

ANNUAL REPORT 1998

Bure – a growth and knowledge company

BURE HEALTH CARE

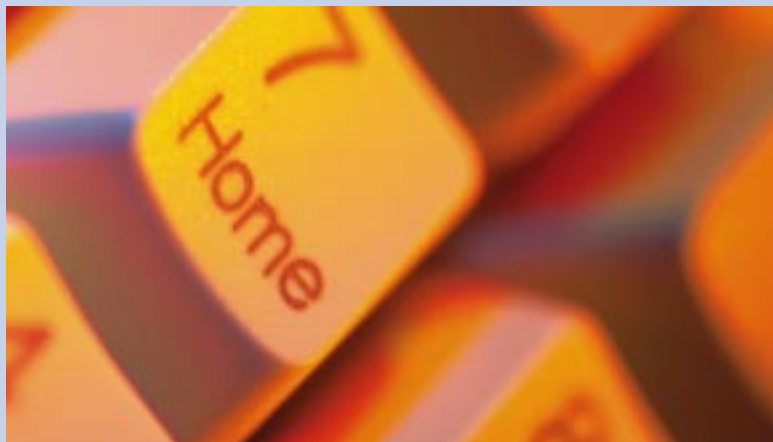
BURE TRAINING AND EDUCATION

BURE INVESTMENTS

BURE

Bure's 1998 operations

- Consolidated profit after financial items rose to SEK 832M (781). Earnings per share amounted to SEK 9.20 (11.00).
- Continued high growth. In total, net sales increased by 42 per cent to SEK 13,886M (9,756).
- Total yield of the Bure share exceeded the Findata Yield Index for the fifth year in succession. Yield amounted to 15.3 per cent compared with Findata, 12.9 per cent.
- New decentralised organisation with five Business Areas and full profitability responsibility for each Business Area.
- Bure Health Care increased its invoiced sales by 48 per cent to SEK 2,196M (1,488). Continued Nordic expansion with establishment in Norway and Denmark.
- Bure IT acquired 69 per cent in Dimension and 40 per cent in the leading Finnish network company, Santa Monica Software, as well as 75 per cent in the consulting company, Erda.
- Guide Konsult and Sifo Group were introduced on the Stockholm Stock Exchange.
- Bure Training and Education was established in November as a new Business Area with a sales rate of approximately SEK 450M at the turn of year.



Start of 1999

- Acquisition of an additional 20 per cent of the Finnish network company, Santa Monica Software. Through a planned merger with Salcom in 1999, the leading company in the Nordic countries in system and network integration will be established.
- Bure Training and Education acquires the IT training company, Network Management and 70 per cent of Vittra Pre-schools and Compulsory schools.
- Bure's net asset value amounted to SEK 94 per share on 22 February.

ANNUAL GENERAL MEETING OF BURE

The Annual General Meeting of Bure will be held in Radisson SAS Park Avenue Hotel in Gothenburg on Wednesday 24 March 1999 at 3pm.

Participation

Shareholders who on 12 March 1999 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 re-register their shares temporarily in their own name before 12 March 1999.

Notification of participation at the AGM must be made to Investment AB Bure not later than 12 noon on Thursday 18 March by mail, by fax +46 31 778 58 38, by telephone +46 31 335 76 33 or by e-mail: info@bure.se.

When notifying the Company, shareholders must state name, personal/corporate identity number, address and telephone number.

Dividend

The Board of Directors proposes a dividend to the shareholders of SEK 5.75 per share. The Board has proposed 29 March 1999 as record day. The dividend is expected to be paid on 7 April 1999.

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 the shareholder's regular bank.

FINANCIAL INFORMATION FOR BURE

In 1999, the following financial information will be published:

27 April	Interim Report January-March
11 August	Interim Report January-June
1 November	Interim Report January-September
February 2000	Accounts Report 1999

Reports can be requested from:

Investment AB Bure
Box 5419, SE-402 29 Gothenburg
Visiting address: Mässans gata 8
Telephone +46 31 335 76 35
Telefax +46 31 778 58 38
E-mail: info@bure.se

Contact person: Ulrika Stenson, Head of Investor Relations
+46 31 335 76 51
E-mail: ulrika.stenson@bure.se

Bure Health Care

Bure Health Care is the leading private operator in health care services in the Nordic countries. The services comprise in-surgery care as well as supporting service functions. The majority of income is derived from care and service contracts with public sector principals.

Operations are organised in five Business Sectors: Specialist Care, Geriatric Care, Occupational Health Care, Diagnostics and Materials Supply.

Bure IT

Bure IT is one of Sweden's leading networks of service companies in the IT sector. Operations are concentrated on solution-based companies with large knowledge content and focused on business-to-business.

The included companies operate in Business Sectors: *Consulting Services, Mission-Critical Systems, Network Integration and IT in Health Care.*

Bure InfoMedia

Bure InfoMedia offers collection, analysis, processing, application and distribution of information.

Operations are organised in:

- *Information Services*; media intelligence and opinion polls as well as advice and analysis.
- *Media Services*; production and packaging of messages and information.
- *Document Handling*; structuring and distribution of information.

Bure Training and Education

Bure Training and Education offers education and skill development to companies and to principals in the public sector in the Sectors: Corporate Training and Schools.

- *Corporate Training* comprises the segments marketing/sales, project management/management and IT.
- *Schools* concentrates especially on establishing pre-schools and compulsory schools in independent school form.

Bure Investments

Bure Investments will focus its holdings on operations which relate to Bure's other business areas.

The operations will:

- contribute with high growth in value in the short and medium term through capital gains,
- contribute knowledge and contacts to the other Business Areas through active work on Boards of Directors,
- secure liquidity in the short to medium term through an active investment operation.

- High rate of acquisition, sales growth 48 per cent.
- Establishment in Norway within Business Sectors Geriatric Care through the acquisition of Vennerborg and Diagnostics through the acquisition of Tönsberg Röntgeninstitut, Majorstuen Röntgeninstitut and Fredrikstad Röntgeninstitut.
- Vigorous IT investments and development of new business concepts.
- Significant restructuring work.

- Guide Konsult was listed on the Stockholm Stock Exchange.
- Concentration on business-critical systems through the acquisition of 69 per cent of the shares in Dimension.
- The Nordic expansion was initiated with the acquisition of 40 per cent of the shares in the Finnish network company, Santa Monica Software.
- Concentration on health care was strengthened through Udac's acquisition of the patient-focused care system, Alfa.
- Acquisition of 75 per cent of the Linköping-based consulting company, Erda.

- Sifo Group was listed on the stockmarket and formed a strong platform within Bure InfoMedia.
- Vigorous expansion in media services – Citat acquired, among others, Reptil Grafiska and Projekta.
- Establishment of a new Business Sector, Document Handling, through the acquisition of Pennon.
- Investment in the leading web-measuring company in the USA, RelevantKnowledge/MediaMetrix.

- The Business Area was established in November.
- Acquisition of the majority in Mercuri ScanAsia, which is involved with leadership and marketing training.
- In IT Training, Informator, Fama and Nordisk Datautbildning were acquired.
- Agreements were made for additional acquisitions within Mercurigruppen and of Vittra in Business Area Schools.
- At year-end, business volume amounted to approximately SEK 450M.

- Nobel Biocare acquired Steri-Oss. In connection with this, Bure participated in the new share issue and increased its ownership to 16 per cent.
- On the listing of Sifo Group, the holding in Scribona was transferred to Bure Investments.
- The sale of the holding in Fritidsresor was the year's largest divestment with a capital gain of SEK 127M.
- The ownership in Troponor was reduced to 40 per cent following an implemented reconstruction.

KEY FIGURES

AMBITIONS

SEK M	1998	1997
Net sales	2,196	1,488
Operating profit before goodwill depreciation	75	65
Goodwill depreciation	-36	-19
Business area management	-28	-26
Capital result	2	7
Operating profit	13	27
Bure's invested capital	676	501
Share of Bure's net asset value, %	14	10

The ambition is to be the operator which best meets the demands placed by both the patients and the principals of the healthcare sector.

The investment in own development in care concepts and strengthened IT systems support the ambition to grow in several European markets.

SEK M	1998	1997*
Net sales	1,068	336
Operating profit before goodwill depreciation	75	11
Goodwill depreciation	-19	-6
Business area management	-11	-6
Capital result	39	0
Operating profit	84	-1
Bure's invested capital	589	202
Share of Bure's net asset value, %	18	4

The ambition is to create a leading Nordic network of service-based IT companies. The included companies will be able to benefit from the expansive and developing environment which is created within the network while, at the same time, driving power and entrepreneur spirit is maintained.

Bure IT should also be the first choice for large and medium-size companies in the Nordic countries which purchase advanced IT services.

SEK M	1998	1997*
Net sales	1,053	689
Operating profit before goodwill depreciation	110	86
Goodwill depreciation	-38	-30
Business area management	-4	-2
Capital result	0	0
Operating profit	68	54
Bure's invested capital	584	576
Share of Bure's net asset value, %	15	1

InfoMedia will increase the efficiency and quality in customer integration flows by providing advanced support for decision-making and contribute tools and expertise for efficient communication.

The ambition is to have market-leading positions in the Nordic countries and an established position on selected European markets within three years.

SEK M	1998*	1997
Net sales	429	-
Operating profit before goodwill depreciation	38	-
Goodwill depreciation	-1	-
Business area management	0	-
Capital result	0	-
Operating profit	37	-
Bure's invested capital	221	-
Share of Bure's net asset value, %	5	-

The Business Area is to be a leading Nordic education and skill-development Group with rapid growth and high profitability as well as growing internationalised operations.

The ambition is to be the player which has the most developed overall view on the companies' skill-development needs. In the school sector, Bure Training and Education is to be characterised by innovative thinking and high quality.

SEK M	1998	1997*
Net sales	9,562	7,230
Operating profit before goodwill depreciation	408	195
Goodwill depreciation	-41	-51
Business area management	-17	-15
Capital result	233	251
Operating profit	583	380
Bure's invested capital	1,997	1,678
Share of Bure's net asset value, %	45	64

The Business Area is to sector-focus its holdings on investments closely related to Bure's other operations. As a result, it will be possible for individual investments to form the base for new transactions in Bure's other Business Areas. Holdings outside the chosen orientation will be divested.

*Pro forma

2 GROUP SUMMARY

PRESIDENT'S COMMENTS

- 3** Profit increased to SEK 832M in 1998. Net sales also continued to rise by 42 per cent and amounted to SEK 13,886M...

” *We are now established as a leading service company in Sweden with high ambitions in the Nordic countries and Northern Europe...*



BURE'S ORIENTATION

- 6** *Conversation between the President and the Heads of the Business Areas who give their views on Bure's orientation.*

THE BURE SHARE

- 10** *Bure is an investment company which concentrates on the knowledge-intensive service sector. This has meant a gradual change of the portfolio structure. Today, more than 40 per cent of Bure's holdings consist of unlisted companies which in the net asset value reporting are entered at book value. It also places other demands on the valuation of the Bure share.*

Bure – a growth and knowledge company

BUSINESS AREAS

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In February 1999, Bure was the main sponsor of the "Brain of the Year Award" which was handed in London to the author and Aikido Master, Michael Gelb, and the Senator and Astronaut, John Glenn.

The Brain Trust instituted the prize to draw attention to individuals who have used their mental powers combined with their physical ability in an outstanding way. The prize has been awarded annually since 1991.



From left: Roger Holtback, Michael Gelb, Karin Momssey (Asst. Control Attaché, US Embassy in London) on behalf of John Glenn, and Tony Buzan, one of the founders of The Brain Trust.

Group summary

Bure Group	1994	1995	1996	1997	1998
<i>SEK M unless otherwise stated</i>					
Income Statement					
Net sales	97	571	1,140	9,756	13,886
Capital gains, net	364	316	279	557	402
Profit after financial items	497	538	441	781	832
Minority interest	- 7	- 3	7	- 86	- 187
Taxes	- 42	- 52	- 35	- 94	- 144
Net profit for the year	448	483	413	601	501
Balance Sheet at 31 December					
Bank deposits and interest-bearing investments	1,287	1,016	1,344	876	602
Total assets	3,227	3,884	4,402	8,526	10,537
Shareholders' equity	3,030	3,369	3,605	3,937	4,153
Key figures					
Return on equity, %	16	17	13	21	19
Return on capital employed, %	18	17	12	17	21
Equity ratio, %	94	87	82	46	39
Earnings per share, SEK	8.20	8.85	7.55	11.00	9.20
Dividend per share, SEK	2.65	3.25	5.00	5.50	5.75*
Share price on 31 December	38.50	44.00	81.00	104.50	115.00
Average number of employees	172	962	1,819	5,628	6,320
Investments, Parent Company	461	1,143	913	1,164	1,222

* Proposed dividend

Vigorous focusing on the growth and knowledge industry

We are once again able to look back on an intensive, exciting and positive year for Bure. Profit after financial items rose to SEK 832M in 1998. Net sales also continued to rise by 42 per cent and amounted to SEK 13,886M. Despite the decline in the stockmarket trend during the year, Bure's shareholders could receive a total yield of 15 per cent. The number of shareholders grew by more than 70 per cent to more than 13,000.

Bure is today a leading company in the knowledge-based service sector. A rapidly-increasing proportion of sales now emanates from advanced service production. Our first established Business Area, Health Care, is now a leading company in the Nordic countries in several segments, and the operations in IT and InfoMedia are among the leaders in Sweden. With the establishment of our new Business Area, Training and Education, Bure operates within several of the fastest growing and largest segments of the service sector which together represent approximately 20 per cent of Swedish GDP.

It has taken time to reach our present position. Bure's operations started at the 1992/93 turn of year with just over SEK 2 billion in liquid assets. That meant significant opportunities for rapidly establishing positions in new sectors with high growth. At the same time, it placed considerable demands on high yield to our shareholders. The combination of opportunities and demands resulted in a strategy for growth and development.

We have consistently built-up the operations that we now have in our Business Areas. At the same time, an active investment operation has secured sound annual profitability and high dividend capacity. Since trading in the Bure share

started in 1993, the shareholders have therefore had an average total yield of approximately 35 per cent per annum. The strategy of the Business Areas has been to grow by building new innovative structures in fragmented sectors with no predominant leaders but with high growth potential. Our Business Areas in the service sectors amply meet those criteria. Rapid developments within IT and a gradual changeover from public to non-public service production drives several segments in the service sector and creates entirely new sectors which had not previously been seen as commercial operations.

High growth rate in the service operations

During the past year, operations of the Business Areas developed strongly and laid a solid foundation for continued growth and improved operating profits. In total, the Group made investments for SEK 1,828M. More than 80 per cent of the Group's capital is now invested in our core operation, knowledge-based service production, including our holdings in Bure Investments which supplement group operations.

At the turn of the year, Bure Health Care had a sales rate of more than SEK 2.5 billion. Four years after its establishment, the Business Area now has more than 3,000 employees

and operations throughout Scandinavia as well as in Great Britain and Poland. During 1998, growth in Sweden was significantly affected by the general and local elections, which meant that acquisitions of previous public sector operations were at a low level. Instead, expansion was concentrated particularly on Norway where in less than a year Bure Health Care has established itself as the market leader in both specialist care for the non-public market and in X-ray diagnostics.

“ Rapid developments within IT and a gradual changeover from public to non-public service production drives several segments in the service sector and creates entirely new sectors.

During the year, a decision was made to divide Bure IT/InfoMedia into two business areas. The division was made possible when Scribona distributed and listed Sifo Group which as a result became an important part of the new Business Area, Bure InfoMedia. As two separate Business Areas, each with their own management, Bure IT and Bure InfoMedia are now able to develop independently on their respective markets. At the same time, they are able to utilise the network of companies which from the start had been built-up in the previously joint business area.

The distribution of Sifo Group has meant that the holding in Scribona has been transferred to Bure Investments. Bure IT is concentrated on the service sector while, at the same time, Scribona continues to focus on trading and distribution of computer and office products. Scribona thus becomes a natural part of Bure Investments as an IT-related holding and will continue to be able to contribute with contacts and important knowledge to the companies within Bure IT.

In May, Bure IT contributed to the stockmarket listing of Guide Konsult which thereafter developed very positively from a price viewpoint. Bure remains the largest holder in the company and Guide continues to form part of Bure IT's network. The development of Guide is a good example of how Bure IT and Bure InfoMedia work, where individual companies can be developed on their own merits with Bure as an active owner, but at the same time be a component in the totality which the Business Area offers. The actual ownership share of companies or the ownership form thus become less important.

Education – new Business Area

At the end of 1998, Bure Training and Education was established as a new Business Area. At the turn of year, the Business Area already had a sales rate of more than SEK 450M following the acquisition of leading companies in the Corporate Training and Schools Sectors. The establishment is fully in line with our strategy, to build new corporate structures in the knowledge-based service sector.

In Corporate Training, we see a rapidly-increasing need in companies to prioritise skill development still further and to find overall solutions linked to the companies' objectives.

Increased demand for skilled personnel means that skill development becomes a competitive means for both staff and

customers. The strategy for Bure Training and Education is to expand strongly in Corporate Training whereas initially we intend to grow more slowly in Schools.

The establishment of Bure Training and Education also shows how we are able to utilise our experiences from the other Business Areas. The development in the school segment in Sweden and in many other countries in Europe is similar to the development in the health care sector with almost exclusively public sector-produced services. The effect of strained public finances, combined with increased demands for quality is that new solutions are being sought. Here, we draw on important experiences from Bure Health Care.

Further sector-focusing

The Business Areas' rapid growth has continuously led to a change in Group structure. During our six years of operation we have developed from being a management company into a focused investment company in the service sector. At the same time, the traditional investment company role has reduced. Bure is now a knowledge-based growth company with an increasing proportion of unlisted operations. As a result, the valuation of Bure should also change in the long term, with the effect that the traditional net asset valuation reduces in importance for the benefit of a growth- and yield-based valuation. However, the investment company status remains very important for Bure – not only from a tax viewpoint – but in many cases it has also been a criterion for building up the networks and companies which we have created in the service industry. As an investment company, we are able to take advantage of various ownership conditions for more rapid growth. Like very few other players, Bure is able to create incentives such as stakeholding and option programs which are directly linked to the operations of the individuals concerned. Our company form therefore gives us decisive competitive advantages, especially in acquisition-based build-up of service industries on a large scale.

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In step with the result of operations becoming an increasingly large proportion of the consolidated profit, our sector focus will increase still further. Bure Investments, which with an active investment operation secures a sound annual profit, will now primarily be focused on the same sectors as the other Business Areas, i.e. Bure Health Care, Bure IT, Bure InfoMedia and Bure Training and Education. In that way, we muster our expertise and our contact network. The investments in Bure Investments provide us with a valuable insight into international markets which are close to our own Business Areas and make it possible to identify new business opportunities. However, the main objective of Bure Investments will be to continue to contribute to high growth in value in the short to medium term.

So far, major investments have been made in the health care sector through the acquisition of shares in Nobel Biocare and Mölnlycke Health Care. During 1998, we also divested the majority of our holdings in Svolder and Troponor and this also contributed to the focusing of the Business Area.

The objective is that our Business Areas in the service sectors will account for approximately 80 per cent of the Group's invested capital within 3 to 4 years. The remaining 20 per cent will be invested within the framework of Bure Investments and in the Parent Company's asset management.

In order to achieve these objectives, further divestments are required of operations which are not within the core operation or which do not otherwise support the Group's other operations. However, these divestments will be made at the pace which is required for creating the highest possible value and guarantee the future development of the companies in question.

In total, divestments at a value of approximately SEK 2 billion is planned for the next few years. As a result, not only will a more clear structure be created but substantial liquidity will also be freed for new investments. In addition, Bure has obtained long-term credit promises during 1998 for SEK 2 billion which provides the Company with a large scope for action. Over the next two years, Bure will have an annual growth rate of 20–40 per cent with increased operating profit and continued internationalisation of its operations.

// *We are now established as a leading service company in Sweden with high ambitions in the Nordic countries and Northern Europe.*

1999 Outlook

1999 is looking very good for all our Business Areas. The acquisition intensity will remain at a high level while organic growth will increase at the same time. The objective is to strengthen the position of all Business Areas in their segments. Product development in the Business Areas will be focused more clearly, while at the same time we will work hard to improve profitability and as a result create a firm foundation for the year 2000.

For Bure Health Care, I hope and believe that 1999 will mean a major breakthrough, especially on the specialist care side in Sweden. Since the general election we have noticed increased acceptance of private initiatives from political principals as well as trades union organisations and the general public. The international expansion will continue. The objective – that Bure Health Care will have sales of more than SEK 5 billion at the 2000/2001 turn of year with an operating margin of 5–7 per cent – stands.

In Bure IT, the changeover of business systems to the Euro and the year 2000 will create continued high demand for both consulting services and installation of new systems. At the present time, we do not see any slow-down in the IT area after the year 2000 but believe in continued rapid growth.

In the InfoMedia Sector, rapid technology development is taking place which is forcing the pace of the emergence of



new services and business concepts. Bure InfoMedia is well-positioned on this dynamic market.

Bure Training and Education is now growing rapidly, especially in the Corporate Training Sector. For 1999 – apart from growth – it is important to establish a common platform and look after and develop well-known brandnames to secure future high profitability.

For me, the result and operations in 1998 are not only a platform from which to start. We are now established as a leading service company in Sweden with high ambitions in the Nordic countries and in Northern Europe. Five Business Areas, each with their own management and full profitability responsibility, are well-equipped to continue the expansion and secure quality, results and profitability in their respective operations. Like very few companies, Bure has built up a unique expertise in creating new and innovative operations in sectors which are undergoing significant change. That knowledge will increasingly characterise our operations. To Bure's shareholders, employees and customers, I venture to promise that both 1999 and the continuation into the new Millennium looks very exciting.

Gothenburg, 23 February 1999

Roger Holtback
President and CEO

Bure's orientation

Bure's orientation and strategy is to create high growth in the knowledge-based service sector and at the same time secure high growth in value and sound dividend capacity. By combining industrial experience and financial creativity, new innovative business structures are created which in the long term can become the leaders in the chosen segments. During 1998, the Group was focused still further on knowledge-based service production. At the same time, vigorous decentralisation has taken place as the management of each Business Area is given full profitability responsibility for their operations.

In order to give an in-depth picture of the change and of Bure's future, the President now discusses his view on Bure's orientation with the Heads of the Business Areas.

■ Why the knowledge-based service sector?

Roger Holtback, President and CEO: We laid the foundation for our present strategy as early as in 1995. At that time we also determined the criteria according to which we have since worked with regard to selection of sector. We prioritise sectors with significant growth potential and with a need for structural change, and a fragmented structure in which there is no predominant leader. In that way we are rapidly able to achieve leading positions, intensify product development and create criteria for internationalisation. The service sector, especially the knowledge-based sector is fully in line with these criteria. Growth is high to very high in the sectors that we have selected. In large parts of Europe, we see a strong development where previously public sector operations change-

over to private management while, at the same time, the rapid technology development speeds up not only the change and professionalisation of the IT sector but of the entire service sector.

Ulf Ivarsson, Executive Vice President and Head of Bure InfoMedia: At an early stage, we understood how to take advantage of the opportunities of the investment company. Contrary to operating companies, we also create our cash flows through tax-free capital gains and dividends. We therefore need not own 100 per cent of the companies, and this has been especially important in the build-up of Bure IT and Bure InfoMedia in which stakeholding by founders and staff is an important parameter. The same applies in Bure Health Care and Bure Training and Education where we meet strong entrepreneurs who wish to be included in a larger community without seeing their life-time achievement disappear in a large organisation. This means that we have a significant competitive edge over many large service companies as far as rapid growth is concerned.

Roger Holtback: It is also important that the decision to concentrate operations primarily on the knowledge-based service sector has been made after detailed evaluations and studies. However, the way there has not been dead straight. Since 1995, we have made investments in other sectors, in which

Ulf Ivarsson, Executive Vice President and Head of Bure InfoMedia. He has built up Bure's corporate finance function and the now divided Business Area IT/InfoMedia. Before Ulf Ivarsson joined Bure, he worked in various positions on the capital market, as a consultant and as Stock-market Editor of Dagens Industri.



The vision is...

...to become a leading builder of new structures and businesses, primarily within the knowledge-based service sector. The base is Sweden but the perspective is Europe.

The business concept is...

... as an active owner and investor, to contribute capital and expertise with the objective of creating high growth in value for the shareholders.

The objective is...

...to create an annual growth in value, including dividend paid, of 15 per cent.

from the outset we had the intention to begin the same build-up of business as we now carry out in the service sector, but found that for various reasons it was not possible to realise our efforts. Now, on the other hand, we have a clearly defined base for continued growth within the sectors that we have selected.

■ In which way are unlisted companies more interesting than listed companies?

Per-Henrik Berthelius, Head of Bure Investments: For several reasons. We are active owners and that requires that we have a dialogue with the management long before an acquisition. That opportunity does not always exist in listed companies. We also operate in relatively new segments. In health care, education and also infomedia there are only a few listed companies, of which Bure – with its holding in Sifo Group – is already the principal owner in one. In the IT sector, the situation is completely different, with several listed companies as well as an abundance of new entrepreneur-led companies.

Björn Boldt-Christmas is Head of Bure IT. He joined Bure in 1998 from a position as Executive Vice President of SAS with responsibility for IT and information systems. Prior to that, Björn Boldt-Christmas was Executive Vice President of Volvo Data and President of Ericsson Data.



Björn Boldt-Christmas, Head of Bure IT: We contribute more than just capital to the companies. They are taking part in the co-determined journey and that can per se frequently give us a certain advantage on valuation of the acquisition. In that way, the criteria for strong growth improve for both parties. That view does not exist on the stockmarket. It is of course also much easier to carry out a restructuring in collaboration with the acquired companies outside the stockmarket. To create values as an active owner generally means that you must always work industrially and in the slightly longer term. Then, the criteria are better outside the stockmarket.

■ But you will nevertheless remain as owners in listed companies. Why?

Roger Holtback: Our task is to continue to acquire and develop companies in order ultimately to expose the values through, for example, a stockmarket introduction. But the time-perspective varies in the different Business Areas. At the same time, we want to retain what we have built-up in each Business Area in the form of contacts and networks. Continued ownership is therefore important, albeit at a lower level. One example is Guide Konsult in which we have reduced our ownership from 47 to 34 per cent and exposed values for more than SEK 300M. Guide continues to be an important partner in our IT network and contributes to the development in the other companies in the network.

Strategy

Bure's strategy is based on the following cornerstones:

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

Per Båtelsson, Executive Vice President and Head of Bure Health Care. Before Per Båtelsson joined Bure in 1994, he worked in senior positions in, among other companies, Orkla, Eka Nobel and Modo Paper. In addition, he took part in the establishment of KaroBio.



■ **You now operate in four segments in the knowledge-based service sector. What brings these together?**

Per Båtelsson, Executive Vice President and Head of Bure Health Care: We see significant synergies between, for example, Bure IT and Bure Health Care in which we have succeeded to develop, and develop further, common products. One example is the care administrative system, Alfa, which already at an early stage is considered to be the best in Sweden. The development is a direct product of the collaboration between Bure IT and Bure Health Care. However, the really big synergies are to be found at Groupwide level. Our involvement in the restructuring from public sector to private production. The fact that we have been involved in that has provided us with very valuable knowledge which we are now able to utilise in the build-up of Bure Training and Education's Business Sector for pre-schools and compulsory schools.

“ *Most companies within Bure have a very high level of knowledge and the founders of the operations have often broken new ground themselves.*

Sven-Åke Lewin, Head of Bure Training and Education. We also have considerable experience of managing entrepreneur-driven knowledge companies which are directly transferable between the Business Areas. Most companies within Bure have a very high level of knowledge and the founders of the operations have often broken new ground themselves. It is those types of companies which account for a large part of the growth of the entire service sector. Because we in Bure IT, Bure InfoMedia and Bure Health Care have already developed control systems and management structures which suit these companies, it did not take long to establish Bure Training and Education with some of the very best players in the sector.

■ **Bure's sectors are largely untested. In addition, public sector operations are linked to traditional political risk. How do you handle that?**

Per Båtelsson: The risks in the health care sector have reduced significantly in recent years. Today, the view is much more pragmatic. In order to create and maintain a high-quality, new

solutions are now required and most politicians are well aware of the fact that we have proved how this is possible. A common misconception is that we compete with the public sector players. It is rather the opposite. By letting us produce the care, the politicians become clear employers and are able to demand much higher quality.

Ulf Ivarsson: New sectors obviously bring about new risks. But that is countered by the opportunities for rapid market leadership which are offered instead. Very few of our sectors are untried in, for example, the USA or Great Britain. For many years, the health care sector and the education sector have been represented on the stockmarket in those countries as well as, in recent years, infomedia companies. At the same time, we must obviously pay attention to the specific criteria that apply on the North European market in which we operate. However, I think that we will fairly soon see new players in our business sectors and that will make the opportunities even more clear.

“ *New sectors obviously bring about new risks. But that is countered by the opportunities for rapid market leadership which is offered instead.*

■ **In addition to capital you should also contribute expertise. How do you manage that with holdings in several different sectors which are also based on specialist expertise?**

Per-Henrik Berthelius: It is not our main task to contribute expert knowledge in the companies we enter. Generally speaking, we have of course acquired them precisely because they have themselves a high level of expertise in their respective field. Instead, we contribute industrial expertise and with a strategic focus which is often what is required for continued rapid growth. Take Bure Health Care as an example. The formula behind its success has mainly concerned structuring the



Per-Henrik Berthelius has been responsible for Bure Investments since he joined Bure in 1997. Prior to that he worked in the Sandvik, SSAB and Johnson Groups, of which a total of 15 years as President of the Dagab Group, Dickson Group and A/S Sandviken.

operations in a completely new way in which various service functions are separated from the actual care. In turn, that has made it possible to develop the operations that are closer to the patient. In that way, our combined expertise has contributed not only to reducing costs but also, and maybe primarily, to improve service and quality.

Sven-Åke Lewin: In all Business Areas we work continuously to develop and improve the knowledge of our staff. Both with regard to their own operations and the purely businesswise expertise. One example is the Bure Business School in which we train people throughout the Group in businessmanship. Our own skill development has also been an important component in the establishment of Bure Training and Education. Experience from our existing Business Areas has meant that we have a unique position with regard to defining future needs and thus services within Bure Training and Education.



Roger Holtback has been President and CEO from the outset. Roger Holtback was previously Executive Vice President of AB Volvo and for 7 years President of Volvo Cars. Immediately prior to joining Bure he was a Member of the Group Management of S-E-Banken and Chairman of S-E-Banken Sverige.

Ulf Ivarsson: Another important component is the networks which are formed between the Business Areas. The development of the care administrative system, Alfa, and also the development company, Bure Managed Care, are examples of products and methods which have been developed in the collaboration between our Business Areas. In those cases, Bure has been a prerequisite for ensuring that different skills and professions have been linked together.

■ **Bure is now organised in five Business Areas. Is there no risk of the operations becoming dissipated?**

Roger Holtback: Just that the number of Business Areas rises does not mean that operations become broader. On the contrary, we are now getting a significantly clearer focus on knowledge-based service industry while the respective Business Area is at the same time concentrated on fewer segments. At the same time, decision-making is decentralised to be taken closer to the operations. That is very important.

Ulf Ivarsson: It is only now that we have an opportunity to invest in our most prioritised areas on a broad front. We hope

Sven-Åke Lewin is responsible for Bure Training and Education. He joined Bure in 1998 as Head of Corporate Finance. Before that, Sven-Åke Lewin worked, among other things, as a consultant in Carta Corporate Advisors and Ernst & Young, and as President of Sporrang Konfektion.



that will pay-off in the form of larger business flows in each segment and in increased focus for the respective Business Area management.

■ **Bure's ambition is to be valued as an investment company which runs operations. And yet you will continue to divest the holdings. How does that add up?**

Roger Holtback: Bure is a business developer. We work in line with a clearly-defined business model, from choice of Business Area to divestment of the holdings in full or in part. We have a firm structure and a skill base which consists of developing new and innovative business. In such a development, it is only natural that parts of the Group over a period of time are transferred to other structures or are listed on the stockmarket. Our business model therefore also forms a central part of our business concept.

Björn Boldt-Christmas: In both IT and Health Care we now see business sectors which look completely different from what they did when they were acquired and which are on their way to attain a size and position which means that a stockmarket listing could be appropriate in the future. This must of course be weighed against the importance of remaining in the community which the Business Area constitutes. At the same time, we have proved, especially in Business Area IT, that wholly-owned companies are not required in order to enable them to develop together, far from it.

“ *Our task is to continue to acquire and develop companies in order ultimately to expose the values through, for example, a stockmarket introduction.*

Roger Holtback: What we will see is that the operating profits will constitute an increasing proportion of the Group's result. During 1999, we will work hard to improve profitability in the Business Areas. This will also mean a levelling-out between the results of divestments and of the operations. However, Bure will always be characterised by innovative industrial solutions and financial creativity. That requires constant preparedness for changes and means that no holdings must ever be sacrosanct.

The Bure share

Investment AB Bure has changed significantly since the start in 1992. From having begun as a management company with indirect investments in small and medium-size companies, Bure is now a focused investment company with concentration on the knowledge-based and rapidly-growing service sector. The development has involved a gradual change of the portfolio structure. Today, more than 40 per cent of Bure's holdings consist of unlisted companies. That also places new demands on the valuation of the Bure share.

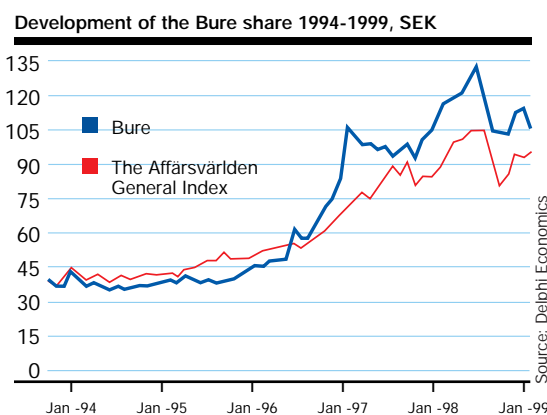
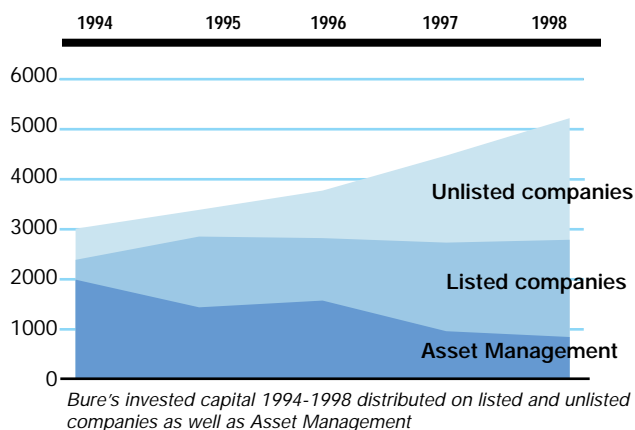
Investment companies usually report their net asset value as the company's assets less liabilities, in which listed holdings have been valued at market value and unlisted holdings at book value. In many cases, a discount of 10–30 per cent is also put on the net asset value, depending on the economic and stockmarket situation.

In Bure's case, the share is valued higher than the net asset value, which gives a so-called premium. The prime reason for this is that the market is of the opinion that the unlisted assets have a value which is higher than their book value.

Bure's net asset value

Bure's net asset value is calculated on the basis of the Parent Company's Balance Sheet and consists of visible equity and surplus value in listed assets. Listed holdings are valued at current market price without taking into account any value-added in control holdings. All holdings of shares in unlisted companies are entered at book value. At 31 December, the net asset value amounted to SEK 87.00 per share which, adjusted for dividend to the shareholders, is an increase of SEK 4.50 since the same date in 1997. At the turn of year,

Net asset value, Parent Company, at 31 December	1998		1997	
	SEK/share	SEK M	SEK/share	SEK M
Bure Health Care	12.40	676	9.10	501
Bure IT				
- listed companies	6.40	351	1.90	104
- unlisted companies	9.20	501	1.80	98
Bure InfoMedia				
- listed companies	12.00	660	-	-
- unlisted companies	1.30	72	0.70	38
Bure Training and Education	4.00	221	-	-
Bure Investments				
- listed companies	27.10	1,483	46.50	2,551
- unlisted companies	11.90	653	9.90	544
Asset management	15.60	851	15.30	836
Other	5.60	307	9.50	516
Total assets	105.50	5,775	94.70	5,188
Total liabilities	-18.50	-1,016	-6.70	-370
Total net asset value	87.00	4,759	88.00	4,818



investments in unlisted companies constituted more than 40 per cent of total invested capital. A major change took place with the stockmarket listing of Guide which made visible a surplus value that amounted to SEK 263M at the turn of year.

During the year, a dividend of SEK 5.50 per share, or SEK 300M in total, was paid to shareholders. Including dividend paid, the growth in net asset value amounts to 5.1 per cent. At 22 February 1999, net asset value was SEK 94 per share.

The Bure share

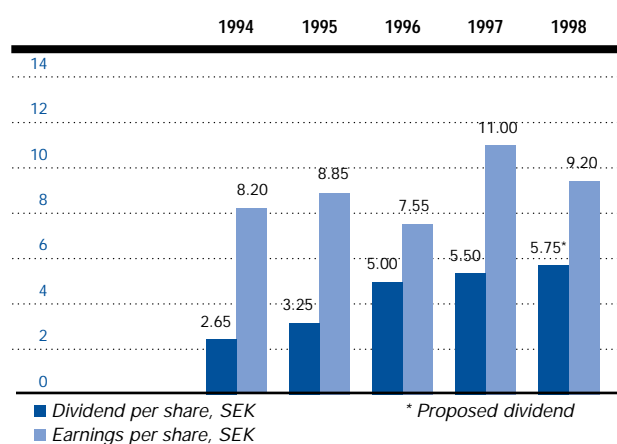
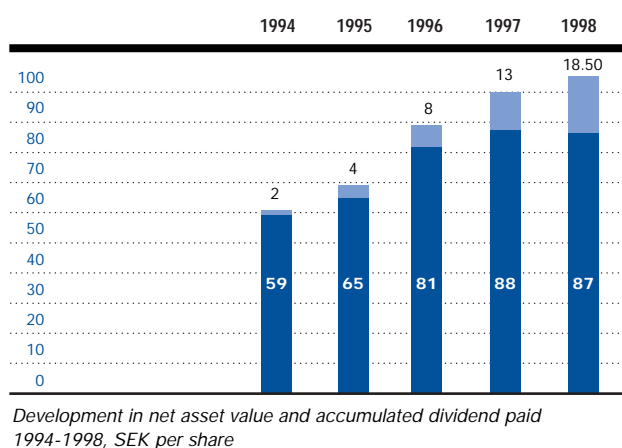
The Bure share has been quoted on the Stockholm Stock Exchange since 1 October 1993. Since June 1995, the share has been traded on the A list of the Stockholm Stock Exchange.

Price development and trading

At 1998 year-end, Bure's market value amounted to SEK 6.3 billion, equivalent to a market price of SEK 115 per share, an increase of 10 per cent since the same date in 1997. The General Index of the Stockholm Stock Exchange rose by 10.2 per cent during the same period.

The trend was very strong during the first three months with an all-time high of SEK 134.50. Thereafter, the price developed moderately and dropped significantly before and during the big stockmarket fall in August. The price recovered during November and developed positively until the turn of the year.

During 1998, 22.8 million shares were traded at a total value of approximately SEK 2.6 billion which means that 41 per cent of Bure's shares were traded during the year. The corresponding figures for the Stockholm Stock Exchange were 76 per cent in the same period. Average daily trading amounted to approximately 90,000 shares.



SEK per share

Total yield of the Bure share	1994	1995	1996	1997	1998
Share price on 1 January	36.50	38.50	44.00	81.00	104.50
Share price on 31 December	38.50	44.00	81.00	104.50	115.00
Growth in price	2.00	5.50	37.00	23.50	10.50
+ Dividend paid	1.80	2.65	3.25	5.00	5.50
= Growth in value	3.80	8.15	40.25	28.50	16.00
Growth in value/price on 1 January, %	10.4	21.2	91.5	35.2	15.3
The Findata Yield Index, %	6.5	20.6	43.3	27.8	12.9

Dividend

Bure's current dividend policy, which applies to the financial year 1998 inclusive, means that at least 5 per cent of the net asset value, however not less than SEK 5 per share, will be paid in dividend. In April 1998, SEK 5.50 per share was paid.

For the 1998 financial year, the Board of Directors, in line with the current dividend policy, proposes a dividend of SEK 5.75 per share. On 19 February 1999 that was equivalent to a yield of 5.2 per cent.

The Bure Board of Directors has decided that this dividend policy will apply for another year.

Total yield

The total yield, i.e. the year's growth in value including dividend paid, amounted to 15.3 per cent. This should be compared with the Findata Yield Index which amounted to 12.9 per cent in the same period. Thus, the Bure share developed better than the Findata Yield Index for five years in succession.

Over the latest five-year period, Bure's annual total yield averages 34.7 per cent.

Shareholders

In 1998, the number of shareholders rose by more than 70 per cent, from approximately 7,700 to more than 13,000. The increase took place steadily during the year. Mainly shareholders with more than 1,000 shares but less than 10,000 have been added.

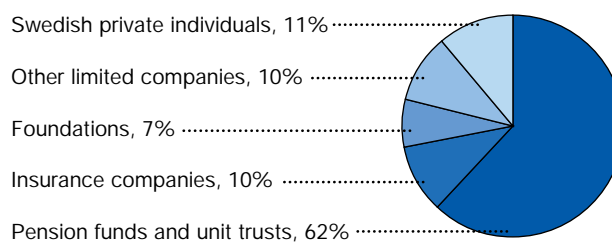
During the year, 6:e AP fonden, (The National Pension Insurance Fund, 6th Fund Board), acquired more than 3 per cent of the shares in Bure from Almi Företagspartner. As a result, 6:e AP fonden clearly became the largest owner with approximately 15 per cent. The largest foreign owner is Union Bank of Switzerland with a holding of approximately 5 per cent. In total, foreign ownership amounted to 34 per cent.

SEK, unless otherwise stated

Share data at 31 December	1994	1995	1996	1997	1998
Number of shares, 000	54,550	54,550	54,550	54,550	54,550
Earnings after tax, per share, Group	8.20	8.85	7.55	11.00	9.20
Shareholders' equity per share, Group	55.50	61.75	66.00	72.20	76.10
Net asset value, Parent Company	59.00	65.00	81.00	88.00	87.00
Dividend per share	2.65	3.25	5.00	5.50	5.75*
Share price	38.50	44.00	81.00	104.50	115.00
Yield, % **	6.9	7.4	6.2	5.2	5.0
Market value, SEK M	2,100	2,400	4,419	5,700	6,273
Share price as a percentage of net asset value	65	68	100	119	132

* Proposed dividend

** Calculated on share price at balance sheet date

Ownership structure, December 1998**Share capital**

Bure's share capital amounts to SEK 545.5M, 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.

Proposed bonus issue

The Board of Directors proposes that the Annual General Meeting resolve that a 1:1 bonus issue be carried out via the transfer of SEK 545.5M from the statutory reserve to the share capital.

The bonus issue will create more shares and, as a result, criteria for further improved liquidity in the Bure share.

List of shareholders, 31 December 1998

	Number of shares	Share, %
6:e AP-Fonden	8,057,550	14.8
Almi Företagspartner	3,636,000	6.7
Union Bank of Switzerland	2,668,500	4.9
AMF Pension	2,500,000	4.6
Odin Fondene	2,128,900	3.9
SPP	1,939,810	3.6
Handelsbanken	1,647,386	3.0
Skandia	1,412,904	2.6
Chase Manhattan Bank N.A	1,313,280	2.4
RBS Trust Bank Limited	1,013,882	1.9
State Street Bank and Trust	974,000	1.8
KP Pension & Försäkringar	914,150	1.7
SEB	864,200	1.6
Unibank	852,700	1.6
Other shareholders	24,626,738	45.1
Total number of shares	54,550,000	100

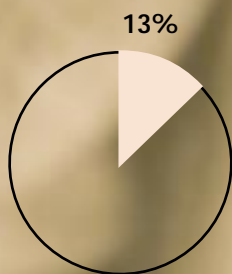
Distribution of shares, 1 December 1998

Size	Number of holders	Share, %
1 - 500	9,954	3.2
501 - 1 000	1,792	3.0
1 001 - 2 000	656	2.1
2 001 - 5 000	420	2.7
5 001 - 10 000	170	2.5
10 001 - 20 000	89	2.5
20 001 - 50 000	64	3.8
50 001 - 100 000	32	4.3
100 001 -	67	75.8
Total	13,244	100

Analysts who monitor Bure on a continuous basis

<i>Alfred Berg Fondkommission</i>	<i>Stefan Mattsson</i>	<i>+46 8 723 60 30</i>
<i>Aragon Fondkommission</i>	<i>Ulf Hillerbrand</i>	<i>+46 8 791 36 42</i>
<i>Carnegie Fondkommission</i>	<i>Christian Brunlid</i>	<i>+46 8 676 87 11</i>
<i>Enskilda Securities</i>	<i>Oscar Herdland</i>	<i>+46 8 52 22 98 88</i>
<i>Handelsbanken Markets</i>	<i>Christer Beckard</i>	<i>+46 8 701 24 36</i>
<i>Matteus Fondkommission</i>	<i>Hans Jedemark</i>	<i>+46 8 456 43 13</i>
<i>Swedbank Fondkommission</i>	<i>Karl-Mikael Syding</i>	<i>+46 8 58 59 25 27</i>

Bure Health Care's business concept is, in close collaboration with its principals, to realise new methods, systems and concepts which develop operations and make them more efficient for the benefit of both patients and purchasers.



Bure Health Care's share of Bure's invested capital

- SPECIALIST CARE18
- GERIATRIC CARE19
- OCCUPATIONAL HEALTH CARE . . .20
- DIAGNOSTICS21
- MATERIALS SUPPLY22

Bure Health Care

	Specialist Care		Geriatric Care		Occupational Health Care		Diagnostics		Materials Supply	
<i>SEK M unless otherwise stated</i>	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
Net sales	548	325	143	94	492	499	480	314	564	256
Operating profit before goodwill depreciation	29	23	14	12	-9	16	26	11	15	4
Operating margin, %	5	7	10	13	neg.	3	5	3	3	1
Bure's invested capital	167	170	73	35	96	78	223	93	24	24
Ownership of capital, %	50-100	50-100	86-100	100	50-91	70	100	100	80	80

Head of Business Area
Per Bätelson

Vigorous growth, Nordic expansion and development of new concepts

Bure Health Care is the leading private producer of health and care services in the Nordic countries. The ambition is to be the operator on the health care market which best meets the demands placed by both patients and principals of the health care sector. By prioritising renewal and trusting relationships, in the long term Bure Health Care builds up an operation which is based on new, value-creating solutions with the patients in focus. With the Nordic countries as the base, the plan is to expand the international presence still further.

Bure Health Care is the leading private care producer with assignments on behalf of a large number of municipalities and county councils. In addition, more than 10,000 employers with more than 500,000 employees are served through Business Sector Occupational Health Care.

The international establishment, which began in 1997, continued during 1998. In addition to Sweden, operations are now also to be found in Norway, Denmark, Great Britain and Poland.

Expansion has been vigorous since the start in 1994. In 1998, sales rose by 48 per cent compared with the previous year; from SEK 1,488M to SEK 2,196M. Growth has mainly been acquisition-driven but organic growth has also been sound.

The majority of the income comes from care and service agreements with public principals. One-fifth of revenues are based on occupational health care agreements with companies and organisations. Only a small – but increasing – share is financed by private individuals, insurance companies and pharmaceutical companies.

Bure Health Care's services comprise both in-surgery care and supporting service functions. Operations are organised in five Business Sectors: Specialist Care, Geriatric Care, Occupational Health Care, Diagnostics and Materials Supply.

Business concept

Bure Health Care's business concept is, in close collaboration with its principals, to realise new methods, systems and concepts which develop and make operations more efficient for the benefit of both patients and purchasers.

Development of new working methods within in-surgery care is focused on improved co-ordination between various care providers, increased accessibility and patient influence. An efficient care chain will result in improved treatment and quality of life for the individual patient, and be resource-efficient.

Bure Health Care has also documented that a streamlining of service functions, for example at a hospital, improves quality and reduces costs which in turn benefits the core operation, in-surgery care. By professionalising service functions such as X-ray, laboratory medicine, IT and materials supply, these are given an opportunity to develop on their own terms with higher operating efficiency and raised status as a result.

Health care market

The driving forces for change are strong in the Nordic health care sector. In order to, with existing joint and several financing, be able to maintain high quality, sound accessibility and at the same time cope with large future structural invest-

ments, new approaches and non-traditional solutions are required.

The trend is towards separating financing and production. Researchers and other experts recommend a clear distinction between the politician role – in which the perspective of representatives of citizens becomes more important – and the provider role which ought increasingly be exposed to competition.

Increasingly active patients and their relatives speed-up the development towards freedom of choice and more players within the care sector. The need for new solutions in geriatric care and care of chronically-ill patients – where there is already a large gap between needs and resources – also open opportunities for more alternatives. The trend is similar throughout Western Europe.

The public sector in the Nordic countries has trained care personnel with expert knowledge, even from an international perspective. However, the development of efficient organisations has been less successful which, among other things, has contributed to a negative effect on the attractiveness of the care segment as a workplace. Staff shortage already prevails in several professional categories. A large number of employers, new career opportunities and reward systems are now increasingly demanded by the care profession and the trade union organisations.

In step with the fact that demand for health care is rising and the scope for tax increases limited, health care has become a cost problem for the public sector. In addition, municipalities and county councils are prevented from exporting their knowledge or making capital-intensive investments. However, with the aid of private care supplements, criteria are created for the development of a growth industry with export potential.

Care services* in Sweden cost approximately SEK 190 billion per annum and 95 per cent of production takes place under public sector management. The remaining 5 per cent is produced by private players, of which Bure Health Care is the leader. The competitors are generally concentrated on a niche or a segment. Most are domestic players.

The total market in Sweden will grow slightly over the next few years, whereas the private share of care production is expected to increase by at least 20 per cent per annum.

The care market in Norway has a turnover of SEK 85 billion and in Denmark SEK 100 billion. The shortage of care staff in Norway drives the development towards new production and financing solutions, whereas Denmark maintains a slower tempo for private initiatives. Great Britain is in many respects at the forefront with regard to new solutions and increased patient influence. The health care reform in Poland will involve growth for private producers over the next few years.

A compilation of players in the Nordic health care market is found on page 23.

* Total cost for health care, including geriatric care.



Our integrated care facility in Fiskebäck, Gothenburg, is a unique concept developed by Bure for geriatric care in specially-built facilities with a high degree of individual adaptation. Operations will start in the second half of 1999.

Objective and strategy

The objective is that Bure Health Care will have sales of SEK 5 billion within two years with an operating margin of 5–7 per cent. The strategy focuses on growth in the existing five Business Sectors and increased internationalisation in the Nordic countries and parts of Northern Europe.

Bure Health Care also has a unique opportunity to meet the demands which the principals of health care companies and private individuals have in the form of integrated solutions between, for example, geriatric care and specialist care and between occupational health care and specialist care.

An important part of the strategy is to create a forward-looking and change-oriented organisation with motivated, reliable and clear leaders. Staff will work in small profit-oriented units in which taking personal responsibility and participation is encouraged. Collaboration domestically and internationally between the various Business Sectors also strengthens the opportunities for businesslike synergies as well as individual skill development.

Bure Health Care is also investing aggressively in creating a common patient-focused IT platform for collaboration, monitoring and quality control. A step in this work is the development, in collaboration with Bure IT, of the Alfa System (see page 27). Implementation of Alfa in the care operations will start during 1999. Within two to three years, all operations will have access to the best IT support in the marketplace.

Key events in 1998

1998 was characterised by Bure Health Care's continued growth within its five Business Sectors. Rate of acquisition was high but only a few operations were taken-over from principals in the public sector. For most of 1998, Sweden was characterised by very limited expansion opportunities for private care players due to the general and local elections. However, the activity again accelerated towards the end of the year. Exposure

to competition or procurement of public operations is under discussion and is now being planned in several regions.

The interest from the Norwegian health care sector continued to increase during the year. Bure Health Care established operations in Norway within Business Sector Diagnostics – in which the company is now the leading private player in radiology in that country – and in Geriatric Care with its own residential care concept.

During the year, a strengthening took place within IT. The administrative services were streamlined into a common service function which serves all the Business Sectors. Development of the Alfa System started in collaboration with Bure IT.

The investment in own concept and service development meant that Bure Health Care even more clearly distanced itself from its competitors. Examples of this are Geriatric Care's business concept for integrated care and Materials Supplies' concept for electronic trading, One-Stop®, both of which were realised during the year. In addition, the roles of the five Business Sectors have been defined in an overall concept with regard to take-over of large units in the care sector such as hospitals.

Result development

Sales increased by 48 per cent to SEK 2,196M. Profit development in Bure Health Care was satisfactory in the first six months of 1998, whereas the second half of the year was below expectations. In service-based care production the third quarter is characterised by a low activity level during the summer months. Added to that is the fact that the rate of completion on care agreements reached certain ceilings during the fourth quarter.

Operating profit before goodwill depreciation amounted to SEK 75M (65). Operating profit was SEK 13M (27).

In Business Sector Occupational Health Care, Previa

reported weak profit development during 1998, especially during the fourth quarter. The continued negative volume development could not be fully compensated by capacity reductions. Measures have been implemented aimed at strengthening commercial packaging of service concepts and carrying out additional structural changes. Together with write-down of work in progress, this was charged to the year's profit at SEK 24M.

Business Sector Diagnostics continued to develop positively and most of the included companies report positive underlying profitability. Business Sector Geriatric Care reports continued satisfactory result development. The Swedish units in Business Sector Specialist Care also maintain sound or improved profitability development. The Norwegian Volvat Group, however, which constitutes a significant part of the Business Sector, reported less positive development in the second half of the year. However, the assessment is that this is of a temporary nature and a gradual improvement has already been noted. Due to the fact that Business Sector Materials Supply is in the process of extensive restructuring and development work, the Business Sector reports comparatively satisfactory profitability.

Prospects for the future

The political acceptance of private care providers is steadily increasing which means continued interesting development both in Sweden and in the operations outside Sweden. During 1999 growth, improved operating efficiency and improved key figures have continued high priority for all Business Sectors. In Occupational Health Care, implementation of market-adapted structural changes continues.

The investment in own development of care concepts and strengthened IT systems, i.e. increased structural capital, will support Bure Health Care's ambition to grow on several European markets in a focused way.

Bure Managed Care

The objective of Bure Managed Care is to create methods, systems and tools which make possible integrated care solutions in which patients' needs and active participation are at the centre. The concentration is on innovative care concepts for people with chronic diseases which is manifested by, among other things, a project for patients with diabetes.

Bure Managed Care is also involved in Picker Europe – a joint venture between Bure Managed Care and The Picker

Institute, Boston, USA. Picker Europe is included in a consortium which in August was commissioned by the Department of Health to carry out a nationwide study of patients' experiences of care in public hospitals in Great Britain. Similar reviews are carried out at hospitals in Sweden and Switzerland. The objective is to build a European reference database for patient-reported quality. This is intended to be used for process-oriented quality work in hospitals and at the same time serve as a purchasing tool.

Bure Managed Care is financed by the Parent Company, Investment AB Bure.

Specialist Care

By combining focus on patients, medical ethics and businessmanship, Business Sector Specialist Care will supply high-quality and resource-efficient specialist care. The objective is to strengthen still further the position in the Nordic countries – in which Bure is the leading private care provider – and to establish operations in prioritised countries in Northern Europe.

Operations comprise both institutional and non-institutional specialist care in Stockholm, Gothenburg, the Skåne region, Örebro and Linköping. In Norway, operations are carried out through Volvat.

The ambition is to offer strongly patient-focused care across traditional boundaries and authorities. With the help of experienced staff, including 300 medical specialists, new management and organisation forms are being created with high flexibility and individual responsibility. Efficient care-administrative systems free resources for in-surgery care.

The primary customers in Sweden are county councils and municipalities with which the health care companies have long-term care contracts. A common value system, mutual confidence and consensus regarding visions about how Swedish and Nordic health care will be developed are important factors for long-term collaboration.

The customer groups in Norway are primarily companies and private individuals who via membership of Volvat secure specialist care with high accessibility and quality.

Market

The Nordic countries, especially Sweden, are currently characterised by a need for cost reductions, mergers of hospitals and growing waiting lists, whereas demands are on the increase for accessibility and continuity from increasingly active groups of patients and their relatives.

Health care in Sweden, excluding geriatric care has a total turnover of approximately SEK 110 billion and the private share of production is approximately 5 per cent. Today, there are very few large care providers which are able to constitute an adequate supplement to public sector care, but new groupings of medical practitioners and other players will increase the diversity, especially in non-institutional specialist care.

For most of 1998, opportunities for taking over hospitals in Sweden were small pending the outcome of the Swedish general election. However, towards the end of the year several county councils and regions took initiatives to find forms for collaboration with Bure Health Care. In Norway, the health care sector has a turnover of SEK 60 billion and new production and financing forms are under development.

Head of Business Sector	Bibbi Carlsson
Net sales	SEK 548M
Operating profit	SEK 29M
Average number of employees	555
Year of establishment	1995

1998 development

During the year, several subsidiaries were awarded expanded and extended care contracts. In Sweden, two operations were acquired: Hjärtmottagningen i Helsingborg and Linköping Medical Center. In Norway, expansion took place via the Volvat Group which acquired Bergen Medisinske Senter.

In 1998, profit development of Business Sector Specialist Care did not reach the long-term target. For the Swedish units, profit was satisfactory. However, Volvat in Norway had a weaker development during the second half of the year, mainly due to a new specialist practitioner reform, the so-called Faglege system which came into force in mid-year. The specialists who joined the system compete with Volvat. In addition, the Norwegian wages and salaries trend in the care sector and the weak economic trend in the country meant that demand for privately-financed specialist care fell during the autumn. The effects on profit for Volvat as a result of these circumstances are considered to be temporary.

Prospects for the future

Growth in privately-produced specialist care with public financing is expected to develop strongly in Norway and Sweden over the next few years. Expansion outside Scandinavia is prioritised in order to broaden transfer of expertise.

Critical success factors for specialist care is the development of new management forms and organisational structure and to increase the attractiveness as employer. Bure's ambition is to become the leading company in these segments.

Geriatric Care

Business Sector Geriatric Care will meet the increasing need for qualitative and individually-adapted geriatric care by offering solutions with a greater freedom of choice, security and integrity. Work continues on realising the vision to become the leading provider of high-quality geriatric care seen in a Nordic perspective.

Development has been positive since the sector was established in 1997. Today, operations are carried out through Bure Vård & Omsorg in Malmö, Landskrona, Linköping, Norrköping and Gothenburg. In Norway, geriatric care is carried out through Vennersborg AS in Oslo.

Market

The market for geriatric care in Sweden totals SEK 70 billion and is mainly publicly financed. Approximately 10 per cent of geriatric care is carried out by private contractors. Nearly half the municipalities in Sweden engage private providers but variations are very considerable: in Malmö, 25 per cent has been placed on contract, whereas the corresponding figure in Gothenburg is only 7 per cent.

The total market for the other Nordic countries amounts to approximately SEK 120 billion. Vennersborg is something of a pioneer in Norway with its own nursing home concept and has in a short time attracted considerable interest from several municipalities in that country. In Denmark and Finland, the market for private producers is still very limited.

Demand for highly-qualitative geriatric care with an advanced medical content is rising strongly, partly due to an increased proportion of elderly, and partly as a result of increasingly quality- and demand-aware pensioners and their relatives. The reduction in the number of beds in hospitals also strengthens the need for medically-competent geriatric care.

The market will be publicly financed for the foreseeable future with marginal components of private financing or insurance funds. However, the private share of production is expected to increase.

The model with price-squeezed procurement and short contract periods – which directly counteracts quality-oriented operation development – is being re-examined. This is partly the result of less successful procurement with ensuing “care scandals”. Bure has intentionally refrained from taking part in these procurements.

The model which is recommended by Bure with so-called “general agreements”, in which care and accommodation is procured at the same time, are increasingly accepted. General agreements stimulate increased competition with quality, and create criteria for increased freedom of choice for the elderly.

Head of Business Sector	Sture Ericsson
Net sales	SEK 143M
Operating profit before goodwill depreciation	SEK 14M
Average number of employees	283
Year of establishment	1997

1998 development

In 1998, Business Sector Geriatric Care reported a profit development in line with expectations. The profit margin was positively affected by real estate holdings but was correspondingly affected with costs relating to project development.

In Linköping-Norrköping, agreements were made for increased operations and a new facility for patients with debilitating illnesses was inaugurated. Four nursing homes were acquired in Skåne during the autumn. Establishment in Norway has taken place through the acquisition of Vennersborg AS.

Operations in Gothenburg had a breakthrough with the signing of a general agreement with Gothenburg municipality. The agreement creates criteria for integrated care which includes guaranteed long-term accommodation in which the flats in nursing homes are offered to the municipality, whereas the flats for guaranteed accommodation are offered to elderly people who wish to have the opportunity to stay on even if a need for treatment should arise. Integrated care is based on a concept, which has been developed by Bure, with an opportunity for tenants to purchase the required care and home service according to their needs.

Prospects for the future

Facilities with integrated care is being planned in several locations in Sweden and Norway. In order to reduce the financial risk and increase the rate of expansion, collaboration will be initiated with suitable partners for ownership of the properties.

Occupational Health Care

Business Sector Occupational Health Care offers services which in the long term contribute to the profitability and well-being of companies and organisations. The supply of services concerns the health of the staff: keep-fit measures, health care, specialist care, rehabilitation, support relating to alcohol- and drug abuse, crisis support and work environment development.

Most of the operations are carried out within Previa which, with nearly 100 health centres, is the only nationwide supplier of occupational health care in Sweden. The other companies are Skånehälsan, Läkargruppens Företagsservice in Örebro and Volvat Bedrifhelsetjenster in Norway. Customers consist of more than 10,000 private and public employers with their more than 500,000 employees. Part of the operations consist of running the customers' own health centres.

Market

The fall in demand, which has been going on in Sweden since the deregulation of the sector in 1993–1995, continued during the year. A number of factors have come into play such as personnel reductions in the client companies, changed purchasing patterns towards more acute activities, and restraint on costs in the work environment area.

At national level, competition consists of networks of co-operating independent health centres. Competing locally are municipal, county council and industrial health centres and other small players, often with sector orientation.

Occupational health care is changing towards increased overall conception, based on customers' wishes to link the well-being of their staff to increasingly efficient production. This places new demands on the providers who not only have to offer up-to-date services within traditional health care but who must also work with new technology in personnel administration, data capture and operations-adapted data- and computer monitoring.

Occupational health care is also getting a new role as a broker of contacts with specialist care and other providers in private and public sector operations. Examples of this are Skånehälsan's collaboration with Cityklinkerna, and a number of health centres within Previa which collaborate with specialised health club companies. Collaboration also exists with insurance companies which use Previa's call centre services.

President of Previa	Peter Risberg
Net sales	SEK 492M
Operating result	SEK -9M
Average number of employees	704
Year of establishment	1995

1998 development

Profit development within Previa during 1998 was unsatisfactory. Costs for revaluation of work in progress and costs for investments relating to product development and structural change were charged to profit at SEK 24M. Other units in Occupational Health Care reported satisfactory results.

During the year, the launch started of web-based services relating to health profiles and result reporting. Several market campaigns were also carried out relating, among other things, to the work environment certification service. Order intake improved towards the end of the year when several large assignments were obtained.

Continued restructuring of unprofitable units and development of new concepts and routines was in progress during the year. The scope for price adjustments was limited. Occupational Health Care has not been able to rearrange resources and work methods to make the profit level for the year satisfactory.

Development in the marketplace and the need for change are extensively a problem which is common to the sector.

Prospects for the future

The launch of the Kurant Access concept will be intensified during 1999. Kurant Access is based on high accessibility to specialist care combined with an active health and work environment programme in the client companies.

The increasingly high costs for employers of staff reporting sick also have the effect that demand for advanced occupational health care services is expected to continue to increase.

During 1999, Occupational Health Care will introduce new service concepts. The relationship with nationwide and international customer companies will continue to be intensified, partly in the form of joint development projects. IT investments relating to data capture and monitoring results will be developed further. A higher degree of integration with the other Business Sectors in Bure Health Care, such as Specialist Care, will also take place. From 1999, Previa has a new corporate management and organisation structure.

Diagnostics

Business Sector Diagnostics is involved in laboratory medicine and diagnostic radiology for institutional and non-institutional care. In the laboratory medicine segment, clinical research is also carried out on behalf of the pharmaceutical industry. At the present time, operations are found in Sweden, Norway, Denmark and Poland. The objective is to become a leading operator in Europe.

Laboratory medicine

Operations in Laboratory Medicine are carried out through Nova Medical, which provides services in clinical chemistry, clinical microbiology, surgical pathology and clinical cytology. Nova Medical's chemistry and microbiology operations are accredited by an independent Government Authority, SWEDAC, which means that the operations meet requirements according to the international standard, EN 45001. Capacity exists to monitor the clinical and medical technology development and force the pace of introduction of new methods. An important part of the operations is to support customers in their choice of suitable analyses and interpretation of response.

Market

Nova Medical's business concept involves an offer of outsourcing laboratory services. This means that competition comes mainly from the customers' own operations, i.e., to continue to run the operation under their own management. Otherwise competition exists between various laboratories in procurement of services for primary care and private practitioners in the big city regions. Most procurement takes place in competition with university laboratories.

Growth is positively affected by the development of new analyses and the fact that more diseases can be diagnosed. However, reduced purchasing power of the county councils puts a brake on growth.

The market for laboratory medicine in Sweden amounts to SEK 3.5 billion. In Norway and Denmark, the market is valued at SEK 2 and 2.5 billion, respectively.

Nova Medical's share of the Swedish market is close to 10 per cent, equivalent to 80 per cent of the private sector share. In Norway, Nova Medical has a 15 per cent share of the private market and in Denmark 80 per cent.

1998 development

In Laboratory Medicine, profit development was positive during the year with the exception of the operation in Poland.

During 1998, the Business Sector successfully established operations on the Norwegian market. In Laboratory Medicine, Norlab was acquired which was merged with the previously Volvat-owned Dr Willes Laboratorium. Medi-Lab

Head of Laboratory Medicine	Bengt Belfrage
Head of Radiology	Orwar Gustafsson
Net sales	SEK 480M
Operating profit	SEK 26M
Average number of employees	592
Year of establishment	1994

in Denmark, which was acquired in December 1997, was consolidated from January 1998.

In Sweden, several important customer contracts were renewed or extended, including the contract with Skaraborg County Council which was extended to 2003.

Prospects for the future

During 1999, new procurement of laboratory services is expected on the strategically-important Stockholm market. In Norway, rules of play are expected to be laid down for competition between public and private operations. The new health care reform in Poland comes into force and this will create criteria for growth. The restructuring of the Swedish operations within Nova Medical and the strengthening of the management capacity has paved the way for higher operating efficiency, introduction of uniform operating systems and a common culture.

Radiology

During 1998, Bure embarked on an investment in diagnostic radiology with very good results. The segment is growing rapidly through new technological advances on both the equipment side and the process side.

Market

The Scandinavian market for radiology amounts to approximately SEK 8.3 billion, of which the Swedish market accounts for SEK 4.5 billion. The privately-produced share in Sweden and Norway amounts to approximately 10 per cent. Following the acquisition of Majorstuen Röntgeninstitut, Fredrikstad Röntgeninstitut and Tönsberg Röntgeninstitut with its subsidiary Norsk Röntgeninstitut, Bure is now the market leader in non-public radiology in Norway with annual sales of approximately SEK 100M.

At the end of the year, a similar operation was started in Sweden when Lundby Sjukhus was awarded a contract with Gothenburg municipality relating to X-ray examinations.

Prospects for the future

The rapid technology development with regard to introduction of magnetic resonance tomography, digitalisation of X-ray pictures and teleradiology creates new business opportunities in collaboration with the public sector principals.

Materials Supply

Business Sector Materials Supply – with the full-service concept, One-Stop®, as the base – will be a supplier-independent player in supply of frequently-used consumable supplies to the health care sector as well as hotels and industries. The Business Sector also distributes disposables and special products and then acts as the producer's extension to the Scandinavian health care market.

The operations are carried out under the name Simonsen, and comprise the establishment of operations in seven counties in Sweden as well as in Denmark. The majority of the Swedish operations consist of supply of frequently-used disposable and non-disposable products. The Danish operations consist mainly of product sales of durables and special products such as surgical instruments, ultrasound and operating equipment.

Simonsen is divided into two Marketing Divisions: One-Stop® and the Product Division, respectively as well as one Operational Division with warehouse and laundry units.

One-Stop® comprises an overall responsibility for the entire service function, including purchasing, stockholding, electronic orders, department-packed deliveries, monitoring and advice. The Internet is the base for both orders and monitoring. The overall target is to save time, cost and space for the customers for the benefit of their core operation.

The Product Division markets leading brandnames and focuses its operations on a number of specialist fields such as ENT (ear, nose, throat). The objective is to supply most of the products that a specialist needs and to provide sophisticated advice. Simonsen also equips entire operating theatres with medical-technical equipment, work which is carried out in project form.

The objective of the Operational Division is to supply logistics and textile services to the marketing divisions as efficiently as possible.

Market

Simonsen is a leading private player in the product and market segments in which the company operates. The market worked exceeds SEK 10 billion in the Nordic countries but overall growth is weak. However, the market is in a phase of restructuring and effectivisation and therefore the growth potential for a player like Simonsen – which is involved with and forces the pace of the restructuring – is very good.

The trend is towards increasingly big operators and focuses on the Nordic countries as a common market.

Head of Business Sector	Ulf Jungberg
Net sales	SEK 564M
Operating profit before goodwill depreciation	SEK 15M
Average number of employees	572
Year of establishment	1996

1998 development

Taking into account the fact that operations are charged with significant development costs regarding IT systems as well as structural development and business concept, profit development can be regarded as positive. It should be possible to double the operating margin in the long term.

During the year, Simonsen acquired the materials depot in Härnösand from Västernorrland County Council, and the laundry, Textilia Tvätt och Textil Service AB, from Stockholm County Council.

One-Stop® began to be marketed actively. The first contracts relating to both electronic trading and overall responsibility for the entire supply function is now in place. Work on environment certification according to ISO 14000 continued during the year as did work on creating model plants in which the entire process from producer, via Simonsen, to customer is secured and optimised.

A Scandinavian organisation was established during the year.

Prospects for the future

During 1999, Business Sector Materials Supply will enter a phase of consolidation with lower acquisition-based growth. A new business support system will be introduced throughout the organisation. The objective is to lay the foundation for a Scandinavian organisation based on electronic trading as well as increased effectivisation and profitability.



Operators in Nordic health care

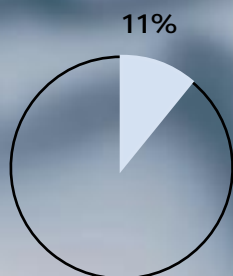
On the right are the largest players on the Nordic health care market in each of the five Business Sectors in which Bure Health Care is established. Some companies operate in more than one segment but sales have then been recalculated to make them comparable. It has not been possible to make this recalculation for Tamro and Kronans Droghandel.

Sales refer to 1998 and, with the exception of Bure Health Care, have been estimated on the basis of interim reports for 1998 and accounts for 1997. Following these recalculations, the figures give a good picture of the competition that Bure Health Care is meeting within its respective Business Sector.

Sector	Organisation	SEK M
Specialist Care	Praktikertjänst, Sweden	1,100
	St Görans Sjukhus, Sweden	710
	Ersta Diakonisällskap, Sweden	550
	<i>Bure Health Care</i>	550
Geriatric Care	Partena Care, Sweden	830
	HSB, Sweden	450
	Riksbyggen, Sweden	240
	<i>Bure Health Care</i>	140
Occupational Health Care	Skogs- och Lantbrukshälsan, Sweden	60
	Medivire, Finland	250
	Workline, Sweden	100
	<i>Bure Health Care</i>	490
Diagnostics	Medix Diacor Lab, Finland	100
	Praktikertjänst, Sweden	220
	Fürst Laboratorier, Norway	200
	<i>Bure Health Care</i>	480
Materials Supply	Tamro, Finland	26,900 *
	Kronans Droghandel, Sweden	8,800 *
	Tvättman Textil Service, Sweden	900
	<i>Bure Health Care</i>	560

* Sales refer to all operations in Tamro and Kronans Droghandel, not just materials supply in the Nordic countries and in the Baltic countries.

The business concept is to create profitability through acquisition, value-added development and structuring of skill- and service-intensive IT companies.



Bure IT's share of Bure's invested capital

- GUIDE KONSULT28
- CR&T28
- ERDA29
- DIMENSION29
- SALCOM30
- SANTA MONICA SOFTWARE . . .30
- AXNET30
- UDAC31

Bure IT

	Guide Konsult		CR&T		Erda ⁴		Dimension ⁴		Salcom incl. AXNet		Santa Monica Software		Udac	
	1998	1997 ²	1998	1997	1998 ³	1997	1998	1997	1998	1997	1998	1997	1998	1997
SEK M unless otherwise stated														
Net sales ¹	537	430	28	15	26	-	461	-	493	328	242	-	99	54
Operating profit before goodwill depreciation	38	28	2	2	3	-	41	-	16	9	38	-	3	-3
Operating profit	32	24	2	2	3	-	40	-	16	8	38	-	1 ⁵	-6
Return on capital employed, %	29	27	137	113	136	-	51	-	35	15	85	-	2	neg
Operating margin, %	7	6	7	13	12	-	9	-	3	3	16	-	3	neg
Bure's invested capital	88	104	8	8	18	-	155	-	67	57	145	-	33	24
Market value of investment on 31 December	351	-	-	-	-	-	-	-	-	-	-	-	-	-
Ownership and capital, %	34	47	45	45	75	-	69	-	61	52	40	-	100	100

¹ Net sales, unlisted companies, refer to total invoicing not adjusted for internal sales between Group companies. ² Comparative figures for 1997 are reported pro forma including Communicator. ³ Figures refer to June-December 1998. ⁴ Erda was acquired in June 1998, Dimension was acquired in January 1998. ⁵ In addition, the write-down of goodwill by SEK 9M has been made.

Head of Business Area:

Björn Boldt-Christmas

The Internet, turn of the Millennium and new technology – strong driving forces for the continued growth of the IT market.

Bure IT is one of Sweden's leading networks of service companies within the IT sector. Since its establishment in 1996, sales have risen from SEK 117M to SEK 1,068M. Part-ownership by the included managements and staff create involvement and provide excellent criteria for continued rapid growth.

Bure IT's business concept is to create profitability through acquisition, value-added, development and structuring of skill- and service-intensive IT companies. These companies should at the same time be able to work together. The vision is that Bure's network will be the first choice for large and medium-size companies in the Nordic countries when advanced IT solutions are to be purchased.

The network management form is central to Bure IT. The objective is that the companies which are included in the network should be able to benefit from the expansive and developing environment which is created in collaboration with other included companies, while at the same time the driving power and entrepreneur spirit is maintained. Bure strives for majority ownership in the companies and willingly sees continued ownership by management and staff.

IT market

According to EITO (European Information Technology Observatory), the Nordic IT market amounted to SEK 166 billion in 1997. Of this, IT services accounted for more than SEK 65 billion with a growth of approximately 15 per cent. The Swedish market comprises approximately 45 per cent of the Nordic market and can be characterised as the most technology-intensive market in the Nordic region.

The IT market is extremely exposed to change both with regard to structure and content. In a few years, several segments have grown into completely new subsegments such as Internet-related services and electronic trading. There are several driving forces for the changes:

- **The Internet** – *This affects not only technology development but also society as a whole. Electronic trading is becoming increasingly extensive and opportunities for rationalisation are significant.*
- **The year 2000 and the Euro** – *These affect particularly business systems which must either be renovated or, in connection with the changes, be exchanged for brand new systems. In addition, there are pent-up requirements which must be dealt with.*
- **New utilisation of existing IT** – *In step with IT becoming increasingly common in both homes and other non-administrative environments such as in industrial production, the new technology is also being integrated with operations, which were previously not linked to IT. Embedded IT, for example, makes it possible to control both vehicles and home electronics with microprocessors which mean that the service content increases in various products.*
- **Development of segments with previously weak IT support** – *The Internet and EDI (electronic data interchange) provides opportunities which many organisations are not able to utilise as their IT systems are not co-ordinated. This creates demand for new systems and interfaces to existing systems. The problem is considerable in health care, for example, where introduction of powerful IT is being hindered by a too-fragmented structure.*

Apart from the most obvious driving forces, a number of tendencies prevail in the IT sector which involve both opportunities and threats. One such issue is IT security which is often neglected. That generates risks which could hamper electronic trading, for example. At the same time, these risks can create significant opportunities for consulting contributions and safety products.

Supply of staff is a critical factor for success. Strong growth in all segments of the IT sector creates large demand for staff. This might lead to high staff turnover. For organisations which are able to create a good work environment and incentives it could, on the other hand, bring about a competitive advantage.

The structure of the IT market has changed rapidly in the past five years, especially as new areas have emerged. Another reason is that IT is being introduced in an increasing number of organisations where it is given increased importance.

A clear trend is that an increasing number of segments in the industry are moving towards a higher service content. It is particularly consulting services, network solutions, mission-critical systems and operation of IT systems which are service-intensive. To some extent, program development can be compared with research-intensive manufacturing industry in which cash flows are generated long after the initial development of the product. Software companies, as a complement to software, therefore frequently carry out consulting work in the form of, for example, training, operation maintenance, support and systems integration. At the same time, an increased service content gives the product a higher value.

Objective and strategy

The objective of Bure IT is to create a leading Nordic network of service-based IT companies. The included companies should together be able to meet large and medium-size customers with well-adapted solutions in which several components of the network's expertise can be utilised. In 2001, the Business Area will have sales of approximately SEK 4–5 billion.

The strategy for Bure IT can be summarised in three important items:

- *Concentration on solution-based operations with a large knowledge content*
- *Focus on business-to-business*
- *Control with the aid of networks*

The concentration on the service-intensive segment of the IT sector creates direct strong cash flows and rapid earning capacity. It also creates opportunities for even faster acquisition-based growth.

Successful IT companies are often characterised by dedicated founders and management. The company's staff are also frequently stakeholders. This environment is attractive for skilled professionals in the IT sector and in that way a criterion for the success of the companies. As a consequence of the rapid development, Bure IT has been structured as a strong network in which the entrepreneur-spirit is maintained while, at the same time, expertise in various companies can be spread horizontally in the organisation. In that way, Bure IT has criteria for growing faster than other large players in the sector without being hit by too-high staff turnover.

In Bure IT's networks, large transactions can be carried out in joint projects in which tangible product- and customer problems are processed. Routines in the form of joint quotations, product evaluations, and joint purchasing and establishment have already been tried with positive results.

Control of the network takes place in the form of, among other things, supplying of board members between the companies, overall policy work, in which representatives of the included companies participate, and in specific project groups. The respective company has an independent operative management.

An important part in the expansion of the network is to create a common profile and a common direction. Bure IT has prioritised four growth segments:

- *Consulting Services*
- *Mission-Critical Systems (systems which place high demands on security and operating reliability)*
- *Network Integration*
- *IT within Health Care*

All segments have a large service content and show high growth. In addition, they together form a strong unit vis-à-vis the customer. At the same time as growth is expected to continue to be strong in all segments, new opportunities are also generated in the form of the consequences which the rapid IT development bring about. In addition to organic growth, the companies are expected to grow through acquisition. The acquisition activities are carried out in close collaboration with Bure IT.

Bure IT already has investments in IT security and electronic trading which will be intensified in 1999. New segments, such as standardised business systems and embedded IT, are being analysed and could influence the structure during 1999.

1998

Towards the end of 1998, Bure IT became a separate Business Area after the former Bure IT/InfoMedia had been split into two business areas. At the same time, the holding in Scribona was transferred to Bure Investments. In that way, Bure IT's operations can be concentrated on service production while, at the same time, Scribona can be developed further trading with offi-

ce and computer products. During the year, several acquisitions were carried out in Business Sectors Consulting Services, Mission-Critical Systems and Network Integration.

In May, Guide Konsult was quoted on the O list of the Stockholm Stock Exchange. In connection with the listing, Bure IT reduced its ownership from 47 to 34 per cent, which generated a Groupwise capital gain of SEK 39M. In addition, Bure received a dividend of SEK 12M from Guide Konsult during the year. Following the listing, a surplus value of more than SEK 300M was made visible in Bure's Guide holding.

The orientation on Mission-Critical Systems was founded in January when 55 per cent of the shares in Dimension were acquired. Dimension is one of Sweden's leading companies in the sector and specialises in Unix, Windows NT and electronic trading. In November, Bure increased its holding to 69 per cent.

At the end of the year, a 40 per cent shareholding was acquired in the leading Finnish network management company, Santa Monica Software. The company will be merged with the Bure-owned company, Salcom, and as a result form a leading Nordic company in network integration. Co-ordination of the operations of the companies will take place during 1999. Both Santa Monica Software and Salcom hold strong positions in their respective markets. Together, the companies report 1998 sales of SEK 735M with an operating profit of SEK 54M.

During 1998, the planned merger with Santa Monica Software led to Salcom's operations being focused on the sale of services within communication, security and management of networks. As a step in that development, Salcom sold the value-added distributor, AXNet, to Bure IT in December. As an independent company within Bure IT, AXNet will be able to develop more clearly its services with regard to distribution of network products from leading brandnames.

In June, 75 per cent of the shares in the consulting company, Erda, was acquired. Erda, which is based in Linköping, specialises in systems development, knowledge systems and development of real time systems.

Alfa – fully-comprehensive IT system for the care segment

From a general viewpoint, various forms of IT support for health care are fragmented and relatively unevenly developed. One of several reasons is a complicated decision-making environment. During 1998, Bure IT together with Bure Health Care carried out a review of various existing systems. The valuation led to the acquisition of the rights to Alfa which has been developed by Norrbotten County Council and which has been used in the County Council's care operations. The system is unique in the respect that it is fully comprehensive and comprises both non-public and public care. The system contains electronic links to laboratories, referrals, X-ray, etc. Bure Health Care has decided to introduce the system in all care units in order to achieve efficient and homogeneous IT support. At the same time,

the system makes it possible to measure, compare and evaluate different care operations.

Udac, which is included in Bure IT, is responsible for Alfa. Udac, together with other companies in the network, will be responsible for development and installation of the system.

Result development

Bure IT's sales amounted to SEK 1,068M (336). Operating profit was SEK 84M (-1). The result includes a capital gain of SEK 39M in connection with the reduced holding in Guide Konsult.

Prospects for the future

All companies within Bure IT operate in sectors with strong growth, and demand for the companies' services is increasing rapidly. During 1999, organic growth is expected to exceed 20 per cent. In addition, the companies are expected to grow via acquisition.

New segments are being analysed and may affect the structure during 1999.

Bure IT	Examples of other operators	Sales 1997 SEK M
<i>Consulting Services:</i>		
Guide	- Mandator - WM-data - Frontec	629 7,960 731
CR&T	- Softlab - Carmenta - Customers' development department	92 27 -
Erda	- Customers' development department	-
<i>Mission-Critical Systems:</i>		
Dimension	- CMA - Information Highway	1,358 327
<i>Network Integrations:</i>		
Salcom	- Upnet (Merkantildata) - Måldata - Enator Dotcom - ISS	428 193 820 n.a.
Santa Monica Software	- Nordic LAN/WAN Communication	77
<i>IT within Health Care:</i>		
Udac	- IBM - Enator	5,429* 4,550*
		* Total Group

Guide Konsult

Guide Konsult is Sweden's largest supplier-independent IT consulting company. The Group has more than 600 employees in Stockholm, Gothenburg, Malmö and Oslo. The Group's supply is oriented towards IT services relating to business support and technology systems. In addition there is a selection of services in management and strategic IT. Operations are carried out in five business areas: IT-Consultancy, Mobile Systems & Communication, IT Infrastructure, Management and New Business. Guide Konsult's customers consist mainly of large companies and organisations as well as the public sector.

Guide Konsult has been quoted on the O list of the Stockholm Stock Exchange since May 1998.

Demand for Guide Konsult's services remains positive. The market is characterised by greater shortage of staff than of assignments, which is expected to increase margins. Guide Konsult's position among its competitors is strong, its image has improved and the company is well known for its skilled consultants.

1998

Guide Konsult's net sales rose by 79 per cent to SEK 537M during the year. The sales increase comes equally from orga-

President	Göran Westling
Net sales	SEK 537M
Operating profit	SEK 32M
Average number of employees	544
Share price on 30 December	SEK 144.20

nic growth and from the acquisitions which were carried out towards the end of 1997. Operating profit improved by 68 per cent and amounted to SEK 32M.

During the year, operations in Datakonsult developed positively, especially in the Stockholm Office. Operations in PDM, Product Data Management, were strengthened through the acquisition of the consulting company, Mirox Products.

Business Area Mobile Systems & Communication reported a poor result due to its dependence on the defence sector. Measures aimed at improving margins have made an impact.

IT Infrastructure also enjoyed a very positive development in 1998, both with regard to sales and profit. Among other things, The Short-Cut Concept, which has been developed by Guide Konsult, generated good results.

The Guide share developed very strongly during the year. From its introduction price in May of SEK 87.50, the price rose to SEK 144.20 at year-end.

CR&T

Carlstedt Research & Technology, CR&T, is one of Sweden's leading companies in datalogy and computer technology. The company has a very high level of expertise among its staff who extensively come from the world of research. CR&T operates in all phases of advanced IT projects: analysis, design, modelling and simulation, implementation as well as testing and verification.

With sound profitability and a very high level of expertise within the sector, CR&T is an important player in Bure IT's network. In addition, the company has the ability to commercialise development projects. Spotfire and Firedoor are examples of companies which have their origin in CR&T and in which the ownership has been spread.

1998

In 1998, CR&T continued to develop positively. Net sales amounted to SEK 28M with profit after financial net of SEK 8M, of which SEK 6M from operations and SEK 2M as an effect of a new share issue and spreading of ownership in Firedoor.

President	Staffan Truvé
Net sales	SEK 28M
Operating profit	SEK 2M
Average number of employees	21

In June, the subsidiary, Firedoor which develops a unique product family in IT security was established. With Firedoor a network is protected even when an intruder has got passed the network's firewall or is already inside. In October, 15 per cent of Firedoor was sold to InnovationsKapital – see Bure Investments – via a directed new share issue. The objective is to create criteria for rapid international expansion.

In September, CR&T was established in Stockholm.

Erda

In June, 75 per cent of the IT consulting company, Erda, was acquired. Today, the company has 60 employees with operations in Linköping, Stockholm and Helsingborg. Erda has a high level of expertise, especially in modern systems development and real time systems. Erda specialises in development and sales of knowledge systems for call centres, help desks, support via the Internet and systems for information search.

In Bure IT's network, Erda has a role which is similar to that of CR&T with a very high level of expertise in a small number of specialist segments which contributes positively to the operations of the other companies.

1998

During the year, Erda developed positively. Net sales for June–December amounted to SEK 26M with operating profit of SEK 3M.

Sales for the extended financial year, September 1997–December 1998, amounted to SEK 49M with an operating profit of SEK 5M.

With the aim of improving the opportunities for rapid growth, a new organisation structure was introduced during the year.

President	Göran Smith
Net sales *	SEK 26M
Operating profit *	SEK 3M
Average number of employees	40

* Refers to June–December 1998

Dimension

Dimension is one of Sweden's leading companies within mission-critical systems, i.e. systems with high demands on security and operating reliability. Over the past three years, the company has grown by more than 40 per cent per annum and has been profitable.

Dimension is involved in predicting and solving problems within its area of expertise and is at the forefront of technology which copes with a high load, is reliable and able to satisfy a large number of users at the same time. Dimension works with both Unix and Windows NT.

At the turn of the year, the number of employees amounted to 86 in Stockholm, Gothenburg, Lund, Linköping and Sundsvall.

The objective of Bure IT's holding in Dimension is to form a hub for building a leading network in the Nordic countries in the mission-critical systems expertise segment.

1998

Net sales amounted to SEK 461M and operating profit improved to SEK 40M.

President	Björn Pettersson
Net sales	SEK 461M
Operating profit	SEK 40M
Average number of employees	72

During the year, a new business area, NetRelations, was established. NetRelations is involved with building customer relations via the Internet, based on the Broad Vision One-to-One system. Other new business areas were Windows NT and Electronic Trading which were positively received by customers.

With the objective of strengthening its identity vis-à-vis customers and potential staff, Dimension carried out a reprofiling during the year with a new brandname which attracted considerable attention.

The segment relating to mission-critical Systems is exposed to competition from both hardware manufacturers and distributors. However, Dimension has coped well with the competition.

Salcom

Salcom was founded in 1989 and over ten years has established itself as one of Sweden's leading network integrators for large companies and organisations. The business concept is – through unique expertise in security, management and integration of systems and networks – to contribute to increased efficiency and profitability in its customer's IT investments. The company has offices in Stockholm, Gothenburg, Malmö, Borlänge, Linköping, Lund, Helsinki and Copenhagen.

During 1999, Salcom's operations will be co-ordinated with Santa Monica Software, which has been acquired by Bure IT. As a result, the leading company in systems and network information in the Nordic countries will be created.

1998

The company increased its sales by 50 per cent to SEK 493M. Operating profit amounted to SEK 16M. In addition, a capital gain of SEK 43M is reported which refers to the sale of AXNet.

An investment in the competence content of the network management product, Tivoli, was carried out during the year.

President	Claes Nilsson
Net sales *	SEK 493M
Operating profit *	SEK 16M
Average number of employees *	124

* AXNet is consolidated in the above figures

This was charged to profit at approximately SEK 10M. Tivoli now forms the platform for enabling Salcom to establish itself strongly in the network and operating monitoring segments.

In July, Salcom acquired the Finnish network company, Finternet. The company develops and builds advanced networks for the municipalities and industry.

In December, the value-added distributor, AXNet, was sold to Bure IT to be included as an independent company within Bure IT.

Prospects for the future

Bure IT intends to merge Salcom and Santa Monica Software during 1999 and form the leading company in systems and network integration in the Nordic countries.

Santa Monica Software

Santa Monica Software is the leading company in Finland within network integration. The company offers extensive knowledge in systems integration and build-up of networks. With services throughout the chain ranging from planning and building networks to integrating and monitoring networks – both LAN, Local Area Network, and WAN, Wide Area Network – Santa Monica Software is a full service supplier in its segment.

Santa Monica Software has 35 employees and operations in several locations in Finland and the Baltic States.

Santa Monica Software will be co-ordinated with Salcom during 1999.

Bure IT acquired 40 per cent of the company in October 1998. The holding was increased by an additional 20 per cent in January 1999.

President	Tapani Kurki
Net sales	SEK 242M
Operating profit	SEK 38M
Average number of employees	34

AXNet

AXNet is a so-called "value-added distributor" in the network segment. The company markets products in networks and peripheral areas of use within IT. The best-known brandnames are Axis, Epson, JMR Electronics, NEC and Ascend.

AXNet has 39 employees and operations in Lund, Stockholm and Copenhagen. The company consists of distribution, including technical advice and service. The customer base consists of approximately 700 retailers in Sweden and Denmark.

President	Erik Månsson
Net sales	SEK 198M
Operating profit	SEK 12M
Average number of employees	32



Udac

Udac is an IT consulting company which concentrates particularly on health care and the public sector. The company primarily supplies IT services and applications which support operations and personnel management, but also services within the Internet, training as well as operations and networks.

Udac currently has 130 employees with operations in Uppsala, Malmö, Lund, Linköping and Luleå.

Udac forms the core of Bure IT's investment in health care, a sector which is expected to show strong growth in the future. Udac collaborates closely with Bure Health Care with the aim of creating IT solutions, which meet new demands that are made in the health care sector.

1998

During the year, the rights were acquired to the care administrative system, Alfa, which has been developed by Norrbotten County Council. The system involves extensive, fully-comprehensive IT support for the entire care operations, which had previously been lacking. The evaluation is that the system is very competitive, primarily because it is

President	Pär Råghall
Net sales	SEK 99M
Operating profit*	SEK 1M
Average number of employees	120

* Excluding lump sum write-down of goodwill of SEK 9M.

fully comprehensive and has been developed close to a real-life operation.

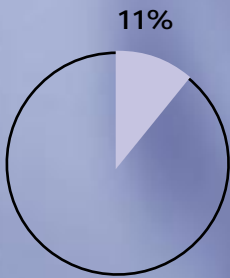
During the year, a new care-efficiency measuring system, Beakta, was also acquired.

In October, the former IT operation for municipal care was sold to WM-data.

Bure InfoMedia aims to raise the efficiency and quality of its customers' information flows by providing – under its own management or in partnership – collection, analysis, publication and distribution of information. Bure's services aim to provide customers with advanced support for decision-making and contribute expertise for efficient communication with prioritised interested parties.



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Bure InfoMedia's share of Bure's invested capital

Bure InfoMedia

<i>SEK M unless otherwise stated</i>	Sifo Group		Citat	
	1998	1997	1998	1997
Net sales	894	723	170	83
Operating profit before goodwill depreciation	102	94	13	5
Operating profit	83	83	12	5
Return on capital employed, %	35	36	37	56
Operating margin, %	11	13	8	6
Bure's invested capital	512	–*	31	31
Market value of investment on 31 December	660	–		
Ownership of capital, %	51	–	85	85

* Sifo was a subsidiary of Scribona.

Head of Business Area:

Ulf Ivarsson

With a clear focus, Bure InfoMedia goes for market-leading positions in the Nordic countries

Bure InfoMedia operates on the fast-growing European market for information and media services. Since its start in 1996 – at the time as part of Bure IT/InfoMedia – the Business Area's sales have risen from SEK 36M to SEK 1,053M. As a result, the foundation has been laid for continued rapid growth. Through direct ownership in Sifo Group, a strong platform was formed in Information Services. The holding in Citat forms the base in the build-up of Media Services.

The objective is, with high profitability, to become the leading company in the respective segment on the North European market.

Bure InfoMedia aims to raise the efficiency and quality of its customers' information flows by offering – under its own management or in partnership – collection, analysis, publication and distribution of information. Bure's services aim to provide its customers with advanced support in decision-making, and contribute expertise for efficient communication with prioritised interested parties.

The infomedia sector can be divided into the segments: information services, media services and document handling. In information services, opinion and media polls are carried out as well as advice and analysis aimed at contributing to advanced support for decision-making. In media services, information is produced and packaged in various media, such as interactive media, printed matter, exhibitions, events and film. Document handling comprises structuring and distribution of information.

Bure InfoMedia's operations comprise especially information and media services. An investment in the document handling segment was started on a small scale during the second half of 1998.

Market

The Swedish market for information and media services was estimated at SEK 11 billion in 1998, with annual growth in excess of 12 per cent.

The market is characterised by dynamism and high rate of change. The rapid technology development forces the pace of the emergence of new services and business concepts. Technology development also makes possible increased effectiveness of and large-scale operational benefits within the existing service supply. Web technology, for example, creates new information patterns and channels which also provide companies with completely new business opportunities.

The information flow to as well as from organisations is also getting an increasingly important role in the development of organisations. That generates increased demand for integrated services within the entire infomedia sector as well as increased demand for services with a high expertise content, such as advanced consulting services in communication and management. As the segment is undergoing significant change and growth, sector boundaries are vague and this creates criteria for new business opportunities and services.

The largest market consists of information services of approximately SEK 6 billion in Sweden. The market is currently characterised by a small number of large players in mature segments, such as market information/opinion polls, media monitoring and news distribution. More recent segments such as web measuring services are considerably more fragmented. The same applies to the market for media services which has a large number of small players. At a rough estimate, the market for media services amounts to approximately SEK 5 billion.

The entire information market is undergoing extensive internationalisation. This, together with the fragmented structure in several segments, creates considerable opportunities for rapid growth.

Objective and strategy

Bure InfoMedia operates mainly in two sectors: Information Services and Media Services. The target of the Business Area is annual growth in excess of 15 per cent and to have achieved at the same time, several market-leading positions in the Nordic countries within three years. In addition, the Business Area will have acquired an established position on selected European markets.

Bure InfoMedia is directed primarily at customers in large and medium-size companies, and organisations.

The network, which consists of the companies in the former BureIT/InfoMedia, is also of great importance. Through close collaboration with several of the IT companies in the present Bure IT, Bure InfoMedia is able to identify new business opportunities early and develop services with a large technology content.

1998

During the year, the former Business Area IT/InfoMedia was divided into two new Business Areas – Bure IT and Bure InfoMedia. Through Scribona's distribution of Sifo Group to its shareholders and the listing of the company on the Stockholm Stock Exchange, a strong platform was created within Information Services.

Following distribution of the shares in Sifo Group, Bure has 51 per cent of capital and 64 per cent of votes. The company is consolidated in Bure InfoMedia. As an independent company, Sifo now has excellent opportunities to grow within its prioritised areas: polls, media and social- and environment monitoring, and consulting services. During the year, expansion in Northern Europe continued, especially with acquisition of companies in the Baltic states.

In June, Bure acquired a 6 per cent shareholding in the American web measuring company, RelevantKnowledge.

The company is expected to grow very rapidly on the market in which the need for measuring tools is very considerable. The objective of the acquisition is also to partici-

pate at an early stage in the latest technology with the aim of introducing and marketing it on the European market. Among other things, the company forms an important component in Sifo Group's web services. In December, RelevantKnowledge was merged with MediaMetrix. As a result, the market-leading company in the USA in audience measuring on the Internet was created. Following the merger, Bure's holding amounts to 3 per cent.

In August, the build-up started of Document Handling as a third Business Sector in the Business Area.

The investment was initiated through the establishment of the company, Pennon which with its own concept will build a rapidly expanding operation in the Sector. Pennon focuses on customers with large document flows which exist, for example, in banking and insurance, advanced service companies and large international groups.

Bure InfoMedia has also invested in Levande Böcker, in which its ownership amounts to 6 per cent.

Business Area results

Bure InfoMedia reported an operating profit of SEK 68M (pro forma 54).

Prospects for the future

Expansion in the Business Area is expected to remain high. The target is a growth rate of 15–20 per cent for existing companies. Added to that will be acquisitions direct in Bure InfoMedia. The criteria for improved profit and profitability are considered to be good.

In February 1999, an agreement was signed with Buyonet regarding a new issue of shares and convertible subordinated debentures. Buyonet is a reseller of downloadable software via the Internet.



Sifo Group

Sifo Group is Sweden's leading company in social and environment monitoring. The company offers a complete supply of services through the three operating segments: media and social and environment monitoring, polls, and management and strategy consulting services.

Sifo's business concept is based on providing customers with various types of support for decision-making for processes of change within, for example, marketing, structural or business development. Today, the company is the market leader in Sweden with regard to media monitoring and polls. The company also holds a leading position in these segments on the Nordic market. Through establishment of operations and alliances, the company will strengthen its existing positions and continue expansion in other European countries.

Market

The development of Sifo's markets is positive, especially in media monitoring but also in market information and integrated services.

The Swedish market for market information amounts to more than SEK 1 billion and continues to grow. Growth is driven especially by increased demand, which is a result of growing needs for rapid and frequent information about the attitude of the market and the surrounding world. The

President	Robert Lundberg
Net sales	SEK 894M
Operating profit	SEK 83M
Average number of employees	1,045
Share price on 30 December	SEK 38.00

market is dominated by a small number of large players, which are all fairly well known, and price competition is therefore strong. Added to this are a large number of small companies which often operate on local markets.

The media monitoring sector continues to grow strongly. The number of players is increasing because of the opportunity which follows from new technology. An increasing number of publishers and papers now offer opportunities for users to search in article data bases, etc, which partly reduces the importance of news cuttings and optical monitoring. However, optical monitoring remains the most reliable source and is expected to be so for a long time yet.

The largest growth is expected to take place for integrated services, in which all parts of social and environment monitoring are valued together. Here, Sifo has significant opportunities by offering a unique breadth in its supply.

1998 development

Sifo Group was distributed to Scribona's shareholders in September 1998. The company was thereafter quoted on the O list of the Stockholm Stock Exchange. The Sifo share was introduced at a price of SEK 27. On 30 December, the price had risen to SEK 38.

Net sales amounted to SEK 894M with an operating profit of SEK 83M.

During the year, a number of acquisitions were carried out in order to strengthen still further the positions in some segments. Among others, the company, Sverige Media, was acquired. In this way, Sifo is strengthening its leading position within media reach polls. Collaboration also started with RelevantKnowledge/MediaMetrix Inc, the leading opinion poll company on the Internet in the USA.

Citat

Citat is one of Sweden's leading media production companies. Its business concept is to efficiently co-ordinate and creatively produce communication, regardless of media. Through network collaboration between the companies in the Citat Group, spearhead expertise exists in four business areas: Graphic Production, Interactive Production, Film Production and Event Communication. Via this structure and fully-digitised production, Citat has the unique position and opportunity to co-ordinate, and as a result effectivise, its customers' media production in all media.

Citat's customers are large and medium-size companies as well as advertising agencies, and the company has a high growth rate both organically and via acquisition.

Market

From an historical viewpoint, the market for media production in Sweden is fragmented with few clear market leaders. This has meant that the integration ratio across media boundaries is low on the production side, despite a large potential. The trend on the advertising agency side and in media production points towards larger company groupings with increased depth as well as risk of the operations order to

satisfy customers' needs for co-ordinated communication. Consulting services in market communication and information are merged with interactive and graphic production, for example, in order to form the largest supplier vis-à-vis the customer. This development has also meant that an increasing number of large companies split the market communication function and buy consulting services/creativity and media production separately. This creates a large potential for production companies which are able to offer integrated production. This development, combined with increased complexity in media production, also increases the interest in outsourcing inter-company production units.

Events in 1998

During 1998, a group formation of Citat was carried out with an organisation in four separate business areas. The objective was to define clearly the different areas of expertise in the operations and to create a long-term platform for continued a high growth rate.

Net sales amounted to SEK 170M (83). Operating profit was SEK 12M (5). Total growth rate in 1998 was 105 per cent including acquisitions. The organic growth rate for existing operations amounted to approximately 40 per cent. Despite the high growth rate, profit margin improved.



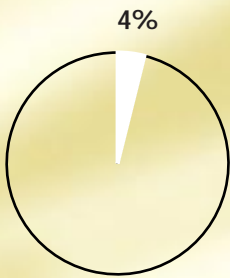
During the year, two Stockholm companies were acquired: Reptil Grafisk Kommunikation with operations in graphic production, and Projecta with operations in event communication. In Stockholm, Citat also started the production bureau, Format Citat Produktion. In addition to graphic production and event communication, business area film production was established in Stockholm during 1998.

President	Örjan Serner
Net sales	SEK 170M
Operating profit	SEK 12M
Average number of employees	163

The business concept of Bure Training and Education is to provide high-quality training and education to companies as well as principals in the public sector in the Corporate Training and Schools sectors. Corporate Training provides training in, for example, marketing, sales, leadership and project management as well as IT. Within Schools, Bure carries out education in pre-schools and compulsory schools through the company, Vittra, with municipalities as principals.



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Bure Training and Education's share of Bure's invested capital

Bure Training and Education

Head of Business Area:

Sven-Åke Lewin

High rate of change and increased training and skill requirements create strong growth in one of the world's largest industries

Bure Training and Education was established as a new Business Area at the end of 1998. Its business concept is to offer high-quality education and skill development to both companies and public sector principals within Corporate Training and Schools. As early as from the turn of the year, Bure Training and Education will have sales of approximately SEK 450M, following the acquisition of some of the leading companies in Sweden within the sector.

The objective is that the Business Area will become a leading Nordic education and skill development Group with rapid growth, high profitability and strongly internationalised operations.

Corporate Training offers training in leadership, sales and marketing, project management and IT.

Market

The education market in Sweden amounts to approximately SEK 150 billion, equivalent to 6 per cent of GDP. The compulsory school, senior high school and university segments constitutes the decidedly largest proportion, approximately SEK 100 billion, and is operated almost exclusively in the public sector. As a rule, corporate training takes place in various private forms, either internally in companies or through an external producer of training.

The market for education is undergoing significant change in both the public and the private sectors. Knowledge-intensive organisations demand a higher level of general knowledge and refined education at basic level. The rapid technology development and the gradually increasing specialisation in industry also contribute to the fact that knowledge is turned-over more quickly which increases the demand for so-called life-long learning. The companies must assume increasingly large re-

sponsibility themselves for securing the skills of the individual in order to keep-up with developments.

Corporate training has enjoyed high growth in Sweden in recent years, 10–15 per cent per annum. Training is growing fastest in IT and management/sales which also accounts for the largest sales among the training companies. According to market research, the average annual increase in companies' investments in training is expected to amount to at least 7 per cent. The IT training segment is expected to rise by 15–20 per cent per annum. In total, the market in Sweden for corporate training is currently valued at approximately SEK 30 billion. Of this, only around one-fifth is estimated to be carried out by training companies, the remainder takes place through various forms of internal training. Corporate customers seek training companies that are able to assume more extensive responsibility for training and skill development. If this trend becomes reality, the professional training companies will grow faster than the market as a whole. Profitability among the training companies on the corporate market has traditionally been fairly low with an average profit margin of 4 per

cent. Sound criteria exist for increasing the margins, among other things, by establishing stronger brandnames, wider distribution of successful training concepts and increased value content in training.

The Swedish market in the schools sector is undergoing considerable change with a rapid increase in independent schools. An independent school can be established by a private company or association and is entitled to municipal financing. The political trend is positive with increasingly strong support for a higher proportion of independent schools.

At the present time, there are approximately 300 independent compulsory schools in Sweden and around 50 independent senior high schools. Profitability varies very considerably, mainly because the majority of independent schools are operated on a non-profit-making basis without any special yield requirements. As in corporate training, the independent school market is very fragmented.

Objectives and strategies

The objective of Bure Training and Education is primarily to form a leading education and training group on a Nordic basis. At the turn of the millennium, the Business Area will have sales in excess of SEK 1 billion with good profitability. The priority is to create strong brandnames and new forms for education and training, which means higher quality and as a result improved value for customers. An increased overall view on education and improved utilisation of various competence measuring methods and information technology are important components.

Rapid growth will take place, especially in Corporate Training, whereas Schools will grow at a slower rate initially. The starting point for the continued expansion will be via already-acquired companies in the respective Sectors – Mercuri International in marketing and management training, Informator in IT, and Vittra, which was acquired in 1999, in Schools. Key personnel in the respective company are included in the business area management. In that way, expertise and management resources are secured, which is vital for continued growth.

In Corporate Training, expansion will take place both organically and via acquisition-based growth. In management and marketing training, an increased overall view on skill development is expected and an increased share of international assignments, mainly within the Mercuri companies, will result in significant expansion. In IT, growth is mainly taking place on the Nordic market.

Expansion within Schools will mainly take place through Vittra which currently operates in the pre-school and compulsory school segments. Growth will mainly take place organically through Vittra establishing new schools in collaboration with municipalities.

An important component in the Business Area's development is making use of new training technology. This could for example comprise measurement and evaluation of training activities, models for analysis of skill requirement and new, developed forms of distribution for training, such as web based training, (WBT).

Here, both real opportunities for new business and concrete competitive advantages for Bure's established training companies can be created.

1998

Bure Bure Training and Education was established in November 1998 following extensive analysis work. In connection with the establishment, a majority shareholding was acquired in Mercuri ScanAsia, which is involved in management and marketing training, and 100 per cent of the shares in Informator, Fama and Nordisk Datautbildning in the IT training segment. Soon thereafter an agreement was made to acquire a 70 per cent shareholding in Vittra in Business Sector Schools.

Beginning of 1999

At the beginning of the year, 100 per cent of the shares in Network Management were acquired from Securitas. Network Management is a leading training company in network and data communication with sales of approximately SEK 30M. The acquisition of Vittra in Business Sector Schools was also carried out. With the acquisitions, the Business Area will have annual sales of approximately SEK 450M.



CORPORATE TRAINING

Business Sector Corporate Training comprises the segments: marketing/sales, project management/management and IT. During 1998, four companies were acquired in the Sector, in which ScanAsia and Informator are two important hubs in the continued development.

Mercuri constitutes a platform for further expansion, especially with sales and marketing training. In the same way, Informator will form the hub in the continued expansion within IT training.

Mercuri International

Mercuri International is Sweden's leading – and one of the world's largest – training and consulting companies in marketing and sales. The Group has operations in some 40 countries and a total of 1,000 employees, of whom 100 work in Sweden. The operations that have been acquired by Bure are to be found in Scandinavia and the leading West European countries, among others.

The objective is that Mercuri, as the platform in the build-up of marketing training, will grow by approximately 30 per

cent per annum through organic expansion and acquisition of supplementary operations.

Mercuri's operations comprise four segments: company adapted projects, analyses, open courses and interactive training. The company-adapted projects segment is the largest, and customers are often the big multinational companies. Mercuri's operations are gathered under the slogan "Making strategies happen".

In addition to its existing operations, Mercuri will also increasingly work as a fully-comprehensive skill development partner for large companies. Mercuri's customers consist mainly of international industrial and service companies. In most of its markets, Mercuri has a clearly leading position, including in Sweden.

In 1998, Mercuri established Mercuri Säljhögskola through its acquisition of Villär. Profitability on well-established markets was good. The result in Asia was weak.

Informator

Informator is the leading company in Sweden for advanced IT training for professionals within the segment. The company was established in 1990 and has thereafter grown very fast. Operations are currently to be found in Stockholm, Gothenburg and Malmö. The number of employees amounts to 24. The majority of the courses are held by contracted specialists. In that way, the skill-level can continuously be kept very high.

The target for Informator is continued rapid growth. Informator's management will have overall responsibility for the development of the IT training sector in Bure Education and in that way form a hub for continued acquisitions.

Informator's customers are found in a large number of company categories. The supply of courses is directed especially at people with some form of IT position, such as system integrators, web masters or network engineers. The market is fragmented and characterised by many small players and a few leading IT consulting companies which carry out training.

In 1998, Informator grew by approximately 40 per cent with high profitability. Net sales amounted to SEK 75M. The number of courses increased and extensive marketing work was carried out.

Nordisk Datautbildning and Fama

Nordisk Datautbildning, NDU, is a company which is involved in training of administrative staff who use computers as a work tool. The company was founded in 1995 and has operations in large parts of Southern and Central Sweden.

Fama, like NDU, is a leading company for user training within the IT sector. The company is Stockholm-based.

The courses which are offered by both NDU and Fama are so-called supplier-adapted courses from well-known software suppliers such as Lotus/IBM and Microsoft. Customers are office staff from private as well as public companies and organisations. Competition in the sector is tough and therefore strong brandnames, high quality and significant operations in a limited number of locations are important.

In 1998, growth and profitability was good and order intake is currently very sound.

NDU and Fama will be merged during 1999 with the objective of creating a powerful player in IT user-training with annual sales of approximately SEK 70M.

SCHOOLS

Business Sector Schools is mainly concentrated on establishment of pre-schools and compulsory schools in the independent school form. Establishment takes place in collaboration with municipalities which finance operations with "School money". This is paid according to the same principles to independent schools as to municipal schools. The amount varies between the different municipalities but is estimated at approximately SEK 50,000 per student per annum.

The base of the Business Sector is the company, Vittra, which operates ten pre-schools and compulsory schools in the Stockholm region. Preparations are now being made to make possible the establishment of several new schools during the autumn term in the year 2000. The preparations include extensive specialist training of new teachers and chief educational officers as well as acquisition and adap-

tation of premises. Any acquisitions of additional schools which are carried out will be co-ordinated with Vittra.

The target is that, around the year 2002, Schools will have sales of approximately SEK 300M with a sound operating margin.

Vittra

Vittra, which was acquired at the beginning of 1999, has sales of approximately SEK 70M and is the largest private regular-education company in Sweden with a total of 130 employees and 1,200 students and pre-school children.

The operations, which were started in 1993, are currently carried out in Stockholm, Lidingö and Sollentuna.

The objective is, based on Vittra, to expand operations in

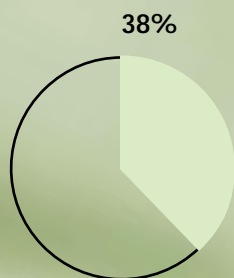


other major cities in Sweden. In the locations in which Vittra operates, the company will offer education of high quality and at a lower cost than other alternatives.

Vittra has its own educational model which has been positively received by parents, principals and education-
alists. Operations are based on individual development plans in which students are able to start on the basis of their ability. Important involvement and participation from teachers, parents and students is a prerequisite and a factor for success. The quality of education is proved to be high and the students' study results are very good.

In 1998 Vittra, among other things, started Forsbergsska Skolan in Lidingö with room for 400 students. Operations are highly appreciated and 800 children are already queuing to gain entry.

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



Bure Investments' share of Bure's invested capital

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Bure Investments

	Nobel Biocare		Mölnlycke Health Care		Scribona		Gunnebo		Chematur Engineering		Åre Vemdalen		Troponor	
	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
<i>SEK M unless otherwise stated</i>														
Net sales	1,310	1,068	1,980	-	8,880	7,229	3,791	3,086	487	447	204	195	448	462
Operating profit before goodwill depreciation	137 ²	82 ²	-	-	318	71	282	224	8	18	25	27	-14	-59
Operating profit	121 ²	82 ²	-38	-	303	61	256	202	7	16	23	27	-14	-59
Return on capital employed, %	14 ²	16 ²	neg.	-	38 ¹	9 ¹	13 ¹	12 ¹	6	18	7	8	neg.	neg.
Operating margin, %	9 ²	7 ²	neg.	-	4	1	7	7	2	4	12	14	-	-
Bure's invested capital	398	206	93	-	707	1,231	209	219	248	125	152	143	48	59
Market value of the investment on 31 December	433	227	-	-	502	1,575	476	485	-	-	-	-	-	-
Ownership of capital, %	16	8	13	-	51	51	32	36	100	100	100	100	40	66

¹ According to the Company's preliminary accounts report.

² Excluding items affecting comparability.

Head of Business Area:

Per-Henrik Berthelius

Increased sector focusing creates new role for Bure Investments

Bure Investments has played an important role in Bure's build-up phase since the start in 1992. The Business Area has continuously contributed with results and cash flows in the form of dividends and capital gains, which have been important for Bure's strategy, to grow rapidly under profitability.

The orientation of Bure Investments is now being changed through focusing on selected sectors, the operations of which are connected with Bure's Business Areas. The objective remains, to create growth in value in the short to medium term and contribute cash flows and results through an active investment operation.

Since the start, Bure Investments has made investments totaling approximately SEK 3.0 billion. In the same period, divestments of approximately SEK 2.2 billion have been made.

In step with Bure being focused on selected sectors in the knowledge-based service sector, Bure Investments is changing at the same time. New investments will be made in sectors whose operations are related to the other Business Areas.

Bure Investments' task is to:

- *Create growth in value and dividend capacity in the short to medium term through capital gains on divestments and dividends during the investment period.*
- *Contribute knowledge and contacts for the other Business Areas through active work on the boards of directors of companies which operate in kindred sectors.*
- *Secure liquidity in the short to medium term through an active investment operation in which both investments and divestments can be made at a fairly even pace.*

The continued investment operation will be concentrated on investments in the Business Area-related companies and investments in funds.

Holdings which are outside these sectors will be divested. However, the individual criteria and value development of the respective company will determine the date for divestment.

Bure Investments has been operated with an active industrial ownership in the included companies. Today, each investment constitutes a project in the Business Area with a clearly-defined value ambition and divestment opportunity. The time perspective varies for the respective investment.

In the long term, the ownership will become more streamlined from a financial viewpoint. Bure's role is moving towards being a strategic resource in which knowledge from the other Business Areas can be contributed to the included companies. In the same way, experiences and contacts can be fed back to Bure which provides for significant competitive advantages in the continued expansion of the Business Areas both in the Nordic countries and in other European countries.

1998

In 1998, Bure Investments had a relatively high transaction rate, both with regard to investments and divestments.

In total, investments at a value of approximately SEK 400 million and divestments of around SEK 480 million were carried out during the year.

The largest divestment was the sale of the holding in

Fritidsresor, within the framework of Nordic Capital, with a capital gain of SEK 127M. The remaining holding in Karlshamns was also sold, with a capital gain of SEK 82M. In November, Bure Investments reduced its holding in Svolder to just under 8 per cent of capital and 30 per cent of votes. The sale involved a Groupwise capital loss of SEK -9M, whereas the Parent Company reported a capital gain of SEK 63M. The remaining shareholding in Svolder will be transferred to the Parent Company's Asset Management during 1999.

At the end of 1997 and beginning of 1998, two investments were made in the health care sector: Nobel Biocare and Mölnlycke Health Care. In September, Nobel Biocare acquired the American implant company, Steri-Oss. Through the acquisition, Nobel Biocare doubled its business volume in the USA and became the market leader in Germany. In connection with the acquisition, Bure participated in a new share issue and in addition bought additional shares on the market. In total, Bure's ownership amounts to 16 per cent.

Mölnlycke Health Care was formed following the acquisition of Mölnlycke Clinical Products from SCA Mölnlycke and of Kolmi-Set from Tamro. The investment was made both within the framework of Nordic Capital and a direct investment in Bure. In total, Bure's ownership amounts to 13 per cent.

In connection with the streamlining of Bure's Business Areas, the holding in Scribona was transferred from the former IT/InfoMedia to Bure Investments. During the year, Scribona concentrated its operations still further through the sale of Svanströms and distribution and listing of Sifo Group.

Operations now consist of distribution and sales of computer products and office machines.

Bure's ownership in the sawmill equipment manufacturer, Troponor, reduced from 60 to 40 per cent during the year following an implemented reconstruction with a new principal owner. The reconstruction work meant that Bure's profit was charged with SEK 33M, of which SEK 21M referred to a capital loss on sale of shares.

Result and position

Bure investment's operating profit amounted to SEK 583M (380 pro forma). Of the profit, 13 per cent represents shares in results of included companies and 40 per cent capital gains after divestments.

Dividends received in the Parent Company from companies included in the Business Area amounted to SEK 212M. Divestments and dividends received from Bure Investments contributed approximately SEK 690M to the Parent Company's cash flow during the year.

Prospects for the future

During 1999, the initiated focusing of Bure Investments will continue both through investments within the prioritised sectors and through divestment of holdings outside the selected investment orientation.

BUSINESS AREA - RELATED INVESTMENTS

Nobel Biocare

Nobel Biocare is an innovative medical technology company which has its core operation in dental implants and dental prosthetics. The company's world-leading product system for dental implants, Brånemark System® and Steri-Oss®, has a global market share of approximately 40 per cent. The company also has a rapidly-growing position in prosthetics with the brandname, Procera.

1998

In 1998, Nobel Biocare increased its net sales by 23 per cent to SEK 1,310M. Operating profit before items affecting comparability rose by 48 per cent to SEK 121M. Behind the increase is mainly the acquisition of Steri-Oss, which is consolidated from September, and strong growth in Procera. Sales of dental implants increased marginally.

President	Jack Forsgren
Net sales	SEK 1,310M
Operating profit *	SEK 121M
Average number of employees	1,054
Market price on 30 December	SEK 110.00

* Before items affecting comparability

The integration of Steri-Oss went according to plan during the autumn and will result in significant synergy benefits during 1999 through, among other things, combined marketing as well as research and development.

Mölnlycke Health Care

Mölnlycke Health Care is one of Europe's leading manufacturing and marketing companies in the wound-treatment products and disposable surgical products segments. The company was formed in 1998 following the merger of the Swedish company, SCA Mölnlycke Clinical Products and the Finnish company, Tamro Kolmi-Set.

The result was charged with structural costs of approximately SEK 160M in connection with the merger of the two companies.

President	Finn Johnsson
Net sales	SEK 1,980M
Operating profit	SEK - 38 M
Average number of employees	1,942

Operations are international with plants in six countries and sales in Europe, North America and Asia. The intention is to list the company on the stockmarket within five years.

Scribona

Scribona is the leading company in the Nordic countries in trading and distribution of IT products. Following the sale of Svanströms and the listing of Sifo Group, Scribona focuses on two main segments: computer products and office machines. In computer products, Scribona acts as agent and distributor. In office machines, Scribona is also active in the reseller stage.

1998

Net sales for 1998 amounted to SEK 8,880M, an increase of approximately 23 per cent. Operating profit amounted to SEK 303M, of which SEK 155M is attributable to the net of divested operations, mainly the office product chain, Svanströms.

President	Örjan Håkansson
Net sales	SEK 8,880M
Operating profit	SEK 303M
Average number of employees	1,398
Market price on 30 December	SEK 29.30

In 1998, Scribona underwent extensive change. In addition to the streamlining of the operations, a new business model and a new organisation were introduced as were new computer systems within distribution of computer products. As a result, even higher focusing on customers was created with improved profitability as a result. The effects of these measures generated significant earnings during the last few months of the year.

OTHER DIRECT INVESTMENTS

Gunnebo

Gunnebo is a leading manufacturer of products for security and fastening technology as well as special products for automotive and other engineering industry. The Group includes Gunnebo Industrier, Gunnebo Områdesskydd, Gunnebo Värdeskydd and Gunnebo Gnosjö. Gunnebo has subsidiaries in 20 countries in Europe, North America, South America, Asia, Africa and Australia.

1998

Net sales for 1998 rose by 23 per cent, of which 7 per cent organically, to SEK 3,791M (3,086). Operating profit improved by 27 per cent and amounted to SEK 256M. Gunnebo's markets continued to develop positively. The share of Group sales outside Sweden continued to increase and amounted to 70 per cent (68).

President	Bjarne Holmqvist
Net sales	SEK 3,791M
Operating profit	SEK 256M
Average number of employees	3,409
Market price on 30 December	SEK 74.00

In 1998, Gunnebo continued its focusing on security products. In total, six acquisitions and three divestments were carried out during the year. In connection with the acquisition of Garny Sicherheitstechnik, a global collaboration agreement was signed between Gunnebo and the British security company, De La Rue, comprising mutual marketing of products on a number of markets.

Chematur Engineering

Chematur Engineering is a knowledge-intensive engineering company in construction of chemical process plants. The business concept is to market, construct and carry out turn-key projects on the world market based on the company's own or licensed technology. More than 90 per cent of the company's sales are made outside Sweden.

1998

Net sales during 1998 amounted to SEK 487M (447) and operating profit to SEK 7M (16). Profit was negatively affected by postponements of awarded projects, partly due to

President	Stig Fagerström
Net sales	SEK 487M
Operating profit	SEK 7M
Average number of employees	230

the economic development in Asia. At the turn of the year, backlog amounted to SEK 1,180M (1,020).

During spring, the German engineering company, Plinke, was acquired which provided a positive earnings contribution to the company in 1998. In September, the American company, Weatherly, was awarded a contract for construction of an ethanol plant in Trinidad. In total, the contract amounts to approximately SEK 300M.

Åre Vemdalen

Åre Vemdalen is a leading Nordic player in winter sports holidays with operations involving lifts, accommodation, restaurants and ski rental. The company operates in Åre, Duved, Edsåsdalen, Vemdalen and Björnrike.

1998

Åre Vemdalen's net sales amounted to SEK 204M (195). Operating profit was SEK 23M (27).

President	Ingemar Lindström
Net sales	SEK 204M
Operating profit	SEK 23M
Average number of employees	267

During the year, substantial investments were made in new lifts, service and snow production. The objective is to expand Åre's target group and to strengthen still further the profile of Åre as the leading alpine centre in the Nordic countries.

Troponor

Troponor is one of Europe's leading producers of high-performance sawmill equipment for large and medium-size sawmills.

1998

Troponor's net sales amounted to SEK 448M (462). Operating result was SEK -14M (-59). The negative result is extensively due to an individual loss project. Other operations are developing positively.

President	Börje Närman
Net sales	SEK 448M
Rörelseresultat	SEK -14M
Average number of employees	411

At the beginning of 1998, major reconstruction work started on the Troponor Group's operations and structure, which did not begin to give positive effects until the end of the year.

FUNDS

Nordic Capital

Nordic Capital consists of three funds in which the stakeholders have an investment commitment over a specific period of time. The stakeholders' investments are made through direct investments in the companies that Nordic Capital acquires 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 2–7 years. Divestment is made through a stockmarket listing or a sale to an industrial player.

1998

In 1998, Nordic Capital's third fund for a total of SEK 3.2 billion was formed. Bure's share amounts to 9 per cent with an investment commitment of SEK 300M.

The holdings in Fritidsresor and Optimera Bygghandel as well as the remaining holding in Karlshamns were sold during

InnovationsKapital

InnovationsKapital was formed in 1994 on the initiative of Bure and Chalmers Institute of Technology. The assignment is to invest in technology- and research-based growth companies which are at an early stage of their development, so-called start-up and early-stage. The companies are to be high-tech with strong entrepreneurial spirit and with a potential to create predominant or prominent positions in their market segments.

By investing capital and contributing expertise and experience from international industry to young growth companies, InnovationsKapital is creating long-term sound growth in value for its investors. This is realised when the companies are listed on the stockmarket or sold in full.

InnovationsKapital's investment focus is companies

- in information technology and medical technology,
- which require start-up or early expansion capital,
- which are based in the Nordic countries.

INVESTMENTS, 31 December 1998

	Bure's ownership of capital, %	Bure's invested capital, SEK M
Apax Industrier	11	17
Elmo Calf	16	23
Essex	4	14
Gislaved Folie	16	5
Mölnlycke Health Care	13	93
Total		152

the year which provided Bure with total capital gains of SEK 221M. The divested holdings were booked at SEK 35M.

During the year, two investments were carried out. In one of the leading contract manufacturers of electronic products, Essex, Bure invested SEK 14M, equivalent to an ownership of 4 per cent.

In Mölnlycke Health Care, Bure – including a parallel investment – invested a total of SEK 93M, which provided a 13 per cent ownership. The company is described on page 47.

INVESTMENTS, 31 December 1998

Portfolio of companies	Bure's ownership of capital, %	Bure's invested capital, SEK M
Altitun	4	2.3
BioInvent	2	2.3
Carmen Systems*	8	1.2
Firedoor	3	1.6
FLC Optics	4	1.2
Formex	9	0.2
Nassko Group	2	0.1
Radians Innova	9	2.3
Samba Sensors	9	2.0
Simtra Aero Tech	10	1.3
Spotfire	8	2.2
Total		16.7

*Indirect ownership.

1998

In 1998, the capital base in InnovationsKapital's first fund was increased to SEK 175M. InnovationKapital's invested capital amounted to approximately SEK 80M on 31 December, distributed on 11 commitments.

Bure's investment commitment amounts to SEK 40M, which is equivalent to 23 per cent of InnovationKapital's investments.

Parent Company

The Parent Company of the Bure Group, Investment AB Bure, has fiscal status as an investment company. The Parent Company is responsible for the Group's strategic planning, monitoring the results and development of the Business Areas and for contacts with the various interested parties on the stockmarket. The Parent Company is also in charge of Bure's Asset Management.

Results and position in 1998

The Parent Company's profit after tax amounted to SEK 585M (617). The result includes net capital gains of SEK 464M (561), of which SEK 126M (318) is attributable to Bure's Asset Management.

On 31 December, the Parent Company's total assets amounted to SEK 5,265M (4,474) with shareholders' equity of SEK 4,206M (3,920). The equity ratio thus amounted to 80 per cent (88).

Financing

Bure's financial strategy is based on the concept that the subsidiaries will finance their growth and their operations on their own merits. When required, the Parent Company will support with shareholders' equity in order to make possible implementation of plans.

On 31 December, the Parent Company's bank loans amounted to SEK 864M (340). On the same date, Asset Management amounted to SEK 851M (1,267).

During 1998, agreements were made for three different credit promises for a total of SEK 2.5 billion with maturities of between 1 and 5 years.

Fiscal status

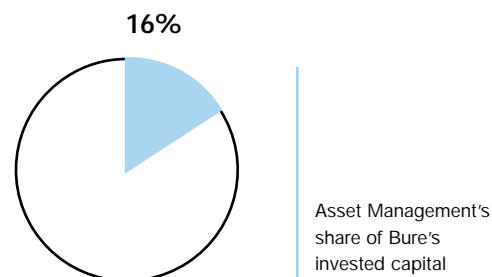
Investment AB Bure has fiscal status as an investment company. This means that all capital gains are tax-free and that dividend paid to Bure's shareholders is a deductible item in

Bure's tax return. On the other hand, the Parent Company is not allowed to provide or accept Group contributions with fiscal effect. The implication of the fiscal status is that in practice the Parent Company pays no tax.

From 1999, new company taxation has been implemented which, among other things, has changed the fiscal regulations for investment companies which change their tax status, so-called detaxation regulations. Bure's tax expense on voluntarily-changed fiscal status will fall from SEK 576M to SEK 230M, based on values that applied at 31 December.

Other investments

The Parent Company's other investments, apart from Asset Management and the Business Areas, consist of two US-based funds: Cross Atlantic Partner and Abbingdon Venture Capital. The funds invest in companies which are in their early development phases in the health care and medical technology sectors. At the turn of year, Bure's investments amounted to SEK 28M. Of these, two have been listed on the stockmarket at which Bure's surplus value in these shares amounted to more than SEK 5M on 31 December 1998.



Parent Company's Asset Management

Asset Management's role in Bure

The primary task of Asset Management is to manage the Parent Company's liquidity. Asset Management is handled fully under Bure's own management, which gives the Company access to the financial information flow from the stock and interest markets. This is necessary for a proactive and professional management of the Group's total assets, including listed shares in Bure's Business Areas.

Strategy and risks

Bure's Asset Management will invest in securities with low risk and high liquidity. The portfolio, which will contain 20 to 30 investments, consists mainly of listed shares among the most-traded shares on the stockmarket and other shares quoted on the A list. Investments in foreign securities do not

exist. The Bure Board of Directors sets Bure's asset management instruction.

1998 Result

Asset Management's balance sheet total amounted to SEK 851M on 31 December. During spring, the interest-bearing portfolio was phased-out and the proportion of shares has thereafter amounted to 100 per cent.

Asset Management's profit amounted to SEK 151M (369), of which SEK 126M (318) constituted capital gains.

The yield of the stock portfolio, including dividends received, amounted to 15.2 per cent, which can be compared with the Findata Yield Index, which rose by 12.9 per cent during 1998.

PORTFOLIO COMPOSITION, 31 December	1996	1997	1998
Shares	713	836	851
Interest-bearing investments	1,033	431	0
Total	1,746	1,267	851

VALUE DEVELOPMENT OF STOCK PORTFOLIO, %	1996	1997	1998
Bure's stock portfolio, including dividends	54.5	26.4	15.2
General Index of the Stockholm Stock Exchange	38.2	23.8	10.2
The Findata Yield index	43.3	27.8	12.9

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Directors' Report

Operations

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. The strategy is based on achieving growth by building new businesses in the advanced service sector, combining industrial experience with financial creativity and realising created values.

Operations are grouped in five Business Areas and the Parent Company's Asset Management. The Business Areas consist of Bure Health Care, Bure IT, Bure InfoMedia, Bure Training and Education and Bure Investments.

Bure Training and Education was established in November 1998. The former Business Area Bure IT/InfoMedia was divided into two separate Business Areas. Bure Investments will create growth in value in the short to medium term, whereas the other Business Areas will build values in the longer term.

Bure Health Care

Bure Health Care carries out health care operations. In close collaboration with the principals, new methods, systems and concepts are realised which develop and effectivise operations for the benefit of both patients and purchasers.

Bure Health Care is the leading non-public producer of care services in Sweden and the other Nordic countries with assignments on behalf of a large number of public sector principals. The Business Area is organised in five Business Sectors: Specialist Health Care, Geriatric Care, Occupational Health Care, Diagnostics and Materials Supply. Operations are carried out in Sweden, Norway, Denmark, Great Britain and Poland.

During 1998, a number of acquisitions were carried out in the Specialist Care, Geriatric Care, Diagnostics and Materials Supply Business Sectors. Bure's total investment in the Business Area amounted to SEK 676M. Net sales were SEK 2,196M (1,488).

At 1998 year-end, the Business Area had an annual sales rate of SEK 2,500M. The growth rate remains high.

The Business Area's operating profit amounted to SEK 13M (27). Average number of employees during 1998 was 2,746.

Bure Managed Care AB – whose result is charged to the Parent Company, Investment AB Bure – is operated in close collaboration with Bure Health Care. The objective of Bure Managed Care is to create methods, systems and tools which make possible integrated care solutions in which patients' needs and active participation are at the centre. Bure Managed Care's result after financial items amounted to SEK -17M in 1998.

Bure IT

Bure IT's business concept is to create profitability through acquisition and development of service-intensive IT companies. These companies should at the same time be able to work together and create larger and more-efficient structures.

The ambition is that Bure IT's network of companies will be the first choice when advanced IT services are purchased. Bure IT carries out operations through Guide Konsult AB, Carlstedt Research & Technology AB, Salcom Communication AB and Udac AB as well as through Erda AB, Dimension AB, Santa Monica Software Oy and AXNet AB which were acquired during 1998. AXNet was previously included in the Salcom Group. Operations are carried out in Sweden, Denmark, Finland, Norway and the Baltic States. Operating profit amounted to SEK 84M (-1). Net sales were SEK 1,068M (336). At 1998 year-end, the Business Area had an annual sales rate of approximately SEK 2,000M.

Bure's total investment within the Business Area amounted to SEK 589M.

During the year, Guide Konsult AB was quoted on the O list of the Stockholm Stock Exchange. In connection with the stockmarket introduction, Bure reduced its ownership in Guide Konsult from 47 to 34 per cent.

Average number of employees in the included companies was 356 in 1998.

Bure InfoMedia

Bure InfoMedia, which was established during the year through a division of Business Area IT/InfoMedia, comprises information and media services. Through Scribona's distribution of Sifo Group AB to its shareholders, and the listing of the company on the Stockholm Stock Exchange, a platform was created for Information Services. The holding in Citat AB forms the base for the build-up of Media Services. Bure InfoMedia will raise the efficiency and quality of customers' information flows by offering – under its own management or in partnership – collection, analysis, publication and distribution of information. Since July 1998, the document-handling company, Pennon AB, has also been included in the Business Area.

Operations are carried out in Sweden, Finland, Norway and Germany.

Net sales were SEK 1,053M (689). Operating profit amounted to SEK 68M (pro forma 54). Bure's total investment in the Business Area amounted to SEK 584M.

During the year, a number of acquisitions were carried out in Sifo Group, including Sverige Media AB. In Citat, Reptil Grafiska and Projecta AB were acquired.

Average number of employees in the included companies was 1,210 in 1998.

Bure Training and Education

Bure Training and Education was established as a new Business Area in November 1998. The business concept is to offer high-quality education and training to both companies and public sector principals. The objective is that the Business Area will become a leading Nordic education and skill-development group with rapid growth and increased international operations.

Bure Training and Education comprises Business Sectors Corporate Training and Schools. Corporate Training offers training in leadership, sales, marketing, project management and IT. The companies which were acquired are Mercuri International Sverige AB, Mercuri International Norge AS, Mercuri International Danmark A/S, Mercuri International Group AB, Informator Utbildning Svenska AB, Fama Datautbildning AB and NDU Capita AB.

Bure's total investments in the Business Area amounted to SEK 221M at the turn of the year.

Bure Investments

Bure Investments will in the short to medium term create growth in value and dividend capacity through active investment activities as a complement to the other Business Areas. In step with Bure being focused on sectors in the knowledge-intensive service sector, Bure Investments is being changed at the same time. New investments in the Business Area will be made in companies with operations which are close to the

other Business Areas. Holdings which lie outside these Areas will be divested in the long term. The portfolio is organised in Business Area-related investments, Other direct investments, and Funds.

In connection with the division of Bure IT/InfoMedia into two separate Business Areas, the holding in Scribona AB was transferred to Bure Investments. Other Business Area-related investments consist of the holdings in Nobel Biocare AB and Mölnlycke Health Care AB which were acquired during 1998.

Other direct investments are Gunnebo AB, Chematur Engineering AB, Åre Vemdalen AB, Troponor AB and AB Citykurorter.

Within Business Sector Funds are included holdings within the framework for InnovationsKapital's and Nordic Capital's operations.

During the year, the holding in Fritidsresor and Karlshamns, which were included in Nordic Capital, were divested. The holding in the associated company, Svolder AB, was reduced at the end of the year from 25 per cent of capital to 8 per cent of capital. During the year, Bure's ownership in Troponor was reduced from 66 per cent to 40 per cent of capital.

Operating profit amounted to SEK 583M (pro forma 380), of which the net capital gains constituted SEK 233M (251). Consolidated net sales amounted to SEK 9,562M (7,230).

Bure's total investment in the Business Area amounted to SEK 1,997M.

The average number of employees in the consolidated companies was 1,979 in 1998.

Parent Company

The Parent Company is responsible for the Group's strategic planning, monitoring of the results and development of the Business Areas, and contacts with the various interest parties on the stockmarket.

The Parent Company is also responsible for Bure's asset management which is carried out wholly under Bure's own management. The primary task of Asset Management is to manage the Parent Company's liquidity. In accordance with a strategy adopted by the Board of Directors, investments will be made in assets with high liquidity and low risk. Asset Management's volume amounted to SEK 851M (1,267) at 1998 year-end. During the year, the interest-bearing investments were phased-out which means that Asset Management has become exclusively a stock management operation. With the objective of securing liquidity for continued growth, agreements were made during the year for three different credit promises totalling SEK 2,500M with maturities of between 1 and 5 years.

The investment in Bure Kapital AB is also included in the Parent Company. Bure Kapital has mainly invested in two

American funds, Cross Atlantic Partner and Abbingdon Venture Capital. Invested capital in Bure Kapital amounts to SEK 31M.

Future development and events in 1999

During 1998, Bure's strategy was defined even more clearly when operations were concentrated on selected growth sectors in the knowledge-based service sector. Investments will be concentrated on the present five Business Areas. Through the Business Areas, companies are acquired, developed and operated in order ultimately to expose values through, for example, stockmarket introduction.

In the future, a larger proportion of Bure's profit will be generated in the operating business areas even if capital gains continue to form an important and integrated part of the result. During 1999, the business rate will remain high. At the start of 1998, an additional 20 per cent of the shares in the network company, Santa Monica Software, was acquired within Bure IT. In Bure Education, Network Management AB and 70 per cent of the shares in Vittra För- och Grundskolor AB were acquired.

Year 2000 problem

During 1998, an analysis began of the operating systems and other vital systems whose function will be affected by the turn of the Millennium.

In some cases, especially within Business Area Health Care, extensive security audits were carried out. As a result of this work, systems have been replaced, upgraded and updated.

The aim is that all companies in the Group will have implemented the planned adaptations and other measures before end-August 1999.

Reporting is continuously made to the Bure Board of Directors.

Results and position, Group

Companies which are owned direct by Investment AB Bure are shown in Notes 17 and Note 18.

The Group's development in the latest five financial years:

SEK M	94	95	96	97	98
Net sales	97	571	1,140	9,756	13,886
Capital gains, net	365	315	279	557	402
Profit after financial items	497	538	441	781	832
Profit after tax	448	483	413	601	501
Earnings per share, SEK	8.20	8.85	7.55	11.00	9.20
Bank deposits and interest-bearing investments	1,287	1,016	1,344	876	602
Total assets	3,227	3,884	4,402	8,526	10,537
Shareholders' equity	3,030	3,369	3,605	3,937	4,153
Equity ratio, %	94	87	82	46	39
Return on capital employed, %	18	17	12	17	21
Return on shareholders' equity, %	16	17	13	21	19

During 1998, the Bure Group invested a total of SEK 1,828M (1,840), of which SEK 339M (270) in shares and participations.

Results and position, Parent Company

The Parent Company's development in the latest five financial years was as follows:

SEK M	94	95	96	97	98
Profit before taxes	449	460	461	617	585
Profit after tax	428	457	461	617	585
Capital gains, net	361	341	287	561	464
Bank deposits and interest-bearing investments	1,014	864	1,033	431	277
Total assets	3,012	3,388	3,774	4,474	5,265
Shareholders' equity	2,979	3,292	3,576	3,920	4,206
Net asset value per share, SEK	59.00	65.00	81.00	88.00	87.00
Equity ratio, %	99	97	95	88	80

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

In 1998, profit of Investment Operations amounted to SEK 434 (249). Of that, capital gains account for SEK 338M (243), of which the largest capital gains arose on the divestments of Fritidsresor and Karlshamns within the framework of Nordic Capital. The profit of the Investment Operations was charged with a shareholder contribution to AB Citykurorter of SEK 17M.

Asset Management's profit for 1998 amounted to SEK 151M (369), of which capital gains were SEK 126M, net (318).

The Parent Company's investments amounted to SEK 1,222M during 1998.

Bure's net asset value amounted to SEK 87.00 per share on 31 December 1998. In 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 5.50 per share to the shareholders, or SEK 300M in total. The Parent Company's shareholders' equity increased by SEK 286M in 1998 to SEK 4,206M, or by SEK 5.25 per share to SEK 77.10 per share.

Personnel and salaries

The average number of employees in the Bure Group was 6,320 during 1998.

At 1998 year-end, the Parent Company had 24 employees which includes the employees within the management of Bure IT, Bure InfoMedia, Bure Education and Bure Investments. The average number of employees for the Parent Company was 24 during the year. For further information regarding personnel and salaries, see notes 28, 29, 30 and 31.

In 1997, synthetic options were issued directed at staff of the Parent Company and Senior Executives of the Group. The options were revalued at 31 December 1998 which had an effect on Bure's profit of SEK - 1.5M. See also note 31.

Board of Directors and its form of working

Investment AB Bure's Board of Directors consists of eight Ordinary Members. The President is included on the Board.

At a Board Meeting in December 1998 rules of procedure were adopted for the Board of Directors in accordance with changes which were made in the Companies' Act at 1 January 1999.

The rules of procedure contain, among other things, information about the distribution of responsibility between the Board of Directors, the Chairman, the President and the Remuneration Committee of the Board of Directors.

In accordance with the rules of procedure, the Board will make decisions on matters which are not included in the current administration or are of major importance such as significant financial commitments, agreements and investments as well as significant changes of the organisation. The Company's finance policy and the asset management's investment instruction will also be decided by the Board of Directors.

The Board of Directors' work follows an Annual Agenda with a fixed Agenda for each Board Meeting. Other officers in the Company also attend the Board Meetings as persons reporting and secretaries. In 1998, eight Board Meetings were held. During the year, significant efforts were devoted to the Company's strategic orientation as well as acquisition and management matters. The Board of Directors' Remuneration Committee will discuss and make decisions on issues relating to salaries and other terms of employment with regard to the President and staff who report direct to the President.

Nomination Committee

The 1998 Annual General Meeting appointed a Nomination Committee whose task is to propose Board Members ahead of the 1999 AGM.

The Nomination Committee includes representatives of large shareholders, see page 78.

Taxes

In a decision taken on 31 October 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 to the County Administrative Court and won in that instance. The tax authority has thereafter appealed against the decision of the County Administrative Court. Should Bure lose in the higher court, the Company's tax expense for 1993 could 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 47M at the turn of the year. These amounts are reported under contingent liabilities, Note 27.

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 1998 of SEK 5.75 per share, or SEK 314M in total. In the previous year, a dividend of SEK 5.50 per share was paid to the shareholders, totalling SEK 300M.

Bonus issue

The Board of Directors proposes that the AGM decide a 1:1 bonus issue via transfer of SEK 545.5M from the statutory reserve to share capital.

Proposal for appropriation of profits

Non-restricted equity in the Group amounted to SEK 1,763.3M at balance sheet date. No appropriations to restricted reserves are required.

Profits at the disposal of the AGM

Parent Company	SEK M
Profits brought forward	1,438.2
Net profit for 1998	585.4
<hr/>	
Non-restricted funds on 31 December 1998	2,023.6
The Board of Directors proposes that the profits at the disposal of the AGM be distributed as follows:	
Dividend to shareholders SEK 5.75 per share	313.7
To be carried forward	1,709.9
<hr/>	
	2,023.6

Gothenburg, 23 February 1999

Bengt Eskilson
Chairman

Jan Blomberg

Per-Ove Engelbrecht

Maria Lilja

Bo C E Ramfors

Gösta Wiking

Olle G P Isaksson

Roger Holtback
President

Our Audit Report was submitted on 23 February 1999

Bertel Enlund
Authorised Public Accountant

Staffan Landén
Authorised Public Accountant

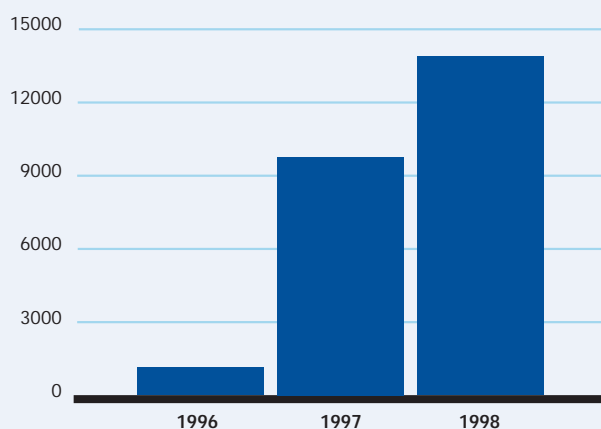
CONSOLIDATED INCOME STATEMENT

SEK M	Not	1998	1997
Operating income			
Invoiced sales		13,847.1	9,739.2
Other income		38.7	17.3
<i>Total net sales</i>	1	13,885.8	9,756.5
Other operating income		76.8	107.1
Shares in results of associated companies	3	87.5	97.5
Items affecting comparability	4	155.4	-
<i>Total operating income</i>		14,205.5	9,961.1
Operating expenses			
Raw materials and supplies		-511.5	- 375.1
Goods for resale		-8,750.2	- 6,059.7
Other external costs		-1,473.8	- 1,171.9
Personnel costs	28, 29, 30, 31	-2,646.8	- 1,937.4
Depreciation		-350.3	- 251.0
Other operating expenses		-63.4	- 17.8
<i>Total operating expenses</i>		-13,796.0	- 9,812.9
Operating profit		409.5	148.2
Financial income			
Dividends		27.6	29.8
Capital gains, net	5	401.9	557.1
Interest income		39.0	65.7
Other financial income		29.8	21.0
<i>Total financial income</i>		498.3	673.6
Financial expenses			
Interest expenses		-64.3	- 31.4
Other financial expenses		-11.2	- 9.4
<i>Total financial expenses</i>		-75.5	- 40.8
Profit after financial items	1, 7	832.3	781.0
<i>Minority interests</i>	7	-187.1	- 85.3
<i>Taxes</i>	7	-143.8	- 94.3
Net profit for the year		501.4	601.4

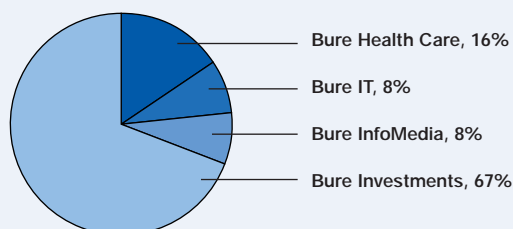
COMMENTS ON THE CONSOLIDATED INCOME STATEMENT

Group invoiced sales amounted to SEK 13,886M, an increase of 42 per cent over the previous year.

Development of net sales, SEK M



Net sales by Business Area *



* Bure Training and Education was established in November 1998 and is not shown in this diagram.

Capital gains, net amounted to SEK 402M in 1998.

SEK M

Asset Management's capital result	126
Divestment of shares in Fritidsresor	127
Divestment of shares in Karlshamns	82
Divestment of shares in Guide	39
Divestment of shares in Gunnebo	31
Divestment of shares in Troponor	- 21
Divestment of shares in Svalder	- 9
Other capital gains	27

Total 402

Profit after financial items amounted to SEK 832M (781) with the following distribution:

SEK M	1998	1997
Bure Health Care	3	26
Bure IT	86	-4
Bure InfoMedia	57	32
Bure Investments	603	420
Bure Managed Care	-17	-13
Bure Education	1	-
Parent Company	99	320
Total	832	781

Goodwill depreciation amounted to SEK 135M, an increase of SEK 29M compared to 1997. The increase is attributable to acquisitions that were carried out during the year.

During the year, the goodwill depreciation period relating to the holdings in Scribona AB and Sifo Group was changed from 10 to 20 years.

The Minority's share of the result has increased significantly compared with the previous year. The increase is due to improved result for Scribona AB, which is 50.1 per cent-owned, and to the fact that a number of acquisitions were carried out in Bure IT in which the ownership varies between just over 50 and 75 per cent.

The Bure Group's low **tax expenses** are due to the fact that the Parent Company has a fiscal status as an investment company. In 1998, tax paid by the Group amounted to SEK 79M (51).

CONSOLIDATED BALANCE SHEET

SEK M	Note	1998	1997
Fixed assets			
<i>Intangible fixed assets</i>			
Patents, licences, etc	8	59.1	22.9
Goodwill	9	2,020.7	1,315.6
<i>Total intangible fixed assets</i>		<i>2,079.8</i>	<i>1,338.5</i>
<i>Tangible fixed assets</i>			
Buildings, land and land improvements	10	688.1	466.7
Machinery and other technical plant	11	166.2	109.2
Equipment, tools and installations	12	471.7	357.0
New construction in progress	13	17.5	47.4
<i>Total tangible fixed assets</i>		<i>1,343.5</i>	<i>980.3</i>
<i>Financial fixed assets</i>			
Participations in tenant-owners associations	14	38.7	27.6
Participations in associated companies	18	693.2	704.1
Participations and convertible debt instruments	20	1,456.9	1,133.3
Other long-term securities holdings		25.9	83.0
Other long-term receivables		75.4	56.2
<i>Total financial fixed assets</i>		<i>2,290.1</i>	<i>2,004.2</i>
Total fixed assets		5,713.4	4,323.0
Current assets			
<i>Inventories, etc</i>			
Raw materials and supplies		17.7	20.1
Finished products and goods for resale		1,194.1	1,039.1
Work in progress		-5.4	61.5
Advance to suppliers		3.2	0.1
Apartments		10.3	10.0
<i>Total inventories, etc</i>		<i>1,219.9</i>	<i>1,130.8</i>
<i>Current receivables</i>			
Trade debtors		2,370.6	1,821.6
Prepaid tax		-	14.2
Other current receivables		328.5	237.3
Prepaid expenses and accrued income	21	333.2	205.9
<i>Total current receivables</i>		<i>3,032.3</i>	<i>2,279.0</i>
Short-term investments		37.6	322.7
Cash and bank		534.0	470.1
Total current assets		4,823.8	4,202.6
Total assets		10,537.2	8,525.6

SEK M	Note	1998	1997
Shareholders' equity			
<i>Restricted equity</i>			
Share capital (54,550,000 shares at a nominal value of SEK 10 each)		545.5	545.5
Restricted reserves		1,844.5	1,798.8
<i>Total restricted equity</i>		<i>2,390.0</i>	<i>2,344.3</i>
<i>Non-restricted equity</i>			
Non-restricted reserves		1,261.9	991.6
Net profit for the year		501.4	601.4
<i>Total non-restricted equity</i>		<i>1,763.3</i>	<i>1,593.0</i>
Total shareholders' equity	22	4,153.3	3,937.3
Minority interest		642.9	659.8
Provisions			
Provisions for pensions		25.2	24.2
Provisions for deferred taxes		121.8	47.6
Provisions for restructuring	23	90.3	99.1
Other provisions		18.8	30.6
Total provisions		256.1	201.5
Liabilities			
<i>Long-term liabilities</i>			
Liability to credit institutions		691.7	348.7
Other long-term liabilities		196.6	49.3
<i>Total long-term liabilities</i>	24	<i>888.3</i>	<i>398.0</i>
<i>Current liabilities</i>			
Liability to credit institutions		970.4	522.0
Advances from customers		117.2	149.4
Trade creditors		2,172.0	1,711.5
Tax liabilities		42.6	-
Other current liabilities		517.2	434.0
Accrued expenses and prepaid income	25	777.2	512.1
<i>Total current liabilities</i>		<i>4,596.6</i>	<i>3,329.0</i>
Total liabilities		5,484.9	3,727.0
Total shareholders' equity, provisions and liabilities		10,537.2	8,525.6

Pledged collateral, see Note 26. Contingent liabilities, see Note 27.

COMMENTS ON THE CONSOLIDATED BALANCE SHEET

The **balance sheet total** has increased by 24 per cent since the previous year and amounts to SEK 10,537M on closing date. The increase is mainly attributable to acquisitions during the year. The equity ratio in the Group fell from 46 per cent to 39 per cent during the year.

Group **goodwill** increased by SEK 705M during the year and amounted to SEK 2,021M at closing date.

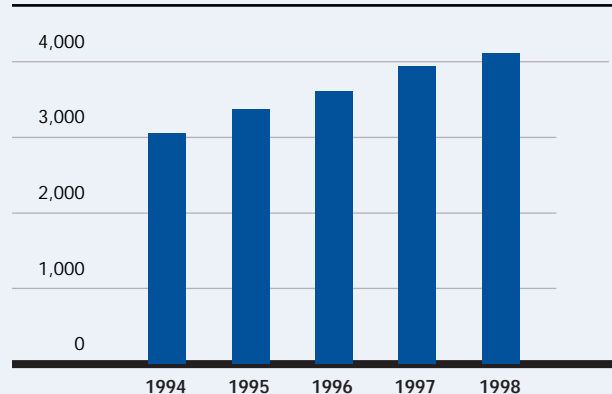
The largest goodwill items are:

Company	1998	1997
Sifo Group*	423	–
Scribona*	416	860
Chematur	195	53
Informator	111	–
Dimension	111	–
Mercuri International	97	–
Volvat	92	93
Bure Vård och Omsorg	69	20
Majorstuen	64	–
Previa	51	58
Salcom	49	51
Citat	40	24
Nova Medical	39	43
Other	264	114
Total	2,021	1,316

*) In connection with Scribona's distribution of Sifo Group to its shareholders, a distribution of Bure's goodwill has been made on Scribona and Sifo Group.

Consolidated equity amounted to SEK 4,153M (3,937), equivalent to SEK 76.10 per share (72.20).

Consolidated equity, SEK M



Of the Group's **total liabilities** of SEK 5,485M (3,727), interest-bearing liabilities amounted to SEK 1,901M (901) which is 18 per cent (11) of balance sheet total.

CONSOLIDATED CASH FLOW ANALYSIS

SEK M	1998	1997
Profit after financial items	832.3	781.0
The year's depreciation	350.8	251.0
Paid tax	-143.8	- 51.3
Shares in results of associated companies	-87.5	- 97.5
Capital gains in Investment Operations	-263.3	- 237.0
Dividends received from associated companies	27.0	33.0
Cash flow before change in working capital, investments and divestments	715.5	679.2
<i>Change in working capital</i>		
Current assets excluding liquid funds	-842.4	- 334.1
Stock and bond portfolio	-266.5	- 171.2
Other current interest-free operating liabilities and provisions	1,322.2	1,025.0
<i>Total change in working capital</i>	213.3	519.7
Cash flow before investments	928.8	1,198.9
<i>Investments in and divestments of fixed assets</i>		
<i>Intangible fixed assets</i>	-908.1	-635.3
<i>Tangible fixed assets</i>		
Investment in machinery and equipment	-332.5	- 385.0
Investment in buildings, land and land improvements	-236.4	- 347.5
<i>Financial fixed assets</i>		
Investment in tenant-owners associations	-11.1	- 27.6
Investment in shares in associated companies	-180.3	- 71.9
Divestment of shares in associated companies	251.7	296.0
Investment in unlisted holdings	-159.3	- 18.0
Divestment of shares in unlisted holdings	257.2	52.7
<i>Total net investments in fixed assets</i>	-1,318.8	- 1,136.6
Cash flow after investments	- 390.0	62.3
<i>Financial payments</i>		
Change in long-term receivables	-19.2	- 17.3
Change in minority interest	-16.9	- 242.3
Change in loan liabilities	490.3	316.9
Translation difference	14.6	3.8
<i>Dividend</i>	- 300.0	-272.5
Change in liquid funds	- 221.2	- 149.1

PARENT COMPANY INCOME STATEMENT

SEK M	Note	1998	1997
Investment Operations			
<i>Income</i>			
Dividends	6	223.8	138.3
Capital gains, net	5	337.8	243.3
Interest income, Group companies		6.1	-
Other operating income		1.5	0.9
Other financial income		5.0	-
<i>Total income</i>	2	574.2	382.5
<i>Expenses</i>			
Interest expenses, Group companies		-16.7	- 9.0
Personnel costs	28, 29, 30, 31	-30.3	- 22.5
Other external costs		-51.5	- 42.0
Depreciation		-1.1	- 0.9
Items affecting comparability	4	-40.2	- 59.3
<i>Total expenses</i>	2	-139.8	- 133.7
<i>Profit, Investment Operations</i>		434.4	248.8
Asset Management			
<i>Income</i>			
Dividends	6	15.7	14.9
Capital gains, net	5	126.1	318.0
Interest income, net		6.5	32.3
Other financial income		6.3	6.6
<i>Total income</i>		154.6	371.8
<i>Expenses</i>			
Personnel costs		-3.3	- 2.9
Other external costs		-0.3	- 0.4
<i>Total expenses</i>		-3.6	- 3.3
<i>Profit, Asset Management</i>		151.0	368.5
<i>Operating income before taxes</i>		585.4	617.3
<i>Tax on the year's profit</i>	7	-	-
Net profit for the year		585.4	617.3

PARENT COMPANY BALANCE SHEET

SEK M	Note	1998	1997
Fixed assets			
<i>Tangible fixed assets</i>			
Equipment	12	3.4	2.7
<i>Financial fixed assets</i>			
Participations in Group companies	15, 16, 17	2,970.4	2,360.9
Participations in associated companies	18, 19	526.9	495.5
Participations and convertible debt instruments	20	1,450.0	1,115.3
Bonds and other securities		–	61.4
<i>Total financial fixed assets</i>		<i>4,947.3</i>	<i>4,033.1</i>
Total fixed assets		4,950.7	4,035.8

Current assets

<i>Current receivables</i>			
Trade debtors		0.6	0.2
Receivables from Group companies		248.7	48.4
Prepaid tax		4.5	4.9
Other receivables		19.7	52.7
Prepaid expenses and accrued income	21	10.3	8.7
<i>Total current receivables</i>		<i>283.8</i>	<i>114.9</i>
<i>Short-term investments</i>		<i>–</i>	<i>296.9</i>
<i>Cash and bank</i>		<i>30.6</i>	<i>26.2</i>
Total current assets		314.4	438.0

Total assets		5,265.1	4,473.8
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SEK M	Note	1998	1997
Shareholders' equity			
<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>		<i>2,182.0</i>	<i>2,182.0</i>
<i>Non-restricted equity</i>			
Profits brought forward		1,438.2	1,121.2
Net profit for the year		585.4	617.3
<i>Total non-restricted equity</i>		<i>2,023.6</i>	<i>1,738.5</i>
Total shareholders' equity	22	4,205.6	3,920.5

Provisions

<i>Provisions for taxes</i>		37.0	–
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Liabilities

<i>Long-term liabilities</i>			
Liabilities to credit institutions		144.4	–
Other liabilities relating to synthetic options		10.1	8.5
<i>Total long-term liabilities</i>	<i>24</i>	<i>154.5</i>	<i>8.5</i>
<i>Current liabilities</i>			
Liabilities to credit institutions		720.0	340.0
Trade creditors		7.5	4.4
Liabilities to Group companies		43.0	171.7
Other liabilities		81.0	16.7
Accrued expenses and prepaid income	25	16.5	12.0
<i>Total current liabilities</i>		<i>868.0</i>	<i>544.8</i>
Total liabilities		1,022.5	553.3

Total shareholders' equity, provisions and liabilities		5,265.1	4,473.8
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PARENT COMPANY CASH FLOW ANALYSIS

SEK M	1998	1997
Profit after financial items	585.4	617.3
The year's depreciation and write-downs	17.7	50.9
Capital gains in Investment Operations	-337.9	- 243.3
Cash flow before change in working capital, investments and divestments	265.2	424.9
<i>Change in working capital</i>		
Stock and bond portfolio	-148.7	- 150.2
Current assets excluding liquid funds	-169.0	- 42.4
Other current interest-free operating liabilities	-20.2	5.9
<i>Total change in working capital</i>	<i>- 337.9</i>	<i>- 186.7</i>
Cash flow before investments	-72.7	238.2
<i>Investments in and divestments of fixed assets</i>		
Investment in shares in subsidiaries	-796.1	- 919.4
Divestment of shares in subsidiaries	190.9	
Investment in shares in associated companies	-187.5	- 52.4
Divestment of shares in associated companies	251.8	296.0
Investment in unlisted holdings	-159.3	- 18.0
Divestment of shares in unlisted holdings	257.2	54.3
Investment in equipment	-2.7	- 2.3
<i>Total net investments in fixed assets</i>	<i>-445.7</i>	<i>- 641.8</i>
Cash flow after investments	-518.4	- 403.6
<i>Financial payments</i>		
Change in loan liabilities	525.9	348.5
<i>Dividend</i>	<i>- 300.0</i>	<i>-272.5</i>
Change in liquid funds	-292.5	- 327.6

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.

In November, the holding in the associated company, Svolder AB, was reduced from 37 to 30 per cent of votes. As the remaining holding following the divestment is regarded as a purely financial investment, the holding is no longer reported by application of the equity method. The equity method has been applied to the divestment date inclusive and the share in result is therefore reported for the period up to the divestment date inclusive. After this date, only dividends received are included in the Statement of Income.

Assets and liabilities of foreign subsidiaries are translated in accordance with the current method which means that translation is made in the Balance Sheet at the exchange rate applicable on balance sheet date and all items in the Statement of Income 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 from 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 1998, the following economic life is applied:

– Dimension i Stockholm AB	20 years
– Informator Utbildning Svenska AB	20 years
– Mercuri International Group AB	20 years
– Majorstuen Röntgeninstitut AS	10 years
– Tönnsberg Röntgeninstitut AS	10 years

During the year, the depreciation period for goodwill attributable to Scribona AB and Sifo Group AB has been changed from 10 to 20 years, which has meant a lower depreciation cost of SEK 31M compared with if an unchanged depreciation period had been applied.

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 1997, some properties in Business Sector Health Care were sold to a renting company and at the same time released. 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 properties remain in the Consolidated Balance

Sheet. Some 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 "Participations 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 profit 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 10 years.

In the Consolidated Statement of Income, "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 "Other long-term securities holdings".

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.

For work in progress, gradual income recognition is applied which means that work in progress is valued at an estimated sales value with deduction for anticipated losses.

Provision

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 1998, appropriations have been made to restructuring reserves relating to structural costs directly associated with the acquisitions of Fama Datautbildning AB, Informator Utbildning Svenska AB, Medlab AS, Mercuri International Sverige AB and other companies stated in Note 23.

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 included in the provisions.

Minority interest

In the Consolidated Statement of Income 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.

Tax

The year's tax expense refers to tax to pay on the year's taxable profit, deferred tax and share of tax in the associated companies. These taxes are calculated in accordance with the tax regulations that apply in the respective country. When calculating deferred tax on untaxed reserves, the fact that there are losses carried forward as well as tax-deductible provisions to be utilised in the future has been taken into account.

AMOUNTS IN SEK M UNLESS OTHERWISE STATED

NOTE 1 – Distribution of net sales/Accounts by operation

	Net sales		Result after financial items	
	1998	1997	1998	1997
Bure Health Care	2,196	1,500	3	26
Bure IT	1,068	336	86	-4
Bure InfoMedia	1,053	689	57	32
Bure Investments	9,562	7,230	603	420
Bure Managed Care	4	1	-17	-13
Bure Training and Education	12	-	1	-
Parent Company including Asset Management	-	-	99	320
Group adjustments	-9	-	-	-
Total	13,886	9,756	832	781

Net sales are distributed by geographic markets as follows:

	Net sales	
	1998	1997
Sweden	8,342	5,744
Other Nordic countries	4,826	3,464
Other European countries	349	160
North America	136	239
Asia	205	137
Other markets	28	12
Total	13,886	9,756

NOTE 2 – Purchases and sales between Group companies

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

NOTE 3 – Shares in results of associated companies

	Group	
	1998	1997
Gunnebo AB	70.3	52.5
Svolder AB	23.7	73.7
Guide Konsult AB	7.5	5.2
Carlstedt Research & Technology AB	2.3	-
Santa Monica Software Finland Oy	2.0	-
Troponor AB	-18.5	-39.1
Scribona AB	-	5.5
Other	0.2	-0.3
Total	87.5	97.5

NOTE 4 – Items affecting comparability

	Parent Company	
	1998	1997
Shareholders' contributions to subsidiaries	-29.9	- 9.3
Repayment of shareholders' contributions from subsidiaries	6.2	-
Write-down of Group companies	-4.3	- 15.0
Write-down of associated companies	-12.2	- 35.0
Total	-40.2	- 59.3
Group		
	1998	1997
Sale of operations	155.4	-
Total	155.4	0

NOTE 5 – Capital gains, net

	Group	
	1998	1997
Capital gains	487.9	582.6
Capital losses	-86.0	- 25.5
Total	401.9	557.1
Parent Company		
	1998	1997
<i>Investment Operations</i>		
Capital gains	360.8	243.3
Capital losses	-23.0	-
	337.8	243.3
<i>Asset Management</i>		
Capital gains	180.4	343.5
Capital losses	-54.3	- 25.5
	126.1	318.0
Total	463.9	561.3

NOTE 6 – Dividends

	Parent Company	
	1998	1997
<i>Investment Operations</i>		
Dividend from associated companies	26.9	33.1
Dividend from subsidiaries	185.0	91.0
Dividend from other companies	11.9	14.2
	223.8	138.3
<i>Asset Management</i>		
Dividend from shares in stock portfolio	15.7	14.9
Total	239.5	153.2

NOTE 7 – Taxes

	Group	
	1998	1997
Tax paid	-78.7	-51.3
Deferred tax	-41.3	-22.8
Share of tax in associated companies	-23.8	-20.2
Total	-143.8	-94.3

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 why Investment AB Bure has not paid tax for 1997 and 1998. No deferred tax liabilities exist in Investment AB Bure, however see Note 27 regarding contingent liabilities.

The minority's share of profit after financial items amounts to SEK 230.6M. The minority's share of tax paid amounts to SEK 43.5M

NOTE 8 – Concessions, patents, licences and similar rights

	Group
Opening acquisition value	30.4
Acquisition during the year	44.3
<i>Closing acquisition value</i>	74.7
Opening depreciation	-7.5
Reclassifications	1.0
The year's depreciation	-9.1
<i>Closing depreciation</i>	-15.6
Book value	59.1

NOTE 9 – Goodwill

	Group
Opening acquisition value	1,432.8
Acquisition during the year	876.0
Sale	-67.7
Reclassification	12.9
Translation difference	9.4
<i>Closing acquisition value</i>	2,263.4
Opening depreciation	-117.2
Sale	4.6
The year's depreciation	-135.1
Reclassification	2.2
Translation difference	2.8
<i>Closing accumulated depreciation</i>	-242.7
Book value	2,020.7

NOTE 10 – Buildings, land and land improvements

	Group
Opening acquisition value	482.2
Acquisition during the year	280.3
Sale/Scrapping	-43.4
<i>Closing acquisition value</i>	719.1
Opening depreciation	-15.5
Sale/Scrapping	8.6
The year's depreciation	-24.1
<i>Closing accumulated depreciation</i>	-31.0
Book value	688.1
Book value, buildings	503.8
Book value, land and land improvements	184.3

Tax assessment values, buildings	167.0
Tax assessment values, land	12.0

All properties 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	119.5
Acquisition during the year	29.1
<i>Closing acquisition value</i>	148.6
Opening depreciation	-0.6
The year's depreciation	-2.4
<i>Closing depreciation</i>	-3.0
Book value	145.6

NOTE 11 – Machinery and other technical plant

	Group
Opening acquisition value	219.8
Acquisition during the year	120.6
Sale/Scrapping	-27.9
Translation difference	-38.2
<i>Closing acquisition value</i>	274.3
Opening depreciation	-110.0
Sale/Scrapping	27.4
Translation difference	-1.7
The year's depreciation	-23.2
<i>Closing depreciation</i>	-107.5
Opening write-downs	-0.6
The year's write-downs	-
<i>Closing accumulated write-downs</i>	-0.6
Book value	166.2

NOTE 12 – Equipment, tools and installations

	Group	Parent Company
Opening acquisition value	448.0	5.3
Acquisition during the year	342.3	1.8
Sale/Scrapping	-248.5	-
Translation difference	7.0	-
Reclassification	32.7	-
<i>Closing acquisition value</i>	581.5	7.1
Opening depreciation	-91.0	-2.6
Sale/Scrapping	152.9	-
Reclassification	2.2	-
Translation difference	-6.2	-
The year's depreciation	-167.7	-1.1
<i>Closing depreciation</i>	-109.8	-3.7
Book value	471.7	3.4

NOTE 13 – New construction in progress

	Group
Opening acquisition value	47.4
Acquisition during the year	9.4
Reclassification	-39.3
Book value	17.5

NOTE 14 – Participations in tenant-owners associations	
	Group
Opening acquisition value	27.6
Acquisition during the year	15.6
Sale	-4.5
Book value	38.7

NOTE 15 – Participations in Group companies

	Parent Company
Opening acquisition value	2,382.1
Acquisition during the year	796.1
Repaid shareholders' contributions	-158.7
Sale	-23.5
<i>Closing acquisition value</i>	2,996.0
Opening write-downs	-21.2
The year's write-downs	-4.4
<i>Closing accumulated write-downs</i>	-25.6
Book value	2,970.4

NOTE 16 – Participations in Group companies – information regarding the year's major acquisitions

	Dimension in Stockholm AB	Informator Utbildning Svenska AB	Majorstuen Röntgeninstitut AS	Mercuri International Group AB
Ownership, capital, %	69	100	100	50
Ownership, votes, %	69	100	100	50
Purchase price, SEK M	155.5	115.0	75.8	30.5
Business Sector	Bure IT	Bure Training and Education	Bure Health Care	Bure Training and Education

All the above acquisitions have been paid for in cash. Only the larger acquisitions have been included

NOTE 17 – Participations in Group companies

	Number of shares	Share of capital/ votes, %	Book value in Parent Company	Market value	Corporate identity number	Registered office
Bure Health Care						
Bure Helse AS	100	100	37.2		979 924 445	Norway
Bure Hälsa och Sjukvård AB	250,000	100	36.6		556518-9692	Göteborg
Citykliniken Holding AB	100	100	53.6		556551-7355	Göteborg
Gårda Aldrevård Holding AB	100	100	41.5		556548-8144	Göteborg
Hjärtmottagning i Helsingborg AB	1,000	100	3.2		556550-6655	Helsingborg
Lundby Sjukhus Holding AB	100	100	17.6		556548-1230	Göteborg
Läkargruppen Holding AB	100	100	30.0		556548-8169	Göteborg
Majorstuen Röntgeninstitut AS	500	100	75.8		971 238 666	Norway
Simonsen Holding AB ¹	100	100	28.0		556548-1289	Göteborg
Medi-Lab, Medicinskt Laboratorium A/S	2,000	100	21.1		A/S 43.369	Denmark
Medlab AS	315,000	100	18.5		980 322 904	Norway
Norlab AS	100	100	6.2		919 987 596	Norway
Norsk Medisinske Senter Holding AB	100	100	93.8		556542-7415	Göteborg
Nova Holding AB	100	100	85.1		556554-6958	Göteborg
Previa Holding AB ¹	100	100	78.5		556551-6910	Göteborg
Smärtkliniken Holding AB	100	100	17.6		556548-1297	Göteborg
Tönnsberg Röntgeninstitut AS	200	100	32.0		936 021 700	Norway
Bure IT						
AXNet Holding AB, ub	98	98	74.2		556439-0598	Stockholm
Dimension i Stockholm AB	351,041	69	155.4		556328-2754	Stockholm
Erda AB	18,750	75	18.4		556383-4737	Linköping
Salcom AB	77,000	61	66.7		556364-0084	Stockholm
Udac AB	56,500	100	33.0		556252-9551	Uppsala
Bure InfoMedia						
Citat AB ⁴	5,950	85	30.5		556382-3656	Göteborg
Pennon AB	800	80	0.7		556359-1782	Göteborg
Sifo Group AB	17,365,189	51/64	512.2	659.8	556027-9514	Stockholm
Bure Training and Education						
Bure Fond AB ³	1,000	100	55.7		556518-9700	Göteborg
Fama Datautbildning AB	1,000	100	10.1		556466-0578	Göteborg
Framtidsskolan i Sverige AB	1,000	100	0.5		556561-0390	Göteborg
Informator Utbildning Svenska AB	1,000	100	115.0		556509-2680	Göteborg
Informator Training Group AB ¹	1,000	100	0.5		556561-0408	Göteborg
Mercuri International Group AB ⁴	2,500	50	30.5		556437-6597	Göteborg
NDU Capita AB ³	500	100	9.1		556420-1498	Göteborg
Bure Investments						
Bure P&L AB ²	10,000,000	100	151.9		556535-3579	Göteborg
Chematur Engineering AB	179,000	100	247.7		556041-3733	Karlskoga
Citykurorter AB	1,000	100	1.0		556435-3067	Göteborg
Scribona AB	17,417,389	50/64	707.5	501.9	556079-1419	Solna
Innovationskapital i Göteborg AB in liquidation	135,150	90	30.4		556541-0064	Göteborg
Bure Managed Care						
Bure Managed Care AB	18,519	100	10.9		556062-5237	Göteborg
Other						
Bure Info Tech Service AB (dormant)	1,000	100	0.1		556535-0740	Göteborg
Bure Kapital AB	1,000	100	30.8		556272-7278	Göteborg
Bure Utveckling AB (dormant)	1,300,00	100	1.2		556472-7112	Göteborg
SG Intressenter AB (dormant)	1,000	100	0.1		556508-6211	Göteborg

Total book value in the Parent Company

2,970.4

¹ Under registration. ² Åre Vemdalen AB is a subsidiary of Bure P&L AB ³ An agreement exists with the vendor for additional purchase payment based on future profit development ⁴ An option exists which gives Bure the right to acquire additional shares.

NOTE 18 – Participations in associated companies

	Number of shares	Share of capital/votes, %	Book value in Parent Company	Book value in in Group	Market value	Corporate identity number	Registered office
Gunnebo AB	6,435,600	32	208.9	317.9	476.2	556438-2629	Göteborg
Troponor AB	162,700	40/37	47.9	37.8	–	556922-3766	Örnsköldsvik
InnovationsKapital Fond 1 AB	228	23	0	0	–	556541-0056	Göteborg
InnovationsKapital Managment i Göteborg AB	4,000	40	0.4	0.7	–	556474-1998	Göteborg
Svolder AB	501,800	8/30	28.4	69.3	72.3	556469-2019	Stockholm
Guide Konsult AB (publ)	2,440,460	34	88.0	96.2	351.4	556296-9468	Stockholm
Carlstedt Research & Technology AB	5,318	45	8.0	9.8	–	556494-6449	Göteborg
Santa Monica Software Finland OY	610,000	40	145.3	146.3	–	–	Finland
Nordic Capital Svenska AB	8,375	19/32	0.0	0.0	–	556475-7044	Stockholm
Shares in subsidiaries' associated companies				15.2			
Book value			526.9	693.2			

Bure has issued 100,000 warrants on the holding in Gunnebo AB and 8,100 warrants on the holding in Troponor AB. The exercise prices amount to at least book value. Bure has also issued 263,000 warrants on the holding in Svolder AB, The exercise price amounts to SEK 131.50 per share

NOTE 19 – Participations in associated companies

	Parent Company
Opening acquisition value	530.5
Acquisition during the year	141.5
Sale	-97.9
<i>Closing acquisition value</i>	<i>574.1</i>
Opening write-downs	-35.0
The year's write-downs	-12.2
<i>Closing accumulated write-downs</i>	<i>-47.2</i>
Book value	526.9

Note 20 – Participations and convertible debt instruments

	Group	Parent Company
Opening acquisition value	1,135.6	1,115.3
Acquisition during the year	1,996.6	1,998.9
Sale	-1,673.3	-1,664.2
<i>Closing acquisition value</i>	<i>1,458.9</i>	<i>1,450.0</i>
Opening write-downs	-2.3	–
The year's write-downs	–	–
Sale	0.3	–
<i>Closing accumulated write-downs</i>	<i>-2.0</i>	<i>–</i>
Book value	1,456.9	1,450.0

Of the book value, SEK 1,246.2M refers to holdings in unlisted securities. The market value of these amounted to SEK 1,283.7M at balance sheet date.

NOTE 21 – Prepaid expenses and accrued income

	Group		Parent Company	
	1998	1997	1998	1997
Prepaid rentals	64.8	57.4	0.7	0.6
Accrued interest income	9.8	5.3	0	5.0
Accrued compensation from supplier	52.0	44.9	0	
Other items	206.6	98.3	9.6	3.1
Total	333.2	205.9	10.3	8.7

NOT 22 – Change in shareholders' equity

Group	Share capital	Restricted reserves	Non-restricted reserves
Amount on 1 January	545.5	1,798.8	1,593.0
Transfer betw. non-restricted and restricted reserves		45.7	-45.7
Translation difference			14.6
Dividend to shareholders			-300.0
Net profit for the year			501.4
Amount on 31 December	545.5	1,844.5	1,763.3
<i>Of restricted reserves, SEK 151M refers to funds appropriated to equity method reserve.</i>			
Parent Company	Share capital	Statutory reserve	Profit brought forward
Amount on 1 January	545.5	1,636.5	1,738.2
Dividend to shareholders			-300.0
Net profit for the year			585.4
Amount on 31 December	545.5	1,636.5	2,023.6

NOTE 23 – Provisions for restructuring reserve

	Group
Opening restructuring reserve	99.1
<i>Increase during the year in connection with acquisitions:</i>	
Fama Datautbildning AB	4.0
Gårda Äldrevård Holding AB	5.9
Informator Utbildning Svenska AB	4.0
Majorstuen Röntgeninstitut AS	2.1
Medi-Lab, Medicinsk Laboratorium A/S	2.2
Medlab AS	5.2
Mercuri International Sverige AB	10.0
Norlab AS	2.1
Other companies	4.9
<i>Dissolved during the year in accordance with established plan</i>	
Scribona AB	- 25.9
Simonsen Sverige AB	-15.6
Udac AB	-3.2
Åre Vemdalen AB	-4.5
Closing restructuring reserve	90.3

NOTE 24 – Long-term liabilities

	Group	Parent Company
Total long-term liabilities	888.3	154.5
Of which, mature for payment later than five years after closing date	399.4	–

NOTE 25 – Accrued expenses and prepaid income

	Group		Parent Company	
	1998	1997	1998	1997
Holiday pay liability	168.3	108.9	1.2	0.8
Payroll overheads	129.7	83.8	1.4	0.5
Other accrued expenses	367.2	256.2	13.9	10.7
Prepaid income	112.0	63.2	0	–
Total	777.2	512.1	16.5	12.0

NOTE 26 – Pledged assets

	Group		Parent Company	
	1998	1997	1998	1997
<i>For own liabilities and provisions</i>				
<i>Relating to provision for pensions and similar obligations:</i>				
Property mortgages	0.4	0.4	–	–
<i>Relating to long-term liabilities to credit institutions:</i>				
Floating charges	306.0	246.9	–	–
Property mortgages	439.4	224.8	–	–
Pledged properties	145.6	118.9	–	–
Total	891.4	591.0	–	–
<i>Other</i>				
Pledged trade debtors	–	16.7	–	–
Floating charges	51.5	14.6	–	–
Property mortgages	17.1	26.4	–	–
Shares against issued warrants	29.0	17.8	29.0	17.0
Shares in subsidiaries	–	9.2	–	–
Blocked bank deposits	55.8	21.2	–	–
Total	153.4	105.9	29.0	17.0
Total pledged assets	1,044.8	696.9	29.0	17.0

The Parent Company has entered into an agreement with banks for credit facilities of SEK 2,500M for maturities of between one and five years. For credits raised under these facilities, the Parent Company does not have to pledge assets as long as the equity ratio of the Bure Group does not fall below 30 per cent.

At the same time, the Parent Company has undertaken not to pledge assets to other lenders.

NOTE 27 – Contingent liabilities

	Group		Parent Company	
	1998	1997	1998	1997
Pension obligations which have not been included among the liabilities or provisions and which are not covered by the assets of the pension foundation	9.5	–	–	–
Guarantee commitments	79.4	17.5	–	–
Tax dispute including interest and charges	177.0	166.0	177.0	166.0
Other contingent liabilities	108.4	71.0	–	–
Total contingent liabilities	374.3	254.5	177.0	166.0

NOTE 28 – Average number of employees

	1998			1997		
	Number of employees	Of whom, women	Of whom, men	Number of employees	Of whom, women	Of whom, men
Parent Company	24	10	14	21	10	11
Subsidiaries	6,296	3,440	2,856	5,607	3,030	2,577
Total Group	6,320	3,450	2,870	5,628	3,040	2,588

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

Sweden	24	10	14	21	10	11
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Subsidiaries

Sweden	4,501	2,505	1,996	4,426	2,486	1,940
Denmark	415	199	216	298	108	190
Great Britain	7	2	5	1	–	1
Finland	371	155	216	283	129	154
Norway	665	399	266	416	195	221
Poland	28	21	7	15	10	5
Germany	39	8	31	113	85	28
USA	53	17	36	50	16	34
Other countries	217	134	83	5	1	4
Total Group	6,320	3,450	2,870	5,628	3,040	2,588

The average number of employees is based on a calculation for the 1998 full-year regardless of whether the company has been acquired during the year. Companies acquired at 31 December 1998 are not included in the above information.

NOTE 29 – Salaries, other remunerations and payroll overheads

	1998			1997		
	Salaries and other remunerations	Payroll overheads	Pension costs **	Salaries and other remunerations	Payroll overheads	Pension overheads**
Parent Company *	18.9	6.8	5	15.4	5.4	2.5
Subsidiaries	1,897.6	441.2	119.4	756.7	246.7	58.5
Total Group	1,916.5	448.0	124.4	772.1	252.1	61.0

* Of the Parent Company's pension costs, SEK 2.3M refers to Board of Directors and President.

** Pension costs are stated including payroll tax.

NOTE 29 – (cont.) – Salaries, other remunerations and payroll overheads distributed by country and between Board of Directors and the President as well as other employees

	1998			1997		
	Board of Directors	(of which, bonus)	Other employees	Board of Directors	(of which, bonus)	Other employees
Parent Company						
Sweden	5.1	0.8	13.8	3.7	0.9	11.7
Subsidiaries						
Sweden	42.8	2.6	1,160.7	20.7	0.9	628.9
Denmark	3.0	–	158.6	–	–	13.6
Great Britain	–	–	1.1	1.3	–	0.5
Finland	4.4	0.1	102.4	0.7	–	14.5
France	–	–	1.2	–	–	1.3
Hong Kong	–	0.3	1.1	–	–	1.0
Norway	16.2	–	307.7	–	–	51.2
Poland	–	0.4	1.1	0.4	–	0.7
Germany	4.0	0.2	64.1	–	–	–
USA	2.6	–	23.5	1.3	–	20.6
Estonia	–	–	2.1	–	–	–
Russia and the Baltic States	–	–	1.0	–	–	–
Total Group	78.1	4.4	1,838.4	28.1	1.8	744.0

The 1998 Annual General Meeting decided on remuneration to the Board of Directors totalling SEK 0.8M, of which the Chairman received SEK 0.2M.

NOTE 30 – Benefits for Senior Executives

President Roger Holtback received salary and remuneration amounting to SEK 3.2M 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 60. In 1998, the retirement age was lowered from 65 to 60. In order that Mr Holtback will receive a pension from the age of 60, equivalent to 70 per cent of his annual salary excluding bonus, the Company paid a lump-sum premium in 1998 in the form of a pension insurance of SEK 1.3M. 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 program based on the Parent Company's growth in shareholders' equity and net asset value as well as the price development of the Bure share. The bonus of an individual staff member can amount to up to 50 per cent of the annual salary of the person concerned.

NOTE 31 – Synthetic options

In May 1997, the Bure Board of Directors decided to issue 770,000 synthetic options which were subscribed by Senior Executives in the Group and the staff of Parent Company. At closing date, 31 people had subscribed for a total of 705,000 options.

The exercise price is SEK 114.50 with closing date on 15 March 2002. For each option, SEK 10 was paid. When the terms were fixed, the share price was SEK 96.50. The terms are based on a valuation statement by Handelsbanken Markets. Alfred Berg has revalued the options at 31 December 1998. The revaluation of the options has had an effect on 1998 profit of SEK –1.5M in the Parent Company. This cost is included among the Parent Company's personnel costs.

Audit Report

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 President of Investment AB Bure for 1998. It is the Board of Directors and the President 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 us 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 President'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 President 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 grounds 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 Statement of Income 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 President 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 President be discharged from liability for the financial year.

Gothenburg, 23 February 1999

Bertel Enlund
Authorised Public Accountant

Staffan Landén
Authorised Public Accountant

Definitions

Capital employed

Total non-interest-bearing assets less non-interest-bearing liabilities and non-interest-bearing provisions.

Control holding

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

Earnings per share

Profit after taxes divided by number of shares.

Equity ratio

Shareholders' equity in relation to total assets.

Investments

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

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 profit during the period and surplus 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.

Net debt

Financial interest-bearing assets less interest-bearing long-term current liabilities and provisions.

Net debt ratio

Net debt in relation to shareholders' equity.

Operating margin

Operating profit before goodwill depreciation excluding capital results and shares in results of associated companies in relation to net sales.

Operating profit

Total net sales, other operating income and shares in results of associated companies less operating expenses.

Return on capital employed

Profit after financial items in relation to capital employed.

Return on shareholders' equity

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

Total yield of the share

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

Yield of the share

Dividend divided by market price on closing date.

Board of Directors 1998

Bengt Eskilson, Chairman
Hovås, born 1932
Chairman since 1992

Other directorships: Chairman of
BEKÓ Bil AB. Board Member of
Bohusbanken, Ahlstrom Pump
Corporation and ProSafe ASA.

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



Jan Blomberg
Stockholm, born 1939
Board Member since 1993

Other directorships: Deputy Chairman Drott AB.
Board Member of Swedish Match AB, Haldex
AB and other companies.

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



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

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

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



Roger Holtback, President and CEO
Gothenburg, born 1945
Board Member since 1994

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

Shareholding in Bure, own shares and shares
owned by related parties: 52,200 and 60,000
synthetic options



NOMINATION COMMITTEE

The 1998 Annual General Meeting
appointed a Nomination Committee
whose task is to propose Board
Members in advance of the 1999 AGM.

Peter Sandberg – 6:e AP Fonden, Convener
Per Smeds – Almi Företagspartner
Jan-Erik Eurenus – AMF Pension
William af Sandeberg – SEB

Maria Lilja
Stockholm, born 1944
President and CEO of Nyman & Schultz AB.
SVP/Head of Corporate Travel – Europe,
American Express.
Board member since 1997

Other directorships: Board Member of Bilia AB,
Mandator AB, Stockholms Handelskammare and
Vasakronan AB.

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



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 A+ Invest
AB and GU-CRI AB.
Deputy Chairman of Norvestia OY AB. Board
Member of Havsfrun AB, Neomarkka Oy AB
and Göteborgs högre samskola.

Shareholding in Bure, own shares and shares
owned by related parties: 5,000



Per-Ove Engelbrecht
Gnesta, born 1948
Board Member since 1992

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



Gösta Wiking
Kristianstad, born 1937
Board Member since 1992

Other directorships: Chairman of Perstorp AB
and Mölnlycke Health Care AB. Deputy
Chairman of SEB. Board Member of Bong
Ljungdahl AB, Karlshamns AB and the
Federation of Swedish Industries.

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



Auditors

Bertel Enlund
Gothenburg, born 1950
Authorised Public Accountant,
Ernst & Young AB, Gothenburg

Staffan Landén
Gothenburg, born 1963
Authorised Public Accountant,
Ernst & Young AB, Gothenburg

Deputy Auditors

Bo Lorentzon
Gothenburg, born 1951
Authorised Public Accountant,
Ernst & Young AB, Gothenburg

Lennart Huldén
Gothenburg, born 1937
Authorised Public Accountant,
Ernst & Young AB, Gothenburg

Parent Company Executive Management and Heads of Business Areas



Roger Holtback
President and CEO
Born 1945
Employed since 1993

Shareholding in Bure, own shares and shares owned by related parties: 52,200 shares and 60,000 synthetic options.



Ulf Ivarsson
Executive Vice President, Head of Corporate Finance and Head of Business Area Bure InfoMedia
Born 1961
Employed since 1993

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

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.



Per-Henrik Berthelius
Responsible for strategic matters and Head of Business Area Bure Investments
Born 1944
Employed since 1997

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



Knut Leman
Head of Information
Born 1950
Employed since 1997

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



Eva Mark
Human Resource Manager
Born 1945
Employed since 1996

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

Per Bätelson
Executive Vice President and President of Bure Health Care
Born 1950
Employed since 1994

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



Sven-Åke Lewin
Head of Business Area Training and Education
Born 1952
Employed since 1998

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



Björn Boldt-Christmas
Head of Business Area Bure IT
Born 1945
Employed since 1998

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

Lundby Sjukhus AB
Wieselgrensplatsen 2 A
SE-417 17 Gothenburg
Tel Int +46 31 65 70 00
Fax Int +46 31 65 70 13
President Ann-Sofi Lodin

Läkargruppen i Örebro AB
Box 344
SE-701 46 Örebro
Tel Int +46 19 21 79 50
Fax Int +46 19 12 10 50
President Peter Seger
www.lakargruppen.se

Smärtkliniken Kronan AB
Mariebergsgatan 5
SE-112 81 Stockholm
Tel Int +46 8 619 59 00
Fax Int +46 8 619 59 01
President Bertil Fajerson

Svenska Cityklinikerna AB
Clemenstorget 5
SE-222 21 Lund
Tel Int +46 46 35 05 30
Fax Int +46 46 35 05 25
President Olle S-O Zelmerlow
www.citykliniken.se

Hjärtmottagningen i Helsingborg AB
Stortorget 10
SE-452 20 Helsingborg
Tel Int +46 42 21 08 16
Fax Int +46 42 18 31 53
President Stefan Hofvendahl

Volvat AS
Postboks 5280-Majorstua
NO-0303 Oslo
Tel Int +47 22 95 75 00
Fax Int +47 22 95 76 35
President Cato Lodding
www.volvat.no

Bure Vård och Omsorg AB
Gårdatorget 1
SE-412 50 Gothenburg
Tel Int +46 31 83 08 00
Fax Int +46 31 83 38 45
President Sture Ericsson

Vennersborg AS
Rådhusgatan 26
NO-0151 Oslo
Tel Int +47 23 10 04 40
Fax Int +47 22 33 52 97
President Eivind Haugland
www.vennersborg.no

AB Previa
Box 70454
SE-107 26 Stockholm
Tel Int +46 8 723 90 00
Fax Int +46 8 21 76 17
President Peter Risberg
www.previa.se

Nova Medical AB
Box 5419
SE-402 29 Gothenburg
Tel Int +46 31 335 76 35
Fax Int +46 31 778 58 59
President Bengt Belfrage

MediLab A/S
Adelgade 5
DK-1001 Copenhagen
Tel Int +45 33 74 30 00
Fax Int +45 33 74 30 30
President Hanne Gry

Norlab AS
Postboks 7126
Hommandsbyen
NO-0307 Oslo
Tel Int +47 22 55 28 00
Fax Int +47 22 43 61 52
Britt Wogsted

Tønsberg Røntgeninstitut AS
Jernbanegate 1D
NO-3112 Tønsberg
Tel Int +47 33 31 66 12
Fax Int +47 33 31 08 80
President Odd Klausen

Norsk Røntgeninstitut AS
Bryn Senter, Plan
NO-0611 Oslo
Tel Int +47 22 75 81 00
Fax Int +47 22 75 81 05
President Odd Klausen

Bure InfoMedia

Sifo Group AB
Sollentunavägen 84
SE-191 93 Sollentuna
Tel Int +46 8 625 15 40
Fax Int +46 8 35 31 65
President Robert Lundberg
www.sifogroup.se

Citat AB
Magasinsgatan 22
SE-411 18 Gothenburg
Tel Int +46 31 701 56 00
Fax Int +46 31 701 56 02
President Örjan Serner
www.citat.se

Pennon AB
Kronhusgatan 7
SE-411 05 Gothenburg
Tel Int +46 31 701 38 00
Fax Int +46 31 16 58 11
President Jimmy Lundbeck
www.pennon.se

Majorstuen Røntgeninstitut AS
Jacob Aallsgate 18B
NO-0368 Oslo
Tel Int +47 22 46 83 13
Fax Int +47 22 46 08 53
President Ivar Molvaer

Fredrikstad Røntgeninstitut AS
Nygaardsgate 33
NO-1607 Fredrikstad
Tel Int +47 69 34 06 11
Fax Int +47 69 31 78 19
President Svein Dag Eggesbø

Simonsen Sverige AB
Box 1544
SE-701 15 Örebro
Tel Int +46 19 19 45 00
Fax Int +46 19 19 45 91
President Ulf Jungberg
www.simonsen.se

Simonsen & Weel's Effv A/S
Erik Husfeldts Vej 2
DK-2630 Tåstrup
Tel Int +45 43 55 55 00
Fax Int +45 43 71 17 58
President Ulf Jungberg

Bure Training and Education

Fama Datautbildning AB
Norrullsgatan 15
SE-113 27 Stockholm
Tel Int +46 8 30 19 18
Fax Int +46 8 30 19 45
President Pontus Söderström
www.fama.se

Informator Svenska Utbildnings AB
Linnégatan 5
SE-114 47 Stockholm
Tel Int +46 8 587 116 10
Fax Int +46 8 587 116 20
President Mats Gröndahl
www.informator.se

Mercuri International AB
Golfbanevägen 25
SE-436 50 Hovås
Tel Int +46 31 68 72 00
Fax Int +46 31 68 21 98
Anders Haldin
www.mercuri.se

Nordisk Data Utbildning AB
Box 17245
SE-104 62 Stockholm
Tel Int +46 8 567 020 00
Fax Int +46 8 641 74 52
President Ulla Raaschou
www.ndu.se

Vittra Försolor och Skolor AB
Drottninggatan 55
SE-111 21 Solna
Tel Int +46 8 21 19 14
Fax Int +46 8 20 35 33
President Stig Johansson
www.vittra.se

AB Citykurorter Hagabadet
Södra Allégatan 3
SE-413 01 Gothenburg
Tel Int +46 31 600 600
Fax Int +46 31 600 606
President Martin Svensson
www.citykurorter.se

Chematur Engineering AB
Box 430
SE-691 27 Karlskoga
Tel Int +46 586 641 00
Fax Int +46 586 642 50
President Stig Fagerström
www.chematur.se

Gunnebo AB
Box 5181
SE-402 26 Gothenburg
Tel Int +46 31 40 03 60
Fax Int +46 31 40 16 85
President Bjarne Holmqvist
www.gunnebo.se

InnovationsKapital Management i Gbg AB
Box 5419
SE-402 29 Gothenburg
Tel Int +46 31 335 76 86
Fax Int +46 31 18 49 09
President Staffan Ingeborn
www.innkap.se

Mölnlycke Health Care AB
Box 130 80
SE-402 52 Gothenburg
Tel Int +46 31 722 30 00
Fax Int +46 31 722 34 00
President Finn Johnsson
www.molnlyckehc.com

Nobel Biocare AB
Box 5190
SE-402 26 Gothenburg
Tel Int +46 31 81 88 00
Fax Int +46 31 16 31 52
President Jack Forsgren
www.nobelbiocare.se

Nordic Capital Svenska AB
Stureplan 4A
SE-114 35 Stockholm
Tel Int +46 8 440 50 50
Fax Int +46 8 611 79 98
President Robert Andreen
www.nordiccapital.se

Scribona AB
Box 1374
SE-171 27 Solna
Tel Int +46 8 734 34 00
Fax Int +46 8 27 84 25
President Örjan Håkansson
www.scribona.se

Svolder AB
Box 70431
SE-107 25 Stockholm
Tel Int +46 8 440 37 70
Fax Int +46 8 440 37 78
President Ulf Hedlundh
www.svolder.se

Tronor AB
Box 249
SE-891 26 Örnsköldsvik
Tel Int +46 660 852 10
Fax Int +46 660 766 83
President Börje Närman

Åre Vermdalen AB
Box 36
SE-830 13 Åre
Tel Int +46 647 130 00
Fax Int +46 647 133 60
President Ingemar Lindström

Bure IT

AXNet AB
Skiffervägen 10
SE-224 78 Lund
Tel Int +46 46 38 60 80
Fax Int +46 46 18 91 72
President Erik Månsson
www.axnet.se

CR&T AB
Stora Badhusgatan 18-20
SE-411 21 Gothenburg
Tel Int +46 31 701 42 85
Fax Int +46 31 10 19 87
President Staffan Truvé
www.carlstedt.se

Dimension AB
Box 202 00
SE-161 02 Bromma
Tel Int +46 8 445 24 00
Fax Int +46 8 28 40 05
President Björn Pettersson
www.dimension.se

Erda AB
S:t Larsgatan 12
SE-582 24 Linköping
Tel Int +46 13 13 04 50
Fax Int +46 13 12 85 11
President Göran Smith
www.erda.se

Guide Konsult AB
Gustavslundsvägen 12
SE-167 51 Bromma
Tel Int +46 8 634 45 00
Fax Int +46 8 634 46 00
President Göran Westling
www.guide.se

Salcom Communication AB
Kuttervägen 1
SE-183 53 Täby
Tel Int +46 8 630 50 00
Fax Int +46 8 630 50 01
President Claes Nilsson
www.salcom.se

Santa Monica Software Oy
Heikkiläntie 2A
PO Box 187
FI-00201 Helsinki
Tel Int +358 9 613 89 11
Fax Int +358 9 692 61 07
President Tapani Kurki

Udac AB
Box 174
SE-751 04 Uppsala
Tel Int +46 18 471 77 00
Fax Int +46 18 471 78 01
President Pär Råghall
www.udac.se

*Bure's vision is...
... to become a leading builder of new structures and
businesses, primarily within the knowledge-based service
sector. The base is Sweden but the perspective is Europe.*

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

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

INVESTMENT AB BURE (publ)
Box 5419
SE-402 29 Gothenburg
Visiting address: Mässans gata 8
Corporate identity number: 556454-8781
Telephone: +46 31 335 76 35
Telefax: +46 31 778 58 38
www.bure.se