3rd March 2005

Stock Exchange Release no. 10/2005

COLUMBUS
IT Partner

Annual Report and Financial Statements

2004

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 800 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.

Significant improvement in the Company's capital resources and operations.

- Columbus IT Partner's revenues in 2004 totaled DKK 581m (DKK 543m in 2003), with operating profit (EBITDA) at DKK 25m (DKK 11m in 2003), which was in line with the Company's most recently expressed forecasts, cf. Stock Exchange Release no. 17 of 9th December 2004.

- The Company had lost more than half its share capital at 30th June 2004, which was one of the reasons for calling the Extraordinary General Meeting in December 2004.

- In July 2004, Columbus IT Partner redeemed debts to a series of subsidiaries by issuing shares in Columbus IT Partner A/S, amongst other things so as to strengthen the Company's capital resources. A subordinated loan from Gaardboe Holding ApS and debt to the director of a subsidiary were also converted into shares in the Company. Finally the Company acquired, also against payment in in shares, 9.7% of the share capital of the Swiss subsidiary from one of the local shareholders. These transactions had a favorable impact on equity of approx. DKK 7.5m, and saw consolidated debt reduce by DKK 6.8m.

- As at 9th December 2004, Consolidated Holdings A/S acquired 12,625,000 shares from Nordea and Gaardboe Holding ApS (in liquidation) and also granted the Company a subordinated loan of DKK 34m. Consolidated Holdings is also underwriting a 3:2 rights issue (three existing shares giving entitlement to subscribe for two new) at a price of DKK 3 per share. The rights issue is expected to be held in April 2005, when the Company's share capital will be reconstituted.

- Pre-tax earnings improved by DKK 12m in 2004 to a deficit of DKK -18.8m. This was not satisfactory.

- Vladislav Martynov took up his duties as CEO of the Company on 16th February 2005.

- In January, the Company acquired minority holdings in the American subsidiary and on 28th February 2005, agreed to buy minority holdings in the Russian subsidiary. Completion of the deal will see the most significant subsidiaries in the Group being wholly-owned by Columbus IT Partner.

- Columbus IT Partner is forecasting revenues of approx. DKK 615-625m in 2005, with EBITDA at DKK 35-40m and pre-tax earnings of DKK 15-20m

Ib Kunøe
Chairman of the Board
Columbus IT Partner A/S

Vladislav Martynov
Chief Executive Officer
Columbus IT Partner A/S

Contact for further details:
CFO Torben Bartels or Business Development Executive Jan U. T. Bitterhoff, T: (+ 45) 7020 5000.

The Annual Report 2004 will also be available at: www.columbusit.com/2004.

Key Figures and Ratios

DKKm	2000	2001	2002	2003	2004
Income statement					
Net revenues	561.6	648.9	607.0	543.2	581.3
Own work stated under assets	0.0	14.8	10.0	2.1	3.3
External project costs	-140.5	-160.7	-150.3	-143.4	-136.7
Gross earnings I	421.1	503.0	466.7	401.9	447.9
Staff expenses	-309.5	-348.9	-327.0	-292.5	-305.3
Gross earnings II	111.6	154.1	139.7	109.4	142.6
Other external costs	-147.6	-178.4	-140.7	-112.2	-115.2
Other operating income	0.0	15.1	10.2	17.0	2.3
Other operating costs	0.0	0.0	-1.2	-3.2	-4.7
EBITDA	-36.0	-9.2	8.0	11.0	25.0
Depreciation excl. goodwill	-22.6	-25.9	-20.7	-20.0	-13.4
EBITA	-58.6	-35.1	-12.7	-9.0	11.6
Depreciation and amortization of goodwill	-10.7	-53.1	-63.1	-11.5	-21.5
EBIT	-69.3	-88.2	-75.8	-20.5	-9.9
Net financials	-4.7	-16.4	-14.4	-10.3	-8.9
Pre-tax earnings	-74.0	-104.6	-90.2	-30.8	-18.8
Tax on earnings 2004	6.4	-0.7	-9.7	-6.8	-6.2
Minority interests	7.3	-13.8	0.0	-2.7	-5.6
Earnings 2004	-60.3	-119.1	-99.9	-40.3	-30.6
Dividend	0.0	0.0	0.0	0.0	0.0
Balance sheet					
Fixed assets	210.5	191.6	126.4	124.7	106.6
Current assets	309.7	326.1	227.7	213.4	229.1
Total assets	520.2	517.7	354.0	338.1	335.7
Equity	149.4	86.1	-15.3	31.9	3.9
Minority interests	5.7	15.8	15.3	21.5	19.5
Debt and other provisions	365.1	415.8	354.0	284.7	312.3
Total liabilities	520.2	517.7	354.0	338.1	335.7
Cash flow					
Cash inflow from operations	-112.7	-0.7	24.0	-23.9	-15.3
Cash outflow for investments, net	-39.6	-51.8	-5.7	-13.3	-9.2
of which for investment in tangible fixed assets	-11.6	-19.6	-10.2	-5.0	-7.0
Cash inflow from financing activities	105.1	73.3	-29.6	31.2	36.8
Total cash flow	-47.2	20.8	-11.3	-6.0	12.3
Key ratios					
Gross margin II	19.9%	23.7%	23.0%	20.1%	24.5%
Operating profit margin	-12.3%	-13.6%	-12.5%	-3.8%	-1.7%
Return on investment III	-13.2%	-14.3%	-14.8%	-2.8%	-0.7%
Return on equity	-46.0%	-98.0%	-282.3%	-562.4%	-170.8%
Equity ratio	28.7%	16.6%	-4.3%	9.4%	1.1%
Earnings per share (EPS)	-8.6	-12.9	-9.8	-1.9	-0.8
Dividend per share	0.0	0.0	0.0	0.0	0.0
Net asset value per share (BV)	23.5	10.7	-1.9	0.9	0.1
Employees, year-end	1018	932	829	865	792
Cash flow per share	-15.5	-0.1	2.4	-1.1	-0.4

The key figures and financial ratios above have been calculated in accordance with the Danish Society of Financial Analysts "Recommendations and Key Figures 1997". As a result of the directed rights issue at a price of DKK 3 per share in June 2003 , the key figures for "Earnings per share" (EPS) and "Cash flow per share" have been calculated after applying a factor or 0.8. The comparative figures have been duly adjusted.

Significant events

By the end of the first half of 2004, equity had been reduced to less than half the share capital. This led to the need for new equity which was achieved by a rights issue being underwritten by Consolidated Holding for approx. DKK 80.6m at the time when Consolidated Holdings acquired 12,625,000 shares in Columbus IT Partner on 9th December 2004. This was equivalent to approx. 33% of the share capital.

In the 3:2 rights issue, Consolidated Holdings will subscribe all its shares and the subscription rights acquired from Gaardboe Holding. This will at the very least give Consolidated Holdings a holding and voting rights of 37.2%.

In December 2004, Consolidated Holdings granted the Company a subordinated loan of DKK 34m. The subordinated loan is non-interest bearing and will be redeemed with part of the proceeds of the rights issue, although in any event by 30th June 2005. The subordinated loan of DKK 17.7m from Nordea which expires in 2005 will also be redeemed using some of the proceeds of the rights issue. Nordea and Gaardboe Holding have assigned the voting rights in all their currently owned shares to Consolidated Holdings until 30th June 2005. Either of the parties can then terminate the voting rights agreement by giving 14 days' notice.

On 22nd December 2004, the Company held an Extraordinary General Meeting, at which Ib Kunøe, majority shareholder in Consolidated Holdings and Claus Hougesen, CEO Topnordic A/S were elected to the Board. Following the Extraordinary General Meeting, the Board was constituted with Ib Kunøe as Chairman and Michael Gaardboe as Deputy Chairman.

On 9th December 2004, Columbus IT Partner also made an agreement with a trading partner. The agreement improved EBITDA by approx. DKK 11m. The transaction also included the conversion of payables of approx. DKK 15m to subordinated loan capital.

The rights issue will see the Company's equity improving by approx. DKK 76.6m and liquidity by approx. DKK 21m.

In 2004, the Group made contracts with around 150 new customers, which in addition to various local market leaders also included such internationally acclaimed companies as Royal Canin, Aliaksis and Bonna Sabla in France; GN Netcom, Konica Minolta, Esselte, HTH Køkkener, Linak, Bladkompagniet Søndagsavisen and Georg Jensen in Denmark; Kelly Services and Elkjøp in Norway, Tommy Hilfiger, Kelly Services and Fairchild in USA; Stockmann, Sampo Pank and Rautakesko in the Baltic and as many as 40 new customers in Russia.

Earnings in 2004 were unsatisfactory. This was due to poorer than expected developments in various subsidiaries. Very poor results were reported especially by the subsidiaries in Norway (Oslo) and Germany in 2004, which led amongst other things to the German subsidiary being declared bankrupt in December and to a write-down of the Group's goodwill relating to Norway. The Group had a most successful year in Russia, France and USA with growth reported for revenues as well as earnings. In 2004, the subsidiaries in UK and Denmark showed the results of the completed turnaround program, with improved operations and consistently positive results throughout the year, although the Swedish subsidiary continued to report significant difficulties.

Latest developments

Vladislav Martynov took up his new duties as CEO of the Company on 16th February 2005. A share option scheme for about 2 million shares with an exercise price of DKK 6 per share has been set up as part of the contracts of Vladislav Martynov and another senior executive. The Company held a series of directed rights issues in January 2005, also for the management of the Austrian subsidiary and the Corporate Management and as part of the acquisition of the minority holdings in the American subsidiary. On 28th February 2005, the Company made an agreement to acquire the minority holdings in the Russian subsidiary cf. Stock Exchange Release no. 9/2005 (28th February 2005). Completion of this transaction will see the most significant subsidiaries in the Group becoming wholly-owned by Columbus IT Partner.

Apart from these events, nothing has occurred since year-end 2004 that could be significant for an assessment of the Group's financial situation. Earnings and revenues in January 2005 were also in line with the Company's expectations.

Outlook for 2005

The level of activities in the first months of 2005 gives grounds for cautious optimism for an improvement in trading conditions in the very static market that has been noted in recent years. This applies especially to developments in the American, British, Russian and French markets and to the interest of customers in sector specific solutions developed by Columbus IT Partner itself.

The Company is expecting to acquire minority shareholdings in various of the significant, but not wholly owned, subsidiaries of the Group in line with the acquisition of minority holdings in USA and Russia. This could improve Columbus IT Partner's share of results in 2005 and thereafter. The core content of such agreements and their financial consequences for the Company will be published as agreements are made.

The Company's new Board and management will be working during the first half of 2005 on further specifying and implementing the Company's strategy, with the focus on:

- New customers, international projects and enhanced customer satisfaction
- Microsoft Business Solutions' products and geographical coverage
- Horizontal and vertical solutions developed by the Group
- Continuing restructuring and efficiency programs
- Building-up a global presence by way of franchising, partnerships, setting up new companies and acquisitions

With its international presence, Columbus IT Partner is now strongly placed for international projects since it provides local support for all its customers. So when it comes to major international customers, Columbus IT Partner is an alternative to the big consultancy houses and can offer customers a single, and the same, recognized international business solution, a single contract and a single supplier. This has also resulted in Columbus IT Partner's being awarded Microsoft's "Axapta Excellence Award" and appointment as a member of the "Inner Circle".

In 2005, the Company will continue to position itself as the largest, most competent global Microsoft Business Solutions partner. This will be done by continuing to focus on solutions from Microsoft Business Solutions, especially including Axapta and Navision, and by developing horizontal and vertical solutions based on these products.

Setting up companies in new markets will support the Group's focus on international projects in which its presence in 24 countries and experience from customer projects in more than 50 countries are often critical for winning a project. Accordingly, in 2005, the focus will again be on establishing Columbus IT Partner in a range of new markets so as to create a single, truly global dealership for solutions from

Microsoft Business Solutions. Columbus IT Partner will endeavor to strengthen its market position by becoming established in such new markets as Asia and countries and regions where the Group is not currently represented but where Microsoft Business Solutions is present. The rollout strategy is to seek new franchisees, with the intention of developing business over a three year period and then acquiring a majority holding. The idea is then to further develop the partnership with a view to taking over the entire company within a further three year period. The above activities could improve Columbus IT Partner's future earnings potential.

In 2005, the focus will remain on restructuring loss-making companies, especially Norway and Austria. For most of the companies, the focus will also specifically be on continuing to improve operational efficiency.

Finally, the Group will be seeking to exploit is strong presence in Eastern Europe during 2005 by outsourcing development projects to a far greater extent to countries where salaries in some areas are significantly lower and where quality is in line with the other markets in which Columbus IT Partner is represented.

The Group noted good growth in Russia, USA, UK, France and South America in 2004 and this is expected to continue in 2005. In the Nordic countries and Western Europe, the forecast is for a lower level of revenues but improved earnings.

The precondition for achieving the targets and budgets set for 2005 is ensuring that the efficiency of the Group's business activities continues to rise, that each dollar spent on costs leads to increased sales, that the market for selling business solutions improves and that the Group is successful in turning around the development of those companies that reported poor results in 2004.

The Group is accordingly forecasting consolidated revenues for 2005 of the order of DKK 615-625m, EBITDA of DKK 35-40m and pretax earnings of DKK 15-20m.

In previous years, there was considerable uncertainty about the Company's capital resources. As a result of funding agreements, including the underwritten rights issue and the subsequent improvement in the Company's liquidity and improved liquidity in the subsidiaries in 2004, there is greater certainty about the sufficiency of the Company's capital resources in 2005. On the basis of developments forecast for 2005, the Board feels that, taking into account the uncertainties described above, Columbus IT Partner's capital resources will be sufficient to cover current capital requirements within the framework of the budgets set for 2005.

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.

Financial Report 2004

Columbus IT Partner's net revenues totaled DKK 581m in 2004, up from DKK 543m the year before. In 2003, first half figures included revenues of approx. DKK 23m from Icelandic subsidiary AX Business Intelligence before its disposal. Revenues from subsidiary Solutiones Casee S. A. in Costa Rica (now sold) of DKK 5m and DKK 2m were included in 2003 and 2004 respectively.

Revenues	2003	2004
Hardware	2%	2%
Software	34%	33%
Services	64%	65%
Total	**100%**	**100%**

Revenues	2003	2004
Axapta	74%	76%
XAL	16%	13%
Navision	6%	8%
Other	4%	3%
Total	**100%**	**100%**

Note: The figures in the table do not reflect terminating activities (Ax Iceland and Solutiones Casee S. A. in Costa Rica).

The table above shows that hardware sales only make up a small proportion of total net revenues and that revenues from software and services are relatively stable at a ratio of 1:2. Sales of solutions based on Axapta form an ever increasing proportion of the Group's business, amounting to 76% of total Group revenues in 2004. Sales of solutions based on XAL represent a steadily falling proportion of revenues as the result of conversion of XAL solutions to Axapta. Sales of Navision-based solutions account for an increasing share of revenues for Columbus IT Partner.

EBITDA totaled DKK 25m, up from DKK 11m in 2003, which was in line with the most recently expressed expectations.

Other operating income derived from income from the disposal of the Danish companies' internal IT operations amounted to DKK 2m (DKK 17m in 2003). Other operating costs derived from winding up the subsidiary in Germany and losses on selling holdings in subsidiaries amounted to DKK -5m (DKK -3m in 2003).

Depreciation and amortization of goodwill totaled DKK 21m in 2004 compared to DKK 11m in 2003. The figures for 2004 reflect a special DKK 11m write-down of goodwill relating to the subsidiaries in Norway, Sweden and Austria.

Group financials show a net expense of DKK 9m compared to a net expense of DKK 10m in 2003. Corporation tax on foreign companies reporting profits and adjustments to deferred tax assets in Denmark meant that Columbus IT Partner's total tax liability was DKK -6m. Tax assets were estimated by management at DKK 27m at the beginning of 2004 and DKK 30m at year-end. The result for the year was a deficit of DKK -31m, which was a DKK 10m improvement on 2003 but was still not satisfactory.

Regional developments

	Revenues (DKKm)		EBITDA (DKKm)		Employees (year-end)	
	2003	2004	2003	2004	2003	2004
Nordic	232	257	-9	16	329	229
Western Europe	133	131	1	1	154	133
Eastern Europe	93	111	8	14	277	312
Rest of the World	57	80	8	12	70	97
Parent company	0	0	-17	-18	26	21
	515	579	-9	25	856	792
Total terminating activities	28	2	20	0	9	11
Total	543	581	11	25	865	803

Note: The figures above have been adjusted for terminating activities (AX Iceland and Solutiones Casee SA.).

Nordic revenues rose DKK 25m (11%) to DKK 257m. This growth was especially due to the Danish subsidiary which reported revenues of DKK 175m in 2003 and DKK 217m in 2004. The main reason for the increase was the acquisition of Hands International A/S in Q4/2003. In general, the Nordic markets continue to be affected by intense competition with concomitant pressure on prices. At year-end 2004, headcount in the region was 229, 100 fewer than 2003. The decline was due to adjustments to Danish activities following the acquisition of Hands International A/S. The Nordic region accounted for 44% of Group revenues.

EBITDA for the region in 2004 amounted to DKK 16m, giving a margin of 6% which was a significant improvement. The reason for the improvement in EBITDA in 2004 was generally improved earnings in Denmark and the fact that the figures for 2004 included payment of DKK 11m from a trading partner. Apart from that, 2003 was adversely affected by the DKK 9m cost of integrating Hands International A/S. Restructuring has affected the region over the past three years. Among other things, this led to the disposal of AX Iceland and various products at the same time as Hands International A/S was being integrated with Columbus Denmark. The latter led to various costs of integration which affected profitability in both 2003 and 2004. Restructuring programs are also still in progress at the Norwegian and Swedish subsidiaries.

As a result of earnings trends, lower levels of activity and uncertainties about the markets, Group goodwill was written down by DKK 9m with respect to the Norwegian and Swedish subsidiaries, leaving the remaining goodwill relating to the Norwegian company at DKK 5.4m. Good will for the Swedish company has now been fully amortized. The amount of write-down was calculated by making an impairment test. The Norwegian company in Oslo also made a loss of DKK -11m in 2004 which was unsatisfactory. The previously implemented restructuring program is expected to improve profitability at the company and on this basis, the forecast is for a significant improvement in results in 2005. Developments at the company will be closely tracked in 2005 and if the company's results do not live up to expectations, the remaining goodwill will be further written down.

Revenues for **Western Europe** were down DKK 2m on 2003 at DKK 131m. For some time now, Columbus IT Partner has been working on turnaround programs for many of the subsidiaries in Western Europe. EBITDA was positive in 2004 with a modest profit of DKK 1m and a margin of 1%. In UK, negative developments have been turned around and the company is now growing with EBITDA in profit. Overall, the trend for results in the region is unsatisfactory and a start has been made on several activities aimed at improving profitability in the region. The German company which had been reporting increasing deficits for some years was declared bankrupt by Columbus IT Partner in December 2004. In future, German business will be undertaken by a newly incorporated company in the Group. At year-end 2004, headcount in the region was 133. Western Europe accounted for 23% of Group revenues. As a result of earnings trends and uncertainty about trading conditions in Austria, Group goodwill of DKK 2m has been fully amortized.

Revenues in **Eastern Europe** were up DKK 18m on 2003 at DKK 111m. The improvement in revenues was mainly due to Russia and the Baltic region. EBITDA was DKK 14m, DKK 6m better than 2003. As a result of this, headcount increased by 35 to a total of 312 at year-end 2004. The Eastern European region is growing, mainly driven by the Russian subsidiary. Eastern Europe accounted for 19% of total revenues. Revenues in Russia amounted to DKK 65m, with EBITDA at DKK 10m. At year end, the company had a staff of 168.

Revenues in the **Rest of the World** region totaled DKK 80m, an increase of DKK 23m compared to 2003. EBITDA was up DKK 4m on 2003 at DKK 12m. Revenues at the American company alone were up 44% at DKK 67m, with EBITDA up 33% at DKK 9.5m. The region made a 14% contribution to total revenues. Headcount in the region at year-end 2004 was 97. In South and Central America, Columbus IT Partner sold its majority holding in Q4/2004 in a small Oracle-based company, Solutiones Casee S. A.

EBITDA at the **parent company** in 2004 amounted to DKK -17.5m (DKK -17m in 2003, adjusted for disposals), after billing costs to subsidiaries. Other operating income totaled DKK 2m which derived from outsourcing internal IT operations in the Danish subsidiaries. Other operating costs amounted to DKK 4m and came from losses in winding up the subsidiary in Germany and losses on selling holdings in subsidiaries. Gross expenses at the parent company, however, were approx. DKK 1m lower than in 2003.

Accounting policies
The annual report is presented in accordance with the provisions of the Company Accounts Act for Class D enterprises, Danish accounting guidelines and the requirements of Copenhagen Stock Exchange for the presentation of accounts for listed companies.

Accounting policies were unchanged from 2003.

Cash flow from operations
Cash flow from operations for 2003 was changed as a result of the transition to uniform classification of Group factoring arrangements, with DKK 12m from Aktiv Kaptal being reclassified from acquisitions to factoring and hence from cash funds to accounts receivable from sales and services.

Investments
Total investment in tangible and intangible fixed assets, excluding goodwill, was DKK 11m in 2004, compared to DKK 8m in 2003. Investments in 2004 were for development projects and the acquisition of tangible fixed assets.

Liquidity status
Liquidity increased by DKK 11.5m in 2004 to DKK 35.5m. There was an overall negative contribution of DKK 15m from cash flow from operations. Liquidity from investments showed a net fall of DKK 9m due to general acquisitions of tangible fixed assets. There was a net increase of DKK 37m in liquidity from financing operations mainly due to a subordinated loan of DKK 34m from Consolidated Holdings in December 2004.

Forex

The Group did not enter into any hedging contacts in 2004. 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.

Developments in equity (DKKm)	2003	2004
Equity 1/1	-15.3	31.9
Capital increases	90.8	4.5
Adjustment for minority interests with negative equity	-2.2	0.2
Tax on employee shares	2.2	-
Forex adjustments for foreign subsidiaries, etc.	-3.3	-2.1
Earnings 2004	-40.3	-30.6
Equity 31/12	31.9	3.9

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 33.14% holding in Columbus IT Partner. The company has granted Columbus IT Partner a non-interest-bearing subordinated loan of DKK 34m, which falls due on 30th June 2005 at the latest, cf. Stock Exchange Release dated 9th December 2004.

The company is underwriting the entire rights issue totaling DKK 80.6m, cf. Stock Exchange Release dated 9th December 2004.

Gaardboe Holding ApS in liquidation, Julsøvej 1, DK-8240 Risskov, has a 31.40% holding in Columbus IT Partner. The company has provided financing for Columbus IT Partner and has converted a subordinated loan of DKK 4m to Columbus IT Partner into shares in the Company, cf. Stock Exchange Release of 30th June 2004 (no. 10/2004).

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 upcoming 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, which has underwritten the rights issue.

Niels Heering who is on the Board of the Company is Managing Partner at attorneys Gorrissen Federspiel Kierkegaard, who are the Company's main legal advisers. Gorrissen Federspiel Kierkegaard provided legal advice over the year. Fees depend on the time spent and totaled DKK 1.2m in 2004 (2003: DKK 3.7m).

Nordea AB have an 11.45% 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 29.8m and a temporary overdraft facility of DKK 4m. In addition to the standard credit facilities, Nordea has granted Columbus IT Partner a subordinated loan of DKK 17.7m. The Group's Danish operating company also has a factoring arrangement with Nordea Finans A/S within an overall facility of DKK 50m. Transactions with Nordea are on commercial terms.

Apart from the above, the Group did not have any significant transactions with related parties in 2004.

Incentive scheme
Columbus IT Partner set up an incentive scheme for management in 2001 consisting of a total of 80,000 warrants with an exercise price of DKK 60 and 160,000 options with an exercise price of DKK 37. The management scheme had a guaranteed value over a three year period of DKK 10m. The incentive scheme was wound up in December 2004 with management receiving a cash payment and partly by issuing 330,000 shares. The scheme was wound up on 20th December 2004 with allocated options and warrants not being exercised.

In 2001, Columbus IT Partner introduced a three year employee-only warrant scheme at an exercise price of DKK 60 for more than 300 employees in the parent company and wholly-owned subsidiaries. Senior staff were allocated approximately 165,000 warrants, and other employees were allocated approximately 130,000 warrants. The scheme expired on 25th March 2004 without any warrants being exercised.

CEO Vladislav Martynov's incentive scheme comprises a share-option scheme and a results-based bonus scheme. Under the bonus scheme, the CEO will receive annually 4% of the Group's EBITDA (before bonus) in excess of DKK 20m. An incentive scheme has also been arranged for a senior executive that includes a share option scheme.

The share option scheme for Vladislav Martynov and the senior executive will be earned over the periods noted below. They may be exercised in a 14 day period following publication of the annual financial statements for the year concerned. The share option schemes will not be adjusted for capital increases.

The exercise price under the share option schemes is DKK 6 per DKK 1.25 (nom.) share running from 24th February 2005 till 31st December 2007. The share option scheme is based on two criteria: length of service and the results achieved.

Share options based on length of service:

Entitlement service period	**Option to buy shares for DKK 6 per DKK 1.25 (nom.) share**	
	Vladislav Martynov	Senior executive
1st July – 31st December 2005:	300,000 shares	114,000 shares
1st January – 30th June 2006:	300,000 shares	114,000 shares
1st July – 31st December 2006:	300,000 shares	114,000 shares
1st January – 30th June 2007:	300,000 shares	114,000 shares
1st July – 31st December 2007:	300,000 shares	114,000 shares

Share options based on results achieved:

Service period	**Option to buy shares for DKK 6 per DKK 1.25 (nom.) share**		**Condition**
	Vladislav Martynov	Senior executive	
1st January – 31st December 2006:	200,000 shares	75,000 shares	Group EBITDA for 2006 exceeds DKK 60m
1st January – 31st December 2007:	300,000 shares	105,000 shares	Group EBITDA for 2007 exceeds DKK 70m

On the basis of a Black & Scholes' calculation, the stock option schemes have a total forecast market value of DKK 15.1m.

Auditors
The majority of the Group's companies are audited by one of the two international accountants, PricewaterhouseCoopers and Deloitte, appointed as the Group's 2 accounting firms.

Some of the smaller subsidiaries are audited by local accountants.

Fiscal 2005 will see Columbus IT Partner going over to only using a single international firm of accountants.

Allocation of profit
At the Annual General Meeting, the Board of Directors will propose that the DKK -31m deficit for the year be carried forward and be set against share premium account and retained profits.

Effect of transition to IFRS (International Financial Reporting Standards) in 2005
From 2005, all listed companies in the EU have to present their financial statements in accordance with IFRS, although listed companies do have the option of deferring the transition to IFRS until Fiscal 2009.

Columbus IT Partner's consolidated accounts will be drawn up in accordance with IFRS for Fiscal 2005, and it has also been decided to use IFRS for the parent company's accounts for Fiscal 2005. This means that an IFRS opening balance will have to be drawn up for the Group and the parent company as at 1st January 2004 and that the comparative figures for 2004 will need to be adjusted to IFRS.

Columbus IT Partner has made a start on conversion to IFRS. The conversion process has been systematically organized by identifying and assessing differences for accounting purposes and by complying with new disclosure requirements, by modifying internal procedures and processes for IFRS and by calculating the impact of the transition to IFRS for accounting purposes.

On the basis of this work, it is the Company's view that the effect of the transition to IFRS on recognition and measurement may in essence be summarized as follows:

- Current accounting policies for recognition of income are expected not to be affected by the transition to IFRS.

- Under IFRS, it will no longer be possible to write off goodwill. Goodwill has to be tested annually for impairment and written down insofar as the value for accounting purposes exceeds the residual value. Amortization of goodwill made in 2004 according to Danish rules will be reversed and an impairment tests will be made at the date of the opening balance and at year-end 2004.

- In the parent company accounts, holdings in affiliated companies are valued at cost price or current market value. The equity method is no longer permitted meaning that after the transition to IFRS, the equity in the parent company will no longer correspond to the equity in the consolidated accounts. Holdings in affiliated companies will be valued on transition to IFRS at original cost price less any depreciation to the residual value if this is lower. A value impairment test will be made at the date of the opening balance and at year-end 2004. Dividends for the year from affiliated companies are recognized as income as received.

The IFRS conversion process has not been completed so the effect on the figures of the transition cannot be stated with sufficient certainty. Columbus IT Partner's provisional assessment is that there are no other parts of the accounts that will have a significant impact on recognition and measurement in the transition to IFRS.

Investors
The following had holdings of more than 5% of the Company's shares at year-end 2004:

■ Consolidated Holdings A/S (Vedbæk)	33.14%
■ Gaardboe Holding ApS (Risskov)	31.40%
■ Nordea AB (Sweden)	11.45%

Nordea and Gaardboe Holding have assigned the voting rights in their shares to Consolidated Holdings until 30th June 2005.

Annual General Meeting
The Company's Annual General Meeting will be held on 20th April 2005 at 10.00 a.m. at Hotel Skt. Petri, Krystalgade 22, 1172 Copenhagen.

The following auditors' endorsement will be made to the annual report:

To the shareholders of Columbus IT Partner A/S
We have audited the annual financial statements for Columbus IT Partner for Fiscal 2004 which have been drawn up in accordance with the Company Accounts Act, Danish Accounting Standards and the requirements of Copenhagen Stock Exchange for presentation of company accounts.

Company management is responsible for the annual report. Our responsibility is to express an opinion on the annual report on the basis of our audit.

Basis of opinion
We have conducted our audit in accordance with Danish auditing standards. These require us to plan and conduct our audit so as to obtain a high level of certainty that the accounts have no significant errors or deficiencies. During our audit, we have, on the basis of significance and risk, included an examination of evidence supporting the amounts and disclosures stated in the financial statements. We have also assessed the accounting policies applied and the estimates made by management, and have assessed whether the information provided in the accounts as a whole is complete. Our view is that our audit has given sufficient grounds for our opinion.

Our audit has not given cause for qualification.

Opinion
It is our view that the Annual Financial Statements and the Consolidated Accounts give a true and fair view of the assets and liabilities, the financial position of the parent company and Group at year-end 2004 and the results of the Group and the parent company's business and cash flow for Fiscal 2004 in accordance with the Company Accounts Act, Danish Accounting Standards and the requirements of Copenhagen Stock Exchange for presentation of company accounts.

Copenhagen, 3rd March 2005

PRICE WATERHOUSE COOPERS
State-Authorized Public Accountants

Allan Vestergaard Andersen
State-Authorized Public Accountant

Leif Ulbæk Jensen
State-Authorized Public Accountant

DELOITTE
State-Authorized Public Accounts

Anders O. Gjelstrup
State-Authorized Public Accountant

Jesper Jørgensen
State-Authorized Public Accountant

CASH FLOW STATEMENT

	Koncern	
DKK 1000	**2004**	**2003**
Earnings 2004	-30,553	-40,266
Adjustments	50,630	34,312
Changes in working capital	-18,518	3,556
Cash flow from operations before financials	**1,559**	**-2,398**
Interest received, etc.	7,480	10,983
Interest paid, etc.	-16,349	-21,304
Cash flow from operations	**-7,310**	**-12,719**
Corporation tax paid	-7,986	-11,183
Cash flow from operations	**-15,296**	**-23,902**
Acquisition of intangible fixed assets	-3,662	-2,055
Acquisition of tangible fixed assets	-7,665	-5,492
Disposal of intangible fixed assets	0	5,707
Disposal of tangible fixed assets	635	480
Acquisition/sale of subsidiaries/activities	1,519	-11,958
Cash flow from investments	**-9,173**	**-13,318**
Capital increase – rights issue	7,492	97,473
of which conversion of debt and loans	-7,492	-67,324
Expenses – capital increase	-3,028	-6,666
Dividends paid to minority shareholders	-7,865	0
Tax repayments – employee shares	0	2,199
Overdraft facilities	17,592	10,358
Raising long-term debt	34,000	4,164
Redemption of long-term debt	-3,915	-9,035
Cash flow from financing activities	**36,784**	**31,169**
Changes in cash funds	**12,315**	**-6,051**
Cash funds, opening balance	24,027	30,830
Exchange rate adjustments	-859	-752
Cash funds, year-end	**35,483**	**24,027**

INCOME STATEMENT

	Group	
DKK 1000	**2004**	**2003**
Net revenues	581,277	543,273
Own work stated under assets	3,285	2,105
External project costs	-136,684	-143,421
Gross earnings	**447,878**	**401,957**
Other external costs	-115,235	-112,229
Employement costs	-305,293	-292,536
Other operating income	2,036	16,969
Other operating costs	-4,359	-3,201
Earnings before depreciation (EBITDA)	**25,027**	**10,960**
Depreciation excl. Goodwill	-13,391	-20,029
Earnings before amortization (EBITA)	**11,636**	**-9,069**
Depreciation and amortization of goodwill	-21,489	-11,440
Earnings on operations (EBIT)	**-9,853**	**-20,509**
Pre-tax earnings in affiliated companies		
Financial income	7,480	10,983
Financial expenses	-16,443	-21,304
Earnings before tax	**-18,816**	**-30,830**
Tax on earnings 2004	-6,158	-6,770
Earnings 2004	**-24,974**	**-37,600**
Minority interests	-5,579	-2,666
Columbus IT Partner's share of net earnings	**-30,553**	**-40,266**

BALANCE SHEET

Assets

	Group	
DKK 1000	**2004**	**2003**
ASSETS		
Development projects completed	7,962	5,582
Licence rights	613	107
Goodwill	53,314	70,859
Development projects in progress	0	795
Intangible fixed assets	**61,889**	**77,343**
Plant and operating equipment	14,651	20,161
Tangible fixed assets under construction	0	0
Tangible fixed assets	**14,651**	**20,161**
Investments in affiliated companies	0	0
Deferred tax assets	30,016	27,190
Financial fixed assets	**30,016**	**27,190**
Total fixed assets	**106,556**	**124,694**
Stocks of goods for sale	3,050	3,081
Inventories	**3,050**	**3,081**
Trade receivables	145,744	145,914
Contract work in progress	15,195	8,476
Receivables from affiliated companies	0	0
Receivables from shareholders	4,666	4,558
Corporation tax	1,829	2,349
Other receivables	14,889	12,624
Accruals and deferred expenses	8,237	7,347
Receivables	**190,560**	**181,268**
Securities and capital holdings	66	5,000
Securities and capital holdings	**66**	**5,000**
Cash funds	35,483	24,028
Total current assets	**229,159**	**213,377**
Total assets	**335,715**	**338,071**

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T: (+45) 7020 5000 – F: (+45) 7025 0701
CVR no.: 13228345

BALANCE SHEET

Liabilities

	Group	
DKK 1000	**2004**	**2003**
LIABILITIES		
Share capital	47,569	46,231
Retained profit	-43,710	-14,350
Shareholders' equity	**3,859**	**31,881**
Minority interests	**19,542**	**21,535**
Deferred tax	1,003	1,952
Provisions	0	2,533
Provisions	**1,003**	**4,485**
Subordinated loan capital	15,000	17,840
Credit institutions	818	2,090
Long-term debt	**15,818**	**19,930**
Subordinated loan capital	51,840	4,000
Short-term part of long-term debt	832	3,476
Credit institutions	89,457	71,865
Prepayments received from customers	20,017	19,679
Trade payables	29,963	62,271
Payables to affiliated companies	0	0
Corporation tax	4,650	3,754
Other payables	94,257	87,894
Accruals and deferred income	4,477	7,301
Short-term debt	**295,493**	**260,240**
Total debt	**311,311**	**280,170**
Total liabilities	**335,715**	**338,071**