

ANNUAL REPORT 2014/15

what you get

178
SpO₂
100
80
> 87

site/products/clinical+information
>Patient Record<a
site/products/clinical+information
class="">Medication<a
site/products/clinical+information
>Order, and result

te/healthcare">HEALTHCARE

+national+security/intelligence+and+national+security">INS

ices+website/integration+services">IS

+website/about+systematic">ABOUT

100
60

Simplifying critical decision making

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42Y476

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SYSTEMATIC

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Entity details

Company

Systematic A/S
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Denmark

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Central Business Registration No. 78834412
Financial year: 01.10.2014 – 30.09.2015
Registered in: Aarhus

www.systematic.com

Board of Directors

Peter Lorens Ravn (Chairman)
Torben Ballegaard Sørensen (Vice chairman)
Niels Bo Theilgaard (Board member)
Timothy Wickman (Board member)
Nikolaj Holm Bramsen (Employee-elected)
Brian Mandal Fisker (Employee-elected)

Executive Board

Michael Holm, President and Chief Executive Officer (CEO)

Company Auditor

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C
Denmark

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 1 October 2014 - 30 September 2015.

The annual report is presented 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 September 2015 and of the results of their operations as well as the consolidated cash flows for the financial year 1 October 2014 - 30 September 2015.

In our opinion, 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, 17 December 2015

Executive Board

Michael Holm
CEO

Board of directors

Peter Lorens Ravn
Chairman

Torben Ballegaard Sørensen
Vice chairman

Niels Bo Theilgaard
Board member

Tim Wickham
Board member

Nikolaj Holm Bramsen
Employee-elected

Brian Mandal Fisker
Employee-elected

Board of Directors

Peter L. Ravn

Chairman of the Board since 2013.
 Regarded as an independent board member.
 Became a member of the Board in 2009.
 Professional Board member.
 Born in 1955.
 Chairman of the Board of Danske Commodities A/S. Member of the Board of directors of Stibo A/S and CodeSealer ApS. CEO of SimCorp A/S from 2001 until 2012.

Torben Ballegaard Sørensen

Vice chairman of the Board.
 Regarded as an independent Board member.
 Became a member of the Board in 2009.
 Professional Board member.
 Born in 1951.
 Former President and CEO of Bang & Olufsen A/S. Chairman of the Boards of Tajco Group A/S, AS3 Companies A/S, and CAPNOVA A/S. Deputy chairman of AB Electrolux and Board member of Egmont Foundation and Vestas A/S.

Niels Bo Theilgaard

Regarded as an independent Board member.
 Became a member of the Board in 2009.
 Professional Board member.
 Born in 1952.
 Owner of NBTI ApS. Managing director of GamesOnTrack A/S. Former General Manager of Microsoft Business Solutions ApS. Chairman of the Board ITU Business development and member of the Board Marstrand Innovation A/S.

Timothy Wickham

Regarded as an independent Board member.
 Became member of the Board in 2014.
 Born in 1973.
 Managing Director of Avascent. Former, US Army officer and US Government employee.

Nikolaj Holm Bramsen

Employee-elected.
 Became a member of the Board in 2011.
 Born in 1977.
 Senior Sales Executive, Public & Private at Systematic A/S.

Brian Mandal Fisker

Employee-elected.
 Became a member of the Board in 2015.
 Born in 1978.
 Director, Healthcare at Systematic A/S.

Independent auditor's report

To the shareholders of Systematic A/S

Report on the consolidated financial statements and parent financial statements

We have audited the consolidated financial statements and parent financial statements of Systematic A/S for the financial year 1 October 2014 – 30 September 2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and parent financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and 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.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and parent financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the consolidated financial statements and parent financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30 September 2015 and of the results of their operations and cash flows for the financial year 1 October 2014 – 30 September 2015 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the consolidated financial statements and parent financial statements.

Aarhus, 17 December 2015

Deloitte

Statsautoriseret Revisionspartnerselskab

Michael Bach
State Authorised
Public Accountant

Management commentary

Sustainable Growth

For Systematic, the financial year (FY) ended 30 September 2015 was dominated by positive developments. Systematic demonstrated strong organic growth. The organisation has been very busy and the growth is realised by our engaged and loyal employees who have showed great dedication and passion to Systematic and our customers. We are confident that our ongoing investments in products and services and our strong organisation form the basis for continued sustainable growth.

The strong growth in our business operations resulted in all time high levels for the Group's order intake, revenue and profit. The position of cash and cash equivalents continues at a satisfactory level and the group has sufficient resources to facilitate ongoing investments in products and new businesses.

In Systematic, we strongly believe in the importance of being innovative. Also in FY15, we continued the high level of investment in further development of products and services. We develop our offerings to meet the demands of our target markets. In the years to come we will continue to develop our business through investment in products and new services. Systematic operates in markets where customers are increasingly expressing clear preferences for reliable, standardised software solutions; but also in markets where a strong commitment to successful project execution is recognised.

Systematic delivers its solutions as product offerings as well as project offerings. We have a strong commitment to delivering high quality products and solutions to our customers and it is our ambition to support our customers to become more efficient and effective in their businesses. Our customers' businesses and business models undergo continuous development, and we continue to develop our business model to be able to accommodate these changes as we wish to be regarded as a reliable and trustworthy partner by our customers. A partnership where issues and challenges are solved by working for common goals and ambitions. Our understanding of a partnership is a relation characterised by mutual trust in which the customer and Systematic develop and grow together.

Systematic operates in four business areas: Defence, Healthcare, Public & Private, and Library & Learning. Public & Private is sub-divided into five Market Units: Municipality, Government, Finance, Energy and Intelligence & National Security. Although the business areas are different and have different dynamics, there are also significant similarities between them.

We are dedicated to finding the best solution to match the requirements from our customers. From time to time Systematic is investing more resources than planned in a project to accommodate our ambitious objectives. On the short term, such an investment has an impact on our financial margins and our margins are still below what is being realised by some of our competitors. However, long term we strongly believe that satisfied customers are strong ambassadors for us in competitive markets

and that these satisfied customers help strengthen the basis for further growth. Ultimately, it also means that our offerings become more attractive. Operating in international markets implies that our solutions must be able to travel around the globe and from the outset Systematic aims to prepare our products to be ready for specific functionality related to local requirements. Hence, our investments in products tend to be more costly compared to an approach with a more narrow geographic focus

We have focussed on becoming smarter and more efficient in our market operations when engaging in tenders, by improving our qualification of sales opportunities, building closer cooperation with partners and in general improving our profile within selected international markets. However, it remains costly to engage in bidding processes. During the last year, we have experienced increasingly costly and challenging tender processes. We have won our share of these tenders, however, as we continue to mature our own processes we may decide to not bid certain tenders where customer requirements present too much risk to the company.

We expect that the future conditions for businesses will be characterised by rapid and frequent changes and it will challenge the ability of organisations to adapt and adjust swiftly to change. This will apply to Systematic as well. Our readiness to change and our ability to constantly adapt to the changes in the market environment will undoubtedly be tested. However, developing our employees and their competences while improving our products and services will remain a deliberative foundation for the future development of Systematic's business. When combining this with a constant focus on improving the efficiency of our activities and utilising our growing network of international partners, we have a strong foundation for sustainable growth.

Financial highlights

Group (EUR '000)	2014/15	2013/14	2012/13	2011/12	2010/11
Revenue	67,727	57,966	52,730	55,415	50,021
Gross profit/loss	45,015	38,787	37,454	40,507	37,990
Operating profit/loss	6,048	3,161	2,369	5,127	5,110
Net financials	-239	12	365	380	-94
Profit/loss for the year	4,512	2,503	2,124	4,121	3,611
Total assets	45,288	41,523	32,810	34,888	33,769
Net cash	11,436	17,315	9,584	9,714	7,878
Equity	21,727	18,801	16,143	16,777	14,315
Ratios					
Gross margin	66.5%	66.9%	71.0%	73.1%	75.9%
EBIT margin	8.9%	5.5%	4.5%	9.3%	10.2%
Net margin	6.7%	4.3%	4.0%	7.4%	7.2%
Return on equity	22.3%	14.3%	12.9%	26.5%	26.9%
Solvency ratio	48.0%	45.3%	49.2%	48.1%	42.4%
Innovation as a percentage of turnover	9.7%	10.3%	11.2%	9.7%	12.0%
Average number of employees (pos)	444	418	418	422	419

Defence

In spite of a globally stagnating market, the Defence business unit experienced a significant increase in sales, revenues, and EBIT for FY15. We have managed to establish a close relationship with our customers who show much trust and loyalty towards us and have prolonged their contracts with new versions of existing systems as well as with new products. Further to this, we have confirmed sales to three new countries in Europe and Asia and are moving forward in the proof of concept phases with other new projects.

We have increased our suite of product offerings to grow our client base to include a wider range of both military and para-military forces. This encompasses a range of different functional areas such as border control, search & rescue, emergency management and special operations. We continue to develop our partner network where several partners now having acquired development kits and performing customisation and enhancements, integrating with specialist devices and sensors, or localising for international customers.

In Denmark, we have won a development project for the Danish Artillery for expansion of SitaWare HQ and Frontline and this project will have positive effect on our business in the short as well as in the long term by further increasing the range of user roles supported.

With regard to FY16, further product trials and evaluations are ongoing in a variety of military situations across the globe. For example, after great success in 2015, we will move on to phase two in our participation in the US Army Expeditionary War fighter Experiments (AEWE) with more advanced trials. We also expect to sign further contract extensions with existing customers in a number of regions including Ireland, Slovenia, Sweden and Finland. In Slovenia, the customer is updating both SitaWare HQ and SitaWare Frontline, and in Sweden, after a very positive reception to the release of SitaWare HQ Version 6, the customer has chosen to prolong their Enterprise Level maintenance contract.

Healthcare

The result in FY15 was positive including good growth in our Healthcare Business Unit, with new projects and new customers.

When the year started, we had set five specific goals for the unit. We wanted to consolidate our cooperation with the Central Denmark Region, we aimed at winning the first medical device integration solution in Denmark, and we wanted to grow our business in the Capital Region of Denmark in various areas. Furthermore, we aimed at entering a new business segment within home care and at winning a new customer for the Columna Service Logistics (CSL) platform.

The first goal was achieved by expanding our activities in relation to all three major product areas, Columna Clinical Information System (CIS), Columna Clinical Logistics (CCL) and CSL. Specifically, the roll out of our new mobile solution within acute care and the development of a new hospital visitation module to support for Aarhus University Hospital has moved our solutions forward.

Working together with a partner, we won the medical device integration in the Capital Region of Denmark and Region Zealand and hereby we achieved our second goal. This integration makes it possible for data to be captured where it occurs either at the bedside or where the patient goes and be sent directly to the Electronic Medical Record (EMR).

The third goal was achieved by winning several framework agreements for supplying consultancy services to the Capital Region of Denmark and Region Zealand where we are currently delivering various services.

Winning CURA in the municipality of Aarhus, we succeeded with our fourth goal. This achievement contains both a new customer and a new product for our Business Unit as we chose to deliver a new Electronic Citizen-Record system for home care and nursing. According to Gartner's definitions, CURA is regarded as "a good colleague" offering decision support to the caregivers and involving the citizens in their own care, thereby giving them the freedom to plan the services they receive. This project was both won and initiated in FY15.

Finally, our fifth goal was realised when the North Region Denmark chose to sign a region wide agreement for our CSL solution. The rollout will take place over the next years in all the hospitals in the region. Our innovative and unique solution has not been seen before either in Denmark or abroad,

and it will help the region streamline their work process while at the same time improve patient satisfaction and safety by supporting the logistics in the hospitals.

In FY16, our focus will be on winning new customers for CURA and on targeting the sale of Columna CIS- & CSL-modules both in Denmark and abroad. We will aim at developing our cooperation with existing customers as well as winning new customers nationally and internationally, where Finland, among others, will continue to be a focus market for us in cooperation with our partners.

Public & Private

FY15 has been a year of strengthening our customer relationships and results. Through a continuous focus on delivering value, our strong base of existing customers has shown considerable growth, while expanding our customer base through successful acquisitions of several new customers. Our engagement with both existing and new customers has been characterised by close dialogue and cooperation, in order to ensure business support and transformation through business critical IT.

To improve our customer focus further, the main strategic focus area for FY15 has been the execution of existing engagements and expansion of our main market areas i.e. Municipalities, Government, Finance, Energy, and Intelligence & National Security. We have worked on several large, complex and agile projects for customers such as SKAT for whom we have successfully developed and implemented the DIAS system, the digitisation of Danish corporate taxation, and we have developed, built and started the implementation of the Joint National Library System in Denmark. Further to this, we executed projects for customers such as the Danish Business Authority (Erhvervsstyrelsen) and KOMBIT (the IT community for all Danish municipalities) for whom we implemented the Service Platform as the authoritative and strategic integration platform for the Danish municipalities. At present, 65 of 98 municipalities use the integration platform that handles around 5 million calls per month, with a steadily rising trend in both users and traffic. Further to these examples, we have continued our large and important cooperation with the Danish police force that includes further development and deployment of the Bifrost patrol vehicle platform and 24/7 support of the Copenhagen Police Control Room.

Looking ahead to FY16, we aim for getting the opportunity to solve even more challenging projects within our main business areas. We have already proven that our ability to run agile projects under normal project constraints (quality, scope and budget) is successful. The high maturity of our methods, our close co-operation with customers and the ability of Systematic to complete large IT projects will be our offset for building and maintaining some of the big solutions that are needed to digitise Denmark for the benefit of the citizens and corporations. To utilise our deep domain knowledge in various sectors, technologies and methods we have launched a new consulting initiative during FY15 that we expect will gain further momentum during the coming years. One of the areas where we offer unique experience, domain knowledge and competencies is within cyber security in the private area where we support our customers in both the public and

private sector where protection of both electronic assets and property has risen to become one of the major business issues.

On a general level, we will continue the ongoing advancement of our strong, long-term cooperation with existing customers, and broaden our offering to support them across the entire lifecycle of realising business value through IT.

Library & Learning

As a new player in the market, the Library & Learning business unit has focused nationally and internationally on branding and marketing our new business and our products and services.

In FY15, Library & Learning continued the acquired Dantek business as an integrated part of our Business Unit and the name has changed from Dantek to Systematic Library & Learning. We have increased the turnover through sales of services and existing products to both existing and new customers. This has resulted in a net growth in the total number of customers using our Dantek BiblioMatik library product.

We have worked on maturing and improving the set up for operation and support for the existing approximately 1,500 Danish and international customers. Further to this, we have carried out a customer satisfaction survey in September 2015, which showed an average satisfaction of 4.1 (on a scale from 1 to 5) with Dantek BiblioMatik. Especially operation and support scored high with 4.2 and 4.5 points respectively. We are pleased with the result of the survey however; we continue working on improving the quality of our services.

Library & Learning has developed and initiated the rollout of a new modern and contemporary library management system (LMS), Cicero, for public libraries and school libraries. The Cicero LMS system is the core of the Joint National Library Solution in Denmark, which was delivered and implemented on time in FY15. The system has been implemented in two pilot municipalities (Horsens and Aabenraa) in September 2015, and we are very grateful that these two municipalities have made themselves available as pilots. The rollout of the system will continue until the beginning of 2017 and is expected to end about a year earlier than originally planned by the customer.

Systematic has sponsored and presented the awards "Danish School Library of the Year 2015" (Årets Pædagogiske Læringscenter 2015") as well as the award "Systematic – Public Library of the Year Award 2015". The latter being an international award presented in cooperation with the Danish Agency for Culture (Kulturstyrelsen). Furthermore, we have established a new international award focusing on the global challenge regarding functional illiteracy "Systematic – Joy of Reading Award" that will be awarded the first time at the "Next Library" conference in Aarhus in 2017.

Our cooperation with and sales of products to DOKK1 in Aarhus has also put Systematic on the international map with the library sector. We believe these activities will support our branding as a serious player in the Library & Learning business.

Concerning FY16, we expect to grow the business with new innovative and integrated products for both libraries and educational institutions that will enable them to provide their users with better service at lower costs.

Financials comments

Systematic entered FY15 with the highest order-book ever and we forecasted revenue growth while improving our EBIT-margin. We succeeded with these goals and managed to increase our order-book even further. The revenue grew 17% to EUR 67.7m and the EBIT margin increased from 5.5% to 8.9% equal to an EBIT of EUR 6.0m. For FY15 the Systematic Group posted a net profit after tax of EUR 4.5m.

After the very strong growth in the previous financial year, our order-book continued to grow as the order-intake of EUR 75.4m in 2014/15 exceeded the recognised revenue by 11% – reaching an all time high level for order-intake and order-book. The revenue for 2014/15 materialised at an all time high at EUR 67.7m. Systematic considers the order intake and the revenue to be very satisfactory. Our four core business units all contributed to the growth in revenue and all business units were profitable. The product licence and maintenance revenue continue to grow and in particular, the maintenance revenue demonstrated strong growth. As this revenue type by nature is recurring, it contributes to the foundation for future growth. A material part of the revenue is generated on basis of fixed price contracts or work invoiced on the basis of time and material.

It is a strategic decision within Systematic to grow cooperation with partners, including also software development partners and other partners sub-supplying products and services to our solutions and projects. Hereby, we can deliver cost effective and strong solutions to our customers while an increasing share of our cost becomes directly related to the level of activity. Hence, our variable costs related to partners and subcontractors have increased by 27% compared to the previous financial year.

Although partners, and in particular off-shore partners, perform an increased part of the work, the vast majority continues to be carried out by staff directly employed in the Systematic Group. However, it is important to emphasise that all software developers despite their physical location are fully integrated within the software development teams and the applied methods and the CMMI framework is institutionalised in our operation. Approximately 75% of our fixed cost base is directly related to our staff. The staff cost materialised at EUR 36.2m an increase of 10% from previous financial year. On average, during the year, Systematic employed 444 FTE (full time employees) and 53 external software developers were associated the Group on full time basis. As per 30 September 2015, Systematic had 490 employees and 56 external software developers.

The biggest fixed assets item is the total capitalised product development cost and it decreased slightly. Consequently our depreciation and amortisation decreased by modest 1%. The EBIT-margin of 8.9% is 3.4 percentage points above last year. Due to interest rates very close to zero, loss on currencies and decreasing market value on our positions of bonds the net financial income is negative. Company tax is calculated at EUR

1.3m. Net profit for the financial year ended at EUR 4.5m compared to EUR 2.5m in the previous years.

Due to the increased business volume, the balance sheet totals have increased by 9%. Intangible assets have decreased slightly whereas tangible assets and financial assets have increased by 100% and 17% respectively. The depreciation of completed development projects was EUR 0.2m lower than the product development cost capitalised during the year. Due to the higher level of activity and more than average invoicing of customers late in the financial year, trade receivable increased by 43% to EUR 12.6m. Other short term liabilities increased by EUR 3.5m while short term deferred income decreased by EUR 1.6m. The solvency ratio is at a satisfying level of 48%.

The increased position of trade receivable meant that the cash flow generated from operating activities is negative with EUR 0.8m. In combination with net investments of EUR 3.4m and financing activities – first and foremost paid dividends – of EUR 1.6m a net cash outflow of EUR 5.8m was realised. Our cash position remains strong. Including other investments – our bond portfolio – our position of cash and cash equivalents amounted to EUR 11.4m. As Systematic has no bank debt – in fact, we have unutilised credit facilities – the company is in a strong financial position, as evidenced by our AAA credit rating.

Systematic A/S

In FY15, the parent company Systematic A/S generated revenue of EUR 60.3m, which constitutes an increase of EUR 7.9m compared with FY14. The EBIT increased from EUR 2.8m to 5.6m. Profit after tax for the financial year was EUR 4.5m against EUR 2.5m in the previous financial year. Equity increased by EUR 2.9m to EUR 21.7m. The Board of Directors is proposing dividends for the financial year of EUR 3.4m.

Significant events occurring after the end of the financial year

No significant events have occurred after the balance sheet date that affect the 2014/15 annual report.

Competences and Human capital

As a specialised solutions, software and services provider, Systematic is dependent on highly skilled and knowledgeable employees. Most of our employees are highly educated and with long and extensive expertise, mostly within software development and project management. More than 60% hold an academic degree in IT, software engineering, economics and other relevant degrees.

Systematic is focusing constantly on skills development, as the ability to develop competencies quickly and efficiently provides us with clear competitive advantages. Knowledge can subsequently be commercialised in the form of solutions, services and products for customers. In this context, knowledge is primarily related to our core competencies in products for supporting decision-making in critical situations, specific domain insight into our four core Business Units and software development methods. In respect

of confidentiality and sensitivity, the knowledge is shared internally and externally with partners.

Continuous focus on helping staff develop their skills contributes to making Systematic an attractive workplace, which is reflected in a high level of employee satisfaction and low absence. Internal knowledge networks across business units and Systematic offices inspire staff to seek out, share and reuse the knowledge that their colleagues have already acquired and built up.

Sourcing of talent is increasingly important, particularly in our growth markets. The demand is met through local recruitment as well as cross-border mobility of existing and new employees. Different initiatives in the area of sourcing are ongoing to support an increasing need for a global and agile work force. Systematic welcomed 130 new colleagues in FY15 and in addition our sourcing partners allocated 20 new employees dedicated to Systematic activities. We maintain close contact with former employees through our Alumni network and events. Former employees often reapply to Systematic, and returning staff accounted for 12% of new hires in this financial year.

In 2015, Systematic was recertified in accordance with CMMI (Capability Maturity Model Integrated), an international standard for maturity in software development processes. CMMI Level 5 is the highest level in the field of business maturity – a certification we share with just 27 organisations in Europe and around 360 worldwide. Moreover, Systematic is one of the very few companies in the world that has succeeded in maintaining a Level 5 rating for more than ten years. We are recognised internationally for our ability to optimise and improve the efficiency of processes through a combination of the CMMI model and agile development methods based on Lean and Scrum. For our customers, the combination of CMMI, Lean and Scrum means that we can act in a flexible, interactive manner and apply a well-documented collaboration model to generate measurable results quickly and efficiently. Working relationships with our customers are centred around integrated teams, with all parties placing emphasis on openness and transparency. Systematic has repeatedly demonstrated that flexibility and agile methods can be combined to great effect with structure, predictability and credibility. In FY15, we completed more than 94% of all deliveries on or before time.

Targets and outlook

Systematic's potential can only be unleashed by the efforts of our highly qualified employees. They are the true vehicles in providing the value-generating solutions that move our customers' businesses in successful directions. Therefore, we will continuously invest in developing staff skills, improving the effectiveness of our internal processes and applying sourcing of development activities where it is efficient.

Systematic operates in a market where customers are increasingly expressing clear preferences for reliable, standardised software solutions. We develop our offerings to meet the demands of our target areas as satisfied customers are the best foundations for further growth. Systematics

long term investments in products for Defence and Healthcare is recognized to be solid foundations for high quality customer solutions. Also in the coming years we will continue to develop our business through investment in products and new services.

During the last year there has been underlying positive macroeconomic trends particularly in USA, but also in Europe. These macroeconomic trends are expected to continue in FY16. A significant part of Systematic's business is with public bodies and the public sector is exposed to constant focus on cost and often tightly controlled of resources. Hence, it is essential we can demonstrate solutions that improves efficiency and support future cost savings. Based on our strong product based solutions we believe we are well positioned to gain market share in a competitive environment.

Systematic enters FY16 with the highest order-book ever. Based on the strong order-book and a sufficient number of identified and qualified market opportunities for the coming year management expects revenue growth while improving the EBIT-margin.

Risk management

Systematic's business entails a number of commercial and financial risk elements that can potentially have a negative effect on the company's future activities and results. To reduce risk to the furthest possible extent, factors that are subject to uncertainty, and hence categorised as potential risk, are systematically monitored, analysed, managed and controlled.

The Board of Directors has the overall responsibility for Systematic's procedures to monitor, measure and manage the company's risks and for ensuring that such procedures are firmly embedded in the group's daily work. On a quarterly basis, the company's most important risk factors are reported to the Board of Directors, including an assessment of the probability of occurrence of each risk and of the likely impact on the company's financial performance, together with mitigation options. As the business is constantly developing and highly volatile, the list of risk factors is dynamic and all risk factors are assessed on regular basis.

An important element in Systematic's strategy is to grow the business based on standard products and solutions. Systematic has invested and is continuing to invest significant resources in enhancing and improving its products. To mitigate the risk related to future market acceptance of our products, product innovation is performed in close contact with the market and potential customers.

When Systematic decides to bid for a project or tender the decision is based on a thorough and comprehensive analysis of the opportunities and risk involved. After the contract is won, Systematic continues to monitor and assess the progress and the risk in the project. There is an inbuilt project risk in Systematic's business model that the group will invest resources in tender processes without any return and that the projects may eventually turn out to be more resource demanding than anticipated – however, a number of solid measures are taken to mitigate such risk.

Systematic has a strong culture based on our corporate values. The corporate values cannot replace internal controls but the values can support an environment where all employees take responsibility for protecting Systematic's business, assets and organisation. Management is very conscious about the importance of "the tone from the top" regarding behaviour and attitudes and how it may impact the corporate values. All new employees are introduced to and trained in the corporate values as it is the foundation for demonstrating the right behaviours and attitudes internally and externally.

Corporate Governance and Systematic Board of Directors

As a collective body, the Board of Directors promotes the long-term interests of Systematic in all respects. The Board of Directors is composed to ensure its independence of any special interests. The Board of Directors is responsible for ensuring that the financial and managerial control of the Group and the overall strategic management are conducted adequately. The Board of Directors monitors the Group's financial condition, risk management and business activities. Furthermore, on an on-going basis, the Board of Directors offers sparring to the Executive Management in relation to strategic, tactical and operational initiatives.

In FY15 Systematic's Board of Directors held five meetings, where representatives from customers were invited to two of the meetings. The customer presentations gave the Board insight into the practical use of our products and services and also how customers experience the cooperation with the Systematic organisation. One of the meetings was extended to a two days offsite strategy seminar held in April 2015 to discuss the Group's long-term strategy. One of the Board meetings took place at the offices of our UK subsidiary.

Annually, the Board of Directors carries out a self-assessment covering FY15. In November 2015, Systematic's Board of Directors and the CEO performed a self-assessment. The chairman facilitated the self-assessment process on the basis of individual discussions with all board members where contributions and suggested topics from all members subsequently formed the basis of the Board's discussion of the results. Also to ensure that the principles for good corporate governance is upheld. The self-assessment included an evaluation of the collaboration between the Board of Directors and the executive management. The process resulted in specific suggestions for how to improve the work of the Board of Directors. However, it was concluded that the Board's collective work is efficient and on an overall level, the relevant competences are represented by the aggregate competences of the Board of Directors. In some specific areas, the Board found it could benefit from more domain knowledge for the core business areas of Systematic. The Board also noted that, due to the relatively small number of Board members, the Board's competences in certain areas rely on individual persons. The Board concluded that the cooperation between the executive management and the Board of Directors and internally within the Board of Directors works smoothly and is based on transparency and on an open, direct and honest dialogue.

Systematic is doing business in a male dominated field. Nevertheless Systematic has for many years focused on getting competent people in its management regardless of gender.

For the composition of the Board of Directors the Board has decided that Systematic will seek to ensure that both genders are represented from 2017. Currently the Board of Directors – which is unchanged since last year - does not have female members and the Board will still seek to nominate female candidates before the annual general meeting in 2017. However the key criteria for nomination of candidates will be to seek competent Board members being able to add value to Systematic strategy and business control. At other levels of management, we also wish to enhance diversity. The structure of our policy and culture widely appeals to male as well as female managers with highly flexible working hours and focus on work-life balance. By 2017 it is our aim that female members in our management team will at least account for half of the share from what's average for Systematic. Currently 23% of staff in Systematic is female and 9% in our management team is female.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is rooted in the way we act, with respect for the individual – both as a person and in relation to our business. Systematic has worked explicitly with various aspect of the CSR-agenda on business level as well as the environment and social responsibility of our employees. Our approach to CSR is firmly embedded in our corporate culture and core values. We aim to maintain and enhance our professional and commercial relations with all Systematic's stakeholders based on mutual respect.

In the conduct of business, Systematic maintains high ethical standards and strives to conduct its activities with integrity and responsibility. We are committed to proper and diligent conduct, respecting the services and products provided to customers. Systematic endeavors to comply with applicable legislation, local as well as international. We are aware of the risk of corruption and complies with applicable local anti-corruption legislation. We are fully aware of the importance of our corporate values and on the tone set from the top management. In Systematic we respect the individuality of our employees and offers equal opportunity for learning and growing in accordance with individual needs and capabilities as well as the company's interests. Systematic aims to reduce its environmental impact and to act with sustained reliability and respect for our surroundings. Systematic's position regarding Corporate Social Responsibility 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).

Income statement for 2014/15

1 October – 30 September

Note	Group		Parent Company		
	2014/15 EUR	2013/14 EUR '000	2014/15 EUR	2013/14 EUR '000	
	Revenue	67,727,154	57,966	60,338,156	52,417
1	Other external expenses	(22,711,774)	(19,179)	(20,818,922)	(18,001)
	Gross profit/(loss)	45,015,380	38,787	39,519,234	34,416
2	Staff costs	(36,208,423)	(32,860)	(31,568,403)	(28,878)
3	Depreciation, amortisation and impairment losses	(2,759,167)	(2,765)	(2,382,153)	(2,697)
	Operating profit/(loss)	6,047,790	3,162	5,568,678	2,841
	Income from investments in group enterprises			873,039	202
4	Other financial income	251,529	243	250,689	252
5	Other financial expenses	(490,966)	(231)	(349,446)	(48)
	Profit/(loss) from ordinary activities before tax	5,808,353	3,174	6,342,960	3,247
6	Tax on profit or loss from ordinary activities	(1,295,871)	(671)	(1,830,478)	(744)
	Profit/(loss) for the year	4,512,482	2,503	4,512,482	2,503
Proposed distribution of profit and loss					
	Dividend for the financial year			3,351,296	
	Reserve for net revaluation according to the equity method			6,435	
	Retained earnings			1,154,751	
				4,512,482	

Balance sheet at 30.09.2015 - Assets

As at 30 September

		Group		Parent Company	
		2014/15	2013/14	2014/15	2013/14
Note		EUR	EUR '000	EUR	EUR '000
	Completed development projects	4,860,771	4,631	4,425,102	4,631
	Acquired intangible assets	752,209	1,117	56,840	109
7	Intangible assets	5,612,980	5,748	4,481,942	4,740
	Other fixtures and fittings, tools and equipment	1,018,023	492	733,882	230
	Leasehold improvements	122,234	80	16,812	39
8	Property, plant and equipment	1,140,257	572	750,694	269
	Investments in group enterprises	0	0	4,035,601	3,109
	Investments in associates	393,208	394	393,208	394
	Other investments	704	1	704	1
	Other receivables	745,119	581	744,416	581
9	Fixed asset investments	1,139,031	976	5,173,929	4,085
	Fixed Assets	7,892,268	7,296	10,406,565	9,094
	Trade receivables	12,636,459	8,855	10,214,641	6,327
10	Contract work in progress	6,481,214	5,885	2,943,078	5,024
	Receivables from group enterprises	670,259	672	5,763,323	3,183
	Income tax receivable	514,709	0	0	0
	Other short-term receivables	5,657,310	1,501	4,323,214	990
	Receivables	25,959,951	16,913	23,244,256	15,524
	Other investments	5,723,396	3,946	5,483,120	3,946
	Other investments	5,723,396	3,946	5,483,120	3,946
	Cash	5,712,109	13,368	3,228,079	8,877
	Current Assets	37,395,456	34,227	31,955,455	28,347
	Assets	45,287,724	41,523	42,362,020	37,441

Balance sheet at 30.09.2015 - Liabilities

As at 30 September

Note	Group		Parent Company	
	2014/15 EUR	2013/14 EUR '000	2014/15 EUR	2013/14 EUR '000
11	Contributed capital	1,340,842	1,341	1,341
	Reserve for net revaluation according to the equity method	0	0	6,435
	Retained earnings	17,034,998	15,848	17,028,562
	Proposed dividend	3,351,296	1,612	3,351,296
	Equity	21,727,136	18,801	21,727,136
12	Provision for deferred tax	2,644,913	1,909	2,566,500
	Provisions	2,644,913	1,909	2,566,500
	Finance lease liabilities	0	20	0
	Non-current liabilities other than provisions	0	20	0
	Finance lease liabilities	22,269	38	22,269
	Other debt raised by the issuance of bonds	0	272	0
	Contract work in progress	1,059,021	1,498	1,312,123
	Suppliers of goods and services	2,018,267	2,549	1,880,386
	Debt to group enterprises	0	0	2,265,033
	Income tax payable	0	502	289,249
13	Other short-term payables	10,456,907	6,962	9,156,756
14	Short-term deferred income	7,359,211	8,972	3,142,568
	Current liabilities other than provisions	20,915,675	20,793	18,068,384
	Liabilities other than provisions	20,915,675	20,813	18,068,384
	Equity and liabilities	45,287,724	41,523	42,362,020

16 Unrecognised rental and lease commitments

17 Contingent liabilities

18 Ownership

19 Consolidation

Statement of changes in equity for 2014/15

As at 30 September

Group

	Contributed capital EUR	Retained earnings EUR	Proposed dividend for the financial year EUR	Total EUR
Equity beginning of year	1,340,842	15,847,871	1,612,231	18,800,944
Ordinary dividend paid			(1,612,231)	(1,612,231)
Exchange rate adjustments		25,941		25,941
Profit/(loss) for the year		1,161,186	3,351,296	4,512,482
Equity end of year	1,340,842	17,034,998	3,351,296	21,727,136

Parent company

	Contributed capital EUR	Reserve for net revaluation according to the equity method EUR	Retained earnings EUR	Proposed dividend for the financial year EUR	Total EUR
Equity beginning of year	1,340,842	0	15,847,871	1,612,231	18,800,944
Ordinary dividend paid				(1,612,231)	(1,612,231)
Exchange rate adjustments			25,941		25,941
Profit/(loss) for the year		6,435	1,154,750	3,351,296	4,512,482
Equity end of year	1,340,842	6,435	17,028,562	3,351,296	21,727,136

Cash flow statement 2014/15

1 October – 30 September

		Group	
		2014/15	2013/14
		EUR	EUR '000
Note			
	Operating profit/loss	6,047,790	3,161
	Amortisation, depreciation and impairment losses	2,784,555	2,789
15	Changes in working capital	(7,857,379)	6,717
	Cash flows from ordinary operating activities	974,966	12,667
	Financial income received	251,529	243
	Financial income paid	(490,966)	(231)
	Income tax paid	(1,571,729)	(2,015)
	Cash flows from operating activities	(836,200)	10,664
	Acquisition etc. of intangible assets	(2,122,465)	(1,687)
	Acquisition etc. of property, plant and equipment	(1,082,232)	(387)
	Sale of property, plant and equipment	0	22
	Cash in acquired businesses	0	852
	Acquisition of enterprises	0	(1,362)
	Investment/sale of fixed asset investments	(164,721)	(4)
	Cash flows from investing activities	(3,369,418)	(2,566)
	Instalments on loans etc	(35,157)	(518)
	Dividend paid	(1,608,622)	0
	Cash flows from financing activities	(1,643,779)	(518)
	Increase/decrease in cash and cash equivalents	(5,849,397)	7,580
	Cash and cash equivalents beginning of year	17,314,544	9,584
	Exchange rate adjustments of cash and cash equivalents	(29,642)	151
	Cash and cash equivalents end of year	11,435,505	17,315

Accounting policies

Reporting class

This Annual Report of the Group and the Parent Company has been prepared in accordance with provisions of the Danish Financial Statements Act governing reporting class C enterprises (big). All amounts have been translated from DKK to EUR.

This Annual Report has been presented using the same accounting policies as were used last year.

The Group financial statements include Systematic A/S (Denmark), Systematic Software Engineering Ltd (UK), Systematic Software Engineering Inc (USA) and Systematic Oy Finland (Finland) Systematic Sweden AB (Sweden), Systematic GmbH (Germany), Systematic Asia Pacific Pty. Ltd, Systematic France SAS, Systematic New Zealand Ltd. (New Zealand) and Systematic Library & Learning Holding A/S.

The financial statements of the Parent Company include Systematic A/S alone.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Group, and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Group, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

All balance sheet accounts in foreign currencies are translated into EUR at the exchange rate at year end, or at a forward-covered rate.

Realised and unrealised profits and losses that stem from exchange rates are recognised in the income statement.

THE GROUP

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

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.

Acquisitions

Newly acquired or newly established companies are recognised in the Group financial statements from the date of acquisition and date of establishment, respectively. Companies divested or wound up are recognised into the consolidated income statement until the time of divestment and time of closure, respectively.

When purchasing new companies, the acquisition method is used. The newly acquired companies' identifiable assets and liabilities are then entered at fair value at the time of acquisition. Provisions are made for costs connected to resolved and disclosed restructurings in the acquired company in conjunction with the acquisition. The tax effect of any reassessments is taken into account.

Positive differences in cost (goodwill) between cost of the acquired capital share and the value of the acquired assets and liabilities at the time of purchase are recognised under intangible fixed assets and are amortised over five years. Goodwill is written down to the lower of recoverable amount and carrying amount.

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). To prevent divulging any information that might be of value to our competitors, we do not provide information on the basis of market segment.

Other external expenses

Other external expenses comprise expenses incurred for rent and administration of the Group, as well as office supplies.

Staff costs

Staff costs comprise salaries and other expenses incurred for staff and management.

Depreciation, amortisation, and impairment losses

Depreciation, amortisation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation 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 property, plant and equipment.

Financial income and expenses

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

Income taxes

Tax for the year, consisting of current tax for the year and any changes in deferred tax, is recognised in the income statement by the proportion attributable to the profit or loss for the year.

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

The Parent is jointly taxed with all of its Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

BALANCE SHEET**Intellectual property rights etc.**

Development projects relating to products that are clearly defined and identifiable, here the technical applicability, sufficient resources, and potential markets or development opportunities in the company are evidenced, and where it is intended to produce, market or use the projects, are recognised as intangible assets. Other development costs are recognised in the income statement when incurred.

Development project costs comprise costs that include salaries and amortisation directly or indirectly attributable to the development project.

Following the completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated sales period or up to a maximum of five years.

Development projects are written down to the lower of recoverable amount and carrying amount.

The value of other rights is recognised at cost less accumulated amortisation and write-down. Other rights are amortised over five years or written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Property, plant and equipment are measured at cost, less deductions for depreciation and write-downs. Cost comprises the acquisition price, costs directly attributable to the acquisition and costs for preparing the asset in question until such time as it is ready to be put into operation. For assets held under finance leases, the costs whichever is the lower of the asset's fair value and the current value of future lease payments.

The basis for depreciation is cost less the estimated residual value after the end of the asset's useful life. Depreciation is calculated on a straight-line basis from the following assessment of the assets' expected useful lives: computers/hardware 3 years, fixtures and fittings 5 years, and vehicles 6-7 years. Leasehold improvements are depreciated over the rental period.

The purchase of specific software for development purposes is capitalised and depreciated as computer equipment. The purchase of general software is charged to the income statement.

The acquisition of software specifically for software development is included as an asset, and will be depreciated as computers/hardware, whereas the acquisition of general software is recorded in the income statement.

Investments in group enterprises

Investments (shares) in group enterprises are recognised in accordance with the equity method. Shares are recorded in the balance sheet as the owner's share of the equity of the group enterprises, after deduction of any unrealised internal profit. If a subsidiary's equity is negative, the equity is offset against any outstanding account with the group enterprises.

The owner's share of the group enterprises' profit/loss is included in the income statement after deduction of any inter-company transactions. The subsidiaries' profit or loss for the year is included in the item 'share of subsidiaries' profit'.

The profit and loss accounts for the foreign group enterprises are translated into EUR at the rate of exchange on the transaction date. The balance sheet is translated at the rate of exchange at year end. The exchange rate adjustments arising from the translation of investments in group enterprises at the beginning of the financial year to the exchange rate at the end of the financial year are dealt with in equity for the Group. This is also the case for the exchange rate difference arising from the translation of the income statement from the exchange rate on the transaction date to the exchange rate at the end of the financial year.

When purchasing capital shares in group enterprises and associates, the acquisition method is applied, in accordance with the description above for the Group financial statements.

Goodwill is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired. Goodwill is amortised over its estimated useful life which is normally 5 years.

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

Investment in associates

Investments in associates are measured at cost, less deductions for depreciation and write-downs. Cost comprises the acquisition price, costs directly attributable to the acquisition.

Other investments

Other investments recognized under fixed assets comprise listed securities which are measured at cost.

Securities recognised under current assets comprise listed bonds and investments measured at fair value (market price) at the balance sheet date.

Contract work in progress

Work in progress (construction contracts) is calculated as the selling price of the work carried out on the date at which the balance sheet is prepared. The selling price is calculated based on the stage of completion and the total estimated income from the individual contracts in progress. The stage of completion is determined as the ratio between the actual and total budgeted consumption of resources.

Each contract in progress is included in the balance sheet under receivables or prepayments, 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 financial costs are included in the income statement when incurred.

Receivables

Receivables are measured at amortised cost, which usually corresponds to their nominal value less any provision for bad debts.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividends are recognised as a liability at the time of their adoption at the general meeting.

The dividend proposed for the financial year is disclosed as a separate item under equity.

Deferred tax

Deferred tax is recognised and calculated by applying the liability method for all temporary differences between the accounting values and the tax values of assets and liabilities. The tax value of the assets is calculated on the basis of the planned use of each asset. Deferred tax is calculated based on the tax rates and regulations of the relevant countries that will be in effect when the deferred tax is estimated to become current tax, using the legislation in force on the date at which the balance sheet is prepared. Any changes in deferred tax resulting from changed tax rates are included in the income statement.

Finance lease commitments

Lease commitments relating to assets held under finance leases are recognised in the balance sheet under liabilities, and are measured at their amortised cost after their initial recognition. The interest portion of any lease payments is recognised over the term of the contracts as financial costs in the income statement.

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 recognised at amortised cost, which usually corresponds to their nominal value.

Income tax receivable or payable

Current tax payable or receivable 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 revenue for recognition in subsequent financial years. Deferred income is measured at cost, which usually corresponds to its nominal value.

CASH FLOW STATEMENT

The cash flow statement of the Group is presented using the indirect method, and shows cash flows from operating, investment and financial activities as well as the Group's cash and cash equivalents at the beginning and end of the financial year.

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

No separate cash flow statement has been prepared for the Parent Company because it is included in the consolidated cash flow statement.

Cash flows from operating activities

Are calculated as the operating profit or loss adjusted for non-cash operating items, working capital changes and corporation taxes paid.

Cash flows from investing activities

Comprise payments in connection with purchase and sale of intangible assets, property, plant and equipment and fixed asset investments.

Cash flows from financing activities

Comprise the raising of loans, installments on interest-bearing debt and payment of dividends.

THE CALCULATION OF FINANCIAL HIGHLIGHTS

Key figures as stated in the financial highlights are calculated as follows:

Gross margin	$\frac{\text{Gross Profit} \times 100}{\text{Revenue}}$
Net margin	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$
Return on equity	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity} \times 100}{\text{Balance sheet total}}$
EBIT margin	$\frac{\text{Earnings before interest and tax} \times 100}{\text{Revenue}}$

Innovation (process improvement and product development)

Calculated as the sum of development activities, both those that are capitalised and those that are booked as expenditures on an ongoing basis, and internal process improvement projects. Calculated at cost price.

Notes

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
	EUR	EUR '000	EUR	EUR '000
1 FEE TO THE COMPANY AUDITOR				
Statutory audit services	43,272	50	25,135	25
Other assurance engagements	5,262	5	5,261	5
Tax services	13,268	13	5,523	10
Other services	94,107	52	83,243	40
	155,909	120	119,162	80

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
	EUR	EUR '000	EUR	EUR '000
2 STAFF COSTS				
Wages and salaries	33,455,909	30,257	29,542,240	26,875
Pension costs	1,886,102	1,758	1,648,299	1,613
Other social security costs	807,850	784	377,864	390
Other staff costs	58,562	61	0	0
	36,208,423	32,860	31,568,403	28,878
Executive Board and Board of Directors	744,808	699	666,628	650
Average number of employees	444	418	394	381

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
	EUR	EUR '000	EUR	EUR '000
3 DEPRECIATION. AMORTISATION AND IMPAIRMENT LOSSES				
Amortisation of intangible assets	2,271,749	2,505	2,070,672	2,505
Depreciation of property, plant and equipment	487,418	260	311,481	192
	2,759,167	2,765	2,382,153	2,697

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
	EUR	EUR '000	EUR	EUR '000
4 OTHER FINANCIAL INCOME				
Financial income arising from group enterprises	0	0	0	5
Interest income	251,529	199	250,689	203
Exchange rate adjustments	0	44	0	44
	251,529	243	250,689	252

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
	EUR	EUR '000	EUR	EUR '000
5 OTHER FINANCIAL EXPENSES				
Interest expenses	23,491	8	13,393	31
Exchange rate adjustments	161,719	205	30,298	17
Other financial expenses	305,756	18	305,755	0
	490,966	231	349,446	48

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
	EUR	EUR '000	EUR	EUR '000
6 TAX ON PROFIT OR LOSS FROM ORDINARY ACTIVITIES				
Tax on current year taxable income	(669,917)	(496)	(1,284,961)	(536)
Change in deferred tax for the year	(768,745)	(188)	(688,308)	(221)
Adjustment concerning previous years	68,518	13	68,518	0
Effect of changed tax rates	74,273	0	74,273	13
	(1,295,871)	(671)	(1,830,478)	(744)

GROUP	Completed development projects EUR	Acquired intangible assets EUR
7 INTANGIBLE ASSETS		
Cost beginning of year	19,716,030	3,029,289
Exchange rate adjustments	(44,138)	(6,782)
Additions	2,258,774	0
Adjustments	0	(108,942)
Cost end of year	21,930,666	2,913,565
Amortisation and impairment losses beginning of year	15,084,883	1,912,669
Exchange rate adjustments	(33,770)	(4,281)
Amortisation for the year	2,018,782	252,968
Amortisation and impairment losses end of year	17,069,895	2,161,356
Carrying amount end of year	4,860,771	752,209
PARENT	Completed development projects EUR	Acquired intangible assets EUR
7 INTANGIBLE ASSETS		
Cost beginning of year	19,716,030	2,012,660
Exchange rate adjustments	(44,138)	(4,523)
Additions	1,823,105	0
Cost end of year	21,494,997	2,008,137
Amortisation and impairment losses beginning of year	15,084,883	1,903,686
Exchange rate adjustments	(33,770)	(4,279)
Amortisation for the year	2,018,782	51,890
Depreciation and impairment losses end of year	17,069,895	1,951,297
Carrying amount end of year	4,425,102	56,840

Group	Other fixtures and fittings, tools and equipment	Leasehold improvements
	EUR	EUR
8 PROPERTY, PLANT AND EQUIPEMENT		
Cost beginning of year	4,903,750	1,011,652
Exchange rate adjustments	16,975	1,977
Additions	1,002,363	79,869
Disposals	(1,012,407)	0
Cost end of year	4,910,681	1,093,497
Depreciation and impairment losses beginning of year	4,412,352	931,502
Exchange rate adjustments	34,653	(979)
Depreciation for the year	458,062	40,741
Reversal regarding disposals	(1,012,407)	0
Depreciation and impairment losses end of year	3,892,659	971,263
Carrying amount end of year	1,018,023	122,234
Recognised assets not owned by Entity	11,400	0
Parent Company	Other fixtures and fittings, tools and equipment	Leasehold improvements
	EUR	EUR
8 PROPERTY, PLANT AND EQUIPEMENT		
Cost beginning of year	4,294,362	949,560
Exchange rate adjustments	(9,613)	(2,125)
Additions	812,339	0
Cost end of year	4,084,680	947,435
Depreciation and impairment losses beginning of year	4,064,884	910,499
Exchange rate adjustments	(9,100)	(2,038)
Depreciation for the year	307,421	22,162
Depreciation and impairment losses end of year	3,350,798	930,623
Carrying amount end of year	733,882	16,812
Recognised assets not owned by Entity	11,400	0

Group	Investments in associates EUR	Other investments EUR	Other receivables EUR
9 FIXED ASSET INVESTMENTS			
Cost beginning of year	394,090	705	581,700
Exchange rate adjustments	(882)	(1)	(1,302)
Additions	0	0	164,721
Cost end of year	393,208	704	745,119
Depreciation and impairment losses end of year	0	0	0
Carrying amount end of year	393,208	704	745,119

Parent Company	Investments in group enterprises EUR	Investments in associates EUR	Other investments EUR	Other receivables EUR
9 FIXED ASSET INVESTMENTS				
Cost beginning of year	4,040,182	394,090	705	581,700
Exchange rate adjustments	(6,962)	(882)	(1)	(1,302)
Additions	0	0	0	164,018
Disposals	(4,054)	0	0	0
Cost end of year	4,029,166	393,208	704	744,416
Revaluations beginning of year	(931,026)	0	0	0
Exchange rate adjustments	64,422	0	0	0
Share of profit/loss for the year	1,074,117	0	0	0
Other adjustments	(201,078)	0	0	0
Revaluations end of year	6,435	0	0	0
Carrying amount end of year	4,035,601	393,208	704	744,416

Investments in group enterprises	Registered in	Equity interest
Systematic Software Engineering Ltd.	Surrey, UK	100%
Systematic Software Engineering Inc.	Virginia, USA	100%
Systematic Oy Finland	Tampere, Finland	100%
Systematic Sweden AB	Stockholm, Sweden	100%
Systematic GmbH	Cologne, Germany	100%
Systematic Asia Pacific Pte. Ltd.	Singapore	100%
Systematic France SAS	Paris, France	100%
Systematic Library & Learning Holding A/S	Aarhus, Denmark	100%
Systematic New Zealand Ltd.	Wellington, New Zealand	100%

Investments in associates	Registered in	Equity interest
Consensia Holding A/S	Aalborg, Denmark	25%
Stated at cost. Profit for the financial year 1 July 2014 to 30 June 2015 was EUR 30,784 and Equity at 30 June 2015 was EUR 1,220,974		

	Group		Parent Company	
	2014/15 EUR	2013/14 EUR '000	2014/15 EUR	2013/14 EUR '000
10 CONTRACT WORK IN PROGRESS				
Contract work in progress	41,548,467	20,513	38,010,330	19,652
Progress billings regarding contract work in progress	(36,126,274)	(16,126)	(36,379,375)	(15,608)
Transferred to liabilities other than provisions	1,059,021	1,498	1,312,123	980
	6,481,214	5,885	2,943,078	5,024

	Parent Company	
	Number	Nominal value EUR
11 CONTRIBUTED CAPITAL		
Ordinary shares	10,000	134
	10,000	1,340,842

	Group		Parent Company	
	2014/15 EUR	2013/14 EUR '000	2014/15 EUR	2013/14 EUR '000
12 PROVISION FOR DEFERRED TAX				
Deferred Tax incumbent the following entries				
Intangible assets	1,093,583	1,046	994,787	1,046
Property, plant and equipment	(64,249)	(50)	(43,866)	(47)
Receivables	1,620,478	934	1,620,478	979
Fixed asset investments	0	(8)	0	(8)
Liabilities other than provisions	(4,899)	(13)	(4,899)	(13)
	2,644,913	1,909	2,566,500	1,957

	Group		Parent Company	
	2014/15 EUR	2013/14 EUR '000	2014/15 EUR	2013/14 EUR '000
13 OTHER SHORT-TERM PAYABLES				
VAT and duties	477,927	479	573,140	377
Wages and salaries, personal income taxes, social security costs, etc payable	794,853	797	1,287,592	734
Holiday pay obligations	4,016,300	4,025	4,236,402	3,916
Other cost payable	5,167,827	1,661	3,059,622	1,059
	10,456,907	6,962	9,156,756	6,086

	Group		Parent Company	
	2014/15 EUR	2013/14 EUR '000	2014/15 EUR	2013/14 EUR '000
14 SHORT-TERM DEFERRED INCOME				
Prepayments and accrued income related to service contracts	7,359,211	8,972	3,142,568	5,232
	7,359,211	8,972	3,142,568	5,232

		Group	
		2014/15	2013/14
		EUR	EUR '000
15 CHANGE IN WORKING CAPITAL			
Increase/decrease in receivables		(8,186,926)	(69)
Increase/decrease in trade payables etc		601,123	6,927
Other changes		(271,576)	(141)
		(7,857,379)	6,717

		Group		Parent Company	
		2014/15	2013/14	2014/15	2013/14
		EUR	EUR '000	EUR	EUR '000
16 UNRECOGNISED RENTAL AND LEASE COMMITMENTS					
Commitments under rental agreements or leases until expiry		2,786,078	2,079	2,457,651	1,794
		2,786,078	2,079	2,457,651	1,794

		Group		Parent Company	
		2014/15	2013/14	2014/15	2013/14
		EUR	EUR '000	EUR	EUR '000
17 CONTINGENT LIABILITIES					
Recourse and non-recourse guarantee commitments		50,000	0	50,000	0
Other contingent liabilities		0	272	0	272
		50,000	272	50,000	272

Other contingent liabilities are provided security for employee bonds.

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 2012/2013 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 OWNERSHIP

Following shareholders holding more than 5% of the company's share capitals votes or nominal value:

Michael Holm Holding ApS, Lindevangsvej 17, 8240 Risskov
 AHJ Holding Århus ApS, Ryvangs Alle 14, 8240 Risskov
 E. Bank Lauridsen Holding A/S, Øresundsvej 7, 6715 Esbjerg N

19 CONSOLIDATION

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Michael Holm Holding ApS, Aarhus

Simplifying critical decision making

Value is



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