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Interim Report

Q1 - 3 / 2003

PROFILE:
Columbus IT Partner operates as an international system integrator in the market for integrated IT solutions based on Microsoft Business Solutions – primarily for small and medium-sized international enterprises. Columbus IT Partner is an international service organization with almost 900 staff with operations in 26 countries. It has an overall client base of more than 6,000 small and mid-sized companies and units of large companies worldwide.

www.columbusit.com.

Results as forecast – stronger domestic market from Hands DK acquisition

- On 1st October 2003, Columbus IT Partner acquired all the activities of the Hands Group in Denmark. Hands Danmark had 200 staff and reported Q1-3 net sales of DKK 150m. This consolidates Columbus IT Partner's position as the leading IT consultancy in the market for integrated business solutions based on Microsoft Business Solutions products.

- On 1st July 2003, Columbus IT Partner divested its Icelandic subsidiary, with the gains on the transaction making a DKK 17m contribution to the quarter.

- The company's rights issue was concluded on 2nd July 2003. The proceeds of DKK 80.5m were used also to reduce indebtedness to Gaardboe Holding ApS and Nordea Bank Danmark A/S.

- Key figures for Q3 2002 and 2003:

	Q3		**Q3 adjusted for terminating activities**	
	2002	**2003**	**2002**	**2003**
Net sales	119	104	107	104
EBITDA	-6	16	-6	0
Earnings after tax and minorities	-19	6	-18	10

Employees, end-Q3	761	692

- As a result of the Hands Danmark acquisition, Columbus IT Partner is increasing its revenue forecast for 2003 to approximately DKK 540m. The forecast for EBITDA for 2003 of the order of DKK 20-25m is being maintained.

Niels Heering
Chairman of the Board
Columbus IT Partner A/S

Carsten Dilling
Chief Executive Officer
Columbus IT Partner A/S

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Financial Highlights

Income statement (DKKm)	Q3 2002	Q3 2003	Q1-3 2002	Q1-3 2003	2002	*Adjusted Q1-3 2002 **	*Adjusted Q1-3 2003 **
Net sales	118.8	104.4	457.3	369.4	607.0	*368.8*	*346.2*
Capitalized development costs	1.7	0.4	4.7	1.2	10.0	*4.7*	*1.2*
External project costs	-24.0	-24.9	-105.2	-90.8	-150.3	*-102.5*	*-88.3*
Gross profit I	96.5	79.9	356.8	279.8	466.7	*270.9*	*259.1*
Staff costs	-74.7	-56.6	-241.0	-204.5	-327.0	*-207.7*	*-189.7*
Gross profit II	21.8	23.3	115.8	75.3	139.7	*63.2*	*69.5*
Other external costs	-27.6	-24.6	-99.9	-76.2	-140.7	*-84.2*	*-72.1*
Other operating income	0.0	17.0	3.1	17.0	10.2	*0.0*	*0.0*
Other operating costs	0.0	0.0	0.0	-3.2	-1.2	*0.0*	*-3.2*
EBITDA	-5.8	15.7	19.0	12.9	8.0	*-21.1*	*-5.8*
Depreciation and amortization excl. goodwill	-4.8	-4.0	-15.4	-12.7	-20.7	*-13.3*	*-12.2*
EBITA	-10.6	11.7	3.6	0.2	-12.7	*-34.4*	*-18.0*
Amortization and write-down of goodwill	-5.2	-3.1	-15.7	-8.8	-63.1	*-11.6*	*-8.3*
EBIT	-15.8	8.6	-12.1	-8.6	-75.8	*-45.9*	*-26.3*
Financial items, net	-1.7	-0.9	-10.2	-7.8	-14.4	*-6.9*	*-5.9*
Result before tax	-17.5	7.7	-22.3	-16.4	-90.2	*-52.8*	*-32.2*
Tax on results for the period	-1.4	-0.8	-3.7	-3.2	-9.7	*-6.4*	*-3.2*
Minority interests	0.0	-0.8	-2.0	-2.1	0.0	*-2.3*	*-2.6*
Result for the period	-18.9	6.1	-28.0	-21.7	-99.9	*-61.5*	*-38.0*
Balance sheet (DKKm)							
Fixed assets			157.7	79.6	113.9		
Current assets			226.3	209.3	240.1		
Total assets			384.0	288.9	354.0		
Shareholders' equity			57.0	36.2	-15.3		
Minority interests			16.6	15.8	15.3		
Debt and other provisions			310.4	236.9	354.0		
Total liabilities			384.0	288.9	354.0		
Cash flow (DKKm)							
Cash flow from operations			15.5	-2.7	24.0		
Cash flow from investments			-9.6	1.7	-5.7		
including investment in tangible fixed assets			-3.0	-4.0	-10.2		
Cash flow from financing activities			-19.5	18.9	-29.6		
Total cash flow			-13.6	17.9	-11.3		
Financial ratios							
Gross margin II			25.3%	20.4%	23.0%	*17.1%*	*20.1%*
EBITDA margin			4.2%	3.5%	1.3%	*-5.7%*	*-1.7%*
Operating margin (EBIT)			-2.6%	-2.3%	-12.5%	*-12.5%*	*-7.6%*
Return on investment III			-0.9%	-0.4%	-14.8%		
Return on equity			-39.2%	422.2%	-		
Equity ratio			14.9%	12.5%	-		
Earnings per share (EPS)			-3.5	-1.3	-12.4		
Net asset value per share (NAV)			7.1	1.0	-1.9		
Employees, end of period			842	692	829	*761*	*692*
Cash flow per share			1.9	-0.2	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 teminating activities*

NB: For reasons of comparability and unless otherwise stated, the comments made in the Q3 Report have been adjusted for activities terminating in 2002 and 2003, except for the section on liquidity trends. Terminating activities relate to the company in South Africa being wound up and the disposal of the municipality activities and the companies in Singapore and Iceland.

COLUMBUS IT Partner

Report for Q1-3/2003

At DKK 346m, Q1-3/2003 net sales were down 6% on the DKK 369m reported in same period last year. During the same period, the volume of projects based on Axapta rose from 62% of net sales to 75%. This also meant that XAL-based projects declined to 16%.

Net sales - distribution Q1-3 2002 and 2003

Net sales	2002	2003
Hardware	4%	2%
Software	35%	32%
Services	61%	66%
Total	100%	100%

Net sales	2002	2003
Axapta	62%	75%
Attain	5%	4%
XAL	26%	16%
Other	7%	5%
Total	100%	100%

Q3/2003

Net sales in the quarter were DKK 104m compared to DKK 107m in the same period in 2002. This serves to emphasize that Q3 is the weakest quarter of the year, primarily as a result of the summer months of July and August. EBITDA amounted to DKK 0m in Q3.

Costs of employment fell by DKK 10m in Q3/2003 compared to the same period last year. The decline may be mainly ascribed to increased efficiency following the reduction in headcount from 761 at 30th September 2002 to 692 at 30th September 2003.

As a result of general cost-cutting, other external expenses fell by more than DKK 1m in Q3 compared to the same period last year.

Depreciation and amortization of goodwill fell by just over DKK 1m in Q3 compared to Q3/2002, mainly as a result of the considerable amortization made in preparing the Annual Report 2002.

Following the reduction in bank debt, there was a DKK 1m positive impact on financials in Q3 compared to the same period last year.

Regional developments

	Q3				Q1-3				Employees	
	Net sales		EBITDA		Net sales		EBITDA		(30th september)	
(DKKm)	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
Nordic *	45	35	0	-2	160	139	-10	-11	228	175
Western Europe	28	34	-3	1	90	96	-9	2	161	153
Eastern Europe	19	22	1	3	65	66	4	6	243	255
Rest of the world **	15	13	0	2	54	45	7	8	81	80
Parent company ***	0	0	-4	-4	0	0	-13	-11	48	29
	107	104	-6	0	369	346	-21	-6	761	692

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

	Q3 Net sales 2002	Q3 Net sales 2003	Q3 EBITDA 2002	Q3 EBITDA 2003	Q1-3 Net sales 2002	Q1-3 Net sales 2003	Q1-3 EBITDA 2002	Q1-3 EBITDA 2003	Employees 2002	Employees 2003
* Municipality solution / Ax Island	11	0	1	0	85	23	42	3	67	0
** Columbus IT Partner Singapore and South Africa	1	0	-1	-1	3	0	-2	-1	14	0
*** Gains on sale of Ax Island	0	0	0	17	0	0	0	17	0	0
Total discontinuing activities	12	0	0	16	88	23	40	19	81	0

Q3 net sales in the **Nordic** region fell by DKK 10m compared to the same period last year, primarily as a result of intense competition, with associated pressure on pricing in the Danish and Norwegian markets.

Total costs in the Nordic region fell by DKK 10m in Q3, down 26% on the same period last year. Despite this, EBITDA for Q3 was DKK -2m compared to DKK 0m last year as a result of achieving a lower operating profit margin.

In **Western Europe** Q3 net sales were DKK 34m, up 21% (DKK6m) compared to the same period last year. All the companies in the region reported revenue growth except for Spain.

EBITDA in Western Europe improved by DKK 4m compared to the same period last year to approximately DKK 1m in Q3. This improvement was the direct result of higher net sales but with a lower operating profit margin than previously. Costs were in line with the same period last year. The greatest improvement was in UK and Switzerland, whereas further provisions had to be made in Q3 at the German company to deal with losses of approximately DKK 0.8m

Net sales in **Eastern Europe** totaled DKK 22m in Q3, up 17% (DKK 3m) compared to the same period last year. This improvement in net sales was mainly attributable to Russia and the Baltic.

EBITDA for the region was up DKK 2m at DKK 3m in Q3, progress that was especially due to Russia and the Baltic. Following the disposal of distribution activities in 2001, the companies in Russia and the Baltic especially have managed the transition into efficient consultancy houses.

Total Q3 net sales in the **Rest of the World** region fell by DKK 2m compared to the same period last year. This was solely due to unfavorable forex movements in the region, especially for USD. All together, in local currency terms the companies in the region reported unchanged net sales.

EBITDA in the region improved by approximately DKK 2m as a result of general savings on headcount and external costs in the quarter compared to the same period last year.

At the **parent company** (Columbus IT Partner A/S), and thus head office, EBITDA was DKK -4m in Q3/2003, which was in line with the same period last year.

Accounting policies

This Q3 report has been presented in accordance with the provisions of the Company Accounts Act for Class D companies, Danish accounting guidelines and Copenhagen Stock Exchange requirements for listed companies.

Accounting policies remain the same as in 2002.

Investments

Total investments made a positive net contribution of DKK 2m to cash flow, of which investment in tangible and intangible fixed assets, except for goodwill, amounted to DKK 4m in Q1-3/2003. This was in line with Q1-3/2002.

Developments in liquidity

Cash funds at Columbus IT Partner at 30th September 2003 totaled DKK 47m, up DKK 16m on the opening balance at 1st January. Cash inflows from operations during the year made a net positive contribution of DKK 12m, of which DKK 8m derived from operations in Q3/2003. During the period, the Group invested DKK 4m in fixed assets, and there was a cash inflow of DKK 19m from investment activities.

The disposal of Ax Business Intelligence hf., Iceland on 1st July 2003 resulted in a cash inflow in August of approximately DKK 11m, which reflected the sales price and settlement of intra-group accounts.

Forex

The Group did not undertake any hedging operations in Q1-3/2003. 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.

Movements in equity (DKKm)	30/9-2002	30/6-2003	30/9-2003
Equity, 1st January	86.1	-15.3	-15.3
Capital increase	0.0	0.0	80.5
Capital increase – costs	0.0	0.0	-6.7
Tax on employee shares	0.0	2.2	2.2
Currency adjustments – foreign subsidiaries, etc.	-1.1	-1.8	-2.8
Result of the period	-28.0	-27.9	-21.7
Equity (end-period)	57.0	-42.8	36.2

Acquisition of Hands Danmark

On 1st October 2003, Columbus IT Partner acquired all the Hands Group's Danish activities with approximately 200 staff, thus consolidating our position as the leading IT consultancy in the market for integrated business solutions based on Microsoft Business Solutions globally as well as in Denmark.

Hands Danmark was acquired for 2,100,000 new shares in Columbus IT Partner and a cash element of up to DKK 5m payable in 2005/2006. Hands Danmark was acquired without interest-bearing debt and in the first three quarters of the year achieved net sales of DKK 150m with EBITDA of DKK 1.6m. The table below has not been adjusted for the disposal of activities undertaken by Hands Danmark in 2003.

Profit and loss account for Hands Danmark

Profit and Loss Account (DKK 1000)	Q1-3 2002	Q1-3 2003
Net sales	192,793	150,996
External project costs	-46,866	-36,599
Gross earnings I	145,927	114,397
Costs of employment	-121,683	-85,578
Gross earnings II	24,244	28,819
Other external costs	-35,780	-27,201
EBITDA	-11,536	1,618

NB: Hands Danmark will figure in Columbus IT Partner's accounts from and including Q4/2003.

Latest developments and revenue/results forecasts for 2003

A good start has been made on the integration scheduled for Columbus IT Partner's and Hands' Danish activities. Amongst other things, this means that the new organization has been declared and all the associated redundancies made. Further, most of the individual sub-projects associated with the integration are expected to have been completed by year-end, including the move to the Hands offices in Brøndby and Hørning.

Both net sales and earnings for the two Danish companies are expected to be adversely affected in Q4 by the rapid rate of integration of Hands Danmark with Columbus IT Partner. This, taken together with continuing weak trading conditions, indicates that total net sales are expected to be of the order of DKK 540m. Planned and ongoing strategic restructuring activities are expected to have a positive impact on results. This means that despite the above and the costs of the transaction and the integration process, Columbus IT Partner is maintaining its forecast for EBITDA of DKK 20-25m

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.

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Income statement – Columbus IT Partner

DKK '000	Q1-3 2002	Q1-3 2003
Net sales	457,302	369,414
Capitalized development costs	4,699	1,226
External project costs	-105,201	-90,813
Gross profit	356,800	279,827
Other external costs	-99,933	-76,182
Staff costs	-241,006	-204,468
Other operating income	3,140	16,969
Other operating costs	0	-3,201
Earnings before interest, tax, depreciation and amortization (EBITDA)	19,001	12,945
Depreciation and amortization, excl. amortization of goodwill	-15,355	-12,710
Earnings before interest, tax and amortization (EBITA)	3,646	235
Af- og nedskrivninger af goodwill	-15,711	-8,767
Operating income (EBIT)	-12,065	-8,532
Financial income	8,076	7,247
Financial expenses	-18,332	-15,147
Result before tax	-22,321	-16,432
Tax on result for the period	-3,740	-3,175
Result for the period	-26,061	-19,607
Minority interests	-2,046	-2,138
Columbus IT Partner's share of result	**-28,107**	**-21,745**

Balance sheet - Columbus IT Partner

DKK ´000	30/09 2002	30/09 2003
Assets		
Completed development projects	1,237	2,602
License rights	567	114
Goodwill	120,124	51,210
Development projects in progress	2,481	1,234
Intangible fixed assets	124,409	55,160
Operating equipment and fixtures	30,926	23,689
Tangible fixed assets in progress	2,331	770
Tangible fixed assets	33,257	24,459
Total fixed assets	157,666	79,619
Stocks of goods for sale	8,935	5,599
Inventories	8,935	5,599
Trade receivables	109,502	105,141
Contract work in progress	25,697	13,113
Receivables from affiliated companies	0	6,564
Corporation tax	1,414	2,033
Deferred tax assets	21,550	12,500
Other receivables	24,382	11,720
Accruals and deferred expenses	5,618	5,619
Receivables	188,163	156,690
Cash funds	29,248	46,990
Total current assets	226,346	209,279
Total assets	**384,012**	**288,898**

Balance sheet - Columbus IT Partner

DKK ´000	30/09 2002	30/09 2003
Liabilities		
Share capital	40,180	43,606
Share premium account	16,867	0
Retained earnings	0	-7,366
Shareholders' equity	57,047	36,240
Minority interests	16,575	15,778
Deferred tax	9,129	999
Provisions	9,129	999
Subordinated loan capital	0	17,829
Credit institutions	28,972	2,529
Long-term debt	28,972	20,358
Short-term part of long-term debt	12,037	4,856
Credit institutions	129,995	78,659
Prepayments received from customers	11,404	12,528
Trade payables	18,182	37,767
Payables to affiliated companies	15,276	0
Corporation tax	6,818	5,308
Other payables	73,767	71,075
Accruals and deferred income	4,810	5,330
Short-term debt	272,289	215,523
Total debt	301,261	235,881
Total liabilities	**384,012**	**288,898**