

15th August 2003

Stock Exchange Release no. 15/2003



Interim Report

Q1-2 2003

First half 2003 as forecast – strengthened capital resources

Result of Rights Issue

In the period 19th June - 2nd July 2003, Columbus IT Partner held a rights issue offering new shares to reconstitute and strengthen the Company's capital resources. Total take-up was 26,848,867 shares, which was 84% of the total offering and nine percentage points more than the amount underwritten. Nordea Bank Danmark A/S became new shareholder in the Company with a holding of 41.88% of the share capital. Equity, including the results of the rights issue, was approximately DKK 32m at 30th June 2003.

Disposal of Icelandic subsidiary

Columbus IT Partner sold its Icelandic subsidiary on 1st July 2003 whilst also acquiring the Icelandic subsidiary's Danish operations including its "Retail Solution". This means an impact on liquidity of about DKK 11m, with a positive effect on equity and the profit and loss account of approximately DKK 16m.

Results - 1st half 2003

Q1-2 2003 net sales totaled DKK 265m (2002: DKK 339m). EBITDA (earnings before interest, tax, depreciation and amortization) for the period was DKK -3m (2002: DKK 25m). Earnings after tax and minority interests were DKK -28m (2002: DKK -9m). Adjusted for discontinuing activities, net sales in Q1-2 2003 were DKK 242m (2002: DKK 262m). Axapta sales totaled DKK 177m, an improvement of about 11% on the same period last year.

Note: Unless otherwise stated, for comparability purposes the comments in the Interim Report have been adjusted for discontinuing activities in 2002 and 2003, except for the section on developments in liquidity. Discontinuing activities relate to the disposal of the municipality activities, Columbus IT Partner Singapore and the Icelandic subsidiary.

- EBITDA (earnings before interest, tax, depreciation and amortization) for the period was DKK -6m, an improvement of DKK 9m on the same period in 2002.
- Earnings after tax and minority interests were DKK -28m, up DKK 15m on the first half of 2002.
- In June, the Group's Norwegian subsidiary, Columbus IT Partner AS, Oslo, lost an arbitration suit for payment of an outstanding amount of NOK 3.5m with an additional NOK 1.2m in interest charges. The proceedings relate to the acquisition of Infratech AS, Norway, in 1999. The ruling was unexpected and no provisions had been made. Legal costs had been expensed as incurred.
- Columbus IT Partner is now forecasting net sales of around DKK 520m for 2003. The basis for this is primarily the most recent disposal but also that trading conditions will remain difficult and static. Previous forecasts for EBITDA of DKK 20-25m are being maintained since various activities that will demand significant resources will still be required to further optimize operations.

Niels Heering
Chairman of the Board

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Financial Highlights

Income statement (DKKm)	Q2 2002	Q2 2003	Q1-2 2002	Q1-2 2003	2002	Q1-2 2002 adjusted *	Q1-2 2003 adjusted *
Net sales	183.8	131.6	338.5	265.0	607.0	261.7	242.2
Capitalized development costs	1.0	0.6	3.0	0.8	10.0	2.9	0.8
External project costs	-45.5	-34.5	-81.2	-65.9	-150.3	-78.8	-63.5
Gross profit I	139.3	97.7	260.3	199.9	466.7	185.8	179.5
Staff costs	-85.5	-74.4	-166.3	-147.9	-327.0	-141.9	-133.5
Gross profit II	53.8	23.3	94.0	52.0	139.7	43.9	46.0
Other external costs	-37.3	-25.3	-72.3	-51.6	-140.7	-59.0	-48.3
Other operating income	3.1	0.0	3.1	0.0	10.2	0.0	0.0
Other operating costs	0.0	-3.2	0.0	-3.2	-1.2	0.0	-3.2
EBITDA	19.6	-5.2	24.8	-2.8	8.0	-15.1	-5.5
Depreciation and amortization excl. goodwill	-5.2	-4.2	-10.6	-8.7	-20.7	-9.0	-8.3
EBITA	14.4	-9.4	14.2	-11.5	-12.7	-24.1	-13.8
Amortization and write-down of goodwill	-5.0	-2.8	-10.5	-5.7	-63.1	-7.8	-5.7
EBIT	9.4	-12.2	3.7	-17.2	-75.8	-31.9	-19.5
Financial items, net	-5.0	-3.7	-8.5	-6.9	-14.4	-4.8	-4.7
Result before tax	4.4	-15.9	-4.8	-24.1	-90.2	-36.7	-24.2
Tax on results for the period	-1.0	-0.8	-2.4	-2.4	-9.7	-4.1	-2.4
Minority interests	-0.2	-0.5	-2.0	-1.4	0.0	-2.2	-1.4
Result for the period	3.2	-17.2	-9.2	-27.9	-99.9	-43.0	-28.0
Balance sheet (DKKm)							
Fixed assets			163.5	101.8	113.9		
Current assets			260.4	224.7	240.1		
Total assets			423.9	326.5	354.0		
Shareholders' equity			76.2	-42.8	-15.3		
Minority interests			16.4	15.3	15.3		
Debt and other provisions			331.3	354.0	354.0		
Total liabilities			423.9	326.5	354.0		
Cash flow (DKKm)							
Cash flow from operations			21.5	4.2	24.0		
Cash flow from investments			-6.2	-4.1	-5.7		
including investment in tangible fixed assets			-0.4	-3.0	-10.2		
Cash flow from financing activities			-25.2	7.9	-29.6		
Total cash flow			-9.9	8.0	-11.3		
Financial ratios							
Gross margin II			27.8%	19.6%	23.0%	16.8%	19.0%
EBITDA margin			7.3%	-1.1%	1.3%	-5.8%	-2.3%
Operating margin (EBIT)			1.1%	-6.5%	-12.5%	-12.2%	-8.1%
Return on investment III			2.5%	-3.4%	-14.8%		
Return on equity			-11.4%	-	-		
Equity ratio			18.0%	-	-		
Earnings per share (EPS)			-1.2	-3.5	-12.4		
Net asset value per share (NAV)			9.5	-5.3	-1.9		
Employees, end of period			849	773	829	772	709
Cash flow per share			2.7	0.5	3.0		

The key figures and financial ratios above have been calculated in accordance with the Danish Society of Financial Analysts "Recommendations and Key Figures 1997"

* Adjusted for discontinuing activities.

Developments Q1-2 2003

Net sales totaled DKK 242m, down 8% on the same period last year at DKK 262m. 73% of total net sales now relate to Axapta-based projects while projects based on XAL have declined by 17%.

Net sales - distribution 1st half 2002 and 2003

Net sales	2002	2003	Net sales	2002	2003
Hardware	2%	2%	Axapta	61%	73%
Software	39%	34%	Attain	5%	5%
Services	59%	64%	XAL	27%	17%
			Other	7%	5%
Total	100%	100%	Total	100%	100%

EBITDA for the first half of 2003 was up DKK 9m at DKK -6m compared to DKK -15m in the same period last year.

The first half of 2003 saw capitalization of costs of almost DKK 1m relating to development of a corporate accounting system and other customer-oriented development projects.

Personnel costs fell DKK 8m during the first half of 2003 compared to the same period last year, which was mainly attributable to a headcount reduction from 772 at 30th June 2002 to 709 at 30th June 2003.

During the first half 2003, other external expenses fell DKK 11m compared to the first half of 2002, which was mainly attributable to savings on costs.

At DKK 3m, other operating costs relate to the arbitration proceedings involving the Norwegian subsidiary Columbus IT Partner AS, Oslo, for payment of an outstanding amount of NOK 3.5m.

Amortization and depreciation of goodwill for the first half of 2003 fell by DKK 2m compared to the first half of 2002. This was due to the considerable writedown on goodwill made in conjunction with submission of the Annual Report for 2002.

Depreciation on other fixed assets fell by nearly DKK 1m compared to the same period last year.

Despite the deficit reported for the period, the tax charge on earnings in the first half of 2003 was DKK 2m. This was as a result of profit-making subsidiaries which had no accrued tax losses from previous years which could be exercised.

Columbus IT Partner has received notification from the Tax Department acknowledging the Company's deductibility of losses on employee shares issued in 1998 and 1999. This amounts to DKK 2.2m, which has been stated directly under equity for the first half of 2003. Accrued interest, etc., has been taken up as income in the profit and loss account.

Regional developments

(Q1-2)	Net sales (DKKm)		EBITDA (DKKm)		Employees (30th June)	
	2002	2003	2002	2003	2002	2003
Nordic *	115	104	-10	-9	226	194
Western Europe	62	62	-6	1	164	153
Eastern Europe	46	44	3	3	238	259
Rest of the world **	39	32	7	6	97	76
Parent company	0	0	-9	-7	47	27
	262	242	-15	-6	772	709

Adjustments have been made for discontinuing activities, cf. the table below.

* Municipality solution / Ax Island	75	23	41	3	71	64
** Columbus IT Partner Singapore	2		-1		6	
Total discontinuing activities	77	23	40	3	77	64

Nordic

The municipality activities that were sold to KMD in May 2002 accounted for DKK 52m in net sales and DKK 39m in EBITDA in the first half of 2002. Activities passed to KMD in Q2/2002. Icelandic activities were transferred to Icelandic company Kögun on 1st July 2003. The figures for the Nordic region have been duly adjusted.

Net sales for the region were down approximately 10% at DKK 104m. At DKK -9m, EBITDA improved by around DKK 1m compared to the previous year. This improvement was due to an overall DKK 7m fall in costs in the region. The operating profit margin also improved by some seven percentage points compared to the same period in 2002.

In June, the Group's Norwegian subsidiary, Columbus IT Partner AS, Oslo, lost an arbitration suit for payment of an outstanding amount of NOK 3.5m with an additional NOK 1.2m in interest charges. The proceedings relate to the acquisition of Infratech AS, Norway, in 1999. The ruling was unexpected and no provisions had been made. Legal costs had been expensed as incurred. The Norwegian company has settled NOK 2m of its liabilities.

Western Europe

In Western Europe, net sales were unchanged on the first half of 2002 at DKK 62m. EBITDA was DKK 1m, which was DKK 7m better than the same period last year. The improvement was mainly attributable to the British subsidiary having managed to turn around very poor operating figures. There was also an overall 17% cut in costs compared to the same period in 2002.

Eastern Europe

First half net sales in Eastern Europe were DKK 44m, down DKK 2m on the same period in 2002, which was the final earn-out period for the distribution activities. The Company's distribution activities in Eastern Europe were sold in 2001 to Navision. During the first half of 2003, several Eastern European companies reported a slight drop in net sales, with others reporting modest progress. This included the region's largest company in Russia, where net sales were up 8%. As a result of the planned build-up of resources in the region, overall personnel costs rose but since the operating margin also rose, EBITDA remained unchanged compared to the first half of 2002.

Rest of the World

In the first half of 2003, Columbus IT Partner achieved net sales of DKK 32m in the Rest of the World, down DKK 7m on the same period in 2002. In USD terms, net sales in the American companies were the same as the first half of 2002, but as a result of the declining USD rate, net sales were about DKK 5.5m down on the same period last year. The decline in net sales was slightly affected by the fact that South African activities are being wound up. EBITDA was positively affected by the round of cost-cutting in the region of the order DKK 7m. Accordingly, EBITDA was DKK 6m, down DKK 1m on the first half of 2002.

Parent company

During the first half of 2003, EBITDA for the parent company, and thus the Head Office departments, was DKK -7m, which was an improvement of 22% (DKK 2m) compared to the same period in 2002. A range of activities undertaken in the parent company means that the sharp drop in headcount of 20 (43%) and the relatively modest improvement in EBITDA are not directly comparable.

The reduction in manpower was mostly due to winding up a central sales department and was the result of a sharp focus on improving internal business processes and central administrative operations. A range of services which used to be provided centrally to companies in the Group have now ceased. The result has been a significant drop in the HQ Service Fees charged out to Group companies by the parent company in the first half of 2003 compared to previous periods.

Rights Issue

During the period 19th June - 2nd July 2003, Columbus IT Partner held a rights issue offering up to 32,143,980 new shares at a face value of DKK 1.25 to reconstitute and strengthen the Company's capital resources. Total take-up was for 26,848,867 shares, equivalent to 84% of the total offering.

The total proceeds of DKK 80.5m were applied as follows: DKK 23.5m for converting debt to Gaardboe Holding ApS, DKK 43.8m for conversion of debt to Nordea Bank Danmark A/S, DKK 5.8m for expenses of the rights issue and DKK 7.4m for strengthening Columbus IT Partner's capital resources. Please see the figure below.

Result of rights issue

	No. shares	Subscription DKKm
Gaardboe Holding - Conversion of debt to equity	7,833,333	23.5
Cash subscription by Gaardboe Holding	1,666,667	5.0
Nordea Bank - Conversion of debt to equity	14,607,985	43.8
Total underwritten part of capital increase	24,107,985	72.3
Other new subscriptions	2,740,882	8.2
Total capital increase	26,848,867	80.5

Capital structure after rights issue

(DKKm)	Q1-2 2003	Q1-2 2003 incl. Rights issue
Share capital	10.0	43.6
Reserves	(52.8)	(11.6)
Total equity	(42.8)	32.0
Subordinated loan capital	0.0	17.7
Bank debt	168.8	107.3
Debt to major shareholder	24.0	0.5
Total interest-bearing debt	192.8	125.5
Total balance	326.5	333.9

Iceland

As reported in Stock Exchange Release No.14 on 11th August 2003, Columbus IT Partner agreed to sell its Icelandic subsidiary AX Business Intelligence hf. to the former Icelandic distributor of Navision software Kögun hf. for more than DKK 10m. At the same time, Columbus IT Partner acquired AX Business Intelligence hf.'s wholly-owned Danish subsidiary for approximately DKK 2m.

With effect from 1st July 2003, Columbus IT Partner accordingly assigned its entire 99.43% holding in the company. During the first half of 2003, the subsidiary reported net sales of DKK 23m, EBITDA of DKK 2.7m, and at 30th June 2003 negative equity of DKK 23m and 64 employees.

AX Business Intelligence hf.'s Danish subsidiary AX Business Intelligence A/S, which holds the rights to the "Retail Solution", was transferred to Columbus IT Partner also with effect from 1st July 2003.

Columbus IT Partner and Kögun have contracted a strategic alliance, amongst other things for international projects that will ensure all existing and future customers the best business solutions and associated services.

The impact of the transaction on liquidity was about DKK 11m, which was the price of the company together with settlement of inter-company accounts. The profit and loss account and equity were positively affected by approximately DKK 16m. At 30th June 2003, goodwill relating to AX Business Intelligence was about DKK 21m, of which DKK 15m is attributable to activities in Iceland. The remaining goodwill of DKK 6m relates to Danish subsidiary AX Business Intelligence A/S and the "Retail Solution". The disposal will reduce the Group's total interest-bearing debt by DKK 23m.

Accounting Policies

This Interim Report has been prepared 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 are unchanged from 2002.

Investments

Total investment in tangible and intangible fixed assets with the exception of goodwill amounted to DKK 3m in Q1-2/2003 which was in line with the first half of 2002. Capitalization of development projects was down compared to the same period last year. Various minor development activities were expensed directly in Q1-2/2003.

Development in liquidity

Columbus IT Partner's cash funds at 30th June 2003 totaled DKK 37m, up DKK 8m from the beginning of the year. Cash inflows from operations made a net contribution of DKK 4m, with DKK 12m deriving from operations in Q2/2003. During the period, the Group invested DKK 4m in fixed assets. Cash inflows from financing activities contributed DKK 8m.

The disposal of Ax Business Intelligence hf., Island on 1st July 2003 will contribute approximately DKK 11m to liquidity in August, that is the cost of the company and settlement of inter-company accounts.

Foreign exchange

The Group has not undertaken any significant hedging operations in the year to date. Currency risks for international contracts are limited by servicing them from the local companies so as to match insofar as possible Columbus IT Partner's income and expenses in foreign currencies.

Equity trends

(DKKm)	Q1-2 2002	Q1-2 2003	Q1-2 2003 incl. Rights issue*
Equity at 31st December	86.2	-15.3	-15.3
Effect of changes to accounting policies	-0.1	0.0	0.0
Adjusted equity 1st January	86.1	-15.3	-15.3
Capital increase	0.0	0.0	80.5
Capital increase - expenses	0.0	0.0	-5.8
Tax charge on employee shares	0.0	2.2	2.2
Forex adjustments - foreign subsidiaries, etc.	-0.7	-1.8	-1.8
Interim result	-9.2	-27.9	-27.9
Equity 30th June	76.2	-42.8	31.9

* The figures in the column reflect how equity would have changed in the period, if the rights issue on 7th July 2003 had been undertaken on 30th June 2003. The figures do not reflect the impact on equity of the AX Business Intelligence hf., Island disposal.

Latest developments

Apart from the matters reviewed in this Interim Report, nothing has occurred since 30th June 2003 which could be significant for assessing the financial status of Columbus IT Partner.

Net sales and results - expectations for 2003

Columbus IT Partner is forecasting net sales of around DKK 520m for 2003. The basis for this is primarily the most recent disposal but also that trading conditions will remain difficult and static. Previous forecasts for EBITDA of DKK 20-25m are being maintained since various activities that will demand significant resources will still be required to optimize operations further.



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 regulations and legislation; 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.

Disclaimer

This document has been translated from Danish to English. The Danish text shall be the governing text for all purposes; in case of any discrepancy, the Danish wording shall be applicable.

Income statement 1st January - 30th June 2003

DKK '000	Q1-2 2002	Q1-2 2003
Net sales	338,528	264,995
Capitalized development costs	2,949	804
External project costs	-81,161	-65,905
Gross profit	260,316	199,894
Other external costs	-72,332	-51,619
Staff costs	-166,355	-147,876
Other operating income	3,140	0
Other operating costs	0	-3,201
Earnings before interest, tax, depreciation and amortization (EBITDA)	24,769	-2,802
Depreciation and amortization, excl. amortization of goodwill	-10,646	-8,705
Earnings before interest, tax and amortization (EBITA)	14,123	-11,507
Amortization and write-down of goodwill	-10,458	-5,713
Operating income (EBIT)	3,665	-17,220
Financial income	7,999	5,748
Financial expenses	-16,513	-12,594
Result before tax	-4,849	-24,066
Tax on result for the period	-2,376	-2,384
Result for the period	-7,225	-26,450
Minority interests	-2,025	-1,410
Columbus IT Partner's share of result	-9,250	-27,860

Balance sheet pr. 30th June 2003

DKK '000	30/6 2002	30/6 2003
Assets		
Completed development projects	733	3,851
License rights	898	141
Goodwill	124,945	69,178
Development projects in progress	2,949	939
Intangible fixed assets	129,525	74,109
Operating equipment and fixtures	33,963	26,946
Tangible fixed assets in progress	0	770
Tangible fixed assets	33,963	27,716
Total fixed assets	163,488	101,825
Stocks of goods for sale	9,962	5,208
Inventories	9,962	5,208
Trade receivables	141,065	124,849
Contract work in progress	13,428	13,627
Receivables from affiliated companies	0	7,000
Corporation tax	1,148	1,567
Deferred tax assets	21,311	12,500
Other receivables	34,176	12,416
Accruals and deferred expenses	6,411	10,395
Receivables	217,539	182,354
Cash funds	32,913	37,129
Total current assets	260,414	224,691
Total assets	423,902	326,516

Balance sheet pr. 30th June 2003

DKK '000	30/6 2002	30/6 2003
Liabilities		
Share capital	40,180	10,045
Share premium account	36,024	0
Retained earnings	0	-52,797
Shareholders' equity	76,204	-42,752
Minority interests	16,458	15,312
Deferred tax	9,548	1,062
Provisions	9,548	1,062
Credit institutions	29,283	23,530
Long-term debt	29,283	23,530
Short-term part of long-term debt	12,507	9,216
Credit institutions	123,570	136,083
Prepayments received from customers	6,373	15,018
Trade payables	37,702	48,549
Payables to affiliated companies	14,972	23,950
Corporation tax	5,869	6,464
Other payables	79,769	83,117
Accruals and deferred income	11,647	6,967
Short-term debt	292,409	329,364
Total debt	321,692	352,894
Total liabilities	423,902	326,516