

Key figures – EDB Group

The figures are like-for-like, as if the mergers with Landbruksdata AS (1 January 96) and Kongsberg Intech AS (1 January 97) took place as of 1 January 1994.

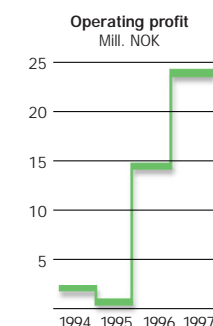
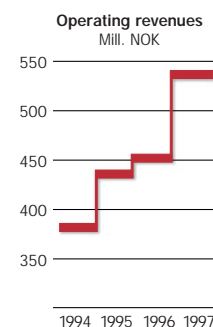
NOK 1000

Profit and loss account

	1997	1996	1995	1994
Operating revenues	539,864	455,178	439,610	385,676
Operating result	24,249	14,723	893	2,271
Net financial items	596	(538)	(724)	(664)
Profit before tax	24,845	14,185	169	1,607
Profit for the year	18,124	10,810	(758)	1,103

Balance sheet

	1997	1996	1995	1994
Current assets	183,607	138,391	121,255	116,695
Fixed assets	42,274	43,788	45,645	50,976
Current liabilities	111,727	87,196	81,437	79,273
Long term liabilities	6,987	11,152	14,666	16,845
Book value of equity capital	107,167	83,831	70,797	71,553
Total assets	225,881	182,179	166,900	167,671



Financial ratios – EDB Group

The figures are like-for-like, as if the mergers with Landbruksdata AS (1 January 96) and Kongsberg Intech AS (1 January 97) took place as of 1 January 1994.

NOK 1000

Key financial ratios

Profitability

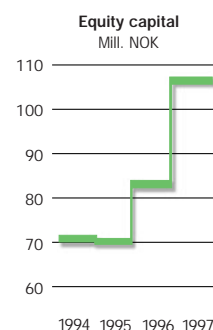
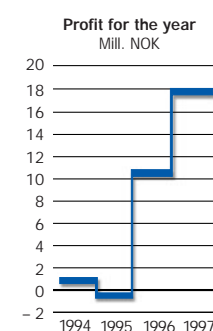
	1997	1996	1995	1994
Operating margin ¹⁾	4.5 %	3.2 %	0.2 %	0.6 %
Profit margin ²⁾	4.6 %	3.1 %	0.0 %	0.4 %
Return on equity ³⁾	19.0 %	14.0 %	- 1.1 %	1.5 %
Return on assets ⁴⁾	12.5 %	8.8 %	1.3 %	1.4 %

Liquidity

	1997	1996	1995	1994
Cash flow ⁵⁾	26,665	24,127	5,516	-
Current ratio ⁶⁾	164,3 %	158,7 %	148,9 %	147,2 %

Financial strength

	1997	1996	1995	1994
Equity ratio ⁷⁾	47,4 %	46,0 %	42,4 %	42,7 %
Debt ratio ⁸⁾	110,8 %	117,3 %	135,7 %	134,3 %



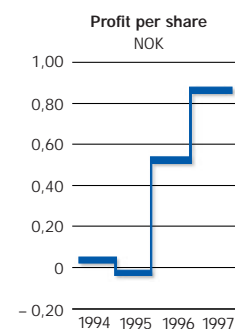
Definitions:

- 1) *Operating margin* = Operating profit as a percentage of operating revenues.
- 2) *Profit margin* = Profit for the year as a percentage of operating revenues.
- 3) *Return on equity* = Profit for the year as a percentage of average equity.
- 4) *Return on assets* = Profit before tax and financial costs as a percentage of average total assets.
- 5) *Cash flow* = Cash flow from operational activities (see Cash Flow Analysis).
- 6) *Current ratio* = Current assets as a percentage of current liabilities.
- 7) *Equity ratio* = Book value of equity capital as a percentage of total assets at year end.
- 8) *Debt ratio* = Liabilities divided by equity capital at year end.

Key figures per share

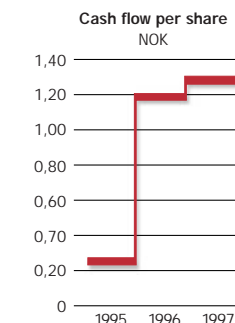
The figures are like-for-like, as if the mergers with Landbruksdata AS (1 January 96) and Kongsberg Intech AS (1 January 97) took place as of 1 January 1994.

	1997	1996	1995	1994
Key figures per share				
Cash flow ⁹⁾	NOK 1.30	NOK 1.20	NOK 0.27	-
Equity ¹⁰⁾	NOK 5.22	NOK 4.18	NOK 3.53	NOK 3.56
Earnings ¹¹⁾	NOK 0.88	NOK 0.54	NOK (0.04)	NOK 0.05
Diluted earnings ¹²⁾	NOK 0.87	NOK 0.54	NOK (0.04)	NOK 0.05
No. of shares ¹³⁾	20,547,357	20,076,500	20,076,500	20,076,500
No. of shares after dilution ¹⁴⁾	20,822,312	20,076,500	20,076,500	20,076,500



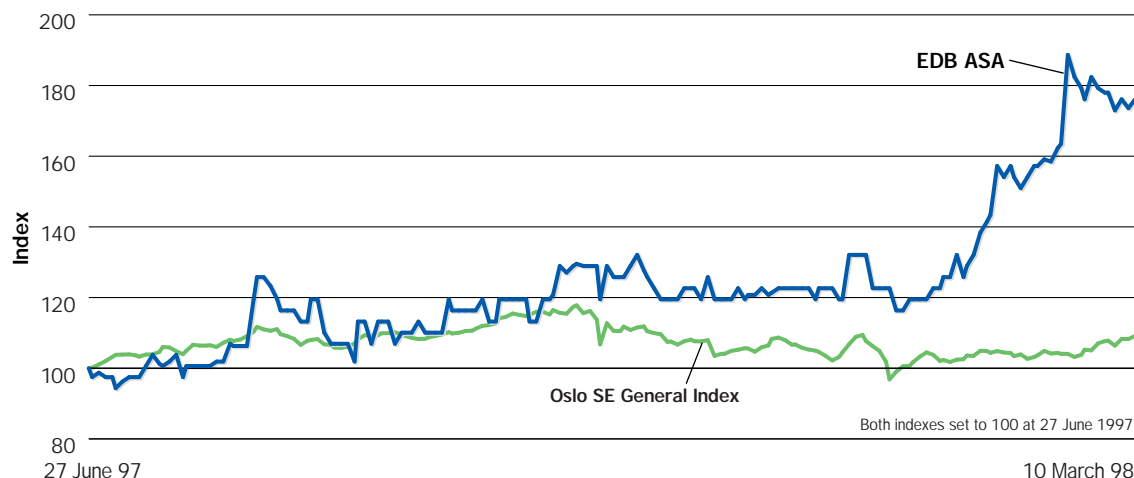
Definitions:

- 9) *Cash flow* = Cash flow from operational activities divided by number of shares (see definition 13).
- 10) *Equity* = Book value of equity at 31 December divided by number of shares (see definition 13).
- 11) *Earnings* = Profit for the year divided by total number of shares (see definition 13). Calculated on the basis of the provisional Norwegian accounting standard for earnings per share.
- 12) *Diluted earnings* = Profit for the year divided by total number of shares, taking into account the dilution effect of share options granted (see definition 14 and Note 15 to the accounts). Calculated on the basis of the provisional Norwegian accounting standard for earnings per share.
- 13) *Number of shares* = Average number of shares outstanding in the period, weighted by the number of days the shares have been in issue. The 1,650,000 shares issued as consideration to the previous owners of Kongsberg Intech are included with effect from 1 January 1994.
- 14) *Diluted number of shares* = Average number of shares outstanding in the period (see definition 13), but taking into account the dilution effect of options granted. The dilution effect in 1997 represents the possible issue of a further 274,955 shares, and there was no similar adjustment in prior years. The options have been weighted by the number of days for which they were in existence. It is assumed for the purposes of this calculation that the options are exercised at such a time as will cause the maximum dilution.



Share Performance

27 June 1997 (NOK 15.90) – 10 March 1998 (NOK 28.-)



Report of the board of directors for 1997

Group turnover and results

EDB ASA entered into an agreement in 1997 for the acquisition by merger of Kongsberg Intech AS, and turnover of the merged group for 1997 amounted to NOK 539.9 million, with an operating profit of NOK 24.2 million. Profit before tax was NOK 24.8 million. Growth in turnover on a like-for-like basis was 19 %, and profit before tax increased by 75 %. All of the company's main areas of operation reported growth in both turnover and profit.

Listing on the Oslo Stock Exchange

The Annual General Meeting of A/S EDB held on 9 April 1997 resolved that the company should become a public limited company, and the company applied at that time to be listed on the Oslo Stock Exchange. This was carried out in conjunction with a public secondary offering of 5.6 million shares previously held by Aker RGI, and in the early summer of 1997 two new issues of shares reserved for employees and directors of EDB ASA were made. The company was listed on the Oslo Stock Exchange at the end of June 1997.

An important reason for deciding to seek a Stock Exchange listing was the prospect of easier access to the capital market to finance profitable further growth. The Board and the management of the company believe there are to be significant opportunities for profitable expansion because the IT industry is currently experiencing a period of strong growth resulting from the rapid pace of technical change and favourable market conditions. In parallel with these developments the industry is going through a period of structural change, with larger units emerging from a process of mergers and acquisitions. The company is

well placed to play an active role in this process of structural change, and a liquid market in the company's shares is an important tool in this respect.

Mergers and acquisitions

In October 1997 the Board of EDB ASA approved the acquisition of Kongsberg Intech AS by the merger of that company with EDB ASA's subsidiary Landbruksdata AS. The company has 73 employees and was previously a wholly owned subsidiary of the Kongsberg Group. Kongsberg Intech's main activities are related to the supply of computer operating services, communications and consultancy, and its principal market is found in the industrial sector of the Kongsberg region.

An agreement was entered into in early November 1997 for the purchase of the entire share capital of Data Bistand Konsulent AS, with the acquisition to take effect at the beginning of 1998. The acquisition will have accounting effect from 1 January 1998. The company has 13 employees and is a supplier of IT consultancy services, principally to the public sector.

In-principle terms were agreed in December 1997 for the acquisition by group merger of MaXware AS, a company which has its head office in Trondheim. The company has 94 employees, and supplies software and systems for data communication and electronic trading. In addition the company has a significant consultancy activity in mid-Norway. It is intended that the merger be implemented with accounting effect from 1 January 1998.

These mergers and the acquisition are important elements of EDB ASA's strategy for achieving growth above the organic growth of its existing activities. There is a

good complementary fit with the various companies in terms of expertise and the products and services offered, and the companies will provide each other with new marketing channels.

The favourable market conditions which first became apparent to a convincing extent in 1996 were reinforced during 1997, and the Norwegian IT market has been characterised by very strong demand for expertise and a consequent shortage of available resources. This growth is driven by a large number of factors. The rapid pace of development in IT in general is being reflected in a process of structural change in the IT industry itself, both nationally and internationally, whereby the larger players are growing in size through mergers and acquisitions, leading to a concentration of business in the industry's larger players. Strong demand for competent staff means that the prospects for organic growth are severely limited, and a policy of acquisition is often the only way to achieve meaningful growth. In the current situation the companies which are most likely to be absorbed into larger IT groupings are either those whose historical ownership is now less appropriate or those which are owned by the employees but do not have the resources and capital necessary for future growth. The EDB Group intends to be an active participant in the structural changes taking place, and is well equipped to follow a strategy of merger and acquisition. The group's national identity means that acquired companies will be more involved in the group's main market and in its decision processes than would often be the case in a multinational group. It is also the case that the group can offer newly acquired

companies the benefits of its significant technical resources and its financial strength.

Growth in the IT market has spread to most areas of activity, but demand is particularly strong for consultancy services. This reflects need with all IT applications to undertake some form of development or modification work to suit the particular requirements of different users. This means that services related to development, implementation or operation of systems represent a market which is of greater value, and is growing more quickly, than the market for the supply of computer equipment. The group provides consultancy services which cater for all stages of a computer system's life span from strategic IT advice, through specification, design, development, integration and implementation to operation and administration of the completed system. The EDB Group has a broad base of in-depth expertise in the majority of major IT disciplines. The company's consultancy activities had a very good year in 1997, and have started 1998 with a significantly larger staff and an increased volume of assignments.

The company's other major area of activity is computer operating services. Computer operating services comprise the centralised operation of computer systems on main-frame computers, AS/400 mini computers and in client/server environments. The activities also include services related to computer communications, and EDI services as well as system development work and the operational management by the company of customers' own systems. Overall turnover in this area showed a modest development in 1997, but the picture was very different between the three categories of operations service. Turnover in traditional mainframe operations is stagnant

or falling, since this type of operation principally services only the older type of systems which are to some extent now being replaced by newer systems.

To all practical intent, new systems development is now carried out only on the newer types of operating platform, and the number of users of main-frame environments is falling. Growth in computer operating services now comes principally from distributed systems, server operation, network administration and management, as well as internet and communications, and the company is investing in these areas. Main-frame computer operating services generate sound and regular income, but the growth in income from the newer areas of computer operating services does not yet fully make up for the falling income from main-frame operations.

The group's third area of business is the PC/Network division. This operation comprises the sale of computing hardware and network and applications software, as well as services related to the supply of complete networks including servers, workstations and standard applications packages. EDB ASA is a dealer for products from leading suppliers, and focuses on selling its expertise in putting together and implementing complete supplier packages. The network area also includes an extensive computer training business. The PC market grew strongly in 1997, and the company took its share of this growth. There is nonetheless strong competition in this market, and the profit margins on hardware and standard software packages came under further pressure in 1997. Equipment sales bring with them increased demand for technical systems support, and consultancy service in this business area repor-

ted good growth and increased profit contribution in 1997.

The company's administrative and support function incurred somewhat lower costs in 1997 despite the increased costs associated with the Stock Exchange listing and the mergers and acquisitions activity during the year.

Organisation and working conditions

At the end of 1997 the EDB Group had 436 (389) employees. The group has been actively recruiting for all areas of its activities throughout the year. Emphasis has been placed on recruiting individuals from a broad range of both age and experience in order to create a broadly based staff. Strong demand in the employment market has led to high staff turnover and upward pressure on salaries throughout the IT industry, and the company has accordingly made it a priority to create the conditions for interesting work and a good working environment as a way to attract and retain staff. In addition a comprehensive share option scheme has been established for all staff, based on employment, which represents a further incentive for commitment and identification with the company's goals.

The Board believes that the company offers a good working environment, and that the organisation functions in a satisfactory manner both in terms of the demands placed on it by the market and in terms of its internal requirements. Significant amounts are expended on developing knowledge and skills in pace with the demands of the market in all the business areas, and the quality systems of EDB ASA were reviewed in 1997 and ISO certified for a further three year period. A programme of work is underway to ensure Year

2000 compatibility for all the group's computer systems and procedures, and the expense incurred in this respect is recognised as it is incurred.

None of the companies in the group carries out activities which pollute the external environment.

Future prospects

The strong demand currently experienced for IT services and related expertise is expected to continue in the foreseeable future. The future challenges for the IT industry are to be found not in the size of the market or its growth, but in selecting the right areas on which to concentrate in a world of rapid technical development with continually shifting focus, as well as developing and offering the expertise which the market demands at all times. The continuing trend towards an industry with a structure of larger corporate groupings and different ownership will continue, leading to increased competition.

The EDB Group has experienced a year with good financial progress in which the scope of its expertise increased significantly. The company has started a new year with a focus on profitable growth and the pursuit of new business opportunities through co-operation between the existing and new companies in the EDB Group. The strategy of growth through mergers and acquisitions will continue in 1998, and the Board expects a positive development in profitability in 1998.

Financial situation

The EDB Group's balance sheet position developed favourably in 1997 as a result of the group's good financial results, the new share issues and the merger with Kongs-



The board of directors for EDB ASA: Lasse Ramdahl (back row, left), Odd Byre, Helge Hoel, Nils Landsnes, Kaare Tisthammer; chairman Jarle Gundersen (front row, left) and May-Brith Solberg.

berg Intech. The group now has equity capital of NOK 107.2 million, representing an equity ratio of 47.4 %. The group had liquid assets of NOK 49.5 million at 31 December 1997, which taken together with undrawn overdraft facilities give the company a reserve of available liquidity of NOK 69.5 million. A long term loan of NOK 6 million was repaid in the Spring of 1997, and total liabilities increased by 20.4 million during the year, of which NOK 3.2 million is interest bearing. Net working capital increased by NOK 19.7 million. Total investments in 1997 amounted to NOK 26.7 million, of which NOK 19.1 million was financed through leasing.

Shareholder matters

The ownership structure of EDB ASA is dominated by institutional Norwegian shareholders, with Norsk Vekst ASA being the largest single shareholder. The company had 865 shareholders at 31 Decem-

ber 1997, of which 12 were foreign. In accordance with the authority granted at the Annual General Meeting of 9 April 1997, two issues of new shares reserved for employees and directors have been carried out, with 750,000 shares issued at NOK 12 and 122,400 shares issued at NOK 9.60, amounting to 872,400 shares in total. The company's share price has risen from NOK 12 for the secondary public offering and new issues in May/June 1997 to NOK 15.90 on the first day of listing on the Oslo Stock Exchange, and the closing price at year end was NOK 21.

In accordance with the company's stated objective of making dividend payments, the Board proposes the payment of a dividend of NOK 0.18 per share in respect of the 1997 accounting year, which will be payable on 20,948,900 shares including the 1,650,000 shares to be issued as consideration for the acquisition of Kongsberg Intech AS.

In accordance with the authorities granted at the General Meetings of 9 April 1997 and 5 November 1997, share option agreements have been granted as at 31 December 1997 to employees of the EDB Group in respect of 3,399,959 shares, which can be exercised in stages over the period May 1998 to June 2000. (See Note 15)

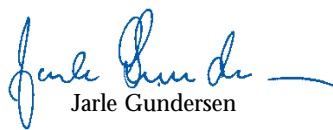
Profit for the year and profit allocation

EDB ASA recorded a profit for the year before tax of NOK 22,635,148. The tax charge for the year amounted to NOK 6,167,021. The Board proposes that the net profit of NOK 16,468,127 be applied as follows:

To legal reserve:	NOK	1,646,813
To dividend:	NOK	3,770,802
To free reserves:	NOK	11,050,512

Oslo, 3 March 1998


The Board of Directors of EDB – Elektronisk Databehandling ASA

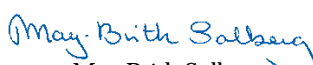

Jarle Gundersen
Chairman


Odd Byre


Lasse Ramdahl


Kaare Tisthammer


Nils Landsnes


May-Brith Solberg


Helge Hoel

Profit and loss account for year 1 January–31 December

EDB ASA		NOK 1000	EDB Group	
1996	1997		1997	1996
414,193	488,902	<i>Operating revenues</i>	539,864	455,178
138,713	171,113	Cost of goods sold	183,759	143,803
140,669	162,138	Wages, social security and pensions (notes 9, 14 and 15)	187,113	162,254
116,017	126,533	Other operating costs	135,466	125,996
6,109	7,051	Ordinary depreciation (note 4)	9,156	7,580
543	254	Losses on receivables (note 2)	121	822
402,051	467,089	<i>Total operating costs</i>	515,615	440,455
12,142	21,813	<i>Operating result</i>	24,249	14,723
542	1,064	Interest and other financial income	1,204	706
(855)	(242)	Other financial costs	(608)	(1,244)
(313)	822	<i>Net financial items</i>	596	(538)
11,829	22,635	<i>Profit before tax</i>	24,845	14,185
(3,375)	(6,167)	Tax (note 6)	(6,721)	(3,375)
8,454	16,468	<i>Profit for the year</i>	18,124	10,810

Revaluations and transfers

-	3,771	Allocated for dividend
(2,378)	-	From special tax reserve
845	1,647	To legal reserve
9,987	11,051	To free reserve
8,454	16,468	<i>Total transfers (note 7)</i>

Balance sheet at 31 December


EDB ASA			EDB Group	
1996	1997	NOK 1000	1997	1996
		Assets		
24,361	45,888	Cash, bank and postgiro (note 1)	49,538	26,839
-	48	Short-term group receivables (note 2)	-	-
83,585	85,671	Customer receivables (note 2)	101,655	91,809
10,968	22,002	Other receivables	24,643	13,031
5,843	7,052	Inventories	7,771	6,712
<u>124,757</u>	<u>160,661</u>	<i>Current assets</i>	<u>183,607</u>	<u>138,391</u>
400	400	Shares in subsidiaries (note 3)	-	-
1,425	-	Other shares (note 3)	210	1,635
25,164	22,578	Other long-term receivables (note 12)	24,511	27,180
12,351	12,864	Machinery, fixtures etc. (notes 4 and 5)	17,553	14,973
<u>39,340</u>	<u>35,842</u>	<i>Fixed assets</i>	<u>42,274</u>	<u>43,788</u>
<u>164,097</u>	<u>196,503</u>	Total assets	<u>225,881</u>	<u>182,179</u>
		Liabilities and equity		
28,379	35,542	Accounts payable	44,875	29,876
29,596	35,352	Wages, tax and other deductions (note 15)	41,270	33,921
4,473	7,650	Tax payable (note 6)	8,199	4,473
-	3,771	Allocated for dividend (note 7)	3,771	-
200	652	Short-term group liabilities	-	-
<u>15,417</u>	<u>12,906</u>	Other short-term liabilities	13,612	18,926
<u>78,065</u>	<u>95,873</u>	<i>Current liabilities</i>	<u>111,727</u>	<u>87,196</u>
6,000	400	Long-term liabilities	3,609	6,296
4,856	3,373	Deferred tax (note 6)	3,378	4,856
<u>10,856</u>	<u>3,773</u>	<i>Long-term liabilities</i>	<u>6,987</u>	<u>11,152</u>
18,427	19,299	Share capital (note 8)	19,299	18,427
18,730	28,488	Legal reserve		
38,019	49,070	Free reserve		
-	-	Other equity	87,868	65,404
<u>75,176</u>	<u>96,857</u>	<i>Equity (note 7)</i>	<u>107,167</u>	<u>83,831</u>
<u>164,097</u>	<u>196,503</u>	Total liabilities and equity	<u>225,881</u>	<u>182,179</u>

Security pledged, guarantees: Note 10 og 11

Oslo, 3 March 1998

The Board of Directors of EDB – Elektronisk Databehandling ASA

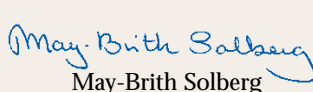

Odd Byre


Jarle Gundersen
Chairman


Lasse Ramdahl


Kaare Tisthammer


Nils Landsnes


May-Brith Solberg


Helge Hoel


Eivind Kinck
Managing Director

Cash flow analysis

EDB ASA		NOK 1000	EDB Group	
1996	1997		1997	1996
Cash flow from/to operations				
11,829	22,635	Profit before tax	24,845	14,185
(4,473)	(7,650)	Tax payable (note 6)	(8,199)	(4,472)
-	(3,771)	Allocated for dividend (note 7)	(3,771)	-
(54)	(75)	Loss/(gain) on sale of shares	(75)	(54)
110	28	Loss/(gain) on sale of fixed assets (note 5)	28	110
3,635	4,952	Pension costs (non-cash) (note 9)	4,790	3,871
2,194	-	Pension funding adjustment applied to equity capital	-	2,194
6,109	7,051	Ordinary depreciation (note 4)	9,156	7,580
4,746	(1,209)	Change in inventory	(1,059)	4,514
(14,046)	(2,134)	Change in receivables	(9,846)	(13,185)
(2,393)	7,163	Change in trade creditors	14,999	(2,648)
11,871	(2,756)	Change in other accruals	(4,203)	12,032
19,528	24,234	<i>Cash flow from operational activities (A)</i>	26,665	24,127
Cash flow from/to investments				
(6,944)	(7,613)	Investments in fixed operating assets (note 5)	(11,785)	(7,957)
265	23	Sale of fixed assets (note 5)	23	265
326	1,500	Sale of shares	1,500	326
-	-	Change in other investments	-	(20)
(6,353)	(6,090)	<i>Cash flow from/to investments (B)</i>	(10,262)	(7,386)
Cash flow from/to financing				
-	(6,000)	Repayment of existing debt	(7,394)	(2,883)
-	400	Change in long term debt	4,707	456
-	8,983	Employee share issue (note 7)	8,983	-
-	3,383	<i>Cash flow from/to financing (C)</i>	6,296	(2,427)
13,175	21,527	Net change in liquid assets over the year (A + B + C)	22,699	14,314
11,186	24,361	Liquid assets at 1 January	26,839	12,525
24,361	45,888	Liquid assets at 31 December	49,538	26,839

Accounting principles

Consolidation principles

EDB ASA acquired control of Kongsberg Intech AS during 1997 by the merger of that company with EDB ASA's subsidiary Landbruksdata AS. The merger is treated in the accounts on the pooling of interest (continuity) principle with accounting effect from 1 January 1997. Accounts for earlier years have been adjusted in accordance with the pooling of interests principle so that the prior years accounts present the combined figures of the two companies and are accordingly comparable with the accounts for the current year.

The merger was formally registered in the Register of Business Enterprises in February 1998, at which time 1,650,000 shares were issued to the former owners of Kongsberg Intech AS as consideration for the merger. The issued share capital of Landbruksdata AS was simultaneously increased by NOK 4,550,000.00, and the company changed its name to Kongsberg Intech AS. These transactions are not reflected in the accounts for 1997. However these transactions have no impact on the group's total equity capital, since the issue of new shares took the form of a bonus issue and the merger itself is reflected in the accounts with effect from 1 January 1997.

Consolidation of subsidiaries:

The group accounts show the financial condition of the companies as one unit, and include EDB ASA and those companies where EDB ASA directly or indirectly owns 50 % or more of the issued share capital and exercises significant influence, i.e. the subsidiaries Kongsberg Intech AS and Kongsbergnett AS, which is a 70 % owned subsidiary of Kongsberg Intech AS.

Investments in subsidiaries

Subsidiaries are consolidated on the past equity accounting method, whereby the acquisition cost of the shares is offset against the subsidiaries equity at the time of purchase. Any excess value resulting from this treatment at the time of purchase is allocated to specific assets and is depreciated in line with the depreciation of these assets. Excess value which cannot be allocated to specific tangible assets is recorded in the balance sheet as goodwill, and is normally then depreciated over 5 years. The group does not carry any such excess values in its balance sheet at 31 December 1997.

All intra-group transactions and accounts, as well as internal gains, are netted off in the accounts.

The share of profit after tax attributable to minority interests is shown as a separate deduction in the profit and loss account so that the profit for the year shown for the group represents the majority owners' share of the profit for the

year after tax. As at 31 December 1997 there are no minority interests in the company, and accordingly no such deduction is required.

Investments in associated companies

Where the group's ownership interest in a company is between 20 % and 50 % the equity method of accounting will normally be applied to the investment. The group accounts for 1997 contain no such interests. The share holding in Utimaco Safeware AS is valued and shown at acquisition cost, since this investment is not material for the EDB Group figures. (See Note 3).

Recognition of income and costs

Income is recognised on the sale of goods at the date of delivery. Income from services supplied on a time charge basis is recognised as the service is provided, whilst income from the sale of services on a fixed price basis is recognised in pace with the performance of the contracted task.

Where costs can be directly attached to income they are recognised at the same time as the income is recognised. Costs not directly associated with particular items of income are recognised as they are incurred.

Classification of assets and liabilities in the balance sheet

The classification of balance sheet items between current and long term is based on the principle that receivables due within one year and assets which are not identified for permanent ownership are placed in the current category. All other assets are treated as fixed assets.

The distinction between short and long term debt is made on the basis of the period to maturity being less than one year.

Inventories

Inventories are valued at the lowest of average cost or current value. A deduction is made for obsolescence.

Customer receivables

Customer receivables are carried in the accounts at face value with allowance made for expected losses.

Fixed assets

Fixed assets are carried in the balance sheet at purchase price less ordinary depreciation and any write-down of value. Ordinary depreciation is applied on a straight line basis over a period related to the asset's expected economic life from the date of acquisition.

Pension liabilities

The company applies the provisional Norwegian accounting standards for pensions as the basis for

calculating the pension cost for the accounting period. The costs associated with the contractual pension arrangements for employees are classed as benefits plans, and are included with salary costs in the accounts. The starting point for calculating pension costs is linear application of pension entitlement earned against the likely accumulated pension liability at the time the pension is first drawn.

Pension liabilities are valued as the current value of the future pension benefits for which entitlement has been earned at the date of the balance sheet, and is calculated on the basis of assumptions about discount rates, the investment return on pension assets and the expected growth of earnings and pensions. Pension investments are valued at market value at the date of the balance sheet. Net pension liabilities in respect of under-funded contracts are recorded in the accounts as long term interest free debt, whereas over-funded values are recorded as long term interest free receivables.

The cost of pensions is calculated from the discounted pension entitlement earned at the beginning and end of the year and the pension rights accrued during the year, less the return on the assets provided to fund pensions.

The liabilities calculated for accounting purposes are not legally binding on the company. See also Note 9.

Deferred tax/tax expense

The tax expense included in the profit and loss account is made up of tax payable and change in deferred tax. Deferred tax is calculated on the basis of net positive timing differences between accounting and taxation values at the date of the balance sheet after netting off negative timing differences.

Full provision is made on the liability method without discount.

Foreign currencies

Transactions in foreign currencies are converted to Norwegian kroner at the time of the transaction. Current assets and liabilities are converted to Norwegian kroner on the daily rates principle. The company had no receivable classed as long term nor any long term liabilities in foreign currency at the balance sheet date.

The company had no foreign exchange or hedging transactions outstanding at the balance sheet date. The company's transactions in foreign currency are in general of limited size.

Research and Development

The costs of Research and Development are expensed to the accounts as they are incurred.

Notes to the accounts

Note 1 Cash, bank and postgiro deposits

Liquid assets and blocked deposits relating to employment tax deductions can be specified as follows:

<i>NOK 1000</i>	EDB ASA		EDB Group	
	1997	1996	1997	1996
Cash, bank and postgiro deposits	37,274	16,887	40,924	19,365
Balance of blocked deposits (tax)	8,614	7,474	8,614	7,474
<i>Total liquid assets</i>	45,888	24,361	49,538	26,839

In addition to the amounts shown above for blocked tax deposits in respect of employment taxes, the subsidiary company Kongsberg Intech AS has given a bank guarantee of NOK 1,2 million as security for the tax deductions for which it is liable.

Note 2 Losses on receivables

Customer accounts receivable are recorded in the accounts net of provision for bad debts.

<i>NOK 1000</i>	EDB ASA		EDB Group	
	1997	1996	1997	1996
Gross outstanding	86,398	84,264	102,458	92,745
Provision for loss	(679)	(679)	(803)	(936)
<i>Net customer receivables</i>	85,719	83,585	101,655	91,809
<i>Realised losses for the year</i>	254	543	254	855

Note 3 Shares

	<i>Company's share capital</i>	<i>No. of shares</i>	<i>Par value per share</i>	<i>Interest %-age</i>	<i>Book value</i>
EDB ASA					
Shares in subsidiaries:					
Landbruksdata AS	NOK 400,000	400	NOK 1,000	100 %	<u>NOK 400,000</u>
EDB Group					
Shares in other companies:					
Utimaco Safeware Norge AS	NOK 999,000	1,998	NOK 500	21 %	<u>NOK 210,000</u>

Note 4 Fixed assets

EDB ASA <i>NOK 1000</i>	<u>Fixtures/ fittings</u>	<u>Office equipment</u>	<u>Cars</u>	<u>Operating equipment</u>	<u>Total</u>
Acquisition cost at 1 January 97	1,718	624	482	22,874	25,698
Additions during the year	361	-	1,668	5,584	7,613
Disposals (sales) during year	-	-	115	-	115
<i>Acquisition cost at 31 December</i>	<u>2,079</u>	<u>624</u>	<u>2,035</u>	<u>28,458</u>	<u>33,196</u>
Accumulated depreciation at 1 January 97	1,018	368	270	11,691	13,347
Ordinary depreciation for the year	222	93	164	6,572	7,051
Reduction in ordinary depreciation on sale	-	-	65	-	65
<i>Accumulated depreciation at 31 December</i>	<u>1,240</u>	<u>461</u>	<u>369</u>	<u>18,263</u>	<u>20,333</u>
<i>Net book value at 31 December</i>	<u>839</u>	<u>163</u>	<u>1,666</u>	<u>10,195</u>	<u>12,863</u>
Rates of depreciation	20 %	20 %	15 %	25–33 %	

EDB Group <i>NOK 1000</i>	<u>Fixtures/ fittings</u>	<u>Office equipment</u>	<u>Cars</u>	<u>Operating equipment</u>	<u>Intangible assets</u>	<u>Total</u>
Acquisition cost at 1.1.97	1,718	624	482	41,316	6,257	50,397
Additions during year	361	-	1,668	9,756	-	11,785
Disposals (sales) during year	-	-	115	-	-	115
<i>Acquisition cost at 31.12</i>	<u>2,079</u>	<u>624</u>	<u>2,035</u>	<u>51,072</u>	<u>6,257</u>	<u>62,067</u>
Accumulated depreciation at 1.1.97	1,018	368	270	27,638	6,130	35,424
Ordinary depreciation for the year	222	93	164	8,550	127	9,156
Reduction in ordinary depreciation on sale	-	-	65	-	-	65
<i>Accumulated depreciation at 31 December</i>	<u>1,240</u>	<u>461</u>	<u>369</u>	<u>36,188</u>	<u>6,257</u>	<u>44,514</u>
<i>Net book value at 31 December</i>	<u>839</u>	<u>163</u>	<u>1,667</u>	<u>14,884</u>	<u>-</u>	<u>17,553</u>
Rates of depreciation	20 %	20 %	15 %	25–33 %		

Note 5 Investment and disposal (sales prices) of fixed assets over past five years

EDB ASA <i>NOK 1000</i>	1993		1994		1995		1996		1997	
	<i>Inv.</i>	<i>Sale</i>	<i>Inv.</i>	<i>Sale</i>	<i>Inv.</i>	<i>Sale</i>	<i>Inv.</i>	<i>Sale</i>	<i>Inv.</i>	<i>Sale</i>
Operating equipment	3,846	751	3,616	-	7,709	33	6,647	200	5,584	-
Office equipment	127	-	10	-	44	-	-	-	-	-
Fixtures and fittings	128	-	1,767	-	417	-	297	-	361	-
Cars	115	327	103	291	217	115	-	65	1,668	23
Real estate	-	5,119	-	-	-	-	-	-	-	-
<i>Total</i>	<u>4,216</u>	<u>6,197</u>	<u>5,496</u>	<u>291</u>	<u>8,387</u>	<u>148</u>	<u>6,944</u>	<u>265</u>	<u>7,613</u>	<u>23</u>

Note 5 (continued)

EDB Group	1993		1994		1995		1996		1997	
	<i>Inv.</i>	<i>Sale</i>	<i>Inv.</i>	<i>Sale</i>	<i>Inv.</i>	<i>Sale</i>	<i>Inv.</i>	<i>Sale</i>	<i>Inv.</i>	<i>Sale</i>
<i>NOK 1000</i>										
Operating equipment	8,089	874	5,142	-	9,231	33	7,660	200	9,756	-
Office equipment	127	-	10	-	44	-	-	-	-	-
Fixtures and fittings	128	-	1,767	-	417	-	297	-	361	-
Cars	115	327	103	291	217	115	-	65	1,668	23
Real estate	-	5,119	-	-	-	-	-	-	-	-
Intangibles	4,387	-	676	-	-	-	-	-	-	-
Total	12,846	6,320	7,698	291	9,909	148	7,957	265	11,785	23

Note 6 Taxation

Deferred tax is calculated on the basis of the year end differences between accounting and taxation values.

Deferred tax is calculated in respect of the following timing differences.

<i>NOK 1000</i>	EDB ASA		EDB Group	
	31.12.97	31.12.96	31.12.97	31.12.96
Short term timing differences	(254)	(469)	(416)	(727)
Long term timing differences	12,302	17,812	12,481	17,606
<i>Base for deferred tax</i>	12,048	17,343	12,065	16,879
Rate of tax: 28 %				
Deferred tax benefit not booked				(130)
Deferred tax liability	3,373	4,856	3,378	4,856

The tax cost recognised in the accounts is made up as follows:

<i>NOK 1000</i>	EDB ASA		EDB Group	
	1997	1996	1997	1996
Profit before tax	22,635	11,829	24,845	14,185
Permanent differences	(610)	266	(376)	(14)
Changes in timing differences	5,295	3,880	4,814	3,926
Allowable losses carried forward	-	-	-	(2,124)
<i>Base for tax calculation</i>	27,320	15,975	29,283	15,973
Rate of tax: 28 %				
Tax payable	7,650	4,473	8,199	4,472
Change in deferred tax	(1,483)	(1,086)	(1,478)	(1,086)
Prior year adjustments	-	(11)	-	- 11
Tax cost for the year	6,167	3,376	6,721	3,375

Note 7 Equity capital

<i>NOK 1000</i>	<i>Share capital</i>	<i>Legal reserve</i>	<i>Free reserve</i>	<i>Parent company equity</i>
EDB ASA				
As per balance sheet at 31 December 96	18,427	18,730	38,019	75,176
Employee share issue 1997	872	8,111	-	8,983
Allocation of 1997 surplus	-	1,647	11,051	12,698
<i>As per balance sheet at 31 December 97</i>	<u>19,299</u>	<u>28,488</u>	<u>49,070</u>	<u>96,857</u>

<i>NOK 1000</i>	<i>Share-capital</i>	<i>Other equity</i>	<i>Group equity</i>
EDB Group			
As per balance sheet at 31 December 96	18,427	65,404	83,831
Employee share issue 1997	872	8,111	8,983
Profit for the year	-	18,124	18,124
Allocation to dividend	-	(3,771)	(3,771)
<i>As per balance sheet at 31 December 97</i>	<u>19,299</u>	<u>87,868</u>	<u>107,167</u>

Note 8 Share capital

As at 31 December 1997 the company's share capital consisted of 19,298,900 shares, each of NOK 1 par value and fully paid up. The company had 865 shareholders at year end, and 96.72 % of the shares were owned by Norwegian shareholders. The company's 10 largest shareholders are:

The Managing Director holds 18,547 shares in the company. Share holdings of members of the Board of Directors are as follows:

<i>Shareholder</i>	<i>Interest</i>
Norsk Vekst ASA	32,64 %
Norske Meierier	8,23 %
Norsk Kjøttssamvirke	7,78 %
State Street Bank & Client Omni.	2,85 %
Verdipapirfondet Avanse	2,79 %
Vesta Grønt Norge	2,45 %
Nor Forsikring AS	2,33 %
Gyldendal Norsk Forlag	2,07 %
Asker og Bærums Budstikke	1,81 %
Norsk Hydro Pensjonskasse	1,68 %
<i>Other shareholders</i>	35,37 %
	<u>100,00 %</u>

<i>Name</i>	<i>No. of shares</i>
Kaare Tisthammer	3,000
Helge Hoel	2,800
May-Brith Solberg	800
Lasse Ramdahl	400

Note 9 Pensions

The company provides pensions principally through an insured collective scheme with a life insurance company. In accordance with the preliminary Norwegian accounting standards on pension liabilities this arrangement is deemed to be a benefits plan.

<i>NOK 1000</i>	EDB ASA		EDB Group	
	1997	1996	1997	1996
Pension liability accrued over the year	6,630	5,071	6,630	5,326
Interest costs on pension liabilities	4,455	4,043	4,696	4,222
<i>Gross pensions cost</i>	11,085	9,114	11,326	9,548
Return on pension assets	(6,218)	(5,777)	(6,513)	(6,018)
Difference between estimated and actual return	85	298	(23)	341
Pension premiums paid	158	-	661	-
<i>Net pensions cost</i>	5,110	3,635	5,451	3,871

Net pension costs incurred by the company are included in Salaries, social security and pensions in the Profit and Loss Account.

Pension liabilities

Estimated pension liabilities	(78,907)	(74,913)	(83,432)	(78,324)
Pension assets	94,000	94,173	98,697	97,830
Changes not amortised	32	817	919	1,468
Book value of net pension assets	15,125	20,077	16,184	20,974
Gross liabilities includes the value of future growth in wages and salaries	19,087	18,568	20,244	19,252

The following assumptions are used in the actuarial calculations:

Expected return on pension assets	7 %
Discount rate	6 %
Annual earnings growth	3 %
Inflation	3 %
Annual pension growth	2 %

The account of pension arrangements given above is based on annual calculations carried out by an independent actuary. The pension assets are invested in accordance with the guidelines applying to life insurance companies. Net pension assets are shown in the balance sheet as a long term receivable. The reason for this is that pensions liabilities accruing during the year and interest accruing exceed the expected return on the pension assets held. Accordingly the surplus will reduce over time. The company's pension arrangements are provided for 356 employees of EDB ASA and 429 employees of the group as a whole.

Note 10 Securities pledged by EDB ASA

<i>NOK 1000</i>	31 Dec. 97	31 Dec. 96
Floating charges registered	26,000	26,000
<i>Book value of assets pledged:</i>		
Customer receivables	85,719	83,585
Inventory	7,052	5,843
<i>Total</i>	92,771	89,428

Note 11 Guarantee liability

The company's contingent liability in respect of guarantees can be summarised as follows:

<i>NOK 1000</i>	EDB ASA		EDB Group	
	31 Dec. 97	31 Dec. 96	31 Dec. 97	31 Dec. 96
<i>Guarantee liabilities:</i>				
in respect of employees	396	649	957	1,077
in respect of property leases	970	700	970	700
in respect of suppliers	159	-	159	-
in respect of tax deductions	-	-	1,200	-
<i>Total</i>	1,525	1,349	3,286	1,777

Note 12 Other receivables

The item for other receivables also includes loans to employees. Neither the Managing Director nor the members of the Board of Directors have any loans from the company.

<i>NOK 1000</i>	EDB ASA		EDB Group	
	31 Dec. 97	31.12.96	31 Dec. 97	31 Dec. 96
<i>Long term receivables</i>				
Lease rental deposit	2,000	1,000	2,874	2,119
Miscellaneous long term receivables	95	104	95	104
Loans to employees	5,358	3,983	5,358	3,983
Net pension assets	15,125	20,077	16,184	20,974
<i>Total long term receivables</i>	22,578	25,164	24,511	27,180

Note 13 Property lease and leasing agreements

The parent company has entered into property leases for office premises of 9,200 sq.m. and the group as a whole has entered into property leases for office premises totalling 10,300 sq.m. The major part of the leased property has a remaining lease term of 2 years, but with the right to extend the lease to 15 years. The yearly lease rental amounts to NOK 8.5 million for EDB ASA and NOK 10.3 million for the group as a whole.

The company has entered into leasing contracts on cars and operating equipment for periods of 1–5 years. The company has no rights to take over ownership of the leased assets. The leasing agreements are treated in the accounts as operating leases.

The company has entered into leasing agreements for computer equipment with an annual rental of NOK 7.9 million, and for motor vehicles with an annual rental of NOK 1.1 million.

Note 14 Fees and other remuneration

The Managing Director has a salary compensation agreement which provides him with income, taken together with other sources, for 12 months in the event his employment is terminated. The salary of the Managing Director in 1997 amounted to NOK 805,000. The Managing Director holds options over 150,000 shares in the company, and has paid NOK 150,000 in premium for these options (see Note 15).

The parent company paid fees to members of the Board of NOK 500,000, and to the auditors of NOK 302,000. Of the fees paid to the auditors, NOK 161,000 related to auditing the accounts and NOK 141,000 to various advisory services.

Note 15 Employee share options

The EDB Group seeks to expand its employees' ownership of shares in the company by giving them the opportunity to subscribe for shares.

A share option programme, available to all employees, was established in 1997 and options were granted over 3,399,960 shares during the year. The share option programme is for three years and expires in 2000. One third of the available options may be exercised each year, and options earned in one year but not exercised may be carried forward to a subsequent year. It is a condition for exercise of the options that the individual is still employed by the company at the date of exercise.

The exercise price is based on the share price when the option is granted, and is increased by 1 % for each subsequent month to the date of exercise. A total of 2,452,775 options were granted in June, 194,210 in September and 752,974 in December based on share prices in the market at the time of NOK 12.00, NOK 17.00 and NOK 19.00 respectively.

Of the options detailed above, a total of 675,000 options were granted to 7 members of the group's executive management. An option premium of NOK 1 per share was paid in respect of these options, which will be deducted if the options are exercised. Of the option premium paid NOK 400,000 is allocated to long term liabilities and the balance to short term liabilities.

The accrued employer's taxation due on the calculated taxable benefit on exercise of the options is expensed as NOK 277,482 in the Salaries, social security and pensions category of the Profit and Loss Account. The amount is recorded in the balance sheet as part of the item Salaries, tax and other deductions.

Audit report

(Free translation from the Norwegian statutory audit report)

To the Annual Shareholders' Meeting of EDB – Elektronisk Databehandling ASA

Audit report for 1997

We have audited the annual report and accounts of EDB – Elektronisk Databehandling ASA for 1997, showing a profit for the year of NOK 16,468,127 for the parent company and a consolidated profit for the year of NOK 18,124,000. The annual report and accounts, which comprise the Board of Directors' report, profit and loss account, balance sheet, cash flow statement and notes to the accounts, are presented by the company's Board of Directors and its Managing Director.

Our responsibility is to examine the company's annual report and accounts, its accounting records and other related matters.

We have conducted our audit in accordance with relevant laws, regulations and generally accepted auditing standards in Norway. We have performed those audit procedures which we have considered necessary to confirm that the annual accounts are free of material misstatements. We have examined selected parts of the evidence supporting the accounts and assessed the accounting principles applied, the estimates made by management, and the content and presentation of the annual report and accounts. To the extent required by generally accepted auditing standards we have reviewed the company's internal control and the management of its financial affairs.

The Board of Directors' proposal for the appropriation of the net profit and equity transfers for the year is in accordance with the requirements of the Joint-Stock Companies Act.

In our opinion, the annual report and accounts have been prepared in accordance with the requirements of the Joint-Stock Companies Act and present fairly the financial position of the company and of the group as of December 31, 1997 and the result of its operations for the financial year, in accordance with Norwegian generally accepted accounting principles.

Oslo, March 3, 1998

Price Waterhouse a.s.



A. Anders Eng

State Authorized Public Accountant (Norway)

Price Waterhouse



Business areas of the EDB Group

The EDB Group has three strategic business areas: consultancy services, computer operating services and PC/Network sales. In addition administration and central support functions report as a separate unit.

Consultancy services

Turnover of this business area, when consolidated across the activities of EDB ASA and Kongsberg Intech, amounted to NOK 145.6 million in 1997, representing growth of 38 % from 1996 on a like-for-like basis. Operating profit for the activity totalled NOK 17.1 million, an increase of 44 %. This improvement reflects a significant concentration of effort on this area, as well as a high level of capacity utilisation and a good market for our services.

The consultancy activity covers all phases of a computer system's life cycle, from initial specification, design and development through to integration, implementation, operation and maintenance. In parallel with this division of activities specific market-leading technologies have been selected as the basis for the range of expertise offered, and these areas of expertise are to a large extent documented thorough certification. Central to this group are to be found products from Microsoft, Lotus, Powerbuilder, Oracle, Sybase and Novell as well as expertise in traditional main-frame technology and database technology. This area of activity takes on large assignments in system development and integration, as well as extensive conversion projects required by the introduction of new technology.

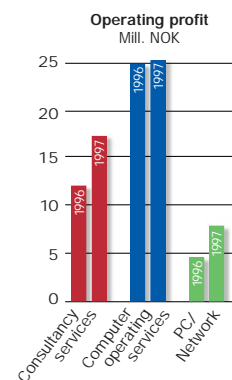
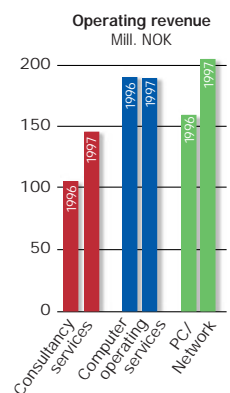
The emphasis of the company's consultancy activities has traditionally been on the development, implementation and operation of systems, but the company is in the process of building a broader activity related to general IT advice and project management in order to strengthen its position in major projects by becoming involved at an early stage. This type of advisory activity developed well last year. The business area has also identified a number of applications products where it aims to be the leading consultant in Norway. These include systems for document handling such as the search engine Topic and the archiving system DOCS Open, where in addition to being a product distributor EDB ASA is able to take on extensive system integration assignments. The client/server system NOVA is an in-house development of a logistics system specifically intended for the food and grocery sector, and together with the Navimeat system for slaughterhouses and meat producers offered by Kongsberg Intech this represents another area of specialisation. In addition the merger with Kongsberg Intech has given the group the time and access control system Kindis, which is a leading product in its sector of the Norwegian market.

The consultancy activities have also benefited significantly from increased demand in 1997 for services related to the implementation of the software packages produced by the German supplier SAP, which is one of the world's largest producers of systems for corporate administration. The product covers applications such as accounting and financial management, order management, materials and production management, maintenance, project management and quality assurance, as well as personnel administration and work flow. The consultancy resources of EDB ASA were fully utilised on a number of large

ration of systems, but the company is in the process of building a broader activity related to general IT advice and project management in order to strengthen its position in major projects by becoming involved at an early stage. This type of advisory activity developed well last year. The business area has also identified a number of applications products where it aims to be the leading consultant in Norway. These include systems for document handling such as the search engine Topic and the archiving system DOCS Open, where in addition to being a product distributor EDB ASA is able to take on extensive system integration assignments. The client/server system NOVA is an in-house development of a logistics system specifically intended for the food and grocery sector, and together with the Navimeat system for slaughterhouses and meat producers offered by Kongsberg Intech this represents another area of specialisation. In addition the merger with Kongsberg Intech has given the group the time and access control system Kindis, which is a leading product in its sector of the Norwegian market.



*Managing Director
Eivind Kinck,
EDB ASA*



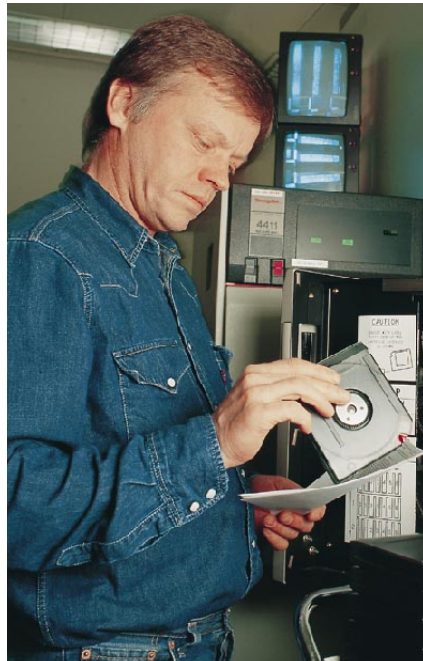
new SAP projects for much of 1997, and the company has been actively recruiting and training additional SAP consultants. SAP is also new and important area for Kongsberg Intech since a number of companies in the Kongsberg industrial community are either planning or implementing system changes over the next couple of years. For Kongsberg Intech 1997 and the early part of 1998 have been characterised to a large extent by recruitment and development of the company's expertise, and this is expected to produce results over the course of 1998. The combined resources of EDB ASA and Kongsberg Intech will represent the leading SAP consultancy group in Norway, with in-depth expertise in all aspects of the system. In addition to the normal implementation assignments, the EDB Group is able to take on responsibility for operating the system for larger users.

A total of 182 employees were involved in the consultancy activities at 31 December 1997, and further recruitment and the development of expertise will continued to be prioritised for the foreseeable future.

Computer operating services

Turnover of this business area, when consolidated across the activities of EDB ASA and Kongsberg Intech, amounted to NOK 189.1 million in 1997, which was 1 % less than in 1996 on a like-for-like basis. Operating profit for the activity totalled NOK 24.9 million, an increase of 2 %.

The range of operational services provided by the EDB Group involve taking over from the customer to varying degrees the responsibility for the daily routines involved in keeping computers, networks and systems available to their users. Typi-



cal trends in larger IT environments are increasing complexity, the mixing of older and newer technology, the need for both internal and external data transfer links, sensitivity to operational disruption and demands for frequent modifications, all of which place a heavy burden on the available internal resources. These challenges have prompted an increasing number of organisations to contract out all or part of their computer operations to professional suppliers who have the broad range of skills and experience required, and who can offer a more economical solution as a result of their economies of scale, thereby freeing up resources in the user organisation. The EDB Group has many years of experience as an operations and service organisation, and has built up sound experience of the operating routines for all the major equipment and communications platforms, including main-frames, AS/400, Unix and NT,

as well as LAN and WAN communication networks. New services have also been developed around the use of Internet mail servers, WEB-hotels, fire walls etc.

EDB ASA is a major player in the market for EDI (Electronic Data Interchange), which is concerned with electronic document exchange and transactions between companies. EDB ASA offers mail box functions, conversion services, local applications and interfaces with customers' own applications, such as SAP, among other services. In addition consultancy services are offered on questions such as format conversion, customisation, advice and project management.

As an extension of the normal operating services the group also offers its "full service" concept, whereby the group not only takes on responsibility for operating a computer system, but also takes on responsibility for the applications in use, including systems development, maintenance, modifications, error correction etc. In this way the customer can choose to hand all its IT functions over to the EDB Group.

Operating services for traditional main-frame installations show signs of reduction as more and more data processing migrates to client/server configurations, but this leads to an increase in operating services related to distributed systems, internet servers, EDI services and communications. Growth in these new areas in 1997 was not sufficient to compensate for the reduction in main-frame activities, but increased activity is expected from these new areas in the future. Kongsberg Intech entered into a major operating contract with the Kongsberg Group in the autumn of 1997 for the operation of a large distributed processing

network, and this represents an important platform for the further development of the new type of operating services in the EDB Group. Significant attention is also being given to developing new services in the areas of Internet and communications, based upon the systems operations, customer base and expertise available in Kongsberg Intech and EDB ASA. Work was started in 1997 on establishing a professional help desk service, which will come into operation in 1998. In addition a co-operation agreement was signed with IBM in 1997 for the sale of the operational control system Tivoli and associated services, and investment is underway in building up expertise and marketing activities in anticipation of increased future business in this area.

A total of 158 employees were involved in this business area at 31 December 1997, and further recruitment for the area has been targeted.

PC/Network sales

Turnover of this business area amounted to NOK 204.8 million in 1997, which was 29 % greater than in 1996. Operating profit for the activity totalled NOK 7.8 million, an increase of 73 %. This improvement can be attributed to strong general growth in equipment sales throughout 1997, together with an increase in the provision of services related to equipment sales.

EDB ASA has been one of the leading suppliers of PC and network products to the professional market since 1983. The product range consists principally of market leading products from recognised suppliers, of which IBM and Compaq are the most important.

EDB ASA concentrates on applying its expertise in putting together and support-

ing complex solutions for distributed processing. Accordingly a broad range of technical consultancy support services in connection with configuration, installation, implementation, and technical operation support is offered in conjunction with sales of equipment and software. The software product range encompasses most of the leading program packages from Microsoft, Lotus, Novell and IBM. The level of expertise available in these areas is documented through a range of authorisations and certification covering configuration, operating systems, networks and communication.

Within this business area EDB ASA also operates a major training operation, where courses are provided to some 12,000 individuals each year. The training centre in Oslo offers the largest range of standard PC courses for business and administration available in the country, and has capacity for 200 delegates at any one time. In addition courses can be arranged anywhere in the country, including customised corporate courses designed for a specific organisation.

Despite the strong growth in PC sales seen in Norway in 1997, there is still considerable pressure on profit margins, and value added principally results from the services sold as a result of equipment supplies. The proportion of operating revenue derived from the sale of services increased in both absolute and relative terms from 1996 to 1997, contributing to improved profitability. A regional office was opened in mid-Norway in the autumn of 1997 with 5 employees in accordance with the goal of increasing the geographic spread of the division's activities. This office is expected to make a positive contribution to profits from the beginning of 1998.

Results per business area

(mill. NOK)

	1997	1996
Operating revenue		
Consultancy services	145,6	105,3
Computer operating services	189,1	190,1
PC/Network sales	204,8	159,3
Administration/support	0,4	0,5
<i>Total revenue</i>	<u>539,9</u>	<u>455,2</u>
Operating profit		
Consultancy services	17,1	11,9
Computer operating services	24,9	24,5
PC/Network sales	7,8	4,5
Administration/support	(25,6)	(26,2)
<i>Total profits</i>	<u>24,2</u>	<u>14,7</u>

A total of 62 employees were involved in this business area at 31 December 1997, and further recruitment is anticipated in the future.

Administration and support functions

The costs of administration and support functions include the costs of the Board of Directors, the company's executive management and support functions such as finance and accounting, human resources and administration. These costs amounted to NOK 25.6 million, which is 2 % less than in 1996, despite the increased costs associated with the listing on the Oslo Stock Exchange and the mergers and acquisitions activity. A total of 34 staff are employed in these areas.



EDB!

Objectives, business concept and main strategy

The main objective for the EDB Group is profitable growth. The long term target is for profit before tax to equate to 5–8 % of turnover, and for turnover to grow more rapidly than the average for the industry as a whole. This is currently defined as organic growth in excess of 10 %.

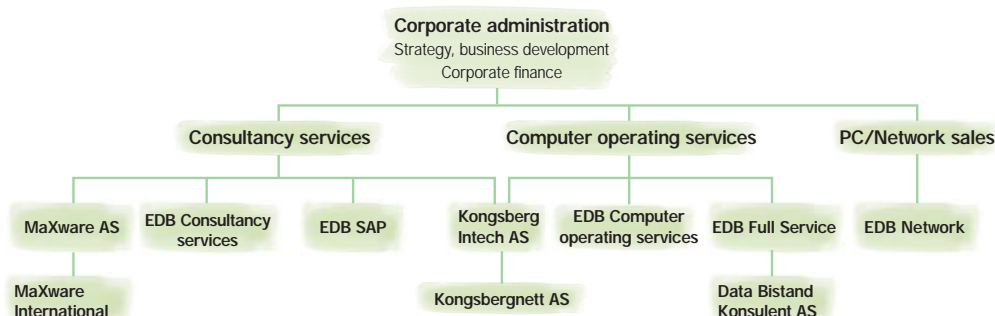
The EDB Group's major business concept is to contribute to its customers' profitable use of information technology through the systematic application of its own knowledge, expertise and experience. The group intends to supply both large and medium sized companies, regardless of industry, with cost-efficient and modern IT solutions which serve to strengthen the client company's competitiveness.

The primary activity is accordingly to be an expertise based service supplier. This comprises two activities: consultancy and computer operations. In order to be able to offer itself as a supplier of complete systems solutions, the EDB Group will operate as a supplier of computer equipment and software, but with a focus on assembling products and components to supply complete systems.

The main strategic measures which support these objectives and concepts are based on the development and supply of expertise, co-operation with leading suppliers of technology, extension of the group's geographic presence, and on creating the kind of progressive professional and personal environment which characterise a successful knowledge based company.

Recruitment and the development of individual expertise are accordingly central to this strategy, but must also be combined with the development of a corporate expertise which builds on methods and tools which ensure the sharing of expertise amongst staff and the best possible use of the knowledge and skills available.

It is self evident that as a broadly based IT company the scale of the operation is of itself important. This is a product of economies of scale, flexibility in resource availability, and the confidence in the company which customers must have in respect of major projects and assignments. Given the restriction which recruiting for organic growth in a tight labour market represents, combined with the structural changes taking place in the industry, mergers and acquisitions are now a prioritised route to achieving our targets and objectives. The EDB Group made a successful start to this strategy in 1997, and will develop it further in the future.





EDB ASA is the parent company and largest single unit in the EDB Group. The company was incorporated in 1961, and is the one of the oldest IT companies in Norway. EDB ASA has undergone significant change over the years, and is now a modern IT supplier with a broad range of products and services for all the main IT technologies in use today. The company's turnover in 1997 was NOK 489 million, and at year end it employed a total of 363 staff in 5 business divisions and a central support function. The company has offices in Oslo, Asker and Trondheim.

The company's consultancy division provides consultancy services for general advisory work and project management, as well as system development and infrastructure services, and EDB ASA today represents one of the country's major consulting environments. The consultancy division also markets and sells a number of systems applications packages and associated systems integration services in the areas of document handling, electronic archiving, production management and logistics.

As a consequence of EDB ASA's strong emphasis on SAP, implementation services



*Marketing Director
Svein Borge,
PC/Network sales*



*Financial Director
Eli Giske*

related to this product now form a separate business division. Our consultants have expertise and experience in implementing all SAP modules, and the company has 10 years' experience of carrying out major SAP projects.

EDB ASA has a long tradition of computer systems operation and systems management, which is applied in the computer operating and Full Service division. The computer operating services division supplies infrastructure operating services in main-frame, mini-computer and client/server environments, as well as communications services based on EDI and the internet. These services are delivered 24 hours a day, 365 days a year. The business concept on which computer operating services are based is to offer the market a simplified working day by letting us take responsibility for our client's daily operating tasks so that they are released to concentrate on their own key business areas. The Full Service division takes this concept one step further by taking over responsibility not just for operating a computer system for the client but also for the administration and development of

the applications run on the client's system. There are now a number of customers for whom EDB ASA takes the entire responsibility for the computer systems critical to their business.

The fifth division is the PC/Network activity, where we are among the leading suppliers to the professional market of network systems, including servers, work stations and software. Our product range consists mainly of market leading products from recognised suppliers who offer a well developed service apparatus and good product availability. As a supplier of equipment and software we are focused on providing expertise in putting together and supporting complex distributed processing systems. This division is also responsible for our computer training activity, which offers the largest range of standard PC courses for business and the public sector in the country. More than 12,000 people attend courses annually, and in addition to on-site courses our training centre in Oslo has the capacity for 200 delegates daily.

EDB ASA works closely with a number of leading equipment and software sup-

pliers, and many of our employees have certificated expertise in the major technologies. The company is recognised as, for example, an IBM Business Partner, a Compaq System Partner, a Microsoft Solution Provider, a SAP Logo Partner, a Lotus Business Partner and a Novell Gold Reseller.

The full range and breadth of EDB ASA's activities identify the group as a complete IT supplier with the ability to deliver a total service for general requirements as well as being able to take on special assignments which require in-depth expertise in selected areas. We intend to be known for our close relationships with customers and the high level and quality of our service. EDB ASA has a quality assurance system and is both ISO and TickIt certificated.



*Marketing Director
John Haga,
SAP*



*Personell Director
Helge Smogeli*



*Marketing Director
Bjørn Thorell,
Consultancy Division*



*Director
Ørjan Hernes
Strategy and
business development*



*Marketing Director
Dagrun Husum,
Full Service Division*



*Marketing Director
Finn-Arne Øvern,
Computer
operating services*

Kongsberg Intech AS

Kongsberg Intech AS is the largest IT company in the county of Buskerud, and has over 30 years' experience. The company is active in three main areas:

- **Modern communications and network systems**, with Internet technology playing an important role;
- **Computer operating services** for client/server systems and communication networks, particularly where NT and UNIX are used;
- **Consultancy services** for clients planning the introduction of new and critically important computer systems, where SAP and Microsoft systems are particular areas of concentration.

The company's operating revenues in 1997 amounted to NOK 52 million. The company had 73 employees at 31 December 1997, as compared to 52 on 1 January 1997.

Major developments in 1997

- Chosen by KLF as one of four suppliers for a new system for the meat processing industry
- Chosen by Kongsberg Automotive selects as their SAP implementation partner
- Contract with Bærum local authority for Internet/intranet system
- Kongsberg Intech joins EDB ASA
- Contract with Kongsberg Defence & Aerospace for operation of computer systems and network
- Contract with Kongsberg Offshore for SAP licences

Consultancy services

Kongsberg Intech AS has a long tradition of providing services related to the intro-

duction of business-critical management systems, and it has extensive experience in this area. Services related to SAP are currently the fastest growing area of activity. Kongsberg Intech was appointed as a SAP Partner in 1997, and has built up a staff of consultants with experience in this field. A number of our consultants have graduated from a SAP Academy, either in Canada or in Scandinavia, and are certificated as SAP consultants.



Many of Kongsberg Intech's consultants are Microsoft Certified Professionals, and work with both development and installation of software based on Microsoft's product range. Kongsberg Intech is a Microsoft Solution Provider Partner.

Kongsberg Intech is one of Norway's largest suppliers of time recording systems to the manufacturing and food industries. The system's functionality covers time registration, monitoring of production and project jobs, as well as providing access control. This has resulted in almost 150 installations in southern Norway. Test installations have recently demonstrated that the system has potential for other markets, such as the health sector.

Operating services

Kongsberg Intech's computer operating services cover the range from consultancy services to complete responsibility for customers' computer infrastructure. Kongsberg Intech currently operates one of Norway's largest decentralised client/server

networks, with over 100 servers, almost 2,000 users and associated peripheral equipment. In addition Kongsberg Intech supply all forms of traditional computer operating services to the major companies in Kongsberg.

Kongsberg Intech offer professional support services and technology for the remote operation of client/server systems and networks. In addition, Kongsberg Intech's operations centre is the largest technical data communications node for the Kongsberg area, both in respect of traditional computer communications and modern Internet communications. The operations centre offers a high degree of security, and the product range includes fire wall protection for Internet connection.

Communications and network services

The communications and network services department develops and operates communications systems for all types of business. This embraces both communication systems based on intranet or on workgroup software technology. Our NoByKom concept is an information server concept specially designed for the Norwegian local authority market. This concept brings all the information relevant to a local community together in a unified and intuitive structure. The local information server can therefore be the heart of a local information network. Intranet systems for both local authorities and companies also form part of this concept.

Workgroup software products from Microsoft and Lotus often form an integrated part of Kongsberg Intech's systems solutions. It is important for our customers to make use of the Internet as a pro-active information and marketing channel. Inter-

Kongsbergnett AS

net access must be closely integrated with the customer's intranet. Kongsberg Intech's security products accordingly form an important part of the total communications system.

The break-up of monopoly in the telephone market creates interesting new opportunities. Kongsberg Intech will in due course be testing products to present our customers with exciting and useful new communications solutions, e.g. IP based videoconferencing systems, video-on-demand and office support services. Increased integration of external communications with internal systems, such as for order placing systems, is also part of the product range. The importance of this will increase with the expanding use of the net for commercial purposes. Electronic trading and electronic payments are two important concepts in this area.

Kongsberg Intech's NoByKom product was voted Norwegian-developed Product of the Year in January 1998 by the journal Kapital Data. The jury pointed to the product's role both as an information centre for local communities and as a global marketing tool for a particular local authority or regional area. The product can be both a forward looking idea and a concept which can be applied in different forms. The product is also one of three nominations for the Rosing Prize for most user-friendly IT system.



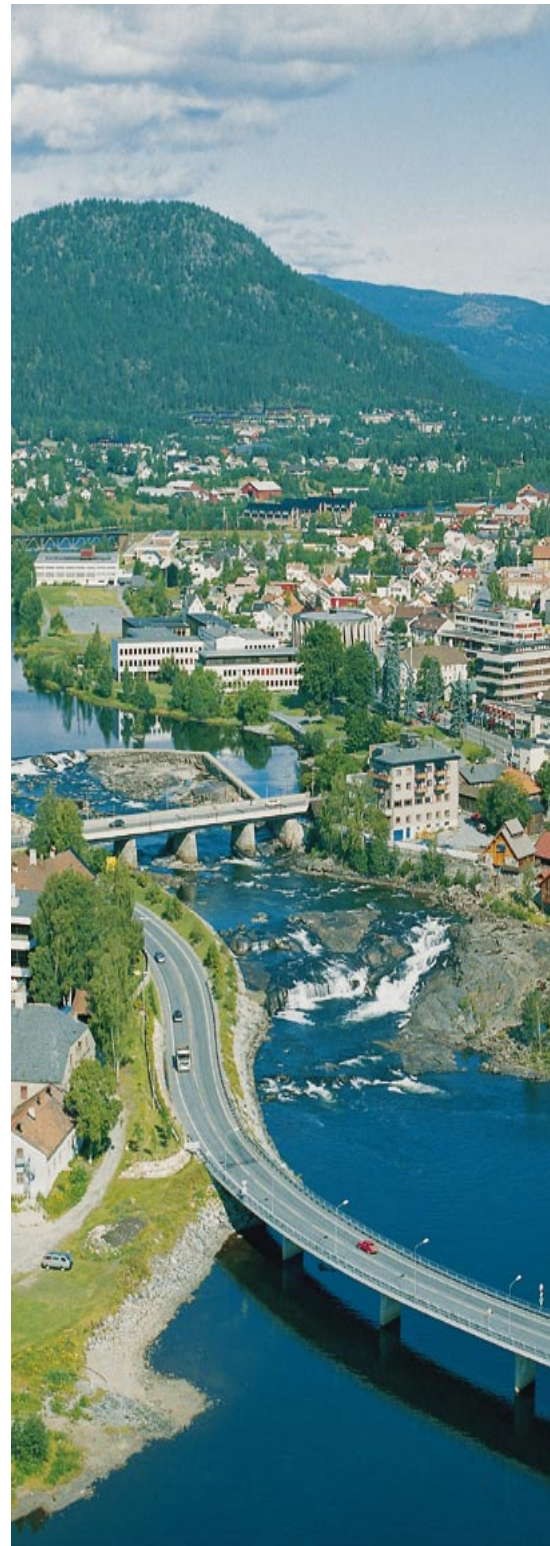
*Managing Director
Olav Myhre,
Kongsberg Intech AS*



Kongsbergnett owns and operates the communal information service for the town of Kongsberg, known as the Kongsberg Web. This local server represents the heart of Kongsberg's local information network. It is based on Kongsberg Intech's NoByKom concept, and is an important reference site and pilot for testing new ideas from Kongsberg Intech.

Kongsbergnett is organised as a virtual company, with no permanent employees. The company is operated by staff from Kongsberg Intech and the local regional newspaper, Laagendalsposten. Kongsbergnett's objective is to gather information on all the activities in Kongsberg into an information structure which, through an internet site (web address/URL), can be used to market Kongsberg. The Kongsberg Web functions like an electronic local newspaper, and represents a valuable supplement to the information published through more traditional media. This is not least a result of the "news hierarchy" principle which the NoByKom concept describes.

Income generation for Kongsbergnett has so far been mainly from selling space on its site, but will in the future be more based on advertising and consultancy revenues. In order to create greater awareness of the Kongsberg Web, and to encourage more access to the web site, Kongsbergnett plans to install a number of information kiosks in Kongsberg during 1998 and to produce a printed newspaper, financed by advertising, to increase the use of the Kongsberg Web.



Data Bistand Konsulent AS

Data Bistand Konsulent AS was acquired by EDB ASA at the beginning of 1998 in accordance with an agreement signed in the Autumn of 1997. The company had 14 employees at the date of acquisition, and turnover in 1997 was NOK 8.4 million. The company's activities are in the course of being integrated with the activities of EDB ASA, and will form a part of EDB ASA's Full Service Division.

The main activity of Data Bistand Konsulent is systems development work, particularly for main-frame applications, with salary and personnel systems as its speciality. This has been the basis for the company's growth, although it has more recently also developed expertise in other technologies and applications areas.

The company's main market is the local authority sector, either directly or as a subcontractor for others, and the City of Oslo has been the most important single customer. The company's expertise and customer base serve to strengthen EDB ASA in the areas of systems management and Full Service supply, in particular to the public sector.

The business will continue to operate from its offices in Lier, and will accordingly form a platform for EDB ASA's growth and recruitment in the Drammen area.





MaXware supplies complete systems and associated complementary products and services for electronic trade between large organisations. Electronic commerce, message delivery, catalogue services and database systems are central features of MaXware's systems.

The company's main markets are service industries, the public sector and large companies in selected market sectors, both in the Nordic region and internationally.

MaXware's expertise in electronic commerce is amongst the most advanced in Europe, and this is one of the major reasons for the company's success in competing with large international players in the market. The company's products are used throughout the world, not least by the national post and telephone companies of many countries.

MaXware further increased its focus on electronic commerce systems in 1997, and to this end its subsidiary KvatroTelekom was established as a separate unit with 16 employees. A combination of in-house product development and the creation of a structure of international partners provides the basis for long term growth and profitability. MaXware can now, through its partners, deliver complete systems consisting of both its own products and products from leading companies such as Isocor and Microsoft.

Isocor, one of the company's most important partners, is one of the world's leading software companies for message delivery over the Internet and for catalogue services. MaXware and Isocor have entered into a global distribution agreement for the distribution of each other's products.

MaXware has its head office in Trondheim and has sales offices in Oslo, Tønsberg and Amsterdam. MaXware is represented in Stockholm and Washington DC through its own subsidiaries. The Dutch post office, PTT:Post has entered into a major contract with MaXware, which now makes it desirable for the company to establish a subsidiary in Amsterdam. Increased demand from the Swedish market will lead to a doubling of the staff complement of MaXware AB during 1998.

MaXware has carried out further development work on its database product Techra, which is now also available in Windows format to cater for the strong growth in the market for Windows NT server based systems. A number of new VAR-partnerships have resulted from Techra's strong market position with Norwegian local authorities.

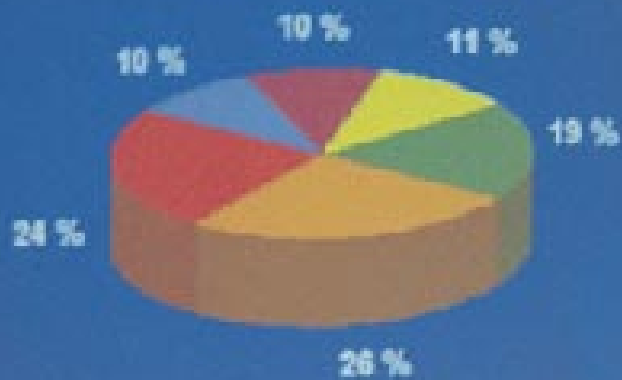
The company's turnover in 1997 was NOK 73 million, and at year end it employed a total of 94 staff. MaXware had a turnover of 73 mill. NOK in 1997 and had about 90 employees. The foundations for growth in the form of both increased sales and profits in 1998 are being laid by increasing the company's focus and concentration on specific sectors.

Some of our customers

Our customers represent a cross cut of private business and public services, ranking from medium sized enterprises to large corporate groups.



Samlet besøksstilt 14.900



Center for research in marketing



Addresses and telephones

EDB ASA

Main office

Managing director – Eivind Kinck

Postal address (all divisions):

Postboks 139 Økern

N-0509 Oslo,

Norway

Internet:

<http://www.edbasa.no>

Computer operating services

Marketing director – Finn-Arne Øvern

- Computer operating services
- AS/400 hotel
- WEB hotel
- Computer communications
- EDI
- Support

Full service divisjonen

Marketing director – Dagrun Husum

- Systems development
- Systems administration
- Operations

PC/Network division

Marketing director – Svein Borge

- Network/Servers/PCs
- SW: e.g. Lotus-/Microsoft
- Installations, operating support, technical service
- Education

Visiting address:

Ulvenveien 88, Oslo

Telephone +47-22 72 80 00

Telefax +47-22 63 05 85

Education and training center

Visiting address:

Erich Mogensøns vei 38E, Oslo

Telephone +47-22 72 80 00

Telefax +47-22 65 41 07

Consultancy division

Marketing director – Bjørn Thorell

- Consulting/Project management
- NOVA (logistics)
- Client/server
- Mainframe
- PC/Groupware
- Document systems
- Infrastructure

SAP division

Marketing director – John Haga

Accounting and finance

- Logistics
- Project management
- Wages
- Implementation and training

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MaXware AS

Managing director – Ottar Kristiansen

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30 osen, Roy Jahr, Einar Jakobsen, Bernt Jansrud, Grete Jarnæs, Joan Jens

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