Stock Exchange Release no. 7/2006

COLUMBUS IT

Annual Report and Financial Statements

2005

PROFILE:
Columbus IT Partner 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 Partner is a service organization with more than 900 staff operating in 24 countries. Our customer base consists of more than 5000 small and medium-sized enterprises and units of large companies in 58 countries.
www.columbusit.com.

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Focus on performance and expansion of business

- Columbus IT Partner's revenues totaled DKK 650m in 2005 (DKK 581m in 2004), and EBITDA was DKK 24m (DKK 25m in 2004), which is in line with the company's most recently expressed expectations, cf. Stock Exchange Release No. 27 of 10th November 2005.

- As part of its strategy of developing a global ISV company (Independent Software Vendor) operating alongside its existing consultancy business, Columbus IT Partner acquired a 100% holding in To-Increase BV (Netherlands) and US company VerticalSoft Inc., both of which are software developers. In 2005, Columbus IT Partner acquired minority holdings in the American and Russian subsidiaries. The most important subsidiaries in the Group are now wholly owned.

- Ignoring one-off income of DKK 11m in 2004 from an agreement with a service partner, the Danish subsidiary reported 30% growth in EBITDA compared to 2004. This growth was due to continuing improvements in efficiency, including better client contracts and optimized revenue mix.

- The US market that is so vital for Columbus IT Partner enjoyed rapid growth, with revenues up 56% and EBITDA up 34% compared to last year. Growth was organic.

- EBITDA before one-off costs was DKK 24m in 2005, up 71% on 2004, after adjustment for one-off income of DKK 11m in 2004.

- Pre-tax earnings improved by DKK 13m to DKK 1.2m – the first positive pre-tax earnings since 1999. This is in line with the company's most recently expressed expectations.

- Group shareholders' equity totaled DKK 147.3m, giving a solvency ratio of 30% (2% in 2004).

- On 1 January 2006, Michael Gaardboe was appointed CEO of the company. Please see Stock Exchange Release No. 31 of 22. December 2005.

- The Annual Report for 2005 has been drawn up in accordance with the provisions for recognition and measurement of International Financial Reporting Standards (IFRS), as adopted by EU.

- Columbus IT Partner is forecasting 2006 revenues of the order of DKK 720-750m, EBITDA of DKK 30-35m and pre-tax earnings of DKK 10-15m. 2006 is being affected by the costs of internal projects initiated in 2005, but which will only be completed in 2006.

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

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The Annual Report for 2005 will be available at: www.columbusit.com/2005

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Key Figures and Ratios

DKKm	2001	2002	2003	2004	2005
Income statement					
Net revenues	648.9	607.0	543.2	581.3	649.8
External project costs	-160.7	-150.3	-143.4	-136.7	-184.5
Gross earnings I	488.2	456.7	399.8	444.6	465.3
Staff expenses	-334.1	-317.0	-290.4	-302.0	-318.0
Gross earnings II	154.1	139.7	109.4	142.6	147.3
Other external costs	-178.4	-140.7	-112.2	-115.2	-124.1
Other operating income	15.1	10.2	17.0	2.3	0.6
Other operating costs	0.0	-1.2	-3.2	-4.7	-0.2
EBITDA	-9.2	8.0	11.0	25.0	23.6
Depreciation excl. goodwill	-25.9	-20.7	-20.0	-13.4	-12.2
EBITA	-35.1	-12.7	-9.0	11.6	11.4
Amortization and write down of goodwill	-53.1	-63.1	-11.5	-14.7	-7.3
EBIT	-88.2	-75.8	-20.5	-3.1	4.1
Net financials	-16.4	-14.4	-10.3	-8.9	-2.9
Pre-tax earnings	-104.6	-90.2	-30.8	-12.0	1.2
Tax on earnings for the year	-0.7	-9.7	-6.8	-6.2	-7.3
Earnings for the year	-105.3	-99.9	-37.6	-18.2	-6.1
Allocated thus:					
Shareholders of Columbus IT Partner A/S	-111.9	-99.9	-40.3	-23.8	-10.0
Minority interests	13.8	0.0	2.7	5.6	3.9
	-105.3	-99.9	-37.6	-18.2	-6.1
Balance sheet					
Long-term assets	191.6	126.4	124.7	115.1	229.7
Short-term assets	326.1	227.6	213.4	229.1	256.6
Total assets	517.7	354.0	338.1	344.2	486.3
Group equity	86.1	-15.3	31.9	6.5	147.3
Minority interests	15.8	15.3	21.5	19.5	11.9
Debt	415.8	354.0	284.7	318.2	327.1
Total liabilities	517.7	354.0	338.1	344.2	486.3
Cash flow					
Cash inflow from operations	-0.7	24.0	-23.9	-15.3	28.9
Cash outflow for investments	-51.8	-5.7	-13.3	-9.2	-100.3
of which for investment in tangible fixed assets	-19.6	-10.2	-5.0	-7.0	-6.9
Cash inflow from financing activities	73.3	-29.6	31.2	36.8	70.2
Total cash flow	20.8	-11.3	-6.0	12.3	-1.2
Key ratios					
Gross margin II	23.7%	23.0%	20.1%	24.5%	22.7%
Operating profit margin	-13.6%	-12.5%	-3.8%	-0.5%	0.6%
Return on investment III	-14.3%	-14.8%	-2.8%	1.3%	3.6%
Return on equity	-98.0%	-282.3%	-562.4%	-140.8%	-9.6%
Equity ratio	16.6%	-4.3%	9.4%	1.9%	30.4%
Earnings per share (EPS)	-12.9	-9.8	-1.9	-0.6	-0.2
Dividend per share	0.0	0.0	0.0	0.0	0.0
Net asset value per share (BV)	10.7	-1.9	0.9	0.2	2.1
Employees, year-end	932	829	865	803	943
Cash flow per share	-0.1	2.4	-1.1	-2.45	2.24

The key figures and financial ratios above have been calculated in accordance with the Danish Society of Financial Analysts "Recommendations and Key Figures 2005", with the exception of return on investment and equity ratio. Comparison figures for 2001-2003 have not been restated in accordance with IFRS. 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 or 0.79.

Significant events
Columbus IT Partner saw generally positive developments in 2005 and succeeded in getting all companies on the right track. Apart from three countries, all companies reported positive EBITDA in 2005. In Denmark, USA, UK, Colombia and Netherlands, the Group had a most successful year with general growth in revenues as well as earnings. In 2005, the subsidiary in Norway (Oslo) saw the results of the successful turnaround and reported a significant improvement in operations despite marginally negative whole year earnings. Only a few smaller subsidiaries reported unsatisfactory results in 2005.

In 2005, Columbus IT Partner implemented a strategy to strengthen the Group's development competencies so as to create better software solutions and to develop a global ISV company (Independent Software Vendor) to operate alongside the company's existing consultancy business. The objective of the strategy is to turn Columbus IT Partner into the world's leading consultancy and development house for industry-specific business solutions on Microsoft Dynamics' business platform. As part of this strategy, Columbus IT Partner acquired a 100% holding in Dutch software developer To-Increase BV and a 100 % holding in US software developer VerticalSoft Inc. Please see Stock Exchange Release Nos. 26/2005 and 1/2006. These transactions have considerably strengthened Columbus IT Partner's development of global industry solutions for selected industries. The To-Increase acquisition means that Columbus IT Partner has become one of the largest development houses in the world using the Microsoft Dynamics platform, enabling it to offer clients the highest quality for global business solutions based on Microsoft Dynamics AX (formerly Axapta). The Columbus Group has a wide portfolio of own developed software solutions, and the Danish company is the company in the Group which will deliver the most software solutions to the Group's ISV company – To-Increase.

On 10th July 2005, Microsoft Business Solutions awarded Columbus IT Partner its prestigious "Global Partner of the Year Award". The "Global Partner of the Year Award" is presented by Microsoft to one of the largest Microsoft Business Solutions partners with the greatest global coverage and representation, the highest level of client satisfaction and the expertise and capacity to provide complex business solutions to major international enterprises.

Columbus IT Partner has signed an "Axapta Industry Builder Agreement" with Microsoft. The agreement makes Columbus IT Partner responsible for development of a global retail solution that will form part of Microsoft Dynamics AX. Development of the retail solution will be based on the Columbus Retail Suite, an existing vertical solution developed by Columbus IT Partner. This is the first step in a strategic process to further develop Columbus IT Partner into a vertical/industry-oriented organization, closely allied to Microsoft's vertical strategy and a step towards developing a scalable software business internally in Columbus IT Partner. To-Increase is also part of Microsoft's Industry Builder initiative and has a similar Industry Builder contract with Microsoft in the Industrial Manufacturing sector. At the Group level, Columbus is thus the only Microsoft Partner to have two Industry Builder contracts.

The acquisition of VerticalSoft is a part of Columbus' strategy to focus further on the development of global customized industry solutions. VerticalSoft is one of the USA's leading developers of Microsoft Business Solutions - Navision. Until now, the company has developed and marketed solutions for traceability, fresh products, durability, storage and ingredient control for food and food chemicals production. In 2003, VerticalSoft was awarded Microsoft's 'Manufacturing Excellence Award' and 'Distribution Excellence Award'.

In 2005, Columbus IT Partner acquired the minority holdings in the American and Russian subsidiaries, and so the most important companies in the Group are now wholly owned. After Columbus IT Partner took over full ownership of the Russian subsidiary, there was a comprehensive review of the company in 2005 and the CEO and five senior staff were dismissed. The CEO has in addition been reported to the police. An entirely new management team was then appointed and with the assistance of the parent company, they have reclaimed full control of the company so that in future, the Russian company will constitute an integral part of the global strategy. This did mean, however, that the company incurred some extraordinary costs and meant reduced earnings in a year characterized by fluctuations. The situation of the Russian company is expected to stabilize in 2006 when the company will contribute to greater efficiency and higher earnings in the Group. Further, Columbus IT Partner's Austrian subsidiary acquired a 100% holding in two small companies in 2005 in order to boost the Group's position in the market for Navision products in the German speaking countries. In Asia, Columbus IT Partner acquired a 50% holding in CITP Pvte Ltd., Singapore, as part of Columbus IT Partner's strategy of expansion into new geographic areas.

Group management has been replaced and extensive restructuring has taken place so as to revitalize the Columbus Group. As a result of this, the parent company incurred extraordinary costs/investments of the order of DKK 8 m.

In April 2005, Columbus IT Partner A/S undertook a rights issue which raised DKK 80.6m in capital for the company before issue costs and repayment of loans. Some of the proceeds were used partly to repay the subordinated loan of DKK 34.0m granted by Consolidated Holdings, a subordinated loan of DKK 17.7m and a temporary credit line of DKK 4.0m provided by Nordea Bank. After repayment of debt and the costs of the rights issue, the company raised DKK 21.3m in new liquidity.

Latest developments
On 18 January 2006, Columbus IT Partner settled the first tranche of the consideration for the holding in the American company VerticalSoft by issuing shares. Please see Stock Exchange Release No. 4/2006. In January 2006, the company also settled the residual balance on the holdings in two small Austrian companies by issuing shares. Please see Stock Exchange Release Nos. 2/2006 and 6/2006.

Apart from this, there have been no events since year-end 2005 which could significantly affect the Group's financial position and revenues. Earnings in January and February 2006 were in line with the company's forecasts.

Outlook for 2006
Following a period of generally poor trading conditions for ERP solutions, it is now thought that the market is getting back to normal and so the level of activity in the first months of 2006 gives grounds for optimism about general improvements. This applies especially to developments on the American, Danish and UK markets, and for client interest in the industry solutions developed by Columbus IT Partner itself.

All the hard work done in 2005 in making Columbus IT Partner the world's leading consultancy and development house for sector-specific business solutions is expected to continue in 2006. The Group's ISV strategy (Independent Software Vendor) will be implemented globally as an ongoing process that will help further strengthen the existing consultancy business, enabling it ultimately to offer client solutions that are specially designed for specific industries.

Columbus expects that clients will react by investing further in implementing business solutions.

Columbus is therefore continuing with its industry-focused development process and the company will continue to be responsible for developing various global industry solutions.

In 2006, the company's management will focus specifically on restructuring and raising the efficiency of the group as a whole, whilst also building up a global presence via franchises, partnerships, new ventures and acquisitions.

By virtue of its international presence, Columbus IT Partner is now strongly positioned for international projects, since Columbus IT Partner can provide local support for all its clients. Where major international clients are concerned, Columbus IT Partner is thus regarded as an alternative to the big consultancy houses and can offer clients one and the same internationally recognized business solution, a single contract and a single provider.

In 2006, the company will continue to position itself as the largest, most competent global Microsoft Business Solutions partner. This will be achieved by continuing to focus on solutions from Microsoft Dynamics, especially including Microsoft Dynamics AX and Microsoft Dynamics NAV (formerly Navision). Similarly, the Group's development of horizontal and vertical solutions will be based on these products.

Establishment in new markets will be supported by the Group's focus on international projects, in which Group representation in 24 countries and experience from client projects in more than 50 countries is often a critical factor in winning a project. Accordingly the focus in 2006 will again be on establishing a Columbus IT Partner presence in a range of new markets so as to become a real global provider of Microsoft Dynamics solutions.

Where most of the companies are concerned, the focus in 2006 will also be on a continuing drive to boost the efficiency of operations.

Finally throughout 2006, the Group's strong presence in Eastern Europe will be used to a far greater extent to outsource development projects to countries where salaries are significantly lower and where quality is in line with the other markets in which Columbus IT Partner is represented.

The precondition for achieving the targets and budgets set for 2006 is ensuring that the efficiency of the Group's business activities continues to rise, that each dollar spent on costs leads to increased sales and that the positive trend noted for the market for selling business solutions continues to improve.

The internal projects, including development of the IT platform and strategic tools, which were started up in 2005, will have been completed in 2006. This means that associated costs will have an impact on 2006.

The forecast for 2006 is accordingly for total Group revenues of the order of DKK 720-750m, EBITDA of DKK 30-35m and pre-tax earnings of DKK 10-15m.

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 Partner's international activities to which some political risks are attached and investment in, and disposal of, national and international companies.

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Financial Report 2005

Columbus IT Partner's net revenues totaled DKK 650m in 2005 compared to DKK 581m the preceding year.

Revenues	2005	2004
Hardware	3%	2%
Software	34%	33%
Services	63%	65%
Total	**100%**	**100%**

Revenues	2005	2004
Axapta	75%	76%
Navision	12%	8%
XAL	8%	13%
Other	5%	3%
Total	**100%**	**100%**

The table above shows that sales of hardware constituted a minor proportion of total net revenues and that the revenue ratio between software and services was relatively stable at about 1:2. Solutions based on Axapta still made up the greatest proportion of revenues although solutions based on Navision rose by four percentage points as a result of the Group's sharper focus on Navision-based solutions. Sales of solutions based on XAL represent an ever declining share of revenues as the result of conversion of XAL solutions to Axapta solutions.

EBITDA amounted to DKK 24m compared to DKK 25m in 2004, which is in line with the most recently expressed expectations. Adjusted for one-off income in 2004 there has been an improvement of DKK 10m or 71%.

Other operating income totaled DKK 0.6 m (DKK 2m in 2004) and derives from net gains from closing down non-operational subsidiaries. Other operating costs amounted to DKK -0.2m (DKK -5m in 2004) which related to losses on debt conversion at subsidiaries.

Amortization of goodwill was DKK 7m in 2005 compared to DKK 15m in 2004. The figure for 2005 represented separate write down of goodwill for the subsidiaries in Austria and Poland of DKK 4m and DKK 3m respectively.

Group financials showed net expenses of DKK 3m (DKK 9m in 2004). The decrease reflected improvements in the Group's financial resources. The Group is not jointly taxed with foreign entities which means that tax is payable by various profitable companies without the option of setting off deficits reported by loss-making companies. Corporation tax in foreign companies reporting profits and adjustment for deferred tax assets in Denmark gave a total tax charge of DKK -6m for Columbus IT Partner. The management estimate for tax assets at the beginning of 2004 was DKK 32m, with DKK 34m at year-end. The result for 2005 was a deficit of DKK -6.1m, which was a DKK 12.0 m improvement on 2004 and was in line with the company's most recently expressed expectations.

Regional developments

	Revenues (DKKm)		EBITDA (DKKm)		Headcount (as at 31December)	
	2005	2004	2005	2004	2005	2004
Nordic	247	257	20	24	217	229
Western Europe	159	131	14	5	188	133
Eastern Europe	121	111	12	15	382	312
Rest of the World	123	82	19	13	142	108
Parent company	0	0	-41	-32	15	21
	650	581	24	25	943	803

Note: The parent company's figures have been stated before billing costs to subsidiaries. Subsidiaries' figures are thus stated exclusive of costs billed by the parent company.

Revenues in the **Nordic Region** fell by DKK 10m in 2005, down 4% on last year. The decline was mainly due to a lower level of activity in the Swedish market and adjustments to Danish activities following the Hands International A/S acquisition. At year-end 2005, the region had a headcount of 217, 12 fewer than in 2004. The Nordic Region accounted for 38% of Group revenues.

EBITDA for the region in 2005 was DKK 20m, giving a margin of 8% which was in line with the previous year. Ignoring receipts of DKK 11 m from a trading partner in 2004, EBITDA rose DKK 7m or 54%. The reason for the improvement in EBITDA in 2005 was generally better earnings at the Danish subsidiary, which reported 30% growth in EBITDA compared to the previous year. This growth was due to continuing improvements in efficiency, including better client contracts and optimized revenue mix. Further, the previously implemented restructuring process for the Norwegian company significantly improved the profitability of the company, which accordingly enjoyed considerable improvement in results for 2005. The company reported a minor deficit for 2005 and a close watch will continue to be kept on developments in 2006 so as to ensure that the restructuring process proceeds as planned.

In **Western Europe,** revenues in 2005 totaled DKK 159m, up 21% or DKK 28m on 2004. EBITDA in Western Europe improved from DKK 5m in 2004 to DKK 14m. All the countries in the region reported positive EBITDA and apart from a single country, earnings in all the subsidiaries were up on the previous year. This development was mainly attributable to continuing efficiency improvements, a sharper focus on profitability in all the countries, and the successful turnaround processes undertaken in individual countries. The British company particularly continued the positive trends noted in 2004, with the company reporting DKK 5m in EBITDA. The region accounted for 24% of total revenues. At year-end 2005, the region had a headcount of 188, 55 more than in 2004. As part of the debt conversion program in the Austrian subsidiary, Columbus IT Partner's holding has been raised to 98%. The 'technical' goodwill of DKK 4m associated with this transaction has been fully written down.

Revenues in **Eastern Europe** amounted to DKK 121m in 2005, which was DKK 10m (9%) up on 2004. This improvement in revenues was attributable to the subsidiaries in Russia and Latvia. EBITDA for the region was DKK 12m in 2005, down DKK 3m on the same period in 2004. This reduction was mainly due to the Russian subsidiary, where the former management incurred significant additional costs for the company, which was the reason for the company not achieving its budget targets for revenues and hence earnings growth. The region accounted for 19% of total revenues. Headcount rose by 72 to a total of 382 at year-end 2005. The companies in Poland and the Czech Republic reported unsatisfactory results, hence the sharper focus implemented so as to boost profitability in these companies. As a result of earnings trends and uncertainty about trading conditions in Poland, Group goodwill of DKK 3m has been fully written down.

In the **Rest of the World** region, total revenues amounted to DKK 123m in 2005, which was an improvement of DKK 41m, or 49% compared to 2004. EBITDA for the region was up DKK 6m on 2004 at DKK 19m. The improvement was chiefly down to the American subsidiary which is enjoying a remarkably successful expansionist phase. In the US company alone, revenues were 56% up at DKK 103m, with EBITDA up 34% at DKK 13.9m. The region accounted for 19% of total revenues. At year-end 2005, headcount in the region was 142. In 2005, Columbus IT Partner acquired a 50% holding in Asia in its former franchise partner, which has a headcount of 10, mostly in Jakarta, Indonesia.

EBITDA in the **Parent Company** was DKK -41 in 2005, before billing subsidiaries for costs. This was a DKK 9m increase on the same period in 2004. EBITDA was affected by one-off costs of the order of DKK 8m relating amongst other things to the Hands ASA settlement, additional licensing fees associated with an individual client project of approx. DKK 1.6m and a DKK 2.5m debt write-off. Management replacements, restructuring and the introduction of an incentive scheme all meant additional costs. Several group projects were also initiated, including improvements to the IT platform and development of strategic tools which meant further costs for IT operations. These projects will be completed in 2006 and the focus will be to a far greater extent dealing with future projects in direct collaborations with subsidiaries, and thus further boosting efficiency at the parent company.

Rights issue and directed rights issues
Between 5-18 April 2005, Columbus IT Partner A/S offered 2005 26,858,601 new shares at a nominal value of DKK 1.25 at a price of DKK 3 per share. Consolidated Holdings A/S underwrote the entire rights issue, which thus raised DKK 80.6m in capital for the Company before issue costs and loan repayments. After redemption of debt and payment of issue costs, the company received DKK 21m in new liquidity. Please see Stock Exchange Release Nos. 12 of 18 March, 16 of 20 April and 18 of 12 May 2005.

In January, Columbus IT Partner settled the debts of Columbus IT Partner GmbH, Austria by issuing 178,100 shares in Columbus IT Partner A/S, cf. Stock Exchange Release No. 2 of 12 January 2005. In January and February, Columbus IT Partner acquired the minority holdings in the American and Russian subsidiaries with settlement in shares. The most significant subsidiaries in the Group are now wholly-owned, cf. Stock Exchange Release Nos. 4 of 24 January 2005, 9 of 28 February and 24 of 19 September 2005. In November, Columbus IT Partner settled the first tranche of the consideration for the Dutch company To-Increase and the entire purchase price for its 50% holding in the company's franchise partner in Singapore, cf. Stock Exchange Release Nos. 26 of 4 November 2005, 30 of 24 November and 32 of 22 December 2005. Shares were also issued to former CEO Vladislav Martynov, CDi Consult ApS and former CFO Torben Bartels.

32,966,477 shares in all were issued in 2005, from which equity benefited by approx. net DKK 146m.

Accounting policies
The annual report for 2005 has been drawn up in accordance with International Financial Reporting Standards (IFRS) as adopted by EU and other Danish reporting requirements by listed companies, pursuant to the Order on the use of international financial reporting standards, etc., for companies subject to the Company Accounts Act.

With the transition to using IFRS when presenting financial statements, in one single area which has had an impact on results, accounting policies have been amended in that it is no longer possible to amortize goodwill. Goodwill is now tested annually for impairment and is then written down insofar as the value for accounting purposes exceeds residual value. Amortization of goodwill made in 2004 according to the Danish rules has been reversed and impairments tests were made at the date of the opening balance at 1 January 2004 and at 31 December 2004. The effect of these adustments has been included in the comparative figures in this annual report.

In 2005, the comparative figures for 2004 have been adjusted by a total of DKK 6.8m. The breakdown for the individual quarters is as follows:

DKKm	Reversal of amortization/write down	Write down according to IFRS	Total adjustment
1. Q4/2004	2.5	0.0	2.5
2. Q4/2004	2.6	0.0	2.6
3. Q4/2004	5.5	4.8	0.7
4. Q4/2004	10.9	9.9	1.0
Total 2004	21.5	14.7	6.8

The transition to IFRS has also meant that revenue for subscriptions for own developed software totalling DKK 4.2m is deferred and included in future periods. Furthermore the more stringent disclosure standards than those currently applicable and presentational changes will be incorporated in the annual report for 2005.

Investments

Total investment in tangible and intangible fixed assets, except for goodwill, amounted to DKK 14.1m in 2005, compared to DKK 11m in 2004. DKK 5.7m was attributable to investments in development projects for repeatable solutions, while the remaining DKK 8.4m related to the acquisition of tangible fixed assets.

Liquidity status

Columbus IT Partner's cash funds totaled DKK 36m at 31 December 2005 compared to DKK 35m at year-end 2004. Cash funds are mainly held at various foreign subsidiaries. As a result of previously improvements in the Group's financial resources the Group's interest bearing debt has been reduced by approx. DKK 30m compared to 2004.

Forex

The Group did not enter into any hedging contacts in 2005. 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	2004
Equity 1/1	6.5	31.9
Adjustment as a result of transition to IFRS	0	2.6
Forex adjustments for foreign subsidiaries, etc.	2.3	-2.1
Result for the period	-10.1	-30.6
Adjustment of minority interests with negative equity	2.0	0.2
Utilized warrantprogramme	0.8	0
Capital increases	145.8	4.5
Group equity 31/12	147.3	6.5
Minority interests	11.9	19.5
Total equity 31/12	159.2	26.0

Transactions with related parties

Inter-company services are charged at commercial rates or at cost. Business is done on the basis of contractual agreements by the companies unless the transactions are minor.

CDi Consult Aps, Søvang 23, DK-2970 Hørsholm, has a contract with Columbus IT Partner for consultancy services for a 12 month period from February 2005. Former CEO Carsten Dilling is the majority shareholder in CDi Consult Aps.

Consolidated Holdings A/S, Fredheimvej 9, DK-2950 Vedbæk, has a 35.43% holding in Columbus IT Partner. Transactions with Consolidated Holdings A/S are on normal commercial terms The company has granted Columbus IT Partner an interest-bearing loan of DKK 3m, which has been repaid on 30th January 2006. In addition the Company has accquired services from Columbus IT Partner for DKK 2.0m in 2005.

The company underwrote the entire rights issue totaling DKK 80.6m, cf. Stock Exchange Release No. 9, December 2004. A small proportion of the shares on offer were not subscribed (0.6% / 163,161 shares), and so were taken up by the underwriter, Consolidated Holdings A/S.

Gaardboe Holding ApS in liquidation, Julsøvej 1, DK-8240 Risskov holds 18.32% of the shares in Columbus IT Partner. Transactions with Gaardboe Holding ApS in liquidation are on normal commercial terms. Gaardboe Holding ApS in liquidation has previously undertaken to partially cover a former CEO's severance payments. As the actual circumstances regarding the resignation of the former CEO were not covered by the undertaking this led to additional staff costs of DKK 4.5m in the Company in 2005.

Ib Kunøe, Fredheimvej 9, DK-2950 Vedbæk, is on the Board of Atrium Partners A/S, the company selected by Columbus IT Partner as lead manager for the completed rights issue. Transactions with Atrium Partners A/S are on commercial terms. In recent years, Columbus IT Partner has regularly used Atrium Partners A/S as consultants. Ib Kunøe is also the majority shareholder in Consolidated Holdings A/S.

Zmito Consult ApS, Spurvevej 3, DK-2670 Greve, has a contract with Columbus IT Partner for consultancy services for 2006. Former CFO Torben Bartels is the majority shareholder in Zmito Consult Aps.

Jørgen Cadovius who is on the Board of the Company is Senior Partner at attorneys Lind & Cadovius, who are the Company's main legal advisers. Lind & Cadovius provided legal advice over the year. Fees depend on the time spent and totaled DKK 0.6m in 2005 (2004: DKK 0m).

Nordea AB have an 4.09% holding in Columbus IT Partner and are also the Company's main bankers. Columbus IT Partner's banking business with Nordea relates to an operating facility of DKK 30 mio. at January 2006. The Group's Danish operating company also has a factoring arrangement with Nordea Finans A/S within an overall facility of DKK 50m. Columubs IT Partner has settled a subordinated loan of DKK 17.7m and a temporary overdraft facility of DKK 4m granted by Nordea with the proceeds from the rights issue. Transactions with Nordea are on commercial terms.

Apart from the above, the Group did not have any significant transactions with related parties in 2005.

Incentive scheme

Columbus IT Partner set up an incentive scheme for former CEO Vladislav Martynov and a senior executive in 2005 as part of their employment contracts.

Former CEO Vladislav Martynov's incentive scheme was replaced by a new incentive scheme which was wound up in December 2005 with the issue of 400,000 shares. Please see Stock Exchange Release No. 32/2005. Vladislav Martynov has contracted to provide consultancy services in 2006.

The incentive scheme for the senior executive will be earned over a 30 month period which expires on 31 December 2007, provided the continued employment of the senior executive. On the basis of a Black & Scholes' calculation, the stock option schemes have a total forecast market value of DKK 4.6m. As at 31 December 2005, provision of DKK 0.8m was made corresponding to the value of the incentive scheme at that date.

Auditors

The majority of the Group's companies are audited by the international accountants Deloitte.

Some of the smaller subsidiaries are audited by local accountants.

Allocation of profit
At the Annual General Meeting, the Board of Directors will propose that the DKK 6.1m deficit for the year be carried forward and be set against share premium account and retained profits.

Investors
The following had holdings of more than 5% of the Company's shares at year-end 2005:

Consolidated Holdings A/S (Vedbæk)	35.43% of the shares and voting rights
Gaardboe Holding ApS in liquidation (Risskov)	18.32% of the shares and voting rights

Gaardboe Holding in liquidation has assigned the voting rights in their shares to Consolidated Holdings. The voting rights agreement can hereafter be terminated 14 days notice.

Annual General Meeting
The Company's Annual General Meeting will be held on 19th April 2006 at 10.00 a.m. at Columbus IT Partner A/S, Banemarksvej 50C, 2605 Brøndby.

The following Management endorsement is expected to be made to the annual report:

Management Report

The Boards of Directors and Management have today approved the annual report for 2005 for Columbus IT Partner Group.

The annual report has been drawn up in accordance with the provisions in International Financial Reporting Standards (IFRS) as adopted by EU 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 annual report gives a true picture of the Group's and Parent's assets and liabilities, financial position at 31 December 2005, and the results of the Group's and Parent's activities and Group's cash flow for the period 1 January – 31 December 2005.

The annual report is submitted for approval by the supervisory board.

Copenhagen 9 March 2006

Board of Management

Michael Gaardboe CEO	Sven Madsen CFO

Board of Directors

Ib Kunøe Chairman	Michael Gaardboe	Claus Hougesen	Jørgen Cadovius

COLUMBUS IT

Income Statement

DKK 1000	**2005**	**2004**
Net revenues	649,779	581,277
External project costs	-184,538	-136,684
Gross earnings	465,241	444,593
Other external costs	-124,017	-115,235
Staff expenses	-317,994	-302,008
Other operating income	566	2,336
Other operating costs	-182	-4,659
Earnings before depreciation (EBITDA)	23,614	25,027
Depreciation	-12,230	-13,391
Earnings before goodwill amortization (EBITA)	11,384	11,636
Write down of goodwill	-7,244	-14,684
Operating profit (EBIT)	4,140	-3,048
Result in associated companies	-131	0
Financial income	9,083	7,480
Financial expenses	-11,874	-16,443
Pre-tax earnings	1,218	-12,011
Tax on earnings for the year	-7,347	-6,158
Earnings for the year	**-6,129**	**-18,169**
Allocated thus:		
Shareholders of Columbus IT Partner A/S	-10,040	-23,748
Minority interests	3,911	5,579
	-6,129	-18,169

COLUMBUS IT

Balance Sheet

DKK 1000	2005	2004
Assets		
Development projects completed	27,137	7,962
Royalties	465	613
Goodwill	152,412	60,119
Development projects in progress	1,955	0
Intangible assets	181,969	68,694
Plant and operating equipment	12,937	14,651
Tangible assets	12,937	14,651
Holdings in associated companies	1,168	66
Deferred tax assets	33,574	31,645
Financial assets	34,742	31,711
Total long-term assets	229,648	115,056
Inventories	3,244	3,050
Accounts receivable – sales and services	176,669	145,744
Contract work in progress	9,588	15,195
Receivables from shareholders	407	4,666
Corporation tax	4,957	1,829
Other receivables	14,711	14,889
Accruals	11,483	8,237
Receivables	217,815	190,560
Cash funds	35,625	35,483
Total short-term assets	256,684	229,093
Total assets	**486,332**	**344,149**

COLUMBUS IT

Balance Sheet

DKK 1000	2005	2004
Liabilities		
Share capital	88,777	47,569
Retained profit	58,518	-41,095
Columbus IT Partner A/S' shareholders - share of equity	147,295	6.474
Minority interests	11,893	19,542
Equity	159,188	26,016
Deferred tax	1,404	1,003
Subordinated loan capital	10,239	15,000
Mortgage lenders	934	818
Other debt	2,441	0
Long-term debt	15,018	16,821
Subordinated loan capital	5,000	51,840
Short-term part of long-term debt	594	832
Mortgage lenders	72,941	89,457
Debt to affiliated companies	3,000	0
Client prepayments	20,742	20,017
Trade accounts payable	65,395	29,963
Corporation tax	3,529	4,650
Payable purchase sum re. accquired companies	32,268	0
Other debt	93,354	94,257
Accruals	15,303	10,296
Short-term debt	312,126	301,312
Debt	327,144	318,133
Total liabilities	**486,332**	**344,149**

COLUMBUS IT

CASH FLOW STATEMENT

	Group	
DKK 1000	**2005**	**2004**
Earnings for the year	-6,129	-18,169
Adjustments	30,669	40,779
Changes in working capital	20,879	-21,051
Cash flow from operations before financials	**45,419**	**1,559**
Interest received, etc.	9,083	7,480
Interest paid, etc.	-11,634	-16,349
Cash flow from operations	**42,868**	**-7,310**
Corporation tax paid regarding prior year	-3,465	-3,023
Corporation tax paid regarding current year	-10,521	-4,963
Cash flow from operations	**28,882**	**-15,296**
Acquisition of intangible assets	-5,663	-3,662
Acquisition of tangible assets	-8,441	-7,665
Disposal of tangible assets	1,517	635
Acquisition of associated company	-1,299	0
Acquisition of subsidiaries	-86,438	1,519
Cash flow from investments	**-100,324**	**-9,173**
Capital increase – rights issue	149,207	7,492
of which conversion of debt and loans	-58,530	-7,492
Expenses – capital increase	-3,434	-3,028
Dividends paid to minority shareholders	-1,057	-7,865
Overdraft facilities	-13,905	17,592
Raising long-term debt	0	34,000
Redemption of long-term debt	-2,030	-3,915
Cash flow from financing activities	**70,251**	**36,784**
Changes in cash funds	**-1,191**	**12,315**
Cash funds, opening balance	35,483	24,027
Exchange rate adjustments	1,333	-859
Cash funds, year-end	**35,625**	**35,483**