

Annual report 2008 / 2009

Simplicity
Trust
Performance
Forward-thinking

SYSTEMATIC



A LEADING INTERNATIONAL COMPANY IN DELIVERING
RELIABLE AND STRAIGHTFORWARD SOLUTIONS TO PEOPLE
WHO MAKE CRITICAL DECISIONS EVERY DAY

Simplifying critical decision making

A leading international company in delivering reliable and straightforward solutions to people who make critical decisions every day.

Thousands of people depend on Systematic software solutions each and every day. Based on the information they have at their disposal, they are able to make life-and-death decisions, often under extremely difficult circumstances.

Systematic solutions give decision-makers at all levels an overview of the information available to assist them in making the correct decision each and every time.

The majority of our customers operate in the defence and healthcare sectors. Our defence portfolio includes both products and services for defence-related organisations and companies. The SitaWare suite is a command and control system that provides decision-makers with an exceptional degree of rapidly updated situational awareness.

The IRIS suite of messaging software provides defence organisations with supremely reliable interoperability solutions via the clear, structured exchange of information between different systems, organisations and nations.

In the healthcare sector, we have developed a fully integrated clinical information system. Columna is a state-of-the-art system that provides an efficient, comprehensively featured clinical workplace ideal for use by many different groups of healthcare professionals. The system is designed with patient safety and security at its core.

Systematic also has many customers within the public sector and the financial services industry that depend on IT solutions for their critical decision making. We develop and integrate different computer systems so that users can use them as one integrated, coherent system.

Our customers expect a lot from Systematic solutions. Any errors or glitches can ultimately have life-threatening consequences or significant financial implications. These solutions must therefore function under all conditions and circumstances – right round the clock.

Our 488 employees in Denmark, the United Kingdom, the USA and Finland are well aware of this fact. They are keen to constantly raise the bar on our capabilities. They have done just that for almost 25 years, and the company's growth clearly reflects this. As a result, we are now Denmark's largest privately owned software and systems company. We have customers in 34 countries, with more on the way.

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DEFENCE



HEALTHCARE



INTEGRATION SERVICES



INTELLIGENCE AND NATIONAL SECURITY

Prepared for the future

THE ECONOMIC RECESSION HAS NOT LEFT SYSTEMATIC UNAFFECTED. NEVERTHELESS, OUR STRATEGY REMAINS UNCHANGED. WE RUN A HEALTHY BUSINESS AND CONTINUE OUR TRANSITION FROM BEING PRIMARILY FOCUSED ON PROJECTS TO ALSO BEING FOCUSED ON PRODUCTS. STANDARDISED OFF-THE-SHELF PRODUCTS BASED ON INTERNATIONAL STANDARDS AND OPEN ARCHITECTURES APPEAL TO THE GLOBAL MARKET, ENCOURAGING PARTNERSHIPS AND PROVIDING A CLEAR PATH TO INCREASED GROWTH.

Systematic is a financially solid company with the highest credit rating and no bank debts. Nevertheless, the worldwide financial downturn has also had an effect on Systematic's accounts for the 2008/09 financial year.

The Group's operating profit for 2008/09 amounted to EUR 0.8 million, compared to EUR 5.1 million the previous year. We achieved a turnover of EUR 47.4 million, which was a fall of 6% compared to 2007/08. To a high degree, this was a consequence of restraint on the part of our customers when it comes to new investments in IT systems – especially on the part of defence organisations. Our profit after taxes and minority interests amounted EUR 0.5 million. 36% of our sales stem from outside the Danish market.

Our liquidity is good. As of 30 September 2009, our bank balance amounted to EUR 3.7 million and we have no bank debt whatsoever. Our equity capital amounts to EUR 8.9 million, corresponding to a solvency ratio of 31.9%. Our D & B credit rating is AAA – the highest attainable, and a rating achieved by only 4% of companies.

The year's operating profit is not satisfactory but is nonetheless acceptable in light of difficult market conditions and our extensive EUR 5.9 million investments in innovation, corresponding to 12.5% of the year's turnover.

Even in a difficult market, we have maintained our strategic focus, based on a conviction that we will experience increased growth

in the years to come. For this reason, we have developed our key skills still further, just as we have boosted investment in our own products, in particular the SitaWare product suite.

Our staffing levels remain virtually unchanged – 488 as of 30 September 2009, compared to 489 the previous year. If we had chosen a more short-term strategy, we could have managed to achieve a profit ratio higher than 1.6%, but we are convinced that maintaining our strategic focus is the best way to support Systematic's long-term objectives.

Over the past financial year, we have worked with multiple Lean programmes and streamlined all our central processes – as regards both software and administration. In a period when considerable weaknesses in major invoicing currencies, such as USD and GBP, have put increased pressure on our pricing in international markets, it is essential that Systematic strengthens its overall competitiveness. For this reason, we are also working on increased sourcing and outsourcing, but with due respect for the safety, confidentiality and knowledge retention that both we and our customers demand.

It is important that development work is carried out where the right skills are available, and where it can be done in the most cost-effective way – be it in-house within the Systematic organisation (in Denmark, the United Kingdom, USA or Finland) or with the aid of external partners.

IN 2008/09, WE ACHIEVED A **GROUP TURNOVER OF EUR 47.4 MILLION**, RESULTING IN A **PROFIT ON PRIMARY OPERATIONS OF EUR 0.8 MILLION**. WE HAD A **SOLVENCY RATIO OF 31.9%**, **EUR 3.7 MILLION IN NET CASH** AND **ZERO BANK DEBT**. WE INVESTED **12.5% OF TURNOVER IN INNOVATION**. **92% OF DELIVERIES WERE ON TIME**. WE WERE **CMMI LEVEL 5 RECERTIFIED**. **6.1% OF PAYROLL INVESTED IN TRAINING** AND **580 INDIVIDUAL STAFF CERTIFICATIONS**.

FIVE YEAR OVERVIEW

The Group (1000 EUR)	2008/09	2007/08	2006/07	2005/06	2004/05
Turnover	47,448	50,268	45,352	35,022	29,100
Operating profit	769	5,058	4,567	1,366	667
Net financials	25	49	319	26	155
Profit for the year	462	3,630	3,620	971	743
Balance sheet total	27,766	32,910	26,725	19,968	19,412
Net cash (cash minus bank debt)	3,702	(1,411)	4,570	4,999	4,906
Working capital	4,305	7,572	7,667	5,235	4,223
Equity	8,852	10,223	9,541	8,011	7,400
Innovation (process improvement and product development)	5,927	4,729	3,873	3,582	4,852
Turnover outside the Danish market	17,244	23,441	18,116	14,002	12,500
Ratios					
Profit ratio	1.6%	10.1%	10.1%	3.9%	2.3%
Return on equity	4.8%	36.7%	41.2%	12.6%	10.6%
Equity ratio	31.9%	31.1%	35.7%	40.1%	38.1%
Innovation as a percentage of turnover	12.5%	9.4%	8.5%	10.2%	16.7%
Number of employees at year end	488	489	441	364	353
Turnover per employee (average number of employees, 1000 EUR)	103	112	115	101	84
Operating profit per employee (average number of employees, 1000 EUR)	2	11	12	4	2

OUR STRATEGY REMAINS UNCHANGED

We remain committed to the strategy that we embarked upon in 2007, and we are continuing to transform our business from being primarily focused on bespoke projects to also being focused on standardised core products.

Our customers have an increasing focus on price, total life cycle cost and risk. The defence and healthcare sectors of the individual countries were once able to spend three to five years developing their own systems – with no guarantee that the results would actually accommodate their needs. Now, however, customers are much more interested in user-friendly solutions that have been thoroughly tested, been through real-world trials, and can be delivered immediately. Standardised core products that Systematic implementation partners can build upon are the solution to this challenge.

COMMAND AND CONTROL AS A STANDARDISED PRODUCT

With IRIS, we were the first to launch a standardised commercial product for effectively establishing messaging interoperability – the accurate, reliable exchange of electronic information between different military systems. Today, IRIS is the de facto standard within NATO for the handling of military data exchange formats.

Now, with the SitaWare product suite, we are also the first to provide standardised core products in the field of command and control systems aimed at accommodating different levels of command requirements, right from the individual soldier to problem solving in the upper echelons of command environments. SitaWare products provide the bulk of the functionalities that the market expects from command and control solutions. At the same time, they are based on international standards for interoperability, which allows for nations to work together during international missions, as in Afghanistan, Kosovo and elsewhere.

The software core in SitaWare is based on an open platform that enables both Systematic and our partners to develop additional, supplementary applications for specific customer groups. In the longer term, we see great potential use for the standardised SitaWare core in system solutions outside the defence sector, in fields that include crisis readiness services, transport and logistics, intelligence services and law enforcement.

CLINICAL INFORMATION SYSTEMS WITH EXPORT POTENTIAL

Customer demand for standardised products is on the rise in the healthcare sector as well. Working over a long period, we have developed a state-of-the-art clinical information system that bears the name Columna. This now means that doctors, nurses and other

hospital personnel are able to manage the bulk of their clinical, scheduling and patient administrative registration tasks using one single well-integrated product.

The Columna clinical information system is scalable with regards to functionality, field of application and distribution. At the same time, the product is based on international standards and an open architecture that encourages integration and interaction with other systems. The Regional Hospital of Randers will be the first hospital in Denmark – possibly in the world – that from the beginning of 2010 will be able to conduct full-scale trials using a fully integrated clinical information system in all departments and functions. Columna also represents significant export potential, based on a smoothly functioning Danish point of reference.

PARTNERS HELP US ON OUR WAY

Once our sales and marketing focus is on products, a wealth of opportunities becomes available. User-friendly standardised products will act as a catalyst for the internationalisation of our business. This will primarily take place through a network of sales partners that already includes such established defence suppliers as General Dynamics UK and BAE Systems.

This partner strategy creates a win/win/win-scenario. The end-user customer gets a supplier with excellent knowledge of local conditions and requirements. The suppliers – our partners – expand their business and get access to opportunities for being responsible for a significant portion of the implementation, training and support tasks. And Systematic is able to focus on its core business of developing competitive products for sale to customers throughout the world. As such, the Systematic partner strategy will reinforce our ability to reach our growth objectives, while also strengthening the flexibility of our business model.

In addition to our sales partners, we also have major companies as technology partners. These include the American ESRI and the German SAP – both large international IT suppliers that in each of their specific fields provide us with access to technologies and products that help in strengthening our overall competitiveness. With Microsoft, Systematic is certified as a Microsoft Gold Partner.

PROJECTS STILL IN FOCUS

Despite this increased focus on the development and marketing of standardised products, we are still involved in project-based business. The Integration Services division puts us in a good position to take part in growing numbers of interesting project-based assignments in collaboration with customers outside our main areas of business – defence and healthcare. In the financial year 2008/09, the Integration Services division noted solid growth figures.

STREAMLINED PROCESSES AND SATISFIED CO-WORKERS

In the past year, we have continued our focus on effective project management, including the ability to deliver on time and at the agreed price and quality. At the same time, we have been recertified at the fifth and highest level of the internationally recognised CMMI maturity model (Capability Maturity Model Integration). Only 164 software companies in the world, including only seven in Europe, have had the maturity of their software engineering processes certified at that level. For the financial year 2008/09, we delivered 92% of all milestones on time and only 2% were delayed by more than two weeks.

We hold our co-workers to a high level of excellence in Systematic and they seem to thrive on it. Highly educated and strongly motivated colleagues are a prerequisite for Systematic being able to achieve its corporate vision and commercial ambitions. In 2008/09, we continued our systematic focus on knowledge sharing, job satisfaction and skill development. Staff turnover has fallen from 14.4% in the previous year to 10.8% in 2008/09.



Michael Holm
President and CEO



In the 2008/09 financial year, the composition of the board of directors was changed. Systematic's founder, Michael Holm, decided to stand down in order to comply with corporate governance best practice. Meanwhile, three new members from outside the company joined the board with the specific aim of reinforcing our focus on product marketing and the internationalisation strategy that Systematic wants to pursue.

POSITIVE EXPECTATIONS FOR 2009/10

Our budget for 2009/10 forecasts growth in turnover and an increase in earnings. The budgeted figures are based on an order book that already amounts to more than 50% of the expected turnover for the year, as well as a sales pipeline consisting of new projects from a wide selection of countries, customers and fields of business.

We also expect growth in license and maintenance revenue, especially from the sale of SitaWare products.

We look forward to a continued productive working relationship with our customers, partners and co-workers.



Lars Johansson
Executive Vice President and Deputy CEO





Defence

THROUGHOUT THE WORLD, DEFENCE ORGANISATIONS ARE ENCOUNTERING SIGNIFICANT CHANGES IN BOTH THEIR OVERALL OBJECTIVES AND THE ENVIRONMENTS IN WHICH THEY HAVE TO OPERATE. AT THE SAME TIME, THE WORLDWIDE FINANCIAL DOWNTURN IS HAVING A DETRIMENTAL EFFECT ON DEFENCE BUDGETS. THIS HAS RESULTED IN SHORT-TERM REDUCTIONS IN TURNOVER FOR SYSTEMATIC'S DEFENCE DIVISION. HOWEVER, IN THE LONG TERM THIS SITUATION ALSO CREATES GOOD OPPORTUNITIES FOR INTERNATIONAL GROWTH ON THE BASIS OF THE COST-EFFECTIVENESS OF THE PRODUCTS AND SOLUTIONS WE PROVIDE.





The SitaWare suite of command and control (C2) products addresses defence organisations' command needs at many different levels, from the individual soldier right up to top-level headquarters and command centres.

Systematic has been delivering products, solutions and services to customers in the defence industry for almost a quarter of a century. Today, we have customers in no fewer than 34 different countries. As a result, we have a good overall sense for current trends, issues and concerns that are important for both defence organisations and defence industry suppliers throughout the world.

Important features of the revised world picture for defence organisations are the new threat contexts and new military doctrines, as well as the increasing prevalence of international military operations in places such as Afghanistan and Kosovo. This results in a focus on funding for UORs (Urgent Operational Requirements) rather than for the acquisition of systems and technologies whose benefits are more long-term in nature. Computer systems often fall into the latter category.

The Defence unit of Systematic has reported solid growth in recent years, but the turnover in 2008/09 was 19% down on last year, thus returning to the level achieved two years ago. This is an unsatisfactory result, but corresponds closely to turnover figures reported by other suppliers to the defence industry. Therefore the dip in our turnover does not stem from lost orders, but from the fact that orders and acquisitions are being postponed right across the board.

The turnover generated by the SitaWare and IRIS product suites, and projects associated with these, accounted for approximately 50% of the Defence unit's revenue during the year.

Our budget for the 2009/10 financial year features higher turnover, despite the effects of restrictive defence budgets. Our order pipeline is continually being strengthened, and there are indications of increasing numbers of larger order opportunities from a good spread of countries and customers, with increasing emphasis on revenue from licences and service agreements. We expect that an increasing share of our turnover will come from countries outside Europe.

FOCUS ON PRODUCTS

Defence organisations in many countries are currently experiencing difficult times in terms of both operations and budgets. As a result, they are increasingly interested in cost-effective, low-risk standardised solutions that can be deployed relatively quickly. Such solutions can be built around off-the-shelf core products that serve as the standardised backbone for solutions that can then be customised to meet individual customer requirements.

During 2008/09, we intensified our efforts on developing and improving Systematic's product suites, with particular emphasis on SitaWare. This work resulted in both new products and new features in existing products. During the course of the year, we were able to build the foundations for a completely new generation of the software core in SitaWare products, along with the key products associated with this. The new version of SitaWare is planned for release in the course of 2010.

IRIS messaging products have also undergone expansion in recent years, and we are now able to provide IRIS Forms in a version for the Linux platform, as well as marketing a web-based version.



JUAN MONTENEGRO
Colonel,
UME Chief of Staff,
Unidad Militar de
Emergencias (UME),
Spain

DEPLOYMENT THAT MADE A DIFFERENCE

Unidad Militar de Emergencias (UME), the 4000-strong specialist crisis management division of the Spanish Army, has recently fielded a comprehensive package of Systematic C2 products for coordinating both vehicles and personnel. These were deployed in the spring 2009, and were already successfully used to deal with numerous large-scale forest fires throughout Spain from July to September 2009.

Senior UME commanders were quick to praise the newly deployed SitaWare command and control system, appreciating that its dependability and ease of use had made it possible for UME to achieve a hitherto unprecedented level of coordination – not only of both vehicles and personnel, but also of crisis operations and information about areas of danger.

‘The SitaWare system made it possible for us to command and control up to 1800 soldiers from the whole spectrum of UME units, deployed at the very same time in 8 different geographical locations and performing 8 different missions – and to do so with an incredibly high level of efficiency.’

PRODUCTS RESULT IN PROJECTS AND PARTNERS

In addition to generating revenue from licences and service agreements, the products that Systematic develops also provide revenue from training, support and implementation services.

These products also play a key role in a wide range of project-based assignments. The SitaWare-related projects that Systematic has been working on in the course of the year include a battle management system and a headquarters solution for the Danish defence forces. The latter was carried out in conjunction with Denmark taking over responsibility for NATO Response Force 14 from January 2010. Other project deliveries have included C2 systems for the international units fielded by the Finnish defence forces, and for Unidad Militar de Emergencias, the emergency response unit of the Spanish defence forces (see case story).

The Swedish defence forces have also signed a multi-year contract for a force-wide licence covering a broad spectrum of Systematic products. This contract provides important openings for separate project-based assignments and service contracts, and this opportunity has already been provided results in the course of the 2008/09 financial year. Sweden has also acquired Systematic products for use in the Swedish-led EU Nordic Battle Group.

Towards the end of this financial year, we signed two development agreements associated with forthcoming major SitaWare and IRIS deliveries to the US and UK armed forces, respectively. In the US, this was for the Common Ground Joint Capability Technology Demonstration (JCTD), led by Northrop Grumman. In the UK, the

contract was with EDS, which is responsible for the Joint Command and Control Support Programme (JC2SP) and for developing an enterprise infrastructure based on SitaWare C2 Server.

In September 2009, Systematic signed an OEM (Original Equipment Manufacturer) contract with BAE Systems C-ITS in Sweden, with a view to integrating SitaWare C2 systems with training and simulation solutions supplied by BAE Systems. This working relationship enables BAE Systems to market and sell SitaWare products to its simulation technology customers.

IMPORTANT DANISH DECISION POSTPONED

In Denmark, many of the key political parties have entered into a broad-based agreement on defence policies for a five-year period covering 2010–2014. According to this political agreement, an ‘in principle’ decision was to be made in Autumn 2009 about which new type of combat aircraft is to replace the Danish Air Force’s current F-16s.

For many defence industry suppliers, this decision has considerable ramifications for future business opportunities and strategic partnerships. However, this key decision has been postponed.

Systematic has signed working agreements with the companies behind all three designs that are bidding for the Danish contract – Lockheed Martin (F-35 Lightning II – the Joint Strike Fighter), Boeing (F-18 Super Hornet) and Saab (Gripen).

We are currently working with Lockheed Martin on developing a software gateway for integrating the standard mission planning tools included in the Joint Strike Fighter system with other systems used by individual countries and defence forces for delivering data for planning each actual mission.

During 2009, we also signed the first contract with Boeing regarding sales of SitaWare C2 capabilities for use in Boeing's own future C2 systems.

MARITIME SYSTEMS

Systematic continues to work with the Royal Danish Navy on the operation and ongoing development of its command and control system, known as RDN CCIS. This close collaboration extending over many years has provided the Royal Danish Navy with clearly documented efficiency benefits.

In the course of the 2008/09 financial year, our new SitaWare Maritime Boarding product has been in operational use with two Royal Danish Navy vessels in the pirate-infested waters off the coast of Somalia. The system was in use aboard the command and support ship Absalon, which led Task Force 150 (the multinational naval task force responsible for maritime security operations in the Middle East and the North Indian Ocean) and aboard the inspection vessel Thetis, in support of the United Nations World Food Programme. Trials with this high-profile new Systematic product were a success, and attracted considerable attention from maritime experts in numerous countries.

ELECTRONIC WARFARE

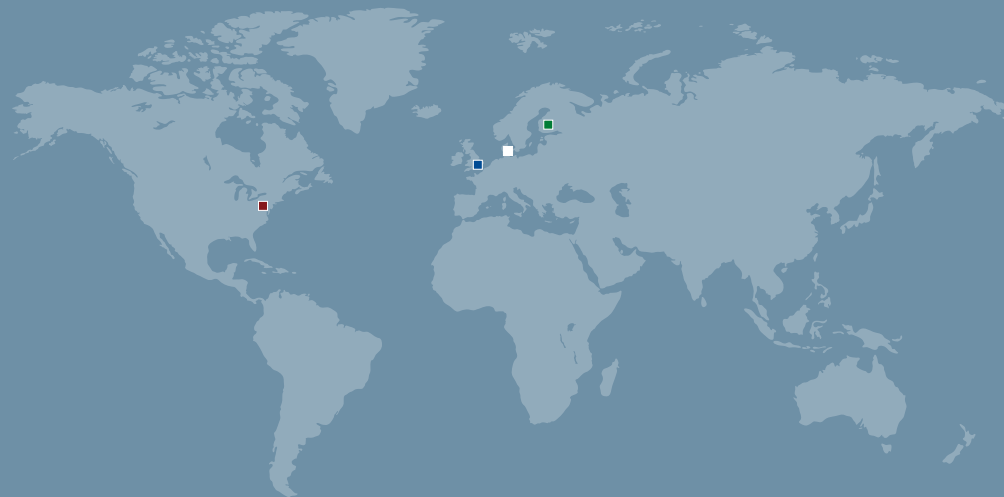
Systematic is internationally recognised as having exceptional capabilities related to managing electronic warfare data. Our products and services in this specialist field include tools for database management and training courses for users, and consultancy services. These are used by both staff and specialists in electronic warfare operational support centres.

The Systematic electronic warfare centre in Sleaford in the UK has again reported a satisfactory track record for the past financial year.

STRENGTHENED SALES AND MARKETING

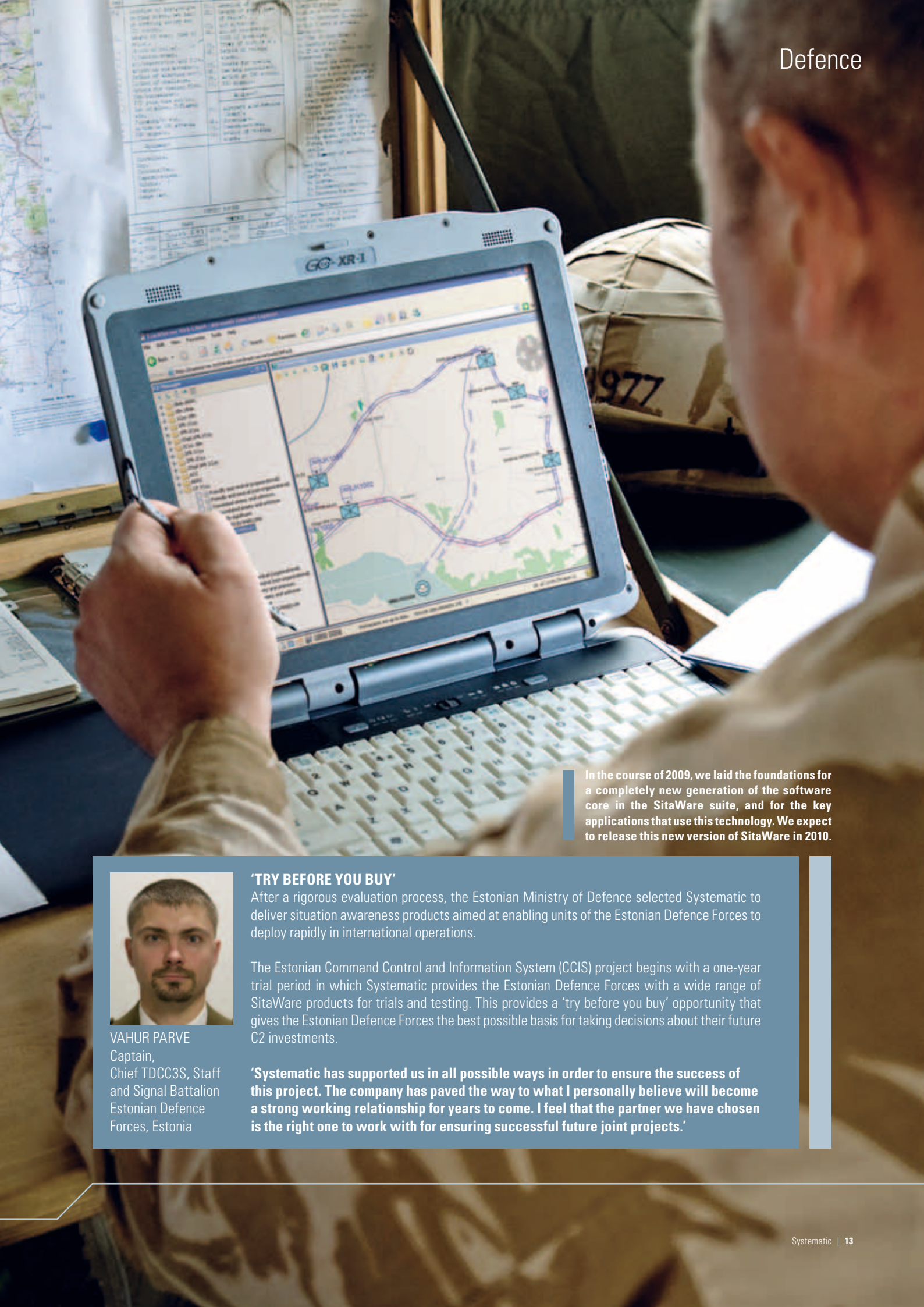
We have strengthened the sales organisation within our Defence unit with a view to making the entire sales and bidding process – including account management and partner relations – more efficient. We have established a single well-integrated sales organisation that covers all four countries from which Systematic currently operates. This new structure includes clear guidelines for overall responsibility, sales initiatives and reporting processes.

Marketing of Systematic products and services has also been beefed up in the course of the year. Measures undertaken have included a new web site more structured around sales and business priorities, and the preparation of new marketing materials and concepts. We have also boosted our profile at relevant trade fairs, exhibitions and conferences throughout the world. This included a large, attention-getting stand at DSEi in London – the world's largest trade fair for defence and security operations.



Systematic's competencies from a geographical perspective

- The majority of Systematic software development work takes place in Denmark. Sales to Scandinavia and Germany are also managed from Denmark.
- Our office in Camberley in the United Kingdom deals with marketing and sales to most of Europe, Africa and Asia. It is also active in completing project-based assignments. In addition, the Sleaford office is Systematic's competence centre for electronic warfare.
- Systematic's US office in Fairfax, Virginia, handles pre-sales and marketing in both North and South America. It also provides consultancy support related to Systematic projects in the US.
- The office in Finland manages Systematic business in Finland and the Baltic countries. It also acts as the Group's competence centre for in-vehicle systems integration.



In the course of 2009, we laid the foundations for a completely new generation of the software core in the SitaWare suite, and for the key applications that use this technology. We expect to release this new version of SitaWare in 2010.



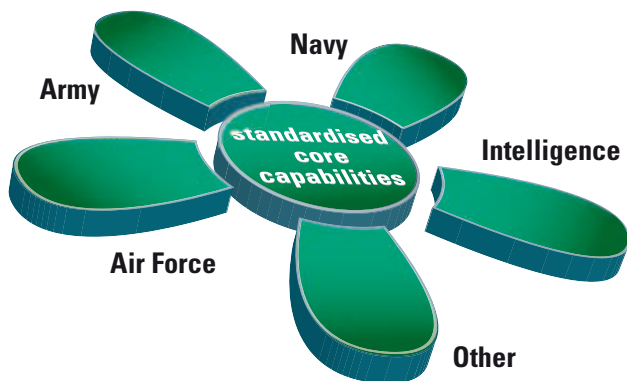
VAHUR PARVE
Captain,
Chief TDCC3S, Staff
and Signal Battalion
Estonian Defence
Forces, Estonia

'TRY BEFORE YOU BUY'

After a rigorous evaluation process, the Estonian Ministry of Defence selected Systematic to deliver situation awareness products aimed at enabling units of the Estonian Defence Forces to deploy rapidly in international operations.

The Estonian Command Control and Information System (CCIS) project begins with a one-year trial period in which Systematic provides the Estonian Defence Forces with a wide range of SitaWare products for trials and testing. This provides a 'try before you buy' opportunity that gives the Estonian Defence Forces the best possible basis for taking decisions about their future C2 investments.

'Systematic has supported us in all possible ways in order to ensure the success of this project. The company has paved the way to what I personally believe will become a strong working relationship for years to come. I feel that the partner we have chosen is the right one to work with for ensuring successful future joint projects.'



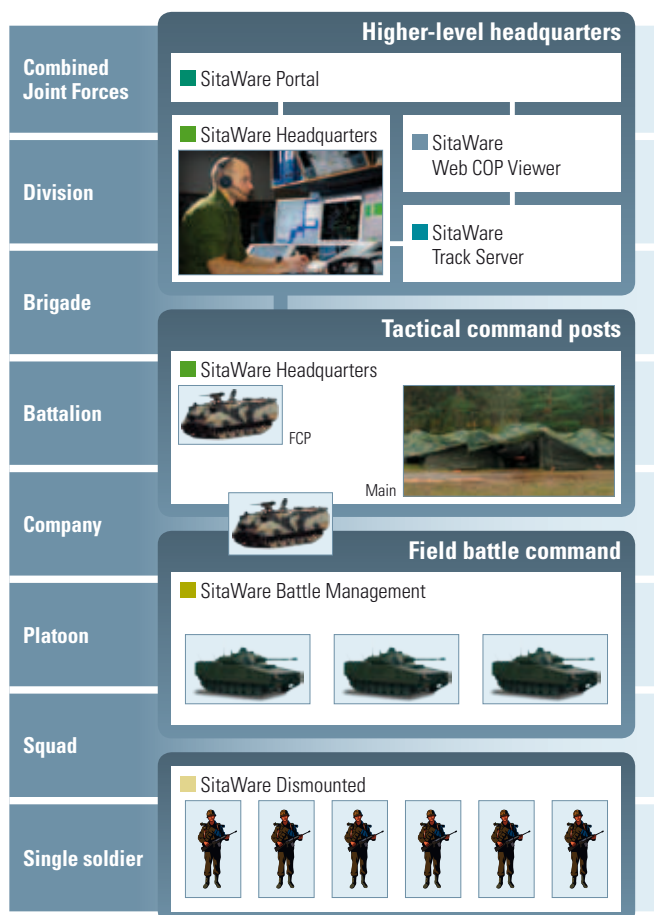
CONSISTENT, THOROUGHLY TESTED SOFTWARE CORE

The vast majority of Systematic development efforts are currently focused on software for land-based operations, mainly for army customers. Gradually, however, we will be rolling out SitaWare products for use by air forces and naval organisations. The software core at the heart of the SitaWare suite is based on an open platform that makes it easy for both Systematic and its partners to develop new applications for particular groups of customers in specific fields of operations. The Systematic software development model means that rather than having to develop new applications right from scratch for each new project, we are able to employ the same consistent, thoroughly tested software core in different contexts, and then build specialist applications that integrate seamlessly with this standardised core. This reduces overall development costs as well as time-to-deployment – the interval between the customer placing an order and the practical roll-out of the complete solution. This is often a very important parameter in competitive situations.

SITAWARE PRODUCT SUITE

The SitaWare suite of software products constitutes a fully scalable command and control solution designed to meet the majority of C2 needs, right off the shelf. The open architecture and compliance with international interoperability standards mean SitaWare can be rapidly integrated with many other C2 systems and specialist technologies. If needed, SitaWare can also be customised to provide any special requirements the customer may have, and to mesh with existing set-ups.

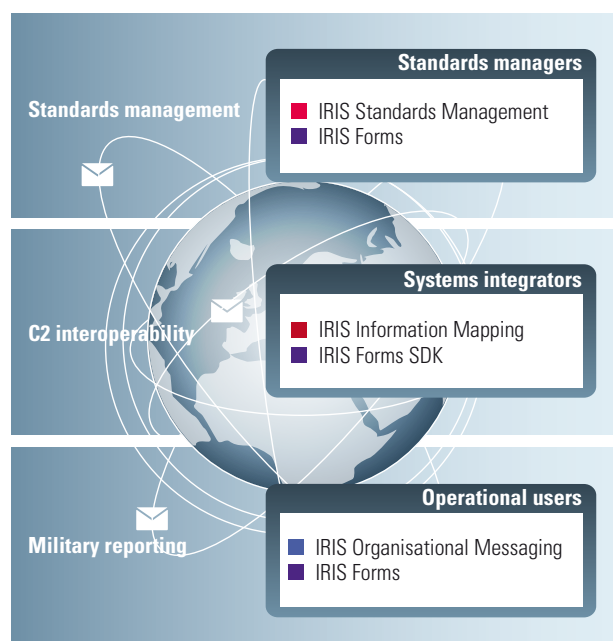
SitaWare systems also provide an advanced 'blue force' tracking capability. Using GPS data, users can receive clear, accurate and up-to-date information about where their own forces are located at any given time. This helps minimise the risk of units being exposed to inadvertent friendly fire.



This 'blue force' tracking capability makes it possible to meet the operational requirements of the defence organisations of today, which almost always engage in operations on an international basis, whether in peacekeeping or combat, crisis management or counter-insurgency. Any forces taking part in these kinds of operations have to be able to communicate with the other units involved. They have to be able to exchange data effectively, regardless of origin and regardless of the equipment they are using. Orders and reports have to flow back and forth quickly through complex multinational command structures, and be able to deal with different rules of engagement in different places and at different times.

IRIS PRODUCT SUITE

The IRIS suite of messaging software is the result of many years of Systematic development work. IRIS software products ensure a high degree of reliable interoperability between different military organisations and systems. IRIS products are now considered essential components in command and control systems used throughout the world. This makes them particularly important in international operations in which different countries and different forces have to work together, often from widely dispersed locations.



Systematic products for the defence industry

The **SitaWare product suite** consists of a range of command and control products targeted to meet the specific needs of different levels within defence organisations.

SYSTEMATIC **SITAWARE** Portal

SitaWare Portal is a web-based platform for strategic planning in headquarters set-ups that involve a range of different forces, where a large amount of information from many different systems must be managed.

SYSTEMATIC **SITAWARE** Track Server

SitaWare Track Server and Common Operational Picture Viewer provide real-time operational overviews of positions and movements on land, at sea and in the air, via a standard web browser.

SYSTEMATIC **SITAWARE** C2 Server

SitaWare C2 Server is a rapidly deployable standards-compliant open platform that pulls together the many different kinds of information needed to generate a full and effective Common Operational Picture (COP) in joint operations centres and other high-level command set-ups.

SYSTEMATIC **SITAWARE** Headquarters

SitaWare Headquarters provides effective decision-making support to headquarters set-ups at brigade and battalion level, and offers an up-to-date situational picture of the operator's own forces, allied units and enemy positions, as well as their logistical status.

SYSTEMATIC **SITAWARE** Battle Management

SitaWare Battle Management provides mobile installations such as armoured vehicles with an overview of all elements in the battlespace, at tactical level.

SYSTEMATIC **SITAWARE** Dismounted

SitaWare Dismounted is designed for use by the individual soldier operating unsupported by vehicle-based infrastructures. It is intended for installation in small, light hand-held units and uses touch-screen displays to provide simplified versions of the functionalities available from SitaWare Battle Management software.

SYSTEMATIC **SITAWARE** Maritime Boarding

SitaWare Maritime Boarding is a tactical tool that is ideal for use when boarding suspect vessels in conjunction with operations to monitor and combat piracy, human trafficking and terrorism.

The **Systematic IRIS product suite** consists of a range of interoperability and communication products that have become the de facto standard in NATO defence organisations for handling numerous different military data exchange formats. IRIS products feature excellent compliance with NATO and US standards for the electronic exchange of information between different systems and nations.

SYSTEMATIC **IRIS** Standards Management

IRIS Standards Management is a web-based tool for defining and managing structured information exchange standards. It serves as the foundation for the IRIS product suite, providing the necessary standards definitions used by the other IRIS products.

SYSTEMATIC **IRIS** Forms

IRIS Forms simplifies the input and formatting of important electronic information such as the positions of the user's own forces as well as those of allies and hostiles, using easy-to-deploy message-based interoperability standards.

SYSTEMATIC **IRIS** Organisational Messaging

IRIS Organisational Messaging is based on familiar Microsoft Outlook and Exchange software. It enhances the functionality of these products for use in military environments where messaging is based on roles, rather than personal identities. It also provides special features concerning data security and the handling of prioritisation and classification of information.

SYSTEMATIC **IRIS** Information Mapping

IRIS Information Mapping is a development tool that makes it easier for systems integrators to implement NATO and US standards in national command and control systems. It also provides drag-and-drop functionality for converting data formats so that such tasks can be dealt with more efficiently and with fewer errors than with any alternative solution.

Systematic standalone products

SYSTEMATIC **EWARE**

EWare gives electronic warfare experts a powerful tool for administering, storing and analysing valuable information for use in operationally deployed electronic warfare equipment and systems.

SYSTEMATIC **LOAD PLANNER** C130 Hercules

Load Planner C130 Hercules is a Windows-based standalone software product designed to help loadmasters and mission planners create highly detailed load plans for use with Lockheed C-130 Hercules aircraft.



Healthcare

THERE IS GROWING INTERNATIONAL INTEREST IN OUR COLUMNA INTEGRATED CLINICAL WORKPLACE, AND THE WAY IN WHICH IT FOCUSES ON ADVANCING THE EFFICIENCY OF MANY KINDS OF CLINICAL PRACTICE, THEREBY IMPROVING PATIENT TREATMENT AND SAFETY. WE EXPECT THAT COLUMNA WILL ACHIEVE AN INTERNATIONAL BREAKTHROUGH ONCE WE HAVE COMPLETED TRIALS OF THE ENTIRE SOFTWARE SOLUTION IN THE SPRING OF 2010.



There is substantial international demand for ready-to-use, fully integrated clinical information systems. Most of the systems on the world market are based on the payment flows for individual patients and other administrative processes. Columna focuses on the overall clinical picture of the patient's state of health, on effective support for clinical work procedures and on patient safety.

Columna is based on international standards and an open systems architecture. Columna is designed with a modular structure so that operators of healthcare facilities are able to invite other suppliers to develop and supply specialist modules for integration with Columna.

COMPLETE, INTEGRATED CLINICAL WORK SETUP

During the 2008/09 financial year, turnover in the Healthcare division of Systematic has been on a par with that of previous years. However, we have clearly registered that owners of hospitals are under financial pressure all round, and are faced by increased expenditure on medication as well as the effects of the tight constraints featured in Danish 'treatment guarantees'.

Systematic has invested heavily in Columna since 2000. The aim was to establish an integrated clinical information system that was

sufficiently versatile to be able to include all special functions and services, and also sufficiently dynamic to be able to adjust to the constant changes that healthcare services undergo, including adjustments to new forms of treatment as well as the changes in legislative and safety requirements that hospitals continually face.

The Columna clinical information system is now a complete solution that consists of an integration platform and five specialist modules. Columna provides full support for the clinical work process at the same time as ensuring more cohesive patient treatment flows and better patient safety. It also makes it possible for hospitals to simplify their work flows, promote the development of quality management and provide accurate management information.

AGREEMENT WITH REGION MIDTJYLLAND

In January 2009, Systematic signed a comprehensive five-year agreement with Region Midtjylland (the Central Denmark Region – the local authority responsible for running the hospitals in this part of Denmark). Provided the outcome of the implementation and trials of the complete solution, starting in February 2010, is successful, this particular regional authority expects to roll out an integrated Columna solution in all the other hospitals in the region.

The Columna clinical information system from Systematic provides doctors, nurses and medical secretaries with a way to carry out the majority of their clinical, planning and patient administration registration duties using a single one-stop solution.



As far as we have been able to determine, this is the first time in Europe – and perhaps even in the whole world – that such a comprehensive and fully integrated clinical information system is to undergo full-scale trials in all departments and for all functions of a major hospital at the same time.

EXPORT ACTIVITIES

In international terms, the Systematic strategy is to market and sell Columna via partners familiar with the expectations and requirements in each country or region. We have registered growing international interest for our approach to clinical information systems, borne by Denmark's excellent reputation with regards to computer systems for the healthcare industry. According to a report from The Information Technology and Innovation Foundation (ITIF) think-tank in the US, 'Denmark, Finland, and Sweden are definitively ahead of the United States and most other countries in moving forward with their health IT systems.'

We will begin by exploring opportunities in Scandinavia and Germany, although the considerable focus that the Barack Obama-led government has placed on intelligent IT systems for use in the

expensive US healthcare sector, which is distinguished by a lack of suitable clinical information systems, has recently given rise to significant expressions of interest from US IT suppliers. We have already signed one partnership agreement, and are currently in dialogue with several other companies that have the potential to become Systematic partners in the United States.

NEW PRODUCT FOR MONITORING QUALITY DEVELOPMENT

In 2008, Systematic launched a new product targeted at the healthcare sector. Informentas software is designed to monitor the quality of hospital treatments and procedures, as experienced by the individual patient.

The Informentas product makes it easy to gather data about how patients experience their treatment, and supports effective communication with each individual patient. Patients can answer questions about their treatment from a standard web browser, or by using a touch-screen terminal at the hospital. Informentas then collates and displays this key information in easy-to-grasp graphs and tables. By year end, Informentas installations were being trialled in four different departments in Danish hospitals.



MORTEN NORENG
Medical Director,
Regional Hospital of
Randers and Grenaa,
Denmark

'We have a good, flexible and mutually respectful working relationship with Systematic. This is important in such a big project as ours, in which we are working on transferring the entire journal system for a whole hospital – with more than 30,000 admissions and more than 100,000 outpatient treatments a year – into digital form.'

Systematic is working with the Central Denmark regional authority on developing a clinical information system that provides doctors, nurses and medical secretaries with an efficient way to use a single integrated solution to undertake the vast majority of their data registration work for clinical procedures, planning and patient administration. The Regional Hospital of Randers and Grenaa will be the first hospital in the region to bring the whole Columna clinical information system into service, and this is scheduled to take place during 2010.

Columna covers all the work processes that doctors and nurses undertake in association with providing medication. At the same time, it ensures increased patient safety.



Each healthcare profession can tailor the Columna clinical information system to meet its own specific needs, and thus ensure a full overview of the information within each patient's medical records that is relevant for particular specialist needs.

Overview - 100352-05J1 - Jesus, Simon

Listed updated: 10:54 + Doctor: Wld E

Reason for contact
 01.01.10 05:30 Reason for contact
 Title: Patient is a 56 year old lady, brought in due to a fall at home.
 Current: The patient is very distressed. Have been several hours in a cold hallway, was early refrigerated upon arrival. Moreover also dehydration. X-ray show bilateral column femoral, dist.

Operative
 11.04.10 10:30 Replacement of the cardiac pacemaker in T-chamber

Outpatient

Summary
 05.01.10 Aortic valve stenosis
 20.02.2008
 The patient is operated for a dissection with a composite graft 14.02. Subsequently complex with 3rd degree AV block, and pacemaker implantation on 18/02/2008.
 After the process has been complicated by renal insufficiency and stenuria/infektion - both areas are now improving.

Diagnosis
 Description:
 In general anasthesia and blood vacuity done
 10/10/10 Primary insertion of partial dentures in the hip part, DCT.
 Brought intraarticular drugs to easily suck.
 Is closed with Vinyli 0, vinyli 3.0 in the subcutaneous tissue and staples in the skin.
 Postoperatively:
 Pt. mobilized to standing tonight.
 Hip: improvement in mobilization
 Staples removed about 5 days.

Operation information
 Knife time start: 04. Jan 2010 08:55
 Knife time end: 04. Jan 2010 10:35

Measurements - Transport data
 04.01.10 00:00 Measurement of temperature
 Temperature in degrees celsius: 36.7
 04.01.10 22:00 Measurement of temperature
 Temperature in degrees celsius: 37.5
 05.01.10 08:00 Measurement of temperature
 Temperature in degrees celsius: 37.2

Infection parameters
 29.12.09 31.01.10
 B-Leucocytes: 9.4 9.7
 Erythrocyte sedimentation rate
 P-Creative protein (CrP)

Other
 04.01.10 34.01.10 05.01.10
 Procoagulation factors (F.VII, X)
 ECG: FD...

Objectively
 01.01.10 05:30 Objective physical examination:
 AT, ET, Distention, level of consciousness:
 woken, confused
 Eyes: wear glasses, probably myopia
 Skull: Large swelling in the cranium
 Cavity: use prothesis, nose mucosa
 St. cordis: Murmur
 St. pulmonis: Mild dyspnoea
 Abdomen:
 Tenses, difficult to study because of pain
 Extremities:
 Right leg: Uly been seen shortened and rotated outward leg, the patient can not lift from the ground.
 Pain is localized to the area around the upper part of the femur, and down down to the distal femur.

Clinical status: Dressing & Care
 Volume ml: 30
 Appearance: good
 10.11.09 21:00 Transfer
 Number of helpers: 2
 Method:
 Patient is mobilized to the bedside and briefly seated on legs.
 11.11.09 06:00 Draining tube
 Location: Internal
 Volume ml: 25
 Appearance: good / Satisfactory

SYSTEMATIC COLUMNA

INTEGRATION PLATFORM

The integration platform is the backbone of the Columna system. Its primary tasks are to:

- Store data
- Create stable, secure access to data
- Exchange data between Columna modules and external systems
- Bind the software modules and their clinical applications together so that they provide information to each clinical user in a clear, consistent way.

The integration platform is so flexible it can be adjusted to changes in work processes and organisational adjustments in departments, units and beds, as well as changes in classification systems, without any need to develop or install new software.

The flexibility and open systems architecture at the heart of the integration platform play an important role in future-proofing Columna clinical information systems.

PATIENT RECORD MODULE

This is the central point of access for each patient's hospital record, and provides an overview of the patient's complete course of treatment and medical records.

Day-to-day communication and planning of work tasks in relation to diagnostics, planning, care and treatment are supported by standardised electronic plans for patient treatment.

MEDICATION MODULE

This module supports all the procedures relating to medication, ranging from prescriptions, administration of the prescribed medication and handling of fluid balance calculations, to providing patients with clear information about the medication they are receiving.

The medication module also supports the issuing of electronic prescriptions, and it can be integrated with a robot drug dispenser that automates the entire medication process, right from ordination to the administration of medication.

ORDER & RESULT MODULE

This module ensures greater efficiency in ordering medical analyses – such as blood samples – and in examining the results. This is made possible via an interface to other external systems such as those used by laboratories, etc.

BOOKING MODULE

This module is designed to make it easy to use Columna to book operations and examinations across departments and hospitals. As an integrated part of standardised treatment plans, the Columna booking module provides a unique opportunity to optimise the planning of care pathways. The booking module was developed by Capgemini, but is fully integrated into the Columna clinical information system.

PATIENT ADMINISTRATION MODULE

The unique Patient Administration module is the cornerstone of financial management within a hospital organisation. It deals with all the tasks associated with administering patient care paths, settling accounts and carrying out the necessary financial reporting.

Registration of administrative details about patients is a fully integrated part of the continuous clinical documentation, and thus results in greater efficiency in the administrative work of the hospital. At the same time, the module can feed highly structured data into data warehouse solutions from where it can be used by hospital management as well as in medical research.

Facts on Systematic Columna in Central Denmark Region as of November 2009

- In use at 15 different hospitals
- 25,000 registered users, all dealt with by the same installation
- Approximately 4,000 simultaneous users
- 2 million people are registered. This includes patient data for 528,000 people
- 2,600 admissions and 5–7,000 outpatients registered per day
- 20–25,000 laboratory results per day – in peak periods up to 4,200 per hour
- 22–24,000 medication prescriptions per day
- 12,000 readings of patient administration lists per day
- 18,000 readings of records per day

SYSTEMATIC INFORMENTAS

Informentas is a software tool that enables healthcare professionals to follow up on how patients experience the quality of their treatment. It is a web-based solution that makes it easy to gather data inputs from patients, and also to collate and present this information clearly so it is easy to understand and to use.

Informentas can be integrated with systems that hospitals already use, as well as with central clinical databases. This means the work of entering data only needs to be done once.

The system was developed in collaboration with both doctors and hospital management. It provides an excellent overview of the results of treatments, of changes and fluctuations in performance, and opportunities for follow-ups on patient treatment quality, as perceived by the patients themselves.

A man in profile, wearing a dark shirt, is seated at a desk in a control room. He is looking at a large monitor displaying a blue and white image. The room has a modern, industrial feel with large windows in the background.

Integration Services

SYSTEMATIC'S CORE COMPETENCIES HAVE PROVEN TO APPEAL TO INCREASING NUMBERS OF CUSTOMERS OUTSIDE THE DEFENCE AND HEALTHCARE SECTORS. AS A RESULT, DEMAND FOR OUR SYSTEM INTEGRATION SERVICES AND OUR CAPACITY TO DEVELOP MISSION-CRITICAL IT SOLUTIONS IS GROWING.



Development of solutions based on standardised core software and service-oriented architecture is one of the services Systematic supplies to customers in the public and financial sectors. This picture is of Christian, one of our Lead Architects.



EJNAR BOYSEN
SCHULTZ
Vice-President, The
Danish Agricultural
Advisory Service
(DAAS), National Centre

'In our experience, Systematic is a very professional working partner. The company has a good overview of its own capabilities – i.e. the assignments it can handle, and those it cannot. When Systematic says it can take on an assignment, the company always delivers on time, at the agreed price and with the agreed quality. At the same time, Systematic staff succeed in understanding our field of business and challenging our preconceptions in a professionally appropriate manner. In other words, we enjoy a good, authentic working relationship targeted at achieving the best possible result. That is why we always feel secure when working with Systematic.'

The DAAS National Centre is a knowledge and service centre that serves agricultural centres affiliated with the Danish Agricultural Advisory Service, and, in a number of areas, for Danish farmers. The National Centre deals with development assignments, special consultancy and service assignments in the area of agricultural production. For many years, Systematic has delivered advanced, specially developed software solutions that directly support the consultancy provided by the DAAS local advisors and help to optimise the individual farmers' production.



JØRN KNUDSEN
Managing Director,
e-nettet a/s, Denmark

'We have worked closely with Systematic for many years and we have come to know the company as a reliable and solution-oriented partner. Systematic commands a range of spearhead competencies that makes the company an interesting partner in development work. Systematic is distinguished by in-depth knowledge about technologies, excellent business understanding and smoothly run internal processes, and the company maintains the highest levels of quality in what they deliver. We are also extremely satisfied with Systematic's ability to deliver on time and to provide good support.'

Systematic has been involved in significant streamlining of the paperwork flow in connection with property transactions and loan financing in Denmark. Through a working relationship with banks, building societies and mortgage credit institutions, the public sector has digitalised the public registration process. Systematic contributed to the infrastructure for this project, including integration and shared processes that link 130 financial-sector organisations together.

Our extensive experience in developing mission-critical and hi-tech solutions for the defence and healthcare sectors is generating ever more interest among customers in other sectors. Our Integration Services business unit supplies Systematic core capabilities to customers in the public sector and in the fields of finance, agriculture, transport and logistics.

Integration Services comprises both system integration, which increases the value of customers' existing systems, and the development of solutions based on standard software and service-oriented architecture (SOA). We provide in-depth knowledge of standardised software products. Because we are independent of individual product suppliers, we are in a position to always use the technologies best suited to the constellation of requirements in each project.

We also analyse existing system platforms and provide ways for these platforms to be optimised and improved. In addition, we provide application support in conjunction with maintenance, as well as other services that enable customers to implement ongoing future-optimisation of their existing platforms and improve their operating stability.

During the financial year, Integration Services accomplished solid growth with a turnover in excess of EUR 12.1 million. The major customers have included the Labour Market Authority of Denmark and e-nettet, which is a collaborative organisation for 130 important operators in the Danish financial sector. Other customers include the Danish Palaces and Properties Agency, the Danske Fragtmænd logistics organisation, the Danish Agricultural Advisory Service (DAAS) and the Superfos packaging company.

We forecast continued growth in 2010 – particularly in the public sector, which currently focuses on system integration and more efficient work processes via portal solutions and other measures. Moreover, customers in both the private and public sectors are becoming increasingly aware of the importance of IT suppliers being capable of delivering on time, at the agreed price and quality.

The Integration Services unit has primarily dealt with Danish projects and consultancy assignments. In the longer term, we have identified excellent opportunities for the internationalisation of this business. This will primarily take the form of partnership agreements through which we supply concepts, products and processes, while local partners contribute with integration and support services, along with the advantages of being geographically close to the customer.



For the transport sector, Systematic has developed a special tool with capabilities that include route planning and payment. The system provides a 'here and now' snapshot overview of the positions of all monitored vehicles.



Systematic has extensive experience with project management as well as the development and integration of complex IT systems for the largest private-sector companies in Denmark – primarily within the financial sector.



Systematic has been supplying software solutions to agriculture for many years. These solutions support consultancy services for farmers as well as helping optimise their production.



Customers from the public sector use Systematic's ability to build on the value of their existing systems and base solutions on service-oriented architecture and well-known technologies.

A woman with blonde hair, wearing a white collared shirt and a headset with a microphone, is shown in profile. She is looking down at a desk, likely working in a control room or office. The background is slightly blurred, showing other people and equipment. The entire image has a teal overlay.

Intelligence and National Security

THE INTELLIGENCE AND NATIONAL SECURITY UNIT SUPPLIES SOLUTIONS, SERVICES AND KNOW-HOW FOR USE IN SURVEILLANCE, PREVENTION, ANALYSIS, THREAT ASSESSMENT AND CRISIS HANDLING.





Systematic develops solutions that assist defence forces, law enforcement agencies and intelligence services in carrying out effective surveillance of events, organisations and people considered to be a potential threat to society.



Advanced IT systems play a key role in conducting threat assessments. This applies to both general evaluations and more specific assessments linked to actual threats, or to particular environments and networks.



We develop software tools that enable law enforcement bodies and intelligence services to deal with their preventive security duties.



Intelligent IT solutions are crucial for analysis work carried out by intelligence services. Such analyses form the basis for determining priorities in terms of how best to allocate key resources.

Systematic has been supplying software solutions to defence forces, law enforcement agencies and intelligence services for several years. The Intelligence and National Security division provides a wide range of specialist competencies associated with public-sector readiness programmes, surveillance systems and protection of critical infrastructure.

During the 2008/09 financial year, Systematic delivered the Sirene2 case work management system to the Rigspolitiet (Danish National Police). Sirene2 supports the working procedures associated with the Schengen Agreement, whose purpose is to do away with national border controls within the EU, and ensure freedom of movement within all EU countries. The Sirene2 system communicates with both the joint Schengen Information System (SIS) and the different case work systems used by individual signatories of the Schengen Agreement, with the advantage that information about missing or wanted persons or items can be passed back and forth, unhindered by national borders.

In collaboration with Zonith A/S, Systematic has also delivered an advanced, but cost-effective, communication solution for patrol vehicles used by the Danish National Police. This system features automatic communication of alarm response status, digital storage of video recordings, etc. The system is based on standard technologies approved for use with the SINE radio network, and is particularly user-friendly thanks to the use of touch screens, specially customised to meet the practical needs of police officers.

During 2009, Systematic also signed a substantial multi-year agreement for development of a classified system. This will be used for processing large quantities of complex data in conjunction with operations conducted by intelligence services.

The Intelligence and National Security unit expects to receive orders for additional classified projects in the course of 2010. Because of their classified nature, it is not possible to provide any further details.



Actions undertaken by intelligence services are based on careful consideration for the potential danger that a particular threat poses to society, along with considerations about suspects and the safety of any civilians present in the vicinity. Effective, reliable communication systems are crucial when running such operations.

Quality on time

CUSTOMERS EXPECT THEIR IT SOLUTIONS TO BE DELIVERED ON TIME, AT THE AGREED PRICE AND WITH THE AGREED LEVEL OF QUALITY. THANKS TO ONGOING OPTIMISATION OF OUR PROCESSES, WE AT SYSTEMATIC MEET 92% OF ALL MILESTONES.

More and more companies assess software suppliers on the maturity, because they neither can nor will accept failed IT projects and missed deadlines. Systematic always provides its customers with value for money – even when assignments take the form of large and complex development projects. We constantly strive to improve our software development work processes, and our efforts pay dividends. In the financial year 2008/09, we met 92% of all project milestones on time.

Based on our practical experience from previous projects, our staff continuously improve and develop shared standards for effective project implementation. These process improvements are an essential part of our day-to-day work, and have been so ever since 1992, when we began working on the basis of ISO 9001 regulations.

Subsequently, we have chosen to work in accordance with the internationally recognised Capability Maturity Model Integration (CMMI). CMMI is based on worldwide best practice and features five levels of software engineering maturity, which can move companies on from ad hoc and immature structures to a high degree of discipline, consistency and predictability.

In 2005, following eight years of highly focused work, Systematic was certified to the fifth and highest level of CMMI. Only 200 companies worldwide – including a mere seven in Europe – have achieved this level, which means Systematic has become a member of a small and exclusive ‘club’. In 2009, we were re-certified at the same level, but on the basis of even more stringent requirements for both achieving and retaining CMMI certification.

The CMMI model involves systematising all processes. On the basis of the shared standards, the individual projects at Systematic select and adapt their specific business processes to reflect the needs and goals of the project. This enables our staff to devote more time and effort to innovation. Instead of needing to start from scratch every time, they can base their approach on structured experience.

SIMPLER AND MORE EFFICIENT PROCESSES

In recent years, we have worked to combine CMMI with principles from agile software development, i.e. software development distinguished by a dynamic planning process and a high level of interaction with customers. This combined approach has generated a great deal of interest in the software industry because we have dovetailed the best from both worlds: the process discipline from CMMI and the flexibility from agile software development.

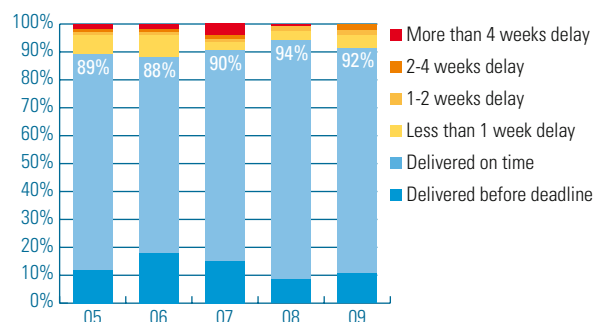
One example of an agile method is ‘Scrum’, which is designed to operate with more frequent deliveries, in order to ensure ongoing feedback from the customer and of pooled learning. This provides our customers with opportunities to adjust their requirements as the project progresses. This in turn assures functionality that is more accurately focused on real-world user requirements.

LEAN CONTRIBUTES TO EFFICIENCY AND QUALITY

We also apply Lean principles in our development processes – in testing, for example. Testing aspects such as functionality, usability and performance forms an integral part of the software engineering process and accounts for 12% – on average – of the total development time in our projects. In addition to a systems test prior to delivery, we perform ongoing quality testing to make sure that subsequent development work does not take place on an unsound basis. This approach allows us to identify and correct any errors at an early stage. Experience shows that we normally correct an error within 2.5 hours of it being registered, thus removing an obstacle from the path of subsequent development steps.

Lean has also inspired us to measure the flow in our development tasks. In order to reduce change-over time between assignments, we measure how much time is spent dealing with each individual task. If it takes three days to complete a task that in an ideal world – i.e. without having to wait for responses from colleagues or customers – should only take one day, the flow is at 33%. In the projects where we have applied such measurement, we have succeeded in improving the flow from approximately 30% to 60%.

Milestones delivered on time

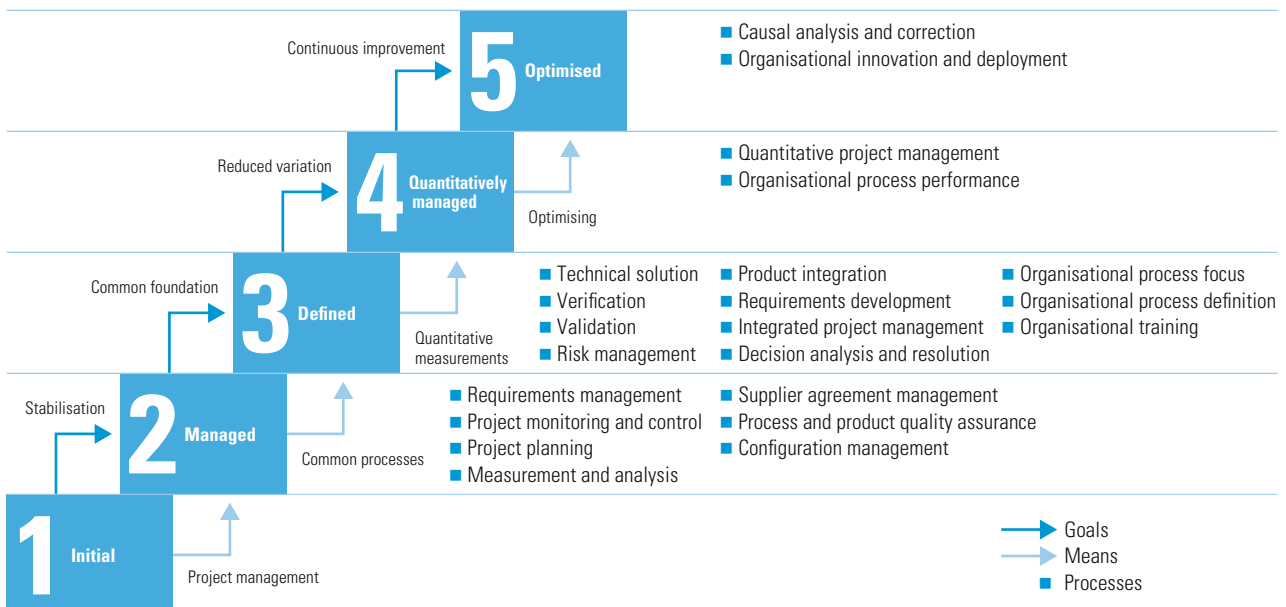


In step with the higher levels of maturity, we have experienced appreciable improvements in our capacity to deliver on time. For the financial year 2008/09, we reached 92% of all milestones on time. This figure is significantly higher than the sector average.



**Ben, Systems Engineer
and Emily, Senior Manager**

Capability Maturity Model Integration (CMMI)



Companies that are certified according to CMMI must master all processes in the preceding levels before they can progress to the next level of maturity. During the certification processes, the applicable

criteria are examined through presentation of the company's actual products, through the work processes applied during the projects, and via interviews with staff.



MARY POPPENDIECK
Author of award-winning
books about Lean

'I continue to be very impressed by Systematic's determined, effective and well-structured way of working with processes. The company is persistent in its efforts to make improvements.'

Mary Poppendieck is one of the pioneers in the field of agile software development. In her 2003 book entitled 'Lean Software Development', she was probably the first person to describe the close relationship between agile software development and Lean principles. Mary Poppendieck mentions Systematic in her latest book, 'Implementing Lean Software Development: From Concept to Cash' (2009).

Constant learning is the key to our success

AS A SUPPLIER OF MISSION-CRITICAL IT SOLUTIONS, WE ARE PARTICULARLY DEPENDENT ON THE SKILLS OF OUR STAFF. THIS IS WHY SUPPLEMENTARY TRAINING AND SKILLS DEVELOPMENT HAVE ALWAYS BEEN HIGH ON THE AGENDA AT SYSTEMATIC.

We set great store by the saying: 'better train people and risk they leave, than do nothing and they stay'. Our ability to generate innovation and renewal from within and to remain two steps ahead of the pack, is crucial to Systematic's success. It demands highly trained, professional and committed staff, who constitute the backbone of a knowledge-based company such as ours. This demands constant learning and structured knowledge sharing.

CLOSE FOLLOW-UP ON DEVELOPMENT AND RESULTS

In 2009, we began working with Discover, a new tool for supporting the development of staff skills. Discover collates all relevant information about employees' education, experience, development, goals and results. This provides the company with a comprehensive organisational overview, along with an effective basis for structured and strategic planning. It also helps ensure that the agreed skills planning supports Systematic's long-term

strategic focus. At the same time, the tool functions as a pool of experience for individual employees and helps ensure continuity in the event of staff switching between projects.

Discover also contains a 'self-service section' that managers and staff can use together to set and follow up on each employee's targets regarding both skills development and business results.

OUR LEVEL OF AMBITION REQUIRES STRONG MANAGERS

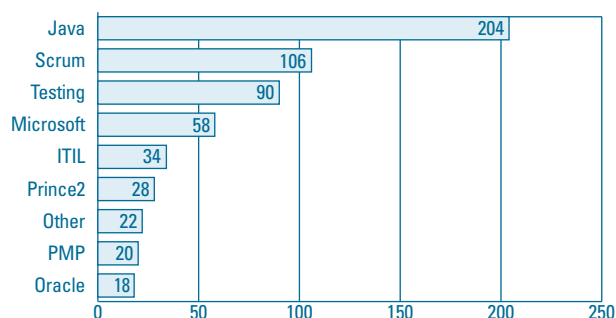
Strong managers who can motivate others are essential in generating increased value for our customers – and in achieving everything we have set our sights on. We therefore place special emphasis on managerial development, where we train our managers in aspects that include communicating targets and direction, as well as providing inspiration and support so as to generate business and achieve results. During the year, we have explicitly formulated our expectations for Systematic managers at all levels, so that everyone knows what is expected of him/her.

We have also introduced a mentor arrangement and trained 20 mentors. All new managers are allocated a particular mentor, and all other managers have the opportunity to link up with a capable staff member whose role is to listen, provide support and share experience.

SHARING KNOWLEDGE IN-HOUSE

Systematic has always been distinguished by a high level of in-house knowledge sharing. We have active 'knowledge networks' that provide good opportunities for sharing know-how for

Number of certifications (as of 30 Sep 2009)





**Brian and Lars,
Senior Project Managers**

developing of new ideas that transcend professional boundaries. At the same time, these networks contribute to building good relations between employees and provide a vehicle for staff to influence which technologies Systematic uses in the future.

These networks raise the company's overall level of skills and put us in a position to work in a more agile manner. The professional themes of the networks span broadly, from technologies to project management. Examples include user experience, test leadership and programming languages.

When we make new appointments and also when people choose to leave the company, we place emphasis on passing on know-how and culture. By taking part in a comprehensive introduction programme involving courses, workshops, presentations and so on, new members of our staff can quickly build up a solid base of knowledge about the company, work processes, etc. This means that they are soon capable of taking on complex assignments.

Shortly after joining the company, new employees are invited to a lunch meeting with the topmanagement, where they have the opportunity to make suggestions about possible improvements, using an 'I was just wondering ...' approach. Similarly, when employees leave the company they are invited to an exit interview intended to identify points to learn from and work to improve.

In 2009, we also launched an alumni network for former employees. The intention here is to provide a forum for exchanging experience and ideas and maintaining contact.

ONGOING SKILLS DEVELOPMENT

In the financial year 2008/09, expenses linked to training and courses amounted to 6.1% of our total payroll costs.

Within six months of joining the company, our new employees are given the opportunity to start a certification course that will allow them to specialise in a specific technology. Generally, we want our software developers to have the certification(s) they need to enable them to handle assignments at a high professional level. This enables us to ensure a level of documented skills, and our employees maintain their high 'market value'.

During 2009, we have clarified the career opportunities for our staff, irrespective of the role they perform within projects. We work with a variety of career paths – for both managers and specialists – and support these with activities designed to develop the appropriate skills.

Good conditions for a better working life

WE PREPARE THE GROUND FOR A WORKING LIFE WITH MANY POSITIVE ASPECTS. OUR APPROACH HELPS FOSTER LOYAL EMPLOYEES WHO WANT TO GO THE EXTRA MILE AND TO TAKE THEIR SHARE OF RESPONSIBILITY FOR THE DEVELOPMENT OF THE COMPANY.

We believe that an attractive, meaningful working life results in loyal employees who are happy to align themselves with our corporate values and to share responsibility for the development of the company. This not only contributes to greater productivity, but also generates greater satisfaction among our customers. This in turn leads to improved growth.

We provide an attractive working environment with professionally exciting assignments, skilled colleagues, flexible working hours and the opportunity to work from home, competitive salary packages and attractive staff arrangements.

At the same time, our active staff association works hard to give our employees the chance to meet and interact in more informal settings. The association organises a wide range of different events, including talks on socially relevant subjects, culinary courses, games evenings and staff parties. In the course of the 2008/09 financial year, more than 100 such events were held.

WORKING TOGETHER ACROSS BORDERS

We have focused in particular on utilising synergies and skills across national borders. The entire Group now has access to shared staff functions. At the same time, we are doing our utmost to benefit from the diversity of our staff in order to bring the right talents and cultures into play to ensure that we deal successfully with individual assignments.

More and more of our projects involve Systematic staff members from several countries. Working together across national borders and continents demands understanding for different cultures.

As early as the recruitment phase, we focus on potential employees' understanding and acceptance of our values, and we also provide training in inter-cultural collaboration. Similarly, we train project managers and sales staff to enter into constructive and respectful working relationships with our customers.

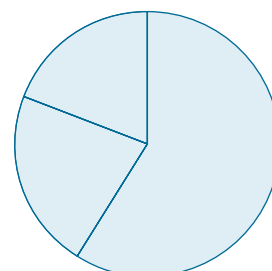
In Aarhus, Denmark, we participate in local initiatives intended to attract and retain international experts. It is important to create the best and broadest possible framework in the local community for new employees coming to work in Denmark, whether for a short or long period. It is particularly important that we do our very best to welcome their families 'inside' our society.

During the past financial year, we have increased the use of electronic media – including video conferences – within the company with a view to facilitating communication across national borders. An added benefit of this approach is a reduction in our travel budget.

Educational profile of software developers (as of 30 Sep 2009)

Diplomas in
computer studies
or other 19%

Bachelors of
engineering/
bachelors 22%



Ph.D.s or master's
degree 59%

THE SYSTEMATES

72% OF OUR STAFF WORK WITH SOFTWARE DEVELOPMENT, **8%** ARE DOMAIN SPECIALISTS AND **20%** ARE EMPLOYED IN STAFF FUNCTIONS. **59%** OF OUR SOFTWARE DEVELOPERS HAVE A PH.D. OR OTHER HIGHER DEGREE, **22%** HAVE A BACHELOR OF ENGINEERING DEGREE AND **19%** HAVE A DIPLOMA IN ADVANCED COMPUTER STUDIES, OR OTHER SIMILAR QUALIFICATIONS. ON AVERAGE, THEY HAVE WORKED FOR SYSTEMATIC FOR **10.1 YEARS**. THEIR **AVERAGE AGE IS 36**. ON AN ANNUAL BASIS, EACH SYSTEMATE EATS AN AVERAGE OF **15.6 KG BANANAS** AND **10.3 KG CARROTS** WHILE AT WORK. **50%** OF OUR STAFF CYCLE TO WORK. SYSTEMATES TAKE AN AVERAGE OF **4.8 DAYS** OFF WORK EACH YEAR DUE TO ILLNESS.

COMMUNICATION PROMOTES UNDERSTANDING

Dialogue and communication play a significant role in our culture. We want to be perceived as an accommodating company that communicates with customers on equal terms.

In-house, we assign high priority to team spirit and open communication in general – in project groups, in professional knowledge networks, at meetings over coffee with the management, during the bi-annual employee development and performance appraisals, and at the monthly company briefings with management.

GREATER JOB SATISFACTION

In addition to day-to-day dialogue, we use satisfaction surveys to follow up on the overall well-being of our staff, based on the European Employee Index. This is used in 20 countries to provide an assessment of employee well-being in relation to job satisfaction, enjoyment, motivation, loyalty and commitment.

These surveys indicate that Systematic employees feel a sense of commitment to their workplace. 96% participated in the most recent survey, which revealed, for example, that 80% of employees can be characterised as 'fiery advocates' and 'solid citizens'. This is significantly above the average for the software engineering sector.

As a supplement to this comprehensive satisfaction survey, projects and departments can use our own Live Employee Satisfaction Survey to access an up-to-date snapshot of levels of job satisfaction. Twice a week, questions about project-specific conditions appear on employees' computers. This gives both managers and employees an opportunity to evaluate the working relationship on an ongoing basis and to implement appropriate initiatives.

AN ATTRACTIVE WORKPLACE

In Denmark, Systematic ranked fourteenth among 101 major IT organisations in an image survey conducted in 2009 for Version2, the IT news forum. In two of the focus areas of the survey –

'professional development' and 'development and innovation' – Systematic was ranked in the top five.

In another Danish survey, commercially active academics ranked Systematic ninth on a list of the most sought-after employers in the IT sector. Among students, we ranked sixteenth in a comprehensive survey conducted by Universum.

We see these results as a reflection of the fact that Systematic is known and appreciated as an attractive workplace.

FALL IN EMPLOYEE TURNOVER

At the end of the financial year, Systematic employed 488 people (of whom 428 work in Denmark), which is almost unchanged since the beginning of the year, when the figure was 489.

Employee turnover fell from 14.4% to 10.8% in 2008/09, and reveals a continuing downward trend. This is in part attributable to the numerous measures we implement to improve wellbeing in the workplace and to maintain a stimulating working environment.

Despite the fall in departures from the company, we will continue to work on maintaining our profile and our active role in relation to potential employees. This involves participating in fairs and events in the educational sector, holding our own events for students and candidates, project collaboration with students, special IT camps for girls who are interested in the IT field, and so on.

We expect staffing levels to remain more-or-less unchanged over the coming year. In the medium to long term, we aim to increase sourcing and outsourcing activities so as to reduce the 'level of self-sufficiency' – and the attendant vulnerability – that stems from staffing projects and customer assignments ourselves.

SYSTEMATIC'S VALUES

MAKING A DIFFERENCE – be creative, stand out from the crowd


PEOPLE CENTRIC – always strive for personal and professional integrity

FREEDOM WITH RESPONSIBILITY – believe and trust in people

PERVASIVE QUALITY – do the right thing the right way

COST CONSCIOUS – use resources wisely

CONTRIBUTING TO SOCIETY – actively contribute to advancing the places we call home



The chairman of Systematic's board of directors, Alex Holm Jensen, in Gorom-Gorom in Burkina Faso with a representative for the M'Balla Sukaabe women's society, which Systematic supports.

Being aware of our responsibilities

SOCIAL RESPONSIBILITY IS AN INTEGRAL PART OF THE SYSTEMATIC IDENTITY. WE LEND OUR SUPPORT IN MANY DIFFERENT CONTEXTS AND USE OUR EXPERIENCE AND SKILLS TO MAKE AN ACTIVE CONTRIBUTION TO THE WORLD AROUND US.

One of the six core values at Systematic is 'contributing to society'. Helping and strengthening the world we will live in for years to come is an integral part of our identity and acts as a guiding principle for our actions. We want to maintain an overall sense of responsibility for our day-to-day actions and show due consideration for people, the environment and society in the business decisions we take.

In our code of conduct, we have made it clear how we – as a business and as employees – should conduct ourselves in a range of different situations, so that we always act in a responsible, environmentally sustainable and ethically correct manner. We consider such a policy important both in-house and in relation to society, as it will ensure that no significant partner or stakeholder in or around Systematic will ever be unsure of our position.

NOT JUST ABOUT FINANCIAL SUPPORT

Systematic recognises that the support we provide should not only be of a financial nature. In the projects we support, we also bring our experience and skills to bear. At the same time, it is important to us that there is a good match between the projects we get involved in and what we stand for.

INNOVATION PAVES THE WAY AHEAD

Forward-thinking is one of our four brand values. We contribute to society by participating in 'public' IT innovation projects that have no immediate commercial goals.

We have close long-term working relationships with the corporate community, educational institutions and other public-sector bodies. R&D projects we are involved with include an IT tool for use in treating blood clots and the development of the Galileo global positioning system.

SUPPORT FOR THE ARMED SERVICES

Much of Systematic's business stems from the defence sector, and we therefore consider it our natural duty to help soldiers who can no longer undertake front-line duties.

In 2009, we therefore decided to actively support the Soldiers' Grant foundation. The purpose of this organisation is to help Danish soldiers who have suffered physical or psychological

trauma in the course of military service abroad, as well as helping the bereaved and the families of soldiers previously posted abroad.

We provide support in the form of premises for the Soldiers' Grant foundation to use for its activities, enabling the organisation to increase capacity and thus ultimately help more soldiers. In addition, our familiarity with the Danish defence forces, and experience in this field, means that both parties can help each other in our work relating to the Danish defence forces.

We also support the Anders Lassen Foundation, which rewards significant military efforts and helps injured soldiers.

We offer injured soldiers trainee positions as software testers. This allows these soldiers to make use of their experience and skills in the private sector when their future prospects for careers in the armed services have been inadvertently curtailed. At the same time, they develop new skills via a two-year training programme that will help improve their employment potential.

A FOCUS ON EDUCATION

We also support a range of charity projects that focus on education, as we believe that the acquisition of knowledge will help pave the way to a better future.

Among other projects, we have aided 150 orphaned children with their schooling and upbringing in Burkina Faso. This was done by financing a new building for the local women's society responsible for the project. By looking after these children, the project helps ensure that they have a better future.

We have also helped in the expansion of a school in Bangladesh that concentrates on providing a good education for its pupils.

In addition, we have supported a facility for 11 homeless children in Addis Ababa, the capital of Ethiopia. We have also provided medicine and a water purification plant for a school in Angola.

Our staff can also support projects like these by opting out of receiving Christmas presents from the company, and instead benefiting charity. During Christmas of 2008, three out of ten Systematic employees did exactly this.



Systematic board of directors – from left Torben, Alex, Peter, Gitte, Niels Bo and Niels

Statement by the Management

We have today presented the annual report for Systematic A/S for the financial year from 1 October 2008 to 30 September 2009.

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

We consider that the Group accounts and the Company accounts provide a true and fair view of the assets and liabilities of the Group and the Parent Company, and of their financial position, results and cash flows. We also consider that the management report provides a true and fair account of the matters mentioned in this report.

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

Aarhus, 26 January 2010

MANAGEMENT


Michael Holm
President and CEO


Lars Johansson
Executive Vice President and Deputy CEO

BOARD OF DIRECTORS


Alex Holm Jensen
Chairman


Torben Ballegaard Sørensen
Vice Chairman


Peter L. Ravn
Member of the Board of Directors


Niels Bo Theilgaard
Member of the Board of Directors


Gitte Ottosen
Elected by the employees


Niels Damgaard
Elected by the employees

Alex Holm Jensen

Chairman of the board. Not regarded as an independent board member due to his indirect ownership interests in Systematic A/S and previous employment by the company. Born 1942. Became a member of the board in 1993. Owner of AHJ Holding Århus ApS. Member of the board of Grandes Hesses A/S.

Torben Ballegaard Sørensen

Vice chairman of the board. Regarded as an independent board member. Born 1951. Became a member of the board in 2009. Professional board member. Former President and CEO of the Bang & Olufsen a/s. Chairman of the board of Pandora Invest ApS. Deputy chairman of the board of Monberg & Thorsen A/S. Member of the boards of LEGO A/S, AB Electrolux, Tajco Group A/S and Årstiderne Arkitekter A/S, and of the board of trustees of Egmont International Holding A/S.

Peter L. Ravn

Regarded as an independent board member. Born 1955. Became a member of the board in 2009. CEO of SimCorp A/S since 2001. Member of the board of 7-Technologies A/S.

Niels Bo Theilgaard

Regarded as an independent board member. Born 1952. Became a member of the board in 2009. Owner of NBTI ApS. Former General Manager of Microsoft Business Solutions ApS. Chairman of the board of Øresund IT. Member of the boards of 7-Technologies A/S, Marstrand Innovation A/S, Celenia Software a/s, iMotions - Emotion Technology A/S and Array Technology A/S.

Gitte Ottosen

Employee-elected member of the board. Born 1966. Became a member of the board in 2005. Program Test Manager at Systematic A/S.

Niels Damgaard

Employee-elected member of the board. Born 1974. Became a member of the board in 2006. Senior Systems Engineer at Systematic A/S.

Independent auditor's report

TO THE SHAREHOLDERS OF SYSTEMATIC A/S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENTS

We have audited the consolidated financial statements and financial statements of Systematic A/S for the financial year 1 October 2008 - 30 September 2009, 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 financial statements have been prepared in accordance with the Danish Financial Statements Act.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of consolidated financial statements and financial statements in accordance with the Danish Financial Statements Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements and financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY AND BASIS OF OPINION

Our responsibility is to express an opinion on these consolidated financial statements and financial statements based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements and 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 financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of consolidated financial statements and financial statements 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 evaluating the overall presentation of the consolidated financial statements and 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 financial statements give a true and fair view of the Group's and the Parent's financial position at 30 September 2009, and of their financial performance and the consolidated cash flows for the financial year 1 October 2008 - 30 September 2009 in accordance with the Danish Financial Statements Act.

STATEMENT ON THE MANAGEMENT REPORT

Management is responsible for preparing a management report that contains a fair review in accordance with the Danish Financial Statements Act.

Our audit did not include the management report, but we have read it pursuant to the Danish Financial Statements Act. We did not perform any procedures other than those performed during the audit of the consolidated financial statements and financial statements.

Based on this, we believe that the disclosures in the management report are consistent with the consolidated financial statements and financial statements.

Aarhus, 26 January 2010

DELOITTE

Statsautoriseret Revisionsaktieselskab



Christian Jørgensen
State Authorised
Public Accountant



Michael Bach
State Authorised
Public Accountant



From the left – Senior Project Manager Gareth, Systems Engineers Camilla and Andrew (back to the camera), Senior Systems Engineer Jacob and Systems Engineer Adam on the extreme right.

Profit and loss account for the year

Note	Group		Parent Company	
	2008/09	2007/08	2008/09	2007/08
	EUR	1000 EUR	EUR	1000 EUR
Turnover	47,447,911	50,268	41,086,646	43,582
Project costs	(6,437,681)	(4,449)	(6,347,108)	(4,746)
Other external costs	(8,766,580)	(8,269)	(7,207,953)	(6,723)
1 Staff costs	(29,236,975)	(30,661)	(25,255,806)	(26,185)
2 Depreciation	(2,237,872)	(1,831)	(1,801,774)	(1,414)
Operating profit	768,803	5,058	474,005	4,514
Share of subsidiaries' result			244,037	326
3 Net financial income	24,816	49	(161,648)	(97)
Profit before tax	793,619	5,107	556,394	4,743
4 Tax	(359,288)	(1,513)	(94,032)	(1,113)
Profit for the year	434,332	3,594	462,362	3,630
The minority interests' part of the subsidiaries' profit for the year	28,031	36		
The Parent Company's share of the profit for the year	462,362	3,630		

Proposed distribution of profit/loss

Dividend for the financial year	0
Transfer to reserve for net revaluation under the equity method	(37,999)
Retained earnings	500,361
	462,362

Balance sheet as at 30 September 2009

	Group		Parent Company	
	2008/09	2007/08	2008/09	2007/08
Note Assets	EUR	1000 EUR	EUR	1000 EUR
5 Intangible fixed assets	6,625,269	4,438	5,396,166	2,989
6 Tangible fixed assets	1,320,261	1,119	1,074,129	822
7 Financial fixed assets	586,575	558	4,209,897	4,151
Total fixed assets	8,532,105	6,115	10,680,192	7,962
Receivables	7,920,706	18,960	6,463,467	12,324
8 Work in progress	4,834,910	5,425	4,229,026	4,760
Receivables from affiliated companies	671,655	670	24,444	2,804
Corporation tax	182,811	231	182,811	231
Other receivables	1,072,365	946	883,389	451
14 Portfolio securities	849,339	266	849,339	266
Cash at bank	3,701,930	297	2,558,983	14
Total current assets	19,233,716	26,795	15,191,459	20,850
Total assets	27,765,821	32,910	25,871,651	28,812

	Group		Parent Company	
	2008/09	2007/08	2008/09	2007/08
Note Liabilities	EUR	1000 EUR	EUR	1000 EUR
Share capital	1,343,310	1,340	1,343,310	1,340
Reserve for net writing-up of capital investment	0	0	1,381,222	1,416
Carried forward to next year	7,508,432	7,274	6,127,209	5,858
Proposed dividend for the financial year	0	1,609	0	1,609
Total equity	8,851,741	10,223	8,851,741	10,223
Minority interests in subsidiaries	0	26		
9 Deferred tax	2,961,326	2,839	2,961,326	2,839
Total provisions	2,961,326	2,839	2,961,326	2,839
Employee bond scheme	864,950	573	864,950	573
Financial leasing	159,312	26	159,312	26
10 Total long-term creditors	1,024,262	599	1,024,262	599
Financial leasing	118,886	7	118,886	7
Bank debt	0	1,708	0	1,708
8 Advance payment from customers	1,290,916	3,675	1,290,916	3,675
Account payable	1,021,697	812	993,444	765
Corporation tax	270,864	400	0	0
Other creditors	9,479,774	9,164	8,842,964	6,614
11 Prepayments and accrued income	2,746,356	3,457	1,788,112	2,382
Total short-term creditors	14,928,492	19,223	13,034,322	15,151
Total creditors	15,952,754	19,822	14,058,584	15,750
Total liabilities	27,765,821	32,910	25,871,651	28,812

- 12 Accountancy
- 13 Leasing commitments
- 14 Contingent liabilities
- 15 Ownership

Equity

Note	Group		Parent Company	
	2008/09	2007/08	2008/09	2007/08
	EUR	1000 EUR	EUR	1000 EUR
Share capital				
The share capital consists of 10,000 shares at DKK 1,000	1,343,310	1,340	1,343,310	1,341
The shares are not divided into classes				
No changes in the share capital during the last five years				
Reserve for net writing-up of capital investment				
Balance as at 1 October 2008	0	0	1,419,221	1,283
Transferred from the result of the year	0	0	(37,999)	133
Balance as at 30 September 2009	0	0	1,381,222	1,416
Carried forward to next year				
Balance as at 1 October 2008	7,290,651	5,517	5,871,430	4,233
Financial contracts exchange rate adjustment	66,718	(67)	66,718	(67)
Foreign exchange rate adjustment of subsidiaries' equity	(311,299)	(197)	(311,299)	(197)
Transferred from the result for the year	462,362	2,021	500,361	1,888
Balance as at 30 September 2009	7,508,432	7,274	6,127,209	5,857
Proposed dividend for the financial year				
Balance as at 1 October 2008	1,611,972	2,683	1,611,972	2,683
Dividend paid	(1,611,972)	(2,683)	(1,611,972)	(2,683)
Dividend for the financial year	0	1,609	0	1,609
Balance as at 30 September 2009	0	1,609	0	1,609
Equity as at 30 September 2009	8,851,741	10,223	8,851,741	10,223

Cash flow statement

Note	Group	
	2008/09	2007/08
	1000 EUR	1000 EUR
Profit for the year after tax	434	3,594
Depreciation	2,238	1,831
Depreciation recognized as development projects	63	34
Tax	359	1,513
16 Working capital changes	8,952	(5,707)
Income taxes paid	(346)	(315)
Cash flows from operating activities	11,700	950
Acquisition of intangible fixed assets	(3,976)	(3,229)
Acquisition of tangible fixed assets	(837)	(338)
Acquisition of net financial fixed assets	(27)	(120)
Acquisition of portfolio securities	(582)	(269)
Sale of fixed assets	41	1
Cash flows from investment activities	(5,381)	(3,955)
Change in financial leasing commitments	245	(8)
Change in bank debt and employee bonds scheme	(1,421)	2,281
Dividend paid	(1,612)	(2,681)
Purchase of minority interest shares	0	(664)
Unrealized exchange rate adjustments	(127)	(196)
Cash flows from financial activities	(2,915)	(1,268)
Change in cash and cash equivalents	3,405	(4,273)
Cash and cash equivalents at the beginning of the year	297	4,570
Cash and cash equivalents at the end of the year	3,702	297

Notes

	Group		Parent company	
	2008/09 EUR	2007/08 1000 EUR	2008/09 EUR	2007/08 1000 EUR
1 Staff costs				
Salaries and holiday allowance	26,793,672	28,042	23,442,993	24,327
Pension schemes	1,708,470	1,632	1,498,063	1,410
Social costs	624,443	791	289,465	376
Other personnel costs	110,390	197	25,284	72
	29,236,975	30,662	25,255,806	26,185
Average number of employees	459	447	397	391
Remuneration for management and board of directors	679,882	793	679,882	793
Personnel costs recognized as development projects	3,533,154	1,577	3,344,340	1,402
2 Depreciation				
Intangible fixed assets	1,735,095	1,213	1,383,447	930
Tangible fixed assets	502,776	618	418,327	484
	2,237,872	1,831	1,801,774	1,414
Depreciations recognized as development projects	63,402	34	63,402	34
3 Net financial income				
Expenditure on interest	(53,257)	(66)	112,587	(61)
Income from interest	113,078	145	(48,883)	88
Foreign currency exchange rate adjustment	(35,005)	(30)	(225,352)	(124)
	24,816	49	(161,648)	(97)
Income from interest concerning inter-company balance			46,954	48
4 Tax				
Calculated corporation tax	(265,257)	(400)	0	0
Adjustment of deferred tax	(94,032)	(1,113)	(94,032)	(1,113)
	(359,288)	(1,513)	(94,032)	(1,113)

	Group				Parent company		
	Development projects EUR	Other rights EUR	Consolidated goodwill EUR	Total EUR	Development projects EUR	Other rights EUR	Total EUR
5 Intangible fixed assets							
Acquisition costs as at 1 October 2008	5,965,234	266,067	1,181,225	7,412,525	5,338,850	266,067	5,604,917
Exchange rate adjustments	(63,057)	0	0	(63,057)	0	0	0
Additions	3,966,065	10,000	0	3,976,065	3,783,897	0	3,783,897
Disposals	0	0	0	0	0	0	0
Acquisition costs as at 30 Sep 2009	9,868,242	276,067	1,181,225	11,325,533	9,122,747	266,067	9,388,814
Depreciations as at 1 October 2008	2,749,312	26,607	189,251	2,965,169	2,582,594	26,607	2,609,201
Depreciations, disposals	0	0	0	0	0	0	0
Depreciation 2008/09	1,443,636	55,213	236,246	1,735,095	1,330,234	53,213	1,383,447
Depreciation as at 30 Sep 2009	4,192,948	81,820	425,496	4,700,264	3,912,828	79,820	3,992,648
Book value as at 30 September 2009	5,675,294	194,247	755,728	6,625,269	5,209,919	186,247	5,396,166
Book value as at 30 September 2008	3,208,681	238,921	989,740	4,437,342	2,750,050	238,920	2,988,970

Group	Rebuilding of rented premises	Vehicles	Computer equipment	Furniture	Total
	EUR	EUR	EUR	EUR	EUR
6 Tangible fixed assets					
Acquisition costs as at 1 October 2008	1,022,329	212,376	2,770,320	1,556,281	5,561,306
Exchange rate adjustments	(20,087)	0	(19,326)	(11,389)	(50,802)
Additions	42,698	0	744,261	49,826	836,786
Disposals	0	(190,505)	(24,728)	0	(215,232)
Acquisition costs as at 30 September 2009	1,044,941	21,872	3,470,527	1,594,718	6,132,058
Depreciation as at 1 October 2008	676,179	185,208	2,290,676	1,287,509	4,439,572
Depreciation, disposals	0	(170,388)	(23,565)	0	(193,954)
Depreciation 2008/09	84,505	7,052	402,535	72,086	566,178
Depreciation as at 30 September 2009	760,684	21,872	2,669,645	1,359,596	4,811,796
Book value as at 30 September 2009	284,257	0	800,882	235,122	1,320,261
Book value as at 30 September 2008	345,371	27,107	478,564	268,166	1,119,208
Recognised leased assets as at 30 September 2009	0	0	272,418	0	272,418
Parent Company					
6 Tangible fixed assets					
Acquisition costs as at 1 October 2008	798,400	212,376	2,383,862	1,188,048	4,582,686
Additions	39,078	0	695,378	42,297	776,753
Disposals	0	(190,505)	0	0	(190,505)
Acquisition costs as at 30 September 2009	837,478	21,872	3,079,240	1,230,344	5,168,935
Depreciation as at 1 October 2008	591,273	185,208	1,953,834	1,028,376	3,758,691
Depreciation, disposals	0	(170,388)	0	0	(170,388)
Depreciation 2008/09	68,504	7,052	375,661	55,285	506,502
Depreciation as at 30 September 2009	659,777	21,872	2,329,495	1,083,661	4,094,805
Book value as at 30 September 2009	177,701	0	749,745	146,683	1,074,129
Book value as at 30 September 2008	206,660	27,107	429,059	159,312	822,139
Recognised leased assets as at 30 September 2009	0	0	272,418	0	272,418

		Deposit for rent	Total	
Group		EUR	EUR	
7	Financial fixed assets			
	Acquisition costs as at 1 October 2008	559,555	559,555	
	Additions	27,019	27,019	
	Disposals	0	0	
	Acquisition costs as at 30 September 2009	586,575	586,575	
	Depreciation as at 1 October 2008	0	0	
	Depreciations, disposals	0	0	
	Depreciation 2008/09	0	0	
	Depreciation as at 30 September 2009	0	0	
	Book value as at 30 September 2009	586,575	586,575	
	Book value as at 30 September 2008	558,295	558,295	
		Deposit for rent	Capital interests in subsidiaries	Total
The Parent Company		EUR	EUR	EUR
7	Financial fixed assets			
	Acquisition costs as at 1 October 2008	559,555	1,969,844	2,529,399
	Additions	27,019	0	27,019
	Disposals	0	0	0
	Acquisition costs at as 30 September 2009	586,575	1,969,844	2,556,419
	Net revaluation as at 1 October 2008	0	1,631,030	1,631,030
	Set-off against receivables from subsidiaries start of year		(211,808)	(211,808)
	Foreign exchange rate adjustment	0	(311,299)	(311,299)
	Share of subsidiaries' result	0	244,037	244,037
	Set-off against receivables from subsidiaries at end of year	0	301,518	301,518
	Net revaluation as at 30 September 2009	0	1,653,478	1,653,478
	Book value as at 30 September 2009	586,575	3,623,322	4,209,897
	Book value as at 30 September 2008	558,295	3,592,765	4,151,060
Capital interests in subsidiaries include:				
Shares with a nominal value of GBP 52,632 (100%) in Systematic Software Engineering Ltd, The Coliseum, Riverside Way, Camberley, Surrey GU153 YL, UK				
Shares with a nominal value of USD 88,000 (80%) in Systematic Software Engineering Inc, 10680 Main Street Suite 170, Fairfax, Virginia 22030-3815, USA				
Shares with a nominal value of EUR 2,500 (100%) in Systematic Software Engineering OY, Finlaysoninkuja 19, 33210 Tampere, Finland				
Consolidated goodwill included in the value of capital interests amounts to EUR 756,000 as at 30 September 2009				
Share of subsidiaries' result is calculated as follows:				
	Share of subsidiaries' result		480,283	
	Consolidated goodwill depreciations		(236,246)	
			244,037	
		Share of ownership	Result from the accounts 2008/09	Equity
	Systematic Software Engineering Ltd	100%	682,595	2,867,596
	Systematic Software Engineering Inc	80%	(286,467)	(146,312)
	Systematic Software Engineering Oy	100%	56,124	(155,206)

	Group		Parent company	
	2008/09	2007/08	2008/09	2007/08
	EUR	1000 EUR	EUR	1000 EUR
8 Work in progress				
Work in progress	24,203,498	33,311	23,597,615	32,646
Invoicing on account	(20,659,504)	(31,561)	(20,659,504)	(31,561)
	3,543,994	1,750	2,938,111	1,085
Net value incorporated in the balance sheet as follows				
Work in progress	4,834,910	5,425	4,229,026	4,760
Advance payment from customers	(1,290,916)	(3,675)	(1,290,916)	(3,675)
	3,543,994	1,750	2,938,111	1,085

Work in progress includes a profit of 10,338k EUR, compared to a profit of 13,467k EUR in 2007/08
Work in progress due after more than 12 months amounts to 0k EUR compared to 0k EUR in 2007/08

9 Deferred tax				
Deferred taxes fall on the following entries				
Fixed assets			1,368,295	942
Current assets			2,454,227	3,590
Obligations			(506,965)	(226)
Tax loss carried forward			(354,231)	(1,467)
			2,961,326	2,839

10 Long-term creditors	
After more than 5 years are 690k EUR payable regarding employee bonds	

11 Prepayments and accrued income				
Prepayments and accrued income related to service contracts	2,746,356	3,457	1,788,112	2,382
	2,746,356	3,457	1,788,112	2,382

12 Accountancy				
Remuneration Deloitte A/S				
Audit	40,344	42	40,344	42
Accountancy and consulting services	157,789	175	157,789	175
Remuneration Grant Thornton				
Audit	18,861	16	0	0
	216,993	233	198,133	217

13 Leasing commitments	
The company has leased vehicles for the period 2009-2012. The annual leasing payments amount to 105k EUR.	
The rent commitments for the company's offices, based on the earliest possible date for vacating the premises, amount to 2,018k EUR.	

14 Contingent liabilities	
Guarantee obligations regarding ordinary business activities covered by bank guarantees on demand 2,484k EUR.	
The item 'Portfolio securities' includes 849k EUR provided as security for employee bonds.	

15 Ownership	
The following shareholders own more than 5% of the company's share capital:	
Michael Holm Holding ApS, Lindevangsvej 17, 8240 Risskov, Denmark	
AHJ Holding Århus ApS, Ryvangs Alle 14, 8240 Risskov, Denmark	
E. Bank Lauridsen Holding A/S, Øresundsvej 7, 6715 Esbjerg N, Denmark	

	Group	
	2008/09	2007/08
	1000 EUR	1000 EUR
16 Working capital changes		
Change in work in progress and advance payment from customers	(1,790)	(3,537)
Change in receivables	10,958	(5,436)
Change in trade payables, etc.	(216)	3,266
	8,952	(5,707)

Accounting policies

General

This Annual Report for the Group and the Parent Company has been prepared in accordance with provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium-size). All amounts have been converted from DKK to EUR at the exchange rate for 100 EUR at the end of each financial year – these were: DKK 744.43 in 2009, DKK 746.11 in 2008, DKK 745.44 in 2007, DKK 746.76 in 2006 and DKK 746.24 in 2005.

The official accounting currency is DKK and the official annual report can be obtained from the Danish companies register at Erhvervs- & Selskabsstyrelsen, the Danish Commerce and Companies Agency (DCCA). This Annual Report has been presented using the same accounting policies as were used last year.

The Group annual accounts include Systematic A/S (Denmark), Systematic Software Engineering Ltd (UK), Systematic Software Engineering Inc (USA) and Systematic Software Engineering Oy (Finland).

The annual accounts for the Parent Company include Systematic A/S alone.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will accrue to the Group, and the value of the assets can be accurately measured. Liabilities are recognised in the balance sheet when they are foreseeable and can be accurately measured.

On initial recognition, assets and liabilities are measured at cost. Subsequent to this, recognition is as described below for each item. Anticipated risks and losses arising before the date of the Annual Report that confirm or invalidate affairs and conditions existing at the balance sheet date are considered when recognising and measuring them. Income is recognised in the profit and loss account when earned, whereas costs are recognised by the amounts attributable to the relevant financial year.

Conversion of amounts in foreign currencies

All balance sheet accounts in foreign currencies are converted into Danish kroner 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 profit and loss account.

The Group

Consolidation principles

The consolidated accounts include the Parent Company and its subsidiaries. All accounts included in the consolidated accounts 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.

For the foreign subsidiaries, the items in the profit and loss account 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 conversion 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 conversion of the profit and loss account 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 factored into the Group accounting from the date of acquisition and date of establishment, respectively. Companies sold or closed down are factored 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 commitments are then entered at the current 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 the cost price of the acquired capital share and the value of the acquired assets and commitments at the time of purchase are taken into account under immaterial fixed assets and are depreciated over five years.

Minority interests

The minority interests' proportion of the subsidiaries' result and net capital have been quoted separately in the profit and loss account and on the balance sheet, respectively.

Profit and loss account

Net turnover

Revenue is recognised in the profit and loss account when delivery is made and risk has passed to the buyer. Contracted work in progress is recognised in the profit and loss account 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).

Project costs

Project costs comprise direct costs incurred to earn revenue. Project costs concerning contract work in progress are recognised when incurred.

Other external costs

Other external costs 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.

Tax

Tax for the year, consisting of current tax for the year and any changes in deferred tax, is recognised in the profit and loss account 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.

Balance sheet

Development projects

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 fixed assets. Other development costs are recognised in the profit and loss account 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 recoverable amount if this is less than the amount currently shown in the balance sheet.

Fixed assets

Fixed assets 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 financial leasing arrangements, the cost is whichever is the lower of the asset's current value and the current value of future leasing 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.

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

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 profit and loss account.

Investments in subsidiaries

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

The owner's share of the subsidiaries' result is included in the profit and loss account after the deduction of any inter-company transactions. The subsidiaries' profit or loss for the year are included in the item 'share of subsidiaries' profit'.

The profit and loss accounts for the foreign subsidiaries are converted into Danish kroner at the rate of exchange on the transaction date. The balance sheet is converted at the rate of exchange at year end. The exchange rate adjustments arising from the conversion of investments in subsidiaries 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 conversion of the profit and loss account from the exchange rate on the transaction date to the exchange rate at the end of the financial year.

When purchasing capital shares in subsidiaries and associated companies, the acquisition method is applied, in accordance with the description above for the Group accounts.

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 profit and loss account when incurred.

Receivables

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

Equity

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 is included in the profit and loss account.

Leasing

Leasing commitments relating to assets held under financial leasing arrangements 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 profit and loss account.

Other financial liabilities

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

Prepayments and accrued income

Deferred income comprises revenue for recognition in subsequent financial years. Deferred income is calculated at amortised 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.

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 investment activities

- comprise payments in connection with purchase and sale of intangible, tangible and financial fixed assets.

Cash flows from financial activities

- comprise the raising of loans, instalments on interest-bearing debt and payment of dividends.

Cash and cash equivalents

- comprise cash and short-term securities with insignificant price risk, less any short-term bank debt.

The calculation of financial ratios

Key figures as stated in the five-year overview are calculated as follows:

- **Profit ratio**
$$\frac{\text{Operating profit} \times 100}{\text{Turnover}}$$
- **Return on equity**
$$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$$
- **Equity ratio**
$$\frac{\text{Equity} \times 100}{\text{Balance sheet total}}$$
- **Net working capital**
Current assets less short-term creditors

Images:

Page 3:
The Danish Security and Intelligence Service / Annual Report 2004-2005.



This printed matter is marked with The Nordic Eco-label 541-606.

This document has been translated from Danish into English. However, the original Danish text shall be the governing text for all purposes, and in case of any discrepancy the Danish wording shall be applicable.
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SIMPLICITY

Critical decisions are hard to make and may be a question of life or death. Systematic simplifies the complicated; we organise ourselves and act in an uncomplicated manner and develop solutions that make it simpler for people who make critical decisions every day.

TRUST

Systematic's relationships with our customers and users are based upon mutual trust. Our solutions are typically used in difficult and hazardous conditions, and the users must be able to trust that our solutions work flawlessly.

PERFORMANCE

Systematic's customers, partners and employees expect superior results. We strive to do everything a little better. Our customers expect high quality, delivery on time and within budget.

FORWARD-THINKING

If we desire to stay in the lead there is only one way – forward. To move forward, we must think forward and always be one step ahead. We challenge the current work processes and technologies, we think quickly to stay ahead.