

ANNUAL REPORT 2011/12

# Robust business enjoying international growth



## SYSTEMATIC ANNUAL REPORT 2011/12

Systematic A/S  
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Systematic's annual report  
2011/12 can also be found at  
www.systematic.com

Print: Chronografisk A/S

### Board of directors:

Alex Holm Jensen (Chairman)  
Torben Ballegaard Sørensen (Vice Chairman)  
Peter L. Ravn (Board member)  
Niels Bo Theilgaard (Board member)  
Lars Johansson (Board member)  
Richard Baker (Employee-elected)  
Nikolaj Holm Bramsen (Employee-elected)

### Management:

Michael Holm, President and CEO

### The following shareholders hold more than 5% of its 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 7, 6715 Esbjerg N

### Auditor:

Deloitte Statsautoriseret  
Revisionspartnerselskab

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governing text for all purposes, and in case of any  
discrepancy the Danish wording shall be applicable.



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**MISSION SIMPLIFYING CRITICAL  
DECISION MAKING**

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

## 5-YEAR OVERVIEW

### The Group (1,000 EUR)

	2011/12	2010/11	2009/10	2008/09	2007/08
Turnover	55,415	50,021	48,435	47,448	50,268
Operating profit	5,127	5,110	4,821	769	5,058
Net financials	380	(94)	19	25	49
Profit for the year	4,121	3,611	3,576	462	3,630
Balance sheet total	34,888	33,769	32,989	27,766	32,910
Net cash and Portfolio securities	9,714	7,878	6,806	3,702	(1,411)
Working capital	12,345	8,664	8,377	4,305	7,572
Equity	16,777	14,315	12,554	8,852	10,223
Cashflow from operations	5,532	6,529	6,695	11,688	951
Innovation (process improvement and product development)	5,357	6,016	5,179	5,927	4,729
Turnover outside the Danish market	11,958	13,543	17,436	17,244	23,441

### Ratios

Profit ratio	9.3%	10.2%	10.0%	1.6%	10.1%
Return on equity	26.5%	26.9%	33.4%	4.8%	36.7%
Equity ratio	48.1%	42.4%	38.1%	31.9%	31.1%
Innovation as a percentage of turnover	9.7%	12.0%	10.7%	12.5%	9.4%
Average number of employees	422	419	436	459	447
Turnover per employee (average number of employees, 1,000 EUR)	131	119	111	103	112

## SYSTEMATIC FACTS

- Robust software and systems integrator
- Four core business areas: Public Sector, Health-care, Defence, Intelligence & National Security
- Solutions sold to customers in 47 countries
- High level of customer satisfaction and long-term working relationships
- Partners in 18 countries
- Turnover: EUR 55.4 million
- Operating profit: EUR 5.1 million
- Cash holdings of EUR 9.7 million and no bank debt
- Solvency of 48% and an AAA credit rating
- Certified to CMMI Level 5
- 97% of all milestones approved and delivered on time
- Offices in Denmark, the United Kingdom, the United States, Finland, Sweden, Australia and Germany
- An attractive, international workplace with highly educated employees
- 422 employees, where 62% of software developers have a PhD or Master's qualification
- 13% of appointments are former employees rejoining Systematic
- Employees represent 20 nationalities

# ROBUST BUSINESS ENJOYING INTERNATIONAL GROWTH

Systematic's robust business continues to grow profitably in a market characterised by major changes. At the same time, we are developing our international activities and investing in our future.

In the financial year 2011/12, Systematic has achieved profitable growth in a market where customers are increasingly expressing clear preferences for reliable, standardised software solutions. Against this background, we are continuing to develop our business. Systematic is positioning itself for future growth by investing in innovative software products, developing staff skills, streamlining and simplifying internal processes, and boosting the company profile on selected international markets.

At the start of the financial year 2011/12, Systematic budgeted for growth in turnover, with operating profits at the same level as in the preceding year. In line with expectations, the company increased turnover by 11% to EUR 55.4 million and returned operating profits of EUR 5.1 million – a marginal improvement on the figures for the financial year 2010/11. It is very satisfying to deliver predictable financial results in an often unpredictable market, where customers are heavily focused on costs and a quick return on their IT investments.

We have established a solid business platform for growth, and with this as our base we are planning aggressive investments in staff, products and new markets. For the financial year 2012/13, Systematic is budgeting a growth in turnover, while operating profits are expected to remain at the present level.

### Focus on four core business areas

Since its foundation in 1985, Systematic has developed into an international IT company that focuses on four core business areas: Public Sector, Healthcare, Defence and Intelligence & National Security. A common feature of all these sectors is a need to integrate, compare and analyse large volumes of complex data, and to generate an overview that allows decision-making based on a solid foundation, often in critical situations.

We have built up considerable knowledge within these four sectors, and are also continuously improving our capacity to make the best possible use of experience, skills and technologies across these business units.

Systematic sells solutions directly to end-users and also works with selected partners for the distribution of products and services into specific markets. In 2011/12, we entered into new strategic partnerships, and our solutions have now been sold to customers in 47 countries. We support our customers in their internationalisation as well as being open to international partnerships ourselves.

Systematic also delivers major solutions and customer-specific projects to private-sector companies, largely due to our advanced maturity in software development and our knowledge about processes and methods, which together allow us to ensure high quality in solutions and projects.

The majority of Systematic's turnover is generated in Denmark. In order to position the company for future growth, we have opened offices in Finland, Sweden, Australia and Germany, and we are currently working to establish additional representation. Even in a globalised market, local presence plays a key role in customers' considerations concerning their choice of future supplier.

### Significant growth in orders and healthy finances

During the past financial year, Systematic has entered into new agreements valued at EUR 61.7 million – an increase of more than 20% compared to 2010/11. All four core business units generated double-digit percentage increases, and it is particularly satisfying to note that Defence recorded a rise in orders of more than 30%, following a series of challenging years. In spite of a market in recession, we have captured additional market shares in the financial year 2011/12. This confirms to us the value our customers place on the benefits of COTS (commercial off the shelf) products – low costs, low risk and ease of use.

Total revenue for the year increased by 11% compared to the previous year and totalled EUR 55.4 million. At 20%, licence and maintenance income accounts for an increasing proportion of the total revenue, and we are maintaining a good balance between the revenues from our business units.



# 97 PER CENT

OF ALL MILESTONES  
APPROVED AND  
DELIVERED ON TIME

As Systematic is a knowledge-based company, salaries to staff account for the largest proportion of the company's expenditure. The vast majority of work is carried out by staff directly employed by the Group. In order to ensure that services remain competitive at all times, an increasing proportion of our software development work is now carried out by affiliated consultants, primarily from Ukraine. Individual software engineers may be separated by considerable distances, but thanks to modern IT solutions and shared work processes, these consultants are fully integrated into our development teams. Systematic's staff increased to 422 at the end of the financial year, plus 36 affiliated consultants.

Profit on primary operations amounted to EUR 5.1 million. With the addition of positive financial income – primarily in the form of returns on our bond portfolio – Group profits before tax totalled EUR 5.5 million. Company tax is calculated at EUR 1.3 million, of which most is payable in Denmark. The profit for the financial year 2011/12, amounting to EUR 4.1 million, is the best yet in Systematic's 27-year history.

Overall, the balance sheet totals have increased by 3%. Intangible assets (primarily capitalised product development costs) have fallen by 13%, while accounts receivables have risen by 13% – largely due to invoicing around the closing of the annual accounts. Equity has risen by 17%, while liabilities are at a slightly lower level than last year. All in all, the Systematic balance sheets are very healthy.

Operating activities generated a cash flow of EUR 5.5 million, while investment activities drew EUR 2.1 million from cash holdings. Depreciation on capitalised development costs was higher than capitalised product development costs for the year, which, in itself, made a positive contribution of EUR 0.8 million to liquidity. In all, cash holdings (including the bond portfolio) grew by 23% to EUR 9.7 million. As Systematic has no bank debt – in fact, we have unutilised credit facilities – the company is in a very strong financial position, as evidenced by our AAA credit rating.



## Skills development and high process maturity generates value for customers

Systematic has been focusing firmly on skills development for many years, as the ability to acquire new knowledge quickly and efficiently provides us with clear competitive advantages. In this context, knowledge is primarily related to our core competencies in software

development methods, products for supporting decision-making in critical situations, and specific insight into our four core business areas. This is knowledge that can be shared internally within the organisation, and externally with partners. It can subsequently be commercialised in the form of solutions and products for customers.

Continuous focus on helping staff develop their skills contributes to making Systematic an attractive workplace, which is reflected by a high level of staff satisfaction and remarkably low absence (3.7 days on average last year). We maintain close contact with former employees through our Alumni network and events. Many former employees reapply to Systematic, and last year returning staff accounted for 13% of new appointments. Internal knowledge networks across business units inspire staff to seek out, share and reuse the knowledge that their colleagues have already acquired and built up.

In 2012, Systematic was re-certified in accordance with CMMI, an international standard for maturity in software development processes. CMMI Level 5 is the highest level in the field of business maturity – a certification we share with just 22 enterprises in Europe and around 290 worldwide. Moreover, Systematic is one of the very few companies in the world that has succeeded in maintaining a Level 5 rating for more than seven years.

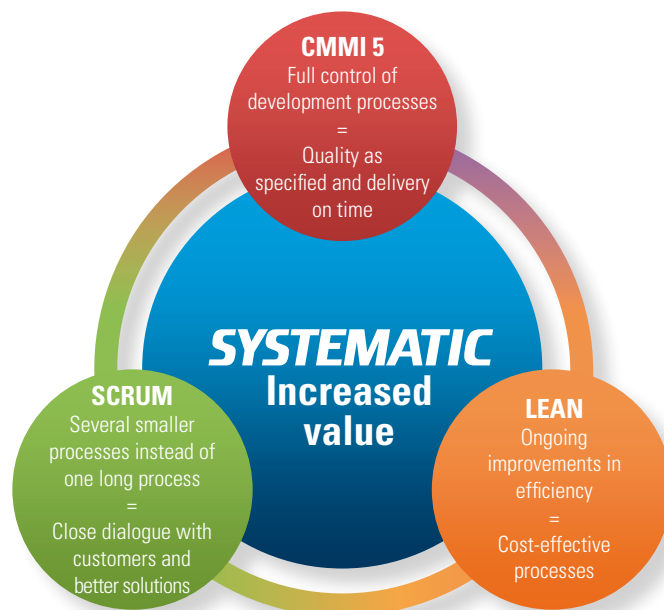


*"It is better to educate people and risk they leave than do nothing and they stay"*



Michael Holm  
President and CEO

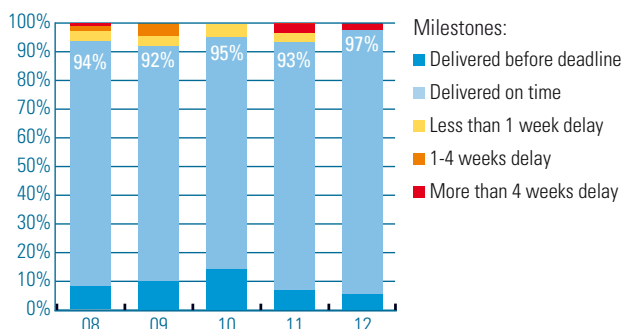
# QUALITY ON TIME AND AT COMPETITIVE PRICES



→ We are recognised internationally for our ability to optimise and improve the efficiency of processes through a combination of the CMMI model and agile development methods based on Lean and Scrum. Over the years, we have presented Systematic's models and processes at a variety of conferences, and we have also had articles on this topic published by the IEEE association, which has 400,000 members in 160 countries. Our documented results attract a great deal of international interest and attention.

For our customers, the combination of CMMI, Lean and Scrum means that we can act in a flexible, interactive manner and apply a well-documented collaboration model to generate measurable results quickly and efficiently. Working relationships with our customers are centred around integrated teams, with all parties placing emphasis on openness and transparency. Systematic has repeatedly demonstrated that flexibility and agile methods can be combined to great effect with structure, predictability and credibility. In 2011/12, we completed more than 97% of all deliveries on time.

**Delivery on time**



The customer satisfaction surveys we ran in 2011/12 also suggest that our customers are satisfied with our performance. The average satisfaction score is 4.5 (on a scale of 1-5, where 5 is the highest evaluation). Systematic scores 4.8 in relation to professional competence, and 4.7 with regard to customers' willingness to recommend us to others.

## One IT supplier makes it easier to be a customer

Systematic has a long tradition of continually improving its overall delivery system. Our goal is to bring flexibility and quality to the working relationship, so as to provide our customers with the best possible solutions in relation to development, implementation, operation and maintenance – without customers having to check and monitor all the individual deliverables themselves.

As a part of our overall package of solutions, we have been providing cloud computing services and hosting through hosting partners since 2010. In the course of the past year, we entered into a number of contracts in which cloud computing and hosting were included.

One trend that is becoming increasingly prevalent involves IT providers not only developing and maintaining a particular application, but also taking on responsibility for its operation, with full life cycle management and system administration, so customers only have to partner up with a single supplier. This model enables customers to simplify their commercial relationships, benefit from increased speed and reliability throughout the IT delivery system, and run cloud-based operations – with all the financial and operational advantages this entails.





Click here to watch the video clip  
from Innovation Day



## **Innovation – a competitive parameter for the future**

To ensure Systematic retains a competitive edge we need to take an innovative approach to the development of our projects, products and services. This innovation culture at Systematic was kick-started with our first 'Innovation Day' in 2012. This initiative gathered together staff from all business units, who were then challenged to come up with innovative and future-oriented ideas. The overriding objective is to "think outside the box" and, in a prejudice-free atmosphere, to generate new, creative ideas for subsequent maturing and prioritisation.

## **Open and transparent interaction with relevant stakeholders in society**

Corporate Social Responsibility is rooted in the way we act in relation to all stakeholders, with respect for the individual – both as a person and in relation to our business. This is firmly embedded in our corporate culture and core values. Diversity with regard to ethnic background, education, nationality, age and gender is a strength, and we do our utmost to reflect the environment in which we operate.

We work closely with education and research institutions to develop and share new knowledge – typically in project form. We contribute specific knowledge and practical experience, and in return we receive access to the very latest research as well as contact with potential future employees. With full respect for confidentiality, we believe that an open and transparent approach to all our stakeholders – customers, staff, suppliers and partners – is a genuine strength in a changing society.

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

Alex Holm Jensen  
Chairman of the board

Michael Holm  
President and CEO

## HALF OF OUR PROJECT BUSINESS CONSISTS OF LARGE PROJECTS AMOUNTING TO MORE THAN 20,000 HOURS



**Thomas Høineg Larsen**  
Project Manager



"We wanted our IT system for controlling gaming activities developed using agile methodology. We've gained valuable experience that we can use in the future, and we are delighted with our working relationship with Systematic."



**Peter Egelund**  
Project Director/CIO

KOMBIT

"We are very satisfied with our partnership with Systematic, who is an experienced and professional supplier of IT solutions. Our partnership is a pragmatic and solution-oriented one, focusing on achieving the common goal for the benefit of the Danish municipalities. In Systematic, KOMBIT and the municipalities have found a competent supplier for their Service Platform."

# PUBLIC SECTOR

**In close collaboration with customers in the public sector, we develop solutions that generate overview and coherence**

Driven by clear political prioritisation, Denmark is currently in the process of implementing an aggressive strategy to digitise the entire public sector. Over a period of years, we have established Systematic as a prominent supplier to this sector.

The Public Sector business unit witnessed a high level of activity in the financial year 2011/12. Systematic won most of its contracts in this market through competitive tenders involving software and systems integrators both in Denmark and abroad.

Such projects typically centre around mission-critical systems operated by the customer, and on integration and service platforms where we join together stand-alone systems and registers to generate a coherent overview, making it possible to create user-oriented, self-service solutions.





KOMBIT  
Photo: Torben Nielsen

Over the past year, we have completed a number of projects based on agile methodology. The distinguishing features of these projects are that they are launched on the basis of goals, visions and budgets – but without a comprehensive and time-consuming specification of requirements. Even though projects based on public-sector tenders can be both restrictive and comprehensive, we have noted a clear increase in interest among our public-sector customers with regard to participation in agile working relationships. For example, we have worked with the Danish Tax Authorities (SKAT) to develop an IT system for controlling gaming activities, which checks, for example, that winnings from online gaming systems run by providers all over the world are paid out correctly. This system was delivered ahead of schedule and under budget.

In summer 2012, Systematic entered into a contract with KOMBIT (the Danish Local Authorities' IT Association) for the development

and operation of a new service platform that is set to shift the digitisation of Denmark up a gear. This service platform will be a key hub for the exchange of information within the public sector, and will thus contribute to liberalising the Danish market for municipal IT systems.

Collaboration with customers in integrated teams creates opportunities for transferring knowledge and learning about our development processes to the customer's employees. One example of this is our working relationship with ATP (the Danish Supplementary Labour Market Pension Scheme) to develop ATP's own IT department. Within the financial sector, Systematic has entered into a major new framework agreement concerning infrastructure services for the eNetwork, a digital collaboration platform for real estate agents, financial institutions and mortgage institutions for use in the context of property deals, for example.

A man in a white lab coat is looking at a tablet computer. He is in a clinical setting, possibly a hospital or clinic. The background is slightly blurred, showing what appears to be a doorway or a wall with some equipment.

# HEALTHCARE

**Columna, Systematic's comprehensive healthcare IT platform, is still being expanded, and is attracting more and more attention at both national and international level**

The financial year 2011/12 was a busy year for our Healthcare business unit, which recorded growth of more than 20% as well as satisfactory profits. At the same time, we have ramped up our efforts regarding product development, sales and marketing.

Columna is now a key tool used on a day-to-day basis by more than 10,000 healthcare professionals in Central Denmark Region hospitals. The healthcare platform is being expanded to include new functionality. Over the course of 2013 it will be supplemented with an IT solution for clinical logistics for the Accident and Emergency departments in Central Denmark Region, for example.

The Columna Clinical Logistics solution, which is being established in collaboration with Cetrea and Capgemini, will provide healthcare professionals with an overview – updated in real time – of patient flow, capacity and resources, both within and across departments. We have identified interesting export potential in this innovative clinical logistics solution.

Logistics associated with non-clinical staff – such as orderlies and cleaners – constitutes a major item of expenditure in hospital budgets, and IT support for these functions has not been accorded high priority for many years. However, through a research project with the Danish National Advanced Technology Foundation and Aarhus University, we have launched pilot projects at Aalborg University Hospital and Aarhus University Hospital with a view to improving quality, efficiency and job satisfaction. These pilot projects are attracting substantial interest both in Denmark and abroad.

Mobility and telemedicine are just two of the challenges in the field of healthcare IT. In collaboration with Randers Regional Hospital, we have developed a mobile version of Columna as the first step towards making the entire Columna portfolio mobile and platform-independent. In parallel with this, we are working on a number of different solutions within the rapidly developing field of telemedicine. For example, we are currently working with Medixine, our Finnish partner, on Columna Citizen, a solution designed to



## 10,000 HEALTHCARE PROFESSIONALS USE OUR COLUMNA PLATFORM ON A DAILY BASIS



**Ole Thomsen**  
*Healthcare Director*

**midt**  
regionmidtjylland

"I am pleased that we have entered into yet another agreement with Systematic for the development of a shared IT solution for clinical logistics to be used at all the hospitals in the Central Denmark Region. This will ensure that we improve and speed up our treatment of patients while at the same time optimising capacity and resources, to the benefit of both staff and patients."



**Karin Hedegaard**  
*IT Project Manager*

AALBORG UNIVERSITETSHOSPITAL

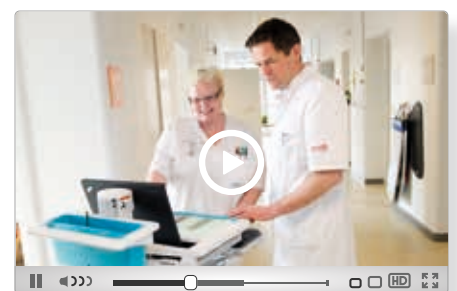
"The concept of using IT to support our service staff in their day-to-day work is new to us. We have high expectations that – for example – communication between clinical and service staff will get better, assignments will be allocated more efficiently, and the working environment will improve, so that everyone involved has a better overview as well as more time and energy to devote to the patients."

allow private citizens to play an active role in their own health and treatment.

Other major assignments from the past year include the development of The National Patient Index, which is to lay the foundations for Denmark's future national Healthcare Journal.

The extensive use of healthcare IT places Denmark in a unique position, and the field is being closely monitored by Danish politicians, largely on account of the associated export potential. We have great expectations in this field of business, and the planned expansion is largely based on strategic collaboration agreements. Most recently, Systematic has entered into a strategic partnership with IBM Denmark to submit a tender for the delivery and implementation of the new healthcare IT platform for the Capital Region of Denmark and Region Zealand.

[Click here to watch the Columna video](#)





## USERS IN 15 COUNTRIES USE OUR SITAWARE SUITE



**Per Pugholm Olsen**  
Lieutenant General  
Chief of Danish Defence Acquisition  
and Logistics Organization (DALO)



"We have been using SitaWare in exercises for a number of years, and more recently it has been deployed in ISAF and naval operations. The new Enterprise Licensing Agreement allows us to roll out SitaWare force-wide, ensuring our forces are equipped with interoperable C2 right from Joint Headquarters to frontline units."



**Christoph Heck**  
Commander  
Leiter Lageführung, Einsatzkoordination  
Einsatzführungskommando  
der Bundeswehr



"Our operational focus was to get Command and Control capabilities deployed rapidly – SitaWare provided us with an interoperable, off-the-shelf product we could easily and efficiently integrate into our existing systems. As I see it, Systematic is about solving problems and not just managing them."

[Click here to watch the SitaWare Frontline video](#)



## DEFENCE

**Our long-standing offensive investments in SitaWare and IRIS products create a solid platform for international growth**

In spite of declining defence budgets our Defence business unit has come out of 2011/12 with positive results, which affirms our belief that customers are seeking more cost-effective and readily deployable solutions. The smart procurement mantra of "faster, cheaper, better" applies to the full range of Systematic defence products for command and control (SitaWare), military messaging (IRIS) and electronic warfare data management (EWare).

SitaWare is a suite of C2 (Command and Control) products applicable at multiple levels of command, from mobile units and command posts all the way up to higher-level headquarters. SitaWare products provide our customers with a cost-effective solution that can be easily integrated into existing systems, and deployed rapidly with little or no adaptation. SitaWare Frontline was launched in September 2011 and was being used in live operations in Afghanistan less than 12 months later. We are now experiencing increasing demand for SitaWare Frontline's ground-breaking new 'mobility concept' feature, which provides the flexibility of a tactical C2 solution that



can be used both inside and outside the vehicle. We are currently working with a number of platform suppliers on the integration of SitaWare with vehicle sensors and radios, allowing us to offer customers a turnkey tactical C2 solution.

In the summer of 2012, the Danish Armed Forces went force-wide with SitaWare when they signed an Enterprise License Agreement. By utilising the full suite of SitaWare products, the Danish Armed Forces achieve shared situational awareness from the very highest level of command to those on the frontline, with a C2 capability that is interoperable with their coalition partners. More recently, Systematic signed an agreement to provide products as well as support to the Finnish Defence Forces as they prepare for international missions in 2013. SitaWare is now being used by 15 nations, with 2012 seeing the adoption of SitaWare by armed forces from Germany, Sweden, New Zealand and Ireland, as well as significant interest from services within the US Army and US Marine Corps.

The IRIS suite includes a range of products for the handling of military messages, from IRIS Forms for the preparation of messages, through to IRIS Standards Management, which is used by international organisations – including NATO – to define interoperability standards. This year saw the certification of IRIS Forms and IRIS WebForms by the US Department of Defense, as well as the supply of licenses to NATO's Air Command Control System. IRIS has been in service for over 25 years and is now used by more than 100,000 users worldwide.

2012 saw the Systematic EW (Electronic Warfare) data management solution, EWare, operationally deployed in the Danish Navy's Electronic Warfare Operations Centre, and is also being used by the Estonian Defence Forces to build their EW operational support capabilities.





# INTELLIGENCE & NATIONAL SECURITY

**Classified information demands specialist skills from the provider**

The Intelligence & National Security business unit has had a satisfactory year. For many years, Systematic has been a strategic advisor as well as a supplier of special IT solutions for law enforcement bodies, emergency services and national intelligence services. A trait common to all these customers is their comprehensive and stringent demands regarding security, solution architecture and integration, and the processing of data that involves classified information.

The Danish Security and Intelligence Service (PET) has been working for years on modernising its IT platform to ensure it supports solutions for the challenges that PET is facing. Throughout the process, Systematic has supported PET as a central solution provider in an agile working relationship distinguished by close user contact and short decision-making channels.

On an ongoing basis and in collaboration with PET's users, solution architects and project managers, we provide solution components

for commissioning. We also assist with needs clarification, roll-out, operational support and specialist product skills.

As an extension to previous collaboration agreements, the Danish National Police (Rigspolitiet) and Systematic have signed a multi-year agreement for 24/7 support and maintenance of the Copenhagen Police Control Room solution. This is designed to assure the Copenhagen Police a high operational level and efficient use of resources.

Over the past year, we have also worked actively in the area of cyber-security for NATO. For example, we have provided advice in relation to industrial working relationships and participated in solution design for NATO's central IT security setup.

Many of the other activities we have carried out in this business area during the year are classified, and thus cannot be referred to in this report.

# PROFIT AND LOSS ACCOUNT FOR THE YEAR

1 OCTOBER – 30 SEPTEMBER

Note	Group		Parent Company	
	2011/12	2010/11	2011/12	2010/11
	EUR	1000 EUR	EUR	1000 EUR
Turnover	55,414,614	50,021	50,490,204	44,165
Project costs	(5,611,221)	(3,646)	(6,693,846)	(4,169)
Other external costs	(9,296,657)	(8,301)	(7,961,054)	(6,617)
1 Staff costs	(31,973,496)	(29,322)	(28,325,822)	(25,331)
2 Depreciation	(3,406,093)	(3,642)	(3,319,127)	(2,844)
<b>Operating profit</b>	<b>5,127,147</b>	<b>5,110</b>	<b>4,190,355</b>	<b>5,204</b>
Share of subsidiaries' result			587,484	(212)
3 Net financial income	380,234	(94)	611,558	(99)
<b>Profit before tax</b>	<b>5,507,381</b>	<b>5,016</b>	<b>5,389,397</b>	<b>4,893</b>
4 Tax	(1,327,879)	(1,282)	(1,268,392)	(1,282)
<b>Profit for the year</b>	<b>4,179,502</b>	<b>3,734</b>	<b>4,121,005</b>	<b>3,611</b>
The minority interests' part of the subsidiaries' profit for the year	(58,497)	(123)		
<b>The Parent Company's share of the profit for the year</b>	<b>4,121,005</b>	<b>3,611</b>		

## Proposed distribution of profit/loss

Dividend for the financial year	2,682,583
Transfer to reserve for net revaluation under the equity method	347,966
Retained earnings	1,090,456
	<b>4,121,005</b>

# ASSETS

## AS AT 30 SEPTEMBER

Note	Assets	Group		Parent Company	
		2011/12	2010/11	2011/12	2010/11
		EUR	1000 EUR	EUR	1000 EUR
5	Intangible fixed assets	6,799,062	7,856	6,797,310	7,383
6	Tangible fixed assets	683,568	943	506,436	750
7.14	Financial fixed assets	1,288,275	1,458	3,608,579	3,124
	<b>Total fixed assets</b>	<b>8,770,905</b>	<b>10,257</b>	<b>10,912,325</b>	<b>11,257</b>
	Receivables	13,135,007	11,618	11,364,131	7,818
8	Work in progress	1,708,554	2,084	1,708,554	2,041
	Receivables from affiliated companies	789,545	672	1,081,189	1,428
	Other receivables	769,539	1,260	567,310	1,037
14	Portfolio securities	5,006,967	4,491	5,006,967	4,491
	Cash at bank	4,707,367	3,387	3,691,993	2,421
	<b>Total current assets</b>	<b>26,116,979</b>	<b>23,512</b>	<b>23,420,144</b>	<b>19,236</b>
	<b>Total assets</b>	<b>34,887,884</b>	<b>33,769</b>	<b>34,332,469</b>	<b>30,493</b>

# LIABILITIES

## AS AT 30 SEPTEMBER

	Group		Parent Company	
	2011/12	2010/11	2011/12	2010/11
Note Liabilities	EUR	1000 EUR	EUR	1000 EUR
Share capital	1,341,292	1,344	1,341,292	1,344
Reserve for net writing-up of capital investment	0	0	347,966	0
Carried forward to next year	12,753,447	11,225	12,405,481	11,225
Proposed dividend for the financial year	2,682,583	1,747	2,682,583	1,747
<b>Total equity</b>	<b>16,777,322</b>	<b>14,316</b>	<b>16,777,322</b>	<b>14,316</b>
<b>Minority interests in subsidiaries</b>	<b>187,402</b>	<b>126</b>		
9 Deferred tax	3,306,034	3,387	3,279,190	3,407
<b>Total provisions</b>	<b>3,306,034</b>	<b>3,387</b>	<b>3,279,190</b>	<b>3,407</b>
Employee bond scheme	685,470	865	685,470	865
Financial leasing	159,692	227	159,692	227
10 <b>Total long-term creditors</b>	<b>845,162</b>	<b>1,092</b>	<b>845,162</b>	<b>1,092</b>
Financial leasing	108,096	168	108,096	168
Employee bond scheme	174,601	0	174,601	0
Debt to subsidiaries	0	0	3,027,467	0
8 Advance payment from customers	674,705	604	648,676	600
Account payable	1,052,478	1,263	972,077	1,089
Corporation tax	1,555,244	2,039	1,432,660	2,039
Other creditors	7,241,748	7,974	6,370,564	7,533
11 Prepayments and accrued income	2,965,092	2,800	696,654	249
<b>Total short-term creditors</b>	<b>13,771,964</b>	<b>14,848</b>	<b>13,430,795</b>	<b>11,678</b>
<b>Total creditors</b>	<b>14,617,126</b>	<b>15,940</b>	<b>14,275,957</b>	<b>12,770</b>
<b>Total liabilities</b>	<b>34,887,884</b>	<b>33,769</b>	<b>34,332,469</b>	<b>30,493</b>

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

# EQUITY

## AS AT 30 SEPTEMBER

Note	Group		Parent Company	
	2011/12	2010/11	2011/12	2010/11
	EUR	1000 EUR	EUR	1000 EUR
<b>Share capital</b>				
<b>The share capital consists of 10,000 shares at DKK 1,000</b>	<b>1,341,292</b>	<b>1,344</b>	<b>1,341,292</b>	<b>1,344</b>
The shares are not divided into classes				
No changes in the share capital during the last five years				
<b>Reserve for net writing-up of capital investment</b>				
Balance as at 1 October	0	0	0	1,471
Transferred from the result of the year	0	0	347,966	(1,471)
<b>Balance as at 30 September</b>	<b>0</b>	<b>0</b>	<b>347,966</b>	<b>0</b>
<b>Carried forward to next year</b>				
Balance as at 1 October	11,204,003	9,427	11,204,003	7,956
Foreign exchange rate adjustment of subsidiaries' equity	111,022	(66)	111,022	(66)
Transferred from the result for the year	1,438,422	1,864	1,090,456	3,335
<b>Balance as at 30 September</b>	<b>12,753,447</b>	<b>11,225</b>	<b>12,405,481</b>	<b>11,225</b>
<b>Proposed dividend for the financial year</b>				
Balance as at 1 October	1,743,679	1,801	1,743,679	1,801
Dividend paid	(1,743,679)	(1,801)	(1,743,679)	(1,801)
Proposed dividend	2,682,583	1,747	2,682,583	1,747
<b>Balance as at 30 September</b>	<b>2,682,583</b>	<b>1,747</b>	<b>2,682,583</b>	<b>1,747</b>
<b>Equity as at 30 September</b>	<b>16,777,322</b>	<b>14,316</b>	<b>16,777,322</b>	<b>14,316</b>



# CASH FLOW STATEMENT

## 1 OCTOBER – 30 SEPTEMBER

Note	Group	
	2011/12	2010/11
	EUR	1000 EUR
Profit for the year after tax	4,179,502	3,734
Depreciation	3,406,093	3,642
Depreciation recognized as development projects	28,227	38
Tax	1,327,879	1,282
16 Working capital changes	(1,480,593)	(2,445)
Income taxes paid	(1,929,261)	279
<b>Cash flows from operating activities</b>	<b>5,531,846</b>	<b>6,530</b>
Acquisition of intangible fixed assets	(2,370,726)	(2,916)
Acquisition of tangible fixed assets	(351,471)	(727)
Acquisition of net financial fixed assets	(20,704)	10
Sale of fixed assets	619,950	7
<b>Cash flows from investment activities</b>	<b>(2,122,951)</b>	<b>(3,626)</b>
Instalment on financial leasing	(126,496)	52
Employee bonds reclassified from financial fixed assets	187,781	0
Dividend paid	(1,743,679)	(1,801)
Unrealized exchange rate adjustments	110,268	(83)
<b>Cash flows from financial activities</b>	<b>(1,572,127)</b>	<b>(1,832)</b>
<b>Change in cash and cash equivalents</b>	<b>1,836,769</b>	<b>1,072</b>
Cash and cash equivalents at the beginning of the year	7,877,565	6,806
<b>Cash and cash equivalents at the end of the year</b>	<b>9,714,334</b>	<b>7,878</b>



Systematic's board: Richard, Nikolaj, Peter, Alex, Niels, Torben and Lars

# STATEMENT BY THE MANAGEMENT

Today, we have presented the annual report for Systematic A/S for the financial year from 1 October 2011 to 30 September 2012.

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

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

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

Aarhus, 23 January 2013

## MANAGEMENT

Michael Holm  
President and CEO

## BOARD OF DIRECTORS

Alex Holm Jensen  
Chairman

Lars Johansson  
Board member

Torben Ballegaard Sørensen  
Vice Chairman

Niels Bo Theilgaard  
Board member

Richard Baker  
Employee-elected

Peter L. Ravn  
Board member

Nikolaj Holm Bramsen  
Employee-elected

### Alex Holm Jensen

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

### Torben Ballegaard Sørensen

Vice chairman of the board. Regarded as an independent board member. Born in 1951. Became a member of the board in 2009. Professional board member. Former President and CEO of Bang & Olufsen A/S. Chairman of the boards of Tajco Group A/S, AS3 Companies A/S, Forskerparken CAT A/S and RealFiction A/S. Member of the boards of LEGO A/S, AB Electrolux, Pandora Holding A/S and Egmont International Holding A/S.

### Peter L. Ravn

Regarded as an independent board member. Born in 1955. Became a member of the board in 2009. Professional board member. CEO of SimCorp A/S from 2001 until 2012. Member of the board of Stibo A/S.

### Niels Bo Theilgaard

Regarded as an independent board member. Born in 1952. Became a member of the board in

2009. Owner of NBTI ApS. Managing director of Games OnTrack A/S. Former General Manager of Microsoft Business Solutions ApS. Member of the boards of Marstrand Innovation A/S and Array Licensors aps.

### Lars Johansson

Not regarded as an independent board member due to his previous employment by Systematic A/S. Born in 1963. Became a member of the board in 2012. Managing director of Atea A/S since 1 January 2012. Former Executive Vice President and Deputy CEO of Systematic A/S. Former managing director of SAS Ground Services A/S. Former director of Danadata A/S and Merkantildata A/S.

### Richard Baker

Employee-elected. Born in 1954. Became a member of the board in 2011. Senior Consultant – Defence Sales Support at Systematic Software Engineering Ltd.

### Nikolaj Holm Bramsen

Employee-elected. Born in 1977. Became a member of the board in 2011. Account Manager at Systematic A/S.

# INDEPENDENT AUDITOR'S REPORT

## TO THE SHAREHOLDERS OF SYSTEMATIC A/S

### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND PARENT FINANCIAL STATEMENTS

We have audited the consolidated financial statements and parent financial statements of Systematic A/S for the financial year 1 October 2011 to 30 September 2012, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the Parent, and the consolidated cash flow statement. The consolidated financial statements and parent financial statements are prepared in accordance with the Danish Financial Statements Act.

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

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

### AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the consolidated financial statements and parent financial statements.

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

Our audit has not resulted in any qualification.

### OPINION

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30 September 2012, and of the results of their operations and cash flows for the financial year 1 October 2011 to 30 September 2012 in accordance with the Danish Financial Statements Act.

### STATEMENT ON THE MANAGEMENT COMMENTARY

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

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

Aarhus, 23 January 2013

### DELOITTE

Statsautoriseret Revisionspartnerselskab



Christian K. Jørgensen  
State Authorised  
Public Accountant



Michael Bach  
State Authorised  
Public Accountant

# NOTES

	Group		Parent company	
	2011/12	2010/11	2011/12	2010/11
	EUR	1000 EUR	EUR	1000 EUR
<b>1 Staff costs</b>				
Salaries and holiday allowance	29,343,882	26,876	26,432,602	23,528
Pension schemes	1,723,762	1,646	1,512,028	1,422
Social costs	831,101	670	376,631	345
Other personnel costs	74,752	130	4,561	36
	<b>31,973,496</b>	<b>29,322</b>	<b>28,325,822</b>	<b>25,331</b>
Average number of employees	422	419	372	362
Remuneration for management and board of directors	895,264	961	895,264	961
Personnel costs recognized as development projects	1,551,128	2,614	1,551,128	2,452
<b>2 Depreciation</b>				
Intangible fixed assets	2,944,184	2,899	2,942,442	2,173
Tangible fixed assets	461,909	743	376,685	671
	<b>3,406,093</b>	<b>3,642</b>	<b>3,319,127</b>	<b>2,844</b>
Depreciations recognized as development projects	28,227	38	28,227	38
<b>3 Net financial income</b>				
Expenditure on interest	(43,867)	(41)	(40,540)	(40)
Income from interest	611,779	200	676,216	197
Foreign currency exchange rate adjustment	(187,678)	(253)	(24,118)	(256)
	<b>380,234</b>	<b>(94)</b>	<b>611,558</b>	<b>(99)</b>
Income from interest concerning inter-company balance			66,850	0
<b>4 Tax</b>				
Calculated Corporate Tax	(1,449,266)	(2,164)	(1,389,779)	(2,164)
Adjustment of Deferred Tax	121,387	882	121,387	882
	<b>(1,327,879)</b>	<b>(1,282)</b>	<b>(1,268,392)</b>	<b>(1,282)</b>

	Group				Parent company			
	Development projects	Other rights	Software	Total	Development projects	Other rights	Software	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>5 Intangible fixed assets</b>								
Acquisition costs as at 1 October 2011	15,752,987	274,653	0	16,027,641	14,629,654	265,667	0	14,895,321
Reclassification	0	0	1,344,020	1,344,020	0	0	1,344,020	1,344,020
Additions	1,737,912	0	632,814	2,370,726	1,737,912	0	632,814	2,370,726
Disposals	(1,123,334)	0	0	(1,123,334)	0	0	0	0
<b>Acquisitions costs as at 30 September 2012</b>	<b>16,367,565</b>	<b>274,653</b>	<b>1,976,834</b>	<b>18,619,053</b>	<b>16,367,565</b>	<b>265,667</b>	<b>1,976,834</b>	<b>18,610,067</b>
Depreciations as at 1 October 2011	8,434,597	191,460	0	8,626,057	7,779,845	185,967	0	7,965,811
Reclassification	0	0	904,503	904,503	0	0	904,503	904,503
Depreciations, disposals	(654,753)	0	0	(654,753)	0	0	0	0
Depreciations 2011/12	2,418,330	54,875	470,979	2,944,184	2,418,330	53,133	470,979	2,942,442
<b>Depreciations as at 30 September 2012</b>	<b>10,198,175</b>	<b>246,335</b>	<b>1,375,482</b>	<b>11,819,991</b>	<b>10,198,175</b>	<b>239,100</b>	<b>1,375,482</b>	<b>11,812,756</b>
<b>Book value as at 30 September 2012</b>	<b>6,169,391</b>	<b>28,319</b>	<b>601,352</b>	<b>6,799,062</b>	<b>6,169,391</b>	<b>26,567</b>	<b>601,352</b>	<b>6,797,310</b>
<b>Book value as at 30 September 2011</b>	7,331,962	83,348	440,332	7,855,642	6,862,512	79,848	440,332	7,382,692
Recognised leased assets as at 30 September 2012	0	0	150,042	150,042	0	0	150,042	150,042

Group	Rebuilding of rented premises	Vehicles	Computer equipment	Furniture	Total
	EUR	EUR	EUR	EUR	EUR
<b>6 Tangible fixed assets</b>					
Acquisition costs as at 1 October 2011	1,132,778	108,135	4,573,166	1,817,904	7,631,982
Reclassification	0	0	(1,344,020)	0	(1,344,020)
Exchange rate adjustments	5,259	0	1,692	6,610	13,560
Additions	25,422	0	304,459	21,322	351,203
Disposals	0	(86,296)	(463,567)	0	(549,863)
<b>Acquisition costs as at 30 September 2012</b>	<b>1,163,459</b>	<b>21,839</b>	<b>3,071,730</b>	<b>1,845,835</b>	<b>6,102,862</b>
Depreciation as at 1 October 2011	947,677	47,728	3,739,251	1,516,608	6,251,263
Reclassification	0	0	(904,503)	0	(904,503)
Depreciation, disposals	0	(43,148)	(378,157)	814	(420,491)
Depreciation 2011/12	67,017	17,259	305,971	102,778	493,025
<b>Depreciation as at 30 September 2012</b>	<b>1,014,694</b>	<b>21,839</b>	<b>2,762,562</b>	<b>1,620,200</b>	<b>5,419,294</b>
<b>Book value as at 30 September 2012</b>	<b>148,765</b>	<b>0</b>	<b>309,168</b>	<b>225,635</b>	<b>683,568</b>
Book value as at 30 September 2011	185,444	60,519	395,129	301,854	942,946
Recognised leased assets as at 30 September 2012	0	0	95,833	98,506	194,339
<b>Parent Company</b>					
<b>6 Tangible fixed assets</b>					
Acquisition costs as at 1 October 2011	920,666	108,135	4,128,019	1,422,921	6,579,740
Reclassification	0	0	(1,344,020)	0	(1,344,020)
Additions	22,475	0	267,619	5,787	295,881
Disposals	0	(86,296)	(405,246)	0	(491,542)
<b>Acquisition costs as at 30 September 2012</b>	<b>943,140</b>	<b>21,839</b>	<b>2,646,372</b>	<b>1,428,708</b>	<b>5,040,060</b>
Depreciation as at 1 October 2011	802,167	47,728	3,338,252	1,202,857	5,391,004
Reclassification	0	0	(904,503)	0	(904,503)
Depreciation, disposals	0	(43,148)	(318,899)	0	(362,047)
Depreciation 2011/12	45,970	17,259	262,888	83,053	409,170
<b>Depreciation as at 30 September 2012</b>	<b>848,137</b>	<b>21,839</b>	<b>2,377,738</b>	<b>1,285,909</b>	<b>4,533,623</b>
<b>Book value as at 30 September 2012</b>	<b>95,003</b>	<b>0</b>	<b>268,634</b>	<b>142,799</b>	<b>506,436</b>
Book value as at 30 September 2011	118,718	60,519	350,899	220,473	750,609
Recognised leased assets as at 30 September 2012	0	0	95,833	98,506	194,339



Group	Deposit for rent EUR	Other Investments EUR	Total EUR
<b>7 Financial fixed assets</b>			
Acquisition costs as at 1 October 2011	574,761	848,063	1,422,825
Additions	20,704	0	20,704
Disposals	0	(187,781)	(187,781)
<b>Acquisition costs as at 30 September 2012</b>	<b>595,465</b>	<b>660,283</b>	<b>1,255,747</b>
Depreciation as at 1 October 2011	0	32,528	32,528
Depreciations, disposals	0	0	0
Depreciation 2011/12	0	0	0
<b>Depreciation as at 30 September 2012</b>	<b>0</b>	<b>32,528</b>	<b>32,528</b>
<b>Book value as at 30 September 2012</b>	<b>595,465</b>	<b>692,811</b>	<b>1,288,276</b>

Book value as at 30 September 2011 575,827 882,224 1,458,051

The Parent Company	Deposit for rent EUR	Other Investment EUR	Capital interests in subsidiaries EUR	Total EUR
<b>7 Financial fixed assets</b>				
Acquisition costs as at 1 October 2011	574,761	848,063	1,966,885	3,389,710
Additions	20,704	0	5,453	26,157
Disposals	0	(187,781)	0	(187,781)
<b>Acquisition costs as at 30 September 2012</b>	<b>595,465</b>	<b>660,283</b>	<b>1,972,338</b>	<b>3,228,085</b>
Net revaluation as at 1 October 2011	0	32,528	(304,260)	(271,732)
Set-off against receivables from subsidiaries start of year	0	0	(579,698)	(579,698)
Foreign exchange rate adjustment	0	0	111,022	111,022
Share of subsidiaries' result	0	0	587,484	587,484
Set-off against receivables from subsidiaries at end of year	0	0	533,417	533,417
<b>Net revaluation as at 30 September 2012</b>	<b>0</b>	<b>32,528</b>	<b>347,966</b>	<b>380,494</b>
<b>Book value as at 30 September 2012</b>	<b>595,465</b>	<b>692,811</b>	<b>2,320,304</b>	<b>3,608,579</b>

Book value as at 30 September 2011 575,827 882,224 1,665,708 3,123,759

**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., 5875 Trinity Parkway, Suite 130, Centreville, Virginia 20120-1971, USA  
Shares of a nominal value of EUR 2,500 (100%) in Systematic Oy Finland, Finlaysoninkuja 19, 33210 Tampere, Finland  
Shares of a nominal value of SEK 50,000 (100%) in Systematic Sweden AB, Ostermalmstorg 1, 4th Floor, Stockholm 114 42, Sweden

	Share of ownership	Result from the accounts 2010/11	Equity
Systematic Software Engineering Ltd.	100%	339,932	1,598,202
Systematic Software Engineering Inc.	80%	292,484	749,756
Systematic Oy Finland	100%	46,673	(533,417)
Systematic Sweden AB	100%	(33,108)	(27,655)

		Group		Parent company	
		2011/12	2010/11	2011/12	2010/11
		EUR	1000 EUR	EUR	1000 EUR
8	<b>Work in progress</b>				
	Work in progress	21,179,699	25,929	21,179,699	25,890
	Invoicing on account	(20,145,850)	(24,449)	(20,119,822)	(24,449)
		<b>1,033,849</b>	<b>1,480</b>	<b>1,059,877</b>	<b>1,441</b>
	<b>Net value incorporated in the balance sheet as follows</b>				
	Work in progress	<b>1,708,554</b>	<b>2,084</b>	<b>1,708,554</b>	<b>2,041</b>
	Advance payment from customers	<b>(674,705)</b>	<b>(604)</b>	<b>(648,676)</b>	<b>(600)</b>
		<b>1,033,849</b>	<b>1,480</b>	<b>1,059,877</b>	<b>1,441</b>
9	<b>Deferred tax</b>				
	Deferred taxes fall on the following entries				
	Fixed assets	1,637,601	1,739	1,610,757	1,759
	Current assets	1,772,785	1,829	1,772,785	1,829
	Obligations	(104,352)	(181)	(104,352)	(181)
		<b>3,306,034</b>	<b>3,387</b>	<b>3,279,190</b>	<b>3,407</b>
10	<b>Long-term creditors</b>				
	The long term debt is due within less than 5 years				
11	<b>Prepayments and accrued income</b>				
	Prepayments and accrued income related to service contracts				
12	<b>Accountancy</b>				
	<b>Remuneration Deloitte A/S</b>				
	Audit	55,678	55	40,641	42
	Assurance engagements	4,222	8	4,222	8
	Tax services	31,941	36	17,905	26
	Other services	98,326	62	98,326	62
		<b>190,166</b>	<b>161</b>	<b>161,094</b>	<b>138</b>
13	<b>Leasing commitments</b>				
	For the years 2010-2014 the company has leased cars. The annual lease payments are 52k EUR.				
	The rent commitment for offices until earliest possible leaving date amounts 1,752 EUR for Systematic A/S and 1,993k EUR for the Group.				
14	<b>Contingent liabilities</b>				
	Guaranty obligations regarding ordinary business activities covered by bank guaranties on demand 291k EUR.				
	Systematic A/S has as an employee benefit program issued employee bonds of "Other investments" in note 7				
	are 692k EUR and of Portfolio securities are EUR 188k provided as security for above mentioned employee bonds				
15	<b>Ownership</b>				
	<b>The following shareholders own more than 5% of the company's share capital:</b>				
	Michael Holm Holding ApS, Lindevangsvej 17, 8240 Risskov, Denmark				
	AHJ Holding Århus ApS, Ryvangs Alle 14, 8240 Risskov, Denmark				
	E. Bank Lauridsen Holding A/S, Øresundsvej 7, 6715 Esbjerg N, Denmark				
	<b>Related parties with controlling rights</b>				
	Michael Holm, Lindevangsvej 17, 8240 Risskov				
	Michael Holm Holding ApS, Lindevangsvej 17, 8240 Risskov				
	<b>Group accounts</b>				
	Systematic A/S and subsidiaries are a part of the consolidated accounts for Michael Holm Holding ApS.				
		Group			
		2011/12	2010/11		
		EUR	1000 EUR		
16	<b>Working capital changes</b>				
	Change in work in progress and advance payment from customers	443,692	(2,658)		
	Change in receivables	(1,168,559)	527		
	Change in trade payables, etc.	(755,726)	(314)		
		<b>(1,480,593)</b>	<b>(2,445)</b>		

# ACCOUNTING POLICIES

## General

This Annual Report for the Group and the Parent Company has been prepared in accordance with provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium-size). All amounts have been converted from DKK to EUR at the exchange rate for 100 EUR at the end of each financial year – these were: DKK 745.55 in 2012, DKK 744.17 in 2011, DKK 745.19 in 2010, DKK 744.43 in 2009, and DKK 746.11 in 2008.

In relation to 2010/11 software has been reclassified from Tangible fixed assets to Intangible fixed assets. The comparison figures have been adjusted in connection with this reclassification. Profits and equity have not been affected by the reclassification.

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

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

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

### Recognition and measurement

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

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

### Conversion of amounts in foreign currencies

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

Realised and unrealised profits and losses that stem from exchange rates are recognised in the profit and loss account.

## The Group

### Consolidation principles

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

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

### Acquisitions

Newly acquired or newly established companies are factored into the Group accounting from the date of acquisition and date of establishment, respectively. Companies sold or closed down are factored into the consolidated income statement until the time of divestment and time of closure, respectively.

When purchasing new companies, the acquisition method is used. The newly acquired companies' identifiable assets and commitments are then entered at the current value at the time of acquisition. Provisions are made for costs connected to resolved and disclosed

restructurings in the acquired company in conjunction with the acquisition. The tax effect of any reassessments is taken into account.

Positive differences in cost (goodwill) between the cost price of the acquired capital share and the value of the acquired assets and commitments at the time of purchase are taken into account under immaterial fixed assets and are depreciated over five years. Goodwill is written down to its recoverable amount if this is lower than the carrying value.

### Minority interests

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

## Profit and loss account

### Net turnover

Revenue is recognised in the profit and loss account when delivery is made and risk has passed to the buyer. Contracted work in progress is recognised in the profit and loss account based on the stage of completion, whereby revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method). To prevent divulging any information that might be of value to our competitors, we do not provide information on the basis of market segment.

### Project costs

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

### Other external costs

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

### Staff costs

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

### Financial income and expenses

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

### Tax

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

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

## Balance sheet

### Intangible fixed assets

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

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

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

Development projects are written down to the recoverable amount if this is less than the amount currently shown in the balance sheet.

The value of other rights is recognised at cost price less accumulated depreciation and write-downs. Other rights are depreciated over five years or written down to recovery value if this is lower than book value.

### Tangible fixed assets

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

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

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

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

### Investments in subsidiaries

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

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

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

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

### Other securities

Listed bonds are valued at amortised cost price based on a proportional addition of income or expense over the residual maturity period with regard to the difference between the purchase price and the nominal value. Listed shares are valued at their current market value. Non-listed shares are valued at an estimated current market value or, where no such value is available, at cost price.

### Work in progress

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

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

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

### Receivables

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

### Equity

Dividends are recognised as a liability at the time of their adoption at the general meeting. The dividend proposed for the financial year is disclosed as a separate item under equity.

### Deferred tax

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

### Leasing

Leasing commitments relating to assets held under financial leasing arrangements are recognised in the balance sheet under liabilities, and are measured at their amortised cost after their initial recognition. The interest portion of any lease payments is recognised over the term of the contracts as financial costs in the profit and loss account.

### Other financial liabilities

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

### Prepayments and accrued income

Deferred income comprises revenue for recognition in subsequent financial years. Deferred income is calculated at amortised cost, which usually corresponds to its nominal value.

## Cash flow statement

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

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

### Cash flows from operating activities

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

### Cash flows from investment activities

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

### Cash flows from financial activities

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

## 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

#### ■ Innovation (process improvement and product development)

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



SIMPLICITY  
**TRUST** PERFORMANCE  
FORWARD-THINKING

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