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Annual Report

Columbus IT Partner A/S
1st January - 31st December 2002

Columbus IT Partner A/S – Quintus Bastion – Krudtløbsvej – 1439 Copenhagen K
Phone: +45 70 20 50 00 – Fax: +45 70 25 07 01
CVR-no.: 13228345

Key figures and ratios for the Group

	1998	1999	2000	2001	2002
Statement of Income (DKKm)					
Net revenue	472.5	582.2	561.6	648.9	607.0
Capitalized development costs	0.0	0.0	0.0	14.8	10.0
External project costs	-119.3	-135.8	-140.5	-160.7	-150.3
Gross income I	353.2	446.4	421.1	503.0	466.7
Employment costs	-200.0	-275.3	-309.5	-348.9	-327.0
Gross income I	153.2	171.1	111.6	154.1	139.7
Other external costs	-92.0	-115.9	-147.6	-178.4	-140.6
Other operating income	0.0	0.0	0.0	15.1	10.2
Other operating expenses	0.0	0.0	0.0	0.0	-1.2
EBITDA	61.2	55.2	-36.0	-9.2	8.0
Depreciation excl. goodwill	-13.1	-17.1	-22.6	-25.9	-20.7
EBITA	48.1	38.1	-58.6	-35.1	-12.7
Depreciation and write-down on goodwill	-0.9	-3.5	-10.7	-53.1	-63.1
EBIT	47.2	34.6	-69.3	-88.2	-75.8
Net financials	1.4	7.3	-4.7	-16.4	-14.4
Earnings before tax	48.6	41.9	-74.0	-104.6	-90.2
Tax on earnings, 2002	-15.6	-12.2	6.4	-0.7	-9.7
Minority interests	-6.6	-2.1	7.3	-13.8	0.0
Net earnings	26.4	27.6	-60.3	-119.1	-99.9
Dividends	0.0	0.0	0.0	0.0	0.0
Balance Sheet (DKKm)					
Fixed assets	46.3	110.1	210.5	191.6	113.9
Current assets	247.3	274.0	309.7	326.1	240.1
Total assets	293.6	384.1	520.2	517.7	354.0
Shareholders' equity	131.0	158.5	149.4	86.1	-15.3
Minority interests	12.9	10.6	5.7	15.8	15.3
Debt and other provisions	149.7	215.0	365.1	415.8	354.0
Total liabilities	293.6	384.1	520.2	517.7	354.0
Cash Flow (DKKm)					
Cash flow from operations	23.3	21.7	-112.7	-0.7	24.0
Cash flow from investments, net	-32.9	-72.4	-39.6	-51.8	-5.7
of which, from investment in tangible fixed assets	-25.2	-22.8	-11.6	-19.6	-10.2
Cash flow from financing	84.8	20.0	105.1	73.3	-29.6
Total cash flow	75.2	-30.7	-47.2	20.8	-11.3
Key Ratios					
Gross margin II	32.4%	29.4%	19.9%	23.7%	23.0%
Operating profit margin	10.0%	5.9%	-12.3%	-13.6%	-12.5%
Return on investment III	24.2%	14.5%	-13.2%	-14.3%	-14.8%
Return on equity	29.9%	19.1%	-46.0%	-98.0%	-282.3%
Equity ratio	44.6%	41.3%	28.7%	16.6%	-4.3%
Earnings per share (EPS)	3.6	4.9	-10.6	-16.4	-12.4
Dividend per share	0.0	0.0	0.0	0.0	0.0
Net asset value per share	20.6	27.9	23.5	10.7	-1.9
Employees, year-end	706	847	1018	932	829
Cash flow per share	2.5	3.8	-19.7	-0.1	3.0

The key figures and ratios above have been calculated in accordance with the Danish Financial Analysts Association's "Recommendations and Key Figures 1997"

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Improved operating results in an unsatisfactory year

- Net sales totaled DKK 607m (DKK 649m in 2001) and was affected by the sale of municipality activities; excluding this, net sales was DKK 561m, down from DKK 596m in 2001.
- EBITDA was DKK 8m (DKK -9m in 2001) and the year resulted in a loss of DKK -99.9m (DKK -119.1m in 2001). Corrected for one-off income, including transactions with related parties in 2001 and 2002, EBITDA improved by DKK 42m.

Write-down on goodwill

- Columbus IT Partner has decided to make an additional DKK 40m write-down of goodwill. Together with ordinary depreciation and write-down of goodwill for the year, this takes the total to DKK 63m.

Underwritten rights issue and marked reduction in interest-bearing debt

- The Board has adopted a resolution to recommend a subscription rights issue to the Annual General Meeting and to write-down issued share capital from DKK 40,179,975 to DKK 10,044,933.75 to cover the loss and negative reserves. This reduction in capital will be made by cutting nominal share prices by 75% from DKK 5 to DKK 1.25.

  The rights issue will be 1:4, that is each share will give the right to four new shares at an issue price of DKK 3 per DKK 1.25 share.

  Nordea Bank and Gaardboe Holding are underwriting the rights issue for 24,108,000 new shares at a price of DKK 1.25, giving proceeds of DKK 72.3m which will reconstitute the share capital. This underwritten rights issue will be done by converting the guarantors' receivables although Gaardboe Holding has guaranteed a cash subscription of DKK 5m.

- Nordea Bank will further swap DKK 17.7m into subordinated loan capital.

- Financing following the underwritten part of the recapitalisation package (before issue costs):

Columbus IT Partner A/S (DKK 1000)	**31/12/2002**	**31/12/2002 after recapitalization**
Share capital	40,180	40,180
Reserves	-55,514	16,786
Total equity	-15,334	56,966
Subordinated loan capital	-	17,700
Bank debt	160,888	99,388
Debt to majority shareholder	23,500	0
Total interest-bearing debt	184,388	117,088
Balance	354,037	359,037

Outlook for 2003

- For 2003, the forecast for net sales is DKK 575-600m, with EBITDA at DKK 35-40m.

Niels Heering Chairman of the Board Columbus IT Partner A/S	Carsten Dilling Chief Executive Officer Columbus IT Partner A/S

Contacts for further information: Carsten Dilling, CEO or Jan Bitterhoff, Business Development Executive. Tel.: (+45) 70 20 50 00.

Significant events

In 2002, Columbus IT Partner completed its restructuring program as planned which has led to more satisfied and loyal customers. Columbus IT Partner has become more focused and efficiency has improved whilst also retaining the most skilled employees in the sector.

As part of Columbus IT Partner's strategy of increasing its focus on internationally scalable vertical solutions based on products primarily from Microsoft Business Solutions (formerly Navision), the municipality activities were sold.

In July, Microsoft acquired Navision, thus creating a very strong, dominant developer and producer of business solutions aimed at small and medium-sized companies. An extremely strong focus is expected on product and partner development, on developing vertical solutions and marketing and on an increasing presence in important international markets. With Columbus IT Partner's international scope and focus on complex customer projects for small and medium-sized companies, Columbus IT Partner will often be one of Microsoft Business Solutions' preferred partners.

In September 2002, Columbus IT Partner reached agreement with Farum municipality that was important for both parties, meaning that business relations could be wound up satisfactorily.

In Q4 2002, Columbus IT Partner sold its loss-making subsidiary in Singapore to the company's management and this gave rise to the first franchise operation in order to retain the Group's Asian presence which remains crucial for various of Columbus IT Partner's international customers.

In Sweden, management was offered part ownership of the local company to boost motivation and performance further. This initiative, taken with a cut in salaries and on the basis of the positive outcome in a comparable model in Norway, was agreed carried out in Q4 2002. A similar model is under implementation in Germany. In consolidating its activities in USA, Columbus IT Partner agreed in 2002 to acquire the holdings of local shareholders in California after Q2 2003.

Latest developments

On 1st January 2003, 49% of the shares in the Russian subsidiary were assigned to local shareholders at book value.

Apart from the events described in this report, nothing has taken place since 31st December 2002 which could be significant in assessing Columbus IT Partner's financial status.

Expectations

Columbus IT Partner has now completed the restructuring process that was implemented in 2001, with, amongst other things, a marked improvement in efficiency and increased customer focus as a result. A new management system is now firmly in place with close follow up on the countries, better coordination of international business, and resource and knowledge sharing amongst all the companies.

Following a short period of integration in Q2-Q3, Microsoft's acquisition of Navision is now having a really positive influence on Columbus IT Partner's business. In the first part of 2003 and the closing months of 2002, orders in hand and in the pipeline have made good progress. This applies in Denmark and especially the international markets where the Navision brand has been less well known.

The main points of the action plan for 2003 are:

- More active sales to internationally-oriented potential customers, also by concentrating on a smaller number of international vertical solutions.
- Implementation of a new consultant-based approach to sales and by increasing customer focus by improved Key Account Management.
- Improved utilization and efficiency from using the DIAMOND implementation model, employee skills building, variable payroll models and in-sourcing customer development projects from subsidiaries, among others to the Russian company.
- Continuing close collaboration with Microsoft and Microsoft Business Solutions on large customer projects throughout and within all local markets where Columbus IT Partner has a presence
- The addition of complementary solutions via new strategic partnerships such as the agreement with Wincor Nixdorf, which is the market leader in Point of Sales/Retail equipment.

In the longer term, it is expected that Microsoft will help drive the market by way of targeted marketing and product/partner development so as to create increasing demand for their business solutions.

With Columbus IT Partner's global market coverage, corporate history and in-depth knowledge of Axapta, the Group feels that it is well placed to benefit from such activities. It is especially anticipated that activities in Eastern Europe and USA could achieve better growth rates than the other markets.

Accordingly, in coming years, Columbus IT Partner will continue to focus on maintaining its role as market leader in implementing business solutions from Microsoft Business Solutions and so position itself with ever increasing strength in the small and medium-sized company segment.

The Group’s present geographical presence, setting up new markets by way of franchises and subsidiaries and focusing on vertical solutions will form the basis for further strengthening competitiveness in international projects and these areas are therefore expected to contribute to Group activities with above average growth.

Outlook for revenues and results 2003
Adjusted for the disposal of the municipality activities in Denmark, net sales in 2002 were about DKK 561m and in 2003, they are expected to total DKK 575-600m.

It is especially in Eastern Europe, USA and South America that positive effects from Microsoft’s acquisition of Navision are expected to be felt. Net sales for the Nordic and Western Europe is forecast at the same level as last year. For the rest of the world, above average growth of net sales is expected, especially for operations in America. EBITDA in 2003 is forecast at DKK 35-40m and a small profit after tax.

The EBITDA improvement on 2002 should be viewed in the light of the restructuring program undertaken in 2001 and 2002, which has led to significant improvements in efficiency and the introduction of variable salary schemes and a reduction in costs.

Capital
Write-down on goodwill had a marked impact on the loss reported for the year and led to the need to recapitalize Columbus IT Partner.

The Board has decided to recommend a rights issue to the Annual General Meeting and that the share capital be written down from DKK 40,179,975 to DKK 10,044,993.75 to cover the loss and negative reserves. The reduction in capital will be done by reducing the nominal value of the Company's shares by 75% from DKK 5 to DKK 1.25.

This will improve Columbus IT Partner's equity by between DKK 72.3-96.4m.

DKK 67.3m of the improvement in equity derives from swapping DKK 23.5m Gaardboe Holding debt and DKK 43.8m Nordea debt. Gaardboe Holding has further undertaken to inject capital of DKK 5.0m by taking up shares.

The rights issue is 1:4, with each share giving the right to four new shares, with an issue price of DKK 3 for each DKK 1.25 share.

Nordea and Gaardboe Holding have underwritten shares to a value of DKK 72.3m which will reconstitute the share capital.

The resolution to undertake a rights issue will be submitted to the Annual General meeting on 24th April 2003, with the rights issue being held as soon as possible afterwards.

Nordea Bank will also convert DKK 17.7m into subordinated loan capital. The subordinated loan is an interest-only loan till the end of 2005.

The underwritten recapitalization before issue costs may be summarized thus:

	DKKm
Debt to equity swap	67.3
Additional guaranteed share subscription	5.0
Total impact on equity	**72.3**
Debt to subordinated loan capital swap	**17.7**
Total	**90.0**

Financing following the underwritten part of the recapitalisation package (before issue costs):

Columbus IT Partner A/S (DKK 1000)	**31/12/2002**	**31/12/2002 after recapitalization**
Share capital	40,180	40,180
Reserves	-55,514	16,786
Total equity	-15,334	56,966
Subordinated loan capital	-	17,700
Bank debt	160,888	99,388
Debt to majority shareholder	23,500	0
Total Interest-bearing debt	184,388	117,088
Total balance	354,037	359,037

The Company's interest-bearing debt will thus fall from DKK 184.4m to DKK 117.1m, including subordinated loan capital of DKK 17.7m.

Capital status etc.

During 2002, Columbus IT Partner reduced drawings on its credit lines by DKK 30m net, taking them to a year-end total of DKK 161m. This includes the maximum credit allowable under the factoring arrangements that the two operating Danish companies have with Nordea Finans A/S. This has been reduced by DKK 5m; in future it will be DKK 35m. The overall reductions in drawings were partly as the result of disposing of activities and partly due to the continuing improvement in handling trade debtors, thus reducing the number of debtor days outstanding.

On the basis of anticipated developments, the Board feels that Columbus IT Partner has sufficient capital to cover its requirements within the budgetary framework for 2003. This applies irrespective of the results of the part of the rights issue that is not underwritten.

Columbus IT Partner operates in volatile markets and market trends and expectations for continuing growth are not clear. Even though the Company makes the transition to a more variable cost-base, buying patterns will affect quarterly results since the majority of costs do not vary with turnover in the very short term.

Columbus IT Partner will continue to focus on products from Microsoft Business Solutions and will to a great extent follow Microsoft's development and assessment of growth markets. In keeping with this, Columbus IT Partner will focus on and possibly undertake activities relating to merging, closing or disposing of non-strategic operations or expansion into new markets. This naturally creates some uncertainty.

Achieving the targets and budgets set for 2003 depends on continuing improvement in the efficiency of the Group's activities, more sales per salary unit, a continuing improvement in the trends for selling business solutions and that the Group can achieve long-term, stable success in turning around the companies that reported very poor results in 2002.

The factors noted above mean that considerable uncertainty attaches to the outlook for 2003, and hence Columbus IT Partner's capital planning. The annual report will accordingly include an auditor's report with supplementary information; their endorsement is included below.

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 attach and investment in, and disposal of, national and international companies.

Financial report for 2002

2002 was characterized by major changes and events at Columbus IT Partner, including the disposal of its municipality activities. The year was also affected by the continuing restructuring process throughout the Group which saw staffing cut from a total of 932 at year-end 2001 to 829 at year-end 2002. The Company decided as part of completing a series of key projects, including payroll and career systems and the IT platform, also to decentralize various core Head Office operations. Of the 829 employees, around 20 were working out their notice at year-end 2002.

Total net sales totaled DKK 607m in 2002 compared to DKK 649m the year before which included DKK 46m from the disposal of the municipality activities in 2002 and approximately DKK 45m from the sale of its distribution activities in 2001.

Income statement (DKKm)	1998	1999	2000	2001	2002
Net sales	**472.5**	**582.2**	**561.6**	**648.9**	**607.0**
Operating costs, etc.	-411.3	-527.0	-597.6	-673.2	-609.2
Other operating income	0.0	0.0	0.0	15.1	10.2
EBITDA	**61.2**	**55.2**	**-36.0**	**-9.2**	**8.0**
Depreciation excl. goodwill	-13.1	-17.1	-22.6	-25.9	-20.7
EBITA	**48.1**	**38.1**	**-58.6**	**-35.1**	**-12.7**
Depreciation and write-down of goodwill	-0.9	-3.5	-10.7	-53.1	63.1
EBIT	**47.2**	**34.6**	**-69.3**	**-88.2**	**-75.8**
Financials, net	1.4	7.6	-5.9	-16.4	-14.4
Earnings before tax	**48.6**	**42.2**	**-75.2**	**-104.6**	**-90.2**
Tax on earnings for the year	-15.6	-12.2	6.4	-0.7	-9.6
Minorities	-6.6	-2.1	7.3	-13.8	-0.9
Result for the year	**26.4**	**27.9**	**-61.5**	**-119.1**	**-99.9**

Sixty six percent of net sales comes from consultancy services, 31% from software and 3% from hardware. The decision to concentrate on Axapta saw revenues from this product reach DKK 366m in 2002, up DKK 39m on 2001.

Net sales	Share 2001	Share 2002
Hardware	2%	3%
Software	32%	31%
Services	66%	66%
Total	100%	100%

Net sales	Share 2001	Share 2002
Axapta	51%	65%
Attain	6%	4%
XAL	27%	21%
Other	16%	10%
Total	100%	100%

Note: The figures above have been calculated exclusive of distribution activities in 2001 and the sale of the municipality activities in 2002.

Other operating income was DKK 10m (DKK 15m in 2001) which derived from income from related parties (cf. separate section) and the sale of holdings. Other operating income from the sale of holdings totaled DKK -1m. EBITDA was DKK 8m, up from DKK -9m the preceding year, which was in line with expectations but still unsatisfactory. The profit margin improved in 2002 to -12.5% compared to -13.6% in 2001.

The Group's financials show net expenses of DKK 14m down from DKK 16m in 2001. Adjustment of deferred tax assets in Denmark and to a lesser extent corporation tax in profitable foreign subsidiaries took Columbus IT Partner's total tax charge to DKK -10m. Management estimates for tax assets at the beginning of the year were DKK 20m and DKK 12.5m at year-end. Results for the year showed a loss of DKK -99.9m, a DKK 19m improvement on 2001.

Regional developments

	Net sales (DKKm)		EBITDA (DKKm)		Employees (year-end)	
	2001	2002	2001	2002	2001	2002
Nordic	300	337	-73	24	410	330
Western Europe	147	123	-5	-15	182	162
Eastern Europe	127	73	63	-8	232	248
Rest of the world	75	74	6	7	108	89
Total	649	607	-9	8	932	829

Note: Columbus IT Partner has implemented a charging system for Group services to subsidiaries to cover parent company costs. This means that charges for the regions outside the Nordic region were about DKK 9m more than the same period in 2001.

Nordic

Regional net sales was DKK 337m. In 2002, Group companies in the Nordic reported net sales down 2% on the previous year (excluding the sale of the distribution activities in 2001 and the divestment of municipality activities in 2002). At year-end 2002, 330 staff were employed in the region, down 20% on the previous year. Net sales per employee (excl. one-off items) was up 22% on 2001.

EBITDA for the region further improved by DKK 97m to a total of DKK 24m in 2002, among other things as a result of savings arising from the extensive restructuring program implemented in 2001.

As part of the strategy of strengthening its international implementation concept, the municipality activities, including product rights, the customer portfolio and 28 employees, was sold in the first half of 2002. The final settlement of the disposal was made on 31st December 2002 and the sale boosted net sales by DKK 46m and EBITDA by DKK 37m. This had an impact on Group liquidity of more than DKK 70m.

Net sales in the continuing **Danish** subsidiaries was DKK 161m in 2002, down from DKK 189m in 2001. At year-end, there were 158 employees compared to 205 at year-end 2001. This reduction was by and large due to the completed restructuring of the Danish units that started in 2001. Accordingly, total staff costs fell by DKK 35m. The Danish units accounted for 35% of Group net sales in 2002, compared to 30% in 2001. The company sold solutions to several large Danish corporations, including Nordisk Wavin and TK Development with 160 users on a central Axapta solution in 12 countries.

Net sales at the **Swedish** company in 2002 was DKK 9m, down considerably on the year before primarily as a result of fewer staff and management changes. In July, a Stockholm-based Axapta company was acquired with six qualified staff and a customer portfolio. In Q4, 37% of the shares were sold to the management and key employees. In **Norway**, trends throughout the year were highly positive, with a sharp growth in net sales to DKK 60m, up 85%. The company added one of the largest companies in Norway, Kongsberg/Simrad AS, to its customer list with 120 users on Axapta and an advanced integration project based on the Galaxy module. The **Icelandic** company's net sales in 2002 fell 13% on 2001 to DKK 43m. A new senior management was installed at the beginning of the year and the autumn saw the company refocusing on selected product lines such as Axapta. With a market share of more than 60%, the company is a clear market leader. It also focuses on Business Intelligence Software from Cognos.

Western Europe

In Western Europe, net sales fell DKK 24m to DKK 123m, with EBITDA at DKK -15m, which was unsatisfactory and partly reflected the turnaround process the companies have been through, and partly very difficult trading conditions in some countries.

On the **German** market, as for various other markets, the focus in 2002 was on restructuring which led to a slight drop in the activity level and net sales of DKK 19m. The **Swiss** subsidiary reported net sales of DKK 23m, by and large unchanged from 2001. A series of large companies joined their customer list, including a global framework agreement with the SIKA Group, with an initial rollout in more than 10 countries. The **Austrian** company reported a DKK 4m drop in net sales to DKK 15m. The company also signed a large implementation contract with Rudolf Leiner GmbH with 150 users on Axapta.

The **UK** company reported net sales of DKK 18m and underwent restructuring in 2002. Especially in the second half of 2002, it reported positive trends which are forecast to continue in 2003. The **French** subsidiary focused on training its employees in 2002 to qualify on Attain and Axapta products. Especially for Axapta, this resulted in significant improvements in the sales pipeline and orders in hand. Net sales was DKK 7m. In the **Netherlands**, the subsidiary reported a slight drop in net sales in 2002 to DKK 30m but some exciting large international companies joined their customer list, including the VEGE Group and Provimi Group.

Eastern Europe
The decline in net sales for companies in Eastern Europe was due to the disposal of the distribution activities. EBITDA was DKK 4m (adjusted for the final settlement relating to the sale of the distribution activities).

The **Russian** market is enjoying growth and this trend is expected to continue in 2003. Net sales in 2002 was DKK 36m. In order to maintain and improve market share in Russia, offices are expected to be set up in St. Petersburg and Ektarinaburg. Staff increased from 90 at year-end 2001 to 108 at year-end 2002.

In **Poland**, the market was characterized by stagnation and as a result, the company reported a fall in net sales to DKK 9m. The forecast is for better net sales in 2003 when preparations for EU membership will be starting. In the **Baltic**, 2002 was a year of change with companies having to switch their profile from being distributors to resellers. At the same time, Microsoft has expanded its reseller network considerably. Increasing competition has put prices under pressure but at the same time it has increased the focus on Axapta and on Columbus IT Partner as the largest, most experienced reseller.

Rest of the world
In 2002, the Group's companies in the rest of the world reported net sales in line with 2001 at DKK 74m and EBITDA up 20% at DKK 7m. The region covers activities in **USA, South** and **Central America, Singapore** and **South Africa.** At year-end 2002, there were 89 employees in the region.

Market coverage represents a competitive advantage when it comes to servicing international customers among others, and the expansion of activities in USA thus continues to be strategically important for Columbus IT Partner.

The companies in South and Central America lived up to Group expectations, with net sales up 21% at DKK 19m in 2002. This was also due to improving sales of Axapta-based solutions.

In Singapore, Columbus IT Partner sold its shares in the loss-making subsidiary to the local management which had a negative impact on EBITDA for the region. However, a franchise operation has also been agreed, with the Group retaining a presence in Asia as a result of its business with international customers.

Other comments to the financial report

Accounting policies
The financial statements have been prepared in accordance with the provisions of the Danish Company Accounts Act for Class D enterprises and Copenhagen Stock Exchange requirements for the presentation of accounts by listed companies.

Accounting policies have not been changed since 2001, except that own shares are no longer included as a separate item in the balance sheet but are stated directly under equity. In 2001, the changes in the treatment of own shares for accounting purposes had a DKK 1.3m negative impact on results, and they also adversely affected the balance sheet by DKK 0.1m in 2001 and DKK 0.1m in 2002. The comparative figures have been adjusted.

The above change was made to bring accounting policies into line with Guidance Note 19 ”Own Holdings”.

Goodwill write-down
In present trading conditions, valuing goodwill is difficult and uncertain. Thus, the Company’s Board has decided to make an extraordinary DKK 40m write-down of goodwill. This together with ordinary amortization, brings the total amortization and write-down of goodwill for the year to DKK 63m. The markets covered by this extraordinary write-down are Sweden, Russia, Turkey, UK, Germany, Denmark and Iceland.

Investments
Total investment in tangible and intangible fixed assets, excluding goodwill, was DKK 21m in 2002 compared to DKK 41m in 2001. Investment in 2002 was mainly for developing a new accounting system for the Group and other R&D projects for customer purposes.

Liquidity
in 2002, the Group's liquid funds fell by DKK 11m to DKK 31m. At year-end December 2002, cash funds were mainly placed with various foreign subsidiaries, in many of which Columbus IT Partner owns 51%.

Cash flows from operations made a positive net contribution of DKK 24m, and were also affected by the sale of the municipality activities which boosted liquidity by more than DKK 70m. During the period, liquidity was reduced by cash flows from investing activities of DKK 6m and DKK 29m from financing activities. The latter was primarily due to a reduction in Columbus IT Partner’s bank debt.

Foreign exchange
The Group did not enter into any significant hedging contracts last year. Exchange risk on international contracts is limited by servicing from the Group's local companies so that the Group's income and expenses in foreign currencies are matched insofar as possible.

Transactions with related parties
Inter-company services are charged at commercial rates or at cost. Business is done on the basis of contractual agreements by the companies unless the transactions are minor.

Gaardboe Holding ApS, Julsøvej 1, DK-8240 Risskov, is the majority shareholder in Columbus IT Partner, with a controlling holding of 52.8%. Gaardboe Holding is participating in recapitalization of Columbus IT Partner (cf. separate section). The company has made funding available to Columbus IT Partner and has also done business with the Group and provided support as noted below.

- Columbus IT Partner's head office is in rented premises at Krudtløbsvej 1, Copenhagen, which are partly owned by Gaardboe Holding.
- Gaardboe Holding has undertaken to cover any losses borne by Columbus IT Partner on named Danish trade debtors for which provisions have been made, in an amount of up to DKK 2.5m. This amount was stated as income in 2002 under Other operating income.
- In 2001, Gaardboe Holding issued a DKK 10m guarantee to Columbus IT Partner for the upper part of the sales price of its distribution activities. This guarantee was included in the figures for 2001 (cf Stock Exchange Release no. 02/2002). The Gaardboe Holding guarantee was settled in full in 2002.
- Columbus IT Partner has exercised an option to buy back from Gaardboe Holding the rights to a series of products it developed itself, which have been marketed under such trademarks as Galaxy, X2A, etc. Columbus IT Partner sold these rights to Gaardboe Holding in 2001 for DKK 8.5m and in accordance with the option, the buy-back price was in the same amount. The buy-back was made as part of the sale of the municipality activities and was expensed in 2002 under External project costs.
- As part of management terms of employment, the value of the warrant and options schemes are guaranteed at DKK 10m. Columbus IT Partner has issued a bank guarantee for the guaranteed value of the schemes. Gaardboe Holding has stood surety for the bank guarantees. In 2002, Gaardboe Holding assumed direct responsibility for these commitments to management with respect to that part of Columbus IT Partner's liabilities relating to 2001 and 2002, corresponding to DKK 4.5m. This amount was stated as income in 2002 under Other operating income.

Opin Kerfi hf, Iceland, has a 9.2% holding in Columbus IT Partner and has undertaken to cover any losses borne by Columbus IT Partner attributable to named Icelandic trade debtor for whom provision has been made, in an amount of up to DKK 1.0m and this was taken up as income in 2002 and stated under Other operating income.

Nordea is Columbus IT Partner's lead banker. As part of the impending debt swap, Nordea will become a significant shareholder in the parent company.

Apart from this, management's view is that the Group has no significant agreements with related parties.

Incentive scheme
In 2001, Columbus IT Partner introduced a three year employee-only warrant scheme at an exercise price of DKK 60 for more than 300 employees in the parent company and wholly-owned subsidiaries. The scheme may be exercised for a period of up to three weeks after release of the Company's financial statements for 2003. No warrants have been issued to the Board of Directors. An incentive scheme has been set up for management, consisting of a total of 80,000 warrants with an exercise price of DKK 60 and 160,000 options with an exercise price of DKK 37. The management scheme has a value over a three year period of not less than DKK 10m. Senior staff have been allocated about 165,000 warrants and other staff with about 130,000. None of the warrants or options has been exercised.

Auditors
The majority of the Group's companies are audited by one of the two international auditing companies, PricewaterhouseCoopers and Deloitte & Touche, appointed as the Group's auditing companies.

Some of the smaller subsidiaries are audited by local auditing companies.

Allocation of profit

At the Annual General Meeting, the Board of Directors will propose that the DKK -99.9m deficit for the year be carried forward and be set against the premium reserve fund from the rights issue and retained profits.

Investors

The following had holdings of more than 5% of the Company's shares at year-end 2002:

Gaardboe Holding ApS (Risskov)	52.8%
Opin Kerfi hf. (Iceland)*	9.2%
Arbejdsmarkedets Tillægs Pension (Hillerød)**	5.8%

*) Opin Kerfi holds a total of 742,002 shares. 330,704 shares are held by 51.5% owned subsidiary Skyrr hf.
**) ATP (Danish Labor Market Supplementary Pension), the Temporary Pension Savings Scheme and the Special Pension Savings Scheme together hold 469,664 shares.

It should be noted pursuant to Sec. 71 Danish Company Accounts Act, that the annual accounts for Columbus IT Partner A/S are included in the annual and consolidated accounts for Gaardboe Holding ApS, Julsøvej 1, DK-8240 Risskov, Denmark.

Annual General Meeting

The Company's Annual General Meeting will be held on 24th April 2003 at 10.00 a.m. at the Dansk Arkitektur Center, Gammel Dok, Strandgade 27B, 1401 Copenhagen K. The financial report and statements are expected to be submitted to Copenhagen Stock Exchange at the end of March 2003 and the printed version will be published early April 2003 together with notice of the Annual General Meeting.

Resolutions for the Annual General Meeting

The Board of Directors will recommend to the Annual General Meeting that the share capital of DKK 40,179,975 be reduced by DKK 30,134,981.25 to DKK 10,044,993.75 to cover the Company's deficit and negative reserves. This reduction in share capital will be done by cutting the face value of the Company's shares with 75% from DKK 5 to DKK 1.25.

As stated above, the Board of Directors will recommend a rights issue for up to 32,144,000 new shares with prior 1:4 subscription rights for existing shareholders, i.e. each share gives the right to four new shares. The issue price will be DKK 3 for a DKK 1.25 share. The rights issue is to be held as soon as possible after the Annual General Meeting.

Scheduled release of other financial data

Report Q1	15th May 2003
Interim report	15th August 2003
Report Q1-3	14th November 2003

Auditors' report

To the shareholders of Columbus IT Partner A/S

We have audited the annual report of Columbus IT Partner A/S for the financial year 2002.

The annual report is the responsibility of the Company's Management. Our responsibility is to express an opinion on the annual report based on our audit.

Basis of opinion

We conducted our audit in accordance with Danish Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual report. An audit also includes assessing the accounting policies used and significant estimates made by the Management, as well as evaluating the overall annual report presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Group's and the Parent Company's financial position at 31 December 2002 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 2002 in accordance with the Danish Financial Statements Act and the financial reporting requirements of the Copenhagen Stock Exchange.

Emphasis of matter

We refer to the section on "Capital status etc" in the Management's Review, in which the management reports on the considerable uncertainty in the outlook for 2003 and hence the Company's capital status.

Copenhagen, 12 March 2003

PricewaterhouseCoopers		**Deloitte & Touche** Statsautoriseret Revisionsaktieselskab	
Allan Vestergaard Andersen State Authorised Public Accountant	Leif Ulbæk Jensen State Authorised Public Accountant	Bent Hansen State Authorised Public Accountant	Anders O. Gjelstrup State Authorised Public Accountant

Statement of income - Columbus IT Partner A/S

	Group		Parent Company	
DKK 1000	**2001**	**2002**	**2001**	**2002**
Net revenue	648,865	606,956	28,960	33,028
Capiatalized development costs	14,825	10,085	0	4,638
External project costs	-160,716	-150,306	-24,934	-1,750
Gross earnings	**502,974**	**466,735**	**4,026**	**35,916**
Other external costs	-178,401	-140,664	-16,596	-14,949
Employment costs	-348,890	-327,026	-16,307	-33,887
Other operating income	15,112	10,179	475	4,500
Other operating costs	0	-1,180	0	0
Earnings before depreiation (EBITDA)	**-9,205**	**8,044**	**-28,402**	**-8,420**
Depreciation, excl. goodwill	-25,917	-20,762	-2,634	-3,584
Earnings before depreciationa on goodwill (EBITA)	**-35,122**	**-12,718**	**-31,036**	**-12,004**
Amortization and depreciation on goodwill	-53,077	-63,078	0	0
Operating income	**-88,199**	**-75,796**	**-31,036**	**-12,004**
Earnings before tax, affiliates			-88,223	-73,592
Financial income	13,597	11,096	8,677	6,930
Financial expenses	-29,978	-25,464	-11,938	-11,632
Earnings before tax	**-104,580**	**-90,164**	**-122,520**	**-90,298**
Tax on earnings 2002	-727	-9,673	3,371	-9,619
Earnings 2002	**-105,307**	**-99,837**	**-119,149**	**-99,917**
Minority interests	-13,842	-80		
Columbus IT Patner's share of earnings 2002	**-119,149**	**-99,917**	**-119,149**	**-99,917**

Balance sheet - Columbus IT Partner

DKK 1000	Group 2001	Group 2002	Parent Company 2001	Parent Company 2002
Assets				
Completed development projects	13,766	2,982	0	0
Royalties	1,649	266	0	0
Goodwill	132,837	75,000		
Development projects in progress	0	1,989	0	0
Intangible fixed assets	148,252	80,237	0	0
Plant and operating equipment	43,358	32,861	7,123	11,720
Tangible fixed assets under construction	0	770	0	770
Tangible fixed assets	43,358	33,631	7,123	12,490
Holdings in affiliate companies	0	0	173,309	134,291
Financial fixed assets	0	0	173,309	134,291
Total fixed assets	**191,610**	**113,868**	**180,432**	**146,781**
Stocks of goods for sale	10,594	9,184	4,912	3,269
Inventories	10,594	9,184	4,912	3,269
Trade accounts receivable, goods and services	196,669	148,550	772	7,415
Contract work in progress	24,433	12,582	0	0
Receivables, affiliated companies	8,500	7,335	66,167	34,378
Corporation tax	3,812	951	3,325	0
Deferred tax assets	20,000	12,500	11,865	6,158
Other receivables	11,231	12,399	3,076	1,628
Accruals	6,676	5,838	1,694	1,798
Receivables	271,321	200,155	86,899	51,377
Cash funds	44,165	30,830	3	8
Total current assets	**326,080**	**240,169**	**91,814**	**54,654**
Total assets	**517,690**	**354,037**	**272,246**	**201,435**

Columbus IT Partner A/S – Quintus Bastion – Krudtløbsvej – 1439 Copenhagen K
Phone: +45 70 20 50 00 – Fax: +45 70 25 07 01
CVR-no.: 13228345

Balance sheet - Columbus IT Partner

	Group		Parent Company	
DKK 1000	**2001**	**2002**	**2001**	**2002**
Liabilities				
Share capital	40,180	40,180	40,180	40,180
Share premium reserve	45,930	0	45,930	0
Retained profit	0	-55,514	0	-55,514
Shareholders' equity	**86,110**	**-15,334**	**86,110**	**-15,334**
Minorities	**15,805**	**15,304**	**0**	**0**
Deferred tax	10,208	1,130	0	0
Provisions for share of holdings with negative equity			0	6,649
Provisions	**10,208**	**1,130**	**0**	**6,649**
Mortgage lenders	33,024	24,750	6,519	1,910
Long-term debt	33,024	24,750	6,519	1,910
Short-term part of long-term debt	14,028	13,131	4,760	4,660
Mortgage lenders	143,471	123,007	117,369	67,405
Client prepayments	7,534	11,050	0	0
Trade accounts payable	58,083	48,284	4,301	4,792
Debt to affiliated companies	17,822	23,500	27,848	112,669
Corporation tax	6,756	8,927	0	0
Other debt	104,880	91,832	25,339	18,487
Accruals	19,969	8,456	0	197
Short-tem debt	372,543	328,187	179,617	208,210
Total debt	**405,567**	**352,937**	**186,136**	**210,120**
Total liabilities	**517,690**	**354,037**	**272,246**	**201,435**

Equity trends (DKKm)	
Equity 31/12 2001	86.2
Effect of changes to accounting policies	-0.1
Adjusted equity 1/1 2002	86.1
Currency adjustments for foreign subsidiaries, etc.	-2.9
Result 2002	-99.9
Shareholders' equity 31/12 2002	-15.3

Consolidated Cash Flow Statement

DKK 1000	2001	2002
Net earnings 2002	-119,149	-99,917
Adjustments	109,230	108,232
Changes in working capital	29,732	34,562
Cash flow from operations before net financials	**19,813**	**42,877**
Interest received, etc.	13,597	11,096
Interest expenses, etc.	-29,978	-25,464
Cash flow from ordinary operations	**3,432**	**28,509**
Corporation tax paid	-4,148	-4,476
Cash flow from operations	**-716**	**24,033**
Acquisition of intangible fixed assets	-14,888	-6,379
Acquisition of tangible fixed assets	-25,793	-14,163
Disposal of intangible fixed assets	0	14,104
Disposal of tangible fixed assets	6,177	3,954
Acquisition of subsidiaries and activities	-17,289	-3,203
Cash flow from investments	**-51,793**	**-5,687**
Capital increases	52,493	0
Changes in mortgage debt	24,016	-20,464
Proceeds, long-term loans	12,571	5,754
Instalments on long-term loans	-15,758	-14,925
Cash flow from financing activities	**73,322**	**-29,635**
Changes in cash funds	**20,813**	**-11,289**
Cash funds, opening balance	23,098	44,165
Currency adjustments	254	-2,046
Cash funds, year-end	**44,165**	**30,830**