,339
Current assets	57,742	67,623	9,881
Assets	69,369	77,911	8,542

In '000 euros	2009/2010	2010/2011	Variance
Equity	32,395	35,053	2,658
Noncurrent liabilities	2,789	3,442	653
Current liabilities	34,185	39,416	5,231
Equity and Liabilities	69,369	77,911	8,542

Key data	2009/2010	2010/2011
Equity ratio	46.7 %	45.0 %
Gearing *)	-134.1 %	-158.5 %
Working capital in '000 euros **)	23,557	28,207

*) Net borrowing/Equity

**) Short-term assets less short-term liabilities

The P&I Group holds *assets with respect to non-current / long-term assets* to the value of 10.3 million euros (previous year: 11.6 million euros), and a depreciation-related reduction of 1.3 million euros was recorded during the year under review.

Current assets, chiefly comprising liquid funds and receivables, rose significantly due to the inflow of funds from operating activities.

The decline in *receivables* from 12.7 million euros to 10.3 million euros is substantially attributable to the contractually agreed instalment payments from major projects.

Liquid funds (Cash and cash equivalents and current financial assets) rose by 12.2 million euros to 55.4 million euros (previous year: 43.4 million euros).

The positive Group result of 10.9 million euros was more than sufficient to cover the dividend payout, with the result that *equity* rose absolutely in comparison with the previous year. However, the equity capital ratio fell slightly from 46.7 per cent to 45.0 per cent as a result of the increase in the balance sheet total.

Long-term liabilities increased by 0.7 million euros to 3.4 million euros when compared to the previous year. The main reason for this was the build up in long-term liabilities associated with a long-term bonus scheme (for further details: see 2.6). The total *deferred tax liabilities* amounted to 2.2 million euros, which is the same level as the previous year.

The sum of *short-term liabilities* rose by 5.2 million euros to 39.4 million euros. Included herein are liabilities arising from trade payables, tax liabilities, deferred items (+2.4 million euros) and other short-term liabilities.

Tax liabilities of 2.9 million euros include P&I AG's tax on earnings accruals and business tax charges for fiscal years 2007/2008, 2008/2009 and 2009/2010, which will be offset against the tax prepayments for this fiscal year. Other *short-term liabilities* amounted to 13.9 million euros at the close of the fiscal year (previous year: 9.9 million euros) and included, among others, payment obligations to personnel resulting from the variable compensation components as well as payments already received from a major project. There was a clear increase recorded in our deferred items, which have to be assembled in advance at the start of the calendar year and it consists of annual invoices that have to be paid and these are reversed on a monthly basis in compliance with the sales realisations.

P&I AG

PROFIT SITUATION

Sales development recorded double-digit sales growth to reach 60.1 million euros, which is an extremely positive result when compared to the previous year. The operating result only increased slightly by 0.2 million euros to 14.9 million euros. The Group earnings situation in fiscal 2010/2011 was characterised by two factors: Sales increases in the operating activities were offset by one-off costs, which arose from the conflicts between various groups of shareholders as well as changes in the shareholding structure.

Sales development

In fiscal 2010/2011, total sales amounted to 60.1 million euros (previous year: 54.3 million euros). This includes 55.3 million euros (previous year: 49.3 million euros) sales to third parties, which corresponds to an increase of 4.1 per cent.

Sales in 000 euros to	2009/2010	2010/2011	Variance
- third parties	49,297	55,315	12.2 %
- affiliated companies	4,980	4,748	-4.6 %
Total	54,277	60,063	10.7 %
Net change in inventories	-159	391	,/,
Overall performance	54,118	60,454	11.7 %

The highest contribution to sales was made by Maintenance. A sales volume of 24.1 million euros (previous year: 21.8 million euros), meant that Maintenance made a 40.1 per cent contribution to our sales. The second strongest sales category was Consulting with a contribution of 31.4 per cent, which corresponds to 18.9 million euros (previous year: 17.2 million euros). Licensing sales, which dropped back during the crisis-ridden previous fiscal year, increased once again to 14.6 million euros (previous year: 13.4 million euros) and this represents a 24.3 per cent contribution to overall sales. The volume of other sales, which amounted to 2.5 million euros (previous year: 1.8 million euros), was 4.2 per cent of overall sales.

The increase in the inventory during the fiscal year that has just ended was a direct effect of the services that were undertaken as part of the work contracts and fixed-price projects in Consulting. The increase in the inventory is the result of long-term contract manufacturing, even though a whole range of projects were completed during the fiscal year that has just ended and sales were added after the work or the implementation phase was accepted and new projects were won simultaneously. The inventory was increased by a total of 0.4 million euros, whereas the inventory decreased by 0.2 million euros during the previous year.

Profit Situation: Result of ordinary business activities

The result of ordinary business activities rose by 0.1 million euros to 14.8 million euros (previous year 14.7 million euros).

The increase in the result from the growth in recorded sales was mainly offset by the increased costs and this has prevented the significant increase in the result from being reflected in the balance. A large proportion of the rise in the costs was directly attributable to the one-off costs amounting to approximately 3.4 million euros (previous year: approx. 1 million euros), which arose from the conflicts between various groups of shareholders as well as changes in the shareholding structure.

The Company's investment value has been accredited to the continued positive development of the business activities of our subsidiary company in Switzerland. It recorded an income of 0.8 million euros. An income of 0.8 million euros was realised during the previous year due to the full repayment of the loan by the Company.

Tax charges increased as compared to the previous year by 0.1 million euros to 4.9 million euros and this was mainly due to the accounting of deferred taxes, which were applied under the accounting regulations in accordance with the German Modernisation of Company Accounts Act (BilMoG) issued on May 25, 2009 and were first implemented in the accounts in fiscal 2010/2011.

Annual profit and dividends

Annual profit amount to 10.0 million euros in the reporting year (previous year: 10.0 million euros).

The net profit shown in the annual financial statements of P&I Personal & Informatik AG, prepared in accordance with commercial legislation, is, pursuant to the German Companies Act, fundamental for a dividend distribution.

In the previous year a dividend of 1.10 euros was paid out.

The Board of Directors intend to propose a payout of a dividend of 0.04 euros per share entitled to dividend, at the next Annual General Meeting. With 7,700,000 shares issued, of which 7,522,752 are, as at balance sheet date March 31, 2011, entitled to a dividend for fiscal 2010/2011, the sum to be distributed amounts to 330,910.06 euros.

FINANCIAL SITUATION

Cashflow development and liquidity situation

Cash-flow development in fiscal 2010/2011 was initially characterised by the investment of cash and cash-equivalents in securities and term deposits with a maturity date of longer than three months as well as the maturity of securities and secondly by the dividend payout to our shareholders that amounted to 8.3 million euros. The total liquid funds holding increased to 13.9 million euros as a result of the excellent operating cash-flow, which amounted to 17.8 million euros (previous year: 16.7 million euros).

In '000 euros	2009/2010	2010/2011	Variance
Cash and cash equivalents	24,088	37,962	57.6 %
Securities	16,890	11,946	-29.3 %
Liquid funds	40,978	49,908	21.8 %

Liquid funds rise

Adding the financial investments in available-for-sale securities, which are listed under current assets, the total amount of liquid resources came to 49.9 million euros (previous year: 41.0 million euros), which corresponds to an increase of 8.9 million euros.

As before, there were no liabilities due to banks.

Financial management & financial instruments

Please refer to the details given under 'Group business performance > Financial situation'.

ASSETS

In '000 euros	2009/2010	2010/2011	Variance
Fixed assets	6,543	6,005	-538
Current assets	54,796	58,755	3,959
Accrued assets	807	1,035	228
Assets	62,146	65,795	3,649
Equity	28,977	27,842	-1,135
Accruals	14,326	12,273	-2,053
Liabilities	5,067	8,901	3,834
Deferred income	13,776	15,720	1,944
Deferred tax liabilities	0	1,059	1,059
Equity and liabilities	62,146	65,795	3,649

The value of *fixed assets* fell from 6.5 million euros in 2009/2010 to 6.0 million euros in 2010/2011. This included a reduction in scheduled asset depreciations amounting to 1.4 million euros as well as an appreciation in the shareholding in an affiliated company (0.8 million euros).

Current assets, consisting of inventories, receivables, other intangible assets, securities and liquid funds, increased by 4.0 million euros from 54.8 million euros to 58.8 million euros. Whereas the receivables and other intangible assets declined by 3.5 million euros to 7.3 million euros (previous year: 10.8 million euros), the liquid funds, including other securities, recorded clear growth. They increased from 41.0 million euros in 2009/2010 to the present total of 49.9 million euros. The stock of own shares is now deducted from equity. The increase in the prepaid expenses results from the increase in purchased annual maintenance services for external products, which are made at the start of the calendar year and amortised periodically. The dividend payout that amounted to 8.3 million euros can easily be compensated for by the cash-flow generated from our current business activities.

Equity, when compared to the previous year, has been reduced by 1.1 million euros to the present level of 27.8 million euros, as the annual profit for 2010/2011, which amounted to 10.0 million euros, was reduced by the dividend payment of 8.3 million euros for fiscal 2009/2010 as well as the sum of 2.8 million euros resulting from the BilMoG balance sheet changeover implemented on April 1, 2010. This can be itemised as the reversal of reserves for own shares (2.0 million euros) as well as the reduction in the revenue reserves and profit carried forward that amounted to 0.8 million euros based on the reporting of deferred taxes. The equity ratio amounts to 42.3 per cent (previous year: 46.6 per cent).

A notional own share value of 177,248 euros was deducted from the total subscribed capital 7,700,000 euros, so that there was a subscribed capital of 7,523,000 euros listed in the balance sheet after the accounts were closed on March 31, 2011.

Reserves declined by 2.1 million euros to 12.3 million euros. Tax reserves listed at 2.5 million euros include P&I's anticipated supplementary tax payments for fiscal years 2007/2008, 2008/2009, 2009/2010 and 2010/2011. Other reserves have reduced by 0.2 million euros to 9.7 million euros (previous year: 10.1 million euros).

Liabilities, listed at 8.9 million euros, rose by 3.8 million euros in comparison to the previous year (5.1 million euros). This increase can be attributed in principle to payments received (+ 2.9 million euros) as well as the increase in other liabilities (+ 0.7 million euros). The tax charge has also been increased for other liabilities.

The increase in the *deferred income* is initially due to the growth in the number of maintenance contracts and also due to the accrued income from recurring services (seminars, etc.). Deferred income takes into account income due after balance sheet date, which has been received before balance sheet date.

Deferred tax liabilities amounted to 1.1 million euros on the balance sheet day and these were calculated, for the first time, in accordance with the balance-orientated temporary concept introduced in BilMoG and the temporary differences were also taken into consideration.

FINAL DECLARATION REGARDING THE DEPENDENCY REPORT:

The report about the relations with affiliated companies (dependency report) prepared by the Board of Directors that covered the period from December 7, 2010 up to March 31, 2011, closed with the following declaration:

“We hereby declare, with regard to all of the legal transactions referred to in the report about the relations with affiliated companies during the period December 7, 2010 to March 31, 2011, that our Company received appropriate payments for all legal transactions under the circumstances known to us at the date these transactions were effected. No other measures were implemented or omitted during the period December 7, 2010 to March 31.”

SUMMARISED EVALUATION OF THE BUSINESS DEVELOPMENT

P&I has successfully further developed their business over the past three years. P&I has continued to fulfil its goals over the last fiscal year despite a turbulent year caused by the dissonance with previous members of the Supervisory Board and certain groups of shareholders and sales as well as the operating result have both increased when compared to the previous year. The P&I Group is in a sound financial position. The P&I Group is also well positioned to meet all of our financial obligations in the future, as a result of the excellent income and financial situation. Our perceived aim is to become the most professional software company in the European HR market.

CORPORATE RISK REPORT

In the context of its business activities, P&I is exposed to various risks which arise from, or can be attributed to ongoing operating activities or changes in external conditions. We define risks, in the broadest sense of the word, as the danger that we will not fulfil our financial, operative or strategic aims as planned. In order to secure the success of the enterprise in the long term, it is essential to identify and analyse risks, and to remove or limit them through appropriate management strategies. We aim for a good balance between risk and opportunity, taking on risks only if there is a high probability that the business activities will raise the value of the Company.

ORGANISATION OF THE RISK MANAGEMENT SYSTEM

P&I has a comprehensive risk management system which enables us to detect and analyse risks early on and take appropriate measures. The Group-wide precautions are guided and monitored centrally by P&I AG in Wiesbaden. Here, risk reports are prepared, further developments of the risk management system initiated and standard requirements for reducing risk, applicable Group-wide, are worked out.

We are now in the ninth fiscal year where risk management software has been supported by the Risk to Chance tool (R2C) which enables the active, web-based involvement of all managers in all risk management procedures. As well as financial data, the risk management procedure encompasses all activities of the organisation, systematically and continuously following through the steps of identification, analysis, evaluation, control, documentation, and communication.

A risk inventory is a system whereby previously identified and new risks are classified according to type, following a formalised procedure, and evaluated according to the probability of their occurrence and the degree of damage they might inflict.

RISK MANAGEMENT SYSTEMS AND INTERNAL CONTROL SYSTEMS WITH REGARD TO THE ACCOUNTING PROCESS

P&I is obliged, as it is an equity market orientated business within the meaning of § 264 d HGB and based on § 289 (5) HGB in conjunction with § 315 (2) No. 5 HGB, to explain the important features of the internal risk management systems and the internal control systems with regard to financial accounting listed in the management report. A definition of this system does not have to be given under the law.

We believe that we have adhered to the principles, procedures and actions for guaranteeing the correctness and reliability of the internal and external financial accounting and also adhered to the significant legal regulations applicable to P&I in accordance with the PS 261 Auditing standard issued by the 'Institut der Wirtschaftsprüfer in Deutschland e.V. (Institute of Auditors)'.

All of the business transactions were undertaken in accordance with the legal regulations have been recorded in full and promptly, inventories have been carried out correctly, assets and liabilities have been listed and evaluated accurately.

The prerequisite throughout the Group has been the integration of the tax and monitoring instruments and the appropriate reporting in the important financial accounting processes.

P&I is distinguished by a clear management and company structure, which guarantees that the basic legal conditions and the statutory regulations have been fulfilled.

It consists of clearly defined separation of the functions involved in the incoming orders, accounting and Group controlling activity fields and the assigned responsibilities. Accounting and controlling are both tangible as well as personal forms and they enable correct and precise implementation and mapping of the financial accounting process.

We use our own guidelines and standards for the development of our financial accounting processes. The processes are audited on a regular basis and they are upgraded to meet current developments whenever necessary. External experts are brought in to evaluate complex matters such as mergers, accretions, legal risks and tax problems.

The internal financial accounting related checks are carried out regularly using automatic plausibility checks and manually with the aid of divergence analyses, which involves comparing them against defined key data as well as the budget figures. Any differences that might be detected can then be answered and eliminated.

An important area for monitoring and checking risks is 'reporting', which guarantees that the transaction was mapped and presented in accordance with the Group's guidelines. The data is called up, prepared and made available for the various evaluations as part of the reporting system. The four-eyes principle is always used here. The Board of Directors and the Supervisory Board are informed about the asset, financial and profit situations at least once every month.

Any short-term risks that arise are reported to the Board of Directors and the Supervisory Board immediately.

Regular discussions about important key financial data are held with the relevant operating department in order to further support the reliability of our financial accounting.

All of our internal checks are regularly audited, developed and optimised to meet new requirements, in order to guarantee functional processes. Our internal guidelines are also regularly revised, in order to implement processing improvements or corrections. Due to the size of the business we do not undertake autonomous internal revisions. Those responsible for the respective profit center assume responsibility for completing the incumbent tasks involved in an internal revision: They are the divisional manager in the German organisation and the respective general manager in the foreign subsidiaries.

Our systems are protected against unauthorised access and manipulation by the implementation of the relevant security measures. Access to the systems by our employees is clearly defined and restricted.

We guarantee that controlled operational procedures are used throughout the company and that our organisational security measures and the relevant control mechanisms are able to promptly detect undesirable developments and implement suitable counter-measures.

RISK FACTORS

Market risks

P&I's high equity ratio and its high level of liquid funds provide security, even under difficult economic conditions. The market environment is continually monitored by P&I, possible development opportunities examined and potential differentiation from competitors exploited.

We can not rule out the possibility that our competitors will grant extremely favourable price reductions to customers. The resulting pressure on prices could affect P&I's profit situation adversely.

We are convinced, however, that we have the right strategy for competing in the small and mid-sized enterprises environment, with our concept of organic growth complemented by targeted acquisitions and the P&I product palette.

Strategic company risks

The demand for our recently introduced products and services and their acceptance by our customers is subject to a high degree of uncertainty and this due entirely to the current economical situation. An important component of P&I's strategy is the further development of our position as a medium sized company by winning new medium sized customers. Despite all of our endeavours, for example, the expansion of our sales and partner network or the reorganisation in the consulting sector, the demand for our products and services by medium sized companies has not developed as planned and this might have a negative effect on our business activities as well as our financial and profit situations.

P&I generates a considerable proportion of its sales income from its large base of long-standing customers. These customers, in the case of a decline in customer satisfaction, could decide not to prolong maintenance contracts, take out new licences or conclude other contracts for further products or services with us, or decide against reducing the scope of their existing maintenance contracts. The effect would be considerably detrimental to P&I's revenues and profits. However, given P&I's sound business development in dealings with its long-standing customers and its future-oriented technology strategy, which has earned recognition from analysts and customers alike, this scenario seems rather unlikely.

Fluctuations and declines in P&I's licensing business can affect service and maintenance income, which as a rule reflects the development of licensing sales after a certain period of time has elapsed. A significant reduction in the percentage share of software licensing income in total income could have a considerably negative impact on business, and on P&I's asset, financial and profit situation as well.

Risks from existing or new contracts for large-scale and fixed price projects are continuously monitored and measured. The implementation of P&I software frequently involves the customer in the commitment of large quantities of resources and may be subject to a range of risks over which the Company often has no control. The possibility of long-drawn out installation processes, or project costs which exceed the agreed fixed price and result in recourse claims or damage to the company image cannot always be excluded.

P&I believes that these risks have been sufficiently catered for, having being taken into account in financial planning, in particular through the formation of provisions. It is P&I's view that adverse effects on the expected business and result development through risks arising from large-scale and fixed price projects are rather low.

Financial risks

P&I AG and P&I Group are not subject to any significant credit risks. Liquid resources and securities are respectively deposited or invested with banks with excellent creditworthiness or their investment funds.

P&I generally follows an extremely conservative investment strategy in order to hedge the financial risk of long-term impairment of financial assets. Due to interest rate risks and credit risks, investments are made in term deposit accounts of reputable financial institutions (at least A-Rating) with a short term to maturity.

As a result of the high level of short-term funds available even after the dividend payout in fiscal 2010/2011, and as well, the long-term positive cashflow, the company is not subject to any liquidity risk.

The Company's bad debt losses were held at the previous year's level. Trade receivables are measured on an ongoing basis in respect of their recoverability, and value adjustments are undertaken if discrepancies are detected. Credit risks do not endanger the inventory as P&I do not have any customers whose contribution to sales exceeds 10 per cent.

We were able to hold the bad debt losses at the previous year's level despite the worsening of the general economic situation. Trade receivables are measured on an ongoing basis in respect of their recoverability, and value adjustments are undertaken if discrepancies are detected. Credit risks do not endanger the inventory as P&I does not have any customers whose contribution to sales exceeds 10 per cent.

Payment risks are managed by means of prepayments, by obtaining assumption declarations for receivables from the official receiver or through information on creditworthiness in doubtful cases. The Group does not maintain any other forms of collateral security such as entitlements to securities etc. The Group does not face a significant concentration of payment risks arising from one single contractual partner nor from a group of contractual partners with similar features.

Legal risks

As a corporation listed on the stock exchange we are subject to increasing risks which could lead to our no longer being in a position to observe the many regulations and increasing changes in legislation. P&I counters this risk by establishing strict, formal procedures and by immediately implementing any new or amended basic conditions in its own organisation. Any allegation of a legal infringement lodged against P&I, whether justifiable or not, might well have a negative effect on our reputation and on the share price as well. P&I counters this risk by establishing strict, formal procedures and by immediately implementing any new or amended basic conditions in its own organisation.

P&I is confronted with various claims and legal proceedings arising from normal business dealings. The negative consequences of legal claims made against us or a process settlement on our part might result in the payment of damages or unwinding costs as well as bad debts.

We believe that the outcome of these pending processes, both on an individual basis as well as an overall basis, will not have an adverse effect on our business activities, as precautionary reserves have been created and specific provisions have been made.

Employee risks

P&I is a specialist in standard software solutions for HR management. Accordingly, experts in these areas are also in demand with other software companies. In order to prevent our staff being “poached”, we enhance our employees' loyalty to the company through profit-sharing measures, provision of further training, and non-competition clauses. Furthermore, we make sure that there are several people in each of the essential areas who possess the requisite expertise for the independent continuation of the work.

Acquisition risks

P&I has made specific acquisitions in the past and we shall continue to consider possible purchases for the future. Consequently, the P&I Group is subject to acquisition risks. The challenges arising here relate to integration in the product portfolio, the organisational process, the personnel and the different company cultures. The established integration checking mechanisms that we use will identify any potential problematic areas, whilst taking into consideration the important sectors in the acquired company, as quickly as possible.

In the period under review, none of the risks identified and quantified in the context of P&I's risk management system reached the threshold level established as an indication for the existence of inventory risk. The overview shows that the risks P&I is subject to are limited and manageable. No risks have been identified which could endanger the continuing existence of the Company, now or in the future.

SUPPLEMENTARY REPORT

The following topics have arisen since the balance sheet date:

Our Dutch company, P&I Timemanagement B.V. merged with our other Dutch company, P&I Personeel & Informatica B.V. on April 1, 2011. The company does not have any relevant own business and this decision was taken from the point of view of optimising the Group structures.

Subsequent to the extraordinary AGM an annulment action regarding the closing of the controlling and profit transfer agreement was lodged before the time limit expired on April 26, 2011. To the best of our knowledge, we do not expect this to have any effect on the Group's asset, financial situation or profit and loss situation.

P&I won major contracts with Freie- und Hansestadt Hamburg as well as Land Schleswig-Holstein on April 19, 2011, which resulted from a more than two-year tendering phase. In the future they will be using a HR solution from P&I hosted in a joint IT system for human resources. All of the civil servants involved in local government and district administration will be managed and controlled by this system. The project start for the introduction of the new process-

es in the states and municipalities in Schleswig-Holstein is scheduled for May 2011. The replacement of the previous system in the municipalities is scheduled for the end of 2012. Project closure and handover of the area-wide operation in Hamburg and Schleswig-Holstein is planned for 2014.

FORECAST

THE ECONOMY AND INDUSTRY IN THE NEW FISCAL YEAR

Renowned economic research institutes expect further growth in the global economy in 2011 and 2012. Correspondingly, the economic growth for the complete ongoing year should reach a medium single percentage. In April this year, the IMF forecast a GNP growth of 1.6 per cent for the Euro zone in 2011 and an increase of 2.5 per cent is expected in Germany.

The global information technology market is also on course for strong growth. This was disclosed by the European Information Technology Observatory (EITO) in March of this year. Global sales of IT hardware, software and IT services should grow by 4.4 per cent in 2011. EITO sees growth of nearly 3 per cent in the EU and around 4 per cent growth in Germany.

The estimation of the BITKOM industry association released in March 2011 puts the German IT industry growth at 4.4 per cent for 2011. A growth of 4.9 per cent has been forecast for the IT software sector and an increase of 3.8 per cent for the IT services sector. The increase in 2012 should be at a similar level, as, for example, the IMF is not convinced that the debt crisis will seriously jeopardise the financial stability of the Euro zone.

P&I GROUP AND P&I AG: EXPECTATIONS AND CHANCES

In the past, the P&I Group has created a sound basis for continuing sustainable business development. We shall continue to build on this in the coming years. Independence from specific industries, a broad geographical base, new, innovative developments, a large number of long-standing customers, and dedicated, performance oriented employees are the hallmarks of our business model. Our aim is to position P&I so that long-term success can be realised in the market.

Software has developed into the fundamental central module used the information business. Innovative products and services can no longer be realised without reliable software. National as well as international competitiveness is characterised by the capabilities, the software and the interlinked services, which should be provided quickly, economically and be based close to the customer. We view the software industry as an important growth engine with strategic significance within a modern economy and as a core component for digitalising the economy.

Due to the increasing digitalisation of companies and business, in the future the software will be an integrated, maybe even dominant, component that ensures flexible and agile company communication processes. The digital company of tomorrow will run all of their routine work automatically, in order to be able to concentrate on strategic matters.

Above all, we must implement a completely new dimension of changes in the years to come, even though we operate successfully in the market today. Software manufacturers, service providers and co-operation partners must prepare themselves now for a fundamental change in the requirements regarding mobility in the future, as the software industry stands at the forefront of rapid development in all the information technology used by all the customer groups. Nothing runs anymore without computer programs, whether it is in private households or in companies. Automobiles, coffee machines, production lines and even marketing can no longer function without software. All of the major providers are investing millions of dollars in the development of new programs or in the all-encompassing consulting and support of their customers in order to be able to cope with the changed demands in the future.

Naturally, these developments affect our trading. Software manufacturers must redevelop their on-demand software from the ground up, as this hinges on the way that this software will be distributed. This means that key functions will have to be created for specific business processes and not distributed for a wide range of functions. The new software world will also affect the relationship between the manufacturer and the customer. The customer will need much faster and more flexible software services that are easy to implement and test when working in on-demand mode and this will therefore reduce the barriers between the provider and the user. We want to get even closer to the customer in the future, so that we can provide him with the functions that he wants and get to know even quicker, whether and how he received it.

We are planning on slight overall sales growth and a steady EBIT margin for the P&I Group and P&I AG in fiscal 2011/2012 as compared to the past year under review. We are planning for sales growth in the order of 16 – 17 million euros in the licensing sector and we have identified four important sources for licensing sales:

- New customer business
- Migration sales of our P&I LOGA comprehensive HR software solution arising from customers won as a result of acquisitions
- Business with existing customers through on-demand products
- Partial sales arising from a major project, will be realised under the PoC method (sales realisation according to the degree of completion).

We are aiming for annual sales at the previous year's level in the Consulting area. Our solid customer base has enabled the P&I Group to generate more than 38 per cent of sales through recurring maintenance services. We see an organic growth potential of 6 per cent here. It should be taken into account here that growth generated from licensing sales realised from customers who migrated to P&I LOGA from an acquired old product at their cost during the previous fiscal year, will not generate any additional maintenance sales in the following year. This will merely result in an existing maintenance contract from an acquired "Old product" being converted to a P&I LOGA maintenance contract. The P&I Group will therefore secure recurring maintenance sales as part of the Group's future.

We also plan to implement investments during the coming year and these will be financed from the current operating cash-flow. Further technical software development, production of the new on-demand software module, reinforcing the organisation, safeguarding our employees' expertise as well as expanding the range of services provided to our customers are all important constituent parts of our planning. We have to adjust to the new challenges regarding IT market requirements. The sustainability of the Group's success is centred on our decisions.

Due to the high quality of our products and services we are of the opinion that the P&I Group and P&I AG can increase sales and results in the subsequent 2012/2013 fiscal year as compared to the current 2011/2012 fiscal year. Due to the changed basic conditions, the medium-term (organic) goal of sales of around 75 million euros should now be realised by 2014, whereas the EBIT margin should also grow towards 25 per cent.

How will we realise these goals?

- Through growth based on our customer's structural needs,
- through innovation relating to technology, functionality and the system hierarchy of our software,
- through the build up of our services, including the provision of systems to our existing customers as well as new customers,
- through deciding on sustainable investments: In new development projects and in competent employees,
- through a strict value-based strategy,
- through continuity.

Our claim as a specialist provider of integrated HR management processes is that we are the best there is. Whatever is defined as the best in the market will be provided by P&I. The unique content of the P&I brand must always be linked to the same quality inside the customer's head. Our customers demand new, future-orientated technologies from us and expect high level of utilisation from their co-operation with P&I. These demands will also be fulfilled in the future with all the required sustainability. We have demonstrated in the past and during the crisis that we have the necessary capability to think with regard to the long-term and to identify trends promptly.

From the next fiscal year onwards, it is anticipated that the compensation payments to the outside shareholders will be determined by the controlling and profit transfer agreement applicable at the time. Please refer to the details listed in Section „The Company“ > Details pursuant to §§ 289 para. 4 and 315 para. 4 HGB of the management report

Wiesbaden, May 19, 2011



Vasilios Triadis



Dr. Erik Massmann

03/

GROUP FINANCIAL STATEMENTS

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1. INFORMATION REGARDING THE COMPANY

The P&I Personal & Informatik Aktiengesellschaft (hereafter the "Company" or "P&I AG") is based in Wiesbaden and has been registered there at the local court in the commercial register, Department B, under No. 9110 since May 28, 1998. The Memorandum and Articles of Association were agreed on April 2, 1998 and last amended at the Annual General Meeting on September 2, 2009.

The Company is the holding company of the P&I Group of affiliated companies active Europe-wide in the fields of software development, software development, licensing, maintenance and IT services.

The corporate object of the business activity for the Company and its subsidiaries is the creation, marketing and maintenance of software and the associated consultation and training of operators, as well as dealing in EDP equipment and software. In accordance with the Memorandum and Articles of Association, emphasis is placed on the Human Resources sector and information technology activities falling within this sector, such as programming, employee databases, project management, employee data graphics, image processing, procedure data processing, PPS, network control and special query language.

Since January 1, 2003, the Company's shares have been admitted for trading on the Prime Standard of the Frankfurt Stock Exchange. The Company's shares had previously been listed for trading on the Neuer Markt of the Frankfurt Stock Exchange from July 7, 1999.

P&I AG closed a controlling and profit transfer agreement with Argon GmbH, of Munich on February 7, 2011. Consequently, P&I AG is now obliged to cede their total profit to Argon. The agreement was concluded for a minimum of five years. The agreement came into effect as the result of the approval of the resolutions at Argon's AGM held on February 7, 2011 and at P&I's extraordinary AGM held on March 24, 2011 as well as the registration in the commercial register. The agreement was not entered in the commercial register prior to the day that the annual financial statement and the consolidated financial statement were prepared.

P&I AG's consolidated financial statement has neither been included in the consolidated financial statement released by their parent company, Argon GmbH, of Munich, nor in the consolidated financial statement released by their associate company, CETP Investment 1 Sarl, of Luxemburg, as these Companies are not responsible for releasing this information in their own consolidated financial statements. The ultimate parent company of the Group to which Argon GmbH belongs is Carlyle Offshore Partners II, Limited, of George Town, Grand Cayman, in the Cayman Islands.

The address of the Company's officially registered office is: Wiesbaden, Kreuzberger Ring 56.

CONSOLIDATED INCOME STATEMENT

CONSOLIDATES INCOME STATEMENT	2010/2011 April 1, 2010 to March 31, 2011	2009/2010 April 1, 2009 to March 31, 2010
Details in 000 euros		
Sales (4)	69,114	63,297
Cost of sales (5)	21,758	19,994
Gross profit	47,356	43,303
Research and development expenses (5)	12,659	12,371
Sales and distribution expenses (5)	9,618	8,565
Administration expenses (5)	4,774	4,317
Write down of customer bases and goodwill (5)	1,304	1,533
Other operating income (5)	54	456
Other operating expenses (5)	3,617	1,636
Result of ordinary activities (EBIT)	15,438	15,337
Financial income (7)	567	740
Tax and financing costs (7)	108	36
Result of ordinary activities before tax (EBT)	15,897	16,041
Tax expense (8)	5,037	5,163
Profit or loss for the period	10,860	10,878
Average number of shares issued (diluted/undiluted) (9)	7,522,752	7,527,199
Earnings per share in euro (diluted/undiluted) (9)	€ 1.44	€ 1.45

GROUP'S STATEMENT OF RECOGNISED INCOME AND EXPENDITURE

	2010/2011	2009/2010
Details in '000 euros		
Profit/loss of the period	10,860	10,878
Foreign exchange translations for foreign business operations (2)		
thereof change in not realised gains and losses	28	-19
thereof realised gains and losses	0	100
Effects on tax on income	0	-23
Total	28	58
Change in market value of financial assets held for sale		
thereof change in not realised gains and losses	66	66
thereof realised gains and losses	0	-369
Effects on tax on income	-21	-20
Total	45	-323
Other Consolidated earnings	73	-265
Group's Statement of recognised income and expenditure	10,933	10,613

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET	March 31, 2011	March 31, 2010
Details in '000 euros		
Assets		
Long-term assets		
Customer bases (10)	4,511	5,815
Goodwill (10)	1,738	1,738
Other intangible assets (10)	584	816
Tangible assets (11)	1,041	967
Financial assets (12)	1,946	1,906
Deferred tax assets (13)	468	385
Total long-term assets	10,288	11,627
Short-term assets		
Inventories	276	283
Trade receivables (14)	10,313	12,733
Short-term financial assets (15)	33,554	15,000
Other short-term assets (16)	1,618	1,298
Cash and cash equivalents (17)	21,862	28,428
Total short-term assets	67,623	57,742
Total assets	77,911	69,369

CONSOLIDATED BALANCE SHEET	March 31, 2011	31. März 2010
Details in '000 euros		
Equity and Liabilities		
Shareholders Equity		
Subscribed capital (18)	7,700	7,700
Capital reserve (18)	-429	-429
Revenue reserve (18)	27,781	25,196
Accumulated other Group Result (21)	1	-72
Total shareholders' equity	35,053	32,395
Long-term liabilities		
Deferred tax liabilities (13)	2,194	2,068
Long-term liabilities towards employees (22)	1,248	721
Total long-term liabilities	3,442	2,789
Short-term liabilities		
Trade payables (23)	2,363	1,977
Accrued taxes (24)	2,910	4,508
Other accruals (25)	20,260	17,838
Other short-term liabilities (26)	13,883	9,862
Total short-term liabilities	39,416	34,185
Total liabilities	42,858	36,974
Total equity and liabilities	77,911	69,369

CONSOLIDATED STATEMENT OF CHANGE IN SHAREHOLDERS' EQUITY

	Accumulated Other Group Result						Total
	Subscribed capital (20)	Capital reserve (20)	Revenue reserve (20)	Own shares (21)	Currency translation effects (23)	Change in market value of financial assets available- for-sale, which in turn altered the gains and losses (23)	
Details in '000 euros							
As at March 31, 2009	7,700	-429	23,860	-1,484	-52	245	29,840
Acquisition of own shares				-535			-535
Total Group Result			10,878		58	-323	10,613
Distribution of dividend			-7,523				-7,523
As at March 31, 2010	7,700	-429	27,215	-2,019	6	-78	32,395
Total Group Result			10,860		28	45	10,933
Distribution of dividend			-8,275				-8,275
As at March 31, 2011	7,700	-429	29,800	-2,019	34	-33	35,053

CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT	2010/2011	2009/2010
Details in '000 euros		
Consolidated result	10,860	10,878
Taxes on income and profit	5,037	5,163
Financial result	-459	-704
Earnings before interest and taxes (EBIT)	15,438	15,337
Depreciation on tangible assets, intangible assets and financial assets	2,217	2,811
Change in inventories, trade receivables and other assets not attributable in investing of financing activities	2,179	4,196
Changes in trade payables and other liabilities not attributable in investing of financing activities	7,500	2,588
Losses/gains from sales of non-current assets	-21	34
Losses/gains from sales of current assets	0	-396
Changes in other items not affecting payments	16	-331
Interest paid	-36	-2
Interest received	331	281
Tax payments	-6,652	-3,006
Cash flow from operating activities	20,972	21,512
Payments for investments in tangible assets	-631	-440
Payments for the purchase of intangible assets	-128	-107
Proceeds from the sale of tangible/intangible assets	22	21
Proceeds from the sale of non-current marketable securities	19	0
Proceeds from the sale of marketable securities	15,000	26,645
Payments for the purchase of non-current marketable securities	0	-1,011
Payments for the purchase of marketable securities	-33,545	-15,000
Payments for the acquisition of affiliated companies (3)	0	-1,692
Cash flow from investing activities	-19,263	8,416
Payments for the acquisition of own shares	0	-535
Payments of the distribution of the dividend	-8,275	-7,523
Cash flow from financing activities	-8,275	-8,058
Change in cash and cash equivalents	-6,566	21,870
Cash and cash equivalents at the beginning of the fiscal year	28,428	6,558
Cash and cash equivalents at the end of the fiscal year (17)	21,862	28,428

2. ACCOUNTING AND VALUATION PRINCIPLES

2.1. CHANGES TO THE ACCOUNTING AND VALUATION METHODS

The accounting and valuation methods applied conform in general with those applied in the previous year. Since the end of 2003, the International Accounting Standards Board (IASB) has made various changes to existing IFRS, and in addition, has published new IFRS and also new interpretations from the International Financial Reporting Committee (IFRIC). The changes and the new IFRS/IFRICs are shown in the following explanatory notes and their possible effects on the accounting and valuation processes are outlined. Furthermore, interpretations and standards not yet adopted by the EU but already published are also set out. Their adoption is not mandatory and the Group has not applied them.

New and revised accounting standards that are mandatory in fiscal 2010/2011:

“Changes to IFRS 2”

The International Accounting Standards Board (IASB) published changes to the International Financial Reporting Standard (IFRS) 2 “Share-based payment” on June 18, 2009. The changes to IFRS 2 explains the accounting method used for share-based payments, in which a supplier of goods or services has to be paid in cash and the cash-settlement obligation lies with another company within the Group (share-based payment with cash-settlement by a company within the Group). At the present moment, the P&I Group has not received any share-based payments, which means that the change does not affect us.

IAS 39 / Financial Instruments: Recognition and Measurement – eligible hedged items

These changes to IAS 39 were published in August 2008 and will be initially applied in the fiscal years beginning on or after July 1, 2009. The changes substantiate how the principles for mapping the hedging relationship to the designation of a unilateral risk in an underlying transaction included in IAS 39 as well as the use of inflation risk designations as underlying transactions. It clearly allowed that only a part of the change to the fair value or a financial instrument’s cash-flow fluctuations could be designated as an underlying transaction. The changes will not affect the Group’s asset, financial or earnings situations, as the Group has not entered into any business of this kind and will not do so in the future.

IFRS 3 / Corporate Mergers and IAS 27 Consolidated and Separate Financial Statements according to IFRS

These revised standards were published in August 2008 and will be initially applied in the fiscal years beginning on or after July 1, 2009. The standard introduced changes to the treatment of business combinations that occur after this point in time, which affect the goodwill or company value amount budgeted in the reporting period results in which a company acquisition was completed and will affect future results. IAS 27 stipulates that a change made to the amount of participation in a subsidiary company (without a loss of control) can appear as an equity transaction in the balance sheet. Consequently, neither goodwill nor company value nor a gain or loss will arise from this type of transaction. In addition to this the regulations for allocating losses to the parent companies and shares without a controlling influence and the accounting regulations for transactions that will result in a loss of control, have been amended. Subsequent amendments have been made to IAS 7 Cash-flow statement, IAS 12 Taxes on Income, IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 28 Shares in Associated Companies and IAS 31 Shares in Joint Ventures. The standard was permissibly applied during the previous year. These changes affect the transaction costs arising from company acquisitions and they can no longer be activated as ancillary acquisition costs but are now recorded as expenses incurred.

IAS 32 / Changes to the Classification of Rights Issues

The revised standard was published on December 24, 2009. The changes affect the accounting of rights issues, if these are denominated in a currency other than company's normal functional currency and must be applied initially to fiscal years starting after February 1, 2010. No rights issues appear in the P&I Group's accounts. Therefore the change to this standard does not affect us.

(2009) Improvements to IFRSs

The collective standard for changes to various IFRSs is the second standard issued as part of the IASB annual improvement process and it contains a number of small changes to various IFRSs. The changes should substantiate the content of the regulations and eliminate any unintentional inconsistencies between the standards. The amendments were to be initially applied in fiscal years beginning on or after January 1, 2010. If the changes affect us they will be applied accordingly. They do not have any significant effects on the accounting processes.

New interpretations that must be used in the 2010/2011 fiscal year**IFRIC 15 / Agreement for the Construction of Real Estate**

The interpretation was published on July 22, 2009 and is to be applied initially for fiscal years starting on or after January 1, 2010. This interpretation is to be applied retrospectively. It clearly states when and how the income from the sale of real estate and the resulting associated expenses will be recorded, if a project developer and a purchaser reach a finalising agreement for the property. This interpretation also provides guidelines for determining whether an agreement falls within the scope of IAS 11 or the scope of IAS 18. IFRIC 15 will not have any effect on the consolidated financial statement, as the Group has not entered into this type of business activity.

IFRIC 16 / Hedges of a Net Investment in a Foreign Operation

The interpretation was published on June 4, 2009 and is to be initially applied in fiscal years starting on or after July 1, 2009. The interpretation is to be applied prospectively. IFRIC 16 provides guidelines for the accounting of the hedging of a net investment. The interpretation provides guidelines for identifying the foreign currency risks that can be hedged as part of safeguarding a net investment, which subsidiaries are allowed to hold the hedging instrument for hedging the net investment and how a company can determine the foreign currency gain or loss from the net investment and the hedging instrument, which have to be reclassified by the sale of the net investment. In this case hedging is not required as the Group only holds one foreign currency in a foreign business operation and the foreign currency (SF) involved is a low risk currency, so this interpretation has no effect at the present time.

IFRIC 17 / Distribution of Non-Cash Assets to Owners

The interpretation was published on November 27, 2008 and was to be initially applied in fiscal years beginning on or after July 1, 2009. This interpretation is to be applied prospectively. The financial statement accountants should keep the guidelines for the accrued treatment of non-cash dividends close to hand. The interpretation provides instructions regarding the time a liability should be recorded, for evaluating this liability and the asset associated with it as well as the time the asset and the liability should be written off and the resulting consequences. This does not affect the Group, as it does not distribute or receive non-cash assets.

IFRIC 18 / Transfer of Assets from Customers

The interpretation was published on January 29, 2009 and was to be initially applied in fiscal years beginning on or after July 1, 2009. This interpretation is to be applied prospectively. The interpretation clarifies the IFRS regulations for combinations, in which a company receives a tangible asset item from a customer that the company must either use in order interface the customer into a network or to grant the customer permanent access to a supply of goods or services. IFRIC 18 will not have any affect on the consolidated financial statement, as the Group has not entered into this type of business activity.

Voluntary early application of new and revised accounting standards**IAS 24 / Related Party Disclosures – Changes.**

The revised standard was published on July 20, 2010. This has been revised to make it easier for the companies to make their obligatory reports to the State. The definition of related parties has also been basically changed. The changed standard is to be applied initially in the first reporting period of a fiscal year starting on or after January 1, 2011, whereas earlier application is also possible.

(2010) / Improvements to FRSs

The collective standard for changes to various IFRSs is the third standard issued as part of the IASB annual improvement process and it contains a number of small changes to various IFRSs. The changes should substantiate the content of the regulations and eliminate any unintentional inconsistencies between the standards. The amendments were to be initially applied in fiscal years beginning on or after January 1, 2010 or January 1, 2011. If the changes affect us they will be applied accordingly

Voluntary early application of the interpretations**IFRIC 14 / An interpretation of IAS 19 Employee Benefits**

The amendments were published on July 20, 2010. This is relevant if a company makes advance payments in conjunction with its pension plans in order to fulfil its minimum funding requirements. The use of these advance payments must be as posted as assets. The change is to be initially

IFRIC 19 / Extinguishing Financial Liabilities with Equity Instruments

The interpretation was published on July 24, 2010 and it includes the guidelines for handling transactions classified as “Debt for Equity swaps”. The change is to be initially applied in fiscal years beginning on or after July 1, 2010.

Publication of new and revised interpretations and standards not yet adopted by the EU**IFRS 9 / Classification and Measurement of Financial Instruments**

The IASB published the first part of the new standard on November 12, 2009. This will replace IAS 39 when all of the parts to IAS 39 have been published. IFRS 9 is to be applied retrospectively. However, the evaluation, whether mapped in the balance as a financial instrument at the continued acquisition costs or evaluated at fair value, must be based on the facts and circumstances prevalent at the time of the initial application. The decision as to whether it is a financial instrument held for trading purposes must also be made at the time of the initial application of the standard. Exercising the fair-value option at the time of the initial application will also enable financial assets to be re-classified into or out of

the “measured at fair value through profit or loss” category and the new classification must also be applied retrospectively. Companies that applied the first phase of the standard earlier in 2009 and 2010 can stipulate any date from November 12, 2009 onwards that is within the reporting period as the time of the initial application. This only applies to countries within the European Union if the standard is endorsed. The comparable information will be amended accordingly.

IFRS 7 / Transfer of financial assets

The changes to this standard were published in October 2010. This includes broadened disclosure requirements covering the transfer of financial assets, in which a full or partial write off or a sustained commitment must appear in the balance sheet.

IAS 12 / Recovery of the Carrying Amount of Assets

The amended standard was published in December 2010. The change provides a practical solution to the problem of redefining the question of whether the carrying amount of an asset should be realised through use or through disposal or through the introduction of a refutable assumption, so that the carrying amount is realised through disposal in normal cases.

2.2. BASIS FOR THE COMPILATION OF THE FINANCIAL STATEMENTS

In accordance with Article 4 of Regulation (EC) No. 1606/2002 of the European Parliament and Council of Europe of July 19, 2002 on the application of international accounting standards (OJ. EC No. L 243/1) the Company prepares its financial statements in conformity with the International Financial Reporting Standards (IFRS). In preparing the consolidated financial statements, the Company has additionally observed and applied the provisions of §315a Para. 1 of the German Commercial Code (HGB). All IFRS (IFRSs, IASs, IFRICs, SICs) valid at balance sheet date were complied with in the manner required in the European Union.

The consolidated financial statements are prepared in principle applying the cost method. Excepted from this are the available-for-sale financial assets, which are shown at their fair value.

The cost of sales method was used in the Group's income statement.

The consolidated financial statements are prepared in the German language and in euros. Unless otherwise stated, all values have been rounded up or down to the nearest thousand euros.

Consolidated Companies

In the consolidated financial statements prepared for the 2010/2011 fiscal year, in addition to P&I Personal & Informatik AG (P&I AG), five foreign and three domestic (German) subsidiaries are included in which P&I AG has, directly or indirectly, a majority of voting rights or with which a controlling relationship exists on the basis of other rights, within the meaning of IAS 27 (referred to below as "P&I Group" or "Group").

There were no changes in the consolidated companies relative to March 31, 2010.

P&I Personeel & Informatica B.V., of Amsterdam in the Netherlands, which is a fully owned subsidiary of P&I AG, now holds all of the shares in P&I Timemanagement B.V., of Gorinchem, in the Netherlands. As a result of the low sales of 144,000 euros (previous year: 89,000 euros), and an annual profit of 34,000 euros (previous year: 404 euros) the business was listed in the balance on March 31, 2011 at acquisition cost, as it was in the previous year.

A list of the subsidiaries included in the consolidated financial statements is given in Note 33.

Consolidation principles

Subsidiary companies have been fully consolidated as from the time of acquisition, i.e. from the point in time when the controlling interest passed to the parent company. The consolidation ended as soon as the controlling interest was no longer held by the parent company. The financial statements from the subsidiary companies for the same reporting period were compiled using the same uniform accounting and valuation methods that were used for the financial statements prepared for the parent company. All intra-Group balances, business transactions and interim results were completely eliminated as part of the consolidation process.

A subsidiary company's overall result is assigned to the owners and any non-controlling partners and this will result in a negative balance in the event of a loss being recorded.

The acquisition method has been used for the accounting of acquired subsidiary companies. The acquisition costs arising from acquiring a company are measured after the transfer has been completed and determined together with the associated fair value and the valuation of the consideration at the time of the acquisition, which is derived from the sum of the applicable fair value of the transferred assets, the assumed liabilities and the recorded equity instrument on the date of the exchange. The transaction costs arising from the acquisition were recorded as expenses.

The acquired identifiable assets and assumed liabilities were valued at their fair value at the time of the acquisition.

The goodwill and company value was valued at the initial recognition of the acquisition costs, which were measured as profit from the total consideration and the amount of the shares without a controlling influence on the acquired identifiable assets and assumed liabilities. If this consideration lied below the fair value of the net assets belonging to the acquired subsidiary company then the differential amount is recorded in the profit and loss account.

Goodwill or company value

The goodwill or company value resulting from the acquisition of a company will be posted at acquisition costs less the impaired value after the initial accounting and listed separately in the consolidated balance sheet.

The goodwill or company value is allocated to each of the Group's cash-generating units (or groups of the same) for the purpose of an impairment test, from which it is expected that they will benefit from the synergies arising from the merger. This applies regardless of whether other assets or liabilities from the acquired company have also been assigned to these cash generating units.

These cash generating units will be tested for impairment on an annual basis. An impairment test will also be carried out if events or circumstances indicate that an impairment has occurred.

An impairment charge will be posted if the recoverable amount of the cash-generating unit (or the group of cash-generating units) is lower than the carrying amount of the recoverable amount of the cash-generating unit (or the group of cash-generating units) to which the goodwill or company value relates. An impairment charge for goodwill or company value may not be recovered in the following reporting period. The Group carries out its annual recoverability test for goodwill or company value on March 31.

If a cash-generating unit has been disposed of then the resulting amount of goodwill or company value will be taken into consideration as part of the process for determining the value of the outward movement.

2.3. DESCRIPTION OF IMPORTANT ACCOUNTING AND VALUATION METHODS

Foreign Currency Translation

The consolidated financial statements are prepared in euros, which is both the functional currency of the Group and its presentation currency. Each company within the Group determines its own functional currency. The valuation of items contained in the financial statements of the respective subsidiaries is made using this functional currency. Foreign currency transactions are translated initially at the spot rate between the functional currency and the foreign currency which is valid on the day of the business transaction. Monetary assets and liabilities in foreign currencies are translated into the functional currency at the closing rate. All currency adjustments are posted to net profit or loss for the period. Not included are currency adjustments arising from foreign currency loans to the extent that they serve to secure net investment in a foreign business operation. These are posted directly to equity until the sale of the net investment, and only on their disposal posted to net profit or loss for the period. Taxes arising from these currency adjustments are also posted to equity. Non-monetary items that are valued at their historical acquisition or production costs in a foreign currency are translated at the rate prevailing on the day of the business transaction. Non-monetary items that are measured at fair value in a foreign currency are translated at the rate prevailing at the time at which the fair value was calculated.

The functional currency of the affiliated company in Switzerland is the Swiss frank (CHF). As at balance sheet date, the assets and liabilities of this subsidiary were translated into the presentation currency for statements of Personal & Informatik AG, Wiesbaden, at the closing rate. Income and expenditure are translated at the average rate for the quarter. Currency translation differences arising from translation are posted as a separate component of equity. The closing rate for Switzerland as at March 31, 2011 was 1.3005 CHF/euros (previous year: 1,428 CHF/euros). In fiscal 2010/2011, the average exchange rate for Switzerland was 1.3381 CHF/euros (previous year: 1.500 CHF/euros).

Revenue realisation

The Company achieves sales income by granting licences for software products and providing software maintenance and other services, and from the sale of time management hardware and third party goods (merchandise), as well as hardware maintenance services. In multiple element arrangements, the Company offers backup services for its software – support, consultation, development, training or other services as well as utilisation rights to the software. In general, the Com-

pany agrees on the compensation for individual sales components separately. The payment agreed on for individual sales components is oriented regularly to the applicable market price.

Revenue from the sales of licences and third party goods (merchandise) is posted if the significant risks and opportunities associated with the goods or products sold have been transferred to the buyer and the income can be reliably determined.

Sales of Licences

Sales income from the granting of licences appears in the balance sheet only after a contract with the customer has been signed, the software has been made available in accordance with the contract and when a determinable price as well as settlement is sufficiently probable.

Sales income from maintenance business is recognised proportionally over the term of the service provided.

Provision of services

Sales income from service agreements for which the hours worked are invoiced, and are recognised separately from the services performed by P&I companies.

For service agreements for which a fixed price has been negotiated, sales income and expenses incurred are recognised pursuant to IAS 18 (possibly also in conjunction with IAS 11) corresponding to the progress of the work (Percentage of Completion Method, PoCM), if the level of income can be measured reliably, if it is sufficiently probable that the economic benefits from the business will flow to the Company, and that the costs for the activity which have accrued and the anticipated costs to completion can be reliably determined. The degree of completion is calculated on the basis of the number of hours worked as at balance sheet date as a percentage of the total working hours estimated for the respective project. As the result of a fixed price project cannot be reliably estimated, the income is only recorded as the amount of the reimbursable expenses (zero profit method).

Loan capital costs

Loan capital costs, which do not arise from manufacturing or the procurement of so-called qualified assets, will be recorded as expenditure during the period in which they arise.

Intangible assets

Intangible assets acquired as part of a company merger – software and customer bases

Intangible assets, which were acquired as part of a company merger, are recorded separately from goodwill or company value and are valued together with their fair value at the point in time when they were acquired (acquisition costs). During the subsequent period, these will be valued in the same way as individually acquired intangible assets together with their acquisition costs less any accumulated depreciations and impairments.

Software that was acquired as part of a company acquisition is normally depreciated linearly over five years.

The capitalised customer base is attributed a useful life of five to ten years by P&I. It will be written down on a straight-line basis.

The carrying amount of the customer base and the software is reviewed for impairment of value as soon as indications are present that the carrying amount of an asset exceeds its estimated recoverable amount. Depreciations and impairment charges, which relate to the customer base, will be recorded in the profit and loss account as separate postings under customer base depreciations.

Individually acquired intangible assets

Intangible assets with a determinable life that were not acquired as part of a company merger will be depreciated over their economic life and tested for any possible impairment, provided that an indication exists that the intangible asset might be impaired. In the case of intangible assets with a determinable useful life, the determinable life and the depreciation method are reviewed, at the least, at the end of each fiscal year. Possible changes that might have to be made to depreciation methods and the determinable lives are treated as changes in estimates. Purchased software licences are normally written off linearly over three to five years.

All of the P&I Group's individually acquired intangible assets have a determinable life.

Self-generated intangible assets – Research and Development costs

Research costs are recognised as an expense in the period in which they were incurred. Research costs for a single project are only capitalised as intangible assets if P&I can prove the following:

- The technical feasibility of the completion of the intangible asset, which will enable internal use or the sale of the asset,
- The intention of producing the intangible asset and the capability of using or selling it,
- How the asset's future economic benefits will be realised,
- The availability of resources for the purpose of producing the asset,
- The capability of being able to reliably determine the attributable expenses during the development of the intangible asset.

An intangible asset originates on the day on which the conditions were first cumulatively fulfilled. Expenditure incurred as a result of this will be recognised and recorded. The procurement or manufacturing costs, less any accumulated depreciations and impairments, will be recognised during the subsequent period.

The R&D costs at P&I did not previously correspond to the requirements for capitalising an intangible asset. The LOGA products are permanently improved as part of the R&D projects undertaken at P&I. Capitalisation can only occur if the improvements or changes are so extensive that the result is considered to be a new product. Furthermore, the project goes through cyclical or iterative phases. New ideas (research) and idea implementation (development) never run sequentially, which means that the research and development phases cannot be separated. Therefore the conditions for capitalising self-generated intangible assets are not fulfilled.

The R&D costs are recognised and posted during the period in which they arose.

Writing off intangible assets

An intangible asset will be written off when sold or if no other economic benefit is expected from its utilisation or its sale. Profits or losses from the writing off of intangible assets are measured as the difference between the net income from sale and the carrying amount of the asset and posted to expenses in the period in which the items were written off.

Tangible assets

Property, plant and equipment are, in principle, valued at its cost of purchase less accumulated depreciation and accumulated impairment charges.

Write-downs are carried out according to the expected operating life of the asset on a straight-line basis over five years on the basis of estimates of their expected economic life:

Hardware	2 - 3 years
Vehicles	5 - 6 years
Other plant, property and equipment	4 - 13 years
Fixtures	Duration of the lease or estimated useful life

On the sale or scrapping of individual property, plant, or equipment items, the respective cost of purchase together with the related cumulative depreciation is derecognised and a realised gain or loss from the disposal is shown in the Group income statement.

The residual values, useful lives and depreciation methods are reviewed at the end of each fiscal year and adjusted if necessary.

Inventories

Inventory items are measured at the lower value of acquisition or production cost and net realisable value. The net realisable value is the estimated sale proceeds recoverable in the ordinary course of business less the estimated costs up to completion and the estimated necessary marketing expenses.

Impairment of non-financial assets not classified as goodwill or company value

The Group assesses on each balance sheet day whether indications are present that the direct costs and measured overhead costs have been included in the production costs. The assets might have to be impaired. Should such indications be present, or if an annual recoverability test for an asset is required, the Group performs an estimate of the recoverable amount of the respective asset. The recoverable amount of an asset is the higher of two amounts of the fair value of the asset or cash-generating unit less costs to sell, or its value in use. In determining the value in use, the estimated future cashflows are discounted on their present values using as a basis a pre-tax rate that reflects the current market expectation in respect of the interest rate effect and the specific risks of the asset.

The recoverable amount for the cash-generating unit to which the asset is to be allocated is specified in the case of an asset which does not generate inflow of funds and which is to a large extent independent of other assets or group of assets.

If an asset's carrying amount exceeds its estimated recoverable amount then it will be reduced by its estimated recoverable amount. The impairment expenses, including the impairment of stock, will be recognised and recorded.

P&I uses detailed budget and forecasting accounts for the impairment valuations, which are created separately for each of the cash generating units.

Financial Assets

Financial assets are classified as follows: financial investments held to maturity, financial assets measured at fair value through profit or loss, and available-for-sale financial assets as well as loans and receivables. On initial recognition, a financial asset is valued at its cost of purchase, which is the fair value of whatever was paid for the financial asset; transaction costs are included.

The group's financial assets encompass cash and short-term financial investments, trade receivables and other receivables.

A financial asset is written off when the Group no longer possesses power of representation over the contractual rights. This case generally arises on the sale or transmission of all payment flows from the financial instrument to a third-party outside the Group.

All purchases and disposals of financial assets made in line with normal market practice are recognised in the balance sheet on their trade date, i.e. on the day on which the Company acquired or transferred ownership of the relevant asset.

Recognition as an asset evaluated at fair value

Financial assets are classified as measured at fair value through profit or loss, if they are designated as either held for trading or measured at fair value through profit or loss. Financial assets primarily acquired to generate a profit from short-term price or rate fluctuations are classified as financial assets held for trading. Assets that are measured at fair value through profit or loss appear in the balance sheet under current assets. They are subsequently measured at fair value without deducting any transaction costs that may be incurred, and applying their quoted market price at balance sheet date. Changes in fair value are recorded in the financial result.

Neither on the balance sheet date nor in the previous year did the Group own any financial assets that were measured at fair value.

Financial assets with fixed or determinable payments and set terms

Financial assets with fixed or determinable payments and set terms, which the Company intends and is able to hold to maturity, excluding loans and receivables originated by the Company, are classified as financial investments held to maturity. These appear under non-current assets in the balance sheet unless they fall due within twelve months of balance sheet date. Follow-up valuation is carried out at amortised cost using the effective interest method, less impairment. Neither in the fiscal year under review nor in the previous year did P&I Group own any financial investments held to maturity.

Available-for-sale financial assets

Financial assets available for sale include liabilities and equity. Debt instruments are always assigned to this category if they are going to be held for an indefinite period and can be sold to meet short-term liquidity requirements. All other financial assets, which are not assigned to another category, are recorded here. The follow-up evaluation will also be undertaken in the same way as the initial valuation by using the fair value. Profits or losses from the evaluation of an available-for-sale financial asset at fair value are posted directly to other Group results until the financial asset is sold, extinguished or otherwise disposed of, or until an impairment in value for the financial asset has been ascertained, so that the cumulative gain or loss previously posted to equity is at this time reported in net profit or loss for the period. All of the securities and term deposits with a term longer than three months held by P&I up to March 31, 2011 and March 31, 2010 were classified as available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. Subsequent to initial recognition, loans and receivables are measured at their amortised cost using the effective interest rate method less the impaired value. Gains and losses are posted to the result for the period if the loans and receivables have been derecognised or the value has been impaired.

Trade receivables and other receivables are always shown at their nominal value taking into account appropriate value adjustments. Trade receivables are charged off written off as soon as they become uncollectable. Long-term maturities (more than one year) are recognised according to normal market discounting practice.

The "Receivables" item includes as yet uninvoiced services for projects with substantial software modifications, and also fixed price projects, which are realised according to the "Percentage of Completion" method. Payments that have already been received from these projects are offset against the amount due for the as yet uninvoiced services. Should the amount of the payments received exceed the amount due for the as yet uninvoiced services, the balance will be shown under Liabilities, under "other short-term liabilities". Liabilities are valued at their redemption amount.

Impairment of financial assets

The Impairment of financial assets is determined on every balance sheet date by testing as to whether the impairment of a single financial asset or a group of financial assets lies outside the measured at fair value through profit or loss category.

Assets which are carried at their amortised cost

Should there be objective indications that an impairment of the amortised cost of recognised assets has occurred, the amount of the impairment loss is the difference between the carrying amount of the assets and the present value of the expected future cashflows (with the exception of expected future but not yet occurring loan defaults) discounted with the original effective interest rate of the financial asset, i.e. the effective interest rate determined on first accounting. The carrying amount of the asset is reduced using a valuation adjustment account (absorption account). The impairment loss is recognised in the income statement.

If the amount of the value adjustment decreases in the subsequent reporting period, and this reduction can be objectively attributed to an event occurring after recognition of the impairment, the previously recognised value adjustment will be reversed. However, the new carrying amount of the asset may not exceed the amount of the amortised costs at the date of the reversal. The reversal is recognized in the income statement.

Should there be objective evidence that not all payments due according to the originally agreed invoice payment terms will be received (i.e. a likely insolvency or a debtor in significant financial difficulties) in the case of trade receivables, then impairment must be undertaken using a valuation adjustment account (absorption account). If impairment occurs then both single receivables as well as a portfolio of receivables can be audited. De-recognition of the receivable is undertaken when it is classified as uncollectable.

Available-for-sale financial investments

If the value of an available-for-sale asset becomes impaired, a sum to the amount of the difference between the cost of purchase (less amortisation and any repayments made as well as any value adjustments recognised previously in the income statement) and its current fair value is reclassified from equity to the income statement. Reversals of equity instruments, which are classified as available for sale are not posted to the income statement. Reversals of liability instruments, which are classified as available for sale are recognised in the income statement if an objective appraisal of the increase in the fair value of the results from an event that occurred subsequent to recognition in the income statement of the impairment.

Financial liabilities

Financial liabilities will either be categorised as recognised financial liabilities evaluated at fair value or as other financial liabilities. They will be evaluated at fair value when they are first recognised.

The Group does not have any financial liabilities recognised as evaluated at fair value or classified as held for trading purposes.

Other financial liabilities including any loans that were taken out will be first recognised at fair value less the transaction costs. They will be evaluated in accordance using the effective interest method for amortised costs as part of the follow-up evaluation, whereby the interest expenses will be posted in compliance with the effective interest rate. Gains and loss-

es will be recognised, if the liabilities have been derecognised as are therefore within the realm of amortisation. The P&I Group's financial liabilities encompass liabilities incurred by trade receivables and services and other liabilities.

De-recognition of financial liabilities occurs when the Group's obligations are settled, lifted or have expired.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet encompass cash on hand, cheques and cash in bank balances as well as term deposits with a term - calculated from the date of acquisition - of up to three months.

Own stock

If the Group acquires own stock, then they will be posted as acquisition costs and deducted from the equity. The purchase or the sale resulting from the issue or recovery of own stock will be posted as not affecting net income.

Accruals

An accrual is shown when the Group possesses a current (legal or effective) obligation by reason of a past event, the outflow of resources with economic benefits to meet the obligation is probable and the value of the obligation can be estimated reliably. For accruals carried as liability, provided the Group expects at least a partial return (as for example for an insurance policy), the refund is posted as a separate asset only when the refund is practically assured. Liabilities that are used to indicate a reserve do not exist at the present moment.

Expenses incurred in the formation of the accrual are shown in the income statement. If the interest rate effect is significant, accruals are measured by discounting the expected future cashflows using as a basis an interest rate before tax which reflects the current market expectation in respect of the interest rate effect, as well as, if appropriate, the specific risks for the liability. In the case of discounting, the increase in the accrual due to the passage of time is posted as interest expenses.

Leasing arrangements

The Group acts as a lessee solely in the context of operating leasing arrangements. Leasing arrangements for which all risks and opportunities connected with ownership remain with the lessor are classified as operating leasing arrangements. Lease payments for operating leasing arrangements are expensed in the income statement on a straight-line basis over the term of the lease.

Determining whether an arrangement contains a lease shall be based on the substance of the arrangement at the time that the arrangement is agreed on, and requires an assessment of whether fulfilment of the contractual arrangement is dependent of the use of a specific asset or assets and if the arrangement conveys the right to use the asset.

Taxes on income and deferred taxes

The tax charge on income is a combination of the ongoing tax expenses and the deferred taxes.

Ongoing tax expenses and deferred taxes are charged or credited directly to equity if the tax relates to items which are directly credited or charged to equity in the same or any other period.

The ongoing tax expenses are determined from the taxable income. These are based on the tax rates and tax laws that are applicable on the balance sheet date in the various countries in which the Group operates.

Deferred taxes are ascertained using the liability method. Deferred taxes on income reflect the net tax expenses/income for temporary differences between the carrying amount of an asset or liability in the IFRS balance sheet and its tax base.

Deferred tax liabilities are posted for all taxable temporary differences. A deferred tax asset is shown for all deductible temporary differences to the extent to which it is probable that a taxable income will become available against which the temporary difference can be utilised. No deferred tax liability has been shown for temporary differences, except for the deferred tax liability resulting from the initial accounting of goodwill or company value or an asset or a liability arising from a business transaction that was not a merger and it did not affect the consolidated result prepared under commercial law nor the taxable result at the time of the business transaction.

To the extent that non-distributed profits from foreign investments are to remain invested in this Company for an indefinite period of time, no deferred tax liabilities are recognised.

At each balance sheet date, the Company reviews non-recognised deferred tax assets and the carrying amount of deferred tax assets. The Company shows a deferred tax asset which to date has not been recognised to the extent that it is probable that future taxable income will allow the deferred tax asset to be utilised.

Conversely, it reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable income will be available to utilise, in whole or in part, the benefits of the deferred tax asset.

Deferred tax assets and liabilities are measured according to the tax rates that are expected to apply to the period in which the asset is realized or the liability is settled.

Cashflow Statement

The cashflow statement shows how the funds available to the P&I Group changed during the course of the fiscal year through the inflow and outflow of funds. At the initial consolidation of the subsidiaries, only the actual net cash flows are shown in the cashflow statement. The amount affecting liquidity arising from the purchase or sale of companies i.e. the purchase price less/plus funds acquired/disposed of with the company, is shown as an outflow/inflow of funds from investment activities. In conformity with IAS 7, cashflows from operating, investing and financing activities are shown separately.

2.4. MANAGEMENT'S EXERCISE OF DISCRETIONARY RIGHTS AND CRITICAL ACCOUNTING ESTIMATES.

The preparation of the consolidated financial statement in accordance with IFRS requires the Board of Directors to make estimates and assumptions in certain cases that affect the assets, debts and financial liabilities reported on the balance sheet date as well as the income and expenditures of the period under review. The actual figures or developments may differ from the estimates.

Essential estimates require, among other things, that discretionary decisions for the formation of long-term liabilities (Note 22), estimations of the useful life of fixed assets (Notes 10 and 11) or the evaluation of the recoverability of trade receivables (Note 14) and inventories as well as deferred tax assets (Note 13) to be made. Assumptions, risks and uncertainties, which are all part of the "Percentage of Completion" sales realisation process, can affect the level of sales shown and their distribution over time (Note 4).

There are a number of internal and external factors that have a bearing on the estimates for services that have yet to be performed. Therefore, the estimates and the assumptions underlying them are regularly reviewed. Adjustments are recognised in the respective reporting period.

At each balance sheet date, the Group determines whether indications are present for an impairment of non-financial assets. Goodwill is reviewed for impairment of value at least once yearly as well as in the case of the presence of relevant indications. Other non-financial assets are audited for recoverability if there are indications that the carrying amount exceeds the estimated amount recoverable. For further details please refer to the relevant commentaries in Notes 10.

3. SEGMENT REPORTING

The adoption of the accounting standard IFRS 8 Operating Segments is obligatory for annual financial statements for periods commencing on or after January 1, 2009. Segment reporting is now carried out applying the "through the eyes of management" approach. This means that the financial information reviewed at regular intervals by the chief operating decision makers of the entity must be provided.

Segments according to IFRS 8 are differentiated according to the internal reporting structure and geographical region based on the location of the assets.

The Group comprises seven business segments, which provide the basis for decisions made by the Board of Directors (chief operating decision makers). P&I AG reports on three segments, i.e. Germany, Austria and Other Foreign Countries, which are shown as a combined segment for accounting purposes.

The German business segment includes P&I AG and P&I Beteiligungs Gesellschaft mbH. The Austrian business segment includes P&I Personal & Informatik GmbH, of Vienna, Austria and P&I Steyr GmbH, of Steyr, Austria.

The “Other Foreign Countries” segment includes the following segments:

- P&I Personal & Informatik AG, of Horgen, Switzerland
- P&I Personeel & Informatica B.V., of Amsterdam, in the Netherlands
- P&I Personal & Informatik s.r.o., of Bratislava, Slovakia,
- Support of other internationally based customers provided by P&I AG.

The combination of various business segments under the overall segment of Austria and Other Foreign Countries is made on the basis of comparable economic features.

The Board of Directors monitors each business segment's operating results separately, in order to determine the allocation of resources and to undertake an evaluation of the earning power of each segment. The earning power of each individual segments is assessed on the basis of its operating result (EBIT). Segment EBIT and Group operating result (EBIT) are evaluated according to the accounting and valuation methods described in Section 2.3. The finance costs, finance revenues and taxes on income are managed at Group level and are also measured according to the IFRS regulations.

The Company's presentation of its primary segment information is based on the regions. In the year under review, blanket contracts covering accounting for services existed between the parent company and its subsidiaries. Among the subsidiaries of the P&I Group, services are accounted for according to the resale price and cost mark-up methods.

The Group develops and sells its P&I LOGA, P&I HCM, P&I PLUS, P&I TIME and P&I SMART products as part of its licensing business and also provides related consulting and maintenance services. In connection with the licensing of its own software, the Company sells time management hardware and a limited range of other hardware, software and printed forms produced by other companies (third party business) and these are shown under “Other”. This has resulted in the breakdown of sales according to the Licensing, Maintenance, Consulting / System Integration and Other activity sectors. However, sales are come under internal reporting and the expenditure is broken-down and taxed according to other criteria (see the breakdown of sales listed under Note 4) and not as expenditure incurred by the activity sectors.

The information regarding the mandatory reporting segments is set out geographically as follows:

2010/11 Details in '000 euros	Germany	Austria	Other foreign countries	Consolidation	Total Group
Sales	54,628	7,499	6,987	0	69,114
Sales to segments	4,615	0	0	-4,615	0
Segment sales	59,243	7,499	6,987	-4,615	69,114
EBITDA	12,752	1,037	3,866	0	17,655
Depreciations	1,790	331	96	0	2,217
Segment results (EBIT)	10,962	706	3,770	0	15,438
Financial result					459
Group result before tax					15,897
Assets	67,066	8,155	6,301	-3,611	77,911
Long-term assets	6,043	1,735	96	0	7,874
Receivables	7,606	1,982	1,913	-1,188	10,313
Cash ¹⁾	14,450	3,416	3,996	0	21,862

¹⁾ Cash and cash equivalents

2009/10 Details in '000 euros	Germany	Austria	Other foreign countries	Consolidation	Total Group
Sales	49,417	7,462	6,418	0	63,297
Sales to segments	4,752	0	0	-4,752	0
Segment sales	54,169	7,462	6,418	-4,752	63,297
EBITDA	14,443	651	3,054	0	18,148
Depreciations	2,151	611	49	0	2,811
Segment results (EBIT)	12,292	40	3,005	0	15,337
Financial result					704
Group result before tax					16,041
Assets	62,899	7,743	4,689	-5,962	69,369
Long-term assets	7,231	2,028	77	0	9,336
Receivables	10,503	1,811	2,917	-2,498	12,733
Cash ^{*)}	24,121	2,878	1,429	0	28,428

^{*)} Cash and Cash equivalents

Sales between segments are shown separately and eliminated. In the segment operating results, neither finance revenues 567 (previous year: 740,000 euros) nor finance expenses 108 (previous year: 36,000 euros) are shown, as these are controlled as a whole across the group.

The goodwill, customer base and software licences resulting from the acquisition were assigned to the assets of the relevant segment. The consolidations include the liabilities consolidation, the capital consolidation and the deferred taxes. Neither deferred tax receivables nor financial instruments are included in the long-term assets.

4. SALES

Sales income broken down according to fields of activity developed as follows:

	2010/2011	2009/2010
'000 euros		
Licences	16,905	15,483
Consulting	23,169	21,350
Maintenance	26,503	24,332
Other	2,537	2,132
Total	69,114	63,297

Sales income from the Percentage of Completion Method in the area of Consulting amounted to 1,690,000 euros (previous year: 1,234,000 euros) and for Licensing 271,000 euros (previous year: 154,000 euros).

No single client accounted for more than 10 per cent of Group sales during fiscal years 2009/2010 and 2010/2011.

5. NOTES ON THE INCOME STATEMENT ACCORDING TO THE COST OF SALES METHOD

COST OF SALES

The historical costs of activities leading to the generation of sales encompass expenses arising from the category of Consulting (primarily for employees, purchased services from partners and material resources), plus the cost of goods purchased in the category of third party and other costs of sales.

Cost of sales developed as follows:

Cost of Sales	2010/2011	2009/2010
'000 euros		
Cost, Consulting	19,812	18,635
Cost of goods purchased: time management hardware, third party (merchandise) and other sales costs	1,946	1,359
Total	21,758	19,994

RESEARCH AND DEVELOPMENT COSTS

Significant expenses are incurred regularly in connection with research and development projects, which are undertaken in the expectation of future earnings. Development expenses were posted as expenses. Current development costs for the maintenance and further development of the fourteen international country versions of P&I LOGA amounted to 1,728,000 euros (previous year: 1,535,000 euros). In addition to this expenditure was also incurred by the depreciations and the value adjustments for impaired values arising from the intellectual property rights acquired during the acquisitions that amounted to 265,000 euros (previous year: 713,000 euros). The depreciation periods for the software resulting from the acquisitions of ZHS and Jet Pabis expired during the previous year and this means that the expenses were correspondingly lower. An impairment charge for the software acquired from P&I Steyr GmbH amounting to 129,000 euros was also included during the previous year. Overall, the R&D costs have remained at a stable level.

MARKETING COSTS

Marketing costs include expenses for commissions for employees and partners, advertising expenses and expenditure on trade fairs and congresses. In fiscal 2010/2011, Group expenses for advertising, trade fairs and congresses amounted to 656,000 euros (previous year: 745,000 euros).

ADMINISTRATION COSTS

Marketing costs include expenses for commissions for employees and partners, advertising expenses and expenditure on trade fairs and congresses. In fiscal 2010/2011, Group expenses for advertising, trade fairs and congresses amounted to 656,000 euros (previous year: 745,000 euros).

CUSTOMER BASE AND GOODWILL OR COMPANY VALUE DEPRECIATIONS

The scheduled customer base depreciations amounted to 1,304,000 euros (previous year: 1,533,000 euros). An impairment charge against the goodwill and company value of P&I Steyr GmbH amounting to 216,000 euros was also posted during the previous year.

OTHER OPERATING INCOME/EXPENSES

Other operating income amounted to 54,000 euros (previous year: 146,000 euros). An insurance refund for the settlement of a claim was also included during the previous year.

Other operating expenses of 3,617,000 euros, (previous year: 1,636,000 euros) arising from unplanned legal and consulting costs are included and these were incurred by the Company as a result of the disagreements between the members of the Supervisory Board and disagreements between various groups of shareholders. In addition to the ongoing expenditure for investor-relations activities (AGM, etc.) the posts also include other costs that arose from the closing of a controlling and profit transfer agreement as well as the payment of damages and Supervisory Board costs. Furthermore, one-off expenses incurred during the previous year also included the expenditure that arose from the involvement with an external consulting company under the context of investor-relations activities.

6. ADDITIONAL NOTES ON THE INCOME STATEMENT ACCORDING TO THE COST OF SALES METHOD

COST OF MATERIALS

The cost of goods purchased in fiscal 2010/2011 amounted to 1,946,000 euros and these costs have increased when compared to the previous year (1,359,000 euros) due to the increased material requirements for our time management hardware products.

EMPLOYEE EXPENDITURE

Employee expenses rose by 10.4 per cent from 28,859,000 euros in fiscal 2009/2010 to 31,853,000 euros in fiscal 2010/2011. In the same reporting period, the number of employees, calculated as an average employment quotient at the end of the year, was virtually constant at 334 in fiscal 2009/2010 and 333 in fiscal 2010/2011. An average of 248 people were employed by the P&I Group in Germany over the year, with a total of 85 employees in the rest of Europe, where we were most strongly represented by the companies in Austria, with 32 people, and in Slovakia, with 41 employed at the development centre. The personnel-intensive Research and Development division employed the highest number of staff totalling 133 (40 per cent). 115 employees (34 per cent) were employed in the Consulting division. Sales and Marketing employed 44 people and another 41 were employed in the P&I Group's administrative division. Personnel costs have risen as a result of the higher variable salary components related to the incoming orders in addition to the usual annual salary increases. Another reason was the exercising of the special resignation rights by a member of the Board of Directors, Dr Voß, on September 30, 2010 and the resulting related payment obligations incurred by the Company.

DEPRECIATIONS

The scheduled depreciations of intangible and tangible assets (except for the customer base and the company value) amounted to 832,000 euros (previous year: 1,149,000 euros). The BAGE software, which we inherited as the result of the acquisition of KSL, was fully impaired by the amount of 80,000 euros during the fiscal year. The BAGE software is not longer used or maintained by the Company and it was written off from the fixed assets. An impairment of the software inherited as a result of the Company's acquisition of P&I Steyr GmbH amounting to 129,000 euros was also posted during the previous year. On the basis of the cost of sales method, depreciations for physical assets and remaining intangible assets are shown in the statement of income under the headings of Cost of Sales, Research and Development Costs, Sales and Marketing Costs and Administrative Costs.

7. FINANCING INCOME AND EXPENSES

FINANCING INCOME

This item is broken down as follows:

'000 euros	2010/2011	2009/2010
Interest income from cash in bank balances and available-for-sale assets	472	296
Interest income from long-term receivables	76	0
Income from the sale of securities	19	19
Other	0	396
Remaining	0	29
Total	567	740

FINANCING EXPENSES

This posts are broken down as follows:

'000 euros	2010/2011	2009/2010
Foreign exchange conversions for foreign business operations	47	19
Interest expenses on accrued interest from a long-term liability	25	0
Other	36	17
Total	108	36

8. TAX EXPENSES

The taxes on income shown include both paid and unpaid taxes on income as well as deferred taxes on ordinary business activities.

'000 euros	2010/2011	2009/2010
Deferred tax revenue/ expense		
Domestic	48	-132
Foreign	-26	78
Total	22	-54
Current tax expenses		
Domestic	4,675	4,859
Foreign	340	358
Total	5,015	5,217
Total	5,037	5,163

The combined tax rate applicable to P&I AG of 31.23 per cent takes into account the average business tax assessment rate of 440 per cent, the corporation tax rate of 15 per cent and the solidarity surcharge of 5.5 per cent.

The tax rate applied for Austria is 25 per cent, as in the previous year; for the Netherlands, 20 per cent, for Switzerland 21.4 per cent and for Slovakia 19 per cent. No other tax rates were applied.

Deferred tax assets were shown for the losses carried forward for foreign subsidiaries as it is expected that the losses will be offset in the near future. No utilisable tax losses from the foreign subsidiary companies were carried forward up to March 31, 2011. The losses carried forward during the previous year concerned only the Swiss subsidiary and these amounted to 1,008,000 euros. Only a proportion of the losses carried forward were mapped, as a result of the uncertainties that still persisted and these amounted to 153,000 euros, which accrued a deferred tax charge amounting to 33,000 euros.

Up to March 31, 2011 the accrued initial deferred tax liability stood at 92,000 euros (previous year: 0 euros) on the untransferred profit from the subsidiary companies. This accumulation was omitted during the previous years as the Group decided that the profit generated by the subsidiary companies would not be distributed in the foreseeable future.

The following overview contains a reconciliation of the notional tax expenses on applying German tax rates and the tax expenses as presented in these financial statements:

'000 euros	2010/2011	2009/2010
Notional tax expenditure	4,965	5,010
Effects of tax-free revenues	304	262
Effects of foreign tax rates	-274	-136
Capitalisation of deferred tax on losses carried forward	-32	102
Deferred tax on non-transferred profits	92	0
Tax effect on non-deductible expenses	-77	-155
Other	59	80
Taxes on income	5,037	5,163

9. EARNINGS PER SHARE

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

A share buyback scheme was implemented from October 23, 2008 until September 30, 2009. A total of 177,248 shares were repurchased. As of March 31, 2011 the weighted average number of shares was 7,522,752 and this results in undiluted earnings per share of 1.44 euros (previous year: 1.45 euros).

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

	2010/2011	2009/2010
Annual profit attributable to shareholders of Parent Company		
Annual profit or loss in '000 euros	10,860	10,878
Weighted average number of ordinary shares outstanding - undiluted/diluted	7,552,752	7,527,199
Earnings per share - undiluted/diluted	1.44	1.45

10. CUSTOMER BASE OR COMPANY VALUE AND OTHER INTANGIBLE ASSETS

Up to March 31, 2011 the goodwill or company value appearing in the balance sheet resulted from the acquisition of KSL Gesellschaft für kommunale Informationssysteme mbH, of Zweibrücken, (945,00 euros) and the acquisition of P&I Zeitmanagement GmbH, of Höxter, (793,000 euros). The goodwill or company value resulting from the acquisition of P&I Steyr GmbH, of Steyr, in Austria, which amounted to 216,000 euros, was fully impaired during fiscal 2009/2010.

The goodwill or company value, which covers the acquired customer base and the acquired software product, exceeds the value of the acquisition: i.e. the market presence and the company's reputation as well as the employees and their expertise.

The goodwill or company values of the KSL, P&I Steyr and P&I Zeitmanagement cash-generating units were assigned for the purpose of a recoverability audit.

The operating pre-tax cash flow from the area plan compiled by the Board of Directors flowed into the cash flow statement. This plan was based on the assumption of specific developments in the overall economy and the software industry as well as the P&I Group's inventory and new customer business. This plan was based on past experiences as well as external sources of information.

It will continue to be planned in for the cash-generating units for a period of ten years from the date of acquisition, i.e. for the KSL unit it continues until December 31, 2016, for P&I Steyr it continues until March 31, 2018 and for P&I Zeitmanagement it continues until March 31, 2019.

The cash flow is discounted using a unified pre-tax discount rate of 10.07 per cent (previous year: 12.32 per cent). A debt-free company was used for determining the interest rate. These discounting rates reflect the evaluation of the management regarding the specific risks attributable to the cash-generating units. The discounting rate determination was based on the following assumptions:

	March 31, 2011	March 31, 2010
Risk-free interest rate	3.7 %	4.25 %
Market risk premium	5.0 %	5.0 %
Beta factor ^{*)}	0.64	0.84
Expected tax rate	31.32 %	31.32 %

^{*)} The beta-factor corresponds to an average beta-factor taken from three businesses in the software industry

On March 31, 2011 the net carrying amount of the goodwill and company value of the P&I Group amounted to 1,738,000 euros. The recoverability test undertaken on March 31, 2011 confirmed the recoverability of the existing goodwill and company values.

None of the net carrying amounts of the goodwill and company values lies at 10 per cent below the fair value. A discount rate that is 100 or 200 base points higher will not result in an impairment requirement. An impairment requirement will also not be applied if the cash flow is valued at 5 per cent less.

The development of the goodwill or company value is set out as follows:

'000 euros	March 31, 2011	March 31, 2010
Historic acquisition costs of the goodwill	1,954	1,954
Accumulated depreciation	-216	-216
Goodwill or company value (net carrying amount)	1,738	1,738

The accumulated depreciation relates to the impairment of the goodwill or company value arising from the acquisition of P&I Steyr GmbH in fiscal 2009/2010.

No acquisitions or disposals were recorded during the fiscal year that has just ended.

The customer base developed as follows:

'000 euros	March 31, 2011	March 31, 2010
Historic acquisition costs for the customer base	19,259	19,259
Accumulated depreciation	-14,748	-13,444
Goodwill (net carrying amount)	4,511	5,815

The complete customer base also includes a customer base resulting from the acquisition of IBM Austria (96,000 euros) as well as a proportion of the migration customers from IBM Germany (543,000 euros). This also includes the customer bases from the acquisitions in Germany of ZHS (220,000 euros) and KSL (1,237,000 euros) as well as P&I Zeitmanagement GmbH (921,000 euros). As a result of further acquisitions in Austria, the E-PM customer base amounting to 175,000 euros from the acquisition of P&I Steyr and the customer base from the acquisition of the JET PABIS NG HR business sector company amounting to 1,319,000 euros were also capitalised.

The customer base is systematically written down over a period of ten years. The depreciations scheduled during this fiscal year amounted to 1,304,000 euros (previous year: 1,317,000 euros).

The carrying amount of the other intangible assets is broken down as follows:

'000 euros	March 31, 2011	March 31, 2010
Historic acquisition costs		
Purchased software	3,136	3,236
P&I LOGA International	2,294	2,294
Gesamt	5,430	5,530
Accumulated depreciation		
Purchased software	-2,552	-2,438
P&I LOGA International	-2,294	-2,276
Intangible assets (net carrying amount)	584	816

In the year under review, depreciations and impairment charges amounted to 360,000 euros (previous year: 767 euros). The Company writes off the P&I LOGA® property rights on a straight-line basis over a period of five years. The depreciation of the final activated P&I LOGA version ended in July 2010 and software acquired as the result of a take-over is normally written off over a 5-year period. An impairment of 129,000 euros arose during the previous year from the software belonging to P&I Steyr as part of the impairment audits due to the worsening market conditions. In this fiscal year the maintenance of the software resulting from the acquisition of KSL ended on December 31, 2010. As no economical use of the software is expected in the future, it was fully impaired (80,000 euros) and then written off. The depreciation of the software inherited from the acquisition of P&I Zeitmanagement has also been included here.

11. TANGIBLE ASSETS

The analysis of fixed assets can be found at the end of these notes.

The effects of the currency conversions were omitted from the table, as they were deemed negligible.

The carrying amount of tangible assets is broken down as follows:

'000 euros	March 31, 2011	March 31, 2010
Historic acquisition costs		
Fixtures	105	89
Property, plant and equipment	3,589	3,206
Total	3,694	3,295
Accumulated depreciation		
Fixtures	-57	-45
Property, plant and equipment	-2,596	-2,283
Tangible assets (net carrying amount)	1,041	967

Depreciation costs in fiscal 2010/2011 amounted to 553,000 euros (previous year: 511,000 euros) and these refer solely to the scheduled depreciations,

12. FINANCIAL ASSETS

Securities held as fixed assets amounted to 1,946,000 euros (previous year: 1,890,000 euros) and a bond and a mortgage bond were procured as collateral against a bank guarantee.

13. DEFERRED TAXES

Deferred tax is calculated according to the liability method taking into account temporary differences. The tax rate applied for Germany remained unchanged from that of the previous year, of 31.23 per cent, with a tax rate for Austria of 25 per cent, for Switzerland, 21.4 per cent, for the Netherlands, 20.0 per cent and for Slovakia, 19 per cent. No other tax rates were applied.

Accrued taxes carried as assets and liabilities are broken down as follows:

Disclosures in '000 euros	Consolidated balance sheet		Group profit and loss	
	March 31, 2011	March 31, 2010	2010/2011	2009/2010
Deferred tax assets				
Net income-neutral credit to reserves	17	38	0	0
Losses carried forward	0	33	-33	-102
Provisions	29	0	29	0
Liabilities	422	314	108	11
Other	0	0	0	-33
Total	468	385	104	-124
Deferred tax liabilities				
Sales realisation	798	782	16	-6
Customer base	912	877	35	-106
Software	87	116	-29	-91
Profit distributions	92	0	92	0
Other	305	293	12	25
Total	2,194	2,068	126	-178
Deferred tax revenue/(expenses)			-22	54
Deferred taxes (net)	-1,726	-1,683		

The income-neutral credit to reserves arising from unrealised gains or losses on investments (see Note 23 as well) are shown in other consolidated results.

14. TRADE RECEIVABLES

Trade receivables are due exclusively from third parties and are broken down as follows:

'000 euros	March 31, 2011	March 31, 2010
Trade receivables	9,951	12,031
Receivables from application of PoCM	2,088	2,823
Payments received from application of PoCM	-1,206	-1,455
Valuation adjustments	-520	-666
Total	10,313	12,733

Receivables from the application of the Percentage of Completion Method (PoCM), concerns receivables from service agreements where sales realisation is carried out depending on the services rendered by P&I companies.

Trade receivables are non-interest bearing. Receivables have an DSO (Days Sales Outstanding) of 10 - 20 days or are subject to individually negotiated agreements.

As at March 31, 2011 the trade receivables were impaired in value to a nominal value of 520,000 euros (previous year: 666,000 euros). A special valuation allowance of 100 per cent was recognised for receivables due from customers who are facing insolvency proceedings as well as receivables of more than 5,000 euros that were reported in the insolvency proceedings. A 50 per cent valuation allowance for doubtful debts was made as a rule for receivables due from customers whose creditworthiness is in doubt. For trade receivables where a specific valuation allowance was not recognised, a valuation allowance was mapped on a portfolio basis of 1 per cent (previous year: 1 per cent) for debts not individually adjusted. The development of the valuation adjustment account is set out as follows:

'000 euros	Individually adjusted	Adjustment on portfolio basis	Total
As at April 1, 2009	467	132	599
Additions	157	17	174
Utilisation	-36	0	-36
Dissolution	-63	-8	-71
As at March 31, 2010	525	141	666
Additions	81	32	113
Utilisation	-84	0	-84
Dissolution	-150	-25	-175
As at March 31, 2011	372	148	520

As at March 31, 2011, the age structure for trade receivables is broken down as follows:

'000 euros	March 31, 2011	March 31, 2010
Overdue, but not impaired in value		
over 90 days	1,587	1,581
90 to 61 days	577	346
60 to 31 days	788	390
30 to 1 days	2,131	2,698
Neither overdue nor impaired in value	5,084	7,859
Summe	10,461	12,874

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

'000 euros	March 31, 2011	March 31, 2010
Term deposits with a residual term of more than 3 months	23,545	0
Bonded loans	5,005	15,000
Mortgage bonds	5,004	0
Total	33,554	15,000

The bonded loans are due within one year.

The fair value of the bonded loans and mortgage bonds is determined by the published market prices. The fair value of term deposits with a residual term of more than three months, including the expected interest, corresponds to the nominal value.

The fair value amounts as at March 31, 2011 to 33,554,000 euros (previous year: 15,000,000 euros).

16. OTHER ASSETS

Other current assets comprise:

'000 euros	March 31, 2011	March 31, 2010
Accrued assets	1,110	880
Rental deposits	57	80
Other	451	338
Total	1,618	1,298

17. CASH AND CASH EQUIVALENTS

'000 euros	March 31, 2011	March 31, 2010
Cash on hand and in bank balances	21,862	28,428

The fair value of the funds and short term deposits amounts to 21,862,000 euros (previous year: 28,428,000 euros).

18. SUBSCRIBED CAPITAL AND RESERVES

The subscribed capital of the Company remained unchanged at 7,700,000 euros as at March 31, 2010 and is divided into 7,700,000 no-par value bearer shares. Each share is assigned one vote and has a notional value of 1 euro of subscribed capital.

In the year under review, as in the previous year, no subscription rights were issued .

The Board of Directors was authorised at the AGM of September 2, 2008, with the consent of the Supervisory Board and until September 1, 2013, to increase the capital stock of the Company against monetary or non-monetary contributions to a maximum of 3,850,000 euros by issuing new shares (authorised capital 2008); under certain circumstances, the subscription rights of existing shareholders may be excluded.

Furthermore, the Board of Directors, with the consent of the Supervisory Board, were authorised to purchase treasury stock amounting to up to ten per cent in total of the capital stock owned by the Company at the time of the resolution passed at the Annual General Meeting up to February 28, 2011. The Board of Directors intends, with the consent of the Supervisory Board, to retire the own stock acquired during the buyback, thus reducing the capital stock. However, the Board of Directors reserves the right to use the acquired own shares completely or partially for another purpose.

This authorisation was implemented during the period October 23, 2008 up until September 30, 2009 and 177,248 shares were repurchased during this period. The number of repurchased shares corresponds to a proportional amount of the capital stock of a total of 177,248.00 million euros, which is 2.30 per cent of shares issued at the date of adoption of the resolution. Altogether own shares with a purchase price of 2,018,972.63 euros were acquired and this sum was paid from equity:

'000 euros	March 31, 2011	March 31, 2010
Own stock from share buyback scheme	37,072	34,414
Deductible items from share buybacks	2,019	2,019
Equity after share buybacks	35,053	32,395

The offsetting of the direct costs of the IPO resulted in a negative capital reserve of 429,000 euros.

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

'000 euros	March 31, 2011
Revenue reserves before deduction of own stock	29,800
Own shares	2,019
Revenue reserves shown in the consolidated balance sheet	27,781

19. PAID OUT DIVIDENDS 2009/2010 AND PROPOSED DIVIDENDS 2010/2011

The net profit shown in the annual financial statements of P&I Personal & Informatik AG, prepared in accordance with commercial legislation, is, pursuant to the German Companies Act, material to a dividend distribution.

PAID OUT DIVIDENDS 2009/2010

On September 2, 2010 the AGM resolved to use the net profit for fiscal 2009/2010 as follows:

	euros
Retained earnings as at March 31, 2010	18,440,002.03
Dividends to be disbursed	- 8,275,027.20
Profit carried forward	10,164,974.83

Dividend payout of 1.10 euro (previous year: 0.60 euro) per no-par share entitled to a dividend.

The own shares held by P&I AG were not entitled to dividend payments.

PROPOSAL FOR APPROPRIATION OF PROFIT FOR 2010 / 2011

The net profit shown in the annual financial statements of P&I Personal & Informatik AG, which were prepared in accordance with commercial legislation, amounted to 9,964,159.54 euros.

At the next AGM the Board of Directors and the Supervisory Board intend to propose a dividend of 4 cents per share to be paid out to shareholders and the Company's net profit for fiscal 2010/2011 will be used as follows:

	euros
Dividends	300,910.08
Profit carried forward	19,246,144.57
Retained earnings	19,547,054.65

The profit appropriation proposal takes into consideration that the own shares held on March 31, 2011 by P&I AG are not entitled to a dividend payment.

20. CONTROLLING AND PROFIT TRANSFER AGREEMENT

P&I AG closed a controlling and profit transfer agreement with Argon GmbH, of Munich on February 7, 2011. Consequently, P&I AG is now obliged to cede their total profit to Argon. The agreement was concluded for a minimum of five years.

The agreement came into effect as the result of the approval of the resolutions at Argon's AGM held on February 7, 2011 and at P&I's extraordinary AGM held on March 24, 2011 as well as the registration in the commercial register. The agreement was not entered in the commercial register prior to the day that the annual financial statement and the consolidated financial statement were produced. Therefore the profit and loss transfer in accordance with the controlling and profit transfer agreement for fiscal 2010/2011 is still not legally effective. Accordingly, P&I Personal & Informatik AG has not transferred their annual profit to Argon GmbH.

The outside shareholders of P&I AG will receive a compensation payment amounting to 1.55 euros per P&I share. This payment obligation will only become effective on the date that the profit transfer agreement for fiscal 2011/2012 becomes fully effective.

Furthermore, the controlling and profit transfer agreement also states that Argon GmbH must pay a cash compensation on demand to outside shareholders. This obligation is for a limited period only and it will end two months after the publication of the registration in the commercial register.

21. CUMULATIVE OTHER CONSOLIDATED RESULTS

According to IAS 39, financial assets available for sale are to be measured at their fair value. The gain or loss arising from an available-for-sale financial asset is directly posted to equity in the balance sheet through change in equity. Effects of currency translations in connection with foreign subsidiaries are also posted to this item.

22. LONG-TERM BENEFITS FOR EMPLOYEES

The posts also include a long-term bonus programme for the Board of Directors and it amounts to 1,248,000 euros (previous year: 721,000 euros).

Payment of a performance related target income, providing a long-term incentive, has been agreed on with one member of the Board of Directors with effect from September 1, 2007. The long-term bonus will depend on the achievement of the target Group EBIT agreed on previously with the Supervisory Board and on the degree to which targets have been met in the respective fiscal year. The term of this agreement extends to the end of fiscal 2011/2012.

Payment of 50 per cent of the long-term bonus claims accumulated up to the end of fiscal 2009/2010 (March 31, 2010) will be effected seven days after discharge of the Board of Directors by the Annual General Meeting for fiscal 2009/2010. After the discharge of the Board of Directors for fiscal 2009/2010 at the AGM held on September 2, 2010 it was confirmed that 50 per cent of the claims accumulated up to March 31, 2010 were paid out during the fiscal year that has just ended and this amounted to 721,000 euros.

Payment of the remainder of the bonus claims which have accumulated in the fiscal years up to March 31, 2010, and of the long-term bonus claims arising after March 31, 2010 and up to the end of the term on March 31, 2012, will be effected seven days after discharge of the Board of Directors by the Annual General Meeting for fiscal 2011/2012. The claims accumulated on March 31, 2011 are shown in full under the long-term employee benefits.

Effects of the long-term bonus programme (LTB):

'000 euros	2010/2011	2009/2010
Expenses for long term bonus scheme (LTB)	527	600
Final balance of the long-term liabilities for the LTB	1.248	721

23. TRADE PAYABLES

Trade payables primarily concern the purchase of material resources to maintain ongoing business activities.

24. TAX LIABILITIES

Tax liabilities amounting to 2,910,000 euros (previous year: 4,508,000 euros) and 2,543,000 euros (previous year: 4,235,000 euros) exist and these were mainly incurred by P&I AG.

The tax liabilities now exceed the advance payments as a result of the improvement in the consolidated results, especially in the current fiscal year. The existing tax provisions for business and corporation taxes for fiscal years 2007/2008 and 2008/2009 were used as the final tax assessment notices had been received in the meantime.

25. DEFERRED INCOME

The deferred income is broken down as follows:

'000 euros	March 31, 2011	March 31, 2010
Prepaid maintenance fees	18,078	16,052
Other	2,182	1,786
Total	20,260	17,838

Prepaid maintenance fees paid in advance by customers amounted to 18,078,000 euros (previous year: 16,052,000 euros). The "Other" item consists of deferred income from Licensing and Consulting sales.

26. OTHER SHORT-TERM LIABILITIES

Other short-term liabilities are broken down as follows:

'000 euros	March 31, 2011	March 31, 2010
Premiums, commissions and salaries	5,871	5,327
Employment tax, church tax and social security contributions	541	437
Bonuses	706	759
Annual leave	1,078	999
VAT	1,372	671
Production orders with liability balances	2,536	0
Other	1,779	1,669
Total	13,883	9,862

The production orders with a liabilities balance relate to receivables arising from the application of PoCM and zero-profit methods, which show a liabilities balance after being offset against the relevant payments received. The offsets are shown as follows:

'000 euros	March 31, 2011	March 31, 2010
Proportional proceeds as per PoCM/ZPM	-665	0
Advance payments received	3,201	0
Total	2,536	0

27. EXECUTIVE BODIES OF THE COMPANY

The Board of Directors of the Company consists of at least two members. The Supervisory Board determines the number of members on the Board of Directors (see §4 Para.1 of the Memorandum and Articles of Association last revised on September 1, 2009).

The Members of the Board of Directors are:

Vasilios Triadis, Chairman of the Board, Director of Strategy, Consulting, Research and Development and M&S.
Dr Erik Massmann, Director of Finance, HR, Administration and Investor Relations.

On June 15, 2010, a member of the Board of Directors, Dr. Hartmut Voß, resigned from his Board of Director's employment contract with effect on September 30, 2010 and he also retired from the Board of Directors of P&I Personal & Informatik AG on this date. Dr. Voß exercised his special resignation rights that were granted to him in his employment contract in the event of a certain specified change of control of the Company. This change of control of the Company is the result of the acquisition of more than 30 per cent of the voting rights of P&I Personal & Informatik AG by Argon GmbH & Co. KG that occurred on March 16, 2010.

The Supervisory Board of P&I Personal & Informatik AG appointed Dr. Erik Massmann a member of the Board of Directors with effect from September 1, 2010 until August 31, 2013. He will assume the duties undertaken by Dr. Hartmut Voß.

Mr Vasilios Triadis is a member of the Scientific Advisory Committee of otris Software AG, Dortmund and of Solvenius GmbH, Stuttgart.

Dr Massmann is the Chairman of the Supervisory Board at SCIIL AG, of Koblenz, in Germany.

Dr Erik Massmann undertook similar advisory board duties at DATAGROUP AG, of Pliezhausen, in Germany, until October 2010.

Mr Vasilios Triadis and Dr Erik Masmann represent the Company together with one other member of the Board of Directors or with an authorised officer.

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

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

During fiscal 2008/2009 it was agreed with Mr Triadis, member of the Board of Directors, that in the case of a change in control he shall have the right to resign from his position and terminate his employment contract. He shall then receive a settlement to the amount of the remuneration (including the variable component), which he would otherwise have received up to the end of the term of his contract.

The total remuneration for the members of the Board of Directors in fiscal 2009/2010 and the previous year is shown in the following table:

In '000 euros	2010/2011	2009/2010
Non-performance related remunerations		
Salaries	590	550
Other ^{*)}	771	68
Performance-related remunerations		
Bonuses / bonus programme (EBIT variable)	388	660
Components with long-term incentives	600	600
Total remuneration	2,349	1,878

^{*)} Allowances for insurances, non-cash benefits and non-recurring income

A detailed description of the remuneration system for the Board of Directors is to be found in the Combined Management Report.

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

The members of the Supervisory Board from April 1, 2010 up to September 2, 2010 were:

Michael Wand, Chairman, Managing Director of The Carlyle Group, of London (GB)
Mr Robert Vinall, Deputy Chairman, Managing Director of RV Capital GmbH, of Kilchberg (Switzerland),
Dr Thomas Heidel, tax lawyer specialising in commercial, corporate and tax law, of Bonn, Germany,

The members of the Supervisory Board since September 2, 2010 (with supplementary details up to March 31, 2011) are:

Thomas Volk, Chairman of the Supervisory Board
Managing Partner of the Timmaron Capital Advisors, Bobingen, is
also a member of the Advisory Board of Saarland Versicherungen AG, of Saarbrücken, Germany.

Michael Wand, deputy Chairman of the Supervisory Board
Managing Director of The Carlyle Group, of London (GB), is
also a member of the Advisory Board of UC4 Software GmbH, of Wolfsgraben, in Austria,
A member of the Administrative Board of Tell AG, of Liestal, in Switzerland.
Member of the Board of Directors of The Foundry Visionmongers Ltd., of London, (GB).

Dr Thorsten Dippel

Associate Director of The Carlyle Group, of London (GB), is also a member of the Administrative Board of Tell AG, of Liestal, in Switzerland.

Each member of the Supervisory Board received, in accordance with the Articles of Association, a fixed annual remuneration of 11,248.42 euros. The Chairman of the Supervisory Board received 14,316.17 euros per annum and the deputy Chairman of the Supervisory Board received 12,782.30 euros per annum. The company also reimbursed the members of the Supervisory Board for any expenses and VAT incurred in exercising their office. Mr. Wand and Dr. Dippel have waived their right to be paid for their Supervisory Board duties for fiscal 2010/2011.

The salaries of the members of the Supervisory Board during fiscal 2010/2011 are listed in the following table:

In euros	Fixed remuneration	Reimbursements	Consultancy services
Robert Vinall	5,393.08	6,528.44	---
Dr, Thomas Heidel	4,745.91	---	---
Thomas Volk	8,275.92	4,239.01	---
Michael Wand	---	7,636.77	---
Dr, Thorsten Dippel	---	---	---

28. RELATIONS WITH CLOSELY RELATED ENTERPRISES OR PERSONS

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

'000 euros	Receivables		Revenue	
	March 31, 2011	March 31, 2010	2010/2011	2009/2010
P&I Timemanagement B.V., Amsterdam, Netherlands ¹	6	6	28	13
H.C. Starck GmbH, Goslar ²⁾	24	0	127	0
Total	30	6	155	13

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

'000 euros	Liabilities		Expenditure	
	March 31, 2011	March 31, 2010	2010/2011	2009/2010
P&I Timemanagement B.V., Amsterdam, Netherlands ¹⁾	20	34	108	73
Klaus C. Plönzke, Wiesbaden ³⁾	0	0	0	11
Forum KIEDRICH GmbH, Kiedrich ⁴⁾	0	0	0	25
Michael Plümer, Iserlohn ⁵⁾	0	0	0	20
Brunner Treuhand AG, Switzerland ⁶⁾	3	2	3	2
Total	3	2	3	2

1) P&I Timemanagement B.V., of Amsterdam, in the Netherlands, is a non-consolidated, fully owned subsidiary company of P&I Personeel & Informatica B.V., of Amsterdam, Netherlands. It provides consulting services to other Group affiliated companies and uses the P&I Time licence from the parent company.

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

3) Mr Klaus C. Ploenzke was a member of the Supervisory Board of P&I Personal & Informatik AG, of Wiesbaden up to September 1, 2009. Mr. Klaus C. Ploenzke advises and supports the Company in making contact with new customers, in identifying possible acquisitions and analysing the potential synergies that might arise from them.

4) Mr. Klaus C. Ploenzke also holds a majority interest in Forum KIEDRICH GmbH, of Kiedrich.

5) Mr Michael Pluemer was a member of the Supervisory Board of P&I Personal & Informatik AG, of Wiesbaden up to September 1, 2009. Mr Pluemer supports the Company in developing the Business Process Outsourcing (BPO) sector as well as in identifying and implementing possible acquisitions.

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

The related services mainly involved consultation, development and other supporting services including publicity. These services were based on the use of P&I Software. The terms and conditions for the transactions with closely related enterprises and persons are in accordance with normal market practice and certainly comparable with any transactions the Company may have arranged with independent third parties (price comparison method in accordance with IAS 24.21). Supervisory Board approval has been granted for all of the services listed here.

The Board of Directors details are listed in Note 27.

29. AUDITOR'S FEE

The annual fee for the auditor for fiscal 2010/2011 and previous year was calculated as follows:

'000 euros	2010/2011	2009/2010
Annual audit, for fiscal 2009/2010: 50,000 euros).	175	110
Other auditing services for fiscal 2009/2010: 0 euros).	10	0
Total	185	110

30. CONTINGENCIES AND OTHER FINANCIAL OBLIGATIONS

LIABILITIES FROM OPERATING LEASING AGREEMENTS

As at March 31, 2011, future financial obligations for minimum lease payments arising from non-cancellable operating leasing arrangements amounted to the following:

'000 euros	March 31, 2011	March 31, 2010
Due		
Within one year	2,119	2,174
Between one and five years	2,251	2,488
Over five years	36	3
Total	4,406	4,665

These obligations, based on normal market practice, mainly arise from agreements covering buildings, vehicles, computer systems and office equipment. The agreements include extension/renewal or purchase options. There are no escalator clauses and no additional restrictions imposed by leasing arrangements. Leasing agreements were concluded in order to reduce the cash outflow.

In the fiscal year under review, payments arising from leasing arrangements amounted to 2,461,000 euros (previous year: 2,353,000 euros).

As at March 31, 2011, no financial obligations for minimum lease payments exist.

CONTINGENCIES

P&I monitors and measures on a continuing basis the risks arising from large-scale or fixed price projects. The possibility cannot be ruled out that in projects involving both P&I and the customer in the commitment of large quantities of resources, recourse claims may arise or project costs may occur in excess of the original fixed price agreed on. Costs for P&I occurring in conjunction with a project are always contained in expenses for the current period. Similarly, possible payment obligations are recognised in the financial statements.

In the course of our ordinary business activities, we have to deal with legal proceedings customers may instigate. Where an obligation to a third party is deemed probable and a reliable estimate of the cost involved can be made, contingency accruals are formed for such cases.

We believe that the outcome of present legal proceedings involving customers will have no material, negative effect on our business activities, assets, finances or cash flow. However, such processes are by nature uncertain and our present assessment may change in the future.

CREDIT BY WAY OF BANK GUARANTEE

The Company has a master agreement with two banks for the purpose of furnishing collateral ("credit by way of bank guarantee") for its liabilities, to a total amount of 820,000 euros (previous year: 814,000 euros). As at balance sheet date, availment of credit by way of bank guarantee to the amount of 803,000 euros (previous year: 800,000 euros) was made use of.

31. TARGET SETTING AND METHODS OF FINANCIAL RISK MANAGEMENT

Sustaining the increase in the company's value in the interest of investors, employees, customers and suppliers whilst simultaneously ensuring and safeguarding the creditworthiness at all times counts as one of P&I AG's most important financial objectives.

This objective is essentially supported by focussing on quality of the margins. This does not exclude external growth being generated through acquisitions. Improving the profitability and the consequential increase in the return on the capital involved is the priority that all of our business decisions are based on.

This form of capital management means that P&I AG has to give prominence to establishing adequate liquid reserves. The retention of a solid equity capital base is also an important prerequisite, in order to be able to guarantee the continued existence of the company and to advance the growth strategy.

Liquid reserves are permanently controlled by the short- and medium-term forecasts based on future liquidity. The regular monitoring of the capital is based on the use of multiple key data. This includes the ratio of the net liquidity to the equity (Gearing) and the equity ratio relating to the important key data.

'000 euros	March 31, 2011	March 31, 2010
Cash and cash equivalents	21,862	28,428
Short-term securities	33,554	15,000
Net liquidity	55,416	43,428
Equity	35,053	32,395
Equity ratio	45.0 %	46.7 %
Gearing	-158.5	-134.1

The equity ratio further reflects the ratio of equity to the balance sheet total. The Gearing indicates the ratio of net liquidity to equity. A negative value has been generated here as no debt positions exist.

Even after the dividend distribution in the fiscal year just ended, the Group, with 55.5 million euros (previous year: 43.4 million euros) possessed a high level of liquid assets and liquid asset equivalents as well as short-term financial assets that were not offset by loans from third parties.

For a detailed explanation of P&I AG's risk management system please refer to the Combined Management Report.

32. RISKS AND FINANCIAL INSTRUMENTS

The important financial liabilities used throughout the Group included trade payables and other liabilities. The main purpose of the financial liabilities is the financing of the Group's business activities. The Group uses trade receivables and other receivables as well as cash and short-term deposits, which are all derived directly from their business activities. The Group also uses available-for-sale short-term and long-term financial assets.

The group operates on a global basis, making it vulnerable to market risks arising from changes in interest rates and exchange rates.

CURRENCY RISKS

Currency risks are the risks to the fair values or the future cashflow of a financial instrument arising from the exchange rate currency fluctuations.

Overall, the risks associated with fluctuations in exchange rates of minor significance for the Group's operating activities. Currency risks associated with the Swiss Frank are secondary risks.

Currency risks are not secured as fluctuations have only a very slight impact on the Group result.

INTEREST AND CHANGE IN VALUE RISKS

Interest risks or change in value risks are the risks to the fair values or the future cashflow of a financial instrument arising from the changes in the market interest rates or market prices.

Significant downturn and value risks changes do not exist, as bonded loans and mortgage bonds with repayment guarantees are always retained.

LIQUIDITY RISK

Liquidity risks arise from the potential inability of customers to meet their obligations to the Company within normal trading terms and conditions. In order to manage this risk, the Company periodically assesses the creditworthiness of its customers.

As at March 31, 2011 the maturities of Group's financial liabilities were as set out in the following:

March 31, 2011	Under 1 year	1 to 5 years	over 5 years	Total
'000 euros				
Other short-term liabilities	13,883	0	0	13,883
Trade payables	2,363	0	0	2,363
Total	16,246	0	0	16,246

March 31, 2011	Under 1 year	1 to 5 years	over 5 years	Total
'000 euros				
Other short-term liabilities	9,862	0	0	9,862
Trade payables	1,977	0	0	1,977
Total	11,780	0	0	11,780

CREDIT RISKS

Payment risks are managed by means of prepayments or by obtaining assumption declarations for receivables from the official receiver or through information on creditworthiness in doubtful cases. The Group does not maintain any other forms of collateral security such as entitlements to securities etc. In addition, the debt inventory is continually monitored ensuring that the Group is not subject to significant payment risks. The maximum payment risk is limited to the carrying amount shown in Note 14. The Group does not face a significant concentration of payment risks arising from one single contractual partner nor from a group of contractual partners with similar features. For other financial assets of the Group, such as cash and cash equivalents and financial assets available for sale, the maximum credit risk on default of the contractant is the carrying amount of these instruments.

FAIR VALUE

The following chart shows carrying amounts and fair values for financial instruments recognised in the consolidated financial statements.

IAS measurement category '000 euros	Carrying amount		Fair value	
	31. 3. 2011	31. 3. 2010	31. 3. 2011	31. 3. 2010
Loans and receivables				
Zahlungsmittel	21,862	28,428	21,862	28,428
Festgeld	23,545	0	23,545	0
Forderungen aus Lieferungen und Leistungen (ohne PoCM-Forderungen und erhaltene Anzahlungen)	9,431	11,365	9,431	11,365

IAS measurement category '000 euros	Carrying amount		Fair value	
	31. 3. 2011	31. 3. 2010	31. 3. 2011	31. 3. 2010
Available-for-sale financial assets				
Bonded loans (short-term)	5,005	15,000	5,005	15,000
Mortgage bonds (short-term)	5,004	0	5,004	0
Mortgage bonds (long-term)	988	1,006	988	1,006
Bonds (long-term)	958	900	958	900
Other financial liabilities				
Trade payables	2,363	1,977	2,363	1,977

The respective market prices of the short-term financial assets and the long-term financial assets were used to determine their fair value. An amount of 66,000 euros was posted directly to equity, resulted from the re-measurement of available-for-sale assets to their market value (previous year: 66,000 euros), which included a tax on income effect of minus 21,000 euros (previous year: 20,000 euros) and was posted directly to equity.

HIERARCHAL FAIR VALUE

The financial instruments evaluated for fair value were classified into the respective evaluation method levels as follows:

Level 1: The market prices quoted in the active market for identical financial assets or liabilities.

Level 2: Includes data, apart from the market prices listed under Level 1, which is either derived directly from the price or is monitored indirectly from the price of the financial assets or liabilities.

Level 3: Financial asset or liabilities data that has been included but is not based on the monitored market data (non-monitored parameters, i.e. assumed).

Level 2	March 31, 2011	March 31, 2010
'000 euros		
Available-for-sale financial assets	11,955	16,890

The Group does not use financial assets and liabilities that are evaluated according to Level 1 or Level 3.

33. SUBSIDIARIES

The following companies have been included in the consolidated financial statements:

- P&I Personal & Informatik AG (PIAG), Horgen, Switzerland
- P&I Personal & Informatik Gesellschaft mbH, Vienna, Austria
- P&I Steyr GmbH, Steyr, Austria
- P&I Personeel & Informatica B.V., Amsterdam, Netherlands
- P&I Personal & Informatik s.r.o., Bratislava, Slovakia
- P&I Beteiligungsgesellschaft mbH, Wiesbaden, Germany

P&I Timemanagement B.V., of Amsterdam, in the Netherlands, is a 100 per cent owned subsidiary company of P&I Personeel & Informatica B.V., of Amsterdam, in the Netherlands. This company is of minor importance with regard to the Group's assets, financial and profit and loss situations and was included in the consolidated financial statement under the acquisition cost principle. P&I Timemanagement B.V. was merged with P&I Personeel & Informatica B.V. on April 1, 2011.

The breakdown of P&I Personal & Informatik AG shareholdings with a direct or indirect share in the Company's capital, shareholder's equity and profit or loss for the year as at March 31, 2011 is set out as follows, expressed in '000 euros:

In '000 euros	Anteil am Kapital	Profit / loss (-) for the year 2010/2011	Equity of the company 2010/2011
DOMESTIC			
P&I Beteiligungs Gesellschaft mbH, of Wiesbaden	100 %	0	34
FOREIGN			
P&I Personal & Informatik AG, Horgen, Switzerland	100 %	831	503
P&I Personal & Informatik GmbH, Vienna, Austria	100 %	611	3.111
P&I Steyr GmbH, Steyr, Austria *)	100 %	11	155
P&I Personeel & Informatica B.V., Amsterdam, NL	100 %	161	2.494
P&I Personal & Informatik s.r.o., Bratislava, Slovakia	100 %	77	353
P&I Timemanagement B.V., Amsterdam, NL **)	100 %	34	12

* Lower-tier subsidiary, 100 per cent subsidiary of P&I Personal & Informatik GmbH, of Vienna, in Austria

** Lower-tier subsidiary, 100 per cent subsidiary of P&I Personeel & Informatica B.V., of Amsterdam, in the Netherlands

34. DECLARATION OF COMPLIANCE

The Board of Directors and the Supervisory Board submitted the Declaration of Compliance pursuant to §161 AktG in December 2010. It is published on P&I's website and can also be requested from the Company.

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

As at March 31, 2011, P&I Personal & Informatik AG has shareholdings of 177,248 of its own shares.

No convertible bonds or similar securities pursuant to §160 Para. 1 No. 5 AktG (German Companies Act) had been issued as at March 31, 2011 by P&I Personal & Informatik AG or other companies pursuant to §160 Para. 1 No. 2 AktG.

As at March 31, 2011, no members of the Board of Directors or Supervisory Board have shareholdings in or options on P&I shares.

36. DISCLOSURES PURSUANT TO §160 AKTG

The Company was informed, that the following investments pursuant to § 21 Para. 1 of the German Securities Trading Act (WpHG) exist:

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

The Company was informed in fiscal 2010/2011, that the following investments pursuant to § 21 Para. 1 of the German Securities Trading Act (WpHG) exists:

The **Farrington Fund I** from Luxembourg (Luxembourg) has declared to P&I Personal & Informatik AG, Kreuzberger Ring 56, 65205 Wiesbaden, Germany („the company”) on June 29, 2010 pursuant to sec. 21 para.1 of WpHG what follows:

The Farrington Fund I (FFI) from Luxembourg (Luxembourg) hereby gives notice, that on June 23, 2010 the voting interest in the company fell below the threshold of three percent and amounted to 0.00 percent (this corresponds to 0 voting rights) on this day.

The Farrington Capital Management Switzerland SA (FCMS) from Geneva (Switzerland) hereby gives notice, that on June 23, 2010 the voting interest in the company fell below the threshold of three percent and amounted to 0.00 percent (this corresponds to 0 voting rights) on this day.

The Farrington Capital Management SA (FCML) from Luxembourg (Luxembourg) hereby gives notice, that on June 23, 2010 the voting interest in the company fell below the threshold of three percent and amounted to 0.00 percent (this corresponds to 0 voting rights) on this day.

Hauck & Aufhäuser Investment Gesellschaft S.A. Luxembourg (Luxembourg) has declared pursuant to sec. § 21 para. 1 WpHG to P&I Personal & Informatik AG on July 12, 2010:

We hereby give notice that on July 12, 2010 the percentage holding of the voting rights held by Hauck & Aufhäuser Investment Gesellschaft S.A. in P&I Personal & Informatik AG, Kreuzberger Ring 56, 65205 Wiesbaden, fell below the threshold of three percent and amounted to 2.62 percent (this corresponds to 201,356 voting rights) on this day.

Lazard Asset Management LLC New York (U.S.A.) has declared pursuant to sec. § 21 para. 1 WpHG to P&I Personal & Informatik AG on October 19, 2010:

We hereby give notice, pursuant to § 21 para. 1 of the WpHG, that on October 18, 2010 the percentage holding of the voting rights held by Lazard Asset Management LLC in P&I Personal & Informatik AG exceeded the threshold of three percent and at that date amounted to 3.063 percent. The total number of voting rights is 235,856. All of those voting rights are attributable pursuant to § 22 para. 1 sent. 1 no. 6 WpHG.

Investmentaktiengesellschaft für langfristige Investoren TGV Bonn (Germany) has declared pursuant to sec. § 21 para. 1 WpHG to P&I Personal & Informatik AG on December 9, 2010:

We hereby give notice that on December 7, 2010 the percentage holding of the voting rights held by Investmentaktiengesellschaft für langfristige Investoren TGV in P&I Personal & Informatik AG, Kreuzberger Ring 56, 65205 Wiesbaden, fell below the threshold of five and three percent and amounted to 0.00 percent (this corresponds to 0 voting rights) on this day.

P&I Personal & Informatik AG was informed of the following by **Deutsche Balaton Aktiengesellschaft** Heidelberg (Germany) on December 8, 2010 in both their own name as well as a private written proxy pursuant to § 21 Para. 1 (WpHG):

That the share of voting rights in P&I Personal & Informatik AG held by Deutsche Balaton Aktiengesellschaft, Heidelberg, Germany, on December 7, 2010 fell below the 5 per cent and 3 per cent thresholds on this day and the holding now amounts to 1.69 per cent (129,750 votes). Consequently, Deutsche Balaton Aktiengesellschaft is now allocated a share of voting rights totalling 0.06 per cent (4,750 votes) pursuant to § 22 Para. 1, P. 1, No. 1, WpHG.

That the share of voting rights in P&I Personal & Informatik AG held VV Beteiligungen AG, Heidelberg, Germany, on December 7, 2010 fell below the 5 per cent and 3 per cent thresholds on this day and the holding now amounts to 1.69 per cent (129,750 votes). The 1.69 per cent share of voting rights (129,750 votes) has been fully allocated to VV Beteiligungen AG pursuant to § 22 Para. 1, P. 1, No. 1, WpHG.

That the share of voting rights in P&I Personal & Informatik AG held by DELPHI Unternehmensberatung GmbH, Heidelberg, Germany, on December 7, 2010 fell below the 5 per cent and 3 per cent thresholds on this day and the holding now amounts to 1.69 per cent (129,750 votes). The 1.69 per cent share of voting rights (129,750 votes) has been fully allocated to DELPHI Unternehmensberatung AG pursuant to § 22 Para. 1, P.1, No. 1, WpHG.

That the share of voting rights in P&I Personal & Informatik AG held by Mr. Wilhelm Konrad Thomas Zours, Germany, on December 7, 2010 fell below the 5 per cent and 3 per cent thresholds on this day and the holding now amounts to 1.69 per cent (129,750 votes). The 1.69 per cent share of voting rights (129,750 votes) has been fully allocated to Mr. Wilhelm Konrad Thomas Zours pursuant to § 22 Para. 1, P.1, No. 1, WpHG.

Axxion S.A. Munsbach (Luxembourg) has declared pursuant to sec. § 21 para. 1 WpHG to P&I Personal & Informatik AG on December 9, 2010:

We hereby give notice that on December 3, 2010 the percentage holding of the voting rights held by Axxion S.A. in P&I Personal & Informatik AG, Kreuzberger Ring 56, 65205 Wiesbaden, fell below the threshold of five and three percent and amounted to 2.65 percent (this corresponds to 203,665 voting rights) on this day.

On December 10, 2010 the **Argon GmbH & Co. KG**, Munich, Germany, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). 2.30% of the aforementioned voting rights (corresponding to 177,248 voting rights) are to be attributed to Argon GmbH & Co. KG from P&I Personal & Informatik Aktiengesellschaft pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG.

On December 10, 2010 the **Argon Verwaltungs GmbH**, Munich, Germany, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to Argon Verwaltungs GmbH pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to Argon Verwaltungs GmbH from Argon GmbH & Co. KG..

On December 10, 2010 the **CETP Investment 1 S.à r.l.**, Luxembourg, Luxembourg, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to CETP Investment 1 S.à r.l. pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to CETP Investment 1 S.à r.l. from Argon GmbH & Co. KG via Argon Verwaltungs GmbH.

On December 10, 2010 the **CETP II Participations S.à r.l. SICAR**, Luxembourg, Luxembourg, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the threshold of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to CETP II Participations S.à r.l. SICAR pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to CETP II Participations S.à r.l. SICAR from Argon GmbH & Co. KG via the following companies:

- (a) CETP Investment 1 S.à r.l.
- (b) Argon Verwaltungs GmbH.

On December 10, 2010 the **Carlyle Europe Technology Partners II, L.P.**, George Town, Grand Cayman, Cayman Islands, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to Carlyle Europe Technology Partners II, L.P. pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to Carlyle Europe Technology Partners II, L.P. from Argon GmbH & Co. KG via the following companies:

- (a) CETP II Participations S.à r.l. SICAR
- (b) CETP Investment 1 S.à r.l.
- (c) Argon Verwaltungs GmbH.

On December 10, 2010 the **CETP II Managing GP, L.P.**, George Town, Grand Cayman, Cayman Islands, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to CETP II Managing GP, L.P. pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to CETP II Managing GP, L.P. from Argon GmbH & Co. KG via the following companies:

- (a) Carlyle Europe Technology Partners II, L.P.
- (b) CETP II Participations S.à r.l. SICAR
- (c) CETP Investment 1 S.à r.l.
- (d) Argon Verwaltungs GmbH.

On December 10, 2010 the **CETP II GP, L.P.**, George Town, Grand Cayman, Cayman Islands, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to CETP II GP, L.P. pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to CETP II GP, L.P. from Argon GmbH & Co. KG via the following companies:

- (a) Carlyle Europe Technology Partners II, L.P.
- (b) CETP II Participations S.à r.l. SICAR
- (c) CETP Investment 1 S.à r.l.
- (d) Argon Verwaltungs GmbH.

On December 10, 2010 the **CETP II Managing GP Holdings, Ltd.**, George Town, Grand Cayman, Cayman Islands, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to CETP II Managing GP Holdings, Ltd. pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to CETP II Managing GP Holdings, Ltd. from Argon GmbH & Co. KG via the following companies:

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

On December 10, 2010 the **CETP II Investment Holdings, L.P.**, George Town, Grand Cayman, Cayman Islands, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to CETP II Investment Holdings, L.P. pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to CETP II Investment Holdings, L.P. from Argon GmbH & Co. KG via the following companies:

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

On December 10, 2010 the **CETP II GP (Cayman), Ltd.**, George Town, Grand Cayman, Cayman Islands, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to CETP II GP (Cayman), Ltd. pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to CETP II GP (Cayman), Ltd. from Argon GmbH & Co. KG via the following companies:

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

On December 10, 2010 the **TC Group Cayman Investment Holdings, L.P.**, George Town, Grand Cayman, Cayman Islands, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to TC Group Cayman Investment Holdings, L.P. pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to TC Group Cayman Investment Holdings, L.P. from Argon GmbH & Co. KG via the following companies:

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

On December 10, 2010 the **CETP II ILP (Cayman) Limited**, George Town, Grand Cayman, Cayman Islands, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to CETP II ILP (Cayman) Limited pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to CETP II ILP (Cayman) Limited from Argon GmbH & Co. KG via the following companies:

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

On December 10, 2010 the **TC Group Cayman, L.P.**, George Town, Grand Cayman, Cayman Islands, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to TC Group Cayman, L.P. pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to TC Group Cayman, L.P. from Argon GmbH & Co. KG via the following companies:

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

On December 10, 2010 the **TCG Holdings Cayman II, L.P.**, George Town, Grand Cayman, Cayman Islands, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to TCG Holdings Cayman II, L.P. pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to TCG Holdings Cayman II, L.P. from Argon GmbH & Co. KG via the following companies:

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

On December 10, 2010 the **TCG Holdings Cayman, L.P.**, George Town, Grand Cayman, Cayman Islands, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to TCG Holdings Cayman, L.P. pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to TCG Holdings Cayman, L.P. from Argon GmbH & Co. KG via the following companies:

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

On December 10, 2010 the **DBD Cayman, Limited**, George Town, Grand Cayman, Cayman Islands, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 85% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to DBD Cayman, Limited pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to DBD Cayman, Limited from Argon GmbH & Co. KG via the following companies:

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

On December 10, 2010 the **Carlyle Offshore Partners II, Limited**, George Town, Grand Cayman, Cayman Islands, hereby notifies pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) exceeded the thresholds of 50% and 75% on December 7, 2010 and amounts, as at this date, to 77.33% (this corresponds to 5,954,192 out of a total of 7,700,000 voting rights). All of the aforementioned voting rights are to be attributed to Carlyle Offshore Partners II, Limited pursuant to Sec. 22 para. 1 sentence 1 no. 1 WpHG, whereby 75.03% of the aforementioned voting rights (corresponding to 5,776,944 voting rights) are to be attributed to Carlyle Offshore Partners II, Limited from Argon GmbH & Co. KG via the following companies:

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

The **Argon Verwaltungs GmbH**, Munich, Germany, notifies on December 30, 2010 pursuant to Sec. 21 para. 1 WpHG that its share in the voting rights of P&I Personal & Informatik Aktiengesellschaft (ISIN DE0006913403) fell below the thresholds of 75%, 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% on December 29, 2010 and amounts, as at this date, to 0.00% (this corresponds to 0 out of a total of 7,700,000 voting rights).

37. EVENTS THAT OCCURRED AFTER THE BALANCE SHEET DATE

P&I Personeel & Informatica B.V., of Amsterdam in the Netherlands, which is a fully owned subsidiary of P&I AG, now holds all of the shares in P&I Timemanagement B.V., of Gorinchem, in the Netherlands, as P&I Timemanagement B.V. was merged with P&I Personeel & Informatica B.V. on April 1, 2011.

P&I won major contracts with Freien- und Hansestadt Hamburg as well as Land Schleswig-Holstein, which resulted from a more than two-year tendering phase. In the future they will be using a HR solution from P&I hosted in a joint IT system for human resources. All of the civil servants involved in local government and district administration will be managed and controlled by this system. The project start for the introduction of the new processes in the states and municipalities in Schleswig-Holstein is scheduled for May 2011. The replacement of the previous Dataport system in the municipalities is scheduled for the end of 2012. Project closure and handover of the area-wide operation in Hamburg and Schleswig-Holstein is planned for 2014.

No events occurred between the balance sheet date and the publication date that have had a significant affect on the consolidated financial statement.

The Board of Directors released the IFRS consolidated financial statements on the date of completion in order to subsequently pass them on to the Supervisory Board.

DEVELOPMENT OF FIXED ASSETS

	Acquisition and Production Cost			
	April 1, 2010	Additions	Disposals	March 31, 2011
In 000 euros				
Intangible assets				
Software	5,530	128	228	5,430
Goodwill	1,954	0	0	1,954
Customer bases	19,259	0	0	19,259
Total intangible assets	26,743	128	228	26,643
Tangible assets				
Factory and other equipment	3,206	615	232	3,589
Fixtures	89	16	0	105
Total tangible assets	3,295	631	232	3,694
Total fixed assets	30,038	759	460	30,337

	Acquisition and Production Cost				
	April 1, 2009	Additions Acquisitions	Additions	Disposals	March 31, 2010
In 000 euros					
Intangible assets					
Software	4,996	428	106	0	5,530
Goodwill	1,161	793	0	0	1,954
Customer bases	18,119	1,140	0	0	19,259
Total intangible assets	24,276	2,361	106	0	26,743
Tangible assets					
Factory and other equipment	2,971	104	421	290	3,206
Fixtures	75	10	4	0	89
Total tangible assets	3,046	114	425	290	3,295
Total fixed assets	27,322	2,475	531	290	30,038

April 1, 2010	Accumulated Depreciation			March 31, 2011	Net Carrying Amount	
	Additions	Impairments	Disposals		March 31, 2011	March 31, 2010
4,714	280	80	228	4,846	584	816
216	0	0	0	216	1,738	1,738
13,444	1,304	0	0	14,748	4,511	5,815
18,374	1,584	80	228	19,810	6,833	8,369
2,283	541	0	228	2,596	993	923
45	12	0	0	57	48	44
2,328	553	0	228	2,653	1,041	967
20,702	2,137	80	456	22,463	7,874	9,336

April 1, 2009	Accrued Depreciation			March 31, 2010	Net Carrying Amount	
	Additions	Impairments	Disposals		March 31, 2010	March 31, 2009
3,947	767	0	0	4,714	816	1,049
0	0	216	0	216	1,738	1,161
12,127	1,188	129	0	13,444	5,815	5,992
16,074	1,955	345	0	18,374	8,369	8,202
2,031	501	0	249	2,283	923	940
35	10	0	0	45	44	40
2,066	511	0	249	2,328	967	980
18,140	2,466	345	249	20,702	9,336	9,182

RESPONSIBILITY STATEMENT

To the best of our knowledge and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial situation and profit or loss of the Group, and the consolidated management report, which has been combined with the parent company's management report, includes a true and fair review of the development and performance of the business and the situation of the Group, as well as a description of the principal opportunities and risks associated with the anticipated Group development."

Wiesbaden, May 19, 2011

P&I Personal & Informatik AG



Vasilios Triadis



Dr. Erik Massmann

AUDITORS' CERTIFICATE

We have examined the consolidated financial statements for the April 1, 2010 to March 31, 2011 fiscal year compiled by P & I Personal & Informatik AG, Wiesbaden, comprising the balance sheet, the consolidated income statement, the Group's statement of recognised income and expenditure, the notes to the consolidated income, the consolidated cashflow statement and the statement of changes in shareholders' equity as well as the combined management report for the Parent Company. The consolidated financial statement and the combined management report were compiled in compliance with the International Financial Reporting Standards (IFRS), which are used in the EU with additional commercial legislation applied in compliance with § 315a Para. 1 of the German Commercial Code (HGB) under the responsibility of the Board of Directors. Our task is to submit an assessment, based on the audit we perform, of the annual financial statements and the combined management report.

We have conducted our audit pursuant to § 317 of the German Commercial Code (HGB) taking into account the generally accepted German auditing principles laid down by the Institut der Wirtschaftsprüfer (Institute of Auditors). According to these, an audit is to be planned and performed in such a manner that it can detect with adequate certainty any inaccuracies and violations that have a material impact on the view presented of the assets, financial situation, and profitability, as conveyed by the consolidated financial statements prepared in accordance with the applicable accounting regulations, and by the combined management report. Knowledge regarding the company's business activities, its commercial and legal environment and expectations regarding possible errors are considered when establishing audit procedures. The effectiveness of the Company's accounts-related internal control mechanisms and supporting evidence for valuations and information reported in the consolidated financial statements and combined management report are assessed during the audit, chiefly on a random-sample basis. The audit covers the assessment of the annual financial statements of the companies included in the consolidated financial statements, the definition of the consolidated companies, the accounting and consolidation principles and the significant estimates made by the Board of Directors as well as an appraisal of the general presentation of the annual financial statements and the combined management report. We believe that our audit provides a sufficiently reliable basis for our assessment.

Our audit has not led to any objections being raised.

According to our assessment, based on the knowledge we gained through the audit we performed, the consolidated financial statements of the P&I Personal & Informatik Aktiengesellschaft, Wiesbaden, comply with the IFRS, which are used in the EU with additional commercial legislation applied in compliance with § 315a Para. 1 of the German Commercial Code (HGB) and present, in accordance with these regulations, an accurate account of the assets, financial situation and profitability of the Company. The consolidated management report combined with the management report of the Parent Company is consistent with the consolidated financial statements, presents a true and accurate picture of the situation of the Company and gives a true representation of the risks and opportunities involved in future development.

Frankfurt am Main, May 19, 2011

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Dr. Buhleier) (per procura Botsch)
Auditor Auditor

04/

AG FINANCIAL STATEMENTS

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STATEMENT OF INCOME

STATEMENT OF INCOME FROM APRIL 1, 2010 TO MARCH 31, 2011	2010/2011	2009/2010
'000 euros		
Sales	60,063	54,277
Increase (+)/Decrease (-) in stock of finished goods and in work in progress	391	-159
Other operating income	1,187	1,164
Cost of materials		
a) Cost of raw materials and supplies, consumable stores and purchased materials	-1,725	-1,330
b) Cost of purchased services	-5,314	-5,518
Personal expenses		
a) Wages and salaries	-23,573	-20,633
b) Social security and pension expenses of which for pension expenses: 0,000 euros (previous year: 0,000 euros)	-2,582	-2,408
Depreciation on intangible fixed assets and tangible assets	-1,908	-1,563
Other operating expenses	-12,100	-10,171
Income by loans on investments in financial assets of which from affiliated companies 0,000 euros (previous year: 812,000 euros)	0	812
Other taxes and similar income of which from affiliated companies 0,000 euros (previous year: 0,000 euros) including the discounting of provisions 33,000 euros (previous year: 0,000 euros)	470	256
Write downs on financial assets and marketable securities	-18	-5
Taxes and similar expenses including the compounding of provisions 25,000 euros (previous year: 0,000 euros)	-60	-8
Result of ordinary activities	14,831	14,714
Taxes on income of which from deferred tax liabilities -189,000 euros (previous year: 0,000 euros)	-4,864	-4,747
Other taxes	-3	-1
Net income for the year	9,964	9,966
Profit carried forward from previous year	10,165	9,008
Transfer to the reserve for own shares	0	-534
Settlement arising from BilMoG (German Accounting Law Modernisation Act) modifications	-582	0
Liquidation of reserve for own shares	2,019	0
Allocation to other revenue reserves	-2,019	0
Retained earnings	19,547	18,440

BALANCE SHEET

BALANCE SHEET AS AT MARCH 31, 2011	March 31, 2011	March 31, 2010
'000 euros		
Assets		
Fixed assets		
Intangible assets		
Software acquired against payment	497	736
Customer base acquired against payment	3,460	4,565
Goodwill	262	292
	4,219	5,593
Tangible assets		
Factory and office equipment	844	781
Fixtures	24	24
	868	805
Financial assets		
Shares in affiliated companies	918	129
Loans to affiliated companies	0	16
	918	145
Fixed assets	6,005	6,543
Current assets		
Inventories		
Work in progress	1,260	868
Goods	276	161
	1,536	1,029
Receivables and other assets		
Trade receivables	6,175	7,990
Receivables from affiliated companies	826	1,119
Receivables from affiliated companies and other participating interests	0	26
Other assets	310	1,635
	7,311	10,770
Securities		
Own shares	0	2,019
Other investments	11,946	16,890
	11,946	18,909
Cash on hand and in bank balance	37,962	24,088
Current assets	58,755	54,796
Deferred income	1,035	807
	65,795	62,146

BALANCE SHEET

BALANCE SHEET AS AT MARCH 31, 2011	March 31, 2011	March 31, 2010
'000 euros		
Equity and Liabilities		
Equity		
Subscribed Capital	7,700	7,700
Notional value of own shares	-177	0
Issued share capital	7,523	7,700
Capital reserve	770	770
Revenue reserve		
Legal reserve	2	2
Reserve for own shares	0	2,019
Other revenue reserve	0	46
Net profit/loss	19,547	18,440
Equity	27,842	28,977
Provisions		
Tax provisions	2,543	4,235
Other provisions	9,730	10,091
Provisions	12,273	14,326
Liabilities		
Advance payments received on orders of which with a residual term of up to one year: 6,365,000 euros (previous year: 3,465,000 euros)	6,365	3,465
Trade payables of which with a residual term of up to one year 789,000 euros (previous year: 683,000 euros)	789	683
Accruals to affiliated companies of which with a residual term of up to one year: 328,000 euros (previous year: 201,000 euros)	328	201
Other liabilities of which with a residual term of up to one year 1,419,000 euros (previous year: 718,000 euros) of which from taxes 1,393,000 euros (previous year: 687,000 euros) of which relating to social security and similar obligations 1,000 euros (previous year: 2,000 euros)	1,419	718
Liabilities	8,901	5,067
Raccruals and Deferrals	15,720	13,776
Deferred tax liabilities	1,059	0
	65,795	62,146

FINANCIAL CALENDAR

FINANCIAL CALENDAR

August 11, 2011	Quarterly Report 2011/2012
August 30, 2011	Shareholders' Meeting for 2011 in Wiesbaden
November 10, 2011	Half-yearly Report 2011/2012
February 16, 2012	9-Monthly Report 2011/2012

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