P&I
PURE HR

Group Half-Yearly Financial Report
April 1 – September 30, 2014
P&I Personal & Informatik AG

»OUR STRATEGIC DECISIONS ARE CAPABLE OF NOT ONLY SAFEGUARDING, BUT ALSO INCREASING THE SUSTAINABILITY OF OUR SUCCESS.«

Vasilios Triadis
CEO/Chairman of the Board

DEAR SHAREHOLDERS, LADIES AND GENTLEMEN,

As you will surely have noticed from the resolutions passed at the most recent Annual General Meeting and our publications, the stock exchange listing of P&I Personal & Informatik AG's shares is expected to be suspended in the near future. This means this is the last time I will write to you as part of a quarterly or half-yearly report.

After 15 years as a listed company - a length of time that cannot be taken for granted nowadays - I would like to take this opportunity to thank you for the trust you have placed in our company. Your support has given us the strength to systematically pursue our strategy even in difficult times. A strategy that has made the company into one of the most important and renowned providers in the HR software sector in Europe.

With installations in 11 European countries, P&I is now in the third phase of its development. In the first phase, our company operated solely as a provider of software solutions for payroll (LOGA), HR administration and development (HRMS), employee self-service (ESS) and time management (TIME) and for the integration of these components. In the second phase, we altered P&I's organisation and workflows by implementing comprehensive structural measures and process definitions in order to establish a Group structure for the company.

The third phase that has now been initiated is aimed at developing P&I into a technology company, turning it from a world-class product company into a world-class business model company. Needless to say, we are extremely satisfied with what we have achieved to date, but we are also well aware that it will take hard work for us to achieve these new goals. Transforming a company of this size is something that affects all divisions and each and every employee, because P&I has committed itself fully to the digital economy.

The latest figures again clearly underline the fact that our company remains on a growth path and that our strategic decisions are capable of not only safeguarding, but also increasing the sustainability of our success. As each quarter progresses, we have seen our ambitious targets for the financial year as a whole become increasingly realistic. This is true not only for our traditional activities in the areas of licences, software maintenance, system implementation and training, but also for new business areas involving recurring revenue such as P&I Cloud and P&I BIG DATA. We have already attracted more than 150 customers of different sizes and from different industries for these new business areas. This reinforces our expectation that we will continue to generate above-average, sustainable growth in these business areas in future and be able to offer our customers services that are shaped by the digital economy.

Although you will no longer be participating directly in P&I's success, I would be delighted if you would occasionally take a look at our website in future. Some of you may also be P&I customers, in which case we will remain in contact through that relationship.

In any case, it is with a certain degree of regret that I note that I will no longer be able to report P&I's success stories to „my" shareholders. I would like to thank you for your many years of confidence in our company and wish you all the best for the future in the hope that you will remember us fondly.

Yours

Vasilios Triadis
CEO

KEY FIGURES

KEY FIGURES FOR THE GROUP (IFRS)	Apr. 1 to Sept. 30, 2014	Apr. 1 to Sept. 30, 2013	Change	Change
EUR thousand				
Revenue	51,011	45,437	5,574	12.3 %
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	20,976	16,323	4,653	28.5 %
Earnings before interest and taxes (EBIT)	19,910	15,206	4,704	30.9 %
Earnings before taxes (EBT)	20,891	15,520	5,371	34.6 %
Consolidated net income	15,550	12,234	3,316	27.1 %
Return on sales	30.5 %	26.9 %	./.	./.
Earnings per share in euro (diluted/basic)	2.06	1.62	0.44	27.1 %
Average FTEs for the period	390	379	11	2.9 %

HIGHLIGHTS

REVENUE GROWTH ACCOMPANIED BY INCREASED PROFITABILITY

In the first half of the 2014/2015 financial year, consolidated revenue increased by 12.3 % to EUR 51.0 million. Products and services both enjoyed organic growth. With costs rising moderately by comparison, the P&I Group improved its operating earnings (EBIT) from EUR 15.2 million to EUR 19.9 million and generated an EBIT margin of 39.0 % (previous year: 33.5 %).

SQUEEZE-OUT UNDER STOCK CORPORATION LAW

The resolution by the Annual General Meeting of P&I AG on September 2, 2014 on the transfer of shares held by minority shareholders to Argon GmbH in exchange for adequate cash compensation (squeeze-out under stock corporation law) of EUR 70.90 per share was entered in the commercial register of the company on October 27, 2014. This means that all of the shares held by minority shareholders of P&I AG have been transferred to Argon GmbH by act of law. The stock exchange listing of P&I AG‘s shares is expected to be suspended in the near future.

This will not result in any changes for P&I AG‘s operating business.

1. GENERAL ECONOMIC CONDITIONS

In its autumn forecast for 2014, the German Federal Government downwardly revised its growth projection for 2014 to 1.2 % from the previous level of 1.8 %. The outlook for next year has also deteriorated. Total economic output is now expected to increase by 1.3 % instead of 2.0 % as originally forecast. Despite the downturn in these forecasts, the German economy should still be well positioned compared with the other major economies within the European Union.

According to the industry association BITKOM, the German high-tech sector is confident for 2014 as an overwhelming number of companies are forecasting growth in revenue. Almost three quarters of IT companies increased their revenues in the first half of 2014. Revenues climbed for IT service providers in particular, followed by software companies.

2. ORDERS AND REVENUE

Total orders on hand increased from EUR 75.2 million in the previous year to EUR 79.6 million; long-term services accounted for EUR 15.3 million of this figure. This overall figure includes future maintenance/SaaS income for the coming twelve months in the amount of EUR 43.1 million (previous year: EUR 38.2 million).

From the start of the 2014/2015 financial year, the P&I Group is reporting recurring revenue in its own category for the first time. Under the new presentation model, maintenance income, software as a service (SaaS) income and recurring consulting income, e.g. from service agreements, are compiled under “Recurring revenue”. In the same period of the previous year, this recurring consulting revenue was reported in the “Consulting” category in the amount of EUR 3.0 million.

Revenue developed as follows:

	H1 2014/2015 EUR m	Share	H1 2013/2014 EUR m	Share	Change EUR m
Licences	15.7	31 %	13.0	29 %	2.7
Maintenance	19.4	38 %	17.5	39 %	1.9
Software as a Service (SaaS)	2.1	4 %	1.8	4 %	0.3
Service agreements/application services providing (ASP)	4.2	8 %	3.0	7 %	1.2
Recurring revenue	25.7	50 %	22.3	49 %	3.4
Consulting	8.4	17 %	8.9	19 %	-0.5
Other	1.2	2 %	1.2	3 %	0.0
Total revenue	51.0	100 %	45.4	100 %	5.6
Total consulting (recurring and one-shot)	12.6	25 %	11.9	26 %	0.7

At EUR 11.7 million, the Germany segment accounted for the largest share of licence revenue. The extremely good second quarter enjoyed by the Switzerland segment meant that licence revenue amounted to EUR 2.4 million in the first half of the year. The Austria and Other International segments contributed EUR 1.0 million and EUR 0.6 million to licence revenue respectively.

In recurring revenue, maintenance business saw year-on-year growth as expected due to the licence revenue recorded in the previous years. Ongoing support for our existing customers was also expanded.

3. RESULTS OF OPERATIONS AND COST DEVELOPMENT

Operating earnings increased by EUR 2.7 million year-on-year to EUR 10.4 million in the second quarter of the 2014/2015 financial year. This corresponds to an EBIT margin of 39.0 % for the first half of the year compared with 33.5 % in the same period of the previous year.

The results of operations are primarily determined by the increase in recurring revenue and licence revenue combined with permanent cost control. Staff costs increased moderately in line with planning as a result of the high level of target attainment and the higher headcount.

The P&I Group's results of operations were positively affected in particular by the successful business performance in the Germany segment. In addition, the Switzerland segment generated substantial revenue and earnings growth thanks to a major order. All in all, the results of operations in the Austria and Other International segments developed in line with expectations.

The financial result increased in the second quarter of the 2014/2015 financial year on account of the change in the fair value of the free financial guarantee under the financing agreement with Edge Holding GmbH, Frankfurt, and the higher loan interest received compared with the same period of the previous year. Together with the rise in profit from ordinary activities in the second quarter, tax expenses have also risen to EUR 2.7 million. Consolidated net income amounted to EUR 8.1 million, up EUR 1.6 million year-on-year. Earnings per share climbed to EUR 1.08 in the second quarter (previous year: EUR 0.86).

4. RESEARCH AND DEVELOPMENT

An innovative product is a prerequisite for sustainable development. With its P&I LOGA3, P&I PLUS and Mirus brands, P&I has a valuable brand portfolio in the European software industry. In the area of research and development, a total of EUR 7.2 million (previous year: EUR 7.3 million) was invested in the expansion of P&I LOGA, P&I PLUS, the P&I BIG DATA concept, the change service in accordance with statutory provisions and collective agreement legislation and new technical developments. This corresponds to 14.1 % of revenue (previous year: 16.0 %). The declining share of revenue attributable to research and development expenses is consistent with Group planning. This trend is expected to continue over the coming years as further revenue growth is achieved. The expenses relate to all P&I products and the maintenance of the products acquired. As in previous years, P&I's development costs did not meet the requirements for recognition as an intangible asset.

More detailed information on our research and development activities can be found in the consolidated financial statements for the 2013/2014 financial year (management report, page 21).

5. FINANCIAL POSITION AND NET ASSETS

Financial and liquidity planning are updated on a regular basis in order to ensure the liquidity that is required for the Group's day-to-day operations. A loan was granted to the controlling company Argon GmbH in previous financial years. The loan has been extended in several tranches and bears interest at a standard market rate. The cash outflow in the 2014/2015 financial year totalled EUR 9.3 million as a result of the loan tranches, of which EUR 1.4 million was attributable to the first quarter. Under the terms of the profit transfer agreement in place, P&I AG's HGB net income for 2013/2014 has to be transferred. In the first quarter, this was offset against the loan granted under the terms of a netting agreement. As at September 30, 2014, the outstanding loan plus accrued interest had a carrying amount of EUR 36.4 million (March 31, 2014: EUR 50.8 million).

The P&I Group continues to enjoy a solid position with cash and cash equivalents and current financial assets totalling EUR 27.7 million (March 31, 2014: EUR 44.5 million). The Group also has two bonds with a total volume of EUR 4.6 million that are reported as a non-current financial asset in the statement of financial position. The current level of cash and cash equivalents is in line with Group planning and is sufficient to ensure the solid financing of the P&I Group's future business.

The Group does not have any short-term refinancing requirements and has sufficient financing scope for its future corporate development.

The statement of cash flows as at September 30, 2014 shows an operating cash flow of EUR -7.1 million on the back of an increase in consolidated net income (September 30, 2013: EUR -6.3 million). The main reason for this negative cash flow, which is seasonal in nature, is the system used for annual maintenance invoicing. The annual maintenance invoices issued at the start of the calendar year mean that comparatively high payments are received in the fourth quarter of the respective financial year, whereas the corresponding income is realised over the term of the respective agreement. Expenses and payments relating to maintenance business are distributed across the year. This means that there is traditionally a relatively high level of cash and cash equivalents at the end and beginning of the Group's financial year. The associated reversal of deferred income over the year is the main reason for the higher negative operating cash flow coupled with an increase in consolidated income. The offsetting of the net profit reported in the HGB financial statements against the loan granted to Argon GmbH means that this transaction is not shown in the statement of cash flows.

The total assets of the P&I Group fell by EUR 30.1 million as against March 31, 2014 to EUR 97.3 million. This was primarily due to the offsetting of the liability from the profit transfer agreement against the loan granted to Argon GmbH and the effect of the reversal of deferred maintenance income.

The equity ratio increased from 29.9 % (March 31, 2014) to 55.1 %. This was due to the lower level of total assets and the reporting of P&I AG's net income for the period in equity, as the profit transfer only comes into effect at the end of the financial year.

Current liabilities fell by EUR 46.1 million as against March 31, 2014 to EUR 36.6 million. This was primarily attributable to the profit transfer and the reversal of prepaid maintenance income, which is recognised at the start of the calendar year due to the annual invoices that are issued and paid in advance and which is subsequently reversed each month for the purposes of revenue recognition.

6. CHANGE IN MAJORITY SHAREHOLDER, TAKEOVER BID AND SQUEEZE-OUT UNDER STOCK CORPORATION LAW

Edge Holding GmbH, Frankfurt, acquired all shares in Argon GmbH, Munich, effective December 20, 2013. Edge Holding GmbH also made a voluntary public takeover bid for the acquisition of all shares in P&I AG in exchange for cash consideration of EUR 50 per share. This bid was most recently increased to EUR 70.90 per share on September 1, 2014 by Argon GmbH, Munich, as the principal shareholder within the meaning of section 327a(1) of the German Stock Corporation Act.

At the request of Argon GmbH, the Annual General Meeting of P&I AG on September 2, 2014 resolved the transfer of the shares held by the minority shareholders of P&I Personal & Informatik AG to Argon GmbH in exchange for adequate cash compensation of EUR 70.90 per share. No actions for annulment have been brought against the resolutions by the Annual General Meeting.

7. CONTROL AND PROFIT TRANSFER AGREEMENT

A control and profit transfer agreement with Argon GmbH, Munich, has been in place since the 2011/2012 financial year. This requires that the HGB net income of P&I AG is transferred to Argon GmbH. The company agreements in place between Argon GmbH and P&I AG (control and profit transfer agreement), the tax entity and the tax sharing agreement remain in place even after the acquisition of Argon GmbH by Edge Holding GmbH.

Following the approval of the annual financial statements by the Annual General Meeting, the external shareholders of P&I AG are to receive a post-tax compensation payment from Argon GmbH totalling EUR 1.55 per P&I share.

The control and profit transfer agreement also stipulates that Argon GmbH shall acquire P&I shares at the request of outstanding shareholders in exchange for cash compensation. Arbitration proceedings have been initiated due to actions brought by shareholders against the control and profit transfer agreement. In the case of the arbitration proceedings in accordance with section 305(4) sentence 3 AktG, the acceptance period will end two months after the date on which the decision on the most recent application is announced in the electronic Federal Gazette (Bundesanzeiger).

Under the terms of the control agreement that remains in place, Argon GmbH can issue instructions to the Management Board of P&I.

Edge Holding GmbH concluded financing agreements amounting to EUR 210,500 thousand in connection with the acquisition of shares in Argon GmbH in December 2013. In January/June 2014, Argon GmbH entered into these financing agreements as a borrower of now EUR 125,649 thousand. As planned, P&I AG and its subsidiaries in Austria and Switzerland were instructed by Argon GmbH to enter into the credit agreements of Edge Holding GmbH and Argon GmbH in the amount of EUR 210,500 thousand in February/March 2014. All movable assets and extensive receivables and rights were assigned to the financing banks as the typical security, and a subordinated obligation to Edge Holding GmbH and Argon GmbH for interest and principal payments was entered into in accordance with an existing liquidity plan. The maximum amount for which the P&I Group could be held liable is the loan amounts less the assets of Edge Holding GmbH and Argon GmbH. The fair value of this obligation from the free financial guarantee of EUR 2,520 thousand is calculated on the basis of a guarantee commission and recognised under non-current financial liabilities as at September 30, 2014.

The loan from the financing agreements of Edge Holding GmbH and Argon GmbH was measured at EUR 198,797 thousand as at the end of the reporting period.

At the instruction of Argon GmbH, P&I granted a non-collateralised loan to Argon GmbH in the 2011/2012 financial year. The loan plus accrued interest is to be repaid by 2025 at the latest. As at March 31, 2014, the loan plus accrued interest amounted to EUR 50.8 million. In the first quarter of the 2014/2015 financial year, this loan was offset against the liability from the profit transfer agreement for 2013/2014 in the amount of EUR 24.2 million (previous year: EUR 17.6 million). In addition, new loan tranches were granted in the amount of EUR 1.4 million in the first quarter and EUR 7.9 million in the second quarter. The loan amounted to EUR 36.4 million as at September 30, 2014. This includes accrued loan interest of EUR 3.3 million (September 30, 2013: EUR 2.1 million). The financial result for the period under review contains financial income of EUR 0.6 million from these transactions; EUR 0.3 million of this figure relates to the second quarter. The loan is not expected to be repaid ahead of schedule.

Under the terms of the agreement concluded with Argon GmbH in June 2014, the net income reported in P&I AG's HGB financial statements for the 2013/2014 financial year in the amount of EUR 24.2 million was offset against the loan granted to Argon GmbH.

In the 2011/2012 financial year, a tax sharing agreement from the 2011/2012 financial year was concluded on the basis of the corporation and commercial tax unity with Argon GmbH, which had existed since the beginning of the financial year. Current and deferred taxes are calculated in accordance with the provisions of IAS 12. The liability from the tax sharing agreement amounted to EUR 7.6 million at the reporting date. The tax expense resulting from the tax sharing agreement in the period under review amounted to EUR 3.4 million.

The loan granted to Argon GmbH is tested for impairment at regular intervals. The Management Board's risk assessment with respect to the control and profit transfer agreement and the loan granted has not changed since the 2013/2014 annual report.

8. EMPLOYEES

In the period under review, the P&I Group had a total of 390 FTEs expressed as an average for the financial year as a whole (previous year: 379). The Group had 273 employees in Germany (September 30, 2013: 264) and 117 in the rest of Europe (September 30, 2013: 115), with the development centre in Slovakia (50 employees; September 30, 2013: 47) constituting the largest individual component of this figure. In Switzerland, the two companies have a total of 37 employees (September 30, 2013: 36). The company in Austria has 29 employees (September 30, 2013: 30).

9. OPPORTUNITIES AND RISKS OF FUTURE DEVELOPMENT

The P&I Group is exposed to the risks that are typical for the industry. These are discussed in detail in the 2013/2014 annual report and continue to apply as described. Please also see the comments in section 7. Control and profit transfer agreement in the interim Group management report and section 12. Contingent liabilities and contingencies in the selected notes to the interim consolidated financial statements.

As the P&I Group places significant emphasis on a careful and cautious approach to potential risks, it uses a Group-wide risk management system to identify, minimise or prevent and control risks.

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

With the exception of legal structural measures such as the initiated squeeze-out of the remaining shareholders, the change in the majority shareholder is not expected to have an effect on P&I AG's operating business.

Opportunities for improving the Group's earnings power could present themselves if the market recognises the many utilisation options of the P&I LOGA3 solution, the next generation of P&I LOGA, accepts the P&I BIG DATA concept and takes advantage of P&I's innovative service ranges.

10. OTHER DEVELOPMENTS

The actions for annulment that were brought against the Annual General Meeting in September 2010 have largely been rejected; the proceedings relating to the resolutions approving the actions of the Management Board and the Supervisory Board are still pending with the Frankfurt Higher Regional Court. These proceedings have been suspended until the regional court has ruled on the resolutions of confirmation adopted by the Annual General Meeting on August 30, 2011. The actions for annulment that were brought against individual resolutions by the Annual General Meeting in August 2011 were rejected in full by the court of first instance. The court of appeal rejected the appeal brought against the decision by the court of first instance in full and ruled that an appeal was not permissible. The plaintiffs have filed an action for non-admission against this ruling with the German Federal Court of Justice. The company has submitted a response to the action for non-admission. The decision by the German Federal Court of Justice on the permissibility of the appeal is still pending.

The Management Board is of the opinion that the outcome of these pending proceedings, both individually and as a whole, will not have an adverse effect on our business activities.

11. FORECAST

The P&I Group reported revenue growth and good operating earnings in the period under review. The EBIT margin is slightly above the forecast made for the 2014/2015 financial year.

The Management Board is reiterating its forecast made at the start of the financial year of total revenue in the direction of EUR 100 million with licence revenue at the same level as the previous year, essentially dependent on the performance of major projects. Under these conditions, an EBIT margin in the region of 35-37 % is realistic providing that high cost efficiency is achieved.

12. EVENTS AFTER THE END OF THE REPORTING PERIOD

Please see the "Events after the end of the reporting period" section in the selected notes to the interim consolidated financial statements for details of such events.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (IFRS)	**2nd quater 1.7. - 30.9.2014**	**2nd quater 1.7. - 30.9.2013**	**H1 1.4. - 30.9.2014**	**H1 1.4. - 30.9.2013**
EUR thousand				
Revenue	25,994	22,807	51,011	45,437
Cost of sales	7,351	7,171	14,639	13,880
Gross profit	**18,643**	**15,636**	**36,372**	**31,557**
Research and development costs	3,469	3,449	7,170	7,263
Selling costs	2,667	2,361	5,404	4,890
Administrative costs	1,365	1,737	2,703	3,246
Amortisation of customer base	239	236	476	472
Other operating income	20	23	45	139
Other operating expenses	494	179	754	619
Operating earnings (EBIT)	**10,429**	**7,697**	**19,910**	**15,206**
Financial income	448	306	986	647
Finance expenses	1	265	5	333
Earnings before taxes (EBT)	**10,876**	**7,738**	**20,891**	**15,520**
Tax expenses	2,731	1,208	5,341	3,286
Consolidated net income	**8,145**	**6,530**	**15,550**	**12,234**
Average number of shares (diluted/basic)	7,531,127	7,531,127	7,531,127	7,531,127
Earnings per share in euro (diluted/basic)	1,08	0,86	2,06	1,62
Consolidated net income attributable to				
- shareholders of the parent company	8,145	6,530	15,550	12,234
- non-controlling shareholders	0	0	0	0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)	2nd quater 1.7. – 30.9.2014	2nd quater 1.7. – 30.9.2013	H1 1.4. – 30.9.2014	H1 1.4. – 30.9.2013
EUR thousand				
Consolidated net income	**8,145**	**6,530**	**15,550**	**12,234**
Items not reclassified to profit or loss	**0**	**0**	**0**	**0**
Items that may be reclassified to profit or loss in subsequent periods				
Currency translation of foreign operations				
of which change in unrealised gains and losses	51	61	51	16
Income tax effects	0	0	0	0
Change in the fair value of financial assets available for sale				
of which change in unrealised gains and losses	-22	-7	-40	-38
of which change in realised gains and losses	0	0	0	0
Income tax effects	8	2	13	12
Total	**37**	**56**	**24**	**-10**
Other comprehensive income	**37**	**56**	**24**	**-10**
Consolidated comprehensive income	**8,182**	**6,586**	**15,574**	**12,224**
Total comprehensive income attributable to				
- shareholders of the parent company	8,182	6,586	15,574	12,224
- non-controlling shareholders	0	0	0	0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2014

Consolidated statement of financial position (IFRS)	Sept. 30, 2014	Mar. 31, 2014
EUR thousand		
Assets		
Non-current assets		
Customer base	4,672	5,110
Goodwill	3,939	3,904
Other intangible assets	945	1,114
Property, plant and equipment	1,480	1,358
Financial assets	41,045	55,509
Deferred tax assets	103	109
Deferred tax assets from tax sharing agreement	822	902
Total non-current assets	**53,006**	**68,006**
Current assets		
Inventories	163	164
Trade receivables	14,221	11,652
Gross amount due from customers for contract work	1,237	823
Income tax assets	30	0
Other current assets	918	2,246
Cash and cash equivalents	27,739	44,547
Total current assets	**44,308**	**59,432**
Total assets	**97,314**	**127,438**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2014

Consolidated statement of financial position (IFRS)	Sept. 30, 2014	Mar. 31, 2014
EUR thousand		
Equity and liabilities		
Equity		
Issued capital	7,700	7,700
Capital reserves	2,334	2,334
Retained earnings	45,334	29,784
Treasury shares	-1,924	-1,924
Cumulative other comprehensive income	220	196
Total equity	**53,664**	**38,090**
Non-current liabilities		
Deferred tax liabilities	744	802
Deferred tax liabilities from tax sharing agreement	3,833	3,060
Other non-current liabilities	2,520	2,778
Total non-current liabilities	**7,097**	**6,640**
Current liabilities		
Trade payables	2,921	2,675
Liabilities from profit transfer	0	24,244
Tax liabilities	1,769	1,145
Tax liabilities from tax sharing agreement	7,561	5,567
Deferred income	11,417	31,035
Gross amount due to customers for contract work	2,876	3,700
Other current liabilities	10,009	14,342
Total current liabilities	**36,553**	**82,708**
Total liabilities	**43,650**	**89,348**
Total equity and liabilities	**97,314**	**127,438**

CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)	H1 Apr. 1 to Sept. 30, 2014	H1 Apr. 1 to Sept. 30, 2013
EUR thousand		
Consolidated net income	**15,550**	**12,234**
Tax expenses	5,341	3,286
Financial result (financial income less finance costs)	-981	-314
Earnings before interest and taxes (EBIT)	**19,910**	**15,206**
Depreciation of property, plant and equipment and amortisation of intangible assets and financial assets	1,066	1,117
Change in inventories, trade receivables and other assets not attributable to investment or financing activities	-1,684	-1,864
Change in trade payables and other liabilities not attributable to investment or financing activities	-24,787	-18,952
Losses/gains on the disposal of non-current assets	1	-4
Changes in other non-cash items	217	99
Interest paid	-6	-3
Interest received	107	134
Tax payments	-1,928	-1,988
Cash flow from operating activities	**-7,104**	**-6,255**
Payments for investments in property, plant and equipment	-484	-510
Payments for investments in intangible assets	-48	-46
Proceeds from the disposal of property, plant and equipment and intangible assets	3	10
Proceeds from the disposal of current financial assets	0	5,000
Payments for investments in non-current financial assets	-9,258	-15,500
Cash flow from investment activities	**-9,787**	**-11,046**
Cash flow from financing activities	**0**	**0**
Exchange rate-related changes in value of cash and cash equivalents	83	-14
Change in cash and cash equivalents	-16,808	-17,315
Cash and cash equivalents at beginning of period	44,547	36,886
Cash and cash equivalents at end of period	**27,739**	**19,571**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

					Cumulative other comprehensive income		
	Issued capital	Capital reserves	Retained earnings	Treasury shares	Exchange rate effects	Change in the fair value of financial assets available for sale	Total
EUR thousand							
As at March 31, 2013	**7,700**	**450**	**32,886**	**-1,924**	**45**	**194**	**39,351**
Reversal of partial retirement provision (from first-time adoption of IAS 19R)			176				176
As at April 1, 2013 (after adjustment)	**7,700**	**450**	**33,062**	**-1,924**	**45**	**194**	**39,527**
Share-based payment		267					267
Consolidated net income April - September 2013			12,234				12,234
Other comprehensive income April - September 2013					16	-26	-10
Total comprehensive income April - September 2013			**12,234**		**16**	**-26**	**12,224**
As at September 30, 2013	**7,700**	**717**	**45,296**	**-1,924**	**61**	**168**	**52,018**
Share-based payment		1,617					1,617
Consolidated net income October 2013 - March 2014			8,732				8,732
Other comprehensive income October 2013 - March 2014					-1	-32	-33
Total comprehensive income October 2013 - March 2014			**8,732**		**-1**	**-32**	**8,699**
Profit transfer to Argon GmbH			-24,244				-24,244
As at March 31, 2014	**7,700**	**2,334**	**29,784**	**-1,924**	**60**	**136**	**38,090**
Consolidated net income April - September 2014			15,550				15,500
Other comprehensive income April - September 2014					51	-27	24
Total comprehensive income April - September 2014			**15,500**		**51**	**-27**	**15,574**
As at September 30, 2014	**7,700**	**2,334**	**45,334**	**-1,924**	**111**	**109**	**53,664**

SELECTED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

This interim report of the P&I Group has been prepared in condensed form as described in IAS 34 in accordance with the applicable International Financial Reporting Standards (IFRS) adopted by the EU as at September 30, 2014. In preparing the consolidated financial statements, the company additionally applied the requirements of section 315a(1) of the Handelsgesetzbuch (HGB – German Commercial Code).

None of the information contained in these interim consolidated financial statements has been audited or reviewed by an auditor.

The consolidated financial statements are prepared in euro. Unless otherwise indicated, all values are rounded to the nearest thousand euro (EUR thousand). All amounts are rounded in accordance with standard commercial practice, which may give rise to minor discrepancies in totals and percentages.

The accounting policies applied are the same as those used in preparing the consolidated financial statements for the year ended March 31, 2014 with the exception of the following accounting standards that were applied for the first time. These standards are applicable for the first time to financial years beginning on or after January 1, 2014, that are therefore mandatory for the P&I Group from the 2014/2015 financial year onwards:

- Amendment to IAS 27: Separate Financial Statements
- Amendment to IAS 28: Investments in Associates and Joint Ventures
- Amendment to IAS 32: Financial Instruments: Presentation (Offsetting Financial Assets and Financial Liabilities)
- Amendment to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting
- First-time adoption of IFRS 10: Consolidated Financial Statements
- First-time adoption of IFRS 11: Joint Arrangements
- First-time adoption of IFRS 12: Disclosure of Interests in other Entities
- First-time adoption of IFRIC 21: Levies

The other accounting standards effective for the first time in the 2014/2015 financial year did not influence or had only an insignificant effect on the presentation of the net assets, financial position and results of operations in P&I's consolidated financial statements.

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

The preparation of the interim financial statements requires the use of assumptions and estimates concerning the amount and reporting of the recognised liabilities and assets, income and expenses and contingent liabilities. All of these assumptions and estimates are based on premises that were valid at the date of the interim consolidated financial statements.

2. NOTES TO THE INCOME STATEMENT

The items "Other operating income" and "Other operating expenses" contain income and expenses that cannot be allocated to any of the functional areas. In addition to expenses for investor relations and costs for the Supervisory Board, other operating expenses contain compensation payments and write-downs on receivables.

The financial result of EUR 981 thousand (previous year: EUR 314 thousand) primarily includes interest income from the long-term loan to Argon GmbH, income from the reversal of the financial guarantee and interest income on bank balances (see also section 7. Control and profit transfer agreement in the interim Group management report).

The Group's tax expenses are calculated on the basis of the combined income tax rate of 31.23 % for P&I AG, which takes into account the trade income tax assessment rate of 432 %, the corporation tax rate of 15 % and the solidarity surcharge of 5.5 %.

The Group's tax expenses are composed as follows:

EUR thousand	H1 2014/2015	H1 2013/2014
Income taxes from tax sharing agreement	3,440	1,840
Deferred tax expense from tax sharing agreement	866	867
Tax expenses from Argon GmbH/P&I AG tax sharing agreement	**4,306**	**2,707**
Income taxes	1,088	653
Deferred tax expense/income (-)	-53	-74
Tax expense	**1,035**	**579**
Group tax expense	**5,341**	**3,286**

The deferred tax expense from the tax sharing agreement and the deferred tax expense/income primarily relate to revenue recognition using the percentage-of-completion method, which is not recognised under tax law.

Earnings per share (diluted/basic) amounted to EUR 2.06 (previous year: EUR 1.62).

3. SEGMENT EARNINGS

Segment reporting uses the management approach. Information on the breakdown of the individual segments can be found in note 3 of the notes to the consolidated financial statements for the year ended March 31, 2014.

The business segments are as follows:

SEGMENT REPORT FOR THE SECOND QUARTER OF 2014/2015

	Germany		Switzerland		Austria		Other international		Elimination		Group	
	Q2. 2014	Q2. 2013	Q2. 2014	Q2. 2013	Q2. 2014	Q2. 2013	Q2. 2014	Q2. 2013	Q2. 2014	Q2. 2013	Q2. 2014	Q2. 2013
EUR thousand												
External revenue	19,395	17,748	4,335	2,679	1,874	2,211	390	169	0	0	25,994	22,807
Internal revenue	98	134	29	94	275	388	1,864	1,950	-2,266	-2,566	0	0
Segment revenue	**19,493**	**17,882**	**4,364**	**2,773**	**2,149**	**2,599**	**2,254**	**2,119**	**-2,266**	**-2,566**	**25,994**	**22,807**
Segment costs before offsetting	11,521	11,267	1,289	1,432	1,376	1,230	850	629	0	0	15,036	14,558
Offsetting of segment costs	594	518	492	647	722	812	458	589	-2,266	-2,566	0	0
EBITDA	**7,378**	**6,097**	**2,583**	**694**	**51**	**557**	**946**	**901**	**0**	**0**	**10,958**	**8,249**
Depreciation, amortisation and write-downs	262	282	189	189	59	60	19	21	0	0	529	552
EBIT	**7,116**	**5,815**	**2,394**	**505**	**-8**	**497**	**927**	**880**	**0**	**0**	**10,429**	**7,697**
Net finance costs											447	41
Consolidated earnings before taxes											**10,876**	**7,738**

SEGMENT REPORT FOR THE FIRST HALF OF 2014/2015

	Germany		Switzerland		Austria		Other international		Elimination		Group	
	30.9.2014	30.9.2013	30.9.2014	30.9.2013	30.9.2014	30.9.2013	30.9.2014	30.9.2013	30.9.2014	30.9.2013	30.9.2014	30.9.2013
EUR thousand												
External revenue	38,883	35,222	6,973	5,404	4,282	4,384	873	427	0	0	51,011	45,437
Internal revenue	156	208	51	116	853	870	3,661	3,755	-4,721	-4,949	0	0
Segment revenue	**39,039**	**35,430**	**7,024**	**5,520**	**5,135**	**5,254**	**4,534**	**4,182**	**-4,721**	**-4,949**	**51,011**	**45,437**
Segment costs before offsetting	22,563	22,303	2,782	2,675	3,005	2,673	1,685	1,463	0	0	30,035	29,114
Offsetting of segment costs	937	902	996	1,249	1,601	1,574	1,187	1,224	-4,721	-4,949	0	0
EBITDA	**15,539**	**12,225**	**3,246**	**1,596**	**529**	**1,007**	**1,662**	**1,495**	**0**	**0**	**20,976**	**16,323**
Depreciation, amortisation and write-downs	532	578	378	375	118	122	38	42	0	0	1,066	1,117
EBIT	**15,007**	**11,647**	**2,868**	**1,221**	**411**	**885**	**1,624**	**1,453**	**0**	**0**	**19,910**	**15,206**
Net finance costs											981	314
Consolidated earnings before taxes											**20,891**	**15,520**

4. NOTES TO THE STATEMENT OF FINANCIAL POSITION

The non-current financial assets in the amount of EUR 41,045 thousand (March 31, 2014: EUR 55,509 thousand) include a loan plus accrued interest to an affiliated company in the amount of EUR 36,364 thousand (March 31, 2014: EUR 50,788 thousand). The loan is to Argon GmbH and was offset against the profit transfer liability in the first quarter of the 2014/2015 financial year. Please also see section 7. Control and profit transfer agreement in the interim Group management report.

Investments of EUR 532 thousand were made in the 2014/2015 financial year to date (previous year: EUR 556 thousand).

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

EUR thousand	Sept. 30, 2014	Mar. 31, 2014	Sept. 30, 2013
Cash in hand and bank balances	27,739	44,547	19,571
Current financial assets	0	0	0
Total	**27,739**	**44,547**	**19,571**

60 % of the trade receivables of EUR 14,221 thousand were not yet due (March 31, 2014: 66 % of EUR 11,652 thousand).

As at September 30, 2014, the company's share capital was unchanged at EUR 7,700,000 and is divided into 7,700,000 no-par-value bearer shares.

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

The cumulative other comprehensive income of EUR 220 thousand (March 31, 2014: EUR 196 thousand) includes the effects of exchange rate differences from the remeasurement of securities and currency translation effects.

As was the case as at March 31, 2014, available-for-sale assets were measured in line with level 1 of the measurement hierarchy for financial instruments as at September 30, 2014. The fair value of non-current financial assets is calculated on the basis of an alternative investment with a similar risk structure and conditions observable on the market that yields identical returns. The fair value of the non-current financial liability is calculated on the basis of a guarantee commission, the guaranteed interest and an assumed amortisation schedule. For further information, please see note 36 to the consolidated financial statements as at March 31, 2014.

As was the case in the consolidated financial statements as at March 31, 2014, there were no material differences between the carrying amount and the fair value of assets and liabilities in the interim consolidated financial statements as at September 30, 2014.

5. SHAREHOLDERS AND MEMBERS OF EXECUTIVE BODIES

There were no changes in the shareholders or members of executive bodies in the reporting period.

A current list of members of executive bodies can be found in the 2013/2014 annual report (note 31 to the consolidated financial statements).

6. SHARES HELD BY THE COMPANY AND MEMBERS OF EXECUTIVE BODIES

As at September 30, 2014, P&I Personal & Informatik AG again held a total of 168,873 treasury shares. The cost of the treasury shares is EUR 1,924 thousand; this amount is deducted from equity.

Argon GmbH instructed P&I AG not to accept the takeover bid for the treasury shares held by P&I.

Convertible bonds or similar securities in accordance with section 160(1) no. 5 AktG were not issued by P&I Personal & Informatik AG or other companies in accordance with section 160(1) no. 2 AktG as at June 30, 2014.

The members of the Management Board and the Supervisory Board did not hold any P&I shares or options as at September 30, 2014.

7. DIVIDEND

Please refer to section 7. Control and profit transfer agreement in the interim Group management report.

Under the terms of the control and profit transfer agreement with Argon GmbH, the HGB net income of P&I Personal & Informatik AG is transferred to Argon GmbH. The treasury shares held by P&I AG, which do not participate in dividends, are not taken into account. From the 2011/2012 financial year onwards, compensation payments to the external shareholders are determined by the control and profit transfer agreement concluded between Argon GmbH and P&I.

8. EARNINGS PER SHARE

To calculate the earnings per share in accordance with IAS 33, the net profit for the year attributable to shareholders is divided by the weighted average of the ordinary shares outstanding.

As at September 30, 2014, the weighted average number of shares was 7,531,127. This resulted in basic/diluted earnings per share of EUR 2.06 (previous year: EUR 1.62). Earnings per share are not affected by the profit transfer to Argon GmbH or the guaranteed dividend payment to the minority shareholders as both of these transactions constitute appropriations of net profit.

9. MANAGEMENT BOARD REMUNERATION

A current overview of Management Board remuneration can be found in the 2013/2014 annual report (note 31 to the consolidated financial statements).

10. VOTING RIGHT NOTIFICATIONS IN ACCORDANCE WITH SECTION 26(1) WPHG

In the first half of the 2014/2015 financial year, the company received notifications of changes in voting rights in accordance with section 21 et seq. of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) as a result of the change in majority shareholder.

For detailed information please see the voting right notifications published in accordance with section 26 WpHG, which are available on the company's website.

11. RELATED PARTY DISCLOSURES

A current list of related parties can be found in the 2013/2014 annual report (note 32 to the consolidated financial statements).

The following changes occurred effective December 20, 2013:
Rowan Nominees Limited, London, United Kingdom, replaced Carlyle Offshore Partners II Limited, George Town, Grand Cayman, Cayman Islands, as the ultimate parent company of the Group. As a result, H.C. Starck GmbH, Goslar, was no longer classified as a related party with effect from December 20, 2013, and Casa Reha Betriebs- und Beteiligungsgesellschaft mbH, Oberursel, was classified as a related party for the first time.

The related parties of Carlyle Offshore Partners II Limited and Rowan Nominees Limited are shown for the reporting as at June 30, 2014, while amounts for transactions with H.C. Starck GmbH are no longer disclosed from the 2014/2015 financial year.

The following payments were made to related parties:

EUR thousand	Receivables 30.9.2014	Receivables 31.3.2014	Income H1 2014/15	Income H1 2013/14
Argon GmbH, Munich	36,364	50,788	562	499
Edge Holding GmbH, Frankfurt (from December 20, 2013)	0	0	258	0
H.C. Starck GmbH, Goslar (until December 20, 2013)	./.	1	./.	14
Casa Reha Betriebs- und Beteiligungsgesellschaft mbH, Oberursel (from December 20, 2013)	0	11	0	2
Total	**36,364**	**50,800**	**820**	**515**

EUR thousand	Liabilities 30.9.2014	Liabilities 31.3.2014	Expense H1 2014/15	Expense H1 2013/14
Argon GmbH, Munich	7,561	29,811	3,440	1,840
Edge Holding GmbH, Frankfurt (from December 20, 2013)	2,520	2,778	0	0
Total	**10,081**	**32,589**	**3,440**	**1,840**

Please refer to section 7. Control and profit transfer agreement in the interim Group management report for details of transactions with Argon GmbH and Edge Holding GmbH.

Until December 20, 2013, H.C. Starck GmbH, Goslar, was an affiliated company of the highest known parent company of Argon GmbH, Carlyle Offshore Partners II, Ltd, which was the majority shareholder until December 20, 2013. The business activities with H.C. Starck GmbH include maintenance and consulting services and software sales.

Since December 20, 2013, Casa Reha Betriebs- und Beteiligungsgesellschaft mbH, Oberursel, has been an affiliated company of the highest known parent company of Argon GmbH, Rowan Nominees Limited, London, which became the new majority shareholder on December 20, 2013. The business activities with Casa Reha Betriebs- und Beteiligungsgesellschaft mbH include maintenance and consulting services and software sales.

The conditions for transactions with related parties are standard market conditions and are comparable with the conditions applied by the company in arm's-length transactions (comparable uncontrolled price method as defined in IAS 24.21).

12. CONTINGENT LIABILITIES AND CONTINGENCIES

Information on contingent liabilities can be found in the 2013/2014 annual report. There have been no material changes since this information was published.

For further information, please refer to section 6. Change in majority shareholder, takeover bid and squeeze-out under stock corporation law 7. Control and profit transfer agreement in the interim Group management report.

In the view of the Management Board, the conclusion of the control and profit transfer agreement has not increased the risk to which the company is exposed. Similarly, the Management Board does not currently believe that the loan extended to Argon GmbH increases the risk to the company. The Management Board has duly established that it believes that this loan receivable is recoverable.

Given the current corporate planning of P&I AG, the associated liquidity inflow for Argon GmbH and Edge Holding GmbH, arising from the profit transfer agreement in place between P&I AG and Argon GmbH and Argon GmbH's distribution to Edge Holding GmbH, and the interest and repayment plan for the financing agreement, the Management Board sees no significant risk in entering into these credit agreements and therefore no significant risk of utilisation for the company.

13. EVENTS AFTER THE END OF THE REPORTING PERIOD

The resolution by the Annual General Meeting of P&I Personal & Informatik AG (ISIN DE0006913403) on September 2, 2014 on the transfer of the shares held by the minority shareholders of P&I Personal & Informatik AG to Argon GmbH as the principal shareholder in accordance with section 327a et seq. AktG in exchange for adequate cash compensation of EUR 70.90 per no-par value bearer share was entered in the commercial register of the company on October 27, 2014. The entry of the transfer resolution in the commercial register of the company means that all of the shares held by minority shareholders of P&I Personal & Informatik AG have been transferred to Argon GmbH by act of law.
The stock exchange listing of P&I Personal & Informatik AG's shares is expected to be suspended in the near future. Any stock exchange trading still taking place up until this date only involves the cash compensation claims of minority shareholders.

At the instruction of Argon GmbH, P&I extended one further loan tranche with a total volume of EUR 14,000 thousand to Argon GmbH until November 13, 2014.

Wiesbaden, November 13, 2014
P&I Personal & Informatik AG

Vasilios Triadis Martin C. de Groot

RESPONSIBILITY STATEMENT

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

Wiesbaden, November 13, 2014

P&I Personal & Informatik AG

Vasilios Triadis

Martin C. de Groot

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