11. May 2006

Stock Exchange Release No. 11/2006

Quarterly Report

Q1/ 2006

PROFILE:
Columbus IT operates as an IT consultancy in the market for integrated business solutions based on Microsoft Business Solutions primarily for small and medium-sized international companies. Columbus IT is a service organization with a headcount of 900 operating in 25 countries. Our customer base consists of more than 5000 small and medium-sized enterprises and units of large companies. .
www.columbusit.com.

Strong improvement in revenues.
Despite restructuring costs of DKK 5m in Russia the Group's result is as expected.

- Columbus IT's Q1/2006 revenues totaled DKK 168m (DKK 130m in 2005), equalling an increase of 29%.
- Rise in software revenue of 52% compared to same period last year, which mainly can be attributed to sales of own developed software. In addition To-Increase's partner channel in both North America and Europe is expanding rapidly.
- The Danish subsidiary reported 52% growth in EBITDA compared to the same period last year. Growth was due to the continuing efficiency drive, including improved client contracts and optimization of revenue mix.
- Columbus IT Partner A/S has a contract with Algosaibi Information Systems (AGIS) to establish the company, Columbus IT Middle East based in Dubai. Expecting a 22,5% ownership the company will be incorporated as an associated company. The company will leverage on AGIS' regional presence in Abu Dhabi, Riyadh, Dammam, Jeddah and Bahrain.
- In order to further strengthen the Group's presence in South America actions have been initiated to set up a subsidiary in Chile.
- Operating profit (EBITDA) for the period was DKK -4.4m (DKK 0.5m in 2005), which is in accordance with management's expectations.
- Pre-tax Q1/2006 earnings totalled DKK -8.4m (DKK -2.5m in 2005).
- Group equity at the end of Q1/2006 was DKK 149.6m, giving a solvency ratio of 34% (10% in 2005).
- Previously expressed forecasts are being maintained, with total Group revenues of the order of DKK 720-750m, EBITDA of DKK 30-35m and pre-tax earnings of DKK 10-15m.

Ib Kunøe	Michael Gaardboe
Chairman	CEO
Columbus IT Partner A/S	Columbus IT Partner A/S

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Key figures and ratios

DKKm	2005	Q1/ 2005	Q1/ 2006
Income Statement			
Net revenues	649.8	130.2	168.1
External project costs	-184.5	-24.6	-43.1
Gross earnings I	465.3	105.6	125.0
Staff expenses	-318.0	-78.0	-88.7
Gross earnings II	147.3	27.6	36.3
Other external costs	-124.1	-27.1	-40.3
Other operating income	0.6	0.0	0.0
Other operating costs	-0.2	0.0	-0.4
EBITDA	23.6	0.5	-4.4
Depreciation excl. goodwill	-12.2	-2.5	-3.2
EBITA	11.4	-2.0	-7.6
Amortization of goodwill	-7.3	0.0	0.0
EBIT	4.1	-2.0	-7.6
Net financials	-2.9	-0.5	-0.8
Pre-tax earnings	1.2	-2.5	-8.4
Tax on Q1 earnings	-7.3	-1.7	-0.5
Earnings Q1	-6.1	-4.2	-8.9
Allocated thus:			
Shareholders of Columbus IT Partner A/S	-10.0	-4.4	-8.8
Minority interests	-3.9	0.2	-0.1
	-6.1	-4.2	-8.9
Balance Sheet			
Long-term assets	229.7	151.3	230.9
Short-term assets	256.6	193.6	211.9
Total assets	486.3	344.9	442.8
Group shareholders' equity	147.3	35.9	149.6
Minority interests	11.9	9.0	10.7
Debt	327.1	300.0	282.5
Total liabilities	486.3	344.9	442.8
Cash flow			
Cash inflow from operations	28.9	31.6	-12.0
Net cash outflow for investments	-100.3	-51.2	-12.1
including investment in tangible assets	-6.9	-1.5	-3.7
Cash flow from financing activities	70.2	21.3	17.6
Total cash flow	-1.2	1.6	-6.5
Key ratios			
Gross margin II	22.7%	21.2%	21.6%
Operating profit margin	0.6%	-1.5%	-4.5%
Return on investment III	3.6%	-0.5%	-1.2%
Return on equity	-9.6%	-18.6%	-5.9%
Equity ratio	30.4%	10.4%	33.8%
Earnings per share (EPS)	-0.2	-0.1	-0.1
Dividend per share	0.0	0.0	0.0
Net asset value per share (BV)	2.1	0.9	2.1
Headcount, year-end	943	855	965
Cash flow per share	2.2	0.8	-6.0

The key figures and financial ratios above have been calculated in accordance with the Danish Society of Financial Analysts "Recommendations and Key Figures 1997", except for Return on Investment and Equity Ratio.

The quarterly report has not been audited

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Developments in Q1/ 2006

Columbus IT reported net Q1/2006 revenues of DKK 168m, up from DKK 130m in Q1/2005.

Revenues	2006	2005
	%	%
Hardware	3%	2%
Software	28%	24%
Service	69%	74%
Total	**100%**	**100%**

Revenues	2006		2005	
	DKKm	%	DKKm	%
Dynamics AX (prev. Axapta)	110	65%	93	72%
Dynamics Nav (prev. Navision)	31	19%	17	13%
XAL	9	5%	10	8%
Other	18	11%	10	7%
Total	**168**	**100%**	**130**	**100%**

The table above shows that software sales have increased as a result of Columbus IT's focused strategy of becoming a global software development house. Solutions based on Dynamics AX continue to make up the majority of revenues whereas the share of solutions based on Dynamics Nav have risen by six percentage points as a result of enhanced Group focus on Dynamics Nav-based solutions. Sales of solutions based on XAL reflect an ever declining share of revenues following the conversion of XAL solutions to Dynamics AX solutions.

Most of the Group's subsidiaries are reporting business and earnings in line with or above expectations. The ongoing restructuring of the Russian subsidiary and parent company and associated costs have led to weaker performance, with Q1/2006 EBITDA totalling DKK -4.4m compared to DKK 0.5m in 2005. This was in line with company forecasts.

Group financials showed net expenses of DKK 0.8m, up from DKK 0.5m in Q1/2005.

Corporation tax in profit-making foreign subsidiaries meant that Columbus IT's forecast tax charge for the period was DKK -0.5m. Q1/2006 results were a deficit of DKK -8.8m, down DKK 4.6m on the same period last year.

Regional developments

(Q1)	Revenues (DKKm)		EBITDA (DKKm)		Headcount (at 31 March)	
	2006	2005	2006	2005	2006	2005
Nordic	62	51	4	1	218	224
Western Europe	45	29	2	2	209	136
Eastern Europe	28	28	-3	2	381	370
Rest of the World	33	22	3	3	140	104
Parent company	0	0	-10	-7	17	21
	168	130	-4	1	965	855

Note: The parent company's figures do not include costs billed to subsidiaries. Subsidiaries' figures are also reported exclusive of costs billed by the parent company.

Q1/2006 revenues in the **Nordic Region** were up by DKK 11m corresponding to a 22% increase on the same period last year. The increase was primarily due to a greater level of activity in the Danish subsidiary, which saw revenues rise by DKK 7m (17%). The Norwegian subsidiaries also reported growth in revenues, amongst other things as a result of the successful turnaround undergone by the company in Oslo. The Nordic Region accounted for 37% of Group revenues. EBITDA rose from DKK 1m in Q1/2005 to DKK 4m this year. The reason for the improvement in EBITDA in 2006 has been generally better earnings in the Danish subsidiary, which has seen EBITDA grow by DKK 1.4m compared to last year. Growth was due to the continuing efficiency drive, including improved client contracts and optimization of revenue mix. Further, the restructuring process implemented previously for the Norwegian company in Oslo has significantly improved its profitability, with EBITDA at DKK 0.4m for the period, which was DKK 1.8m up on last year.

In **Western Europe,** Q1/2006 revenues were DKK 45m, up DKK 16m (55%) compared to Q1/2005. The Group's software development company, To-Increase, which was acquired in Q4/2005, made a DKK 4.5m contribution to the stronger revenues. The region accounted for 27% of total revenues. In Western Europe, at DKK 2m EBITDA was unchanged on Q1/2005. Most of the counties in the region reported positive EBITDA although the Austrian subsidiary posted EBITDA of DKK -2.2m. This was mainly due to continuing difficulties with a completed matter affecting a single major client.

Revenues in **Eastern Europe** totalled DKK 28m in Q1/2006, the same as Q1/2005. Practically all the countries in the region reported Q1/2006 revenues that were unchanged from last year. The region accounted for 17% of total revenues. EBITDA for the region amounted to DKK -3m in 2006, which was DKK 5m less than for the same period last year. The decline was mainly due to the Russian subsidiary which failed to live up to the growth in revenues and hence earnings reflected in its budgets. There were also significant costs for re-establishing its position in the market. The company in Estonia also reported unsatisfactory results. Focused action is being taken in order to restore the profitability of these companies.

In the **Rest of the World** region, total Q1/2006 revenues amounted to DKK 33m, an improvement of DKK 11m (50%) compared to last year. The region accounted for 19% of total revenues. EBITDA in the region was in line with last year at DKK 3m. In 2006, Columbus IT has set up an associated company in the Middle East, while actions also have been initiated to establish a subsidiary in Chile to increase our South American presence.

Before billing subsidiaries for costs, EBITDA in the **Parent Company** was DKK -10m. This was an increase of DKK 3m on the same period in 2005. EBITDA was affected by rising payroll costs of the order of DKK 3.5m following reorganization and management replacements, including the recruitment of new executives in Q2-3/2005. Implementation of several other major projects aimed at enhancing the IT platform and developing strategic tools led to increased costs for IT operations.

Directed rights issues

In January 2006, Columbus IT used shares in Columbus IT Partner A/S to settle the remaining purchase price for the Austrian company NaviDat, the first tranche of the purchase price of the US company VerticalSoft and the entire purchase price for the Austrian company, Martin Becker GmbH. Please see Stock Exchange Releases No. 2 of 12 January, No. 4 of 18 January and No. 6 of 30 January 2006.

Shares were also issued in March to a senior executive in part settlement of his incentive scheme. Please see Stock Exchange Release No. 8 of 22 March 2006.

Accordingly, a total of 1,272,173 shares were issued in Q1/2006, which had a positive net impact on equity of approx. DKK 13m.

Accounting policies

This quarterly report has been drawn up in accordance with the provisions of the Interim Reporting Notice and Copenhagen Stock Exchange requirements for interim reporting

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Investments
Total investments in Q1/2006 in tangible and intangible assets, but excluding goodwill, totalled DKK 8.0m, up from DKK 2.3m in Q1/2005. DKK 4.3m was attributable to investments in development projects for repeatable solutions whilst the remaining DKK 3.7m was for acquisition of tangible assets.

Liquidity status
At 31 March 2006, Columbus IT's cash funds amounted to DKK 30m, down from DKK 37m last year. Cash funds are mainly held at various foreign subsidiaries.

Forex
The Group has not entered into any hedging contacts in the year to date. In international contracts, exchange risks are limited by servicing operations from local companies, so that Group income and costs in foreign currencies are matched insofar as possible.

Development in shareholders' equity

Development in shareholders' equity (DKKm)	**2005**	**Q1/ 2006**
Equity 1/1	6.5	147.3
Forex adjustments for foreign subsidiaries, etc.	2.3	-2.1
Earnings for the period	-10.1	-8.8
Adjustment of minority interests with negative equity	2.0	0
Warrant scheme utilized	0.8	0.2
Capital increases	145.8	13.0
Group equity 31 December/31 March	147.3	149.6
Minority interests	11.9	10.7
Total shareholders' equity 31 December/31 March	159.2	160.3

Safe Harbor statement
The statements about the future made in this report reflect the management's current expectations for certain future events and financial results. By their very nature, some uncertainties attach to statements about the future and the results finally achieved could therefore vary considerably from the expectations expressed. Further, some expectations are based on assumptions for future events which may turn out to be incorrect.

Factors that could mean that the results achieved differ significantly from the expectations expressed include, but are not restricted to, developments in trading conditions and the financial markets and the fiscal impact of unforeseen events, changes in Danish regulations and legislation and EU regulations; rising competition for business solutions in Denmark and abroad; trends for demand, product composition and pricing for business solutions; the development of Columbus IT 's international activities to which some political risks are attached and investment in, and disposal of, national and international companies.

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Management Report

The Boards of Directors and Management have today considered and approved the Q1 report for the period 1 January - 31 March 2006 for the Columbus IT Partner Group.

The quarterly report has been drawn up in accordance with the provisions in International Financial Reporting Standards (IFRS) for recognition and measurement and additional Danish reporting requirements for the presentation of financial statements by listed companies. We regard the accounting policies applied as appropriate and that the quarterly report gives a true picture of the Group's assets and liabilities, financial position at 31 March 2006, and the results of the Group's activities and cash flow for the period 1 January – 31 March 2006.

Brøndby, 11 May 2006

Board of Management

Michael Gaardboe CEO	Sven Madsen CFO

Board of Directors

Ib Kunøe Chairman	Michael Gaardboe	Claus Hougesen	Jørgen Cadovius

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Income Statement

DKK 1000	1/1 – 31/3 2006	1/1 – 31/3 2005
Net revenues	168,057	130,218
External project costs	-43,067	-24,629
Gross earnings	124,990	105,589
Other external costs	-40,313	-26,996
Staff expenses	-88,715	-78,027
Other operating income	0	0
Other operating costs	-382	-27
Earnings before depreciation/amortization (EBITDA)	-4,420	539
Depreciation	-3,218	-2,556
Earnings before amortization (EBITA)	-7,638	-2,017
Write down of goodwill	0	0
Operating profit (EBIT)	-7,638	-2,017
Results of associated companies	-87	0
Financial income	1,990	16
Financial expenses	-2,625	-529
Pre-tax earnings	-8,360	-2,530
Tax on Q1 earnings	-501	-1,682
Earnings Q1	**-8,861**	**-4,212**
Allocated thus:		
Shareholders of Columbus IT Partner A/S	-8,813	-4,374
Minority interests	-48	162
	-8,861	-4,212

Balance Sheet

DKK 1000	31/03 2006	31/03 2005
Assets		
Development projects completed	28,189	7,952
Royalties	363	605
Goodwill	154,905	98,435
Development projects in progress	3,538	0
Intangible assets	186,995	106,992
Plant and operating equipment	15,091	14,229
Tangible assets	15,091	14,229
Holdings in associated companies	1,153	0
Deferred tax assets	27,628	30,070
Financial assets	28,781	30,070
Total long-term assets	230,867	151,291
Inventories	4,907	2,239
Accounts receivable – sales and services	128,968	111,694
Contract work in progress	17,342	9,136
Receivables from shareholders	6,207	5,115
Corporation tax	5,364	1,981
Other receivables	11,277	17,435
Accruals	7,795	8,552
Receivables	176,953	153,913
Cash funds	30,081	37,479
Total short-term assets	211,941	193,631
Total assets	**442,808**	344,922

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Balance Sheet

DKK 1000	31/03 2006	31/03 2005
Liabilities		
Share capital	90,367	50,360
Retained profit	59,243	-14,434
Equity attributable to parent company shareholders	149,610	35,926
Equity attributable to minorities	10,668	8,992
Equity	160,278	44,918
Deferred tax	1,400	807
Subordinated loan capital	7,500	15,000
Mortgage lenders	1,051	1,127
Other debt	2,431	0
Long-term debt	12,382	16,934
Subordinated loan capital	7,739	51,837
Short-term part of long-term debt	580	613
Mortgage lenders	77,549	84,731
Client prepayments	18,217	14,772
Trade accounts payable	38,743	21,086
Corporation tax	3,445	3,551
Residual company acquisition price outstanding	20,510	0
Other debt	91,390	99,997
Accruals	11,975	6,483
Short-term debt	270,148	283,070
Debt	282,530	300,004
Total liabilities	**442,808**	**344,922**