

Stock Exchange Release no. 12/2002



Quarterly report

1st – 3rd quarter 2002



Columbus IT Partner has become more efficient. The targeted work with reconstructing the company to adapt to the new market terms has succeeded. Despite the fact that the number of employees within the last year has been reduced by almost 20 percent from 1,033 to 842, net sales have been maintained.

- In the 1st-3rd quarters 2002 net sales amounted to DKK 457 million. Sales of Axapta-based solutions were DKK 268 million, equaling an increase of approx. 42 percent compared with the same period last year.
- EBITDA made up DKK 19 million corresponding to an increase of DKK 68 million compared with the same period in 2001.
- Staff costs and other external costs in the 1st-3rd quarters have been brought down by DKK 45 million compared with the same period last year.
- Over the last three months, receivables have been reduced and the number of debtor days have consequently been brought down from 72 on 30 June 2002 to 60 on 30 September 2002.
- Due to insecurities in the weak market, the expectations in Q4 for net sales are lowered. However, a positive EBITDA is still expected. So net sales of approx. DKK 600 million for the year are expected and an EBITDA in the level of DKK 20 million.

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Columbus IT Partner A/S

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Financial highlights	3 Quarter	3 Quarter	1 – 3	1 – 3	
Profit and loss account (DKK m)	2001	2002	Quarter	Quarter	2001
Net sales	127.5	118.8	426.9	457.3	648.9
Development costs for own resources	0.0	1.7	0.0	4.7	14.8
External project costs	-34.0	-24.0	-90.6	-105.2	-160.7
Gross profit I	93.5	96.5	336.3	356.8	503.0
Staff costs	-79.0	-74.7	-264.5	-241.0	-348.9
Gross profit II	14.5	21.8	71.8	115.8	154.1
Other operating income	-38.7	-27.6	-121.0	-99.9	-178.4
Other external costs	0.0	0.0	0.0	3.1	15.1
EBITDA	-24.2	-5.8	-49.2	19.0	-9.2
Depreciations excl. goodwill	-6.9	-4.8	-16.9	-15.4	-25.9
EBITA	-31.1	-10.6	-66.1	3.6	-35.1
Depreciation and write-down of goodwill	-5.9	-5.2	-17.4	-15.7	-53.1
EBIT	-37.0	-15.8	-83.5	-12.1	-88.2
Net financials	-5.8	-1.7	-10.9	-10.2	-16.4
Earnings before tax	-42.8	-17.5	-94.4	-22.3	-104.6
Balance sheet (DKK m)					
Fixed assets			206.7	157.7	191.6
Current assets			269.4	226.3	326.1
Total assets			476.1	384.0	517.7
Capital and reserves			116.9	57.0	86.1
Minority interests			7.9	16.6	15.8
Liabilities and provisions			351.3	310.4	415.8
Total liabilities			476.1	384.0	517.7
Cash flow (DKK m)					
Cash flow from operations			-20.2	15.5	-0.7
Cash flow from investments, net			-33.8	-9.6	-51.8
For investments in tangible fixed assets			-22.8	3.0	-19.6
Cash flow from financing			62.9	-19.5	73.3
Total cash flow			8.9	-13.6	20.8
Key financial figures and ratios					
Gross margin II			16.8%	25.3%	23.7%
Operating profit margin			-19.6%	-2.6%	-13.6%
Return on investment III			-14.8%	-0.9%	-14.3%
Return on equity			-67.5%	-39.2%	-98.0%
Equity ratio			24.6%	14.9%	16.6%
Earnings per share (EPS)			-12.2	-3.5	-16.3
Net asset value per share (BV)			14.5	7.1	10.7
Number of employees, end of period			1.033	842	932
Cash flow per share			-2.5	1.9	-0.1

The key figures are calculated according to the instructions of The Danish Society of Financial Analysts.

Developments in the 1st – 3rd quarters in 2002

In the 1st-3rd quarters 2002 net sales amounted to DKK 457 million against DKK 427 million in the same period last year. Adjusted for the sale of the municipal activities in 2002 and for the sale of the distribution activities in 2001, net sales dropped by 2 percent. Despite the drop in net sales, net sales per employee has increased by more than 20 percent, since the number of employees has been reduced from 1,033 to 842. Approx. 65 percent of the total net sales is made up of Axapta-based projects, while projects based on Attain make up 4 percent.

Net sales 1-3 quarter	2001	2002	Net sales 1-3 quarter	2001	2002
Hardware	3%	3%	Axapta	45%	65%
Software	31%	30%	Attain	5%	4%
Consultancy services	66%	67%	XAL	29%	21%
			Others	21%	10%
Total	100%	100%	Total	100%	100%

Note: The numbers above are corrected for sales of the distribution activities in 2001 and the municipality activities in 2002.

In the 1st-3rd quarters EBITDA made up DKK 19 million against DKK -49 million in the same period last year corresponding to an increase of DKK 68 million. When disregarding the sale of the municipal activities in 2002 and the sale of the distribution activities in 2001, EBITDA has improved by DKK 38 million.

Net sales in Q3 make up DKK 119 million against DKK 128 million in the same period in 2001. EBITDA in Q3 has improved by DKK 18 million compared with the same period last year, and makes up DKK -6 million. The improvement is a consequence of the restructuring process where labor costs and other external costs in Q3 alone have been reduced by 15 million compared with the same period in 2001.

Columbus IT Partner has divested the activities in the municipal sector, and the agreement made with KMD is not expected to have further positive effects on the 2002 result. In September 2002 the commenced arbitration proceedings with Farum Kommune were finally brought to an end, which had a small but positive effect on the earnings for the period.

Developments in the regions

(1-3 quarter)	Net earnings (DKK m.)		EBITDA* (DKK m.)		No. Of employees (30 September)	
	2001	2002	2001	2002	2001	2002
Nordic countries	220	245	-54	19	458	343
Western Europe	97	90	-2	-9	197	161
Eastern Europe	60	65	9	4	269	243
Rest of the world	50	57	-2	5	109	95
Total	427	457	-49	19	1,033	842

*) Columbus IT Partner has implemented a cost settlement for group services from subsidiaries to the parent company. This means that the regions outside the Nordic region are charged with approx. DKK 10 million compared with the same period last year.

Nordic regions

A number of good results have been achieved and the development is moving in the right direction. Not least in Denmark where a "turnaround" has been completed. After having produced a two-digit negative EBITDA in 2001, the Danish activities are now giving a positive result in the period. This has also manifested itself in that Columbus IT Partner has just been chosen as Danish dealer of the year by Microsoft Business Solutions. However, the Nordic business solution markets are still characterized by very intense competition with resulting price pressures, and the drop in net sales in the region should therefore be seen in the light of this, and the fact that the number of employees has been reduced by 25 percent.

Corrected for the effect of the sale of the municipal activities in 2002 and the sale of the distribution activities in 2001, net sales in the Nordic region in the 1-3 quarters of 2002 dropped by DKK 17 million compared with the same period last year.

Total net sales for the Nordic region made up DKK 56 million in the 3rd quarter 2002 and is at the same level as last year. EBITDA made up DKK 4 million against DKK -21 million in the same period last year.

Western Europe

In Western Europe, net sales were reduced by approx. 7 percent in the 1-3 quarters and EBITDA made up DKK -9 million, which is DKK 7 million less than the same period last year.

In Q3, the Group's Western European companies experienced a decline in net sales of 15 percent compared with the same period last year. The decline primarily can be attributed to the companies in Germany, England and France. EBITDA in Western Europe constituted DKK -3 million in Q3 against DKK -5 million in the same period last year.

Eastern Europe

In the 1st-3rd quarters, the Group's companies in Eastern Europe have had an increase in net sales of DKK 5 million compared with the same period last year. The increase in net sales can primarily be attributed to the companies in Russia, Latvia, and Lithuania. Year to date, EBITDA represents DKK 4 million against DKK 6 million in the same period last year (corrected for the sale of the distribution activities, which made up 3 million).

Net sales in Eastern Europe amounted to DKK 19 million in Q3 and EBITDA constituted DKK 1 million against DKK 2 million in the same period last year.

Rest of the world

The Group's companies in the rest of the world year to date have had an increase of DKK 7 million compared with the same period last year. EBITDA represented DKK 5 million year to date, which is an increase of DKK 7 million compared with the same period last year.

In Q3, the Group's companies in the rest of the world experienced an increase in net sales of 5 percent. This is primarily due to the American companies and the companies in Middle and South America. The rest of the world's share in the Group's total net sales made up 13 percent and is at the same level as last year. In Q3, EBITDA in the rest of the world constituted DKK -1 million against DKK 1 million in the same period last year.

Expectations

The market for Axapta solutions is still growing, however, the demand is changing since projects are becoming bigger and more complex. After the Microsoft purchase of Navision and a general product ripening, Axapta is now assessed as a genuine alternative to solutions aimed at very large customers who would typically select a solution from SAP. The complexity of the new projects leads to a longer sales cycle and caution in investment decisions. Consequently, Q2 2002 is characterized by fewer but bigger Axapta projects. This is crucial for the license sales in Columbus IT Partner in Q2 2002, since two-thirds of the net sales is based on Axapta.

The companies in the Group during this period and in October have adjusted staffing. By the start of 2003 the expected total number of employees will be about 800. Costs will thereby be reduced further through this adjustment of the staff, that has primarily been carried out in head office, administrative and management functions in a number of selected countries. This will lead to a yearly savings of minimum DKK 25 million once the reductions have full effect from the close of 1st quarter 2003. It has been a determining factor for Columbus IT Partner to retain competencies in consultancy, project management and programming resources.

Due to the above, Columbus IT Partner lowers the expectations for Q4 2002. The Group will still focus on profitability instead of growth and will look at the possibilities of selling smaller non-strategic activities. This means that the company expects total net sales for 2002 of approx. DKK 600 million and an EBITDA of approx. DKK 20 million.

Comments on the consolidated accounts

In the 1st-3rd quarters 2002 development costs have been capitalized for approx. DKK 5 million related to development of business solutions and tools.

External project costs in the 1st-3rd quarters have increased by DKK 15 million compared with the same period last year. The item is affected by the re-purchase of a number of Columbus developed products.

Staff costs in the 1st-3rd quarters have decreased by DKK 24 million compared with the same period last year, this is primarily due to a reduction in the number of employees, which has dropped from 1,033 by 30 September 2001 to 842 by 30 September 2002.

In the 1st-3rd quarters, other external costs have dropped by DKK 21 million that can be described as cost savings as a result of streamlining.

Tax on earnings for the 1st-3rd quarters affected the Group's earnings negatively by DKK 4 million. Compared with the same period last year, it should be noted that there has been a change in the accounting practice so that postponed tax assets from 2001 are accounted for in the balance. The tax costs for the period involve the profitable subsidiaries that do not have fiscal losses, etc. that can be utilized from previous years.

In the 1-3 quarters, the minority interests' share of earnings of the affiliated companies makes up DKK 2 million.

Applied accounting policies

The interim report has been prepared in accordance with the Danish Company Accounts Act provisions for class D companies, the Danish accounting standards, and the Copenhagen Stock Exchange requirements for the presentation of accounts by listed companies.

The accounting policies remain unchanged compared with 2001, except that treasury stock is no longer recognized as a separate item in the balance sheet but is booked directly under capital and reserves. The earnings in the 1-3 quarters are positively affected by the change in the treatment of treasury stock by DKK 0.2 million. The capital and reserves have been positively affected by the change by DKK 0.2 million in the 1-3 quarters 2001 and DKK 0,1 million in the 1-3 quarters 2002, respectively. Comparative figures are adjusted.

The above change has been made in order to adjust the accounting policies according to the new Danish accounting standard 19 "Own investments".

Developments in liquidity

Since the turn of the year, the Group's cash and cash equivalents have been reduced by DKK 14 million and make up DKK 29 million on 30 September 2002. Cash flow from operational activities affected net liquidity positively by DKK 16 million, which is influenced by the sale of the municipal activities by DKK 50 million. Liquidity in the period was reduced by investments of DKK 10 million plus reducing debt by net DKK 20 million.

Developments in capital and reserves (DKK m)	2001	2002
Capital and reserves 31 December	149.8	86.2
Effect of changes in accounting policies	-0.4	-0.1
Corrected capital and reserves 1 January	149.4	86.1
Capital increase	62.7	0.0
Capital increase costs	-6.6	0.0
Exchange equalization of foreign subsidiaries etc.	-2.7	-1.0
Earnings for the period	-85.9	-28.1
Capital and reserves 31 March	116.9	57.0

Corporate Governance

Columbus IT Partner wishes to exercise proper Corporate Governance. It has been assessed that Columbus IT Partner already follows the relevant recommendations to a wide extent. In connection with the annual report for 2002, it will be established which of the recommendations in the Nørby Committee's report Columbus IT Partner wishes to follow.

Safe Harbor declaration

The statements regarding the future that are included in this announcement reflect the management's current expectations to these future events and financial results. The statements about the future are naturally subject to some uncertainty, and the realized results therefore may differ greatly from the stated expectations. Furthermore, certain expectations are based on suppositions about future events that can prove to be incorrect.

Conditions that can lead to the realized results differing greatly from the stated expectations, could be caused by, among other things (though not limited to), developments in the state of the IT market and the financial markets together with economic influences from unforeseen events; changes in Danish rules and laws and in the European Union rules; developments in the competition within ERP solutions in Denmark and foreign countries; developments in demand, product packaging, and pricing of ERP solutions; developments in Columbus IT Partner's foreign activities to which there also are connections with certain political risks, together with investments in and sales of domestic and foreign 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.*

Profit and loss account 1 January - 30 September 2002

DKK '000	1/1 - 30/9 2001	1/1 - 30/9 2002
Net sales	426,929	457,302
Development projects for own account	0	4,699
External project costs	-90,564	-105,201
Gross margin	336,365	356,800
Staff costs	-264,592	-241,006
Other external costs	-120,991	-99,933
EBITDA	0	3,140
Depreciations excl. goodwill	-49,218	19,001
EBITA	-16,910	-15,355
Amortization and write down of goodwill	-66,128	3,646
EBIT	-17,366	-15,711
Financial income	-83,494	-12,065
Financial costs	10,720	8,076
Earnings before tax	-21,632	-18,332
Taxes for the period	-94,406	-22,321
Net earnings	10,966	-3,740
Minority interests	-83,440	-26,061
Columbus IT Partner share of net earnings	-2,508	-2,046
	-85,948	-28,107

Balance sheet 30 September 2002

DKK '000	30/9 2001	30/9 2002
Assets		
Completed development costs	0	1,237
Licensing rights	5,513	567
Goodwill	155,940	120,124
Development projects in progress	0	2,481
Intangible fixed assets	161,453	124,409
Fixtures and equipment	43,464	30,926
Tangible fixed assets under construction	953	2,331
Tangible fixed assets	44,357	33,257
Investments in associated companies	847	0
Financial fixed assets	847	0
Fixed assets	206,657	157,666
Commodity	19,495	8,935
Inventory	19,495	8,935
Trade accounts receivable	154,253	109,502
Projects in progress for third parties	32,757	25,697
Corporate income tax	4,755	1,414
Deferred tax assets	13,204	21,550
Other receivables	12,362	24,382
Prepaid expenses	7,131	5,618
Receivables	224,462	188,163
Cash and cash equivalents	25,454	29,248
Current assets	269,411	226,346
Assets	476,068	384,012

Balance sheet 30 September 2002

	30/9 2001	30/9 2002
DKK '000		
Liabilities and stockholders' equity		
Capital stock	40,180	40,180
Paid-in surplus	76,715	16,867
Stockholders' equity	116,895	57,047
Minority interests	7,881	16,575
Deferred tax	693	9,129
Liabilities provided for	693	9,129
Financial institutions	34,188	28,972
Long-term liabilities	34,188	28,972
Short-term portion of long-term liabilities	13,304	12,037
Financial institutions	140,934	129,995
Advanced payments from customers	3,306	11,404
Trade accounts payable	56,313	18,182
Liabilities to affiliated companies	18,901	15,276
Corporate income tax	484	6,818
Other liabilities	70,662	73,767
Accrued liabilities	12,507	4,810
Current liabilities	316,411	272,289
Liabilities	350,599	301,261
Liabilities and stockholders' equity	476,068	384,012