

12th May 2005

Stock Exchange Release No. 18/2005



Quarterly Report

Q1/ 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 800 staff operating in 25 countries. Our customer base consists of more than 5000 small and medium-sized enterprises and units of large companies.

www.columbusit.com



Significant improvement in equity and liquidity

- Columbus IT Partner's revenues totaled DKK 130.2m in Q1/2005 (DKK 134.3m in 2004).
- Operating profit (EBITDA) for the period was DKK 0.5m (DKK 5.2m in 2004).
- Pre-tax earnings for Q1/2005 were DKK -2.5m, compared to DKK -0.2m in 2004.
- The Company's German subsidiary that was wound up at the end of 2004, was re-established at the beginning of 2005 and reported an operating profit for Q1.
- At the end of the quarter, Columbus IT Partner had a headcount of 855, up 63 on year-end 2004.
- The Company was no longer in a capital deficit situation at the end of the quarter following several increases in capital as a result of having acquired minority holdings in the American and Russian subsidiaries and in several directed rights issues, including one for the management of the Austrian subsidiary.
- Including the rights issue held in April, shareholder's equity in the Company was approx. DKK 112m, corresponding to a solvency ratio of about 31%. Following the rights issue, the Company's liquidity improved by about DKK 20m to a total of approx. DKK 72m.
- Feodor Petrenko has been appointed as CEO of Columbus IT Partner instead of the previous president who has resigned from his position.
- Columbus IT Partner has signed a Letter of Intent to acquire a large, profitable growth-oriented reseller of solutions based on Microsoft Business Solutions. The agreement is conditional on satisfactory due diligence. Since the deal would have a significant impact on both revenues and earnings, more details of the outlook for 2005 will be given when the final agreement is in place.

Until then, the Company is maintaining its previously expressed forecasts for 2005, with total Group revenues of the order of DKK 615-625m, EBITDA of DKK 35-40m and pre-tax profits of DKK 15-20m, despite one-off costs of the order of DKK 2m associated with management changes and restructuring.

- This quarterly report for Q1/2005 is the first drawn up by Columbus IT Partner to use the provisions for recognition and measurement laid down in the International Financial Reporting Standards (IFRS).

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

Vladislav Martynov
Chief Executive Officer
Columbus IT Partner A/S

For further details, please contact:

Torben Bartels, Chief Financial Officer or Jan U. T. Bitterhoff, Business Development Executive, T: (+45) 7020 5000.

Key Figures and Ratios

DKKm	2004	Q1 2004	Q1 2005
Income statement			
Net revenues	581.3	134.3	130.2
Own work stated under assets	3.3	1.0	0.5
External project costs	-136.7	-26.4	-24.6
Gross earnings I	447.9	108.9	106.1
Staff expenses	-305.3	-77.6	-78.5
Gross earnings II	142.6	31.3	27.6
Other external costs	-115.2	-25.5	-27.1
Other operating income	2.3	0.0	0.0
Other operating costs	-4.7	-0.6	0.0
EBITDA	25.0	5.2	0.5
Depreciation	-13.4	-3.7	-2.5
EBITA	11.6	1.5	-2.0
Amortization of goodwill	-14.7	0.0	0.0
EBIT	-3.1	1.5	-2.0
Net financials	-8.9	-1.7	-0.5
Pre-tax earnings	-12.0	-0.2	-2.5
Tax on earnings Q1/2005	-6.2	-1.7	-1.7
Earnings Q1/2005	-18.2	-1.9	-4.2
Allocated thus:			
Shareholders in Columbus IT Partner A/S	-23.7	-2.7	-4.4
Minority interests	5.6	0.8	0.2
	-18.2	-1.9	-4.2
Balance sheet			
Fixed assets	113.4	123.8	151.3
Current assets	229.1	207.2	193.6
Total assets	342.5	331.0	344.9
Group equity	10.7	29.1	35.9
Minority interests	19.5	18.5	9.0
Debt and other provisions	312.3	283.4	300.0
Total liabilities	342.5	331.0	344.9
Cash flow			
Cash inflow from operations	-15.3	-0.5	31.6
Net cash outflow for investments	-9.2	-3.2	-51.2
of which for investment in tangible fixed assets	-7.0	-1.6	-1.5
Cash inflow from financing activities	36.8	9.7	21.3
Total cash flow	12.3	6.0	1.6
Key figures			
Gross margin II	24.5%	23.3%	21.2%
Operating profit margin	-0.5%	1.2%	-1.5%
Return on investment III	1.3%	1.1%	-0.6%
Return on equity	-111.5%	-8.9%	-18.6%
Equity ratio	3.1%	8.8%	10.4%
Earnings per share (EPS)	-0.6	-0.1	-0.1
Dividend per share	0.0	0.0	0.0
Net asset value per share (BV)	0.3	0.8	0.9
Headcount year-end	792	825	855
Cash flow per share	-0.4	0.0	0.8

The key figures and financial ratios above have been calculated in accordance with the Danish Society of Financial Analysts "Recommendations and Key Figures 2005", except for Return on Investment and Equity Ratio.

The quarterly report has not been audited.

Trends in Q1/2005

Columbus IT Partner's revenues for Q1/2005 totaled DKK 130m compared to DKK 134m in the same period last year.

Solutions based on Axapta continued to account for the greatest part of revenues, but their share fell by 2 percentage points whilst solutions based on Navision rose by approx. 5 percentage points. During Q1, Columbus IT Partner signed contracts for the provision of solutions based on Axapta or Navision with various customers such as Müller Martini, Calamus, Danish Supply Corporation, HD Design, Berendsen and Dantech Dynamics in Denmark, Sonacas and Usifroid in France, Perfect 10 in USA, Sampo Pank in Estonia, and Achema in Lithuania, Suzuki in Poland, Paradigit in the Netherlands, Euronics Norway and New Rosme in Latvia.

Revenues Q1	2004	2005	Revenues Q1	2004	2005
Hardware	2%	2%	Axapta	74%	72%
Software	26%	23%	Navision	8%	13%
Service	72%	75%	XAL	13%	8%
			Other	5%	7%
Total	100%	100%	Total	100%	100%

Note: The figures in the table have been adjusted for terminating activities (Solutiones Casee S. A. in Costa Rica).

Q1 operating profit (EBITDA) was DKK 0.5m (DKK 5.2m in 2004). The reduction in EBITDA was mainly due to an overall decline in revenues throughout the Group. Headcount in these two countries alone was up by 99 on Q1/2004. Operating profit margin for Q1/2005 fell to -1.5% compared to -0.8% in Q1/2004.

The Group's financials showed a net expense of DKK 0.5m, down DKK 1.2m on Q1/2004.

Tax on Q1 earnings was DKK 1.7m which is payable at various subsidiaries reporting profits.

Regional developments

(Q1)	Revenues		EBITDA		Headcount	
	(DKKm)		(DKKm)		(at 31 March)	
	2004	2005	2004	2005	2004	2005
Nordic	65	51	2	-1	273	224
Western Europe	30	29	1	1	159	136
Eastern Europe	24	28	3	2	282	370
Rest of the World*	14	22	3	3	73	104
Parent company	0	0	-4	-4	29	21
	133	130	5	1	816	855
Total terminating activities						
* Solutiones Casee S.A.	1	0	0	0	9	0
Total	1	0	0	0	9	0

Note: The figures above have been adjusted for terminating activities (Solutiones Casee S.A. in Costa Rica).

Nordic Region Q1 revenues fell DKK 14m (22%) on Q1/2004. The fall was mainly due to reorganization of Danish activities following the acquisition of Hands International A/S in



Q4/2003. In general, all the Nordic markets continued to be affected by intense competition with pressure on pricing as a result. Compared to the same period last year, EBITDA fell from DKK 2m to DKK -1m. The reduction was mainly due to business developments reported by subsidiaries in Denmark and Sweden.

In **Western Europe**, revenues in Q1/2005 amounted to DKK 29m, down DKK 1m on Q1/2004. At approx. DKK 1m, EBITDA in Western Europe was unchanged on Q1/2004. The subsidiaries in UK and Netherlands achieved the best Q1 results in the region. The Company's German subsidiary that was wound up at the end of 2004, was re-established at the beginning of 2005 and reported an operating profit for Q1.

Revenues in **Eastern Europe** totaled DKK 28m in Q1, an improvement of DKK 4m or 17% on Q1/2004. This improvement in revenues was attributable to Russia and the Baltic states. EBITDA for the region in Q1 was DKK 2m, down DKK 1m on Q1/2004. The decline was mainly due to expansion of the Russian subsidiary. Feodor Petrenko has been appointed as MD of Columbus IT Partner instead of the previous MD who has resigned from his position.

In the **Rest of the World**, total Q1 revenues were DKK 22m, up DKK 8m or 57% on Q1 last year. EBITDA in the region was DKK 3m, which was in line with Q1/2004. In Asia, the Company has signed a Letter of Intent with its franchise partner which has 10 employees primarily in Indonesia.

After billing subsidiaries for expenses, EBITDA for the **Parent company** in Q1/2005 was DKK -4m which was in line with Q1/2004. Payroll costs fell by some DKK 2m whilst costs for IT operations rose. The level of internal cost coverage in the Group fell.

Directed right issues

In Q1, Columbus IT Partner redeemed debt for Columbus IT Partner GmbH, Austria, by issuing 178,100 shares in Columbus IT Partner A/S as per Stock Exchange Release no. 2 of 12th January 2005. In January and February, Columbus IT Partner acquired minority holdings in the American and "Russian" subsidiaries for a consideration in shares, which means that the most significant subsidiaries in the Group are now wholly-owned, cf. Stock Exchange Releases nos. 4 of 24th January 2005 and 9 of 28th February 2005. Shares were also issued to CDi Consult ApS and Chief Financial Officer Torben Bartels. Accordingly, a total of 2,232,639 shares were issued in Q1, which had a positive impact on shareholders' equity of approx. DKK 29m.

Rights issue

During the period between 5-18th April 2005, Columbus IT Partner A/S issued 26,858,601 new shares with a face value of DKK 1,25 at a price of DKK 3 per share. Consolidated Holdings A/S underwrote the whole rights issue which accordingly raised capital of DKK 80.6m for the Company before issue costs and loan repayments. This left the Company with DKK 20.8m after repaying debt and the costs of the rights issue. Please see Stock Exchange Releases nos. 12 of 18th March and 16 of 20th April 2005.

Following the underwritten part of the rights issue, the capital structure of the Company was as follows (after issue costs estimated at DKK 4.1m):



Columbus IT Partner (DKKm)	31st December 2004	31st March 2005	31st March 2005 pro forma (after Rights Issue)
Share capital	47.6	50.4	83.9
Reserves	-36.9	-14.5	28.4
Shareholders' equity in Columbus IT Partner A/S	10.7	35.9	112.3
Minority interests	19.5	9.0	9.0
Total equity	30.2	44.9	121.3
Subordinated loan capital			
Nordea Bank	17,7 ¹⁾	17,7 ¹⁾	-
Consolidated Holdings	34.0	34.0	-
Trading partner	15.0	15.0	15.0
Total subordinated loans	66.7	66.7	15.0
Total mortgage debt	91.3¹⁾	86.6¹⁾	82.6
Total balance	342.5	344.9²⁾	365.7

Note:

1. The principal of the subordinated loan granted by Nordea Bank was DKK 17.7m. Accrued interest of DKK 0.1m was paid on 1st April 2005. Interest charges have been included in the figure above under Mortgage debt.
2. The Balance Sheet figures include expected supplementary payments to the parties selling the 49% of Columbus IT Partner Russia Ltd. Cyprus of DKK 22.3m. The company may pay the consideration by way of shares in the Company, cf. Stock Exchange Release dated 18th March 2005.

Outlook

Columbus IT Partner has signed a Letter of Intent to acquire a large, profitable growth-oriented reseller of solutions based on Microsoft Business Solutions. The purchase price is expected to be between DKK 120 - 160m with payment in shares in Columbus IT Partner. The price of the shares has been fixed at DKK 10.4 per share. The agreement is conditional on satisfactory due diligence which is expected to have been completed by the end of May 2005. The deal would have a considerable impact on both revenues and earnings. An updated outlook for 2005 will be given when the final agreement is in place.

Until then, the Company is maintaining its previously expressed forecasts for 2005, with total Group revenues of the order of DKK 615-625m, EBITDA of DKK 35-40m and pre-tax profits of DKK 15-20m.

Accounting policies

This quarterly report has been drawn up in accordance with the provision of the Interim Reporting Notice and Copenhagen Stock Exchange requirements for interim reporting. The Annual Report 2005 will be drawn up in accordance with the International Financial Reporting Standards (IFRS) and additional Danish reporting requirements, etc, pursuant to the Notice on use of international financial reporting standards for companies covered by the Annual Reports Act. The provisions on recognition and measurement in IFRS have been applied in this quarterly report.

The transition to using IFRS when presenting financial statements only has a major impact on results in a single area relating to goodwill. Goodwill can no longer be depreciated. Goodwill is now tested at least annually for impairment and is then amortized insofar as the value for accounting purposes exceeds residual value. Depreciation of goodwill made in 2004 according to the Danish rules has been reversed and impairments tests have been

made at the date of the opening balance at 1st January 2004 and at 31st December 2004. The effect of these has been included in the comparative figures in this quarterly report.

In 2005, the comparative figures for 2004 will be adjusted by a total of DKK 7.4m. The breakdown for the individual quarters is as follows:

DKKm	Reversal of depreciation and amortization	Amortization as per IFRS	Total adjustment
Q1/2004	2.5	0.0	2.5
Q2/2004	2.6	0.0	2.6
Q3/2004	5.5	4.8	0.7
Q4/2004	10.9	9.9	1.0
Total 2004	21.5	14.7	6.8

The transition to IFRS also means more stringent reporting standards than those currently applicable and changes in presentation and they will be incorporated in the annual report for 2005.

Investments

Total investment in tangible and intangible fixed assets with the exception of goodwill in Q1/2005 was DKK 2.3m, compared to DKK 2.6m in Q1/2004. DKK 0.4m was for investments in development projects involving repeatable solutions, whilst the remaining DKK 1.9m was for acquiring tangible fixed assets.

Liquidity status

Columbus IT Partner's liquid funds increased by DKK 2m since the beginning of the year to DKK 37m. Cash funds are mainly held at various foreign subsidiaries.

Forex

The Group did not enter into any hedging contacts in Q1/2004. 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.

Development in shareholders' equity

Development in equity (DKKm)	2004	Q1/2005
Equity 1/1	31.9	10.7
Capital increases	4.5	28.7
Adjustment for minority interests with negative equity	0.2	-
Forex adjustments for foreign subsidiaries, etc.	-2.1	0.9
Result Q1	-30.6	-4.4
Adjustment of goodwill from transition to IFRS	6.8	0
Group equity 31/12-31/3	10.7	35.9
Minority interests	19.5	9.0
Equity 31st December- 31st March	30.2	44.9



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.



Management report

The Boards of Directors and Management have today considered and approved the Q1 report for the Columbus IT Partner Group for 1st January – 31st March 2005.

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

Copenhagen 12th May 2005

Board of Management

Vladislav Martynov
Chief Executive Officer

Torben Bartels
Chief Financial Officer

Board of Directors

Ib Kunøe
Chairman

Michael Gaardboe
Vice Chairman

Claus Hougesen

Jørgen Cadovius

Income Statement

DKK 1000	1/1 – 31/3 2004	1/1 – 31/3 2005
Net revenues	134,244	130,218
Own work stated under assets	1,047	467
External project costs	-26,388	-24,629
Gross earnings	108,903	106,056
Other external costs	-25,458	-26,996
Staff expenses	-77,569	-78,494
Andre driftsindtægter	0	0
Other operating income	0	0
Other operating costs	-637	-27
Earnings before depreciation (EBITDA)	5,239	539
Depreciation	-3,768	-2,556
Earnings before amortization (EBITA)	1,471	-2,017
Amortization of goodwill	0	0
Operating profit (EBIT)	1,471	-2,017
Financial income	2,207	16
Financial expenses	-3,831	-529
Pre-tax earnings	-153	-2,530
Tax on Q1 earnings	-1,746	-1,682
Earnings Q1	-1,899	-4,212
Allocated thus:		
Shareholders in Columbus IT Partner A/S	-2,713	-4,374
Minority interests	814	162
	-1,899	-4,212

Balance Sheet

DKK 1000

	31/03 2004	31/03 2005
Assets		
Completed development projects	6,358	7,952
Royalties	92	605
Goodwill	70,994	98,435
Development projects in progress	795	0
Intangible assets	78,239	106,992
Plant and operating equipment	18,294	14,229
Tangible assets	18,294	14,229
Deferred tax assets	27,283	30,070
Financial assets	27,283	30,070
Total long-term assets	123,816	151,291
Stocks of goods for sale	3,441	2,239
Inventories	3,441	2,239
Receivables - sales and services	132,290	111,694
Contract work in progress	7,358	9,136
Receivables from shareholders	4,596	5,115
Corporation tax	1,835	1,981
Other receivables	13,457	17,435
Accruals	8,564	8,552
Receivables	168,100	153,913
Holdings in associated companies	5,334	0
Securities and capital holdings	5,334	0
Cash funds	30,332	37,479
Total short-term assets	207,207	193,631
Total assets	331,023	344,922

Balance Sheet

DKK 1000

	31/03 2004	31/03 2005
Liabilities		
Share capital	46,231	50,360
Retained profit	-17,139	-14,434
Shareholders' equity in Columbus IT Partner A/S	29,092	35,926
Minority interests	18,499	8,992
Equity	47,591	44,918
Deferred tax	1,533	807
Subordinated loan capital	17,840	15,000
Mortgage lenders	2,564	1,127
Long-term commitments	21,937	16,934
Short-term part of subordinated loan capital	4,000	51,837
Short-term part of other long-term commitments	1,886	613
Mortgage lenders	82,712	84,731
Customer prepayments	14,665	14,772
Trade accounts payable	59,343	21,086
Corporation tax	3,306	3,551
Other debt	85,263	99,997
Accruals	10,320	6,483
Short-term commitments	261,495	283,070
Commitments	283,432	300,004
Total liabilities	331,023	344,922