

Value is what you get

Simplifying critical decision making

img alt="" src="/files/System/Img/logo.png" data-bbox="0 118 610 153"/>

div id="globalNav">
div id="globalnav-inner">

<div id="tempGlobalNav">

DEFENCE
HEALTHCARE
INS
IS
ABOUT

ANNUAL REPORT 2016/17



Design great solutions

Søren Frichs Vej 39
8000 Aarhus C
Denmark
Tel +45 8943 2000
CVR-nr: 78834412

SYSTEMATIC

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Consolidated income statement for 2016/17	9
Consolidated balance sheet at 30.09.2017	10
Consolidated statement of changes in equity for 2016/17	12
Consolidated cash flow statement for 2016/17	13
Notes to consolidated financial statements	14
Parent income statement for 2016/17	20
Parent balance sheet at 30.09.2017	21
Parent statement of changes in equity for 2016/17	23
Notes to parent financial statements	24
Accounting policies	30

Entity details

Entity

Systematic A/S
Søren Frichs Vej 39
8000 Aarhus C

Central Business Registration No: 78834412
Registered in: Aarhus
Financial year: 01.10.2016 - 30.09.2017

Phone: +4589432000
Website: www.systematic.com
E-mail: more.info@systematic.com

Statutory reports on the entity's website

Statutory report on corporate social responsibility:
<https://da.systematic.com/corporate-social-responsibility/>

Board of Directors

Peter Lorens Ravn, Chairman
Lars Monrad-Gylling, Vice-Chairman
Timothy Michael Wickham
Nikolaj Holm Bramsen
Brian Mandal Søndergaard Fisker
John Michael Hannibal

Executive Board

Michael Holm

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Systematic A/S for the financial year 01.10.2016 - 30.09.2017.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2017 and of the results of its operations and cash flows for the financial year 01.10.2016 - 30.09.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aarhus, 18.12.2017

Executive Board

Michael Holm

Board of Directors

Peter Lorens Ravn
Chairman

Lars Monrad-Gylling
Vice-Chairman

Timothy Michael Wickham

Nikolaj Holm Bramsen

Brian Mandal Søndergaard
Fisker

John Michael Hannibal

Independent auditor's report

To the shareholders of Systematic A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Systematic A/S for the financial year 01.10.2016 - 30.09.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.09.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.10.2016 - 30.09.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

Independent auditor's report

reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 18.12.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Michael Bach
State Authorised Public Accountant
Identification No (MNE) 19691

Søren Lassen
State Authorised Public Accountant
Identification No (MNE) 18520

Management commentary

	2016/17 EUR'000	2015/16 EUR'000	2014/15 EUR'000	2013/14 EUR'000	2012/13 EUR'000
Financial highlights					
Key figures					
Revenue	150,620	91,909	67,727	57,966	52,730
Gross profit/loss	113,538	53,930	45,015	38,787	37,454
Operating profit/loss	51,122	9,034	6,048	3,162	2,369
Net financials	(763)	743	(239)	12	365
Profit/loss for the year	38,850	7,763	4,512	2,503	2,124
Total assets	112,301	62,142	45,288	41,523	32,810
Equity incl minority interests	59,512	25,742	21,727	18,801	16,143
Average numbers of employees	638	498	444	418	418
Net cash	60,144	8,514	11,436	17,315	9,584
Ratios					
Gross margin (%)	75.4	58.7	66.5	66.9	71.0
EBIT margin (%)	33.9	9.8	8.9	5.5	4.5
Net margin (%)	25.8	8.4	6.7	4.3	4.0
Return on equity (%)	91.1	32.7	22.3	14.3	12.8
Equity ratio (%)	53.0	41.4	48.0	45.3	49.2

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
EBIT margin (%)	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$	The entity's operating profitability excluding interest and tax.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity incl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity incl minority interests} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

Systematic is one of Denmark's leading IT software and systems integrators. Systematic provides a wide range of IT services and solutions to its customers, primarily in the healthcare and public sector in Denmark, and defence sector internationally.

Development in activities and finances

The Group revenue grew 64% to EUR 150.6m in financial year 2016/17, and the EBIT margin increased from 9.8% in the previous financial year to 33.9%; equal to an EBIT of EUR 51.1m. Net profit after tax equals EUR 38.9m.

Our cash position remains strong with EUR 60.1m.

The financial performance is better than expected and management finds the performance satisfactory.

Outlook

The Systematic group is entering the financial year 2017/18 with a strong order-book and a sufficient number of identified and qualified market opportunities. However, the financial results are depended in particular on the license revenue which traditionally is difficult to predict. Hence, there remains uncertainty regarding EBIT for the coming year but management expects EBIT in the range of EUR 10-20m.

Particular risks

Systematic's business entails a number of commercial and financial risk elements, but not more than those which are considered normal for an IT-software and systems integrator like Systematic.

Intellectual capital resources

As a professional software and systems integrator, Systematic is dependent on highly skilled and knowledgeable employees. 60% hold an academic degree in IT, software engineering, economics and other relevant degrees. In 2016/17, we hired 297 new employees bringing the total number of employees to 810 per 30th September 2017.

Statutory report on corporate social responsibility

Systematic's approach to CSR is firmly embedded in our corporate culture and core values. We respect the uniqueness of our employees and offer equal opportunity for learning and development in accordance with individual's needs and potential, and the company's interests.

In conducting our business, we aim to maintain high ethical standards, strive to execute our activities with integrity and accountability, and always be compliant with applicable legislation wherever we operate.

Systematic's position regarding CSR is described in detail on our website at www.systematic.com/CSR (statutory report on corporate social responsibility under section 99a of the Danish Financial Statements Act).

Management commentary

Statutory report on the underrepresented gender

Systematic is doing business in a male-dominated field. Nevertheless, Systematic has for years focused on getting “the right” people in its management positions regardless of gender.

On the Board of Directors, 4 members were elected at the General Meeting, all of them men. The objective for balanced representation is 25% female no later than 2020. However, the key criteria for nomination of candidates will be competence and the ability to add value to Systematic’s strategy and growth.

In 2016/17 was a board member replaced without this resulting in changed gender balance. The 2020 target of 25% female representation is unchanged.

At the operational levels of management, we aim to enhance diversity. Our values and culture appeal to people of both genders with highly flexible working hours and a focus on work-life balance, flat hierarchy and transparency. In 2016/17, we hired in 12 female managers.

By 2018, it is our aim that the percentage of females in management positions will occupy a minimum of half of the total share of all female employee positions in Systematic. Currently, 26% of the total staff is female, and 15% of those hold management positions.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2016/17

	<u>Notes</u>	<u>2016/17 EUR</u>	<u>2015/16 EUR</u>
Revenue	1	150,619,764	91,909,396
Cost of sales		(23,141,449)	(27,489,265)
Other external expenses	2	(13,940,092)	(10,490,415)
Gross profit/loss		113,538,223	53,929,716
Staff costs	3	(59,826,792)	(42,384,582)
Depreciation, amortisation and impairment losses	4	(2,589,007)	(2,511,436)
Operating profit/loss		51,122,424	9,033,698
Other financial income		339,711	780,552
Other financial expenses		(1,102,263)	(37,380)
Profit/loss before tax		50,359,872	9,776,870
Tax on profit/loss for the year	5	(11,510,346)	(2,014,356)
Profit/loss for the year	6	38,849,526	7,762,514

Consolidated balance sheet at 30.09.2017

	<u>Notes</u>	<u>2016/17 EUR</u>	<u>2015/16 EUR</u>
Completed development projects		3,770,712	3,956,783
Acquired intangible assets		428,329	577,248
Intangible assets	7	4,199,041	4,534,031
Other fixtures and fittings, tools and equipment		2,037,751	1,177,783
Leasehold improvements		621,248	185,366
Property, plant and equipment	8	2,658,999	1,363,149
Investments in associates		394,132	393,656
Other investments		705	705
Other receivables		817,848	738,273
Fixed asset investments	9	1,212,685	1,132,634
Fixed assets		8,070,725	7,029,814
Trade receivables		26,214,824	24,592,013
Contract work in progress	11	8,244,618	15,895,408
Receivables from group enterprises		167,959	335,512
Other receivables		9,459,147	5,775,174
Receivables		44,086,548	46,598,107
Other investments		6,088,177	5,958,802
Other investments		6,088,177	5,958,802
Cash		54,056,049	2,555,156
Current assets		104,230,774	55,112,065
Assets		112,301,499	62,141,879

Consolidated balance sheet at 30.09.2017

	<u>Notes</u>	<u>2016/17 EUR</u>	<u>2015/16 EUR</u>
Contributed capital		1,340,842	1,340,842
Retained earnings		31,297,733	19,704,064
Proposed dividend		26,873,413	4,697,167
Equity		59,511,988	25,742,073
Deferred tax	12	3,635,983	2,676,381
Provisions		3,635,983	2,676,381
Finance lease liabilities		0	11,024
Contract work in progress	11	3,893,064	1,251,314
Trade payables		5,334,769	2,850,549
Income tax payable		9,482,709	1,154,939
Other payables	13	20,419,943	24,657,624
Deferred income	14	10,023,043	3,797,975
Current liabilities other than provisions		49,153,528	33,723,425
Liabilities other than provisions		49,153,528	33,723,425
Equity and liabilities		112,301,499	62,141,879
Associates	10		
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Transactions with related parties	18		
Group relations	19		
Subsidiaries	20		

Consolidated statement of changes in equity for 2016/17

	Contributed capital EUR	Retained earnings EUR	Proposed dividend EUR	Total EUR
Equity beginning of year	1,340,842	19,704,064	4,697,167	25,742,073
Ordinary dividend paid	0	0	(4,697,167)	(4,697,167)
Exchange rate adjustments	0	(382,444)	0	(382,444)
Profit/loss for the year	0	11,976,113	26,873,413	38,849,526
Equity end of year	1,340,842	31,297,733	26,873,413	59,511,988

Consolidated cash flow statement for 2016/17

	<u>Notes</u>	<u>2016/17 EUR</u>	<u>2015/16 EUR</u>
Operating profit/loss		51,122,424	9,033,698
Amortisation, depreciation and impairment losses		2,589,007	2,511,436
Working capital changes	15	9,644,434	(9,456,031)
Cash flow from ordinary operating activities		63,355,865	2,089,103
Financial income received		339,711	780,552
Financial income paid		(1,102,263)	(37,380)
Income taxes refunded/(paid)		(2,227,608)	(215,310)
Cash flows from operating activities		60,365,705	2,616,965
Acquisition etc of intangible assets		(1,447,528)	(1,305,693)
Acquisition etc of property, plant and equipment		(2,101,546)	(993,267)
Sale of property, plant and equipment		16,862	0
Acquisition of fixed asset investments		(78,679)	0
Sale of fixed asset investments		0	7,696
Cash flows from investing activities		(3,610,891)	(2,291,264)
Repayments of loans etc		(11,037)	(11,271)
Dividend paid		(4,702,847)	(3,355,119)
Cash flows from financing activities		(4,713,884)	(3,366,390)
Increase/decrease in cash and cash equivalents		52,040,930	(3,040,689)
Cash and cash equivalents beginning of year		8,513,958	11,435,505
Currency translation adjustments of cash and cash equivalents		(410,662)	119,142
Cash and cash equivalents end of year		60,144,226	8,513,958
Cash and cash equivalents at year-end are composed of:			
Cash		54,056,049	2,555,156
Securities		6,088,177	5,958,802
Cash and cash equivalents end of year		60,144,226	8,513,958

Notes to consolidated financial statements

1. Revenue

The Group's segments are business segments and geographical markets.

The Group's primary business segment in general consist of delivery of reliable and straightforward IT solutions and products. Secondary business segments are immaterial. Management wishes with regard to the Danish Financial Statements Act § 96 not to give additional information about the business and geographical breakdown of revenue ad a detailed breakdown of Group sales will be significantly harm the competitive situation.

The Group has no discontinued operations.

	2016/17 EUR	2015/16 EUR
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	89,823	55,266
Other assurance engagements	6,718	5,234
Tax services	72,113	7,116
Other services	43,579	66,437
	212,233	134,053
	2016/17 EUR	2015/16 EUR
3. Staff costs		
Wages and salaries	55,531,877	39,102,526
Pension costs	2,832,426	2,265,195
Other social security costs	1,410,192	942,064
Other staff costs	52,297	74,797
	59,826,792	42,384,582
	638	498
	Remunera- tion of manage- ment 2016/17 EUR	Remunera- tion of manage- ment 2015/16 EUR
Total amount for management categories	2,074,951	930,459
	2,074,951	930,459

Notes to consolidated financial statements

	2016/17 EUR	2015/16 EUR
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	1,787,622	1,991,909
Depreciation of property, plant and equipment	820,770	519,527
Profit/loss from sale of intangible assets and property, plant and equipment	(19,385)	0
	2,589,007	2,511,436
	2016/17 EUR	2015/16 EUR
5. Tax on profit/loss for the year		
Current tax	10,550,744	1,932,216
Change in deferred tax	959,602	170,569
Adjustment concerning previous years	0	(46,671)
Effect of changed tax rates	0	(41,758)
	11,510,346	2,014,356
	2016/17 EUR	2015/16 EUR
6. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	26,873,413	4,697,167
Retained earnings	11,976,113	3,065,347
	38,849,526	7,762,514
	Completed development projects EUR	Acquired intangible assets EUR
7. Intangible assets		
Cost beginning of year	10,886,200	3,276,537
Exchange rate adjustments	(150,078)	(858)
Additions	1,369,066	85,750
Cost end of year	12,105,188	3,361,429
Amortisation and impairment losses beginning of year	(6,929,417)	(2,699,289)
Exchange rate adjustments	154,485	(5,733)
Amortisation for the year	(1,559,544)	(228,078)
Amortisation and impairment losses end of year	(8,334,476)	(2,933,100)
Carrying amount end of year	3,770,712	428,329

Notes to consolidated financial statements

Development projects

Completed development projects relates to software for the Defense segment. Revenue and earnings on the product marketed and sold worldwide have since the launch exceeded expectations in budgets and forecasts, and thus there are no identified indicators of impairment.

	Other fixtures and fittings, tools and equipment EUR	Leasehold improve- ments EUR	
8. Property, plant and equipment			
Cost beginning of year	6,013,643	1,207,519	
Exchange rate adjustments	186,344	(20,437)	
Transfers	112,591	0	
Additions	1,508,329	505,123	
Disposals	(10,085)	0	
Cost end of year	7,810,822	1,692,205	
Depreciation and impairment losses beginning of year	(4,835,860)	(1,022,153)	
Exchange rate adjustments	(179,147)	18,760	
Transfers	(7,997)	0	
Depreciation for the year	(753,206)	(67,564)	
Reversal regarding disposals	3,139	0	
Depreciation and impairment losses end of year	(5,773,071)	(1,070,957)	
Carrying amount end of year	2,037,751	621,248	
	Investments in associates EUR	Other investments EUR	Other receivables EUR
9. Fixed asset investments			
Cost beginning of year	393,656	705	738,273
Exchange rate adjustments	476	0	7,696
Additions	0	0	71,879
Cost end of year	394,132	705	817,848
Carrying amount end of year	394,132	705	817,848

Notes to consolidated financial statements

	<u>Registered in</u>	<u>Equity inte- rest %</u>
10. Associates		
Conscensia Holding A/S	Aalborg, Denmark	25.0

Associates not measured at equity value

Conscensia Holding A/S

Measured at cost. Profit for the financial year 1 July 2016 to 30 June 2017 was EUR 27,188 and Equity at 30 June 2017 was EUR 1,276,685.

	<u>2016/17 EUR</u>	<u>2015/16 EUR</u>
11. Contract work in progress		
Contract work in progress	77,382,636	73,458,676
Progress billings regarding contract work in progress	(73,031,082)	(58,814,582)
Transferred to liabilities other than provisions	3,893,064	1,251,314
	8,244,618	15,895,408
	<u>2016/17 EUR</u>	<u>2015/16 EUR</u>
12. Deferred tax		
Intangible assets	829,557	870,409
Property, plant and equipment	(36,547)	(64,374)
Receivables	3,584,422	1,872,771
Liabilities other than provisions	(741,449)	(2,425)
	3,635,983	2,676,381
Changes during the year		
Beginning of year	2,676,381	
Recognised in the income statement	959,602	
End of year	3,635,983	

Notes to consolidated financial statements

	2016/17	2015/16
	EUR	EUR
13. Other short-term payables		
VAT and duties	817,501	850,557
Wages and salaries, personal income taxes, social security costs, etc payable	5,315,383	2,014,794
Holiday pay obligation	7,682,017	5,079,004
Other costs payable	6,605,042	16,713,269
	20,419,943	24,657,624
14. Short-term deferred income		
Prepayments and accrued income related to service contracts.		
	2016/17	2015/16
	EUR	EUR
15. Change in working capital		
Increase/decrease in receivables	5,208,147	(21,104,627)
Increase/decrease in trade payables etc	4,436,287	11,648,596
	9,644,434	(9,456,031)
	2016/17	2015/16
	EUR	EUR
16. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	2,717,733	3,888,866
	2016/17	2015/16
	EUR	EUR
17. Contingent liabilities		
Recourse and non-recourse guarantee commitments	860,372	512,065
Contingent liabilities in total	860,372	512,065

The company is part of a Danish joint taxation with Michael Holm Holding ApS as the tax principal. According to the joint taxation provisions of the Danish Corporation Tax Act, the company is liable from the financial year 2012/13 for income taxes etc. for the jointly taxed enterprises and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these enterprises. The total net tax liability is incorporated in the accounts for Michael Holm Holding ApS.

18. Transactions with related parties

The annual report only discloses transactions with related parties that have not been completed on market terms. No such transactions have been completed during the financial year.

Notes to consolidated financial statements

19. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Michael Holm Holding ApS, Aarhus.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Michael Holm Holding ApS, Aarhus.

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>	<u>Equity EUR</u>	<u>Profit/loss EUR</u>
20. Subsidiaries					
Systematic Software Engineering Ltd.	Surrey, England	Ltd.	100.0	1,871,024	285,903
Systematic Software Engineering Inc.	Virginia, USA	Inc.	100.0	2,391,940	2,135,242
Systematic OY Finland	Tampere, Finland	OY	100.0	593,366	37,011
Systematic Sweden AB	Stockholm, Sweden	AB	100.0	28,185	6,631
Systematic GmbH	Cologne, France	GmbH	100.0	188,633	53,750
Systematic Asia Pacific Pte. Ltd.	Singapore	Pte. Ltd.	100.0	69,091	24,405
Systematic France SAS	Paris, France	SAS	100.0	0	15,000
Systematic New Zealand Ltd.	Wellington, New Zealand	Ltd.	100.0	8,246	(6,786)
Systematic Development Center SRL	Bucharest, Romania	SRL	100.0	0	360,355
Systematic Library & Learning Holding A/S	Aarhus, Denmark	A/S	100.0	3,134,367	789,970
Systematic Library & Learning A/S	Aarhus, Denmark	A/S	100.0	3,346,831	778,939
Dantek AB	Växjö, Sweden	AB	100.0	181,179	32,942
Dantek GmbH	Berlin, Germany	GmbH	100.0	0	(4,434)

Parent income statement for 2016/17

	<u>Notes</u>	<u>2016/17 EUR</u>	<u>2015/16 EUR</u>
Revenue	1	132,693,899	80,939,231
Cost of sales		(21,641,175)	(26,097,528)
Other external expenses		(10,848,344)	(8,234,867)
Gross profit/loss		100,204,380	46,606,836
Staff costs	2	(50,630,321)	(36,508,166)
Depreciation, amortisation and impairment losses	3	(2,249,292)	(2,195,483)
Operating profit/loss		47,324,767	7,903,187
Income from investments in group enterprises		3,158,167	2,207,547
Other financial income		332,457	277,923
Other financial expenses	4	(990,440)	(35,386)
Profit/loss before tax		49,824,951	10,353,271
Tax on profit/loss for the year	5	(10,975,425)	(2,590,757)
Profit/loss for the year	6	38,849,526	7,762,514

Parent balance sheet at 30.09.2017

	<u>Notes</u>	<u>2016/17 EUR</u>	<u>2015/16 EUR</u>
Completed development projects		3,770,712	3,956,783
Acquired intangible assets		90,363	56,590
Intangible assets	7	<u>3,861,075</u>	<u>4,013,373</u>
Other fixtures and fittings, tools and equipment		1,587,866	995,879
Leasehold improvements		575,326	116,478
Property, plant and equipment	8	<u>2,163,192</u>	<u>1,112,357</u>
Investments in group enterprises		8,979,382	5,830,892
Investments in associates		394,132	393,656
Other investments		705	705
Other receivables		777,647	737,320
Fixed asset investments	9	<u>10,151,866</u>	<u>6,962,573</u>
Fixed assets		<u>16,176,133</u>	<u>12,088,303</u>
Trade receivables		21,670,955	17,293,587
Contract work in progress	10	6,743,136	12,800,433
Receivables from group enterprises		5,662,248	4,279,146
Other receivables		7,951,425	5,045,916
Prepayments	11	896,434	504,830
Receivables		<u>42,924,198</u>	<u>39,923,912</u>
Other investments		5,748,914	5,667,830
Other investments		<u>5,748,914</u>	<u>5,667,830</u>
Cash		<u>46,086,552</u>	<u>600,019</u>
Current assets		<u>94,759,664</u>	<u>46,191,761</u>
Assets		<u>110,935,797</u>	<u>58,280,064</u>

Parent balance sheet at 30.09.2017

	<u>Notes</u>	<u>2016/17 EUR</u>	<u>2015/16 EUR</u>
Contributed capital		1,340,842	1,340,842
Reserve for net revaluation according to the equity method		4,551,286	1,817,701
Reserve for development expenditure		961,084	0
Retained earnings		25,785,363	17,886,363
Proposed dividend		26,873,413	4,697,167
Equity		59,511,988	25,742,073
Deferred tax	12	3,657,875	2,698,239
Provisions		3,657,875	2,698,239
Finance lease liabilities		0	11,024
Contract work in progress	10	1,485,973	643,480
Trade payables		4,797,163	2,651,295
Payables to group enterprises		5,417,304	719,061
Income tax payable		10,463,395	1,659,808
Other payables	13	18,633,628	23,178,603
Deferred income	14	6,968,471	976,481
Current liabilities other than provisions		47,765,934	29,839,752
Liabilities other than provisions		47,765,934	29,839,752
Equity and liabilities		110,935,797	58,280,064
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Related parties with controlling interest	17		
Transactions with related parties	18		

Parent statement of changes in equity for 2016/17

	Contributed capital EUR	Reserve for net revaluation according to the equity method EUR	Reserve for development expenditure EUR	Retained earnings EUR
Equity beginning of year	1,340,842	1,817,701	0	17,886,363
Ordinary dividend paid	0	0	0	0
Exchange rate adjustments	0	(382,444)	0	0
Transfer to reserves	0	(42,138)	961,084	(918,946)
Profit/loss for the year	0	3,158,167	0	8,817,946
Equity end of year	1,340,842	4,551,286	961,084	25,785,363
			Proposed dividend EUR	Total EUR
Equity beginning of year			4,697,167	25,742,073
Ordinary dividend paid			(4,697,167)	(4,697,167)
Exchange rate adjustments			0	(382,444)
Transfer to reserves			0	0
Profit/loss for the year			26,873,413	38,849,526
Equity end of year			26,873,413	59,511,988

Notes to parent financial statements

1. Revenue

The company's segments are business segments and geographical markets.

The company's primary business segment in general consists of delivery of reliable and straightforward IT solutions and products. Secondary business segments are immaterial. Management wishes with regard to the Danish Financial Statements Act § 96 not to give additional information about the business and geographical breakdown of revenue as a detailed breakdown of a company sales will be significantly harm the competitive situation.

The company has no discontinued operations.

	2016/17 EUR	2015/16 EUR
2. Staff costs		
Wages and salaries	47,197,154	34,230,421
Pension costs	2,397,340	1,883,077
Other social security costs	469,998	395,497
Other staff costs	565,829	(829)
	50,630,321	36,508,166
Average number of employees	533	441
	Remunera- tion of manage- ment 2016/17 EUR	Remunera- tion of manage- ment 2015/16 EUR
Total amount for management categories	2,074,951	930,459
	2,074,951	930,459
	2016/17 EUR	2015/16 EUR
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	1,604,300	1,808,808
Depreciation of property, plant and equipment	664,297	386,675
Profit/loss from sale of intangible assets and property, plant and equipment	(19,305)	0
	2,249,292	2,195,483

Notes to parent financial statements

	2016/17 EUR	2015/16 EUR
4. Other financial expenses		
Financial expenses from group enterprises	0	1,090
Other interest expenses	21,551	0
Exchange rate adjustments	966,527	0
Other financial expenses	2,362	34,296
	990,440	35,386
	2016/17 EUR	2015/16 EUR
5. Tax on profit/loss for the year		
Current tax	10,019,000	2,508,616
Change in deferred tax	956,425	170,569
Adjustment concerning previous years	0	(46,671)
Effect of changed tax rates	0	(41,757)
	10,975,425	2,590,757
	2016/17 EUR	2015/16 EUR
6. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	26,873,413	4,697,167
Transferred to reserve for net revaluation according to the equity method	3,158,167	2,207,547
Retained earnings	8,817,946	857,800
	38,849,526	7,762,514
	Completed develop- ment projects EUR	Acquired intangible assets EUR
7. Intangible assets		
Cost beginning of year	10,723,155	2,364,946
Exchange rate adjustments	12,967	2,859
Additions	1,369,066	78,461
Cost end of year	12,105,188	2,446,266
Amortisation and impairment losses beginning of year	(6,766,372)	(2,308,356)
Exchange rate adjustments	(8,560)	(2,791)
Amortisation for the year	(1,559,544)	(44,756)
Amortisation and impairment losses end of year	(8,334,476)	(2,355,903)
Carrying amount end of year	3,770,712	90,363

Notes to parent financial statements

Development projects

Completed development projects relates to software for the Defense segment. Revenue and earnings on the product marketed and sold worldwide have since the launch exceeded expectations in budgets and forecasts, and thus there are no identified indicators of impairment.

	Other fixtures and fittings, tools and equipment EUR	Leasehold improve- ments EUR
8. Property, plant and equipment		
Cost beginning of year	5,075,440	1,076,832
Exchange rate adjustments	6,138	1,302
Additions	1,249,514	504,899
Disposals	(40,625)	0
Cost end of year	6,290,467	1,583,033
Depreciation and impairment losses beginning of year	(4,079,561)	(960,354)
Exchange rate adjustments	(4,934)	(1,162)
Depreciation for the year	(618,106)	(46,191)
Depreciation and impairment losses end of year	(4,702,601)	(1,007,707)
Carrying amount end of year	1,587,866	575,326

	Investments in group enterprises EUR	Investments in associates EUR	Other investments EUR	Other receivables EUR
9. Fixed asset investments				
Cost beginning of year	4,031,676	393,656	705	737,320
Exchange rate adjustments	4,876	476	0	891
Additions	391,544	0	0	39,436
Cost end of year	4,428,096	394,132	705	777,647
Revaluations beginning of year	1,799,216	0	0	0
Exchange rate adjustments	(406,097)	0	0	0
Amortisation of goodwill	(167,959)	0	0	0
Share of profit/loss for the year	3,326,126	0	0	0
Revaluations end of year	4,551,286	0	0	0
Carrying amount end of year	8,979,382	394,132	705	777,647

Notes to parent financial statements

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>	<u>Equity EUR</u>	<u>Profit/loss EUR</u>
Investments in associates comprise:					
Conscencia Holding A/S	Aalborg, Denmark	A/S	25.0	1,276,685	27,188
				2016/17 EUR	2015/16 EUR
10. Contract work in progress					
Contract work in progress				75,881,155	64,636,775
Progress billings regarding contract work in progress				(70,623,992)	(52,479,822)
Transferred to liabilities other than provisions				1,485,973	643,480
				6,743,136	12,800,433
11. Prepayments					
Prepayments recognized under assets comprise incurred costs relating to subsequent financial years.					
				2016/17 EUR	2015/16 EUR
12. Deferred tax					
Intangible assets				829,557	870,409
Property, plant and equipment				(14,655)	(42,516)
Receivables				3,584,422	1,872,771
Liabilities other than provisions				(741,449)	(2,425)
				3,657,875	2,698,239
Changes during the year					
Beginning of year				2,698,239	
Recognised in the income statement				959,636	
End of year				3,657,875	
				2016/17 EUR	2015/16 EUR
13. Other payables					
VAT and duties				1,040,492	645,548
Wages and salaries, personal income taxes, social security costs, etc payable				4,172,827	1,435,187
Holiday pay obligation				7,371,267	4,893,351
Other costs payable				6,049,042	16,204,517
				18,633,628	23,178,603

Notes to parent financial statements

14. Deferred income

Prepayments and accrued income related to service contracts.

	<u>2016/17</u> <u>EUR</u>	<u>2015/16</u> <u>EUR</u>
15. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	<u>2,189,339</u>	<u>2,432,586</u>
	<u>2016/17</u> <u>EUR</u>	<u>2015/16</u> <u>EUR</u>
16. Contingent liabilities		
Recourse and non-recourse guarantee commitments	<u>763,976</u>	<u>413,346</u>
Contingent liabilities in total	<u>763,976</u>	<u>413,346</u>

The company is part of a Danish joint taxation with Michael Holm Holding ApS as the tax principal. According to the joint taxation provisions of the Danish Corporation Tax Act, the company is liable from the financial year 2013/2014 for income taxes etc. for the jointly taxed enterprises and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these enterprises. The total tax liability is incorporated in the accounts for Michael Holm Holding ApS.

17. Related parties with controlling interest

Michael Holm, Lindevangsvej 17, 8240 Risskov possess through Michael Holm Holding ApS, Lindevangsvej 17, 8240 Risskov majority of the share capital of the company, and has therefore like Michael Holm Holding ApS controlling interest.

18. Transactions with related parties

The annual report only discloses transactions with related parties that have not been completed on market terms. No such transactions have been completed during the financial year.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

Changes in accounting policies

Accounting policies have changed as a consequence of changes to the Danish Financial Statements Act in the following areas:

Development costs

For development costs recognized in the balance sheet, an amount corresponding to the development costs recognized after 01.10.2016 is included in the "Reserve for development expenditure" under equity. The reserve is reduced by current depreciation.

In accordance with the transitional provisions of the Danish Financial Statements Act, it is only for development costs that are recognized for the first time on 01.10.2016 or later that a corresponding amount is recognized in the item "Reserve for development expenditure".

Fixed assets

The expected residual value after the end of life is reassessed on an ongoing basis. Previously, the residual value was calculated at the time of the asset being used without subsequent reassessment. The Group has no significant residual values on property, plant and equipment. In accordance with the transitional provisions of the Danish Financial Statements Act, the residual value of plant and equipment is reassessed only for the first time, 30.09.2017.

Effect of change of practice

The changes in accounting policies has no impact on assets, liabilities, financial position and profit or loss.

Apart from the above areas, the annual report has been prepared in accordance with the same accounting policies as last year.

Consolidated financial statements

The consolidated financial statements include the Parent Company and its subsidiaries. All financial statements included in the consolidated financial statements are prepared using consistent accounting principles. The consolidated accounts are drawn up according to the past-equity principle by aggregating the items of each company. Elimination of consolidated inter-company items has been carried out.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Accounting policies

For the foreign subsidiaries, the items in the income statement have been included at the exchange rate on the transaction date. The balance sheet is converted at the rate of exchange at year end. The exchange rate adjustments arising from the translation of the subsidiaries' equity at the beginning of the financial year to the exchange rate at the end of the financial year, and the exchange rate difference arising from the Translation of the income statement from the exchange rate ruling on the transaction date to the exchange rate at end of the financial year, are dealt with in the equity for the Group.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

Accounting policies

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Revenue

Revenue is recognised in the income statement when delivery is made and risk has passed to the buyer.

Contract work in progress is recognised in the income statement based on the stage of completion, whereby revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Cost of sales

Cost of sales includes direct project costs incurred for achieving the revenue. Project costs concerning contract work in progress is recognized as incurred and is measured at cost.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income

These items comprise interest income realised and unrealised capital gains on securities, payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme.

Accounting policies

Other financial expenses

These items comprise interest expenses, the interest portion of finance lease payments, realised and unrealised capital losses on securities, payables and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights and acquired intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Accounting policies

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-7 years
Leasehold improvements	5-20 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits and losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 5 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in associates

Investments in associates are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date.

Accounting policies

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as finance costs are recognised in the income statement as incurred.

Other investments

Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Finance lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Accounting policies

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.

```

</div>
<div id="globalNav">
<div id="globalnav-inner">
<div id="tempGlobalNav">
  <a href="/defence+website/defence">DEFENCE</a>
  <a href="/healthcare+website/healthcare">HEALTHCARE</a>
  <a href="/intelligence+and+national+security/intelligence+and+national+security">INNS</a>
  <a href="/integration+services+website/integration+services">IS</a>
  <a href="/about+systematic+website/about+systematic">ABOUT</a>
</div>
</div>
```

Denmark

Søren Frichs Vej 39
8000 Aarhus C
Denmark
Tel +45 8943 2000

Landgreven 3
1301 Copenhagen K
Denmark
Tel +45 8943 2000

Australia

Tower A, Level 5,
7 London Circuit
Canberra ACT 2600
Australia
Tel +61 2 6169 4088

Finland

Finlaysoninkuja 19
33210 Tampere
Finland
Tel +358 207 463 870

France

5 Place de la Bastille
75004 Paris
France
Tel +45 8943 2000 (DK)

Germany

Im Zollhafen 24
50678 Köln
Germany
Tel +49 221 650 783 71

New Zealand

15 Level,
171 Featherston Street
Wellington 6011
New Zealand
Tel +64 04 894 8571

Romania

Strada Thomas Masaryk 17
030167 Bucharest
Romania
Tel +40 770 21 40 29

Singapore

15 Hoe Chiang Road
#12-02 Tower Fifteen
Singapore 089316
Tel +65 6653 7492

Sweden

Ostermalmstorg 1, 4th Floor
Stockholm 114 42
Sweden
Tel +46 770 770109

United Arab Emirates

Sowwah Square,
34th & 35th Floor
Al Maqam Tower
Abu Dhabi, AE
Tel +45 8943 2000

United Kingdom

Meadow Gate
Farnborough Airport
GU14 6XA Farnborough - Hampshire
United Kingdom
Tel +44 1276 675 533

USA

5875 Trinity Parkway, Suite 130
Centreville, Virginia 20120-1971
USA
Tel +1 703 385 7522