

This is the EDB Group

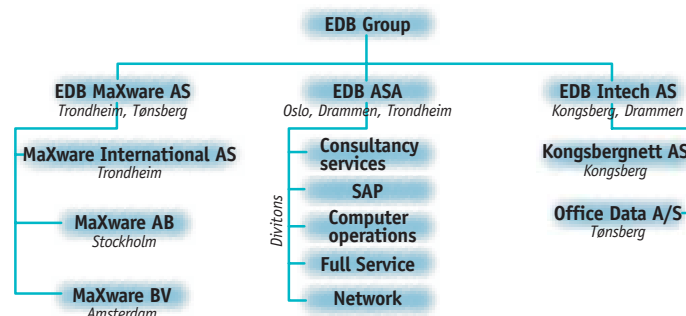
The EDB Group is listed on the Oslo Stock Exchange and comprises the three major operating companies EDB ASA based in Oslo, EDB Intech in Kongsberg and EDB MaXware in Trondheim. The group has over 600 employees and is one of the largest independent, private sector IT companies in Norway.

The EDB Group offers a high level of expertise throughout its wide range of IT services and systems. The group's major business areas are consultancy services, computer communications and computer operating services, as well as the supply of complete network systems including both hardware and software. The group's main markets are large and medium-sized companies and organisations in the private sector and public sector bodies. The EDB Group has expertise in all the areas required for the entire IT process – strategic consultancy and advice, project management, systems development, installation, training and computer operating services – and accordingly the group can offer a wider range of skills than either consulting firms or IT suppliers can make available.

The group's total operating revenues totalled NOK 703.8 million in 1998, representing a 15 % increase from the previous year. Pre-tax profit was NOK 19.3 million, a 19 % improvement on the previous year.

The company's 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's principal commercial objective is to achieve profitable growth, with operating revenues growing more rapidly than the average for the IT industry as a whole, and with pre-tax profits of at least 5 % of operating revenues.

The Board of Directors of EDB ASA and Telenor Programvare reached agreement on 17 March 1999 to merge the two companies. The proposed merger will be considered by the company's Annual General Meeting in April. The aim of the merger is to create a nation-wide expertise based IT company, with a focus on systems solutions, consultancy services and computer operating services. The new group will have approximately 2,100 employees and annual operating revenues of NOK 2,772 million (1998). The proposed name for the company to be formed by the merger is EDB ASA.

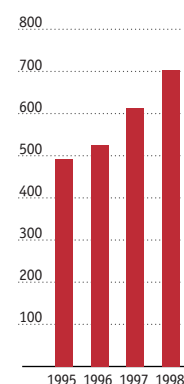


Key figures – EDB Group

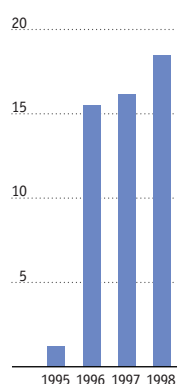
The following figures have been produced on a comparable basis to include Landbruksdata AS, EDB Intech AS and EDB Maxware AS.

NOK 1,000	1998	1997	1996	1995
Profit and loss account				
Operating revenues	703,844	612,576	525,318	493,040
Operating profit	18,491	16,137	15,520	1,231
Net financial items	777	55	-618	-1,097
Extraordinary items	0	0	0	2,894
Pre-tax profit	19,268	16,192	14,902	3,028
Profit for the year	15,109	11,040	12,519	1,920
Balance sheet				
Current assets	213,264	211,618	165,114	140,602
Fixed assets	64,900	47,272	54,672	49,763
Current liabilities	131,297	129,209	106,586	94,244
Long term liabilities	2,277	10,831	11,643	14,666
Minority interests	910	139	0	0
Book value of equity capital	142,680	118,680	101,557	80,623
Total assets	278,164	258,890	219,786	190,365

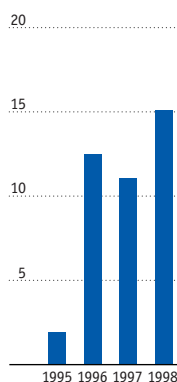
Operating revenues
Mill. NOK



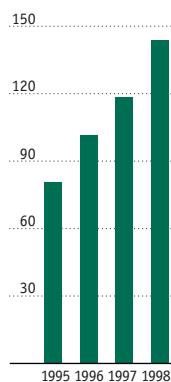
Operating profit
Mill. NOK



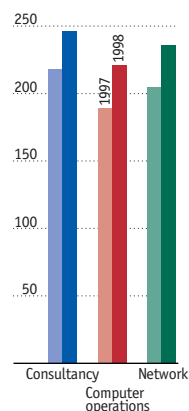
Profit for the year
Mill. NOK



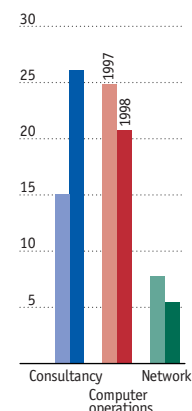
Equity capital
Mill. NOK



Operating income per business area
Mill. NOK

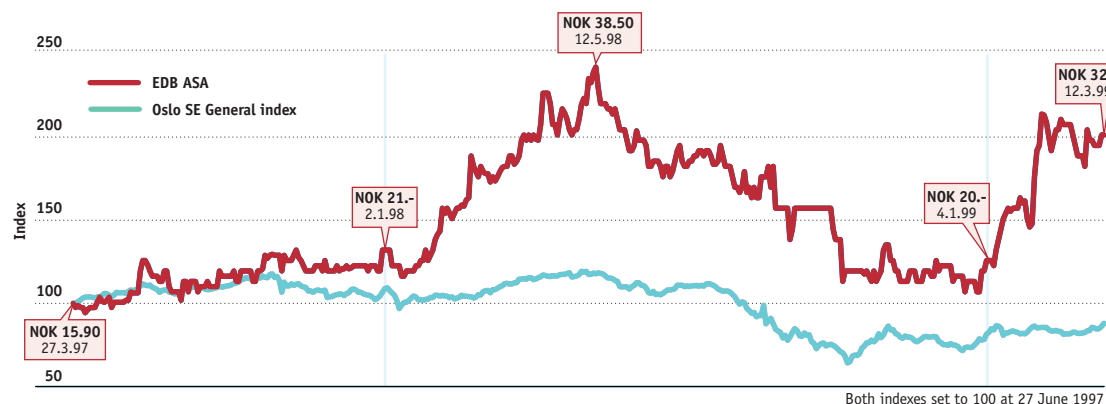


Operating profit per business area
Mill. NOK

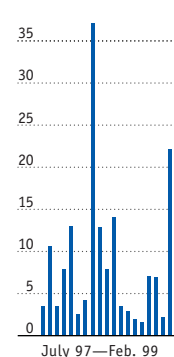


Share performance

27 June 1997–12 March 1999



Share turnover per month¹⁵⁾



Key financial ratios

The following figures have been produced on a comparable basis to include Landbruksdata AS, EDB Intech AS and EDB Maxware AS.

Beløp i NOK 1.000

Profitability

	1998	1997	1996	1995
Operating margin ¹⁾	2.6 %	2.6 %	3.0 %	2.4 %
Profit margin ²⁾	2.7 %	2.6 %	2.8 %	2.6 %
Return on equity ³⁾	11.5 %	10.0 %	13.7 %	2.4 %
Return on assets ⁴⁾	7.7 %	7.4 %	8.10 %	2.6 %

Liquidity

	1998	1997	1996	1995
Cash flow ⁵⁾ (NOK 1.000)	23.229	26.315	29.034	9.797
Current ratio ⁶⁾	162.4 %	163.8 %	154.9 %	149.2 %

Gearing

	1998	1997	1996	1995
Equity ratio ⁷⁾	51.7 %	45.8 %	46.2 %	42.4 %
Debt ratio ⁸⁾	93.0 %	118.0 %	116.4 %	136.1 %

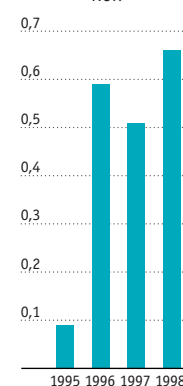
Key figures per share (NOK)

	1998	1997	1996	1995
Cash flow ⁹⁾	1.01	1.22	1.38	0.46
Equity ¹⁰⁾	6.28	5.51	4.82	3.83
Earnings ¹¹⁾	0.66	0.51	0.59	0.09
Diluted earnings ¹²⁾	0.64	0.51	0.59	0.09
No. of shares ¹³⁾	22.869.745	21.547.357	21.076.500	21.076.500
Diluted no. of shares ¹⁴⁾	23.533.609	21.822.312	21.076.500	21.076.500

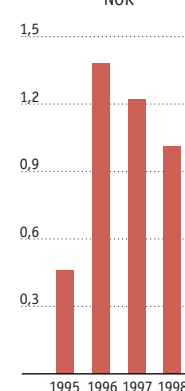
Definitions

- Operating margin* = Operating profit as a percentage of operating revenues
- Profit margin* = Profit for the year as a percentage of operating revenues
- Return on equity* = Profit for the year as a percentage of average equity
- Return on assets* = Profit before tax and financial costs as a percentage of average total assets
- Cash flow* = Cash flow from operational activities (see Cash flow analysis)
- Current ratio* = Current assets as a percentage of current liabilities
- Equity ratio* = Book value of equity capital as a percentage of total assets at year end
- Debt ratio* = Liabilities divided by equity capital
- Cash flow per share* = Cash flow from operational activities divided by number of shares (see definition No. 13)
- Equity per share* = book value of equity at 31.12 divided by number of shares (see definition No. 13).
- Earnings per share* = Profit for the year divided by average number of shares (see definition No. 13). Calculated on the basis of the provisional Norwegian accounting standard for earnings per share.
- Diluted earnings per share* = Profit for the year divided by number of shares, taking into account the dilutive effect of options granted. (see definition No. 14, also Note 15 to the accounts). Calculated on the basis of the provisional Norwegian accounting standard for earnings per share.
- No. of shares* = number of shares outstanding in the period, weighted by the number of days the shares have been in issue. Consideration of 2,650,000 shares issued in connection with EDB Intech and EDB Maxware included with effect from 1 January 1995.
- Diluted number of shares* = average number of shares for the period (see definition No. 13) taking into account the dilutive effect of options granted. It is assumed for the purposes of this calculation that the options are exercised at such time as will cause the maximum dilution.
- Share turnover per month* = no. of shares sold as a percentage of total no. of issued shares.

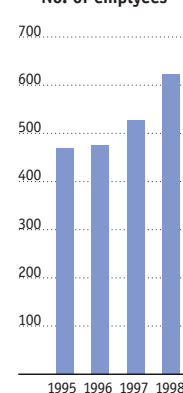
Profit per share
NOK



Cash flow per share
NOK



No. of employees



Report of the Board of Directors for 1998

Group turnover and results

The EDB Group, which consists of the main operating companies EDB ASA, EDB Intech AS and EDB MaXware AS, reported turnover of NOK 703.8 million for 1998, with an operating profit of NOK 18.5 million. Pre-tax profit was NOK 19.3 million. Growth in turnover on a like-for-like basis was 15 %, and pre-tax profit increased by 19 %. Turnover and profits were higher for the group's consultancy activities, but profits stagnated to some extent in the areas of computer operating and equipment sales.

Turnover of the parent company in 1998 amounted to NOK 516.4 million, with an operating profit of NOK 10.0 million.

Market conditions

Demand for IT products and services remained strong for most of 1998. A number of important factors contributed to this. Preparations for the transition to year 2000 will intensify in 1999, since there is still much to be done in terms of both applications and platforms.

There is also a trend towards increasing use of multi-functional software, especially so-called ERP systems of which SAP is of particular importance for the EDB Group. This type of system is now also available for Windows NT environments, and this has encouraged medium-sized companies to start to use these applications.

Internet and web technology continues to develop at a rapid pace, and is being used for an ever wider range of applications, with traditional information sources being made available in new ways and for new groups of users. The trend is now for the internet to become the major means of communication for electronic commerce, and this is expected to be an area of major growth in the years to come. The EDB Group's main companies already have

extensive expertise in this area, and the group is investing in further improving its knowledge and technology.

An ever-increasing number of companies and organisations are recognising that many of their IT requirements do not form part of their own core business activities, and interest in outsourcing the operation and administration of IT systems to professional suppliers is growing all the time. There is now a rapidly growing market for operating computer systems on a variety of hardware platforms, as well as for operating networks and for managing applications. A central feature of the EDB Group's outsourcing service is the wide range of choices it offers. Customers can determine the precise extent of outsourcing support they require, depending on the resources and expertise they have available.

Over recent years the traditional service of operating mainframe environments for customers has been following a declining trend, and this has led to some internal changes in the group. Mainframe operations will cease entirely at EDB Intech AS in Kongsberg in early 1999, and a process of change is to be implemented in EDB ASA to give a better balance in the costs involved in running mainframe services. The changes involved will be carried out throughout 1999. There is on the other hand strong growth in EDI services and in operating systems for customers based on more modern platforms such as AS/400, Unix and NT. These aspects have not as yet fully compensated for the reduction in mainframe operations, but they do represent an area of particular importance for the company and will receive a lot of attention in the future.

Consultancy services continued to show a strong performance in 1998. The newly acquired subsidiary EDB MaXware AS reported weak

results in the first quarter, but this negative trend was rapidly reversed and the company was profitable in the three remaining quarters of the year, closing 1998 with an operating profit of NOK 1 million for the year as a whole. Consultancy services now represent the largest business area of the EDB Group in terms of both turnover, profits, and number of employees. A number of new development and implementation assignments were taken on during 1998 which will continue into 1999.

1998 was not a satisfactory year for PC/Network sales. Whilst total sales were higher, strong competition was experienced especially in the central part of eastern Norway, with downward pressure on what were already thin profit margins. The key to improved profitability in this business area lies with increasing the sales of services related to the installation and operation of equipment, whilst volumes must be maintained in order to achieve competitive terms from suppliers. It is also desirable to shift the balance of sales towards servers and larger installations which do not require an extensive logistics function. The newly acquired company SMB Data, which is based in Kongsberg, showed a good performance in 1998, and the same is true of the computer training activities of EDB ASA.

EDB Intech AS, formerly Kongsberg Intech AS has performed very well since the company was integrated into the group in November 1997. Both turnover and employee numbers have more than doubled in the space of less than 12 months through a combination of organic growth and acquisitions, and this has been combined with improving profitability.

Mergers and acquisitions

The structural changes which have characterised the IT industry both domestically and

internationally continued throughout 1998. There were a number of acquisitions and mergers in Norway during 1998, and EDB ASA has been an active player in this market. EDB ASA acquired the entire share capital of Databistand Konsulent AS, a company with 14 employees based in Drammen, with effect from 1 January 1998. This business is now an integrated part of EDB ASA.

A contract was signed in February 1998 for a group merger between EDB ASA's subsidiary EDB Intech AS (formerly Kongsberg Intech AS) and SMB Data AS. SMB Data is an IT company with 15 employees based in Kongsberg which specialises in systems integration. The merger was completed in October 1998.

In May 1998 the entire share capital of Softforum AS, a company based in Ås, was acquired. At the time of acquisition the company had 5 employees specialising in internet applications. This business is now a fully integrated part of EDB ASA.

The merger with EDB MaXware AS (formerly MaXware AS), a company based in Trondheim, was completed in 1998 following the signing of a letter of intent for a group merger with EDB ASA in December 1997. At the time of acquisition the company had 90 employees, and it specialises in communication systems and related system development services.

The Board of Directors of EDB ASA and Telenor Programvare reached agreement on 17 March 1999 to merge the two groups, and a draft Merger Agreement was produced. Telenor Programvare is wholly owned by Telenor AS, and comprises the companies Telenor Dataservice AS, Telenor 4tel AS, Telenor Novit AS, Telenor Dolphin AS and Telenor Infomedica AS, as well as 50 % of Ephorma AS which is a company being created through the merger of Telenor Allianse AS with the technical services

division of Posten SDS. It is intended that the proposed merger will be considered by the company's Annual General Meetings in April. The exchange ratio proposed results in EDB ASA's shareholders holding 34 % of the merged company, with Telenor holding 66 %. Telenor is committed to selling shares to reduce its holding to 60 % in connection with the completion of the merger.

The objective of the merger is to create a leading expertise-based IT company, with a focus on systems solutions, consultancy services and computer operating services. The new group will have nation-wide coverage and will be well placed for further profitable growth. The new group will be a large player in terms of the Nordic market, with over 2,100 employees and would have had turnover of NOK 2,700 million in 1998 on a pro forma basis. The proposed terms of the merger provide for the merged company to be named EDB ASA, and it will continue to be an independent company listed on the Oslo Stock Exchange. There are some areas of overlap between the businesses carried out by the EDB-Group and Telenor Programvare, and this will permit synergies in the form of cost savings without any plans to reduce staffing levels. In other areas the two businesses complement each other, and this provides a sound foundation for profitable growth. The merged group will have a strategy of growth, which it will pursue in terms of both internally generated growth and through acquisitions of related businesses. The merged company will have a strong balance sheet, with good liquidity and a high equity ratio. It is proposed that the Board of the merged company have five members, elected by the shareholders. Peter Pay, Senior Executive Vice President of Telenor, will be proposed as Chairman and Jarle Gundersen, the current

Chairman of EDB ASA, will be proposed as Deputy Chairman of the new company. Bjørn Trondsen, the current Managing Director of Telenor Programvare AS, is proposed as Group Chief Executive of the merged operation and Eivind Kinck, Group Chief Executive of the current EDB ASA, is proposed as Deputy Group Chief Executive.

EDB Intech AS agreed in March 1999 to purchase the entire share capital of Office Data AS in Tønsberg. The company has 13 employees and reported turnover of NOK 37 million in 1998. The acquisition of this company represents a further step in the strategy for EDB Intech AS to increase its presence in the Vestfold/Telemark region.

Organisation and working conditions

The group had 622 (526) employees at the end of 1998 representing an increase of 18 % over the course of the year. The parent company had 449 (363) employees. The high quality of the group's staff is its major asset. 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 the share option scheme which was established in 1997 for all staff was extended in 1998 as a further incentive for staff commitment and identification with the company's goals. Approximately 300 members of staff were shareholders of the parent company at the end of 1998.

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 invested in developing knowledge and skills in pace with the demands of the market in all the busi-

ness areas, and staff are encouraged to participate in additional training in their free time.

The programme of work required to ensure a secure transition for the group's computer systems and procedures to year 2000 has been organised as a series of separate projects, all of which will be completed well in advance of 31 December 1999. The expense incurred in preparations for Year 2000 is fully expensed as it is incurred.

The company has only limited dealings with European Union countries, and the introduction of the euro accordingly has little effect on the company's operations.

New legislation came into effect from 1 January 1999 for corporate accounting and for public companies. The Board of Directors has fully acquainted itself with this new legislation. Note 17 of the Notes to the Accounts also refers to these changes. In deciding on the dividend to be paid in respect of the 1998 accounting year, the Board has ensured that the company's equity situation following the implementation of the new legislation will be satisfactory.

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

Details of the salary, fees and other remuneration paid to the Managing Director, the Board of Directors and the Auditors can be found at Note 14. Details of shareholdings can be found at Note 8.

Future prospects

There are good reasons to believe that the service sector of the IT industry will continue to enjoy strong demand in the years ahead. The work involved in preparing for the transition to year 2000 will intensify during 1999, and

the transition itself is currently reducing demand for new investment in software and hardware other than essential year 2000 requirements. Many companies and organisations are expected to put all IT development work on hold for the second half of 1999, and this will lead to pent-up demand which will have to be met once the year 2000 transition has been completed. This will serve to increase demand in the medium term.

The joint European currency has so far only had a modest impact on the Norwegian IT market. There are however now clear signs that many companies will choose to use the euro for all their business with EU countries. This trend is expected to gather pace over the next few years, and the group is fully committed to building up the knowledge and expertise which these developments will require.

The company firmly believes that the outsourcing market will continue to grow, and is determined to strengthen its role as a full service supplier to both larger and medium-sized customers. A further strengthening of the current performance achieved by consultancy services is also an important objective for the group.

The trends seen over recent years in the IT industry towards larger groups and changes in ownership are expected to continue, and will produce changes and increases in competitive pressure in the market. Growth will continue to be the central feature of the EDB Group's strategy, and the group will seek to achieve this through a combination of organic growth and mergers and acquisitions in its major areas of activity. The Board expects see a satisfactory growth in income and profit performance for the year ahead.

Financial situation

The EDB group's balance sheet position again improved in 1998 as result of the group's good financial results, the issue of new shares and the mergers and acquisitions which were carried out. The group now has equity capital of NOK 143.7 million, representing an equity ratio of 51.7 %. The group had liquid assets of NOK 53.9 million at 31 December 1998, which taken together with undrawn credit facilities gave the company a reserve of available liquidity of NOK 76.9 million. The group's total liabilities amounted to NOK 133.6 million, of which interest bearing debt accounted for NOK 5.1 million.

Net working capital was little changed in 1998 at NOK 82.0 million. Total investment in 1998 amounted to NOK 34.9 million, of which NOK 7.3 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 953 shareholders at 31 December 1998 of which 18 were foreign. See also Note 8 to the accounts. In accordance with the authority granted at the General Meeting held on 5 November 1997, new shares were issued during the year in connection with the exercise of employee share options. On 25 May 1998 a tranche of 738,730 shares was issued at a price of NOK 13.44 per share, 38,079 shares were issued at a price of NOK 18.53 and 157,732 shares were issued at a price of NOK 20.14. The company's share price was NOK 21 on the first trading day of 1998, and NOK 19 on the last trading day of the year. The highest price reached during the year was NOK 38.50, and the lowest price was NOK 17.



Odd Byhre



May-Brith Solberg



Lasse Ramdahl

In accordance with the company's stated objective of making dividend payments, the Board proposes the payment of the dividend of NOK 0.20 per share in respect of the 1998 accounting year, and this dividend will be payable on 23,238,441 shares.

In accordance with the authorities granted at the General Meetings of 9 April 1997 and 5 November 1997, share option agreements have been granted to employees of the EDB Group in respect of 3,264,203 shares as at 31 December 1998. The options can be exercised over the period May 1999 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 24,205,000. The tax charge for the year amounted to NOK 504,000. The Board proposes that the net profit of NOK 23,701,000 be applied as follows:

To dividend:	NOK	4,648,000
To group contribution:	NOK	10,300,000
To free reserves:	NOK	8,753,000



Jarle Gundersen



Erik Amlie



Helge Hoel



Nils Landsnes

Oslo, 15 March 1999

The Board of Directors of EDB – Elektronisk Databehandling ASA

Odd Byhre

Jarle Gundersen
(formann)

Lasse Ramdahl

Nils Landsnes

Erik Amlie

Helge Hoel

May-Brith Solberg

Profit and loss account for the year 1 January—31 December

EDB ASA			EDB Group	
1997	1998	NOK 1,000	1998	1997
488,902	516,449	Operating Revenues	703,844	612,576
171,113	153,664	Cost of goods sold	223,006	191,760
162,138	205,905	Wages, social security and pensions (Notes 9, 14 and 15)	288,852	228,740
126,533	137,531	Other operating costs	157,386	157,035
7,051	9,222	Ordinary depreciation (Note 4)	15,378	18,216
254	122	Losses on receivables (Note 2)	731	688
467,089	506,444	Total operating costs	685,353	596,439
21,813	10,005	Operating result	18,491	16,137
1,064	1,877	Interest and other financial income	2,776	1,528
-	137	Interest and other financial income: Group	-	-
-	12,500	Dividend received from subsidiaries	-	-
(242)	(314)	Other financial expenses	(1,999)	(1,473)
822	14,200	Net financial items	777	55
22,635	24,205	Profit before tax and minority interests	19,268	16,192
(6,167)	(504)	Tax (Note 6)	(3,472)	(5,152)
-	-	Minority interests	(687)	-
16,468	23,701	Profit for the year	15,109	11,040
		Revaluations and allocations		
3,771	4,648	Allocated for dividend		
-	10,300	Group contribution paid		
1,647	-	To legal reserve		
11,050	8,753	To free reserve		
16,468	23,701	Total allocations (Note 7)		
		Earnings per share (Note 16)	NOK 0.66	NOK 0.51
		Diluted earnings per share (Note 16)	NOK 0.64	NOK 0.51


Balance sheet at 31 December

EDB ASA			EDB Group	
1997	1998	NOK 1,000	1998	1997
		Assets		
45,888	38,240	Cash, bank and postgiro (Note 1)	53,947	56,284
48	4,609	Short-term group receivables (Note 2)	-	-
99,723	107,897	Customer receivables (Note 2)	137,448	131,326
7,950	6,814	Other receivables	12,933	16,237
7,052	6,897	Inventories	8,936	7,771
<u>160,661</u>	<u>164,457</u>	<i>Current assets</i>	<u>213,264</u>	<u>211,618</u>
400	1,402	Shares in subsidiaries (Note 3)	-	-
-	5,319	Other shares (Note 3)	5,692	210
-	4,486	Long-term group receivables (Note 18)	-	-
22,578	21,718	Other long-term receivables (Notes 9 and 12)	25,067	24,807
-	4,920	Goodwill (Notes 4 and 5)	4,847	-
12,864	20,447	Machinery, fixtures etc. (Notes 4 and 5)	29,294	22,255
<u>35,842</u>	<u>58,292</u>	<i>Fixed assets</i>	<u>64,900</u>	<u>47,272</u>
<u>196,503</u>	<u>222,749</u>	Total assets	<u>278,164</u>	<u>258,890</u>
		Liabilities and equity		
35,542	36,482	Accounts payable	46,401	50,064
35,352	44,822	Wages, tax and other deductions (Note 15)	59,173	48,743
7,650	9	Tax payable (Note 6)	2,346	8,236
3,771	4,648	Allocated for dividend (Note 7)	4,648	3,771
652	2,104	Short-term group liabilities	-	-
<u>12,906</u>	<u>12,520</u>	Other short-term liabilities	18,729	18,395
<u>95,873</u>	<u>100,585</u>	<i>Current liabilities</i>	<u>131,297</u>	<u>129,209</u>
400	275	Other long-term liabilities	2,200	10,831
3,373	2,595	Deferred tax (Note 6)	77	31
<u>3,773</u>	<u>2,870</u>	<i>Long-term liabilities</i>	<u>2,277</u>	<u>10,862</u>
-	-	Minority interests	910	139
19,299	23,238	Share capital (Note 8)	23,238	19,299
28,488	38,233	Legal reserve		
49,070	57,823	Free reserve		
-	-	Other equity	120,442	99,381
<u>96,857</u>	<u>119,294</u>	Equity (Note 7)	<u>143,680</u>	<u>118,680</u>
<u>196,503</u>	<u>222,749</u>	Total liabilities and equity	<u>278,164</u>	<u>258,890</u>
92,723	102,219	Security pledged (Note 10)	106,950	97,223
1,525	2,541	Guarantee liability (Note 11)	8,007	3,286


Oslo, 15 March 1999

The Board of Directors of EDB – Elektronisk Databehandling ASA


Odd Byre

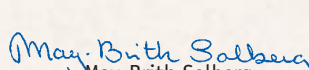

Jarle Gundersen
Chairman


Lasse Ramdahl


Nils Landsnes


Erik Amlie


Helge Høel


May-Brith Solberg


Eivind Kinck
Managing Director

Cash flow analysis

EDB ASA		NOK 1,000	EDB Group	
1997	1998		1998	1997
Cash flow from/to operations				
22,635	24,205	Profit before tax	19,268	16,192
(7,650)	(14)	Tax payable (Note 6)	(2,178)	(8,297)
(3,771)	(4,648)	Allocated for dividend (Note 7)	(4,648)	(3,771)
-	(10,300)	Group contribution	-	-
(75)	-	Loss/(gain) on sale of shares	-	(75)
28	-	Loss/(gain) on sale of fixed assets (Note 5)	60	28
4,952	4,217	Pension funding with no cash effect (Note 9)	4,592	6,943
(158)	(439)	Pension premiums	(1,907)	(2,294)
7,051	9,222	Ordinary depreciation (Note 4)	15,378	18,216
(1,209)	156	Change in inventory	(1,165)	(1,059)
(2,134)	(8,175)	Change in receivables	(6,122)	(21,529)
7,163	940	Change in trade creditors	(3,663)	16,639
(2,598)	(8,327)	Change in other accruals	4,202	5,322
<u>24,234</u>	<u>6,837</u>	<i>Cash flow from operational activities (A)</i>	<u>23,817</u>	<u>26,315</u>
Cash flow from/to investments				
(7,613)	(15,945)	Investments in fixed operating assets (Note 5)	(21,774)	(15,108)
-	(5,781)	Investments in goodwill (Note 5)	(5,781)	-
23	2	Sale of fixed assets (Note 5)	270	33
-	(6,320)	Purchase of shares	(5,482)	-
1,500	-	Sale of shares	-	1,500
<u>(6,090)</u>	<u>(28,044)</u>	<i>Cash flow from/to investments (B)</i>	<u>(32,767)</u>	<u>(13,575)</u>
Cash flow from/to financing				
(6,000)	(125)	Repayment of existing debt	(8,631)	(9,612)
400	-	New borrowings	-	11,975
8,983	13,684	Share issue (Note 7)	15,244	9,981
<u>3,383</u>	<u>13,559</u>	<i>Netto likviditetsendring fra finansiering (C)</i>	<u>6,613</u>	<u>12,344</u>
21,527	(7,648)	Net change in liquid assets over the year (A + B + C)	(2,337)	25,084
24,361	45,888	Liquid assets at 1 January	56,284	31,200
<u>45,888</u>	<u>38,240</u>	<i>Liquid assets at 31 December</i>	<u>53,947</u>	<u>56,284</u>

Accounting principles for the EDB Group

Consolidation principles

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. 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. All intragroup 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. Negative minority interests are not recorded. 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.

Accounting for mergers

Mergers are accounted for in accordance with the pooling of interests method. In the case of substantial mergers the figures for previous years' profit and loss account, balance sheet, cash flow analysis, key figures and notes to the accounts are restated to include the company acquired by way of merger.

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 charged basis is recognised as the service is provided.

Income from the sale of services on a fixed price basis is recognised in pace with the performance of the contracted task. Due attention is also paid to any additional work or expense which are not covered by the fixed price and which will not be considered as additional billable work.

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

Assets which are related to the normal course of business are classified as current assets. The same principle is applied to current liabilities. Receivables or liabilities which are not incurred in the normal course of business are classified as current assets or current liabilities respectively to the extent they fall due within one year from the date of the accounts.

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 writedown 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.

Research and Development

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

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 underfunded contracts are recorded in the accounts as long term interest free debt, whereas overfunded 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.

Tax

The company applies the provisional Norwegian accounting standards for taxation. Deferred tax in the balance sheet is provided for on the basis of differences between accounting and taxation values. The amount provided includes all types of difference, and is calculated without being discounted to present value. Deferred tax and allowable tax losses carried forward are netted to the extent that temporary timing differences are reversed in the same accounting period and are subject to the same tax system. The tax expense included in the profit and loss account is made up of tax payable and change in deferred tax. Changes in deferred tax represent changes in net deferred tax between one accounting period and another, adjusted for currency differences and changes in allowable losses carried forward/deferred tax arising from corporate acquisitions.

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.

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:

	EDB ASA		EDB Group	
	1998	1997	1998	1997
<i>NOK 1,000</i>				
Cash, bank and postgiro deposits	26,593	37,274	37,427	45,744
Balance on blocked deposits (tax)	11,647	8,614	16,520	10,540
<i>Total liquid assets</i>	<u>38,240</u>	<u>45,888</u>	<u>53,947</u>	<u>56,284</u>

Note 2 Losses on receivables

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

	EDB ASA		EDB Group	
	1998	1997	1998	1997
<i>NOK 1,000</i>				
Gross outstanding	108,576	100,402	138,652	132,289
Provision for loss	(679)	(679)	(1,204)	(963)
Net customer receivables	<u>107,897</u>	<u>99,723</u>	<u>137,448</u>	<u>131,326</u>
<i>Realised losses for the year</i>	<u>122</u>	<u>254</u>	<u>731</u>	<u>688</u>

A disagreement has arisen over the terms of a contract in respect of the completion of a significant project. The eventual economic consequences of this disagreement are not yet known, and the matter is not fully reflected in the accounts since the risk of there being significant financial consequences is regarded as unlikely.

Note 3 Shares

	<i>Company's share capital</i>	<i>No. of shares</i>	<i>Par value per share</i>	<i>Interest %</i>	<i>Book value</i>
Shares in subsidiaries					
Held by EDB ASA:					
EDB Intech AS	5,200,000	5,200	1,000	100 %	152,000
Softforum AS	294,000	588	500	100 %	1,200,000
EDB Maxware AS	1,000,000	1,000,000	1	100 %	50,000
Held by subsidiaries:					
MaXware Inc.	5,000	5,000	1	100 %	5,000
MaXware Benelux BV	40,000	400	100	80 %	32,000
MaXware International AS	100,000	1,000	100	70 %	70,000
MaXware AB	100,000	1,000	100	70 %	70,000
Konsbergnett AS	100,000	100	1,000	70 %	70,000
					<u>1,649,000</u>
Shares in other companies					
Held by EDB ASA:					
Unique AS	6,685,000	668,500	10	17.70 %	5,319,000
Held by subsidiaries:					
Utimaco Safeware Nore AS *)	999,000	1,998	500	21 %	210,000
Other					<u>163,000</u>
					<u>5,692,000</u>

*) Company not consolidated since the holding does not convey any tangible influence in the company and is only to be a temporary holding.

Note 4 Fixed assets

<i>NOK 1,000</i>	<u>Fixtures and fittings</u>	<u>Office equipment</u>	<u>Cars</u>	<u>Operating-equipment</u>	<u>Goodwill</u>	<u>Total</u>
EDB ASA						
Acquisition cost at 1.1.98	2,079	624	2,035	28,458	-	33,196
Additions during year	706	648	2,637	11,954	5,781	21,726
Disposals (sales) during year	-	-	-	(19)	-	(19)
<i>Acquisition cost at 31.12</i>	<u>2,785</u>	<u>1,272</u>	<u>4,672</u>	<u>40,393</u>	<u>5,781</u>	<u>54,903</u>
Accumulated depreciation at 1.1.98	1,240	461	369	18,263	-	20,333
Ordinary depreciation for the year	289	119	475	7,478	861	9,222
Reduction in depreciation on sale	-	-	-	(19)	-	(19)
<i>Accumulated depreciation at 31.12</i>	<u>1,529</u>	<u>580</u>	<u>844</u>	<u>25,722</u>	<u>861</u>	<u>29,536</u>
<i>Net book value at 31.12</i>	<u>1,256</u>	<u>692</u>	<u>3,828</u>	<u>14,671</u>	<u>4,920</u>	<u>25,367</u>
Rates of depreciation	<u>20 %</u>	<u>20 %</u>	<u>20 %</u>	<u>25-33 %</u>	<u>20 %</u>	
EDB Group						
Acquisition cost at 1.1.98	2,677	624	2,339	58,701	-	64,341
Additions during year	1,575	648	2,791	16,760	5,781	27,555
Disposals (sales) during year	-	-	-	(264)	-	(264)
<i>Acquisition cost at 31.12</i>	<u>4,252</u>	<u>1,272</u>	<u>5,130</u>	<u>75,197</u>	<u>5,781</u>	<u>91,632</u>
Acc. depreciation at 1.1.98	1,787	461	537	39,347	-	42,132
Ordinary depreciation for the year	289	119	528	13,508	934	15,378
Reduction in depreciation on sale	-	-	-	(19)	-	(19)
<i>Accumulated depreciation at 31.12</i>	<u>2,076</u>	<u>580</u>	<u>1,065</u>	<u>52,836</u>	<u>934</u>	<u>57,491</u>
<i>Net book value at 31.12</i>	<u>2,176</u>	<u>692</u>	<u>4,065</u>	<u>22,361</u>	<u>4,847</u>	<u>34,141</u>
Rates of depreciation	<u>20 %</u>	<u>20 %</u>	<u>20 %</u>	<u>25-33 %</u>	<u>20 %</u>	

Note 5 Investment and disposal (sales prices) of fixed assets

EDB ASA	1994		1995		1996		1997		1998	
<i>NOK 1,000</i>	<u>Inv.</u>	<u>Sale</u>	<u>Inv.</u>	<u>Sale</u>	<u>Inv.</u>	<u>Sale</u>	<u>Inv.</u>	<u>Sale</u>	<u>Inv.</u>	<u>Sale</u>
Operating equipment	3,616	-	7,709	33	6,647	200	5,584	-	11,954	2
Office equipment	10	-	44	-	-	-	-	-	648	-
Fixtures etc.	1,767	-	417	-	297	-	361	-	706	-
Cars	103	291	217	115	-	65	1,668	23	2,637	-
Goodwill	-	-	-	-	-	-	-	-	5,781	-
<i>Total</i>	<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>	<u>21,726</u>	<u>2</u>

Note 5 (continued)

EDB Group	1994		1995		1996		1997		1998	
	<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 1,000</i>										
Operating equipment	7,661	30	11,867	426	10,698	425	13,079	10	16,760	247
Office equipment	10	-	44	-	-	-	-	-	648	-
Fixtures etc.	1,767	-	417	-	297	-	361	-	1,575	-
Cars	103	291	217	115	-	65	1,668	23	2,791	23
Goodwill	676	-	-	-	6,635	-	-	-	5,781	-
Total	10,217	321	12,545	541	17,630	490	15,108	33	27,555	270

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 1,000</i>	EDB ASA		EDB Group	
	31.12.98	31.12.97	31.12.98	31.12.97
Short term timing differences	(532)	(254)	(2,820)	(2,081)
Long term timing differences	9,799	12,302	(1,090)	(2,367)
Deficit carried forward	-	-	(10,775)	(19,012)
<i>Base for deferred tax</i>	9,267	12,048	(14,685)	(23,460)
<i>Rate of tax: 28 %</i>				
Allowable losses not booked			(4,112)	(6,569)
<i>Deferred tax</i>	2,595	3,373	77	31

A tax loss on liquidation in excess of the relevant accounting loss arose in 1998 as a result of the RISK adjustment applied to the winding up of a subsidiary. The sale of the business of DataBistand Konsulent AS to EDB ASA caused a significant tax charge in the subsidiary. The loss on winding up which resulted from this tax charge is shown in the 1998 accounts as a tax charge, since EDB ASA has recorded a matching tax saving.

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

<i>NOK 1,000</i>	EDB ASA		EDB Group	
	1998	1997	1998	1997
Profit before tax	24,205	22,635		
Permanent differences *)	(26,955)	(610)		
Changes in temporary differences	2,781	5,295		
Allowable losses applied	-	-		
<i>Tax base for the year, tax payable</i>	31	27,320		
<i>Rate of tax: 28 %</i>				
Tax payable	9	7,650	2,173	8,297
Change in deferred tax	(779)	(1,483)	46	(3,145)
Previous year adjustments	5	-	(16)	-
Reclassification of loss on liquidation	1,269	-	1,269	-
<i>Tax cost for the year</i>	504	6,167	3,472	5,152

*) Principally accrued but not received dividend from subsidiaries.

Note 7 Equity capital

<i>NOK 1,000</i>	<i>Share capital</i>	<i>Legal reserve</i>	<i>Free reserve</i>	<i>Share capital parent company</i>
EDB ASA				
Balance as at 31.12.97	19,299	28,488	49,070	96,857
New issue of shares	3,939	9,745	-	13,684
Profit for the year 1998			23,701	23,701
Group contribution paid 1998			(10,300)	(10,300)
Allocated for dividend			(4,648)	(4,648)
<i>Balance as at 31.12.98</i>	<u>23,238</u>	<u>38,233</u>	<u>57,823</u>	<u>119,294</u>

<i>NOK 1,000</i>	<i>Share capital</i>	<i>Other equity</i>	<i>Group equity</i>
EDB Group			
Balance as at 31.12.97	19,299	99,381	118,680
New issue of shares	3,939	11,305	15,244
Profit for the year 1998		15,109	15,109
Restatement differences		(179)	(179)
Dividend to minority interests		(526)	(526)
Allocated for dividend		(4,648)	(4,648)
<i>Balance as at 31.12.98</i>	<u>23,238</u>	<u>120,442</u>	<u>143,680</u>

Note 8 Share capital

As at 31 December 1998 the company's share capital consisted of 23,238,441 shares, each of NOK 1 par value and fully paid up. The company had 953 shareholders at the end of 1998, and Norwegian shareholders held 90.22 % of the total share capital. The company's 10 largest shareholders as at 10.03.99 were:

The Managing Director owns 37,000 shares in the company. The following members of the Board of Directors also hold shares:

<i>Shareholder</i>	<i>Interest</i>	<i>Name</i>	<i>No. of shares</i>
Norsk Vekst ASA	16.19 %	Helge Hoel	3.800
Morgan Stanley and C Clients Safe Custody	11.73 %	May-Brith Solberg	1.867
Norsk Kjøttssamvirke	5.77 %	Lasse Ramdahl	400
Norske Meierier	5.54 %		
Verdipapirfondet AVA c/o Avanse Forvaltning	4.83 %		
Kommunal Landspensjonskasse	3.44 %		
Vesta Grønt Norden v/ Vesta Forvaltning	3.20 %		
Nor Forsikring AS Omløpsmidler	2.36 %		
Rusten Invest AS	2.16 %		
Gyldendal norsk forlag	1.72 %		
Other	43.06 %		
	<u>100.00 %</u>		

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 1,000</i>	EDB ASA		EDB Group	
	1998	1997	1998	1997
Pension expense				
Pension liability accrued over the year	5,564	6,630	7,039	7,951
Interest costs on pension liabilities	4,458	4,455	5,097	5,078
Gross pension cost	10,022	11,085	12,136	13,029
Return on pension assets	(6,185)	(6,218)	(7,014)	(7,058)
Difference between estimated and actual return	227	85	203	744
Booked difference	-	-	(886)	-
Employers' taxes	153	-	153	228
<i>Net pension cost</i>	<u>4,217</u>	<u>4,952</u>	<u>4,592</u>	<u>6,943</u>
Pension premiums paid	<u>439</u>	<u>158</u>	<u>1,907</u>	<u>2,294</u>

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	(82,284)	(78,907)	(94,192)	(90,414)
Pension assets	92,752	94,000	105,133	105,826
Changes not amortised	977	32	2,934	1,050
Employers' tax	<u>(98)</u>	<u>-</u>	<u>(98)</u>	<u>-</u>
<i>Book value of pension assets</i>	<u>11,347</u>	<u>15,125</u>	<u>13,777</u>	<u>16,462</u>

The following assumptions are used in the actuarial calculations:

Expected return on pension assets	7 %	The account of pension arrangements given above is based on calculations carried out by independent actuaries which are reviewed annually. 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 the growth in pensions earned and the 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 348 employees of EDB ASA and 429 employees for the Group as a whole.
Discount rate	6 %	
Annual earnings growth	3 %	
Inflation	3 %	
Annual pension growth	2 %	

Note 10 Securities pledged

<i>NOK 1,000</i>	EDB ASA		EDB Group	
	31.12.98	31.12.97	31.12.98	31.12.97
Floating charges registered	<u>26,000</u>	<u>26,000</u>	<u>30,500</u>	<u>30,500</u>
Book value of assets pledged:				
Customer receivables	107,897	99,723	112,397	104,223
Of which income accrued but not invoiced	(12,575)	(14,052)	(12,575)	(14,052)
Inventory	<u>6,897</u>	<u>7,052</u>	<u>7,128</u>	<u>7,052</u>
<i>Total</i>	<u>102,219</u>	<u>92,723</u>	<u>106,950</u>	<u>97,223</u>

Note 11 Guarantee liability

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

	EDB ASA		EDB Group	
<i>NOK 1,000</i>	<u>31.12.98</u>	<u>31.12.97</u>	<u>31.12.98</u>	<u>31.12.97</u>
Guarantees in respect of:				
Employees	611	396	611	957
Property leases	1,930	970	2,409	970
Suppliers	-	159	4,987	159
Blocked accounts (employers' tax)	-	-	-	1,200
<i>Total</i>	<u>2,541</u>	<u>1,525</u>	<u>8,007</u>	<u>3,286</u>

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.

	EDB ASA		EDB Group	
<i>NOK 1,000</i>	<u>31.12.98</u>	<u>31.12.97</u>	<u>31.12.98</u>	<u>31.12.97</u>
Long-term receivables				
Lease rental deposit	2,000	2,000	2,000	2,000
Miscellaneous long term receivables	49	95	114	113
Loans to employees	8,322	5,358	9,176	6,232
Net pension receivables	11,347	15,125	13,777	16,462
<i>Total long term receivables</i>	<u>21,718</u>	<u>22,578</u>	<u>25,067</u>	<u>24,807</u>

Note 13 Property lease and leasing agreements

Property leases have been entered into for office premises of approximately 10,900 sq.m. for the parent company and 17,588 sq.m. for the group as a whole. The remaining lease term, for the major part of the property, is 2 years with an option to extend by 14 years. Yearly lease rental amounts to NOK 12.4 million for EDB ASA and NOK 19.2 million for the group as a whole.

EDB ASA has entered into leasing contracts on cars and operating equipment for periods of up to 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.

EDB ASA has entered into leasing agreements for computer equipment with an annual rental of NOK 10.5 million, and for motor vehicles with an annual rental of NOK 0.9 million. No other company in the group has liabilities in respect of leasing agreements.

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 and benefits of the Managing Director in 1998 amounted to NOK 2,044,071, including the benefit resulting from share options. The Managing Director originally held options over 150,000 shares in the company (see Note 15), and 50,000 of these options were exercised in May 1998. A premium of NOK 1 per option is payable for these options.

The parent company paid fees to members of the Board of NOK 434,000, and to the auditors of NOK 627,000. Of the fees paid to the auditors, NOK 228,000 relates to auditing the accounts and NOK 399,000 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 as at 31 December 1998 a total of 3,264,203 options had been granted. The share option programme is for three years and expires in 2000. The right to exercise options accrues by one third annually, 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. A total of 934,541 options were exercised in May 1998.

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. Of the options currently outstanding a total of 1,473,729 were granted in June 1997, a further 132,486 in September 1997, 528,896 in December 1997, 854,572 in July 1998 and 274,520 in November 1998, based on share prices in the market at the time of NOK 12.00, NOK 17.00, NOK 19.00, NOK 30.00 and NOK 21.50 respectively.

Of the options detailed above, a total of 500,000 options have been granted to 9 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 275,000 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 2.9 million in the Salaries, social security and pensions category of the Profit and Loss Account.

Note 16 Earnings per share

Earnings per share is calculated on the basis of the provisional Norwegian accounting standard for earnings per share. Earnings per share is calculated as the profit for the year divided by the average number of shares in issue over the course of the year. Shares issued in connection with mergers are included with effect from 1 January 1998, and are also included in calculating comparable figures. Diluted earnings per share additionally takes into account the dilutive effect of options granted.

	EDB Group	
	1998	1997
Earnings per share	NOK 0,66	NOK 0,51
Diluted earnings per share	NOK 0,64	NOK 0,51
Average no. of shares	22,869,745	21,547,357
Average no. of shares fully diluted	<u>23,533,609</u>	<u>21,822,312</u>

Note 17 New accounting legislation

A new Companies Act and new legislation for company accounting came into force on 1 January 1999. One effect of these changes is that the EDB Group has to restate its balance sheet as at 31 December 1998 to meet the new requirements for the standard presentation of accounts. In addition certain balance sheet items may be changed as a result of the new accounting principles and rules on valuation. The preliminary work which has been carried out suggests that this will not cause any material changes in the restated group balance sheet. The new accounting legislation no longer sets a ceiling to the recognition of allowable tax losses carried forward, and the equity reported for the group may increase because of this change. Total allowable losses carried forward which will now be subject to valuation in the balance sheet amount to NOK 4.1 million. In the case of the parent company there will also be material changes in the balance sheet reported as a result of the change to accounting for investment in subsidiaries in accordance with the equity method.

Note 18 Transactions with connected parties

All intra-group transactions are carried out on normal commercial terms. Significant intra-group transactions in 1998 were the parent company's acquisition of the business of the subsidiaries DataBistand Konsulent AS and Softforum AS. These business were acquired for their actual value, and the goodwill arising is recognised in the balance sheet. EDB ASA granted a loan of NOK 4.5 million during the year to EDB Maxware AS. Interest is payable on the loan at market interest rates.

Note 19 Virksomhetsområder

Mill. NOK	Consultancy		Computer operations		PC/Network		Admin.		Group	
	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
External op. revenue	246,5	218,3	221,1	189,1	235,5	204,8	0,7	0,4	703,8	612,6
Operating costs	214,6	191,3	195,1	161,3	228,0	195,2	32,2	30,5	669,9	578,3
Depreciation	5,8	11,9	5,2	2,9	2,0	1,8	2,4	1,6	15,4	18,2
Operating profit	26,1	15,1	20,8	24,9	5,5	7,8	(33,9)	(31,7)	18,5	16,1
Investment	9.9	6.7	19.8	23.6	2.5	3.0	2.7	0.9	34.9	34.2
Of which leasing									7.3	19.1

Audit report

(Free translation from the Norwegian statutory audit report)

To the Annual General Meeting of EDB - Elektronisk Databehandling ASA

Audit report for 1998

We have audited the annual report and accounts of EDB - Elektronisk Databehandling ASA for 1998, showing a profit for the year of NOK 23,701,000 for the parent company and a consolidated profit for the year of NOK 15,109,000. The annual report and accounts, which comprise the Board of Directors' report, profit and loss account, balance sheet, cash flow statement, notes to the accounts and consolidated 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 or omissions. 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 Public Companies Act.

In our opinion, the annual report and accounts have been prepared in accordance with the requirements of the Public Companies Act and present fairly the financial position of the company and of the group as of 31 December 1998 and the result of its operations for the financial year, in accordance with Norwegian generally accepted accounting principles.

Oslo, 15 March 1999

KPMG as

Tom Myrhe

State Authorised Public Accountant (Norway)



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 company aims to manage its shareholders' investment in order to produce a return in the form of both dividend and increasing underlying value at least as good as is available on other investments of similar risk. The Board of Directors will pay due consideration to the company's solidity, cash flow, investment requirements and opportunities when considering the scope for dividend payments, with the intention of recommending an annual dividend which will, over time, represent between 20–40 % of the company's post tax profits.

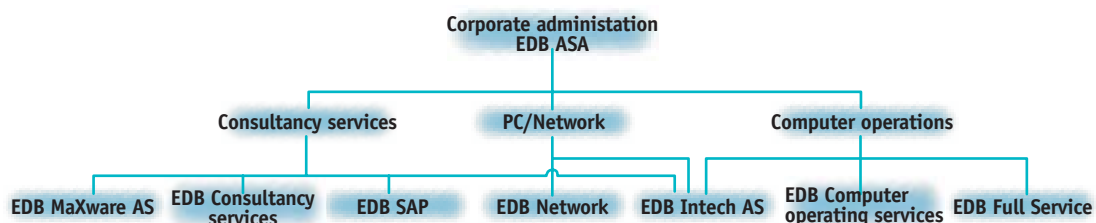
The company's main business activity is to be an expertise based supplier of systems. The main products the group offers are consultancy services and computer operating services. In order to be able to offer itself as a supplier of complete systems solutions, the EDB Group also operates as a supplier of hardware and software, but with a focus on integrating 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, and an extension of the group's geographic presence. A progressive professional and personal environment is essential if we are to fulfil our role as a successful knowledge based company. Recruitment and the development of individual expertise are accordingly central to this strategy, but this 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.

The EDB Group is a broadly based IT operation, and this means that it is important to achieve a certain scale of operations. 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 a tight labour market represents when recruiting for organic growth, as well as the structural changes taking place in the industry, the group prioritises mergers and acquisitions as the route to achieving our targets and objectives.



Eivind Kinck
Managing Director





Business areas of the EDB Group

The EDB Group has three main 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

Consolidated turnover of this business area amounted to NOK 246.5 million in 1998, representing growth of 12.9 % from 1997 on a like-for-like basis. Operating profit for the activity totalled NOK 26.1 million, an increase of 72.8 %.

This business area offers services related to general consultancy, project management, systems development and the operation and maintenance of computer systems, and it accordingly caters for all phases of a computer system's life cycle from initial specification, design and development through to integration, implementation, operation and maintenance. The general expertise available in this area is based on market leading technologies, and is to a large extent documented through certification whether in terms of operating systems, development tools or databases. All companies in the group are able to make use of these technologies to take on assignments in system development, customisation and implementation, as well as extensive conversion projects required by the introduction of new technology.

The emphasis of the EDB Group's consultancy services is placed on helping the customer to make use of technology, whether by developing systems for the customer or by bringing together and implementing existing solutions to meet the customer's specific requirements. In addition to this, considerable emphasis has also been placed in recent years on building up an advisory team in order to strengthen the range of services offered to the market for the early stages in the life cycle of IT projects. This expertise is also available to support all the group's activities with, for example, advice on the choice of technology and systems, IT management, specifying customer requirements and project management.

In addition to the expertise available in the group in terms of both technology and functional disciplines, importance is also attached to the sale and implementation of a number of selected programme applications. The group's main investment is in the SAP

package, which is the leading international software package for accounting and production management. EDB ASA and EDB Intech jointly represent one of the leading consulting environments in Norway for SAP implementation. During the course of 1998, the EDB Group has developed a complete range of services for SAP, extending from major implementation expertise for large organisations using all the system modules through to a reseller agreement with SAP for the supply of packages and operational services to the small and medium-sized corporate market.

1998 saw a high level of activity in the development of internet systems by the EDB Group. EDB Intech has developed a much acclaimed concept for the information services provided by local authorities. This has attracted much interest from the market over the past year, and offers local authorities the opportunity to create and operate a local information network which allows much more efficient communication with their community.

The acquisition of MaXware in June 1998 represented a significant addition to the EDB Group in the area of communication systems, providing both specialist expertise and access to a larger consulting operation in central Norway which will provide a basis for further expansion in this region. The company reported weak results for 1997 and the first quarter of 1998, and this was reflected in the consideration paid. However a reorganisation of the business, which involved shifting the focus away from in-house software development to the sale of systems and services, produced a relatively early improvement in performance. The company was profitable for 1998 as a whole, and the basis for profitable future growth is now in place. EDB MaXware AS was Microsoft's dealer of the year in 1998. The company is the leading centre of expertise for directory services, and also has a strong position in security systems for e-mail and group software. The subsidiaries which EDB MaXware AS has established relatively recently in Sweden and Holland are performing well. These companies represent a chan-

nel for the wider distribution of selected aspects of the EDB Group's products and services.

A total of 308 employees were involved in this business area at 31 December 1998, representing an increase of 69 %. Further recruitment and the continuing development of expertise will continue to be priorities for the consultancy services business area.

Computer operating services

The consolidated turnover of this business area amounted to NOK 221.1 million in 1998 representing an increase of 16.9 % from 1997 on a comparable basis. Operating profit for this activity totalled NOK 20.8 million, which was 16.5 % lower than in 1997.

The business area comprises the centralised operation of computer systems running our mainframes, mini-computers, and client-server environments. The business also includes data communications services, EDI services and the development and administration of the customer systems which the group operates.

The range of operational services provided by the EDB Group involves taking over from the customer the responsibility for the daily routines involved in keeping computers, networks and systems available to their users with a high degree of service, and the extent to which EDB ASA replaces the customer's in-house functions varies from customer to customer. In addition to these basic services the business area offers a wide range of services relating to security administration, printing services, disaster recovery, capacity calculations etc.

Typical 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 the responsibility for their computer operations to

external suppliers who have the broad range of skills and experience required, and who can offer a more economical solution as a result of their own economies of scale, and also allow the user organisation to free up its own resources. The EDB Group, and specifically EDB ASA and EDB Intech AS in Kongsberg, have many years of experience as operations and service organisations, and have built up sound experience of all the major equipment platforms currently in use in Norway.

1998 saw the group make major investments in improved help desk functions, management systems, year 2000 testing and improvements, and a continual process of capacity expansion. New operating concepts have been developed and introduced for areas such as SAP and internet servers, and this investment is expected to yield returns in 1999. There has been sound and stable growth in the use of EDI services, and this area represents an important component of the EDB Group's range of services for electronic trade services.

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. This offers a complete chain of services to meet all the customer's IT requirements.

A combination of ongoing technological development and the impact of the imminent transition to year 2000 has served to further reduce traditional mainframe operations. This takes the form of a gradual reduction in the number of users as mainframe systems are replaced or migrate to client-server platforms. This in turn leads to growth in turnover from operating services related to distributed systems, internet servers, EDI and communication services. However these new forms of operating services are more personnel intensive than traditional mainframe operations and margins are generally

lower, and this resulted in somewhat lower profits in 1998 than in the previous year. There is accordingly potential to improve efficiency by streamlining and automating these services to a greater extent, and work is already underway to achieve this.

A total of 184 employees were involved in this business area at 31 December 1998, an increase of 15 % over the past 12 months. This includes the acquisition of Databistand Konsulent at the beginning of 1998.

PC/Network sales

Turnover of this business area amounted to NOK 225.5 million for 1998, a 15 % increase on 1997 on a comparable basis. Operating profit totalled NOK 5.5 million, which was 29.5 % lower than in 1997.

PC/Network sales is a systems integration business which includes sales of hardware, networks and software, together with services related to the supply of complete networks with servers, workstations, and standard software packages. In addition this business area operates a major computer training business.

EDB ASA has been the one of the leading suppliers of PCs and network systems since 1983, and this business area was expanded in early 1998 by the merger of SMB Data with the existing EDB Intech operation in Kongsberg. The product range consists principally of market leading products from well known suppliers of which Compaq, IBM, Microsoft, Novell and Cisco are the most important. The focus in this business area is on the expertise needed to put together complex distributed systems, rather than simply selling individual components. A broad range of technical consultancy support is accordingly offered to support the configuration and implementation of systems and to provide technical operating support. The level of expertise available in this area is documented through a range of authorisations and certification for the various technologies supported.

EDB ASA's computer training operation comprises a complete range of IT training,

from introductory courses for PC and internet users through to advanced technical courses, with more than a hundred standard courses on offer. Over 15,000 individuals participated in courses run by EDB ASA in 1998. Our training division is an approved Education Centre for both Microsoft and Lotus.

Despite strong performance in the Kongsberg region and in other parts of this business area, results were not satisfactory in 1998. The market for computer hardware is characterised by intense competition and downward pressure on margins, and this means that profitability is principally dependent on the sale of services which result from the delivery of hardware. In addition to this, a number of major customers reduced their purchasing volumes during the year, and this was not fully compensated for by additional orders from other customers. It is intended to take steps to broaden the customer base, whilst focusing on the sale of servers and larger installations which require a high level of expertise. The EDB Group won approval in 1998 as a supplier to the joint IT purchasing organisation for the Norwegian public sector and local authority market, and 1998 also saw the group establish itself as one of the country's leading suppliers of RISC servers. Both of these developments are expected to make a positive contribution in 1999.

A total of 84 employees were involved in this business area at 31 December 1998, representing a growth of 35 % including the acquisition of SMB Data in Kongsberg.

Administration support functions

The EDB Group's administration and central costs include all administrative support functions such as group management, accounting and finance, human resources, internal IT, purchasing and corporate information for all companies of the group. Total costs amounted to NOK 33.9 million in 1998 (4.8 % of turnover) as compared to NOK 31.7 million in 1997 (5.2 % turnover).





Outsourcing:

Major customers hand over their IT functions to EDB ASA

IT outsourcing is one of EDB ASA's most important areas of activity. Outsourcing can be defined as: The transfer of responsibility for the supply of defined IT services to external suppliers for a period which is to last for some years. The essential idea is that companies should concentrate on their own core business activities and transfer their IT function, in whole or part, to a professional business partner.

It is for the customer to decide the extent to which IT activities should be outsourced. The range of choices available covers the entire spectrum from Web Hotel and monitoring services at one end of the scale through to a full service agreement at the other end of the scale. The latter category can include the supplier taking sole responsibility for operating the system and its applications together with ongoing system maintenance and development. In summary, customers have complete freedom of choice as to precisely which IT functions they decide to outsource to EDB ASA.

A number of major customers have chosen to outsource all or part of their IT services to EDB ASA. **Norske Skog** signed an extensive co-operation agreement in autumn 1998 with the multinational SEMA Group and EDB ASA which involves EDB ASA taking on the responsibility for supplying Norske Skog with computing and computer operations for the new SAP applications as well as for some older mainframe applications on a global basis.

The use of SAP has grown strongly in Norway in recent years. EDB ASA has built up extensive SAP expertise over this period, and has more recently added the operation of SAP R/3 systems to the range of services it offers. This makes it possible for customers to outsource the operation of their SAP systems regardless of whether the operating environment used is Unix, NT, mainframe or AS/400. The company has so far won SAP operating assignments for five Norwegian companies. This represents a core activity in the company's continuing commitment to outsourcing.

DnB Factoring has been a customer of EDB ASA for many years. The company's outsourcing agreement with EDB ASA covers the operation and administration of its factoring systems. DnB Factoring has a clear idea of the advantages which it gains from the co-operation with EDB ASA. As the company's managing director, Nils Otto Nielsen says: *«In our business customers outsource to us because we are experts at factoring. This makes good sense. We outsource our computer operations to EDB ASA because we know that they are experts in IT, in the same way that we are experts in our area. We believe that this is a better solution than doing it ourselves.»*

The EDB Group offers a broad range of computer operating services. This gives customers a wide range of choices. They can choose between having their systems run from a secure operating suite on EDB ASA's premises or from their own premises. The company faces a challenge in explaining to the market the major changes which have taken place at EDB ASA, with the group progressing from being one of the largest operators of mainframes to also being one of the leading suppliers of computer operating services for other technologies, such

as Unix, AS/400, NT based systems and the internet. Where EDB ASA works with international customers it co-operates with international partners to meet customer requirements. One example of this is the co-operation with the SEMA Group on the outsourcing agreement for Norske Skog.

The systems and accounting division of the **City of Oslo** is an example of a customer which runs all its computer operations at EDB ASA. This covers everything from the set up, implementation and monitoring operations through to the post-processing of the material produced and its delivery to the various users. EDB ASA operates major business systems for the City such as payroll and personnel, accounting, purchasing ledger and the invoicing of local taxation, as well as a system for human resources planning and staff allocation. EDB ASA also plays an important role when the City's systems require change and development. Such changes require thorough testing of new applications. The year 2000 question represents a major challenge for many systems. The City of Oslo has established a test environment at EDB ASA which is used for tests simulations of the transition to year 2000.



Electronic trade offers a competitive advantage

E-business is not a new concept for EDB ASA – this is something we have been involved in since the second half of the 1980s when it was known as EDI. This means that we are well positioned as an ever increasing number of companies find it extremely profitable to exchange business information with their business partners and customers over the internet/intranet and extranet. We call this «electronic trade».

Electronic Trade or e-business is high on the agenda of companies throughout the world – and EDB ASA is there as a leading player in this area.

EDB ASA has identified electronic trade as one of its areas of strategic concentration at the group level. The strategy is based on the integration of traditional EDI (Electronic Document Interchange) systems with new technology and new concepts for electronic trade. This allows EDB ASA to offer excellent modern total systems which can provide the foundation for the development of new business concepts.

EDB ASA currently has 250–300 customers connected to its centralised EDI translation service where messages are translated to and from the EDIFACT format in order that the information contained can be used in the customer's business applications. The company also offers the operation of customers own electronic trade systems.

Over the last two years the company has expanded this range by combining EDI with various internet systems in order to be able to offer customers the latest in cost efficient trading systems which strengthen their competitive position and improve productivity.

Electronic trade

The terms «e-business» and «e-commerce» are used to describe a range activities which make up the process of electronic trade. There are, however, some differences in meaning between the two terms. e-business is a generic term which encompasses all aspects electronic trading between companies of all industries (also known as B2B or Business to Business), whilst e-commerce applies specifically to electronic trading over

the internet mainly targeted on consumers. This is accordingly known as B2C for Business-to-Consumers, and includes such new concepts as on-line auctions and various forms of direct marketing using techniques such as Data Mining and intelligent agents. The developments which have been seen so far in this area represent only the beginning of the potential market.

Competitive advantage

Electronic trade can make most businesses more efficient by automating a large part of the exchange and registration of information electronically. This offers competitive advantages, and paves the way for new approaches to business. It also releases human resources for other tasks, and gives companies new opportunities to concentrate on their core business activities.

Significant cost reductions can also be achieved. New electronic logistics functions can reduce stock levels, improve the flow of goods and improve the service offered to customers. This is particularly important for the grocery trade where the final link in the distribution chain, the retail outlets themselves, are demanding ever better service from the distributors.

Particularly impressive results can be achieved by integrating e-business systems with a company's own ERP (Enterprise Resource Planning) systems. Leading ERP suppliers such as SAP are currently working with EDB ASA in this area.

Given the major advantages which e-business offers, it is scarcely surprising that an ever increasing number of companies are insisting that their trading partners are able to send and receive business documents elec-

tronically. The multinational General Electric group is an example of a group which specifies «e-requirements» for its suppliers, and this has served to reduce purchasing costs significantly whilst at the same time giving an improvement in the overall quality of the products and services received.

A leading light for the local authority sector

EDB ASA is playing a leading role in the introduction of e-business to the local authority sector. Following the success of two pilot projects, the system for local authority reporting to central government (the national KOSTRA system) is now fully operational at a number of local authorities. From the beginning of February 1999 the KOSTRA system began reporting to SSB, the Norwegian government statistical service.

EDB ASA has supplied project management, systems development and integration services, workstations, training and installation for the KOSTRA project. KOSTRA is based on EDI applications and uses the international EDIFACT standard. E-mail is used to exchange information, with the internet/web as the communication medium.

KOSTRA will serve to improve the overview of resource use in the local authority sector, and is expected to reduce the costs of reporting to central government. The majority of local and county authorities will be using KOSTRA by year 2000, and from 2001 both central government and the statistical service will require local authorities to report via KOSTRA.

NoByKom is an IT concept for the construction and operation of local information networks for Norwegian city and local



authorities. The system has been developed by EDB Intech, the group's Kongsberg based subsidiary, and is intended to help Norwegian authorities improve the service they offer to their residents. NoByKom helps the authorities to work more effectively by communicating documents, reports and plans across an intranet, whilst allowing local residents to access useful information via the internet. EDB ASA has also established an advisory service for NoByKom users.

Rapid growth

Research carried out by Forrester Research suggests that there will be massive growth in B2B e-business over the next few years. However, customers will need good advice if they are to make use of the new technology. EDB ASA is well placed to help companies of all sizes in the majority of industries as a strategic business partner in the implementation of electronic trade between the customers and their business partners and customers.

Local authorities

– a strategically important market for EDB

A total supplier

Local authorities face many challenges in their use of IT. EDB ASA has long experience of managing these challenges for a number of authorities. In many cases the widely spread nature of the challenges faced makes

ASA can apply the full range of its abilities as a complete IT supplier to take on all aspects of IT projects in general, but is also able to undertake specific assignments which need in-depth expertise in particular specialist areas.

tor as a whole and the local authority sector in particular.

The public sector central purchasing project was inaugurated in December 1996, and is one of the measures implemented as part of the overall co-operation between the IT activities of local and central government (the KOSTIT project). The objective of this co-operation is to promote straightforward, secure and cost efficient electronic information exchange, both internally within the public sector and externally towards other users.



Here are two examples of what we have done for two of our customers:

it difficult for a local authority to find the right business partner. Using a number of different partners makes it difficult to co-ordinate the activity and to maintain an overview of progress being made in the different areas. Co-operation with one total supplier goes a long way to solving these problems. EDB ASA has experience and expertise in virtually all the areas of IT which a local authority might need, and by using a business partner which can offer such a wide range of expertise, local authority customers can avoid the need to use a number of different suppliers. EDB ASA's position as a total supplier is based on the group's wide range of experience and broad expertise.

Expertise

What systems can EDB ASA offer a local authority?

Examples of the answer to this question include: computer operating services at all levels, security questions, year 2000 questions, directory services, mail systems, EDI, electronic trade, infrastructure, internet, intranet, extranet, consultancy services etc. This confirms the EDB Group's position as a modern IT supplier which offers a broad range of products and services in all the major current technologies in use today. EDB

Continuity and security

It is essential that local authorities find a business partner which understands their particular requirements. Local authorities need the confidence that they are going to receive a high quality service, that their supplier has the relevant expertise and that it will assist them in keeping up-to-date with developments in the IT world. What is perhaps of greatest importance to local authorities is that EDB ASA is a solid and dependable operation. We were here yesterday, we are here today, and we will also be here tomorrow. The continuity and security which this represents are of overwhelming importance for every local authority.

An approved supplier

EDB ASA is an approved supplier for local authority and public sector centralised purchasing.

Gaining this approval is important for us. The local authority market is an area of central importance for EDB ASA, and recognition by the central purchasing authorities is a sign of quality. This gives the group a degree of security for the priority it continues to place on the local authority sector.

This co-operation with the central purchasing authority is a natural extension of the group's involvement with the public sec-

City of Oslo

The City of Oslo is EDB ASA's largest single customer. The City is also the country's largest employer. EDB ASA operates the City's mainframe based computing systems. The City currently has 2,670 users on its mainframe systems. The payroll system processed 122,000 salary and deductions tasks in 1998, and the payroll system produces between 70,000 and 90,000 pay slips every month. EDB ASA has also undertaken other assignments for the City of Oslo, including the supply of computing infrastructure and the development of new systems.

Bærum

EDB ASA has set up an intranet/internet system for Bærum local authority, which has 8,000 employees. Bærum selected EDB ASA as its business partner for the authority's «IT based information system» project. The NoByKom concept was a main factor in this choice. NoByKom provides the basis for EDB ASA, in co-operation with a local authority client, to develop, maintain and operate a local web server. In the case of the Bærum project, the focus was on using an internal web server (intranet) as the basis for up-to-date provision of information to both the authority's elected members and its employees.

EDB ASA



*Helge Smogeli
Personell Director*



*Bjørn Torell
Marketing Director
Consultancy Division*



*Finn-Arne Øvern
Marketing Director
Computer Operating
Services*



*Henrik Inberg
Director, Strategy and
business development*

EDB ASA is both 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 is a modern IT supplier, offering a broad range of products and services for all the main IT technologies in use today. The company's turnover in 1998 was NOK 516 million, and at year end it employed a total of 449 staff in 5 business divisions and a central support function. The company has offices in Oslo, Drammen and Trondheim.

The company's consultancy division provides consultancy services for general advisory work and project management, as well as systems development and infrastructure services. The consultancy division also markets and sells a number of systems applications packages and associated systems integration services in the areas of document management, electronic archiving, production management and logistics.

The SAP division offers implementation services for all SAP modules. EDB ASA has 10 years' experience of carrying out major SAP projects, and was SAP's first logo partner in Norway. The SAP division became an authorised SAP reseller for sales of SAP products to the medium sized and smaller companies market in 1998.

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 take responsibility for our client's daily operating tasks so that they are free 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, as well as co-ordinating user training and equipment purchasing. This allows the customer to transfer the entire responsibility for its computer systems to a business partner.

The fifth business division is the PC/Network activity, which is a leading supplier of network systems, including servers, work stations and software, to the professional market. The product range concentrates on recognised suppliers who offer a well developed service apparatus and good product availability. The division is focused on providing the expertise needed to put together and support 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 16,500 people attend courses annually.

EDB ASA works closely with a number of leading equipment and software suppliers, 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.

Revenues:	516,5 mill. NOK (+ 5,6 %)
Empoyees:	449 (+ 23,7 %)



*Eli Giske
Financial director*



*John Haga
Marketing Director
SAP*



*Dagrun Husum
Marketing Director
Full Service Division*



*Svein Borge
Marketing Director
PC/Network sales*

EDB Intech AS



Norsk Jetmotor chose SAP R/3 as its new information system and EDB Intech AS to implement it. Norsk Jetmotor manufactures advanced jet engine components.

EDB Intech AS is the new name of Kongsberg Intech AS. The company has reported very significant growth in both turnover and profits since it merged with EDB at the end of 1997. Turnover has increased threefold, and the number of employees has increased from 52 to 103.

This growth has been partly organic and partly the result of acquisitions. Intech acquired SMB Data AS in 1998, and this operation is now the company's network division, responsible for sales of computers and networks as well as operating support services. In addition to this EDB Intech AS comprises a consultancy division and a computer operating services division. The consultancy division offers services related to SAP, the web, and the company's software products. These include ADF, a data management product, and OPTIMAL, which is a planning tool. The computer operating services division takes over the operation of customers' computer systems and supplies support services related to networks and technical aspects of computer installations.

During 1998 EDB Intech opened offices in Drammen and Bø in Telemark. An additional company was acquired in Tønsberg in early 1999 in order to further strengthen EDB Intech's presence in its main market, which comprises the counties of Vestfold, Telemark and Buskerud.



Managing Director
Olav Myhre
EDB Intech AS

EDB Intech	
Revenues:	119 mill. NOK (+129 %)
Employees:	103 (+ 41 %)

EDB MaXware AS



DaimlerChrysler Services (debis) AG is a global provider of services within the DaimlerChrysler corporation, with a staff of 24,000 in 150 locations in 32 countries. In serving its clients, the company takes advantage of high capacity telefax solutions from EDB MaXware AS.

During 1998 the focus of activity at EDB MaXware AS shifted from the development of in-house products towards a greater proportion of services and systems related to Microsoft products. In recognition of this the company was voted Microsoft Partner of the Year in 1998. The company offers a unique range of expertise in the areas of directories and security as well as having in-depth expertise in the areas of intranet, e-mail, group software, telefax, infrastructure and databases.

In order to strengthen the company's international expansion a new subsidiary was established in Holland during the year, and all international distribution activities were concentrated into a separate company. EDB MaXware AS already has a subsidiary in Sweden.

The company delivered systems to a number of important customers during 1998, examples of which include a new e-mail and directory infrastructure for KPN Telecom in Holland, e-mail and directory systems for use in Fellesdata's oil sector systems, and the supply of a high capacity telefax system for DEBIS (Daimler Benz Chrysler Services) AG in Germany.



Managing Director
Vegard Strand
EDB MaXware AS

EDB MaXware	
Revenues:	81 mill. NOK (+ 11 %)
Employees:	66 (- 25 %)

EDB ASA

Ulvenveien 88
Postboks 139 Økern
N-0509 Oslo
Norway
Telephone: +47-22 72 80 00
Telefax: +47-22 63 05 85
E-mail: firmapost@edbasa.no
www.edbasa.no

EDB Intech AS

Kongsberg Næringspark
Kirkegårdsveien 45
Postboks 1137
N-3601 Kongsberg
Norway
Telephone: +47-32 73 90 90
Telefax: +47-32 73 81 56
E-post: office@intech.no
www.intech.no

EDB MaXware AS

Pirsenteret
N-7462 Trondheim
Norway
Telephone: +47-73 54 57 00
Telefax: +47-73 54 57 50
E-post: firmapost@maxware.no
www.maxware.no

Photos: EDBilde/Trond Rønneberg (cover, p. 20, 22, 26 and 29).
EDBilde/Bjørn Michelsen (p. 27 and 30). John Lerskau (p. 6, 7, 21 and 31).

Design and production: Keops a.s, Asker

Printed in Norway by Esset Grafisk a.s, Oslo 04/99

Contents:

This is the EDB Group	1
Key figures – EDB Group	2
Share performance	2
Key financial ratios	3
Report of the Board of Directors for 1998	4
Profit and loss account for the year 1 January—31 December ...	8
Balance sheet at 31 December	9
Cash flow analysis	10
Accounting principles for the EDB Group	11
Notes to the accounts	12
Audit report	19
Objectives, business concept and main strategy	21
Business areas of the EDB Group	23
Major customers hand over their IT functions to EDB ASA	27
Electronic trade offers a competitive advantage	28
Local authorities – a strategically important market for EDB ..	30
EDB ASA	31
EDB MaXware AS	32
EDB Intech AS	32
Addresses	33

We have chosen to illustrate this year's annual report with a maritime theme. Whilst our business is land-based, there are obvious parallels: both need teamwork, personal commitment and the ability to reach the targets set. The pictures are taken from a voyage made by the consultancy division in August 1998 from Bergen to the Shetland Isles and back on the tall ship Statsraad Lehmkuhl. The purpose of the voyage was to demonstrate that «we are strong together» and to break down barriers, think afresh and reach new targets as a team. Statsraad Lehmkuhl is one of the largest three-masted tall ships in the world, and its 22 sails give it a total sail area of 2,026 square metres.





Postboks 139 Økern, N-0509 Oslo, Norway
Telephone +47-22 72 80 00 • Telefax +47-22 63 05 85
www.edbasa.no



QUALITY ASSURED FIRM

EDB ASA



- Table of Contents
- Overview
- Summary 1998
- Key figures
- Report of the Board of Directors
- Income Statement
- Balance Sheet
- Cash Flow Analysis
- Notes
- Shareholders Policy

