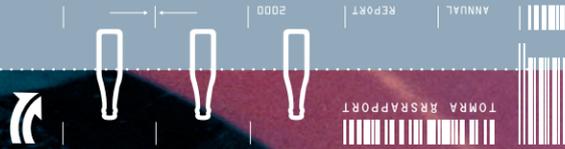


ANNUAL REPORT

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MANAGEMENT REPORT

KEY FIGURES

	2000	1999	1998	1997
Operating revenuesNOK million	2 718	2 169	1 456	996
Operating profitNOK million	466	381	271	206
Ordinary profit before taxesNOK million	493	406	254	198
Net profitNOK million	76	283	173	135
Total assetsNOK million	3 272	2 348	1 818	1 409
EquityNOK million	2 636	1 559	1 263	1 027
Return on equity, ex. WISE write-down%	15.4	19.7	14.6	17.2
Return on total assets%	17.7	20.2	18.1	18.9
Earnings per shareNOK	0.36	1.67	1.02	0.84
Ordinary earnings per share, ex. WISE write-down NOK	1.90	1.67	1.02	0.84
Earnings per share fully dilutedNOK	0.35	1.66	1.01	0.83
Net investmentsNOK million	396	203	276	327
Number of employees as of December 31	1 886	1 744	1 720	915

Operating revenues (NOK million)



Ordinary earnings per share, ex. WISE (NOK)



HIGHLIGHTS

- Sales growth of 25 percent. Consolidation in Europe, continued strong growth in North America.
- Growth of 22 percent in operating profit.
- Substantial losses recorded in relation to the U.S. strategic partner Wise Metals Group.
- Private placement of 4 million shares in September. Raised more than 1 billion NOK of new equity for financing future acquisitions.
- Letter of Intent signed in November to acquire 70 percent ownership in a Brazilian aluminum collection and recycling company —LATASA. Transaction of USD 28 million to be completed during 1Q 2001.
- In April 2000 TOMRA acquired a 50.5 percent ownership in the Canadian materials handling company CAMCO.
- Several initiatives to introduce new deposit systems both in European and North American markets.



TOMRA always considers forging strategic alliances as an alternative to active ownership of parts of the value chain not included in our core priority areas.

**1. JAN CHR OPSAHL 2. SVEIN S. JACOBSEN 3. ANDREAS NORDBRYHN
4. CHRISTIAN H. THOMMESSEN 5. JØRGEN RANDERS 6. ERIK THORSEN
7. GREGORY S. GARVEY 8. KLAUS NÆRØ 9. THARALD BRØVIG**

DIRECTORS' REPORT

The first year in the new millennium became a year of consolidation in Europe and continued strong growth in North America for TOMRA. The European development was expected on the back of the exceptional growth Europe had in 1999. The start of 2001 also brought TOMRA a disappointing setback in USA tied to our relationship with Wise Metals Group.

STRATEGIC OBJECTIVES AND CHALLENGES

TOMRA's vision is "To be the world's No. 1 provider of solutions that make it attractive for people to return packaging for reuse and recycling". TOMRA places major emphasis on developing concepts for efficient communication and interaction with the consumer. Consumer participation is the most efficient means to achieve high recovery at low cost. Integration of the value chain from collection to recycling is also an important element in developing efficient solutions for recycling beverage containers.

The international community is focusing more and more on long-term solutions for reuse and recycling. The working paper on revising the EU packaging directive, discussions to introduce deposit for non-refillable containers in Germany, The Netherlands, Denmark and Israel together with numerous initiatives in the U.S., South America, Japan and Australia, confirm this trend. These initiatives enable TOMRA to maintain an aggressive growth strategy. As the leading supplier in collection and recycling of used beverage containers, TOMRA still only handles less than three percent of the world's beverage containers in 2000.

Local recycling initiatives are affected by variations in the national economies in terms of goals and structural solutions. In order to secure TOMRA's position, we must actively seek local industry partners and commit ourselves to those markets and projects that offer the greatest opportunities.

TOMRA's future market activities and acquisitions will be aimed at establishing fully integrated systems for collection, processing and recycling of used beverage containers. TOMRA's core priority area is in the technology-related part of this value chain, which consists of reverse vending machines, system integration and expertise. TOMRA does not pursue active involvement in areas already efficiently served by established industries.

Increased focus on integrating the value chain may increase the need for TOMRA's presence during the early developmental stages of new markets. TOMRA always considers forging strategic alliances as an alternative to active ownership of parts of the value chain not included in our core priority areas.

ANNUAL ACCOUNTS 2000

Operating revenues increased by 25 percent from NOK 2169 million in 1999 to NOK 2718 million in 2000. Operating profit increased to NOK 466 million, up from NOK 381 million in 1999. Due to problems experienced with TOMRA's joint venture partner, Wise Metals Group, a potential loss of NOK 383 million has been recorded, corresponding to USD 43.5 million. Profit before taxes therefore came out at NOK 109 million against NOK 406 million in 1999.

TOMRA's ordinary profit after taxes was NOK 339 million against NOK 283 million in 1999. That corresponds to earnings per share of NOK 1.90 against NOK 1.67 in 1999. The consolidated tax for 2000 ordinary profit was 31.3 percent against 30.2 percent in 1999. As a consequence of the potential losses related to Wise Metals Group, TOMRA's net profit came out at NOK 76.1 million with earnings of NOK 0.36 per share.

The balance sheet total as of 31 December 2000 was NOK 3272 million (up 39 percent). The increase was mainly caused by the capital reserves raised in the private placement in September together with increased current assets tied to the growth activities. The liquidity is good, and the equity ratio stands at 80.6 percent at the end of the year. Other equity in the parent company's balance sheet is made up entirely of distributable reserves.

MARKETS Europe

Year 2000 became as expected a year of consolidation for TOMRA's European activities. The expected slowdown in Norway proved difficult to compensate, particularly since planned acquisitions became less interesting due to excessive price expectations among sellers. Operating revenues in Europe were NOK 895 million in 2000 compared to NOK 952 million in 1999, a decrease of 6 percent. Markets outside Norway had growth of 13 percent, primarily driven by Germany and Switzerland.

On February 17, 2000 TOMRA signed an agreement to buy 50.5 percent of its distribution company Tomra AG in Switzerland, effec-

tive January 1, 2000. The company had revenues of NOK 54 million in 2000 against NOK 47 million in 1999.

For the coming years TOMRA's European activities will be heavily influenced by the announced implementation of new deposit systems in Germany, Denmark and Israel. This may also include the Dutch market, following the announcement late January 2001 that industry has received a deadline of April 1, 2001 to come up with viable solutions. The EU packaging directive that is targeted to be revised and renewed for another five year period from January 1, 2002 is also expected to have major impact on the future medium-term growth perspectives in Europe.

Customer satisfaction remains the central focus in developing new products and services to further strengthen TOMRA's market position.

North America

Operating revenues in the North American market increased by 50 percent, from NOK 1217 million in 1999 to NOK 1823 million in 2000. The growth was largely driven by California (up 86 percent), Canada (up 446 percent) and Massachusetts (up 63 percent). Other main markets of New York and Michigan also had good growth for the year.

On February 3, 2000 TOMRA signed a Letter of Intent with its joint-venture partner Wise Metals Group LLC (WMG) to buy TOMRA's 50 percent ownership in Wise Recycling LLC (WR), effective from January 1, 2000.

The transaction was delayed several times during the year due to both operational problems in WR and financing challenges within WMG, caused by operational losses early in the year. The final agreement was signed December 27, 2000.

WMG's bank financing group did not consent to the transaction. As a consequence of this decision, TOMRA announced the potential exposure related to WR and WMG. The Board later decided to fully reserve the entire exposure of NOK 383,4 million due to the uncertainty of the situation. At the date of approving TOMRA's financial statement for 2000, TOMRA had not yet received audited financial statements from WR and WMG, nor had the WMG refinancing been concluded. TOMRA is committed to recover as much as possible of the recorded losses, but expects that a final clarification will take some time.

With its unique RVM technology and innovative concepts, TOMRA's American organization has laid a solid foundation for more efficient recycling systems. TOMRA's development of new collection concepts will over time change consumers' and industry's view of recycling.

South America

TOMRA announced in November 2000 that the company had signed a Letter of Intent to acquire a 70 percent ownership in a

newly formed company Tomra Latasa SA with accounting effect from January 1, 2001. TOMRA's partner, and seller, is the publicly traded Brazilian company Latas de Alumínio S/A—LATASA which is the largest Latin American producer of aluminum cans. The final agreement has been delayed due to the need to secure necessary permits and licenses for the new company.

The new company, Tomra Latasa SA, will focus on expanding its involvement in aluminum collection and recycling at retail locations. This focus will also include expansion of collection activities to PET containers. The aluminum collection and recycling activities, now being separated into the new company, had operating revenues of USD 40 million in 2000. It is expected that Tomra Latasa at this activity level will obtain a positive net contribution after acquisition costs.

Market outlook

The Board remains optimistic regarding the market opportunities and expects continued strong growth in 2001. The annual accounts are rendered under the assumption of continued operation.

TECHNOLOGY AND BUSINESS DEVELOPMENT

Innovation is one of TOMRA's core values. The company is currently focusing a large proportion of its technology resources on future solutions in material identification, compacting and communication. TOMRA maintains its strong technological edge mainly through the cost-effective use of sensor technology for identifying shapes and materials.

Research and development of alternative collection systems is also an important area for TOMRA Technology. Experiences from California will form the basis for developing new concepts for fully automated outdoor solutions requiring minimal manual operation. The greatest challenges in this area lie in creating attractive consumer friendly solutions, procuring relevant data for settling accounts and optimizing logistics, together with assuring clean material fractions.

In order to maintain TOMRA's edge in recycling beverage containers, we will engage in several new market opportunities. The Group function Global Business Development, formed late 1999, will handle these projects. GBD will primarily focus on strategic market projects, promoting industrial relations, identifying strategic ownership positions and providing consultancy assistance in system integration.

SHAREHOLDERS AND CAPITAL

In November 2000, TOMRA split its shares, changing the face value from NOK 2 to NOK 1. Prior to the split, TOMRA made five separate share offerings to its employees, totaling 665,666 shares. A private placement of four million shares towards institutional investors in September raised an additional NOK 1 billion of new liquidity to finance future acquisitions. At the end of 2000, TOMRA shares totaled 176.03 million at face value of NOK 1, representing a share capital of NOK 176 million. The share premium reserve increased

as a consequence of share offerings from NOK 201 million in 1999 to NOK 1284 million by the end of 2000.

TOMRA had 4468 shareholders at the end of 2000. Foreign ownership increased from 65.4 percent at the beginning of the year to 76.9 percent on December 31, 2000. The liquidity in the shares has been good with a total of 230 million shares traded during 2000, compared to 144 million shares the previous year.

ORGANIZATION, HEALTH, ENVIRONMENT AND SAFETY

The TOMRA group had 1886 employees at the end of 2000, 223 of whom worked in Norway compared to 1744 and 210 respectively for the previous year. Employee absences due to sickness in Tomra Systems ASA were 3.4 percent in 2000 against 2.5 percent in 1999.

Through regular customer surveys, TOMRA measures customer satisfaction with its products, services and organization. The survey results have been positive the past years and applied as the basis for a continuous improvement process on all levels in the company.

An annual value survey conducted among employees measures TOMRA's adherence to company core values. The results are used to further develop the company's human resource strategy. TOMRA also uses a management system, which incorporates goal orientation for all of its employees and has also implemented a 360° Leader Feedback survey for key managers.

As manufacturer and operator of automated systems for the return and recycling of beverage containers, TOMRA makes an effective contribution toward closing the material cycles for aluminum, PET and glass UBCs, thereby improving the eco-efficiency of beverage containers. TOMRA also focuses its environment work on accepting responsibility for the direct environmental impact of TOMRA's operations. TOMRA has therefore had a formal environmental control system since 1999 for the companies in Norway in accordance with the international ISO 14001 standard. A more comprehensive presentation of TOMRA's environment work can be found as part of the new Corporate Social Responsibility (CSR) report.

APPLICATION OF PROFIT

Tomra Systems ASA showed a NOK 451 million net profit for 2000 including a Group contribution of NOK 102 million from Tomra Europe AS and Tomra Production AS. The Board recommends that a dividend of NOK 0.20 per share is paid for 2000, unchanged from the previous year. The Board thereby recommends the following application of the net profit for 2000:

Dividend	NOK 35.2 million
Distributable reserves	NOK 415.8 million
Total amount applied	NOK 451.0 million

Asker, February 15, 2001

Jan Chr. Opsahl
Chairman of the Board
Sign.

Svein S. Jacobsen
Sign.

Tharald Brøvig
Sign.

Jørgen Randers
Sign.

Christian H. Thommessen
Sign.

Andreas Nordbryhn
Sign.

Klaus Næro
Sign.

Gregory S. Garvey
Sign.

Erik Thorsen (CEO)
Sign.

PROFIT AND LOSS STATEMENT

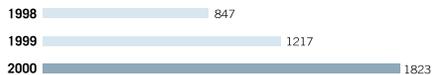
TOMRA SYSTEMS ASA

2000	1999	1998	Figures in NOK million	Note	2000	1999	GROUP 1998
485.1	469.4	328.1	Operating revenue	1	2 718.0	2 169.4	1 456.0
-	5.0	42.7	Other income		-	5.0	42.7
			OPERATING EXPENSES				
310.1	350.3	147.1	Cost of goods sold	2	1247.3	951.7	577.8
84.7	34.2	71.3	Labor cost and social expenses	3	614.3	501.1	345.6
5.5	4.9	7.1	Ordinary depreciation	8	180.7	141.4	116.1
-	-	36.2	Write-down of fixed assets		-	-	43.1
18.7	17.3	15.9	Other operating expenses	7	210.1	199.4	145.0
419.0	406.7	277.6	Total operating expenses		2 252.4	1 793.6	1 227.6
66.1	67.7	93.2	Operating profit		465.6	380.8	271.1
			FINANCIAL ITEMS				
-	-	-	Profit from affiliated companies	12	0.6	13.2	7.6
54.7	23.5	14.2	Dividend from subsidiaries		-	-	-
291.6	71.1	30.5	Financial income		30.3	26.6	12.8
4.3	5.7	25.1	Financial expenses		4.0	14.6	37.4
342.0	88.9	19.6	Net financial items	4	26.9	25.2	(17.0)
408.1	156.6	112.8	Ordinary profit before taxes		492.5	406.0	254.1
-	-	-	Loss related to WMG	5	383.4	-	-
-	-	-	Taxes exceptional items	9	(121.0)	-	-
59.1	37.2	29.3	Taxes ordinary profit	9	154.0	122.7	81.5
349.0	119.4	83.5	Net profit		76.1	283.3	172.6
-	-	-	Minority interest		(15.5)	(6.0)	(5.6)
102.0	-	-	Group contribution				
			ALLOCATED AS FOLLOWS				
35.2	33.3	20.6	Dividends				
415.8	86.1	62.9	Other equity				
451.0	119.4	83.5	Total allocated				
			Earnings per share	16	0.36	1.67	1.02
			Ordinary earnings per share, ex. WISE	16	1.90	1.67	1.02
			Earnings per share, fully diluted	16	0.35	1.66	1.01

Revenues Europe



Revenues America



Asker, February 15, 2001

Jan Chr. Opsahl	Svein S. Jacobsen	Tharald Brøvig	Jørgen Randers	Christian H. Thommessen
Chairman of the Board	Sign.	Sign.	Sign.	Sign.
Sign.				
Andreas Nordbryhn	Klaus Nærø	Gregory S. Garvey	Erik Thorsen (CEO)	
Sign.	Sign.	Sign.	Sign.	



BALANCE SHEET AS OF 31 DECEMBER

TOMRA SYSTEMS ASA				GROUP	
2000	1999	Figures in NOK million	Note	2000	1999
		ASSETS			
		FIXED ASSETS			
-	4.8	Deferred tax assets	9	38.5	12.9
-	-	Other intangible assets	8,17	405.3	351.4
-	4.8	Total intangible fixed assets		443.8	364.3
13.6	10.4	Real property, fixed assets	8	545.7	343.2
-	-	Leasing equipment	8	253.3	250.5
13.6	10.4	Total tangible fixed assets		799.0	593.7
66.9	458.8	Investments in subsidiaries	12,17	-	-
1 766.7	703.4	Intra Group loans	6	-	-
-	-	Investments in affiliated companies	12	50.5	118.4
-	-	Investments in shares		3.8	3.8
27.7	28.7	Pension funds	13	27.7	28.7
-	-	Long-term receivables	6	118.0	120.1
1 861.3	1 190.9	Total financial fixed assets		200.0	271.0
1 874.9	1 206.1	Total fixed assets		1 442.8	1 229.0
		CURRENT ASSETS			
0.9	0.7	Inventory	2	311.8	233.1
-	-	Accounts receivable		610.0	454.1
331.7	78.6	Intra Group receivables	6	-	-
94.0	5.9	Other short-term receivables		195.6	161.2
425.7	84.5	Total receivables	7	805.6	615.3
489.7	87.8	Bank deposits, cash etc.	6	712.0	270.1
916.3	173.0	Total current assets		1 829.4	1 118.5
2 791.2	1 379.1	Total assets		3 272.2	2 347.5
		LIABILITIES AND EQUITY			
		EQUITY			
176.0	166.7	Share capital (176 026 664 à NOK 1)		176.0	166.7
1 284.3	200.6	Share premium reserve		1 284.3	200.6
1 460.3	367.3	Paid-in capital		1 460.3	367.3
1 142.0	726.3	Retained earnings		1 176.2	1 192.1
-	-	Minority interest		72.9	45.0
2 602.3	1 093.6	Total equity	16	2 709.4	1 604.4
		LONG-TERM LIABILITIES			
61.5	14.5	Deferred tax liabilities	9	77.0	123.8
27.5	32.5	Liabilities to financial institutions	6	39.0	40.5
89.0	47.0	Total long-term liabilities		116.0	164.3
		CURRENT LIABILITIES			
-	-	Liabilities to financial institutions	6	-	209.8
7.3	2.6	Accounts payable, trade		184.2	151.0
9.9	140.1	Intra Group short-term debt	6	-	-
0.1	29.4	Taxes payable	9	12.0	40.8
82.6	66.4	Other current liabilities	10	250.6	177.2
99.9	238.5	Total current liabilities		446.8	578.8
188.9	285.5	Total liabilities		562.8	743.1
2 791.2	1 379.1	Total liabilities and equity		3 272.2	2 347.5
-	377.9	Warranty liabilities	14	-	80.4

CASHFLOW ANALYSIS

TOMRA SYSTEMS ASA

2000 1999 1998

Figures in NOK million

TOMRA GROUP

2000 1999 1998

TOMRA SYSTEMS ASA			TOMRA GROUP			
2000	1999	1998		2000	1999	1998
			CASHFLOW FROM OPERATING ACTIVITIES			
408.1	156.6	112.8	Ordinary profit before taxes	492.5	406.0	254.1
(29.2)	(29.7)	(10.9)	Taxes paid	(133.5)	(69.1)	(59.0)
(157.0)	(5.0)	(42.7)	(Gains)/losses from sales of fixed assets	(0.3)	(5.1)	(42.7)
5.5	4.9	7.1	Ordinary depreciation	180.7	141.4	116.1
(36.2)	(9.2)	36.2	Write-down fixed assets	-	-	43.1
(0.2)	42.1	(2.4)	Net change in inventory	(57.3)	(21.5)	(35.1)
(88.0)	(3.0)	243.0	Net change in receivables	(425.1)	(155.1)	(151.6)
4.5	(14.5)	63.6	Net change in payables	7.6	43.6	32.5
0.9	(3.3)	(9.3)	Net change in pension funds	0.9	(3.3)	(9.3)
-	-	-	Effect of changes in exchange rates	(69.4)	(6.5)	(0.2)
-	-	-	Profit before taxes from affiliated companies	(0.6)	(13.2)	(7.6)
-	-	-	Dividend from affiliated companies	-	3.5	-
14.4	12.3	6.6	Change in other balance sheet items	25.4	(15.8)	(89.0)
122.8	151.2	404.0	Net cashflow from operating activities	20.9	304.9	51.3
			CASHFLOW FROM INVESTING ACTIVITIES			
0.1	11.2	106.1	Proceeds from sales of fixed assets	68.4	10.9	131.0
(8.7)	(5.0)	(8.1)	Investments in fixed assets ¹	(464.0)	(173.9)	(240.5)
56.1	-	-	Proceeds from sales of shares	-	1.8	3.2
(12.1)	(46.5)	(0.2)	Investments in shares	(0.7)	(41.3)	(169.4)
35.4	(40.3)	97.8	Net cashflow from investing activities	(396.3)	(202.5)	(275.7)
			CASHFLOW FROM FINANCING ACTIVITIES			
-	-	-	Proceeds from issuance of short term debt	-	-	25.6
-	55.5	-	Payments from loan from subsidiaries	-	-	-
(5.0)	(5.0)	(5.0)	Repayments of long-term debt	(2.3)	(8.5)	(24.3)
-	-	-	Repayments of short-term debt	-	-	-
(803.7)	(114.6)	(585.3)	Payments of loan to subsidiaries	-	-	-
-	-	-	Net change of bank overdraft	(209.8)	105.0	104.9
1 085.7	52.6	59.1	New equity, share issues	1 085.7	52.6	59.1
(33.3)	(20.5)	(16.3)	Dividend paid	(33.3)	(20.5)	(16.3)
243.7	(32.0)	(547.5)	Net cashflow from financing activities	840.3	128.6	149.0
			Exchange rate effect on cash	(23.0)	(16.9)	2.2
401.9	78.9	(45.7)	Net change in cash/cash equivalents	464.9	231.0	(75.4)
87.8	8.9	54.6	Cash and cash equivalents January 1	270.1	56.0	129.2
489.7	87.8	8.9	Cash and cash equivalents December 31 ²	712.0	270.1	56.0

¹"Investments in fixed assets" includes the opening balance of subsidiaries purchased and consolidated for the first time in the fiscal year.

²Includes restricted bank deposits totaling NOK 1.9 million for the Parent company and NOK 4.2 million for the Group.

CONSOLIDATION AND ACCOUNTING PRINCIPLES

GENERAL

Business concept and customers

TOMRA designs and operates cost-effective systems for recovering packaging for reuse and recycling. Added value is created for each customer through excellence in service and innovation. TOMRA's customers, retailers and beverage producers, are located in Europe, North- and South America.

Basic Principles

The financial statements, which have been presented in compliance with the Norwegian Companies Act, the Norwegian Accounting Act and Norwegian generally accepted accounting principles, consist of the profit and loss statement, balance sheet, cash flow statement and notes to the accounts.

The financial statements have been prepared based on the fundamental principles governing historical cost accounting, comparability, continued operations and congruence. Transactions are recorded at their value at the time of the transaction. Income is recognized at the time of delivery of goods or services sold. Costs are expensed in the same period as the income to which they relate is recognized.

Estimates and assumptions that may affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the period, are prepared by management based upon their best knowledge at reporting date. Actual results may differ from those estimates.

Reporting structure

Revenues from the companies is reported as follows:

Tomra Systems ASA

BU Europe

Tomra Europe AS (N)
Tomra Butikksystemer AS (N)
Tomra Systems AB (S)
OY Tomra AB (FIN)
Tomra Systems AS (DK)
Tomra Systems BV (NL)
Tomra Systems GmbH (D)
Tomra Leergutssysteme GmbH (A)
Tomra Systems SA (F)
Tomra AG (SWI)
B-burken AB (S)
Halton Systems GmbH (D)

Production Units

Tomra Production AS (N)
Tomra Systems OY (FIN)

BU America

Tomra North America Inc.(CT)
Tomra Systems Inc. (CAN)
Tomra Metro LLC (CT, NY)
Mobile Redemption Inc. (CT, MA)
BICS LLC (60 %) (NY)
TNYR LLC (70 %) (NY)
Upstate Tomra LLC (55 %)
Tomra Massachusetts (55 %) (MA)
Halton Systems Inc. (ME)
Les Systems Inc. (CAN)
Camco Recycling Inc. (CAN)
Tomra Pacific Inc. (CA)
UBCR (51 %) (MI)
DAC LLC (80 %)
UltrePET LLC (41.5 %)

CONSOLIDATION PRINCIPLES

Consolidated companies

The consolidated accounts include the parent company Tomra Systems ASA and companies in which the parent company has a controlling influence. Subsidiaries acquired or sold during the course of the year are included in the profit and loss statement as of the date of purchase, or up to and including the date of sale.

Elimination of shares in subsidiaries

Shares in subsidiaries are eliminated on the basis of the past equity method. The difference between the book value of shares in subsidiaries and book value of the subsidiaries' equity at the time such shares were acquired is analyzed and posted to the balance sheet items to which the excess amounts relate. Goodwill represents the excess of the purchase price paid for acquisitions above net assets acquired and is amortized on a straight-line basis, based on expected earnings (See Note 8).

Currency translation for foreign subsidiaries

The profit and loss statements for foreign subsidiaries prepared in foreign currencies are translated on the basis of average exchange rates for the year. The balance sheet is converted on the basis of the exchange rates on December 31. Translation differences are shown as a separate item and charged directly to the Group's equity.

Minority interests

The minority interests part of the net profit and equity, is classified as separate items in the profit and loss statement and balance sheet.

Changed ownership in subsidiaries

By successive acquisitions in subsidiaries, fair value of assets and liabilities are established the first time consolidation take place. Fair value of assets and liabilities are not adjusted on subsequent acquisitions, with the exception of goodwill, which are analyzed at each purchase.

By decrease of ownership in subsidiaries, the minority's costprice and excess value are analyzed and amortized based on the expected earnings as a correction to the minority's part of the year's net profit.

Internal transactions / Intracompany items

All purchases and sales between Group companies, intra Group expenses, as well as receivables and liabilities have been eliminated in the consolidated statements.

Affiliated companies

Affiliated companies, in which TOMRA has an ownership interest of 20–50 % and significant influence over operation and financial decisions, are included in the consolidated accounts based on the equity method. The Group's share of the profit before taxes from affiliated companies, adjusted for depreciation of goodwill of, is shown under financial items in profit and loss statement.

VALUATION AND CLASSIFICATION PRINCIPLES

Revenue recognition

Revenue on product sales and sales-type leases of the company's products is generally recognized at the time of installation. Revenue on service contracts and operating leases of the company's products is recognized over the terms of the related agreements. Other service revenue is recognized when services are provided.

Cost recognition

Costs are expensed in the same period as the income to which they relate is recognized. Costs that can not be directly related to income are expensed as incurred.

Start-up and development costs

Start-up and research and development costs are expensed as they are incurred.

Intangibles

Intangibles consist of goodwill, entitlement to trademarks and non-competition agreements. The amortization rates for goodwill are based on the expected future earnings of the companies acquired at the date of acquisition and are re-evaluated periodically. Other intangibles are amortized over the term of the contract.

Tangible fixed assets

Fixed assets are entered in the accounts at original cost, with deductions for accumulated depreciation and write-down. If the fair value of a fixed asset is lower than book value, and the decline in value is not temporary, the fixed asset will be written down to fair value. Based on the acquisition cost, straight-line depreciation is applied over the economic life of the fixed assets.

Shares

Shares intended for long-term ownership are recorded in the balance sheet under long-term investments. These are valued at acquisition cost, unless circumstances, which cannot be regarded as of a temporary nature, exist which necessitate a lower valuation.

Inventory valuation

Inventories of raw materials are valued at the lower of the cost of acquisition and the actual value. Work in progress and finished products are valued at the lower of the cost to manufacture or net realizable value. Spare parts and parts held by service agents are valued at cost. A deduction is made for obsolescence when necessary.

Receivables and liabilities in foreign currencies

Receivables and liabilities are booked at the exchange rate at the date of the balance sheet.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits, money market funds, and other short-term investments with original maturity of three months or less.

Pension obligations

Pension obligations related to insured pension, as well as the pension premium reserve, are included in the balance sheet using the net principle. See Note 13 for further details concerning pension obligations.

Warranty allocations

A general provision has been made for future warranty costs based on the previous year's turnover in all Group companies.

Taxes

The tax charge in the profit and loss accounts includes both taxes payable for the period and the change in deferred taxes. The change in deferred taxes reflects future taxes payable resulting from the year's activities. Deferred taxes are determined based on the accumulated result, which falls due for payment in future periods. Deferred taxes are calculated on net positive timing differences between accounting and tax balance sheet values, after setting off negative timing differences and losses carried forward under the liability method in accordance with the rules set out in the Norwegian Accounting Standard. See Note 9 "Taxes".

Earnings per share

Earnings per share have been computed based upon the weighted average number of common shares and share equivalents outstanding during each period. Common share equivalent recognizes the potential dilutive effects of future exercises of common share warrants and employee incentive programs payable in company share.

Cash flow statement

The cash flow statement is compiled using the indirect method. Cash and cash substitutes include cash, bank deposits and other short-term investments with terms not exceeding 3 months that immediately, and with no material exchange rate exposure, can be exchanged for cash.

OTHER**Changes in group structure**

TOMRA has in 2000 sold its sales- and service companies in Europe from Tomra Systems ASA to Tomra Europe AS. The transaction has no effect on the consolidated accounts.

NOTES

1

SEGMENT INFORMATION

Figures in NOK million

REVENUES BY MARKET	2000	1999	1998	2000 %	1999 %	1998 %
BU EUROPE						
Germany	258	220	160	9.5 %	10.1 %	11.0 %
The Netherlands	136	123	97	5.0 %	5.7 %	6.7 %
Sweden	125	117	107	4.6 %	5.4 %	7.3 %
Finland	81	94	62	3.0 %	4.4 %	4.3 %
Norway	80	233	33	2.9 %	10.7 %	2.3 %
Austria	72	66	62	2.6 %	3.0 %	4.2 %
Denmark	71	69	57	2.6 %	3.2 %	3.9 %
Switzerland	54	16	10	2.0 %	0.7 %	0.7 %
Others	18	14	21	0.7 %	0.7 %	1.4 %
BU Europe total	895	952	609	32.9 %	43.9 %	41.8 %
BU AMERICA						
California	736	396	150	27.1 %	18.2 %	10.3 %
New York	465	358	336	17.1 %	16.5 %	23.1 %
Michigan	228	171	115	8.4 %	7.9 %	7.9 %
Non deposit states	137	125	90	5.0 %	5.8 %	6.2 %
Massachusetts	98	60	50	3.6 %	2.8 %	3.4 %
Connecticut	84	82	73	3.1 %	3.8 %	5.0 %
Canada	71	13	12	2.7 %	0.6 %	0.8 %
Others	4	12	21	0.1 %	0.5 %	1.5 %
BU America total	1 823	1 217	847	67.1 %	56.1 %	58.2 %
Total operating revenues	2 718	2 169	1 456	100.0 %	100.0 %	100.0 %
REVENUES BY ACTIVITY						
BU EUROPE						
Sales, leasing	630	697	414	23.2 %	32.1 %	28.4 %
Service	250	240	180	9.2 %	11.1 %	12.4 %
Administration, promotion	15	15	15	0.6 %	0.7 %	1.0 %
BU Europe total	895	952	609	33.0 %	43.9 %	41.8 %
BU AMERICA						
Sales, leasing	154	142	130	5.7 %	6.5 %	9.0 %
Service	134	129	104	4.9 %	5.9 %	7.0 %
Materials Handling	1 196	674	446	44.0 %	31.1 %	30.7 %
Recycling Centers	240	175	78	8.8 %	8.1 %	5.4 %
Administration, promotion	99	97	89	3.6 %	4.5 %	6.1 %
BU America total	1 823	1 217	847	67.0 %	56.1 %	58.2 %
TOMRA GROUP						
Sales, leasing	784	839	544	28.9 %	38.6 %	37.4 %
Service	384	369	284	14.1 %	17.0 %	19.5 %
Materials Handling	1 196	674	446	44.0 %	31.1 %	30.6 %
Recycling Centers	240	175	78	8.8 %	8.1 %	5.4 %
Administration, promotion	114	112	104	4.2 %	5.2 %	7.1 %
Total operating revenues	2 718	2 169	1 456	100.0 %	100.0 %	100.0 %

The majority of TOMRA's activities are based around the reverse vending machine concept, and most contracts are priced as full service packages. The allocation of revenues is therefore based on estimates.

E

COST OF GOODS SOLD / INVENTORY

PARENT COMPANY			COST OF GOODS SOLD			GROUP		
2000	1999	1998	Figures in NOK million	2000	1999	1998		
310.1	350.3	151.3	Figures in NOK million					
			Cost of goods sold, gross	1 187.0	944.6	581.0		
-	-	(4.2)	Change in inventory	60.3	7.1	(3.2)		
310.1	350.3	147.1	Cost of goods sold, net	1 247.3	951.7	577.8		
PARENT COMPANY			INVENTORY			GROUP		
			Raw materials	71.0	52.6			
-	-	-	Work in progress	17.1	16.8			
0.9	0.7		Finished products	107.0	67.4			
-	-		Spare parts	116.7	96.3			
0.9	0.7		Total inventory	311.8	233.1			

B

LABOR COST

PARENT COMPANY			LABOR COST			GROUP		
2000	1999	1998	Figures in NOK million	2000	1999	1998		
34.6	24.1	53.1	Figures in NOK million					
			Payroll	495.3	404.8	285.0		
45.2	6.7	15.1	Social security tax/pension cost	87.6	48.9	29.2		
4.9	3.4	3.1	Other social expenses	31.4	47.4	31.4		
84.7	34.2	71.3	Total labor cost	614.3	501.1	345.6		
93	88	204	Average number of employees	1 829	1 724	1 318		

C

FINANCIAL ITEMS

PARENT COMPANY			FINANCIAL ITEMS			GROUP		
2000	1999	1998	Figures in NOK million	2000	1999	1998		
85.2	46.3	27.4	Figures in NOK million					
			Interest income ¹	17.1	11.0	9.7		
13.2	15.3	2.7	Foreign exchange gain	13.2	15.3	2.7		
-	0.3	0.4	Currency options gain	-	0.3	0.4		
157.0	-	-	Gain on sales of shares ²	-	-	-		
36.2	9.2	-	Reversed write-down on fixed assets ²	-	-	-		
291.6	71.1	30.5	Total financial income	30.3	26.6	12.8		
4.3	5.7	5.4	Interest expenses ¹	4.0	14.6	17.7		
-	-	19.7	Foreign exchange losses	-	-	19.7		
4.3	5.7	25.1	Total financial expenses	4.0	14.6	37.4		
287.3	65.4	5.4	Net financial income and expenses	26.3	12.0	(24.6)		

¹Interest income and -expenses for the parent company, includes interest income and expenses from subsidiaries of respectively NOK 75.0 million and NOK 1.9 million.

²The parent company has in 2000 sold its shares in the European sales- and service companies to Tomra Europe AS for a price of NOK 274.0 million. Previous write-down of the shares in Tomra Systems BV has simultaneously been reversed. The transactions affect only the reporting of Tomra Systems ASA and have no effect on the Group figures.

EXCEPTIONAL ITEMS

TOMRA had as of December 31 2000, an exposure of NOK 383.4 million (USD 43.5 million) towards Wise Recycling LLC and Wise Metals Group LLC.

Specification of the exposure:

Accounts receivables	260.7
Investment in Wise Recycling LLC	73.7
Guarantee liabilities and expense accruals	49.0
Total exposure	383.4

The total exposure has been written down, as there are a material uncertainty regarding both the receivables and the investment.

Further description is enclosed in the Board of Directors' report.

INTEREST-BEARING BALANCE SHEET ITEMS

PARENT COMPANY			GROUP	
2000	1999	Figures in NOK million	2000	1999
1.9	4.7	Restricted bank deposits	4.2	6.7
436.7	52.2	Bank deposits	656.7	232.5
51.1	30.9	Short-term investments	51.1	30.9
–	–	Other long-term investments	65.2	47.6
1 954.6	752.4	Loan/receivables to subsidiaries	–	–
2 444.3	840.2	Total interest bearing investments	777.2	317.7
–	–	Overdraft facility	–	209.8
27.5	32.5	Other long-term loans	39.0	40.5
–	–	Short-term interest bearing liabilities	–	0.8
–	116.9	Loan from subsidiaries	–	–
27.5	149.4	Total interest bearing debt	39.0	251.1
2 416.8	690.8	Total interest bearing items	738.2	66.6

Annual installment on other long-term loans is NOK 5.0 million. The loan has been submitted with negative pledge agreements. NOK 2.5 million of the total debt is due more than five year after December 31, 2000. Unused, committed drawing rights per December 31, 2000 is NOK 50.0 million for the Group.

RECEIVABLES

PARENT COMPANY			GROUP	
2000	1999	Figures in NOK million	2000	1999
–	–	Accounts receivables, gross	620.9	462.0
331.7	78.6	Intra group short-term debt	–	–
94.0	6.0	Other short-term receivables, gross	195.6	161.3
–	(0.1)	Provision for bad debt	(10.9)	(8.0)
425.7	84.5	Total receivables	805.6	615.3

Total bad debt written off in 2000, amounted to NOK 5.6 million for the Group, whereof NOK 4.6 million is related to activities in America. Bad debt written off is reported as other operating expenses. Receivables with due date more than one year after the balance day, are reported as fixed assets.





FIXED ASSETS

Figures in NOK million	Buildings & Land	Machinery & Fixtures	Vehicles	Total property & fixed assets		Leasing equipment
				Intangibles ¹		
GROUP²						
Historical cost January 1, 2000 ³	186.0	281.2	77.4	544.6	538.9	570.7
Additions this year	123.6	155.3	22.1	301.0	54.1	66.0
Disposals this year	41.7	12.3	4.9	58.9	-	79.7
Accumulated depreciation/write-down ³	23.9	172.5	44.6	241.0	187.7	303.7
Book value December 31, 2000	244.0	251.7	50.0	545.7	405.3	253.3
Ordinary depreciation this year	10.1	46.8	12.5	69.4	31.1	80.2
Depreciation rates ⁴	2-4 %	10-33 %	15-33 %		5-20 %	14-25 %
Economic life, until	50 yrs.	10 yrs.	7 yrs.		20 yrs.	8 yrs.
PARENT COMPANY						
Historical cost January 1, 2000 ³	-	43.2	0.1	43.3		
Additions this year	-	8.1	0.6	8.7		
Disposals this year	-	0.1	-	0.1		
Accumulated depreciation ³	-	38.1	0.2	38.3		
Book value December 31, 2000	-	13.1	0.5	13.6		
Ordinary depreciation this year	-	5.4	0.1	5.5		
Depreciation rates ⁴	-	15-25 %	20 %			
Economic life, until		7 yrs.	5 yrs.			

¹Exchange rates as of December 31, 2000 are used in calculating fixed assets of foreign subsidiaries.

²Including properties of NOK 40.8 million.

³Total accumulated depreciation on December 31, 1999 was NOK 579.8 million for the Group and NOK 32.8 million for the parent company. Accumulated write-down on intangible assets per December 31, 2000 was NOK 43.1 million.

⁴Booked value of intangible assets per December 31, 2000 consists of goodwill amounted to NOK 402.2 million and other intangible assets amounted to NOK 3.1 million. Goodwill is depreciated over a maximum of 20 years, which is estimated to be economic life.

⁵All depreciation plans are linear.

The Group has in 2000 used NOK 80.3 million on research, development and other future-oriented projects. The amount is expensed.

Tomra Systems ASA rents its offices in Asker for an annual lease of NOK 9.5 million with a fixed annual adjustment of 1.9 percent. The lease period is eight years, with the right to renew for additional ten years. Tomra previously owned the property, and the company has the right to purchase the property back at the end of the initial lease period. The lease contract is not booked in the balance, as it is not seen, according to Norwegian GAAP, as financial leasing.

LEASING EQUIPMENT

The companies within the TOMRA Group had 6196 reverse vending machines for leasing to customers by the end of 2000. The table shows the minimum leasing income from today's lease portfolio. In addition to this income, TOMRA will receive income from materials handling, service contracts etc.

Minimum lease income from the lease portfolio in NOK million:	2001	2002	2003	2004	2005+
	52.6	31.0	25.4	19.6	9.4



TAXES

PARENT COMPANY

2000 1999 1998

Figures in NOK million

2000 1999

GROUP

1998

PARENT COMPANY			GROUP		
2000	1999	1998	2000	1999	1998
TAX BASIS					
408.1	156.6	112.8			
(54.7)	(23.5)	(14.2)			
(167.8)	0.1	(0.2)			
(185.2)	(28.1)	4.2			
0.4	105.1	102.6			
Basis for taxes payable					
TAXES					
0.1	29.3	30.4	67.3	67.0	59.7
7.2			7.2	-	-
51.8	7.9	(1.1)	79.5	55.7	21.8
59.1	37.2	29.3	154.0	122.7	81.5
-	-	-	(121.0)	-	-
-	-	-	(121.0)	-	-
			31.3 %	30.2 %	32.1 %
			89.5	56.1	51.5

Deferred tax represent the net change in deferred tax assets and liability through changes in timing differences and loss carried forward. Deferred tax assets and liabilities are presented net of their respective tax effect using the tax rate of the applicable jurisdiction applied to amounts which represent future tax deductions or taxes payable and consist of the following as of December 31.

PARENT COMPANY

2000 1999

Figures in NOK million

2000

GROUP

1999

PARENT COMPANY		GROUP	
2000	1999	2000	1999
DEFERRED TAX ASSETS			
-	3.5	24.2	10.2
-	-	14.3	1.0
-	1.3	-	1.7
0.0	4.8	38.5	12.9
DEFERRED TAX LIABILITIES			
24.6	-	(84.5)	1.8
38.4	-	147.5	114.0
(9.3)	6.5	6.2	-
7.8	8.0	7.8	8.0
61.5	14.5	77.0	123.8

Negative and positive timing differences, which reverse or may reverse in the same period, are set off. Deferred taxes are calculated on the basis of timing differences and losses carried forward which are set off. Timing differences between different subsidiaries have not been set off. During the period that these differences reverse, the companies will have a taxable net income that is sufficient to realize the deferred tax allowance.



OTHER CURRENT LIABILITIES

PARENT COMPANY

2000 1999

Figures in NOK million

2000

1999

PARENT COMPANY		GROUP	
2000	1999	2000	1999
46.1	10.8	78.7	39.3
-	-	13.8	13.7
-	-	-	0.8
1.3	22.3	122.9	90.1
35.2	33.3	35.2	33.3
82.6	66.4	250.6	177.2



SHARES, LOAN, AND SEVERANCE PAY TO OFFICERS

	Share- holding ¹	Loan ²	Board- member fee	Warrants granted ⁴
Jan Chr. Opsahl (Chairman)	168 096		340 000	80 000
Jørgen Randers (Board member)	32 100		170 000	42 668
Svein S. Jacobsen (Board member)	97 692		170 000	14 000
Tharald Brøvig (Board member)	100 000		170 000	64 000
Christian H. Thommessen (Board member)	–		170 000	24 000
Klaus Nærø (Employee repr.)	3 112		120 000	33 200
Andreas Nordbryhn (Employee repr.)	10 652		120 000	33 200
Gregory S. Garvey (director GBD)	1 383 000	884 850	120 000	561 200
Erik Thorsen (CEO) ³	61 176	1 000 000		429 866
Helge Nerland (CFO)	200 824	1 200 000		285 866
Val Stalowir (president BU America)	–			401 200
Morthen Johannessen (president BU Europe)	1 068			201 200
Terje Hanserud (VP Technology)	64 868			168 534
Svánaug Bergland (director of HR development)	–			41 200

Loan to employees as of December 31, amounts to NOK 4.5 million for the parent company and NOK 9.3 million for the Group.

Shareholding

The column shows number of shares owned by the Board members, officers and companies controlled by them and their families.

Salary and severance pay to the CEO

The CEO has received NOK 1 479 995 in salary. Other severance pay has been reported with NOK 58 486. The CEO is comprised in the ordinary pension plan for employees in Norway, where this years pension premium is NOK 51 640. For year 2001, the CEO will be able to earn variably salary up to NOK 650 000 linked to profit development if goal mentioned is fulfilled. In the event that the President/CEO is dismissed from his position, he is entitled to receive full compensation for twelve months.

Loans to management

The loans are secured by mortgage in real estate and are installment- and interest free.

Warrants and other compensations to management

The Board and Group Managements granted not vested warrants as of year-end 2000. The plans are elaborated further below.

Warrants

TOMRA established at the General Meeting in 2000 a share bonus program for all employees in fully owned TOMRA companies. Under the 2000 plan, all employees in companies meeting their budget grants up to 1200 warrants with a strike price of NOK 68.00, equal to the market price at the beginning of 2000. The plan will, as previously communicated, be suggested to be expanded into a five year plan. Totally 557 employees qualified for approx. 560 000 warrants in 2000.

TOMRA has also share warrant plans for directors, officers and employees tied to specific performance targets (variable plans). The vesting period for these plans is normally three years and granted at market price. The outstanding warrants are:

Figures in NOK	Shares	Price range per share		Average
	(amount)	Low	High	
PLANS GRANTED 1998:				
Granted	2 000 000	38.75	76.16	51.76
—of this vested and exercised	662 666	40.50	69.44	51.03
—of this vested not exercised	1 180 668	38.75	76.16	52.86
PLANS GRANTED 1999:				
Granted	4 383 600	51.75	68.00	53.46
—of this vested and exercised	426 664	51.75	56.38	54.29
—of this vested not exercised	1 761 974	51.75	68.00	53.59

	Shares	Price range per share		Average
		Low	High	
PLANS GRANTED 2000:				
Granted	504 000	81.50	166.50	121.99
—of this vested and exercised	0	—	—	—
—of this vested not exercised	14 000	113.00	113.00	113.00

When granting warrants, the strike price will never exceed the market price. The warrants will therefore never have an intrinsic value. Neither Norwegian, nor international accounting principles have established a practice of booking charges to the profit and loss accounts on granting warrants without an intrinsic value. Only the social security taxes, where applicable, has therefore been charged to P/L.

Auditors' fees

NOK 0.3 million has been paid out in auditors' fees to KPMG AS for auditing Tomra Systems ASA. In addition NOK 0.7 million has been paid for consulting services. Total auditors' fees for the Group amounted to NOK 3.4 million, and NOK 5.4 million for consulting fees.

SHARES AND INVESTMENTS

Figures in NOK million

GROUP COMPANIES

	Country	Year of acquisition	Vote and owner share	Book value
Tomra Systems Inc	Canada	1988	100 %	8.1
Tomra North America Inc	USA	1992	100 %	0.0
Tomra Systems OY	Finland	1997	100 %	21.7
Tomra Europe AS	Norway	1998	100 %	10.0
Tomra Production AS	Norway	1998	100 %	15.0
Camco Recycling Inc	Canada	2000	100 %	10.9
Tomra Japan Asia Pacific KK	Japan	2000	100 %	1.2
Total shares in subsidiaries				66.9

SHARES IN AFFILIATED COMPANIES

	Wise Recycling	Utre-PET	Total
Book value 31.12.99	73.7	44.7	118.4
Share issues in 2000		0.7	0.7
Profit before taxes 2000		0.6	0.6
Write-down in 2000	(73.7)		(73.7)
Currency calculation difference		4.5	4.5
Book value 31.12.00	0.0	50.5	50.5
Equity at date of acquisition	56.7	41.0	
Country	USA	USA	
Year of acquisition	1998	1999	
Vote and share ownership	50.0 %	41.5 %	



PENSION AND PENSION OBLIGATIONS

Insured pension plans cover all employees in Norway in permanent positions with at least 50 percent of full time employment. The retirement age is 67 years for all employees. The pension plan is structured as a retirement net agreement in that it guarantees a supplement to the State benefits of 20 percent of that part of the pension base which exceeds 1.5 times the base amount (currently NOK 49 090) and 30 percent of the pension base which exceeds eight times the base amount. There is no other compensation agreements for reductions in State benefits. The premium calculation structure remained unchanged in the years 1998-00. Except for this plan, no other pension liabilities exist.

The pension plans have been treated for accounting purposes in accordance with the NAS on pension costs. Only the Norwegian companies have pension plans based on benefit principles. The parent company's plan, which also covers employees in Tomra Butikkssystemer AS, Tomra Europe AS and Tomra Production AS includes 220 employees and 4 retirees by year-end 2000. The plan gives rights, to defined future benefits. This benefit is mainly dependent upon, year within the plan, salary at date of retirement and compensations from the State. The obligations are covered through Gjensidige Liv insurance company. For demographic and resignation factors normal insurance assumptions have been used. There were not made any payments to the pension premium fund in 2000.

Figures in NOK million	2000	1999	1998
Net present value of this year's pension earnings	3.2	2.7	2.2
Interest cost of pension obligations	1.8	1.5	1.2
Yield on pension fund	(4.1)	(3.2)	(2.8)
Amortization of deferred deviations	-	0.2	(0.1)
Social security tax	-	-	1.1
Net pension costs	0.9	1.2	1.6
FINANCIAL STATUS AS OF DECEMBER 31, 2000			
Pension obligations	(30.9)	(25.6)	
Pension funds at market value	55.8	49.2	
Deferred liability to be amortized	1.0	3.3	
Advanced payment of social security costs	1.8	1.8	
Pension funds	27.7	28.7	
BASIS FOR CALCULATION			
Discount rate	7.0 %	7.0 %	
Expected wage increases	3.3 %	3.3 %	
Expected increase of base amount	3.3 %	3.3 %	
Expected yield of funds	8.0 %	8.0 %	

WARRANTY LIABILITIES

PARENT COMPANY		Figures in NOK million	GROUP	
2000	1999		2000	1999
-	377.9	Tomra Systems ASA: for subsidiaries	-	-
-	-	Tomra North America Inc. for Wise Recycling LLC	-	80.4
0.0	377.9	Total warranty liability	0.0	80.4

Tomra North America Inc has as of December 31 2000, a NOK 39.5 million warranty liability towards Wise Recycling LLC. The warranty liability is fully accrued for, see also note 5.

15 OFF BALANCE SHEET ITEMS

In principle, Tomra Systems ASA is the only company within the Group with currency exposure, due to all transactions between Tomra in Norway and its foreign subsidiaries are done in local currency. Tomra Systems ASA use forward foreign exchange contracts to hedge foreign currency exposure. Forward contracts are recorded at the year-end rate.

Outstanding forward foreign exchange contracts, as of December 31, 2000:

Amount forward sold (million)	Currency	Book exch. rate	Due date
USD/NOK	186.0	8.8485	2001
EURO/NOK	11.0	8.2335	2001
DKK/NOK	10.0	1.1032	2001

16 EQUITY

GROUP

	Paid-in capital	Currency Translation difference	Retained earnings	Total Majority Equity	Minority Interest	Total Equity
Figures in NOK 1000						
Balance per December 31, 1998	314 636	52 360	895 598	1 262 594	21 303	1 283 897
Net profit			277 363	277 363	5 956	283 319
Equity issue 1999	52 645			52 645		52 645
Changes in translation difference		6 263		6 263	1 374	7 637
New consolidated subsidiaries				0	389	389
Sales TNYR			(6 160)	(6 160)	16 003	9 843
Dividend accruals 1999			(33 339)	(33 339)		(33 339)
Balance per December 31, 1999	367 281	58 623	1 133 462	1 559 366	45 025	1 604 391
Net profit			60 557	60 557	15 526	76 083
Equity issue 2000	1 092 999			1 092 999		1 092 999
Changes in translation difference		(36 704)		(36 704)	2 945	(33 759)
New consolidated subsidiaries/dividend minorities			(4 487)	(4 487)	9 404	4 917
Dividend accruals 2000 ¹			(35 205)	(35 205)		(35 205)
Balance per December 31, 2000	1 460 280	21 919	1 154 327	2 636 526	72 900	2 709 426

¹Accrued dividend is NOK 0.20 per share in 2000

	2000	1999 ¹	1998 ^{1,2}
Number of shares 31.12.00	176 026 664	166 695 332	164 358 800
Average number of shares	169 968 687	165 978 926	163 544 232
Average number of shares, fully diluted	173 485 329	167 219 250	165 157 460
Majority equity 31.12.00 (NOK 1000)	2 636 526	1 559 366	1 262 594
Equity per share	14.98	9.35	7.68
Net profit after minority interest (NOK 1000)	60 557	277 363	167 080
Earnings per share	0.36	1.67	1.02
Earnings per share, fully diluted	0.35	1.66	1.01

¹Adjusted for stock split in 2000

²Adjusted for stock split in 1999

TOMRA SYSTEMS ASA

Figures in NOK 1000

	Share capital	Share premium	Paid-in capital	Retained Earnings	Total equity	Number of shares
Balance per December 31, 1996	150 596	150 278	300 874	74 494	375 368	37 649 068
Net profit 1997				95 936	95 936	
Employee placement, April 1997	1 280		1 280	17 792	19 072	37 969 068
Employee placement, April 1997	150		150		150	38 006 500
Employee placement April 1997	2		2		2	38 007 000
Private placement May 1997	1 860		1 860	63 240	65 100	38 472 000
Execution of warrants, May 1997	52		52	679	731	38 485 000
Private placement, September 1997	7 200		7 200	284 130	291 330	40 285 000
Execution of warrants December 1997	1 400		1 400		1 400	40 635 000
Dividend accruals 1997				(16 254)	(16 254)	
Balance per December 31, 1997	162 540	150 278	312 818	520 017	832 835	40 635 000
Net profit 1998				83 485	83 485	
Employee placement, March 1998	321		321	5 654	5 975	40 715 200
Execution of warrants, May 1998	618		618	8 590	9 208	40 869 700
Execution of warrants, August 1998	80		80	1 112	1 192	40 889 700
Private placement, December 1998	800		800	41 968	42 768	41 089 700
Dividend accruals 1998				(20 577)	(20 577)	
Balance per December 31, 1998	164 359	150 278	314 636	640 250	954 886	41 089 700
Net profit 1999				119 378	119 378	
Employee placement, April 1999	589	20 033	20 622		20 622	41 237 000
Employee placement, April 1999	1 726	29 198	30 924		30 924	41 668 500
Execution of warrants, May 1999	21	1 317	1 339		1 339	41 673 833
Share issue costs		(239)	(239)		(239)	
Stock split 1:1 December 1999						83 347 666
Dividend accruals 1999				(33 339)	(33 339)	
Balance per December 31, 1999	166 695	200 587	367 282	726 289	1 093 571	83 347 666
Net profit 2000				349 021	349 021	
Group contribution 2000				102 000	102 000	
Employee placement, March 2000	307	16 943	17 250		17 250	83 501 000
Execution of warrants, April 2000	366	18 064	18 430		18 430	83 683 832
Execution of warrants, May 2000	250	13 874	14 124		14 124	83 808 832
Private placement, September 2000	8 000	1 032 000	1 040 000		1 040 000	87 808 832
Execution of warrants, September 2000	50	3 422	3 472		3 472	87 833 832
Execution of warrants, November 2000	359	18 199	18 558		18 558	88 013 332
Share issue costs		(18 836)	(18 836)	(61)	(18 897)	
Stock split 1:1 November 2000						176 026 664
Dividend accruals 2000				(35 205)	(35 205)	
Balance per December 31, 2000	176 027	1 284 253	1 460 280	1 142 044	2 602 324	176 026 664

All retained earnings are free equity, available for dividend

ACQUISITIONS IN 1999/2000

MOBILE RECYCLING CORP.

With effect from October 1, 1998, Tomra Pacific Inc. acquired the operating assets of Mobile Recycling Corp. in California. The purchase price was USD 7.15 million (NOK 54.4 million) and included goodwill of USD 5.1 million (NOK 31.9 million) in 1998, with additional USD 1.3 million (NOK 10.5 million) in 1999. The purchase agreement also included a contingent additional liability of USD 1.9 million (NOK 16.8 million) based on the legislative changes of handling fees to recycling centers, which has been paid out in 2000.

UltrePet LLC

With effect from May 1, 1999 Tomra North America Inc. invested USD 5.3 million (NOK 41.0 million) in the company UltePet LLC. TOMRA's ownership was 38.5 percent of the company, which will increase to 49 percent as a consequence of the company buying back its own shares the next three years. The ownership as of year-end 2000 is 41.5 percent. The investment did not represent any goodwill.

Tomra New York Recycling LLC

Tomra North America has during 1999 gradually reduced their ownership in Tomra New York Recycling LLC (TNYR) from 100 percent to 70 percent. The sales price adjusted from equity shares, USD 2.0 million (NOK 16.0 million), is included in minority interests in the balance sheet and is written down over five years.

DAC Industries LLC

With effect from December 1 1999 Tomra North America Inc. purchased additional 61 percent in DAC Industries LLC for USD 0.3 million. (NOK 2.4 million). The acquisition included goodwill of USD 0.5 million (NOK 3.9 million). TOMRA's ownership is 80 percent after the acquisition.

TOMRA AG

With effect from January 1, 2000 TOMRA acquired 50.5 percent of its Swiss distributor TOMRA AG. The purchase price was NOK 26.0 million, and included goodwill of NOK 12.2 million.

CAMCO Recycling Inc

Effective April 8, 2000 TOMRA acquired 50.5 percent of the Canadian materials handling company CAMCO Recycling Inc. The purchase price was USD 1.2 million (NOK 10.9 million) and included goodwill of NOK 9.9 million.

Polar Beverages

TOMRA Massachusetts signed 31, May 2000 a Joint Venture agreement with Polar Beverages. TOMRA North America owns 55 percent of the new established company. The transaction involved a goodwill of USD 0.7 million (NOK 6.3 million).

Other minor acquisitions

TOMRA has additionally done some minor acquisitions in America in 2000. Total purchases included goodwill of USD 1.0 million (NOK 8.9 million).

THE COMPANY'S LARGEST SHAREHOLDERS

Registered at December 28, 2000

Registered at December 28, 2000		Shares Ownership				
1. Chase Manhattan Bank—UK Clients	21 287 526	12.09 %	11. Clearstream Banking Kundendept	3 007 046	1.70 %	
2. State Street Bank—Clients	16 953 559	9.63 %	12. Caisse Nationale de Agricole	2 924 473	1.66 %	
3. Caisse des Depots et Consignations	6 483 151	3.68 %	13. Morgan Guaranty	2 448 751	1.39 %	
4. Chase Manhattan Bank—US Clients	6 031 801	3.42 %	14. ABN AMRO Global	2 427 006	1.37 %	
5. Folketrygdfondet	4 000 000	2.27 %	15. DG Bank, Luxembourg	2 378 000	1.35 %	
6. Chase Manhattan Bank—Luxembourg	3 888 220	2.20 %	16. Citibank NA ADR—Department	2 127 312	1.20 %	
7. Storebrand Life Insurance	3 456 600	1.96 %	17. Vital Forsikring	2 023 440	1.14 %	
8. Boston Safe Dep	3 310 316	1.88 %	18. Chase Manhattan Bank S/A Carnegie	1 981 800	1.12 %	
9. KLP Forsikring Aksje	3 242 700	1.84 %	19. Gjensidige Nor Spare/Investeringsavd.	1 935 698	1.09 %	
10. ABN Amro Bank—Danish Clients	3 170 400	1.80 %	20. Bank of New York—Eur.Clients	1 927 197	1.09 %	



AUDITORS REPORT

To the Annual Shareholders' meeting of Tomra Systems ASA

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

We have audited the annual financial statements of Tomra Systems ASA as of 31 December 2000, showing a profit of NOK 349.0 million for the parent company and a profit of NOK 76.1 million for the Group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the group accounts. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on the other information according to the requirements of the Norwegian Act on Auditing and Auditors.

BASIS OF OPINION

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and good auditing practice in Norway. Good auditing practice require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and good auditing practice an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion,

- the financial statements are prepared in accordance with the law and regulations and present the financial position of the Company and of the Group as of December 31, 2000, and the results of its operations and its cash flows for the year then ended, in accordance with good accounting practice in Norway
- the Company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of

accounting information in accordance with the law and good accounting practice

- the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Oslo, February 15, 2001

KPMG AS

Partner

State Authorized Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only

KEY FIGURES FOR THE GROUP 1996–2000

Figures in NOK million	2000	1999	1998	1997	1996
PROFIT AND LOSS STATEMENT					
Operating revenues	2 718	2 169	1 456	996	700
Other income	–	5	43	–	–
Cost of goods sold	1 247	952	578	360	281
Gross contribution	1 471	1 222	921	636	419
Operating expenses	824	700	491	337	213
Ordinary depreciation/write-down	181	141	159	93	54
Operating profit	466	381	271	206	152
Profit from affiliated companies	1	13	8	2	3
Net financial items	26	12	(25)	(10)	(6)
Ordinary Profit before taxes	493	406	254	198	149
Losses related to Wise Metals Group	384	–	–	–	–
Taxes related to loss Wise Metals Group	(121)	–	–	–	–
Taxes	154	123	81	63	45
Net profit	76	283	173	135	104
Minority interest	(15)	(6)	(6)	(4)	(2)
ASSETS					
Intangibles	444	364	361	305	159
Real property, fixed assets	546	343	286	200	122
Leasing equipment	253	251	263	266	186
Financial fixed assets	200	271	145	65	46
Total fixed assets	1 443	1 229	1 055	836	513
Inventory	312	233	212	177	141
Receivables	805	616	495	267	186
Bank deposits, cash etc.	712	270	56	129	44
Total current assets	1 829	1 119	763	573	371
Total assets	3 272	2 348	1 818	1 409	884
LIABILITIES AND EQUITY					
Paid-in capital	1 460	367	315	313	301
Retained earnings	1 176	1 192	948	714	199
Minority interest	73	45	21	15	4
Total equity	2 709	1 604	1 284	1 042	504
Deferred taxes	77	124	77	50	26
Other long-term liabilities	39	41	49	73	140
Total long-term liabilities	116	165	126	123	166
Liabilities to financial institutions	–	210	105	–	6
Accounts payable	184	151	107	75	73
Other current liabilities	263	218	196	169	135
Total current liabilities	447	579	408	244	214
Total liabilities and equity	3 272	2 348	1 818	1 409	884



KEY FIGURES FOR THE GROUP 1996–2000

	2000	1999	1998	1997	1996
PROFITABILITY					
Operating margin ¹	17.1 %	17.6 %	18.6 %	20.7 %	21.7 %
Profit ratio, ordinary Profit ²	18.1 %	18.7 %	17.5 %	19.9 %	21.3 %
Return on equity ex. WISE ³	15.4 %	19.7 %	14.6 %	17.2 %	22.8 %
Return on total assets, ordinary Profit ⁴	17.7 %	20.2 %	18.1 %	18.9 %	21.7 %
CAPITAL DECEMBER 31					
Majority equity (NOK million) ⁵	2 636	1 559	1 263	1 027	500
Equity ratio ⁶	80.6 %	66.4 %	69.5 %	72.9 %	56.8 %
Bankers ratio ⁷	4.1	1.9	1.9	2.3	1.7
Acid test ⁸	3.4	1.5	1.4	1.6	1.1
Debt service ratio ⁹	(3.7)	(0.2)	2.0	(0.4)	1.2
Working capital ¹⁰	1 417.8	539.7	354.8	328.5	153.0
SHARES					
Share capital December 31, 2000 (NOK million)	176.0	166.7	164.4	162.5	150.6
Earnings per share (EPS) ¹¹	0.36	1.67	1.02	0.84	0.68
Ordinary earning per share, ex. WISE	1.90	1.67	1.02	0.84	0.68
EPS, fully diluted ¹²	0.35	1.66	1.01	0.83	0.67
Dividend per share. Adjusted (NOK)	0.20	0.20	0.13	0.10	0.08
Share price Dec.31, 2000 adjusted (NOK) ¹³	171.00	68.00	62.50	41.25	24.88
Market capitalization (NOK million)	30 101	11 335	10 272	6 705	3 746
Price/earnings ratio (P/E) ¹⁴	90.0	40.7	61.3	48.8	36.6
EMPLOYEES					
Total employees (average)	1 829	1 724	1 318	788	633
Sales per employee (NOK million)	1 486	1 258	1 105	1 264	1 106

Definition of key figures

¹Operating profit as a percentage of operating revenues

²Ordinary Profit before taxes as a percentage of operating revenues

³Net profit exclusive WISE write-down after minority interests as a percentage of average equity (as defined in footnote 5)

⁴Ordinary Profit before taxes and interest expenses as a percentage of average total assets

⁵Equity exclusive minority interest

⁶Equity as defined in footnote 5 as a percentage of total assets

⁷Current assets divided by short-term liabilities

⁸Current assets excluding inventories divided by short-term liabilities

⁹Net interest-bearing debt divided by net cash flow from operating activities

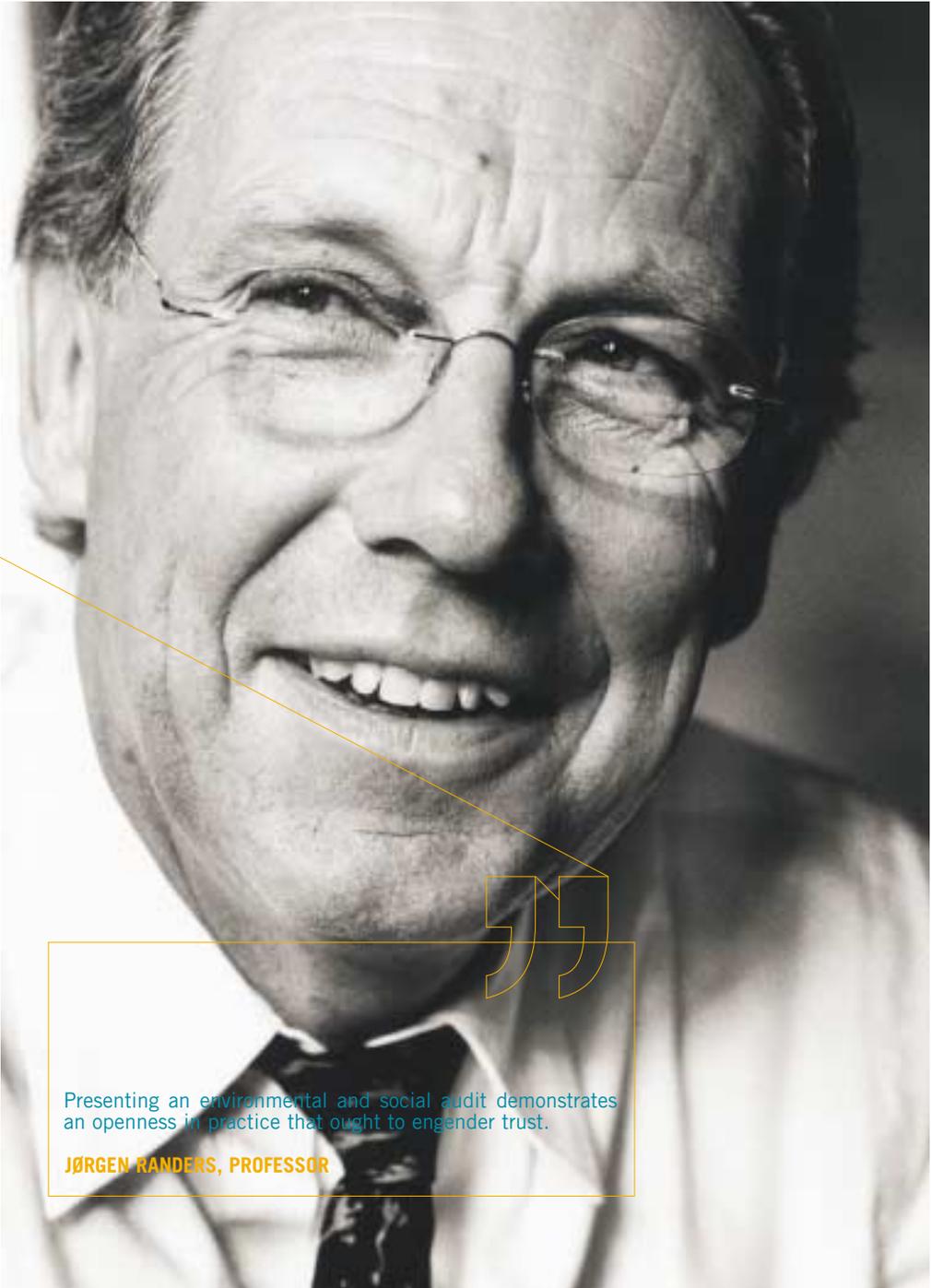
¹⁰Current assets less short-term liabilities

¹¹Net profit after tax divided by average number of shares (2000 = 169 968 687)

¹²Net profit after tax divided by average number of shares incl. vested warrants (2000 = 173 485 329)

¹³Adjusted for split in 1999 and 2000

¹⁴Stock price as of December 31, 2000, divided by ordinary earnings per share exclusive WISE write-down



Presenting an environmental and social audit demonstrates an openness in practice that ought to engender trust.

JØRGEN RANDERS, PROFESSOR

TIME FOR RESPONSIBILITY

The 1990s was a time of change in corporate management. The environmental dimension became a natural part of companies' overall management. The new decade is making further demands, and at TOMRA there is already an increased emphasis on the social dimension.

Interview with professor Jørgen Randers

In 1997 TOMRA adopted the environmental policy that has formed the basis of the company's social relations until now. With the formulation of a separate policy for corporate social responsibility, TOMRA, like a number of the world's leading companies, has gone a step further. Jørgen Randers, a professor of economics, has been one of the driving forces behind this development on TOMRA's board of directors and believes that the company is not only on the right course with this, but is also in good company.

TIME FOR CHANGE

For trend-setting companies the environmental dimension has long been in place as a management factor. Now there is increased focus on social relations in general, and the development of corporate social responsibility (CSR) seems to be the latest trend. What is going on?

In recent years multinational companies have increasingly assumed responsibility for the environmental and social dimensions and are now helping to propel this development forward, Professor Randers points out, who since the mid-1970s has followed international trends in business and industry's relationship to the environment and society. Authorities no longer set the tone in environmental efforts as much as they did previously. Randers says that as a result of liberalization and globalization, multinational companies have acquired greater relative influence. Their importance and their responsibility are all the greater in the work for a more sustainable society.

"When some time ago I led strategy efforts at the World Wildlife Fund (WWF), we were focused on the major multinational corporations as potential partners. Among them we see that a small, but very important, group has distinguished itself positively by taking clear environmental and social responsibilities. The approximately 150 members of the World Business Council for Sustainable Development (WBCSD) are alone responsible for around ten percent of the world's GNP and have significant weight," Randers says.

The professor at the Norwegian School of Management BI calls this group of multinationals the most progressive in today's global business community. By this he primarily means that they are leaders in terms of incorporating the environmental dimension into their

strategic thinking as well as their practical operations. And the same companies are now about to take the next step where a broader social dimension springs forth from environmental awareness.

TIME FOR STRATEGY

One expects a professor of economics and board member of a publicly listed company to focus on creating value and profits both for the company and for the owners. Today, modern corporate managers and farsighted investors see the significance of direct as well as indirect positive results resulting from environmental measures. Including broader social considerations in a company's basic policies and management system still seems somewhat strange for most people. Why devote resources to CSR?

Jørgen Randers believes that the prospect of profitability in a long-term perspective is the best motivation a company can have for investing in measures whose economic impact cannot directly and immediately be perceived. "Many have seen that environmental investments, for example, in energy efficiency measures in a company's own production facilities, yield a measurable economic effect. The results can even be posted to the balance sheet. Some have also been able to register direct and indirect effects stemming from negative publicity usually linked to events that have harmed society. Such underlying conditions can be costly in the long run; therefore, a company's market reputation is also a matter of profitability," Randers emphasizes.

Jørgen Randers also believes that increased pressure from the investment community, not least mutual funds, will help guide international business and industry towards a less environmentally harmful, and more socially responsible direction. He points to the rapid growth of environmental funds and the fact that more than ever before pension funds, churches, nonprofit organizations and others are basing their choices of investment vehicles on ethical and social criteria. "This trend gives those of us working for more intense focus on the triple bottom line better arguments and greater acceptance," Randers states.

TIME FOR MODELS

The professor of economics refers to ongoing work on models that seek to balance financial, environmental and social profit and loss,

the so-called triple bottom line, in a calculation model. "This is also something we have been working on in WWF," Randers tells us. "Measuring sustainability on the macro-level is very exciting, but also very difficult! Here I think some of the simplest available models, such as the World Bank's Genuine Savings Indicator, can be a good basis for getting started."

Financial accounting is a well-established and reasonably well-defined subject. Environmental reports are beginning to assume their eventual shape, and now CSR reporting is coming. Does the professor see any developments in which the various accounting methods may be integrated into a new and therefore perhaps genuinely complete corporate balance sheet?

"Technically speaking there is still a long way to go," Randers admits. "Whereas we can probably say that financial reporting is sufficiently mature, and that there is reasonably broad agreement on a methodological platform on the environmental side, reporting on the social side is still at a very early stage. Here we face even greater challenges than for environmental reporting, because we touch upon dimensions where it is difficult to find common denominators."

What is most important in an early phase of social reporting, Randers believes, is to have a practical approach that will enable a company to measure the actual gains from the efforts it initiates; not only the gains benefiting the company, but also those benefiting others. In this it will be easier for the company and for society at large to estimate the value of investments in various measures.

TIME FOR DEVELOPMENT

Randers considers TOMRA's first CSR report a first step on the way to something that will eventually be more complete but that the company does not yet see the final outline of. "We are relatively early in reporting on the social side, so for now we are primarily concerned with making it as simple and relevant as possible. We have made a start by choosing some areas to focus on; the next step will be to formulate more specific objectives."

Jørgen Randers points out that it is nonetheless interesting that those companies which have their environmental accounts in order, also have other parts of their operations in order and are profitable. Being ahead of the game with regard to environmental and social dimensions may therefore be a positive indication in itself. Good examples are the 150 companies that are members of the World Business Council for Sustainable Development. They are leaders, not only in the area of environmental management, but many of them are among the world's leading businesses, seen from a variety of measurement parameters.

"Companies that publish more financial data than they are required to report demonstrate openness in practice," says Randers. And openness or transparency, is another aspect of management that people are attaching increasing importance to. Trust in management is of crucial importance for how a company is evaluated, and trust is

attained through integrity. "Presenting an environmental and social audit demonstrates an openness in practice that ought to engender trust. Openness is a tradition at TOMRA, which will be enhanced by the fact that we are now beginning to present a CSR report."

TIME FOR ACTION

Although it may seem as if the social dimensions are not directly relevant for TOMRA, Randers points out that the more global a company becomes, the more it has to take into consideration. TOMRA now stands at the threshold of expanding its activities to new geographical areas, with different cultural values and social relations than those the company has so far been used to dealing with.

"TOMRA's entry into Brazil is an example of our having to think anew, not only business-wise, but also socially," Randers says. There, he reminds us, child labor is an issue. But it has already been discussed, and TOMRA is coming in using a model with clear and positive social relevance: schoolchildren are invited to collect packaging in exchange for equipment for their schools.

"In the environmental area I see it as natural to strive for standards and practices that are as uniform as possible everywhere we operate, as long as the requirements we set for ourselves correspond to or surpass those of the authorities. However, it will neither be appropriate nor possible to be consistent all over the world regarding all aspects of the social dimension," says Randers.

TIME FOR PEOPLE

One Norwegian standard that the board member Jørgen Randers would like to see exported is TOMRA's corporate culture. "In the early years of the company, TOMRA's founders were pioneers in introducing a labor policy and corporate culture that promoted active participation and creativity," Randers tells us. "It was a philosophy based on involving and rewarding employees, which has been reinforced over the years and which we are now trying to transfer to our businesses internationally."

Randers points out that from the beginning TOMRA was future-oriented also with respect to organizing the company in a way that was adapted to highly-skilled employees, before the term skills-based business became common. A key part of TOMRA's CSR policy just happens to be focused on bringing about conditions for high motivation among the employees. No one should be in doubt about the inspiration inherent in employees' perceiving their company as an innovator and leader in issues like the environment and social responsibility.

"Investing in environmental improvements, our own employees and the surroundings in which we operate, is not something we shall do only because we must," Jørgen Randers emphasizes. "We have to believe that it will actually pay off in the long run. Ethical consideration is a valuable asset, creating good-will and positive reputation."

INTERVIEW: Christoffer Knudsen / Dag Leraand, Gazette

CSR POLICY

With “Helping the World Recycle” as its stated mission, TOMRA aims to contribute to the well-being of society by providing products and services that positively impact the environment and encourage responsible and efficient use of natural resources.

TOMRA realizes that in carrying out this mission it will have an impact on a range of stakeholder groups that include shareholders, employees, suppliers, customers and society at large. To manage this impact, the following principles shall be integrated into TOMRA’s business practices worldwide.

Stakeholder Value

Value is created for all stakeholder groups through TOMRA’s continuing commitment to the improvement of its triple-bottom line, i.e. its environmental, social and financial performance.

Quality of Life at Work

TOMRA facilitates equal opportunities, healthy and safe working conditions, and opportunities for professional and personal development for all employees. TOMRA employees are rewarded according to individual accomplishments and through groupwide employee bonus and ownership plans.

Integrity and Consistency

TOMRA maintains high standards for social and environmental performance, and irrespective of instances where less stringent national regulations exist, consistently follows these high standards throughout all areas in which it operates.

Long-term Perspective

TOMRA operates with a long-term perspective and considers the needs of tomorrow in its actions today.

Precautionary Principle

TOMRA seeks to minimize any actions that may negatively impact the environment or society. To do so, TOMRA actively works to obtain the knowledge necessary to resolve uncertainties and provide the best possible decision-making platform.

Eco-Efficiency

TOMRA embraces the concept of eco-efficiency and actively seeks to reduce the ratio between material and energy consumption, and the resulting value that is created. This applies to all processes, products and services.

Ecological Sustainability

TOMRA seeks to optimize the use of recycled material or material from renewable resources, and to minimize the content of toxic substances in its products and services.

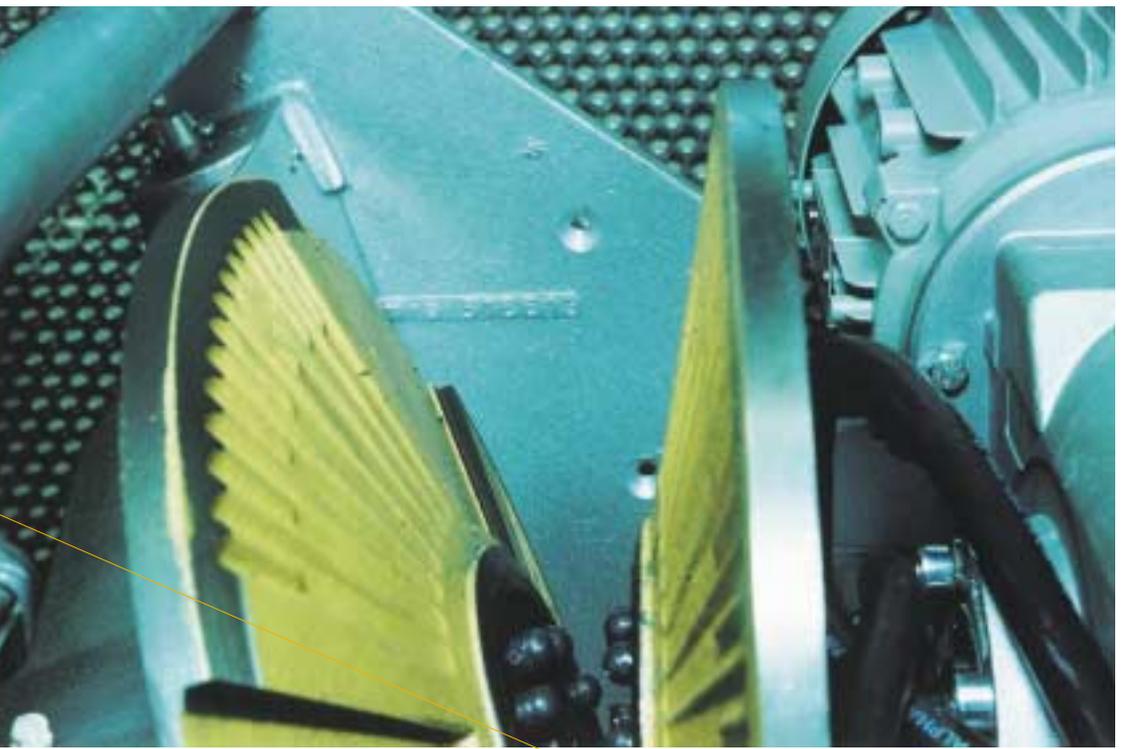
Product Stewardship

TOMRA assumes responsibility for its products and services throughout their life-cycle from product design to decommissioning.

Transparent Stakeholder Dialogue

TOMRA keeps an open dialogue with key stakeholder groups, fully reporting its performance record whether positive or negative.

TOMRA’s CSR Policy is authorized by the Board of Directors, and applies to all subsidiaries of Tomra Systems ASA.



TOMRA has always been a people-oriented company, and the inclusion of the social dimension in the reporting and management program is a part of TOMRA's response to the increasing expectations society places on business organizations.



CSR REPORT 2000

TOMRA has been reporting on environmental management and performance through annual reports since 1997. The scope and coverage of the environmental reports has been extended as TOMRA's Environmental Policy has been implemented in an increasing number of units within the group. During 2000 most companies in the Group participated in the reporting program, and the reporting scope was extended to include elements of social performance.

TOMRA has always been a people oriented company, and the inclusion of the social dimension in the reporting and management program is a part of TOMRA's response to the increasing expectations society places on business organizations. Several stakeholder groups are in dialogue with TOMRA about environmental and social management and performance. One important stakeholder group that often engages in dialogue with TOMRA are the eco-rating organizations which analyze socially and environmentally responsible businesses on behalf of green and ethical investment funds.

In order to clarify TOMRA's position in regard to corporate social responsibility, a CSR policy was developed in 2000 to replace TOMRA's Environmental Policy from 1997. TOMRA interprets the elements of CSR to include environmental, social and financial performance, or the "triple bottom line". TOMRA believes that it is in the best interest of all stakeholder groups that TOMRA optimizes its triple-bottom line with an aim to achieve the following:

Continued financial growth

Providing return on investment and opportunities for growth and expansion of TOMRA's operations to the benefit of the environment, stakeholders and society.

Improved environmental performance

Creating more value using less resources.

Improved social performance

Creating a healthy, meaningful and stimulating working environment in which innovation, competence and growth is rewarded.

CSR reporting

This report is influenced by several reporting initiatives and guidelines, including that of the Global Reporting Initiative (www.globalreporting.org), the United Nations Environment Program's Green House Gas Indicator (www.unep.org) and the work undertaken by the World Business Council for Sustainable Development (www.wbcsd.org), without claiming compliance to any.

This report is extended with environmental information made available on TOMRA's corporate website (www.tomra.com).

Reporting boundary

This report covers TOMRA's business units (BUs), and all processes in TOMRA's internal value-chain. Third-party distributors, joint ventures and activities in supplier organizations are not included.

REPORTING COMPANIES REPRESENT:

- 89 percent of total Group operating revenue
- 93 percent of total Group value added
- 92 percent of total employees

In the following, the terms "unit" and "company" refer to TOMRA organizations included in the reporting scope described above.

OPERATING IN SOCIETY

TOMRA operates in society, helping consumers recycle their used beverage containers. TOMRA's activities generate a range of impacts which influence our stakeholders and the environment. In order to understand TOMRA's impacts on society correctly, it is important to differentiate between three main impact categories:

TOMRA collects and recycles billions of used beverage containers annually, saving significant amounts of energy, materials, littering and landfill space. We call this our *indirect environmental impact*.

Indirect environmental impacts

TOMRA's indirect impacts are generated by the use of TOMRA's products and services. The environmental savings generated by recycling billions of used beverage containers include savings of energy, reduced raw materials extraction, reduction of litter and reduction of landfill space. TOMRA's indirect impacts are positive to society and the environment and should be increased.

TOMRA manufactures and maintains thousands of reverse vending machines (RVMs), operates hundreds of recycling centers and vehicles, generating air emissions, water discharges and waste. We call this our *direct environmental impact*.

Direct environmental impacts

TOMRA's direct impacts are predominantly negative if seen in isolation, and are similar to those generated by any industrial business venture. The direct impacts consist of energy usage, transportation, materials usage, water usage and a range of other impacts. TOMRA's direct impacts should be monitored and controlled.

While TOMRA's operations are aimed towards recycling of materials, the organization also has an impact on the individuals and groups that are in contact with TOMRA. We call this group of people and organizations our stakeholders, and the impacts generated our *social impacts*.

Social impacts

TOMRA's social impacts are generated in the interface between TOMRA and its stakeholders. TOMRA's social impacts include working conditions, quality of life at work and environmental education. TOMRA's social impacts should be positive and improved.

TOMRA is in the unique situation that it has most likely a large net positive impact on the environment and society. Through TOMRA's recycling systems, TOMRA is contributing to closing the material loops in the beverage industry, and thereby contributing to improved eco-efficiency and added value in society as a whole. TOMRA's negative direct impacts are less than the positive indirect impacts.

Tomra Systems ASA—Reporting companies

BU America

- Tomra North America Inc.
- Tomra Maine
- Tomra Metro
- Tomra Michigan
- Tomra NY Upstate
- Tomra NY Recycling
- Tomra Massachusetts
- Les Systemes Tomra
- Mobile Redemption
- Camco Recycling
- Tomra Pacific

BU Europe

- Tomra Europe AS
- Tomra Butikkssystemer AS (Norway)
- Tomra Systems AB (Sweden)
- Tomra Systems AS (Denmark)
- Tomra Leergutesysteme GmbH (Austria)
- Tomra Systems GbmH (Germany)
- Tomra Systems BV (Netherlands)
- OY Tomra AB (Finland)

Technology

- Tomra Production AS
- Tomra Systems OY

KEY PERFORMANCE INDICATORS

Financial Profile, adjusted to reporting scope Figures i NOK million

	2000
Operating Revenue	2 436
Value Added	1 209
Equity	2 636
Return on Equity, ex. WISE write-down	15.4 %
Employee bonus payment, 2000	11.4

Environmental Performance Indicators

	Absolute	Eco-efficiency factor Value Added /Impact
GROUP TOTALS		
Energy consumption, GWh	47.2	25.6
CO ₂ emissions, tons	13 200	91.5
Water consumption, cubic meters	25 300	47.7
Waste generation, tons	712	1.7

Social Performance Indicators

	2000
Number of employees	1 742
Number of injuries	139
Female percentage	21 %
Male percentage	79 %
Ethnic minorities	15 %

Key Performance Indicators are presented as absolute figures and for environmental performance also normalized against group Value Added, which consists of operating revenues minus goods purchased and depreciation. In other words, value added is equal to the value that is created inside the TOMRA group.

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TOMRA encourages dialogue with stakeholders, and welcomes any comments, queries or requests for further information.

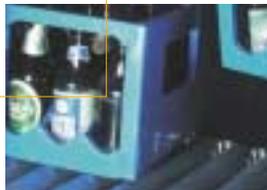
Please feel free to contact TOMRA's environmental staff.

Corporate website

This report is also available on TOMRA's corporate website, www.tomra.com. The website version of the report features further information on management systems, organization, case studies and technical information about this report.



To achieve eco-effectiveness in the beverage industry it will be required to achieve high container recovery rates and closed-loop material streams including “bottle-to-bottle” technology.



INDIRECT IMPACTS

TOMRA's positive impact on the environment is generated by the use of TOMRA's recycling solutions. TOMRA is contributing to closing material cycles in the beverage industry and thereby increasing the eco-efficiency of society.

PRODUCER RESPONSIBILITY

The role of business organizations has been to add value to society through the realization of products and services, and to add value to shareholders and employees through financial growth and salary payments. This traditional role is changing as consumers and society increasingly demand that business organizations take an extended responsibility for the way in which they operate. This shift is evidenced through changing legislation, changing consumption patterns and increased focus on corporate governance.

Today, all business organizations need to relate to both a legislative and a social license to operate. The legislative license is secured through compliance to applicable laws and regulations such as those that will follow the European Union's draft Directive on Waste Electric and Electronic Equipment (the WEEE-directive).

It is more complicated to interpret the requirements of the "social license to operate". In order to safeguard the continued approval of society, NGOs and consumers, business organizations will need to enter into dialogue with stakeholders and understand the expectations of society.

This extended producer responsibility will result in higher targets for recycling both of used beverage containers and other waste fractions. For TOMRA, this means that we need to take responsibility to make our own services more eco-efficient, and optimize our products for recycling when they reach the end of the life cycle. It also means that TOMRA should be prepared to handle larger volumes of packaging material in the future as the political targets for waste recycling are increased, and as consumers develop an even stronger understanding of environmental issues.

Factor 10

The term "sustainable development" is often used to describe a society which delivers growth and prosperity within the boundaries of the earth's carrying capacity. In an attempt to operationalize sustainable development, scenario projections have resulted in the development of the term "Factor x", where x could be the figures 4, 10 or 20 depending on the timeframe and scenario chosen. Factor 10

implies, for example, that a product or service is delivered with a 90 percent reduction of the associated negative impacts in order to be sustainable in the long term.

The Wuppertal Institute, OECD, The Club of Rome, and many other organizations have presented different scenarios, but the common denominator is that radical improvements in eco-efficiency are needed over the next few decades if we are to secure the wellbeing of future generations.

A commonly used "Factor 10" scenario is based on the following projected development over the next 50 years:

- A global population growth from 5 to 10 billion individuals
- An overall standard of living increase of 2.5 times
- A reduction of mankind's total environmental impact by a factor of 2

This scenario will require an improvement of the global eco-effectiveness by a factor of ten by 2050. This will help to raise living standards, particularly in the developing world, in spite of projected population growth.

To achieve this eco-effectiveness goal in the beverage industry, it will be required to achieve high container recovery rates and closed-loop material streams including bottle-to-bottle technology.

Further information about the Factor 10 concept can be found on the website of the Factor 10 Institute (<http://www.factor10-institute.org/>).

GLOBAL TRENDS IN BEVERAGE CONSUMPTION.

The annual global consumption of beverage containers amounts to approximately 700 billion units divided between aluminum and steel cans, and PET and glass bottles. TOMRA is responsible for collecting and recycling about three percent of the annual volume, equivalent to approximately 21 billion used beverage containers annually.

This material stream would otherwise be landfilled or collected through alternative reclamation systems in which the reclaimed

material would be mixed with other household waste. Mixing high-value used beverage containers with ordinary household waste contaminates the beverage container waste stream, and reduces the overall value of the collected volume—further reducing its ability to finance the cost of recycling.

TOMRA described the trends and development of the global beverage market in its Annual Report for 1998. While the general conclusions from that report are still valid, a further increase in the preference for PET and one-way containers has been evidenced. In certain markets consumption of PET bottles has increased by up to 25 percent in that period, taking market share from other container types, as well as driving overall volumes.

The popularity of the PET bottle is attributable to the fact that it is light, solid and it offers the consumer the possibility of closing the

well for residential areas with low recycling targets. Transportation and back end sorting costs are high, and material is often cross-contaminated due to lack of sorting control. It offers a high degree of convenience to consumers.

Igloo systems

Igloo systems require that consumers bring their waste material to a recycling location. Lack of sorting control results in low yield of high quality material. Lack of compaction increases transportation costs, and participation is driven by consumer awareness only.

Recycling centers

In principle these are equal to Igloo systems, but they are either staffed or automated. Incentives for participation can be introduced, and transportation costs are high where material is not compacted.



RECYCLING PROCESS: REDEMPTION SITE/CONVENIENCE CENTER • PICK-UP • PROCESSING PLANT • RECYCLER/RECLAIMER • CONTAINER PRODUCTION • FILLING BREWERY

bottle with a screw cap. This contrasts with cans and glass bottles which can not be closed when first opened.

For Tomra the popularity of the PET bottle is no surprise. The trend has long been developing towards one-way containers and TOMRA is prepared for an increase in the consumption and collection of PET and other one-way containers.

BEVERAGE CONTAINER COLLECTION SYSTEMS

When designing recycling systems, several models are available both for material collection and material processing. The aim should be to collect as much material as possible for the lowest possible cost while ensuring that recyclable fractions are of high quality and can be returned to productive use. In the following section we describe five common systems.

Waste stream recycling

Waste stream recycling systems are in operation in all industrial countries. It involves collecting all household waste fractions simultaneously, relying on secondary manual sorting of recyclable fractions. It often results in a high degree of cross contamination of material and poor working conditions for sorting staff.

Curbside collection

Curbside collection is widely used in all parts of the world and works

Deposit systems

Deposit systems can be used for refillable or non-refillable containers. TOMRA's first 25 years were built on automating the handling of deposit containers in food retail stores. Deposit systems provide high recovery rates (up to 98 percent in certain markets) and facilitates efficient material sorting. Non-refillable containers are compacted and refillable containers are sorted for backhaul. This system provides moderate costs and a high yield of high quality material, that effectively reduces litter problems.

Deposit systems are still the only solution that delivers sufficient recovery rates and high quality material which can be used for direct materials recycling (aluminum, PET, glass).

ENVIRONMENTAL RESEARCH.

During 1999, TOMRA completed a life cycle assessment (LCA) study which looked at the environmental and economic impacts of recycling systems for PET and aluminum beverage containers. The study focused on two states in the US, namely Connecticut and California. The study was part of TOMRA's ongoing program to optimize the eco-efficiency of recycling systems.

LCAs can be defined as a means of examining the environmental impact of a product or service through its life cycle, all the way from

the acquisition of raw materials, to disposal in a waste management system. For this study, primary focus was placed on the recycling phase of the life cycle of a beverage container.

The most important result of this work was the establishment of our own models for recycling systems to guide our decision-making. TOMRA is already working to lessen the negative impacts that are generated by our operations. Minimizing energy consumption in transportation and processing are some focus areas.

From these studies an important basis for further environmental and economic research was established. TOMRA is now working on a model for measuring eco-efficiency in the recycling chain, which will be tested on different types of collection systems. This project is part of the research program “P2005 Industrial Ecology”

performed a simplified LCA of five PET collection systems to answer this.

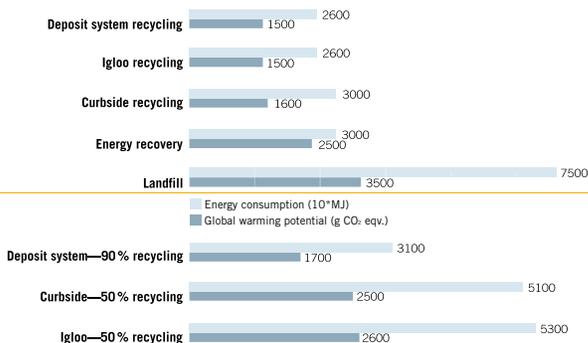
Deposit and curbside systems are not designed to serve exactly the same purpose, and another reason for being careful about comparisons between these recycling models is that results can be greatly affected by methodical assumptions. However, a very simplified LCA for PET bottles, illustrating energy consumption (MJ) and global warming potential (g CO₂-eqv), was done for the following recycling systems:

1. Deposit system collection and recycling
2. Igloo collection and recycling
3. Curbside collection and recycling
4. Waste collection and energy recovery
5. Waste collection and landfilling



DISTRIBUTION/SHOPS • CONSUMER • TRANSPORTATION

Environmental Impact from Collection and Recycling of 1000 kg PET



(www.p2005.ntnu.no/), which aims to increase the competence of Norwegian goods producers in collaboration with the Norwegian University of Science and Technology. TOMRA is participating in three case studies: “Loop-closing”, “Factor 10” and “Eco-efficient recycling systems”.

In addition to environmental research on the beverage container recycling loop, TOMRA R&D is engaged in product eco-design. In 1999 we did an LCA of one TOMRA RVM, and TOMRA is also participating in the Nordic “GreenPack program” (www.oslo.sintef.no/greenpack/), which aims at improving the environmental performance of electronic products. This activity is part of our effort to publish consistent Environmental Product Declarations.

LCA Highlights—The Environmental Cost of PET Recycling

Many countries with a deposit system for beverage container recycling also have a well-developed curbside system. Neither system exclude the use of the other. However, the question of how the two systems perform in comparison with each other is often raised. TOMRA has

Raw material production, bottle production, “all steps” of the recycling process, and replacement of virgin material was included in the study. It is assumed that recycled PET material replaces virgin, and in the energy recovery alternative, that energy from oil is replaced. It is important to note that these results do not take into account that maybe only 50 percent of the material is collected / recycled in curbside systems which mean the rest will go to landfill.

From these results we can extract that landfill is the least desirable option due to a complete loss of both energy and materials. Curbside and deposit systems with close to a 100 percent recycling rate come out as the most eco-efficient alternatives.

DIRECT IMPACTS

While TOMRA's overall impact on the environment is positive, certain negative environmental impacts are generated during the realization of TOMRA's products and services. Reduction of negative direct impacts shall be achieved through environmental management programs and transparent reporting.

TOMRA is a multinational organization with over 2000 employees operating in 38 countries. In order to provide consumers and society with TOMRA's recycling services it is necessary to have a physical presence in those markets with sales and service organizations, vehicle fleets, reverse vending machines, material processing units and other activities.

All these operations impact the environment directly through transportation, energy consumption, waste generation, water consumption and a range of other less significant impacts. TOMRA's aim is to reduce the negative direct impact generated by our operations through management programs, increased awareness and transparent public reporting.

ENERGY

One of the most serious threats to the global environment is the issue of climate change. Since the start of industrialization, human activity has been responsible for releasing carbon dioxide and other greenhouse gases to the atmosphere in large quantities. This disturbance of the natural carbon cycle is believed to be unsustainable in the sense that carbon dioxide traps heat within the earth's atmosphere causing increasing global temperatures. Higher mean global temperatures may again result in rising sea levels, unstable weather conditions and changing consumption and population patterns.

TOMRA uses energy for operation of the vehicle fleet, and through electricity consumption in buildings and processes.

The total amount of carbon dioxide emissions generated by TOMRA's operations in 2000 was 13,200 tons. This is equivalent to 7.5 tons per employee in the TOMRA group. In comparison, each US citizen was responsible for 21 tons, and each Norwegian citizen was responsible for

nine tons of carbon dioxide (CO₂) emissions in 1996. *Source: State of the Environment, Norway 1999.*

Electricity usage, buildings and processes

The total electricity consumption of the TOMRA Group during 2000 was 8.2 GWh. Sixty percent of this consumption was used by TOMRA's operations in the US. TOMRA's materials processing units receive collected material and undertake further compaction and baling before the material is sent for recycling, TOMRA's materials processing units shipped approximately 200,000 tons of beverage container material for reprocessing during 2000. The remainder of the electricity consumption was used for heating and lighting of office space and by RVM production units.

Electricity sources

Electricity is generated in many different ways in different locations. The Scandinavian region has a high percentage of hydro-electricity which does not generate CO₂ emissions during generation. In the remainder of Europe and in the US, electricity is normally generated from a mix of fossil fuels and nuclear power. In order to allocate the correct electricity emission values for each state, guidelines from the United Nations Environment Program have been applied.

Transportation

TOMRA's transportation needs are generated by RVM sales and service activities as well as material collection and delivery. The negative effects of transportation are related to consumption of fossil fuels, emission of greenhouse gasses, road congestion and generation of dust and particles which may be harmful to people suffering from respiratory diseases.

TOMRA's vehicle fleet consists of 422 vehicles, the majority of which (301) are cars and vans used in the RVM sales and service network. The 103 tractors and utility vehicles are used in conjunction with materials processing units in the US, and 19 heavy goods vehicles are used for haulage of used beverage containers also in the US. All units report that a vehicle maintenance program is designed to reduce fuel consumption and emissions.

TOMRA Energy consumption

	GWh	Tons CO ₂
Buildings	8.2	2 900
Vehicle Fleet	39.0	10 300
Group Total	47.2	13 200



TOMRA aims to reduce the direct negative impact generated by our operations through management programs, increased awareness and transparent public reporting.



”



In 2000, 9.6 tons of electric and electronic waste was recycled in the Norwegian market. A further 2.7 tons of spare parts, primarily printed circuit boards, was sent for recycling from the production units.



Business travel and transportation of RVMs from factories to the markets is not included in the transportation calculation due to significant data gaps. Video conferencing equipment is installed in 12 locations throughout TOMRA and contributes significantly to a reduced need for business travel.

Emission from transportation

CO₂ emissions from all transportation activity within the TOMRA group in 2000 amount to 10,300 tons. Greenhouse gas emissions from transportation can be reduced through improved route planning and modernization of the vehicle fleet towards low-emission vehicles.

WASTE GENERATION

TOMRA's waste stream includes fractions derived from transport packaging, scrapped RVMs, office waste and general waste. This waste stream is primarily generated by RVM production units and sales and service organizations.

The total volume of waste generated in 2000 was 712 tons. Twenty-two percent of this volume was recycled and the remainder was sent to landfill or incineration.

Product take-back.

As part of the emerging producer responsibility requirements, TOMRA will design and implement a system for take-back and

recycling of decommissioned RVMs. In the Norwegian market each RVM is sold with a take-back fee included in the sales price. The take-back fee ensures that all RVMs are sent to authorized recyclers when they reach the end of their life cycle.

In 2000, 9.6 tons of electric and electronic waste from decommissioned RVMs was recycled in the Norwegian market. A further 2.7 tons of spare parts, primarily printed circuit boards, was sent for recycling from the production units.

WATER CONSUMPTION

Forty percent of TOMRA's companies are engaged in processes that use water for industrial purposes, and these units are subject to statutory control with water usage and cleansing. Total water usage in 2000 was 25,300 cubic meters, or approximately 25 million liters.

MATERIALS USAGE

The most significant material flow connected to TOMRA's operations is the mass of beverage container material collected for recycling. The total input of material for processing was 205,000 tons of aluminum, PET and Glass, in addition to 21 billion containers passing through TOMRA RVMs. Less than one percent of this material is unsuitable for recycling due to contamination of the material fractions. All the remaining material is sold to plants that reuse the material.

Carbon Dioxide emissions from electricity consumption		
State	Usage in 1000 KWh/yr	Tons of CO ₂ /yr
Norway	1 805	3
Sweden	71	4
Denmark	56	25
Finland	1 247	252
Germany	41	19
Austria	23	4
Netherlands	127	55
United States	4 950	2 490
Total		2 852

Methodology: UNEP GHG Indicator

Waste Fractions			
	Recycled	Landfilled	Total
Paper	26.0	8.7	34.7
Corrugated cardboard	40.6	4.1	44.7
Metals	31.3	20.2	51.5
Plastics	6.8	3.6	10.4
Wood	9.5	33.3	42.8
Electric and electronic	15.0	1.6	16.6
Batteries	0.3	0	0.3
Special waste	0.1	0	0.1
General waste	29.0	481.7	510.7
Total tons of waste	159	553	712

(Excludes Non-Productive Output from materials processing units.)

Material contents, Tomra T-42 RVM in Kg.			
Sheet metal	136.00	PC	2.67
Steel	72.60	ABS	3.10
Aluminium	14.30	Epoxy	0.41
Nickel	0.20	Plastics, other	2.56
Tin	0.08	Rubber	0.50
Copper	10.00	Oil	0.50
Lead	0.03	Flame-retardants—Brominated	0.16
Silicone	0.03	Flame-retardants—Triphenyl phosphate	0.73
PVC	4.04	Total weight	248.65





Stakeholder dialogue is not only a mangament exercise. Each day TOMRA employees are in dialogue with customers, suppliers, investors, colleagues and a range of other groups and individuals.



SOCIAL IMPACTS

Social impacts are generated in the interface between TOMRA and society, and may affect employees, customers, shareholders and a range of other stakeholders. Social impacts shall be improved through transparent reporting and Group-wide management initiatives.

STAKEHOLDER PROFILES

TOMRA interacts with stakeholders to understand the expectations each stakeholder group has to TOMRA as an investment opportunity, employer, business partner, recycling solutions provider or simply as a multinational business organization.

Shareholders

Shareholders include both traditional institutional investors and more progressive investors representing green and ethical investment funds, or clients with an interest in social investments.

Employees

TOMRA's employees contribute to growth and development of the organization in day to day operations.

Suppliers

TOMRA's suppliers are responsible for delivering products and services into our production processes. As most of the environmental impact related to TOMRA's products and services is generated by our suppliers, TOMRA is actively influencing its supply-chain into adopting environmentally friendly methods of production.

Customers

TOMRA's customers consist primarily of retailers that utilize TOMRA's technology for efficient container handling. Increasingly, TOMRA is also delivering recycling services directly to consumers. It is important for TOMRA to understand the concerns of both customer groups and to achieve the highest possible level of customer satisfaction.

Society at large

Society consists of a complex and diverse group which includes all groups not defined above.

TOMRA operates in society and needs to meet the expectations of stakeholders while maintaining competitive advantages and targets for growth and profitability. TOMRA believes that its beverage container recycling systems are advantageous to the environment, to its stakeholders and to society at large.

ENGAGING STAKEHOLDERS

As a part of identifying the expectations society has of TOMRA, a number of key stakeholder groups have been identified. Understanding which groups in society TOMRA needs to relate to, will enable TOMRA to keep an effective and open dialogue with our key stakeholder groups for our mutual benefit.

STAKEHOLDER DIALOGUE

Stakeholder dialogue is not only a management exercise. Each day TOMRA employees are in dialogue with customers, consumers, suppliers, investors, colleagues and a range of other groups and individuals. Stakeholders' perception of TOMRA as an organization depends greatly on the extent to which each employee identifies with and commits to TOMRA's Core Values, Mission and Vision when performing their duties.

CORE VALUES

TOMRA's employees and managers are one of TOMRA's most important stakeholder groups. The workforce operationalizes TOMRA's mission of "Helping the World Recycle!" in day to day operations, and has the power to influence and educate other stakeholder groups in recycling and environmental issues every day.

TOMRA's Core Values define the mindset and behavior of TOMRA employees. The Values were identified and formulated through an extensive process in 1996/97, which included contributions from internal as well as external stakeholders. The outcome of this process is the common platform on which we operate all throughout the TOMRA Group:

- Innovation
- Fighting Spirit
- Enthusiasm
- Personal Initiative
- Integrity

VALUE-DRIVEN LEADERSHIP

The ability of TOMRA managers to employ the talents and motivate the inner drive of the individual TOMRA employee is a critical success factor. The building blocks of TOMRA management prac-

tics are TOMRA's six Leadership Principles. They are based on the management philosophy of employee involvement, and the recognition of the fact that employees are human beings with a full range of qualifications, needs and desires that need to be nurtured in order to optimize a mutual short and long term outcome. TOMRA's Integrated Leadership Process is directly linked to our overall corporate goals and Core Values, and has been developed to systematize and standardize management practice across business units and companies.

The components of this annual process cover goal setting processes and assessment of achievements at an individual level, as well as surveys that help monitor Core Value adherence and customer satisfaction.

Job Discussions

A one-on-one discussion between an employee and his or her immediate superior in order to discuss and agree on short and long term goals and objectives, as well as professional and personal development activities.



immediate superior in order to discuss and agree on short and long term goals and objectives, as well as professional and personal development activities.

Performance Evaluation

An assessment by the leader of the employee's achievements, contributions, and accomplishments related to the goals and activities, is defined in the job discussion. An integral part of the evaluation is how the employee practices TOMRA's Core Values. Performance Evaluation plays a significant role as input to identifying development opportunities.

Living Our Values

An annual, internal survey that concretizes TOMRA's Core Values and makes it possible to assess the way in which the Core Values are practiced in day to day operations, as viewed by the employees themselves. The survey helps identify any gaps between the importance of the different values and the way they are actually practiced out in the various units of the company. The results form the basis for identifying actionable improvement activities during the job discussions.

360° Leader Feedback

A tool that provides a manager with input regarding his/her leadership skills. A confidential survey allows co-workers, peers and the

immediate superior to evaluate and give feedback on the effectiveness, competence and contribution of the manager in his/her role. The tool is closely linked to TOMRA's Core Values and Leadership Principles, and allows the manager to identify strengths as well as improvement opportunities that should be translated into concrete development goals and activities during Job Discussions.

Customer Satisfaction

Each year TOMRA runs a survey among its customers in order to measure customer satisfaction. The Customer Satisfaction Index is designed to measure the satisfaction of internal customers in the TOMRA Group, as well as external customers out in the market. The survey is a valuable tool to help TOMRA focus on the concerns and comments of customers, and initiate preventive and corrective action where required.

SOCIAL PERFORMANCE INDICATORS

In order to measure and improve TOMRA's social performance, a series of Social Performance Indicators is under development. The Indicators will be reviewed as TOMRA gains further experience in social performance reporting. By visualisation and benchmarking across the organization, the most significant social issues will be highlighted and discussed. This is part of the important process of raising awareness of the issues, and firmly setting social performance on the agenda within the TOMRA group.

Social performance will become even more important in the future, as TOMRA establishes operations in regions where environmental, health and safety standards may be lower than those normally accepted in areas where TOMRA is represented today.

Quality of life at work

TOMRA promotes a healthy and stimulating working environment in which competence and growth is rewarded. Social performance is coordinated by TOMRA's Human Resources Department while responsibility for achieving results is placed with each individual company. TOMRA has a general objective of maintaining equal standards for health and safety in all areas in which it operates.

Health and Safety

70 percent of the units have an active health and safety council with

employee representation. Units involved in manual labour operations are more exposed to injuries than administrative units. A total of 139 injuries of varying significance were recorded during 2000.

70 percent of the units sponsor organized sporting activities, or support employee memberships at health clubs.

Smoking in public areas is banned in all but two of the units. This is in line with TOMRA's policy that no employee or visitor should be exposed to cigarette smoke when visiting TOMRA's units. Several units allow smoking in individual offices.

All TOMRA employees are covered by group insurance plans which ensure employees and their families compensation if serious injuries, or long term illness should occur.

Employee Ownership and Involvement

TOMRA's Board of Directors believe in the importance of employee ownership and profit sharing. All employees participate in a bonus plan designed as an incentive for outstanding performance and individual contributions to growth.

The Bonus Plan consists of two components:

The Cash Bonus Plan for 2000 is entirely linked to profit development in the local companies. The maximum bonus payment is equivalent to 50 percent of a month's salary, and payments start when the local company reaches 90 percent of its budgeted operating profit.

The Share Bonus Plan for 2000 is also linked to local company operating profit. Once the local company's operating profit reaches 90—100 percent of budget, each employee earns warrants to buy a maximum of 1200 TOMRA shares at the price quoted on the Oslo Stock Exchange as of December 30, 1999, NOK 68,00. The Share Bonus warrants can be kept for up to five years, or and can be exercised during three trading periods annually. The terms of TOMRA's bonus plan are described in more detail in a pamphlet made available to all TOMRA employees.

The total bonus payment for 1999 was NOK 11.4 million.

Employees organized in Trade Unions do not participate in TOMRA's bonus plans or other group welfare arrangements, as these groups are covered by arrangements negotiated on their behalf by their local Trade Union.

Employee Demographics

TOMRA's workforce is located in 38 different countries, and is working in companies occupied with very different tasks. The TOMRA workforce consists of a wide variety of different professionals including engineers, economists, marketing professionals, truck drivers, eco-efficiency analysts, production workers and human resource staff. It is a diverse, highly skilled and motivated workforce which can be trusted to deliver results year after year. In

order to continue to maintain our stimulating working environment, it is TOMRA's policy that the workforce should be diverse, both in terms of gender distribution, ethnic origin and geographic/cultural background.

In 2000, 21 percent of the workforce was female, and 15 percent represented an ethnic minority in the country of employment.

Supplier relations

TOMRA has business relationships with hundreds of suppliers around the world. While TOMRA's suppliers are responsible for their own impact on society, it is TOMRA's intention to influence and educate the supplier network in regard to environmental and social issues.

TOMRA's Environmental Purchasing Requirements clearly state that TOMRA expects all suppliers to demonstrate an equal concern for environmental issues as TOMRA does and that environmental performance is evaluated along with quality, flexibility and price under the term "Total Quality". Read more about TOMRA's supplier program on TOMRA's website.

Educating Consumers

TOMRA's rePLANET recycling centers purchase used beverage containers from consumers. Through rePLANET TOMRA has the opportunity to educate consumers on environmental issues. The recycling experts employed at TOMRA's 175 rePLANET centers have been given training to enable them to educate consumers about the used beverage container recycling system. The main message TOMRA wants to convey to consumers is that they should combine their shopping with their recycling to reduce the number of required of vehicle movements.

rePLANET centers in California are also involving the local community through the treeplanting program. rePLANET donates one tree for every 200,000 containers recycled at each center. 68 trees were planted in 1999, and 816 trees were planted in 2000 as a result of the program.

rePLANET relies on local conservation groups to handle the practical aspects of the treeplanting program, and always consults with local groups before initiating community programmes.



SHARES AND SHAREHOLDERS

TOMRA's shareholder policy has as its main goal to maximize the return to shareholders over time measured as the aggregate of dividend and increase in share price.

This means that we endeavor to provide our shareholders, and the financial markets in general, with information in as much detail and as frequently as possible. This contributes to raising the level of knowledge about the company so that its share price reflects the underlying values as well as future growth potential. TOMRA's dividend policy reflects a need to maintain building equity due to continued high growth expectations. The distribution ratio should normally remain stable in the 10–15 percent range as long as the growth is continued at the targeted levels.

TOMRA's Articles of Association has no limitations on the transferability of shares. Each share carries one vote at the company's annual general meeting. Foreign ownership stood at 76.9 percent at the end of 2000, up from 65.4 percent at the beginning of the year. The shares in TOMRA are currently traded on the Oslo Stock Exchange and through an ADR (American Depository Receipts, Level 1) program in the USA.

TOMRA is included in the Dow Jones Sustainable Group Index as one of the 200 top sustainable companies in 68 industries and 22 countries.

The TOMRA share price was NOK 171.00 (+ 151 percent) at the end of 2000, up from NOK 68.00 at the beginning of the year. The Oslo Stock Exchange All Share Index decreased by 3 percent during the same period. The highest price quoted in 2000 was NOK 199.25 in November, while the lowest was NOK 53.25 in January.

At the end of 2000 the stock market capitalization of TOMRA was NOK 30.1 billion compared with NOK 11.3 billion at the beginning of the year. 230.1 million TOMRA shares were traded during 2000 compared to 143.6 million in 1999. Tomra Systems ASA and its subsidiaries do not own any TOMRA shares. The Board of

Directors proposes a dividend of NOK 0.20 per share for 2000, equal to the 1999 dividend.

TOMRA ON THE INTERNET

TOMRA's home page on the Internet is: www.tomra.com. Here you can find among other things annual and interim reports, as well as Tomra Group press releases.

TOMRA Investor Relations contacts

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The company's largest shareholders

Registered on December 28, 2000

	Shares	Ownership
1. Chase Manhattan Bank—UK Clients	21 287 526	12.09 %
2. State Street Bank—Clients	16 953 559	9.63 %
3. Caisse des Depots et Consignations	6 483 151	3.68 %
4. Chase Manhattan Bank—US Clients	6 031 801	3.42 %
5. Folketrygdfondet	4 000 000	2.27 %
6. Chase Manhattan Bank—Luxembourg	3 888 220	2.20 %
7. Storebrand Life Insurance	3 456 600	1.96 %
8. Boston Safe Dep	3 310 316	1.88 %
9. KLP Forsikring Aksje	3 242 700	1.84 %
10. ABN Amro Bank—Danish Clients	3 170 400	1.80 %
11. Clearstream Banking Kundendepot	3 007 046	1.70 %
12. Caisse Nationale de Agricole	2 924 473	1.66 %
13. Morgan Guaranty	2 448 751	1.39 %
14. ABN AMRO Global	2 427 006	1.37 %
15. DG Bank, Luxembourg	2 378 000	1.35 %
16. Citibank NA ADR—Department	2 127 312	1.20 %
17. Vital Forsikring	2 023 440	1.14 %
18. Chase Manhattan Bank S/A Carnegie	1 981 800	1.12 %
19. Gjensidige Nor Spare/Investeringsavd.	1 935 698	1.09 %
20. Bank of New York—Eur.Clients	1 927 197	1.09 %

Share adjustment factors

Figures in NOK 1000

Year	Type of issue		Share capital increases			Par value	Nominal share capital	
			Paid in	Share capital	Total		Shares	Adj. factor
1985/Jan	Intro. at Oslo Stock Exchange		–	–	36 700	50	734 000	–
Jan	Split	5:1	–	–	36 700	10	3 670 000	0.200
1986/Dec	Rights issue	5:2	51 992	48 933	68 506	4	17 126 655	0.633
1992/Apr	Bonus issue	1:10	–	7 694	84 634	4	21 158 500	0.909
1994/Jan	Rights issue	1:2	45 691	44 107	132 321	4	33 080 250	0.746
1999/Dec	Stock split	1:2	–	–	166 695	2	83 347 666	0.500
2000/Nov	Stock split	1:2	–	–	176 027	1	176 026 664	0.500

Stockprice TOMRA (NOK)



NEW MARKETS—HIGH AIMS

The 1990s were a successful decade for TOMRA. The company became a system integrator, and profits attained new heights. In the new decade ahead, TOMRA's technology and reverse vending machines will remain at the center, but people will play an even more important role than ever.

Interview with TOMRA's President and CEO, Erik Thorsen

TOMRA is a successful company: a global market leader as well as industry trendsetter. When Erik Thorsen began at TOMRA in 1986, the company had already come quite far. Since then it has made quantum leaps. Next year TOMRA will be able to look back at its first thirty years, a journey which Thorsen has been along for half of the ride. Knowing the president, this anniversary will be properly celebrated—most of all by looking to the future.

NEW DECADE, HIGH AIMS

TOMRA management is known for promising strong growth, and for keeping that promise. In the 1990s average annual growth in turnover and profits were 30 and 35 percent respectively. The president sees no obvious reasons why the new decade should yield poorer performance. What lies behind this belief in continued strong growth?

Erik Thorsen points to several factors, not least of which is that time is on the company's side, with perhaps an even more positive impact than it has had till now. More stringent environmental regulations are an external factor that plays a key role in relation to global market trends. TOMRA has never defined itself as an environmental company per se, yet few industrial enterprises deliver solutions so measurably conducive to positive environmental benefits.

"Our contribution is primarily to help others meet their environmental challenges," the president points out. The Dow Jones Sustainability Group has seen this, too, and has included TOMRA in the strictly environmental DJSG index. "We live in a world where the focus on recycling is only intensifying. There is all reason to believe that in the future the framework conditions for recycling, and therefore for TOMRA, will be even better than what they have been up to now."

"However, the most important thing is that we have security: security created by the fact that we know that we can come up with good solutions, solutions that meet industry needs and government requirements. And we have delivered successfully in the past, time after time. This makes us feel reasonably certain that we can still have ambitious growth strategies," says Thorsen.

"However the considerable growth the company enjoyed in the 1990s, with the expansion of the business concept to include new service products as well, also implies increased financial risk, especially related to new business areas. Unfortunately, this year's loss at Wise Recycling in the USA is confirmation that such a commitment can also go wrong," Thorsen admits but continues, "Nevertheless I am in no doubt that our aggressive growth strategy has been correct."

"This growth strategy must be seen in light of the vast potential that has not yet been exploited in this industry," the president points out, who believes that the figures for 2000 should therefore not weaken faith in TOMRA as a profitable and growth-oriented company. "If we disregard the write-offs at WISE, which total NOK 383.4 million, turnover for the year was NOK 2718 million, an increase of 25 percent. And profit on ordinary activities increased by 21 percent to NOK 492.5 million."

NEW ORIENTATION, INCREASED VALUE

"Up until the beginning of the 1990s our main focus was on developing and producing reverse vending machines, to simplify the handling of empty beverage containers in stores. Just about a decade ago we underwent a significant strategic shift by defining ourselves as a system provider. This has given us totally different opportunities for growth," the president emphasizes.

From a business standpoint this was a paradigm shift for TOMRA. The company's renewed focus in the USA strongly helped along this change. "In the USA the industry needed a service provider to manage a complete value chain, the entire flow of packaging from collection to recycling. At that time our contribution, in-store collection, was only a small part of the value offering. By integrating the entire service aspect into our concept, we were much better able to highlight the contribution of TOMRA's technology. We therefore saw the possibility of becoming a system integrator, thereby increasing the added value of TOMRA, as well as contributing to a more cost-effective solution for the industry."

CREATIVITY AND INNOVATION

The success in North America is due to industry-centered creativity.

Innovation is a value driver at TOMRA, and is obviously a prerequisite for meeting market demands. What does innovation mean for TOMRA?

"It covers a wide range of things," Thorsen replies. "Naturally, innovation is something we want to happen at all levels in the company and so we actively encourage it. Tying this term to what is specific for TOMRA's ability to develop a market, I would say that we constantly challenge ourselves to optimize a model that will function in relation to the framework conditions and the opportunities this market provides us. Our principal challenge is not only to solve a problem of automation, but also to find good overall solutions that can help achieve the desired percentage of returned containers."

"From now on the key question is how to handle the value chain in the most rational way possible. There are two crucial prerequisites for success. One is to develop the most cost-effective model for operationalizing the entire value chain for the industry. The other is the environmental dimension. The authorities will intensify their focus on finding sustainable solutions thinking in terms of overall environmental auditing. We are devoting our energy and power of innovation to seeing the entire model. So we also have to understand consumer behavior, including what is required to motivate people to participate in container return schemes."

NEW MARKETS, INCREASED COMPETITION?

TOMRA is the uncontested industry leader; from a value chain perspective there are no real competitors. Why does TOMRA not have more competition? Where will the challenges come from? Erik Thorsen believes that particularly in the area of traditional reverse vending machine solutions, competition may become more intense; in this area TOMRA has also always had competition.

"Why have we succeeded, when others have not? Because we have had good technology, which we have partly been able to patent: a technology comprising an enormous amount of industry knowledge. It is not enough to build a reverse vending machine; you have to understand the dynamics of the industry both globally and in the individual local markets. Of course, we can also be challenged when it comes to our system solution," Thorsen adds. "But understanding how various systems build upon one another and how a business model can be constructed out of the totality is also essentially a matter of experience and understanding the industry. Here in practice we have very little competition, and it will take many years to get to where TOMRA already is."

NEW MARKETS, NEW OPPORTUNITIES

New, significant markets appear to be opening up in the coming years. Will only TOMRA's solutions be able to satisfy the new market needs? And is TOMRA ready to serve new, large markets?

Thorsen sees a rapidly growing market, but no explosive growth. Growth will accelerate in many places, but probably not simultane-

ously. And the president warns against equating market expansion with an increased number of reverse vending machines. "We see a growing need for overall solutions that meet the requirements for more recycling. This does not mean only visualizing in-store solutions similar to the Scandinavian model. We also see completely different and novel solutions."

"The experience TOMRA has gained from almost thirty years' work in Europe and the USA has given us enormous expertise in designing system solutions. This is a strength," Thorsen stresses, continuing, "The fact that we have already developed various models that can totally or in part be transferred to new markets makes us a company in demand for developing and setting up these types of solutions."

From an established market position in parts of Europe and North America, TOMRA is thinking truly globally. Several potential new markets have been defined, and in some, setting-up is already underway. "The road ahead", Erik Thorsen says, "will primarily go to markets with a high volume of beverage packaging. That is why Japan, Singapore and Taiwan, for example, will be relevant new markets in Asia. In Latin America TOMRA is looking above all at Brazil, Argentina and Mexico. But we should not forget the enormous opportunities for expansion in Europe and North America, either," Thorsen adds.

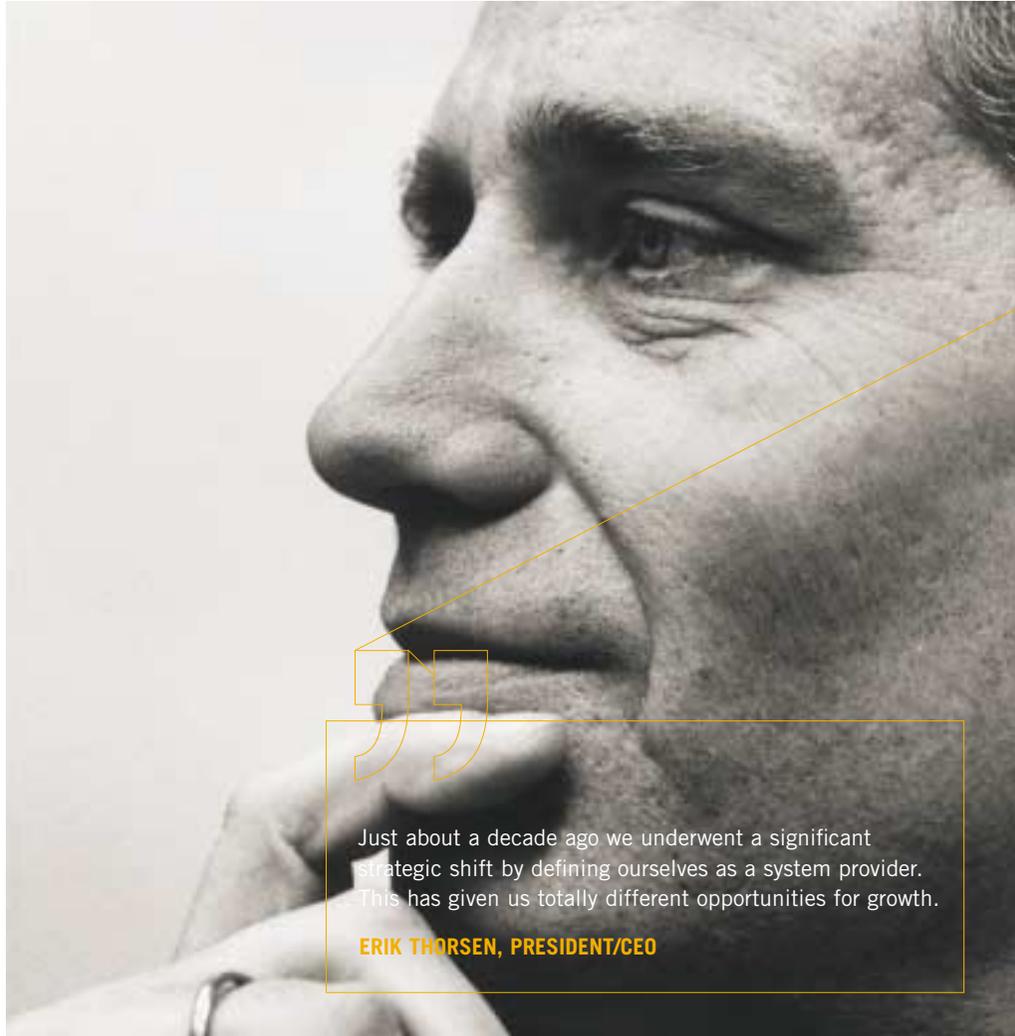
NEW INDUSTRY, NEW APPROACHES

Above an understanding of technology and economics are obvious prerequisites for a company like TOMRA, given the direction the company is moving in, psychology and sociology are also necessary tools. The basis for TOMRA's evolution as a system integrator and model designer is just as much an understanding of consumer society as it is an understanding of an industry. By constantly looking ahead, TOMRA keeps itself ahead of its competitors, too. "Our industry is neither defined nor established, and we at TOMRA are developing it all the time," Thorsen points out. "In many ways the industry is TOMRA."

This means that neither TOMRA itself nor its investors really have any other player to measure the company up against. "There are no others to compare us with directly. It is therefore a challenge for analysts and investors to understand sufficiently the dynamics linked to our activities and what it is that actually is so unique about TOMRA that we can attain and defend the position we have. That is why we spend a lot of time explaining and communicating our complete strategic approach. The continuous evolution of TOMRA's business system in many ways also involves experimentation and therefore cannot be reduced to specific formulas!"

NEW ERA, NEW EXPECTATIONS

Through almost three decades' activity, TOMRA as a company, its business models and social framework conditions have all changed profoundly. Two key factors nevertheless remain constant in the industry saga of TOMRA: the technology, reverse vending machines as well as expertise, and its employees.



Just about a decade ago we underwent a significant strategic shift by defining ourselves as a system provider. This has given us totally different opportunities for growth.

ERIK THORSEN, PRESIDENT/CEO

The president has continued to build on the corporate culture that has reigned at TOMRA since its inception—based on involving employees in creative and profitable work. Although Thorsen is the company's leading figure, he plays down his own role. With him TOMRA is both the subject and the object, and there is always a we who develop the company and create value. Consequently it was not Erik Thorsen, but we who in 2000 were named Norway's best corporate manager.

Thorsen is not only focused on creating value for the company's owners but also on the business of being at the same time a boon to

society. "Although our business concept is conducive to beneficial environmental effects, we are also greatly interested in the environmental dimension of our own activities. Our environmental audit is now beginning to be established to such an extent that from 2000 we have taken a further step: developing a social audit, based on corporate social responsibility. For us it is a natural continuation of the work we do every day, internally within the company and externally in the market and society."

INTERVIEW: Dag Leraand, Gazette

HELPING THE WORLD RECYCLE

Under the mission statement “Helping the World Recycle” and with a vision of being “The world’s No. 1 provider of solutions that make it attractive for people to return packaging for reuse and recycling” TOMRA has developed and tested alternative recovery programs around the world.

TOMRA HISTORY

A company in motion best describes the international expansion and history of Tomra Systems ASA. Established in 1972, TOMRA began developing and marketing Reverse Vending Machines (RVMs) for the domestic Norwegian market. A year later, TOMRA moved beyond national borders. Since the early 1980s, international sales have accounted for more than 90 percent of total revenues. Primary markets in the early years were mainly European countries with deposit systems for refillable containers.

In the 1980s, non-refillable containers started taking market share from refillable containers. During that period, TOMRA developed equipment to handle non-refillable containers like aluminum and steel cans, non-refillable plastic and glass bottles. These machines used bar-code reading to identify not only deposit values, but also the producer. The first attempt to conquer the US market with RVM’s was made in 1985, but not successful.

In 1992, TOMRA acquired its first materials handling company in the USA, NEROC Inc., which had been a distributor of RVMs since 1986. In addition to RVM sales and servicing, NEROC also picked up returned containers from supermarkets in Connecticut for processing and distribution to recyclers. The company handled cash flow between their supermarket customers and the bottlers, and developed control systems to ensure proper documentation of the entire system.

Until 1992, all TOMRA revenues came from sales and service of RVMs. In 2000, these activities represented less than 50 percent of

revenues. Materials handling, administration and promotional services combined with consumer collection comprised the remaining revenues.

Recycling center services were introduced in 1998 in relation with the acquisitions of recycling centre operations in California and four non-deposit states on the US west coast.

THE CONTAINER RECYCLING VALUE CHAIN

TOMRA’s ability to add value to the retail and beverage industry is dependent on the efficiency of the entire value chain. In order to ensure that the obtained efficiencies at the front-end flow through to the customers, TOMRA takes an active role in establishing local baseline-operating metrics for all parts of the value chain.

COLLECTION

Motivating consumers to actively participate in the container recycling process is the main challenge. Increased consumption outside of home adds to the littering problem and makes voluntary recycling even more challenging. The only known incentive program that ensures both high recovery rates and reduces outdoor litter is the deposit system. The deposit value influences the recovery rates to a very high degree. Statistics indicate that a deposit value of US 10 cents secures a recovery rate above 90 percent.

TOMRA is also gaining experience from the use of alternative incentives like lotteries and discount coupons along with other charity and social awareness programs. These programs will enable TOMRA to offer alternative collection solutions dependent on recycling targets.

Container recycling value chain





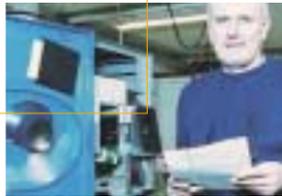
Any recovery and recycling system will need consumer participation in order to succeed long term. TOMRA's ability to add value to the retail and beverage industry is dependent on the efficiency of the entire value chain.



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The collection point has traditionally been TOMRA's core activity, competence and focus area. TOMRA has since expanded the service program to include materials handling, collection-data administration, promotional services and recycling center operations.



Traditionally, the collection point has been TOMRA's core activity, competence and focus area. While activities were once limited to sales, lease and service of RVMs, TOMRA has since expanded the service-program to include collection-data administration, promotional services and recycling center operations.

TOMRA's core competence and competitive advantage is its ability to implement unique technological applications that enable improved consumer interface, correct recognition of containers and proper sorting and compaction of materials. These elements represent major challenges since back-end sorting of materials and high transportation costs make current alternative collection systems uneconomical.

SALES, LEASE AND SERVICE

TOMRA has approximately 40 000 machines installed worldwide,

TOMRA Collection Services				
Figures in NOK million	2000	1999	1998	1997
Sales, lease, service	1 168	1 208	828	743
Adm. & promotion	114	112	104	57
Recycling centers	240	175	78	-
Total collection services	1 522	1 495	1 010	800
% of total revenues	56	69	69	80
Europe	895	952	609	515
North America	627	543	401	285

representing an overall market share in excess of 90 percent. Since 1995 the annual growth in this segment has been above 25 percent.

ADMINISTRATION & PROMOTION

Data administration includes accounting for deposit charges and handling fees on behalf of retailers, along with physical control systems of material volumes on behalf of the bottlers. These services have been highly automated during recent years through newly developed TOMRA communication software and improved availability of commercial online communication systems.

Promotional services incorporate a variety of programs including charity, discount coupons, lotteries and other marketing incentives. The services have proven to be important testing tools, but so far do not represent any major activity area. The most common limitation to introduction of these services is a limited installed base of RVMs.

RECYCLING CENTERS

TOMRA started operating recycling centers through several acquisitions in the US market in 1998. In California, TOMRA operates 400 recycling centers located outside main retail stores. During 2000 about half of these centers were automated to improve availability and convenience to consumers. The second goal is to further improve efficiencies in the latter parts of the value chain.

MATERIALS HANDLING SERVICES

In order to maximize the value of collected materials through efficient integration of the value chain, TOMRA has expanded into materials handling services through several acquisitions in the US market. TOMRA's objective is, together with the industry, to develop efficient handling systems and establish baseline-operating metrics for all parts of the container recycling value chain

LOGISTICS MANAGEMENT

Through recognition and collection of containers, TOMRA also accumulates data from each transaction for administrative use. This information is used to schedule optimal pick-up routes. The system can provide volume status information by material for the various pick-up locations. TOMRA operates its own transportation network in several markets in the US, out-sourcing certain operations. The long-term objective is to outsource all transport operations.

TOMRA Materials Handling Services				
Figures in NOK million	2000	1999	1998	1997
Logistics management	213	160	106	60
Materials processing	853	418	278	104
Materials marketing	130	96	62	32
Total materials handling	1 196	674	446	196
% of total revenues	44	31	31	20
Europe	-	-	-	-
North America	1 196	674	446	196

MATERIALS PROCESSING

Today, TOMRA operates 16 processing plants for sorting, cleaning, shredding, flaking, crushing and bailing the different materials into optimal recycling forms. TOMRA established its first automated processing plant in Michigan in 1998, which led to substantial improvements in efficiency. For the coming years, the objective is to establish similar systems and procedures in the remaining plants where this will be feasible.

MATERIALS MARKETING/TRADING

In order to secure the best possible price for the collected container materials, TOMRA has invested in a plastics-trading company on the eastcoast, DAC LLC. Tomra Pacific, covering California and four west-coast non-deposit states, has also established a trading organization primarily for aluminum trading.

Bottlers own all TOMRA collected container materials in the northeast. TOMRA takes possession of these materials only after obtaining price bids from recyclers. No major risks are tied to the materials marketing/trading in this geographic area. Tomra Pacific, however, is exposed in aluminum through the consumer collection services. For plastics and glass the exposure is limited since the bottlers are legally obliged to guarantee minimum prices for these materials.

BUSINESS ACTIVITIES

BU Europe now encompasses 30 countries. BU America embraces nine deposit and four non-deposit states plus the Canadian market. New business units are under establishment to handle new market regions.

The 50 different markets where TOMRA is represented are served through a network of fully owned subsidiaries, joint ventures and distributors. As from January 2001 TOMRA will also establish a new Business Unit in South America with headoffice in Sao Paulo, Brazil.

TOMRA Technology has the overall responsibility for R&D, manufacturing and distribution of TOMRA machines and backroom systems. Through this entity TOMRA will continue to bring new attractive and cost-effective solutions to the markets.

Global Business Development (GBD) was established as a new organizational entity in 1999, responsible for building business outside currently served geographical areas. The group is also responsible for coordinating, developing and using retail, beverage and recycling industry relationships on a global basis.

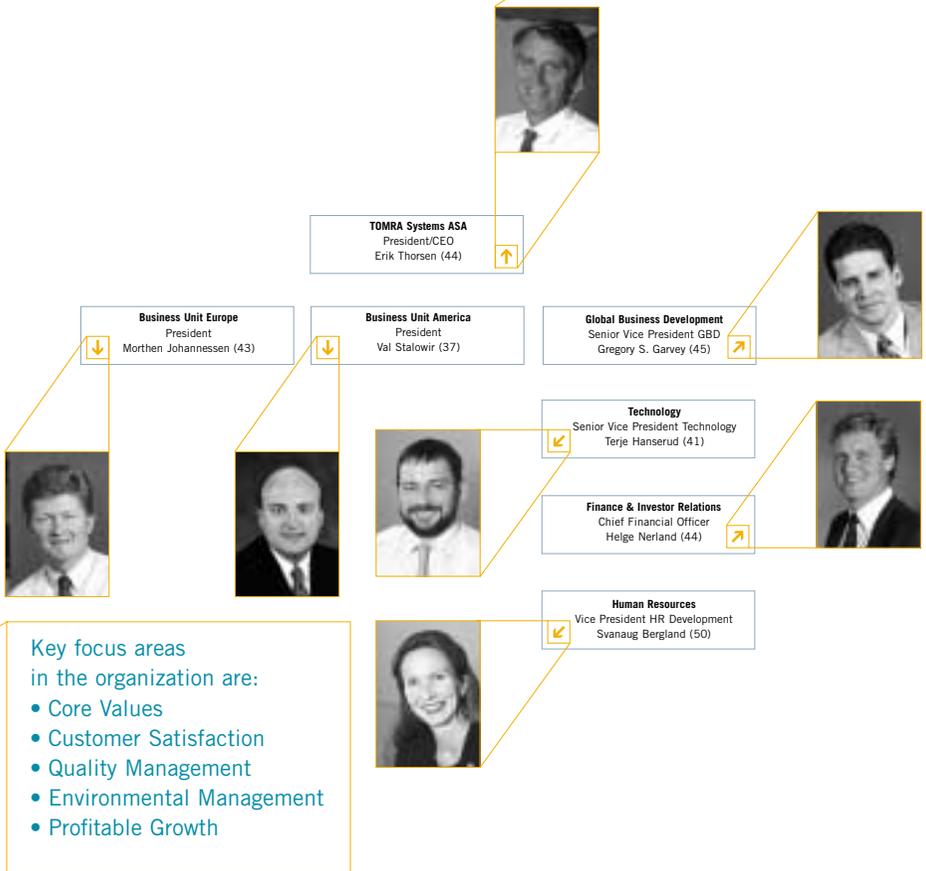
TOMRA has a total of 1886 employees, of which 223 are employed in Norway. TOMRA has established share option programs for all employees described in the notes to the financial statement.

Continous strong growth in our international operations creates new organizational challenges. Our objective is to remain open to opportunities stemming from societal changes, the market and each individual employee. We emphasize the importance of systematically developing a pluralistic, unified and goal-oriented corporate culture based on our five core values—integrity, innovation, personal initiative, fighting spirit and enthusiasm.

In order to maintain focus on these core values and monitor our organisational development, TOMRA runs an annual “Living our Values” survey among employees. The results are actively used in identifying management focus areas and improvement activities.

TOMRA's management system is based on goal-oriented leadership. Job Discussions, Performance Evaluations, the Customer Satisfaction Index and the “Living our Values” survey, are all integral parts of the management system. The management system was completed in September 2000 with the implementation of a 360° Leader Feedback survey.





TOMRA TECHNOLOGY

TOMRA Technology maintains and grows technological expertise within the areas of recognition, material processing techniques, man/machine interface, and highly specialized operations software development. TOMRA has a complete value chain approach to development activities, not only focusing on RVM's.

This expertise provides TOMRA with the unique product solutions that have placed us as the clear leader in the reverse vending industry—an industry TOMRA set in motion in 1972 with the world's first fully automated RVM. Ever since then, TOMRA has led the way in developing the most technologically advanced solutions on the market, using the knowledge gained from over 28 years as market leader to continually provide TOMRA customers with state-of-the-art systems for recovery of used packaging materials.

TOMRA's two production companies, Tomra Production AS and Tomra Systems Oy, operate highly efficient assembly plants based on the *Just-In-Time* and *Ship-To-Line* production principles. Our production capacity is extremely flexible in adapting to market demands as all production is module-based and outsourced to an international network of subcontractors. Tomra Production AS (Asker, Norway) and Tomra Systems Oy (Heinola, Finland) are wholly-owned subsidiaries of Tomra Systems ASA.

MAJOR ACHIEVEMENTS IN 2000

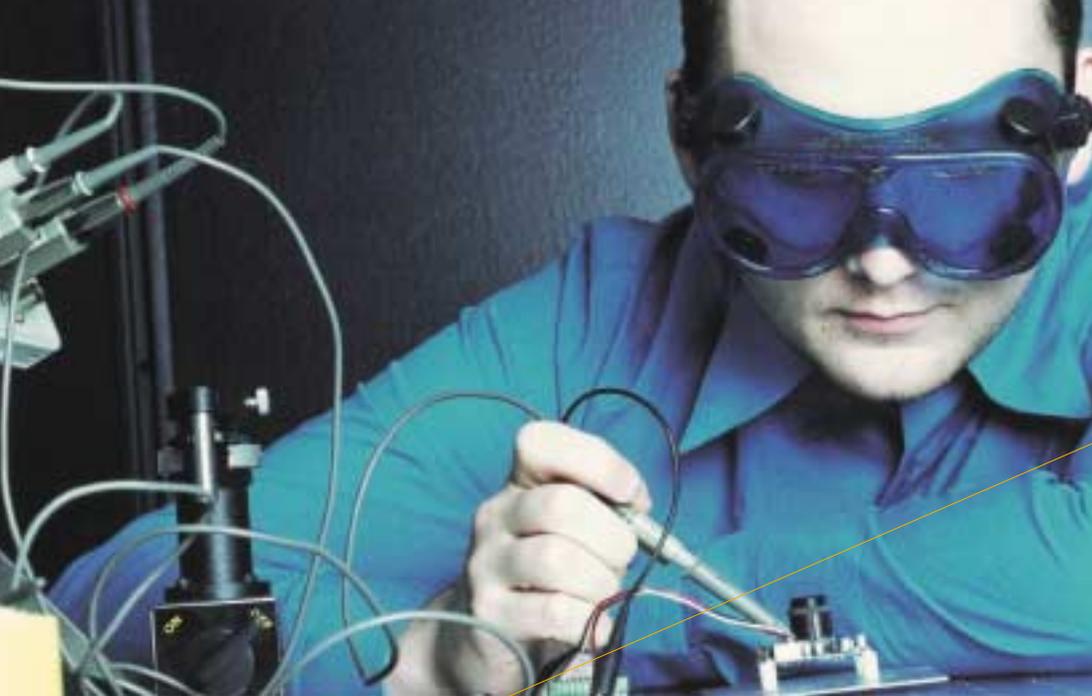
- Launched an RVM optimized for the California rePLANET centers that offers advanced material recognition and sorting capabilities. This has provided rePLANET with reduced labor and logistics costs together with a higher consumer service level.
- Launched the TRIO in the Minima product family. TRIO handles the return of refillable containers in smaller stores, opening a new market segment for TOMRA in Europe.
- Launched the DUO in the Minima product family. DUO handles non-refillable containers, enabling an entry to the huge convenience store market in North America.
- Introduction of a new product family, Logistima, which offers plug-and-play modules for labor-saving sorting and accumulation solutions.
- Introduction of a new inventory control software application that can track all in and outgoing transactions of empty beverage containers in the store.
- Further development of TOMRA's Integrated Business Solutions (ITBS) has resulted in new possibilities for improved customer service and cost-savings both in Europe and North America.
- State-of-the-art handheld technology with TOMRA applications

has been developed and deployed in the US to further optimize our recycling center, pickup, and service activities.

- The development of TOMRA's Bottle Material Sensor represented the largest breakthrough in advanced technology by being able to identify the color and material type of all plastic bottles on the market at a very reasonable cost. This patented technology, employing infrared spectrometry principles, will serve as the cornerstone for further development of non-deposit solutions.
- New initiatives resulting from our collaboration with leading research institutions and universities that focus on life cycle assessment studies of beverage containers. More about this in the CSR report.

FUTURE DEVELOPMENTS

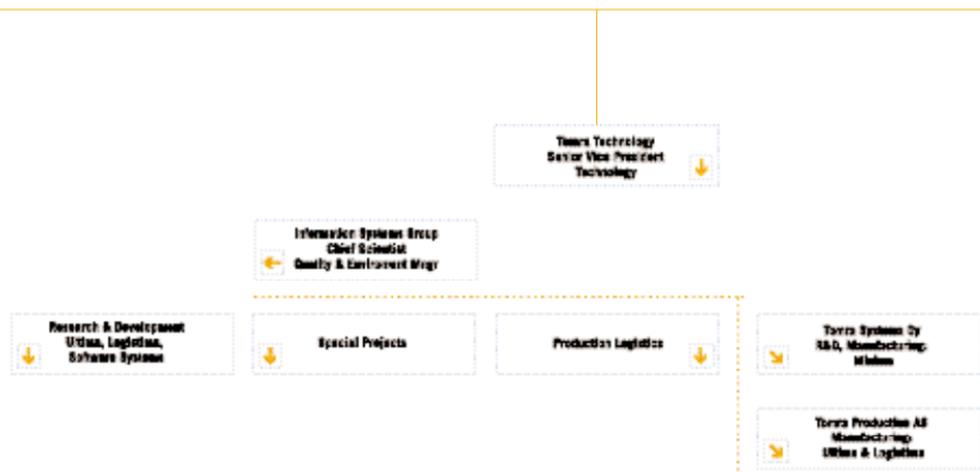
- Optimizing material value through unique and affordable technology is paramount for TOMRA. Research into innovative and cost-effective concepts for material detection and recognition of any type of packaging is a core activity of TOMRA. New technological opportunities are continuously investigated through our own resources and a network of industrial partners and research institutions.
- TOMRA is and will continue to optimize the total value chain of packaging, from the time it is returned by consumers all the way to the separation of materials into common fractions for recycling. Critical to the process of ensuring recycling value are "clean" material fractions, i.e. no intermingling of packaging materials, as well as reducing the volume of the materials collected in order to minimize transport costs. A focus on the eco-efficiency of the overall system guides these developments and ensures their validity both for our stakeholders and society in general.
- The rapid development of information and communication technologies provides opportunities for innovative consumer interactions via our packaging collection terminals. TOMRA envisions a wealth of opportunities in this area, and will be placing an increasing focus on developing these opportunities.
- Further streamlining the operational models of recycling is heavily linked to the development of new software and systems. TOMRA will continue its work to increase efficiency through the development of new handheld and PC applications together with increasing the span and integration of central software systems.



Research into innovative material detection and recognition of any type of packaging, is a core activity in TOMRA Technology. New technological opportunities are continuously investigated through our own resources, industrial partners and research institutions.



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TOMRA TECHNOLOGY IN FIGURES:

- TOMRA invests heavily, 12 MUSD in 2000, in the development of reverse vending machines (RVMs) and innovative systems solutions for cost-efficient recovery of packaging.
- More than 80 people in three countries, Norway, Finland and USA, are working on the development of new technology and enhancing our current solutions.
- TOMRA holds more than 30 active patents worldwide.
- Sixty engineers are dedicated to developing RVMs and other collection point technology.
- Fifteen software developers are dedicated to creating and managing software systems for recycling management.
- Three engineers are dedicated to environmental management and life cycle assessments.
- Fifteen employees work on logistics functions related to sub-contractors, purchasing, production support and material flow.



ULTIMA

MINIMA

TIBS

rePLANET

LOGISTIMA

PRODUCT RANGE

TOMRA's unique patented technologies in 2D/3D shape recognition, material recognition, sorting, compacting, accumulation functions, as well as our patented overall RVM designs, are utilized in a full range of products to meet the diverse needs of our customers. TOMRA's RVMs also provide the capability for unique consumer marketing services (lotteries, coupons, loyalty programs, advertising) and serve as the basis for innovative concepts like rePLANET and Retourette for retailers that want to offer superior customer service and put excitement into recycling.

Ultima

A range of reverse vending machines for stores with high container return volumes. This family consists of "all-in-one" container machines that can be delivered with or without crate return units, which can be fully integrated with the Logistima family of back-room solutions. Ultima also has a full range of machines designed specifically for non-refillable containers.

Minima

A range of RVMs for stores with low return volumes. Development in this family is focused on providing simple and robust equipment

for smaller retail stores interested in offering their customers the best in service.

TIBS

Tomra Integrated Business Systems are a full range of applications developed to boost productivity in TOMRA subsidiaries and affiliated companies, ranging from handheld, mobile accounting applications to three-tier solutions that integrate the diverse links in TOMRA's business value chain.

rePLANET

Recycling convenience centers provide the opportunity for both automated and manual packaging returns in a safe, clean environment with excellent customer service. Deployed initially in the deposit market of California, this concept is viewed as a stepping stone for TOMRA into non-deposit markets.

Logistima

TOMRA container accumulation systems designed to work in tandem with our RVMs, providing labor and space-saving solutions for the return of used beverage containers.

BU EUROPE

BU Europe showed a strong performance for the year 2000, strengthening TOMRA's position as the industry's leading supplier of automated recycling solutions. With more than 30,000 reverse vending machine installations across the region and a market share above 95 percent, TOMRA has a solid platform for further growth and expansion in Europe.

SALES

Although revenues from Europe decreased in 2000 compared to the previous year, this was not unexpected in light of the extraordinary growth achieved in 1999 due to the upstart of the new deposit system for non-refillable containers in Norway. Apart from Norway, the rest of Europe delivered a solid 13 percent growth in revenues for the year. Among the major markets, revenues from Germany grew by 18 percent, followed by The Netherlands with 12 percent and Austria with eight percent. The total operating revenues for the year for BU Europe came in at NOK 895 million, down from NOK 952 million in 1999.

PRODUCTS AND INSTALLATIONS

Installations of new TOMRA machines continued at a high level in 2000 with a total of 3800 being installed during the year. A majority of these machines were the T-600 and T-610, the two top-of-the-range products in the Ultima product family. The "all-in-one" solution offered by the T-600 and the T-610 is seen as the ultimate way for retailers to provide customer service for convenient in-store return of used beverage containers.

In the second quarter, Tomra launched TRIO—a new concept within the Minima family. What distinguishes TRIO from the other members of the Minima family, is that it incorporates a newly developed sorting and stacking system within the machine for the separation of refillable containers, while taking up less than one square meter of costly floor space. The first TRIOs were delivered to German customers just before the summer and were followed by installations in Belgium, Denmark, Switzerland and The Netherlands.

In August TOMRA launched SmartSort, a completely new system for automated backroom handling and sorting of empty containers. SmartSort has been designed to take on a central role within the Logistima product family—TOMRA's highly flexible and integrated solutions supporting the logistics of the entire container accumulation and handling process. SmartSort has been initially targeted towards the Scandinavian markets.

Approximately one third of our 30,000 RVMs in Europe are connected via modems to TOMRA's national service centers. These

online installations enable us to offer value-added services such as remote maintenance control, data collection, and innovative in-store promotion and consumer communication applications. Our initial efforts with donation, couponing and customer loyalty card programs through our RVMs in Sweden, Switzerland and The Netherlands are encouraging, and we will continue to explore and develop these business opportunities in other markets as well.

MARKETS

Germany, the single largest market within Business Unit Europe, increased sales by 18 percent in 2000. The growth percentage was even higher during the first three quarters of the year, but an uncertainty related to the potential introduction of a mandatory deposit on non-refillable containers slowed sales in the fourth quarter.

The underlying trends in the market remain very positive. Expanded opening hours in the German retail trade have increased costs associated with manual container handling and thereby strengthened the need for cost-effective RVM solutions. With the launch of TRIO, TOMRA can now offer a complete portfolio of products for all main segments in the German retail industry, and the market outlook remains very positive independent of the potential change in the country's deposit legislation.

Despite being a fairly well-penetrated market, **The Netherlands** continues to deliver strong sales figures. Sales in 2000 increased by 12 percent, mainly driven by targeted replacement and upgrade programs. Dutch retailers have established the T-600 and the T-610 as the market standard for customer service in reverse vending machines. Even relatively new installations of alternative products are now being traded in for these solutions. The beverage packaging mix has remained stable during 2000, but is expected to gradually open up for more non-refillable containers over the coming few years.

In April TOMRA signed a global supply agreement with the Dutch retail group Royal Ahold that made TOMRA the exclusive provider of RVMs and services for a period of three years. The agreement has a revenue potential of a minimum of NOK 250 million over the contract period.



Our online installations enable us to offer value-added services such as remote maintenance control, data collection, and innovative in-store promotion and consumer communication applications.



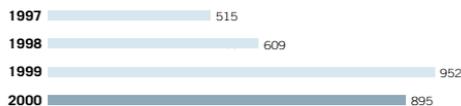
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The Ahold agreement was further expanded in October 2000 to cover RVM and service supplies to ICA Ahold AB in Sweden and Norway with additional sales expected to be a minimum of 1,100 RVMs. This is expected to increase the growth rate in **Sweden** well above the seven percent that this market experienced in 2000.

Norway had an exceptional year in 1999 due to the introduction of non-refillable containers in the deposit system. More than 1800 TOMRA machines were installed that year, and revenues made a jump-shift from NOK 33 million in 1998 to NOK 233 million in 1999. The strong performance continued into year 2000, but at a more normalized installation rate of 420 machines. Early in the year TOMRA got the opportunity to replace almost 100 machines delivered by another supplier only a few months earlier. Revenues for 2000 amounted to NOK 80 million.

The introduction of deposit for non-refillable containers in Norway has been a great success in its first full year of operations. Cans now

Business Unit Europe (NOK million)



represent almost 50 percent of the packaging used in total beer sales, and the return rate has reached approximately 95 percent.

Denmark managed to deliver a growth figure of five percent despite the delay in the implementation of Denmark's new system for the handling of refillable containers, a situation that considerably slowed sales in the latter half of the year. The new deposit organization, Dansk Return-system (DRS), was founded in July 2000 by the Danish Brewery Association. The initial focus for DRS will be to modernize and upgrade the current systems for in-store handling of refillable containers. DRS will provide financial incentives for investments in RVMs and automated backroom equipment, but the final details of this initiative have not yet been communicated to retailers, causing a temporary delay in the retail investments during the second half-year of 2000.

On February 7, 2001 TOMRA signed a preferred supplier agreement with the Danish retail group FDB, linked to the above mentioned upgrade program announced by DRS. The frame contract has a target sales value for TOMRA of DKK 120 million up to the end of 2002. Start of installations will be tied to the formal acceptance of the formation of DRS by the Danish Parliament, expected to take place early May 2001. FDB has a retail market share in Denmark of 38 percent.

In **Switzerland** TOMRA acquired 50.5 percent of its Swiss distributor, Tomra AG, in January 2000. Revenues in 2000 amounted to NOK 54 million, up 13 percent from 1999. Austria also performed

very well in 2000 with a growth of eight percent driven by replacements and upgrades, while Finland came out in line with internal expectations.

LEGISLATION

Adopted in December 1994, the EU Packaging and Waste Directive (92/62/EC) was implemented in member states during 1996/1997. The Directive encourages waste reduction with specific recovery and recycling targets to be met by June 2001. A revision of the EU Directive is currently underway and is expected to be completed during the first half-year of 2001.

We believe European industry will need to dedicate significant resources to meet the responsibilities defined in the EU Packaging Directive over the coming years. TOMRA's ambition is to continue as a key discussion and business partner when new solutions and systems are being planned and executed in the different European markets. Business Unit Europe will work closely with the resources within Global Business Development to turn these opportunities into sustainable businesses that will help the organization achieve its growth objectives.

In Germany, the packaging ordinance from 1991 requires that minimum of 72 percent of all drink containers are refillable. The law states that if this quota is not met for two consecutive years, a deposit should be introduced on non-refillable containers.

The quota was not met for the first time in 1997, when the percentage of refillable containers fell to 71.3 percent. The official results for 1998, released in February 2000, showed that this percentage had fallen to 70.1 percent. This trend prompted the German Ministry of Environment in October 2000, and the German Government in late January 2001 to announce that it had decided to propose placing deposit on non-refillable containers. The expected implementation date of the new system was said to be January 1, 2002. The political process of establishing the legal basis for implementing the new deposit system is expected to be concluded before summer 2001.

OUTLOOK

Business and growth opportunities for Business Unit Europe remain very strong for the coming years. We expect that substantial growth can be generated both from our existing base business and through the execution of new business opportunities. Expected changes in legislation and packaging mix could provide TOMRA with significant additional business opportunities. TOMRA will invest in the required resources and infrastructure to get positioned for these opportunities.

TOMRA is currently the only true international supplier of RVM technology, solutions and services and we will continue to be extremely focused on further strengthening this position. Our aim is to combine the strengths and resources of a market leader with the spirit of a challenger in order to provide our customers and industry partners with the best products and services available.

BU NORTH AMERICA

BU North America experienced continued strong growth in 2000 with revenues increasing by 50 percent to NOK 1823 million. Significant progress was made in increasing RVM penetration, expanding the size and efficiency of the materials handling businesses and the on-going development of new markets such as California and Canada. Revenues were driven by healthy growth in existing markets but to a greater extent by the expansion and growth of the California market.

The base TOMRA business and organization has never been stronger and the number of new growth opportunities has never been greater. Successfully capitalizing on these identified growth initiatives will be the central challenge for 2001. In addition, the possible losses announced January 29, 2001 related to our close business ties with Wise Recycling and Wise Metals Group will certainly contribute to our challenges for the coming year. This issue is covered in more detail in the Board of Directors report.

2000 HIGHLIGHTS

RVM sales on track

TOMRA placed a total of 1390 machines in the North American market during the year. TOMRA advanced its strategy of signing up leased customers to new multi-year agreements and dominating the majority of new machine placement activity with a 90 percent share of all installations during 2000.

Exclusive supply contract with Royal Ahold signed

Ahold's acquisition of existing TOMRA customer Giant Foods created an opportunity for TOMRA to work with one of the largest international retailers to find synergies across their businesses worldwide. The result was a purchase agreement that simplified pricing and created best practice standards between TOMRA and Ahold on a global basis. The agreement calls for new multi-year lease extensions on existing RVM business and the commitment to provide a minimum of 600 new machines in the U.S. and 200 machines in Europe over the next three years.

The first small store RVM platform launched

The DUO is a new can and plastic bottle combination machine that has been designed as a low cost solution for accounts who want TOMRA technology but struggle to justify the investment due to low container volumes. TOMRA believes there is a significant untapped market for RVM technology where smaller quantities of containers are either returned or consumed. Target applications include drug stores, convenience stores, schools, sporting venues and cafeterias. The platform will be targeted in both deposit markets based on efficiencies and cost savings and in non-deposit markets based on promotional applications.

Rollout of rePLANET centers continued

TOMRA expanded its rePLANET branded recycling centers to 175 locations in California during 2000 and plans to convert all viable sites by 2001 totaling some 425 locations in all. Consumers continue to respond positively to the new centers, which is evidenced by volume and transaction increases of 60 percent and 250 percent respectively when compared to traditional sites. rePLANET experienced these gains despite minimal marketing support during this roll-out period. Now that TOMRA has achieved a significant base of rePLANET locations, we anticipate increased volume and customer acquisition with the launch of targeted consumer marketing programs.

Increased focus on declining recycling rates

Recycling rates for aluminum, PET and glass packaging continued to fall while PET recyclers began to more aggressively voice their displeasure with the inadequate supply of recycled PET feedstock. Several states saw activity on both new bottle deposit legislation such as Hawaii, New Hampshire, and Kentucky, and expanded bottle deposit initiatives as in New York, Connecticut, Vermont, and Iowa. California expanded its bottle deposit legislation to include most non-carbonated beverage containers effective January 1, 2000.

In December, a shareholder resolution was put forward to commit both The Coca-Cola Co. and PepsiCo Inc. to an 80 percent recycling rate across all containers and to adopt goals of 25 percent recycled PET content in their soda bottles. The year also saw the formation of BEAR, Businesses and Environmentalists Allied for Recycling. BEAR is a project of Global Green USA and is funded by the Turner Foundation and various business members. BEAR's mission is to work with industry and the various stakeholders involved to explore programs that will deliver a stated goal of 80 percent recycling on all beverage containers.

EXISTING MARKETS SUMMARY

TOMRA had a solid year of revenue development and RVM placement in **New York**. TOMRA was successful in obtaining key distributor participation in the rollout of a beer wholesaler RVM program. The beer wholesaler redemption channel has historically been

a manual system and offers significant potential for incremental RVM volume growth. Negotiations are currently underway to sign a distribution agreement for Duo RVM sales at high rise apartments to help NYC landlords comply with new and more aggressive recycling mandates given the city's diminishing landfill capacity.

The Upstate New York market continued to grow its installed RVM base while taking on a major reconfiguration of its materials processing system in western New York. The Tomra New York Recycling unit reached an all time high in terms of revenues and containers processed, over one billion for the year. The aluminum processing company Johnson Flanigan was acquired in the third quarter, adding over five million pounds of aluminum to the Upstate operation.

TOMRA grew revenues in **Massachusetts and Connecticut** at an impressive pace while managing to double its annual operating profits. The growth was driven by further RVM penetration, a five-year sever-



ice contract with Pepsi Bottling Group (PBG) of Massachusetts and the formation of a strategic alliance with Polar Beverages. The Pepsi agreement calls for pick-up and processing on all of PBG's redeemed containers in Central and Eastern Massachusetts with over 150 million units annually. The Joint Venture with Polar Beverages will add over 120 million containers annually. The business unit was also successful in placing over 300 RVM's into the Massachusetts and Connecticut marketplace in 2000. The majority of these placements came through the development of the Massachusetts liquor store retail channel which up to now has not fully utilized RVM technology.

Tomra's Michigan business delivered over 400 new machine placements during the year and represents the largest RVM installation base in the U.S. totaling 3300 machines in more than 730 retail locations. Michigan will also prove to be a key market for the DUO platform with a placement universe of convenience and liquor stores of over 6000 sites. An additional sales resource was added late in the year to lead a refocused business expansion effort in the neighboring deposit-state of Iowa.

UBCR, Tomra's third party pick-up system in Michigan, made significant progress in fully forming its operations and improving its financial performance. UBCR serves over 450 retail outlets with an annual container volume of over 1.5 Billion. The successful addition of the remaining beer distributors to the program generated a

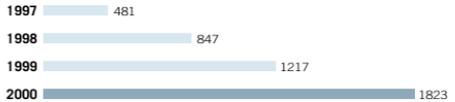
35 percent volume increase. Financial performance was further improved as a result of cooperative negotiations with the Michigan Soft Drink Association and the resulting adjustment made to the revenue rate structure.

DEVELOPING MARKETS SUMMARY

Tomra's California business made progress throughout 2000 in building its business infrastructure and rolling out rePLANET branded recycling centers. On January 1st of 2000, the California bottle law was amended to include most non-carbonated beverage containers adding more than two billion new containers previously not included as a part of the state's deposit program.

The deposit expansion, the implementation of a pick-up and processing agreement that doubled the volume of materials handled along with the successful roll-out of the rePLANET platform have provided extremely encouraging developments in this market.

Business Unit America (NOK million)



These initiatives, while positive, have proved to be slower in development than originally anticipated. The start-up costs and inefficiencies driven by the expanded processing contract and the changing container mix were also higher than expected.

TOMRA made significant changes in both the managerial capacity and organizational structure to better position the operations to take advantage of the existing opportunities. Experienced executive management in both the Commercial and Convenience divisions have been recruited and are in place. The divisions have been realigned, focusing on core business functions of service and consumer relationships respectively.

The California Convenience Zone was significantly re-engineered in 2000 with the continued roll-out of rePLANET. The rePLANET concept combines staffed and RVM recycling machine services to provide an attractive, convenient, safe and enjoyable recycling experience. Several technological improvements were introduced to improve efficiency such as a new bottle material sensor and an automatic 5-Way sorting system. The focus will now shift to an aggressive consumer acquisition plan behind the brand slated for first half of 2001. The position of Vice President of Marketing has been added to lead in the development and execution of these efforts. The rollout of rePLANET will continue during 2001 with the addition of nearly 200 sites and the penetration of the Northern California market.



Overall recycling rates for aluminum, PET and glass packaging continued to fall during 2000 while PET recyclers began to more aggressively voice their displeasure with the inadequate supply of recycled PET feedstock.



The California Commercial Division grew rapidly in 2000. Due to the increased volumes of high quality material collected through our recycling centers and contracted commercial accounts, TOMRA has developed a dominant market position in the recycled glass, plastic and aluminum markets. The commercial division is now the largest processor of loose aluminum cans in California and with the recent deposit expansion, plastic bottle volumes have increased by 47 percent. Significant opportunities remain in optimizing transportation logistics, plant utilization and infrastructure while expanding value added processing. Tomra's non-deposit markets in Colorado, New Mexico, Washington and Hawaii grew moderately and continued to meet performance expectations.

Canada provided an excellent vehicle for growth during 2000 and will continue to drive growth opportunities in the near term. With a population of over 30 Million and where eight of ten provinces have some form of deposit legislation, Canada remains a relatively



untapped market for innovative recycling strategies. In addition, Ontario, with 33 percent of the country's population, does not have a deposit law and is facing significant issues with landfill waste. From a recycling industry standpoint, Canada is a highly fragmented market with no significant use of technology in the automation of returns, compaction, deposit-reporting and settlement processes. This creates opportunities for TOMRA to introduce proven recycling solutions throughout the country.

In April 2000, TOMRA made its most significant investment in the market with the acquisition of a 50.5 percent interest in **CAMCO Recycling**. CAMCO is a leading processor of aluminum and PET containers in the province of Quebec. The acquisition not only provides TOMRA with a major presence in the Quebec market, but also brings on board the management talent and industry knowledge necessary to capitalize on the opportunities that exist across Canada. In September, CAMCO moved to a highly automated processing center with expanded capacity to handle future business growth. The initial focus is to optimize and re-engineer the recycling industry in Quebec leveraging Tomra's RVM technology, pick-up and processing expertise and established industry relationships. Further opportunities exist for the launch of the DUO platform and the piloting of the rePLANET recycling center concept in "return to depot" based deposit systems.

2001 OUTLOOK

Growth in the upcoming year will come from a combination of base business and new business expansion. The successful launch of key initiatives in 2001 will have an impact not only on the short-term but long-term growth dynamics of the company.

The base RVM business will continue to grow through increased market penetration of the current platform focused on replacement business, new customer acquisition, new retailer segments and geographic expansion. The materials handling businesses will drive improved performance through operational efficiencies, smaller tuck-in acquisitions, new contract acquisitions and joint partnerships. Developing markets such as California will continue their re-engineering efforts to drive increased volume and operational effectiveness while the penetration of the Canadian market will focus on bringing Tomra's innovative solutions first to Quebec and then to neighboring provinces. Both these markets also have opportunities for merger or acquisition activity.

New business expansion will be based on new RVM platforms such as the DUO and new recycling concepts such as rePLANET. During the fourth quarter 2000, TOMRA secured a 10 site pilot program in two non-deposit states for a modified version of the rePLANET center with a major international retailer. The objective of the pilot will be to provide a convenient and rewarding recycling experience for the retailer's customer base and provide a marketing platform for product advertising and brand promotion. The long-term implications, if successful, will impact markets well beyond North America. The benefits for consumers, retailers, the beverage industry, and down-stream recycling and processing industries, as well as the environment are significant.

All of these growth initiatives align with an external environment becoming ever more active, organized and vocal in demanding that innovative solutions be brought to bear in reversing the declining rates of recycling seen across all types beverage packaging. The demand for TOMRA's solutions and TOMRA's capability of delivering those solutions that "Help the World Recycle" has never been greater.

GBD

The most significant challenge GBD faced early in the year was recruitment of key resources to facilitate execution of our mission statement. Three key outside recruits combined with transfer of internal resources resulted in GBD ending the year 2000 with eight fulltime staff located in USA, Norway, Germany, The Netherlands, Brazil and Japan.

GBD EXECUTES ITS MISSION THROUGH:

Strategic Project Initiatives GBD provides project leadership and coordination of business unit resources.

Industry Relationships Development of bottler, retailer and recycler relationships in order to create new market opportunities.

Strategic Equity Investments Identification and execution of equity investments in members of the value chain to facilitate market development and expansion.

Consulting Provide resources to government and industry organizations in the design and development of closed loops recycling systems.

Germany was our most active market with significant developments related to the pending deposit on one-way containers. GBD resources have been key to evaluating, developing and cost-modeling alternative system scenarios. GBD has also been instrumental in promoting communication and understanding of the deposit system alternatives internally as well as with public and private organizations.

Brazil has been a focus area for the past two years. This focus has been tied to recycling challenges in Brazil, in particular the large-scale introduction of the one-way PET container. The PET container was introduced without any recycling infrastructure, which has resulted in very low recycling rates combined with significant litter issues. There exist numerous State and Federal legislative proposals to mandate recycling of PET.

GBD, through its market analysis, identified a number of acquisition candidates to establish a TOMRA presence. TOMRA has successfully executed agreements to form a joint venture with Brazilian based Latas de Alumínio SA—LATASA. LATASA is Brazil's largest can manufacturer with a 55 percent market share. LATASA has a very well developed aluminum UBC collection infrastructure supported by buy-back centers, schools, charities and scrap collectors. The joint venture will be covering the UBC collection and recycling activities with TOMRA having a 70 percent ownership and assuming overall management.

TOMRA intends to quickly expand the existing aluminum collection infrastructure to include PET. We are also expecting to launch new retailer based collection endpoints similar to our California rePLANET operation. The prospects to build our business aggressively from the established operations is excellent. Based on the significance of the acquired operations and the prospects for aggressive growth, the Brazil opportunity will be executed by establishing a new business unit, BU South America.

Japan has long been a market that seems to offer great potential but one that has been difficult to understand and engage in a market penetration strategy. A key recruit joining GBD has dramatically altered this status by providing us a fulltime presence and gaining market knowledge and contacts. GBD has identified several viable penetration strategies that we expect to execute during 2001.

US non-deposit

GBD has become active in a newly founded organization to promote increased recycling rates in the US. BEAR (Business and Environmentalist Alliance for Recycling) has been established through public interest groups and private industry to increase overall beverage container recycling rates from 40 to 80 percent. While deposits are proven to increase recycling rates, BEAR will first focus on alternative approaches in cooperation with industry to achieve the stated recycling rate objective. TOMRA views BEAR as a valuable forum to promote discussion and cooperation with industry.

Discussions with industry are evolving to where credible alternatives to increase recycling rates will have to be put forward. TOMRA is active in US non-deposit markets in the development and preparation of pilots for new collection concepts. These new concepts may be attractive to industry in increasing recycling rates without reliance on mandatory deposit legislation.

GBD has overall had a very successful year with the recruitment of key resources and the development of major market initiatives in Germany and Brazil. GBD is well positioned to fulfill its mission and support the company in achieving its sustained growth objectives.

ANNUAL REPORT

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 March 2001

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