



# Columbus IT

## Annual Report 2008

[www.columbusit.com](http://www.columbusit.com)

This English language version of the Annual Report 2008 has not been audited. This document is a translation of the Danish language version and does not include notes to the accounts. In the event of any inconsistency between this document and the Danish language version, the Danish language version shall be the governing version.

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For an international consultancy business like Columbus IT, it is crucial for the earnings capacity that we ensure high quality in our deliveries to customers and control our time usage and project risks.

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## Another year with solid growth

2008 was yet another good year for Columbus IT. Our expectations from the beginning of the year to revenues as well as earnings have been fulfilled – and that in a year with turbulence on the financial market, which increasingly started affecting our most important foreign markets. In 2008 Columbus IT focused on the continued optimization of operations in the company, on an adjustment of the business model and on integration of the acquisitions in Lithuania. Revenues grew to DKK 990M in 2008, corresponding to an increase of 11% compared to 2007. EBITDA of the Group increased to DKK 60.6M in 2008, corresponding to an increase of 19% compared to 2007.

In 2008 Columbus IT tightened the Group's business model. In 2007 subsidiaries in three countries were either closed down or replaced by franchise agreements, and in 2008 subsidiaries in seven more countries were sold off and replaced by franchise agreements. Thereby, Columbus IT focused its presence through subsidiaries in Europe and the US, and is furthermore represented in Asia, Middle East and Latin America through franchises.

By consolidating Columbus IT's activities in fewer countries with larger critical mass, we wish to create better opportunities to focus on performance and optimization of operations. For an international consultancy business like Columbus IT, it is crucial for the earnings capacity that we ensure high quality in our deliveries to customers and control our time usage and project risks. It takes internal systems and controls which requires a certain critical mass and consistency in our organizational structure. The streamlining of the business obtained by doing this improves our possibility to obtain a controlled and profitable growth.

The development of the Group's software development company, To-Increase, continued in 2008, and in 2008 a subsidiary was established in Denmark, and in Norway a subsidiary was established for start-up on January 1st 2009. To-Increase

is responsible for the software development in the Group, and within the past few years To-Increase has, among other things, developed industry specific software products to Microsoft Dynamics, which is part of the Microsoft Industry Builder-program.

The software development in To-Increase takes place in close cooperation with Microsoft through an innovative organization which focuses on development of functionality demanded by the market. These are sold through channel distribution – also to Columbus IT's competitors – and as with all software sales profitability is created via repetition. Columbus IT has contracts with partners in countries worldwide regarding sale of the Industry Builder solutions, and more than 200 partners all over the world sell Columbus solutions developed by To-Increase.

Another sales model for the software development company pursued by Columbus IT is sale of IP to Microsoft. In their Business Solutions division, Microsoft pursues a channel based distribution, where the development of industry specific functionality in the business systems is handled by external companies such as To-Increase. When the market demand for certain industry functionality reaches a certain level, Microsoft integrates this functionality in the standard software by purchasing the IP to the functionality. It is Columbus IT's future aim to be able to sell IP to Microsoft every 3 to 4 years in average.

As mentioned above 2008 was yet another year with solid growth for Columbus IT. Entering 2009 we feel that Columbus IT is the best prepared of the industry's major players to handle the financial turbulence, which will make us able to ensure continued growth in the future.

  
Ib Kufør  
Chairman

## Columbus IT's position in the value chain



## Strategy and business model

Columbus IT's goal is to be the leading international provider of integrated business systems based on Microsoft Dynamics to medium-sized companies. On the basis of Microsoft Dynamics, Columbus IT develops tailored industry solutions that streamline the customers' financial and business processes and in so doing increases efficiency and competitiveness.

Columbus IT's business solutions are directed towards retail, production, wholesale and service companies. The company's customers include still more companies with an international strategy but also continues to include companies that only operate on the domestic market.

### Industry solutions based on the Microsoft platform

Columbus IT has a close partnership with Microsoft, which in relation to the customers offers a division of labour that suits Columbus IT's competences and growth strategy perfectly.

Microsoft does not primarily develop industry specific functionality for its business systems as the company's business model focuses on the development of functionality that can be sold in a very large volume, such as the Office package. Columbus IT builds further on the standard functionality in order to fulfil industry and company specific needs.

### Flexibility is the key

Microsoft Dynamics is a very flexible and suitable basic product for medium-sized companies; whether they operate primarily on the domestic market or in several countries.

This flexibility provides great benefits to both customers and suppliers, especially in a market situation that does not allow too large and long implementations.

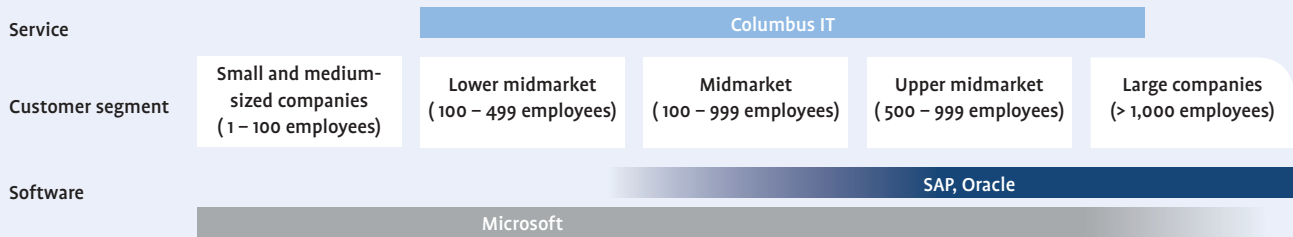
Microsoft's standard software is targeted towards medium-sized companies and delivers a solid foundation that is designed to be able to keep up with companies' growth in relation to business volume, geographic expansion, acquisitions, dividing into sections, etc. Columbus IT can add its own-developed industry solutions to Microsoft's software when this is relevant to the customer. In addition, Columbus IT can adapt the total software solution so it accommodates unique company specific and business-critical issues of the individual customer, just as the business system can be adapted to national requirements, language, code of practice, currency issues, etc.

The value Columbus IT's company solutions adds to the customer lies typically in automating and streamlining the financial processes as well as the sales and supply chain processes so the customer's efficiency and competitiveness is increased. A critical effect of digitalisation of the company's business processes is that management has easy access to updated data on all the company's issues. Thus, management is ensured an optimal and correct basis for far-reaching strategic decisions as well as more short-term, tactical decisions.

### Technologies grow together and Microsoft wins on easy integration and role-based systems

Today, the three biggest players on the market have 20% of the market share. Columbus IT expects that a consolidation

## Columbus IT's position in the market



will take place over the next 5-6 years and that the three biggest players will gain 80% of the market share just as on the other software markets. Microsoft will be the biggest player.

This is due to Microsoft's financial strength and the fact that the business systems of the future will, to an increasing extent, have to integrate still more and different software applications. The digital integration and an increased and effective data flow from still more inter-connected tasks is necessary in order for companies to base business-critical decisions on actual data and facts. The integration of even more software applications increases the complexity in these business systems.

Microsoft's simple and role-based solutions, where employees only see the data that they need for their work on their screens, accommodates therefore a significant competitive advantage: The companies can reduce their costs on software and on the training of employees as the user already knows the various functions and commands from

other software products. Likewise, employees will be able to quickly start using the systems which reduces wasted time.

Added to this, Microsoft already has at its disposal a comprehensive portfolio of applications that are integrated and add value to Microsoft's platform for business systems which are marketed under the collective name, Microsoft Dynamics. Therefore, Microsoft is considered as being in the best position to supply integrated and role-based solutions without the customers having to invest in large integration projects in order for several different suppliers' software to function together. It is moreover essential that Microsoft's business systems work in the same way as and together with other well-known and very widely spread products like Microsoft Office and Outlook. This makes it very easy for employees around the world to learn to work with new business systems.

### Development separated from service

Columbus IT has chosen to separate its service business – Columbus IT – from the software development – To-Increase





**Columbus IT's company for developing software, To-Increase, offers solutions to a number of industries with specific functionality needs:**

- Building and construction
- Retail trade
- Finance
- Foods and chemistry
- Trade and service
- High technology and electronics
- Furniture industry
- Production of industrial equipment
- Consulting companies
- Timber and wood industry
- Iron and metal industry
- Wholesale companies

– as this concerns two very different business models which however supplement each other perfectly in the same group.

The consulting business in Columbus IT is operated according to lean principles and has particular focus on the consultants' competences and quality. The profitability is created in particular through the re-sale of well-tested solutions but also through strict management of time consumption as well as risk management in large projects.

The software development in To-Increase occurs in close cooperation with Microsoft with the help of an innovative organisation that focuses on the development of the functionality that is actually demanded on the market. Sales occur via channel distribution – also to Columbus IT's competitors – and as with all software sales profitability is created via repetition. Another sales channel is Microsoft, which pursues a vertical strategy where the development of industry specific functionality in the business systems is outsourced to companies like To-Increase. In line with the demand for specific

functionality increasing, Microsoft will want to integrate this into the standard software itself and will purchase these software packages from companies like To-Increase.

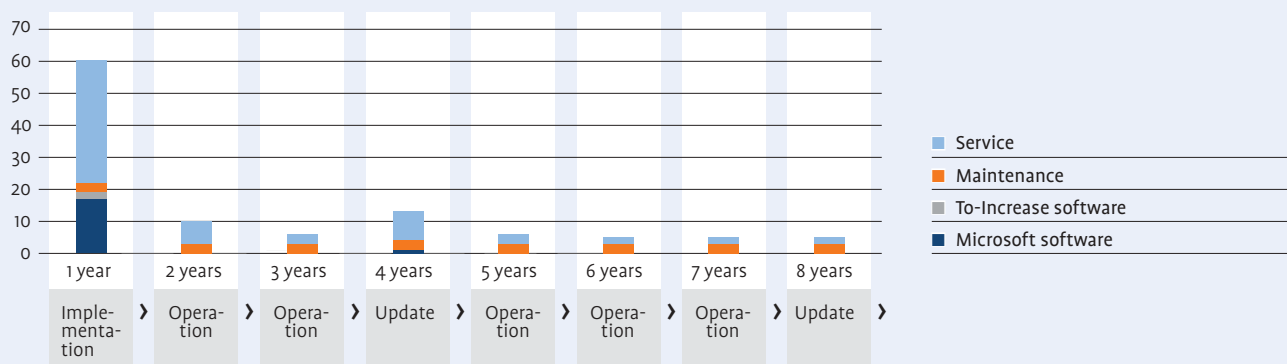
#### Customers ensure stable income

Through systematic and close follow-up on customer relations, Columbus IT's strategy is to build up and retain long-standing customer relationships which contribute to ensuring a stable income base for the Group regardless of fluctuating market trends in new sales. The Group also focuses constantly on creating value added for the customers – with the implementation of business systems and provision of consulting services – so their investments are quickly earned back and competitive advantages are achieved. Columbus IT's business philosophy is that the provision of true value added to the customers is the best assurance of the Group's future growth and income.

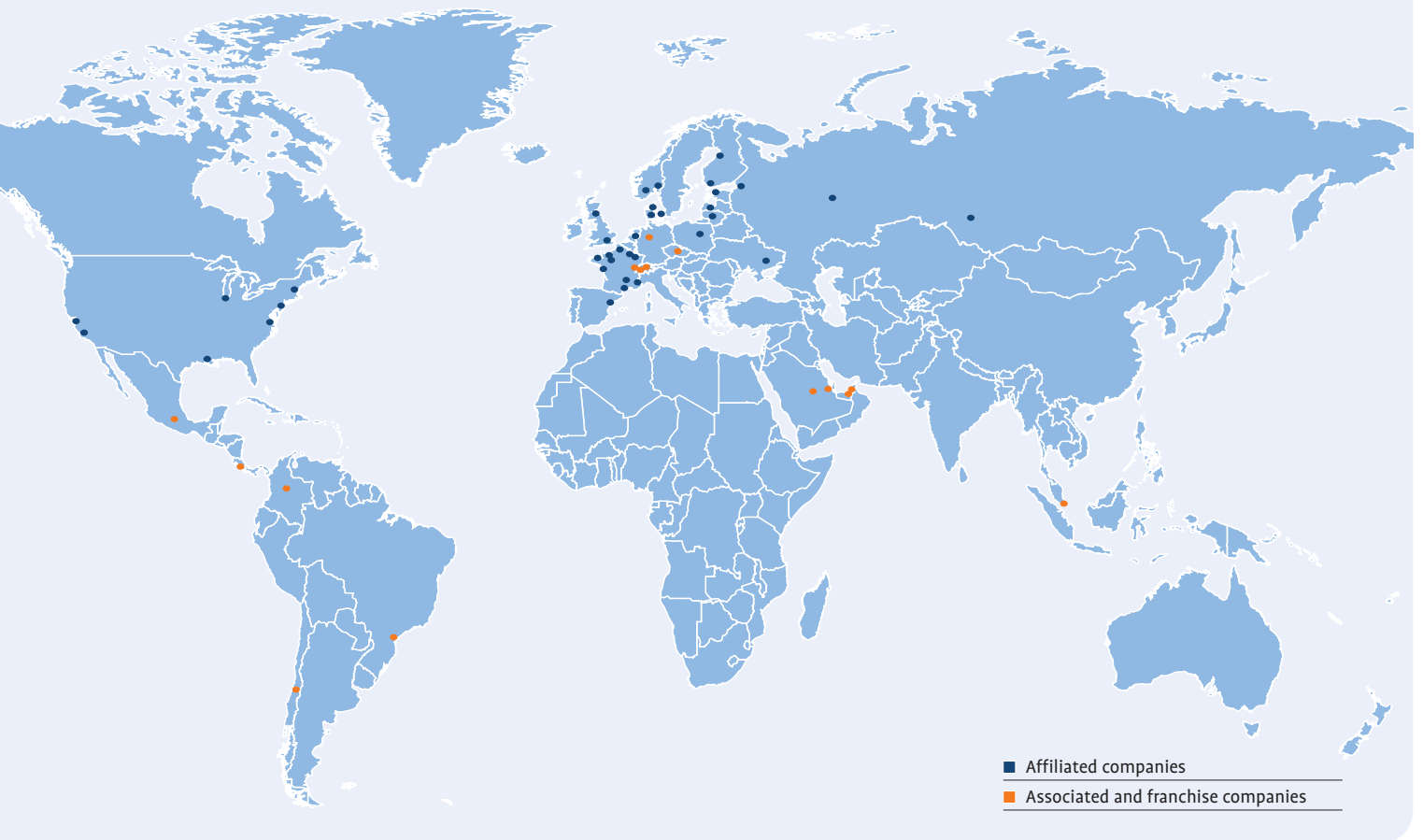
Columbus IT's customer relationships are typically long-standing as modern business systems require ongoing

## Business model

Development and allocation of revenues in a typical project course in percentage of total revenues



## Geographical coverage



maintenance and updating in order to still function optimally and to keep up with the company's development. A typical customer relationship is initiated with an analysis of the customer's situation and business challenges. The most appropriate standard software is selected together with the customer. Consultants clarify the customer's needs and develop, adapt and then implement the business system together with the customer so it supports the customer's work processes and solves the business challenges. Approx. 50% of Columbus IT's income is earned in this initial and important phase of the customer relationship.

A maintenance contract is then ensured so that the customer can continuously have flaws and deficiencies corrected in the standard software and to have the right to upgrading to new versions. Over a typical lifetime of a system of eight years, after one year Columbus IT has an annual income of 5-10% of the total lifetime price of the system. These earnings are distributed between consultancy services and maintenance of the system.

### Several services to existing customers

By constantly developing and attracting industry specialists, Columbus IT's objective is to become an even more strategic partner for our customers.

Globalisation means that the customers will be inspired by what others have done and 'best practice' is no longer a

local phenomenon. Therefore, to an increasing degree our customers also want advice from specialists with international competences when their business systems are to be designed and implemented.

### Columbus IT's geographic focus

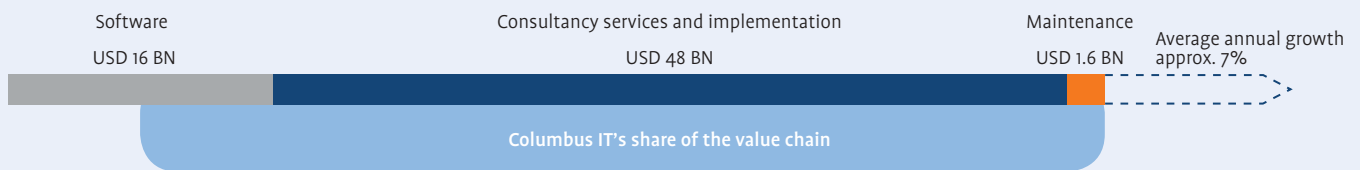
In general, Columbus IT wants to be able to service its customers locally where required. On a number of mature markets, the Group has built up its own organisations whilst other markets are serviced via partnerships and franchise agreements under Columbus IT's brand and supervision. The Group's goal is to be amongst the three largest consulting companies on the markets with own organisations. The lower limit for critical mass in a country organisation is typically approx. 40 employees and if this is considered as unobtainable within a manageable time period, the goal is instead to service the market via partnerships and franchise agreements.

Today, Columbus IT has its own organisations in a number of European countries, Eastern Europe and the US. On a few European core markets where the Group is not represented with its own organisation today, the Group wants to establish itself in the long term via acquisitions as new establishment and organic growth is not considered as possible on these mature markets.

Today, Columbus IT does not have own presence in Asia but will strengthen its distribution channel for the sale of indus-



## Global market size



In general, Columbus IT wants to be able to service its customers locally where required. The Group's goal is to be amongst the three largest consulting companies on the markets with own organisations.

try specific software from the Group's software development company, To-Increase. Columbus IT does not see an attractive perspective in establishing its own consulting business in Asia within the next few years.

### Global market of USD 55-65 billion annually

The global market for integrated business systems grows by about 8% per year according to leading analysis institutions. On the other hand, the continued strongly fragmented middle market, on which Columbus IT has its primary focus, displays growth rates of 25-50% with large geographic differences. The middle market – i.e. the market for business systems for medium-sized companies – is often defined as companies with 100 to 1,000 employees.

The analysis institutions estimate that the middle market comprises USD 16 billion annually for the software itself. Added to this is consultancy services, which calculated in relation to an average customer project – comprises a turnover of USD 48 billion whilst the turnover on maintenance comprises USD 1.6 billion. A consulting company's share of the price of the software typically comprises 40-50% depending on the software producer's and the consultancy company's position on the markets. The total market which Columbus IT addresses is thus estimated as being at a level of USD 55-65 billion annually with average annual growth rates in the region of 7%.



+11% +14% +1% +26% +2% +6%

Revenues  
2008

Revenues  
Nordic region

Revenues  
Western Europe

Revenues  
Eastern Europe

Revenues  
North and South  
America

Revenues  
To-Increase

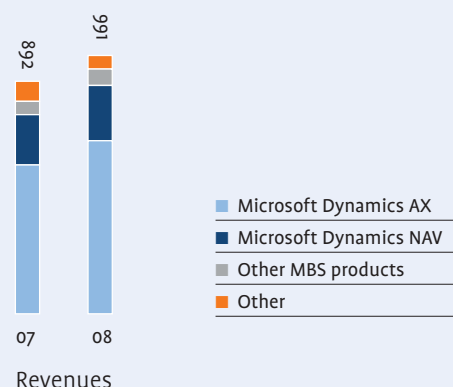
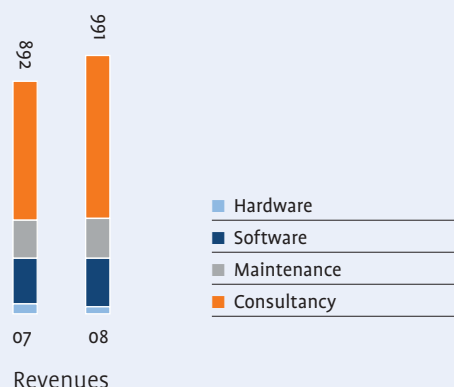
## 2008 outlined

- Revenues in 2008 totaled DKK 990.6M (DKK 892.4M in 2007), corresponding to an increase of 11%. This is in line with the announced expectations, cf. release no. 1 of February 19th 2009.
- Earnings before depreciation (EBITDA) totaled DKK 60.6M in 2008 (DKK 51.0M in 2007), corresponding to an increase of 19% compared to 2007. The result is in line with the announced expectations.
- Revenues in the Nordic region amounted to DKK 381M in 2008 (DKK 335M in 2007), corresponding to an increase of 14%. EBITDA for the period totaled DKK 45.0M (DKK 26.3M in 2007), which is an increase of 71% compared to 2007.
- Revenues in Western Europe amounted to DKK 214M in 2008 (DKK 211M in 2007). EBITDA for the period totaled DKK 24.3M (DKK 22.1M in 2007), corresponding to an increase of 10% compared to 2007.
- Revenues in Eastern Europe amounted to DKK 226M in 2008 (DKK 180M in 2007), corresponding to an increase of 26%. EBITDA for the period totaled DKK 12.9M (DKK 16.5M in 2007), corresponding to a decrease of 22%.
- Revenues in North and South America amounted to DKK 170M in 2008 (DKK 166M in 2007), corresponding to an increase of 2%. EBITDA for the period totaled DKK 13.6M (DKK 17.4M in 2007), corresponding to a decrease of 22%.
- The Group's software development company, To-Increase, had gross revenues of DKK 42.4M in 2008 (DKK 39.9M in 2007), corresponding to an increase of 6%. EBITDA for the period amounted to DKK 17.6M (DKK 16.4M in 2007), corresponding to an increase of 7%.
- The result after tax, and after an extraordinary goodwill impairment amounted to DKK 23.3M in 2008, which is an increase of DKK 17.6M compared to 2007, corresponding to an increase of 309%.
- Total equity increased to DKK 244.1M (DKK 225.5M in 2007), resulting in a solvency ratio of 43.6% (39.1% in 2007).
- Due to the uncertainty about the extent and duration of the current global financial turbulence, expectations to 2009 are reflecting considerable uncertainty. Group revenues from the sold-off subsidiaries in seven countries with effect from December 1st 2008 amounted to DKK 69M, corresponding to 7% of total revenues. Due to both the strengthened krone rate and the expected macroeconomic recession on the Group's markets, revenues in the remaining subsidiaries of the Group are expected to be below 2008 level. Consequently and due to the general financial uncertainty, earnings for 2009 are expected to be considerably below 2008 level.

# Key figures and ratios

DKKkm	2004	2005	2006	2007	2008
<b>Income statement</b>					
Net revenues	562.4	629.9	735.7	892.4	990.6
External project costs	-128.3	-176.4	-204.9	-250.2	-259.1
Gross earnings	434.1	453.5	530.8	642.2	731.4
Staff expenses	-293.3	-311.1	-360.9	-438.0	-494.9
Other external costs	-109.9	-118.5	-147.8	-153.8	-172.8
Other operating income	2.3	0.6	14.8	1.0	1.4
Other operating costs	-4.7	-0.2	-0.7	-0.3	-4.6
<b>EBITDA</b>	<b>28.5</b>	<b>24.3</b>	<b>36.2</b>	<b>51.0</b>	<b>60.6</b>
Depreciation excl. goodwill	-12.9	-11.7	-14.0	-18.6	-24.9
<b>EBITA</b>	<b>15.6</b>	<b>12.6</b>	<b>22.2</b>	<b>32.4</b>	<b>35.7</b>
Amortization and write down of goodwill	-12.9	-7.3	-1.8	-1.5	-11.8
<b>EBIT</b>	<b>2.6</b>	<b>5.3</b>	<b>20.4</b>	<b>31.0</b>	<b>23.9</b>
Results in associated companies	0.0	-0.1	-0.1	0.3	0.3
Net financial items	-8.0	-2.2	-5.2	-6.1	-7.9
<b>Pre-tax earnings</b>	<b>-5.3</b>	<b>3.0</b>	<b>15.1</b>	<b>25.1</b>	<b>16.3</b>
Tax on the result for the year	-6.2	-7.1	12.0	-4.4	6.9
<b>Result for the year, continued operations</b>	<b>-11.5</b>	<b>-4.1</b>	<b>27.1</b>	<b>20.7</b>	<b>23.3</b>
Result for the year, discontinued operations	-6.7	-2.0	-6.9	-15.0	0.0
<b>Result for the year</b>	<b>-18.2</b>	<b>-6.1</b>	<b>20.2</b>	<b>5.7</b>	<b>23.3</b>
<b>Allocated thus:</b>					
Shareholders of Columbus IT Partner A/S	-23.8	-10	21.2	5.3	24.4
Minority interests	5.6	3.9	-1.0	0.4	-1.1
	<b>-18.2</b>	<b>-6.1</b>	<b>20.2</b>	<b>5.7</b>	<b>23.3</b>
<b>Balance sheet</b>					
Long-term assets	115.1	229.7	256.1	250.0	259.8
Short-term assets	229.1	256.6	287.7	326.3	300.5
<b>Total assets</b>	<b>344.2</b>	<b>486.3</b>	<b>543.8</b>	<b>576.3</b>	<b>560.3</b>
Group shareholders' equity	6.5	147.3	201.1	214.0	234.4
Minority interests	19.5	11.9	10.9	11.6	9.8
Debt	318.2	327.1	331.8	350.7	316.1
<b>Total liabilities</b>	<b>344.2</b>	<b>486.3</b>	<b>543.8</b>	<b>576.3</b>	<b>560.3</b>
<b>Cash flow</b>					
Cash flow from continued operations	-15.4	22.1	35.0	55.6	35.4
Cash flow from discontinued operations	-0.1	-6.8	-5.2	-13.3	0.0
Net cash flow from investing activities	-9.2	-100.3	-47.7	-24.6	-55.1
Of which for investment in tangible fixed assets	-7.0	-6.9	-6.4	-11.3	-5.4
Cash flow from financing activities	36.8	70.2	27.2	-1.7	15.7
<b>Total cash flow</b>	<b>12.3</b>	<b>-1.2</b>	<b>9.3</b>	<b>16.0</b>	<b>-4.0</b>
<b>Key ratios</b>					
Gross margin II	5.1%	3.9%	4.9%	5.7%	6.1%
Operating profit margin (EBIT-margin)	0.5%	0.8%	2.8%	3.5%	3.3%
Equity ratio	7.0%	32.7%	38.8%	39.1%	43.9%
Return on equity	-264.1%	-10.1%	13.9%	2.6%	11.8%
Average number of shares, in thousands	37,628	59,918	72,529	76,160	77,040
Net asset value per share (BV)	0.17	2.46	2.77	2.81	3.1
Earnings per share (EPS)	-0.63	-0.17	0.29	0.07	0.32
Cash flow per share	-0.4	0.3	0.4	0.5	0.5
Share price, end of period	8.50	10.20	8.10	6.15	2.40
Headcount at the end of the period	803	943	1,024	1,124	1,050

The key figures and financial ratios above have been calculated in accordance with the Danish Society of Financial Analysts' "Recommendations and Key Figures 2005". Comparison figures for earlier years have been corrected to present earnings from discontinued operations separately. As a result of the directed rights issue at a price of DKK 3 per share in April 2005, the key figures for "Earnings per share" (EPS) and "Cash flow per share" have been calculated after applying a factor of 0.79.



## Development in 2008

### Income statement

Columbus IT's net revenues amounted to DKK 990.6M in 2008 compared to DKK 892.4M in 2007, corresponding to an increase of 11%.

Columbus IT's revenues primarily derive from sale of software licenses to Microsoft's business systems, from sale of maintenance contracts related to these software licenses, and from sale of consultancy services and service & support in relation to customers' use of these systems. To this comes "other" revenue, primarily from re-invoicing of expenses as well as sale of e.g. hardware to customers.

Revenues	2008		2007	
	DKKm	%	DKKm	%
Hardware	27	3%	38	4%
Software	186	19%	175	20%
Maintenance	153	15%	146	16%
Consultancy	625	63%	533	60%
Total	991	100%	892	100%

Revenues	2008		2007	
	DKKm	%	DKKm	%
Microsoft Dynamics AX	664	67%	571	64%
Microsoft Dynamics NAV	212	21%	193	22%
Other MBS products	63	6%	51	6%
Other	52	5%	77	9%
Total	991	100%	892	100%

Revenues from sale of software licenses grew to DKK 186M in 2008 compared to DKK 175M in 2007, corresponding to an increase of 6%. Revenues from sale of maintenance contracts increased to DKK 153M in 2008 compared to DKK 146M in 2007, corresponding to an increase of 5%, and the revenues from consultancy grew to DKK 625M in 2008 compared to DKK 533M in 2007, corresponding to an increase of 17%. Revenues from sale of all the Group's Microsoft related products increased in 2008 compared to 2007. The Group's

Microsoft Dynamics AX related revenues increased by 16% compared to 2007, to DKK 664M, and accounted for 67% of the Group's total revenues. Microsoft Dynamics NAV related revenues grew by 10% compared to 2007, to DKK 212M, and accounted for 21% of the Group's total revenues in 2008. Revenues related to other MBS products increased by 24% compared to 2007, to DKK 63M, and accounted for 6% of the Group's total revenues.

As the table below shows, revenues grew in all regions, and the majority of the Group's subsidiaries obtained revenues in line with or above expectations.

Earnings before depreciation, EBITDA, totaled DKK 60.6M in 2008 compared to DKK 51.0M in 2007, corresponding to an increase of 19%. Operating profit before goodwill impairment, EBITA, totaled DKK 35.7M in 2008 compared to DKK 32.4M in 2007, corresponding to an increase of 10%. Goodwill impairment increased to DKK 11.8M in 2008 compared to DKK 1.5M in 2007.

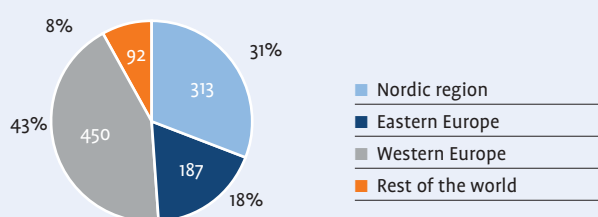
The Group's financials show net expenses of DKK 7.9M in 2008 compared to DKK 6.1M in 2007.

Corporation tax in profit-making foreign subsidiaries as well as a capitalization of a deferred tax asset in Denmark and Danish joint taxation rules mean that the total calculated tax for Columbus IT amounted to a net income of DKK 6.9M in 2008 compared to a net expense of DKK 4.4M in 2007.

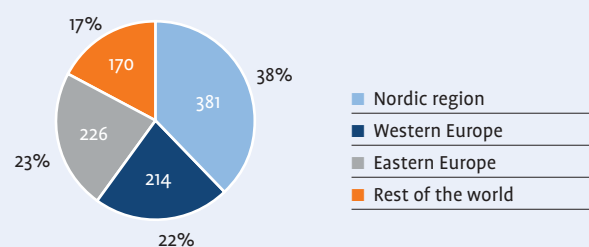
Total earnings of the year amounted to DKK 23.3M in 2008 compared to a total of DKK 5.7M in 2007. Earnings in 2007 were affected by discontinued operations in Austria, Finland and the Czech Republic, which amounted to DKK -15.0M.

### Accounting policies

The annual report for Columbus IT Partner A/S has been drawn up in accordance with International Financial Reporting Standards (IFRS) as adopted by EU, and the IFRS-order



Geographic distribution of employees 2008



Allocation of revenues 2008 (DKKm)

Revenues from sale of all the Group's Microsoft related products increased in 2008 compared to 2007.

	Revenues (DKKm)		EBITDA (DKKm)		Headcount (as of December 31 <sup>st</sup> )	
	2008	2007	2008	2007	2008	2007
Nordic region	381	335	45.0	26.3	313	291
Western Europe	214	211	24.3	22.1	187	213
Eastern Europe	226	180	12.9	16.5	450	387
North and South America	170	166	13.6	17.4	92	221
Parent Company	0	0	-35.2	-31.3	8	12
	<b>991</b>	<b>892</b>	<b>60.6</b>	<b>51.0</b>	<b>1,050</b>	<b>1124</b>

Note: Revenue figures state the revenue generated outside the Group in the regions. The Parent Company's figures are reported before costs being billed to subsidiaries in the regions. Thus, the subsidiaries' figures are reported exclusive of costs billed by the Parent Company.







issued pursuant to the order of the Company Accounts Act. The applied accounting principles are unchanged from the previous year.

#### Balance sheet

The Group's total balance as at December 31<sup>st</sup> 2008 amounted to DKK 560.3M, and is thereby reduced by 2.8% compared to year-end 2007. The balance sheet contains a negative exchange rate effect of DKK 10.2M caused by the strengthening of the Danish krone compared to some of the Group's other important currencies.

The Group's total goodwill amounted to DKK 160.8M as at December 31<sup>st</sup> 2008, corresponding to an increase of DKK 9.4M compared to 2007. As a result of an impairment test of goodwill and other long-term assets as at December 31<sup>st</sup> 2008 the management performed a goodwill impairment of DKK 11.8M in total. The goodwill impairment concerns the subsidiaries in Estonia, the US, France and the sold-off subsidiary in Switzerland.

Calculations of these impairment tests were made based on a number of assumptions about the macroeconomic development, budgets for 2009, etc. These assumptions are subject to some uncertainty due to the current financial turbulence.

As at December 31<sup>st</sup> 2008 the Group's trade receivables and net contract work in progress amounted to DKK 218.9M, corresponding to 39% of the total assets, which is a decrease of DKK 11.0M compared to year-end 2007. In 2008 the Group increased provisions for bad debts with DKK 7.2M compared to 2007, which is primarily due to the financial situation and the general increased uncertainty about the expectations for the future.

Despite the increased provisions for bad debts compared to 2007, the management's assessment of future losses on the trade receivables balance as at December 31<sup>st</sup> 2008 is still subject to some uncertainty due to the global financial turbulence.

#### Equity

Total equity amounted to DKK 244.2M at year-end 2008 (DKK 225.5M in 2007), resulting in a solvency ratio of 43.6% compared to 39.1% at the end of 2007.

In March 2008 Columbus IT issued shares in Columbus IT Partner A/S to settle the purchase price relating to the purchase of an additional 30% of the shares in the Lithuanian subsidiary, UAB Columbus IT Partner, Lithuania. Please refer to release no. 4 of March 5th 2008. Accordingly, a total of 708,597 shares were issued in 2008, which had a positive net impact on the equity of DKK 4.8M.

At the end of 2008 Columbus IT owned 1,749 own shares corresponding to 0.002% of the share capital.

#### Cash flow and liquidity status

Cash flow from operating activities constituted DKK 35.4M in 2008 compared to DKK 55.6M in 2007. This decline is mainly due to increased limitations in the Group's working capital.

The total investments in tangible and intangible assets amounted to DKK 25.7M in 2008 compared to DKK 28.1M in 2007. Of this DKK 20.2M relates to investments in software development projects, while the remaining approx. DKK 5.5M relates to acquisitions of tangible assets.

Cash flow from acquisition of subsidiary amounted to DKK -31.1M compared to DKK -2.4M in 2007. Cash flow from financing activities increased to DKK 15.7M in 2008 compared to DKK -1.7M in 2007.

Columbus IT held cash funds of DKK 54.1M on December 31<sup>st</sup> 2008 compared to DKK 61.0M at the same time 2007.

#### Latest developments

There have been no events since December 31<sup>st</sup> 2008 which could significantly affect the evaluation of the Group's financial position and revenues. Earnings in January and February 2009 are in line with the company's expectations.



The extensive work which has been in progress during the past few years in order for Columbus IT to become a leading consultancy and development company for industry specific business solutions to Microsoft Dynamics will continue in 2009.

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## Expectations to 2009

In 2009 Columbus IT will continue to position itself as a leading, global Microsoft Business Solutions partner, and the development of horizontal and vertical solutions will be based on Microsoft Dynamics. The extensive work which has been in progress during the past few years in order for Columbus IT to become a leading consultancy and development company for industry specific business solutions to Microsoft Dynamics will continue in 2009. Among other things, the work with global implementation of Group strategy for development and sale of solutions in close cooperation with Microsoft will continue.

Columbus IT is continuously assessing the acquisition opportunities, primarily in new and existing markets in Europe as part of the efforts to obtain critical mass.

Due to the uncertainty about the extent and duration of the ongoing global financial turbulence, expectations to 2009 are reflecting considerable uncertainty. Columbus IT expects the American market to be affected by the crisis through most of 2009, whereas the Russian market is expected to recover in the second half of 2009. Additionally, we expect Columbus IT's Nordic region to be less affected by the financial turbulence than our other regions.

At the beginning of 2009 the Danish krone was considerably strengthened compared to the year before, especially due to the exchange rate movements at the end of Q4. The most substantial exchange rate changes for the Group compared to the Danish krone is weakening of the British pound of 25%, of the Norwegian krone of 19% and of the Russian rouble of 14%. On the contrary the American dollar is strengthened 4% compared to the Danish krone.

Due to the uncertainty about the extent and duration of the current global financial turbulence, expectations to 2009 are reflecting considerable uncertainty. Group revenues from the sold-off subsidiaries in seven countries with effect from December 1<sup>st</sup> 2008 amounted to DKK 69M, corresponding to 7% of total revenues.

Due to both the strengthened krone rate and the expected macroeconomic recession on the Group's markets, revenues in the remaining subsidiaries of the Group are expected to be below 2008 level. Consequently and due to the general financial uncertainty, earnings for 2009 are expected to be considerably below 2008 level.



## Risk issues

Columbus IT's possibility of realising the company's strategic and operational objectives are subject to a number of commercial and financial risks. Columbus IT is constantly working on identifying the risks that can impact the company's future growth, activities, financial position and results and to the largest extent possible tries to accommodate and limit the risks which the company can impact through its own actions. Below, some of the risk factors management considers as being of special importance to the Group are described in a non-prioritised sequence.

Columbus IT attaches the most significant importance to conducting ongoing risk monitoring and management. The overall goal of risk management is to ensure that the company is run with a level of risk approved by the Board, which is in a sensible ratio to the activity level, the nature of the business and the company's expected earnings and equity.

### Commercial risks

#### Access to Microsoft's products

Columbus IT's business foundation is primarily based on the development and implementation of customer solutions based on Microsoft Dynamics. Access to the onward sale of Microsoft Dynamics is therefore of crucial importance to the implementation of Columbus IT's business strategy and Columbus IT works with focus on retaining the good relation and the high partner status with Microsoft.

#### Product development

The company's future success, including the opportunities for ensuring growth, depends on the ability to continue to improve existing solutions as well as developing new solutions and products adapted to the latest technology and the customers' needs.

Columbus IT has many years' experience in developing industry-related solutions and has now chosen to separate its development activities in a separate company, To-Increase, with a view to focusing resources and making a broader sale of these products possible.

#### International expansion and future business scope

Columbus IT establishes subsidiaries on an ongoing basis in line with the company's expansion. Columbus IT has long-time experience in the establishment of subsidiaries and has built up a number of internal procedures around the establishment itself and the subsequent ongoing operation and reporting with a view to reducing risks in connection with the establishments.

Part of Columbus IT's growth strategy includes the acquisition of companies, activities and technologies. These acquisitions are tied to both risks and challenges – among others, in connection with the integration of the acquired activities, including integration of products and technologies, the sales channel and employees.

#### Contracts

In the consulting part of Columbus IT, it is of crucial importance to be able to execute projects at the agreed time and price. Risks are attached to the phases of Sale, Analysis and Design, Development, Implementation and Commissioning. Columbus IT has carefully defined the individual phases as well as activities and tools contained in these phases with a view to active risk management and effective implementation, and through focusing already in the sales phase is striving towards a large degree of repetition both in relation to the customer problems that are solved and the procedure by which these problems are managed.

Through project reviews and ongoing analyses before, during and after initiation, Columbus IT tries to ensure that fixed price contracts are entered into with the correct pricing.

#### Ability to attract and retain employees

Columbus IT is a knowledge-intensive company and to be able to continuously offer the customers optimal solutions, develop innovative products and ensure satisfactory financial results, it is necessary to be able to attract and develop the right employees. Columbus IT has the goal of being an attractive workplace and this is achieved through incentive programs, attractive working conditions, employee and

In 2008, approx. 70 % of Columbus IT's revenue was billed in foreign currency. The revenue is distributed primarily on the currencies Danish kroner, rubels, dollars and euros.

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manager development as well as great importance on the company culture.

Currently, Columbus IT does not have any significant problems attracting employees for important functions.

#### **Insurance**

The company's insurance policy sets the overall frameworks for the scope and management of the company's risks in terms of insurance.

Columbus IT has taken out the relevant insurances, which are ordinarily taken out for comparable companies. Included are insurances for operating material and inventory. Management evaluates that the necessary and relevant precautions have been taken for the covering of the insurance issues. Columbus IT's insurance policy is revised annually in consultation with the Board of Directors.

### **Financial risk factors**

Columbus IT's international activities entail that the company's earnings and equity is affected by a number of financial risks and it is the company's policy to identify and cover these risks pursuant to the guidelines set by the Board of Directors and the Executive Board.

The finance policy sets up frameworks for the Group's currency, investment, financing and credit risks in relation to financial counterparts. The overall goal with risk management is to reduce the sensitivity of earnings to fluctuations in economic trends. The overall framework for the management of the financial and commercial risks is outlined by the Board of Directors annually with the basis in a low risk profile so that currency and interest risks only emerge in commercial conditions.

As a result of its operation, its investments and its financing, Columbus IT is exposed to changes in currency rates and interest level. The parent company controls the financial risks in the Group centrally and coordinates the Group's

liquidity management, including provision of capital and placement of excess liquidity.

#### **Foreign exchange rate risk**

In 2008, approx. 70 % of Columbus IT's revenue was billed in foreign currency. The revenue is distributed primarily on the currencies Danish kroner, rubels, dollars and euros.

On currency risk, Columbus IT is striving to match expenses against income and liabilities against assets. Furthermore, as many expenses and liabilities as possible are denominated in DKK. The actual currency risk is therefore limited to the cash flow that is not in DKK. In connection with international contracts, foreign currency risks are limited primarily through servicing from the local companies so that the Group's income and costs in foreign currency match to the largest extent possible.

Despite this, greater fluctuations in the most important currencies will have an influence on the financial position as well as the competitive ability.

The financial instruments in foreign currency are in all essentiality composed of receivables and debt as well as bank deposits.

The Group has not entered into any forward exchange transactions.

#### **Interest rate risk**

Fluctuations in the interest rate level has a limited affect on Columbus IT Group's financial instruments. At the end of 2008, an increase in the interest rate level of one half percentage point would have increased the value of Columbus IT Group's financial obligations by DKK 0.56M.

The financial obligations included in the sensitivity analysis comprise long-term and short-term debt to credit institutions. The main part of the Group's excess liquidity is placed on short-term deposits at floating interest rates.

#### **Credit risk**

The credit risk is the risk of a counterpart neglecting to fulfill

In its execution of its business, Columbus IT tries to assess and limit the environmental impacts. The company intends to contribute to a sustainable environment directly and indirectly.

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its contractual obligations and in so doing impose a loss on Columbus IT. The credit risk is monitored centrally.

The Group's credit risk originates mainly from receivables from the sale of products and services as well as deposits in financial institutions. Receivables from the sale of products and services are split between many customers and geographic areas. A systematic credit rating of all customers in the individual companies is conducted and a possible depreciation to accommodate loss on receivables is conducted based on this rating as well as considering the Group's guidelines about age of receivables. The rating likewise forms the basis for the payment terms that are offered to the individual customer.

#### **Capital risk**

The Group's management evaluates on an ongoing basis whether the Group's capital structure is in accordance with the Group's and the shareholders' interests. The overall objective is to ensure a capital structure that supports a long-term economic growth and simultaneously maximises the return to the Group's interested parties by an optimizing of the ratio between equity and debt. The Group's overall strategy is unchanged in relation to earlier years.

The Group's capital structure comprises debt, which includes financial obligations in the form of bank debt, financial leas-

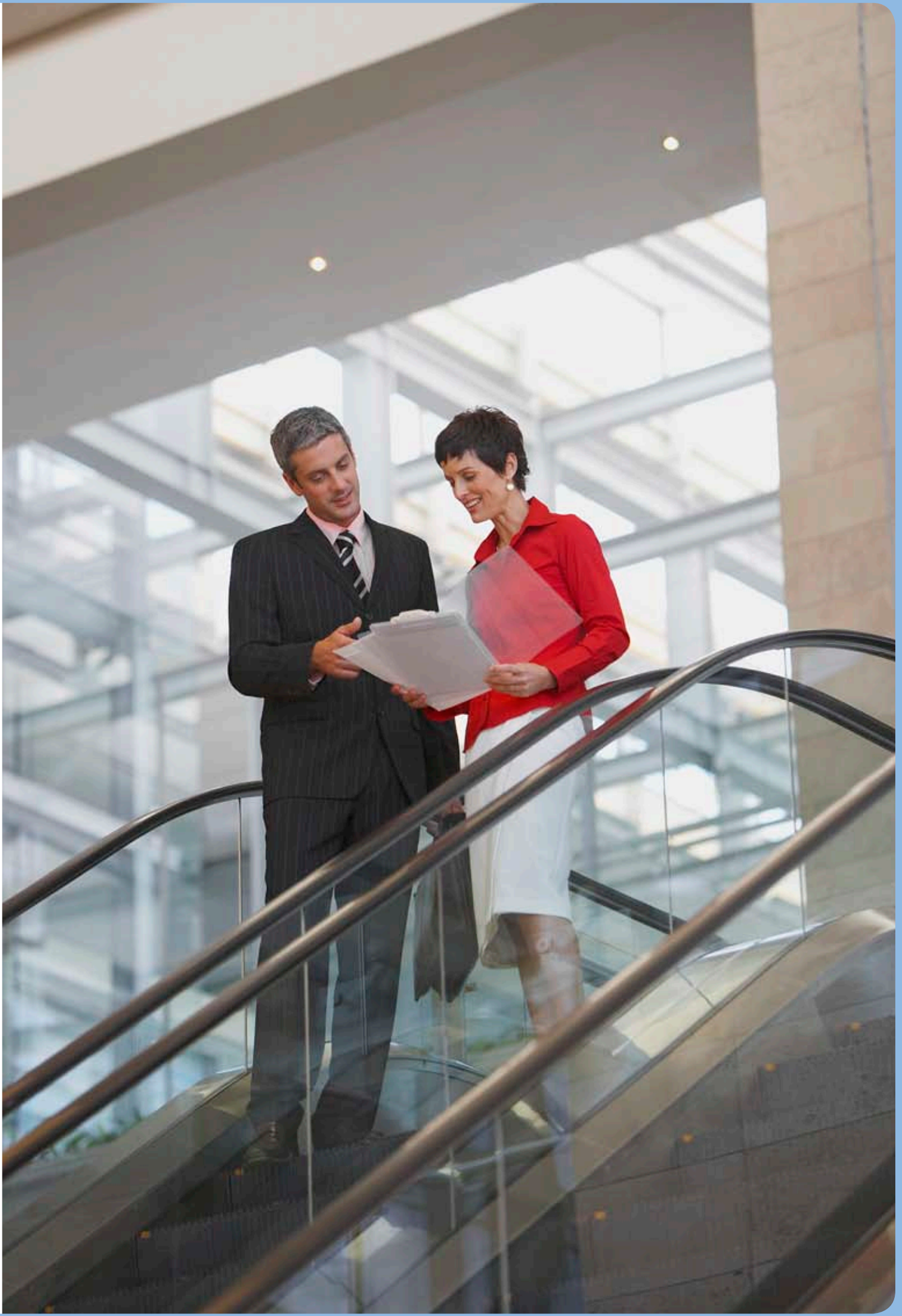
ing obligations and due corporate tax, cash in bank and on hand and equity including share capital, reserve for foreign currency translation adjustment as well as retained profit.

#### **Environmental issues**

In its execution of its business, Columbus IT tries to assess and limit the environmental impacts. The company intends to contribute to a sustainable environment directly and indirectly. The direct environmental impact from Columbus IT's activities is very limited as the activities exclusively cover the development of software products and the sale of these.

Columbus IT's impact on the external environmental relates essentially to the heating and cooling of the company's buildings and consumption of electricity and water. Importance is placed on choosing environmentally sensible solutions on these areas. The company is not involved in environmental issues and Columbus IT is not covered by the rules regarding environmental approval and the law regarding the presentation of "green accounts".





The Board of Directors is fundamentally in agreement with the recommendations regarding Corporate Governance from NASDAQ OMX Copenhagen and Columbus IT tries, to a broad extent, to follow the recommendations relevant to the company, which support the business and ensure value for the company's interested parties.

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## Corporate governance

The management model and organisation in Columbus IT is adapted on an ongoing basis so the company is equipped to the best possible extent to manage its obligations to shareholders, customers, employees, authorities as well as other interested parties. In this process, Columbus IT uses the recommendations about Corporate Governance from NASDAQ OMX Copenhagen as an important source of inspiration.

The Board is fundamentally in total agreement with NASDAQ OMX Copenhagen's recommendations about good company management and Columbus IT tries to a large extent to follow the relevant recommendations for the company, which support the business and ensure value for the companies interested parties.

### Interaction with stockholders and other interested parties

Columbus IT's management wishes and works actively to retain a good communication and dialogue with shareholders and other interested parties. The company believes that a high degree of openness in the communication of information about the company's development supports the company's work and a fair measurement of the company's shares.

The dialogue with and information to shareholders and interested parties takes place via the issuing of quarterly reports and other notifications from the company and through meetings with investors, analysts and the press. Quarterly reports and other notifications are accessible on Columbus IT's website immediately after publication. The website also contains material, which is used in connection with investor presentations. The website is in English, but notifications and annual reports are also available in Danish.

### General meeting

Shareholders have the final authority over the company and exercise their right to make decisions regarding Columbus IT at the general meetings where, e.g. the annual report and hereby also the overall guidelines for the remuneration of the Board of Directors and Executive Board, changes to the company's Articles of Association are approved. Notice of the general meeting occurs electronically with at least eight days' and at the most, four weeks' notice.

All shareholders have the right to participate and vote at the general meeting, cf. the Articles of Association. Shareholders also have the opportunity to give proxy to the Board of Directors or others for every point on the agenda. The general meeting gives the shareholders the opportunity to ask the Board of Directors and Executive Board questions, just as before a given deadline, the shareholders can submit proposals that are requested to be handled at the general meeting.

### Management structure

Columbus IT Partner A/S is a public limited company in compliance with Danish legislation and thus has a bipartite management structure, which comprises the Board of Directors and Executive Board. On behalf of the shareholders, the Board of Directors attends to the supervision of the company's performances and results as well as its management and organisation. The Board of Directors likewise contributes to the determination of the company's strategy. The Group Executive Board is responsible for the company's daily operation. The two organs are independent of each other and there is no concordance in the group of people in the two organs.

### The Board of Directors' work

On behalf of the shareholders, the Board of Directors attends to the overall management of Columbus IT and sets the objectives and strategies of the company as well as approves the overall budgets and plans of action. Furthermore, the Board of Directors supervises the company, in the broad sense, and checks that the company is managed in a responsible manner and in accordance with legislation and the Articles of Association. The general guidelines for the Board of Directors' work are specified in the rules of procedure, which are reviewed at least once annually and are adapted to Columbus IT's needs. The latest adaptation occurred in 2008. The rules of procedure contain, e.g. procedures for the Executive Board's reporting, the working method of the Board of Directors as well as a description of the tasks and areas of responsibility of the chairman of the Board.

The Board of Directors receives ongoing information about the company's circumstances. The information occurs sys-



tematically as well as at meetings and in written and verbal ongoing reporting. The Board of Directors receives a fixed monthly reporting, which among other things, contains information about the financial development as well as the most important activities and transactions.

In 2008, 15 board meetings were held. At the board meetings, the company's future strategy is regularly discussed.

In 2008, there has been four non-attendance at the board meetings. Group management participates in the board meetings and has right of discussion, which ensures that the Board of Directors is well-informed about the company's operation.

Columbus IT has so far not found it necessary to form a committee under the Board of Directors. Instead, in actual cases the Executive Board has drawn on special competences from the members of the Board of Directors.

#### **Composition of the Board of Directors**

Currently, the Board of Directors comprises four members elected by the general meeting.

The Board members are elected by the general meeting for one year at a time with the option for re-election. Columbus IT has no age limit for the Board as the company believes that what is crucial is each member of the Board's commitment, effort and competences – not the age of the member.

The Board of Directors is composed of persons who have such insight and experience that when combined, the Board can attend to the shareholders' and the company's interests in the best possible way. In connection with the nomination of new Board members, a careful assessment is conducted of which knowledge and professional experience is needed with a view to ensuring the presence of the necessary competences in the Board. With nomination for election at the general meeting, the Board sends out a description of the individual candidate's background, relevant competences as well as management experience prior to the meeting, just as the Board substantiates the nomination in relation to the specified criteria for recruitment.

The Board elects a chairman. NASDAQ OMX Copenhagen recommends that a deputy chairman is elected. The Board has assessed that a deputy chairman is not necessary for the Board and its work.

Information about the individual Board members can be found on page 24 in this annual report.

The Board has prepared a work and task description, which contains a description of the chairman of the Board's tasks, obligations and responsibilities.

Two of the Board members elected by the general meeting are deemed as being independent, cf. recommendations from NASDAQ OMX Copenhagen. This concerns Claus True Hougesen and Jørgen Cadovius.

A member of the Board elected by the general meeting, Sven Madsen, who has been CFO of Columbus IT up to 31 December 2007, is a member of the Executive Board of the company and is therefore not independent, cf. "Recommendations regarding good Corporate Governance" from NASDAQ OMX Copenhagen.

Finally, the Board member, Ib Kunøe, is not considered as being independent as he is the main shareholder in the company.

NASDAQ OMX Copenhagen recommends that at least half of the Board members elected by the general meeting are independent. Two of Columbus IT's four Board members are not, as mentioned above, considered as being independent, cf. the definition of the recommendations. In connection with the election of these Board members, it has been assessed that the value of their professional competences and insight into the company's challenges exceed the meaning of independency, cf. the definition of the recommendations. The Board deems that the current composition means an appropriate latitude in the members' approach to the tasks and contributes to ensuring qualified considerations and decisions.

According to Danish legislation, employees in Danish companies are entitled to elect a number of members to the Board corresponding to half of the number of Board members who are elected by the general meeting. Employees in Columbus IT have not elected board members.

#### **Executive Board**

The Executive Board is appointed by the Board of Directors, which determines the Executive Board's terms of employment.

The Executive Board is responsible for the daily operation of Columbus IT, including Columbus IT's activity and operational development and results as well as internal business. The Board of Directors' delegation of responsibility to the Executive Board is determined in the Board's rules of procedure and in the rules of the Corporation Law.

The Executive Board comprises the Chief Executive Officer.

#### **Remuneration to the Board of Directors and Executive Board**

The principles in Columbus IT Group's remuneration policy reflects the objective regarding a proper governance process and a lasting and long-term value creation for the Group's shareholders.

##### *Remuneration for the Board of Directors*

- Columbus IT's Board of Directors is paid exclusively with a fixed remuneration and is not covered by any form of incentive or performance-dependent remuneration.
- The Board's basic remuneration is set at a level that conforms to the market and which reflects the requirements to the Board members' competences and efforts seen in the light of the Group's complexity, the scope of the work and the number of board meetings.

##### *Remuneration of the Executive Board*

- The Executive Board is employed on a contract basis. An assessment of the remuneration occurs once annually. The deciding factor for the remuneration of the Executive Board is the desire to ensure the Group's continued possibility to attract and retain the best qualified Executive Board members and the presence of a good basis for succession.

- The elements in the Executive Board's combined remuneration is made up with the basis in market practice and the Group's specific needs.
- In connection with the annual assessment of the Executive Board member's remuneration, a systematic assessment is conducted of the development in market practice. The Executive Board's remuneration can comprise of fixed salary, cash bonus, share-based bonus in the form of Columbus IT shares and derivatives based on these, pension as well as any anniversary special bonus.
- The combined level for the non-variable elements in the remuneration is determined taking the market level into consideration because among other things, the size, complexity, number of employees and development direction of the Group is taken into consideration.
- Executive Board members receive contribution-based pension schemes. Moreover, Executive Board members receive free telephone and free car, corresponding to their position.

NASDAQ OMX Copenhagen recommends that the annual report contains some detailed information about remuneration to the individual members of management, including content in retirement benefit plans, etc. At present, there is no useful or fair reason to publish information about remuneration to individuals.

#### **Assessment of the Board of Directors and Executive Board**

Columbus IT's Board of Directors does not conduct a formalized self-assessment, but has an ongoing dialog about how the Board functions and how the work can be optimized. The same applies to the assessment of the Executive Board's work and to the cooperation between the Executive Board and the Board of Directors. This more informal and ongoing approach suits the company better.

#### **Risk management**

It is the Board of Directors' task to supervise that an effective risk management occurs, including that significant risks are identified, that systems are constructed for risk management and that a risk policy and risk frameworks are determined. The policies for the operational and financial

risk management are adopted by the Board of Directors and reporting regarding significant risks are included in the ongoing reporting to the Board of Directors.

Group management is responsible for the ongoing risk management, including the mapping and assessment of the individual risks that are involved in Columbus IT's business activities.

For a more detailed description of Columbus IT's risks, referral is made to page 16 of the annual report.

As part of the management of the company's risks, internal control systems have been established, which the Board of Directors assesses at least once annually with a view to ensuring that these are appropriate and sufficient and in accordance with good practice on the area.

#### **Audit**

Columbus IT's external accountant is elected by the general meeting for one year at a time. Prior to the nomination for

election at the general meeting, the Board of Directors conducts a critical assessment of the accountant's independency and competence.

The frameworks for the accountant's work – including remuneration, audit-related tasks as well as non-audit related tasks – are described in an agreement.

The Board members receive the external accountant's audit protocol regarding the accountant's review of the annual report. The Board reviews the annual report and the audit protocol at a meeting with the external accountant and the accountant's observations and significant issues that have arisen in connection with the audit are discussed. Moreover, the significant accounting principles and the audit's evaluations are reviewed.



# The Board of Directors and Executive Board

## The Board of Directors

### Ib Kunøe

Born 1943

Chairman of the Board

Joined the Board in 2004, re-elected in 2005, 2006, 2007 and 2008.

#### *Chairman of the board for:*

Atea ASA, CDrator A/S, Consolidated Holdings A/S, Core Workers A/S, DAN-Palletiser A/S, DAN-Palletiser Holding A/S, Mondo A/S, Morsing PR ApS, Netop A/S and Thrust IT A/S.

#### *Member of the board for:*

Atrium Partner A/S, Primare Systems AB.

#### *Special competences:*

Company management, including management of IT companies as well as dealing with companies.

Ownership in Columbus IT Partner A/S	Number	Changes in financial year
Shares	25,163,161	0
Options	0	0
Warrants	0	0

### Jørgen Cadovius

Born 1945

Joined the Board in 2004, re-elected in 2005, 2006, 2007 and 2008.

Solicitor and Managing partner in firm of solicitors Lind & Cadovius.

#### *Chairman of the board for:*

A&C Catering A/S, Cavan A/S, Cavan Invest A/S, Cavan Venture A/S, Carliis Holding A/S, Carliis Trading A/S, EMRI A/S, Frese A/S, Frese Metal- og Stålstøberi A/S, Frugtring A/S, Inter Express Transport A/S, Jørgen Schultz Holding A/S, Lind Cadovius Advokataktieselskab, Objective A/S, Tiedemann Independent A/S and Theodor Lund & Petersen Holding A/S.

#### *Member of the board for:*

JS af 14.11.2003 A/S, Jørgen Schultz Shipping A/S, Kalundborg Spedition og Stevedore Company A/S, Rejse Kompagniet A/S and Theodor Lund & Petersen A/S.

#### *Special competences:*

General management as well as legal and company law issues.

Ownership in Columbus IT Partner A/S	Number	Changes in Financial year
Shares	18,000	18,000
Options	0	0
Warrants	0	0

### Claus True Hougesen

Bord 1963

Joined the Board in 2004, re-elected in 2005, 2006, 2007 and 2008.

President & CEO of Atea ASA.

#### *Chairman of the board for:*

Atea AB, Atea OY, Atea AS, Atea A/S and Atea UAB.

#### *Special competences:*

International sales and management of IT companies.

Ownership in Columbus IT Partner A/S	Number	Changes in Financial year
Shares	0	0
Options	0	0
Warrants	0	0

### Sven Madsen

Joined the Board in 2007, re-elected in 2008.

Born 1964, CFO in Consolidated Holdings A/S.

#### *Chairman of the board for:*

Hands Danmark A/S, Columbus IT Partner Finance A/S, To Increase Denmark A/S, CHV IV A/S and CHV III A/S.

#### *Member of the board for:*

CHV II AF 5.12.2006 A/S, Consolidated Holdings A/S, Core Workers A/S, Ejendomsaktieselskabet af 1920 A/S, Guideix A/S, Primare Systems AB, Thrust IT A/S, DAN-Palletiser Holdings A/S, DAN-Palletiser A/S, DAN-Palletiser Ltd, Ejendommen Industrivej 12 A/S and Atea A/S.

#### *Special competences:*

General management as well as economic and financial issues

Ownership in Columbus IT Partner A/S	Number	Changes in Financial year
Shares	125,000	0
Options	0	0
Warrants	0	0

## Executive Board

### **Claus Eilskov Schwanenflügel Hansen**

Born 1964

Joined as COO in August 2007, CEO in December 2008.

## Other leading employees

### **Heine Thorsgaard**

Born 1972

Joined as CFO in December 2007

# Shareholder information

## Shareholder information

Columbus IT Partner's shares have been listed on NASDAQ OMX Copenhagen since May 1998 and has ID code DK0010268366 and abbreviated name COLUM. Columbus IT is included in the SmallCap+ index.

At the end of 2008, the price of a Columbus IT Partner share was 2.4, whilst at the end of 2007 it was at 6.15 – a drop of 61%. In comparison, the SmallCap+ Index on NASDAQ OMX Copenhagen dropped in the same period with 46%.

In 2008, a total of 21 million shares were sold corresponding to 27.5% of the total number of shares at the end of 2008 (2007: 90%). The average revenue per business day comprised DKK 0.42M in 2008.

The company's market value comprised DKK 185M at the end of 2008 against DKK 470M at the end of 2007.

The share capital in Columbus IT at the end of 2008 comprised 77,172,424 shares at DKK 1.25, corresponding to a nominal share capital of DKK 96,465,530. Each share provides one vote. The shares are marketable securities and no restric-

tions have been set for the shares' negotiability. The shares must be named and noted in the company's share register.

Columbus IT is covered by:

- Danske Markets Equities
- Gudme Raaschou

## Ownership

At the end of 2008, Columbus had 6,818 registered shareholders, which together owned 98.27% of the total share capital.

The following shareholders have informed Columbus IT of possession of 5% or above of the share capital:

	Number of shares	%
Consolidated Holdings	25,163,161	32.61%
Gaardboe Holding	13,012,461	16.86%
Other shareholders	38,996,802	50.53%
<b>Total</b>	<b>77,172,424</b>	<b>100.00%</b>

Members of Columbus IT's Board of Directors and Executive Board owned in total 32.79% of the share capital at the end of 2008.





At the end of 2008, Columbus IT owned 1,749 own shares corresponding to 0.002% of the share capital.

#### **Dividends**

Columbus IT has not yet paid dividends and neither is this expected to occur in the next few years.

The timing and size of possible future dividends will depend on the company's future earnings, cash flow, capital needs, investment plans and other relevant issues.

#### **Investor Relations**

Columbus IT endeavours to maintain a high and consistent information level to its shareholders and other interested parties. A goal of the company is to have an active dialog with shareholders, share analysts, the press and the public as a whole. The communication with interested parties takes place via the ongoing publication of notifications, investor presentations as well as individual meetings.

The website, [www.columbusit.com](http://www.columbusit.com) is the primary source of information for interested parties and it is updated constantly with new and relevant information about Columbus

IT's results, activities and strategy. Shareholders, analysts, investors, stockbrokers as well as other interested parties who have questions regarding Columbus IT are requested to enquire at:

Columbus IT  
Lautrupvang 6  
2750 Ballerup

Contact person: CFO Heine Thorsgaard  
Phone: +45 70 20 50 00  
e-mail: [heine.thorsgaard@columbusit.com](mailto:heine.thorsgaard@columbusit.com)

#### **General meeting**

The company's ordinary general meeting will be held on 27 April 2009 at 10 a.m. at Lautrupvang 6, meeting room 4, 2750 Ballerup.

#### **Development in share capital**

<b>Development in share capital in Columbus IT Partner A/S since 1 January 2008</b>	<b>Capital- increase (DKK nom.)</b>	<b>Gross capital contribution (DKK)</b>	<b>Combined share capital (DKK nom.)</b>	<b>No. of shares at nom. DKK 1.25</b>
Capital increase on 4 March 2008 at price of DKK 6,83 per share (Amended issues, non-cash contribution of claims)	885,746	708,597	96,465,530	77,172,424

Note:

<sup>A)</sup> Based on business day 4 March 2008, regarding. UAB Columbus IT Partner, Lithuania

# Notifications to NASDAQ OMX Copenhagen

## 2008

1	1 January	Incentive scheme for senior executive
2	30 January	Upgrade of profit forecast for 2007
3	3 March	Completion of negotiations on acquisition in Lithuania
4	5 March	Share issue in connection with acquisition of additional shares in Columbus Lithuania
5	17 March	Annual report and financial statements 2007
6	1 April	Notice to convene annual general meeting
7	21 April	Minutes of ordinary general meeting held 21 April 2008
8	8 May	Quarterly report Q1 2008
9	9 May	Trading in Columbus IT Partner A/S shares by insiders
10	14 August	Interim report 2008
11	23 August	Claus E. Hansen new CEO in Columbus IT
12	12 November	Quarterly report Q3 2008
13	21 November	Trade with shareholdings
14	15 December	Financial calendar 2009

## 2009

1	19 February	Specification of expectations for 2008
2	23 March	Annual report and financial statements 2008
3	8 April	Notice to convene annual general meeting

## Expected publication of financial information

General meeting	27 April 2009
Interim report, 1st quarter	27 April 2009
Interim report, 2nd quarter	13 August 2009
Interim report, 3rd quarter	12 November 2009

Immediately following publication, the notifications will be available on Columbus IT's website: [www.columbusit.com](http://www.columbusit.com).

# Group overview

Company	Country	Ownership by Columbus IT Partner A/S, %	Columbus IT's share of voting right, %	No. of employees 31/12 2008
Columbus IT Partner A/S	Denmark			8

## Affiliated companies

### Nordic region

Columbus IT Partner Danmark A/S	Denmark	100	100	253
To Increase Denmark	Denmark	100	100	5
Columbus IT Partner Norge AS	Norway	73	73	60

### Western Europe

Columbus IT Partner France SAS	France	100	100	48
Columbus IT Partner (UK) Ltd	England	100	100	44
To Increase B.V.	Netherlands	100	100	38
Columbus IT Partner B.V.	Netherlands	100	100	32
Columbus IT Partner Espana S.L.	Spain	100	100	25

### Eastern Europe

ZAO Columbus IT Partner	Russia	100	100	174
Columbus IT Partner Ukraine	Ukraine	100	100	8
Columbus IT Partner Kazakhstan	Kazakhstan	100	100	5
Columbus IT Partner LT	Lithuania	81	81	130
Columbus IT Partner Eesti AS	Estonia	51	51	55
Columbus Polska Sp. z o.o.	Poland	51	51	45
Columbus IT Partner SIA	Latvia	64	64	33

### North and South America

Columbus IT Partner USA Inc	USA	100	100	92
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## Associated companies

### Rest of the world

Columbus IT Middle East FZ-LLC	United Arab Emirates	23	23	38
Columbus IT Saudi Arabia FZC	Saudi Arabia	23	23	0

Note: The overview only contains the Group's operative companies



# Income statement

DKK '000	Note	Group		Parent company	
		2008	2007	2008	2007
Net revenues	4	990,577	892,366	27,011	23,592
External project costs		-259,134	-250,181	1	-61
<b>Gross earnings</b>		<b>731,443</b>	<b>642,185</b>	<b>27,012</b>	<b>23,531</b>
Staff expenses	6	-494,913	-438,042	-12,445	-12,987
Other external costs		-172,775	-153,771	-18,567	-19,393
Other operating income	7	1,407	972	1,339	698
Other operating costs	7	-4,563	-318	-10,242	-19,425
<b>Earnings before depreciation (EBITDA)</b>		<b>60,600</b>	<b>51,026</b>	<b>-12,903</b>	<b>-27,576</b>
Depreciation	12, 13	-24,862	-18,578	-1,101	-1,758
<b>Earnings before write down of goodwill (EBITA)</b>		<b>35,738</b>	<b>32,448</b>	<b>-14,004</b>	<b>-29,334</b>
Write down of goodwill	12, 14	-11,823	-1,495	-5,500	-289
<b>Operating profit (EBIT)</b>		<b>23,915</b>	<b>30,953</b>	<b>-19,504</b>	<b>-29,623</b>
Results in affiliated companies		0	0	551	2,171
Results in associated companies	8	298	263	0	96
Financial income	9	7,711	8,350	5,773	4,475
Financial expense	9	-15,611	-14,470	-6,913	-6,998
<b>Pre-tax earnings</b>		<b>16,313</b>	<b>25,096</b>	<b>-20,093</b>	<b>-29,879</b>
Tax on the result for the year	10	6,942	-4,414	15,717	-157
<b>Result for the year, continued operations</b>		<b>23,255</b>	<b>20,682</b>	<b>-4,376</b>	<b>-30,036</b>
Discontinued operations	5	0	-14,960	0	0
<b>Result for the year</b>		<b>23,255</b>	<b>5,722</b>	<b>-4,376</b>	<b>-30,036</b>
Allocated thus:					
Shareholders of Columbus IT Partner A/S		24,364	5,348		
Minority interests		-1,109	374		
		<b>23,255</b>	<b>5,722</b>		
Earnings per share of DKK 1.25 (EPS)					
Continued and discontinued operations	11	0.32	0.07		
Continued and discontinued operations, diluted	11	0.32	0.07		
Continued operations	11	0.32	0.27		
Continued operations, diluted	11	0.32	0.27		
Proposal for appropriation of net result:					
Retained profit				-4,376	-30,036

# Balance sheet

		Group		Parent company	
DKK '000	Note	2008	2007	2008	2007
<b>ASSETS</b>					
<b>Intangible assets</b>					
Goodwill		160,828	151,377	0	0
Royalties		3,322	141	0	0
Development projects finalized		43,033	38,116	2,753	2,361
Development projects in progress		3,680	4,145	0	0
<b>Intangible assets</b>	12	<b>210,863</b>	<b>193,779</b>	<b>2,753</b>	<b>2,361</b>
<b>Tangible assets</b>					
Leasehold improvement		873	1,226	17	79
Plant and operating equipment		11,287	14,796	421	704
<b>Tangible assets</b>	13	<b>12,160</b>	<b>16,022</b>	<b>438</b>	<b>783</b>
<b>Financial assets</b>					
Holdings in affiliated companies	14	0	0	256,280	254,602
Holdings in associated companies	15	1,047	1,520	318	1,455
Deferred tax assets	10	35,719	34,199	12,853	6,910
Other receivables	16	0	4,476	0	4,477
<b>Financial assets</b>		<b>36,766</b>	<b>40,195</b>	<b>269,451</b>	<b>267,444</b>
<b>Total long-term assets</b>		<b>259,789</b>	<b>249,996</b>	<b>272,642</b>	<b>270,588</b>
Inventories	17	1,932	6,655	0	0
<b>Receivables</b>					
Trade receivables	18	195,908	203,889	5,989	1,554
Contract work in progress	19	23,024	26,086	0	0
Receivables from affiliated companies	20	0	0	78,274	74,273
Corporation tax	10	3,093	4,536	0	0
Other receivables	21	14,028	18,355	10,976	6,399
Accruals	22	8,366	5,814	330	611
<b>Receivables</b>		<b>244,420</b>	<b>258,680</b>	<b>95,569</b>	<b>82,837</b>
<b>Cash</b>		<b>54,121</b>	<b>60,959</b>	<b>3,355</b>	<b>774</b>
<b>Total short-term assets</b>		<b>300,473</b>	<b>326,294</b>	<b>98,924</b>	<b>83,611</b>
<b>TOTAL ASSETS</b>		<b>560,262</b>	<b>576,290</b>	<b>371,566</b>	<b>354,199</b>



# Balance sheet

		Group		Parent company	
DKK '000	Note	2008	2007	2008	2007
<b>LIABILITIES</b>					
<b>Equity</b>					
Share capital	23	96,466	95,580	96,466	95,580
Reserves on foreign currency translation		-14,118	-5,313	0	0
Retained profit		152,035	123,714	91,977	92,396
Group shareholders equity		234,383	213,981	188,443	187,976
Minority interests		9,753	11,558	0	0
<b>Equity</b>		<b>244,136</b>	<b>225,539</b>	<b>188,443</b>	<b>187,976</b>
<b>Long-term debt</b>					
Deferred tax	10	778	1,139	0	0
Credit institutions	24	9,374	780	0	0
Other debt	25	4,234	2,025	0	0
<b>Long-term debt</b>		<b>14,386</b>	<b>3,944</b>	<b>0</b>	<b>0</b>
<b>Short-term debt</b>					
Credit institutions	24	101,714	92,775	26,719	33,257
Debt to shareholders		0	6,487	0	6,487
Debt to affiliated companies		0	0	147,037	113,365
Client prepayments		28,796	37,679	0	0
Trade accounts payable		60,777	94,568	723	2,636
Corporation tax	10	62	728	0	0
Other debt	25	106,276	109,185	8,645	9,412
Accruals	26	4,114	5,385	0	1,066
<b>Short-term debt</b>		<b>301,740</b>	<b>346,807</b>	<b>183,124</b>	<b>166,223</b>
<b>Total debt</b>		<b>316,126</b>	<b>350,751</b>	<b>183,124</b>	<b>166,223</b>
<b>TOTAL LIABILITIES</b>		<b>560,262</b>	<b>576,290</b>	<b>371,566</b>	<b>354,199</b>
Any liabilities and other collateral	27				
Notes without reference	28-35				

# Statement of changes in equity – Group

	Shareholders in Columbus IT Partner A/S				
		Reserves on foreign currency translation	Retained profit	Minority interests	Equity
DKK ´000	Share capital				
Group 2008					
Balance at January 1st 2008	95,580	-5,313	123,714	11,558	225,539
Foreign currency translation		-8,805		-1,421	-10,226
Other reserves					
Net income recognised income and expense		-8,805		-1,421	-10,226
Profit for the year			24,364	-1,109	23,255
Total recognised income and expense		-8,805	24,364	-2,530	13,029
Capital increase	886		3,957		4,843
Issue of share warrant scheme					
Addition of minority interests				897	897
Payment of dividends				-172	-172
Balance at December 31 <sup>st</sup> 2008	96,466	-14,118	152,035	9,753	244,136
Group 2007					
Balance at January 1st 2007	93,929	-1,455	108,614	10,899	211,987
Foreign currency translation		-3,858			-3,858
Other reserves				412	412
Net income recognised income and expense		-3,858		412	-3,446
Profit for the year			5,348	374	5,722
Total recognised income and expense		-3,858	5,348	786	2,276
Capital increase	1,651		9,123		10,774
Issue of share warrant scheme			629		629
Addition of minority interests				260	260
Payment of dividends				-387	-387
Balance at December 31 <sup>st</sup> 2007	95,580	-5,313	123,714	11,558	225,539

## Statement of changes in equity – parent company

DKK '000	Share capital	Retained profit	Equity
<b>Parent company 2008</b>			
<b>Balance at January 1st 2008</b>	<b>95,580</b>	<b>92,396</b>	<b>187,976</b>
Profit for the year	0	-4,376	-4,376
Total recognised income and expense	0	-4,376	-4,376
Capital increase	886	3,957	4,843
Expenses in connection with capital increase	0	0	0
<b>Balance at December 31<sup>st</sup> 2008</b>	<b>96,466</b>	<b>91,977</b>	<b>188,443</b>
<b>Parent company 2007</b>			
<b>Balance at January 1st 2007</b>	<b>93,929</b>	<b>112,680</b>	<b>206,609</b>
Profit for the year	0	-30,036	-30,036
Total recognised income and expense	0	-30,036	-30,036
Capital increase	1,651	9,123	10,774
Expenses in connection with capital increase	0	629	629
<b>Balance at December 31<sup>st</sup> 2007</b>	<b>95,580</b>	<b>92,396</b>	<b>187,976</b>

# Cash flow statement

DKK '000	Note	Group		Parent company	
		2008	2007	2008	2007
Result for the year		23,255	20,682	-4,376	-30,036
Adjustments	33	37,346	30,713	-8,526	3,185
Changes in working capital	34	-23,127	15,556	17,193	16,809
<b>Cash flow from operating activities before financials and tax</b>		<b>37,474</b>	<b>66,951</b>	<b>4,291</b>	<b>-10,042</b>
Interest received, etc.		7,711	8,350	10,003	7,022
Interest paid, etc.		-15,612	-14,470	-11,144	-9,545
Corporation tax paid		5,838	-5,241	4,601	-157
<b>Cash flow from operation activities</b>		<b>35,411</b>	<b>55,590</b>	<b>7,751</b>	<b>-12,722</b>
Acquisition of affiliated companies	35	-31,098	-2,371	0	-404
Disposal of affiliated companies	35	1,839	0	0	0
Acquisition of associated companies		-162	-321	-162	-156
Disposal of associated companies		0	963	3,771	0
Dividends received from associated companies		0	96	0	0
Acquisition of intangible assets		-20,218	-16,809	-1,122	-607
Acquisition of tangible assets		-5,448	-11,323	-26	-641
Acquisition of financial assets		0	0	0	0
Disposal of financial assets		0	4,470	0	4,470
Disposal of intangible assets		0	-30	0	0
Disposal of tangible assets		0	709	0	0
<b>Cash flow from investing activities</b>		<b>-55,087</b>	<b>-24,616</b>	<b>2,461</b>	<b>2,662</b>
Proceeds from capital increase		4,843	10,774	4,843	10,774
Redemption of debt to shareholders		-6,487	0	-6,487	0
Proceeds from raising of loans		0	0	0	0
Dividends received from affiliated companies		0	0	551	2,171
Redemption of long-term debt		0	7	0	0
Overdraft facilities		17,533	-1,230	-6,538	-1,099
Repayment of subordinate loan capital		0	0	0	0
Dividends paid to minority shareholders		-199	-387	0	0
Settlement of payable purchase sum		0	-10,862	0	-1,514
<b>Cash flow from financing activities</b>		<b>15,690</b>	<b>-1,698</b>	<b>-7,631</b>	<b>10,332</b>
<b>Cash flow from discontinued activities</b>	5	<b>0</b>	<b>-13,322</b>	<b>0</b>	<b>0</b>
<b>Net increase in cash funds</b>		<b>-3,986</b>	<b>15,954</b>	<b>2,581</b>	<b>272</b>
Cash funds at the beginning of the year		60,959	43,633	774	502
Exchange rate adjustments		-2,852	1,372	0	0
<b>Cash funds at the end of the year</b>		<b>54,121</b>	<b>60,959</b>	<b>3,355</b>	<b>774</b>
Cash funds total effect on the cash flow statement during the year:					
Cash flow from operating activities		35,411	42,268	7,751	-12,722
Cash flow from investment activities		-55,087	-24,616	2,461	2,662
Cash flow from financing activities		15,690	-1,698	-7,631	10,332
<b>Cash funds at the end of the year</b>		<b>-3,986</b>	<b>15,954</b>	<b>2,581</b>	<b>272</b>



