

ANNUAL REPORT 2012/13



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Entity details

Company

Systematic A/S
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Central Business Registration No. 78834412
Financial year: 01.10.2012 – 30.09.2013
Registered in: Aarhus

www.systematic.com

Board of Directors

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

Executive Board

Michael Holm, CEO

Company auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Arosgaarden, Åboulevarden 31
8100 Aarhus C

Statement by Management on the annual report

Today, we have presented the annual report for Systematic A/S for the financial year from 1 October 2012 to 30 September 2013.

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, 22 January 2014

Executive Board



Michael Holm
CEO

Board of directors



Peter Ravn
Chairman



Torben Ballegaard Sørensen
Vice chairman



Niels Bo Theilgaard
Board member



Nikolaj Holm Bramsen
Employee-elected



Richard Baker
Employee-elected

Board of Directors

Peter L. Ravn

Chairman of the board.

Regarded as an independent board member.

Became a member of the board in 2009.

Professional board member.

Born in 1955.

Member of the board of directors of Stibo A/S, Danske Commodities A/S and CodeSealer ApS. CEO of SimCorp A/S from 2001 until 2012.

Torben Ballegaard Sørensen

Vice chairman of the board.

Regarded as an independent board member.

Became a member of the board in 2009.

Professional board member.

Born in 1951.

Former President and CEO of Bang & Olufsen A/S. Chairman of the boards of Tajco Group A/S, AS3 Companies A/S, 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.

Niels Bo Theilgaard

Regarded as an independent board member.

Became a member of the board in 2009.

Professional board member.

Born in 1952.

Owner of NBTI ApS. Managing director of GamesOnTrack A/S. Former General Manager of Microsoft Business Solutions ApS. Member of the boards of Marstrand Innovation A/S and Array Licenser ApS.

Nikolaj Holm Bramsen

Employee-elected.

Became a member of the board in 2011.

Born in 1977.

Account Manager at Systematic A/S.

Richard Baker MBE

Employee-elected.

Became a member of the board in 2011.

Born in 1954.

Senior Consultant, Defence Sales Support at Systematic Software Engineering Ltd.

Independent auditor's report

To the owners of Systematic A/S

Report on the financial statements

We have audited the consolidated financial statements and parent financial statements of Systematic A/S for the financial year 1 October 2012 to 30 September 2013, 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 judgment, 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 2013, and of the results of their operations and cash flows for the financial year 1 October 2012 to 30 September 2013 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, 22 January 2014

Deloitte

Statsautoriseret Revisionspartnerselskab



Christian K. Jørgensen
State Authorised
Public Accountant



Michael Bach
State Authorised
Public Accountant

Management commentary

Introduction

Our mission is to simplify critical decision making.

The core business is to build, deliver and service reliable and straight forward IT solutions and products that empower our customers to make critical decisions based on a solid foundation.

Since its foundation in 1985, Systematic has developed into an international IT company that focuses on four core market sectors: Public Sector, Healthcare, Defence and Intelligence & National Security. A common feature across these sectors is a need to communicate, integrate, compare and analyse large volumes of complex data, and to generate an overview that allows critical decision-making based on a solid foundation – often in very stressed situations. We have domain experts with specialist competences within the four core market sectors. We are continuously expanding our domain knowledge, as we are constantly improving our capacity to make the best possible use of experience, skills and technologies across these market sectors. Our aim is to make complicated things simple, to continue increasing the business value of the solutions that our customers already know and trust, and do everything better and more efficiently. Our aim is to constantly challenging existing work processes and technologies going from best practices to next practices.

Systematic is an international company headquartered in Aarhus, Denmark with an office in Copenhagen and with international subsidiaries and offices in Australia, Finland, France, Germany, Singapore, Sweden, UAE, the United Kingdom and the USA.

Our in-depth knowledge about processes and technologies is widely recognised as well as our CMMI level 5 maturity and our ability to combine structured and agile approaches in software development activities. Systematic also delivers mission critical solutions and customer-specific projects to selected private-sector companies who benefit from both high quality solutions and predictability in project execution.

Systematic is conducting a growing part of its software development activities through our outsourcing partner in Ukraine, Consensia, in which Systematic acquired 25% ownership in November 2012.

More than half of our activities in the Group are with domestic customers. We are focused on further internationalisation of our business and were pleased that our capabilities and ambitions were recognised externally as Systematic was selected to be a part of the Danish Export Canon (30 Danish companies that have performed with exceptional success on the global market).

Building business partnerships is an integrated part of Systematic's business model. During 2012/13 we have built and strengthened our strategic partnerships with global companies like IBM, Lockheed Martin, AugustaWestland, BAE, Harris and with several local agents and distributors on selected international markets. In our healthcare business, Systematic has over many years created a mutual beneficial partnership with our strategic customer the Central Denmark Region.

Financial highlights

Group (EUR '000)	2012/13	2011/12	2010/11	2009/10	2008/09
Revenue	52.730	55.415	50.021	48.435	47.448
Gross profit/loss	37.454	40.507	37.990	37.594	32.184
Operating profit/loss	2.369	5.127	5.110	4.821	769
Net financials	365	380	-94	19	25
Profit/loss for the year	2.124	4.121	3.611	3.576	462
Total assets	32.810	34.888	33.769	32.989	27.766
Net cash	9.584	9.714	7.878	6.806	3.702
Equity	16.143	16.777	14.315	12.554	8.852
Ratios					
Gross margin	71,0%	73,1%	75,9%	77,6%	67,8%
Net margin	4,0%	7,4%	7,2%	7,4%	1,0%
Return on equity	12,9%	26,5%	26,9%	33,4%	4,8%
Solvency ratio	49,2%	48,1%	42,4%	38,1%	31,9%
Innovation as a percentage of turnover	11,2%	9,7%	12,0%	10,7%	12,5%
Average number of employees (pos)	418	422	419	436	459
Revenue per employee (Average employees, EUR '000)	126	131	119	111	103

Financial review of 2012/13

Yet another busy year for Systematic

When starting the financial year 2012/13, Systematic budgeted for a growth in revenue, while operating profits were expected to remain at the same level as realised in the previous financial year. Our ambitious financial targets were not achieved but we made significant investments in developing our business.

For the financial year 2012/13 the Systematic group experienced a decline in revenue of 5% to EUR 52.7m and posted a net profit after tax of EUR 2.1m.

The EBIT margin of 4.5% did not meet our expectation and the profit before tax was EUR 2.8m lower than for the previous financial year. Traditionally, Systematic has had a very fixed cost base suggesting that less than expected revenue would have a significant impact on our profitability but as Systematic increases its use of off-shore development resources, the cost base is managed carefully. Hereby, our profitability was reasonably protected against the full impact of the lower than expected revenue for the financial year.

Systematic experienced yet another year with a high level of activity. Compared to previous years the relative share of direct customer funded work decreased as Systematic invested significant resources in sales and presales as well as R&D and product development activities where Systematic carried the cost. In the market sectors where Systematic does business we have experienced a trend to request for proposals based on a competitive dialogue process. Such processes have proven to be

expensive for bidders as more resources are allocated to presales activities for dialogue and consultancy of various options and solution details with the potential customer. It is the expectation that both the customer and the supplier eventually will attain a better mutual understanding of the best suited solution before the project starts and hence it should improve the quality and reduce the risk associated with the implementation of the solution. However, it is an expensive approach, for both parties, especially for the bidder who is not the final winner.

The trend towards more competitive dialogue processes fits very well with our ability to combine agile development methods with our CMMI framework. Systematic has over many years established a structured approach to engage in bid processes and we are in the process of adjusting our methodology for engagement in bids that adopt the competitive dialogue trend in order to improve our presale and bid efficiency. During the financial year Systematic engaged in several complex and large competitive dialogue bid processes.

Defence market sector

Our SitaWare product suite was further enhanced with new functions and features during 2012/13. September 2013, we expanded our suite with SitaWare Edge – a new Android based product that improves friendly force tracking for dismounted commanders and soldiers.

We now can offer a complete Command and Control Suite “SitaWare” that offers full interoperability from the top Joint Headquarters down to the single soldier. This complete offering attracted a lot of attention when Systematic in September demonstrated its SitaWare capabilities at DSEI in London – the world leading defence and security exhibition.

We won a SitaWare contract with the Finnish defence who requested a product to be used for their deployment to international missions. The Swedish defence entered into a maintenance contract covering the next years. Systematic also successfully competed for projects in the UK, the USA, the Netherlands, Australia and others.

For the defence market sector we continue to develop, maintain and sell our IRIS product suite which demonstrated growth in 2012/13.

In 2012 we initiated a strategic review of Systematic’s defence business where we used external consultants to assess the markets, products, competitive landscape, our strategic direction and go-to-market model. The analysis concluded that our SitaWare product suite offers the desired product features and that it is well positioned to gain global market shares where standardised products and platforms are preferred against expensive bespoke projects.

There is a clear prioritisation of the strategic initiatives and the execution of the activities is progressing as planned although the financial implementation is not expected to make significant impact on the financials until 1-2 years from now.

With the purpose to establish stronger relations and being closer to existing and potential customers we are now establishing Systematic offices and local representations in 9 locations around the world.

Our product offerings and services are being packaged to make it easier for the customer to buy and deploy SitaWare. We offer preconfigured ‘in-a-box’ solutions ready to operate as well as software to be integrated in

the customer's existing environment. For customers who want individual solutions our software can be delivered together with a software development toolkit.

Healthcare market sector

In 2012 we decided to engage in a public tender for a new healthcare platform for the Capital and Zealand Regions. Our Columna product platform has a proven track record in the Central Denmark Region. Based on the positive feedback from our users we decided to invest in the bid for the tender in the Capital and Zealand Regions knowing it would be a costly and resource demanding process. The tender process was based on competitive dialogue bid approach in combination with hands-on testing by potential users of specific functional cases in a closed environment. After we invested a two digit amount in mill DKK in activities related to the tender, we were very disappointed when the Capital and Zealand Regions in November 2013 announced that their preference was an American solution. Engaging in such a costly bidding process obviously had a negative impact on our financial results in 2012/13 as the two digit amount in mill DKK is directly impacting our earnings.

In 2012/13 we continued our co-operation with Central Denmark Region and successfully rolled-out Columna to all the hospitals in the region. This includes also the delivery of our software product Columna Clinical Logistics, providing world leading patient flow management.

At DNU (the New University Hospital in Aarhus) we successfully competed for and won a contract to deliver a complete IT-platform for traceability and identification of persons, beds, trollies and various material items. The design and development of this project is a strong evidence of Systematic's ability to be creative and our ability to combine new technologies with proven solutions from other market sectors into new and innovative solutions in our business. A core component in the solution is our new software product – Columna Service Logistics – that was launched in the financial year. The agreement covers both DNU but also all other Danish hospitals and regions should they wish to buy or use the solutions that are a result of the project.

We are continuing to expand our Healthcare products suite based on our Columna platform and we have customers using all our products: Columna Clinical Information System, Columna Clinical Logistics, Columna Service Logistics and Columna Citizen, our new product for telemedicine. We see this as evidence about the solid and strong feature set of our Columna healthcare platform. During 2012/13 the international attention to Columna has increased significantly.

In September 2013 Systematic secured a foothold in Finland as we won an EU-contract for a clinical logistic solution at Vaasa Central Hospital. The signed contract is a door opener for Systematic in the Finnish Healthcare IT market.

Public sector and Intelligence & National Security

The order intake in the two market sectors 'Public' and 'Intelligence & National Security' reached an all-time high. A significant part of the order intake is increasing our order book and will be recognised as revenue in the years to come and hence did not have full revenue impact in 2012/13.

In September 2013 Systematic won an important project with SKAT (Danish Tax Authority) on the digitisation of corporate taxes. This project extends our successful co-operation with SKAT that already comprises other important SKAT solutions.

Also an important project for the Danish National Police was won in 2013 on a new in-vehicle IT communication platform for police cars. This platform will be installed in all Danish police cars in the coming years and will be an important platform for building future in-vehicle or mobile solutions.

In August 2012 we initiated a project to build a platform for KOMBIT (a joint project organisation for all the municipalities in Denmark) that enables the municipalities to reduce cost when utilising public data. This platform is called 'The Service Platform' and has gone into operation and is being tested by several municipalities with great success. Traffic on the platform is rising, with 1.7 million paid service calls in November 2013 – a number expected to rise to 150 million in three years. In January 2014 the platform will be open for all 98 Danish municipalities and other organisations that will benefit from a structured and unified access to public data. Over time, a total of 150 data sources and systems will feed data into the platform, and it is expected that the platform will be distributing data to more than 500 systems and applications.

Systematic is part of a big modernisation program at the Danish government body Erhvervsstyrelsen (the Danish Business Authority), which enables free public access to CVR data (data about all companies in Denmark) and reduces cost on internal administration and maintenance. The database is among the largest in the Danish public sector. The solution, which has been taken into production, includes a new self-service application with public access to all CVR data in Denmark and integration with 40 internal and external data sources, and it provides data to other public companies like SKAT and Statistics Denmark.

Our portfolio of solutions for the financial sector is still growing. The most recent project is 'e-bolighandel'; the digitalization of real estate trading in Denmark, where the solution standardizes the real estate trading process and holds all information and documents. The solution provides access for the real estate agent, the banks and the buyer's attorney, either by system integration or via a web portal. During first quarter of 2014, it's expected that more than half of all home sales will be processed using the system. 'e-bolighandel' is provided by our customer e-nettet a/s.

Financials

With a high order intake of EUR 60m and revenue of EUR 52.7m, Systematic has continued to build up the order book in 2012/13. Given the market development Systematic considers the order intake to be satisfactory and as per end of the financial year the pipeline of potential sales opportunities is significantly better than at the same time last year.

The revenue for 2012/13 totalled at EUR 52.7m and there is a reasonably even contribution to our revenue from our four core market sectors, which all were profitable. The product licence and maintenance revenue increased by 14% and constituted 24% of our total revenue. The lion share of the revenue is generated on basis of fixed price contracts or work invoiced on basis of time and material.

Due to our increased use of off-shore software development partners and because in general more third party products and services are included in our deliveries, the external cost increased by 2% in 2012/13. This is an evidence of our strategy to reduce the fixed cost base and to grow the cost directly related to our level of activity. Hence, our gross profit margin decreased from 73% in 2011/12 to 71% in 2012/13.

Approximately 90% of our fixed cost based is directly related to our staff. The staff cost was almost unchanged compared to the previous financial year. Although an increased part of the work is performed by off-shore partners the vast majority of the work is carried out by staff directly employed by the Group. However it is important to emphasise that all software developers – despite their physical location – are fully integrated in the software development teams and others teams in the Systematic group. In average, during the year Systematic employed 418 FTE (full time employees) and 35 external software developers were associated the Group. As per 30 September 2013 Systematic had 426 employees.

The functional split of the cost base shows that 24% of our cost is used on sales and marketing activities, 48 % on delivering projects and services to the customers while 13 % is on software product development activities including resources supporting process improvements. 16 % of our costs are spent on administrative functions.

As the total capitalised product development cost decreased, and it constitutes the biggest item of the balance to be depreciated, our depreciation and amortisation decreased by 7%.

Our financial income – first and foremost in the form of returns on our bond portfolio – materialised at EUR 0.4m and Group profits before tax totalled EUR 2.7m. Company tax is calculated at EUR 0.6m.

Overall, the balance sheet totals have decreased by 6%. Intangible assets (primarily capitalised product development costs) have fallen by 14% as the depreciation on the balance sheet exceeded the product development cost capitalised during the year by EUR 1m. The solvency ratio is around 49% – slightly up compared to last financial year.

Operating activities generated a cash flow of EUR 4.8m, while investment activities drew EUR 1.9m from cash holdings. Our cash position remains strong. Including other investments – our bond portfolio – our position of cash and cash equivalents amounted to EUR 9.6m which is in line with the position of last year. As Systematic has no bank debt – in fact, we have unutilised credit facilities – the company is in a strong financial position, as evidenced by our AAA credit rating.

November 2012 Systematic acquired 25% of Consensia. Consensia is our off-shore development partner – where Systematic 30 September 2013 had 37 consultants associated in Ukraine. It is a strategic investment for Systematic and it gives us a strategic influence and protection of the services delivered by our partner. Systematic is not in the sourcing business as such but we see the sourcing and off-shoring of development activities as a measure to further strengthening of our competitiveness in the market. Our main focus has been to become even more efficient in the use of off-shore developers without increasing management overhead.

Systematic A/S

In 2012/13, the parent company Systematic A/S generated revenue of EUR 49.0m, a decrease of EUR 1.5m compared with 2011/12. The parent company received dividends totalling EUR 1.2m from subsidiaries in 2012/13 compared with EUR 0.0m in 2011/12. Profit after tax for the financial year was EUR 2.1m against EUR 4.1m in the previous financial year. Equity decreased by EUR 0.6m to EUR 16.1m including share capital of EUR 1.3m, retained earnings of EUR 14.8m.

Significant events occurring after the end of the financial year

No significant events have occurred after the balance sheet date that affect the 2012/13 annual report.

Human capital

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. Internal knowledge networks across business units and Systematic offices inspire staff to seek out, share and reuse the knowledge that their colleagues have already acquired and built up.

Continuous focus on helping staff develop their skills contributes to making Systematic an attractive workplace. In 2012/13 all of the employees participated in average in approximately 1½ week of education activities. Our employees' loyalty and commitment is reflected by a high level of employee satisfaction and remarkably low sickness absence (4.4 days on average in 2012/13).

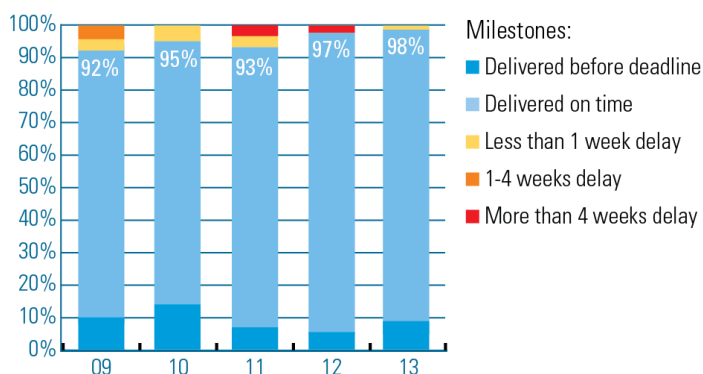
We maintain close contact with former employees through our Alumni network and events. Former employees reapply to Systematic, and returning staff accounted for 16% of new appointments in 2012/13.

Systematic is certified in accordance with CMMI (Capability Maturity Model Integrated), an international standard for maturity in software development processes. CMMI Level 5 is the highest level in the field of business maturity – a certification we share with just 26 organisations in Europe and around 285 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 eight years.

We are recognised internationally for our ability to optimise and improve the efficiency of processes through a combination of the CMMI model and agile development methods based on Lean and Scrum. For our customers, the combination of CMMI, Lean and Scrum means that we can act in a flexible, interactive manner and apply a well-documented collaboration model to generate measurable results quickly and efficiently. Working relationships with our customers are centred around integrated teams, with all parties placing emphasis on openness and transparency. Systematic has repeatedly demonstrated that flexibility and agile methods can be combined to great effect with structure, predictability and credibility.

In 2012/13, we have sustained our high level of delivery capability and delivered more than 98% of all milestones on time.

Delivery on time



Targets and outlook

Systematic is pursuing a consistent and long-term strategy that gradually unfolds the Group's potential over the years. Focus is on further building our position in the healthcare market; bringing the SitaWare product suite effectively to the international defence market and winning market share in the Danish public sector and in the intelligence and national security market.

Systematic operates in a market where customers are increasingly expressing clear preferences for reliable, standardised software solutions on time and on budget. We develop our offerings to meet the demands of our target sectors as satisfied customers are the best foundations for further growth. Also in the coming years we will continue to develop our business through investment in solutions and services.

A prerequisite for being able to build competitive and innovative software products is the continuous investment in developing staff skills, improving the effectiveness of our internal processes and applying sourcing of development activities where it is efficient.

In our market operations a key theme for the coming financial year will be to become smarter and more efficient when engaging in tenders based on a competitive dialogue process, improve our qualification of sales opportunities and in general improve our profile on selected international markets.

For the financial year 2013/14 Systematic expects revenue growth while increasing the EBIT-margin.

Risk management

The Board of Directors has the overall responsibility for Systematic's procedures to monitor, measure and manage the company's risks and for such procedures being firmly embedded in the Group's daily work.

- Systematic is operating in four different market sectors. Although all sectors are exposed to the development of the world economy the four different markets sectors are not expected to show identical developments. However as the defence sector and the healthcare sector also have close links to governments and public institutions, Systematic is in general exposed to the trend in the overall public spending.

- An important element in Systematic's strategy is to grow the business based on standard products and solutions. Systematic has invested and is continuing to invest significant resources in enhancing and improving its products – first and foremost Columna for the Healthcare market and SitaWare for the Defence market. Product innovation is performed in close contact with the market and potential customers. However, there is a risk that software product development eventually does not have the anticipated market attractiveness. For this reason Systematic has close market contacts and is conducting a strong prioritisation and qualification among suggested product enhancements before final decision on initiation of new software developments is taken. Hence the risk is considered to be limited.
- When Systematic decides to bid for a project or tender, the decision is based on a thorough and comprehensive analysis of the opportunities and risk involved. After the contract is won, Systematic continues to monitor and assess the progress and the risk in the project. In particular for fixed price contracts or projects, the degree of completion is assessed on regular basis and if the project is not progressing according to plans, corrective actions are initiated. There is an inbuilt project risk in Systematic's business model – however solid measures are taken to mitigate the risk.
- Systematic is exposed to currency exchange rate fluctuations as a part of the company's revenue is in foreign currencies first and foremost USD, GBP and SEK. Systematic is aiming at balancing the cash flow in the individual foreign currencies in order to protect the profitability.
- As Systematic has a portfolio of interest bearing securities, Systematic is exposed to change in the general level for interest rates. However as the duration of the portfolio is relatively short the risk is limited.
- When Systematic enters into a commercial contract with a new customer a credit assessment is performed to judge the financial stability of the customer. In general Systematic does not take out credit risk insurance however Systematic reduces its credit risk by on account invoicing.
- Risks related to the financial reporting process: Systematic carries out a comprehensive monthly financial review, where we assess the current financial situation as well as the most probable future development. Our financial review is conducted on a detailed level validating the coherence between activity level, revenue, staffing and cost.
- All Systematic employees are working in office premises and the impact on the environment is limited to the indirect influence due to the use of energy for heating, electricity and the like. On regular basis, our IT equipment is renewed also to reduce the power consumption and thereby the CO₂ footprint. As Systematic is operating internationally travel activities also have an impact on the environment. Systematic employees and management are carefully considering if video conferencing or net-meetings can be more efficient in order to reduce the time and resources spent on business travels.
- Systematic has a strong culture based on our corporate values. Our corporate values cannot replace internal controls but they can support an environment where all employees feel responsible for protecting Systematic's business and organisation. Management is very conscious

about the importance of “the tone from the top” regarding behaviour and attitudes and how it may impact the corporate values. All new employees are introduced to and trained in the corporate values as it is the foundation for demonstrating the right behaviours and attitudes internally and externally.

Corporate Governance

Corporate Social Responsibility

Corporate Social Responsibility (CSR) 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. Systematic works with various aspects of the CSR-agenda on business level as well as the environment and social responsibility of our employees.

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

The work of the Board of Directors

The Board of Directors is responsible for ensuring that the financial and managerial control of the Group and the overall strategic management are conducted adequately in all respects. The Board of Directors monitors the Group’s financial condition, risk management and business activities on an on-going basis, in addition to offering coaching to the Executive Management in relation to strategic and tactical initiatives as and when needed.

In 2012/13 Systematic’s Board of Directors held five meetings, where two of them involved visits to customers, giving the Board the opportunity to experience the use of our products and services in practice. One of the meetings was extended to a two days offsite strategy seminar held in April 2013 to discuss the Group’s long-term strategy.

Composition and qualifications of the Board of Directors

According to the company’s articles of association, Systematic’s Board of Directors consists of between three and seven members. The number of members of the Board should be sufficient to enable an appropriate distribution of tasks among the members as well as being small enough to enable a rapid decision making process. It has been common practice in Systematic to operate with a Board of four members elected by the shareholders and two members elected by the employees. Until September 2013 Lars Johansson served as a member of the Board of Directors but as a consequence of his appointment as President and CEO for Hedeselskabet, Lars Johansson resigned as Board member and the Board therefore currently consists of three members elected by the shareholders and two members elected by the employees. Members of Systematic’s Board of Directors are elected for one year at a time, and employee-elected members for four years. All members of the Board of Directors are professionals and independent from owners of Systematic. The working language in the Board of Directors is English.

The Board of Directors has discussed and defined an ideal profile for the Board’s aggregate competences to ensure that its members between them represent the required professional breadth and knowledge of the industry

as well as the required business and financial competences. The competences have been identified within the areas of strategy, finance and operations, as well as organisation and management with specific focus on domain expertise in Systematic's core market areas.

At the Annual General Meeting, the Board of Directors will recommend that Tim Wickham is elected for the Board. Tim Wickham brings with him the capabilities and experience from twelve years of working with Avascent providing global defense and government market leaders with actionable consulting support as well as leadership experience as a former US Army officer and former intelligence analyst for the US government.

Self-assessment

In line with the corporate governance guidelines for Systematic, the Board of Directors carries out a self-assessment once a year. The self-assessment process comprises an evaluation of the work and contribution of the Board of Directors within the areas of strategy, finance and operations, as well as organisation and management. The self-assessment also included an individual evaluation of each Board member's work and contributions to the Board's work as a whole.

In June 2013 the Board of Directors performed a self-assessment process headed by the chairman based on written contributions from the individual Board members. The individual written contributions included answering a questionnaire and were followed by an interview of each Board member by the chairman. Based on the interviews the chairman prepared a note outlines various themes identified during the interviews. To ensure that the general principles for good corporate governance are upheld the note was discussed at the board meeting in August 2013. The vice chairman conducted the assessment of the chairman. Based on the self-assessment, it was concluded that the Board's collective work is efficient and on an overall level the competences described in the ideal profile are represented by the aggregate competences of the Board of Directors. However, it was also concluded that in some areas the Board could benefit from more domain knowledge for the specific core market areas of Systematic's business. The Board also noted that, due to the relatively small number of Board members, the Board's competences in certain areas rely on individual persons.

Diversity

As a result of the new corporate law on gender composition and Systematic's own desire to continue to support diversity and equality within the Systematic Group, the Board of Directors has approved a gender policy for the Systematic Group.

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

Systematic's policy for diversity in general – and not only restricted to the gender aspect – is weighted high because it creates conditions for drive, innovation, development and signals that Systematic is a modern and forward-thinking company that reflects the society of which we are a part. Systematic treats all persons in all relations equally. All employees and job candidates shall consistently be treated in accordance to fair and relevant criteria. No one, either employed or job candidates, may experience discrimination because of age, gender, ethnic background,

nationality, religion, sexual orientation, handicap, political beliefs or social status.

For the composition of the Board of Directors the Board has decided that Systematic will seek to ensure that both genders are represented from 2017. Currently the Board of Directors does not have female members and the Board will seek to nominate female candidates before the annual general meeting in 2017. The key criteria for nomination of candidates will be to seek competent Board members being able to add value to Systematic strategy and business control.

Income statement for 2012/13

1 October – 30 September

		Group		Parent Company	
Note		2012/13 EUR	2011/12 EUR '000	2012/13 EUR	2011/12 EUR '000
	Revenue	52.730.361	55.415	48.968.109	50.490
3	Other external expenses	(15.276.062)	(14.908)	(14.928.294)	(14.655)
	Gross profit/(loss)	37.454.299	40.507	34.039.815	35.835
1	Staff costs	(31.906.363)	(31.974)	(28.832.428)	(28.326)
2	Depreciation, amortisation and impairment losses	(3.179.214)	(3.406)	(3.110.730)	(3.319)
	Operating profit/(loss)	2.368.722	5.127	2.096.657	4.190
	Income from investments in group enterprises			233.131	587
4	Other financial income	406.519	612	404.024	677
5	Other financial expenses	(41.307)	(232)	(65.213)	(65)
	Profit/(loss) from ordinary activities before tax	2.733.934	5.507	2.668.599	5.389
6	Tax on profit or loss from ordinary activities	(609.851)	(1.328)	(544.516)	(1.268)
	Profit/(loss) for the year	2.124.083	4.179	2.124.083	4.121
	Minority interests' share of profit/(loss)	0	(58)		
	Profit/(loss) for the year	2.124.083	4.121		

Proposed distribution of profit and loss

Dividend for the financial year	0
Reserve for net revaluation according to the equity method	233.131
Retained earnings	1.890.952
	2.124.083

Balance sheet at 30.09.2013 - Assets

As at 30 September

		Group		Parent Company	
Note		2012/13 EUR	2011/12 EUR '000	2012/13 EUR	2011/12 EUR '000
	Completed development projects	5.290.713	6.169	5.290.713	6.169
	Acquired intangible assets	256.687	630	256.687	628
7	Intangible assets	5.547.400	6.799	5.547.400	6.797
	Other fixtures and fittings, tools and equipment	358.318	535	271.653	411
	Leasehold improvements	95.211	149	64.926	95
8	Property, plant and equipment	453.529	684	336.579	506
	Investments in group enterprises	0	0	1.418.202	2.321
	Investments in associates	393.302	0	393.302	0
	Other investments	275.577	693	275.577	693
	Other receivables	576.684	595	576.684	595
9	Fixed asset investments	1.245.563	1.288	2.663.765	3.609
	Fixed Assets	7.246.492	8.771	8.547.744	10.912
	Trade receivables	11.892.769	13.135	10.205.064	11.364
10	Contract work in progress	1.952.575	1.709	1.849.234	1.709
	Receivables from group enterprises	670.421	789	1.295.686	1.081
	Other short-term receivables	1.463.505	770	1.298.750	567
	Receivables	15.979.270	16.403	14.648.734	14.721
	Other investments	4.287.340	5.007	4.287.340	5.007
	Other investments	4.287.340	5.007	4.287.340	5.007
	Cash	5.297.007	4.707	4.275.965	3.692
	Current Assets	25.563.617	26.117	23.212.039	23.420
	Assets	32.810.109	34.888	31.759.783	34.332

Balance sheet at 30.09.2013 - Liabilities

As at 30 September

Note	Group		Parent Company	
	2012/13 EUR	2011/12 EUR '000	2012/13 EUR	2011/12 EUR '000
11	Contributed capital	1.340.842	1.341	1.341
	Reserve for net revaluation according to the equity method	0	0	348
	Retained earnings	14.802.003	12.753	14.802.003
	Proposed dividend	0	2.683	0
	Equity	16.142.845	16.777	16.142.845
12	Minority Interests	0	187	
13	Provision for deferred tax	1.733.722	3.306	1.745.776
	Provisions	1.733.722	3.306	1.745.776
	Finance lease liabilities	57.440	160	57.440
	Other debt raised by the issuance of bonds	271.641	685	271.641
	Non-current liabilities other than provisions	329.081	845	329.081
	Finance lease liabilities	104.043	108	104.043
	Other debt raised by the issuance of bonds	413.599	175	413.599
	Contract work in progress	633.584	675	607.929
	Suppliers of goods and services	1.904.490	1.053	1.729.767
	Debt to group enterprises	0	0	1.422.140
	Income tax payable	1.897.592	1.555	1.832.366
14	Other short-term payables	7.132.241	7.242	6.772.662
15	Short-term deferred income	2.518.912	2.965	659.575
	Current liabilities other than provisions	14.604.461	13.773	13.542.081
	Liabilities other than provisions	14.933.542	14.618	13.871.162
	Equity and liabilities	32.810.109	34.888	31.759.783

17 Unrecognised rental and lease commitments

18 Contingent liabilities

19 Ownership

20 Consolidation

Statement of changes in equity for 2012/13

As at 30 September

Group

	Contributed capital EUR	Retained earnings EUR	Proposed dividend for the financial year EUR	Total EUR
Equity beginning of year	1.340.842	12.753.447	2.682.583	16.776.872
Ordinary dividend paid			(2.681.684)	(2.681.684)
Exchange rate adjustments		(75.527)	(899)	(76.426)
Profit/(loss) for the year		2.124.083		2.124.083
Equity end of year	1.340.842	14.802.003	0	16.142.845

Parent company

	Contributed capital EUR	Reserve for net revaluation according to the equity method EUR	Retained earnings EUR	Proposed dividend for the financial year EUR	Total EUR
Equity beginning of year	1.340.842	347.966	12.405.481	2.682.583	16.776.872
Ordinary dividend paid				(2.681.684)	(2.681.684)
Exchange rate adjustments		(71.369)	(4.158)	(899)	(76.426)
Distributed dividends from group enterprises		(1.229.425)	1.229.425		0
Transferred to retained earnings		719.697	(719.697)		0
Profit/(loss) for the year		233.131	1.890.952		2.124.083
Equity end of year	1.340.842	0	14.802.003	0	16.142.845

Cash flow statement for 2012/13

1 October – 30 September

		Group	
		2012/13	2011/12
		EUR	EUR '000
Note			
	Operating profit/loss	2.368.722	5.127
	Amortisation, depreciation and impairment losses	3.202.292	3.434
16	Changes in working capital	677.081	(1.481)
	Cash flows from ordinary operating activities	6.248.095	7.080
	Financial income received	406.519	612
	Financial income paid	(41.308)	(232)
	Income tax paid	(1.838.165)	(1.928)
	Cash flows from operating activities	4.775.141	5.532
	Acquisition etc. of intangible assets	(1.663.524)	(2.370)
	Acquisition etc. of property, plant and equipment	(68.653)	(352)
	Sale of property, plant and equipment	1.788	620
	Acquisition etc. of fixed assets investments	0	(21)
	Acquisition of enterprises	(548.133)	0
	Sale of fixed asset investments	18.581	0
	Cash flows from investing activities	(2.259.940)	(2.123)
	Loans raised	417.002	188
	Instalments on loans etc	(280.758)	(126)
	Dividend paid	(2.681.684)	(1.744)
	Cash flows from financing activities	(2.545.440)	(1.682)
	Increase/decrease in cash and cash equivalents	(30.239)	1.727
	Cash and cash equivalents beginning of year	9.714.334	7.878
	Exchange rate adjustments of cash and cash equivalents	(99.748)	109
	Cash and cash equivalents end of year	9.584.347	9.714

Accounting policies

Reporting class

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

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

The Group financial statements include Systematic A/S (Denmark), Systematic Software Engineering Ltd (UK), Systematic Software Engineering Inc (USA) and Systematic Oy Finland (Finland) Systematic Sweden AB (Sweden) and Systematic GmbH (Germany).

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

Recognition and measurement

Assets are recognised in the balance sheet when it is probable 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 income statement when earned, whereas costs are recognised by the amounts attributable to the relevant financial year.

Foreign currency translation

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

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

THE GROUP

Consolidated financial statements

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

Basis of consolidation

For the foreign subsidiaries, the items in the income statement have been included at the exchange rate on the transaction date. The balance sheet is converted at the rate of exchange at year end. The exchange rate adjustments arising from the translation of the subsidiaries' equity at the

beginning of the financial year to the exchange rate at the end of the financial year, and the exchange rate difference arising from the Translation of the income statement from the exchange rate ruling on the transaction date to the exchange rate at end of the financial year, are dealt with in the equity for the Group.

Acquisitions

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

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

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

Minority interests

The minority interests' proportion of the subsidiaries' results and net capital have been quoted separately in the income statement and in the balance sheet, respectively.

INCOME STATEMENT

Revenue

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

Other external expenses

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

Staff costs

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

Depreciation, amortisation, and impairment losses

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

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

Financial income and expenses

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

Income taxes

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

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

BALANCE SHEET

Intellectual property rights etc

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

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

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

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

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

Property, plant and equipment

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

The basis for depreciation is cost less the estimated residual value after the end of the asset's useful life. Depreciation is calculated on a straight-line basis from the following assessment of the assets' expected useful

lives: computers/hardware 3 years, fixtures and fittings 5 years, and vehicles 6-7 years. Leasehold improvements are depreciated over the rental period.

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

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

Investments in group enterprises

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

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

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

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

Investment in associates

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

Other investments

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

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

Contract work in progress

Work in progress (construction contracts) is calculated as the selling price of the work carried out on the date at which the balance sheet is

prepared. The selling price is calculated based on the stage of completion and the total estimated income from the individual contracts in progress. The stage of completion is determined as the ratio between the actual and total budgeted consumption of resources.

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

Costs of sales work and of securing contracts as well as financial costs are included in the income statement when incurred.

Receivables

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

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

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

Deferred tax

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

Finance lease commitments

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

Operating leases

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

Other financial liabilities

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

Income tax receivable or payable

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

Deferred income

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

CASH FLOW STATEMENT

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

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

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

FINANCIAL HIGHLIGHTS

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

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

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 on-going basis, and internal process improvement projects. Calculated at cost price.

Revenue per employee:	$\frac{\text{Revenue}}{\text{Average number of employee}}$
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Notes

	Group		Parent Company	
	2012/13	2011/12	2012/13	2011/12
	EUR	EUR '000	EUR	EUR '000
1 STAFF COSTS				
Wages and salaries	29.283.153	29.344	26.872.625	26.433
Pension costs	1.741.181	1.724	1.569.015	1.512
Other social security costs	807.835	832	388.250	377
Other staff costs	74.194	74	2.538	4
	31.906.363	31.974	28.832.428	28.326
Executive Board and Board of Directors	704.175	895	667.113	895
Average number of employees	418	422	380	372
2 DEPRECIATION. AMORTISATION AND IMPAIRMENT LOSSES				
Amortisation of intangible assets	2.912.906	2.944	2.911.156	2.942
Depreciation of property, plant and equipment	266.308	462	199.574	377
	3.179.214	3.406	3.110.730	3.319
3 FEE TO THE COMPANY AUDITOR				
Statutory audit services	57.657	56	33.856	41
Other assurance engagements	3.151	4	3.151	4
Tax services	23.209	32	15.066	18
Other services	101.002	98	101.002	98
	185.019	190	153.075	161
4 OTHER FINANCIAL INCOME				
Financial income arising from group enterprises	28.998	0	70.298	67
Interest income	216.952	263	216.098	261
Exchange rate adjustments	160.569	338	117.628	338
Other financial income	0	11	0	11
	406.519	612	404.024	677

	Group		Parent Company	
	2012/13	2011/12	2012/13	2011/12
	EUR	EUR '000	EUR	EUR '000
5 OTHER FINANCIAL EXPENSES				
Interest expenses	12.045	42	35.951	39
Exchange rate adjustments	26.970	188	26.970	24
Other financial expenses	2.292	2	2.292	2
	41.307	232	65.213	65

	Group		Parent Company	
	2012/13	2011/12	2012/13	2011/12
	EUR	EUR '000	EUR	EUR '000
TAX ON PROFIT OR LOSS FROM				
6 ORDINARY ACTIVITIES				
Tax on current year taxable income	(2.047.636)	(1.449)	(1.982.301)	(1.389)
Change in deferred tax for the year	1.384.687	121	1.384.687	121
Adjustment concerning previous years	(94.529)	0	(94.529)	0
Effect of changed tax rates	147.627	0	147.627	0
	(609.851)	(1.328)	(544.516)	(1.268)

GROUP	Completed development projects	Acquired intangible assets
	EUR	EUR
7 INTANGIBLE ASSETS		
Cost beginning of year	16.367.565	2.251.487
Exchange rate adjustments	(5.486)	(754)
Additions	1.657.281	6.243
Disposals	0	0
Cost end of year	18.019.360	2.256.976
Amortisation and impairment losses beginning of year	10.198.175	1.621.817
Exchange rate adjustments	(3.419)	(544)
Amortisation for the year	2.533.891	379.016
Amortisation and impairment losses end of year	12.728.647	2.000.289
Carrying amount end of year	5.290.713	256.687
Recognised assets not owned by Entity	0	40.953
PARENT	Completed development projects	Acquired intangible assets
	EUR	EUR
7 INTANGIBLE ASSETS		
Cost beginning of year	16.367.565	2.242.501
Exchange rate adjustments	(5.486)	(751)
Additions	1.657.281	6.243
Cost end of year	18.019.360	2.247.993
Amortisation and impairment losses beginning of year	10.198.175	1.614.582
Exchange rate adjustments	(3.419)	(541)
Amortisation for the year	2.533.891	377.265
Depreciation and impairment losses end of year	12.728.647	1.991.306
Carrying amount end of year	5.290.713	256.687
Recognised assets not owned by Entity	0	40.953

Group	Other fixtures and fittings, tools and equipment	Leasehold improvements
	EUR	EUR
8 PROPERTY, PLANT AND EQUIPEMENT		
Cost beginning of year	4.939.404	1.163.459
Exchange rate adjustments	(5.801)	(3.436)
Additions	63.814	4.839
Disposals	(31.793)	0
Cost end of year	4.965.624	1.164.862
Depreciation and impairment losses beginning of year	4.404.601	1.014.694
Exchange rate adjustments	(1.477)	(340)
Depreciation for the year	234.187	55.297
Reversal regarding disposals	(30.005)	0
Depreciation and impairment losses end of year	4.607.306	1.069.651
Carrying amount end of year	358.318	95.211
Recognised assets not owned by Entity	117.350	0
Parent Company	Other fixtures and fittings, tools and equipment	Leasehold improvements
	EUR	EUR
8 PROPERTY, PLANT AND EQUIPEMENT		
Acquisition costs as at 1 October 2012	4.096.920	943.140
Exchange rate adjustments	(1.374)	(316)
Additions	46.505	4.839
Disposals	0	0
Acquisition costs as at 30 September 2013	4.142.051	947.663
Depreciation and impairment losses beginning of year	3.685.487	848.137
Exchange rate adjustments	(1.236)	(284)
Depreciation for the year	186.147	34.884
Depreciation and impairment losses end of year	3.870.398	882.737
Carrying amount end of year	271.653	64.926
Recognised assets not owned by Entity	117.350	0

Group	Investments in associates EUR	Other investments EUR	Other receivables EUR
9 FIXED ASSET INVESTMENTS			
Cost beginning of year	0	660.283	595.465
Exchange rate adjustments	0	(222)	(200)
Additions	393.302	0	0
Disposals	0	(406.678)	(18.581)
Cost end of year	393.302	253.383	576.684
Revaluations beginning of year	0	32.528	0
Exchange rate adjustments		(11)	
Reversal regarding disposals	0	(10.323)	0
Depreciation for the year	0	0	0
Depreciation and impairment losses end of year	0	22.194	0
Carrying amount end of year	393.302	275.577	576.684

Parent Company	Investments in group enterprises EUR	Investments in associates EUR	Other investments EUR	Other receivables EUR
9 FIXED ASSET INVESTMENTS				
Cost beginning of year	1.972.338	0	660.283	595.465
Exchange rate adjustments	(661)	0	(222)	(200)
Additions	179.813	393.302	0	0
Disposals	0	0	(406.678)	(18.581)
Cost end of year	2.151.490	393.302	253.383	576.684
Revaluations beginning of year	347.966	0	32.528	0
Exchange rate adjustments	(71.369)	0	(11)	0
Share of profit/loss for the year	233.131	0	0	0
Dividend	(1.229.425)	0	0	0
Other adjustments	(13.591)	0	(10.323)	0
Revaluations end of year	(733.288)	0	22.194	0
Carrying amount end of year	1.418.202	393.302	275.577	576.684

Investments in group enterprises	Registered in	Equity interest
Systematic Software Engineering Ltd.	Surrey, UK	100%
Systematic Software Engineering Inc.	Virginia, USA	100%
Systematic Oy Finland	Tampere, Finland	100%
Systematic Sweden AB	Stockholm, Sweden	100%
Systematic GmbH	Cologne, Germany	100%
Investments in associates	Registered in	Equity interest
Consensia Holding A/S	Aalborg, Denmark	25%
Stated at cost. Profit for the financial year 1 July 2012 to 30 June 2013 was EUR 14,441 and Equity at 30 June 2013 was EUR 1,162,075		

	Group		Parent Company	
	2012/13	2011/12	2012/13	2011/12
	EUR	EUR '000	EUR	EUR '000
10 CONTRACT WORK IN PROGRESS				
Contract work in progress	11.490.735	21.180	11.387.394	21.180
Progress billings regarding contract work in progress	(10.171.744)	(20.146)	(10.146.089)	(20.120)
Transferred to liabilities other than provisions	633.584	675	607.929	649
	1.952.575	1.709	1.849.234	1.709

Parent Company			
	Number	Par value EUR	Nominal value EUR
11 CONTRIBUTED CAPITAL			
Ordinary shares	10.000	134	1.340.842
	10.000		1.340.842

12 MINORITY INTERESTS

Minority interests was last year composed by not owned share of Systematic Software Engineering Inc.

	Group		Parent Company	
	2012/13	2011/12	2012/13	2011/12
	EUR	EUR '000	EUR	EUR '000
13 PROVISION FOR DEFERRED TAX				
Deferred Tax incumbent the following entries				
Intangible assets	1.238.267	1.603	1.238.267	1.603
Property, plant and equipment	(13.931)	43	(1.877)	16
Receivables	555.645	1.773	555.645	1.773
Fixed asset investments	(8.581)	(9)	(8.581)	(9)
Liabilities other than provisions	(37.678)	(104)	(37.678)	(104)
	1.733.722	3.306	1.745.776	3.279

	Group		Parent Company	
	2012/13	2011/12	2012/13	2011/12
	EUR	EUR '000	EUR	EUR '000
14 OTHER SHORT-TERM PAYABLES				
VAT and duties	812.497	602	812.497	602
Wages and salaries, personal income taxes, social security costs, etc payable	901.178	1.248	901.178	1.248
Holiday pay obligations	3.959.114	3.638	3.959.114	3.639
Other cost payable	1.459.452	1.754	1.099.873	881
	7.132.241	7.242	6.772.662	6.370

	Group		Parent Company	
	2012/13	2011/12	2012/13	2011/12
	EUR	EUR '000	EUR	EUR '000
15 SHORT-TERM DEFERRED INCOME				
Prepayments and accrued income related to service contracts	2.518.912	2.965	659.575	697
	2.518.912	2.965	659.575	697

		Group	
		2012/13	2011/12
		EUR	EUR '000
16	CHANGE IN WORKING CAPITAL		
	Increase/decrease in receivables	662.472	(1.169)
	Increase/decrease in trade payables etc	300.098	(756)
	Other changes	(285.489)	444
		677.081	(1.481)

		Group		Parent Company	
		2012/13	2011/12	2012/13	2011/12
		EUR	EUR '000	EUR	EUR '000
17	UNRECOGNISED RENTAL AND LEASE COMMITMENTS				
	Commitments under rental agreements or leases until expiry	2.048.542	1.992	1.807.458	1.803
		2.048.542	1.992	1.807.458	1.803

		Group		Parent Company	
		2012/13	2011/12	2012/13	2011/12
		EUR	EUR '000	EUR	EUR '000
18	CONTINGENT LIABILITIES				
	Recourse and non-recourse guarantee commitments	117.536	291	117.536	291
	Other contingent liabilities	692.578	880	692.578	880
		810.114	1.171	810.114	1.171

Other contingent liabilities are provided security for employee bonds.

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

19 OWNERSHIP

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

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

20 CONSOLIDATION

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

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Simplifying critical decision making

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