

Stock Exchange Release no. 5/2008



# **COLUMBUS IT**

## **Annual Report and Financial Statements 2007**

**PROFILE:**

*Columbus IT operates as an IT consultancy firm in the market for integrated business solutions based on Microsoft Business Solutions which is primarily for small and medium-sized international companies. Columbus IT is a service organization with a headcount of 1,100 operating in 25 countries. Our customer base consists of more than 5,000 small and medium-sized enterprises and units of large companies.*

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

## Strong growth in both revenues and results

**In 2007 Columbus IT achieved a considerable growth in revenues on both consultancy and software. The demand for integrated enterprise systems has increased steadily and the increase in new customers has been quite good on all important markets. The focus on optimizing the operations in all parts of the company has as expected resulted in a strong improvement of the earnings.**

- Columbus IT's revenues in 2007 totaled DKK 892M corresponding to an increase of 21%. This is in line with the Company's latest announced expectations, cf. stock exchange release no. 2 of January 30<sup>th</sup> 2008.
- Earnings before depreciation (EBITDA) totaled DKK 51M (DKK 36M in 2006) corresponding to an improvement of 41% compared to 2006. The result is in line with the Company's latest announced expectations, and thus exceeds the original announced expectations for the year of DKK 33-37M by 38%. The result is partly achieved through strong earnings in Q4 2007 where EBITDA grew to DKK 28.4M from DKK 18M in Q4 2006 corresponding to an increase of 58%.
- The Group's software development company, To-Increase B.V. the world's largest vendor of vertical standard industry applications for Microsoft Dynamics, had revenues to other Microsoft resellers of DKK 32M in 2007. This is an increase of 58% compared to 2006. On top of this To-Increase had revenues of DKK 8M in 2007 working as supplier to other affiliated companies in the Group (DKK 9.4M in 2006). EBITDA rose to DKK 16.4M in 2007, corresponding to an increase of 42% compared to 2006.
- Revenues in the Russian subsidiary grew to DKK 106.5M in 2007, corresponding to an increase of 44% compared to 2006. EBITDA rose to DKK 13M, which compared to 2006 is an increase of DKK 21.5M.
- Revenues in the subsidiaries in the US grew to DKK 127.7M in 2007, corresponding to an increase of 12% compared to 2006. Despite a declining dollar rate The American subsidiaries have succeeded in growing EBITDA in 2007 by 105% compared to 2006 to DKK 14.9M.
- Revenues in the Danish subsidiary, the largest Microsoft partner in Denmark in 06/07, in 2007 amounted to DKK 267M, corresponding to an increase of 14% compared to 2006. EBITDA for the period amounted to DKK 21M, which is a decline of 25% compared to 2006.
- Revenues in the British subsidiary amounted to DKK 51M in 2007, corresponding to an increase of 59% compared to 2006. The growth in the company has caused an increase in the EBITDA by 117% amounting to DKK 9.3M in 2007.
- Pretax earnings grew to DKK 25.1M corresponding to an increase of 66% compared to 2006.
- Earnings from discontinued operations, which consists of the now closed activities in Austria, Finland and the Czech Republic, amounted to DKK -15.0M in 2007.
- Total equity amounted to DKK 225.5M at the end 2007 (DKK 212.0M in 2006), resulting in a solvency ratio of 39% (39% in 2006).
- Columbus IT is forecasting 2008 revenues at a level of DKK 1,000M and EBITDA at a level of DKK60-65M.

Ib Kunøe  
Chairman  
Columbus IT Partner A/S

Michael Gaardboe  
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Columbus IT Partner A/S

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**Translation:** In the event of any inconsistency between this document and the Danish language version, the Danish language version shall be the governing version.

The Annual Report for 2007 is expected to be available at: [www.columbusit.com/2007](http://www.columbusit.com/2007) on April 11<sup>th</sup>, 2008 at the latest.

**CEO Michael Gaardboe:**

*"2007 was a good year for Columbus IT. We had some very concrete and ambitious targets for the year regarding revenues, financial results and our position – and they have been met. We have strengthened our position as a leading international reseller of integrated business solutions for medium sized companies, and we have become an even stronger international vendor of industry solutions for Microsoft Dynamics. A good geographical spread of our activities combined with our ability effectively to implement global solutions provides us with strong opportunities to benefit from the expected future growth in the market for integrated enterprise systems".*

## Key Figures and Ratios

MDKK	2003	2004	2005	2006	2007
<b>Income statement</b>					
Net revenue	523.4	562.4	629.9	735.7	892.4
External project costs	-139.1	-128.3	-176.4	-204.9	-250.2
Gross earnings I	384.3	434.1	453.5	530.8	642.2
Staff expenses	-281.1	-293.3	-311.1	-360.9	-438.0
Other external costs	-106.5	-109.9	-118.5	-147.8	-153.8
Other operating income	17.0	2.3	0.6	14.8	1.0
Other operating expense	-3.2	-4.7	-0.2	-0.7	-0.3
<b>EBITDA</b>	<b>10.6</b>	<b>28.5</b>	<b>24.3</b>	<b>36.2</b>	<b>51.0</b>
Depreciation excl. goodwill	-19.3	-12.9	-11.7	-14.0	-18.6
EBITA	-8.7	15.6	12.6	22.2	32.4
Amortization and write down of goodwill	-11.2	-12.9	-7.3	-1.8	-1.5
<b>EBIT</b>	<b>-19.9</b>	<b>2.6</b>	<b>5.3</b>	<b>20.4</b>	<b>31.0</b>
Result in affiliated companies	0.0	0.0	-0.1	-0.1	0.3
Net financial items	-9.4	-8.0	-2.2	-5.2	-6.1
<b>Pre-tax earnings</b>	<b>-29.2</b>	<b>-5.3</b>	<b>3.0</b>	<b>15.1</b>	<b>25.1</b>
Income tax expense	-6.8	-6.2	-7.1	12.0	-4.4
<b>Result for the year, continued operations</b>	<b>-36.0</b>	<b>-11.5</b>	<b>-4.1</b>	<b>27.1</b>	<b>20.7</b>
Result for the year, discontinued operations	-1.6	-6.7	-2.0	-6.9	-15.0
<b>Result for the year</b>	<b>-37.6</b>	<b>-18.2</b>	<b>-6.1</b>	<b>20.2</b>	<b>5.7</b>
<b>Allocated thus:</b>					
Shareholders of Columbus IT Partner A/S	-40.3	-23.8	-10	21.2	5.3
Minority interests	2.7	5.6	3.9	-1.0	0.4
	-37.6	-18.2	-6.1	20.2	5.7
<b>Balance Sheet</b>					
Long-term assets	124.7	115.1	229.7	256.1	250.0
Short-term assets	213.4	229.1	256.6	287.7	326.3
<b>Total assets</b>	<b>338.1</b>	<b>344.2</b>	<b>486.3</b>	<b>543.8</b>	<b>576.3</b>
Parent company shareholders' equity	31.9	6.5	147.3	201.1	214.0
Minority interests' equity	21.5	19.5	11.9	10.9	11.6
Debt	284.7	318.2	327.1	331.8	350.7
<b>Total liabilities</b>	<b>338.1</b>	<b>344.2</b>	<b>486.3</b>	<b>543.8</b>	<b>576.3</b>
<b>Cash flow</b>					
Cash flow from operations, continued activities	-28.2	-15.4	22.1	35.0	55.6
Cash flow, discontinued activities	-4.3	-0.1	-6.8	-5.2	-13.3
Cash flow from investments	-13.3	-9.2	-100.3	-47.7	-24.6
Of which for investment in tangible fixed assets	-5.0	-7.0	-6.9	-6.4	-11.3
Cash flow from financing activities	31.2	36.8	70.2	27.2	-1.7
<b>Total cash flow</b>	<b>-6.0</b>	<b>12.3</b>	<b>-1.2</b>	<b>9.3</b>	<b>16.0</b>
<b>Key ratios</b>					
EBITDA-margin	2.0%	5.1%	3.9%	4.9%	5.7%
Operating profit (EBIT-margin)	-3.8%	0.5%	0.8%	2.8%	3.5%
Equity ratio	15.8%	7.0%	32.7%	38.8%	39.1%
Return on equity	-305.4%	-264.1%	-10.1%	13.9%	2.6%
Average number of shares, in thousands	21,433	37,628	59,918	72,529	76,160
Net asset value per share (BV)	1.49	0.17	2.46	2.77	2.81
Earnings per share (EPS)	-1.88	-0.63	-0.17	0.29	0.07
Cash flow per share	-1.5	-0.4	0.3	0.4	0.5
Share price, end of period	7.40	8.50	10.20	8.10	6.15
Headcount at the end of the period	865	803	943	1,024	1,124

The key figures and financial ratios above have been calculated in accordance with the Danish Society of Financial Analysts' "Recommendations and Key Figures 2005". Comparison figures for earlier years have been corrected to present earnings from discontinued operations separately. Comparison figures for 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 of 0.79.

### **Significant events**

In 2007 Columbus IT grew both revenues and earnings on the main markets, and activities on these markets are proceeding very satisfactorily. 2007 was characterized by strong market growth on most markets and attractive opportunities for a company as Columbus IT, offering global and industry specific solutions.

In 2007 focus was on optimization of operations in all parts of the company, on implementing an adjustment of the group's business model, and on integration of the 2006 acquisitions. In 2007 no acquisitions were made but acquisition candidates are continuously assessed.

Considerable increase in both consulting and software revenues was achieved in 2007. Consulting revenues grew by 23% to DKK 533M, and software revenues grew by 23% to DKK 304M. Columbus IT experienced continued growth in the demand for integrated business solutions, and the intake of new customers was considerable.

The growth of the Groups software development company, To-Increase, continued in 2007. To-Increase handles the software development in the Group, and is among other things developing software product for the Microsoft Industry Builder program. Columbus IT develops industry solutions to Microsoft Dynamics and sells these to other Microsoft resellers. Columbus IT has partner agreements all over the world, and more than 170 partners internationally are selling Columbus solutions developed by To-Increase.

For the Russian subsidiary, which had considerable difficulties in 2006, 2007 marked a striking turn around. Both revenues and earnings increased substantially. Columbus IT is very optimistic on the growth possibilities on the Russian market in the years to come. The market is growing considerably and Columbus IT has established a significant and well-run organization.

Like the Russian subsidiary the subsidiaries in the US have emerged strengthened from the difficulties in 2006. And have, despite a declining dollar rate, with a growth of 12% compared to 2006 increased its revenue satisfactorily. Earnings were above expectations with a 105% increase in EBITDA compared to 2006.

The development in the French subsidiary has been disappointing due to a number of loss-making contracts. In 2007 several actions have been taken to reverse this trend. A new country manager is now in place and project management resources have been strengthened.

To secure the long term growth and earning 2007 saw a focusing of the growth strategy of Columbus IT and a clarification of the business model. The objective is to have full ownership of our operations in the central markets, and to be represented there with critical mass. Other markets are covered by partnerships. On markets of less importance the objective is to be represented through franchise agreements. As a consequence the subsidiary in Austria was liquidated, and the former partnerships in the Czech Republic and Finland have been replaced by franchise agreements. In 2007 the subsidiaries in these three countries had revenues of DKK 11.6M, and pre-tax earnings of DKK -4.1M. In addition the Group had write downs of DKK 12.2M and accounting gains of DKK 1.4M as a consequence of the termination of the activities in the three countries. Consequently Earnings from discontinued operations amounted to DKK -15.0M in 2007.

### **Latest developments**

There have been no events since December 31<sup>st</sup> 2007 which could significantly affect the evaluation of the group's financial position and revenues. Earnings in January and February 2008 were in line with the Company's expectations.

## **Outlook for 2008**

The overall favorable market conditions are expected to continue in 2008, even though some variations may be expected. The growth in the demand for ERP systems is expected to be driven by various circumstances – continued economic growth in most countries, further globalization and increasing demand for efficiency and enabling IT systems. At the same time the still more advanced industry solutions from Columbus IT is expected to invigorate the demand for business systems.

Columbus IT is expecting the strongest growth in Eastern Europe lead by Russia, but continued fair growth is also expected in Western Europe. The outlook for the US is more uncertain than in recent years due to increased risk of recession. But Columbus IT is expecting to achieve growth in the US in 2008.

The customers are expected to show particular interest in the industry solutions developed by Columbus IT. The comprehensive work that for the past few years have been undertaken to develop Columbus IT into the leading consultancy and ISV focus on industry specific business solutions will continue in 2008. Amongst other things the effort to globally implement the Group strategy of developing solutions under the Microsoft Industry Builder program and developing more global and regional industry solutions will be continued.

In 2008 Columbus IT will continue to position itself as a leading, global Microsoft Business Solutions partner. And the development of horizontal and vertical solutions will be based on Microsoft Dynamics.

The management will continue to implement the Company's growth strategy in 2008 in agreement with the decisions made in 2007 concerning representation through 100% owned companies, partnerships and franchise agreements respectively.

Columbus IT is continuously assessing the acquisition opportunities, in both new and existing markets as part of the efforts to obtain critical mass. The considerations will also take place in 2008.

For 2008 revenues are expected at a level of DKK 1,000M and EBITDA at a level of DKK60-65M.

## Comments to the Annual Report 2007

### Accounting policies

The annual report for Columbus IT Partner A/S has been drawn up in accordance with International Financial Reporting Standards (IFRS) as adopted by EU and other Danish reporting requirements, among others, the requirements for financial reporting adopted by OMX Nordic Exchange Copenhagen for listed companies, and the IFRS-order issued pursuant to the order of the Company Accounts Act. The applied accounting principles are unchanged from the previous year.

### Profit and Loss account

Columbus IT's revenues amounted to DKK 892M in 2007 against DKK 736M in 2006, corresponding to an increase of 21%.

Revenues	2007		2006		Revenues	2007		2006	
	MDKK	%	MDKK	%		MDKK	%	MDKK	%
Hardware	18	2%	21	3%	Microsoft Dynamics AX	568	64%	510	69%
Software	304	34%	247	34%	Microsoft Dynamics NAV	193	22%	137	19%
Service & Support	37	4%	34	4%	Other MBS products	55	6%	53	7%
Consultancy	533	60%	434	59%	Other	76	8%	36	5%
<b>Total</b>	<b>892</b>	<b>100%</b>	<b>736</b>	<b>100%</b>	<b>Total</b>	<b>892</b>	<b>100%</b>	<b>736</b>	<b>100%</b>

Substantial growth in both software and consultancy revenues was achieved in 2007. Software revenue rose to DKK 304M in 2007 compared to DKK 247M in 2006 corresponding to an increase of 23%, consulting revenues rose to DKK 533M in 2007 compared to DKK 434M in 2006 corresponding to an increase of 23%. All product groups grew in 2007 compared to 2006. Highest growth was in the Group's Dynamics NAV-related revenues which compared to 2006 increased by 41%, and constituted 22% of the total revenues in 2007.

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

	Revenues		EBITDA		Headcount	
	(MDKK)		(MDKK)		(as of December 31 <sup>st</sup> )	
	2007	2006	2007	2006	2007	2006
Nordic	334	284	26	35	291	245
Western Europe	212	186	22	19	213	195
Eastern Europe	180	130	17	-5	387	370
Rest of the world	166	136	17	8	221	168
Parent Company	0	0	-31	-21	12	17
	<b>892</b>	<b>736</b>	<b>51</b>	<b>36</b>	<b>1,124</b>	<b>995</b>

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

Earnings before depreciation, EBITDA, totaled DKK 51.0M in 2007 compared to DKK 36.2M in 2006 corresponding to an increase of 41%. Operating profit, EBIT, totaled DKK 31.0M in 2007 compared to DKK 20.3M in 2006 corresponding to an increase of 53%.

The Group's financials show net expenses of DKK 6.1M in 2007 compared to net expenses of DKK 5.2M in 2006.

Pretax earnings grew to DKK 25.1M compared to DKK 15.0M in 2006. Corporation tax in profit-making foreign subsidiaries leads to a total calculated tax charge for Columbus IT for the year on DKK 4.4M compared to DKK -12.0M in 2006.

Earnings of the year from continued operations amounted to DKK 20.7M in 2007 compared to DKK 27.0M in 2006. Earnings of the year from discontinued operations, consisting of the now closed activities in Austria, Finland and the Czech Republic, amounted to DKK -15.0M. Subsequently the total earnings of the year amounted to DKK 5.7M, compared to DKK 20.2M in 2006.

### **Equity**

Total equity amounted to DKK 225.5M at the end 2007 (DKK 212.0M in 2006), resulting in a solvency ratio of 39.1% compared to 38.8% at the end of 2006.

In January 2007, Columbus IT issued shares in Columbus IT Partner A/S, to settle the outstanding purchase price relating to the Polish company, Creative Innovation Group Sp. Z o.o. Please refer to stock exchange release no. 1 of January 8<sup>th</sup>, 2007. In May 2007, Columbus IT issued shares in Columbus IT Partner A/S, to settle the second part of the purchase sum relating to the American company, Vertical-Soft Inc. Please refer to stock exchange release no. 9 of May 18<sup>th</sup>, 2007. Accordingly, a total of 1,320,465 shares were issued in 2007, which had a positive net impact on equity of DKK 10.8M.

At the end of 2007 Columbus IT owned 1,749 own shares corresponding to 0.02‰ of the share capital.

### **Investments**

Total investments in tangible and intangible assets, except for goodwill, in 2007 totalled DKK 28.1M compared to DKK 24.6M in 2006. DKK 16.8M was attributable to investments in development projects, while the remaining DKK 11.3M was attributable to the acquisition of tangible assets.

### **Cash flow and liquidity status**

Cash flow from operating activities constituted DKK 55.6M in 2007, an improvement of DKK 20.6M compared to 2006. This improvement is mainly due to the improved gross earnings and EBITDA.

Likewise cash flow from investing activities is improved considerably compared to 2006, from DKK -47.8M to DKK -24.6M. Cash flow from financing activities was reduced from DKK 27.2M in 2006 to DKK -1.7M. Cash flow from discontinued operations accounted for DKK -13.3M in 2007.

Columbus IT held cash funds of DKK 61.0M on December 31<sup>st</sup>, 2007 compared to DKK 43.6M same time 2006. Cash funds are mainly held in various foreign subsidiaries.



## Regional development

Nordic	2007		2006		Nordic	2007		2006	
	MDKK	%	MDKK	%		MDKK	%	MDKK	%
Revenues					Revenues				
Hardware	17	5%	19	7%	Microsoft Dynamics AX	200	60%	188	66%
Software	105	32%	88	31%	Microsoft Dynamics NAV	70	21%	46	16%
Service & Support	10	3%	9	3%	Other MBS products	45	13%	41	14%
Consultancy	202	60%	168	59%	Other	19	6%	9	4%
<b>Total</b>	<b>334</b>	<b>100%</b>	<b>284</b>	<b>100%</b>	<b>Total</b>	<b>334</b>	<b>100%</b>	<b>284</b>	<b>100%</b>

Revenues for the **Nordic region** increased in 2007 by DKK 50M to DKK 334M, corresponding to an 18% growth compared to 2006. The increase is due to a higher level of activity in both the Danish subsidiary where revenues increased by 14% compared to 2006 and in the Norwegian subsidiaries where revenues increased by 36% compared to 2006. The Nordic Region accounts for 37% of the Group's revenues.

The region's EBITDA in 2007 amounted to DKK 26M, corresponding to a drop of 26% compared to 2006. EBITDA in the Norwegian subsidiaries grew by 13% compared to 2006. On the other hand EBITDA in the Danish subsidiary dropped by 25% to DKK 21M. The drop is primarily due to the fact that sales prices have not kept up with the growth in salaries in the market. Furthermore the Danish subsidiary has invested in building up a strong competence within Microsoft CRM. Columbus IT has been elected Microsoft CRM partner 2007 in Denmark.

Western Europe	2007		2006		Western Europe	2007		2006	
	MDKK	%	MDKK	%		MDKK	%	MDKK	%
Revenues					Revenues				
Hardware	1	1%	1	1%	Microsoft Dynamics AX	134	63%	125	67%
Software	66	31%	62	33%	Microsoft Dynamics NAV	73	35%	53	29%
Service & Support	17	8%	10	5%	Other MBS products	5	2%	8	4%
Consultancy	128	60%	113	61%	Other	0	0%	0	0%
<b>Total</b>	<b>212</b>	<b>100%</b>	<b>186</b>	<b>100%</b>	<b>Total</b>	<b>212</b>	<b>100%</b>	<b>186</b>	<b>100%</b>

In **Western Europe** revenues amounted to DKK 212M in 2007 which is an increase of DKK 26M, corresponding to a 14% growth compared to 2006. The Group's software development company, To-Increase, had revenues of DKK 32M to other Microsoft resellers in 2007. This is an improvement of 58% compared to 2006. On top of this To-Increase had revenues of DKK 8.0M in 2007 working as supplier to other affiliated companies in the Group (DKK 9.4M in 2006). Revenues in the British subsidiary have grown significantly to DKK 51M in 2007, corresponding to a growth of 59%. The region accounted for 24% of the Group's revenues.

EBITDA for the region grew DKK 22M in 2007 corresponding to an increase of 16% compared to 2006. EBITDA in To-Increase grew to DKK 16.4M in 2007, corresponding to an increase of 42% compared to 2006. The Group's Dutch consulting unit had some challenges in 2007, and the company's EBITDA dropped DKK 3.3M compared to 2006. The growth in the British subsidiary has led to a growth in EBITDA of 117% in 2007, amounting to DKK 9.3M.

Eastern Europe	2007		2006		Eastern Europe	2007		2006	
	MDKK	%	MDKK	%		MDKK	%	MDKK	%
Revenues					Revenues				
Hardware	0	0%	0	0%	Microsoft Dynamics AX	125	69%	103	79%
Software	75	42%	46	35%	Microsoft Dynamics NAV	11	6%	6	5%
Service & Support	7	4%	9	7%	Other MBS products	5	3%	4	3%
Consultancy	98	54%	75	58%	Other	39	22%	17	13%
<b>Total</b>	<b>180</b>	<b>100%</b>	<b>130</b>	<b>100%</b>	<b>Total</b>	<b>180</b>	<b>100%</b>	<b>130</b>	<b>100%</b>

Revenues in **Eastern Europe** amounted to DKK 180M in 2007 which is an increase of DKK 50M, corresponding to a 38% growth compared to 2006. Revenues in the Russian subsidiary grew from DKK 74.1M in 2006 to DKK 106.5M in 2007, corresponding to an increase of 44%. The Estonian subsidiary grew revenues by 44% compared to 2006, and had revenues of DKK 26.7M. Revenues of the Lithuanian subsidiary dropped DKK 2.2M compared to 2006, corresponding to a decline of 11%. Revenues in the Polish company on the contrary grew from DKK 8.4M in 2006 to DKK 18.2M in 2007. The revenue growth in Poland is worked up by the acquired Polish companies, which in Q3/2006 were merged with the Group's existing Polish company. The region accounted for 20% of the Group's revenues.

The region's EBITDA increased by DKK 22M compared to 2006 to DKK 17M in 2007. The restructuring measures implemented in the Russian company in 2006 have brought the company back on a profitable track and the Russian company delivered an EBITDA of DKK 13M in 2007.

Rest of the world	2007		2006		Rest of the world	2007		2006	
	MDKK	%	MDKK	%		MDKK	%	MDKK	%
Revenues					Revenues				
Hardware	0	0%	1	1%	Microsoft Dynamics AX	109	66%	94	69%
Software	58	35%	51	38%	Microsoft Dynamics NAV	39	23%	32	24%
Service & Support	3	2%	6	4%	Other MBS products	0	0%	0	0%
Consultancy	105	63%	78	57%	Other	18	11%	10	7%
<b>Total</b>	<b>166</b>	<b>100%</b>	<b>136</b>	<b>100%</b>	<b>Total</b>	<b>166</b>	<b>100%</b>	<b>136</b>	<b>100%</b>

In the **Rest of the World** total revenues amounted to DKK 166M in 2007, which is an increase of DKK 30M, corresponding to a 22% growth compared to 2006. Revenues in subsidiaries in the US grew from DKK 114.5 in 2006 to DKK 127.7M in 2007 corresponding to an increase of 12%. The Mexican and the Brazilian subsidiaries, which were acquired in Q2 and Q3/2006 respectively contributed with total revenues of DKK 17.1M in 2007. The region accounted for 19% of the Group's revenues.

EBITDA in the region amounted to DKK 17M in 2007, which is an increase of DKK 9M compared to 2006. The optimization measures undertaken by subsidiaries in the US during 2006 have shown to be quite effective and the companies delivered a combined EBITDA of DKK 14.9M in 2007. The subsidiaries in Colombia, Chile and Costa Rica delivered a combined EBITDA of DKK 2.2M compared to DKK 0.3M in 2006. The Mexican and the Brazilian subsidiaries, which both are in a set-up phase, delivered a combined EBITDA of DKK 0.3M in 2007.

EBITDA in the **Parent Company** amounted to DKK -31M in 2007 before billing subsidiaries for costs, compared to DKK -21M in 2006. 2006 however was influenced by non-recurrent earnings related to the sale of 49% of the shares in the Groups French activities.

## Annual General Meeting

The Company's Annual General Meeting will be held on April 21<sup>st</sup>, 2008 at Tietgensalen, Børsbygningen, Slotsholmsgade, 1217 København K.

The following Management's review is expected to be made at the annual report:

## Management Report

The Boards of Directors and Management have today approved the annual report for 2007 for Columbus IT Partner Group and the Parent Company.

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 as of 31 December 2007, and the results of the Group's and Parent's activities and Group's cash flow for the period 1 January – 31 December 2007.

The annual report is submitted for approval by the shareholders at the Annual General Meeting.

Ballerup, March 17<sup>th</sup>, 2008

## Board of Management

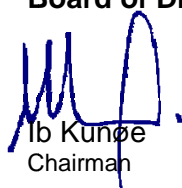


Michael Gaardboe  
CEO



Claus Hansen  
COO

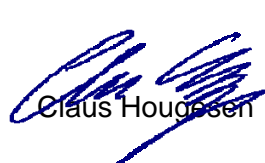
## Board of Directors



Ib Kunhø  
Chairman



Sven Madsen



Claus Houdeesen



Jørgen Cadovius

## Income statement

DKK '000	2007	2006
Net revenue	892,366	735,750
External project costs	-250,181	-204,949
<b>Gross earnings</b>	<b>642,185</b>	<b>530,801</b>
Staff expenses	-438,042	-360,909
Other external costs	-153,771	-147,836
Other operating income	972	14,817
Other operating expense	-318	-660
<b>Earnings before depreciation and amortization (EBITDA)</b>	<b>51,026</b>	<b>36,213</b>
Depreciation	-18,578	-14,092
<b>Earnings before write down of goodwill (EBITA)</b>	<b>32,448</b>	<b>22,121</b>
Write down of goodwill	-1,495	-1,816
<b>Operating profit (EBIT)</b>	<b>30,953</b>	<b>20,305</b>
Results in associated companies	263	-137
Financial income	8,350	7,150
Financial expense	-14,470	-12,306
<b>Pre-tax earnings</b>	<b>25,096</b>	<b>15,012</b>
Tax on the result of the year	-4,414	12,012
<b>Result for the year, continued operations</b>	<b>20,682</b>	<b>27,024</b>
Result for the year, discontinued operations	-14,960	-6,867
<b>Result for the year</b>	<b>5,722</b>	<b>20,157</b>
Allocated thus:		
Shareholders of Columbus IT Partner A/S	5,348	21,171
Minority interests	374	-1,014
	<b>5,722</b>	<b>20,157</b>

## Balance sheet

DKK '000	2007	2006
<b>Assets</b>		
Goodwill	151,377	156,754
Royalties	141	313
Development projects finalized	38,116	37,444
Development projects in progress	4,145	2,649
<b>Intangible assets</b>	<b>193,779</b>	<b>197,160</b>
Leasehold improvement	1,226	461
Plant and operating equipment	14,796	12,047
<b>Tangible assets</b>	<b>16,022</b>	<b>12,508</b>
Holdings in associated companies	1,520	1,994
Deferred tax assets	34,199	35,484
Other receivables	4,476	8,947
<b>Financial assets</b>	<b>40,195</b>	<b>46,425</b>
<b>Total long-term assets</b>	<b>249,996</b>	<b>256,093</b>
<b>Inventories</b>	<b>6,655</b>	<b>1,764</b>
Trade receivable	203,889	189,154
Contract work in progress	26,086	22,847
Receivables from shareholders	0	981
Corporation tax	4,536	3,376
Other receivables	18,355	17,415
Accruals	5,814	8,543
<b>Receivables</b>	<b>258,680</b>	<b>242,316</b>
<b>Cash funds</b>	<b>60,959</b>	<b>43,633</b>
<b>Total short-term assets</b>	<b>326,294</b>	<b>287,713</b>
<b>Total assets</b>	<b>576,290</b>	<b>543,806</b>

## Balance sheet

DKK '000	2007	2006
<b>Liabilities</b>		
Share capital	95,580	93,929
Reserves on foreign currency translation	-5,313	-1,455
Retained profit	123,714	108,614
Parent company shareholders' equity	213,981	201,088
Minority interests' equity	11,558	10,899
<b>Total equity</b>	<b>225,539</b>	<b>211,987</b>
Deferred tax	1,139	1,017
Credit institutions	780	773
Other debt	2,025	2,080
<b>Long-term debt</b>	<b>3,944</b>	<b>3,870</b>
Credit institutions	92,775	94,005
Debt to shareholders and affiliated companies	6,487	6,117
Client prepayments	37,679	35,171
Trade accounts payable	94,568	68,257
Corporation tax	728	1,803
Payable purchase sum re. acquired companies	0	10,862
Other debt	109,185	102,834
Accruals	5,385	8,900
<b>Short-term debt</b>	<b>346,807</b>	<b>327,949</b>
<b>Total debt</b>	<b>350,751</b>	<b>331,819</b>
<b>Total liabilities</b>	<b>576,290</b>	<b>543,806</b>

## Consolidated statement of changes in equity

DKK '000	Share capital	Reserves on foreign currency translation	Retained profit	Minority interest	Equity
<b>Balance at 1 January 2007</b>	93,929	-1,455	108,614	10,899	211,987
Foreign currency translation		-3,858			-3,858
Other reserves				412	412
Net income recognised directly in equity	93,929	-5,313	108,614	11,311	208,541
Profit for the year			5,348	374	5,722
Total recognised income and expense	93,929	-5,313	113,962	11,685	214,263
Capital increase	1,651		9,123		10,774
Issue of share warrant scheme			629		629
Addition of minority interests				260	260
Disposal of minority interests					
Payment of dividends				-387	-387
<b>Balance at 31 December 2007</b>	95,580	-5,313	123,714	11,558	<b>225,539</b>

DKK '000	Share capital	Reserves on foreign currency translation	Retained profit	Minority interest	Equity
<b>Balance at 1 January 2006</b>	88,777	2,320	56,198	11,893	159,188
Foreign currency translation		-3,775			-3,775
Other reserves				-122	-122
Net income recognised directly in equity	88,777	-1,455	56,198	11,771	155,291
Profit for the year			21,171	-1,014	20,157
Total recognised income and expense	88,777	-1,455	77,369	10,757	175,448
Capital increase	5,152		31,028		36,180
Costs in connection with capital increase			-283		-283
Issue of share warrant scheme			500		500
Addition of minority interests				1,198	1,198
Disposal of minority interests				-543	-543
Payment of dividends				-513	-513
<b>Balance at 31 December 2006</b>	93,929	-1,455	108,614	10,899	<b>211,987</b>

## Consolidated cash flow statement

DKK '000	2007	2006
Result for the period	20,682	27,027
Adjustments	30,713	9,911
Changes in working capital	15,556	-2,143
<b>Cash flow from operating activities bef. financials and tax</b>	<b>66,951</b>	<b>34,795</b>
Interest received, etc.	8,350	7,150
Interest paid, etc.	-14,470	-12,306
Corporation tax paid	-5,241	5,353
<b>Cash flow from operating activities</b>	<b>55,590</b>	<b>34,992</b>
Acquisition and investment in subsidiaries	-2,371	-6,718
Acquisition and investment in affiliated companies	-321	-963
Disposal of affiliated companies	963	0
Dividends received from affiliated companies	96	0
Acquisition of intangible assets	-16,809	-18,230
Acquisition of tangible assets	-11,323	-6,343
Acquisition of financial assets	0	-16,015
Disposal of financial assets	4,470	0
Disposal of intangible assets	-30	148
Disposal of tangible assets	709	464
<b>Cash flow from investing activities</b>	<b>-24,616</b>	<b>-47,657</b>
Proceeds from capital increase	10,774	34,616
Costs in connection with capital increase	0	-284
Raising of debt	0	9,000
Redemption of long-term debt	7	-568
Overdraft facilities	-1,230	20,064
Prepayment of subordinated loan capital	0	-15,239
Dividends paid to minority shareholders	-387	-513
Settlement of payable purchase sum	-10,862	-19,892
<b>Cash flow from financing activities</b>	<b>-1,698</b>	<b>27,184</b>
<b>Cash flow from discontinued activities</b>	<b>-13,322</b>	<b>-5,170</b>
<b>Net increase in cash funds</b>	<b>15,954</b>	<b>9,349</b>
Cash funds at the beginning of the year	43,633	35,625
Exchange rate adjustments	1,372	-1,341
<b>Cash funds at the end of the year</b>	<b>60,959</b>	<b>43,633</b>