10 August 2006

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Interim Report

Q1-2/2006

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

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Strong growth in software revenues and earnings in Q2

- Columbus IT's revenues in Q1-2/2006 rose 19% to a total of DKK 365m (DKK 306m in 2005).

- Operating profit (EBITDA) was DKK 5.3m for the period (DKK 10.7m in 2005), which was in line with management expectations. Q2/2006 actually contributed DKK 9.7m whereas the Q1 result was a deficit of DKK -4.4m.

- The 32% increase in software revenues compared to the same period last year was mainly due to sales of own developed software. To-Increase also strongly increased its partner channels in both North America and Europe.

- The Danish subsidiary reported 58% growth in EBITDA compared to the same period last year. The growth was a result of the continuing streamlining of activities, including improved client contracts and optimization of revenue mix. New Dynamics Nav (formerly Navision) sales were especially successful, with the company reporting growth up 131% on Q1-2/ 2005.

- As part of the international growth strategy for our global presence, Columbus IT set up operations in Finland, Mexico, Brazil and Chile in Q2. Columbus IT has holdings of between 51% and 65% in these companies, with local managements owning the rest. Columbus IT thus has its own companies in five countries in South America, with 100 Spanish-speaking staff – a critical competitive parameter in the Latin American market which is still open.

- Together with Algosaibi Information Systems (AGIS) Columbus IT Partner A/S has established a joint venture company, Columbus IT Middle East, based in Dubai. The company is treated as an associate since Columbus IT has a holding of 22.5%. The company wishes to exploit AGIS' regional presence in Abu Dhabi, Riyadh, Dammam, Jeddah and Bahrain.

- Group equity at the end of Q-12 /2006 amounted to DKK 150m, giving a solvency ratio of 32% (31% in 2005).

- Previously expressed forecasts are being maintained, with total Group revenues on a level with DKK 720-750m, EBITDA of DKK 30-35m and pre-tax earnings of DKK 10-15m.

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

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CEO Michael Gaardboe or Executive Vice President Sven Madsen, T: (+45) 7020 5000.

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Key figures and ratios

DKKm	Q2/ 2006	Q2 2005	Q1-2/2006	Q1-2/2005	2005
Income Statement					
Net revenues	196.6	175.6	364.7	305.8	649.8
External project costs	-57.7	-52.6	-100.8	-77.2	-184.5
Gross earnings I	138.9	123.0	263.9	228.6	465.3
Staff expenses	-95.2	-83.1	-183.9	-161.1	-318.0
Gross earnings II	43.7	39.9	80.0	67.5	147.3
Other external costs	-34.0	-29.6	-74.3	-56.7	-124.1
Other operating income	0.0	0.1	0.0	0.1	0.6
Other operating costs	0.0	-0.2	-0.4	-0.2	-0.2
EBITDA	9.7	10.2	5.3	10.7	23.6
Depreciation excl. goodwill	-3.6	-3.0	-6.8	-5.5	-12.2
EBITA	6.1	7.2	-1.5	5.2	11.4
Write-down of goodwill	0.0	-4.0	0.0	-4.0	-7.3
EBIT	6.1	3.2	-1.5	1.2	4.1
Net financials	2.3	0.4	-3.1	-0.1	-2.9
Pre-tax earnings	3.8	3.6	-4.6	1.1	1.2
Tax on Q1-2 earnings	-1.5	-4.6	-2.0	-6.3	-7.3
Earnings Q1-2	2.3	-1.0	-6.6	-5.2	-6.1
Allocated thus:					
Shareholders of Columbus IT Partner A/S	1.3	-2.5	-7.5	-6.4	-10.0
Minority interests	1.0	1.5	0.9	1.2	3.9
	2.3	-1.0	-6.6	-5.2	-6.1
Balance Sheet					
Long-term assets			226.7	147.9	229.7
Short-term assets			250.0	223.9	256.6
Total assets			476.7	371.8	486.3
Group shareholders' equity			150.0	115.2	147.3
Minority interests			11.4	9.9	11.9
Debt			315.3	246.7	327.1
Total liabilities			476.7	371.8	486.3
Cash flow					
Cash inflow from operations			-7.1	19.6	28.9
Net cash outflow for investments			-19.3	-55.3	-100.3
- of which for investment in tangible fixed assets			-3.3	-3.4	-6.9
Cash flow from financing activities			15.3	34.8	70.2
Total cash flow			-11.1	-0.9	-1.2
Key ratios					
Gross margin II			21.9%	22.1%	22.7%
Operating profit margin			-0.4%	0.4%	0.6%
Return on investment III			0.3%	1.9%	3.6%
Return on equity			-5.2%	-8.4%	-9.6%
Equity ratio			31.5%	31.0%	30.4%
Earnings per share (EPS)			-0.1	-0.1	-0.2
Dividend per share			0.0	0.0	0.0
Net asset value per share (BV)			2.1	1.7	2.1
Headcount end of period			964	823	943
Cash flow per share			-0.2	0.4	2.2

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 Interim Report has not been audited

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Developments in Q1-2/2006
Columbus IT reported net revenues in Q1-2/2006 of DKK 365m, up from DKK 306m for the same period last year.

Revenues	2006	2005
	%	%
Hardware	2%	3%
Software	36%	31%
Service	62%	66%
Total	**100%**	**100%**

Revenues	2006		2005	
	DKKm	%	DKKm	%
Dynamics AX (formerly Axapta)	248	68%	232	76%
Dynamics Nav (formerly Navision)	73	20%	34	11%
XAL	22	6%	25	8%
Other	22	6%	15	5%
Total	**365**	**100%**	**306**	**100%**

The table above shows that software sales have increased as a result of Columbus IT's focused strategy of becoming a global software development house. Solutions based on Dynamics AX continue to account for most of revenues, but the Group's Navision business has seen extremely strong growth, up 115% on Q1-2/2005 as a result of the Group's continuing focus on Dynamics Nav-based solutions. Sales of solutions based on XAL reflect an ever declining share of revenues following the conversion of XAL solutions to Dynamics AX solutions.

Sales of own developed software - mainly by the Group's software development company To-Increase – amounted to DKK 16m of the revenues, an increase of 100% compared to the same period last year. Especially in this first half year, Columbus made significant investments in readying an extensive range of software products for sale via other dealers. From Q2, To-increase has been offering a new, over 300 page product catalog to all the thousands of Microsoft's Dynamics dealerships. This is the largest range available in the Microsoft ERP market. A large number of international dealerships are currently being set up and trained. Together with the launch of Dynamics AX 4.0, an entirely new development tool is also being launched that will cut the costs of product development and client adaptation/localization. The above will constitute a significant factor in the future earnings potential of the Group.

Group EBITDA for Q1-2/ 2006 was DKK 5.3m compared to DKK 10.7m in 2005. Q2/ 2006 made a contribution of DKK 9.7m and total EBITDA for the period was in line with the company's expectations.

Group financials showed net expenses of DKK 3.1m, up from DKK 0.1m for the same period last year.

Corporation tax for foreign companies reporting profits means that the total tax charge for Columbus IT for the period was DKK -2.0m. The result for the period was a deficit of DKK -6.6m, which was DKK 1.4m less than for the same period last year.

Regional developments

(Q1-2)	Revenues (DKKm)		EBITDA (DKKm)		Headcount (at 30 June)	
	2006	2005	2006	2005	2006	2005
Nordic	142	118	14	7	224	213
Western Europe	98	65	6	4	219	141
Eastern Europe	61	58	-1	5	366	339
Rest of the World	64	64	2	14	137	110
Parent company	0	1	-16	-19	18	20
	365	306	5	11	964	823

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

Q1-2/2006 revenues for the **Nordic Region** were 20% or DKK 24m up on Q1-2 last year. The increase was mainly due to the greater level of activity in the Danish subsidiary, where revenues were up DKK 17m (17%), especially for Navision business. The Norwegian subsidiaries also reported growth in revenues, amongst other things as a result of the successful turnaround undergone by the company in Oslo. The Nordic Region accounted for 38% of Group revenues. EBITDA rose from DKK 7m in Q1/2005 to DKK 14m this year. The reason for the improvement in EBITDA in 2006 has been generally better earnings in the Danish subsidiary, which has seen EBITDA grow by DKK 4.6m compared to last year. Growth was due to the continuing efficiency drive, including improved client contracts and optimization of revenue mix, Further, the restructuring process implemented previously for the Norwegian company in Oslo has significantly improved its profitability, with EBITDA at DKK 0.3m for the period, which was DKK 2.5m up on last year.

In **Western Europe,** first half 2006 revenues totaled DKK 98m, up DKK 33m (51%) on the same period last year. The region accounted for 27% of total revenues. Compared to Q1-2/2005, EBITDA in Western Europe rose from DKK 4m to DKK 6m and most of the countries in the region reported positive EBITDA. The Group’s software development house contributed DKK 8m of the increased revenues in Western Europe. The company achieved EBITDA of DKK 4m which was in line with expectations.

Revenues in **Eastern Europe** were DKK 61m in Q1-2/2006, which was an improvement of DKK 3m or 5% compared to the same period in 2005. First half revenues increased in by and large all the countries in the region compared to last year. The region accounted for 17% of total revenues. EBITDA for the region was DKK -1m in 2006, which was DKK 6m less than for the first half of 2005. The decrease was mainly due to the Russian subsidiary's Q1 when it failed to achieve revenues, and hence earnings, in line with budget and there were also substantial costs associated with re-establishment of its market position following a crisis in 2005. The companies in the Czech Republic and Estonia also reported unsatisfactory results. Focused action is being taken in order to restore the profitability of these companies.

In the **Rest of the World Region**, total Q1-2/2006 revenues were DKK 64m, which was in line with the same period last year. The region accounted for 18% of total revenues. EBITDA in the region was DKK 2m, down DKK 12m on last year. The decrease was mainly due to the American subsidiary where earnings in the first half of 2005 reflected three major client contracts which it proved impossible to repeat in 2006. The US market is characterized by heavy competition. Further, sale of a client that had accounted for 30% of the US company's revenues saw it switching to the new owner's IT platform. Columbus IT set up an associate company in 2006 in the Middle East and also established companies in Brazil, Mexico and Chile so as to boost its presence in Latin America.

EBITDA in the **Parent Company** in the first half of 2006 amounted to DKK -16m before invoicing subsidiaries for expenses. This was DKK 3m less than for the same period in 2005. EBITDA was affected by lower payroll costs of the order of DKK 3m as a result of reorganization and efficiency drives. Several central projects have been implemented, amongst other things to enhance the IT platform and to develop strategic tools, and these have led to higher costs for IT operations.

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

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

A total of 1,272,173 shares were issued in the first half of 2006 which had a positive net impact on equity of approx. DKK 13m.

Accounting policies
This interim report has been drawn up in accordance with the provision of the Interim Reporting Notice and Copenhagen Stock Exchange requirements for interim reporting.

Investments
Total investments in tangible and intangible assets (except for goodwill) in Q1-2 totaled DKK 13.0m compared to 4.8m for the same period in 2005. DKK 9.7m was attributable to investments in development projects for repeatable solutions whilst the remaining DKK 3.3m was for acquisition of tangible assets.

Liquidity status
Columbus IT held cash funds of DKK 23m at 30 June 2006 compared to DKK 35m last year. Cash funds are mainly held at various foreign subsidiaries.

Forex
The Group did not enter into any hedging contacts in the first half of 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.

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Development in shareholders' equity

Development in shareholders' equity (DKKm)	2005	Q1-2/2006
Equity 1/1	6.5	147.3
Forex adjustments for foreign subsidiaries, etc.	2.3	-3.0
Earnings Q1-2	-10.1	-7.5
Adjustment of minority interests with negative equity	2.0	0
Warrant scheme exercised	0.8	0.2
Capital increases	145.8	13.0
Group equity 31 December – 30 June	147.3	150.0
Minority interests	11.9	11.4
Total equity 31 December - 30 June	159.2	161.4

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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Management Report

The Boards of Directors and Management have considered and approved the Interim Report for the period 1 January - 30 June 2006 for the Columbus IT Partner Group.

The interim 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 interim reports laid down in the Company Accounts Act, associated statutory instruments and Copenhagen Stock Exchange. We regard the accounting policies applied as appropriate and that the Interim Report gives a true picture of the Group's assets and liabilities, financial position at 30 June 2006, and the results of the Group's activities and cash flow for the period 1 January – 30 June 2006.

Brøndby, 10 August 2006

Board of Management

Michael Gaardboe CEO	Sven Madsen Executive Vice President

Board of Directors

Ib Kunøe Chairman	Michael Gaardboe	Claus Hougesen	Jørgen Cadovius

Income Statement

DKK 1000	1/1 – 30/6 2006	1/1 – 30/6 2005
Net revenues	364,749	305,885
External project costs	-100,835	-77,260
Gross earnings	263,914	228,625
Other external costs	-74,254	-162,066
Staff expenses	-183,937	-55,701
Other operating income	0	70
Other operating costs	-393	-206
Earnings before depreciation/amortization (EBITDA)	5,330	10,722
Depreciation	-6,809	-5,518
Earnings before write down of goodwill (EBITA)	-1,479	5,204
Write down of goodwill	-41	-4,028
Operating profit (EBIT)	-1,520	1,176
Results of associated companies	-203	0
Financial income	3,020	5,660
Financial expenses	-5,875	-5,766
Pre-tax earnings	-4,578	1,070
Tax on Q1-1 earnings	-1,983	-6,261
Earnings Q1-2	**-6,561**	**-5,191**
Allocated thus:		
Shareholders of Columbus IT Partner A/S	-7,490	-6,417
Minority interests	929	1,226
	-6,561	-5,191

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Balance Sheet

DKK 1000	30/06 2006	30/06 2005
Assets		
Development projects completed	31,109	7,690
Royalties	472	568
Goodwill	157,295	95,280
Development projects in progress	3,982	0
Intangible assets	192,858	103,538
Plant and operating equipment	13,009	14,249
Tangible assets	205,867	117,787
Holdings in associated companies	965	0
Deferred tax assets	19,897	30,101
Financial assets	20,862	30,101
Total long-term assets	226,729	147,888
Inventories	6,839	2,041
Accounts receivable – sales and services	159,776	149,676
Contract work in progress	23,854	9,695
Receivables from shareholders	7,093	442
Corporation tax	4,676	2,600
Other receivables	15,250	13,576
Accruals	9,058	10,313
Receivables	219,707	186,302
Cash funds	23,433	35,587
Total short-term assets	249,979	223,930
Total assets	**476,708**	**371,818**

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Balance Sheet

DKK 1000	30/06 2006	30/06 2005
Liabilities		
Share capital	90,367	83,933
Retained profit	59,672	31,308
Equity attributable to parent company shareholders	150,039	115,241
Minority interests	11,353	9,906
Equity	161,392	125,147
Deferred tax	1,387	812
Subordinated loan capital	7,500	15.000
Mortgage lenders	1,099	1,271
Other debt	2,091	0
Long-term debt	12,077	17,083
Subordinated loan capital	2,851	0
Short-term part of long-term debt	532	588
Mortgage lenders	80,399	72,176
Client prepayments	20,789	17,473
Trade accounts payable	60,173	37,125
Corporation tax	3,787	5,361
Payable purchase sum re. acquired companies	23,497	0
Other debt	98,225	90,131
Accruals	12,986	6,734
Short-term debt	303,239	229,588
Debt	315,316	246,671
Total liabilities	**476,708**	**371,818**