

BURE ANNUAL REPORT

1997

**BURE**



## CONTENTS

Managing Director's Comments . . . . .	1
Bure's orientation . . . . .	4
The Bure share . . . . .	6
Valuation . . . . .	8
Expertise . . . . .	11
Development projects . . . . .	12
■ <b>Bure Health Care . . . . .</b>	<b>14</b>
■ Specialist Care . . . . .	18
■ Geriatric Care . . . . .	19
■ Occupational Health Care . . . . .	20
■ Diagnostics . . . . .	22
■ Materials Supply . . . . .	23
■ <b>Bure IT/InfoMedia . . . . .</b>	<b>24</b>
■ Scribona . . . . .	27
■ IT Services . . . . .	28
■ Information Services . . . . .	31
■ <b>Bure Investments . . . . .</b>	<b>32</b>
■ Chematur Engineering . . . . .	35
■ Åre Vemdalen . . . . .	36
■ Gunnebo . . . . .	38
■ Troponor . . . . .	39
■ Svolder . . . . .	40
■ Nobel Biocare . . . . .	41
■ InnovationsKapital . . . . .	42
■ Nordic Capital . . . . .	43
<b>Asset Management . . . . .</b>	<b>44</b>
<b>Directors' Report and Accounts . . . . .</b>	<b>46</b>
<b>Definitions . . . . .</b>	<b>73</b>
<b>Board of Directors, Executive Management and Auditors . . . . .</b>	<b>74</b>
<b>Addresses . . . . .</b>	<b>77</b>



## 1997 OPERATIONS

- Consolidated earnings after financial items increased to SEK 781M. Earnings per share amounted to SEK 11. The Parent Company's earnings after tax amounted to SEK 617M.
- *Bure Health Care* increased its invoiced sales to SEK 1,488M. Operations have been established in Norway following the acquisition of 50 per cent of Norway's largest private hospital, Volvat Medisinske Senter and in Denmark following the acquisition of the distribution company, Simonsen & Weel and the laboratory company, Medi-Lab.
- Within *Bure IT/InfoMedia*, the ownership in Scribona increased to 51 per cent of capital and 64 per cent of votes. 52 per cent of the data communication company, Salcom Communication, was acquired during the year.
- *Bure Investments* acquired Åre Invest in January which later during the year formed Åre Vemdalen AB, and 12 per cent of Nobel Biocare in December.
- Bure's holdings in BT Industries and Spira were sold with Groupwise capital gains of SEK 162M and SEK 107M, respectively.
- The Parent Company's asset management contributed SEK 369M to earnings.
- The Board of Directors proposes that the AGM decide on a dividend of SEK 5.50 per share.

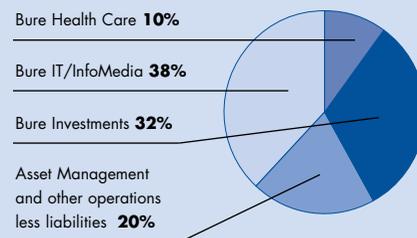
## START OF 1998

- Acquisition of 14 per cent in Mölnlycke Health Care.
- Capital gains of approximately SEK 370M, of which SEK 208M in the Parent Company and SEK 160M in Scribona following the divestments of the office product retail chain, Svanströms.
- Acquisition of 55 per cent in the IT systems supplier, Dimension.
- The Board of Directors of Scribona propose that the AGM decide that the Sifo Group will be distributed to the shareholders and thereafter to apply for a quotation on the O list on the Stockholm Stock Exchange during 1998.

## BURE – GROWTH AND DIVIDEND

Bure's business concept is, as an active owner and investor, to contribute capital and expertise with the objective of creating high growth in value for its shareholders.

With a sound capital base, Bure has the power to create change. As an investor and developer of business in sectors undergoing change Bure is building new businesses, especially within the service sector. Leading market positions are to be attained in selected segments. At the same time, investments are made in the short and medium term in individual expansive companies with strong cash flows. As a result, both positive dividend capacity and long-term growth in value is created



Distribution of net asset value by Business Sector at 31 Dec 1997

### 1997 Summary

Bure Health Care	Invoiced sales, SEK M	Earnings after financial items, SEK M	Bure's ownership of capital, %	Bure's invested capital, SEK M	Share of Bure's net asset value, %
<i>Bure Health Care is to be the player on the health care market which best satisfies the demands placed by the patients and the principals of health care</i>					
■ Specialist Care <sup>1)</sup>	325	23	50–100	170	4
■ Geriatric Care <sup>1)</sup>	94	8	100	35	1
■ Occupational Health Care <sup>1)</sup>	499	16	70	78	2
■ Diagnostics <sup>1)</sup>	314	6	100	93	2
■ Materials Supply <sup>1)</sup>	256	1	80	24	–

1) Invested capital refers to what Bure Health Care has invested in subsidiaries. Bure's investment in Health Care amounts to SEK 501M which is equivalent to 10 per cent of Bure's net asset value.

### Bure IT/InfoMedia

*Bure IT/InfoMedia's business concept is to develop entrepreneurially-operated IT and infomedia companies and to participate in the restructuring of large IT companies*

■ Scribona	8,474	185	51	1,231	33
■ IT Services <sup>2)</sup>	824	25	45–100	202	4
■ Information Services	83	5	85	31	1

2) Invoiced sales and earnings after financial items refer to total value including associated companies

### Bure Investments

*Bure Investments' business concept, as a complement to the other Business Sectors, is to create growth in value and dividend capacity in the long and medium term.*

■ Chematur Engineering	447	20	100	125	3
■ Åre Vemdalen	195 <sup>3)</sup>	29 <sup>3)</sup>	100	143	3
■ Gunnebo	3,086	155	36	219	10
■ Troponor	462	- 59	66	94	1
■ Svolder	–	277 <sup>4)</sup>	25	105	6
■ Nobel Biocare	1,068	112	12	206	5
■ InnovationsKapital	–	–	53	31	1
■ Nordic Capital	–	206 <sup>5)</sup>	4–16	80	3

3) Pro forma 1997, 4) Refers to the period 1 Dec 96-30 Nov 97, 5) Refers to capital result of Bure's holding which was divested during 1997

Asset Management	Market Value SEK M	Return incl. dividends, %	Bure's invested capital, SEK M	Share of Bure's net asset value, %
■ Shares	836	26	821	17
■ Interest-bearing investments	431	5	428	9

SEK M, unless otherwise stated

Group at 31 December	1993	1994	1995	1996	1997
<b>Profit and Loss Account</b>					
Invoiced sales	1	97	571	1,129	<b>9,739</b>
Capital gains, net	490	364	316	279	<b>557</b>
Earnings after financial items	624	497	538	441	<b>781</b>
Minority interest	- 1	- 7	- 3	7	<b>- 86</b>
Taxes	- 48	- 42	- 52	- 35	<b>- 94</b>
<b>Net profit for the year</b>	<b>575</b>	<b>448</b>	<b>483</b>	<b>413</b>	<b>601</b>
<b>Balance Sheet</b>					
Bank deposits and interest-bearing investments	990	1,287	1,016	1,344	<b>876</b>
Balance Sheet total	2,773	3,227	3,884	4,402	<b>8,526</b>
Shareholders' equity	2,680	3,030	3,369	3,605	<b>3,937</b>
<b>Key figures</b>					
Return on shareholders' equity, %	24	16	17	13	<b>21</b>
Return on capital employed, %	25	18	17	12	<b>17</b>
Equity ratio, %	97	94	87	82	<b>46</b>
Earnings per share, SEK	10.55	8.20	8.85	7.55	<b>11.00</b>
Average number of employees	13	172	962	1,819	<b>5,628</b>
Investments, Parent Company	459	461	1,143	913	<b>1,164</b>



SEK M

Parent Company result adjusted for increase in value in listed assets	1997	1996
<b>Net profit for the year</b>	<b>617</b>	<b>461</b>
Change in surplus values		
Interest-bearing investments	- 22	23
Listed subsidiaries and associated companies	274	398
Stock portfolio	- 183	138
	<b>69</b>	<b>559</b>
<b>Adjusted profit</b>	<b>686</b>	<b>1,020</b>

## NOTICE

**Annual General Meeting of Bure**

The Annual General Meeting will be held at Svenska Mässan, Alströmers Sal 1, Mässans gata 22, Gothenburg on Thursday 26 March 1998 at 3pm.

**Participation**

Shareholders who on 16 March 1998 are entered in the Register of Shareholders maintained by the Swedish Securities Register Centre, VPC, are entitled to participate in the AGM. Shareholders whose shares are nominee-registered must register the shares temporarily in their own name not later than 16 March 1998.

Notification of participation in the AGM must be made to Investment AB Bure not later than 12 noon on Tuesday 24 March by telephoning Int +46 31-335 76 44, by mail or via Bure's website on the Internet. When notifying the Company, shareholders must state name personal number (registration number), address and telephone number.

**Dividend**

The Board of Directors proposes a dividend to the shareholders of SEK 5.50 per share. The Board has proposed 31 March 1998 as record day. Dividend is expected to be paid on 7 April 1998.

In order to facilitate payment of dividends, shareholders should have a so-called yield account, for example, an ordinary bank account linked to a VP account. This can be arranged through

**Financial information from Bure**

For 1998, the following financial information will be published:

<b>29 April</b>	Interim Report January-March
<b>27 August</b>	Interim Report January-June
<b>5 November</b>	Interim Report January-September
<b>February 1999</b>	Accounts Report 1998

Reports can be requested from:

INVESTMENT AB BURE (publ)  
Box 5419,  
SE-402 29 Gothenburg  
Visiting address:  
Mässans gata 8  
Telephone: Int +46 31-335 7635  
Telefax: Int +46 31- 778 5838  
www.bure.se

Contact person: Fredrik Sanell  
Telephone: Int +46 31 335 7651  
E-post: sanell@bure.se

## High growth rate and strong earnings improvement

*1997 was yet another good year for Bure. Consolidated profit increased by 77 per cent and amounted to SEK 781M. Growth in net asset value amounted to 15 per cent including dividend paid, which is on a par with Bure's target.*

*Earnings were to a large degree generated within Bure Investments and the Parent Company's asset management. This is fully in line with the adopted strategy for growth and dividend in which the operating Business Sectors, Bure Health Care and Bure IT/InfoMedia are responsible for long-term build-up of value, whereas Bure Investments and the Parent Company's asset management secure earnings and dividend capacity in the long and medium term.*

*The strategy makes it possible for Bure to combine the financial strength of the investment company with the dynamics and value potential of the growth company. With Bure's sound capital base, rapid expansion can take place within the operating Business Sectors, both through organic and acquisition-based expansion. In this way, a critical mass and market-leading positions are quickly attained which makes it possible to attract and recruit highly-qualified management staff.*

*Bure's first growth area and business sector was Bure Health Care. From the first investments in 1994, operations have grown from an annual turnover of less than SEK 100M to more than SEK 2 billion and with significantly improved results. The second prioritised growth area is Bure IT/InfoMedia which during the year laid a sound foundation for continued growth and profitability.*

*Bure's business concept means, through active ownership, creating high growth in value and sound yield for the shareholders. During 1997, the total yield of the Bure share amounted to 35 per cent compared with the Findata Yield Index which rose by 28 per cent. Since the start in 1992, the Bure share has provided an annual yield of 42 per cent including dividend paid.*

*An important part of the total yield is the dividend. Bure's dividend policy means that at least 5 per cent of the net asset value will be paid to the shareholders. For 1998 and 1999, the dividend will amount to at least SEK 5.00 per share, subject to approval by the Annual General Meeting. The now-proposed dividend of SEK 5.50 per share is in line with the Board's adopted dividend policy*





Roger Hollback, Managing Director and CEO

## 1997 operations

The past year was characterised by continued high business activity in all sectors. In total, investments at a value of SEK 1,164M were carried out in the Parent Company while divestments at the same time amounted to SEK 522M.

During the year, Bure Health Care established itself as the leading player in Swedish non-public health care. Volume growth continued with significant earnings improvements. A continued favourable earnings trend is anticipated for 1998.

1997 was also the year when Bure Health Care's internationalisation began in earnest. Bure is now established in Norway, Denmark, Poland and Great Britain. As a result, Bure has created an important base for continued expansion on prioritised markets. Within a three-year period, Bure Health Care is expected to be able to achieve a business volume of approximately SEK 5 billion with an operating margin of 5-7 per cent.

During 1997, Bure IT/InfoMedia was in a build-up phase with high growth. Through the increased holding in Scribona, a large number of important acquisitions, and with an established management, the Business Sector now has a distinct and clear structure. In addition to the investment in Scribona, the expansion mainly took place within Business Area IT Services, in which sales rate currently amounts to approximately SEK 1.5 billion including non-consolidated operations.

Bure IT/InfoMedia's structure can primarily be described as a network of companies in which stakeholding and commitment from staff and management is important for the companies' development. A stockmarket listing can also be a material part of the development of the companies and thus the network. This is the background to the fact that during 1998 Bure intends to participate in a stockmarket introduction of Guide Konsult. In this way, values are realised while, at the same time, a substantial holding remains and is included in Bure's IT/InfoMedia network.

Bure Investments has a continued important role in Bure. With an active business sector management, values can be created and exposed in a

shorter term than within the two other business sectors. Here, the business strategy allows more flexible action while the Business Sector at the same time is able to constitute a base for new long-term transactions within Bure. During 1997, the Business Sector accounted for approximately half of the Group's earnings, partly through divestment of the shares in Spira, BT Industries and parts of the holding in Karlshamns.

During the year, large investments were carried out both through the acquisition of 100 per cent of the shares in the ski resorts in Åre and Vemdalen, and through the acquisition of 12 per cent of the shares in Nobel Biocare. After the turn of year, 14 per cent of the shares in Mölnlycke Health Care were acquired via Nordic Capital.

## Valuation of Bure

During 1997, Bure succeeded in eliminating the visible net asset value discount, i.e. the market value exceeds the value of the Company's total net assets.

The reason for the evaluation can be explained to some extent by Bure's portfolio structure. With unlisted companies in the portfolio, a reliable measure for the development and thus value of the included holding is generally lacking. For Bure, with approximately 30 per cent of its capital invested in unlisted companies, the relevance of the net asset valuation therefore reduces significantly. Instead, a yield-based valuation of the included holdings gives a better indication of Bure's value. At the same time, profits from operations will constitute the majority of the result in the future which increases still further the importance of a yield valuation.

The most important reason why the visible net asset value discount is eliminated in our opinion is the consistent and vigorous investments in the two growth sectors, Bure Health Care and Bure IT/InfoMedia.

Bure's structure with two operating business sectors and a sector for the investment operations stands. The intermutual importance of the business sectors will gradually change in step with the increasing profitability in Bure Health Care and Bure IT/InfoMedia. However, profits on

divestments and sales will form an important and significant part of Bure's earnings also in the future.

Every holding in Bure is operated towards a future divestment – in full or in part. The time perspective of the investment may however vary considerably, depending on the nature of the transaction. Bure has established continuous monitoring of the value development in the Group's various investments with the objective of determining if values are still created. Through sound control, both with regard to investments and divestments, the objective is to eliminate the risk that the components of Bure would individually be worth more than the totality.

### **Orientation towards a more advanced service sector**

During 1997, work began on concentrating the Group's long-term operations primarily on the service sector. The service sector, especially the advanced segment, is characterised by growth, strong cash flows and very often a fragmented structure. Increased privatisation and new business logic in the public sector forces the pace of the development still further in Sweden and throughout Europe. At the same time as the service sector is undergoing strong growth, an increased component of internationalisation is needed to create the critical mass that is necessary. This to be able to develop strong concepts and brandnames and build new, profitable structures.

An important component in the continued development of Bure is to maintain the fiscally advantageous status as an investment company. This is being secured through well-distributed holdings from a risk viewpoint which takes place both in Bure's Business Sectors and in the asset management operation. The tax status as an investment company means, among other things, that capital gains are exempt from taxation and that dividend paid is deductible.

### **Active ownership**

To work with active ownership and build-up of new businesses requires a well-functioning organisation and a well-defined method of work.

During 1997, Bure was considerably strengthened in both respects.

The task of the Executive Management is to be responsible for overall objectives, strategies and profiling, and for securing the quality of Bure's control systems and manager supply. The Parent Company's task is also to be responsible for growth in value, and control. In Bure's Parent Company, work is concentrated on efficient control of the Group's operations through increased delegation of responsibilities to the respective Business Sector. A prerequisite for this delegation is that there are skilled business sector managements and adequate resources. In 1997, this was secured through a number of important recruitments.

As far as our work methods are concerned, we follow the "Bure business model". The model comprises all the components which are required for implementation of Bure's strategy:

- selection of the business sector
- picking management resources
- acquisition of base operations for further expansion
- methods for restructuring
- generation of earnings
- possible routes for divestment

This industrial methodology is a prerequisite for being able to control a broad operation and at the same time maintain the control.

### **1998 outlook**

The expansion of Bure Health Care and Bure IT/InfoMedia will continue during 1998. We will concentrate and sharpen our efforts still further. Operating efficiency and earnings generation in the operations will be improved. Bure Health Care is facing a great challenge to stand up as a qualitative and attractive alternative to traditional public health care. Acceptance of new forms is clear and I am convinced that we will see more private alternatives in the health care sector both in Sweden and other European countries. In Bure IT/InfoMedia, expansion will continue mainly through the power in the individual companies

and continued restructuring of the included operations for increased effectiveness and customer benefit. Further acquisitions are being planned which will supplement and strengthen our position in the prioritised sectors.

During the year, Bure Investments will be subjected to changes which comprise investments as well as restructuring and divestments. As an active and large owner, we have drawn up ownership plans for each of the companies included in Bure Investments. All with the objective of securing the businesses' growth in value and of strengthening still further the positions within the prioritised investment sectors.

Yet again, the year ahead looks promising for us. To succeed we must consistently and vigorously continue along the chosen road at the same time as new business and innovative business concepts are being developed and tested. As before, I therefore dare to promise an exciting year with expectations for a continued sound development of the Bure share.

Gothenburg, 20 February 1998



Roger Holtback  
Managing Director and CEO

## ■ Bure's orientation

*Bure's orientation stands. The main task is to create high growth as well as sound dividend capacity.*

Since the start, Bure's portfolio has developed steadily from a high proportion of financially-oriented investments with high liquidity to a more industrial orientation with a longer time-perspective in the transactions.

### **Vision**

*Bure's vision is to become a leading builder of new structures and businesses in the advanced service sector. The base is Sweden but the perspective is Europe*

### **Business concept**

*Bure's business concept is, as an active owner and investor, to contribute capital and expertise with the objective of creating high growth in value for its shareholders*

### **Objective**

*Bure's objective is to create an annual growth in net asset value including dividend paid of 15 per cent.*

The results and prospects for the included companies and the business sectors taken together should be valued higher than the reported net asset value for Bure and be reflected in Bure's share price.

## **Strategy**

Bure's strategy is based on the following cornerstones:

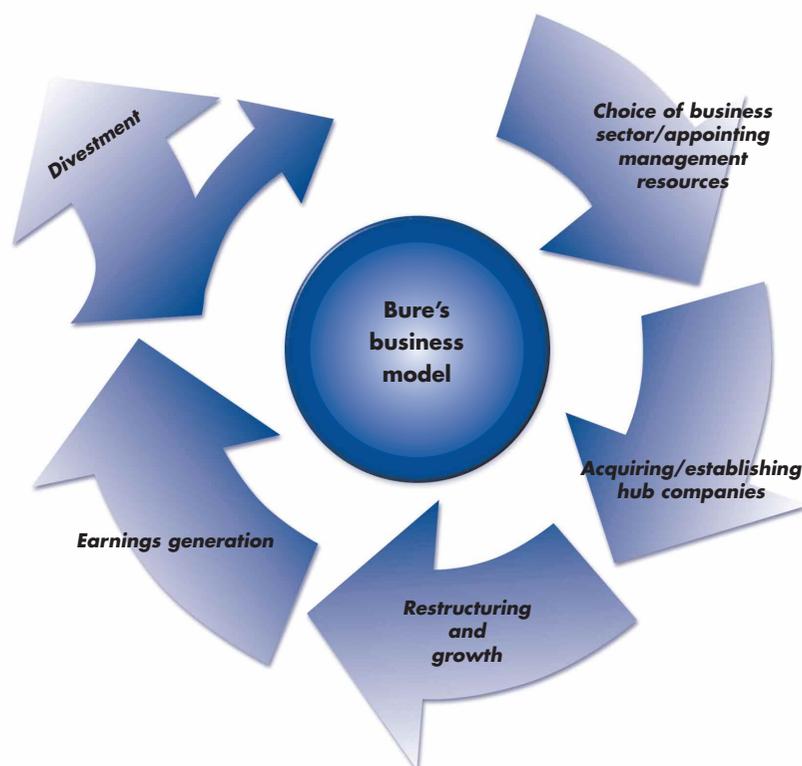
- *Growth by building new businesses in the advanced service sector*
- *Sound dividend capacity through stable and strong cash flows in Bure's business sectors*
- *Realising created values – no power holdings*
- *Combining industrial experience with financial creativity and innovative ability*

In step with Bure being given an increasingly operating profile and orientation, the strategy is complemented with the following:

- *Concentration on fewer business and expertise sectors*
- *Striving for majority/full ownership*
- *Creating accelerated growth through increased internationalisation*
- *Build-up of first-class control systems and skilled management resources*

Growth will be created in profit level and cash flow by delivering on a continuous basis a combination of operating income, capital gains and dividends.

In the long-term, growth in value and dividend capacity is created in the operating Business Sectors Health Care and IT/InfoMedia. In the short to medium term, earnings and dividend capacity are secured in Business Sector Bure Investments and via the Parent Company's Asset Management.



### Bure builds new businesses

Bure creates growth by building new businesses in sectors which are undergoing major change. Bure prioritises sectors which are primarily characterised by:

- *Need for structural changes*
- *Fragmented structure without a dominant leader*
- *Opportunity to achieve leading positions via acquisitions*
- *Opportunity for internationalisation*
- *Sound future divestment opportunities*

To work in sectors which are undergoing structural changes involves greater risks but also bigger opportunities for creating significant values. With industrial and financial expertise, Bure strives to develop the acquired companies in collaboration with management and employees.

### Operating and structural work

Bure's value-creating work is taking place through active ownership, both strategic and operating. Examples of this are:

- *Generating growth through complementary acquisitions and establishment of new business concepts*
- *Improving profitability through effectivisation, productivity-increasing measures and utilisation of synergies within the business sectors*
- *Divesting extraneous assets and operations*
- *Establishing an appropriate balance between internal and external capital*

### Building and realising long-term values

Bure's work to build long-term values within the business sectors requires among other things:

- *Strong growth orientation and ability to develop new business*
- *Ability to operate and restructure entrepreneurially-led service companies*
- *Ability to lead previously public production and operations*
- *Experience and ability to internationalise*

Bure's business structure and portfolio will be such that over a period of time it allows for continuous divestments as well as complementary additions for existing business and development of new business. Bure's business model will secure this ambition and as a result contribute to ensuring that the target for growth in value can be achieved.

## ■ The Bure share

### List of shareholders, 31 December 1997

	Number of shares	Share, %
6:e AP-fonden	6,309,450	11.6
Almi Företagspartner	5,455,000	10.0
Den Norske Bank, N	2,814,000	5.1
Trygg Hansa Försäkring	2,720,000	5.0
AMF Pension	2,550,000	4.7
Henderson Investors, UK	2,485,209	4.5
Odin Fondene, N	2,109,300	3.9
SPP	1,995,750	3.7
Handelsbanken Fonder	1,917,036	3.5
Skandia Försäkring	1,868,904	3.4
Janus Funds, US	1,633,334	3.0
Folksam	1,020,700	1.9
Teknikbrosstiftelsen i Linköping	983,147	1.8
Other	20,688,170	37.9

**Total number of shares 54,550,000 100.0**

### Distribution of shares, 31 December 1997

Size	Number of owners	Share, %
1 – 500	5,437	1.9
501 – 1 000	1,202	2.0
1 001 – 2 000	452	1.5
2 001 – 5 000	304	2.0
5 001 – 10 000	116	1.7
10 001 – 20 000	68	2.0
20 001 – 50 000	45	3.0
50 001 – 100 000	22	3.1
100 001 –	59	82.8
<b>Total</b>	<b>7,705</b>	<b>100.0</b>

*Analysts who continuously monitor Bure*

<i>Alfred Berg</i>	<i>Stefan Mattsson</i>
<i>Aros Securities</i>	<i>Christian Wierup</i>
<i>CI Nordic Securities</i>	<i>Jan Dworsky</i>
<i>Enskilda Securities</i>	<i>Henrik Sporje</i>
<i>Hagströmer &amp; Qviberg</i>	<i>Johanna Lundgren</i>
<i>Handelsbanken Markets</i>	<i>Christer Beckard</i>

The Bure share has been quoted on the Stockholm Stock Exchange since 1 October 1993. Since June 1995, the Bure share has been traded on the A list of the Stockholm Stock Exchange.

### Price development

In 1997, the value of the Bure share increased by 29 per cent from SEK 81.00 to SEK 104.50. During the same period, the Stockholm Stock Exchange General Index rose by 24 per cent.

The development of the Bure share was strong during the first four months of the year. Thereafter, the price levelled-out until the end of November following which the Bure share developed more positively than the Index. The highest price paid during the year amounted to SEK 110.

On 31 December, Bure's total market value was SEK 5,700M.

During the beginning of 1998, the price continued to rise and on 17 February amounted to SEK 119.

### Trading

During 1997, 26 million shares were traded at a total value of approximately SEK 2,500M. The average daily trading amounted to SEK 10.2M or 105,000 shares. A number of large transactions contributed to the high level of trading. However, the median value for the daily trading amounted to 59,250 shares.

### Dividend

Bure's dividend policy means that at least 5 per cent of the net asset value will be paid in dividend. However, the Board of Directors has established that the dividend for 1998 and 1999, subject to the approval of the AGM, will not be less than SEK 5.00 per share. In May 1997, SEK 5.00 per share or a total of SEK 273M was paid in dividend.

For the 1997 financial year, the Board of Directors, in line with the adopted dividend policy, proposes a dividend of SEK 5.50 per share. On 17 February 1998 that was equivalent to a yield of 4.6 per cent.

### Total yield

The total yield is measured as the total of the year's growth in price and dividend paid divided by the share price on 1 January. In 1997, Bure's total yield amounted to 35 per cent compared with the Findata Yield Index which rose by 28 per cent. During Bure's five financial years, the average total yield of the Bure share amounts to 42 per cent per annum. For the same period, the Findata Yield Index averaged 31 per cent.

### Shareholders

In 1997, the number of shareholders in Bure increased by more than 70 per cent to approximately 7,700. In particular, the number of shareholders with small holdings increased significantly. As a result, the proportion of institutionally-owned shares has fallen and amounts to 74 per cent. Otherwise there were no major changes in the shareholder structure. Foreign ownership fell by 7 percentage points to 31 per cent, whereas Swedish institutions remained at approximately 44 per cent.

During 1997, Senior Executives in the Group and the staff in the Parent Company were offered the opportunity to subscribe for synthetic options in Bure. A total of 770,000 options were issued, of which 260,000 referred to the Management which in addition owns a total of 74,200 shares in Bure. The terms for the synthetic options are described in note 34 on page 71.

### Share capital

Bure's share capital amounts to SEK 545M, represented by 54,550,000 shares at a nominal value of SEK 10 each. The share capital was subscribed in full in connection with the Company's formation. All shares have equal voting rights. A market lot amounts to 200 shares.

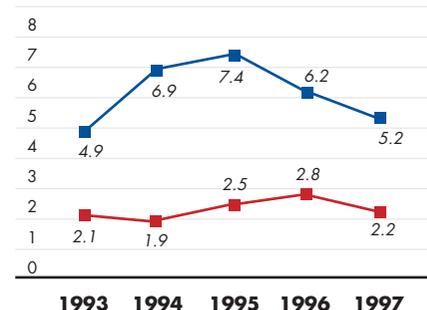
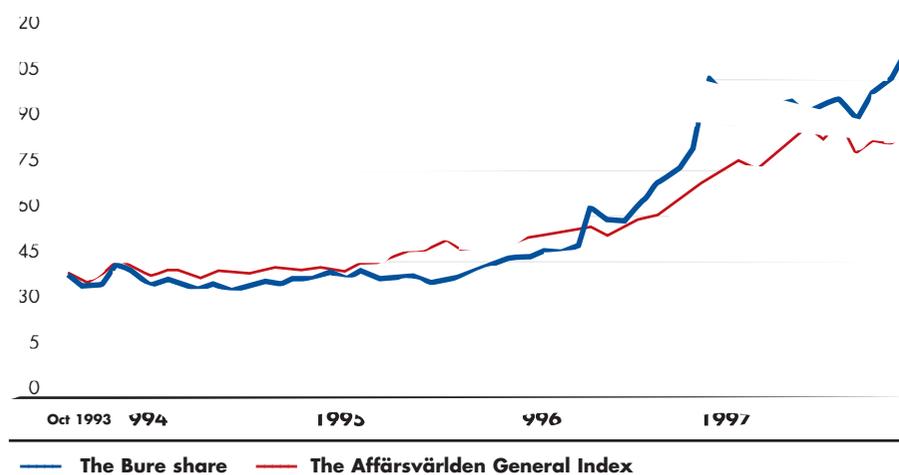
SEK unless otherwise stated

<b>Share data at 31 December</b>	1993	1994	1995	1996	<b>1997</b>
Number of shares, 000	54,550	54,550	54,550	54,550	<b>54,550</b>
Earnings after tax per share, Group	10.55	8.20	8.85	7.55	<b>11.00</b>
Shareholders' equity per share, Group	49.00	55.50	61.75	66.00	<b>72.20</b>
Net asset value per share, Parent Company	58.00	59.00	65.00	81.00	<b>88.00</b>
Dividend per share	1.80	2.65	3.25	5.00	<b>5.50**</b>
Share price	36.50	38.50	44.00	81.00	<b>104.50</b>
Yield, % ***	4.9	6.9	7.4	6.2	<b>5.2</b>
Market value, SEK M	1,991	2,100	2,400	4,419	<b>5,700</b>
Share price as a percentage of net asset value	63	65	68	100	<b>119</b>

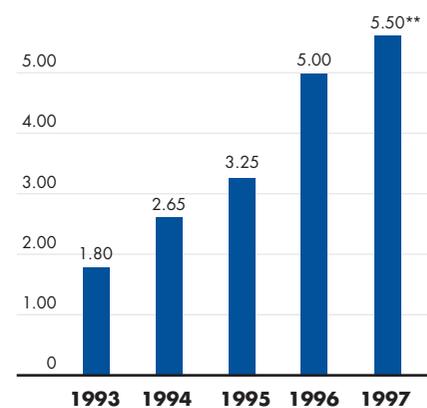
SEK per share

<b>Total yield, the Bure share</b>	1993	1994	1995	1996	<b>1997</b>
Share price on 1 January	24.00*	36.50	38.50	44.00	<b>81.00</b>
Share price on 31 December	36.50	38.50	44.00	81.00	<b>104.50</b>
Growth in price	12.50	2.00	5.50	37.00	<b>23.50</b>
+ dividend paid	0.00	1.80	2.65	3.25	<b>5.00</b>
= growth in value	12.50	3.80	8.15	40.25	<b>28.50</b>
Growth in value/price on 1 January, %	52.1	10.4	21.2	91.5	<b>35.2</b>
The Findata Yield Index, %	56.3	6.5	20.6	43.3	<b>27.8</b>

#### Development of the Bure share October 1993 – December 1997



— Yield of the Bure share, %  
— Average stockmarket yield, average annual value, %



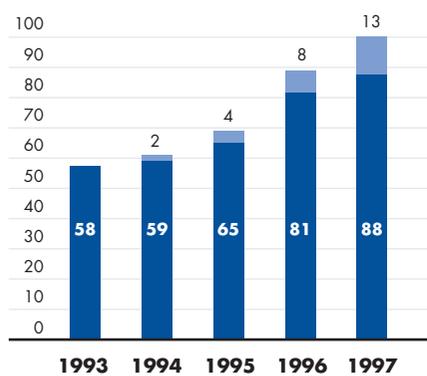
#### Dividend per share, SEK

\* refers to price when the unofficial trading started in the Reuters System on 1 Feb 1993

\*\* Proposed dividend

\*\*\* Calculated on share price at balance sheet date

## ■ Valuation



Development of net asset value and accumulated dividend paid 1993–1997, SEK per share

### Net asset value

The calculation of Bure's net asset value is based on the Parent Company's Balance Sheet and consists of visible equity and excess values in listed assets.

Listed securities are valued at current market price disregarding any added value in control holdings. Bure's holdings of money market instruments are valued at a price calculated at current market interest rates. All holdings of shares in unlisted companies are entered at book values.

### Net asset value per share

At 31 December 1997, the net asset value amounted to SEK 88.00 per share which is an increase of SEK 7.00 since the same date in 1996. During the year, a dividend of SEK 5.00 per share

was paid to the shareholders. Including dividend paid, the increase in net asset value amounts to 15 per cent. On 17 February 1998, the net asset value amounted to SEK 96 per share.

### Growth in net asset value

Bure has as its target an annual growth in net asset value including dividend paid of 15 per cent. At the 1997/98 turn of year, the average growth in net asset value since the start in November 1992, including dividend paid, was 23 per cent.

Net asset value, Parent Company	1997		1996	
	SEK/share	SEK M	SEK/share	SEK M
At 31 December				
<b>Bure Health Care</b>	9.10	501	5.20	284
<b>Bure IT/InfoMedia</b>				
Scribona	28.80	1,575	18.40	999
Unlisted companies	4.30	233	2.50	139
<b>Bure Investments</b>				
Chematur Engineering	2.30	125	2.30	125
Åre Vemdalen	2.60	143	-	-
Gunnebo	8.90	485	7.70	419
Spira	-	-	4.70	256
Troponor	1.10	59	1.70	94
Svolder	4.80	264	3.30	178
Nobel Biocare	4.10	227	-	-
Nordic Capital	1.30	71	1.00	55
Karlshamns	1.80	99	0.40	19
Other unlisted companies	1.00	54	0.70	36
<b>Asset Management</b>				
Shares	15.30	836	13.10	713
Interest-bearing investments	7.90	431	18.90	1,033
<b>Other</b>	1.50	85	1.30	67
<b>Total assets</b>	<b>94.80</b>	<b>5,188</b>	81.20	4,417
<b>Total liabilities</b>	<b>-6.80</b>	<b>-370</b>	-0.20	-12
<b>Total net asset value</b>	<b>88.00</b>	<b>4,818</b>	81.00	4,405

## Unlisted holdings

All Bure's holdings of shares in unlisted companies are entered at book values in the net asset value calculation although the market value in several cases may be higher.

A significant proportion of Bure's invested capital currently consists of companies which are not listed. With Bure's focusing on being a growth-oriented company within fragmented sectors, the approach to the valuation of Bure's unlisted companies will change. The objective is to find a means of valuation which, in a true and fair way, reflects the dynamics and value development which exist in, for example the Health Care and IT/InfoMedia Sectors. To enter unlisted companies at book values, especially within fast-growing segments, may give a too static picture of the companies' and thus Bure's value development.

Bure's continued ambition and orientation, within the framework for maintained investment company status, is to develop operating companies which are valued primarily on yield and cash flows. The unlisted holdings will increase still further as a consequence of the chosen business orientation. As a result, the need for developing the valuation approach will also increase.

## Valuation methods

To put values on unlisted holdings involves subjective evaluations. It is therefore important to find relevant evaluation methods and methods of working. A certain practice has been established within the area through the recommendations which have been formulated by European Venture Capital Association ("EVCA") and similar organisations in Great Britain and the USA. The most common way of valuation is a yield valuation which is based on the result or cash flow of the valuation object. Alternatively, or as a complement, comparisons may be made with similar companies which are listed. It is important to emphasise that comparisons and any conclusions should be made with prudence. Extent of operations, market position, interest levels, political criteria, etc, should be taken into account.

## Comparison with other companies

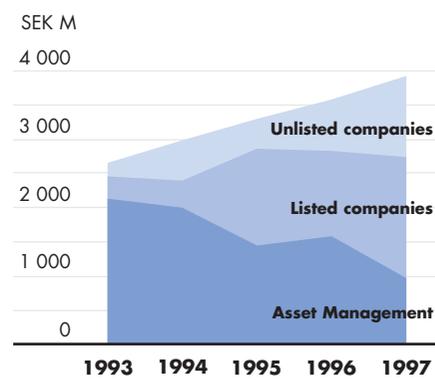
To give the Bure shareholders some guidance in valuation discussions, some possible comparative objects for Bure's unlisted holdings are presented in the tables on the following page. As Bure operates partly in new sectors, in which there are only a few listed companies in Europe, comparisons may also be made with American companies. A selection has been made among companies which from an operating viewpoint have similarities with Bure's various Business Sectors.

In the Health Care Sector there are no relevant listed objects of comparison on the Swedish market, and in Europe there are only a small number of comparative objects.

With the aim of providing a more general comparison scenario of the Health Care Sector, information is also shown from I/B/E/S Express (Institutional Brokers Estimates System) with regard to valuation levels for the sector.

Within the IT sector there is a number of listed players on the Swedish market. In the table, average valuation key figures for 1997 are shown in accordance with the sector definition which is presented in Affärsvärlden magazine.

Within Bure Investments, listed companies constitute a significant proportion. Therefore, only possible comparative objects have been stated as examples for Åre Vemdalen and Chematur Engineering, respectively.



*Bure's invested capital 1993–1997 distributed on listed and unlisted companies as well as Asset Management.*

**Health Care – examples of comparable companies and sectors**

		Turnover, SEK M <sup>1)</sup>	Growth, % <sup>1)</sup>	Market value, SEK M <sup>2)</sup>
Specialist Care	– Universal Health Services Inc. US	11,680	18	11,340
	– PhyCor Inc. US	6,210	74	10,530
Geriatric Care	– Care First Group Plc, UK	1,780	22	3,580
	– Care UK	360	27	950
Occupational Health Care – Concentra Managed Care, US		3,720	31	5,650
Diagnostics	– Lab One Inc. US	640	33	1,810
	– Unilab Corporation, US	1,730	4	690
	– Unilabs SA, Switzerland	710	19	710
Materials Supply	– Physician Sales and Services, US	5,600	31	5,890

1) Based on latest published annual report or accounts report. 2) Refers to January 1998.

Source: I/B/E/S Express (Jan 1998)	Number of companies included in index	The sector's long-term profit growth, % <sup>1)</sup>	P/E
Health Care, Europe	162	11.2	32.5
Health Care, US	673	19.2	36.0
Medical Supplies, US	220	21.3	34.0
Hospitals, US	62	20.1	20.0

1) The annual aggregate growth for the forthcoming three years stated as median

**IT/InfoMedia – examples of comparable sectors**

Source: Affärsvärlden No. 8, February 1998	P/E	P/AE
Computer trading <sup>1)</sup>	19	2.8
Data consultants	33	7.6

1) Average for Alfoskop, Gandolf, InfoHighway, Lap Power, Martinsson, Scribona.

**P/E** (price/earnings)

Valuation multiple which states the relationship between share price and anticipated earnings per share after tax.

**P/AE** (price/adjusted equity)

States relationship between the company's market value (price) and the company's adjusted equity.

**Investments – examples of comparable companies**

Source: Affärsvärlden No. 8, February 1998	P/E	P/AE
Ski resorts – Sälenstjärnan	16	2.0
Technical consultants <sup>1)</sup>	19	4.4

1) Average for Benima Ferator, Caran, Jaakko Pöyry, Secon, Sweco, Ångpanneföreningen.

## ■ Expertise

*As an active owner and investor, Bure will contribute capital and expertise with the objective of creating growth in value for the shareholders. In this section our outlook on expertise is described.*

### **Expertise – a management issue**

Bure is led by a small and skilled Parent Company and three Business Sector Managements. The task of the Executive Management is to be involved with overall objectives, strategies and profiling, and to secure Bure's management supply and skill development. The task of the Business Sector Management is to formulate objectives and secure the Business Sector's structure and strategic work. The task also includes securing management and sector expertise.

A company is evaluated from several perspectives, primarily based on financial data. When evaluations of expectations are made, an evaluation of the company's management resources and specific skills is especially included which is of vital importance for the ability to grow rapidly – with sound profitability – while the operation is at the same time being adapted to the requirements of tomorrow. Management skills and the skill of individual staff members are important factors for a company's development. Bure, which operates in sectors with strong growth, therefore works actively to develop both the strategic and the operating expertise in the different companies in the Group.

Today, Bure has an extensive contact network, both nationally and internationally, which grows in step with the Group's expansion. These contacts generate inflows of experience and expertise which further develop business and businessmanship.

### **Bure contributes expertise**

Through the two Business Sectors, Bure Health Care and Bure IT/InfoMedia, Bure operates in the advanced service sector which is very knowledge-intensive. On average, employees have a high level of basic training. Bure works actively

to ensure that all staff develop their skills. As the owner, Bure contributes financial and industrial expertise as well as a work model for expansion and growth in value. Through active work on the Board of Directors, appointment of management and close contact between the companies, the Group's expertise is developed.

Bure Health Care has built up a unique knowledge for restructuring publicly-owned operations to private enterprise, with the patient and resource utilisation in focus.

In Bure IT/InfoMedia significant expertise is tied to Bure, partly through stakeholders and entrepreneurs with very considerable knowledge. Bure contributes to the companies experience to develop entrepreneurially-started companies into companies ready for stockmarket introduction.

The third Business Sector, Bure Investments, contains operations in which sector and product expertise must exist to ensure that success is achieved. Here, Bure contributes mainly capital resources and expertise on the Boards of Directors.

### **Leadership – Human businessmanship**

In the service sector, in which the knowledge intensity is high, the leadership within the respective company is of strategic importance. We have chosen to call our leadership "human businessmanship" and define it as follows:

*A basic view which originates in a belief in people's ability to assume responsibility for their tasks themselves if the right criteria are provided. It is people – as individuals - who create business opportunities by building a relationship together. It is people – as individuals – whose efforts, performance, ambitions, skills and visions, are reflected in the financial result. Through competent leadership, which cares for and develops our employees and their skills, we will create good business which contributes to our business objective of high growth in value. Leadership means that on the basis of the properties and skills of individuals one builds a well-functioning*

*team to ensure that the totality is given a higher value than the components taken together.*

### **Bure Business School**

In Bure's businessmanship is found both central financial monitoring systems and central evaluations of and approaches to the subject of how to attain and do good business. In order to develop this approach, we have started the Bure Business School in which all companies in the Group are invited to take part. The first training round, which started in September 1997 will be completed during winter 1999. By that time, the participants will have been trained and educated in, among other things, business economics, business law, personal development, marketing, public appearance, and IT. The training will recur every year.

All companies within the Bure Group will have well-functioning wages- and salaries policies and incentive systems linked to the strategic, qualitative and financial targets which apply for the respective company.

In order to secure future leadership for the Bure companies, intensified leadership training for managers and "management audits" will be carried out during 1998.



*The training council for the Bure Business School with representatives of Bure and IHM. From left: Mats Larsson (IHM), Eva Mark (Bure), Ulla Gustafsson (IHM), Ingela af Buren (IHM) and Ole Johansson (Bure).*

## ■ Development projects

Bure's strategy is, among other things, "to create growth by building new business in the advanced service sector". The base for new business is investments in existing companies and in development projects. In the health care sector, Bure operates several development projects in the company, Bure Managed Care, a subsidiary of Investment AB Bure. In 1997, investments and costs amounted to SEK 13M.

The objective is to create methods, systems and tools which support integrated care solutions in which patient's needs and active participation are central.

Integrated care solutions are based on patients, care staff, care providers and purchasers using a shared information system. The system contains medical guidelines for the most reliable care for a given diagnosis and monitoring of medical results as well as patient-experienced quality.

An important part of the strategy is co-operation with leading research and development centres in Sweden and internationally.

### **Collaboration with The Picker Institute**

Picker Europe Ltd. was established in London at the end of 1997, and is owned in equal parts by Bure Managed Care and The Picker Institute in Boston. The company aims to raise the quality of health care by focusing on the needs and requirements of patients. The method is based on work developed at Harvard Medical School. The objective of Picker Europe is to establish a European reference database for patient-experienced quality.

In collaboration with the Swedish Institute for Health Care Development, Spri, a survey was carried out in autumn 1997 of approximately 5,000 patients' from eight Swedish hospitals, focusing on patient-experienced quality. A similar survey was carried out in Switzerland. These are the first in a series of studies throughout Europe.

### **Collaboration with University College London**

Together with University College London, Bure Managed Care plans to establish a centre in which individuals with chronic diseases, such as diabetes, are given improved support for self-treatment and for lifestyle change. The objective is to increase the individuals' ability to live with their disease in order to reduce complications and improve their quality of life. The chronically ill are heavy consumers of health care, and this approach has a positive cost-effect for the community.

### **Whittington Hospital**

In June, a consortium led by Bure was appointed to negotiate the final contract regarding the development of the new Whittington Hospital in London. The contract comprises financing, constructing and running peripheral services at the hospital.

The consortium's winning tender includes building a new hospital based on the needs of the patient.



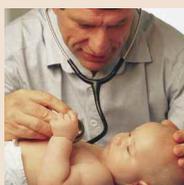
## ■ Bure Health Care

Head of Business Sector:  
Per Båtelson



*Bure Health Care will be the player on the health care market which best meets the demands placed by the patients and the principals of the health care sector.*

*Bure Health Care carries on operations in five areas*



■ **Specialist Care** Bure Specialist Care is the leading private provider of non-institutional and institutional care in the Nordic countries. Operations are carried out in Stockholm, Gothenburg, Örebro, the Skåne region and in Oslo. Bure Specialist Care has 468 employees. 1997 turnover amounted to SEK 325M. Earnings after financial items were SEK 23M.

Page 18



■ **Geriatric Care** The Business Area was established as a unit within Bure Health Care during 1997. Through the company, Bure Vård & Omsorg, operations are carried out in Linköping, Malmö and Norrköping. Operations concentrate on care-intensive geriatric care in specially-built establishments.

200 are employed in geriatric care. 1997 turnover amounted to SEK 94M.  
Earnings after financial items were SEK 8M.

Page 19



■ **Occupational Health Care** The majority of the operations are found in Previa which is the market leader in occupational health care in Sweden. Via nearly 100 health centres, the Business Area serves 11,000 employers and more than 500,000 employees.

719 are employed within the Business Area. 1997 turnover amounted to SEK 499M.  
Earnings after financial items were SEK 16M.

Page 20



■ **Diagnostics** Operations are carried out through Nova Medical which is the market leader in laboratory medicine in the Nordic countries. Nova Medical carries out laboratory analyses for the health care sector and pharmaceutical industries at laboratories located in Stockholm, Gothenburg, Skaraborg, Sörmland as well as in Denmark and Poland.

Nova Medical has 476 employees. 1997 turnover amounted to SEK 314M. Earnings after financial items were SEK 6M.

Page 22



■ **Materials Supply** The Business Area was established in 1997 and now comprises operations under the name Simonsen in five locations in Sweden and in Denmark. Simonsen is an independent player in advice, purchasing, delivery, warehousing and reporting back of consumable supplies for the health care sector as well as hotels and industry.

548 people are employed in Simonsen. 1997 turnover amounted to SEK 256M. Earnings after financial items were SEK 1M.

Page 23

*Bure Health Care will be the player on the health care market which best meets the demands placed by the patients and the principals of the health care sector. Bure's staff have the knowledge, ability and ambition which is required to live up to the catch-phrase – focus on the patient, quality and efficiency.*

*Bure Health Care plans to achieve a turnover in the year 2000 of SEK 5 billion with an operating margin of 5–7 per cent. All Business Areas, with the exception of Geriatric Care, will be market leaders in the Nordic countries and also have an increased presence in the rest of Europe.*

Bure Health Care has established itself as a long-term partner to principals in a large number of county councils and municipalities and thus is the leading private producer of care services in Sweden. Through Occupational Health Care, 11,000 employers with more than 500,000 employees are also served.

During 1997, Bure Health Care's international expansion started through establishment of operations in Norway, Denmark, Great Britain and Poland.

Since the start in 1994, turnover has increased from SEK 97M to SEK 1,488M for 1997. Growth has been achieved through the acquisition of operations under both public and private management which have been restructured, stabilised and developed. On the managements of the subsidiaries both medical and industrial expertise is now found.

Bure Health Care's strategy is to realise innovative concepts and methods within the care sector in close collaboration with the principals. The staff work in small, result-oriented company units with a focus on solutions close to the customer. By taking personal responsibility and through co-influence, criteria are created for increasing efficiency and for supplying high quality. Extensive investments in IT-based operational support also contribute to this development.

The benefits of the flexible and locally-adapted care organisation are combined with the large organisation's opportunities for efficient systems solutions, co-ordinated purchasing, joint profiling and major investments in development. The opportunities for recruiting the best possible expertise has also increased in step with the

growth and the increased confidence which the market has shown in Bure Health Care.

The five business areas are organised in two Business Group:

*Health and Care Services* which consist of specialist care, geriatric care and occupational health care.

*Medical Services* which consists of diagnostics and materials supply.

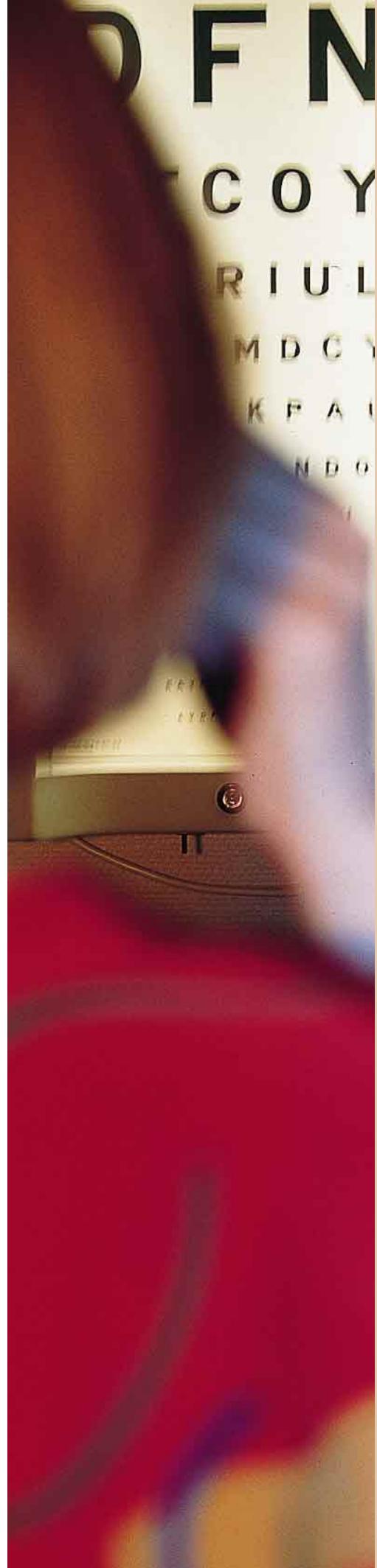
More than half of the income emanates from care or service contracts with public principals. One-third of income is based on occupational health care contracts with companies and organisations. Only a small proportion emanates from private individuals and insurance companies.

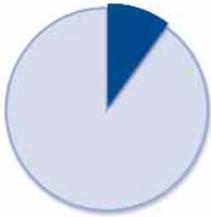
### **Health care market**

The health care market is facing significant changes both in Sweden and internationally. Increased needs and rising costs place new and higher demands on the health care systems of all Western European countries.

Health care in Sweden costs approximately SEK 180 billion per annum and 95 per cent of production takes place under public management. The remaining 5 per cent is distributed on a large number of private players, of which Bure Health Care is the leader.

In order to maintain a high level of health care and good accessibility for patients with existing joint and several financing, new initiatives and approach is needed within, for example, geriatric care and care of the chronically ill. Through increased diversity in care production, opportunities increase for continued structural changes.





10%

**Bure Health Care's share of Bure's total net asset value.**

The trend is strongly positive for private care providers. An increasing number of politicians speak in favour of a division between the  *purchaser role*, which is the task of the politicians as representatives of the population, and the  *provider role* which ought increasingly to be subjected to competition. In its final report (December 1997), the Delegation for Co-operation between Public and Private Health Care in Sweden proposes that 25 per cent of non-institutional care should be subjected to competition. Trades union organisations also welcome increased diversity with regard to employers within this sector.

Bure Health Care has taken up the cudgels on behalf of private care providers through a number of good examples which show the benefits for patients and tax-payers.

In the Swedish Health Care Review (HSU2000) is emphasised the patient's role as an active consumer of care with a right of choice when it comes to his/her own care. The changed role of the patient also works in the direction towards more producers of health care.

The total market in Sweden is expected to grow slowly over the next few years, whereas the private share of health care production is expected to increase by more than 20 per cent per annum. The development on the Norwegian health care market is similar to that in Sweden. The same applies to Denmark but the rate is estimated to be slower. The health care reform and the 1997 election in Poland open up the country for new approaches and an increased number of private players.

### Events during 1997

For all Business Areas, 1997 was characterised by rapid growth and measures aimed at increasing profitability. Bure Health Care's market position was significantly strengthened compared with the other players in the sector.

- The breadth of the organisation and the ability of the subsidiaries to represent the totality has meant that the contact network within the Nordic health care sector has grown strongly. Independent evaluations of several operations have generated very good references. During 1997,



*Volvat Medisinske Senter in Oslo, the largest private hospital in Norway.*

Bure Health Care made a definitive breakthrough on the Nordic market. At the same time, external interest continues to grow increasingly stronger.

- Bure Health Care is now established with five business areas. Business Area Geriatric Care was established with an own care and business concept as the base. Materials Supply was also formed during the year following the merger of the materials and textiles operations, and the development of the own One Stop concept.

- Consolidation continued in 1997 as did the streamlining of the respective Business Areas. A number of minority holdings were acquired and work aimed at simplifying the legal company structure has started. Non-prioritised operations have been sold.

- Management capacity in the subsidiaries was strengthened in order to secure both medical and industrial expertise. New company managements were appointed in Business Areas Occupational Health Care and Materials Supply.

- The international expansion started following the acquisitions of Volvat Medisinske Senter in Norway, Medi-Lab and Simonsen & Weel in Denmark. Since 1996, operations have also existed in Poland through Nova Medical Polska.

- Substantial IT investments during 1997 contributed to the development of new business concepts and paved the way for the introduction of electronic trading. A nationwide fibre-based data network was installed in Sweden. All subsidiaries were given access to central services such as e-mail, the Internet, intranet and central services for control and staff administration. Significant emphasis has been placed on data security.

- All Business Areas focused on quality assurance in 1997. The investment, which includes both medical and patient-experienced quality, will continue on an undiminished scale in 1998. Within the diagnostics segment, large parts of the operations have been accredited by SWEDAC. During 1998, Business Area Materials Supply is expected to be certified in accordance with ISO 14000. By then, the health care companies and the routines of geriatric care for quality audit will also be implemented.

### 1997 results and 1998 outlook

The most important objectives during 1997 were to strengthen the Business Areas' market positions and improve profitability. The profitability improvements in Business Area Occupational Health Care had the largest influence on Group earnings.

Earnings of the operating units amounted to SEK 54M (-14). Earnings after financial items were SEK 26M (-46).

The difference between total earnings of the Business Sector and operating income of the included operations consist of costs for Bure Health Care's head office, start of new projects, depreciation of goodwill on carried-out acquisitions as well as capital gains.

The foundation has been laid for a continued interesting development both in Sweden and in the operations abroad. In 1998, rapid growth, inc-

reased operational efficiency and improved key figures are prioritised for all Business Areas as are substantial IT investments.

The international expansion is based on well-tried concepts and experience from the Nordic operations. At the same time, the development rate is increasing for new care concepts, IT support, and systems for quality control. These tools are also being developed to enable them to be adapted to several European health care systems.

*Bone mineral measuring  
at Nova Medical in Skövde.*





Infant examination at Volvat, Oslo

KEY FIGURES , SEK M	1997	1996
Invoiced sales	<b>325</b>	176
Earnings after financial items	<b>23</b>	13
Return on capital employed, %	<b>29</b>	50
Average number of employees	<b>468</b>	241
Bure Health Care's invested capital	<b>170</b>	29
Bure's ownership, %	<b>50-100</b>	50-100

The above refers to amounts consolidated in Bure's accounts.

## ■ Specialist Care

*By combining focusing on the patient, medical ethics and businessmanship, Business Area Specialist Care will supply high-quality and resource-efficient health care. By developing new work methods and concepts, Bure Specialist Care works for increased focusing on the patients within the care sector. The financial foundation is based on long-term care contracts with county councils.*

Bure Specialist Care is the leading private care provider of non-institutional and institutional care in the Nordic countries with operations in Stockholm, Gothenburg, Örebro, Skåne region and Oslo. The strength of the operations, in addition to high quality from a medical and service viewpoint, are small and efficient hospitals and medical centres with an earnings-oriented leadership.

### Market

Specialist care in the Nordic countries constitutes a stable market. The private production share amounts to only a few per cent but is growing strongly. Today, there are very few large care providers which are able to constitute an adequate supplement to the public sector care, but new groupings of medical practitioners are emerging while, at the same time, other players are getting ready for major investments.

Specialist care in Sweden has an annual turnover of approximately SEK 120 billion. The politicians stand-up for central, joint and several financing, but there are increasing signs which indicate that private care providers are accepted as important complements to the publicly-produced care. Growing queues, increased demands for accessibility to care and the need for increased continuity will pave the way for new long-term care contracts with regard to a significant proportion of the health care requirement over the next few years.

### Objective and strategy

Bure Specialist Care offers resource-efficient health care in Nordic cities with county councils and municipalities as primary customers. Operations are carried out in subsidiaries with strong local brandnames.

Focusing on medical quality as well as on service and caring for the patient is the foundation for increased trust in our activities from patients, politicians and officials within the care sector. By combining focusing on the patient, medical ethics and businessmanship, new forms of care are being developed across traditional specialist boundaries and principals. With the help of experienced staff, including 300 medical specialists, new management and organisation forms are being created. The objective is to reach at least 5 per cent of the total market over the next few years through new forms of co-operation with county councils and acquisition of private operations. Turnover is expected to increase significantly during 1998. The expansion will take place in the Nordic countries, mainly on the Swedish and Norwegian markets. Taking into account the political development, we see excellent opportunities for expansion.

Bure Specialist Care is making substantial investments aimed at creating a care company with a strong IT network as support for a future network-controlled health care service in which analysis, results, knowledge, information and expertise will be moved to the location which the patient wants. In that way, modern communication technology will be able to increase the security and medical quality in the care sector.

### Events during the year

During 1997, Bure Specialist Care acquired Svenska Cityklinkerna with the subsidiary, Skånehälsan and the hospital, Volvat Medisinske Senter in Oslo. Negotiations regarding further acquisitions are in progress.

1997 turnover amounted to SEK 325M. Earnings after financial items were SEK 23M.

## ■ Geriatric Care

*Business Area Geriatric Care will meet the increasing need for qualitative and individually-adapted geriatric care by offering pensioners choice of treatment, security and integrity.*

*In a Nordic perspective, the objective is to become the leader on the market within a five-year period with regard to high quality and differentiated geriatric care.*

Business Area Geriatric Care was established during 1996. Today, operations are located in Linköping, Norrköping and Malmö through the company Bure Vård & Omsorg. The orientation is care-intensive geriatric care in specially-built facilities with individual adaptation, high quality and access to the best possible specialist expertise. Bure Vård & Omsorg is in a build-up stage with the objective of becoming the leading player in the Nordic countries.

### Market

The majority of geriatric care in Sweden is financed by public funds. The market amounts to approximately SEK 60 billion and today more than 100 municipalities have subcontracted parts of their geriatric care to private care providers. There are some ten large and medium-size private care providers within geriatric care, and a large number of small players.

The number of people who are 80 years or over is increasing strongly in Sweden. The Nordic countries and the rest of Northern Europe will show an age pyramid similar to that in Sweden within a ten-year period. Up to the year 2010, an increase in resources of more than 20 per cent is required within Swedish geriatric care and today there is already a shortage of capacity in many municipalities.

Added to this is increasing demand for quality and freedom of choice which means that new financing and operating forms will develop. The quality aspects have also been emphasised following investigations by the mass media and the authorities of both publicly- and privately-operated geriatric care.

### Strategy and market position

The most predominant form of procurement is tendering in accordance with the rules for public procurement. This brings about contracts of limited duration with a risk of change of care contractor on a regular basis. Bure has chosen not to compete for the tightly-priced municipal contracts.

Bure is working for a different relationship with the municipalities in which long-term planning and quality development is stimulated and rewarded. The objective is to offer high-quality care in facilities which are created under our management. Bure intends to invest long term by putting energy and resources into development and of new operating concepts and will not grow faster than that quality can be guaranteed.

Within a three-year period, turnover is expected to increase significantly. Business Area Geriatric Care will invest in development of IT, quality assurance and environmental adaptation. Prioritised regions are the densely-populated parts of Sweden and Norway.

The specific housing patterns of the future will be built in line with the so-called stay-where-you-live model, which requires a flexible operating organisation with the ability to adapt volume and expertise in staffing on a continuous basis. Care in the home will also increase in extent and complexity. In line with Bure's strategy, preparations are being made for this development.

### Events during the year

During 1997, Miamedica in Linköping and WM Hemtjänst in Norrköping were acquired. Together with Oxie Vårdhem in Malmö, these units constitute the first cornerstones of the operation. During the year, construction also started of Bure's own housing facilities for the elderly.

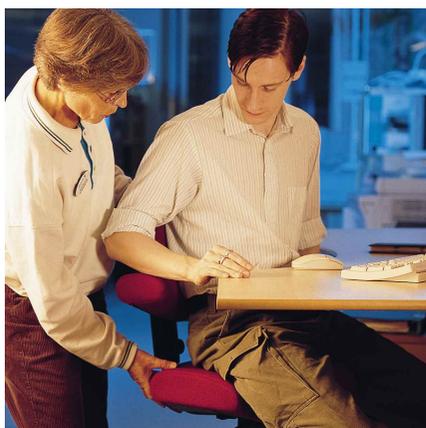
Turnover of Bure Vård & Omsorg amounted to SEK 94M during 1997. Earnings after financial items were SEK 8M.



*During 1997 Miamedica, which provides housing and care facilities for the elderly, was acquired.*

KEY FIGURES, SEK M	1997
Invoiced sales	94
Earnings after financial items	8
Return on capital employed, %	14
Average number of employees	200
Bure Health Care's invested capital	35
Bure's ownership,	100

*The above refers to amounts consolidated in Bure's accounts*



Workplace check being conducted by staff from Previa

KEY FIGURES, SEK M	1997	1996
Invoiced sales	<b>499</b>	500
Earnings after financial items	<b>16</b>	- 33
Return on capital employed, %	<b>70</b>	-
Average number of employees	<b>719</b>	903
Bure Health Care's invested capital	<b>78</b>	78
Bure's ownership, %	<b>70</b>	70

The above refers to amounts consolidated in Bure's accounts.

## ■ Occupational Health Care

*In the long term, Business Area Occupational Health Care will contribute to the profitability and well-being of companies and organisations. Occupational Health Care offers services which concern the health of staff: keep-fit measures, health care, rehabilitation, support relating to abuse of alcohol and drugs, crisis support and work environment development.*

The majority of the operations are found in Previa which, with nearly 100 health centres, is the market leader in Sweden and the country's only nationwide supplier of occupational health care.

The Business Area's customers consist of approximately 11,000 employers with a total of more than 500,000 employees. Large and small as well as private and public operations are represented among the customers. Occupational Health Care also takes over the responsibility and running of customers' own health centres.

### Market

Since deregulation started in 1993, the market for traditional occupational health care has fallen from SEK 4 billion to less than SEK 3 billion in turnover. During the same period, the number of staff in several of Previa's major customers, primarily in public operations and the construction industry, has fallen strongly. At the same time, all sectors have been characterised by general restraint with regard to investments in the work environment. Despite this weakening of the market, Occupational Health Care significantly improved its earnings during 1997 compared with 1996.

Competition consists of a number of networks of operating health centres, however none with nationwide coverage. Competing locally are municipal, county council and industrial health centres and a number of small players, often with sector orientation. Occupational health care in a broader perspective is also offered by new companies in the keep-fit segments and niche com-

panies in the behavioural science sector.

### Objective and strategy

The consolidation will continue during 1998 at a stable level of turnover but with still further improved results.

The strategy involves a focusing on in-depth relations with customers aimed at developing together concepts and work methods. Today, employers increasingly seek long-term relations with suppliers who are able to offer not only health care but also, for example, medical specialists at short notice. There is also a trend in the direction that occupational health care should take a larger overall responsibility for staff.

Investments during 1998 will be made in service development within the areas of crisis-handling, work environment certification and support on reductions of staff as well as in collaboration with customers who have their own health centres. Product development is also taking place for adaptation to new insurance systems.

### Events during the year

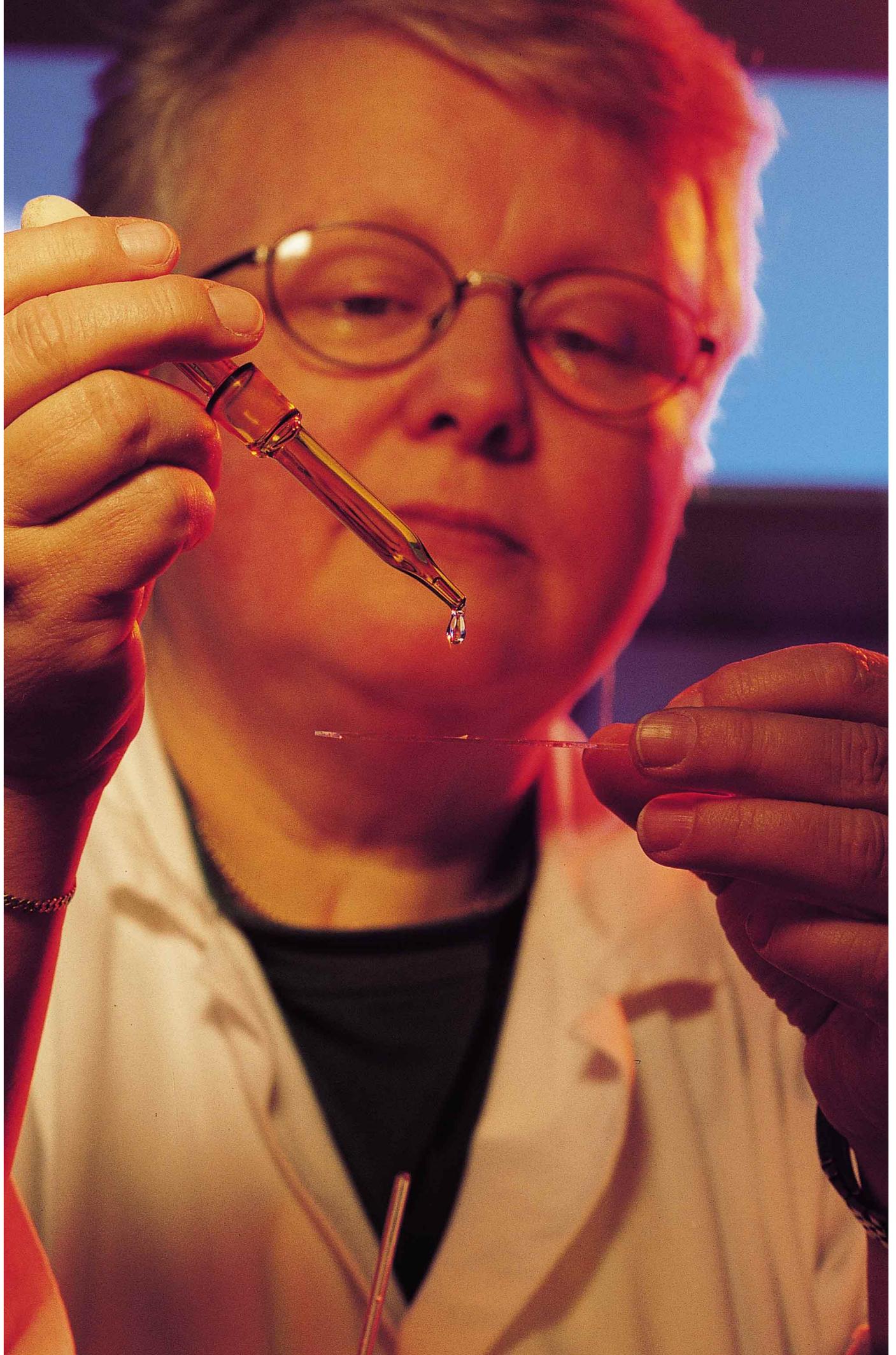
Operations in Previa were made more efficient. Through extensive rationalisation of staff and premises resources, dramatic cost-reductions were achieved. The loss in 1996 was turned into a profit in 1997.

During 1997, Previa made a large investment in IT, which included building-up a network between all major health centres.

A new concept for the Swedish market, Kurant Access, which is based on guaranteed accessibility to specialist health care combined with an active health and work environment programme, was launched by Läkargruppens Företagsservice.

Previa also launched marketing campaigns for drug-testing and support in corporate restructuring work.

In 1997, Occupational Health Care reported a turn-over of SEK 499M. Earnings after financial items amounted to SEK 16M. Earnings were charged with SEK 9M relating to close-down and restructuring costs.

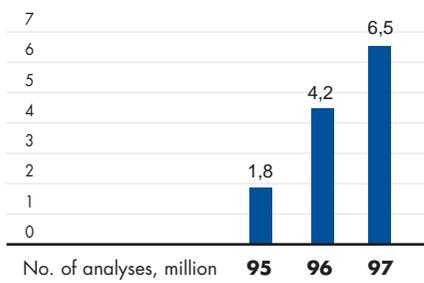




Bacterial control at Nova Medical, Skövde.

KEY FIGURES, SEK M	1997	1996
Invoiced sales	314	211
Earnings after financial items	6	1
Return on capital employed, %	9	3
Average number of employees	476	310
Bure Health Care's invested capital	93	71
Bure's ownership, %	100	70

The above refers to amounts consolidated in Bure's accounts.



## ■ Diagnostics

*Business Area Diagnostics operates medical service with high quality and a high level of service at competitive prices. The objective is to be a leader in Europe within laboratory diagnostics.*

The operations, which are carried out through the company, Nova Medical, consist of laboratory analysis for the health care and pharmaceutical industry at laboratories located in Stockholm, Gothenburg, Skaraborg, Sörmland as well as Denmark and Poland. Nova Medical is the market leader in the Nordic countries within laboratory medicine.

The company's operations are characterised by high quality and the laboratories within clinical chemistry and microbiology are accredited by SWEDAC, the Swedish Board for Accreditation. Because a Group structure has been established, it is possible to utilise synergy effects between the laboratories.

### Market

The market for laboratory medicine amounts to approximately SEK 3.5 billion in Sweden. The growth rate is influenced in a positive direction by increased productivity within health care because an increasing number of patients is being treated per time unit, new analyses are being developed and more diseases can be diagnosed and treated. On the other hand, market growth is being slowed down by the reduced purchasing power of the county councils, caused by savings measures.

Nova Medical's competitors consist mainly of the large university hospitals in Sweden. Many procurements are made in competition with these university laboratories. Of the market of approximately SEK 400M which is served by private laboratories, Nova Medical accounts for approximately 80 per cent.

### Objective and strategy

For Nova Medical, continued rapid growth applies. The Business Area will grow, especially through

the take-over of public operations but, in addition, when business opportunities arise, also via the acquisition of private laboratories, especially outside Sweden. Through acquisitions it will be possible to utilise economy of scale benefits in the activities. The expansion will be followed by substantial investments in information technology and machinery development. Nova Medical will also strengthen its co-operation with leading universities.

The neighbouring countries Norway, Denmark and Poland constitute the next expansion areas. Opportunities exist for further internationalisation of the laboratory operations. Several principals within the clinical-testing segment are already internationally operating pharmaceutical companies.

### Events during the year

Four acquisitions were carried out during 1997. At the beginning of the year, the private laboratory company, Calab, and the laboratories at S:t Görans Sjukhus were incorporated in Nova Medical. In March, the pathology/cytology operations of Jämtland County Council were acquired.

In December, the largest private Danish laboratory, Medi-Lab, was acquired from the Swiss Roche Group. Through Medi-Lab, Nova Medical is strengthening its international base for clinical tests on behalf of the pharmaceutical industry in Europe and the USA.

During the year, Nova Medical Polska secured several contracts and expects to grow with new establishments during 1998.

Business Area Diagnostics reported a turn-over of SEK 314M during 1997. Earnings after financial items amounted to SEK 6M.

## ■ Materials Supply

*Business Area Materials Supply will build up a service operation based on supply of disposable and non-disposable products in selected product and market segments.*

*With the service concept “One-Stop” as the base, the Business Area will be a supplier-independent player within advice, purchasing, delivery, stock-holding and monitoring of consumable supplies to the health care sector as well as hotels and industries. Expansion beyond the Nordic countries is planned around the year 2000.*

Business Area Materials Supply started at the beginning of 1997. Thereafter, strong expansion has taken place, primarily via acquisitions, and now comprises establishment of operations in five locations in Sweden, and Denmark. In August 1997 the Danish company, Simonsen & Weel, was acquired and today the whole operation is run under the name Simonsen.

Operations are based on a unique full-service concept, “One-Stop”, through which customers get delivery of a number of supplies as well as textiles/laundry from a single supplier. The concept comprises overall responsibility for the entire supply function, including purchasing, stockholding as well as monitoring with the aid of electronic trading. The overall objective is to realise cost-savings and free-up time for the customers for the benefit of their core operation.

### Market

Simonsen is one of the leading private players within the product and market segments in which the company operates. The worked market exceeds SEK 10 billion in the Nordic countries and the annual growth is weak from a general point of view. However, the market is at an early stage of restructuring and effectivisation and the growth potential for a player like Simonsen – which is participating in and forcing the change – is therefore very good.

The principal players on the market are several manufacturers who go direct to the customer

and supplies via a distributor under their own control, agents who work on behalf of manufacturers and supply via a forwarding agent, and manufacturers who make contracts for stock-holding and distribution with an independent distributor. Added to this are finally independent purchasers, stockholders and distributors of the Simonsen character.

The trend is towards increasingly large players who focus on the Nordic countries as a common market.

### Objective and strategy

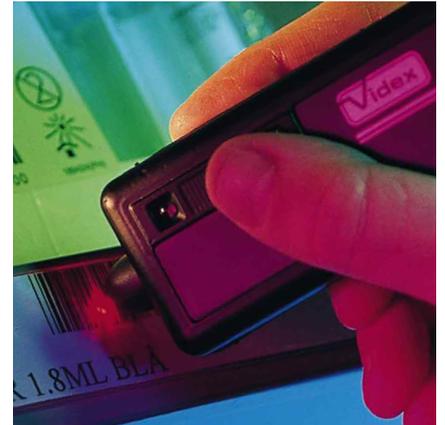
During 1998, Business Area Materials Supply is expected to report an earnings improvement while, at the same time, operations will grow significantly. The objective is to expand in the Nordic countries with a turnover of SEK 1 billion in the year 2000.

A service operation of Simonsen’s character must continuously be involved with interior and exterior quality. One example is the work aimed at environmental certification in accordance with ISO 14000. In addition, work has been initiated aimed at creating model facilities in which the entire process from supplier, via Simonsen, to customer is secure and optimised.

### Events during the year

In June 1997, Wash-IT Gruppen was acquired, including Droppen Textilservice and Sydosttvätt. The Danish company, Simonsen & Weel, was acquired in August and Långseletvätten was added in December.

Turnover amounts to approximately SEK 550M on an annual basis. The consolidated turnover for 1997 amounted to SEK 256M. Earnings after financial items were SEK 1M.



*Bar-code pens connected to central operating systems are important tools in Simonsen’s full-service concept.*

KEY FIGURES, SEK M	1997
Invoiced sales	<b>256</b>
Earnings after financial items	<b>1</b>
Return on capital employed, %	<b>6</b>
Average number of employees	<b>548</b>
Bure Health Care’s invested capital	<b>24</b>
Bure’s ownership, %	<b>80</b>

*The above refers to amounts consolidated in Bure’s accounts.*

## ■ Bure IT/InfoMedia

Head of Business Sector:  
Ulf Ivarsson



*The vision is to create the leading network of companies within IT and information services in the Nordic countries. Bure is to be a desirable collaboration partner for growth companies in which Bure, through active business development, will be able to contribute to ensuring that the full commercial potential is attained.*



■ **Scribona** is the leading company in the Nordic countries in “Trading and Distribution” of IT products and “Information Services”. Bure’s ownership amounts to 51 per cent of capital. During 1997, the Group was organised in four business areas: Computer Products, Office Machines, Information Services (which consists of the Sifo Group) and Office Products. The latter was sold in January 1998. At the year-end, the company employed 2,500. Invoiced sales amounted to SEK 8,474M in 1997 with earnings before taxes of SEK 185M.

Page 27

---



■ **IT Services.** Business Area IT Services is organised as follows:

- **IT Consulting.** Included here are Guide Konsult, which operates in communications, systems development, systems integration and IT management, and Carlstedt Research & Technology (CR&T) which operates in computer technology and computer science. Bure’s ownership in the two companies amounts to 47 per cent and 45 per cent, respectively. In total, approximately 500 people are employed. Total sales of IT Consulting Services amounted to SEK 442M. Earnings after financial items amounted to SEK 26M, of which Bure’s share amounted to SEK 5M.
- **Valued-Added-Resellers (VAR).** Bure acquired 52 per cent of the shares in Salcom Communication. Salcom is one of Sweden’s leading systems suppliers of networks to large companies and organisations. The company has approximately 60 employees. 1997 turnover amounted to SEK 328M with earnings after financial items of SEK 5M.
- **IT for Health Care.** Operations are carried out through the companies, Adapt Information Systems and UDAC. The companies offer software and IT support in the health care sector and supply communications packages which support operations and personnel management in county councils, municipalities, private care providers and universities. The operations employ approximately 130. 1997 turnover amounted to SEK 54M. Loss after financial items was SEK 6M.

Page 28

---



■ **Information Services** Information Services include Citat Mediaproduktion which operates in the cross-media publishing segment. Bure’s ownership amounts to 85 per cent. The company is based in Gothenburg and has a total of approximately 100 employees. 1997 invoicing for information services amounted to SEK 83M. Earnings after financial items were SEK 5M.

Page 31

---



*Bure IT/InfoMedia's business concept is to develop entrepreneur-operated IT and infomedia companies and to participate in the restructuring of large IT companies. Bure IT/InfoMedia gathers the expertise of the included companies in a network which makes it possible to offer all the benefits of the large company while maintaining the entrepreneurship of the small companies.*

*The objective is to be the leading network of companies in the year 2000 within IT and information services in the Nordic countries in order thereafter to expand further in Europe within selected subsegments.*

Bure IT/InfoMedia is in a build-up phase with rapid growth. From the start of 1997, when the Business Sector consisted of a small number of companies, it developed during the year into one of Sweden's leading network of companies within IT and information services.

Operations in Bure IT/InfoMedia are organised in the Business Areas: Scribona, IT Services and Information Services. The included individual companies are, with the exception of Scribona, focused within special areas with the objective of securing market leadership. Scribona operates in trading and distribution as well as in information services and has established itself as the leader in the Nordic countries in the respective segment.

### **Market and trends in the IT/InfoMedia sector**

During 1997, the growth of the total Swedish IT market exceeded 5 per cent but with large variations between the submarkets. Today, the total

market is estimated at nearly SEK 60 billion per annum. The market is characterised by a very high rate of change and the rapid technology development means that sector borders are wiped out and new services added. The sector now enters a phase of consolidation with both vertical and horizontal integration. The development in the Internet area also creates completely new patterns, especially within transfer of information, logistics and trading.

The high rate of change forces the IT/InfoMedia companies to work very flexibly. The companies are often highly individualistic and dependent on the entrepreneurs who represent the core expertise in the company. To work in a network, preserve small-scale operations and at the same time utilise the advantages of a large company, may become decisive for the companies' development.

### **IT and infomedia, market and segments in Sweden**

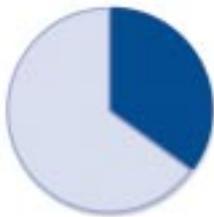
	<b>Approximate value, SEK M</b>	<b>Growth, %</b>	<i>Bure IT/InfoMedia's units</i>
<b>IT market</b>	<b>60,000</b>	<b>&gt;5</b>	
Hardware and software	35,000	>5	Scribona
IT Services	25,000	10-20	IT Services
<b>Information Services <sup>1)</sup></b>	<b>5,000</b>	<b>10-20</b>	Scribona (Sifo Group)
<b>Media Production <sup>2)</sup></b>	<b>5,000</b>	<b>5</b>	IT Services

1) Definition: "To gather, structure, process, analyse and distribute information to professional customers".

2) Definition: "Production of graphic, interactive and film media".



*The Sifo Group is the leading market research company in Sweden*



**38%**

---

**Bure IT/InfoMedia's share of Bure's total net asset value**

---

## Strategy and objective

Bure IT/InfoMedia strives to own majority holdings in companies but, at the same time, desires that the management and employees will have an ownership interest. Through active ownership, Bure adds business development expertise, structure, stability and network contacts. Through continued personal ownership and development of incentive systems, motive power and dynamics are secured which is important for the companies' success. It also creates criteria for more motivated and involved staff with lower staff turnover as a result.

Prioritised markets are Sweden and the other Nordic countries. In Information Services, Northern Europe is also of interest for further expansion. Customers are primarily large and medium-size companies and organisations in both the private and public sectors.

Bure IT/InfoMedia's Business Sector Management participates actively in the operating business development in the realisation of large projects and deals. In addition, Bure IT/InfoMedia supports the growth and structural work of the included companies through acquisitions and divestments, both from a skill viewpoint and financially.

The objective for Bure IT/InfoMedia is to be perceived as the leading group of companies with regard to performance and quality. The included companies are to be attractive employers to enable them thus to maintain a high level of expertise within the company.

Return on invested capital for Bure IT/InfoMedia is to exceed 20 per cent.

## 1997 development

Total invoiced sales of Bure IT/InfoMedia including associated companies amounted to SEK 9,381M for the 1997 full-year. Earnings after financial items were SEK 214M, of which Bure's share amounted to SEK 113M following Groupwise goodwill depreciation of SEK 62M and management expenses of SEK 8M.

During 1997, development in the existing operations and recruiting of skilled management resources within the Business Sector were prioritised.

A large number of acquisitions were carried out as complements to existing operations. 52 per cent of the shares in Salcom Communication was acquired as a result of which a platform was created for the development of the operations in the Value-Added-Resellers (VAR) business segment which comprises sales of hardware and software combined with consultation and implementation.

In March, additional shares were acquired in Scribona which had the effect that the company was consolidated in Bure's accounts from 1 March. The holding increased still further during the year and amounted to 51 per cent of capital and 64 per cent of votes on 31 December.

In IT Consulting Services, Guide Konsult acquired Bure's 50 per cent holding in Communicator, and as a result is the sole owner of the company. With this, one of the largest product- and supplier-independent players was created on the Swedish market within IT consulting services with a 1997 pro forma turnover of SEK 427M. Bure's ownership in the merged Guide and Communicator, now Guide Konsult, amounts to 47 per cent.

Yet another company was added within the Business Sector at the beginning of 1998 when 55 per cent of the shares in Dimension was acquired. Dimension is Sun Microsystems' leading collaboration partner in Sweden and reported a turnover of SEK 260M during the 96/97 financial year.

## ■ Scribona

Scribona is the leading company in the Nordic countries in trading and distribution of IT products and information services. The Group is organised in three Business Areas: Computer Products, Office Machines, and Information Services. A fourth Business Area, Office Products, the office retail chain Svanströms, was sold at the beginning of 1998.

Computer Products comprises Scribona Computer Products, which is the largest distributor of personal computers in the Nordic countries, and the general agency for Toshiba PC in the Nordic countries. Scribona Computer Products distributes products from all major PC suppliers. During 1997, assembly of computers was also started on behalf of Siemens Nixdorf and IBM.

Office Machines comprises distribution of office equipment within the framework for the Scribona Office Machines and Enströms divisions. The latter also includes the Carl Lamm retail chain.

Information Services consists of the Sifo Group which offers a full-range supply of services for external monitoring and market research. Among other things, the company is the market leader in media monitoring. During the year, several media monitoring companies were acquired in Sweden, Finland and Germany which strengthened the Sifo Group's leading position on that market still further.

### Market

Scribona's markets developed positively during the year. Demand increased in all market segments. However, competition continued to increase. This applies especially to distribution of PC computer products.

### Events

Scribona carried out four acquisitions within Information Services during 1997, including Imedia which at the time was Sweden's second largest company in media monitoring.

Within Computer Products, the Grafotex Division was divested and within Office Machines the telecom operation in Enströms was sold.

Invoiced sales for the Group amounted to SEK 8,474M (6,562), an increase of 29 per cent. For comparable units and adjusted for exchange rate fluctuations the rate of increase was 24 per cent which was significantly higher than the corresponding rate of increase in 1996 which amounted to 13 per cent.

Earnings after financial income and expenses amounted to SEK 185M (308). This result included items affecting comparability of SEK -57M (43), mainly consisting of additional costs and productivity losses in connection with the implementation of a new Groupwide order, stock and invoicing system.

Computer Products increased its sales by 37 per cent to SEK 5,896M (4,402). Operating income amounted to SEK 80M (62).

Office Machine's turnover amounted to SEK 1,378M (1,235) which is an increase of 12 per cent. Operating income was SEK 40M (70). The Sifo Group increased its sales to SEK 719M (417). Operating income was SEK 77M (64).

### 1998

After the year-end, the office product retail chain, Svanströms was sold with a capital gain of approximately SEK 160M.

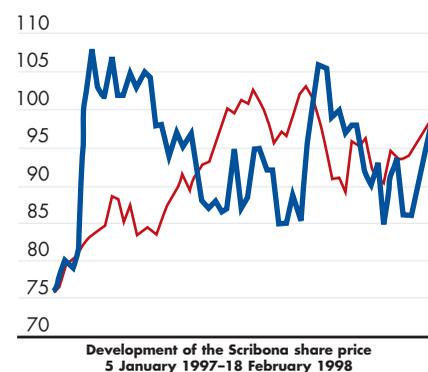
The Board of Directors of Scribona proposes that the Annual General Meeting decide that the Sifo Group be distributed to the shareholders and thereafter apply for a quotation of the O list of the Stockholm Stock Exchange during 1998.



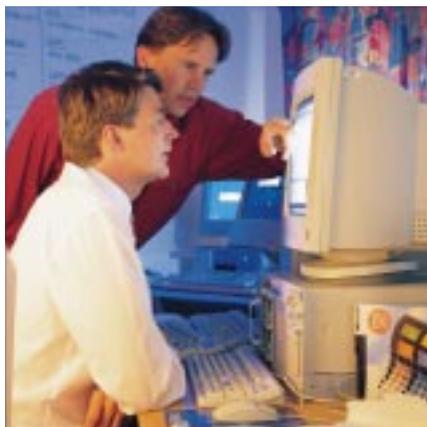
*Scribona Computer Products is the largest distributor of personal computers in the Nordic countries.*

KEY FIGURES, SEK M	1997	1996
Invoiced sales	<b>8,474</b>	6,562
Earnings after financial items	<b>185</b>	308
Capital employed	<b>1,076</b>	773
Return on capital employed, %	<b>15</b>	33
Market value, 31 Dec	<b>3,078</b>	2,619
Dividend per share, SEK	<b>10.50<sup>1)</sup></b>	6.00
Average number of employees	<b>2,498</b>	2,061
Bure's invested capital	<b>1,231</b>	807
Bure's ownership of capital, %	<b>51</b>	38
Market value of Bure's investment	<b>1,575</b>	999

1) Proposed dividend



— Scribona  
— The Affärsvärlden General Index



*Guide Konsult is a supplier-independent consulting company established in Stockholm, Gothenburg, Uppsala and Malmö.*

KEY FIGURES, SEK M	1997
Invoiced sales <sup>1)</sup>	<b>824</b>
Earnings after financial items <sup>1)</sup>	<b>25</b>
Average number of employees <sup>1)</sup>	<b>710</b>
Bure's invested capital	<b>202</b>
Bure's ownership, %	<b>45-100</b>

<sup>1)</sup> Total of sales of subsidiaries and associated companies, earnings and number of employees

## ■ IT Services

Business Area IT Services consists of three different units: *IT Consulting Services*, *Value-Added-Resellers (VAR)* and *IT for Health Care*. The three units are developed individually but with an overall management from Business Sector Bure IT/InfoMedia. There is also extensive collaboration between the units within the framework for the Business Sector's network.

The objective is that every company should attain a leading market position. In consortium form, the companies will together be able to offer competitive overall packages for the combined requirements of IT solutions for medium-size and large companies.

### Market

The Swedish market for IT services is estimated at more than SEK 25 billion with an annual growth of more than 10 per cent. Competition in the sector has increased, the entrance barriers become lower and the number of players increase. On the market there are now several small niche companies and a small number of major players with broad expertise within the respective area, especially within IT Consulting Services.

The rapid expansion within the IT Services segment with increased competition for, among other things, skilled workers creates considerable challenges both with regard to the ability to supply and the quality of the technical content. Within a short period of time, Bure IT/InfoMedia has established itself as an important player in Sweden on this demanding market.

### Strategy

Bure's task in this segment is to guide rapidly-growing companies from an entrepreneurial stage to an industrial and long-term stable base as a preparation for a possible stockmarket listing.

#### – IT Consulting Services

IT Consulting Services includes Guide Konsult and CR&T. Communicator's operations were integrated into Guide during autumn 1997.

*Guide Konsult* is a supplier-independent consulting company established in Stockholm, Gothenburg, Uppsala and Malmö. Bure's ownership in the company amounts to 47 per cent. Operations are organised in communication, systems development, technology, systems integration and IT management. Following the acquisition of Communicator, there are 480 employees. Customers consist mainly of large organisations in both the private and public sectors. The intention is that Guide will be listed on the Stockholm Stock Exchange during 1998 if market criteria allow.

Guide reported a 1997 pro forma turnover of SEK 427M with pro forma earnings after financial items of SEK 24M which exceeds the 1996 result by approximately 70 per cent. During 1997, the inflow of orders was very satisfactory in all parts of the company.

In July 1997, Bure acquired 45 per cent of *Carlstedt Research & Technology CR&T* which has 20 employees. CR&T is a technology-leading company in computer technology and computer science, applies results industrially and forms a bridge between industries and universities. The company has high profitability and is an important component in the further development of other companies in Bure IT/InfoMedia.

Total invoiced sales for IT Consulting Services amounted to SEK 442M with earnings after financial items of SEK 26M. Bure's share of the result, after goodwill depreciation of SEK 7M, amounted to SEK 5M.

#### – Value-Added-Resellers (VAR)

In February, Bure acquired 52 per cent of the shares in Salcom Communications. As a result, a platform was created for growth in the Value-Added-Resellers (VAR) segment.

A "VAR" exists in the following product segments:

- Where hardware and operating systems are so complex that the customer needs advanced advice on choice of product/solution.
- Where the product package includes consultation relating to technology solutions, product, installation and service.

*Salcom Communication* is one of Sweden's leading systems suppliers of networks to large companies and organisations. The company, which has approximately 60 employees, offers extensive technical expertise within the Internet and intranet, together with products from the market's leading players such as Cisco, ACC, Ascend and Lucent.

Salcom's invoiced sales amounted to SEK 328M which is an increase of 70 per cent over the previous year. Earnings after financial items were SEK 5M. The earnings development was less positive than anticipated. The main reasons are expansion costs, establishment of a new business area (systems management) as well as a negative result development in the cable systems segment. The investment in 1997 provides for positive criteria for a strong development during 1998.

During January 1998, 55 per cent of *Dimension* was acquired which is Sun Microsystems' leading collaboration partner in Sweden. The business concept is to build complex IT systems based, among other things, on Unix solutions. The company has approximately 50 employees with offices in Stockholm, Gothenburg and Lund and reported a turnover of SEK 260M during the 96/97 financial year.

### – IT for Health Care

IT for Health Care was formed in 1996 with the acquisition of Frontec Health Care Informatics, later Adapt Information Systems. During 1997, UDAC was also acquired from Uppsala University. The orientation for the area is to create IT solutions which meet the new demands placed on health care. A close collaboration exists with Bure Health Care.

At the end of the year, Bure acquired the remaining 40 per cent of Adapt in order thereafter to integrate the company in UDAC. UDAC becomes Bure's platform for further expansion within the area.

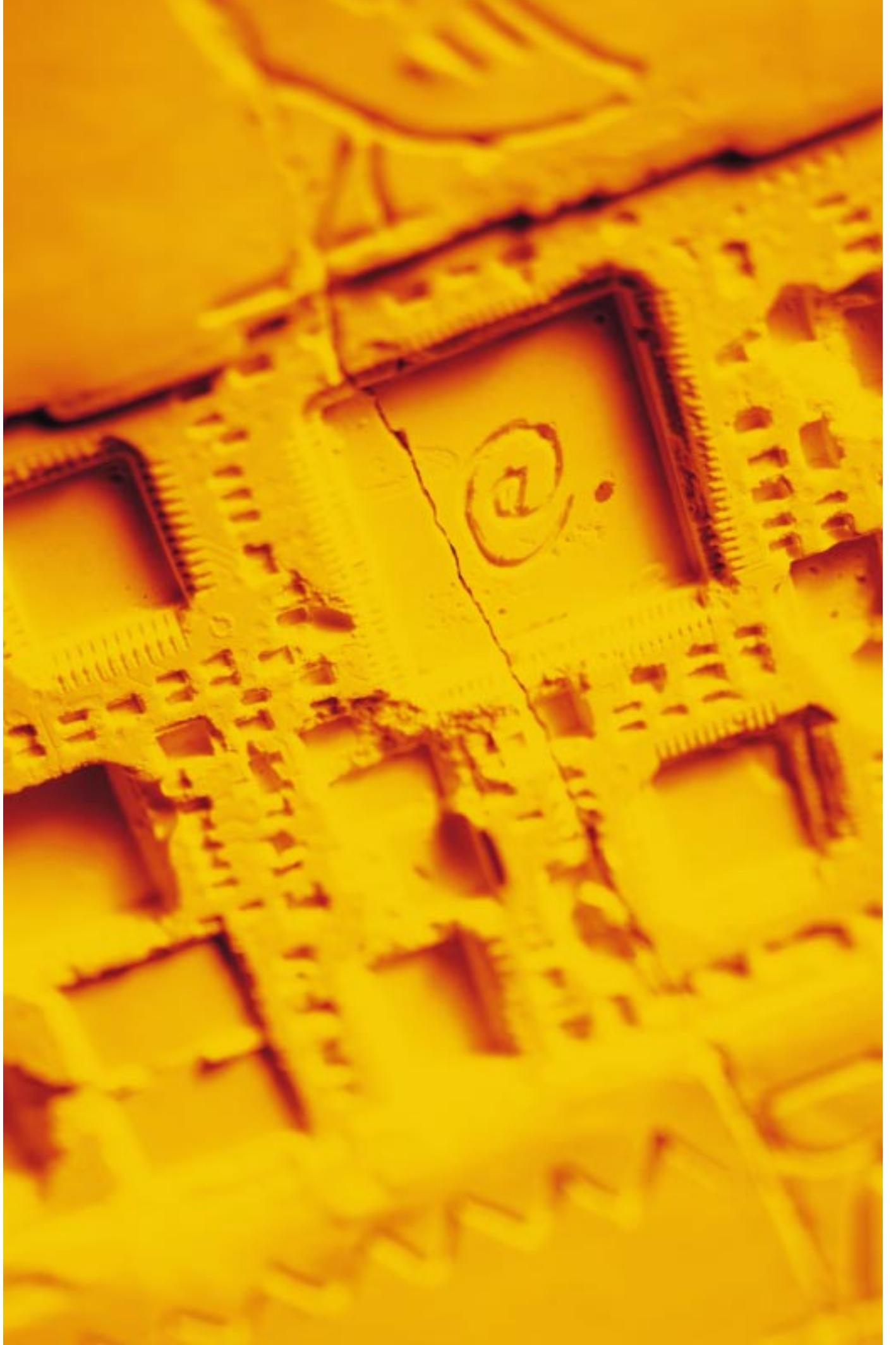
UDAC was formed in 1965 as part of Uppsala University. During 1997, the operations were transformed into company and shortly thereafter Bure IT/InfoMedia acquired 100 per cent of the

shares. UDAC supplies communications solutions, IT services and applications which support operations and personnel management within county councils, municipalities, private care providers and universities.

The combined invoicing for the unit, which has been included in UDAC since 1 July, amounted to SEK 54M. The result after financial items amounted to SEK –6M. Product development and restructuring costs as well as reduced sales in Adapt had a negative effect on the result. Following the merger of the two companies, criteria have been created for an improved result in 1998.

*Adapt's computer program in use in Ale municipality*





## ■ Information Services

Today, Information Services includes Citat Mediaproduktion which operates in the cross-media publishing segment. During 1998, the Business Area is expected to be extended to other parts of the information service segment.

### Market

The Swedish market for information services\* including media production\*\* was estimated at approximately SEK 10 billion in 1997. The annual growth is more than 10 per cent. The market, both in the Nordic countries and in Europe, is today fairly fragmented, especially on a small number of major players in particular in market information and news operations. In media production there are only a few companies in Sweden of the same size as Citat Mediaproduktion.

### Strategy

Bure's task is to carry expanding companies from an entrepreneurial stage to a long-term, stable base in which they are included in a network together with other companies within the Business Sector. In the competitive situation and with the rate of change which today characterises the segment, Information Services will continuously redefine selected borders, identify new structures and positions, and develop further collaboration between the companies included in the Business Sector.

### Citat Mediaproduktion

Citat's business concept is to make communication, regardless of media, more efficient by rationally producing and packaging messages via a fully-digitalised production process. Advanced quality production is carried out on a continuous basis both for printed media and within the Internet/intranet, multimedia production and film. By building-up databases for storage of text, pictures and moving sequences, the current production is systemised and makes possible flexible, rapid and cost-efficient publication in the printed and interactive media – so-called cross-media publishing.

Via the business segments graphics, interactive and film production, Citat constitutes a full-range supplier and long-term partner in media production. Customers are mainly found among leading advertising agencies and medium to large companies in Swedish industry and commerce. The company is based in Gothenburg and has a total of approximately 100 employees.

Citat is expanding rapidly via acquisition as well as via organic growth. In June 1997, 55 per cent of the shares were acquired in STARK Filmproduktion which is one of Sweden's leading companies within commissioned film and produces both information and advertising film. In December 1997, 100 per cent of the shares in Picture Services were acquired. Via the acquisitions, Citat was strengthened both from a capacity and expertise viewpoint within the area graphics and interactive production, and film. During the autumn, Bure increased its ownership in Citat from 70 to 85 per cent.

In January 1998, Citat acquired 65 per cent of Reptil, a Stockholm-based pre-press company.

Invoicing of the Citat Group amounted to SEK 83M. Earnings after financial items were SEK 5M.

KEY FIGURES, SEK M	1997	1996 <sup>1)</sup>
Invoiced sales	<b>83</b>	36
Earnings after financial items	<b>5</b>	1
Average number of employees	<b>90</b>	65
Bure's invested capital	<b>31</b>	24
Bure's ownership, %	<b>85</b>	70

*The above refers to amounts consolidated in Bure's accounts.*

*1) May 96 – Dec 96*

\* Definition: "To gather, structure, process, analyse and distribute information to professional customers".

\*\* Definition: "Production of graphics, interactive and film media.

*Citat Mediaproduktion is one of Sweden's leading companies within graphics, interactive and film production.*



## ■ Bure Investments

Head of Business Sector:  
**Per-Henrik Berthelius**



*Bure Investments will in the short and medium term create growth in value and dividend capacity as a complement to the other Business Sectors.*

---

### WHOLLY-OWNED COMPANIES

---

#### ■ Chematur Engineering

Chematur is a knowledge-intensive engineering company which constructs plants for the chemical process industry. The company has approximately 200 employees. Turnover, of which more than 90 per cent is sold outside Sweden, amounted to SEK 447M during 1997 with earnings before taxes of SEK 20M.

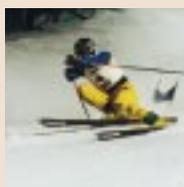
Page 35

#### ■ Åre Vemdalen

In January 1997, Åre Invest AB which owns and operates all lift systems in Åre as well as a ski school, restaurants, hotels and real estate was acquired. Later in the year, the lifts in Vemdalen and Björnrike were also acquired following which the operations were gathered under Åre Vemdalen AB. The new company is a leading Nordic player in winter sports and vacations and has some 500 employees. 1997 pro forma turnover amounted to SEK 195M with pro forma earnings before taxes of SEK 29M.

Page 36

---



## PARTLY-OWNED COMPANIES

---

### ■ Gunnebo

Gunnebo is an international engineering group with products in security and area protection, lift and fastening technology, and operates as a subcontractor to the Swedish engineering industry. Within this core area, protection and safety, Gunnebo has a dominant market position in Scandinavia and is an important player in Western Europe. Gunnebo employs approximately 3,000. Turnover amounted to SEK 3,086M in 1997 with earnings after financial items of SEK 155M.

Page 38

### ■ Troponor

Troponor is one of Europe's leading distributors of high-performance sawmill equipment for large and medium-size sawmills. The company carried out significant restructuring, acquisition and sales during 1997. Troponor has around 400 employees. Turnover amounted to SEK 462M in 1997 with a result after financial items of SEK -59M.

Page 39

### ■ Svolder

Svolder is a listed investment company whose business concept is to invest in Swedish companies with market values up to SEK 4,500M. Svolder's share price developed satisfactorily during 1997 and increased by 86 per cent including dividend paid.

Page 40

### ■ Nobel Biocare

Nobel Biocare is the world-leading producer of dental implants. Bure's investment in Nobel Biocare was made in December 1997 and amounts to SEK 206M, equivalent to an ownership of 12 per cent. The company has approximately 800 employees and reported a turnover in 1997 of SEK 1,068M with earnings after financial items of SEK 112M.

Page 41

---

## FUNDS

---

### ■ InnovationsKapital

InnovationsKapital is a fund which carries out venture capital operations with an orientation on young technology and research-based companies. Bure's investment commitment amounts to SEK 40M.

Page 42

### ■ Nordic Capital

Nordic Capital is a fund within which Bure has invested in, among others, Gislaved Folie, Elmo Calf, Fritidsresor and Mölnlycke Health Care. During 1997, Bure made capital gains of SEK 206M on divestment of holdings within Nordic Capital.

Page 43

---



*Bure Investments' business concept is, as a complement to the other Business Sectors, to create growth in value and dividend capacity in the short and medium term.*

*Individual investments within the Business Sector can also form the base for new business and business sectors within Bure.*

During the period 1995-1997, Bure Investments accounted for nearly half of the Bure Group's net profit and today represents approximately one-third of Bure's net asset value. During the period 1993-1997, the Business Sector acquired some 20 companies for approximately SEK 2,000M and divested companies for a total value of approximately SEK 1,700M.

Today, the Business Sector's portfolio is as follows:

<b>Wholly-owned companies</b>	31 Dec. 1997 Invested capital, SEK M	
• Chematur Engineering	125	
• Åre Vemdalen	143	
• Citykurorter	5	
<b>Partly-owned companies</b>	Bures ownership	
• Gunnebo	36%	219
• Troponor	66%	94 <sup>1)</sup>
• Svolder	25%	105
• Nobel Biocare	12%	206
<b>Funds<sup>2)</sup></b>		
• InnovationsKapital		31
• Nordic Capital (including Karlshamns, SEK 9M)		80
<b>Total invested capital</b>		<b>1,008</b>

1) Before write-down of SEK 35M to SEK 59M.

2) Bure's investment commitment amounts to SEK 40M and SEK 187M, respectively.

In the wholly and partly-owned companies, Bure acts as an active owner through work on the board of directors. In the funds, Bure is a direct owner in the portfolio companies but the ownership role is exercised by the management companies, Nordic Capital and InnovationsKapital, respectively.

## 1997

During the year, investments were carried out for SEK 401M and, at the same time, holdings for SEK 522M were sold. The divestments generated a Groupwise capital gain of SEK 313M in total.

Bure's holding in the food group, Spira, was sold which generated a Groupwise capital gain of SEK 107M. Bure has been an owner in Spira since its formation in 1994.

Within the framework of Nordic Capital, the remaining holding in BT Industries was sold and also half the holding in Karlshamns which together generated a capital gain of SEK 206M, of which SEK 96M is included in Asset management's result.

During the year, the acquisition of the alpine ski operations in Åre and Vemdalen – which were merged into one company, Åre Vemdalen AB – was carried out in two stages.

Citykurorter's operations consist of Hagabadet in Gothenburg which was started during autumn 1997. Net results for the year amounted to SEK –23M. The result was charged with SEK 13M relating to costs of a lump-sum nature for concept development and start-up of Hagabadet as well as investments in IT support.

During December, 12 per cent of Nobel Biocare was acquired which operates in medical technology with a world-leading position in dental implants.

During the year, Bure increased its ownership in Gunnebo from 32 to 36 per cent through exchange of convertibles for shares.

## 1998

After the 97/98 turn of year, the investors in Nordic Capital acquired Mölnlycke Clinical Products from SCA Mölnlycke and Kolmi-Set from Tamro. The two companies have been merged in a newly-established company, Mölnlycke Health Care, in which the investors in

Nordic Capital own 70 per cent. Bure's investment amounts to SEK 96M which provides for an ownership of approximately 14 per cent.

At the beginning of 1998, the holding in Fritidsresor and the remaining holding in Karlshamns were sold which generated a total capital gain for Bure of SEK 208M in the first quarter of 1998.

## Strategy

Every investment within Bure Investments is regarded as a project and has a clearly-defined plan for acquisition, value-added and divestment. The time-perspective varies depending on the nature of the investment.

Investments are made in companies and sectors with growth and restructuring potential in the short and medium term.

Through an active owner role, Bure works to ensure that necessary financing, structural and operational programmes are implemented. After 3–5 years, the holdings are divested to industrial players or via a stockmarket listing.

The holdings in Bure Investments are also selected on the basis of possibly being able to form the basis for new business and business sectors within Bure.

## Future development of the portfolio

Acquisitions will primarily be made in companies and sectors which are related to Bure's already-established sector-focused Business Sectors or which meet Bure's criteria for new business sectors. Investments may be made in both listed and unlisted companies.



**Bure Investments' share of Bure's total net asset value.**

## ■ Chematur Engineering

*Chematur's business concept is to market, construct and carry out plant projects for the chemical process industry based on its own or licensed technology.*

Chematur is a knowledge-intensive engineering company with strong international orientation. The company has vast experience of carrying through complicated projects and well-documented knowledge of handling the risks which are linked with international engineering projects. More than 90 per cent of invoicing is made outside Sweden. Operations are carried out in Karlskoga, Stockholm, Pori, London, Paris, Atlanta, Hong Kong, Djakarta and Bombay. The company offers the market plants for a large number of chemical processes and has strong market positions in several segments. Chematur is in an expansive phase with intensive marketing work.

### 1997

Invoiced sales amounted to SEK 447M (515) and earnings after financial items to SEK 20M (20).

Earnings were charged with SEK 16M relating to a loss in the Finnish subsidiary, Eco Planning. Result-improving measures have been implemented and will have a full impact during 1998.

Changed application of the income recognition principle has influenced Chematur's result positively by SEK 7M.

Considerable sales activities resulted in the backlog of orders amounting to SEK 1,022M at the turn of year compared with SEK 360M in the previous year.

The first significant order for a plant based on supercritical carbon dioxide extraction was obtained during the latter part of the year.

Activities were focused on co-ordinating the Group's units for marketing, engineering and product development to achieve synergy effects during the year.

In 1997, Chematur built an environmental centre in Karlskoga which was inaugurated in February 1998.

### Market position and technology development

Plants for the production of hydrogen peroxide, Isocyanates and Nitroaromates enjoy increasing demand and Chematur's position on the market is strong. Chematur is building-up a base for future expansion within the areas Supercritical Water Oxidation and Carbon Dioxide Extraction, respectively, which is applied to destroy or separate matters in chemical substances. This area is considered to have a growing market and strengthens still further Chematur's spearhead expertise and environmentally-oriented profile. Powder and explosives are one of Chematur's traditional processes with a falling market. Electrochemistry is a small but expansive area in which Chematur is well-established.

### Overall objective and strategy

Chematur's objective is to increase profit by at least 20 per cent per annum. The company has a satisfactory tender volume and several projects are in crucial stages of negotiation, and the inflow of orders is therefore expected to continue to be positive also in the future.

Chematur will selectively acquire processes and companies which strengthen its current market position and environmental profile.

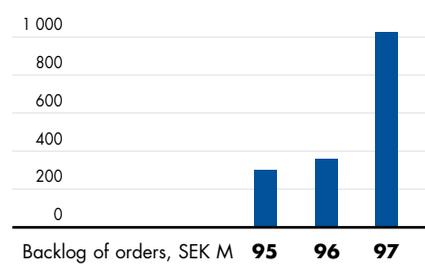
### Bure's holding

Bure acquired 35 per cent of Chematur in 1994 and has contributed to broaden the process supply and the global market coverage. At the end of 1996, Bure acquired the remaining shares in Chematur.



*A pilot plant for Supercritical Carbon Dioxide extraction in Tampere, Finland*

KEY FIGURES, SEK M	1997	1996
Invoiced sales	<b>447</b>	515
Operating income	<b>16</b>	14
Earnings after financial items	<b>20</b>	20
Return on capital employed, %	<b>20</b>	26
Interest-bearing liabilities	<b>47</b>	29
Average number of employees	<b>199</b>	174
Bure's invested capital	<b>125</b>	125
Bure's ownership, %	<b>100</b>	100





Åre's floodlit Lundsrapet slope

KEY FIGURES, SEK M	1997 <sup>1)</sup>
Invoiced sales	<b>195</b>
Earnings after financial items	<b>29</b>
Return on capital employed, %	<b>9</b>
Interest-bearing liabilities	<b>161</b>
Average number of employees	<b>259</b>
Bure's invested capital	<b>143</b>
Bure's ownership, %	<b>100</b>

1) Pro forma for the 1997 full-year.

## ■ Åre Vemdalen

*Åre Vemdalen will operate and stimulate operations which profitably fill the ski areas in Åre and Vemdalen with satisfied guests on as many days during the year as possible.*

Åre Vemdalen has a market share in Sweden of approximately 25 per cent. Åre is a strong brand-name in Sweden with a 100 year-old tradition in the Swedish tourist industry. The core operation consists of the lift facilities which account for two-thirds of the Group's turnover and the majority of its profit. Supporting operations are accommodation, restaurants and ski schools. Operations are grouped in six different ski regions which offer guests everything from ski and entertainment environments of the highest international class to children-friendly family areas.

Today, Åre is able to offer the most varied alpine skiing in the Nordic countries.

### 1997

Bure acquired Åre in January and Vemdalen in September which were merged to form Åre Vemdalen AB.

Earnings generation mainly takes place during the first four months of the year. A pro forma profit and loss account, which provides a full-year picture of the newly-formed Group, shows a turnover for 1997 of SEK 195M and earnings after financial items of SEK 29M, of which capital gains on divestment of fixed assets amounted to SEK 13M.

An aggressive strategy has been adopted which is aimed at strengthening Åre Vemdalen's position as the leading Nordic winter holiday resort.

During the year, an investment of approximately SEK 30M was carried out in central Åre which referred to new downhill runs with an artificial snow plant and floodlighting. The investment contributed to Åre being the host of the Ladies' World Cup in both slalom and downhill racing in January 1998.

The co-ordination of the marketing activities between Åre and Vemdalen resulted in, among other things, a joint lift-card for the two systems.

### Market development

A continued improvement of the scope for consumption in the Swedish economy is expected to lead to an increase in demand for alpine skiing. At the same time, the Nordic and European markets constitute an untapped customer potential. Åre Vemdalen has embarked on an exploration of these markets which has resulted in an increased proportion of guests from Denmark and Great Britain. This investment will be intensified. The structural changes in the sector will continue.

### Overall objective and strategy

A substantial investment programme relating to concept development and marketing as well as continued expansion of the facilities will be started with the objective of enabling the company to offer guests a high-quality holiday experience.

The various ski areas will be adapted to target groups.

### Bure's holding

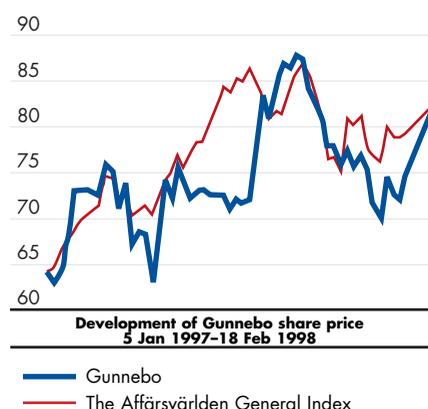
Bure intends to list Åre Vemdalen on the stock-market as a separate Group. Alternatively, Bure will create a larger company group with mutually-complementing units together with other players.



KEY FIGURES, SEK M	1997	1996
Invoiced sales	<b>3,086</b>	2,479
Operating income	<b>202</b>	184
Earnings after financial items	<b>155</b>	132
Return on capital employed, %	<b>11.9</b>	13.0
Interest bearing liabilities	<b>714</b>	670
Average number of employees	<b>2,822</b>	2,463
Market value, 31 Dec	<b>1,347</b>	1,042
Dividend per share, SEK	<b>2.25<sup>1)</sup></b>	2.25
Bure's ownership, %	<b>36</b>	32
Bure's invested capital <sup>2)</sup>	<b>219</b>	184
Market value of investment	<b>485</b>	419

1) Proposed dividend

2) Previous year, including convertibles of SEK 38M.



## ■ Gunnebo

*Gunnebo develops, manufactures and sells products for security and area protection, lift and fastening technology and works as subcontractor to the Swedish engineering industry.*

The Group consists of the Business Areas: Gunnebo Industries (Fastening, Lifting) Gunnebo Area Protection, Gunnebo Value Protection and Gunnebo Gnosjö.

Gunnebo is today an international Group with two-thirds of its invoicing outside Sweden. Half of the invoicing emanates from the core operation "Protection and Security". Within this operation, the Group has a predominant position in Scandinavia and is an important player in Western Europe.

Gunnebo is working on gradual environment certification of all units in accordance with ISO 14000.

### 1997

To increase the focusing on the Group's core operation, strengthening the Group structure and creating a sound base for continued expansion, Gunnebo carried out six acquisitions which on an annual basis provide for a turnover contribution of SEK 600M. Two divestments generated a capital gain of SEK 2M. An international restructuring of the production resources within Gunnebo Value Protection took place. After the turn of year, all shares in Gunnebo Fastening Corp., USA, were sold.

During the year, the price of the Gunnebo shares rose by 8 per cent and the company's market value amounted to SEK 1,347M at 31 December 1997.

### Market development

The protection and security market is expected to increase by approximately 5 per cent per annum. Customers' need for systems packages are on the increase and here Gunnebo is moving its position forward. The market for Lifting, especially heavy



*Gunnebo Value Protection, in which E A Rosengrens is included, concentrates on banking products and safe deposit products with the broadest product range in the security sector.*

lifts, enjoys satisfactory growth and the European market is still fragmented. For Fastening, the Nordic market is well-consolidated and its development dependent on the building trend. Subcontractor activities are dependent on the development in the Swedish engineering industry which works on an international basis, especially the automotive industry.

### Overall objectives and strategy

Gunnebo will grow both organically and through acquisition within chosen business areas with an emphasis on protection and security.

### Bure's holding

As the principal owner, Bure has been the driving force in Gunnebo's transformation from a venture capital company to an internationally-operating Group.

The value of Bure's share in Gunnebo was SEK 485M at the turn of the year.

## ■ Troponor

*Troponor develops, sells and produces high performance sawmill equipment for large and medium-size sawmills which use soft wood as raw material.*

Within a short period of time, Troponor has been transformed from a regional venture capital company to a leading supplier of sawmill equipment. This has been achieved through significant restructuring via divestments, acquisitions and sector focusing. The product programme has been standardised and production units streamlined. An international expansion is taking place in South-East Asia and South America.

Today, the Troponor Group consists of Business Areas Fragmentation, Automatic Edging Machines, Wood Handling and Timber Handling.

### 1997

Renholmens Mekaniska, which is concentrated on wood handling, was acquired in January.

Demand for Troponor's products, both in Sweden and internationally, remains weak. The weak demand combined with restructuring costs and new development led to significant losses during 1996 and 1997.

Inflow of orders amounted to SEK 464M. A significant European reference order for a high-speed saw line was obtained during the latter part of the year.

Measures are being implemented with the aim of reducing the fixed costs in order to be better equipped to parry the sector's strong market fluctuations and to restore profitability.

### Market and technology development

A concentration on fewer but larger sawmills is underway on the traditional markets and the technology development is towards high-speed saw lines. At the same time, new markets are emerging in South-East Asia and South America, in which there is also a need for more simple production solutions. The portion of turn-key

projects is increasing globally. Continued restructuring will take place at the machinery supplier stage.

### Overall objectives and strategy

Troponor's overall objective is to restore profitability by adapting the resources to the very considerable market fluctuations in the sector as well as continuing investments in product development and breaking into new markets.

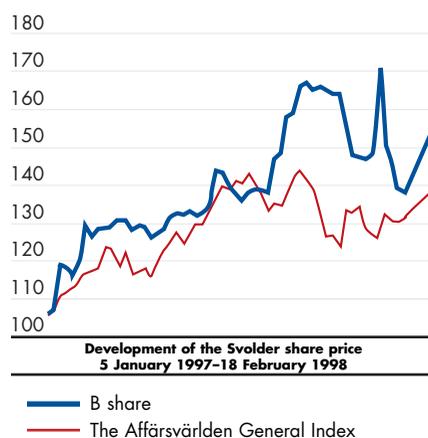
### Bure's holding

As the largest owner, Bure has been the driving force in the transformation of Troponor from a venture capital company to an operating sector focused company. Bure's book value of the shares in Troponor has been written down by SEK 35M to SEK 59M in the 1997 accounts.

KEY FIGURES, SEK M	1997	1996 <sup>1)</sup>
Invoiced sales	<b>462</b>	365
Operating loss	<b>59</b>	18
Loss after financial items	<b>59</b>	15
Interest-bearing liabilities	<b>44</b>	28
Average number of employees	<b>439</b>	352
Bure's invested capital	<b>94</b>	94
Bure's ownership, %	<b>66</b>	66

1) 1996 Proforma

KEY FIGURES, SEK M	1997	1996
Net asset value per share, 31 Dec, SEK	<b>145</b>	108
Market value, 31 Dec	<b>1,071</b>	691
Dividend, SEK per share	<b>8.50</b>	5.50
Bure's invested capital	<b>105</b>	96
Market value of investment	<b>264</b>	178
Bure's ownership of capital, %	<b>25</b>	26



## ■ Svolder

*Svolder's business concept is to invest in listed Swedish companies with market values of up to SEK 4.5 billion. The portfolio contains 25-30 investments selected on the basis of fundamental analysis.*

Svolder's Articles of Association contain a construction unique to listed companies which means that the company can enter into voluntary liquidation if more than one-third of the shares represented at the annual general meeting vote in favour of it. This rule has been added to provide the shareholders with an opportunity for a simplified close-down if the company's share should be quoted with a too large "investment company discount".

### 1996/1997

Svolder has a split financial year with 31 August as the closing date. For the 1996/97 financial year, Svolder reported earnings after tax of SEK 269M (92), of which capital gains of SEK 262M (79). The net asset value increased by 61 per cent adjusted for dividend paid while the comparative index, CSX\* rose by 45 per cent at the same time.

The reason for the very positive growth in net asset value can mainly be found in Svolder's selected choice, so-called stock-picking of export-oriented engineering companies as well as two bid situations. Investments in shares such as Noloto, Zeteco, Segerström & Svensson and Orrefors Kosta Boda belonged to these categories.

Svolder's B shares enjoyed a positive price development during the 1996/97 financial year and rose by 86 per cent including dividend paid. On 17 February 1998, the price of the Svolder B share amounted to SEK 155.50.

From February 1997, the Svolder share is listed on the OTC list of the Stockholm Stock Exchange.

## Bure's holding

With the intention of, among other things, increasing the liquidity in small companies on the stockmarket, Bure participated in the formation of the investment company, Svolder, in 1993.

Bure is the largest owner and its ownership amounts to 25 per cent of capital and 37 per cent of votes.

\* Carnegie Smallcap Index

## ■ Nobel Biocare

*Nobel Biocare's business concept is to improve the patient's quality of life by offering dentists, dental technicians and other specialists the best solutions for surgical and prosthetic problems.*

Operations are carried out in three business areas: Brånemark System (dental implants) Procera (system for manufacturing dental crowns) and BAHA (bone-anchored hearing aids).

Nobel Biocare is the world's leading supplier of dental implants. Brånemark System, which is a strong brandname, accounts for more than 90 per cent of Group turnover. The market share in the world is estimated at more than 25 per cent. Procera, which has been launched in Northern Europe and recently in the USA, will gradually contribute with a growing share of both turnover and earnings. The Group carries out advanced research and development with pertaining patent strategies. The company has manufacturing units in Karlskoga and Stockholm. Sales are carried out internationally through own sales companies and subsidiaries as well as via distributors on smaller markets. The synergies between the business areas are significant.

The Group has a strong financial position and is well-equipped for continued expansion.

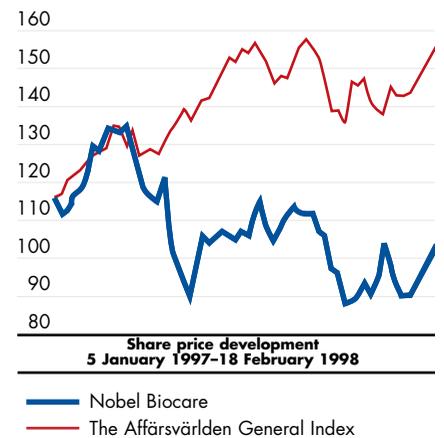
*Brånemark System is based on a Swedish invention by Per-Ingvar Brånemark and is the world-leading treatment system for replacement of lost dental roots. In the picture, a damaged front tooth has been replaced by a titanium implant which has been permanently anchored in the jawbone and now functions as a perfect replacement for the lost tooth. More than 600,000 patients throughout the world have been treated with Brånemark System.*

## Bure's holding

Bure acquired 12 per cent of Nobel Biocare during December 1997.

The value of Bure's share amounted to SEK 227M at the turn of the year.

KEY FIGURES, SEK M	1997	1996
Invoiced sales	<b>1,068</b>	966
Operating income	<b>113</b>	108
Earnings after financial items	<b>112</b>	112
Return on capital employed, %	<b>19.8</b>	22.5
Interest-bearing liabilities	-	-
Average number of employees	<b>782</b>	799
Market value, 31 Dec	<b>1,971</b>	2,274
Dividend per share, SEK	<b>1.55</b>	1.35
Bure's ownership, %	<b>12</b>	-
Bure's invested capital	<b>206</b>	-
Market value of investment	<b>227</b>	-



## ■ InnovationsKapital

*InnovationsKapital invests in innovative technology-based and research-based companies in early stages. The objective is to create long-term growth in value which is to be realised through divestment or a stockmarket listing.*

InnovationsKapital's contribution is made by contributing capital as well as business experience, knowledge and a broad contact network. Prioritised sectors are IT/communication and bio- and medical-technology. The product or operation must have a unique user-value and a significant market potential.

### 1997

During 1997, InnovationsKapital was restructured from a limited company to a fund. At the same time, a decision was made to increase the capital base from SEK 54M to SEK 105M by broadening the ownership and by the existing investors increasing their involvement. The object is to attain a capital base of approximately SEK 175-200M. During 1997, InnovationsKapital invested SEK 25M distributed on 8 projects.

At 31 December, InnovationsKapital's invested capital amounted to SEK 36M distributed on 10 involvements.

Bure's share of InnovationsKapital's investments amounts to 23 per cent.

### Bure's holding

Bure's investment commitment amounts to SEK 40M.

#### INVESTMENTS, 31 December 1997

	InnovationsKapital's ownership of capital, %	Invested capital, SEK M
Carmen Systems	36	5
Formex	40	1
Glycorex Transplantation	12	5
Spotfire (IVEE)	35	9
Piled Electronics	12	0
Radians Innova	29	2
Samba Sensors	36	7
Simtra Systems	45	2
FLC Innovation	13	4
Nassko Group	10	1
<b>Total</b>		<b>36</b>

## ■ Nordic Capital

*Nordic Capital is a fund within which the stakeholders have an investment commitment over a certain period of time. The stakeholders' investments are made through direct investments in the companies which Nordic Capital acquire in full or in part. It also happens that individual investors make parallel investments in the companies in question, i.e. take a larger share than their investment commitment via Nordic Capital. The investment operation is financially driven with a horizon of approximately 2–7 years. Divestment is made through a stockmarket listing or sale to an industrial player.*

### 1997

During 1997, Bure's investments within Nordic Capital developed very positively. The entire holding in BT Industries was sold during spring with a capital gain of SEK 162M. In June, Karlshamns was listed. On that occasion, Bure sold half its holding with a capital gain of SEK 44M. During the year, Apax Industrier was acquired which is the leading bed manufacturer in the Nordic countries. Bure's investment amounts to SEK 16M, equivalent to 11 per cent of capital.

### Events after the 1997 year-end

During January 1998, the holding in Fritidsresor was divested to the British travel concern, Thompson Travel Group and the remaining holding in Karlshamns was sold. Bure's capital gain amounted to SEK 208M on an invested amount of SEK 30M.

In addition, Mölnlycke Clinical Products was acquired which, following a merger with Tamro Kolmi Set, forms Mölnlycke Health Care. Bure's investment amounts to SEK 96M which is equivalent to an ownership of 14 per cent.

In February 1998, Nordic Capital started a new fund with a capital base of more than SEK 3 billion.

The investment activities of the fund will be carried out in the same way as before, the geographic perspective will however be expanded to apply primarily to Nordic companies.

### Bure's holding

Within the framework of Nordic Capital's current fund, Bure has an investment commitment of SEK 188M which is equivalent to 19 per cent of the fund's total capital. During 1997, the last investments within this fund were carried out.

Bure participates in Nordic Capital's new fund with an investment commitment of SEK 300M.

#### INVESTMENTS, 31 December 1997

	Bure's ownership of capital, %	Invested capital, SEK M
Fritidsresor	5	21
Optimera Bygghandel	11	5
Elmo Calf	16	23
Apax Industrier	11	17
Gislaved Folie	14	5
Karlshamns	4	9
<b>Total</b>		<b>80</b>

## ■ Asset Management

### Asset Management's role in Bure

The primary task of Asset Management is to manage the Parent Company's liquidity. As Bure's investment operations require high preparedness for financial action, Asset Management's investments must be made in assets with high liquidity and low risk. The yield requirement will therefore be lower than for Bure's other areas of operation. Under these criteria, the best possible yield is to be attained through active and businesslike management. Bure's Asset Management is run entirely under the company's own management. Through a daily presence on the stockmarket and interest markets, access is gained to the financial information flow which creates criteria for an aggressive and professional management of Bure's total assets including listed shares within Bure Investments.

### Strategy

Asset Management is important for maintaining the necessary financial preparedness to take action and its assets consist of shares and interest-bearing investments. The stock portfolio will contain 20-30 investments.

### Risks

Bure's Asset Management will invest in securities with high liquidity and low risk.

For interest-bearing investments, the rule is that the value of these may change by a maximum of SEK 15M on a one per cent change in interest rates. From this, it follows that the majority of the investments are made with a relatively short tenor. The investments are made in Government securities and paper guaranteed by the Government as well as a small number of named commercial instruments which have been examined and given a K1 rating.

Investments in shares are mainly made in the most-traded shares on the stockmarket and on the A list in general.

Investments in foreign securities are not made. Trading in derivatives are only made with the objective of hedging.

Bure's Asset Management instruction is decided by the Board of Directors of Bure.

### Market development in 1997

1997 was characterised by large fluctuations on both the interest markets and the stockmarkets. During the year, the ten-year bond interest rate continued down to 5.98 per cent at the end of December. The reason was improved Government finances, low inflation and falling interest rates abroad. The difference in interest rates vis-à-vis Germany was reduced to 65 points at the year-end.

Short-term interest rates rose in contrast to long-term interest rates by nearly one percentage point during the year. The six-month treasury bill interest rate amounted to 4.7 per cent at the year-end. The Swedish Central Bank raised the repo rate in December for the first time in two years.

The Stockholm Stock Exchange General Index rose by 24 points during 1997.

Behind the stockmarket development was strong liquidity flow, rising foreign stockmarkets and a strong USD which had a positive effect on large parts of the Swedish export industry.

The top sector in 1997 was banking and insurance which rose by 43 per cent.

The stockmarket rose by 38 per cent up to September. Thereafter, the market became very nervous with a fall of 11 percentage points during one month. The reason was that the Chairman of the US Federal Reserve warned about a highly-valued stockmarket and that the German Central Bank raised the control interest rate while the Hong Kong stockmarket fell by more than 10 per cent at the same time. The turbulence in Asia deepened during the autumn and winter with large currency fluctuations and falling stockmarkets as a result. 1998 started with considerable uncertainty with, among other things, falling interest rates as a consequence both in Sweden and internationally.

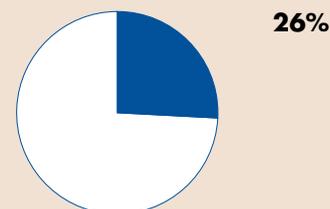
### Results in 1997

Asset Management's balance sheet total was reduced during the year from SEK 1,746M to SEK 1,267M. The proportion of shares increased gradually and amounted to the maximum permitted 70 per cent soon after summer. The interest-bearing investments decreased in step with the development of the investment operations and through transfers to shares.

Asset Management's earnings amounted to SEK 369M (155), of which SEK 318M (79) consisted of capital gains.

The yield on the stock portfolio including dividends received amounted to 26 per cent compared with the Findata Yield Index which rose by 28 per cent during 1997.

The effective yield on interest-bearing investments amounted to 4.7 per cent.



**Asset Management's share of Bure's net asset value, excluding deduction for liabilities**

**Price development, Stockholm Stock Exchange, 1997**



**Asset Management's five largest stockholdings on 31 December**  
(market value)

1997	SEK M	1996	SEK M	1995	SEK M
Ericsson	<b>106</b>	BT Industries	174	Svolder	83
Astra	<b>96</b>	Astra	67	Trustor	53
S-E-Banken	<b>45</b>	Ericsson	65	Sandvik	48
Nokia	<b>36</b>	Volvo	34	Ericsson	39
Trelleborg	<b>35</b>	Investor	27	Stora	37

	1997	1996	1995
Capital gains in stock portfolio, SEK M	<b>318</b>	79	185

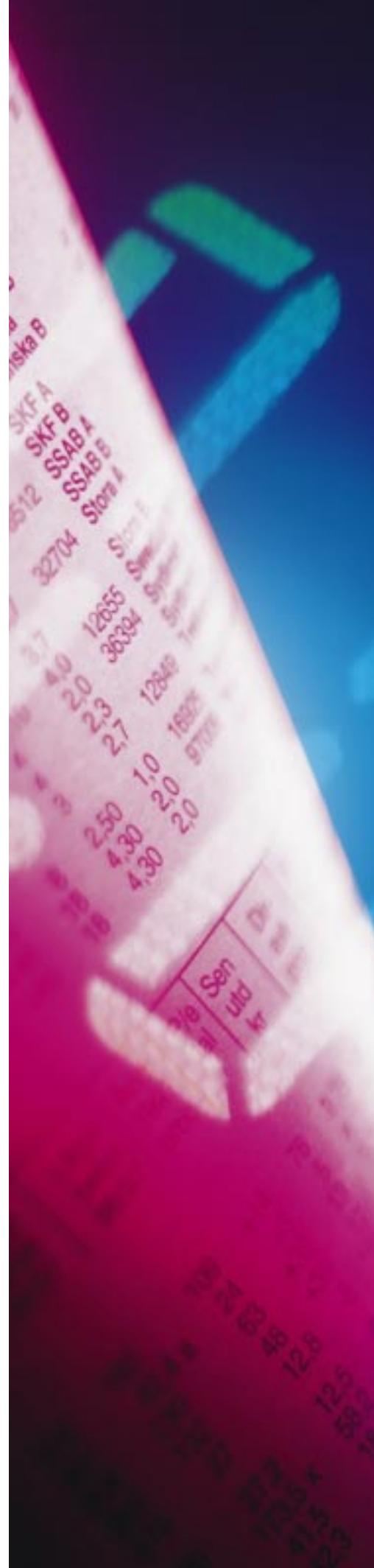
Composition of stock portfolio, 31 Dec.	1997	1996	1995
Shares	<b>836</b>	713	593
Interest-bearing investments	<b>431</b>	1 033	864
Total	<b>1,267</b>	1,746	1,457

Value development of stock portfolio, %	1997	1996	1995
Bure's stock portfolio, including dividends	<b>26.4</b>	54.5	17.4
The Stockholm Stock Exchange General Index	<b>23.8</b>	38.2	18.3
The Findata Yield Index	<b>27.8</b>	43.3	20.6

Development of interest portfolio, %	1997	1996	1995
Effective yield, Bure	<b>4.7</b>	10.1	9.4
OMRX T-bill*	<b>4.1</b>	8.05	9.4
OMRX T-bond**	<b>7.88</b>	18.65	20.6

\* OMRX T-bill is an index for all Treasury Bills. The average tenor amounts to approximately 5 months.

\*\* OMRX T-bond is an index for all Government Bonds. The average tenor amounts to approximately 4.5 years.



## DIRECTORS' REPORT AND ACCOUNTS

■ Directors' Report	Page 47
■ Consolidated Profit and Loss Account	Page 52
■ Consolidated Balance Sheet	Page 54
■ Consolidated Cash Flow Analysis	Page 56
■ Parent Company Profit and Loss Account	Page 57
■ Parent Company Balance Sheet	Page 58
■ Parent Company Cash Flow Analysis	Page 59
■ Notes to the Financial Statements	Page 60
■ Audit Report	Page 72

## ■ Directors' Report

### Operations

As an active owner and investor, Bure is to contribute capital and expertise with the objective of creating high growth in value and sound direct yield for its shareholders.

Bure's strategy is based on achieving growth by building-up new businesses, especially within the advanced service sector, to combine industrial experience with financial creativity and to realise created values.

Operations are grouped in three Business Sectors and Asset Management which forms an integral part of the Parent Company's operations. The Business Sectors consist of Bure Health Care, Bure IT/InfoMedia and Bure Investments. Bure Health Care and Bure IT/InfoMedia are responsible for long-term build-up in value, whereas Bure Investments and Asset Management secure growth in value, results and dividend capacity in the short to medium term.

### Bure Health Care

Earnings after financial items amounted to SEK 26M (-46). Invoiced sales were SEK 1,488M (976), an increase of 52 per cent since 1996. Capital gains amounted to SEK 6M.

Bure Health Care has established operations in five service areas: Specialist Care, Geriatric Care, Occupational Health Care, Diagnostics and Materials Supply. The operations are mainly carried out in Sweden but also in Norway, Denmark, Great Britain and Poland. At the 1997 year-end, the Business Sector had an annual sales rate of more than SEK 2,000M and the growth rate remains high. In Sweden, Bure Health Care has established market-leading positions in several segments. The average number of employees in the included companies amounted to 2,423 in 1997.

Bure's total investment in the Business Sector amounted to SEK 501M on closing date.

In Specialist Care, an internationalisation of the operations started during the year, following the acquisition of 50 per cent of the shares in Volvat Medicinske Senter A/S, the largest private hospital in Norway. 91 per cent of the shares in Svenska Cityklinikerna AB i Skåne were also acquired. The Specialist Care operations already include Läkargruppen i Örebro AB, Smärtklinken Kronan AB in Stockholm and Lundby Sjukhus AB in Gothenburg.

Geriatric Care started following the acquisition of Oxie Vårdhem AB in 1996 and was expanded during 1997 through the acquisition of Miamedica AB and WM Hemtjänst AB.

Occupational Health Care comprises Previa AB. Operations are carried out in 100 locations in Sweden. With a market share of more than 20 per cent, Previa is the largest individual player on the Swedish market.

In Diagnostics, extensive restructuring work took place during the year of the operations within Nova Medical AB, S:t Göranslaboratorierna AB, Mälär-

diagnostik AB and Nova Medical Calab AB. On 31 December Medi-Lab Medicinsk Laboratorium A/S was acquired which is the largest private company in laboratory medicine in Denmark. Nova Medical is the largest individual operator in diagnostics on the Swedish market with a market share of approximately 10 per cent.

Business Area Materials Supply was established in 1996 and expanded in 1997. Operations are carried out through Simonsen Sverige AB with operations established in Sweden and Denmark. The build-up of the operations has taken place through acquisition of county council-owned materials depots and laundries as well as the Danish distributor, Simonsen & Weel A/S.

### Bure IT/InfoMedia

Earnings after financial items amounted to SEK 113M (72). Consolidated invoiced sales amounted to SEK 7,621M (153).

Business Sector Bure IT/InfoMedia, which was established during 1996, expanded strongly during 1997. The large expansion is partly due to the fact that the holding in Scribona was consolidated during the year and partly to a number of acquisitions carried out. Operations have been grouped in three Business Areas: IT Services, Information Services and Scribona. At the 1997 year-end, the annual sales rate was just under SEK 10,000M.

Bure's total investment in the Business Sector amounted to SEK 1,464M on 31 December, of which the investment of SEK 1,231M in Scribona AB constitutes the largest individual holding.

IT Services comprises the companies Guide Konsult AB, Salcom Communication AB, Carlstedt Research & Technology CR&T AB, Adapt Information Systems AB and UDAC AB as well as Dimension i Stockholm AB which was acquired in January 1998. Salcom, UDAC and the associated company, CR&T, were acquired during 1997. At the end of 1997, Bure sold its 50 per cent holding in Communicator AB to Guide Konsult AB which is thereafter 47 per cent owned by Bure. In December, the ownership in Adapt increased from 60 per cent to 100 per cent when UDAC acquired the remaining 40 per cent of the shares. The two companies are intended to be merged during 1998.

Information Services comprises Citat Mediaproduktion AB with the subsidiaries, STARK Filmproduktion AB and Picture Services i West AB. During the year, the ownership in Citat increased from 70 to 85 per cent.

Scribona AB is consolidated in Bure's accounts from 1 March 1997 which meant that the consolidated invoicing of the Bure Group increased significantly during 1997. Scribona's invoiced sales for the 1997 full-year amounted to SEK 8,474M.

The average number of employees in Bure IT/InfoMedia's consolidated companies was 2,683 during 1997.

## Bure Investments

Earnings after financial items amounted to SEK 335M (286). The result consists of capital gains of SEK 237M, results from consolidated companies of SEK 11M and shares in results of associated companies of SEK 87M. Invoiced sales for the companies consolidated by Bure amounted to SEK 630M.

During 1997, Bure Investments was established as a separate Business Sector. Bure Investments' overall task is to secure Bure's growth in value and dividend capacity in the short to medium term. In addition, the Business Sector can form a foundation for establishment of new business sectors.

The portfolio is organised in wholly-owned companies and partly-owned companies as well as funds. Bure's total investment in the Business Sector amounted to SEK 1,008M on 31 December 1997.

The wholly-owned companies are Chematur Engineering AB, Åre Vemdalen AB and AB Citykurorter. The acquisition of Åre Invest AB was carried out in January 1997, and in connection with the acquisition of the ski facilities in Vemdalen/Björnrike at 1 September, the company changed its name to Åre Vemdalen AB.

Bure Investments also includes the associated companies, Gunnebo AB, Svolder AB and Troponor AB as well as the 12 per cent-owned Nobel Biocare AB. During the year, the holding in Spira AB was sold which generated a Groupwise capital gain of SEK 107M.

Financial investments through funds consist of InnovationsKapital i Göteborg AB as well as the holdings within the framework of Nordic Capital Svenska AB: Elmo Calf AB, Gislaved Folie AB, Optimera Bygghandel Svenska AB and Fritidsresor AB. In December, an agreement was made to acquire 11 per cent of Apax Industrier AB. During 1997, the remaining holding in BT Industries AB and parts of the holding in Karlshamns Industrier AB were sold which, within the framework of Bure Investments, together generated a capital gain of SEK 110M.

## Asset Management

Bure's Asset Management is run entirely under the Company's own management. The primary task of Asset Management is to manage the Parent Company's liquidity. In accordance with the strategy laid down by the Board of Directors, investments must be made in assets with high liquidity and low risk. Capital investment volume amounted to SEK 1,267M at the 1997 year-end.

## Development projects

Since the beginning of 1997, development projects have been carried out in the wholly-owned subsidiary, Bure Managed Care AB.

Bure Managed Care, which consists of a homogenous activity area for

development of systems, methods and tools in the health care sector, carries out operations in Sweden and Great Britain. At the end of 1997, Picker Europe Ltd was established. The company is involved with raising the quality of the health care by focusing on the patient's needs and desires. The company is owned in equal parts by Bure Managed Care Ltd and the Picker Institute in Boston, USA.

## Future development and events in 1998

Bure's strategy for growth and dividend stands. Bure's task, through the three Business Sectors, is to continue to acquire companies, and develop and operate these. With clearly-defined business sectors and with an increased proportion of wholly-owned and unlisted companies, Bure, with maintained investment company status, will move towards developing operating business sectors in the Nordic service sector.

Investments focus increasingly on the advanced service sector which is characterised by growth, restructuring needs, positive cash flows and in which Bure has an opportunity to achieve leading positions.

In the future, a larger proportion of the earnings will be generated in the operating business sectors. Capital gains will continue to form an important and integrated part of Bure's results.

During 1998, the rate of business will remain high. As early as January, Bure acquired new companies and realised created growth in value through divestment of holdings and operations.

At 1 January, Bure IT/InfoMedia acquired 55 per cent of the shares in Dimension i Stockholm AB. Dimension is a company in the IT sector and will be included in Business Area IT Services. In its latest financial year, the company reported a turnover of approximately SEK 260M with good profitability. In January 1998, 14 per cent of Mölnlycke Health Care AB was acquired for SEK 96M.

At the beginning of February, Bergen Medisinske Senter, which is the largest private health care company in Western Norway with 42 employees and 34 affiliated medical practitioners, was acquired within Bure Health Care.

Within the framework for Nordic Capital, Fritidsresor AB was sold to the British travel organiser Thomson Travel Group in January which provided Bure with a capital gain of SEK 126M. The remaining holding in Karlshamns Industrier AB was also sold in January with a capital gain of SEK 82M.

At the beginning of January, Scribona made an agreement to sell the office product chain, Svanströms. The purchase price provided Scribona with a capital gain before tax of approximately SEK 160M and a liquidity contribution of approximately SEK 270M.

The Board of Directors of Scribona will propose to its annual general meeting that the Sifo Group be distributed to the shareholders and thereafter apply for a quotation on the O list of the Stockholm Stock Exchange during 1998.

The intention is that Guide Konsult will be listed on the Stockholm Stock Exchange during 1998 if market criteria allow.

### Net asset value and shareholders' equity

Bure's net asset value increased from SEK 81.00 per share on 31 December 1996 to SEK 88.00 per share at 31 December 1997. When making the calculation, unlisted assets have been entered at book value and listed assets at market value.

During the year, Bure paid a dividend of SEK 5.00 per share to the shareholders or SEK 273M in total.

The Parent Company's shareholders' equity increased by SEK 345M in 1997 to SEK 3,920M or by SEK 6.30 per share to SEK 71.90 per share.

### Group, 31 December 1997

Companies which are included in the Group are shown in Note 18 and Note 19.

### Results and position, Group

The Group's development during Bure's first five financial years:

SEK M	93	94	95	96	97
Invoiced sales	1	97	571	1,129	9,739
Earnings after financial items	624	497	538	441	781
Earnings after tax	575	448	483	413	601
Earnings per share, SEK	10.55	8.20	8.85	7.55	11.00
Bank deposits and interest-bearing investments	990	1,287	1,016	1,344	876
Total assets	2,773	3,227	3,884	4,402	8,526
Shareholders' equity	2,680	3,030	3,369	3,605	3,937
Equity ratio, %	97	94	87	82	46
Return on capital employed, %	25	18	17	12	17
Return on shareholders' equity, %	24	16	17	13	21

Capital gains within the Group amounted to SEK 557M (279).

During 1997, the Bure Group invested a total of SEK 1,840M, of which SEK 270M in shares and participations.

### Result and position, Parent Company

The Parent Company's development since the start in November 1992 until the 1997 year-end has been as follows:

SEK M	93	94	95	96	97
Earnings before taxes	581	449	460	461	617
Earnings after tax	544	428	457	461	617
Capital gains, net	490	361	341	287	561
Bank deposits and interest-bearing investments	913	1,014	864	1,033	431
Shareholders' equity	2,649	2,979	3,292	3,576	3,920
Total assets	2,694	3,012	3,388	3,774	4,474
Equity ratio, %	98	99	97	95	88

The Parent Company's profit is distributed in two areas: Investment Operations and Asset Management.

In 1997, earnings of Investment Operations amounted to SEK 249M (306). Of that, capital gains account for SEK 243M (208) of which the individually-largest capital gain arose on the divestment of Spira.

The Parent Company's holding in Troponor AB was written-down by SEK 35M to SEK 59M in the accounts and the shareholding in Bure Managed Care AB by SEK 15M.

Asset Management's result for 1997 amounted to SEK 369M (155), of which net capital gains amounted to SEK 318M (79).

Since the start in November 1992 until the 1997 year-end, the Parent Company has invested a total of SEK 4,277M gross, of which SEK 1,164M during 1997.

### **Personnel and salaries**

The average number of employees in the Bure Group was 5,628 during 1997. At the 1997 year-end, the Parent Company had 24 employees which includes the employees within the management for Bure IT/InfoMedia and Bure Investments. The average number of employees for the Parent Company was 21 during the year. For further information regarding personnel and salaries, see Notes 31, 32 and 33.

In May, the Bure Board of Directors decided to issue synthetic options directed at the staff of the Parent Company and Senior Executives in the Group. The options were revalued at 31 December and had an effect on Bure's earnings of SEK -0.8M. See also Note 34.

### **Taxes**

In a decision taken on 31 December 1994 with regard to corporate taxation for the 1993 income year, the tax authority ruled that Bure should not be taxed as an investment company but as an asset management company. The tax authority justifies its decision by claiming that the Company did not meet all the criteria on 1 January but only in connection with the stockmarket listing in October 1993. Bure has appealed against the decision. Should it not be possible to attain a change in the tax assessment, the Company's tax expense for 1993 will increase by a maximum of SEK 130M (SEK 2.40 per share) compared with booked tax. In addition, interest and charges may be added which are calculated at SEK 36M at the turn of the year. These amounts are reported under contingent liabilities, Note 30.

### **Valuation principles**

Methods and valuation principles used in preparing the Consolidated Accounts are shown in Notes to the Financial Statements.

### **Dividend**

The Board of Directors proposes that the Annual General Meeting decide a dividend for 1997 of SEK 5.50 per share, or SEK 300M in total. In the previous year, a dividend of SEK 5.00 per share was paid to shareholders, totalling SEK 273M.

## PROPOSAL FOR APPROPRIATION OF PROFITS

Non-restricted equity in the Group amounted to SEK 1,593.0 M at balance sheet date.  
No appropriations to restricted reserves are required.

Profits at the disposal of the Annual General Meeting

<b>Parent Company</b>	<b>SEK M</b>
Profits brought forward	1,121.2
Net profit for 1997	617.3
<hr/>	
Non-restricted funds on 31 December 1997	1,738.5

The Board of Directors proposes that the profits at the disposal of the AGM be distributed as follows:

Dividend to shareholders SEK 5.50 per share	300.0
To be carried forward	1,438.5
<hr/>	
	1,738.5

Gothenburg, 20 February 1998

Bengt Eskilson  
Chairman

Jan Blomberg

Per-Ove Engelbrecht

Maria Lilja

Bo C E Ramfors

Gösta Wiking

Olle G P Isaksson

Roger Holtback  
Managing Director

Our Audit Report was submitted on 20 February 1998

Bertel Enlund  
Authorised Public Accountant

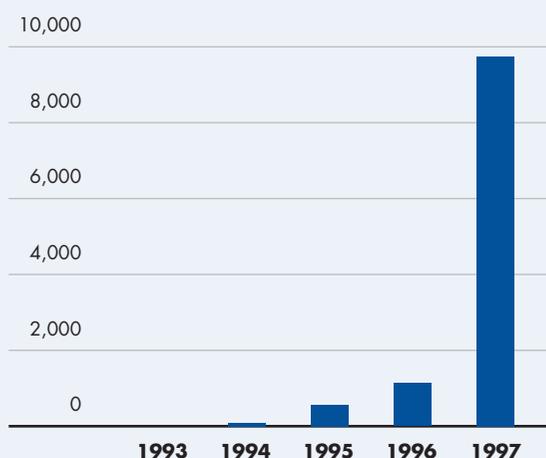
Lennart Huldén  
Authorised Public Accountant

CONSOLIDATED PROFIT AND LOSS ACCOUNT

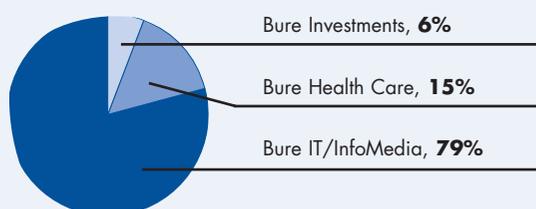
SEK M	Note	1997	1996
<b>Operating income</b>			
Invoiced sales		9,739.2	1,129.3
Other income		17.3	11.1
<i>Total net sales</i>	1	9,756.5	1,140.4
Other operating income		107.1	11.8
Share in results of associated companies	3	97.5	149.9
<i>Total operating income</i>		9,961.1	1,302.1
<b>Operating expenses</b>			
Raw materials and supplies		- 375.1	- 99.4
Goods for resale		- 6,059.7	- 51.0
Other external costs		- 1,171.9	- 330.5
Personnel costs	31, 32, 33, 34	- 1,937.4	- 706.2
Depreciation		- 251.0	- 59.6
Other operating expenses		- 17.8	- 4.4
<i>Total operating expenses</i>		- 9,812.9	- 1,251.1
<b>Operating profit</b>		<b>148.2</b>	<b>51.0</b>
<b>Financial income</b>			
Dividends		29.8	20.1
Capital gains, net	4	557.1	279.1
Interest income		65.7	91.1
Other financial income		21.0	4.9
<i>Total financial income</i>		673.6	395.2
<b>Financial expenses</b>			
Interest expenses		- 31.4	- 3.2
Other financial expenses		- 9.4	- 2.4
<i>Total financial expenses</i>		- 40.8	- 5.6
<b>Earnings after financial items</b>	1, 7	<b>781.0</b>	<b>440.6</b>
Minority interest	7	- 85.3	7.0
Taxes	7	- 94.3	- 35.1
<b>Net profit for the year</b>		<b>601.4</b>	<b>412.5</b>

Group **invoiced sales** amounted to SEK 9,739M, an increase of SEK 8,610M since 1996. The consolidation of Scribona in Bure's accounts from 1 March 1997 influenced invoiced sales by SEK 7,209M.

**Invoiced sales, SEK M**



Invoiced sales in 1997 are distributed between the Business Sectors as follows:



**Capital gains** amounted to SEK 557M in 1997 with the following distribution:

Asset Management's capital gain result	318
Divestment of shares in Spira	107
Divestment of shares in BT Industries	66 *
Divestment of shares in Karlshamns	44
Other capital gains	22

**Total, SEK M** **557**

\*] The total capital gain on divestment of the shares in BT Industries amounted to SEK 162M. Of this, SEK 96M is reported in Asset Management and SEK 66M in Bure Investments' result.

Depreciation of goodwill amounted to SEK 106M, an increase of SEK 93M since 1996. The increase is attributable to acquisitions which were carried out during the year.

**Earnings after financial items** amounted to SEK 781M (441) with the following distribution:

	1997	1996
Bure Health Care	26	-46
Bure IT/InfoMedia	113	72
Bure Investments	335	286
Bure Managed Care	-13	-4
Parent Company	320	133
<b>Total, SEK M</b>	<b>781</b>	<b>441</b>

The increase in the **minority's share** of the result is mainly attributable to the consolidation of Scribona in which the minority interest amounted to SEK 65M.

The Bure Group has low **tax expenses** which is due to the fact that the results have mainly consisted of capital gains in the Parent Company. The Parent Company has a fiscal status as an investment company which, among other things, means that all capital gains are exempt from taxation.

SEK M	93	94	95	96	97
Tax paid, Group	38	22	12	2	51

# CONSOLIDATED BALANCE SHEET

SEK M	Note	1997	1996
<b>Fixed assets</b>			
<i>Intangible fixed assets</i>			
Patents, licences and similar rights	8	21.8	19.8
Goodwill	9	1,315.6	251.0
Rental rights	10	1.1	–
<i>Total intangible fixed assets</i>		<b>1,338.5</b>	<b>270.8</b>
<i>Tangible fixed assets</i>			
Buildings, land and land improvements	11	466.7	55.1
Machinery and other technical plant	12	109.2	26.4
Equipment, tools and installations	13	357.0	107.4
Construction in progress	14	47.4	–
<i>Total tangible fixed assets</i>		<b>980.3</b>	<b>188.9</b>
<i>Financial fixed assets</i>			
Participations in tenant-owners associations	15	27.6	–
Participations in associated companies	20	704.1	1,516.7
Participations and convertible debt instruments	21,22	1,133.3	633.5
Bonds and other securities		83.0	363.7
Other long-term receivables		56.2	3.1
<i>Total financial fixed assets</i>		<b>2,004.2</b>	<b>2,517.0</b>
<b>Total fixed assets</b>		<b>4,323.0</b>	<b>2,976.7</b>
<b>Current assets</b>			
<i>Stock, etc</i>			
Raw materials and supplies		20.1	11.1
Finished products and goods for resale		1,039.1	10.8
Work in progress		61.5	34.5
Advance to suppliers		0.1	5.7
Participations in tenant-owners associations		10.0	–
<i>Total stock, etc</i>		<b>1,130.8</b>	<b>62.1</b>
<i>Current receivables</i>			
Trade debtors		1,821.6	275.0
Prepaid tax		14.2	16.3
Other current receivables		237.3	55.0
Prepaid expenses and accrued income	23	205.9	75.0
<i>Total current receivables</i>		<b>2,279.0</b>	<b>421.3</b>
<i>Total short-term investments</i>		<b>322.7</b>	<b>679.6</b>
<i>Cash and bank</i>		<b>470.1</b>	<b>262.2</b>
<b>Total current assets</b>		<b>4,202.6</b>	<b>1,425.2</b>
<b>Total assets</b>		<b>8,525.6</b>	<b>4,401.9</b>

SEK M	Note	1997	1996
<b>Shareholders' equity</b>			
<i>Restricted equity</i>			
Share capital (54,550,000 shares at a nominal value of SEK 10 each)		545.5	545.5
Restricted reserves		1,798.8	1,723.7
<i>Total restricted equity</i>		<b>2,344.3</b>	<b>2,269.2</b>
<i>Non-restricted equity</i>			
Non-restricted reserves		991.6	922.9
Net profit for the year		601.4	412.5
<i>Total non-restricted equity</i>		<b>1,593.0</b>	<b>1,335.4</b>
<b>Total shareholders' equity</b>	24	<b>3,937.3</b>	<b>3,604.6</b>
<b>Minority interest</b>		<b>659.8</b>	<b>40.6</b>
<b>Provisions</b>			
Provisions for pensions		24.2	19.8
Provisions for deferred taxes		47.6	24.2
Provisions for restructuring	25	99.1	16.9
Other provisions	26	30.6	–
<b>Total provisions</b>		<b>201.5</b>	<b>60.9</b>
<b>Liabilities</b>			
<i>Long-term liabilities</i>			
Liability to credit institutions		348.7	4.3
Other long-term liabilities		49.3	52.2
<i>Total long-term liabilities</i>	27	<b>398.0</b>	<b>56.5</b>
<i>Current liabilities</i>			
Liability to credit institutions		522.0	4.0
Advances from customers		149.4	77.6
Trade creditors		1,711.5	134.0
Other current liabilities		434.0	254.3
Accrued expenses and prepaid income	28	512.1	169.4
<i>Total current liabilities</i>		<b>3,329.0</b>	<b>639.3</b>
<b>Total liabilities</b>		<b>3,727.0</b>	<b>695.8</b>
<b>Total shareholders' equity, provisions and liabilities</b>		<b>8,525.6</b>	<b>4,401.9</b>

Pledged collateral, see Note 29, Contingent liabilities, see Note 30

The **balance sheet total** has increased by 94 per cent since the previous year and is mainly attributable to the consolidation of Scribona.

Group **goodwill** increased by SEK 1,065M during the year and amounted to SEK 1,316M at closing date.

Company	1997	1996
Scribona	860	-
Volvat	93	-
Previa	58	77
Chematur	53	73
Salcom	51	-
Nova Medical	43	21
Other	158	80
<b>Total, SEK M</b>	<b>1,316</b>	<b>251</b>

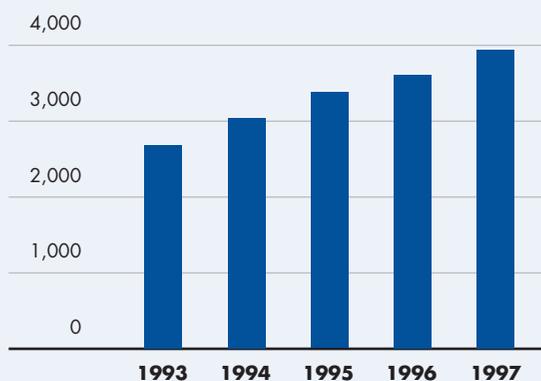
Group goodwill is depreciated over an estimated economic life which varies between 5 and 20 years.

The acquisition of Åre Vemdalen had the effect that the Group's **tangible fixed assets** increased by SEK 296M. In Bure Health Care, acquired companies have owned real estate used in business operations which also explains the increase in buildings, land and land improvements.

The Group's equity ratio fell during the year and amounted to 46 per cent (82) at the year-end. Scribona's balance sheet contains large items of trade-related current receivables and liabilities.

Of the Group's total liabilities of SEK 3,727M, interest-bearing liabilities constituted SEK 901M which is 11 per cent of balance sheet total.

**Consolidated equity, SEK M**



# CONSOLIDATED CASH FLOW ANALYSIS

SEK M	1997	1996
<b>Earnings after financial items</b>	<b>781.0</b>	<b>440.6</b>
The year's depreciation	251.0	59.4
Paid tax	- 51.3	- 2.2
Shares in results of associated companies	- 97.5	- 149.9
Capital result in Investment Operations	- 237.0	- 189.9
Dividends received from associated companies	33.0	100.7
<b>Cash flow before change in working capital investments and divestments</b>	<b>679.2</b>	<b>258.7</b>
<i>Change in working capital</i>		
Current assets excluding liquid funds	- 334.1	- 195.6
Stock and bond portfolio	- 171.2	- 84.3
Other current interest-free operating liabilities and provisions	1,025.0	238.3
<i>Total change in working capital</i>	<i>519.7</i>	<i>- 41.6</i>
<b>Cash flow before investments</b>	<b>1,198.9</b>	<b>217.1</b>
<i>Investments in and divestments of fixed assets</i>		
<i>Intangible fixed assets</i>		
Investment in goodwill and other intangible fixed assets	- 635.3	- 176.4
<i>Tangible fixed assets</i>		
Investment in machinery and equipment	- 385.0	- 89.7
Investment in buildings, land and land improvements	- 347.5	- 42.0
<i>Financial fixed assets</i>		
Investment in tenant-owners associations	- 27.6	-
Investment in shares in associated companies	- 71.9	- 628.0
Divestment of shares in associated companies	296.0	929.7
Investment in unlisted holdings	- 18.0	- 16.1
Divestment of shares in unlisted holdings	52.7	25.2
<i>Total net investments in fixed assets</i>	<i>- 1,136.6</i>	<i>2.7</i>
<b>Cash flow after investments</b>	<b>62.3</b>	<b>219.8</b>
<i>Financial payments</i>		
Change in long-term receivables	- 17.3	31.6
Change in minority interest	- 242.3	- 1.9
Change in loan liabilities	316.9	55.8
Translation difference	3.8	-
Dividend	- 272.5	- 177.3
<b>Change in liquid funds</b>	<b>- 149.1</b>	<b>128.0</b>

PARENT COMPANY PROFIT AND LOSS ACCOUNT

SEK M	Note	1997	1996
<b>Investment Operations</b>			
<i>Income</i>			
Dividends	6	138.3	145.6
Capital gains, net	4	243.3	207.6
Other operating income		0.9	3.4
Interest income		–	11.6
<i>Total income</i>	2	382.5	368.2
<i>Expenses</i>			
Interest expenses, Group companies		- 9.0	–
Personnel costs	31, 32, 33, 34	- 22.5	- 13.3
Other external costs		- 42.0	- 20.4
Depreciation		- 0.9	- 0.8
Items affecting comparability	5	- 59.3	- 27.9
<i>Total expenses</i>	2	- 133.7	- 62.4
<b>Profit, Investment Operations</b>		<b>248.8</b>	<b>305.8</b>
<b>Asset Management</b>			
<i>Income</i>			
Dividends	6	14.9	9.2
Capital gains, net	4	318.0	79.2
Interest income, net		32.3	66.6
Other financial income		6.6	3.3
<i>Total income</i>		371.8	158.3
<i>Expense</i>			
Personnel costs		- 2.9	- 2.7
Other external costs		- 0.4	- 0.2
<i>Total expenses</i>		- 3.3	- 2.9
<b>Profit, Asset Management</b>		<b>368.5</b>	<b>155.4</b>
<b>Operating profit before taxes</b>		<b>617.3</b>	<b>461.2</b>
Tax on the year's earnings	7	–	–
<b>Net profit for the year</b>		<b>617.3</b>	<b>461.2</b>

PARENT COMPANY BALANCE SHEET

SEK M	Note	1997	1996
<b>Fixed assets</b>			
<i>Tangible fixed assets</i>			
Equipment	13	2.7	2.4
<i>Financial fixed assets</i>			
Participations in Group companies	16, 17, 18	2,360.9	662.0
Participations in associated companies	19, 20	495.5	1,397.7
Participations and convertible debt instruments	21, 22	1,115.3	631.0
Bonds and other securities		61.4	358.8
<i>Total financial fixed assets</i>		4,033.1	3,049.5
<b>Total fixed assets</b>		<b>4,035.8</b>	<b>3,051.9</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Trade debtors		0.2	0.5
Receivables from Group companies		48.4	–
Prepaid tax		4.9	11.8
Other receivables		52.7	35.1
Prepaid expenses and accrued income	23	8.7	24.1
<i>Total current receivables</i>		114.9	71.5
<i>Short-term investments</i>		296.9	630.8
<i>Cash and bank</i>		26.2	19.9
<b>Total current assets</b>		<b>438.0</b>	<b>722.2</b>
<b>Total assets</b>		<b>4,473.8</b>	<b>3,774.1</b>

SEK M	Note	1997	1996
<b>Shareholders' equity</b>			
<i>Restricted equity</i>			
Share capital (54,550,000 shares at a nominal value of SEK 10 each)		545.5	545.5
Statutory reserve		1,636.5	1,636.5
<i>Total restricted equity</i>		2,182.0	2,182.0
<i>Non-restricted equity</i>			
Profits brought forward		1,121.2	932.5
Net profit for the year		617.3	461.2
<i>Total non-restricted equity</i>	24	1,738.5	1,393.7
<b>Total shareholders' equity</b>		<b>3,920.5</b>	<b>3,575.7</b>
<b>Liabilities</b>			
<i>Long-term liabilities</i>			
Other liabilities relating to synthetic options		8.5	–
<i>Total long-term liabilities</i>	27	8.5	–
<i>Current liabilities</i>			
Liabilities to credit institutions		340.0	–
Trade creditors		4.4	3.5
Liabilities to Group companies		171.7	126.5
Other liabilities		16.7	62.2
Accrued expenses and prepaid income	28	12.0	6.2
<i>Total current liabilities</i>		544.8	198.4
<b>Total liabilities</b>		<b>553.3</b>	<b>198.4</b>
<b>Total shareholders' equity and liabilities</b>		<b>4,473.8</b>	<b>3,774.1</b>

Pledged assets, see Note 29, Contingent liabilities, see Note 30

PARENT COMPANY CASH FLOW ANALYSIS

SEK M	1997	1996
<b>Earnings after financial items</b>	<b>617.3</b>	<b>462.0</b>
The year's depreciation and write-downs	50.9	-
Capital result in Investment Operations	- 243.3	- 186.9
<b>Cash flow before change in working capital, investments and divestments</b>	<b>424.9</b>	<b>275.1</b>
<i>Change in working capital</i>		
Stock and bond portfolio	- 150.2	- 132.0
Current assets excluding liquid funds	- 42.4	63.0
Other current interest-free operating liabilities	5.9	101.8
<i>Total change in working capital</i>	<i>- 186.7</i>	<i>32.8</i>
<b>Cash flow before investments</b>	<b>238.2</b>	<b>307.9</b>
<i>Investments in and divestments of fixed assets</i>		
Investment in shares in subsidiaries	- 919.4	- 280.3
Investment in shares in associated companies	- 52.4	- 732.8
Divestment of shares in associated companies	296.0	929.7
Investment in unlisted shares	- 18.0	- 16.1
Divestment of shares in unlisted holdings	54.3	25.2
Investment in equipment	- 2.3	- 0.3
<i>Total net investments in fixed assets</i>	<i>- 641.8</i>	<i>- 74.6</i>
<b>Cash flow after investments</b>	<b>- 403.6</b>	<b>233.3</b>
<i>Financial payments</i>		
Change in loan liabilities	348.5	-
Dividend	- 272.5	- 177.3
<b>Change in liquid funds</b>	<b>- 327.6</b>	<b>56.0</b>

## Accounting principles

### Consolidated accounts

The Consolidated Accounts have been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation regarding consolidated accounts with application of acquisition accounting. The Consolidated Accounts comprise, in addition to the Parent Company, all companies in which the Parent Company directly or indirectly holds more than 50 per cent of the votes. Also included are holdings in which Bure's ownership does not exceed 50 per cent of votes but where Bure alone has a controlling influence.

Companies which are acquired during the year are consolidated from the date of acquisition. Scribona AB is consolidated in Bure's accounts from 1 March 1997 as a consequence of the fact that the ownership share of votes thereafter exceeds 50 per cent. For the period January to February, Scribona is reported in accordance with the equity method. In December, Medi-Lab Medisinsk Laboratorium A/S was acquired and is therefore not included in the Group's turnover and result for any part of 1997.

During the year, the associated company, Spira AB was sold. The company has been treated as external throughout the year and the share of the result has therefore been included in the capital result.

In December, the subsidiary, Communicator, was sold to the associated company, Guide Konsult AB. Communicator is included in Bure's consolidated result equivalent to a result share in the result of the participation owned during the year.

Assets and liabilities of foreign subsidiaries are translated in the Balance Sheet at the exchange rate applicable on balance sheet date and all items in the Profit and Loss Account are translated at the average rate of the year. The exchange rate differences which arise in this connection have been posted direct to shareholders' equity.

### Intangible fixed assets

The intangible fixed assets are reported at their acquisition cost with deduction for accumulated depreciation according to plan.

Goodwill attributable to acquired subsidiaries is reported as a fixed asset and is depreciated according to plan over the estimated economic life. The economic life is determined after individual examination. For goodwill acquired before the end of 1996, the life has been estimated at ten years. For acquisitions made during 1997, the economic life has been estimated at between 5 and 20 years. An economic life in excess of 5 years has been put on long-term strategically-acquired companies with stable operations and positive growth. For major acquisitions during 1997, the following economic life is applied:

– Scribona AB with subsidiaries	5-20 years
– Volvat Medisinske Senter A/S	20 years
– Salcom Communication AB	20 years

### Tangible fixed assets

The tangible fixed assets are reported at their acquisition value with deduction for accumulated depreciation according to plan. Depreciation has been calculated on the original acquisition values and depreciation is made in a straight line over the economic life of the assets.

– Machinery and equipment	3-20 years *
– Buildings	50 years
– Land improvements	20-27 years

\* *The longer depreciation period refers mainly to lift installations in Åre Vemdalen AB*

#### Leasing

During the year, some properties in Business Sector Health Care were sold to a renting company and at the same time re-leased. In accordance with the Swedish Financial Accounting Standards Council's recommendation No 6, these transactions have been treated as financial lease contracts which means that the "sold" properties remain in the Consolidated Balance Sheet. Some additional standard financial lease contracts relating to company cars and office equipment exist but have been reported as operating lease contracts.

A large number of lease contracts of a standard nature relating to operating premises exists within the Group. Taking into account the Group's heterogeneous nature, information has not been compiled in the manner which is stated in the aforementioned recommendation.

### Financial fixed assets

#### Participations in Group companies

Participations in Group companies are valued at their acquisition value including costs which are directly attributable to the acquisition. The participations are valued at the lower of acquisition and actual value.

#### Participations in associated companies

Companies in which Investment AB Bure has a share of votes which amounts to between 20 and 50 per cent and in which Bure does not have a controlling influence are reported as associated companies.

In the Consolidated Accounts, the associated companies are reported in accordance with the equity method. This means that under the heading "Proportion of equity in associated companies" in the Consolidated Balance Sheet is reported the acquisition costs for the shares with addition of the Group's share in the results of the associated companies after deduction for dividends received. By results of the associated companies is meant Bure's share of earnings before taxes and after depreciation of goodwill attributable to the acquisition.

Depreciation of goodwill is made according to plan which normally has been fixed at ten years.

In the Consolidated Profit and Loss Account, "Shares in results of associated companies" consists of Bure's share of the associated companies' earnings after financial items with, where applicable, deduction for depreciation of goodwill. The share in taxes of the associated companies is reported separately and is included in the consolidated taxes.

#### *Securities*

Shares in listed and unlisted companies are reported at their acquisition value under the item, "Participations and convertible debt instruments" among financial fixed assets. Valuation of the listed shares is made on the basis of a collective evaluation of the total holding. Other shares are valued at the lower of acquisition value and actual value item by item.

Investments in interest-bearing securities with a tenor of up to one year are reported as current assets under "Short-term investments". Investments with a tenor of more than one year are reported as fixed assets under "Bonds and other securities".

#### **Current assets**

Stock is valued in accordance with the lowest value principle at the lower of acquisition value and actual value. Deduction for estimated actual obsolescence has been made.

Receivables and liabilities in foreign currency have been valued at balance sheet date rate or at the forward rate where forward cover has taken place. Exchange profits and exchange losses on financial receivables and liabilities are reported among financial items. Operations-related exchange profits and exchange losses are reported in the operating result.

Work in progress within Scribona has been valued at directly-accrued expenses with addition of a reasonable share of indirect costs. Other Group companies apply gradual income recognition which means that work in progress is valued at an estimated sales value with deduction for anticipated losses.

Other current assets are reported in accordance with the lowest value principle.

#### **Provisions**

Obligations which are attributable to the financial year and which on balance sheet date are probable in their existence but uncertain with regard to amount or date have been reported as provisions.

During 1997, restructuring reserves have been established relating to structural costs directly associated with the acquisitions of Medi-Lab Medisinsk Laboratorium A/S, Simonsen Sverige AB, Svenska Cityklinkerna AB, UDAC AB and Åre Vemdalen AB.

#### **Untaxed reserves**

The equity portion of untaxed reserves is included in restricted reserves. The tax portion of untaxed reserves has been reported as deferred tax among long-term liabilities.

#### **Minority interest**

In the Consolidated Profit and Loss Account is stated the minority's share of the consolidated net profit. The minority's share of the Group's shareholders' equity is reported in a separate item between long-term liabilities and shareholders' equity.

## NOTES

AMOUNTS IN SEK M UNLESS OTHERWISE STATED

### NOTE 1 – Distribution of net sales/Accounts by operation

	Net sales		Result after financial items	
	1997	1996	1997	1996
Bure Health Care	1,500	987	26	- 46
Bure IT / InfoMedia	7,623	153	113	72
Bure Investments	632	–	335	286
Bure Managed Care	1	–	-13	- 4
Parent Company incl. Asset Management	–	–	320	133
<b>Total</b>	<b>9,756</b>	<b>1,140</b>	<b>781</b>	<b>441</b>

Distribution of net sales by geographic markets:

	Net sales	
	1997	1996
Sweden	5,744	1,138
Other Nordic countries	3,464	2
Rest of Europe	160	–
North America	239	–
Asia	137	–
Other markets	12	–
<b>Total</b>	<b>9,756</b>	<b>1,140</b>

### NOTE 2 – Purchases and sales between Group companies

Purchases and sales between the Parent Company and Group companies are insignificant.

### NOTE 3 – Share in results of associated companies

	1997	1996
Svolder	73.7	19.5
Gunnebo	52.5	43.8
Scribona*	5.5	73.4
Troponor	- 39.1	- 9.7
Guide	5.2	–
Spira	–	16.4
Other	- 0.3	6.5
<b>Total</b>	<b>97.5</b>	<b>149.9</b>

\* Refers to January-February. Scribona is consolidated in Bure's accounts from 1 March 1997.

### NOTE 4 – Capital gains, net

	Group	
	1997	1996
Capital gains	582.6	305.5
Capital losses	- 25.5	- 26.4
<b>Total</b>	<b>557.1</b>	<b>279.1</b>
	Parent Company	
	1997	1996
<i>Investment Operations</i>		
Capital gains	243.3	207.6
Capital losses	–	–
	243.3	207.6
<i>Asset Management</i>		
Capital gains	343.5	99.2
Capital losses	- 25.5	- 20.0
	318.0	79.2
<b>Total</b>	<b>561.3</b>	<b>286.8</b>

### NOTE 5 – Items affecting comparability

	Parent Company	
	1997	1996
Shareholder contributions to subsidiaries	- 9.3	- 21.7
Write-down of Group companies	- 15.0	- 6.2
Write-down of associated companies	- 35.0	0.0
<b>Total</b>	<b>- 59.3</b>	<b>- 27.9</b>

**NOTE 6 – Dividends**

	Parent Company	
	1997	1996
<i>Investment Operations</i>		
Dividend from associated companies	33.1	111.6
Dividend from subsidiaries	91.0	34.0
Dividend from other companies	14.2	–
	138.3	145.6
<i>Asset Management</i>		
Dividend from shares in stock portfolio	14.9	9.2
<b>Total</b>	<b>153.2</b>	<b>154.8</b>

**NOTE 7 – Taxes**

	Group		Parent Company	
	1997	1996	1997	1996
Tax paid	- 51.3	- 2.3	–	–
Deferred tax	- 22.8	- 0.8	–	–
Share in taxes of associated companies	- 20.2	- 32.0	–	–
<b>Total taxes</b>	<b>- 94.3</b>	<b>- 35.1</b>	<b>–</b>	<b>–</b>

Investment AB Bure has a tax status as an investment company which, among other things, means that capital results are exempt from taxation and that dividend is deductible as a cost. This is the explanation to why Investment AB Bure has not paid tax for 1996 and 1997. No deferred tax liabilities exist in Investment AB Bure, however see Note 30 regarding contingent liabilities.

The minority's share of earnings after financial items amounts to SEK 113.9M. The minority's share of tax paid amounts to SEK 28.6M.

**NOTE 8 – Patents, licences and similar rights**

	Group
Opening acquisition value	26.9
Acquisition during the year	14.9
Reclassifications	-12.5
<i>Closing acquisition value</i>	<i>29.3</i>
Opening depreciation	- 7.1
Reclassifications	2.7
The year's depreciation	- 3.1
<i>Closing depreciation</i>	<i>- 7.5</i>
<b>Book value</b>	<b>21.8</b>

**NOTE 9 – Goodwill**

	Group
Opening acquisition value	267.2
Acquisition during the year	653.7
Reclassification from proportion of equity in associated companies	541.0
Sale	- 29.2
Translation difference	0.1
<i>Closing acquisition value</i>	<i>1,432.8</i>
Opening depreciation	- 16.2
Sale	5.9
The year's depreciation	- 106.5
Translation difference	- 0.4
<i>Closing depreciation</i>	<i>- 117.2</i>
<b>Book value</b>	<b>1,315.6</b>

**NOTE 10 – Rental rights**

	Group
Opening acquisition value	–
Acquisition during the year	1.1
<i>Closing acquisition value</i>	<i>1.1</i>
Opening depreciation	–
The year's depreciation	–
<i>Closing depreciation</i>	<i>–</i>
<b>Book value</b>	<b>1.1</b>

## NOTES

### Note 11 – Buildings, land and land improvements

	Group
Opening acquisition value	64.7
Acquisition during the year	425.8
Sale	- 8.3
<i>Closing acquisition value</i>	<i>482.2</i>
Opening depreciation	- 9.6
Sale	2.0
The year's depreciation	- 7.9
<i>Closing depreciation</i>	<i>- 15.5</i>
<b>Book value</b>	<b>466.7</b>
Book value, buildings	383.5
Book value, land and land improvements	83.2
	<b>466.7</b>
Tax assessment values, buildings	105.9
Tax assessment values, land	19.5

Care buildings in Bure Health Care have not been given tax assessment values

In the aforementioned values are included properties which are held in accordance with financial lease contracts with the following amounts:

Opening acquisition value	–
Acquisition during the year	119.5
<i>Closing acquisition value</i>	<i>119.5</i>
Opening depreciation	–
The year's depreciation	- 0.6
<i>Closing depreciation</i>	<i>- 0.6</i>
<b>Book value</b>	<b>118.9</b>

### Note 12 – Machinery and other technical plant

	Group
Opening acquisition value	118.7
Acquisition during the year	104.3
Sale/scrapping	- 3.2
<i>Closing acquisition value</i>	<i>219.8</i>
Opening depreciation	- 92.3
Sale/scrapping	0.7
The year's depreciation	- 18.4
<i>Closing depreciation</i>	<i>- 110.0</i>
Opening write-downs	–
The year's write-downs	- 0.6
<i>Closing write-downs</i>	<i>- 0.6</i>
<b>Book value</b>	<b>109.2</b>

### Note 13 – Equipment, tools and installations

	Group	Parent Company
Opening acquisition value	202.8	4.2
Acquisition during the year	393.0	1.1
Sale/scrapping	- 148.3	–
Translation difference	1.9	–
Reclassifications	- 1.4	–
<i>Closing acquisition value</i>	<i>448.0</i>	<i>5.3</i>
Opening depreciation	- 95.4	- 1.8
Sale/scrapping	119.6	–
Reclassifications	0.9	–
Translation difference	- 1.0	–
The year's depreciation	- 115.1	- 0.8
<i>Closing depreciation</i>	<i>- 91.0</i>	<i>- 2.6</i>
<b>Book value</b>	<b>357.0</b>	<b>2.7</b>

### Note 14 – Construction in progress

	Group
Opening acquisition value	–
Acquisition during the year	47.4
<b>Book value</b>	<b>47.4</b>

### Note 15 – Participations in tenant-owners associations

	Group
Opening acquisition value	–
Acquisition during the year	32.1
Sale	- 4.5
<b>Book value</b>	<b>27.6</b>

### NOTE 16 – Participations in Group companies

	Parent Company
Opening acquisition value	668.2
Acquisition during the year	919.4
Reclassifications <sup>1)</sup>	794.5
<i>Closing acquisition value</i>	<i>2,382.1</i>
Opening write-downs	- 6.2
The year's write-downs	- 15.0
<i>Closing write-downs</i>	<i>- 21.2</i>
<b>Book value</b>	<b>2,360.9</b>

1) On 1 January, Scribona AB was an associated company and Communicator AB was a Group company

**NOTE 17 – Participations in Group companies – information regarding the year's major acquisitions**

	Salcom Communication AB	Scribona AB	Volvat Medisinske Senter A/S	Åre Vemdalen AB
Ownership, capital, %	52	51	50	100
Ownership, votes, %	52	64	50	100
Purchase price, SEK M	56.9	1,230.9	79.9	142.7
Business Sector	Bure IT/InfoMedia	Bure IT/InfoMedia	Bure Health Care	Bure Investments

The above acquisitions have been paid for in cash. Only the larger acquisitions during the year have been included.

38 per cent of capital and 49 per cent of votes relating to Scribona was acquired prior to 1997. The acquisition value for these acquisitions amounted to SEK 807M.

**NOTE 18 – Participations in Group companies**

	Number of Shares	Share of capital/votes, %	Book value in Parent Company	Organisation number	Registered office
<b>Bure Investments</b>					
Bure Fond AB (dormant)	1,000	100	0.1	556518-9700	Göteborg
Bure Kapital AB	1,000	100	33.9	556472-7278	Göteborg
Bure P&L AB*	10,000,000	100	142.7	556535-3579	Göteborg
Bure Utvecklings AB (dormant)	1,300,000	100	159.9	556472-7112	Göteborg
Chematur Engineering AB	179,000	100	125.3	556041-3733	Karlskoga
Citykurorter AB	1,000	100	5.4	556435-3067	Göteborg
InnovationsKapital Fond AB	530	53	0.1	556541-0056	Göteborg
InnovationsKapital i Göteborg AB	135,150	90.1	30.1	556474-1998	Göteborg
InnovationsKapital Management i Göteborg AB	5,300	53	0.5	556541-0064	Göteborg
SG Intressenter AB (dormant)	1,000	100	0.1	556508-6211	Göteborg
* Åre Vemdalen AB is a subsidiary of Bure P&L AB					
<b>Bure IT/InfoMedia</b>					
Adapt Information Systems AB	6,000	60	9.0	556534-4610	Göteborg
Bure Information, Technology & Services AB (dormant)	1,000	100	0.1	556535-0740	Göteborg
Citat Mediaproduktion AB	5,950	85	30.6	556382-3656	Göteborg
Salcom Communication AB	65,800	52	56.9	556364-0084	Stockholm
Scribona AB	17,417,389	51/64	1,230.9 <sup>1)</sup>	556079-1419	Solna
UDAC AB	50,500	100	23.9	556252-9551	Uppsala
<b>Bure Health Care</b>					
Bure Hälsa och Sjukvård AB	250,000	100	479.7	556518-9692	Göteborg
Medi-Lab, Medicinskt Laboratorium A/S	2,000	100	20.8	A/S 43.369	Danmark
<b>Bure Managed Care</b>					
Bure Managed Care AB	18,521	100	10.9	556062-5237	Göteborg
<b>Total book value in the Parent Company</b>			<b>2,360.9</b>		

1) Market value on 31 December 1997 amounted to SEK 1,575.0 M.

The above list comprises the participations which are owned directly by Investment AB Bure. The complete specification of holdings and participations which has been drawn up in accordance with regulations in the Annual Accounts Act and the Companies Act and which has been sent to the Swedish Patent and Registration Office can be obtained from Investment AB Bure, Accounting Department, Box 5419, SE-402 29 Gothenburg.

**NOTE 19 – Participations in associated companies**

	Number of Shares	Share of capital, %	Share of votes, %	Book value in Parent Company	Book value in Group	Market value 31 Dec 1997	Organisation number	Registered office
<b>Investment AB Bure</b>								
Gunnebo AB	6,980,999	36.1	36.1	219.4	299.4	485.2	556438-2629	Göteborg
Svolder AB	1,600,800	25.01	36.66	105.5	199.2	264.6	556469-2019	Stockholm
Troponor AB	268,000	65.89	41.59	58.5	54.4	–	556922-3766	Örnsköldsvik
Guide Konsult AB	1,448,130	46.49	45.59	104.1	103.5	–	556296-9468	Stockholm
Carlstedt Research & Technology CRT AB	5,318	45	45	8.0	8.0	–	556494-6449	Göteborg
Nordic Capital Svenska AB	9,375	19	32	–	–	–	556475-7044	Stockholm
<b>Shares in associated companies in:</b>								
InnovationsKapital i Göteborg AB					21.9			
Åre Vemdalen AB					0.4			
Bure Hälsa och Sjukvård AB					3.4			
Bure Kapital AB					4.5			
Bure Managed Care AB					9.4			
<b>Book value</b>				<b>495.5</b>	<b>704.1</b>			

The difference between Bure's proportion of equity in associated companies and the proportion of equity in the Bure Group amounts to SEK 35M net

Bure has issued 100,000 options on the holding of the shares in Gunnebo. The exercise price of SEK 93 exceeds book value

The above list comprises the participations which are owned directly by Investment AB Bure. The complete specification of holdings and participations which has been drawn up in accordance with regulations in the Annual Accounts Act and the Companies Act and which has been sent to the Swedish Patent and Registration Office can be obtained from Investment AB Bure, Accounting Department, Box 5419, SE-402 29 Gothenburg

**NOTE 20 – Participations in associated companies**

	Parent Company
Opening acquisition value	1,397.7
Acquisition during the year	52.4
Sale	- 163.0
Reclassifications <sup>1)</sup>	- 756.6
Closing acquisition value	530.5
Opening write-downs	–
The year's write-downs	- 35.0
Closing write-downs	- 35.0
<b>Book value</b>	<b>495.5</b>

**Note 21 – Participations and convertible debt instruments**

	Group	Parent Company
Opening acquisition value	635.8	631.0
Acquisition during the year	3,036.9	3,023.1
Sale	- 2,499.2	- 2,500.9
Reclassifications	- 37.9	- 37.9
Closing acquisition value	1,135.6	1,115.3
Opening write-downs	- 2.3	–
The year's write-downs	–	–
Closing write-downs	- 2.3	–
<b>Book value</b>	<b>1,133.3</b>	<b>1,115.3</b>

1) On 1 January, Scribona AB was an associated company and Communicator AB was a Group company. In addition, Bure exchanged convertibles in Gunnebo for shares

**NOTE 22 – Shares and convertible debt instruments****Market-quoted, listed shares, including subordinated loans**

Number	Designation	Value as per balance sheet	Market value 31 Dec 1997
250 000	ABB A	26.8	23.5
275 000	ABB B	27.9	25.7
150 000	Astra A	19.6	20.6
567 600	Astra B	74.7	75.8
92 600	Autoliv	26.8	23.9
600 000	BTL B	15.7	21.8
200 000	Elanders	16.3	21.9
30 000	Electrolux B	17.3	16.5
355 000	Ericsson B	103.6	106.0
100 000	Frontec B	9.2	7.0
250 000	Getinge B	21.8	31.5
47 500	Hennes & Mauritz B	14.6	16.6
63 750	Jaakko Pöyry	6.0	4.8
100 000	Kinnevik B	19.8	13.2
260 000 <sup>1)</sup>	Kungsleden Holdings A	29.9	29.9
300 000	MTG B	10.0	14.3
230 000	MTV Produktion B	14.6	7.1
301 600	Munksjö	21.4	22.8
150 000	Netcom B	17.5	25.6
65 000	Nokia A	37.6	36.2
35 000	Oxigene F	7.8	5.0
200 000	Perstorp B	26.9	28.4
175 000	PLM F	21.7	19.4
2 503 000 <sup>2)</sup>	Provobis B	23.7	28.8
450 000	S-E-Banken A	42.0	45.2
75 000	SCA B	13.2	13.4
75 000	Skanska B	23.5	24.4
247 200	SSAB B	35.7	32.4
335 500	Stena Line B	10.7	8.7
350 000	Trelleborg B	39.0	35.0
150 000	Volvo B	28.8	32.0
150 000	Wallenstam B	7.5	7.4
389 570	Wihlborg B	3.1	5.3
5 675 000	Wihlborg 5,83%	5.6	5.7
272 400	Wihlborg 97/02 OR 2B	0.5	0.5
		<b>820.8</b>	<b>836.3</b>

**Other market-quoted, listed shares belonging to Bure Investments**

Number	Designation	Value as per balance sheet	Market value 31 Dec 1997
802,094	Karlshamns Industrier AB	9.4	99.0
2,181,300 <sup>2)</sup>	Nobel Biocare AB	206.3	226.9
		<b>215.7</b>	<b>325.9</b>

**Other unlisted shares**

Number	Designation	Value as per balance sheet
5,556	Computer Related Technologies – CRT AB	0.5
47,700	Levande Böcker AB	7.3
		<b>7.8</b>

**Shares via Nordic Capital Svenska AB**

Number	Designation	Value as per balance sheet
111,521	Apax Industrier AB	16.7
161,309	Elmo Calf AB	22.8
713,570	Gislaved Folie AB	4.8
191,977	Fritidsresor AB	21.1
4,880	Optimera Bygghandel Svenska AB	5.6
		<b>71.0</b>

**Parent Company's holding of shares 1,115.3****Subsidiaries' holdings of shares 18.0****Total holdings of shares, Group 1,133.3**

1) Unlisted share

2) Control holding

Issued call options	Number of shares	Exercise price <sup>3)</sup>
Volvo B	25,000	213
		3) Exercise price exceeds book value

## NOTES

### NOTE 23 – Prepaid expenses and accrued income

	Group		Parent Company	
	1997	1996	1997	1996
Prepaid rentals	57.4	26.1	0.6	0.4
Accrued interest income	5.3	21.7	5.0	19.7
Accrued compensation from supplier	44.9			
Other items	98.3	27.2	3.1	4.0
<b>Total</b>	<b>205.9</b>	<b>75.0</b>	<b>8.7</b>	<b>24.1</b>

### NOTE 24 – Change in shareholders' equity

Group	Share capital	Restricted reserves	Non-restricted reserves
Amount on 1 January	545.5	1,723.7	1,335.4
Transfer between non-restricted and restricted reserves		75.1	- 75.1
Translation difference			3.8
Dividend to shareholders			- 272.5
Net profit for the year			601.4
<b>Amount on 31 December</b>	<b>545.5</b>	<b>1,798.8</b>	<b>1,593.0</b>

Of restricted reserves, 43.7 refers to funds appropriated to equity method reserve

Parent Company	Share capital	Statutory reserve	Profit brought forward
Amount on 1 January	545.5	1,636.5	1,393.7
Dividend to shareholders			- 272.5
Net profit for the year			617.3
<b>Amount on 31 December</b>	<b>545.5</b>	<b>1,636.5</b>	<b>1,738.5</b>

### NOTE 25 – Provisions for restructuring

	Group
Opening restructuring reserve	16.9
<i>Increase during the year in connection with acquisitions</i>	
UDAC AB	3.2
Åre Vemdalen AB	4.5
Simonsen Sverige AB	29.4
Svenska Cityklinikerna AB	6.2
Medi Lab, Medicinsk Laboratorium A/S	8.1
Scribona AB	53.2
<i>Dissolved during the year in accordance with established plan:</i>	
Calab AB	- 3.0
AB Previa	- 5.4
Åre Vemdalen AB	- 2.5
Simonsen Sverige AB	- 11.5

**Closing restructuring reserve 99.1**

### NOTE 26 – Other provisions

Provision for anticipated additional costs relating to delivery and completion of computer projects	25.2
Provision for anticipated additional costs relating to changes of operating systems and staff redundancies	5.4
<b>Total other provisions</b>	<b>30.6</b>

### NOTE 27 – Long-term liabilities

	Group	Parent Company
Total long-term liabilities	398.0	8.5
Of which, mature for payment later than 5 years after closing date	133.1	0

### NOTE 28 – Accrued expenses and prepaid income

	Group		Parent Company	
	1997	1996	1997	1996
Holiday pay liability	108.9	44.6	0.8	0.7
Payroll overheads	83.8	37.8	0.5	0.6
Other accrued expenses	256.2	87.0	10.7	4.9
Prepaid income	63.2	-	-	-
<b>Total</b>	<b>512.1</b>	<b>169.4</b>	<b>12.0</b>	<b>6.2</b>

**NOTE 29 – Pledged assets**

	<b>Group</b>		<b>Parent Company</b>	
	<b>1997</b>	1996	<b>1997</b>	1996
<i>For own liabilities and provisions</i>				
<i>Relating to provision for pensions:</i>				
Property mortgages	0.4	–	–	–
<i>Relating to long-term liabilities to credit institutions:</i>				
Floating charges	246.9	112.0	–	–
Property mortgages	224.8	19.0	–	–
Pledged properties	118.9	–	–	–
<i>Total</i>	<i>591.0</i>	<i>131.0</i>	<i>–</i>	<i>–</i>
<i>Other</i>				
Pledged trade debtors	16.7	–	–	–
Floating charges	14.6	–	–	–
Property mortgages	26.4	–	–	–
Shares against issued options	17.8	20.0	17.0	20.0
Shares in subsidiaries	9.2	67.0	–	–
Blocked bank deposits	21.2	63.0	–	–
<i>Total</i>	<i>105.9</i>	<i>150.0</i>	<i>17.0</i>	<i>20.0</i>
<b>Total pledged assets</b>	<b>696.9</b>	<b>281.0</b>	<b>17.0</b>	<b>20.0</b>

**NOTE 30 – Contingent liabilities**

	<b>Group</b>		<b>Parent Company</b>	
	<b>1997</b>	1996	<b>1997</b>	1996
Guarantees	17.5	–	–	–
Tax dispute including interest and charges	166.0	158.0	166.0	158.0
Other contingent liabilities	71.0	24.0	–	–
<b>Total contingent liabilities</b>	<b>254.5</b>	<b>182.0</b>	<b>166.0</b>	<b>158.0</b>

**NOTE 31 – Average number of employees**

	1997			1996		
	Number of employees	Of whom, women	Of whom, men	Number of employees	Of whom, women	Of whom, men
Parent Company	21	10	11	16	7	9
Subsidiaries	5,607	3,030	2,577	1,803	1,271	532
<b>Total Group</b>	<b>5,628</b>	<b>3,040</b>	<b>2,588</b>	<b>1,819</b>	<b>1,278</b>	<b>541</b>

**Geographic distribution of employees****Parent Company**

Sweden	21	10	11	16	7	9
--------	----	----	----	----	---	---

**Subsidiaries**

Sweden	4,426	2,486	1,940	1,796	1,267	529
Denmark	298	108	190	–	–	–
Great Britain	1	–	1	–	–	–
Finland	283	129	154	–	–	–
Norway	416	195	221	–	–	–
Poland	15	10	5	7	4	3
Germany	113	85	28	–	–	–
USA	50	16	34	–	–	–
Other countries	5	1	4	–	–	–
<b>Total Group</b>	<b>5,628</b>	<b>3,040</b>	<b>2,588</b>	<b>1,819</b>	<b>1,278</b>	<b>541</b>

The average number of employees is based on a calculation for the 1997 full-year regardless of whether the company has been acquired during the year. Companies acquired at 31 December 1997 are not included in the above information.

**NOTE 32 – Salaries, other remunerations and payroll overheads**

	1997			1996		
	Salaries and other remunerations	Payroll overheads	Pension costs**	Salaries and other remunerations	Payroll overheads	Pension costs**
Parent Company*	15.4	5.4	2.5	10.9	3.2	1.9
Subsidiaries	756.7	246.7	58.5	534.6	177.0	43.5
<b>Total Group</b>	<b>772.1</b>	<b>252.1</b>	<b>61.0</b>	<b>545.5</b>	<b>180.2</b>	<b>45.4</b>

\* Of the Parent Company's pension costs, SEK 0.8M refers to the Board of Directors and the Managing Director.

\*\* Pension costs are stated including salary tax.

**NOTE 32 – (cont.) – Salaries, other remuneration and payroll overheads distributed by country and between Board of Directors and the Managing Director as well as other employees**

	1997			1996		
	Board of Directors and MD	(of which, bonus)	Other employees	Board of Directors and MD	(of which, bonus)	Other employees
<b>Parent Company</b>						
Sweden	3.7	0.9	11.7	3.5	0.7	7.3
<b>Subsidiaries</b>						
Sweden	20.7	0.9	628.9	21.1	0.6	512.9
Denmark	–	–	13.6	–	–	–
Great Britain	1.3	–	0.5	–	–	–
Finland	0.7	–	14.5	–	–	–
France	–	–	1.3	–	–	–
Hongkong	–	–	1.0	–	–	–
Norway	–	–	51.2	–	–	–
Poland	0.4	–	0.7	0.4	–	0.3
Germany	–	–	–	–	–	–
USA	1.3	–	20.6	–	–	–
<b>Total Group</b>	<b>28.1</b>	<b>1.8</b>	<b>744.0</b>	<b>25.0</b>	<b>1.3</b>	<b>520.5</b>

The 1997 Annual General Meeting decided on remuneration to the Board of Directors totalling SEK 0.8M, of which the Chairman received SEK 0.2M.

**NOTE 33 – Benefits for Senior Executives**

Managing Director Roger Holtback received salary and remuneration amounting to SEK 2.9M including bonus of SEK 0.9M. An annual amount equivalent to 25 per cent of the annual salary excluding bonus was allocated to pension insurance. The employment ceases when Mr Holtback reaches the age of 65. The term of notice from the Company is 12 months. If termination takes place because Bure's ownership changes significantly, severance pay equivalent to 12 months' salary will be paid in addition to the salary during the term of notice. The remuneration paid will be adjusted with a possible new employer. The Company will pay a pension insurance premium on salary during term of notice and severance pay at 25 per cent of the total thereof.

Other staff in the Parent Company and the Group have conditions on market terms and no agreements exist with regard to severance pay and salaries exceeding 2 years' remuneration.

For Bure's Executive Management there is a bonus programme based on the Parent Company's growth in shareholders' equity and net asset value. The bonus of an individual staff member can amount to up to 40 per cent of the annual salary of the person concerned.

**NOTE 34 – Synthetic options**

In May 1997, the Bure Board of Directors decided to issue 770,000 synthetic options directed at Senior Executives in the Group and the staff of the Parent Company. At the turn of the year, 27 people had subscribed for a total of 595,000 options.

The exercise price is SEK 114.50 with closing date on 15 March 2002. When the terms were fixed, the share price was SEK 96.50. For each option SEK 10 was paid. The terms are based on a valuation statement by Handelsbanken Markets which also valued the options on closing date. The revaluation of the options has had an effect on earnings of SEK 0.8M in the Parent Company. This cost is included in the Parent Company's personnel costs.

We have examined the Annual Accounts, the Consolidated Accounts and the financial records as well as the administration of the Board of Directors and the Managing Director of Investment AB Bure for 1997. It is the Board of Directors and the Managing Director who are responsible for the accounting records and the administration. Our responsibility is to express an opinion of the Annual Accounts, the Consolidated Accounts and the administration on the basis of our audit.

The audit has been carried out in accordance with generally-accepted accounting standards. This means that we have planned and carried out the audit to assure ourselves that to a reasonable extent the Annual Accounts and the Consolidated Accounts do not contain any significant errors. An audit includes examining a selection of supporting documents for amounts and other information in the accounting records. An audit also includes examining the accounting principles and the Board of Directors' and the Managing Director's application of them and to assess the collective information in the Annual Accounts and the Consolidated Accounts. We have examined significant decisions, measures and conditions in the Company to be able to assess if any Board Member or the Managing Director is liable for any damage to the Company or in any other way has acted contrary to the Companies Act, the Annual Accounts Act or the Articles of Association. We consider that our audit gives us reasonable ground for our statements below.

The Annual Accounts and the Consolidated Accounts have been prepared in accordance with the Annual Accounts Act and we therefore recommend

- that the Profit and Loss Account and the Balance Sheet of the Parent Company and the Group be adopted and
- that the profit in the Parent Company be distributed in accordance with the proposal in the Directors' Report.

The Members of the Board of Directors and the Managing Director have not taken any measures or made themselves liable for any negligence which in our opinion may give rise to liability for damage to the Company and we therefore recommend

- that the Members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Gothenburg, 20 February 1998

**Bertel Enlund**

*Authorised Public Accountant*

**Lennart Huldén**

*Authorised Public Accountant*

**Yield of the share**

Dividend divided by market price on closing date.

**Total yield of the share**

The total of the year's growth in price and dividend divided by share price on 1 January

**Return on shareholders' equity**

Earnings after financial items excluding unrealised growth in value in listed assets divided by average shareholders' equity.

**Return on capital employed**

Earnings after financial items divided by average total assets less current liabilities.

**Investments**

Investments take place via acquisition or via new share issues in Group companies, associated companies and in other strategic shareholdings. Acquisition of securities in Asset Management is not regarded as investments.

**Control holding**

Holding in an individual company equivalent to more than 10 per cent of the company's capital and/or votes.

**Equity ratio**

Shareholders' equity as a percentage of total assets

**Calculation of Bure's net asset value**

Net asset value is defined as the difference between the Parent Company's assets and liabilities, where the listed assets have been valued at their market value.

The calculation of Bure's net asset value is based on the Parent Company's Balance Sheet and consists of visible equity including earnings during the period and excess values in listed assets.

Listed securities are valued at current market price disregarding any value-added in control holdings. Bure's holdings of money market instruments are valued at a price calculated at current market interest rate.

Bure's holdings of shares in unlisted companies are entered at book values.

**Earnings per share**

Earnings after taxes divided by number of shares.



**Bengt Eskilson**, Chairman  
Hovås, born 1932.  
Chairman since 1992.

Other directorships: Chairman of BT Industries AB, Troponor AB and BEKÖ Bil AB. Board Member of Bohusbanken, Ahlström Pump Corporation and ProSafe ASA.

Shareholding in Bure, own shares and shares owned by related parties: 48,000.



BOARD OF  
DIRECTORS



**Jan Blomberg**  
Stockholm, born 1939.  
Board Member since 1993.

Other directorships: Chairman of Fastighets AB Näckebro. Board Member of PLM AB, Swedish Match AB and Haldex AB.

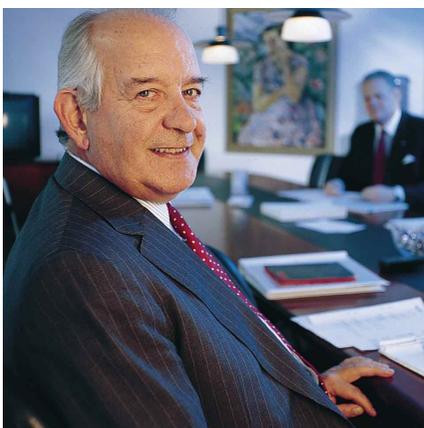
Shareholding in Bure, own shares and shares owned by related parties: 1,000.



**Gösta Wiking**  
Kristianstad, born 1937.  
Board Member since 1992.

Other directorships: Chairman of Perstorp AB, Deputy Chairman of Skandinaviska Enskilda Banken. Board Member of Bong-Ljungdahl AB, Karlshamns AB as well as the Federation of Swedish Industries and Kemikontoret (Chairman).

Shareholding in Bure, own shares and shares owned by related parties: 10,000.



**Bo C E Ramfors**  
Gothenburg, born 1936.  
Board Member since 1992.

Other directorships: Chairman of Svenska Mässans Stiftelse, Nolato AB, Sintercast AB, Hotel Gothia AB, Datanätverk AB and the Royal Bachelors' Club. Board Member of Väst kustens Skogs Holding AB and Ruben Rausings Fond.

Shareholding in Bure, own shares and shares owned by related parties: 1,000.



**Maria Lilja,**

Stockholm, born 1944.  
Group Managing Director of Nyman & Schultz AB. SVP/Head of Business Travel Europe, American Express.  
Board member since 1997.

Other directorships: Chairwoman of ADB Gruppen Mandator AB and Guldfynd AB.  
Board Member of Bilja AB, JP Bank AB and Vasakronan AB.

Shareholding in Bure, own shares and shares owned by related parties: 0.



**Olle G P Isaksson**

Gothenburg, born 1943. Professor of Endocrinology, Gothenburg University. Head of Department of Internal Medicine, Sahlgrenska Universitetssjukhuset.  
Board Member since 1997.

Other directorships: Chairman of Stockbox Holdings AB, A+ Invest AB and GU-CRI AB.  
Deputy Chairman of Norvestia OY AB,  
Board Member of Svenska Läkaresällskapet.

Shareholding in Bure, own shares and shares owned by related parties: 5.000.



**Per-Ove Engelbrecht**

Stockholm, born 1948.  
Assistant Under-Secretary at the Department of Trade and Industry.  
Board Member since 1992.

Other directorships: Board Member of ALMI Företagspartner AB.

Shareholding in Bure, own shares and shares owned by related parties: 0.



**Roger Holtback,**

Managing Director and CEO  
Gothenburg, born 1945.  
Board Member since 1994.

Other directorships: Chairman of Gunnebo AB and Scribona AB. Deputy Chairman of SNS. Board Member of Geringe Industrier AB, MTV Produktion AB, TBG, Monaco and Svenska Mässans Stiftelse/Hotel Gothia.

Shareholding in Bure, own shares and shares owned by related parties: 52,000 and 60,000 synthetic options.

## EXECUTIVE MANAGEMENT



### **Sven-Åke Lewin**

Head of Corporate Finance  
Born 1952.  
Employed since 1998.

Shareholding in Bure, own shares and shares owned by related parties: 0.

### **Hans Ljungkvist**

Chief Financial Officer  
Born 1952.  
Employed since 1995.

Shareholding in Bure, own shares and shares owned by related parties: 40,000 synthetic options.

### **Roger Holtback,**

Managing Director and CEO  
Born 1945.  
Employed since 1993.

Shareholding in Bure, own shares and shares owned by related parties: 52,000 and 60,000 synthetic options.

### **Eva Mark**

Human Resource Manager  
Born 1945.  
Employed since 1996.

Shareholding in Bure, own shares and shares owned by related parties: 200 and 20,000 synthetic options.



### **Ulf Ivarsson**

Head of Business Sector  
Bure IT/InfoMedia  
Born 1961.  
Employed since 1993.

Shareholding in Bure, own shares and shares owned by related parties: 10,000 and 40,000 synthetic options.

### **Knut Leman**

Head of Information/  
Head of Information Services  
Bure IT/InfoMedia  
Born 1950.  
Employed since 1997.

Shareholding in Bure, own shares and shares owned by related parties: 30,000 synthetic options.

**Per Båtelson,** Deputy Managing Director and Managing Director of Bure Hälsa och Sjukvård AB  
Born 1950.  
Employed since 1994.

Shareholding in Bure, own shares and shares owned by related parties: 12,000 and 40,000 synthetic options.

### **Per-Henrik Berthelius**

Head of Business Sector  
Bure Investments  
Born 1944.  
Employed since 1997.

Shareholding in Bure, own shares and shares owned by related parties: 30,000 synthetic options.

## AUDITORS

### **Bertel Enlund**

Gothenburg, born 1950.  
Authorised Public Accountant,  
Ernst & Young AB, Gothenburg

### **Lennart Huldén**

Gothenburg, born 1937.  
Authorised Public Account  
Ernst & Young AB, Gothenburg

## Deputy Auditors

### **Bo Lorentzon**

Gothenburg, born 1951.  
Authorised Public Accountant  
Ernst & Young AB, Gothenburg

### **Staffan Landén**

Gothenburg, born 1963.  
Authorised Public Accountant  
Ernst & Young AB, Gothenburg

## ADDRESSES

### Bure Health Care

Bure Hälsa och Sjukvård AB  
Box 5419  
SE-402 29 Gothenburg  
Telephone: Int +46 31-335 76 35  
Telefax: Int +46 31-778 58 59  
Managing Director: Per Bätelson

Läkargruppen i Örebro AB  
Box 344  
SE-701 46 Örebro  
Telephone: Int +46 19-21 79 50  
Telefax: Int +46 19-12 10 50  
Managing Director:  
Peter Seger

AB Previa  
Box 70454  
SE-107 26 Stockholm  
Telephone: Int +46 8-723 90 00  
Telefax: Int +46 8-21 76 17  
Managing Director: Arne Ekvall

Volvat Medisinske Senter AS  
Postboks 5280  
Majorstua  
N-0303, Oslo  
NORWAY  
Telephone: Int +47 22 95 75 00  
Telefax: Int +47 22 95 76 35  
Managing Director: Cato Ladding

Bure Vård och Omsorg AB  
Gårdatorget 1  
SE-412 50 Gothenburg  
Telephone: Int +46 31-83 08 00  
Telefax: Int +46 31-83 38 45  
Managing Director: Sture Ericsson

Simonsen Sverige AB  
Box 1544  
SE-701 15 Örebro  
Telephone: Int +46 19-19 45 00  
Telefax: Int +46 19-26 31 15  
Managing Director: Ulf Jungberg

Smärtkliniken Kronan AB  
Mariebergsgatan 5  
SE-112 81 Stockholm  
Telephone: Int +46 8-619 59 00  
Telefax: Int +46 8-619 59 01  
Managing Director: Björn Bragée

Lundby Sjukhus AB  
Wieselgrensplatsen 2 A  
SE-417 17 Gothenburg  
Telephone: Int +46 31-65 70 00  
Telefax: Int +46 31-65 70 13  
Managing Director: Ann-Sofi Lodin

Nova Medical AB  
Box 70323  
SE-107 23 Stockholm  
Telephone: Int +46 8-21 92 15  
Telefax: Int +46 8-20 03 72  
Managing Director: Bengt Belfrage

Svenska Cityklinikerna AB  
Clemenstorget 5  
SE-222 21 Lund  
Telephone: Int +46 46-35 05 30  
Telefax: Int +46 46-35 05 25  
Managing Director:  
Olle S-O Zelmerlöw

---

### Bure IT/InfoMedia

Adapt Information Systems AB  
Gårdatorget 1  
SE-412 50 Gothenburg  
Telephone: Int +46 31-703 53 70  
Telefax: Int +46 31-703 53 71

CR & T AB  
Stora Badhusgatan 18-20  
SE-411 21 Gothenburg  
Telephone: Int +46 31-10 19 80  
Telefax: Int +46 31-10 19 87  
Managing Director: Staffan Truvé

Guide Konsult AB  
Gustavslundsvägen 12  
SE-167 51 Bromma  
Telephone: Int +46 8-634 45 00  
Telefax: Int +46 8-634 46 00  
Managing Director:  
Göran Westling

Scribona AB  
Box 1374  
SE-171 27 Solna  
Telephone: Int +46 8-734 34 00  
Telefax: Int +46 8-27 84 25  
Managing Director:  
Örjan Håkansson

Citat Mediaproduktion AB  
Magasinsgatan 22  
SE-411 18 Gothenburg  
Telephone: Int +46 31-701 56 00  
Telefax: Int +46 31-701 56 02  
Managing Director: Örjan Serner

Dimension AB  
Box 202 00  
SE-161 02 Bromma  
Telephone: Int +46 8-445 24 00  
Telefax: Int +46 8-28 40 05  
Managing Director:  
Björn Pettersson

Salcom Communication AB  
Kutternvägen 1  
SE-183 53 Täby  
Telephone: Int +46 8-630 50 00  
Telefax: Int +46 8-630 50 01  
Managing Director: Claes Nilsson

UDAC AB  
Box 174  
SE-751 04 Uppsala  
Telephone: Int +46 18-471 77 00  
Telefax: Int +46 18-51 66 00  
Managing Director: Pär Råghall

---

### Bure Investments

Chematur Engineering AB  
Box 430  
SE-691 27 Karlskoga  
Telephone: Int +46 586-641 00  
Telefax: Int +46 586-642 50  
Managing Director:  
Stig Fagerström

Gunnebo AB  
Box 5181  
SE-402 26 Gothenburg  
Telephone: Int +46 31-40 03 60  
Telefax: Int +46 31-40 16 85  
Managing Director:  
Bjarne Holmqvist

Nordic Capital Svenska AB  
Stureplan 4 A  
SE-114 35 Stockholm  
Telephone: Int +46 8-440 50 50  
Telefax: Int +46 8-611 79 98  
Managing Director:  
Robert Andreen

Troponor AB  
Box 122  
SE-891 23 Örnsköldsvik  
Telephone: Int +46 660-852 10  
Telefax: Int +46 660-852 20  
Managing Director: Peter Hoffman

AB Citykurorter Hagabadet  
Södra Allégatan 3  
SE-413 01 Gothenburg  
Telephone: Int +46 31-60 06 00  
Telefax: Int +46 31-60 06 66  
Managing Director: Klaus Schöffler

InnovationsKapital  
Management i Gbg AB  
Box 5419  
SE-402 29 Gothenburg  
Telephone: Int +46 31-335 76 86  
Telefax: Int +46 31-778 58 38  
Managing Director:  
Staffan Ingeborn

Svalder AB  
Box 70447  
SE-107 25 Stockholm  
Telephone: Int +46 8-723 58 00  
Telefax: Int +46 8-678 12 28  
Managing Director: Ulf Hedlundh

Åre Vemdalen AB  
Box 36  
SE-830 13 Åre  
Telephone: Int +46 647-130 00  
Telefax: Int +46 647-133 60  
Managing Director:  
Ingmar Lindström

**INVESTMENT AB BURE (publ)**

PO Box 5419

SE-402 29 Gothenburg

Visiting address: Mässans gata 8

Org no 556454-8781

Telephone: Int +46 31-335 76 35

Telefax: Int +46 31-778 58 38

[www.bure.se](http://www.bure.se)

Bure's Business concept is,  
as an active owner and  
investor, to contribute  
capital and expertise  
with the objective of  
creating high growth  
in value for its shareholders.

**Bure**

97

[Table of Contents](#)

[Overview](#)

[Summary 1997](#)

[Key figures](#)

[Report of the Board of Directors](#)

[Income Statement](#)

[Balance Sheet](#)

[Cash Flow Analysis](#)

[Notes](#)

[Shareholders Policy](#)

