

EDB Business Partner ASA

INTERIM REPORT FOR THE FIRST SIX MONTHS OF 2000

Summary

EDB Business Partner reports second quarter results which show sound growth in both turnover and profit for all business areas, and the performance of the group's profit margins is in line with its long-term goals. This positive picture is expected to continue throughout the second half of the year.

EDB Business Partner's earnings from its underlying activities are significantly ahead of the figures for 1999, both for the second quarter alone and for the year to date. Operating profit before goodwill depreciation and employer's tax and social security contributions for employee share options amounted to NOK 114.8 million for the six months to 30 June 2000, representing an improvement of NOK 31.5 million from the same period last year.

The performance of the EDB share price since the start of the year is reflected in a provision for employer's tax and social security contributions in respect of the employee share option plan of NOK 41.2 million for the first six months, as compared to NOK 2.4 million for the same period last year. This amount was recognised in full in the first quarter's accounts.

Fellesdata is consolidated in the group's accounts with effect from the second quarter of 2000. This report includes a presentation of proforma profit and loss account and balance sheet as if the acquisition had taken place with effect from 1 January 1999.

Sales of consultancy services and systems performed very strongly in the second quarter in terms of both turnover and profitability, and sales of systems to the banking and finance industry were a particularly strong feature. The Computer Operating Services business area continues to generate strong earnings thanks to a combination of continuing high production volumes and the synergy benefits arising from the EDB merger. The Infrastructure business area, representing sales of hardware and related services, experienced a slow start to the year but was able to report a small profit for the second quarter. Infrastructure saw particularly strong improvement in May and June.

The restructuring of Telesciences, which was acquired on 7 December 1999, is proceeding as planned. The company's performance is very strong, and it continues to report profits.

Goodwill depreciation amounted to NOK 67.9 million for the first six months, representing an increase of NOK 32.7 million from the same period last year. Goodwill arising from the acquisition of Fellesdata accounted for NOK 26 million of this increase.

Net financial items represented income of NOK 24.3 million for the six months to 30 June 2000, of which the share in results of associated companies accounted for NOK 1.5 million and capital gains on the sale of shares in Unique in the first quarter accounted for NOK 27.6 million. Net financial items also reflect the interest earned on the NOK 922 million net proceeds of the private placement carried out on 24 February. These funds were placed on deposit in anticipation of the payment of consideration to the shareholders of Fellesdata, whilst interest accrued on the purchase amount from 18 May until the payment date of 28 June in accordance with the agreement with the former shareholders of Fellesdata.

Calculated tax for the six months to 30 June is NOK 23.6 million, producing a figure for profit after tax of NOK 7.0 million as compared to NOK 29.5 million for the same period in 1999.

Profit after tax but before goodwill depreciation amounted to NOK 74.9 million, and represents NOK 0.97 per share as compared to NOK 0.81 per share for the same period in 1999. This is an improvement of 19.8%.

The group's cash flow from operational activities of NOK 117.5 million for the first half year is equivalent to NOK 1.51 per share, as compared to NOK 4.89 per share for the whole of 1999. Investment amounted to NOK 2,702.2 million over the first six months, of which NOK 2,568.6 million relates to businesses acquired, NOK 34 million was received from the sale of businesses and NOK 75.0 million was invested in the purchase of land. Investment in operational fixed assets amounted to NOK 93.2 million, with the bulk of this amount being for the group's computer operating centre.

Consultancy Services and Systems

This business area comprises services related to project management, consultancy advice, systems development and the administration of computer systems, as well as the development and sale of software. The latter activity is concentrated on applications for banking and finance, the health care sector, telecommunications and public sector administration. The group's computer training business also forms part of this business area.

The legal entities which are involved in providing the products and services offered by this business area are the wholly owned subsidiaries EDB 4tel, Telesciences, EDB Fundator, EDB Maxware, EDB InfoMedica, EDB Stradec and EDB Dolphin, as well as part of the activities of EDB Novit and Fellesdata. In addition to this the business area involves Ephorma, in which the group has a 50% interest.

Operating revenue for this business area amounted to NOK 1,026.2 million for the first six months, representing an increase of 18% from the same period in 1999. However once turnover from businesses acquired is taken into account, like-for-like operating revenue is unchanged from last year. The second quarter in isolation saw sound growth in operating revenue compared to the first quarter.

Sales of systems to the banking and finance industry have been a particularly strong feature, whilst sales to the telecommunication sector have also shown some improvement. The American subsidiary Telesciences reported a positive performance. Operating revenue from sales of general consultancy services continues to be affected by weak market conditions, but we have seen considerable improvement over the last two months.

Operating profit before goodwill depreciation amounted to NOK 41.5 million for the first six months, in line with the results reported for the same period of last year. Performance was particularly strong in the second quarter, and served to fully compensate for the shortfall seen in the first quarter. The integration of the activities of Novit and Fellesdata is already producing some specific co-ordination benefits. The six months to 30 June were burdened by NOK 28.7 million of costs in connection with the conversion of a major telecommunications system to a new technology platform, and NOK 15.5 million of this amount was charged to the second quarter accounts. This task represented a necessary step to ensure a wider market

for the product. Work on the conversion project started in 1999 and was completed as planned by the close of the first half of this year.

Computer Operating Services

This business area comprises both the centralised and remote operation of computer systems, computer communications and services related to backup and printing.

The legal entities which make up this business area are EDB Teamco in its entirety together with part of the activities of EDB Novit and Fellesdata.

Computer Operating Services generated operating revenue of NOK 802.4 million for the first six months, representing an increase of 26% from the same period last year. This increase includes the contribution of businesses acquired, and turnover on a like-for-like basis in the second quarter of this year was in line with the first quarter figures.

This business area continues to perform strongly, with profit for the year to date of NOK 94.0 million representing a profit margin of 11.7%. The main reason for the strong improvement in profit can be found in a combination of continuing high production volumes and the business area's cost-effective operation. The general picture for costs in this area has been very favourable, and reflects in particular the realisation of synergy gains as a result of the consolidation of the operating centres of EDB Fundator and EDB Teamco. It is also the case that the first quarter of last year was burdened by costs in respect of preparations for the millennium shift.

Infrastructure

This business area comprises the sale of equipment and services related to deliveries of PCs and networks. Aspects of this business were previously carried out by a number of the entities in the group, but with effect from 1 January 2000 all infrastructure activities are now concentrated into EDB Intech.

Sales of PC equipment and related services experienced a slow start to the year, resulting in a loss for the first quarter. May and June saw a marked increase in activity, which allowed the business area to report a small profit for the second quarter.

Operating revenue for the six months to 30 June 2000 amounted to NOK 226.3 million, which is somewhat better than the same period last year. However turnover in the second quarter was somewhat lower than in the same quarter of 1999 since this period's figures were boosted by a major order for home PCs from the Norwegian defence authorities.

The business area reported an operating loss before goodwill depreciation of NOK 6.1 million for the first six months of the year, which represents a deterioration of NOK 6.9 million from the same period in 1999. Earnings were to some extent affected by the costs associating with restructuring, but principally reflected the low level of equipment sales in the first two months of the year and the fact that sales of services failed to reach a satisfactory portion of total turnover. In addition the figures for the second quarter of last year were affected by sizeable sales of home PCs.

Other matters

The holding company EDB Business Partner ASA reports as a separate business area titled 'Administration'. The holding company had no operating revenue, and its operating expenses for the first six months of 2000 amounted to NOK 13.9 million. The increase from the comparable period of last year reflects an increase in the holding company's staff numbers from 2 to 6 in connection with the merger between EDB and Telenor Programvare.

The group employed 3,015 staff in its wholly owned subsidiaries at the end of the second quarter as compared to 2,077 at the same date last year. The increase includes 810 employees in respect of the acquisition of Telesciences and Fellesdata.

The group operates a share option agreement for all of its employees. As at 30 June 2000 options over a total of 12.8 million shares were outstanding, of which options over 6.1 million shares were granted in June 2000 on the basis of a market share price of NOK 123.60. An amount of NOK 41.2 million has been expensed so far this year in respect of employer's tax and social security contributions arising from these options, as compared to NOK 2.4 million in the same period last year.

Future prospects

The majority of the group's business areas reported a trend of sound improvement in the second quarter. Taken together with a good inflow of new orders and signs of improvement for the market as a whole, this gives the company confidence in a continued improvement over the rest of the year. We view the prospects for sales of systems to the banking and finance sector with particular optimism. Moreover we see no signs of any significant change to the profit margins generated by computer operating services, and there is no evidence of any slowdown in the volume of business processed for existing customers. Sales to the telecommunications sector are still not at an acceptable level, and a recent order received from Swiss Telecom serves to strengthen our belief that the company will succeed in expanding its sales to new customers in the international market. In addition a major internal conversion project for telecommunications products is now complete, and this has burdened profits by NOK 19.7 million in the second half of 1999 and NOK 28.7 million in the first half of this year. The Board is particularly pleased by the performance of Telesciences, a company which shows a sound willingness to embrace change and is already generating good profitability. In the area of equipment sales, it is clear that customers' hardware investments were at a lower than normal level in the first quarter of this year, in all likelihood as a result of many companies having chosen to carry out upgrades and hardware replacement last year in anticipation of the year 2000 transition. Whilst there are clear signs of increasing activity in this market in the second quarter, we expect the weak first quarter to have a lasting effect on the full year results for this area. The start of the third quarter sees a considerably stronger outlook for sales of general consultancy services than was the case at the start the second quarter.

The integration of Fellesdata is fully underway and is proceeding in line with plan. The consultancy and systems activities currently carried out by Novit and Fellesdata are to be integrated, whilst Fellesdata's and Novit's computer operating services activity will be transferred to Teamco. The group attaches high priority to the process of realising synergy gains from this integration, and we are already seeing some specific co-ordination benefits in respect of systems activities. The future annual value of the synergy benefits to be created by this integration is expected to amount to NOK 150-200 million, and the group is focussing its efforts on achieving a successful integration.

Oslo, 10 August 2000

The Board of Directors of EDB Business Partner

EDB-GROUP**ANALYSIS BY BUSINESS AREA (NOK million)**

Operating revenue:	30.06.00	30.06.99	Change	Q2 '00	Q2 '99	Change	Year '99
Consultancy Services & Systems	1,026.2	870.3	155.9	590.1	451.2	138.9	1,763.8
Computer Operating Services	802.4	638.2	164.2	493.6	337.9	155.7	1,305.9
Infrastructure	226.3	219.3	7.0	120.9	151.3	-30.4	434.1
Netting	-92.3	-37.6	-54.7	-43.3	-25.7	-17.6	-88.2
EDB-GROUP	1,962.6	1,690.2	272.4	1,161.3	914.7	246.5	3,415.7

Operating profit before goodwill depreciation:	30.06.00	30.06.99	Change	Q2 '00	Q2 '99	Change	Year '99
Consultancy Services & Systems	41.5	42.1	-0.6	42.1	28.0	14.1	80.6
Computer Operating Services	94.0	46.6	47.5	48.3	25.3	23.0	144.9
Infrastructure	-6.1	0.8	-6.9	0.2	4.2	-4.0	4.2
Administration	-13.9	-5.2	-8.7	-7.6	-3.0	-4.6	-20.0
Netting	-0.7	-0.9	0.2	-0.5	-0.1	-0.3	-3.0
EDB-GROUP	114.8	83.3	31.5	82.6	54.4	28.2	206.8
Employer's tax etc. on share options	-41.2	-2.4	-38.8	-	-0.5	0.5	-14.4
TOTAL	73.6	80.9	-7.3	82.6	53.9	28.7	192.4

Operating margin	30.06.00	30.06.99	Change	Q2 '00	Q2 '99	Change	Year '99
Consultancy Services & Systems	4.0 %	4.8 %	-0.8 %	7.1 %	6.2 %	0.9 %	4.6 %
Computer Operating Services	11.7 %	7.3 %	4.4 %	9.8 %	7.5 %	2.3 %	11.1 %
Infrastructure	-2.7 %	0.3 %	-3.1 %	0.2 %	2.8 %	-2.6 %	1.0 %
EDB-GROUP	3.8 %	4.8 %	-1.0 %	7.1 %	5.9 %	1.2 %	5.6 %

EDB ASA - CONSOLIDATED ACCOUNTS

PROFIT AND LOSS ACCOUNT	30.06.00	30.06.99	Q2 '00	Q2 '99	Year 1999
OPERATING REVENUE	1,962.6	1,690.2	1,161.3	914.7	3,415.7
Cost of goods sold	464.4	571.0	236.1	328.7	1,194.7
Employer's tax etc. on share options	41.2	2.4	-	0.5	14.4
Other operating costs	1,271.3	950.4	779.5	485.2	1,857.2
OPERATING PROFIT BEFORE DEPRECIATION (EBITDA)	185.7	166.4	145.7	100.3	349.4
Ordinary depreciation	112.1	85.4	63.3	46.3	156.9
OPERATING PROFIT BEFORE GOODWILL DEPRECIATION	73.6	80.9	82.6	54.0	192.5
Goodwill depreciation	67.9	35.2	47.1	18.4	73.9
OPERATING PROFIT AFTER GOODWILL DEPRECIATION	5.6	45.9	35.3	35.6	118.5
Net financial items	24.3	-1.1	-2.7	1.1	-13.2
PROFIT BEFORE TAX AND MINORITY INTERESTS	29.9	44.8	32.5	36.7	105.3
Tax	-23.6	-14.6	-17.4	-10.9	-45.8
Minority interests	0.7	-0.6	1.3	-0.1	-1.3
PROFIT AFTER TAX	7.0	29.5	16.4	25.6	58.1
BALANCE SHEET	30.06.00	30.06.99	31.12.99		
Intangible assets	2,887.7	724.4	790.3		
Other fixed assets	1,175.5	427.8	533.0		
TOTAL FIXED ASSETS	4,064.6	1,152.2	1,323.3		
Current receivables	1,091.2	621.3	804.0		
Liquid assets	453.2	437.3	410.5		
TOTAL CURRENT ASSETS	1,544.3	1,058.6	1,214.5		
TOTAL ASSETS	5,608.9	2,210.8	2,537.8		
Share capital	156.1	119.9	121.8		
Other equity capital	2,965.9	943.6	1,001.9		
Current year profit	7.0	29.5			
TOTAL EQUITY	3,129.0	1,093.0	1,123.7		
Non-interest bearing liabilities	140.4	69.3	106.0		
Subordinated loan	450.0	0.0	0.0		
Interest bearing liabilities	772.1	302.9	468.5		
TOTAL LONG TERM LIABILITIES	1,362.5	372.2	574.5		
Non-interest bearing liabilities	1,014.5	693.5	838.5		
Interest bearing liabilities	101.5	52.1	1.3		
TOTAL CURRENT LIABILITIES	1,116.0	745.6	839.8		
TOTAL LIABILITIES AND EQUITY	5,607.5	2,210.8	2,538.0		

CASH FLOW ANALYSIS

	30.06.00	30.06.99	31.12.99
Net cash from/for operational activities	117.5	213.5	337.3
Net cash from/for investments	-2,702.2	-150.6	-359.0
Net cash from/for financing	2,627.4	-64.1	-6.3
Net change in liquid assets	42.7	-1.2	-28.0
Liquid assets 01.01.	410.5	438.5	438.5
Liquid assets at end of period	453.2	437.3	410.5

KEY FIGURES

	30.06.00	30.06.99	31.12.99
Earnings per share (post tax)	0.09	0.43	0.84
Diluted earnings per share	0.09	0.43	0.84
Earnings per share (post-tax, before goodwill depreciation)	0.97	0.81	1.91
EBITDA per share	2.39	2.05	5.06
Cash flow per share	1.51	3.12	4.89
Equity ratio inc. goodwill	55.8 %	49.4 %	44.3 %
Equity ratio exc. goodwill	8.9 %	24.8 %	19.1 %
Book equity per share inc. goodwill	40.3	16.0	16.3
Book equity per share exc. goodwill	3.1	5.4	4.8
Current ratio	1.4	1.4	1.4
Operating margin before goodwill depreciation.	3.8 %	4.8 %	5.6 %
Average number of shares	77,698,880	68,514,787	68,982,477
Average number of shares fully diluted	81,310,094	68,980,751	69,617,902

PROFORMA FIGURES FOR EDB AND FELLESDATA

The proforma figures are restated as if the acquisition of Fellesdata had taken place on 1 January 1999. The proforma accounts take into account proforma annual depreciation of excess value in respect of properties amounting to NOK 9 million, and the equivalent annual depreciation of goodwill amounting to NOK 102.0 million. The effect of increased interest expense as a result of the financing of the acquisition is recognised as a figure of NOK 48 million per annum, and allowance has also been made for the reduction in tax which this would cause.

Comparable figures for 1999 are affected by the particularly large turnover and profit reported by Fellesdata for the second quarter of 1999. This resulted from the very high volume of systems sales caused by many banks replacing their systems in preparation for the year 2000 transition.

Operating revenue:	30.06.00	30.06.99	Change	Q2 '00	Q2 '99	Change	Year '99
Consultancy Services & Systems	1,121.1	1,109.3	11.8	590.1	589.1	0.9	2,199.9
Computer Operating Services	986.7	1,001.2	-14.5	493.6	527.9	-34.3	2,051.4
Infrastructure	226.3	219.3	7.0	120.9	151.3	-30.4	434.1
Netting	-92.8	-37.6	-55.2	-43.3	-25.7	-17.6	-88.2
EDB-GROUP	2,241.3	2,292.2	-50.9	1,161.3	1,242.7	-81.4	4,597.3

Operating profit before goodwill depreciation:	30.06.00	30.06.99	Change	Q2 '00	Q2 '99	Change	Year '99
Consultancy Services & Systems	42.5	84.5	-42.0	42.1	67.7	-25.5	134.4
Computer Operating Services	107.4	58.4	49.0	48.3	32.8	15.6	169.8
Infrastructure	-6.1	0.8	-6.9	0.2	4.2	-4.0	4.2
Administration	-13.9	-5.2	-8.7	-7.6	-3.0	-4.6	-20.0
Netting	-3.0	-5.4	2.4	-0.5	-2.4	1.9	-12.0
EDB-GROUP	126.9	133.1	-6.1	82.6	99.2	-16.6	276.5
Employer's tax etc. on share options	-41.2	-2.4	-38.8	-	-0.5	0.5	-14.4
TOTAL	85.7	130.6	-44.9	82.6	98.7	-16.1	262.1

Operating margin	30.06.00	30.06.99	Change	Q2 '00	Q2 '99	Change	Year '99
Consultancy Services & Systems	3.8 %	7.6 %	-3.8 %	7.1 %	11.5 %	-4.3 %	5.9 %
Computer Operating Services	10.9 %	5.8 %	5.1 %	9.8 %	6.2 %	3.6 %	8.1 %
Infrastructure	-2.7 %	0.3 %	-3.1 %	0.2 %	2.8 %	-2.6 %	1.0 %
EDB-GROUP	3.8 %	5.7 %	-1.9 %	7.1 %	7.9 %	-0.8 %	5.7 %

EDB ASA - CONSOLIDATED ACCOUNTS*Presented on a proforma comparable basis*

PROFIT AND LOSS ACCOUNT	30.06.00	30.06.99	Year 1999
OPERATING REVENUE	2,241.2	2,292.1	4,597.3
Cost of goods sold	498.8	510.2	1,350.0
Employer's tax etc. on share options	41.2	2.4	14.4
Other operating costs	1,490.0	1534.9	2,756.9
OPERATING PROFIT BEFORE DEPRECIATION (EBITDA)	211.4	244.6	476.0
Ordinary depreciation	125.8	113.9	213.9
OPERATING PROFIT BEFORE GOODWILL DEPRECIATION	85.7	130.6	262.1
Goodwill depreciation	93.4	75.8	176.2
OPERATING PROFIT AFTER GOODWILL DEPRECIATION.	-7.9	54.9	85.9
Other items	-	-	-20.8
Net financial items	9.3	-33.5	-74.1
PROFIT BEFORE TAX AND MINORITY INTERESTS	1.4	35.4	-8.9
Tax	-23.6	-20.7	-44.2
Minority interests	0.7	-0.6	-1.3
PROFIT AFTER TAX	-21.6	0.1	-54.4
BALANCE SHEET	30.06.00	30.06.99	31.12.99
Intangible assets	2,887.7	2,772.8	2,835.3
Other fixed assets	1,175.5	1,043.6	1,127.8
TOTAL FIXED ASSETS	4 063.2	3,816.4	3,963.2
Current receivables	1,091.2	920.2	1,060.4
Liquid assets	453.2	322.5	335.3
TOTAL CURRENT ASSETS	1,544.4	1,242.7	1,395.8
TOTAL ASSETS	5,607.5	5,059.1	5,359.0
TOTAL EQUITY	3,129.0	2,796.0	2,823.8
Non-interest bearing liabilities	140.4	69.3	116.2
Subordinated loan	450.0	450.0	450.0
Interest bearing liabilities	772.1	727.5	858.5
TOTAL LONG TERM LIABILITIES	1,362.5	1,246.8	1,424.7
Non-interest bearing liabilities	1,014.5	964.2	1,109.2
Interest bearing liabilities	101.5	52.1	1.3
TOTAL CURRENT LIABILITIES	1,116.0	1,016.3	1,110.5
TOTAL LIABILITIES AND EQUITY	5,607.5	5,059.1	5,359.0