

Annual Report 2007 / 2008

**SIMPLICITY
TRUST
PERFORMANCE
FORWARD-THINKING**

SYSTEMATIC

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



Systematic is realising the vision of becoming an international company, with customers in 35 countries and more are on the way.



A person in a wingsuit is shown in flight, with their arms extended forward. The wingsuit's long, white wings are spread wide, and the person is wearing a helmet with a camera. The background is a vast, hazy landscape of mountains and valleys under a clear blue sky.

Simplifying critical decision making

Each day thousands of people depend on Systematic's solutions. They make life and death decisions, often under extremely difficult circumstances, based on the information they have at their disposal.

Systematic's solutions give the decision makers an overview of all pertinent information to assist them in making the correct decision each and every time.


The majority of our customers are within the defence and healthcare sectors. Our defence portfolio includes both products and services for defence agencies. Systematic SitaWare is a command and control system that provides decision makers with situational awareness. Systematic IRIS suite provides forces with interoperability, through the unambiguous exchange of information across different systems, organisations and nations.

In the healthcare sector we have developed a fully integrated clinical information system. Systematic Columna is a state-of-the-art system which offers an efficient and well-rounded clinical workplace for the healthcare professional. The system is designed with patient safety and security at its core.

We also have many customers within the financial and public sectors that depend on IT solutions for their critical decision making. We develop and integrate different IT systems so that they are perceived as one coherent system.

Our customers have great expectations of our solutions. The solutions must function under all conditions and circumstances – 24 hours a day. Errors in the systems can ultimately have life threatening or significant financial consequences.

Our 489 employees in Denmark, the United Kingdom, the USA and Finland are well aware of this fact. Today we are Denmark's largest privately owned software and systems company. We have customers in 35 countries and with more on the way.



Our customers place high demands on our solutions. The solutions must function in all conditions 24 hours a day. Errors in the systems can ultimately have life threatening or significant financial consequences.

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.



Proudly Danish, and truly international

Systematic has experienced an exciting financial year with a significant growth. We continue to focus on internationalisation. We invest heavily in product development and continue to work with partners in selected countries.

Systematic is a financially sound company. In the financial year 2007/08 the turnover increased by 10% to 50.3m EUR.

The profit ratio was 10.1%, and the operating profit amounted to 5.1m EUR. Profit after tax of 3.6m EUR and liquidity was sound.

Our workforce also increased and we now have 489 highly educated and competent employees. Our software developers are accredited with over 550 professional and managerial certifications – mainly in Java, Microsoft, test and Scrum.

During the financial year we acquired the outstanding minority interest in Systematic UK, making it a 100% owned subsidiary. The company is very strong and generated approximately 20% of the Group turnover. As of 30 September 2008 the company employed 47 people.

We also purchased the "Systematic.com" domain. The acquisition forms part of the overall internationalisation of our work, as does our name change from "Systematic Software Engineering A/S" to "Systematic A/S".

Another important event during the year was the establishment of a subsidiary in Tampere, Finland. The subsidiary contributes to the development and support of a substantial contract with the Finnish defence forces. Finland is Systematic's competence centre for in-vehicle integration of our defence software.

We continue to implement the strategy towards 2010 that we initiated in 2007. The goal of the strategy is an annual growth in turnover of 10-20% and earnings that allow for a high level of

investment and innovation. The growth must come from the increased internationalisation of Systematic and be realised through professional partnerships around the globe. We anticipate several new partnership agreements in 2009, with the aim of strengthening our market platform.

We will continue to develop our mission critical IT solutions. At the same time we will maintain our focus on efficient project management, including the ability to deliver on time, on budget and with the quality our partners have come to expect from Systematic.

2009 will be a challenging year for many companies. We know that the global slow down will apply equally as much to IT companies as it does to other industries worldwide. However we believe that Systematic will actually grow in strength over the year.

The budget for the financial year 2008/09 shows growth in turnover and earnings. 85% of Systematic's business is targeted to the defence, healthcare and police sectors; sectors that are not expected to be overly affected by the financial crisis and recession. However we have heightened our risk awareness in order to identify any changes in customer and competitor behaviour.

We look forward to a continued fruitful cooperation with our customers, partners and employees.

Michael Holm
President and CEO

Lars Johansson
Executive Vice President
and Deputy CEO

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50.3m EUR Group turnover. 5.1m EUR operating profit. 10.1% profit ratio. CMMI 5 certified. 156,000 cumulative total hours invested in CMMI. 94% of all projects delivered on time. Customers in 35 countries. 47% exports. 50.5m EUR in the order book. 80% of employees are "fiery advocates" and "solid citizens". 8% of wage costs invested in training. 554 employee certifications.

10% growth

The annual accounts for 2007/08 show satisfying growth in both turnover and profit. The results are on par with the expectations from the beginning of the year.

Systematic realised a Group turnover of 50.3m EUR against 45.4m EUR the previous year; a 10% increase. Our ambition is to reach a turnover of at least 50% outside of our home market by 2009/10. We are well on the way – in 2007/08 exports totalled 47% against 40% in 2006/07.

The operating profit of 5.1m EUR corresponds to a profit ratio of 10.1%. The profit for the year of 3.6m EUR was similar to the previous year.

Equity at the end of September 2008 amounted to 10.2m EUR, corresponding to an equity ratio of 31.1%. Return on equity was 36.7%.

Traditionally Systematic has a sound liquidity. The working capital amounted to 7.6m EUR as at September 2008.

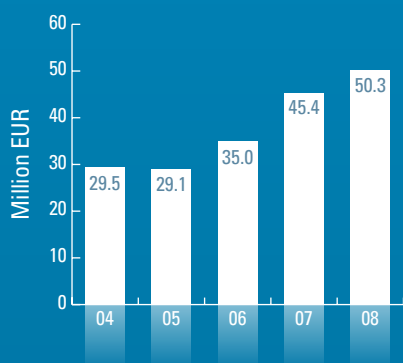
Following a large sale in September our receivables were extraordinarily high at year end of 19.0m EUR (against 12.1m EUR in September 2007), and the balance sheet showed a bank debt of 1.7m EUR (0 EUR in September 2007). Our receivables have since been reduced to a normal level, resulting in net bank deposits.

As of 30 September 2008 Systematic employed 489 staff, an 11% increase. The average number of full-time employees in 2007/08 was 447 against 394 in the previous year; a 13% increase. Turnover per employee (average number of full-time employees) amounted to 112,456 EUR against 115,107 EUR the previous year.

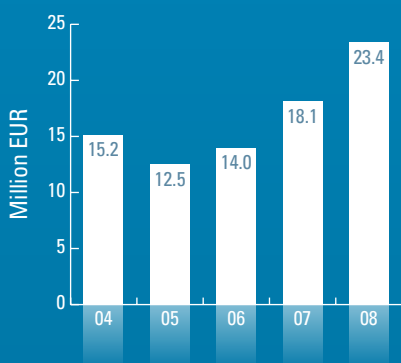
The year's investments in product development and process improvement amounted to 4.7m DKK, equivalent to 9.4% of turnover.

Continued growth in turnover as well as earnings is budgeted for in 2008/09. The level of growth in earnings will depend on the realisation of major licence sales. The budget rests on a solid order book and order pipeline.

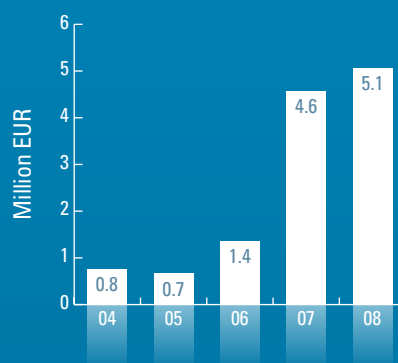
Turnover



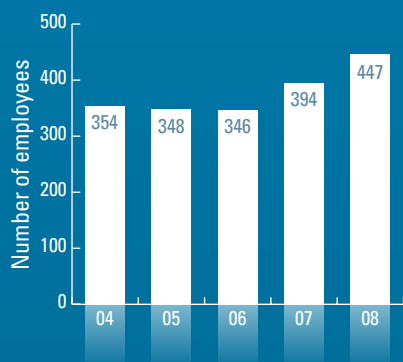
Exports



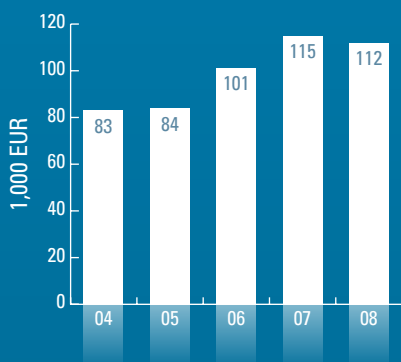
Operating profit



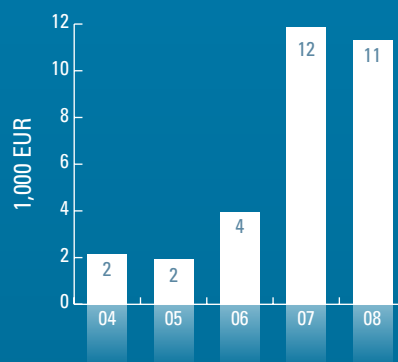
Employees (avg. full-time employees)



Turnover per employee



Operating profit per employee



Board of directors

Alex Holm Jensen (Chairman)
Claus Søgaard-Christensen (Vice Chairman)
Preben Mejer
Michael Holm
Gitte Ottosen (elected by the employees)
Niels Damgaard (elected by the employees)

Five year overview

The Group (1000 EUR)	2007/08	2006/07	2005/06	2004/05	2003/04
Turnover	50,268	45,352	35,022	29,100	29,452
Operating profit	5,058	4,567	1,366	667	765
Net financials	49	319	26	155	-71
Profit for the year	3,630	3,620	971	743	475
Balance sheet total	32,910	26,725	19,968	19,412	17,239
Working capital	7,572	7,667	5,235	4,223	6,083
Equity	10,223	9,541	8,011	7,400	6,664
Innovation (process improvement and product development)	4,729	3,873	3,582	4,852	5,289
Exports	23,441	18,116	14,002	12,500	15,158
Ratios					
Profit ratio	10.1%	10.1%	3.9%	2.3%	2.6%
Return on equity	36.7%	41.2%	12.6%	10.6%	6.7%
Equity ratio	31.1%	35.7%	40.1%	38.1%	38.7%
Number of employees at year end	489	441	364	353	363
Turnover per employee (Average employees, 1000 EUR)	112	115	101	84	83
Operating profit per employee (Average employees, 1000 EUR)	11	12	4	2	2

◀ In all the annual report's diagrams the indication of the financial year is abbreviated. 2007/08 is e.g. indicated as 08.

Defence

The Defence Business Unit has experienced growth in turnover. We expect that growth to continue in future, since the defence industry is increasingly seeking solutions based on international interoperability and standards. The need for commercially available off-the-shelf (COTS) products mirror Systematic's core competencies.

The global defence landscape is changing. Defence budgets are under pressure, which is causing nations to rethink their purchasing strategies. Whereas nations had previously initiated their own bespoke software development, today these countries are turning to commercial solutions. In doing so they are receiving solutions that reduce the time to deployment, reduce the risk of failure in delivery and increase usability. The solutions are also proving to be more cost-efficient.

Nowadays greater emphasis is being placed on coalition partnerships and new strategic alliances for international missions, which has placed even greater emphasis on a system to be able to share information.

SitaWare: Command and Control and Situational Awareness

Systematic continues to experience increased demand for the SitaWare product suite. SitaWare allows forces, nations and allies to share the same situational and operational picture throughout the entire chain of command. Besides containing the rich level of functionality the market expects from a command and control solution, SitaWare is based on international standards for interoperability. It is interoperability that truly allows nations to work together in a collaborative environment.

SitaWare is based on an open architecture. Being open enables our partners to develop customer-specific applications for different market segments (e.g. air, land, sea). We have sold SitaWare to all echelons of command from strategic headquarters to single vehicles. We are especially strong in the Nordic market where the Danish, Swedish and Finnish armies have all purchased SitaWare. Spain and several Eastern European countries have also committed to SitaWare. Over the course of 2009 we expect new sales in Asia, Northern and Central Europe amongst other countries.

Over half the revenue generated by the defence unit is derived from contracts relating to the product suites. In 2008 we delivered SitaWare to the Slovenian armed forces for use in their combat vehicles. We have also been working with the Finnish army to assist them with their implementation of SitaWare for three complete brigades (1,800 installations). 2009 will see the delivery of SitaWare to the Danish army. The Battle Management System will be installed into a range of military vehicles (combat vehicles, armoured personnel carriers and trucks) and will provide integration to sensors and other communication systems.

SitaWare will also form the core of the Spanish defence's disaster readiness unit, Unidad Militar de Emergencias (UME) (see case story).

In September 2008 we entered into a large perennial contract with the Swedish defence's acquisition and logistics organisation. The contract allows all elements of the Swedish defence force unlimited access to Systematic's complete product portfolio.

In 2007 we launched Systematic SitaWare Maritime Boarding for use in inspection operations at sea as well as the fight against piracy, weapons smuggling, terrorism and human trafficking. Maritime Boarding provides the patrol vessels with an overview of the surrounding waters, which helps to simplify ship inspection. The solution allows boarding teams to wirelessly check finger prints of the crew of the suspect vessel against FBI databases amongst others. The product saw operation on board the Danish battleship Absalon, when the ship headed up a multinational task force in the Gulf of Aden.

Real-time operational overview, or a "Common Operational Picture" as it is known in the defence arena, is what Systematic SitaWare Track Server provides. Launched in 2008 this new product offers a comprehensive picture of a battlespace in an ordinary internet browser. SitaWare Track Server provides an overview of each unit's position on land, at sea and in the air. The Track Server also has civil applications.

All Systematic's defence products are based on an open architecture and international standards. The products can be configured to each nation's special needs and at prices that are substantially lower than custom-made systems.



IRIS Interoperability

Systematic's business within interoperability continues to grow and we expect an increased growth in 2009. Our IRIS product suite has more than 100,000 users in more than 30 countries. In 2008 we extended the appeal of the product with the launch of IRIS in Arabic. At the same time we released a new version that supports the changes in NATO's standards for exchange of military messages.

In 2008 we have sold Systematic IRIS Standards Management, the foundation for the whole IRIS product suite, to both the German and the Turkish defence forces. Moreover we have sold a so called "lite" version (limited functionality) to Lockheed Martin in the USA to be used in the corporation's internal administration of project specific exchange formats.

EWare – EW Data Management

Systematic has proven expertise within the field of Electronic Warfare (EW), with core competences in the development of software tools for information management as well as education and consultancy services

In May 2008 we launched Systematic EWare, a comprehensive database for the management of EW data such as emitters, platforms, intercepts etc. The ground swell of interest for the product continues to grow, especially since porting the product

to a Microsoft Windows platform. We have high expectations to the product.

Our EW competence centre in Sleaford in the United Kingdom has been busy during 2008 with both consultancy services and EW education for military personnel.

The air segment

In close collaboration with the System Support Centre in Oslo we have continued the development of NEC CCIS, which is used by the Danish and Norwegian air forces for planning and surveillance of their daily air operations. We see potential in developing a command and control product for the air environment. Therefore we are working on the idea of a web-based, lightweight edition of SitaWare specifically targeting the Wing Operation Centre and Squadron Operation Centre. We also won a contract for the F-35 Joint Strike Fighter and will be providing the gateway to integrate the mission planning tools of F-35.

The maritime segment

In 2009 we will continue to work with the Danish Navy on the maintenance and further development of their command and control system RDN CCIS (Royal Danish Navy's Command and Control System). As an indirect consequence of this positive cooperation we expect more international tasks for the maritime segment in 2009.

Case stories

SitaWare disaster management

Unidad Militar de Emergencias (UME) is a Spanish military unit of approximately 4000 personnel. The unit was established in 2006 to be deployed in connection with national crises. UME is armed with everything from the latest communication devices and IT to vehicles, aeroplanes, ships etc so that the unit can be deployed for all kinds of emergencies. Even though UME is a military unit, its primary tasks are paramilitary in nature and the unit is typically involved in environmental emergencies and fire fighting – for example every summer when Spain is threatened by forest fires due to drought and heat. UME is Systematic's first large contract in the area of disaster management. We see substantial potential for sales of SitaWare to similar organisations worldwide.

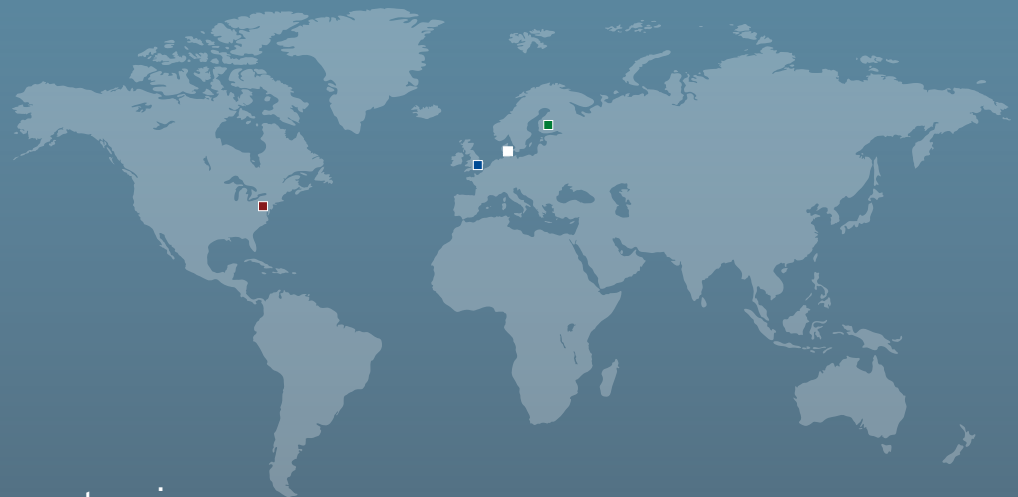


The market's strongest competencies within electronic warfare

Systematic is one of the few companies to offer NATO-approved courses within Electronic Warfare (EW). Systematic's competence centre for Electronic Warfare in Sleaford, England, is staffed by some of the market's most experienced personnel. The Sleaford centre offers highly qualified consultancy as well as a broad range of EW courses. For example the EWOSC course that covers how an EWOSC (EW Operational Support Centre) can be structured to find the mission critical data necessary to optimally apply the EW intelligence gathered.



Systematic's business within interoperability is continually growing. Our perennial IRIS product suite has more than 100,000 users in over 30 countries worldwide.



Systematic's competencies in a geographical view

- The majority of Systematic's software development is conducted in Denmark. Sales to Scandinavia and Germany are also managed from Denmark.
- The American offices in Fairfax, Virginia, and in the Danish embassy's building in Washington DC handle pre-sales and marketing in North and South America. They also provide consultancy support in conjunction with Systematic's projects in the USA.
- Our office in Camberley, Surrey, in the United Kingdom handles marketing and sales to most of Europe, Africa and Asia. It is also active in completing projects in the countries where we have customers. The Sleaford office is Systematic's competence centre for Electronic Warfare.
- The office in Finland handles Systematic's business in Finland and the Baltic countries. It also acts as the Group's competence centre for in-vehicle systems integration.

Systematic's Defence products

The Systematic SitaWare product suite consists of a range of command and control products targeted to different levels of defence forces.

SYSTEMATIC **SITAWARE**

Portal

SitaWare Portal is a net-based platform for strategic planning in coalition and allied headquarters 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 overview of units' positions on land, at sea and in the air in an internet browser.

SYSTEMATIC **SITAWARE**

Headquarters

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

SYSTEMATIC **SITAWARE**

Battle Management

SitaWare Battle Management provides an overview of all elements in the Battlespace to mobile installations at tactical level. It has been specifically designed for use in mobile units.

SYSTEMATIC **SITAWARE**

Dismounted

SitaWare Dismounted is suited to the soldier who is not supported by a vehicle-based infrastructure. SitaWare Dismounted is designed for small and light hand-held units and offers parsed down functionality from SitaWare Battle Management through touch screen displays.

SYSTEMATIC **SITAWARE**

Maritime Boarding

SitaWare Maritime Boarding is a tactical tool that can be applied when boarding foreign ships in connection with piracy, human trafficking and terrorism.

The Systematic IRIS product suite consists of different interoperability and communication products that have become de facto standard in NATO for handling various military exchange formats. The IRIS products ensure compliance with NATO and US standards for electronic exchange of information across different systems and nations.

SYSTEMATIC **IRIS**

Standards Management

Systematic IRIS Standards Management, a web based tool for defining and managing structured information exchange standards, is 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 information such as own, allies' or enemies' positions, using simple to deploy message based interoperability standards.

SYSTEMATIC **IRIS**

Organisational Messaging

IRIS Organisational Messaging is based on Microsoft Outlook and Exchange and enhances existing functionality for a military environment. For example concerning security and handling of prioritisation and classification of information.


SYSTEMATIC **IRIS**

Information Mapping

IRIS Information Mapping is a development tool that makes it simpler for systems integrators to implement the different NATO and US standards in national command and control systems. The product provides drag-and-drop functionality for converting data formats so that such tasks can be solved more efficiently and faultlessly than with other alternatives.

SYSTEMATIC **EWARE**

EWare gives Electronic Warfare experts a powerful tool for administration, storage and analysis of valuable information for use in operationally deployed front-line EW fitted equipment.

A photograph showing three soldiers in camouflage uniforms working at a desk. The soldier on the left is wearing a headset and looking at a laptop. The soldier in the middle is looking at a laptop. The soldier on the right is looking at a laptop. A map is visible on the desk in the foreground.

Our command and control solutions within the Systematic SitaWare-product suite are in use at all levels of defence from strategic headquarters to single vehicles.

Off-the-shelf products vs bespoke development

More and more nations are turning to commercially available off-the-shelf solutions in their search to reduce costs and the time to deployment for new equipment. Systematic has invested thousands of development hours to ensure the SitaWare suite of command and control products are the most powerful off-the-shelf products on the market.

SitaWare utilises an open architecture which can be readily tailored to incorporate customer specific requirements. Customers are provided with the majority – often 70-80% or more – of the functionality that one would normally expect to find in tailor made products. Furthermore the customers can be assured that the products are thoroughly tested in use by other customers.

Upgrading and maintenance are easier and cheaper for the customers, who also benefit from other customers' experiences. The risk of failure in delivery and usability is also lessened.

The software core in Systematic SitaWare is based on an open platform that allows both our partners and us to develop applications for specific customer groups in different segments. Rather than develop solutions from scratch in each and every new project, we apply the same thoroughly tested software core in different ways and build dedicated solutions on top. It reduces the combined development costs and time-to-deployment from the customer's order to the solution's implementation, which are strong competitive parameters.



Healthcare

Columna, our clinical information system, continues to penetrate the domestic market. At the same time we have increased our activities on the export front with a view to selling Columna internationally.

Since 2000 Healthcare has been a strategic business area for Systematic. After almost ten years of providing services and solutions primarily to the Danish healthcare system we now have a solid grip on the healthcare informatics markets with our Clinical Information System (CIS) Columna. The Business Unit's turnover has increased in comparison to the previous financial year and we expect further growth in 2009.

Systematic's vision in this market is to be the leading supplier of CIS in Denmark and a suitable partner in the international market. We want to ensure that doctors, nurses and other healthcare professionals have access to relevant patient information through

IT systems which can be easily applied to their clinical work. That is why we develop solutions that support the clinical process to create more coherent care pathways and enhance patient safety, to simplify processes whilst making them more efficient as well as promote quality development and research while supporting management information at the hospitals.

The development of the CIS started in 2000 after the former county of Aarhus wanted an electronic patient record system that was flexible enough to contain all hospital specialties and dynamic enough to be adjustable to the constant changes that the healthcare services undergo.

Systematic's clinical information system has been said to be "without a doubt one of the most advanced, flexible systems on the market to date".





We have invested heavily in Columna and today the system presents a coherent CIS. Columna consists of an integration platform and five modules that together form a complete clinical work place.

In the health service organisations are going from tailored, bespoke systems to more general systems based on open standards. In 2008 the Australian doctor and professor Sam Heard (one of the world's leading experts within electronic patient records) said "without doubt (Columna) is one of the most advanced, flexible systems on the market to date", when asked to give his assessment of the system.

Further prevalence in Denmark

In 2008 the Central Denmark Region conducted an analysis of the different clinical information systems that the region had inherited from four former counties during a municipal reform.

The accountancy and consultancy company Deloitte confirmed that Systematic's CIS has the greatest potential to become the preferred solution for the new region in a report commissioned by the region and published at the end of 2007.

A separate analysis made by the Central Denmark Region reached the same conclusion, which is why in January 2009 we entered an extensive five-year maintenance and capacity agreement.

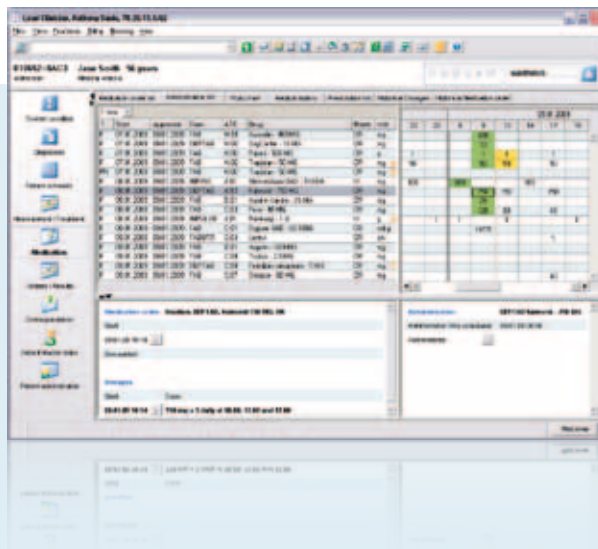
Activities on the export markets

Most international clinical information systems are based on supporting administrative and financial processes, whereas Columna has its source in optimising the clinical workflow as well as patient safety. This focus is increasingly in demand, and we believe that this will result in great export potential for us.



Our international strategy is to market and sell Columna through local partners and we are currently in negotiations with well known partners in several countries.

We believe an international breakthrough will arise over the coming years, which will place the healthcare Business Unit on par with our Defence Unit in terms of financial success.



Patient Record

is the central approach to the patient's record and provides an overview of the patient's complete treatment pathway. The daily communication and planning of work tasks in relation to diagnostics, planning, care and treatment is supported by electronic standard plans for patient treatment.

Medication

supports all the procedures relating to medication, from prescription, administration of ordinations, handling of fluid balance calculations, to information for the patients on their medication. The medication module also supports the issue of electronic prescriptions, just as it is integrated with a medicine robot that automates the whole medication process from ordination to the administration of medication.

Order and Result

makes the ordering of analyses and examination of results more efficient, for instance blood samples, through an interface to other systems such as laboratory systems etc.

Booking

provides the opportunity to book operations and examinations across departments and hospitals. As an integrated part of standard plans, the booking module gives a unique opportunity to optimise the planning of care pathways. The booking module is developed by Capgemini, but is fully integrated in Columna.

Patient Administration

is the cornerstone of financial management at the hospitals and handles all work relating to the administration of patient care paths, settlement of accounts and reporting. The patient administrative registrations comprise an integrated part of the continuous clinical documentation and thereby also comprise an efficiency improvement in the administrative work. The module can simultaneously feed highly structured data into data warehouse solutions from where it can be applied for research and management purposes.

Integration Platform

is the backbone of Columna. The integration platform's primary tasks are to:

- Store and create stable and secure access to data
- Exchange data between Columna's clinical applications and the surrounding world
- Bind the clinical applications together so that they appear as a coherent clinical work place

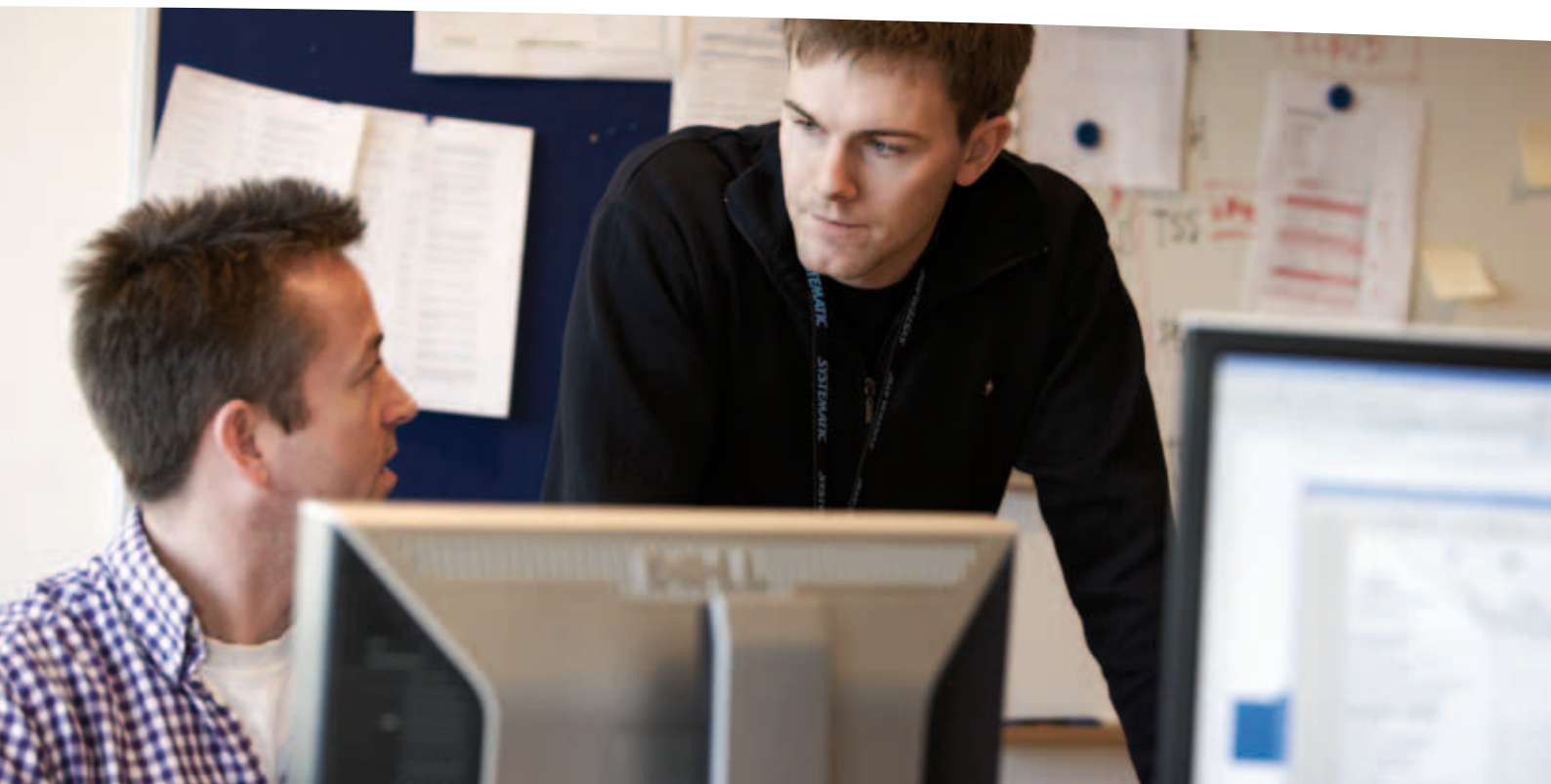
The integration platform is so flexible it can be adjusted to changes in work processes, organisational adjustments in departments, units and beds as well as changes in classification systems without the development of new software systems. The integration platform's flexibility and open architecture contribute to future-proofing Columna.

Systematic Columna consists of an integration platform and five modules that combined make up a complete clinical work place.

SYSTEMATIC COLUMNNA

Facts on Systematic Columna in Central Denmark Region as of November 2008

- In use at 15 hospitals
- 23,000 registered users
- Approximately 4,000 simultaneous users
- 2 million people are registered in Columna, 528,000 patients' data registered
- 2,600 admissions and 6,000 outpatients registered per day
- 20-25,000 laboratory results per day – in peak periods up to 4,200 per hour
- 20-24,000 administrations of medicine per day
- 12,000 daily readings of patient administration lists
- 18,000 daily readings of records



Integration Services

Systematic's core competencies are appealing to more and more customers outside the defence and healthcare sectors. The demand for our services for systems integration and the development of business critical IT solutions continues to increase.

The Integration Services Unit is responsible for bringing Systematic's core competencies to customers primarily in the public sector, financial sector, agricultural sector, and transportation and logistics sectors.

The Business Unit builds on the same project experiences and platforms that we use in the defence and healthcare sectors. Integration Services provides systems integration based upon exploiting the value of the infrastructure of the customer's existing systems and the development of tailored solutions based on standard software and service-oriented architecture (SOA). We have extensive knowledge of standard software products in the market. We are independent from any product suppliers and can thus use the most appropriate technologies to create an optimal solution for our customers.

Integration Services cultivates new business areas for Systematic. During the financial year Integration Services experienced turnover growth on par with the previous year. We expect continued growth over the next year, not least within the public sector where focus is on high process maturity, including the ability to deliver on time and within budget.

Throughout 2008 we continued developing a system for electronic registration at the Danish Court of Justice Administration.

In the new registration system, which is expected to be implemented in the autumn of 2009, documents can be registered in a few seconds. The vision is that 70-80% of all document registration will happen automatically. The court project is commissioned by Realkreditnettet A/S and Systematic's contribution relates to joint processes and infrastructure in relation to banks and building societies. The work is commissioned by Realkreditnettet A/S.

Until now Integration Services' success has primarily been related to domestic projects. However, in the long term, we see tremendous potential for internationalisation of this area too. We expect that we will have the most success through partner agreements where we supply concepts, products and production processes, while the local partner supplies integration performance, services and "proximity".

The Integration Services unit in Denmark works closely with our department in Copenhagen. The department has expertise within consulting services in relation to IT architecture, management and processes based on recognised methods and standards. The department consists of a number of domain experts with many years of experience within their specific industry domain.

With a relatively modest effort Systematic's solutions and concepts in the defence and healthcare sectors are being modified so as to provide substantial gains to other businesses and sectors.

Case stories

Integration competency

In 2008 Systematic began working with the Danish National Labour Market Authority. The agency has an extensive IT portfolio that supports social workers in job centres, job seekers and employers all over the country, as well as the actual employees of the Labour Market Authority. We are participating in a three-year framework agreement and have already been awarded two contracts, the first of which includes an approval module in connection with job advertisements on jobnet.dk, which is Denmark's largest job site. The solution is built on our integration competency and is based on known technologies that provide low risk and a high operational reliability.



Break-down of complex processes

From 2010 Danes will experience the simplification of paperwork in relation to household transactions and loan financing. This is a result of the digitalisation of the registration by the public authorities and through cooperation between banks and building societies. Hereby substantial savings are achieved in both time and money for all stakeholders. Systematic contributes with infrastructure, including integration and common processes that bind the 130 financial players together.



Reapplication of technologies

In 2008 Systematic developed a tool for logistical planning, billing etc for 2,500 drivers working for Danske Fragtmænd (Denmark's largest national transport and distribution company). It is a mobile solution built on our SitaWare Maritime Boarding product. The drivers bring hand-held units to the customer, and on-line connection with "headquarters" allows the drivers to receive instructions and send customer data back to the "base". This is an example of the business potential in the civilian world of the technologies, concepts and mission critical solutions we have developed for the defence sector. The next generation of the solution includes the integration to the Systematic SitaWare Track Server, allowing "headquarters" to create a real-time overview of the position of all trucks in an internet browser. Similarly the Navy can keep track of all ships in Danish waters and the air traffic controller can keep track of all airborne aircraft.



Intelligence and National Security

The Business Unit Intelligence and National Security (INS) delivers solutions, services and know-how for surveillance, prevention, analysis, threat assessment and crisis handling.

INS is based on Systematic's long-standing work with defence, police and intelligence agencies. It also supplies competencies and solutions within public and private preparedness, surveillance systems and critical infrastructure protection.

In 2008 INS delivered the case management system Sirene2 to the National Commission of the Danish Police. The solution is expected to be implemented towards the end of 2009. Sirene2 supports the working processes related to the Schengen agreement, whose purpose is to lift the control of the EU's joint borders and ensure free movement within all Schengen countries. Sirene2 communicates both with the joint Schengen Information Systems (SIS) and local systems in the Schengen nations. The information exchanged includes wanted persons and items across national borders.

As the EU expands more countries have entered into the Schengen agreement and the number of participating nations now totals 25. Subject to prior agreement Systematic can resell the solution. This presents as an interesting business opportunity since more Eastern European countries wish to participate in the Schengen cooperation and therefore demand a case management system such as Sirene2.

The Business Unit expects an increase in new classified projects in 2009. It goes without saying that such tasks are confidential.



Our Intelligence and National Security business unit is based on Systematic's long-standing work for defence, police and intelligence agencies.



- Own offices
- Distributors



"Systematic's ability to provide appropriate people, with excellent technical knowledge at just the right moment, has been paramount. Systematic has always provided rapid support when an opportunity presents itself with the flexibility required to handle the idiosyncrasies of a different culture and way of working."

Mr Gabriel Crespo, CEO
Eleycon 21 in Spain

Internationalisation through partnerships

Systematic has adopted the philosophy "global solutions, local employment". We develop products that appeal to the global market and cooperate with our partners (both global and local) to create the ultimate solution that fulfils the individual customer's needs.

Systematic has many years experience of working with partners on different development projects. Partnerships will continue to play an important role in the internationalisation of Systematic through the selling of products and services. We focus on establishing and developing partnerships that support our goals of growth and strengthen the flexibility in our business model.

Increased distribution channels

We are currently transforming our business model so that sales and delivery in some fields go from a direct to an indirect model. Sales and delivery of products must increasingly happen through partners.

Through expanding our network of sales and alliance partners we are in a better position to service the unique needs of our customers for standardised off-the-shelf solutions with localised integration.

Our customers place great emphasis on delivery and a local presence with knowledge of technology, local legislation etc as well as access to speedy support. Our sales and alliance partners ensure that we can live up to these global demands.

We have three partnership models, namely VAR partners (Value Added Resellers), OEM partners (Original Equipment Manufacturer) and distributors.

VAR partners sell large systems in which Systematic's products are a subset. VAR partners purchase and resell Systematic's products. They derive their turnover through the delivery of services such as integration with hardware and software, configuration, training and support.

OEM partners develop and sell their own products (hardware or software) with in-built products from Systematic. Systematic and the OEM partner work together on integration, whereafter the OEM partner market and sell the product under their own name or brand.

Distributors sell Systematic's products to end-users or systems' integrators. The distributors generate revenue from sales and the delivery of services such as training, support and maintenance agreements. Today we have a broad web of distributors worldwide, primarily selling products from the Systematic IRIS Suite.

Strategy with several winners

The partnering strategy creates a win/win/win-scenario. The end-customers get suppliers who have knowledge of the local conditions and are easily accessible. The suppliers, namely our partners, expand their businesses by taking ownership of a significant portion of the project revenue. We focus on the development of more competitive off-the-shelf products that can be sold on to an increasing circle of customers all over the world.

We focus on establishing and developing partnerships that support our goals of growth and strengthen the flexibility in our business model.



"We chose Systematic to partner with on the Romanian market because the versatility of their products enable us to approach diverse projects and opportunities with the certainty that we can answer to the customer's requirements with a flexible, reliable and cost effective software solution. This gives us a much sought after competitive advantage in all tenders."

*Mr Iacob Petrescu, Manager
QuadriLogic in Romania*



"Our partnership with Systematic and thereby the access to the SitaWare products opens new market opportunities for us in Thailand. The partnership provides access to cost-efficient, reliable, and future-proof off-the-shelf products. We use SitaWare as a platform to develop new innovative solutions for our customers, and we adjust the final solution to meet our Thai customers' specific needs."

*Ms Morakot Yipintsoi, Director & SR.EVP,
Yip In Tsoi & Co., Ltd in Thailand*

2009 will see a focus on a special partnership program, as we move from direct to indirect sales.

Broader technological platform through technology partners

In order to strengthen the access to the market's best technologies we have entered into technological collaborations with other IT suppliers. For instance we work with Microsoft and are certified as a Microsoft Gold Partner. We also have close partnerships with the global geospatial software provider ESRI and the German SAP. Both companies are large international IT suppliers. We utilise their expertise and products to strengthen both the functionality and appeal of our products.

ESRI is the world's leading supplier of geographic information systems (GIS) and electronic maps, and the ESRI GIS package is part of Systematic SitaWare. SAP is the world's largest supplier of ERP systems (Enterprise Resource Planning), which among other things handle companies' central financial and administrative business processes. Our cooperation with SAP is centralised on integration between systems and command and control systems.

Quality, efficiency and predictability

Quality, efficiency and predictability mean the world to Systematic. Therefore we continuously optimise our development processes in order to deliver reliable and user-friendly solutions and products on time and at the agreed price and quality.

Our mission of simplifying critical decision making ensures that we place great emphasis on quality and process maturity. We have a strategic goal which is to continuously improve quality, efficiency and predictability in our development processes.

Systematic has strived for continuing process improvements since 1992, where we began working from the ISO 9001 regulations. Since then we have chosen to follow the internationally recognized maturity model Capability Maturity Model Integration (CMMI). CMMI is based on worldwide best practice with five maturity levels that can raise a company from being ad hoc driven and immature to disciplined and predictable. Companies that are certified according to CMMI must master all processes on the previous levels in order to move up to the next maturity level. The highest maturity level (Level 5) contains several hundred criteria.

After eight determined years of work and more than 100,000 hours we were accredited as a CMMI-level 5 company in 2005. That status is held by approximately 200 companies worldwide and only eight in Europe. Attaining CMMI5 has never been a goal in itself, but we see process improvements as a natural part of our daily work. In the financial year 2007/08 we invested 17,000 hours on continually creating uniformity in our work processes and methodologies. Transparency enables us to predict the process. The result is that in 2007/08 we delivered 94% of all milestones on time, which is significantly better than the industry in general. We are scheduled for recertification in the spring of 2009.

We combine CMMI with agile methods

In projects where our customers want to be closely connected to the development process we combine CMMI with principles from agile software development. CMMI creates process discipline and organisational structure while the agile input strengthens the flexibility.

An example of an agile method is Scrum. Scrum creates a framework for more frequent deliveries to ensure continuous feedback from the customer and joint learning. Our customers are given the opportunity to adjust their demands as the project proceeds, which gives us the chance to deliver more precise functionality in relation to the actual needs. Utilising agile principles in pilot projects has resulted in significant productivity gains (almost double) in relation to traditional development teams and has experienced a 40% reduction in the number of errors in the final test.

Lean contributes to efficiency and quality

Tests determine the quality of our solutions. Testing functionality, usability and performance and is an integrated part of the development process. In our projects testing comprises, on average, 12% of the total development time.

Besides pre-shipment testing we continuously test our products to ensure that we do not develop on a defective foundation. We have developed a procedure (inspired by Lean methodologies), which continually ensures codes are tested effectively with a view to promptly correcting minor errors before they become major bugs. Our experiences show that we are able to identify and correct possible errors as soon as 2.5 hours after the error registration.

Measuring of flow is another example where lean has assisted us in optimising the development processes. In order to reduce as much non-productive time as possible we have started measuring how much calendar time we spend on solving each task. If we spend three days solving a task that ideally would take two if colleagues and customers always respond immediately we have a flow of 2/3, that is, 66%. In the projects where this measurement is used, we live up to the goal of a flow of at least 60%. We apply the flow measurement to plan the tasks in the best way possible in relation to a lean work process.

The application of lean principles has in recent years given us an efficiency gain of 4-5% annually of the combined number of production hours – in the financial year 2007/08 we achieved an efficiency gain of 7%.

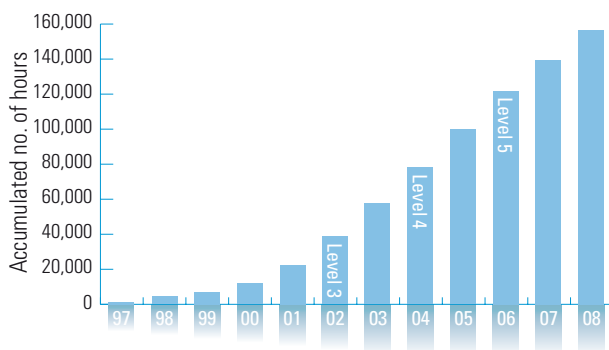


Systematic is certified at the highest maturity level (CMMI 5). Only approximately 200 companies worldwide, hereof eight in Europe, are CMMI 5 certified.

Systematic is certified at the highest level on the internationally recognised maturity model Capability Maturity Model Integration (CMMI). This is one of the reasons for our ability to deliver on time.

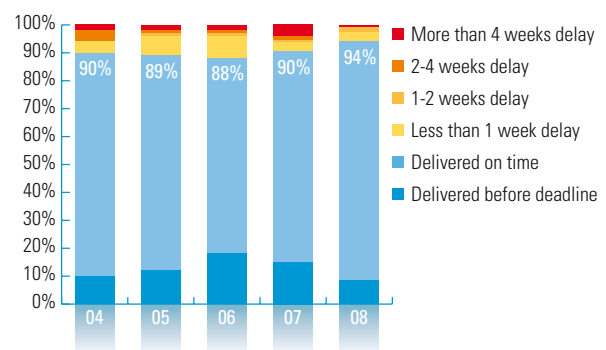


Process maturity investment



Process improvements are a natural part of the daily work in Systematic. Since we began following the internationally recognised maturity model CMMI we have invested more than 156,000 hours on optimising our work methods. The investments have been worth all the money.

Milestones delivered on time



As we have become more mature we have experienced noticeable improvements in relation to punctual delivery of our products. In the financial year 2007/08 we delivered 94% of all milestones on time, which is significantly better than the industry standard. Less than 1% had a delay of more than four weeks.



Meaningful work life

Systematic depends on its competent and committed employees. We work strategically to attract, maintain and develop the most skilled employees in the market. We want to ensure that Systematic is a dynamic and attractive work place.

We believe that a healthy work/life balance makes a positive difference to our turnover and profit. Offering attractive employment is instrumental in creating loyal employees who make an extra effort and stay longer in the company. Employees are motivated to adopt our values and take responsibility for the company's development, and they gain extensive knowledge of our products and services which benefits Systematic and all our customers.

The meaning of work life

We are continually working to ensure that Systematic is a dynamic and attractive work place. We have participated in a research project where two researchers from Aarhus University were invited "inside" Systematic to help us define the meaning of work life for our employees. The study showed that Systematic's employees thrive on developing advanced, quality-conscious solutions. They use their own abilities alongside those of their colleagues to create exceptional results. Our company culture is strong and creates internal cohesion in the organisation. The study also showed that by embracing a multi-disciplinary approach we can smash the internal silos that exist today and deliver even better results.


Open dialogue is held in high esteem

Dialogue is a substantial part of our culture. We are a forthright company that talks face to face with our customers. We place great emphasis on dialogue and communication both externally and internally. We continually focus on dialogue and communication in project teams, in our professional network groups, at the employee meetings with top management, during the bi-annual employee development interviews, in debate on the intranet and at all staff meetings with management.

Fiercy advocates and solid citizens

In 2008 we conducted our 11th annual employee satisfaction survey. The survey is based on European Employee Index (EEI) that is applied in 20 countries. The survey asks all employees to anonymously assess their satisfaction or dissatisfaction across five parameters (contentment, motivation, loyalty, commitment and fidelity). The survey showed that our employees are committed to their work place with 96% participating in the survey.

Overall the survey showed that 80% of employees can be characterised as "fiery advocates" and "solid citizens", which is substantially above the industry level. Employees surveyed stated that 33% of Systematic's managers are "solid leaders".

A photograph showing three people in a meeting. On the left, a bald man in a dark sweater looks intently at someone off-camera. In the center, a man with short brown hair in a striped shirt rests his chin on his hand, also looking towards the right. On the right, a woman with dark hair in a blue top is partially visible, looking down. The background is a blurred office environment.

Dialogue is important to Systematic. We want to be perceived as a forthright company that can speak eye to eye with our customers. That is why we prioritise dialogue and communication.

Systematic's leaders received positive feedback for both their professional and management qualifications.

The survey has been followed up locally with workshops for managers and employees with a view to identifying improvement initiatives. In addition to the main survey Systematic introduced an "instant" survey to ensure the most relevant and up-to-date information on its employees during 2008. The employees are presented with three random questions each day via a pop up box on their PC. The questions can be targeted specifically to projects and thereby gives managers and employees the possibility to continually evaluate and work with satisfaction.

In Denmark Systematic ranked 6th among the nation's 100 largest IT organisations in an independent survey. The company came 2nd overall on the list of best performing IT suppliers. We are among the top 5 in six out of the survey's 11 focus areas, including "development and innovation" and "professional development".

Still more employees

Unemployment in Denmark has been extremely low, allowing candidates to choose the workplace that best fits with their

personal and professional goals. Even in this competitive labour market Systematic has still been able to attract the best. At the end of the financial year Systematic has 489 employees (hereof 428 in Denmark) against 441 the year before, corresponding to an increase of 10%. The increase is on top of an expansion in the employee staff of 21% in the previous year. We expect slower growth in employee numbers in the coming years. The staff turnover in the financial year was 14.4%, a decrease in comparison to 16.2% the previous year. We expect a further drop in staff turnover to 10-12% in the coming years.

A net growth of 125 employees in two years has made the Group's headquarters in Aarhus cramped. In 2008 we have therefore rented 800 square metres of newly renovated offices a few hundred metres from the main building.

The integration of new employees in the organisation is a great challenge but we have established an intense introduction course. The course is tailored to the individual employee and ensures a fast introduction to tasks, colleagues and organisation.

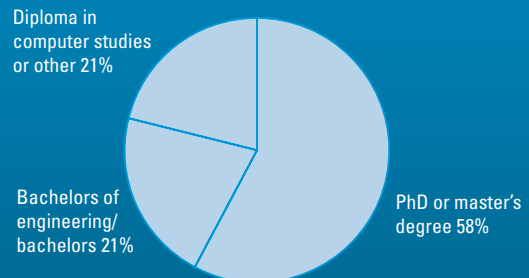


In Systematic we live by the motto:
"Better train people and risk they leave
than do nothing and they stay".

Systemates

- 72% of our employees are software developers, 8% domain specialists and 20% staff employees
- 58% of our software developers hold a PhD or a master's degree, 21% are bachelors of engineering, and 21% are computer scientists or other
- Average work seniority is 9.5 years
- The average age is 36 years
- Each employee on average eats 15 kilos of bananas and 10.5 kilos of carrots a year
- Half of the employees ride their bikes to work

Educational profile of software developers (as of 30 Sep 2008)



High level of education and continuous competence development

As a supplier of mission critical IT solutions we are dependent on competent employees. That is why education and competence development have always been high on the agenda. We live by the motto: "better train people and risk they leave than do nothing and they stay".

In 2007/08 our education and course expenditure corresponded to 8% of total salary costs.

We want our software developers to be certified to the highest professional level. We want to ensure that we can document our employees' high level of competence to ensure that all employees maintain their high market value. At the end of the financial year 2007/08 our software developers have a total of 554 certifications. The majority of these are specific to technology and include certifications within Microsoft, Java and Oracle. Alternatively the certifications could relate to project management such as Project Management Professional, Prince2 and Scrum.

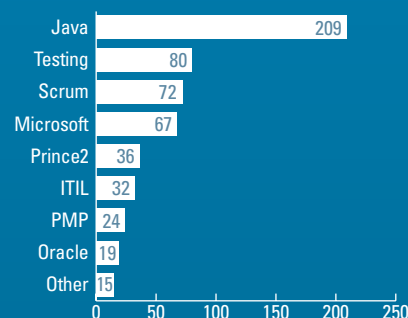


While we set high demands, we also recognise the acquisition of new competencies. We have a well-structured incentive programme for employees who want to improve their baseline qualifications. Some of the methodologies we use consist of a one-time bonus, increments and partial work exemption in connection with education and certifications.

Within the first six months of employment new employees typically achieve one or more certifications that enable them to specialise within different technologies, for example databases, network, security, test and support. In 2009 we will clarify the career opportunities to the employees, no matter what role they hold in the projects, and support these with competence developing activities.

Besides actual training courses and certifications we also practice knowledge sharing and internal learning. We have well-functioning and active knowledge networks, which give the opportunity of knowledge sharing and development of new ideas across professional fields. At the same time the knowledge networks contribute to building up relations between the employees and ensure the employees' influence on the technologies that Systematic works with and the way we work. In 2008 the networks have been re-launched and more network groups have been established. The network groups' professional themes vary widely from technologies to project management.

Number of certifications (as of 30 Sep 2008)



Case stories

Knowledge networks make us strong

Systematic's knowledge networks provide the opportunity for knowledge sharing and development of new ideas across professional fields. Therefore the networks have been given a high priority by management. Katrine is a full-time networks facilitator and is dedicated to establishing successful networks.



"With our knowledge networks we have created a forum that is different from our daily project work. The employees meet on their own initiative to share knowledge on topics and technologies that they meet in their daily work. The key words are curiosity and experimentation for knowledge sharing and relation development. The networks act as a forum for employees to live out their passion for our company. The network life keeps us knowledge-wise ahead and gives the added bonus of highly satisfied employees. But most importantly it results in better products and increased customer satisfaction", says Katrine.

Before and after Systematic

Jesper was project manager at two larger companies for approximately three years at each place before he came to Systematic.

"In those years my day-to-day life was dynamic, putting it mildly. Things moved quickly, and I had to put out a lot of fires. It was challenging, exciting and instructive, but in the long run the impact on my relationships with family and friends was just too severe", says Jesper, who is educated as a software engineer.

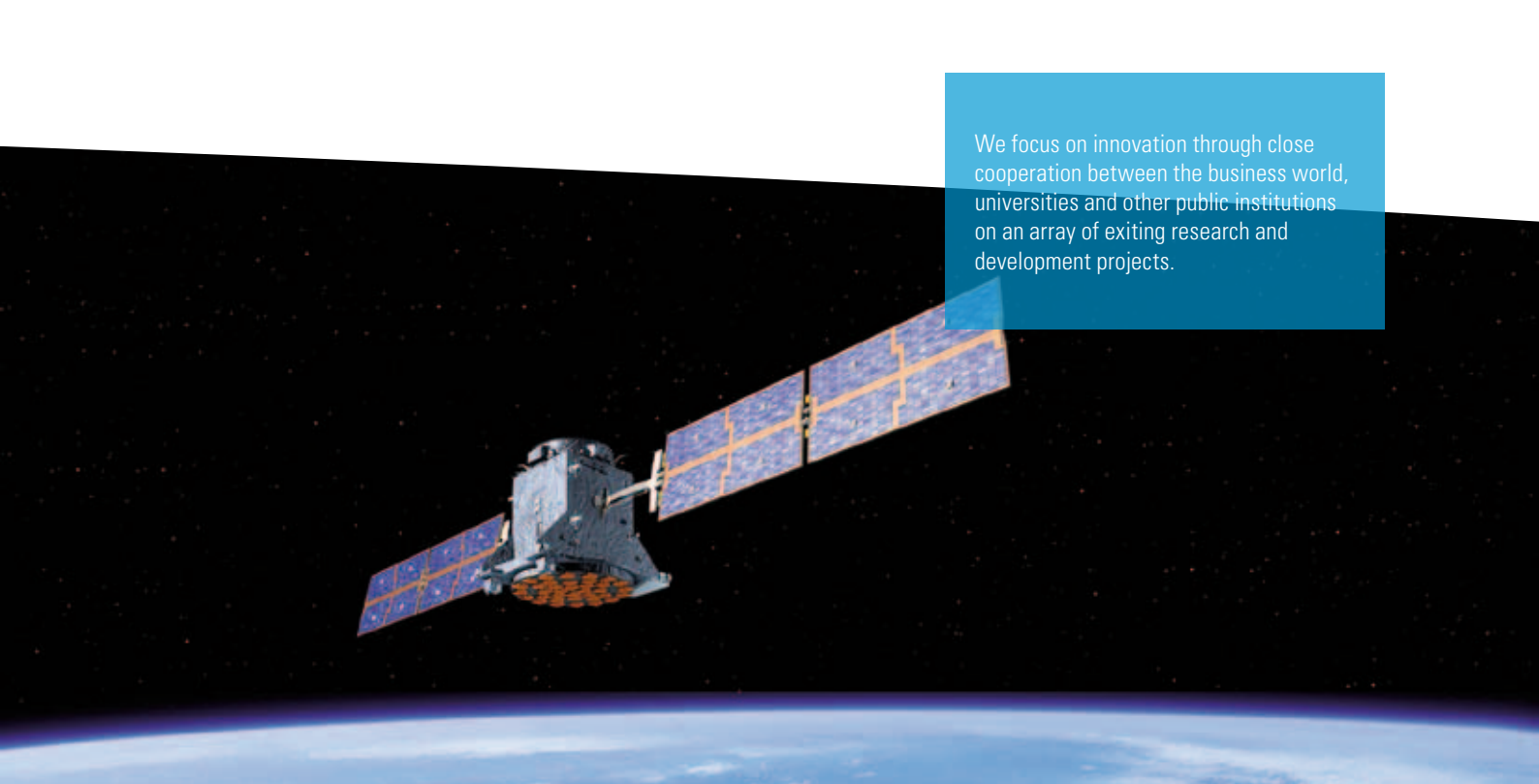
Jesper applied to Systematic at the beginning of 2007 because he knew that the company works in a structured way. A way that provides great professional challenges and has a focus on employee care.

Today Jesper rarely has to put out fires. Instead he has the time to think visionary and to plan, manage and lead the project. In short he has time to focus on what project management is really about.



"As a new employee there are many new things to learn. We attend courses so that we understand and can work with Systematic's processes. Even if you are not used to working in accordance with pre-determined processes they don't seem bureaucratic because it quickly becomes clear that they will help make a difference to your everyday work", says Jesper.

"If Systematic was not CMMI certified all these decisions would probably be made ad hoc and some would never be taken. Now we have the process improvement team who are responsible for the company's defined processes being updated. Things have been organised and as a Project Manager I have a duty to report back continuously on our experiences. When the project is completed I must recap on the advancements that we have made that can be beneficial to other new projects", says Jesper and adds: "I thrive on having to go through these processes because they automate the trivial decisions that exist in every project. Once they have been taken we can focus on a far higher professional level; the level where things happen – without being cut off by 'fire alarm'".



We focus on innovation through close cooperation between the business world, universities and other public institutions on an array of exciting research and development projects.

Innovation and CSR

Systematic takes an interest in the world around us and wants to be a responsible company who weights its business interests with people, environment and society. On the environment front we consider the environmental impact of purchases such as air conditioning, pool cars and travel in general.

One of our six values is “contributing to society”. We contribute to the world we live in through innovative IT projects that make a difference. We focus actively on innovation through close collaboration between the business world, universities and other public institutions on a variety of exciting research and development projects.

The Electronic Patch

Systematic participates in the development of an electronic patch together with a range of companies and research institutes. The patch is a Danish invention that will lighten the daily life of the chronically ill. The patch gives chronically ill patients the opportunity to move freely as the small and unobtrusive patch replaces the complicated medical surveillance equipment. The electronic patch looks almost like a regular patch, but it has a built-in micro chip, micro sensors and a little battery so that it can continually monitor and register the body's vital functions.

I-Know

Systematic is involved in an international research project with participants from Denmark, the United Kingdom, Germany and Spain. I-Know's purpose is to produce an IT tool that can give neurologists a better foundation for initiating treatment of a patient with a brain embolus. A person loses one million brain cells a minute when having a brain embolus. With the assistance of scans of the brain and the IT tool I-Know, doctors can reduce the time needed to make the decision on the most optimal treatment.

Galileo

Systematic participates in an international research project on the development of the European satellite system Galileo. The satellite system is an alternative to the American GPS navigation system which Galileo stands out from by being more accurate and by providing indoor coverage. The system can position and survey people indoors and thereby be beneficial to disaster readiness, police, fire brigades and military.

The research project is a consortium consisting of the EU commission, the European Space Agency, private companies and education institutions. Through the research project Systematic sponsors a business PhD in collaboration with the High-technology Fund.

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

SYSTEMATIC

Statement by the Management

We have today presented the annual report of 2007/08 for Systematic Software Engineering A/S.

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

We consider the applied accounting policies appropriate for the annual report to provide a true and fair view of the Group's and the Parent's assets, equity and liabilities, financial position, results and cash flows.

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

Aarhus, 22 January 2009

Management



Michael Holm
President and CEO



Lars Johansson
Executive Vice President and Deputy CEO

Board of Directors



Alex Holm Jensen
Chairman



Claus Sogaard-Christensen
Vice Chairman



Preben Mejer
Member of the Board of Directors



Michael Holm
President and CEO



Gitte Ottosen
Elected by the employees



Niels Damgaard
Elected by the employees

Independent auditor's report

To the shareholders of Systematic Software Engineering A/S

We have audited the annual report of Systematic Software Engineering A/S for the financial year 1 October 2007 to 30 September 2008, which comprises the statement by Management on the annual report, Management's review, accounting policies, income statement, balance sheet, statement of changes in equity and the notes for the Group as well as the Parent Company and the consolidated cash flow statement. The annual report has been prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the annual report

Management is responsible for the preparation and fair presentation of an annual report 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 an annual report that is 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 this annual report 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 annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual report, 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 an annual

report 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 annual report.

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 annual report gives a true and fair view of the Group's and the Parent Company's financial position at 30 September 2008, and of their financial performance and the consolidated cash flows for the financial year 1 October 2007 to 30 September 2008 in accordance with the Danish Financial Statements Act.

Aarhus, 22 January 2009

Deloitte
Statsautoriseret Revisionsaktieselskab

A blue ink signature of Christian Jørgensen, written in a cursive style.

Christian Jørgensen
State Authorised Public Accountant

A blue ink signature of Michael Bach, written in a cursive style.

Michael Bach
State Authorised Public Accountant



Profit and loss account for the year

Note	The Group		The Parent Company	
	2007/08	2006/07	2007/08	2006/07
	EUR	1000 EUR	EUR	1000 EUR
Turnover	50,267,693	45,352	43,581,936	39,965
Project costs	(4,448,831)	(4,972)	(4,745,608)	(5,420)
Other external costs	(8,268,817)	(7,641)	(6,722,880)	(6,009)
1 Personnel costs	(30,661,583)	(26,724)	(26,185,275)	(23,144)
2 Depreciation	(1,830,743)	(1,448)	(1,414,225)	(1,245)
Operation profit	5,057,719	4,567	4,513,949	4,147
Share of subsidiaries' profit			325,759	172
3 Net financial income	49,454	319	(96,837)	259
Profit before tax	5,107,173	4,886	4,742,871	4,578
4 Tax	(1,513,085)	(1,133)	(1,113,241)	(958)
Profit for the year	3,594,088	3,753	3,629,630	3,620
The minority interests' part of the subsidiaries' profit for the year	35,542	(133)		
The Parent Company's part of the profit for the year	3,629,630	3,620		

Proposed distribution of profit/loss

Dividends for the financial year	1,608,342
Transfer to reserve for net revaluation under the equity method	133,116
Retained earnings	1,888,172
	3,629,630

Balance sheet as at 30 September 2008

Note		The Group		The Parent Company	
		2007/08	2006/07	2007/08	2006/07
	Assets	EUR	1000 EUR	EUR	1000 EUR
5	Intangible fixed assets	4,437,342	2,474	2,988,970	2,041
6	Tangible fixed assets	1,119,208	1,471	822,139	1,139
7	Financial fixed assets	558,296	439	4,151,060	1,840
	Total fixed assets	6,114,846	4,384	7,962,170	5,020
	Receivables	18,960,024	12,078	12,324,463	9,243
8	Work in progress	5,425,030	2,526	4,760,227	2,526
	Receivables from affiliated companies	670,143	711	2,803,942	2,221
	Corporate tax	230,914	90	230,914	90
	Other receivables	946,187	2,365	450,760	1,314
14	Port folio securities	266,212	1	266,212	1
	Bonds	0	1,339	0	1,339
	Cash at bank	296,706	3,231	13,624	1,291
	Total current assets	26,795,216	22,341	20,850,142	18,025
	Total assets	32,910,062	26,725	28,812,312	23,045

	The Group		The Parent Company	
	2007/08	2006/07	2007/08	2006/07
Note	EUR	1000 EUR	EUR	1000 EUR
Liabilities				
Share capital	1,340,285	1,341	1,340,285	1,341
Reserve for net writing-up of capital investment	0	0	1,416,025	1,284
Carried forward to next year	7,274,205	5,517	5,858,180	4,233
Proposed dividend for the financial year	1,608,342	2,683	1,608,342	2,683
Total equity	10,222,832	9,541	10,222,832	9,541
Minority interests in subsidiaries	26,404	728		
9 Deferred tax	2,838,724	1,749	2,838,724	1,749
Total provisions	2,838,724	1,749	2,838,724	1,749
Employee bonds	572,707	0	572,707	0
Financial leasing	25,948	33	25,948	33
10 Total long term creditors	598,655	33	598,655	33
Financial leasing	6,734	8	6,734	8
Bank debt	1,708,136	0	1,708,136	0
8 Advance payment from customers	3,675,321	3,779	3,675,321	3,779
Account payable	812,325	1,206	764,660	1,129
Corporate tax	399,845	175	0	0
Other creditors	9,163,780	6,790	6,615,439	5,771
11 Prepayments and accrued income	3,457,306	2,716	2,381,811	1,035
Total short term creditors	19,223,447	14,674	15,152,101	11,722
Total liabilities	32,910,062	26,725	28,812,312	23,045

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

Equity

Note	The Group		The Parent Company	
	2007/08	2006/07	2007/08	2006/07
	EUR	1000 EUR	EUR	1000 EUR
Share capital				
The share capital consists of 10,000 shares at DKK 1,000	1,340,285	1,341	1,340,285	1,341
The shares are not divided into classes				
There have not been any changes in the share capital during the last five years				
Reserve for net writing-up of capital investment				
Balance as at 1 October 2007	0	0	1,282,909	1,456
Transferred from the result of the year	0	0	133,116	(172)
Balance as at 30 September 2008	0	0	1,416,025	1,284
Carried forward to next year				
Balance as at 1 October 2007	5,517,082	4,672	4,233,020	3,215
Exchange rate adjustment financial contract	(66,568)	0	(66,568)	0
Foreign exchange rate adjustment of subsidiaries' equity	(197,597)	(91)	(196,444)	(91)
Transferred from the result of the year	2,021,288	936	1,888,172	1,109
Balance as at 30 September 2008	7,274,205	5,517	5,858,180	4,233
Proposed dividend for the financial year				
Balance as at 1 October 2007	2,682,979	2,012	2,682,979	2,012
Dividend paid	(2,682,979)	(2,012)	(2,682,979)	(2,012)
Dividend for the financial year	1,608,342	2,683	1,608,342	2,683
Balance as at 30 September 2008	1,608,342	2,683	1,608,342	2,683
Equity as at 30 September 2008	10,222,832	9,541	10,222,832	9,541

Cash flow statement

		The Group	
		2007/08	2006/07
Note		1000 EUR	1000 EUR
	Profit for the year after tax	3,594	3,752
	Depreciation	1,831	1,448
	Depreciation recognized as development projects	34	19
	Tax	1,513	1,133
16	Working capital changes	(5,707)	(2,117)
	Income taxes paid	(315)	(850)
	Cash flows from operation activities	950	3,385
	Acquisition of intangible fixed assets	(3,229)	(846)
	Acquisition of tangible fixed assets	(338)	(903)
	Acquisition of net financial fixed assets	(120)	14
	Acquisition of port folio securities	(269)	0
	Sale of fixed assets	1	85
	Cash flows from investing activities	(3,955)	(1,650)
	Instalment on financial leasing	(8)	(60)
	Drawings on credit facility & issue of employee bonds	2,281	0
	Dividends paid	(2,683)	(2,012)
	Purchase of minority interest shares	(664)	0
	Unrealized exchange rate adjustments	(198)	(92)
	Cash flows from financing activities	(1,268)	(2,164)
	Change in cash and cash equivalents	(4,273)	(429)
	Cash and cash equivalents at the beginning of the year	4,570	4,999
	Cash and cash equivalents at the end of the year	297	4,570

Notes

	The Group		The Parent Company	
	2007/08 EUR	2006/07 1000 EUR	2007/08 EUR	2006/07 1000 EUR
1 Personnel costs				
Salaries and holiday allowance	28,041,426	24,613	24,326,463	21,636
Pension schemes	1,632,380	1,390	1,410,377	1,207
Social costs	790,506	620	376,092	290
Other personnel costs	197,271	101	72,343	11
	30,661,583	26,724	26,185,275	23,144
Average number of employees	447	394	391	344
Remuneration for Management and Board of Directors	793,026	706	793,026	706
Personnel costs recognized as development projects	1,577,437	760	1,401,536	529
2 Depreciations				
Intangible fixed assets	1,212,608	754	930,421	681
Tangible fixed assets	618,135	694	483,804	564
	1,830,743	1,448	1,414,225	1,245
Depreciations recognized as development projects	34,445	19	34,445	19
3 Net financial income				
Expenditure on interest	(66,090)	(12)	(61,079)	(12)
Income from interest	144,986	520	88,025	460
Foreign currency adjustment	(29,442)	(189)	(123,783)	(189)
	49,454	319	(96,837)	259
Income from interest concerning intercompany balance			48,227	0
4 Tax				
Calculated corporate tax	(399,845)	(175)	0	0
Adjustment of deferred tax	(1,113,241)	(1,043)	(1,113,241)	(1,043)
Adjustment of tax rate	0	85	0	85
	(1,513,086)	(1,133)	(1,113,241)	(958)

	The Group				The 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 2007	4,217,742	0	0	4,217,742	3,711,919	0	3,711,919
Exchange rate adjustments	(50,866)	0	0	(50,866)	0	0	0
Additions	1,784,926	265,468	1,178,565	3,228,959	1,614,909	265,468	1,880,377
Disposals	0	0	0	0	0	0	0
Acquisitions costs as at 30 Sep 2008	5,951,802	265,468	1,178,565	7,395,834	5,326,828	265,468	5,592,296
Depreciations as at 1 October 2007	1,745,884	0	0	1,745,884	1,672,905	0	1,672,905
Depreciations, disposals	0	0	0	0	0	0	0
Depreciations 2007/08	997,237	26,547	188,824	1,212,608	903,874	26,547	930,421
Depreciations as at 30 Sep 2008	2,743,121	26,547	188,824	2,958,492	2,576,779	26,547	2,603,326
Book value as at 30 September 2008	3,208,681	238,921	989,740	4,437,342	2,750,050	238,921	2,988,970
Book value as at 30 September 2007	2,474,080	0	0	2,474,080	2,040,847	0	2,040,847

	Rebuilding of rented premises	Cars	Computer equipment	Furniture	Total
The Group	EUR	EUR	EUR	EUR	EUR
6 Tangible fixed assets					
Acquisition costs as at 1 October 2007	963,966	211,898	2,647,540	1,447,460	5,270,864
Exchange rate adjustments	(19,601)	0	(6,306)	(11,338)	(37,245)
Additions	75,662	0	145,863	116,654	338,179
Disposals	0	0	(23,015)	0	(23,015)
Acquisition costs as at 30 September 2008	1,020,027	211,898	2,764,082	1,552,776	5,548,784
Depreciation as at 1 October 2007	539,317	163,543	1,974,358	1,123,898	3,801,117
Depreciations, disposals	0	0	(22,321)	0	(22,321)
Depreciations 2007/08	135,339	21,248	333,480	160,712	650,779
Depreciations as at 30 September 2008	674,656	184,791	2,285,518	1,284,610	4,429,575
Book value as at 30 September 2008	345,371	27,107	478,564	268,166	1,119,208
Book value as at 30 September 2007	425,031	48,399	673,787	323,853	1,471,070
Recognized leased assets as at 30 September 2008	0	28,112	0	8,435	36,547
The Parent Company					
6 Tangible fixed assets					
Acquisition costs as at 1 October 2007	733,618	211,898	2,286,355	1,135,218	4,367,090
Additions	62,984	0	92,139	50,154	205,278
Disposals	0	0	0	0	0
Acquisition costs as at 30 September 2008	796,602	211,898	2,378,494	1,185,373	4,572,367
Depreciation as at 1 October 2007	475,763	163,543	1,678,201	911,062	3,228,570
Depreciations, disposals	0	0	0	0	0
Depreciations 2007/08	114,179	21,248	271,234	114,998	521,658
Depreciations as at 30 September 2008	589,942	184,791	1,949,435	1,026,061	3,750,228
Book value as at 30 September 2008	206,660	27,107	429,059	159,312	822,139
Book value as at 30 September 2007	258,087	48,399	608,700	224,357	1,139,543
Recognized leased assets as at 30 September 2008	0	28,112	0	8,435	36,547

	Deposit for rent	Total
The Group	EUR	EUR
7 Financial fixed assets		
Acquisition costs as at 1 October 2007	438,685	438,685
Additions	119,610	119,610
Disposals	0	0
Acquisition costs as at 30 September 2008	558,295	558,295
Depreciation as at 1 October 2007	0	0
Depreciations, disposals	0	0
Depreciations 2007/08	0	0
Depreciations as at 30 September 2008	0	0
Book value as at 30 September 2008	558,295	558,295
Book value as at 30 September 2007	439,079	439,079

	Deposit for rent	Capital interests in subsidiaries	Total
The Parent Company	EUR	EUR	EUR
7 Financial fixed assets			
Acquisition costs as at 1 October 2007	438,685	116,549	555,235
Additions	119,610	1,848,859	1,968,469
Disposals	0	0	0
Acquisition costs as at 30 September 2008	558,295	1,965,409	2,523,704
Net revaluation as at 1 October 2007	0	1,282,909	1,282,909
Foreign exchange adjustment	0	(192,643)	(192,643)
Share of subsidiaries' result	0	325,759	325,759
Offset against receivables from subsidiaries	0	211,331	211,331
Net revaluation as at 30 September 2008	0	1,627,356	1,627,356
Book value as at 30 September 2008	558,295	3,592,765	4,151,060
Book value as at 30 September 2007	439,079	1,400,716	1,839,795

Capital interests in subsidiaries include:

Shares of a nominal value of GBP 52.632 (100%) in Systematic Software Engineering Ltd, The Coliseum, Riverside Way, Camberley, Surrey GU153 YL, UK
Shares of a nominal value of USD 88.000 (80%) in Systematic Software Engineering Inc, 10680 Main Street Suite 170, Fairfax, Virginia 22030 - 3815, USA
Shares of 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 interrests amounts 990k EUR as at 30 september 2008

Share of subsidiaries' result is calculated as follows:

	EUR
Share of subsidiaries' result	514,584
Consolidated goodwill depreciations	(188,824)
	325,759

	Share of ownership	Result from the accounts 2007/08	Equity
Systematic Software Engineering Ltd.	100%	870,587	2,497,410
Systematic Software Engineering Inc.	80%	(177,715)	132,020
Systematic Software Engineering Oy	100%	(213,831)	(211,331)

	The Group		The Parent Company	
	2007/08	2006/07	2007/08	2006/07
	EUR	1000 EUR	EUR	1000 EUR
8 Work in progress				
Work in progress	33,311,155	17,829	32,646,351	17,829
On account invoicing	(31,561,445)	(19,082)	(31,561,445)	(19,082)
	1,749,710	(1,253)	1,084,906	(1,253)
Net value incorporated in the balance sheet as follows				
Work in progress	5,425,030	2,526	4,760,227	2,526
Advance payment from customers	(3,675,321)	(3,779)	(3,675,321)	(3,779)
	1,749,710	(1,253)	1,084,906	(1,253)

Work in progress includes a profit of 13,467k EUR compared to 6,548k EUR in 2006/07
Work in progress due after more than 12 month amounts to 0k EUR compared to 0k EUR in 2006/07

9 Deferred tax				
Deferred tax fall on the following entries				
Fixed assets			941,684	762
Current assets			3,590,221	4,133
Obligations			(226,508)	(307)
Taxloss carryforward			(1,466,674)	(2,839)
			2,838,724	1,749

- 10 **Long term creditors**
After more than 5 years 573k EUR are payable regarding employee bonds

11 Prepayments and accrued income				
Prepayments and accrued income related to service contracts	3,457,306	2,716	2,381,811	1,035
	3,457,306	2,716	2,381,811	1,035

12 Accountancy				
Remuneration Deloitte A/S				
Audit	41,906	39	41,906	39
Account and consulting services	175,126	133	175,126	133
Remuneration Grant Thornton				
Audit	16,323	16	0	0
	233,355	188	217,032	172

- 13 **Leasing commitments**
For the years 2008-2011 the annual lease payments for company cars amount to 106k EUR.
For the company's offices the rent commitment until earliest possible leaving date amounts to 3,145k EUR

- 14 **Contingent liabilities**
Guaranty obligations regarding ordinary business activities covered by bank guaranties on demand 1,979k EUR.
Of "Port folio securities" 186k EUR are provided as security for employee bonds

- 15 **Ownership**
Following shareholders hold more than 5% of the company's share capital:

Michael Holm Holding ApS, Lindevangsvej 17, 8240 Risskov
AHJ Holding Århus ApS, Ryvangs Alle 14, 8240 Risskov
E. Bank Lauridsen Holding A/S, Øresundsvej 15, 6715 Esbjerg N

	The Group	
	2007/08	2006/07
	1000 EUR	1000 EUR
16 Working capital changes		
Change in work in progress and advance payment from customers	(3,537)	392
Change in receivables	(5,436)	(5,314)
Change in trade payables etc	3,266	2,805
	(5,707)	(2,117)

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 translated from DKK to EUR at the exchange rate for 100 EUR ruling at the year-end of each financial year: 2008: 746.11 DKK, 2007: 745.44 DKK, 2006: 746.76, 2005: 746.24 and 2004: 744.16. The official accounting currency is DKK and the official annual report can be obtained at the companies register, Erhvervs- & Selskabsstyrelsen. The annual report has been presented under the same accounting policies as were used last year.

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

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.

Translation of amounts in foreign currency

All balance sheet accounts in foreign currency denominations are translated into Danish kroner at the rate of exchange ruling at the year end or at a forward-covered rate. Realised and unrealised profits and losses on exchange 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 intercompany items has been carried out. For the foreign subsidiaries, the items in the profit and loss accounts have been included at the exchange rate ruling on the transaction date. The balance sheet is translated at the rate of exchange ruling at year-end. The exchange rate differences arising from the translation of the subsidiaries' equity at the beginning of the financial year to the exchange rate ruling at the end of the financial year, and the exchange rate difference arising from the translation of the profit and loss accounts from the exchange rate ruling on the transaction date to the exchange rate ruling at end of the financial year, is taken to the equity of the Group.

Acquisitions

Newly acquired or newly established companies are factored in to the Group accountings from the date of acquisition and date of establishment respectively. Sold or closed companies are factored in to the consolidated income statement until the time of renunciation and time of divestment respectively.

When purchasing new companies the acquisition method will be used, where after the newly acquired companies' identifiable assets and commitments are measured at day's value at the time of acquisition. The coverage of costs connected to resolved and disclosed restructurings in the acquired company in connection to the acquisition will be set aside. The tax effect of the conducted reassessments is taken into account.

Positive cost differences (goodwill) between the cost price of the acquired capital share and the day's value of the acquired assets and commitments is taken into account under immaterial fixed assets and is depreciated over 5 years.

Minority interest

The minority interests' proportion of the subsidiaries' result and net capital have been quoted separately in the profit and loss accounts 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 is recognised when incurred.

Other external costs

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

Personnel costs

Personnel 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 years taxable income, adjusted for any tax already paid.

Balance sheet

Development projects

Development projects relating to products that are clearly defined and identifiable, where 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, including 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 in the balance sheet.

Fixed assets

Fixed assets are measured at cost less accumulated depreciation and impairment losses.

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

The basis of depreciation is cost less estimated residual value after the end of the asset's useful life. Depreciation is provided on a straight-line basis from the following assessment of the assets' expected useful lives: Computers/hardware 3 years, fixtures and fittings 5 years, cars 6-7 years.

The purchase of specific software programs 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 specific computer software for software development is activated and will be written off 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 intercompany 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 translated into Danish kroner at the rate of exchange on the transaction date. The balance sheet is translated at the rate of exchange at year end. The exchange rate differences arising from the translation of the investment in the subsidiaries at the beginning of the financial year to the exchange rate ruling at the end of the financial year is taken directly to the equity of the Group. This is also the case for the exchange rate difference arising from the translation of the profit and loss account from the exchange rate ruling on the transaction date to the exchange rate ruling at the end of the financial year.

When purchasing capital shares in subsidiaries, the acquisition method will be applied, see the description above on Group accounts.

Work in progress

Work in progress (construction contracts) is calculated as the selling price of the work carried out at the balance sheet date. 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 recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as financing costs are recognised in the profit and loss account when incurred.

Receivables

Receivables are measured at amortised cost, usually equalling 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 proposed dividends for the financial year are disclosed as a separate item under equity.

Deferred tax

Deferred tax is recognised and calculated applying the liability method on all timing differences between the carrying amount and tax-based valuation of the assets and liabilities. The tax-based valuation of the assets is calculated based on 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 crystallise as current tax, using the laws at the balance sheet date. Any changes in deferred tax resulting from changed tax rates is recognised in the profit and loss account.

Leasing

Lease commitments relating to assets held under finance leases are recognised in the balance sheet under liabilities other than provisions, 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, investing and financing 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 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 income taxes paid.

Cash flows from investing activities

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

Cash flows from financing 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 22: www.politi.dk, Scanpix, Allan Hansen
Page 23: PET
Page 33: ESA, P. Carril

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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