

 **TOMRA**
ANNUAL REPORT 2014



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Additional information about TOMRA's organization is available at www.tomra.com.
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KEY FIGURES

			2014 Continuing operations	2013 Continuing operations	2013	2012	2011	2010
Operating revenues	NOK million	4,749	4,421	4,602	4,073	3,690	3,050	
EBITA	NOK million	737	701	706	739	669	496	
Profit before other items	NOK million	628	597	601	662	625	470	
Ordinary profit before taxes	NOK million	603	557	561	630	604	463	
Net profit	NOK million	394	412	412	478	419	114	
Total assets	NOK million	6,625	5,623	5,623	5,159	3,999	3,305	
Equity	NOK million	3,244	2,741	2,741	2,283	2,141	1,832	
Return on equity. ex. other items	%	14.1	15.3	15.4	19.9	20.3	15.8	
Return on total assets. ex. other items	%	10.6	11.4	11.4	14.8	17.5	15.1	
Earnings per share	NOK	2.85	2.59	2.62	2.98	2.72	0.32	
Earnings per share fully diluted	NOK	2.85	2.59	2.62	2.98	2.72	0.32	
Net cash flow from operating activities	NOK million	696	567	567	550	567	525	
Number of employees as of 31 December		2,448	2,406	2,520	2,470	1,982	1,419	
Female employees	%	18	18	18	17	18	19	
Female managers (of all managers)	%	18	16	16	17	18	19	
Number of reportable injuries		74	107	116	81	109	92	
Carbon dioxide emissions	Metric tons	24,300	25,700	25,800	27,700	25,400	22,000	



TOMRA has thus far received three awards in this year's European Business Awards, an independent awards program designed to recognize and promote excellence, best practice and innovation. For more information visit [www.businessawardseurope.com](http://businessawardseurope.com).

PARTNERSHIP FOR PRODUCTIVITY

In the next 35 years the world population is expected to grow to nine billion people, and more and more people will be living in metropolitan areas. By 2050 the number of people living in cities could expand from today's 50 percent to 70 percent, meaning an additional 1.5 million people every week would require urban living and working spaces. The resources needed to support this development will be massive, placing large demands on commodities like concrete, steel and food, and in turn on energy requirements, production processes and acquisition of raw materials. It will take collaborative, bold and innovative leadership to find ways to support this development without worsening the ecological situation of the planet.

TOMRA's mission statement, "to create sensor-based solutions for optimal resource productivity," describes how TOMRA seeks to respond to some of the challenges resulting from the above development trends. TOMRA offers solutions to critical industries such as food processing, mining and recycling that provide new pathways for increasing yields and productivity, while at the same time reducing costs and carbon footprint.

TOMRA Collection Solutions

TOMRA Collection Solutions is the clear world market leader in offering reverse vending systems. Our products contribute to developing a cyclical economy and generating green jobs, efficiently reusing valuable materials such as aluminum and PET, reducing littering and encouraging a path to a lower carbon economy.

In 2014, the market for TOMRA Collection Solutions remained robust in Europe. In Germany, large retail chains started executing on plans to replace RVMs installed when deposit legislation was implemented there in 2006. TOMRA is well positioned to serve the German customers with economical and technically versatile RVM systems.

The North American market remained affected by a continued decline in beverage container return volume, following a trend of reduced consumption of soft drinks and bottled water that

has been noted for several years. This negatively affects the volumes passing through TOMRA RVMs installed in North America, particularly machines which are installed under a "through-put lease" program. To counter the negative effects on TOMRA's results, a strategic volume builder initiative was launched early 2014. With this program TOMRA aims to increase the quality, attractiveness and availability of options for consumers to return beverage containers and also addresses new market segments such as return depots.

The past year was particularly important for TOMRA Collection Solutions as a result of the introduction of our new generation RVM solution, the T-9 with TOMRA Flow Technology™. This technology has provided a new level of speed and user experience, and has been well received by our customers. The core modules, such as the 360-degree recognition module, infeed system and user interface, are being deployed into additional machines according to our plan for upgrading the entire product offering. A cost reduction program was executed during 2014 following the ambition to improve product cost structures and the cost targets were met.

To stay fully focused on the core portfolio built on sensor-based solutions, TOMRA decided to divest the activities in TOMRA Compaction. The divestment was announced during the fourth quarter 2014 and was completed during the first quarter 2015.

TOMRA Sorting Solutions

TOMRA Sorting Solutions offers significant economic and environmental benefits for major industries such as food processing, mining and recycling for increasing their productivity, yield, access to resources and reducing their costs. The product offering is well positioned to respond to short and long-term increases in demand for resources required to construct living and working spaces for an ever growing and increasingly urbanized global population. Demands on more convenient and higher quality food products and requirements for a less carbon-intense society are trends characterizing the industry development. TOMRA is positioned as a worldwide leader in

TOMRA offers solutions to critical industries such as food processing, mining and recycling that provide new pathways for increasing yields and productivity, while at the same time reducing costs and carbon footprint.

all the segments we serve. The projected short and long-term business outlook is positive.

The overall market situation remained favourable for TOMRA Sorting Solutions and our order intake grew by 16 percent in 2014. All sectors showed increases and the strongest growth was recorded in mining, which despite the generally pressed investment climate showed positive development thanks to the new high-volume sorter platform which enables miners to reduce operating costs significantly. The market situation in recycling remained positive in the areas of plastics recycling and municipal household waste, while metals recycling (including e-waste) continued to be slow and pressed by lower commodity prices. The food processing business remained strong and behaved more linear as result of increases in capacity needs and more stringent food safety and quality requirements.

The integration of Odenberg and BEST is now completed. Leveraging technology synergies, increasing adaptability and shortening the time to market are core elements of TOMRA's strategy to merge our sensor-based sorting activities under one brand. This will enable TOMRA to better serve global



markets and develop new cutting-edge solutions and sorting capabilities. A key component supporting this strategy is the development of a common sorting platform (CSP) for the Food, Recycling and Mining business segments.

The development phase of the CSP has been completed and all new products are being built utilizing this platform. As the basic sorting principles are conceptually the same across the segments, the TOMRA CSP will provide a set of building blocks that can be utilized in applications within multiple segments. Benefits include increased productivity and speed in product development, reduced development and after-market costs and more efficient use of human resources.

We are now initiating a substantial launch program of new products based on our CSP to bolster continued growth. An example of this is the new NIMBUS BSI sorter – our latest technological breakthrough that enables chemical identification capabilities for nuts and raisins. We have also launched a high-speed sorting system for mining that quadruples performance and opens up the possibility for new sorting applications in the Mining segment.

We are also highly focused on our production capabilities, and in October 2014 we opened a new custom-built assembly and test plant in Senec, Slovakia for worldwide supply of sorting products for food, recycling and mining. The new plant replaces previous operations in Slovakia, Belgium and Germany. The objectives with the consolidation of operations into one location include ensuring high quality, short cycle times, high productivity and competitive cost structures.

Doing business responsibly

TOMRA is a member of the UN Global Compact, a strategic platform for advancing our commitment to sustainability and corporate citizenship. The 2014 Annual Report is our fifth Communication on Progress to the UN Global Compact, which includes a review of the activities we are focused on as part of our Corporate Responsibility Program. Doing business

responsibly is a fundamental concept that frames all our activities, and we will continue to support and promote this and the Global Compact during 2015.

Looking to the future

TOMRA Sorting Solutions recently invested significant efforts into integrating key processes such as supply chain management and product development. With the addition of our common production concept and CSP modular technology, core processes are now scalable and better positioned to rapidly respond to market changes and contribute to improved return on investments. We anticipate further robust market demand but cannot exclude the possibility of short-term fluctuations driven by macro-economic changes. Continued focus on expanding the presence in emerging markets will be high on the agenda in order for TOMRA to respond to the fast growing demands in Asia, Middle East, Africa and Latin America.

Within TOMRA Collection Solutions we anticipate in the near and mid-term a positive market situation driven by increased RVM replacement activities and the expansion into new markets such as Lithuania, Croatia and the depot segment. Further opportunities may also arise in other areas that are evaluating the implementation of deposit systems to increase recycling both on national and provincial levels, such as Scotland, Spain and Australia.

I believe our efforts to integrate and strengthen our core business have placed the organization on a solid footing to execute our growth strategies, and I am confident we will continue to develop positively in 2015. In my view we have never been in a stronger position to meet or exceed our customers' expectations in providing innovative solutions to help them be more successful. We look forward to building on this and what we can achieve in pursuing our vision of leading the resource revolution together with our business partners.

S. Lanschad

LEADING THE RESOURCE REVOLUTION

For TOMRA leading the resource revolution is about creating partnerships for transforming how we obtain, use and reuse resources for sustainable economic growth and improved quality of life for all.

35 billion used beverage containers are every year captured by our reverse vending machines.

The avoided greenhouse gas emission equals the annual emissions of 2 million cars - each driving 10,000 kilometers.

Our metal recycling solutions recover 715,000 tons of metal every year.

That's the equivalent of 4,035 Boeing 747 airplanes.



The mining industry consumes 2%-3% of the world's energy. Our sensor-based sorters can reduce that consumption by 15%.

A 15% reduction in the mining industry's energy use is equivalent to turning off 52.8 billion CFL lightbulbs.

Our food sorting solutions inspect millions of individual produce pieces per hour, helping to divert 5-10% of this material from going to waste.

That's approximately 25,000 trucks per year in potatoes alone.



OUR BUSINESS



TOMRA COLLECTION SOLUTIONS REVERSE VENDING: ESTIMATED 65% MARKET SHARE.

REDUCED COSTS

- + Reverse vending machines reduce the need for manual labor and typically have a payback period of just 12-18 months for medium-size stores.
- + Improved logistics and handling.

CLEARING OF DEPOSITS

- + RVMs keep track of all deposit transactions. In Germany alone the total transaction volume has an annual value in excess of 4 billion EUR.
- + RVMs have several fraud detection features to prevent paying out deposits on non-eligible containers.

HIGH CONSUMER CONVENIENCE

- + RVMs make it convenient and easy for consumers to return their empty containers.
- + RVMs are clean and efficient, while ensuring correct redemption of containers.



TOMRA SORTING SOLUTIONS FOOD: ESTIMATED 25% MARKET SHARE.

OPERATIONAL EFFICIENCY REDUCES COSTS

- + Up to 100% reduction on manual labor alternative.
- + Productivity increases of approximately 20%.
- + In many cases sorting cannot be completed manually due to product size or types of defects.
- + Yield improvements greater than 1.5%.

ASSURED CONSUMER FOOD QUALITY AND SAFETY

- + Automated control helps safeguard against undesirable or harmful items entering the food chain.
- + Helps protect against the potential costs and damage to our customers' reputations due to food quality issues, safety failures, and recalls.
- + Legislation for food quality is becoming more and more demanding with full traceability.

INCREASES REVENUE

- + High precision and multiple sort grades by size and quality maximize raw product as well as product sales value. Easy to achieve customer requirements regardless of incoming product quality.
- + Analyzes the crop quality, size, and line efficiency as it sorts. Provides real-time data to customers in order to become more productive, maximizing yield and selecting and monitoring suppliers.



TOMRA COLLECTION SOLUTIONS MATERIAL RECOVERY: ESTIMATED 60% MARKET SHARE IN MARKETS SERVED.

SUPPLY CHAIN MANAGEMENT

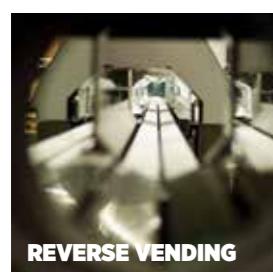
- + Product management through the value chain.
- + Engineer cost efficiencies through logistics.
- + Material sorting and compaction for efficient transport to processing facilities.
- + 5-10% cost savings opportunity using TOMRA's systems approach.

ACCOUNTABILITY AND INTEGRITY

- + Clearinghouse services coordinate financial transactions in excess of \$500 million annually.
- + A 5-10% reduction in shrink.

ENVIRONMENTAL BENEFITS

- + Reduced carbon footprint.
- + High-quality and valued materials for reuse in manufacturing.
- + 10% pricing improvement



REVERSE VENDING

MATERIAL RECOVERY

FOOD

RECYCLING



MINING



TOMRA SORTING SOLUTIONS RECYCLING: ESTIMATED 50%-60% MARKET SHARE.

REDUCES COSTS

- + Reduces manual labor by up to 75%.
- + Low operating and maintenance costs and reduced space requirements.
- + Avoids high turnover of personnel.

INCREASES REVENUE

- + High precision.
- + Easy to adapt to changing needs and sorting tasks.

ENSURES CONSISTENT, STABLE AND FAST OPERATION

- + High-volume sorting.
- + Machines enable longer hours of operation.
- + Reduced accidents and less strain on staff.
- + Consistent quality and performance.
- + Some sorting tasks are difficult or even impossible for manual sorters.



TOMRA SORTING SOLUTIONS MINING: ESTIMATED 40%-60% MARKET SHARE.

INCREASED ACCESS TO RESOURCES

- + Lower head grade can be processed.
- + Better utilization of existing deposits.
- + Old dumps turn into new resources

COST SAVINGS

- + Significant capacity increase of the traditional beneficiation plant.
- + Energy cost savings.
- + Less wear and tear, as well as lower chemical costs.

ENVIRONMENTAL BENEFITS

- + Better carbon footprint.
- + Reduction of acid mine drainage.
- + Less pollution.

TOMRA GROUP MANAGEMENT



STEFAN RANSTRAND (B. 1960)

President and CEO TOMRA Systems ASA

M.Sc. Industrial and Management Engineering, Linköping (Sweden) and Darmstadt (Germany)

Career history: August 2009: Joined TOMRA as President & CEO, 1991-2009: ABB Ltd., various management positions, 1988-1991: Data General AG, Sales Executive Industrial Markets, 1985-1988: Ikea Lager und Service AG

Number of TOMRA shares held: 81,269

HEINER BEVERS (B. 1960)

Senior VP TOMRA Systems ASA, Head of Central & Eastern Europe Collection Solutions

MBA, Westfälische Wilhelms-Universität, Münster

Career history: 2001: Joined TOMRA as General Manager, Tomra Systems GmbH (Tomra Germany), 1999-2001: General Manager, Consumer Division Werner & Mertz Group, 1986-1999: Marketing & Sales, Procter & Gamble

Number of TOMRA shares held: 37,375



ESPEN GUNDERSEN (B. 1964)

Senior EVP and CFO TOMRA Systems ASA

MBA, Norwegian School of Management, Oslo

CPA, Norwegian School of Economics and Business Administration, Bergen

Career history: 1999: Joined TOMRA, 1995-1999: Selmer ASA, VP Business development, 1989-1995: Arthur Andersen

Number of TOMRA shares held: 37,714



FREDRIK NORDH (B. 1974)

Senior VP TOMRA Systems ASA, Head of Nordic Collection Solutions

M.Sc. Business and Economics, University of Uppsala

Career history: 2003: Joined TOMRA as Finance Manager Tomra Systems AB (Tomra Sweden), 2001-2003: Business Controller, LG Electronics, 1999-2001: Business Controller and Supply Chain Manager, S.C. Johnson, 1998-1999: Accounting Manager, S.C. Johnson

Number of TOMRA shares held: 19,735

HARALD HENRIKSEN (B. 1963)

Senior VP TOMRA Systems ASA, Head of North America Collection Solutions

B.Sc. Electronics, University of Salford, Manchester

Career history: 2004: Joined TOMRA in 2004 as Senior VP Technology, 2000-2004: VP Business Unit Tactical Radio, Kongsberg Defence and Communications AS, 1997-2000: VP Product Management, VP R&D, Kongsberg Ericsson Communications ANS, 1990-1997: Technical management and project management, NFT-Ericsson ANS

Number of TOMRA shares held: 30,886



HÅKON VOLLDAL (B. 1976)

Executive VP TOMRA Systems ASA, Head of Business Area Collection Solutions

Master of Science Norwegian University of Science and Technology (NTNU), Norway

Career history: 2008: Senior Vice President Business Development, TOMRA, 2007-08: Executive Vice President Business Development North America, TOMRA, 2005-07: Vice President Investor Relations and Business Development, TOMRA, 2004-05: Director M&A, TOMRA, 2000-2004: McKinsey & Company

Affiliations: Chairman of the Board, Bright Future AS

Number of TOMRA shares held: 22,474



ASHLEY HUNTER (B. 1959)

Senior VP and Head of TOMRA Sorting Solutions, Food

B.Sc. Engineering, Trinity College, Dublin

Career History: 2013: Senior VP and Head of TOMRA Sorting Solutions, Food, 2010: Became Head of TOMRA Food - Americas & Oceania following TOMRA's acquisition of Odenberg, 1997-2010: President, Odenberg Inc., 1994-97: Engineering Manager - US, Odenberg Inc., 1987-94: Technical Director, Lister Machine Tools Ltd, 1983-87: Industrial Engineering Manager, Hyster Automated Handling

Number of TOMRA shares held: 4,998



VOLKER REHRMANN (B. 1961)

Executive VP and Head of Business Area TOMRA Sorting Solutions

PhD in Computer Science, University of Koblenz, Master in Computer Science, University of Paderborn

Career history: 2013: TOMRA Group Chief Technology Officer, 2002: Joined TITECH through acquisition of Real Vision Systems, 1998-2002: Founder and Managing Director of Real Vision Systems GmbH, 1994-1998: Assistant Professor for Computer Vision at University of Koblenz

Number of TOMRA shares held: 4,501

TOM ENG (B. 1965)

Senior VP TOMRA Systems ASA, Head of TOMRA Sorting Solutions Recycling

Master of Arts in European Business, Fribourg, Switzerland

Career history: 2012: Head of TOMRA Sorting Solutions Recycling, 1998 - 2012: Marketing Manager, Sales and Marketing Manager, Sales Director Titech AS, 1995-1998: Product and Export Manager, Noral As, Norway, 1993-1995: Marketing Manager, Noral SA, France, 1991-1992: Marketing Assistant, Cub Cadet, USA, 1983-1984: Trainee, First Wisconsin National Bank of Milwaukee, USA

Number of TOMRA shares held: 0



CORPORATE RESPONSIBILITY

TOMRA was one of the first to recognize that a better environment is better for business and has been a leader in creating solutions for resource productivity for four decades. TOMRA is still constantly striving to improve its own practices and optimize its own resources - led by the spirit of innovation. TOMRA signed the UN Global Compact at the end of 2009 as it prepared to expand its environmental program to include other topics. It was, therefore, natural that the Corporate Responsibility (CR) Program should be linked to the ten principles of the United Nations Global Compact. The topics covered by the CR Program and the relevant area of the UN Global Compact are shown in the table below.

As a member of the UN Global Compact, TOMRA aims to consistently promote doing business responsibly and implement the principles of the UN Global Compact. The following pages form part of TOMRA's annual Communication on Progress.

TOMRA's current CR Program runs until the end of 2015 and its objectives have either already been met or are on target (see table). As a result, in 2015 TOMRA will continue its existing activities while developing a new program for the next five years. The starting point for the new program will be TOMRA's Statement of Corporate Responsibility and the Group's strategic plan for its operations as it is important that TOMRA's objectives are aligned and that corporate responsibility continues to be integrated into TOMRA's ongoing

activities. It will also be necessary to assess the risks and opportunities that TOMRA could encounter to ensure that TOMRA is prepared for future challenges. Lastly, it will be important to consider the needs and expectations of the different stakeholders.

In 2014 TOMRA also started a review of its culture and values. A company's values provide the foundation for the way a company operates and are central in ensuring that TOMRA and its employees do business responsibly. TOMRA's values are reflected in its CR Statement and Codes of Conduct for employees and other business partners.

At TOMRA, it is the role of the Board of Directors to ensure that the Group's corporate governance, environmental, social and ethical practices are sufficient. The Corporate Responsibility Committee assists the Board by monitoring and reviewing TOMRA's practices and policies in this area.

In 2015 TOMRA will continue its existing activities while developing a new program for the next five years.

CORPORATE RESPONSIBILITY TARGETS AND CURRENT STATUS

Identify and implement additional actions to achieve 25% reduction in eco-intensity (CO₂ emissions) by 2015

+ In progress: 2014 eco-intensity was below the 2015 target

Continue analysis of TOMRA's carbon footprint

+ Ongoing: New products are compared against the products being replaced

Continue implementation and follow-up of TOMRA's ethical and other policies

+ Ongoing: Awareness sessions and workshops

Implement Risk Management procedure including additional safety and security considerations

+ Complete

Continued focus on employee satisfaction and being an attractive employer

+ Ongoing: Next survey in 2015

Reduce accident rate per employee

+ Ongoing: 2014 showed a significant decrease in incidents from 2013

Topics	UN Global Compact Areas
25% reduction in eco-intensity by 2015	Environment
Anti-bribery program for TOMRA Group	Anti-corruption
Employment opportunities and working conditions	Human Rights, Labor
Managing risks in TOMRA's operations	Labor, Anti-corruption
Meeting stakeholder expectations	All



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact**.

We welcome feedback on its contents.

ENVIRONMENTAL REVIEW

TOMRA's mission is to create sensor-based solutions for optimal resource productivity so that its products and services contribute to better use of the world's limited resources.

Over the past few years, TOMRA has implemented a number of initiatives to reduce its direct emissions as part of meeting its objective of reducing eco-intensity by 25% by the end of 2015. As previously reported and shown in the graphs (below), TOMRA has already achieved the target for energy consumption and greenhouse gas emissions. This was achieved partly through specific investments to reduce fuel consumption in TOMRA's vehicle fleet, and partly from a move out of carbon-intensive activities.

TOMRA's environmental targets are part of its Corporate Responsibility programme. As mentioned earlier in the report, targets for the new programme that will start in 2016 will be developed and agreed by the management team and Board of Directors during 2015.

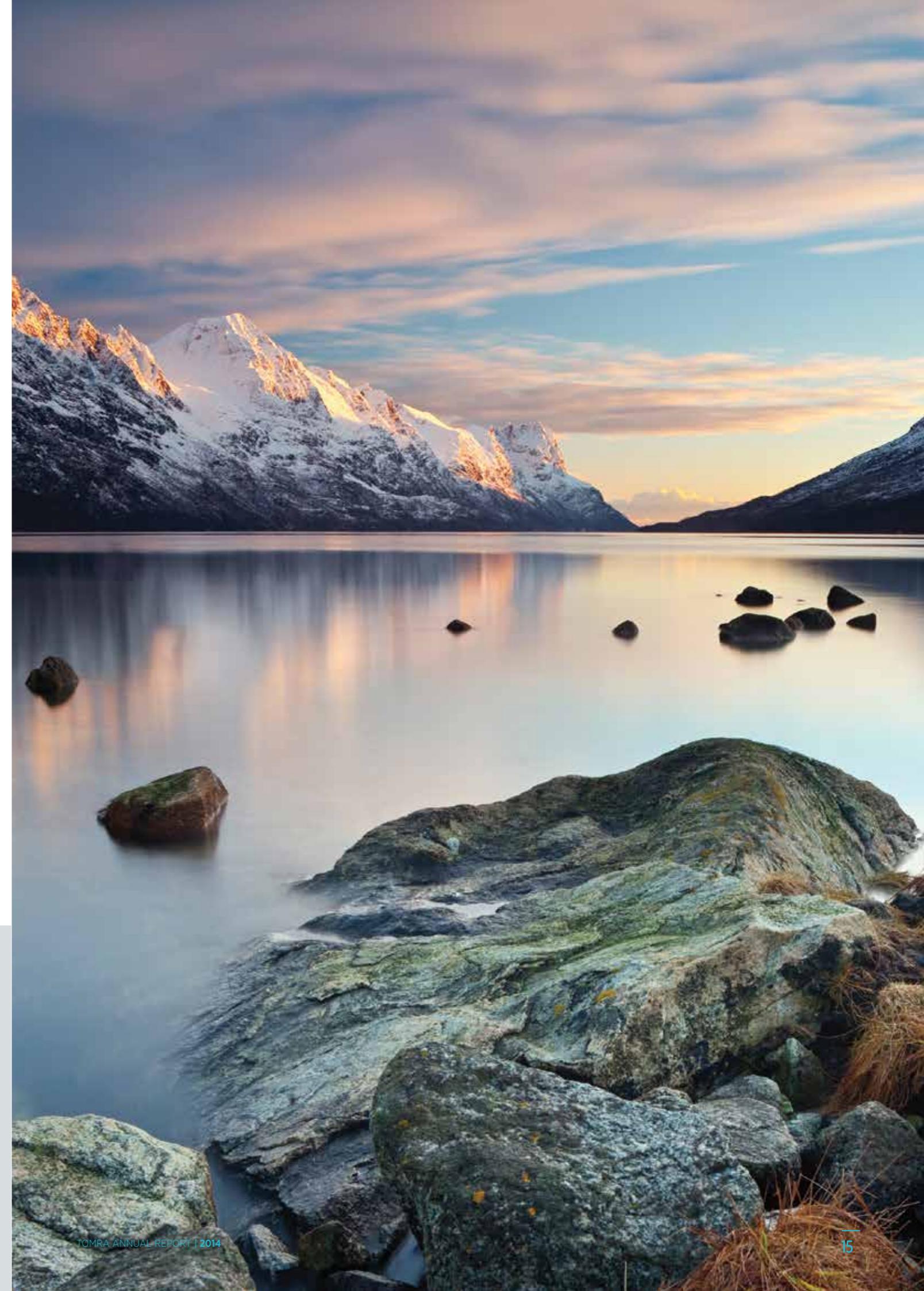
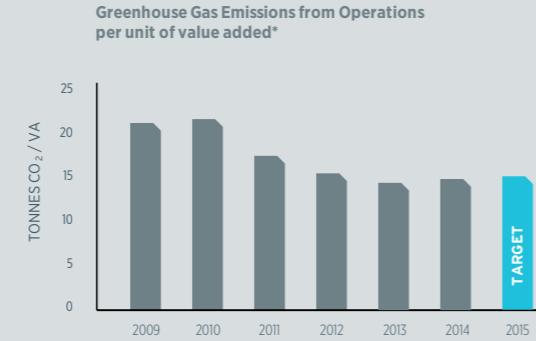
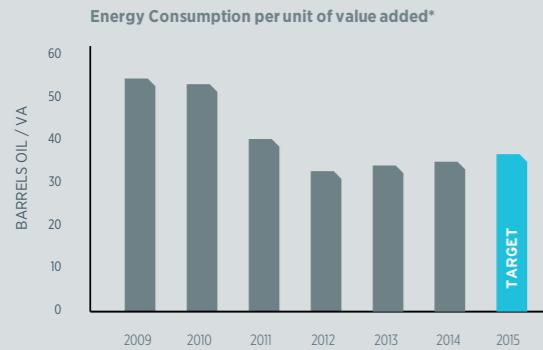
In recent years TOMRA has invested significantly in new facilities in a number of locations.

In 2014 the new customer centre for TOMRA Sorting – Recycling in Germany was officially opened. The centre represents best practice in recycling management as it is built from sustainable materials and is extremely energy efficient, which is also a reflection of TOMRA's values. As a result, TOMRA is proud that the new facility has been officially designated a 'green building'. Qualifying criteria for this

accreditation in Rhineland-Palatinate include energy use at least 25 percent lower than the already strict German standard along with requirements covering water efficiency, use of materials and resources, and ecological standards inside the building.

TOMRA's new production and distribution facility in Slovakia, which also opened in 2014, is equipped with state-of-the-art technology and incorporates sustainable solutions such as LED lighting. This facility will become the main production centre for TOMRA Sorting Solutions and it also meets strict environmental standards, which again is in line with TOMRA's mission to lead the resource revolution.

This year's climate change account shows a slight reduction in direct emissions (scope 1 + 2) from TOMRA's operations. This is mainly due to lower diesel consumption, a result of initiatives in the United States started in 2012. The complete environmental report is available on the following pages.



TOMRA ENVIRONMENTAL REPORT 2014

CLIMATE CHANGE ACCOUNT

CARBON DIOXIDE EMISSIONS FROM OPERATIONS

	TONNES CARBON DIOXIDE	2014	2013	TONNES CARBON DIOXIDE	2014	2013
Emission from stationary sources	(Scope 1)	3 300	3 200	Beverage container collection through RVMs (1)	2 773 000	2 715 000
Heating oil		400	400	Plastic bottles	758 000	742 000
Natural gas		1 800	1 800	Glass bottles	517 000	506 000
Propane		1 100	1 000	Aluminium cans	1 464 000	1 434 000
Emission from purchased grid electricity	(Scope 2)	3 100	2 900	Steel cans	34 000	33 000
Norway		0	0	Packaging material transport and handling (2)	824 000	913 000
Europe EU25		800	900	Glass bottles	64 000	64 000
North America		2 100	2 000	Aluminium cans	636 000	712 000
Rest of World		200	0	Plastic bottles, PET	120 000	132 000
Certified low-carbon or renewable		0	0	Plastic bottles, HDPE	0	0
Emission from transportation	(Scope 1)	17 900	19 600	Cardboard and fiber	4 000	5 000
Petrol vehicles		3 700	3 300	Material sorted for recycling from mixed sources (3)	20 384 000	18 531 000
Diesel vehicles		12 900	14 700	Glass	92 000	83 000
LPG vehicles		0	0	Aluminium	4 117 000	3 743 000
Employee-owned vehicles		100	700	PET	2 493 000	2 266 000
Air travel		1 200	900	HDPE	437 000	397 000
Total direct emissions (tonnes CO₂)		24 300	25 700	Fiber	250 000	228 000
Emission from products during use-phase	(Scope 3)	67 900	64 300	Non-ferrous metal	11 180 000	10 164 000
RVMs owned and operated by TOMRA and customers		62 700	59 700	Other	1 815 000	1 650 000
Scanners owned by customers		5 200	4 600	Total emission avoidance	23 980 000	22 160 000
Total direct and indirect emissions		92 000	90 000	Net carbon dioxide emission/(avoidance)	(23 900 000)	(22 100 000)

WASTE GENERATION

WASTE FROM MANUFACTURING, SALES, SERVICE AND OPERATIONS

	TONNES WASTE	2014	2013	CUBIC METRES WATER	2014	2013
Waste generation	3 380	3 320		Water consumed	15 700	16 300
Paper		0	0	Norway	2 500	2 600
Cardboard		175	170	Europe EU25	9 900	10 300
Plastics		870	850	North America	3 100	3 150
Wood		195	190	Rest of World	200	250
Electric and electronic waste (incl. TOMRA products)		40	40			
Expanded polystyrene		0	0			
Metal scrap		250	250			
Batteries		0	0			
Hazardous waste		0	0			
Unsorted		1 850	1 820			

AVOIDED CARBON DIOXIDE EMISSIONS THROUGH PRODUCT USE

	TONNES CARBON DIOXIDE	2014	2013
Beverage container collection through RVMs (1)			
Plastic bottles	758 000	742 000	
Glass bottles	517 000	506 000	
Aluminium cans	1 464 000	1 434 000	
Steel cans	34 000	33 000	
Packaging material transport and handling (2)			
Glass bottles	64 000	64 000	
Aluminium cans	636 000	712 000	
Plastic bottles, PET	120 000	132 000	
Plastic bottles, HDPE	0	0	
Cardboard and fiber	4 000	5 000	
Material sorted for recycling from mixed sources (3)			
Glass	92 000	83 000	
Aluminium	4 117 000	3 743 000	
PET	2 493 000	2 266 000	
HDPE	437 000	397 000	
Fiber	250 000	228 000	
Non-ferrous metal	11 180 000	10 164 000	
Other	1 815 000	1 650 000	
Total emission avoidance	23 980 000	22 160 000	
Net carbon dioxide emission/(avoidance)	(23 900 000)	(22 100 000)	

ENERGY CONSUMPTION

ENERGY USED IN MANUFACTURING, SALES, SERVICE AND OPERATIONS

	BARRELS OIL EQUIVALENT	2014	2013
Energy consumption, stationary sources	(Scope 1)	1 600	2 900
Heating oil		900	900
Natural gas		300	1 600
Propane		400	400
Energy consumption, purchased grid electricity	(Scope 2)	10 100	10 000
Norway		2 300	2 400
Europe EU25		2 000	1 800
North America		5 600	5 700
Rest of World		200	100
Energy consumption, transportation		42 300	46 900
Petrol vehicles		9 200	8 900
Diesel vehicles		30 200	34 500
LPG vehicles		0	0
Employee-owned vehicles		0	1 300
Air travel		2 900	2 200
Total direct energy consumption		54 000	59 800
Energy consumption, products during use-phase	(Scope 3)	81 200	77 000
RVMs owned and operated by TOMRA and customers		75 000	71 500
Scanners owned by customers		6 200	5 500
Total direct and indirect energy consumption		135 200	136 800

NOTES

Reported data for continuing operations only; 2013 has been adjusted to exclude TOMRA Compaction.

Emissions have been calculated using the GHG Protocol calculation tools (www.ghgprotocol.org), and 'Waste Management Options and Climate Change' (ec.europa.eu/environment/waste/studies/pdf/climate_change.pdf).

1. Beverage container collection through RVMs, TOMRA Collection (Reverse Vending)

Calculated carbon dioxide savings based on the total number of beverage containers collected through TOMRA's over 70.000 RVM installations; more than 35 billion units annually. All glass beverage containers are assumed to be non-refillable, giving significantly lower assumed weight. Split between packaging types is based on beverage consumption data and TOMRA estimates. The full benefit of collecting and recycling the beverage containers into new material, versus landfill, is included in the calculation.

2. Packaging material transport and handling, TOMRA Collection (Material Handling)

Carbon dioxide saving based on the tonnage of beverage container material transported and handled by TOMRA in USA. The full benefit of collecting and recycling beverage containers into new material, as opposed to landfill, is included in the calculation, meaning that some of the saving is also included under 'Beverage container collection through RVMs'.

3. Material sorted for recycling from mixed sources, TOMRA Sorting (Recycling)

Estimated material throughput in TOMRA Sorting Recycling installations is used in the calculation of avoided carbon dioxide emission. The full benefit of sorting materials and recycling into new is included in the calculation.

The provision of information on carbon dioxide emission avoidance is illustrative only, and intended solely as an aid to illustrate the benefit to society generated by the TOMRA Group. The above information does not constitute a full Life Cycle Analysis. The methodology and assumptions used in calculating carbon dioxide avoidance are available upon request.

Scope 1: All direct GHG emissions

Scope 2: Indirect GHG emissions from purchased electricity, heat or steam

Scope 3: Other indirect emissions from purchased goods or services

WATER CONSUMPTION

WATER USED BY MANUFACTURING, SALES, SERVICE AND OPERATIONS

	CUBIC METRES WATER	2014	2013
Water consumed			
Norway	2 500	2 600	
Europe EU25	9 900	10 300	
North America	3 100	3 150	
Rest of World	200	250	

SOCIAL AND ETHICAL REVIEW

RESPONSIBLE BUSINESS

TOMRA is committed to doing business ethically and operates with zero tolerance for corruption. TOMRA respects internationally recognized human rights principles and does not accept any form of discrimination or harassment.

TOMRA has developed a Corporate Responsibility Statement and Code of Conduct along with other policies and guidelines that apply to TOMRA's employees and business practices worldwide. Policies that apply to TOMRA Group have been published on the company intranet and local versions of selected policies are also available.

Information on company policies is also regularly included in internal company presentations. In addition, further information sessions and/or in-depth workshops are held throughout the year.

Awareness of and compliance with TOMRA's policies is monitored as part of internal audit and the non-financial reporting process. This is part of ensuring that the TOMRA team promotes the core values by acting responsibly at all times.

FOCUS ON EMPLOYEES

TOMRA aims to be an attractive employer and promotes equal employment opportunity.

The Group Talent Program was initiated in 2012 to support TOMRA's strategic goal of developing and retaining key employees in the organization, and preparing them for leadership/next-generation positions. In June 2014 the first participants completed the final module on leadership and presented the results of their projects to Group Management and the Board of Directors. The results demonstrated the value of the program for both the individuals involved and TOMRA. The participants in the second program took part in the first module in December.

TOMRA also recognizes the importance of attracting the best people and being an employer of choice. TOMRA's policies ensure that TOMRA recruits and promotes individuals on the basis of their qualifications and performance. When recruiting, TOMRA shall prioritize attracting and recruiting women and ethnic minorities to positions in which they may be historically underrepresented to achieve a better workplace balance over time.

TOMRA measures employee satisfaction through a regular online survey. The survey was initially done annually as a new global survey was rolled out throughout the company. Now that a base has been established, the survey will be done every other year to allow time for the results to be analyzed and any identified actions to be implemented. The next survey will be taken in fourth quarter 2015.

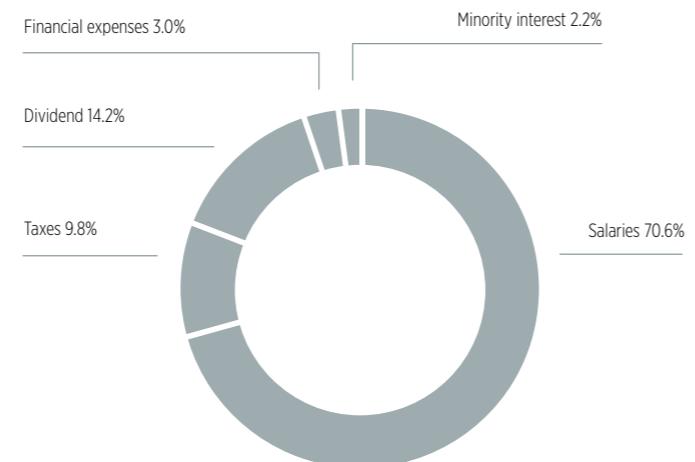
The survey has been a useful management tool and a number of actions have already been implemented in different parts of the company to address identified employee concerns. As a result, TOMRA was listed among the top ten in the category of medium-sized companies in Norway following the 2013 survey.

ECONOMIC IMPACT

TOMRA reports the value distributed to different stakeholder groups as a means of measuring the impact of its activities. These stakeholders include employees, shareholders and society in general.

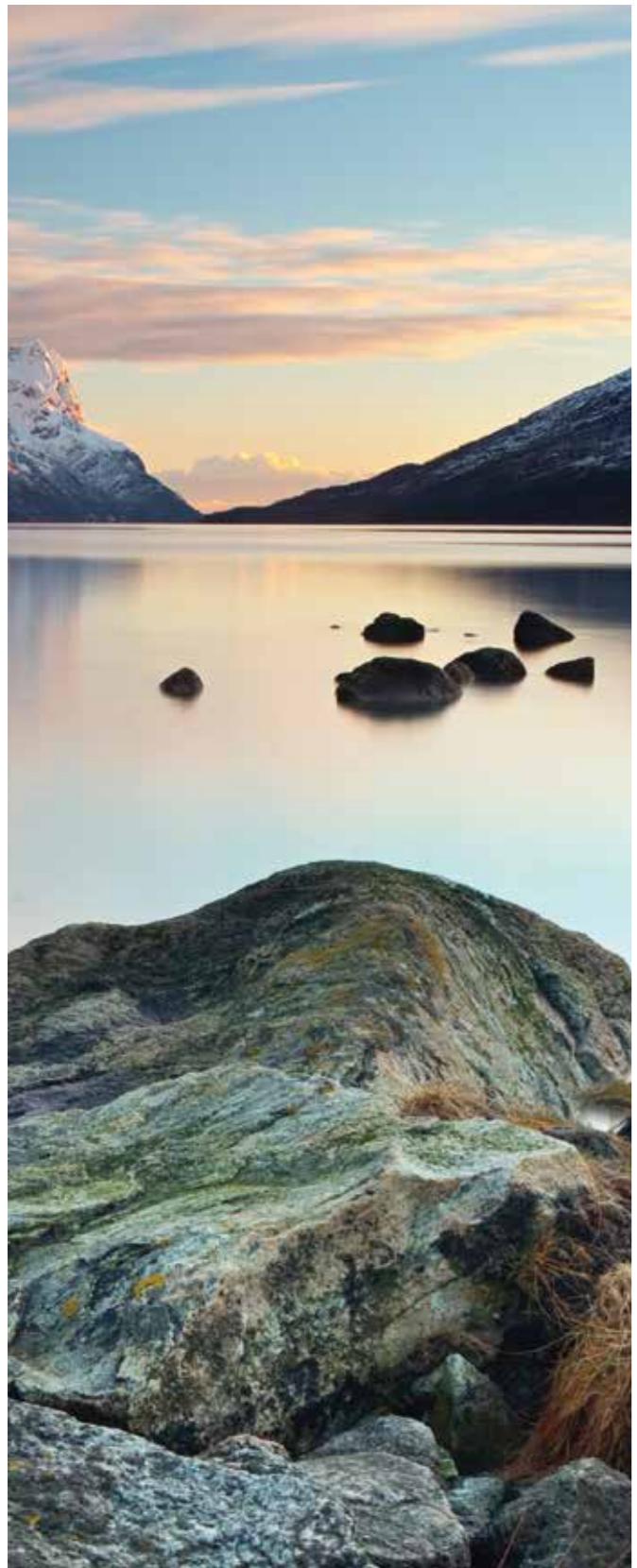
In 2014 TOMRA created added value of over 1,600 MNOK, a slight increase compared to 2013 (continuing operations). This was distributed to stakeholders as shown in the chart below.

VALUE DISTRIBUTED 2014



IMPACT ON PEOPLE WITHIN TOMRA GROUP	Continuing operations			
	2014	2013	2013	2012
Headcount				
Number of employees	(#)	2,448	2,406	2,520
Female employees (% of total)	(%)	18	18	18
Female managers (of total managers)	(%)	18	16	16
Health & Safety				
Reportable injuries	(#)	74	107	116
-- per 100 FTE	(#)	3.1	4.6	4.7

CORPORATE GOVERNANCE REPORT



IMPLEMENTATION AND REPORTING OF CORPORATE GOVERNANCE

At TOMRA, corporate governance is defined as the processes and control features that have been established to protect the interests of TOMRA's shareholders and other stakeholders such as employees, suppliers and customers.

TOMRA's Corporate Governance Policy has been approved by the Board of Directors and is available on TOMRA's corporate website (www.tomra.com).

The Board of Directors has decided that TOMRA will comply with the Norwegian Code of Practice for Corporate Governance. As a result, this section is structured in the same way as the Code of Practice (which is available on www.nues.no.) The only known deviation from the Code is described under "General Meetings" below.

TOMRA's values are described in its corporate vision, mission, core values and policies – which can be found on the TOMRA website.

TOMRA aims to lead the resource revolution, enabling better utilization of the world's natural resources, and is committed to doing business ethically and with zero tolerance for corruption. To support these aims, TOMRA has developed and implemented a Code of Conduct and Corporate Responsibility Statement. These and further information on TOMRA's CR program can be found under "ABOUT US / Corporate Responsibility" on the TOMRA website.

BUSINESS DESCRIPTION

TOMRA is a leading global creator of sensor-based solutions for optimal resource productivity within the business streams of reverse vending, material recovery, recycling, mining, and food. The directors' report describes the Group's activities in more detail, including goals and main strategies, and the market is kept informed through investor presentations in connection with the quarterly reports and other events.

EQUITY AND DIVIDENDS

As of 31 December 2014, Group equity totaled NOK 3,359 million, an increase of 19 percent from last year. The equity percent was 51 percent. TOMRA's policy is to distribute 40 to 60 percent of the Group's earnings per share as dividend. When deciding the annual dividend level, the Board takes into consideration expected cash flows, capital expenditure plans, financing requirements and the need for appropriate financial flexibility. For 2013, a dividend of NOK 1.35 was paid out per share (53 percent of EPS). For 2014, the Board has proposed a dividend of NOK 1.45 per share.

The Board's authorizations to increase share capital and to buy back shares are limited to specific purposes and are granted for a period no longer than the next general meeting. The authorization is given by the Annual General Meeting. At the 2014 Annual General Meeting, the Board was granted

the right to acquire and dispose of up to 0.5 million treasury shares, for the purpose of fulfilling the employee share purchase program. In addition, the Board was granted the right to issue up to 14.8 million shares in connection with any mergers and acquisitions.

EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

TOMRA has only one class of shares and each share entitles the holder to one vote.

All transactions in own shares are performed on the market at market price, in accordance with good stock exchange practice in Norway.

Related party transactions are covered by TOMRA's Code of Conduct, which also applies to Board members. Any member of the Board or Group management should immediately notify the relevant person, if a potential conflict of interest occurs. There were no material transactions between the company and related parties that required a third party evaluation during 2014.

FREELY TRADED SHARES

The shares of TOMRA Systems ASA are listed on the Oslo Stock Exchange and are freely negotiable.

GENERAL MEETINGS

In accordance with TOMRA's Articles of Association, the AGM shall be held no later than the end of June each year, with at least 21 days written notice given to each shareholder. The 2014 AGM was held on 29th April.

The Norwegian Code of Practice for Corporate Governance also recommends that appropriate arrangements are made for the annual general meeting to vote separately on each candidate nominated for election to the company's corporate bodies. The Nomination Committee and the Board have decided (in line with most Norwegian companies) not to follow this recommendation, as the composition of these bodies is meant to cover an appropriate range of skills and backgrounds, and a separate election of each member could interfere with this intention. In addition, according to Norwegian law, the Board has to comprise of at least 40% female directors.

NOMINATION COMMITTEE

The Nomination Committee consists of three members elected for one year at a time by the General Meeting, as required by the Articles of Association. The charter for the Nomination Committee was last approved by the General Meeting in April 2011. The membership of the committee and details of how to submit proposals for new board members are available on TOMRA.com under "TOMRA Leadership."

BOARD OF DIRECTORS

The TOMRA Board is composed of five shareholder elected directors and two employee representatives (who are not part of senior management). The shareholder elected directors are proposed by the Nomination Committee based on a number of criteria to ensure a broad range of abilities and experience. The shareholder elected directors are ultimately selected by the shareholders.

Four of the five shareholder elected directors are independent. The fifth is Jan Svensson, CEO of Latour, TOMRA's largest shareholder. The Board Committees consist of members of TOMRA's Board, chosen by the Board to reflect a balance of abilities and interests.

The Board held seven board meetings in 2014 and the attendance at the meetings was 94 percent. In addition, the Audit Committee held four meetings and the Compensation and Organizational Development Committee and the Corporate Responsibility committee both met twice during the year.

BOARD ACTIVITIES

The Board meets at least four times a year. In 2014 seven board meetings were held, of which two were by phone. Instructions for the Board and charters for each of the Board committees have been prepared and duly approved by the relevant body. An Audit Committee, a Compensation and Organizational Development Committee and a Corporate Responsibility Committee have been established to assist the Board of Directors in fulfilling its responsibilities.

RISK MANAGEMENT AND INTERNAL CONTROL

Internal Control Environment and Risk Management Systems

The Board is ultimately responsible for TOMRA's systems of internal control and for reviewing their effectiveness. Responsibility for individual areas of control has been allocated through the CEO down to the respective member of Group Management. The system is designed to manage, rather than eliminate, the risk of failing to achieve business and financial reporting objectives. The system can therefore only provide a reasonable, but never absolute, assurance against material errors, flaws or losses.

Processes exist for identifying, evaluating and managing material risks. Methods used by the Board and the Audit Committee to evaluate the quality of the corporation's internal control include:

- Review of the auditing plans for both the external and internal audit
- Review of reports from management as well as internal and external auditors on the systems of internal control and any weaknesses identified
- Discussions with management concerning the actions to be taken to address problem areas

The Audit Committee includes three board members and all Board members receive minutes from each Audit Committee meeting. The main features of the risk and control framework are outlined below:

Risk Management

The Board is responsible for approving the Group's strategy, its principal markets and the level of acceptable risk. It has ensured that appropriate risk management processes to identify the key risks facing the business have been implemented and that those risks are managed effectively.

Control Environment

An organizational structure with defined levels of responsibility and delegation of authority to appropriately qualified management has been established. A chart of authority documents each level of authority throughout the organization.

Matters reserved for the Board are clearly defined and appropriate authorization limits and reporting procedures have been implemented.

TOMRA's quality and environmental management systems are based on the international ISO 9001 and ISO 14001 management systems standards. TOMRA's primary R&D and production units have been certified according to these standards. This ensures that its internal systems and procedures are aligned with international "best practice" and that responsibility and authority for all important tasks are appropriately allocated.

Control Activities

Internal control procedures have been tailored to the requirements of individual business activities.

Controls for areas possessing particularly high inherent risk include clear guidelines for delegation of authority, segregation of duties, and requirements for regular reporting and reviews.

The Audit Committee assists the Board in monitoring the process for identifying, evaluating and managing risks, considering internal and external audit reports, and reviewing the Group's financial statements.

Monitoring Systems

Line management is responsible for the operation of internal control routines and these routines are subject to independent review by internal audit and, where appropriate, by the corporation's external auditor and external regulators. The reports of all these bodies on internal control are reviewed by the Audit committee on behalf of the Board. The Audit Committee ensures that, where necessary, appropriate corrective action is taken.

Internal audits are performed by the Group Controller and the Group Accounting Manager. In their roles as internal auditors they report directly to the Audit Committee. The internal audit team carries out independent assessments of risk and the adequacy of related internal controls within the corporation. Findings and recommendations for strengthening the control framework are agreed with local management and the implementation of agreed changes is monitored by the internal audit team. The Audit Committee reviews the internal audit findings and proposals concerning improvements to material areas, coverage and performance and considers significant findings and recommendations.

The internal audit team has unrestricted access to all records, personnel and property of the corporation to collect such information as is necessary for the performance of its work. The Audit Committee, on behalf of the Board, has reviewed the effectiveness of the corporation's systems of internal control for 2014 and the period leading up to the presentation of the 2014 financial statements. As might be expected in a corporation of TOMRA's size and complexity, a small number of deviations were identified during the period under review. Actions to rectify identified inconsistencies have been taken.

FINANCIAL REPORTING

TOMRA Group prepares and presents its financial statements in accordance with current standards and interpretations under IFRS as adopted by the EU. Each company prepares monthly accounts and the financial data is consolidated and checked at several levels before being presented for review by Group Management. Additional reporting is required for the preparation of quarterly and annual financial statements. Information and training on accounting issues and TOMRA's reporting process is provided through TOMRA's Finance seminar and local events.

REMUNERATION TO MEMBERS OF THE BOARD

The General Meeting sets the Board's annual remuneration based on a proposal from the Nomination Committee. Note 14 of the Financial Statements discloses all remuneration to board members and senior executives.

PRINCIPLES FOR REMUNERATION OF SENIOR EXECUTIVES 2014-2015

The term "senior executives" applies to the CEO and other members of Group management.

Salary and other employment terms for senior executives shall be competitive to ensure that TOMRA can attract and retain skilled leaders. Salary should include both fixed and variable elements. The fixed salary should reflect the individual's area of responsibility and performance over time. Principles for remuneration shall be allowed to vary in accordance with local conditions. The remuneration structure shall be based on such factors as position, expertise, experience, conduct and performance. The variable salary shall not exceed 50% of the fixed annual salary and be based on the achievement of specific

performance targets by TOMRA Group and/or the respective manager's unit.

The Board has appointed a Compensation and Organizational Development Committee, headed by the Chairman of the Board, to monitor decisions on matters regarding remuneration and terms and conditions for senior executives. The performance goals for the CEO are proposed by the Chairman of the Board and approved by the Board. Goals for the other senior executives are determined by the CEO and reviewed by the Compensation Committee. The goals are operational and related to financial targets, such as profit from operating activities, return on capital employed and market related performance objectives.

The CEO's remuneration package, and any adjustments thereof, are agreed between the CEO and the Chairman and approved by the Board. The remuneration packages for the other senior executives, including adjustments of these, are agreed between the CEO and the respective manager. The terms of these agreements are reviewed first by the Compensation Committee and finally by the Board of TOMRA.

In addition to regular fixed and variable salary, TOMRA has had a cash-based Long Term Incentive Plan (LTIP) since 2010, where managers could receive a bonus based upon the return the company generates for its shareholders measured against NASDAQ. For 2014, the dividend adjusted performance of the TOMRA share needed to exceed NASDAQ by at least 2.5 percent in the period 31 December 2011 to 31 December 2014 to generate earnings under the plan. Full earnings would have been achieved if the over-performance exceeded 20 percent. The TOMRA share increased by 52% in the period, dividend adjusted, while NASDAQ increased 82% during the same period. Consequently no earnings were generated under this plan during 2014.

As communicated in last year's annual report, the Board has decided to establish a new LTIP-plan, replacing the prior. The new plan is based upon improvements in the Group's reported EPS. The rationale for changing the plan has been to make the performance metric more relevant for management by measuring success based upon improvements in profit (which management can influence), instead of share price development (which is less influenced by individual performance, particularly when measured against NASDAQ).

Under the new system, the Board has established EPS targets for 2015, 2016 and 2017. The targets are established as intervals, where the participants can earn from 30% (if the minimum target is met) up to 100% (if the maximum target is met) of one year's salary.

The plan is consequently capped at one year's salary. Fifty percent of earnings after tax has to be invested in TOMRA shares

and must be kept for at least three years. If sold earlier, all proceeds from the sale belong to TOMRA.

The first measurement day will be in February 2016, when actual performance for 2015 is measured against the targets. A detailed calculation of the 2015 performance will be included in the 2015 annual report.

In addition to fixed and variable salary, other benefits such as company car, health insurance, interest- and installment free loans, newspaper and telephone might be provided. The total value of these benefits should be modest and only account for a limited part of the total remuneration package.

Senior Executives participate in the same pension plans as other employees within the unit in which they are employed. No special pension plans have been established for senior executives. The notification period for senior executives shall be three to six months, with the exception of members employed in the US, where fixed length contracts may be utilized.

The CEO is entitled to 12 months' severance pay due to termination by the company. No agreements shall be established that provide members of senior executives any automatic right to more than 24 months of severance pay. A detailed account of the remuneration of each senior executive, including the LTIP, is available in note 14 in the financial statements.

Except for the launch of the new LTIP-plan, the principles and guidelines for management remuneration for 2015 have not changed materially from those approved in 2014, which were presented to the general assembly in April 2014. The policies concerning remuneration of senior executives and the setting of salaries have been in line with the established guidelines throughout 2014.

INFORMATION AND COMMUNICATION

TOMRA provides investors with financial and other information in the quarterly reports and other presentations. This information is freely available to interested parties in the "Investor Relations" section of the TOMRA website along with the financial calendar for 2015.

TAKEOVERS

TOMRA's guidelines and practices are in line with the Norwegian Code of Practice for Corporate Governance.

AUDITOR

The independent auditor is elected by the general meeting and is responsible for auditing the Group accounts. The independent auditor attends the meetings of the Audit Committee and also presents a plan for each year's audit. The independent auditor also meets with the Board of Directors at least once each year without the presence of TOMRA Group Management.

DIRECTORS' REPORT 2014



2014 SUMMARY AND HIGHLIGHTS

- + Revenues in 2014 of NOK 4,749 million represent a growth of 7 percent compared to 2013. Adjusted for currency effects, growth was 2 percent.
 - Up 1% in TOMRA Collection
 - Up 3% in TOMRA Sorting
- + Gross margin was unchanged from 2013 at 43 percent
 - Stable in TOMRA Collection Solutions
 - Stable in TOMRA Sorting Solutions
- + EBITA was up from NOK 701 million in 2013 to NOK 737 million in 2014
 - Positively influenced by currency effects
 - Negatively influenced by one-time costs of NOK 33 million
- + EPS down from NOK 2.55 in 2013 to NOK 2.44 in 2014
 - Negatively influenced by loss from discontinuing operations of NOK 61 million
 - EPS from continuing operations up from NOK 2.59 to NOK 2.85
- + Cash flow from operations of NOK 696 million, up from NOK 567 million in 2013
- + TOMRA Collection
 - TOMRA maintained a strong position in all traditional markets.
 - New T-9 well received, with more than 1,000 machines sold in 2014
 - TOMRA Compaction divested in fourth quarter 2014
- + TOMRA Sorting
 - Strong increase in orders received, up from NOK 1,734 million in 2013 to NOK 2,108 million in 2014
 - Order backlog increased during the year from NOK 475 million to NOK 657 million
 - Several new products were launched, cross-utilizing technologies developed within the different business streams
 - Integration of Odenberg and Best completed
- + Share price increased from NOK 56.50 to NOK 57.50 during 2014
 - Adjusted for dividend, TOMRA stock provided a shareholder return of 4 percent in 2014
 - 39 million shares traded at Oslo Stock Exchange, up from 37 million in 2013
- + The Group ended 2014 with a strong balance sheet and a solid foundation for further growth
 - 49% equity
 - 1.4 Net Interest Bearing Debt / EBITDA (improved from 1.8 at the end of 2013)
- + The Board has proposed a dividend of NOK 1.45 for 2014, up from NOK 1.35 last year

TOMRA BOARD OF DIRECTORS



SVEIN RENNEMO (B. 1947)

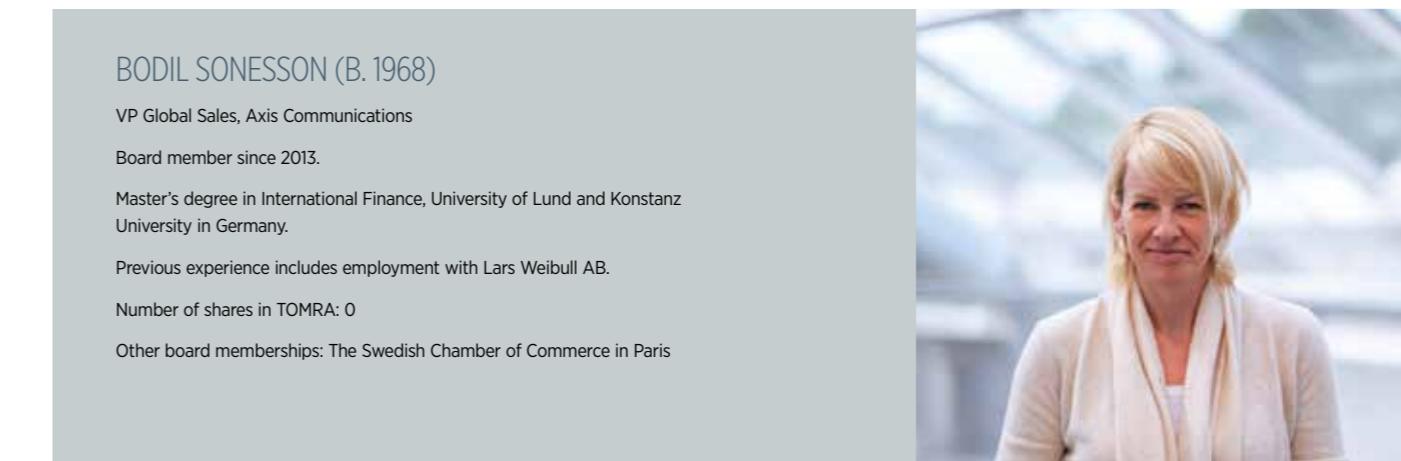
Chairman of the Board since 2009

Master's degree Economics, University of Oslo 1971.

Previous experience: Petroleum Geo-Services ASA (CEO), Borealis A/S (CEO, CFO), Statoil (President Petrochemicals).

Number of TOMRA shares: 0

Other board memberships: Statoil ASA (Chairman)



BODIL SONESSON (B. 1968)

VP Global Sales, Axis Communications

Board member since 2013.

Master's degree in International Finance, University of Lund and Konstanz University in Germany.

Previous experience includes employment with Lars Weibull AB.

Number of shares in TOMRA: 0

Other board memberships: The Swedish Chamber of Commerce in Paris



PIERRE COUDERC (B. 1959)

Groupe Euralis, CEO and Chairman Executive Committee

Board member since 2014.

Engineering degree, Ecole Nationale Supérieure des Mines de Paris

Previous experience:

Several management positions within the Danone Group (1987 to 2008) including General Manager Asia Pacific (2005-08), General Manager Danone Mexico (2004-05), and General Manager Danone Argentina (2002-04).

Executive General Manager at Jose Cuervo (2008-09)

Number of TOMRA shares: 0

Other board memberships: Non listed CIC Bank S.O



JAN SVENSSON (B. 1956)

CEO of Investment AB Latour

Board member since 2012.

M.Sc. Economics and Business Administration, Stockholm School of Economics, 1981.

Previous experience: Various positions within the Stenberg Group, CEO (1986-2003).

Number of TOMRA shares: 5,000

Other board memberships: Publicly listed: Nederman Holding AB (Chairman), Fagerhult AB (Chairman), Assa Abloy AB (member), Loomis AB (member). Not listed: Oxeon (Chairman)



DAVID WILLIAMSON (B. 1959)

Employee representative

Board member since 2008.

Number of TOMRA shares: 1,056

Other board memberships: None.



INGRID SOLBERG (B. 1972)

Employee representative

Board member since 2009.

Number of TOMRA shares: 5,479

Other board memberships: None.



ANIELA GABRIELA GJØS (B. 1959)

Senior VP Supply Chain TINE SA

Board member since 2008.

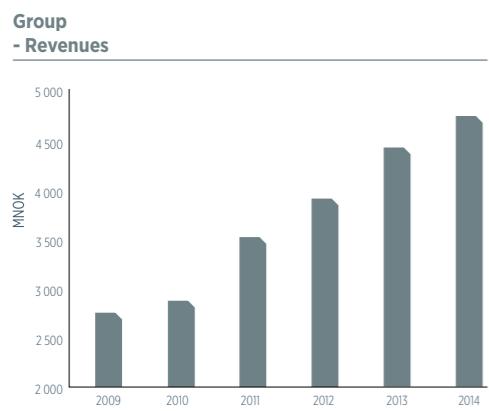
Master of Science in Industrial Organization & Management, Silesian University of Technology, and BI Norwegian School of Management.

Previous experience: CEO at Ontime Logistics AS (2008-2013), Project Director at South-Eastern Norway Regional Health Authority (2008-2008), SVP Supply Chain and Operations, Norway Post (2002-2008), Managing Director Logistics, Ringnes/Carlsberg (1996-2002)

Number of TOMRA shares: 11,500

Other board memberships: Member of Nomination Committee NHO





FINANCIAL PERFORMANCE

Revenues amounted to NOK 4,749 million in 2014, an increase of 7 percent in relation to 2013. Adjusted for currency effects, revenues increased by 2 percent; up 1 percent in TOMRA Collection and up 3 percent in TOMRA Sorting.

Gross margin was stable at 43 percent, unchanged in both business areas.

Operating expenses were NOK 1,313 million, up from NOK 1,210 million in 2013. Adjusted for currency and one-time costs, operating expenses were up 1 percent.

EBITA was NOK 737 million in 2014, up from NOK 701 million in 2013. During 2014, NOK weakened against both EUR and USD, and this combination had a positive effect on EBITA, estimated at about NOK 36 million compared to 2013. Adjusted for currencies and one-time costs, EBITA increased by 3 percent.

Net financial items improved from minus NOK 47 million in 2013 to minus NOK 27 million in 2014, due to a reduction in net debt and positive effect from currencies (NOK 9 million exchange loss in 2013 compared to a NOK 4 million gain in 2014).

Taxes increased from NOK 138 million in 2013 to NOK 148 million in 2014. Tax rate decreased from 24.8% in 2013 to 24.6% in 2014.

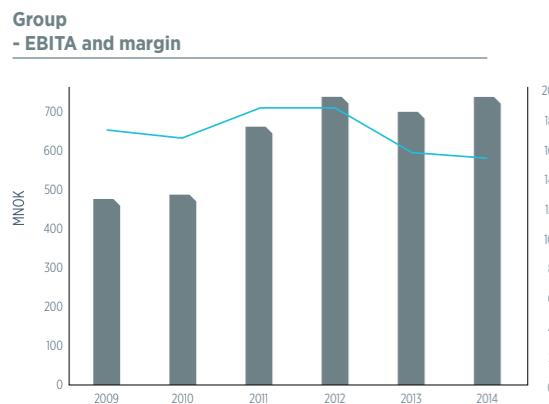
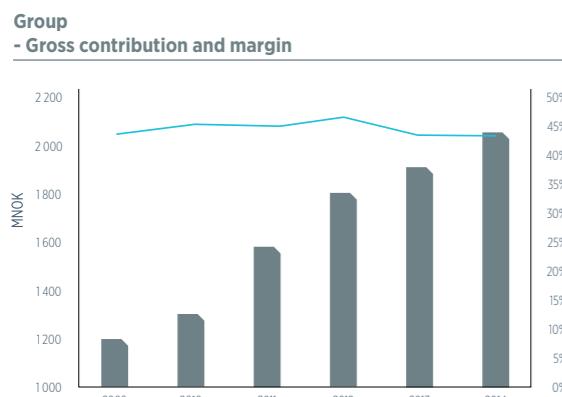
Loss from discontinued operations of NOK 61 million, including a divestment loss of NOK 64 million related to TOMRA Compaction (Orwak).

EPS was NOK 2.44 in 2014, down from NOK 2.55 in 2013, negatively influenced by loss from discontinued operations at NOK 0.41 per share. EPS from continuing business increased by 10 percent.

Cash flow from operations was NOK 696 million in 2014, compared to NOK 567 million in 2013. Cash flow from regular investments (not including acquisitions and divestments) was negative NOK 266 million, compared to negative NOK 234 million in 2013. Cash flow from financing ended at negative NOK 164 million, including dividend payments of NOK 200 million.

Total assets as of 31 December 2014 were NOK 6,625 million. This represents a currency adjusted increase of 9 percent in relation to total assets at the beginning of the year. The increase is mainly explained by higher cash balances at the end of 2014 due to strong cashflow at the end of the year.

The equity ratio (majority part) has remained unchanged during 2014 (49 percent), positively influenced by 2014 earnings and positive translation differences of NOK 350 million (as



increased value of assets in foreign currencies improves equity when measured in NOK), but negatively influenced by dividend of NOK 200 million and higher total assets.

Net Interest Bearing Debt / EBITDA (rolling 12 months basis) improved from 1.8 at the end of 2013 to 1.4 at the end of 2014.

DIVIDEND

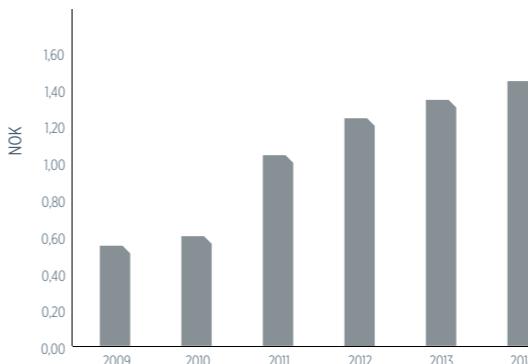
TOMRA aims to distribute 40 percent to 60 percent of the Group's earnings per share. When deciding the annual dividend level, the Board has taken into consideration expected cash flows, capital expenditure plans, financing requirements and the need for appropriate financial flexibility. The Board of Directors has recommended consequently a dividend distribution of NOK 1.45 per share (59 percent of EPS), up from NOK 1.35 in 2013 (53 percent of EPS).

TOMRA SYSTEMS ASA

TOMRA Systems ASA reported an increase in revenues from NOK 863 million in 2013 to NOK 892 million in 2014. Reverse Vending Machines (RVMs) are developed in Norway and mainly produced by third parties in Poland and at the wholly owned subsidiary TOMRA Production AS in Norway, utilizing parts sourced from low cost countries (China). The machines are sold via the parent company to subsidiaries and distributors, primarily in Europe and North America. Activity within the parent company reflects therefore the level of sales of machines and parts to end-customers within the RVM segment. The number of RVMs sold in 2014 was stable, compared to 2013.

Operating profit in TOMRA Systems ASA was down from NOK 175 million in 2013 to NOK 174 million, negatively influenced by expenses related to the divestment of TOMRA Compaction (Orwak).

Dividend



Net financial items was minus NOK 220 million, negatively influenced by write-down of shares in TOMRA Compaction AB of NOK 45 million and exchange rate loss of NOK 137 million. The exchange loss was mainly related to loss on bank loans nominated in EUR. At Group level this loans works as a hedge against investments in foreign (EUR-nominated) subsidiaries, and has consequently no profit and loss impact in the consolidated accounts.

Due to the negative effect from financial items Profit after taxes was negative NOK 55 million in 2014, compared to positive NOK 110 million in 2013.

In April 2014 TOMRA Systems ASA entered into a EUR 120 million multicurrency revolving credit facility with DNB and SEB as mandated lead arrangers, each providing 50 percent of the facility amount. The facility was split into two tranches of EUR 60 million each, with a tenor of 3+1+1 years and 5+1+1 years respectively.

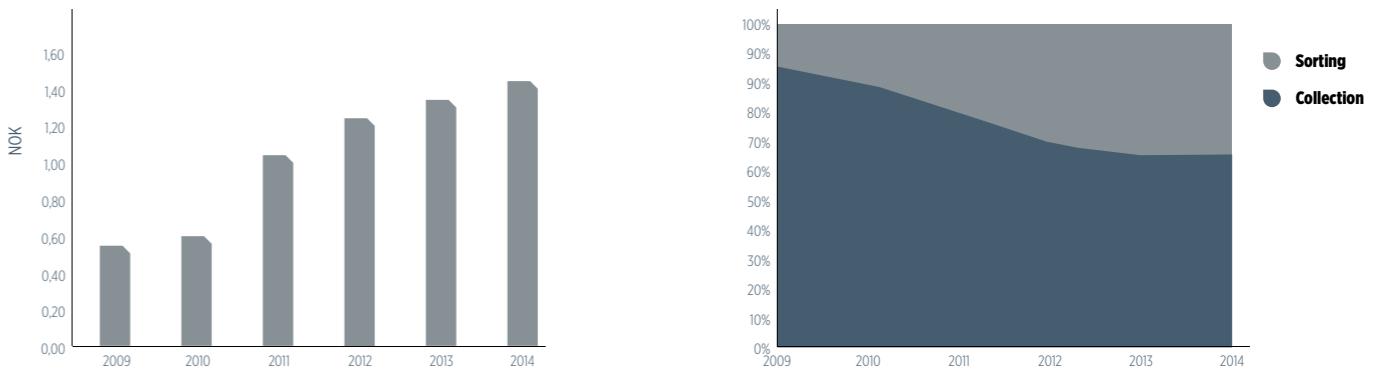
DISPOSITION OF 2014 PROFIT

The 2014 net loss should be allocated as follows:

Dividend:	NOK	214.3 million
From retained earnings:	NOK	268.9 million
Loss after tax:	NOK	-54.6 million

The Board of Directors believes that there is no reasonable cause to question the ability of TOMRA Group and the parent company to continue its operations in the foreseeable future and hence confirms that the accounts have been prepared on a going concern basis and in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU for TOMRA Group and Norwegian accounting principles (NGAAP) for TOMRA Systems ASA, and that the Group, after the dividend payment, has sufficient equity and liquidity to fulfill both its short term and long term obligations.

Business area revenue split



THE FRAMEWORK GOVERNING TOMRA'S OPERATIONS

TOMRA's reverse vending technology provides an efficient collection and handling system for deposit of beverage containers in retail locations. Correct recognition as well as automated sorting and storage of empty containers reduces retailers' handling costs to a minimum. This idea formed the basis for the establishment of TOMRA in 1972. The company's growth since its inception has mainly been driven by the implementation of beverage container deposit systems in new markets, either through voluntary or legislatively enforced arrangements.

Early in the 1990s TOMRA expanded its activities with the addition of integrated solutions for covering a greater part of the beverage container recycling value chain. Automated compaction of used non-refillable containers contributes to the reduction of transport costs and subsequent handling. Electronic collection and processing of transaction data from the reverse vending machines also assures secure and cost effective administration of the deposit funds and materials.

This expansion of the business model has been instrumental to TOMRA's growth in the North American market. Despite all the documented advantages of a deposit system, few markets have implemented deposit schemes in recent years. The recognition that it could take time before new markets accepted deposit as an effective system for recycling, led in 2004 to the decision that TOMRA would expand its operations by moving into other areas within the value chain for collecting and processing waste. As a result, TOMRA acquired Titech, which provided efficient industrial solutions for recognizing and sorting of waste.

After first mainly operating in the market of plastic and paper recycling, TOMRA expanded in 2006 into metal recycling,

and in 2008 into mining (ore-sorting), where TOMRA technology now increases the efficiency and lifetime of mines. In 2011 and 2012, in line with this strategy, TOMRA took a new step forward with its entry into the food sorting industry, where it's proven recognition technology is now utilized to sort food based on quality, size and other characteristics. TOMRA has therefore gone through several stages of transformation; where the recycling industry is now only one out of several industries where TOMRA will have a presence going forward.

In order to maximize synergies among the acquired entities and meet its customers' and the world's challenges and opportunities, TOMRA has merged the existing brands under one strong and unified brand – One TOMRA, under the mission to create sensor-based solutions for optimal resource productivity, focused on the optimization of customers' resource use. With increasing world population and higher consumption levels, it is clear that resource productivity must increase on a global scale to ensure sustainable development. Society is at the dawn of a resource revolution, and TOMRA's vision statement, "Leading the resource revolution," is what the company is doing by extending its reach to include business streams that create solutions within food sorting, mining, recycling and material recovery. Focusing on resource optimization, process efficiency, and interconnectivity of systems that help customers improve financial results and reduce environmental impact.

TOMRA's path forward is to improve the world's understanding of the benefits of creating and investing in solutions that can move us past the false choice between earth and economy (change mindsets to act and move), producing new work opportunities to ensure competitiveness, growth and work with purpose while fostering a culture that both inspires and motivates its people and customers.



In 2014, TOMRA has operated with two business areas and six business streams:

TOMRA COLLECTION SOLUTIONS (TCS):

- + Reverse Vending (development, production, sales and service of reverse vending machines and related data management systems)
- + Material Recovery (pick-up, transportation and processing of empty beverage containers on behalf of beverage producers/fillers on the US East Coast and in Canada)
- + Compaction (small and mid-sized compaction machines)

TOMRA SORTING SOLUTIONS (TSS):

- + Food (sorting and processing technology for the fresh and processed food industries)
- + Recycling (sorting systems for waste and metal material streams)
- + Mining (ore sorting systems for the mining industry)

The Compaction business was divested at the end of 2014, see further explanation under TOMRA Collection Solutions below.

In 2014, the TSS business area accounted for 41 percent of the Group's total operating revenues, up from 40 percent in 2013 and 36 percent in 2012. This percentage is expected to increase in the years to come, as TOMRA pursues a strategy of expanding its sorting technology and competence into new areas.

TOMRA COLLECTION SOLUTIONS

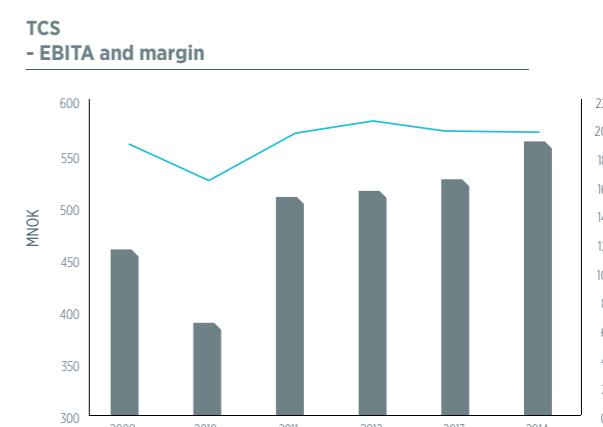
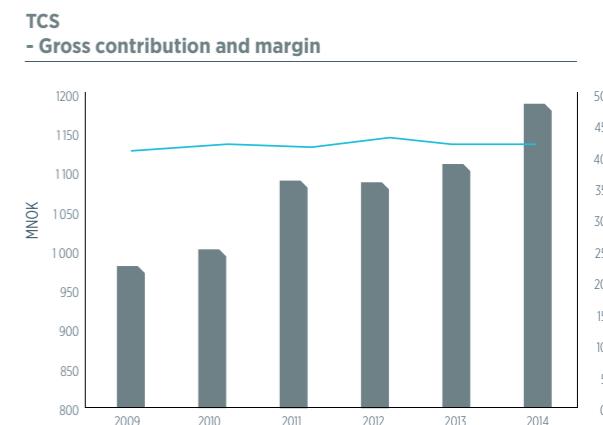
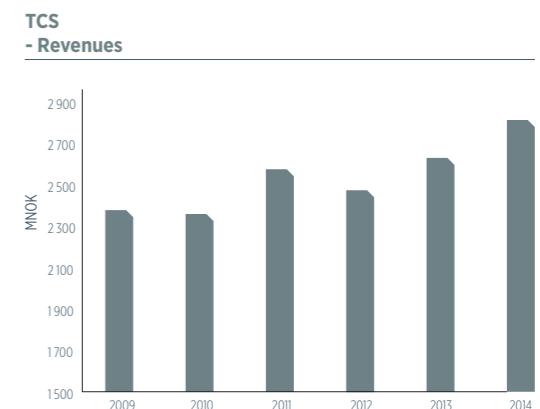
TOMRA's activities within this business area include primarily the development, production, sale, lease and service of automated recycling systems in Europe and North America, including data administration systems which monitor the volume of collected materials and associated deposit transactions. In 2014 revenues within this business area amounted to NOK 2,823 million, up from NOK 2,637 million in 2013. Adjusted for currency changes, revenues increased by 1 percent.

Gross contribution was stable at 42 percent. EBITA increased from NOK 526 million to NOK 561 million. Adjusted for currencies and one-time costs, profit was up 1 percent.

TOMRA's customers within this segment are primarily in the food retail industry in Europe and USA, an industry that is relatively unaffected by financial downturns since the consumption of food and beverages remains fairly stable through economic cycles. Food retail chains in general consider a well-functioning container return system to be an important competitive advantage, as consumers tend to choose which store they go to based upon the convenience and reliability of a store's return facilities. This applies both in times of economic upturn and downturn. With approximately 50 percent of the segment's revenues originating from service, and a significant part of the new machine sales being replacement, the year over year change in activities will normally be limited.

EUROPE

The market development was stable in most European markets in 2014 and TOMRA has maintained its market share. In Germany, which introduced deposit legislation in 2006, retail chains have launched and started executing plans to replace RVMs installed during the first years after the deposit introduction. TOMRA is well positioned to serve the German customers with economical and technically versatile RVM solutions.



NORTH AMERICA

Within Reverse Vending, TOMRA operates with two different business models in North America. One is a sales model, where machines are sold to the food retail stores in the same way as in Europe; the other is a through-put lease model, where TOMRA maintains ownership of the installed machines and receives payment according to the number of containers handled by the machines. The installed base for the two models at the end of 2014 was close to 9,000 machines on operational lease and a somewhat lower number for machines sold.

In addition to the Reverse Vending business, TOMRA picks up, transports, processes, and sells used beverage containers on behalf of beverage producers in the eastern United States and in Canada (Material recovery). In 2014 this business segment contributed total revenues of USD 110 million.

The number of drinking containers going through TOMRA's Material Recovery infrastructure was slightly up in 2014, but the through-put volumes in the reverse vending machines were slightly down. The lower volumes in the RVMs are explained by more containers being redeemed at conventional sites that do not utilize standard reverse vending technology. The North American organization has launched a volume builder project to offset these effects. TOMRA is also planning to capture a higher share of conventional volumes by leveraging the recently developed depot solution.

NEW MARKETS

The existence of deposit systems is a crucial driver for most of the activities within TOMRA Collection Solutions. The creation of new systems, and changes to established systems, will consequently impact TOMRA's performance significantly. In 2014, Lithuania and Croatia showed a positive development, and now represent an opportunity for TOMRA in the years to come:

In Lithuania, a national deposit system is assumed to be operational from February 2016. The market is expected to need up to 1,000 reverse vending machines over time and most of the machines will be on operational lease contracts.

In Croatia, a deposit system for one-way beverage containers was established back in 2006. The system has however so far been unsuitable for automation as barcodes cannot be used for identification of containers and compaction has not been permitted. These hurdles are expected to be removed in 2015, thus opening up for more extensive use of reverse vending machines. TOMRA has formed a joint venture with a local distributor in the Croatian market to capture a share of what is believed to be a 1,000 machine opportunity over time.

TECHNOLOGY

In fourth quarter 2013, TOMRA launched the T-9, the first of a new generation of reverse vending machines (RVM) based

on TOMRA Flow Technology. T-9 features the first ever 360 degree recognition system applied inside an RVM and enables faster and cleaner collection of beverage containers, including containers that until now could not be collected in RVMs. The machine is improving consumer experience due to its increased capacity and leads consequently to shorter queues during peak hours in the stores.

The machine has been well received by customers, and more than 1,000 T-9 machines were installed in 2014. The core modules, such as the ring, infeed system and the user-interface, are being deployed into additional machines as part of upgrading the entire product offering. A cost reduction program was executed during 2014 as part of improving product cost structures (high initial costs) and the cost targets were met.

TOMRA COMPACTION

As part of a strategy to become a leading global provider of recycling technology equipment and solutions, TOMRA acquired Orwak Group in 2005. Orwak Group, a provider of compaction solutions for recyclables such as cardboard, paper and plastics, sold large horizontal balers under the brand name Presona and smaller vertical balers under the brand name Orwak. Orwak Group would, together with TiTech (a provider of sensor based sorting systems for the recycling industry acquired in 2004), form the basis for the newly established business area "Industrial Processing Technology."

The synergies between TiTech and Orwak Group were, however, limited and TiTech became instead the first building block of what is today known as TOMRA Sorting Solutions. After divesting Presona in 2010, the remaining parts of Orwak Group were integrated with TOMRA Collection Solutions. The main reason was to integrate sale and service of vertical balers with sale and service of reverse vending systems, hence leveraging potential front-end synergies based on overlapping customer segments.

In retrospect the actual synergies between compaction and reverse vending have proven to be insignificant. Moreover, TOMRA's former strategy of providing recycling technology equipment has changed into creating sensor-based solutions for optimal resource productivity. Selling compaction equipment does not fill a natural role in this strategy. As a consequence of TOMRA's strategic shift and the lack of tangible synergies between compaction solutions and reverse vending solutions, TOMRA divested TOMRA Compaction (Orwak) in December 2014. The transaction was closed in January 2015, and TOMRA received a total consideration of SEK 110 million, free of cash and interest bearing debt. The transaction generated a loss of NOK 64 million, and the activities from TOMRA Compaction have been classified as discontinued operations in the profit and loss statement. The 2013 figures have been restated accordingly, and the assets and liabilities following the transaction were classified as held for sale in the balance sheet as of 31 December 2014.

TOMRA SORTING SOLUTIONS

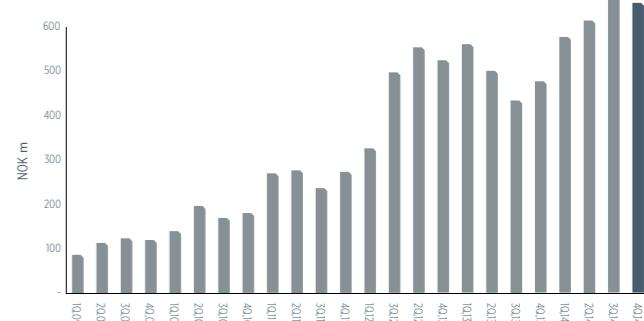
TOMRA Sorting Solutions offers significant economic and environmental benefits for major industries such as food processing, mining and recycling by increasing their productivity, yield, access to resources and reducing their costs. It is well positioned to respond to short and long term increases in resource demands required to construct living and working spaces for an ever growing and increasingly urbanized global population, demand for more and higher quality food products and requirements for a less carbon intensive society. TOMRA is positioned as world-wide leader in all the segments it serves. The projected short and long term business outlook is positive.

The overall market situation remained favorable for sorting solutions and as a result, the 2014 order intake grew by 22 percent. (16 percent measured in EUR). All sectors were growing and the strongest growth was recorded in mining, which despite the generally pressed investment climate improved thanks to the new high volume sorter platform which enables miners to reduce operating costs significantly. The market situation in recycling remained positive in the areas plastics recycling and municipal household waste, whilst metals recycling (including E-waste) continued to be slow and pressed by lower commodity prices. The food processing business remained robust. The potato sector has been affected by new plant investments resulting in fewer but larger orders (e.g. potato processing plants), and hence the order intake can vary from year to year. For most other products, the market remained robust and behaved more linear as a result of increases in capacity needs, more stringent food safety and quality requirements and needs driven by consumption of more packaged and processed food products as well as more healthy food such as nuts and dried fruits.

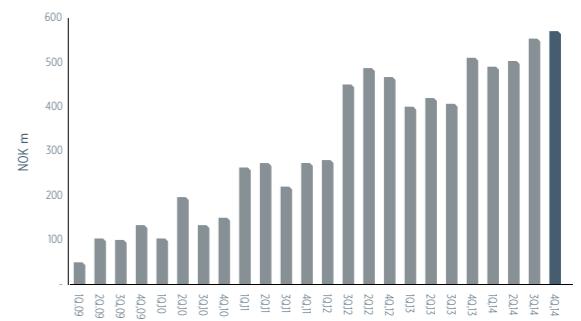
As a result of robust revenue generation but lower order intake in 2013, the order backlog was low at the beginning of 2014. Despite a good order intake throughout 2014, the revenue generation became more loaded towards year end, with a peak in the 4th quarter. Revenues within the business area amounted to NOK 1,926 million, up from NOK 1,784 million in 2013. Adjusted for currency changes, revenues increased by 3 percent. Gross contribution was stable at 45 percent. EBITA increased from NOK 199 million to NOK 204 million. Adjusted for currencies and one-time costs related to moving production and merging R&D/back office functions (NOK 25 million in 2014), profit was up 11 percent.

The integration of the acquired companies, Odenberg and BEST is now completed, enabling TOMRA to better leverage the potential in marketing & sales, technology, operations and administration.

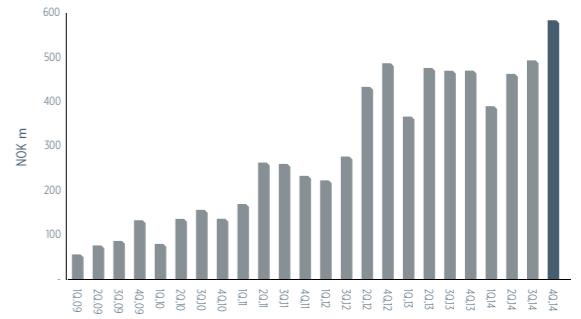
Order backlog



Order intake



Revenues



LEVERAGING TECHNOLOGY LEADERSHIP

Leveraging technology synergies, increasing adaptability and shortening time-to-market are core elements of TOMRA's strategy to merge several sensor-based sorting activities under one brand. This shall enable TOMRA to better serve global markets and respond to the variations in needs and cross-breed sensor technologies allowing for new cutting-edge solutions and sorting capabilities. The common sorting platform (CSP) is the strategy TOMRA applies to leverage synergies between the business segments food, recycling and mining. The basic sorting principles are conceptually the same across the segments, enabling TOMRA to create a set of building blocks that are developed once and used again and again. Benefits include increased productivity and speed in product development, reduced development and after-market costs and more efficient use of human resources. The development phase of the CSP has been completed and all new products are being launched on this platform.

The latest cutting-edge examples include NIMBUS BSI, the latest technological breakthrough for nut and raisin processors allowing for unique chemical material identification, and the high speed sorting system for mining that quadrupled the sorting performance and opened up sorting applications to a new sector in the mining segment.

As the food business expands into new geographic domains we encounter new requirements. This to a large extent can be explained by differences in market structure and customer requirements. The North-American market, for example, is driven by large scale farming, distribution and processing

channels. Many Asian markets, on the contrary, are structured with smaller farms and processors.

The substantial launch program of new products based on CSP will bolster continued growth – including the first series of cost-effective and strategic mid-market product ranges that are designed to meet emerging requirements and broader markets including emerging markets:

- + The ZEA is a sensor-based seed corn sorter to sort/grade by husk, defect, disease and size
- + The Sentinel II (pre-grade' food sorter for whole and partial fruits and vegetables)
- + The Falcon (cost-effective pre-sorter for the fresh cut industry)
- + The Blizzard free-fall pulsed LED camera sorter is the most ideal and cost effective optical sorting solution for IQF vegetable
- + The FPS, Field Potato sorter, is a new sensor-based food sorter for unwashed potatoes, removing soil clods, stones and foreign material
- + The MODUS – a new sensor-based technology for sizing of whole potatoes.

WORLD CLASS FACTORY IN SLOVAKIA

At the end of October 2014, TOMRA opened a new custom-built assembly & test plant in Senec, Slovakia, for world-wide supply of sorting products for food, recycling and mining. The new plant replaces previous operations in Slovakia, Belgium and Germany, which cease production. The objectives for the consolidation of operations into one location include quality, short cycle time, better productivity and competitive cost structures.



RESEARCH AND DEVELOPMENT ACTIVITIES

Research and development activities are a high priority at TOMRA. R&D has a central role in the development of the individual technology units, and is closely connected to the local markets to ensure that TOMRA maintains its technological advantage. Research and development activities, including other future oriented projects, were expensed at NOK 198 million in 2014. The comparative figure for 2013 was NOK 187 million. In addition NOK 43 million was capitalized (2013: NOK 44 million). These activities were directed primarily toward the development of automated return systems (TOMRA Collection Solutions) in addition to further development of recognition and sorting technology in TOMRA Sorting Solutions.

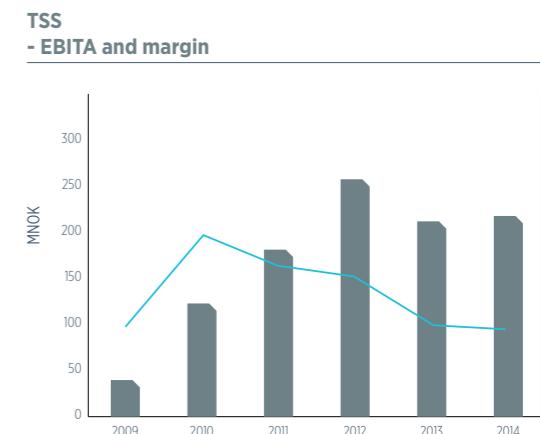
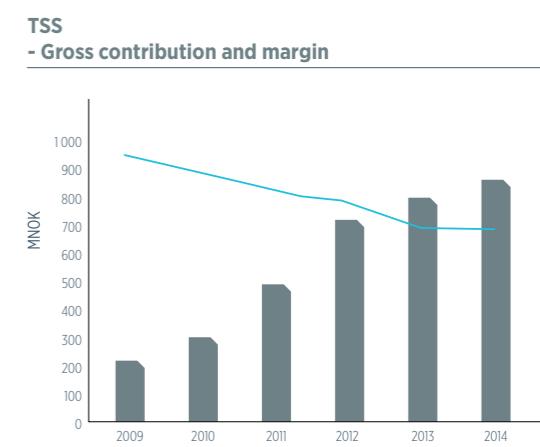
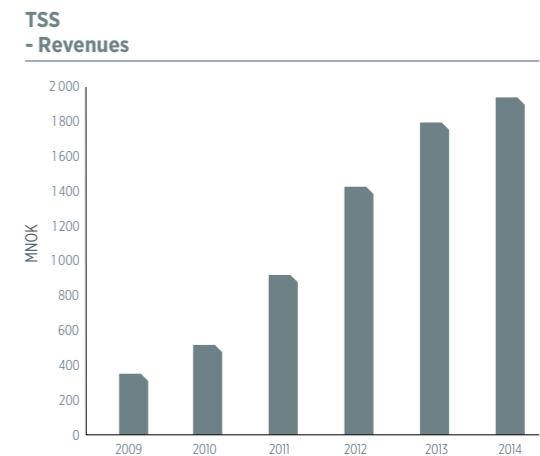
FINANCIAL RISK

The Board of Directors is focused on ensuring that there is a systematic and considered approach to managing risk within all segments of the corporation, and views this as a prerequisite for long-term value creation for the company's shareholders, employees, and other stakeholders. Opportunities for growth shall always be considered against the associated risks. TOMRA faces normal business risks related to contractual agreements with, for example, customers and suppliers. In addition there are several macro trends that can affect the industry in which TOMRA operates. A reduction in recycling targets and ambitions, as well as falling material commodity prices would negatively influence TOMRA as the need for advanced recycling technology would become less obvious.

TOMRA's operations are also influenced by political decisions, specifically with regard to deposit legislation. If a country or state decides to remove its existing deposit system there will be limited incentives for TOMRA's customers to maintain current or invest in new TOMRA equipment. In some markets, like for example in the United States, an elimination of the deposit legislation would immediately dissolve the foundation for TOMRA's daily operations. On the other hand, the implementation or expansion of deposit systems in a country or state would create new growth opportunities for TOMRA.

Responsibility for financing, cash management and financial risk management is handled by the Finance Department within TOMRA Systems ASA. Historically, TOMRA has seldom experienced losses on accounts receivable, and the corporation's routines concerning credit approval are considered satisfactory. TOMRA's surplus cash is placed primarily in NOK with duration of less than six months. Interest-bearing debt is normally denominated in NOK or EUR, at interest rates fixed for a period of less than six months.

TOMRA is exposed to fluctuations in currency exchange rates. With 95 percent of its income in foreign currencies, a strengthening of NOK will lead to reduced earnings for the Group when measured in this currency. The majority of risk is connected to fluctuations in EUR and USD. TOMRA takes



advantage of forward exchange contracts to hedge future cash flows in foreign currencies.

With 90 percent of the balance sheet denominated in foreign currencies, TOMRA's equity will also be exposed to changes in currency exchange rates (most importantly EUR). To partly offset this effect, TOMRA aims to place external bank debt in the same currencies. In addition TOMRA has implemented the financial risk management systems one would expect given the size and complexity of the company's operations. A more extensive description of TOMRA's internal control procedures and systems for evaluating financial risk are provided on pages 21-22 in this report.

CORPORATE RESPONSIBILITY AND GOVERNANCE - OUR SOCIAL AND ENVIRONMENTAL ENGAGEMENT

TOMRA makes a significant contribution to a cleaner and more sustainable world through its products and services. As a result, TOMRA has always had a significant focus on the environment, measuring and reporting its environmental performance since 1998. As TOMRA expands its focus to address the other corporate responsibility (CR) areas, the Board supports TOMRA's membership of the UN Global Compact, which provides a recognized framework for integrating CR principles into operations and strategies. This annual report forms the basis of TOMRA's Communication on Progress, required annually by the UN Global Compact.

TOMRA Systems ASA is also certified according to the ISO 14001 standard for environmental leadership. TOMRA's five-year environmental program has been expanded to include other CR topics, with particular focus on corruption and other risk areas. Further details of TOMRA's corporate responsibility targets and impact on the environment are presented in TOMRA's Corporate Responsibility report on pages 12-19 of this report.

ORGANIZATION, HEALTH AND SAFETY

The number of employees in the TOMRA Group was 2,448 at the end of 2014, up from 2,406 at the end of 2013. In Norway the number of employees decreased from 270 at year-end 2013 to 268 at the end of 2014.

TOMRA facilitates equal opportunity for professional and personal development for all employees and does not discriminate on the basis of race, color, religion, gender, natural origin, age, disability, sexual orientation or veteran status. These are important principles that are firmly anchored in the company's Corporate Responsibility Statement and the Code of Conduct and communicated to all employees.

TOMRA uses an international survey coordinated by the organization "Great Place to Work" that also rates how well employees consider the company lives up to its principles. The participation rate has been above 80% and the feedback from employees is in general encouraging. In 2014, TOMRA was

named one of the top 10 employers in Norway.

The Board of Directors considers the principles and guidelines the company has in place for discrimination and equal access to be sufficient, and that no further actions are necessary to satisfy legal requirements.

Female employees made up 18 percent of TOMRA's work force and held 18 percent of its management positions at the end of 2014, a change from 18 and 16 percent respectively in 2013. Three of TOMRA's seven board directors are women.

The number of job-related injuries in TOMRA requiring medical attention beyond basic first aid was 74, down from 107 in 2013. Most of these instances occurred within TOMRA's material recovery activities in the USA, which involve handling crushed glass and heavy lifting, although the higher number in 2013 can be attributed to adverse winter weather and other temporary factors. TOMRA continuously strives to reduce the injury rate and has implemented further preventative measures after identifying more contributing factors. The absence rate due to illness in Tomra Systems ASA increased from 2.4 percent in 2013 to 3.2 percent in 2014.

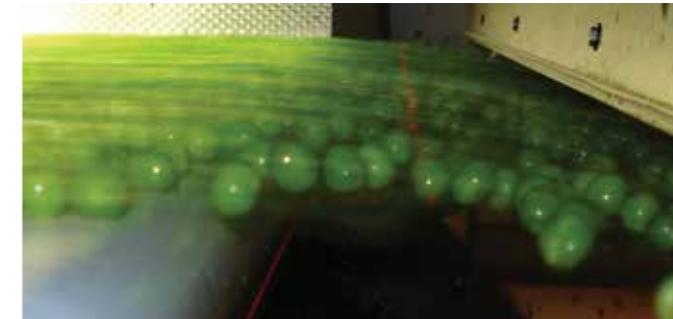
Tomra Systems ASA is certified according to ISO 9001 and this standard is used to guide the company's quality assurance procedures. TOMRA also applies an internal management system that incorporates goal- and result-orientation throughout the entire organization, including performance and leadership evaluation.

CORPORATE GOVERNANCE - BOARD DEVELOPMENTS

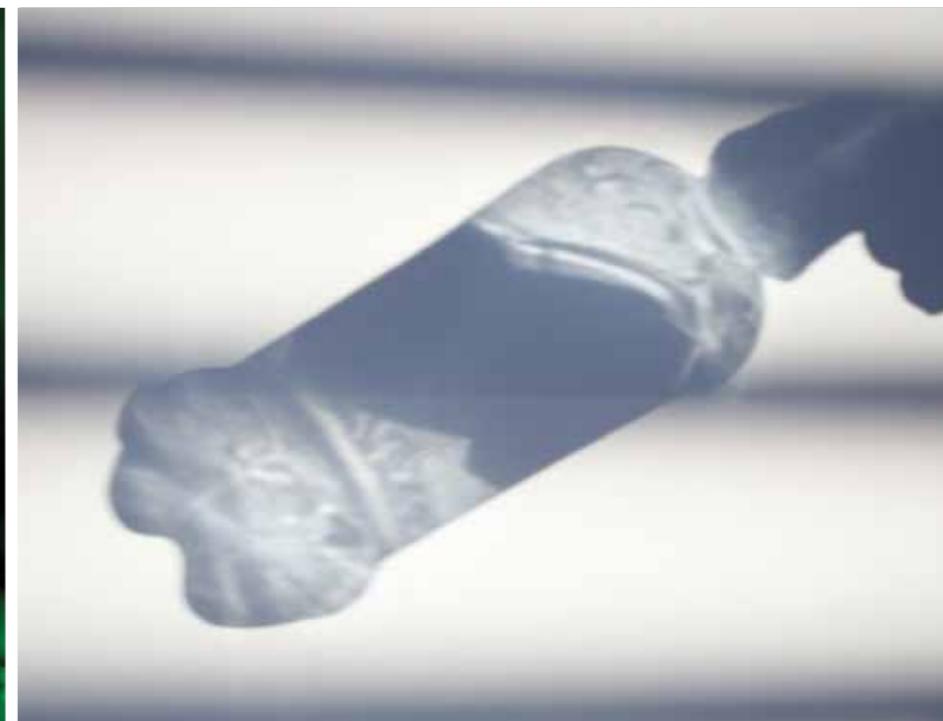
TOMRA defines corporate governance as those processes and control structures which are established to protect the interests of the company's shareholders and other stakeholder groups. TOMRA's guidelines for corporate governance, core values and leadership principles are aligned to ensure sustainable development of the company. These guidelines include the role of the Board and its various committees, requirements concerning the impartiality of its board members, and board compensation. TOMRA's corporate governance report can be found on pages 20 to 23 in this report. TOMRA's corporate governance policy can be found on www.tomra.com.

At the ordinary general meeting on 29 April 2014 Bernd Bothe resigned after four years' service and was replaced by Pierre Couderc. The other Board members were re-elected. No other changes have been made to the composition of the Board during 2014.

The Board held seven board meetings in 2014 and the attendance at the meetings was 94 percent. In addition, the audit committee held four meetings and the compensation and organizational development committee and the corporate responsibility committee both met twice during the year.



TOMRA makes a significant contribution to a cleaner and more sustainable world through its products and services.





PROSPECTS FOR THE FUTURE

Due to the recent expansion, the Group's operations today are more robust and less dependent on individual markets than previously. Even if short-run fluctuations in the demand for TOMRA's solutions may occur, the company will in the long run be able to capitalize on strong favorable macro trends both in the food processing and the recycling industry as well as other "machine vision" related industries. These trends include increased population, higher food prices, increased focus on food safety, limited resources, increasing per capita waste levels, higher energy prices, stricter waste recycling regulations, greater environmental awareness, and rising demand for commodities.

TOMRA COLLECTION SOLUTIONS

Almost all supermarkets in the established deposit markets have automated their return of bottles and cans. These markets therefore represent mainly replacement opportunities and after-markets with regard to service. The global installed base of more than 70,000 machines generates a steady income stream with a high percentage of recurring revenues. In addition to this, new markets will from time to time materialize. Timing is however not possible to predict, as they are heavily dependent upon the outcome of political processes. The Board is currently not aware of any new process that has the potential to generate significant new revenues in 2015, although the ongoing initiatives in Lithuania and Croatia might contribute somewhat. In addition machine replacement in Germany represents an opportunity, as the first machines installed back in 2006 when deposit was introduced are due for renewal. The 2015 activity is consequently assumed to be slightly higher than in 2014 in this business area.

TOMRA SORTING SOLUTIONS

This segment sells sorting and processing solutions. Important customer groups include food processing companies, waste management companies and various types of industries (including mining). With food sorting being the most important business stream, the volatility in the segment is expected to be somewhat less cyclical than historically, before TOMRA was present in food sorting. The demand for food will in general be fairly stable through the cycles, consequently not significantly influencing our customers, even though margins can fluctuate between the markets and product lines within this business stream. As long as the regions TOMRA operates in do not experience significant recessions, it is assumed that Sorting Solutions will continue to grow in the years to come, though with both quarterly and yearly fluctuations.

CURRENCY

A weaker NOK is positive for TOMRA, both because the Group has significant activities abroad that are denominated in foreign currencies and appear therefore more profitable measured in NOK, and because TOMRA has a certain cost base in NOK tied to development activities and headquarter functions. For a broader review of currency sensitivities, refer to note 19.

THE TOMRA SHARE

The number of TOMRA shareholders decreased from 6,041 at the end of 2013 to 5,763 at the end of 2014. The amount of shares held by Norwegian residents at the end of 2014 was 27 percent, up from 23 percent at the end of 2013. The TOMRA share price rose from NOK 56.50 at the end of 2013 to NOK 57.50 at the end of 2014. Taking into account the dividend of NOK 1.35 paid out in May 2014, the total return on the TOMRA share was 4 percent in 2014. The return on the Oslo Stock Exchange in 2014 amounted to 5 percent.

A total of 39 million TOMRA shares were traded on the Oslo Stock Exchange in 2014, up from 37 million shares the year before. In December 2011, the Swedish company Investment AB Latour acquired Orkla's 15.5 percent stake in TOMRA, becoming TOMRA's largest shareholder. Latour has continued to acquire shares during 2012, 2013 and 2014, and at the end of the year Latour held 24.7 percent of the shares.

TOMRA values having a good dialogue with the investor market and has in recent years, including 2014, been named the best Nordic and/or Norwegian IR-company in its class several times in the annual awards presented by REGI/ Burson-Marsteller (which are based on interviews of analysts and investors).

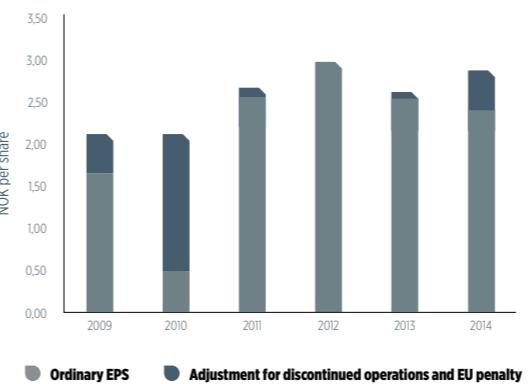
The nominal value of each share is NOK 1. The total number of outstanding shares at year-end 2014 was 148,020,078, including 244,685 treasury shares held by TOMRA. The Board wishes to encourage the company's employees to invest in the company's shares. A share purchase program was therefore established in 2008 that offers employees the opportunity to buy shares at current market rates, and for every five shares held for at least one year, one share is given free of charge. The Board will recommend at the general assembly that the program should be continued, limited to a total of 500,000 shares per year.

FINANCING

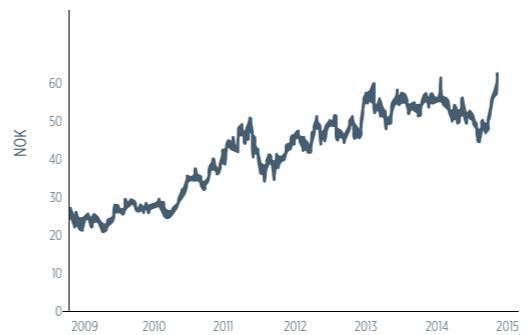
At year end TOMRA had committed credit lines of NOK 1,725 million, of which NOK 1,649 million was utilized. The first loan to expire is a EUR 10 million loan, which is due in June 2015. At the end of 2014 TOMRA had a gearing ratio equal to 1.4 (Net interest-bearing debt/EBITDA, measured on 2014 performance).

Taking the company's relatively stable cash flow, solid balance sheet and unrealized credit facility into consideration, the Board of Directors is of the opinion that the company has the necessary financial flexibility to take advantage of possible growth opportunities.

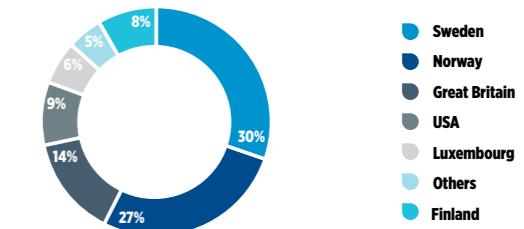
Group - Earnings per share



TOMRA share price



Shareholders by country of residence



Total foreign ownership 72.5 %

FINANCIAL STATEMENTS

INCOME STATEMENT

Tomra Systems ASA NGAAP				Group IFRS	
2014	2013	Amounts in NOK million	Note	2014	2013
892.2	862.8	Operating revenues	1,25	4,749.0	4,421.0
487.8	473.3	Cost of goods sold	2	2,055.1	1,899.6
148.1	144.7	Employee benefits expenses	3,17	1,350.8	1,230.6
10.9	9.6	Ordinary depreciation	9,10	260.1	253.7
71.2	60.5	Other operating expenses	7	455.5	439.8
718.0	688.1	Total operating expenses		4,121.5	3,823.7
174.2	174.7	Operating profit		627.5	597.3
—	—	Dividend from subsidiaries		—	—
5.5	37.7	Financial income		18.6	8.0
225.1	58.8	Financial expenses	4	46.1	54.5
(219.6)	(21.1)	Net financial items		(27.5)	(46.5)
—	—	Profit from associates	16	3.4	6.6
(45.4)	153.6	Result before taxes from continuing operations		603.4	557.4
9.2	43.4	Taxes	11	148.4	138.0
		Loss from discontinued operations	23	60.7	7.0
(54.6)	110.2	Profit for the period		394.3	412.4
		Attributable to:			
		Shareholders of the parent		360.9	376.7
		Non-controlling interest		33.4	35.7
		Profit for the period		394.3	412.4
		Allocated as follows:	21		
		Dividend			
		Other equity			
214.3	199.5	Total allocated		110.2	(89.3)
(268.9)	(89.3)				
(54.6)					
		Earnings per share, basic (NOK)	21	2.44	2.55
		Earnings per share, diluted (NOK)	21	2.44	2.55
		Earnings per share from continuing operations, basic (NOK)		2.85	2.59
		Earnings per share from continuing operations, diluted (NOK)		2.85	2.59
Other comprehensive income					
		Group IFRS			
Amounts in NOK million			2014	2013	
Profit for the period			394.3	412.4	
Other comprehensive income that may be reclassified to profit or loss					
Foreign exchange translation differences			368.3	300.3	
Other comprehensive income that will not be reclassified to profit or loss					
Remeasurements of defined benefit liability (assets)			(13.8)	(40.9)	
Tax on remeasurements of defined benefit liability (assets)			3.7	13.9	
Total comprehensive income for the period			752.5	685.7	
Attributable to:					
Shareholders of the parent company			700.8	643.2	
Non-controlling interest			51.7	42.5	
Total comprehensive income for the period			752.5	685.7	

BALANCE SHEET AS OF 31 DECEMBER

Tomra Systems ASA NGAAP				Group IFRS	
2014	2013	Amounts in NOK million	Note	2014	2013
ASSETS	40.5	37.1	Deferred tax assets	11	156.0
—	—	Goodwill	10,23	2,051.0	1,965.3
—	—	Development costs	10	85.6	77.0
14.6	11.6	Other intangible assets	10	330.0	310.2
14.6	11.6	Total intangible non-current assets		2,466.6	2,352.5
17.8	19.4	Property, plant and equipment	9	474.9	421.5
—	—	Leasing equipment	9	208.0	186.4
17.8	19.4	Total tangible non-current assets		682.9	607.9
3,259.3	3,284.5	Investment in subsidiaries	15,23	—	—
431.4	300.4	Loan to subsidiaries	15	—	—
9.6	—	Investment in associates	16	55.5	42.1
—	—	Other investments	3.7	3.7	0.8
18.7	5.0	Long term receivables	8	248.1	223.7
3,719.0	3,589.9	Total financial non-current assets		307.3	266.6
3,791.9	3,658.0	Total non-current assets		3,612.8	3,361.3
14.3	13.0	Inventory	2	912.9	873.5
12.1	3.1	Trade receivables		1,188.2	931.1
267.2	136.5	Intra-group receivables		—	—
39.2	26.6	Other short-term receivables		348.7	293.2
318.5	166.2	Total receivables	7	1,536.9	1,224.3
169.8	63.3	Cash and cash equivalents	18	436.3	164.1
—	—	Assets held for sale	23	125.8	—
502.6	242.5	Total current assets		3,011.9	2,261.9
4,294.5	3,900.5	Total assets		6,624.7	5,623.2
LIABILITIES AND EQUITY	148.0	148.0	Share capital	148.0	148.0
(0.2)	(0.2)	Treasury shares	(0.2)	(0.2)	(0.2)
918.3	918.3	Share premium reserve	918.3	918.3	918.3
1,066.1	1,066.1	Paid-in capital		1,066.1	1,066.1
321.1	598.3	Retained earnings		2,177.9	1,674.8
—	—	Non-controlling interest		115.4	82.6
1,387.2	1,664.4	Total equity	21	3,359.4	2,823.5
—	—	Deferred tax liabilities	11	140.3	97.4
57.5	48.1	Pension liabilities	17	83.2	69.6
1,536.2	877.2	Interest-bearing liabilities	6	1,558.2	1,004.4
—	—	Other long-term liabilities		34.8	—
144.6	50.2	Loan from subsidiaries		—	—
1,738.3	975.5	Total non-current liabilities		1,816.5	1,171.4
—	544.9	Interest-bearing liabilities	6	90.4	552.1
26.6	13.2	Trade payables		439.5	321.6
796.8	398.8	Intra-group debt		—	—
8.8	27.7	Income tax payable	11	57.2	64.7
10.0	11.3	Provisions	13	96.8	84.2
326.8	264.7	Other current liabilities	12	740.5	605.7
—	—	Liabilities held for sale	23	24.4	—
1,169.0	1,260.6	Total current liabilities		1,448.8	1,628.3
2,907.2	2,236.1	Total liabilities		3,265.3	2,799.7
4,294.5	3,900.5	Total liabilities and equity		6,624.7	5,623.2
Asker, 17 February 2015					
Svein Rennemo Chairman	Jan Svensson Board member	Aniela Gjøs Board member	Bodil Sonesson Board member	Pierre Couderc Board member	David Williamson Employee representative
Ingrid Solberg Employee representative	Stefan Ranstrand President & CEO				

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CASH FLOW STATEMENT

GROUP IFRS Amounts in NOK million	Paid-in capital	Translation reserve	Remeasurements of defined benefit liability (assets)	Total equity attributable to the owners of the company			Non- controlling Interest	Total Equity
				Retained earnings	Total equity attributable to the owners of the company	Non- controlling Interest		
Balance per 1 January 2013	1,066.1	(318.3)	0.0	1,535.5	2,283.3	73.6	2,356.9	
Profit for the period				376.7	376.7	35.7	412.4	
Changes in translation differences		293.5			293.5	6.8	300.3	
Remeasurements of defined benefit liability (assets)			(27.0)		(27.0)		(27.0)	
Total comprehensive income for the period	0.0	293.5	(27.0)	376.7	643.2	42.5	685.7	
Transactions with shareholders								
Dividend non-controlling interest					0.0	(33.5)	(33.5)	
Purchase of own shares	(0.2)			(10.7)	(10.9)		(10.9)	
Own shares sold to employees	0.2			10.0	10.2		10.2	
Dividend to shareholders				(184.9)	(184.9)		(184.9)	
Total transactions with shareholders	(0.0)	0.0	0.0	(185.6)	(185.6)	(33.5)	(219.1)	
Balance per 31 December 2013	1,066.1	(24.8)	(27.0)	1,726.6	2,740.9	82.6	2,823.5	
Profit for the period				360.9	360.9	33.4	394.3	
Changes in translation differences		350.0			350.0	18.3	368.3	
Remeasurements of defined benefit liability (assets)			(10.1)		(10.1)		(10.1)	
Total comprehensive income for the period	0.0	350.0	(10.1)	360.9	700.8	51.7	752.5	
Transactions with shareholders								
Dividend non-controlling interest					0.0	(18.9)	(18.9)	
Purchase of own shares	(0.1)			(4.9)	(5.0)		(5.0)	
Own shares sold to employees	0.1			6.8	6.9		6.9	
Dividend to shareholders				(199.6)	(199.6)		(199.6)	
Total transactions with shareholders	0.0	0.0	0.0	(197.7)	(197.7)	(18.9)	(216.6)	
Balance per 31 December 2014	1,066.1	325.2	(37.1)	1,889.8	3,244.0	115.4	3,359.4	

Tomra Systems ASA NGAAP	2014	2013	Amounts in NOK million	2014	2013	Group IFRS
CASH FLOW FROM OPERATING ACTIVITIES						
Ordinary profit/(loss) before taxes ¹⁾	153.6		542.7		550.4	
Income taxes paid	(45.4)		(102.8)		(136.4)	
(Gains)/losses from sales of fixed assets	(27.7)		(2.2)		–	
Depreciation	–		257.9		258.3	
Write-down non-current assets	10.9		46.4		–	
Net change in inventory	47.1		3.7		7.7	
Net change in receivables	(1.3)		(200.7)		(14.0)	
Net change in payables	(35.5)		99.8		(2.0)	
Difference between booked costs on pension funds and actual cash payments to these funds	17.1		(0.2)		(4.0)	
Exchange rate effects	13.4		(56.8)		13.4	
Profit before tax from affiliated companies	(4.4)		(3.4)		(6.6)	
Dividend from affiliated companies	–		–		3.7	
Changes in other balance sheet items	–		89.4		(131.3)	
Interest expense/(income)	–		22.6		27.8	
Net cash flow from operating activities	100.3		696.2		567.0	
CASH FLOW FROM INVESTING ACTIVITIES						
Proceeds from sales of non-current assets	–		47.7		39.8	
Acquisition of subsidiary / Capital infusion	–		(19.6)		3.7	
Investment in non-current assets	–		(313.8)		(274.2)	
Net cash flow from investing activities	(43.8)		(285.7)		(230.7)	
CASH FLOW FROM FINANCING ACTIVITIES						
Loan payments (to)/from subsidiaries	–		–		–	
Repayment of long-term loans	–		(927.3)		(115.5)	
Proceeds from issuance of long term debt	230.7		1,002.3		–	
Dividend non-controlling interest	(1,000.7)		–		–	
Purchase of treasury shares	1,002.3		–		–	
Sale of treasury shares	–		–		–	
Interest received	–		–		–	
Interest paid	–		–		–	
Dividend paid	–		–		–	
Net cash flow from financing activities	24.4		(51.6)		(164.2)	
Currency effect on cash	–		–		–	
Net change in cash and cash equivalents	106.4		23.0		272.2	
Cash and cash equivalents per 1 January	63.4		40.4		164.1	
Cash and cash equivalents per 31 December	169.8		63.4		436.3	

The Cash flow analysis contains cash flow from continuing and discontinued operations. See note 23 for cash flow from discontinued operations.

1) Including loss from discontinued operations

CONSOLIDATION AND ACCOUNTING PRINCIPLES

Group - IFRS

GENERAL

Business concept and customers

Tomra Systems ASA (the "Company") is a company domiciled in Norway. The registered office is Drengsrudhagen 2, Asker.

TOMRA's goal is to create sensor-based solutions for optimal resource productivity, making sustainability profitable - with increased relevance and meaning. In parallel, TOMRA fosters a culture that inspires and motivates its people and customers.

Added value is created for each customer through excellence in service and innovation.

TOMRA's customers are mainly located in Europe and North America.

Significant accounting policies

The consolidated financial statements of the Company for the year ended 31 December 2014 comprise the Company and its subsidiaries and joint ventures (together referred to as the "Group") and the Group's interest in associates. The financial statements consist of the income statement, other comprehensive income, balance sheet, cash flow statement, consolidated statement of changes in equity and notes to the accounts.

The financial statements were authorized for issue by the Directors on 17 February 2015, and will be presented for final approval at the general meeting on 23 April 2015. Until the final approval by the general meeting, the board can authorize changes to the financial statements.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU, and the additional disclosure requirements of the Norwegian accounting act as at 31 December 2014.

(b) Basis of preparation

The financial statements are presented in NOK, rounded to the nearest one hundred thousand.

The financial statements are prepared based on historical cost, except for the following material items:

- Derivative financial instruments recognized at fair value through profit and loss.
- Defined benefit obligation recognized as the net total of the plan assets and the present value of the defined benefit obligation.

The financial statements are prepared on a going concern basis.

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of determining carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The accounting policies have been applied consistently by each Group entity.

REPORTING STRUCTURE

The Group's consolidated amounts comprise the following units:

Tomra Systems ASA

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)
Retail Services GmbH (D)
Tomra Leergutsysteme GmbH (A)
Tomra Systems SA (F)
Tomra Systems NV (BEL)
Tomra s.r.o. (CZE) (40 %)
Tomra Baltic OÜ (EST) (40 %)
Tomra Systems D.O.O (Kroatia) (70%)
Tomra Production AS (N)
Tomra Systems Ltd. (UK)
Tomra Sorting AS (N)
Tomra Sorting GmbH (D)
Tomra Sorting S.L. (E)
Tomra Sorting Ltd. (UK)
Tomra Sorting Sp. Z.o.o. (P)
Tomra Sorting S.a.r.l. (F)
Tomra Sorting S.R.O (Slovakia)
Tomra Sorting Ltd (Ireland)
Tomra Sorting SRL (Italia)
Odenberg Engineering BV (NL)
Van den Berg & Partners (UK)
Best Sorting Spain S.L. (E)

Tomra Sorting NV (BEL)

Tomra Sorting BV (NL)
Belgian Electronic Sorting Technology TR Mak. San. Tic. A.S. (TR)
Best Vastgoed (NL)
Tomra Compaction Group AB (S)
Tomra Compaction AB (S)
Morinders Verkstäder AB (S)
Orwak Polen ZPZOO (P)

Rest of the world

Tomra Sorting Japan KK (JAP)
Tomra Japan Ltd. (50%) (JAP)
Orwak Tomra Compaction KK (JAP)
Tomra Sorting Co, Ltd. (KOR)
Tomra Sorting (Pty) Ltd. (South Africa)
Tomra Sorting (Pty) Ltd. (Australia)
Tomra Sorting Technology (Xiamen) Co.Ltd. (China)
Tomra Brasil Solucoes EM segregacao LTDA (Brazil)
Tomra Sorting JLT (Dubai)
Best Sorting (Hangzhou) Trading Limited (China)
Tomra Sorting Chile SpA (Chile)
Tomra Sorting India Private Limited (India)
Tomra Sorting OOO (Russia)
Best Hong Kong Int. Ltd. (Hong Kong)

Commodas Ultrasort GmbH was merged into Tomra Sorting GmbH in 2014. Odenberg Inc was merged into Tomra Sorting Inc in 2014.

In 2014 an agreement was signed for sale of Tomra Compaction Group AB and its subsidiaries Tomra Compaction AB, Morinders Verkstäder AB, Orwak Polen ZPZOO and Orwak Tomra Compaction KK. See note 23 for more details.

CONSOLIDATION PRINCIPLES

(a) Consolidated companies

The consolidated accounts include the parent company Tomra Systems ASA and companies in which the parent company has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries acquired or sold during the course of the year are included in the income statement as of the date that control commenced until the date that control ceased.

(b) 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 tested for impairment at least annually.

(c) 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 to other comprehensive income (OCI).

When foreign subsidiaries are sold, completely or partially, the associated translation difference is recognized in the profit and loss.

(d) Non-controlling interest

The non-controlling interest's share of the net profit and equity are classified as separate items in the income statement and balance sheet.

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result of such transactions. The adjustments to non-controlling

interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognized on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

(e) Business Combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date when control is transferred to the Group.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit and loss.

For accounting of goodwill see Valuation and Classification principles (f) Goodwill.

(f) Internal transactions/intercompany items

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

(g) Joint Ventures

Joint Ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Jointly controlled entities are accounted for using the equity method, see note 16.

(h) Associates

Associates, in which TOMRA has an ownership interest of 20-50% and significant influence over operational and financial decisions, are included in the consolidated accounts based

on the equity method. The Group's share of the profit from associates is reported under financial items in the income statement and as operating activities in the statement of cash flow.

VALUATION AND CLASSIFICATION PRINCIPLES

Estimations

The preparation of the annual accounts of TOMRA involves the use of estimates. The estimates are based on a number of assumptions and forecasts that, by their nature, involve uncertainty. Various factors could cause TOMRA's actual results to differ materially from those projected in the estimates. This includes, but is not limited to, 1) cash flow forecast from business units supporting the carrying amount of goodwill and deferred tax assets, 2) provisions for warranty and 3) assumptions for calculation of pension obligation.

In performing the impairment test of goodwill, the recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates including, but not limited to estimates of future performance of the CGU's, assumptions of the future market conditions, and discount rate. Changes in circumstances and in management's evaluations and assumptions may give rise to changes in the outcome of impairment testing.

(a) 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.

Construction contract revenue has been determined based on the percentage of completion method. The amount of revenue recognized results from the development of sorters for two of the Group's customers in the Sorting Solution segment. These sorters are constructed based on specifically negotiated contracts with each customer.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. When the outcome of a construction contract can be estimated reliably, contract revenue is recognized in profit and loss in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed and cost incurred. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

Contract expenses are recognized as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognized immediately in profit and loss.

(b) Cost recognition

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

(c) Expenses

Operating lease payments

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognized in the income statement as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognized in the income statement.

Interest income is recognized in the income statement as it accrues, using the effective interest method. Dividend income is recognized in the income statement on the date the entity's right to receive payments is established. The interest expense component of finance lease payments is recognized in the income statement using the effective interest rate method.

Hedge of a net Investment in foreign operation
The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the Group's currency (NOK).

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognized in other comprehensive income to the extent that the hedge is effective, and are presented in the translation reserve within equity. The tax effect is charged to equity. To the extent that the hedge is ineffective, such differences are recognized in profit and loss. When the hedged net investment is disposed of, the relevant amount in the translation reserve is transferred to profit and loss as part of the gain or loss on disposal.

(d) Derivative financial instruments

Financial instruments are recognized initially at cost and are subsequently stated at fair value. The gain or loss on remeasurement to fair value is recognized immediately in profit and loss.

(e) Property, plant and equipment

Owned assets

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized in profit and loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment. Land is not depreciated.

If the recoverable amount of an item of property, plant and equipment is lower than carrying amount the asset will be written down to fair value.

Leased assets

Leases where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Subsequent costs

The Group recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

(g) 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.

(h) Inventory

Inventories of raw materials are valued at the lower of the cost of acquisition and the fair value. Work in progress and finished products are valued at the lower of the cost to manufacture or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Spare parts and parts held by service agents are valued at cost. A deduction is made for obsolescence where necessary.

Goodwill

Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures.

For acquisitions, the Group measures goodwill at the acquisition date as the fair value of the consideration transferred plus the recognized amount of any non-controlling interests in the acquisition less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit and loss.

Goodwill is allocated to cash-generating units and is tested annually at 31 December for impairment. With respect to associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Adjustments to estimated contingent consideration are included in the income statement.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalized includes

the cost of materials, direct labour and overhead costs directly attributable to preparing the asset for use. Other development expenditure is recognized in the income statement as an expense as incurred. Capitalized development expenditure is stated at cost less accumulated amortization and impairment losses. Straight-line depreciation is applied over the economic life of the asset.

The company has not received any material government grants.

Other intangibles

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization and impairment losses. Other intangibles are amortized over the term of the contract. Impairment-testing was performed at year end where there were indications of impairment, see note 10.

Expenditure on internally generated goodwill and brands is recognized in profit and loss as an expense as incurred.

Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(g) 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.

(h) Inventory

Inventories of raw materials are valued at the lower of the cost of acquisition and the fair value. Work in progress and finished products are valued at the lower of the cost to manufacture or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Spare parts and parts held by service agents are valued at cost. A deduction is made for obsolescence where necessary.

(i) Transactions, receivables and liabilities in foreign currencies

Receivables and liabilities are booked at the exchange rate at the date of the balance sheet. Transactions in profit and loss are booked at monthly average exchange rates.

Material single transactions are booked at the transaction date exchange rate.

(j) Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank deposits, money market funds, and other short-term investments with original maturity of three months or less. The parent company presents total bank deposits in the international cash pool, while the subsidiaries present their share of the international cash pool as intra-group balances.

(k) Pension obligations

Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as employee benefits expenses in profit and loss as the related service is provided.

TOMRA's defined contribution plan also includes the right to a paid up policy, an element of which is a defined benefit. This part of the defined contribu-

tion plan is accounted for as a defined benefit plan as described below.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit and loss and presented as a financial item.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit and loss. TOMRA Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(l) Warranty allocations

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

(m) Taxes

The tax charge in the income statement 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 offsetting negative timing differences and losses carried forward under the liability method. See Note 11.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(n) Earnings per share

Earnings per share has 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 shares.

(o) Cash flow statement

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

(p) Impairment

The carrying amounts of the Group's assets, other than inventory and deferred tax assets (see separate accounting policies), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated on an annual basis, see note 10.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the profit and loss.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then to reduce the carrying amount of the other assets in the unit (group of units), on a pro rata basis.

Calculation of recoverable amount

The recoverable amount of assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss relating to goodwill can not be reversed.

With respect to other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

(i) Warranty allocations

(j) Dividends

Dividends are recognized as a liability in the period in which they are declared.

(r) Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss over the period of the borrowings on an effective interest basis.

(s) Provisions

A provision is recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Expected incremental legal costs where there is a past obligation event with respect to the underlying claim are accrued for as provisions.

(t) Trade and other payables

Trade and other payables are stated at cost.

(u) Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services that is subject to risks and rewards that are different from those of other segments.

Segment information is presented in the same format that TOMRA Group's management uses to manage the business.

(v) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned may also qualify.

On initial classification as discontinued operations, non-current assets are classified as held for sale and recognized at the lower of carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in profit and loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

(w) Share Capital

Ordinary shares

Incremental costs directly attributable to issue of ordinary shares and share options are recognized as a deduction from equity.

Repurchase of share capital

When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

(x) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not effective for the year ended 31 December 2014 and have not been applied in preparing these consolidated financial statements. Those that may be relevant to the Group are set out below. The Group does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

IFRS 9 Financial Instruments

IFRS 15 Revenue from Contracts with Customers
Amendments to IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations
Amendments to IFRS 16 and 38 - Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions

TOMRA is considering the effects of the future adoption of these standards. The current assessment is that Tomra does not expect any material effects in the financial statements from the new standards.

NOTES

ACCOUNTING PRINCIPLES

Tomra Systems ASA - NGAAP

GENERAL

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 income 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 period that 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.

VALUATION AND CLASSIFICATION PRINCIPLES

REVENUErecognition

Revenues for machines and parts are recognized when risk is transferred to the customer. Other service revenue is recognized when services are provided.

Dividend income is recognized in profit and loss when the entity's right to receive payments is established.

COSTrecognition

Costs are expensed in the period that 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.

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.

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 in hand, bank deposits, money market funds, and other short-term investments with original maturity of three months or less.

Tomra Systems ASA presents total bank deposits in the international cash pool, while subsidiaries present their share of the international cash pool as intra-group balances.

PENSION OBLIGATIONS

Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as employee benefits expenses in profit and loss as the related service is provided.

Tomra Systems ASA's defined contribution plan also includes the right to a paid up policy, an element of which is a defined benefit. This part of the defined contribution plan is accounted for as a defined benefit plan as described below.

Defined benefit plans

Tomra Systems ASA's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to Tomra Systems ASA, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in Equity. Tomra Systems ASA determines the net interest expense (income) on the net defined benefit

liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit and loss. Tomra Systems ASA recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

TAXES

The tax charge in the profit and loss account 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 offsetting negative timing differences and losses carried forward under the liability method in accordance with the rules set out in the Norwegian Accounting Standard.

CASH FLOW STATEMENT

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

NOTE 1 SEGMENT INFORMATION

TOMRA GROUP – IFRS

Amounts in NOK million	Collection Solutions	Sorting Solutions	Group Functions	TOTAL
2013				
Nordic	402	33		435
Central Europe & UK ¹⁾	1,196	554		1,750
Rest of Europe	3	135		138
North America ²⁾	1,018	577		1,595
Rest of the world	18	485		503
Operating revenues	2,637	1,784	0	4,421
Gross contribution	1,113	798		1,911
– in %	42 %	45 %	43 %	
Operating expenses	587	599	24	1,210
EBITA	526	199	(24)	701
– in %	20 %	11 %	16 %	
Amortizations	33	71		104
EBIT	493	128	(24)	597
– in %	19 %	7 %	14 %	
Share of profit from associates	7	0	0	7
Investments	188	86	0	274
Investments in associates	42	0	0	42
Assets	2,292	3,033	298	5,623
Liabilities	696	393	1,711	2,800
Depreciation and amortization	147	107	0	254
Impairment losses recognized in P&L	0	0	0	0
Other significant non-cash expenses	0	0	0	0
2014				
Nordic	417	17		434
Central Europe & UK ¹⁾	1,272	626		1,898
Rest of Europe	8	244		252
North America ²⁾	1,094	576		1,670
Rest of the world	32	463		495
Operating revenues	2,823	1,926	0	4,749
Gross contribution	1,189	861		2,050
– in %	42 %	45 %	43 %	
Operating expenses	628	657	28	1,313
EBITA	561	204	(28)	737
– in %	20 %	11 %	16 %	
Amortizations	34	75		109
EBIT	527	129	(28)	628
– in %	19 %	7 %	13 %	
Share of profit from associates	3	0	0	3
Investments	194	120	0	314
Investments in associates	56	0	0	56
Assets	2,422	3,484	719	6,625
Liabilities	826	532	1,907	3,265
Depreciation and amortization	161	92	0	253
Impairment losses recognized in P&L	7	0	0	7
Other significant non-cash expenses	0	0	0	0

1) Includes revenues from Germany of NOK 1,342 million in 2014 (NOK 1,042 million in 2013)

2) Includes revenues from USA of NOK 1,467 million in 2014 (NOK 1,277 million in 2013)

TOMRA is organized as two business areas, TOMRA Collection and TOMRA Sorting. The split is based upon the risk and return profile of the Group's different activities, also taking into consideration TOMRA's internal reporting structure to the Board and Management Group.

Collection Solutions - three business streams:

Reverse Vending - development, production, sale and service of Reverse Vending Machines and related data management systems.

Material Recovery - pick-up, transportation and processing of empty beverage containers on behalf of beverage producers/fillers on the US East Coast and in Canada.

Compaction - production and sale of small and mid size compaction machines. The business stream, which was part of the Collection segment, was held for sale in 2014, and all figures are presented excluding discontinued operations. See also disclosure note 23.

Sorting Solutions is a provider of advanced optical sorting systems with three business streams; Food, Recycling and Mining.

Group Functions consists of corporate functions at TOMRA's head office.

Assets and liabilities are distributed to the different reporting segments. Cash, interest-bearing debt and tax positions are allocated to Group Functions.

There is no material segment revenue from transactions between the business areas.

Revenue from service activities was NOK 1,495 million (2013: NOK 1,382 million) out of total revenue of NOK 4,749 million (2013: NOK 4,421 million).

NOTE 2 INVENTORY/COST OF GOODS SOLD

Tomra Systems ASA NGAAP			Group IFRS	
2014	2013	Amounts in NOK million	2014	2013
COST OF GOODS SOLD				
487.8	473.3	Cost of goods sold, gross	2,098.2	1,766.9
–	–	Change in inventory	(43.1)	132.7
487.8	473.3	Cost of goods sold, net	2,055.1	1,899.6
Cost of goods sold includes adjustment of inventory write-down of NOK 0.0 million (2013: NOK 0.0 million) for the Parent Company and NOK 2.1 million (2013: NOK 8.0 million) for the Group.				
INVENTORY				
–	–	Raw materials	358.9	276.4
–	–	Work in progress	53.3	38.7
14.3	13.0	Finished goods	273.5	312.6
–	–	Spare parts	227.2	245.8
14.3	13.0	Total inventory	912.9	873.5
–	–	Inventory stated at fair value less costs to sell	–	–

Inventories are not subject to retention of title clauses.

NOTE 3 EMPLOYEE BENEFITS EXPENSES

Tomra Systems ASA NGAAP			Group IFRS	
2014	2013	Amounts in NOK million	2014	2013
108.3	108.7	Salaries	1,068.7	962.8
21.8	22.1	Social security tax	161.8	160.9
13.0	8.1	Pension cost	42.2	34.2
5.0	5.8	Other labor cost	78.1	72.7
148.1	144.7	Total employee benefits expenses	1,350.8	1,230.6
134	139	Number of man-years	2,380	2,339

All Norwegian companies in the Tomra Group have chosen to utilize bank guarantee instead of restricted accounts for employee tax deductions.

NOTE 4 FINANCIAL ITEMS

Tomra Systems ASA NGAAP			Group IFRS	
2014	2013	Amounts in NOK million	2014	2013
5.5	37.7	Interest income ¹⁾	14.0	8.0
–	–	Foreign exchange gain	4.6	–
5.5	37.7	Total financial income	18.6	8.0
15.7	26.1	Interest expenses ¹⁾	36.6	35.7
72.8	2.4	Other financial expenses ²⁾	9.5	9.7
136.6	30.3	Foreign exchange loss	–	9.0
225.1	58.8	Total financial expenses	46.1	54.5

1) Interest income and expenses for the Parent Company include interest income and expenses from subsidiaries of NOK 5.1 million (2013: NOK 33.2 million) and NOK 0.1 million (2013: NOK 0.2 million) respectively.

2) Other financial expenses in Tomra Systems ASA include NOK 44.9 million in write-down of the shares and NOK 18.0 million in transaction related expenses following the sale of Tomra Compaction Group AB.

The foreign exchange loss in Tomra Systems ASA relates mainly to loans in EUR. At Group level, these loans are to a large extent hedged against the net assets in EUR exposed subsidiaries.

Borrowing costs are recognized as an expense in the period in which they are incurred.

NOTE 5 CONTINGENT LIABILITIES

Sale of Tomra Compaction Group AB
On 12 December 2014, Tomra Systems ASA signed an agreement to sell all its shares in Tomra Compaction Group AB (Orwak). TOMRA has given representations and warranties in line with what is considered normal in connection with such transactions. See also note 23 "Discontinued operations". As part of the agreement, TOMRA has committed to continue as distributor for Orwak in five markets for a period of up to two

years and continue to buy products from Orwak during this period in line with recent years (~SEK 32 million per year).

Warranty liabilities

TOMRA has warranty liabilities of NOK 85.6 million (2013: NOK 116.4 million) for the Parent Company and NOK 150.1 million (2013: NOK 161.1 million) for the Group.

NOTE 6 INTEREST-BEARING LIABILITIES

Tomra Systems ASA NGAAP			Group IFRS	
2014	2013	Amounts in NOK million	2014	2013
1,536.2	877.2	NON-CURRENT LIABILITIES	1,549.0	888.4
–	–	Unsecured bank loans ¹⁾	9.2	116.0
1,536.2	877.2	Other non-current interest-bearing liabilities	1,558.2	1,004.4
–	–	Total non-current interest-bearing liabilities	–	–
–	–	Due more than 5 years after balance sheet date	–	–
–	–	CURRENT LIABILITIES	–	–
–	544.9	Current portion of unsecured bank loans	–	546.4
0.0	544.9	Other current interest-bearing liabilities	90.4	57.1
0.0	544.9	Total current interest-bearing liabilities	90.4	552.1

1) Tomra Systems ASA has a five-year revolving credit facility of NOK 500 million, or EUR equivalent, entered into in January 2011, a three-year revolving credit facility of EUR 60 million, or NOK/SEK/USD equivalent, entered into in April 2014 and a five-year revolving credit facility of EUR 60 million, or NOK/SEK/USD equivalent, entered into in April 2014. As of 31 December 2014, EUR 170 million was drawn on these three facilities. The loans have floating interest, and negative pledge commitment. The loan agreements are conditional upon an equity covenant of at least 30 percent of total assets, measured at the end of each quarter. See also note 19.

NOTE 7 SHORT TERM RECEIVABLES

Tomra Systems ASA NGAAP			Group IFRS	
2014	2013	Amounts in NOK million	2014	2013
12.4	3.4	Trade receivables, gross	1,222.8	964.8
267.2	136.5	Intra group short-term receivables	–	–
39.2	26.6	Other short-term receivables, gross ¹⁾	348.7	293.2
(0.3)	(0.3)	Provision for bad debt	(34.6)	(33.7)
318.5	166.2	Total receivables	1,536.9	1,224.3
0.3	–	Provision for bad debt per 1 January	33.7	34.1
–	0.3	Provisions made during the year	24.0	7.1
–	–	Provisions used during the year	(23.1)	(7.5)
0.3	0.3	Provision for bad debt per 31 December	34.6	33.7

1) Other short-term receivables includes forward contracts of NOK 17 million.

Bad debt written-off is reported as other operating expenses. Receivables with due dates more than one year after the balance date are reported as non-current assets.

Trade receivables fall due: Amounts in NOK million		2014	2013
Not due yet		803.1	579.4
0 – 30 days		245.9	225.8
31 – 60 days		59.2	58.7
61 – 90 days		37.4	34.1
Older than 90 days		77.2	66.8
Total trade receivables		1,222.8	964.8

NOTE 8 LONG TERM RECEIVABLES

Tomra Systems ASA NGAAP			Group IFRS	
2014	2013	Amounts in NOK million	2014	2013
–	–	Deposits	6.2	12.4
–	–	Capital lease	160.2	148.5
3.3	3.3	Loans to employees	5.3	5.2
15.4	1.7	Other long term receivables	76.4	57.6
18.7	5.0	Total receivables	248.1	223.7

Capital lease relates to machines (mainly RVMs in USA and Germany) sold to customers on financial lease contracts.

NOTE 9 PROPERTY, PLANT AND EQUIPMENT

GROUP – IFRS Amounts in NOK million	Land & Buildings ³⁾	Machinery & Fixtures	Vehicles	Leasing Equipment	Total
Cost					
Balance at 1 January 2013	241.1	429.8	74.2	557.9	1,302.9
Other acquisitions	28.0	78.0	16.3	67.2	189.5
Disposals	(14.4)	(27.2)	(7.5)	(48.5)	(97.6)
Effect of movements in foreign exchange ¹⁾	19.4	31.7	7.7	53.7	112.5
Balance at 31 December 2013	274.0	512.3	90.7	630.3	1,507.3
Balance at 1 January 2014	274.0	512.3	90.7	630.3	1,507.3
Other acquisitions	36.6	89.5	15.6	80.2	221.9
Disposals	(11.1)	(39.4)	4.6	(285.4)	(331.3)
Transferred to discontinued operations	0.0	(42.4)	(0.5)	0.0	(42.9)
Effect of movements in foreign exchange ²⁾	27.8	58.7	21.3	112.5	220.3
Balance at 31 December 2014	327.3	578.7	131.7	537.6	1,575.3
Depreciation and impairment losses					
Balance at 1 January 2013	56.7	258.7	48.1	376.3	739.5
Depreciation charge for the year ⁵⁾	14.1	63.1	11.7	64.5	153.4
Disposals	(2.6)	(17.5)	(6.9)	(31.2)	(58.2)
Effect of movements in foreign exchange ¹⁾	3.6	21.5	5.0	34.3	64.4
Balance at 31 December 2013	71.8	325.8	57.9	443.9	899.4
Balance at 1 January 2014	71.8	325.8	57.9	443.9	899.4
Depreciation charge for the year ⁵⁾	13.8	55.3	15.4	68.1	152.6
Write-down	2.3	0.0	0.0	0.0	2.3
Disposals	(3.6)	(14.0)	(3.4)	(240.9)	(261.9)
Transferred to discontinued operations	0.0	(24.1)	(0.1)	0.0	(24.2)
Effect of movements in foreign exchange ²⁾	9.4	40.3	16.0	58.5	124.2
Balance at 31 December 2014	93.7	383.3	85.8	329.6	892.4
Depreciation rate ⁴⁾	2–4 %	10–33 %	15–33 %	10–20 %	
Useful life	50 yrs	10 yrs	7 yrs	5–10 yrs	
Carrying amounts					
31 December 2013	202.2	186.5	32.8	186.4	607.9
31 December 2014	233.6	195.4	45.9	208.0	682.9
Finance lease carrying amounts (as included in total carrying amounts)					
31 December 2013	0.0	0.0	0.0	0.0	0.0
31 December 2014	0.0	0.0	0.0	0.0	0.0

1) Exchange rates as of 31 December 2013 are used in calculating tangible assets of foreign subsidiaries.

2) Exchange rates as of 31 December 2014 are used in calculating tangible assets of foreign subsidiaries.

3) Including land of NOK 37.4 million as of 31 December 2014.

4) All depreciation plans are linear.

5) Depreciation includes depreciation from discontinued operations of NOK 3.8 million (2013: NOK 3.3 million).

Minimum lease payments under operational lease	2014	2013
Not later than one year	99.2	92.4
Between one and five years	212.5	193.7
More than five years	123.0	129.1

TOMRA does not have any major property, plant and equipment purchase commitments as of 31 December 2014.

Leasing equipment

The companies within TOMRA Group had 9,031 reverse vending machines and 240 sorters leased to customers at the end of 2014. The table below shows the minimum leasing income from today's lease portfolio. In addition to this income, TOMRA will receive income from material handling, service contracts etc.

Minimum lease income from leasing equipment	2014	2013
Not later than one year	87.6	62.9
Between one and five years	166.0	100.9
More than five years	0.0	0.2

TOMRA SYSTEMS ASA – NGAAP Amounts in NOK million	Machinery & Fixtures	Vehicles	Total
Cost			
Balance at 1 January 2013	47.2	2.0	49.2
Acquisitions	8.4	0.0	8.4
Disposals	0.0	(0.8)	(0.8)
Balance at 31 December 2013	55.6	1.2	56.8
Balance at 1 January 2014	55.6	1.2	56.8
Acquisitions	4.6	0.0	4.6
Disposals	0.0	0.0	0.0
Balance at 31 December 2014	60.2	1.2	61.4
Depreciation and impairment losses			
Balance at 1 January 2013	31.5	0.9	32.4
Depreciation charge for the year	5.7	0.1	5.8
Disposals	0.0	(0.6)	(0.6)
Balance at 31 December 2013	37.2	0.4	37.6
Balance at 1 January 2014	37.2	0.4	37.6
Depreciation charge for the year	5.8	0.2	6.0
Disposals	0.0	0.0	0.0
Balance at 31 December 2014	43.0	0.6	43.6
Depreciation rate ¹⁾	10–33 %	15–33 %	
Useful life	10 yrs	7 yrs	
Carrying amounts			
31 December 2013	18.6	0.8	19.4
31 December 2014	17.2	0.6	17.8

1) All depreciation plans are linear.

Minimum lease payments under operational lease of offices	2014	2013
Not later than one year	7.7	8.2
Between one and five years	24.5	35.5
More than five years	0.0	0.0

NOTE 10 INTANGIBLE ASSETS

GROUP – IFRS Amounts in NOK million	Goodwill	Development costs ⁶⁾	Other ⁴⁾	Total
Cost				
Balance at 1 January 2013	1,949.9	276.1	477.0	2,703.0
Other acquisitions / internally developed	0.8	43.5	40.4	84.7
Effect of movements in foreign exchange ²⁾	180.9	2.9	44.2	228.0
Balance at 31 December 2013	2,131.6	322.5	561.6	3,015.7
Balance at 1 January 2014	2,131.6	322.5	561.6	3,015.7
Acquisitions through business combinations	0.0	0.0	19.6	19.6
Other acquisitions / internally developed	0.0	42.8	89.2	89.2
Disposals	0.0	0.0	(1.2)	(1.2)
Transferred to discontinued operations	(89.6)	(4.2)	(8.0)	(101.8)
Effect of movements in foreign exchange ³⁾	179.5	3.6	68.4	251.5
Balance at 31 December 2014	2,221.5	364.7	686.8	3,273.0
Depreciation and impairment losses				
Balance at 1 January 2013	156.8	219.7	158.2	534.7
Depreciation charge for the year ⁵⁾	0.0	24.5	80.4	104.9
Effect of movements in foreign exchange ²⁾	9.5	1.3	12.8	23.6
Balance at 31 December 2013	166.3	245.5	251.4	663.2
Balance at 1 January 2014	166.3	245.5	251.4	663.2
Depreciation charge for the year ⁵⁾	0.0	30.1	75.1	105.4
Impairment losses ⁷⁾	39.0	5.2	(0.0)	44.2
Disposals	0.0	0.0	(0.8)	(0.8)
Transferred to discontinued operations	(52.6)	(3.3)	(6.4)	(62.3)
Effect of movements in foreign exchange ³⁾	17.8	1.6	37.5	56.9
Balance at 31 December 2014	170.5	279.1	356.8	806.4
Depreciation rate ¹⁾	0 %	14–33 %	5–33 %	
Useful life	Indefinite	3–7 yrs	3–20 yrs	
Carrying amounts				
31 December 2013	1,965.3	77.0	310.2	2,352.6
31 December 2014	2,051.0	85.6	330.0	2,466.6

1) All depreciation plans are linear except for customer relations and technology from the purchase price allocation of BEST that have a declining depreciation profile.

2) Exchange rates as of 31 December 2013 are used in calculating intangible assets

NOTE 10 INTANGIBLE ASSETS (cont.)

Research and development expense

Research and development expense of NOK 197.5 million has been recognized as an expense (2013: NOK 186.7 million) and NOK 42.8 million has been capitalized (2013: NOK 43.5 million).

TOMRA SYSTEMS ASA – NGAAP

Amounts in NOK million	Other	Patents	Total
Cost			
Balance at 1 January 2013	18.5	0.0	18.5
Other acquisitions –internally developed	3.3	0.0	3.3
Balance at 31 December 2013	21.8	0.0	21.8
Balance at 1 January 2014	21.8	0.0	21.8
Other acquisitions –internally developed	3.4	4.4	7.8
Balance at 31 December 2014	25.2	4.4	29.6
Depreciation and impairment losses			
Balance at 1 January 2013	6.4	0.0	6.4
Depreciation charge for the year	3.8	0.0	3.8
Balance at 31 December 2013	10.2	0.0	10.2
Balance at 1 January 2014	10.2	0.0	10.2
Depreciation charge for the year	4.7	0.1	4.8
Balance at 31 December 2014	14.9	0.1	15.0
Depreciation rate	20 %	20 %	
Useful life	5 yrs	5 yrs	
Carrying amounts			
31 December 2013	11.6	0.0	11.6
31 December 2014	10.3	4.3	14.6

Other consists of investment in ERP systems and web-site.

NOTE 11 TAXES

Tomra Systems ASA NGAAP		Group IFRS	
2014	2013	Amounts in NOK million	
		2014	2013
TAX BASIS			
(45.4)	153.6	Profit before taxes	
–	–	Dividend from subsidiaries	
65.6	(19.6)	Permanent differences	
12.6	(5.0)	Change in temporary differences	
32.8	129.0	Basis for taxes payable	
TAXES			
8.8	36.1	Taxes payable	93.1
–	(8.4)	Taxes on Group contribution	–
8.8	27.7	Total taxes payable	93.1
8.8	36.1	Taxes payable	93.1
–	(0.7)	Tax over accrued last year	–
3.7	5.2	Tax effect of equity transactions	34.1
(3.4)	2.8	Net change in deferred taxes	21.2
9.2	43.4	Tax expense	148.4
Effective tax rate			
Taxes based upon actual tax rates	151.8	25.2 %	150.5
Tax effect from permanent differences	(3.4)	–0.6 %	(12.5)
Actual tax expense	148.4	24.6 %	138.0
			24.8 %

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

NOTE 11 TAXES (cont.)

Tomra Systems ASA NGAAP

2014	2013	Amounts in NOK million	2014	2013
0.6	0.5	DEFERRED TAX ASSETS	73.6	69.7
4.4	(0.6)	Inventory	4.2	(4.5)
20.0	17.7	Other current assets	53.2	20.1
1.1	1.3	Intangible non-current assets	1.7	0.7
(9.0)	(1.9)	Tangible non-current assets	(9.0)	(1.9)
2.7	3.0	Financial non-current assets	4.9	30.8
15.5	13.0	Provisions	7.5	5.8
–	–	Other current liabilities	15.5	13.3
40.5	37.1	Pension reserves	4.4	0.3
		Loss carried forward	156.0	134.3
		Total deferred tax assets		
DEFERRED TAX LIABILITIES				
Inventory			(5.1)	(8.3)
Other current assets			(15.4)	(10.5)
Intangible non-current assets			136.3	117.6
Tangible non-current assets			61.3	48.6
Financial non-current assets			(10.9)	(9.8)
Provisions			2.7	3.2
Current liabilities			(18.4)	(34.8)
Pension reserves			(10.2)	(8.6)
Loss carried forward			–	–
Total deferred tax liabilities			140.3	97.4

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

There have not been any material effects in either deferred tax or tax expenses for the year, related to changes in tax rates in the jurisdictions where TOMRA operates.

NOTE 12 OTHER CURRENT LIABILITIES

Tomra Systems ASA NGAAP

2014	2013	Amounts in NOK million	2014	2013
22.6	22.2	Tax deductions, social security tax, holiday pay	191.0	196.5
0.5	–	Advances from customers	193.7	164.9
214.3	199.5	Dividend accruals	–	–
89.4	43.0	Non interest-bearing debt ¹⁾	355.8	244.3
326.8	264.7	Total other current liabilities	740.5	605.7

1) Non interest-bearing debt includes forward contracts of NOK 33.4 million (NOK 1.6 million in 2013).

In the 2013 figures for the Group prepayments from customers that were presented as provisions in last year's Financial statement have been reclassified.

NOTE 13 PROVISIONS

TOMRA SYSTEMS ASA – NGAAP

Amounts in NOK million	Warranty	Other	Total
Balance at 1 January 2014	10.3	1.0	11.3
Provisions made during the year	0.8	0.0	0.8
Provisions used during the year	(1.1)	0.0	(1.1)
Provisions reversed during the year	0.0	(1.0)	(1.0)
Balance at 31 December 2014	10.0	0.0	10.0

GROUP – IFRS

Amounts in NOK million	Warranty	Other	Total
Balance at 1 January 2014	78.4	5.8	84.2
Provisions made during the year	84.0	1.0	85.0
Provisions used during the year	(57.5)	0.1	(57.4)
Provisions reversed during the year	(13.9)	(1.1)	(15.0)
Balance at 31 December 2014	91.0	5.8	96.8

Warranty provisions relate to accruals for service expenses assumed to occur during the period sold machines are covered by warranties given to the customer.

Other provisions comprise of provisions for contractual obligations with business partners, and provisions for known claims covered by TOMRA in connection with previous divestments.

In the balance at 1 January 2014 for the Group prepayments from customers have been reclassified to other current liabilities that was presented as provisions in last years Financial statement.

NOTE 14 RELATED PARTIES
GROUP – IFRS

Amounts in NOK, unless stated otherwise

Identification of related parties

The Group has a related party relationship with its subsidiaries and associates (see disclosure note 15 and 16) and with its directors and executive officers. All transactions with related parties are based on arms length principles.

The tables in this note show all benefits that were received by Board members and Group Management for the stated years.

2014 Board members	Shareholding ¹⁾	Board fees ⁴⁾	Committee fees ⁴⁾⁽⁵⁾	Salary ⁶⁾	Variable salary ⁷⁾	Other benefits ⁹⁾
Svein Rennemo (Chairman and Compensation Committee)		570,000	45,000			
Jan Svensson (Board member, Compensation and Audit Committee) ¹⁰⁾	5,000	407,500	75,000			
Aniela Gabriela Gjøs (Board member and Audit Committee)	11,500	407,500	45,000			
Pierre Couderc (Board member and Audit Committee from April 2014)		200,000	15,000			
Bernd H.J. Bothe (Board member and CR Committee until April 2014)		207,500	22,500			
Bodil Sonesson (Board member and CR Committee)	5,479	407,500	37,500	892,856	172,560	26,498
Ingrid Solberg (Employee representative)		225,000				
David Williamson (Employee representative and CR Committee)	1,056	225,000		419,403	24,014	12,338
Tom Knoff (Nomination Committee)			60,000			
Eric Douglas (Nomination Committee) ¹¹⁾			40,000			
Hild Kinder (Nomination Committee)			40,000			
2014 Group Management	Shareholding ¹⁾	Shareholding ¹⁾	Loan ³⁾	Salary ⁵⁾	Variable salary ⁷⁾	Pension premiums ⁸⁾
Stefan Ranstrand (President&CEO) ²⁾	81,269	37,714	1,400,000	4,359,939	1,460,065	539,027
Espen Gundersen (Deputy CEO&CFO)				2,399,506	805,243	618,343
Håkon Volldal (EVP, Head of Business Area Collection Solutions)		22,533		2,056,848	900,668	440,868
Volker Rehrmann (EVP and CTO, Head of Business area Sorting Solutions from March 2013)	5,147		EUR 280,000	EUR 72,170		EUR 12,000
Harald Henriksen (SVP, Head of North America Collection Solutions)	30,886	1,400,000	2,783,445	USD 115,800	748,692	408,106
Fredrik Nordh (SVP, Head of Nordic Collection Solutions)	19,735		SEK 1,689,428	SEK 713,995	SEK 444,000	SEK 100,955
Heiner Bevers (SVP, Head of Central and Eastern Europe Collection Solutions)	37,975		EUR 294,441	EUR 128,303	EUR 5,889	EUR 9,304
Tom Eng (SVP and Head of TOMRA Sorting Solutions, Recycling)	0		1,215,500	275,721	274,363	108,016
Ashley Hunter (SVP and Head of TOMRA Sorting Solutions, Food)	4,998		EUR 250,748	USD 42,980	EUR 9,717	EUR 19,026
2013 Board members	Shareholding ¹⁾	Shareholding ¹⁾	Board fees ⁴⁾	Committee fees ⁴⁾⁽⁵⁾	Salary ⁶⁾	Variable salary ⁷⁾
Svein Rennemo (Chairman and Compensation Committee)			540,000	45,000		
Jan Svensson (Board member, Compensation and Audit Committee) ¹⁰⁾	3 000		385,000	75,000		
Hegi Marie Norheim (Board member Audit and CR Committee until April 2013)	N/A	192,500		37,500		
Aniela Gabriela Gjøs (Board member, Compensation and Audit Committee)	11,500	385,000		60,000		
Bernd H.J. Bothe (Board member and CR Committee)		385,000		37,500		
Bodil Sonesson (Board member and CR Committee from April 2013)		192,500	15,000			
Ingrid Solberg (Employee representative)	5,479	225,000		851,891	135,150	34,036
David Williamson (Employee representative and CR Committee)	648	225,000		407,281	33,478	11,693
2013 Group Management	Shareholding ¹⁾	Shareholding ¹⁾	Loan ³⁾	Salary ⁵⁾	Variable salary ⁷⁾	Pension premiums ⁸⁾
Stefan Ranstrand (President&CEO) ²⁾	81,269	37,714	1,400,000	4,344,469	537,500	544,625
Espen Gundersen (Deputy CEO&CFO)				2,344,482	279,000	682,595
Håkon Volldal (EVP, Head of Business Area Collection Solutions)	22,474			1,857,923	610,500	336,391
Volker Rehrmann (EVP and CTO, Head of Business area Sorting Solutions from March 2013)	4,501		EUR 281,599	EUR 42,796		EUR 21,707
Harald Henriksen (SVP, Head of North America Collection Solutions)	30,886	1,400,000	2,541,538	650,936	704,498	793,190
Fredrik Nordh (SVP, Head of Nordic Collection Solutions)	19,735		SEK 1,454,520	SEK 431,993	SEK 440,000	SEK 443,870
Heiner Bevers (SVP, Head of Central and Eastern Europe Collection Solutions)	37,375		EUR 285,865	EUR 92,763	EUR 5,717	EUR 17,245
Rune Marthinussen (EVP, Head of Business Area Sorting Solutions until March 2013) ¹²⁾	N/A		1,992,924	663,303	968,106	820,960
Ton Klumper (SVP, Head of Western and Southern Europe Collection Solutions)	41,200	EUR 221,649	EUR 212,794	EUR 98,091	EUR 132,902	EUR 29,900
Stefan Ek (SVP, Head of TOMRA Collection Solutions, Compaction)	20,046		SEK 1,243,545	SEK 262,224	SEK 427,251	SEK 195,127
Tom Eng (SVP and Head of TOMRA Sorting Solutions, Recycling)	0		1,211,095	155,723	277,988	136,243
Ashley Hunter (SVP and Head of TOMRA Sorting Solutions, Food)	4,998		EUR 280,000	EUR 26,751	EUR 9,731	EUR 36,972

Loans to employees as of 31 December amounted to NOK 3.3 million (2013: NOK 3.3 million) for the parent company and NOK 5.3 million (2013: NOK 5.2 million) for the Group.

NOTE 14 RELATED PARTIES (cont.)

1) Shareholding

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

2) Remuneration CEO

Stefan Ranstrand could in 2014 earn a variable salary up to 50 percent of his fixed salary, based upon the Group's performance. He also participated in the Long Term Incentive Plan (see below). The CEO is entitled to 12 months salary as severance pay, in the case of dismissal.

3) Loans to management

Loans in NOK as of 31 December 2014 and 31 December 2013. The loans are secured by mortgages in real estate, motor vehicles or securities and are interest and installment free.

4) Board fees

The Board receives 50 percent of the estimated fees after six months, and the remaining after an additional six months, when the fees have been formally approved by the annual general assembly.

5) Committee fees

The column contains fees related to participation in the Audit, Compensation, CR and Nomination Committees.

6) Salary

The column comprises ordinary salary received in the year.

7) Variable salary

The column contains estimated bonus payments for the current year, based upon the current years performance. The amounts do not include payments from the LTIP-program described below.

8) Pension premiums

Group Management members participated in the same pension plans as other employees in the jurisdiction they are employed. The CEO does not participate in the defined benefit plan and receives a fixed compensation instead. For further description of the pension plan, see note 17.

9) Other benefits

The column comprises the value of other benefits received by Group Management and Board members during the year, including value of interest-free loans, car allowance, health insurance etc.

10) Shareholding Board member

Board member Jan Svensson holds the position of CEO in Investment AB Latour that had a holding of 36,560,000 shares in TOMRA at 31 December 2014.

11) Shareholding Committee member

Committee member Eric Douglas' family controls Investment AB Latour that had a holding of 36,560,000 shares in TOMRA at 31 December 2014.

Extract from principles for remuneration of Group Management

Salary and other employment terms for senior executives shall be competitive to ensure that TOMRA can attract and retain skilled leaders. Salary should include both fixed and variable elements. The fixed salary should reflect the individual's area of responsibility and performance over time. Principles for remuneration shall be allowed to vary in accordance with local conditions. The remuneration structure shall be based on such factors as position, expertise, experience, conduct and performance. The variable salary shall not exceed 50 percent of the fixed annual salary and be based on the achievement of specific performance targets by TOMRA Group and/or the respective manager's unit.

Long Term Incentive Plans (LTIP)

In addition to regular fixed and variable salary, TOMRA has since 2010 had a cash-based Long Term Incentive Plan (LTIP), where managers could receive a bonus based upon the return the company generated for its shareholders measured against NASDAQ. For 2014, the dividend adjusted performance of the TOMRA share needed to exceed NASDAQ by at least 2.5 percent in the period 31 December 2011 to 31 December 2014 to generate earnings under the plan. Full earnings would have been achieved if the over-performance exceeded 20 percent. The TOMRA share increased in the period 52 percent, dividend adjusted. NASDAQ increased during the same period 82 percent. No earnings under this plan were consequently made during 2014.

As communicated in last year's annual report, the Board has decided to establish a new LTIP-plan, replacing the old plan. The new plan is based upon improvements in the Group's reported EPS. The rational for changing the plan has been to make the performance metric more relevant for management, measuring success based upon improvements in profit (which management can influence), instead of share price development (which is less influenced by own performance, particularly when measured against NASDAQ).

Under the new system, the Board has established EPS targets for 2015, 2016 and 2017. The targets are established as intervals, where the participants can earn from 30 percent (if the minimum target is met) and up to 100 percent (if the maximum target is met) of one year's salary. The plan is consequently capped at one year's salary. 50 percent of the earnings after tax has to be invested in TOMRA shares, and has to be kept for at least three years. If sold before, all proceeds from the sale belong to TOMRA.

First measurement day will be in February 2016, when actual performance for 2015 is measured against the targets.

The collective compensation for key management personnel was as follows (20 managers in 2014 and 23 in 2013):

Amounts in NOK million	2014	2013
Short-term employee benefits	32.3	62.0
Severance payments	–	2.9
Post-employment benefits	3.3	5.3
Total	35.6	70.3

Total remuneration is included in "employee benefit expenses" (see note 3).

Transactions with subsidiaries

Transactions between Group companies, which are related parties, have been eliminated in the consolidation and are not disclosed in this note.

Auditors' fees

Amounts in NOK million	2014	2013		
Parent	Group	Parent	Group	
Statutory audit	1.2	7.1	1.1	6.8
Other attestation services	–	–	0.1	0.6
Tax consulting	–	2.6	0.1	2.6
Other services	–	0.4	–	0.3
Total	1.2	10.1	1.3	10.3

Statutory audit fees to KPMG for the Group were NOK 6.2 million (NOK 5.9 million in 2013), and fees to other auditors were NOK 0.9 million (NOK 0.9 million in 2013).

Non-audit fees to KPMG for the Group were NOK 2.9 million (NOK 3.4 million in 2013), and non-audit fees to other auditors were NOK 0.1 million (NOK 0.1 million in 2

NOTE 14 RELATED PARTIES (cont.)

TOMRA SYSTEMS ASA – NGAAP

Tomra Systems ASA's transactions with related parties

Tomra Systems ASA has several transactions with related parties. All transactions are performed as part of ordinary business and executed at arms length principles.

The significant transactions are as follows:

Sales of RVMs, spare parts and service manuals/support of NOK 859.8 million in 2014 (NOK 851.4 million in 2013) to:

Tomra Butikksystemer AS
Tomra Systems AB
Tomra Systems AS
OY Tomra AB
Tomra Systems GmbH
Tomra Systems BV
Tomra Sorting Technology (Xiamen) Co. Ltd.
Tomra Leergutssysteme GmbH
Tomra Orwak Polska SP.z.o.o
Tomra of North America Inc.
Tomra Baltic OÜ
Tomra Systems Ltd.
Tomra Japan Ltd.
Tomra Compaction AB

Purchase of RVMs and spare parts from Tomra Production AS of NOK 267.6 million in 2014 (NOK 262.7 million in 2013).

Management fee of NOK 5.4 million in 2014 (NOK 5.2 million in 2013).

Interest income on loans of NOK 5.1 million in 2014 (NOK 33.2 million in 2013), and interest expenses on loans of NOK 0.1 million in 2014 (NOK 0.2 million in 2013).

The Balance sheet includes the following amounts from transactions with related parties:

Amounts in NOK million	2014	2013
Loans to subsidiaries	431.4	300.5
Intra-group receivables	267.2	136.5
Loan from subsidiaries	(144.6)	(50.2)
Intra-group debt	(796.8)	(398.8)
Total	(242.8)	(12.0)

NOTE 15 SHARES AND INVESTMENTS

TOMRA SYSTEMS ASA – NGAAP

Amounts in NOK million	Country	Year of acquisition	Vote and owner share	Book value
Tomra North America Inc	USA	1992	100.0 %	1,166.2
Tomra Europe AS	Norway	1998	100.0 %	10.0
Tomra Production AS	Norway	1998	100.0 %	15.0
Tomra Canada Inc ¹⁾	Canada	2000	100.0 %	79.8
Tomra Sorting Japan KK	Japan	2000	100.0 %	7.0
Tomra Compaction Group AB ²⁾	Sweden	2005	100.0 %	82.3
Tomra Sorting AS	Norway	2004	100.0 %	1,817.6
Tomra Systems Ltd. ²⁾	United Kingdom	2006	100.0 %	-
Tomra Sorting Technology (Xiamen) Co. Ltd China	China	2010	100.0 %	81.4
Total shares in subsidiaries				3,259.3
Tomra Japan Ltd.	Japan	2008	50.0 %	9.6
Total shares in associates				9.6

1) Tomra Systems Inc. was merged into Tomra Canada Inc from 1 January 2013.

3) The shares in Tomra Compaction Group AB have been written down to the agreed sales price. See note 23 for further information about discontinued operations.

2) The activity in Tomra System Ltd. was closed down in 2014 and the shares have been written down to zero.

NOTE 16 INVESTMENTS IN ASSOCIATES

GROUP – IFRS

Amounts in NOK million	Ultre-PET	Tomra s.r.o.	Tomra Baltic	Tomra Japan Ltd.	Total
Book value 31 December 2013	40.2	-	1.9	0.0	42.1
Profit 2014	3.1	-	0.3	-	3.4
Change in accounting principle Japan, IFRS 11	-	-	-	1.8	1.8
Dividend	-	-	-	-	0.0
Currency translation difference	7.9	-	0.2	0.1	8.2
Book value 31 December 2014	51.2	0.0	2.4	1.9	55.5

Summary financial information for associates on 100% basis:

2014	Ultre-PET	Tomra s.r.o.	Tomra Baltic	Tomra Japan Ltd.	Total
Assets	137.2	10.9	10.0	107.7	265.8
Liabilities	32.8	1.5	4.0	101.8	140.1
Equity	104.4	9.4	6.0	5.9	125.7
Revenues	221.7	9.8	8.1	68.4	308.0
Profit/(loss)	3.3	3.0	0.8	0.0	7.1
2013	113.9	10.0	8.0	103.0	234.9
Assets	31.9	2.0	3.2	99.4	136.5
Liabilities	82.0	8.0	4.8	3.6	98.4
Equity	186.1	13.3	8.3	53.2	260.9
Revenues	2.5	6.2	0.1	3.2	12.0
Profit/(loss)					

NOTE 16 INVESTMENTS IN ASSOCIATES (cont.)

In accordance with IFRS 11, TOMRA has changed accounting principles for joint arrangements. Tomra Japan Ltd. has up until 2013 been proportionally consolidated in the Group accounts. From 2014, the equity method has been applied. When making the assessment, the structure of the arrangement, the legal form, the contractual terms of the arrangement and other relevant facts and circumstances have been taken into consideration.

TOMRA's share of the joint venture accounts for less than 1 percent of total capital of the Group. Therefore last year's figures have not been restated, since this is considered immaterial.

Tomra Japan Ltd. was included in the balance sheet and income statement with the following amounts:

Amounts in NOK million	31.12.2012	31.12.2013
Intangible non-current assets	0.1	0.2
Tangible non-current assets	20.5	23.8
Financial non-current assets	0.1	0.1
Inventory	20.7	13.4
Receivables	4.3	6.3
Cash and cash equivalents	6.5	7.7
Total assets	52.2	51.5
Equity	0.3	1.8
Non-current liabilities	17.3	34.9
Current liabilities	34.6	14.8
Total Equity and liabilities	52.2	51.5

Amounts in NOK million	2013
Operating Revenues	26.6
Cost of goods sold	13.4
Employee benefits expenses	3.9
Ordinary depreciation	4.6
Other operating expenses	2.3
Total operating expenses	24.2
Operating profit	2.4
Net financial items	0.8
Profit for the period	1.6

NOTE 17 PENSION AND PENSION OBLIGATIONS

Total Pension costs and pension liability for Tomra Group

Amounts in NOK million	2014	2013	Group IFRS
Net pension cost Norwegian plans	13.8	19.4	
Net pension cost US plans	-	21.5	
Taxes	(3.7)	(13.9)	
Net pension costs in Other Comprehensive Income	10.1	27.0	
Pension liability Norwegian plans	57.5	48.1	
Pension liability US plans	25.7	21.5	
Total Pension liability	83.2	69.6	

Norwegian plans

Tomra Systems ASA NGAAP

2014	2013	Amounts in NOK million	2014	2013
10.6	10.6	EXPENSE RECOGNIZED IN THE INCOME STATEMENT	10.6	10.6
1.7	1.1	Current service cost	1.0	1.0
1.8	1.7	Interest cost (income)	1.7	1.1
14.1	13.4	Net pension costs in Income Statement	14.1	13.4
45.9	(6.0)	EXPENSE RECOGNIZED IN OTHER COMPREHENSIVE INCOME	45.9	(6.0)
(23.0)	10.2	Actuarial loss (gain) – change in discount rate	(23.0)	10.2
-	9.1	Actuarial loss (gain) – change in other financial assumptions	-	9.1
(9.1)	(2.8)	Actuarial loss (gain) – change in mortality table	(9.1)	(2.8)
(3.4)	6.1	Actuarial loss (gain) – experience DBO	(3.4)	6.1
1.7	1.6	Investment management cost	1.7	1.6
-	(1.4)	Adjustment of opening balance – effect new IAS 19	-	(1.4)
1.7	2.6	Social security tax included in pension cost	1.7	2.6
13.8	19.4	Net pension costs in Other Comprehensive Income	13.8	19.4
3.00 %	4.10 %	FINANCIAL STATUS AS OF 31 DECEMBER		
3.25 %	3.75 %	Present value of funded pension obligations	206.7	176.6
3.00 %</				

NOTE 17 PENSION AND PENSION OBLIGATIONS (cont.)

1) NOK 6.5 million of total employee benefits for Tomra Systems ASA was charged to subsidiaries in 2014 (2013: NOK 9.4 million), and the interest of NOK 1.7 million is classified as financial expense. The cost of the defined benefit plan includes a premium for the right to a paid up defined contribution policy based on an actuarial valuation.

Total employee benefits expenses for the Group is split as NOK 11.0 million in the Sorting Solutions segment (2013 NOK 6.7 million) and NOK 31.2 million in the Collection Solutions segment (2013 NOK 27.5 million).

TOMRA's best estimate of contributions expected to be paid into the plan for 2015 is NOK 19.9 million.

The discount rate is in accordance with guidelines from Norsk Regnskapsstiftelse at 31 August 2014, which was the best estimate of the rate at the time the basis for the calculation was set in October 2014. The effect of the decline in the long term interest rates towards the end of this year and the new guidelines at 31 December 2014, have been considered immaterial.

Due to the financial turmoil in Europe, the 10 year state bond interest has been unnaturally low. For this reason, Norsk Regnskapsstiftelse (NRS) in their 2013 and 2014 guidelines has recommended that the interest used for pension calculations should be set based upon preference bonds with sufficient liquidity (known as OMF-bonds). Over time it's assumed that the wage increase should not exceed the discount rate. TOMRA has consequently since 2013 calculated its pension liabilities based upon the implicit interest in OMF-bond.

GROUP – IFRS

Until the end of 2006 all employees in Norway were covered by a collective pension plan, where the insured pension plans covered employees in permanent positions of at least 50 percent of full time employment and below an age of 57 years at the employment date. The pension plan was structured as a retirement net agreement in that it guaranteed a supplement to the State benefits. There has not been any agreements for compensation of reductions in State benefits. The plan gives a right to defined future benefits (defined benefit plan). The benefit is mainly dependent upon years within the plan, salary at date of retirement and compensation from the State. The obligations are covered through Storebrand insurance company. The plan should ensure that the employees would get a pension of about 65 percent of salary, if they had full contribution time, limited upwards to 12G.

In 2007, TOMRA established a defined contribution plan, where TOMRA contributes 5% of salary between 1 and 6G and 8% of salary between 6 and 12G. The old defined benefit plan for salary up to 12G was at the same time closed for new members, so all new employees from January 2007 are members of the defined contribution plan instead.

Employees that were members of the defined benefit plan, could choose if they wanted to stay in this plan or join the new defined contribution plan. Employees that chose to change pension plan got a paid up policy for the benefit they had earned under the old plan. In total 65 employees chose to change pension plan.

In addition TOMRA had a separate pension plan for benefits over 12G, with the same coverage as the plan up to 12G. Until the end of 2006 the pension premium for such plans was not taxable for the receiver, but it

would be taxable when the pension was paid out. The pension premium was not tax deductible for the company.

Due to changes in the tax regulations the pension premium paid is taxable from 1 January 2007 for the employee, while only the return of the pension is taxable when it is paid out. The pension premium is also tax deductible for the company.

To eliminate the effect of the changes in tax regulation for employees, the pension plan was adjusted to keep the benefit after tax unchanged for the employee. This was done by adjusting the pension premium down to a level where the employee would get the same benefit after tax as under the former pension plan. In addition TOMRA compensates the employee's tax on the pension premium.

The pension plans have been treated for accounting purposes in accordance with IAS 19. The parent company's plan, which also covers employees in Tomra Butikksystemer AS, Tomra Production AS and Tomra Sorting AS included 104 employees and 37 retirees at year-end 2014.

Actual return on plan assets was NOK 6.6 million in 2013.

The table above shows total pension cost of defined benefit plans for the parent company and the Group, and total pension obligations at 31 December for the parent company and the Group's defined benefit plans and defined contribution plans. Net pension obligations at 31 December 2014 are split between net pension obligations for the defined benefit plans of NOK 49.7 million, and net pension obligations for the defined contribution plans of NOK 7.9 million.

Life expectancy

Assumptions regarding future mortality have been based on published statistics and mortality tables K2013BE. The current life expectancy underlying the values of the defined benefit obligation at the reporting date were as follows.

	Men	Women
Life expectancy currently aged 65	20.7	23.9
Life expectancy at 65 currently aged 40	23.0	26.3

Plan assets comprise of

	2014	2013
Shares	12.2 %	11.3 %
Short-term bonds	9.8 %	11.3 %
Credit	21.7 %	20.2 %
Long-term bonds	43.6 %	40.4 %
Property	9.2 %	11.5 %
Other	3.5 %	5.3 %
Total	100.0 %	100.0 %

Change in plan assets

Amounts in NOK million	2014	2013
Fair value of assets at beginning of year	128.5	118.7
Expected return on plan assets	4.9	4.3
Remeasurement	1.7	(7.7)
Employer contribution	16.2	15.2
Benefits paid	(2.1)	(2.0)
Fair value of assets at end of year	149.2	128.5

NOTE 17 PENSION AND PENSION OBLIGATIONS (cont.)

SENSITIVITY ANALYSIS

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would change the amounts shown below.

Basis for calculation	Assump-tions used	Discount rate +0.5	Discount rate -0.5	Pension regulation +0.10	Pension regulation -0.10	Wage increase +0.5	Wage increase -0.5
Discount rate	3.00 %	3.50 %	2.50 %	3.00 %	3.00 %	3.00 %	3.00 %
Expected wage increase	3.25 %	3.25 %	3.25 %	3.25 %	3.25 %	3.75 %	2.75 %
Expected increase of base amount	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %
Expected pension regulation	0.10 %	0.10 %	0.10 %	0.20 %	0.00 %	0.10 %	0.10 %
Interest	2.90 %	3.40 %	2.40 %	2.79 %	3.00 %	2.90 %	2.90 %
Expected return on plan assets	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %

Results

Amounts in NOK million	Service costs	11.6	10.4	13.1	11.8	11.5	12.8	10.6
Accumulated benefit obligation	149.0	135.7	164.3	150.8	147.2	149.0	149.0	149.0
Present benefit obligation	199.6	179.9	222.3	202.0	197.2	214.8	185.4	214.8
Total benefit obligation	352.0	312.1	398.8	356.3	347.8	387.9	318.8	387.9
Plan assets	149.2	149.2	149.2	149.2	149.2	149.2	149.2	149.2

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

US plans

Tomra North America participates in two multi-employer pension plans in the US, the "Metro-plan" and the "TNYR-plan". Both plans are Defined Benefit plans (DB) under IAS 19. As there has been limited financial information available for these pension plans, TOMRA applied Defined Contribution plan (DC) accounting for both plans up until 31 December 2012.

The TNYR-plan comprises 32 TOMRA employees, out of a total of approximately 2,250 employees. Similar to prior years, there is still not sufficient financial information available in order to account for this plan as a DB plan. Consequently, TOMRA continues to account for this plan as a DC plan by direct expensing of premiums paid. Premiums paid in 2014 amounts to USD 187,663, compared to USD 145,018 in 2013. Received information from the plan indicates an underfunding of USD 2.9 million on TOMRA's part. TOMRA is jointly and severally liable for the plans underfund with other participants within the plan.

The Metro plan comprises 60 TOMRA employees. In 2013 the Metro-plan was restructured, and the fund provided TOMRA with information about TOMRA's net liabilities under the plan. TOMRA entered into an agreement with the fund to settle the underfunding in the plan through annual payments of USD 0.2 million per year over 25 years period. Consequently, a net pension liability of USD 3.5 million (net present value) was recognized in other comprehensive income as a change in estimate in 2013. The agreement with the fund also included a reentry into the restructured DB-plan based on direct attribution, where TOMRA is responsible for funding of liabilities directly attributable to TOMRA employees only. The premium paid under this plan was USD 168,551 in 2014.

TOMRA SYSTEMS ASA – NGAAP

From 1 January 2006 Tomra Systems ASA was obliged to have a pension plan for its employees, and its pension plan meets this requirement.

TOMRA has applied IAS 19 under NRS 6 since the Group's conversion to IFRS in 2004. Tomra Systems ASA changed to IAS 19R in 2013 following the same approach and consideration as described above for the Group.

NOTE 18 CASH AND CASH EQUIVALENTS

Tomra Systems ASA NGAAP

2014	2013	Amounts in NOK million	2014	2013
169.8	63.3	Cash and cash equivalents	436.3	164.1
169.8	63.3	Cash and cash equivalents in the statement of cash flows ¹⁾	436.3	164.1

1) Includes restricted bank deposits totaling NOK 3.5 million for the Parent company and NOK 4.0 million for the Group.

Tomra Systems ASA and its fully owned subsidiaries participate in an international multi-currency cash-pool, operated by DNB. All the subsidiaries deposit to and withdraw from the pool through the cash-pool agreement as an Intra-Group receivable/payable against Tomra Systems ASA, and the transactions are classified as such in the financial statement.

NOTE 19 FINANCIAL INSTRUMENTS

Responsibility for funding, cash management and financial risk management is handled centrally by the finance department in Tomra Systems ASA. Guidelines for the finance activities are determined by the financial strategy, which is reviewed and approved by the Board. The central treasury department acts as the corporate bank and is responsible for all external borrowing and hedging transactions in interest rates and currencies. TOMRA aims to limit its exposure to financial risk.

Interest rate risk

TOMRA's surplus cash is primarily used to reduce the loan amount on the revolving credit facilities. It may also be placed in NOK with short maturities. In accordance with the adopted financial strategy, the duration of the portfolio should not exceed six months.

Non-current interest-bearing liabilities relates to a five-year revolving credit facility of NOK 500 million or EUR equivalent (established in January 2011), a three-year revolving credit facility of EUR 60 million, or NOK/SEK/USD equivalent (established in April 2014) and a five-year revolving credit facility of EUR 60 million, or NOK/SEK/USD equivalent (established in April 2014). On the NOK 500 million revolving credit facility, interest is payable at a rate of NIBOR/EURIBOR plus 60-90 basis points, dependent on TOMRA's NIBD/EBITDA ratio. On the EUR 60 million three-year revolving credit facility, interest is payable at a rate of EURIBOR plus 35-60 basis points dependent on TOMRA's NIBD/EBITDA and leverage ratio. On the EUR 60 million five-year revolving credit facility, interest is payable at a rate of EURIBOR plus 50-75 basis points dependent on TOMRA's NIBD/EBITDA and leverage ratio. In addition TOMRA has an overdraft facility of NOK 50 million. A change in the interest rate of 100 basis points, calculated on the loan amount as per 31 December 2014, increases/decreases the annual financial costs by NOK 15.4 million. At year end cash and cash equivalents had a duration of zero (mainly bank holdings), and the duration of the three loan facilities was 2.66 years.

Capital management

TOMRA's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. TOMRA monitors the return on capital as well as the level of dividends to the shareholders. TOMRA seeks to maintain a balance between the higher returns that might be possible with higher level of borrowings and the advantage and security afforded by a sound capital position. TOMRA's target is to achieve a high return on capital and an equity ratio above 30 percent.

Credit risk

Credit risk is the risk of loss that may arise on outstanding contracts should a counterparty default on its obligations. Historically the Group has limited bad debt on receivables. The Group has sufficient routines for credit checks on clients and credit risk is not considered to be significant on outstanding receivables as of 31 December 2014. However, TOMRA's customers include the largest retail chains in the world, as well as large scrap material processors and food producers, where outstanding receivables globally can be significant. In a situation where one of these systems collapses, TOMRA could be exposed. The maximum exposure to credit risk at year-end equalled total receivables in the balance sheet plus any unrealized gain on financial contracts.

In accordance with the Group's financial strategy, placement of surplus cash requires the counterpart to have a strong rating, with investments limited to NOK 100 million per bank. Surplus liquidity can also be placed in certificates issued by states or municipalities, as well as in short term security markets which require a safe investment structure.

TOMRA's main bank is DNB Bank, where TOMRA's NOK 500 million, or EUR equivalent, credit facility is located in addition to the international cash pool. The two EUR 60 million credit facilities are provided by DNB and SEB. In order to have a full cash management solution, TOMRA has a few additional banks in some local markets. The tables below show TOMRA's outstanding loans per 31 December and respective counterpart's credit rating.

31 December 2014			31 December 2013		
Credit limit	Loan balance	Rating	Credit limit	Loan balance	Rating
	Moody/S&P			Moody/S&P	
KBC Bank NV			EUR 1.7 million	EUR 1.5 million	A3/A-
DNB Bank ASA			EUR 50 million	EUR 22.5 million	A1/A+
Eksportfinans ASA			NOK 500 million	NOK 500 million	Ba3/BB+
Skandinaviska Enskilda					
Banken AB, publ (SEB)			EUR 50 million	EUR 22.5 million	A1/A+
DNB Bank ASA	NOK 500 million ¹⁾	EUR 50 million	NOK 500 million ¹⁾	EUR 65 million	A1/A+
DNB Bank ASA & SEB	EUR 60 million ²⁾	EUR 60 million			
DNB Bank ASA & SEB	EUR 60 million ²⁾	EUR 60 million			

1) or EUR equivalent

2) or NOK/SEK/USD equivalent

Liquidity risk

Liquidity risk is the risk that TOMRA will not be able to meet its financial obligations as they fall due. TOMRA has a limited exposure to liquidity risk on the basis of a strong cash flow in addition to a solid balance sheet - 50.6 percent equity ratio at 31 December 2014 - that will enable a higher debt ratio if necessary. Liquidity per 31 December 2014 was NOK 534 million (including unused credit lines).

Commodity risk

The volatility of raw materials impacts both TOMRA's income and costs.

Income

TOMRA is indirectly exposed to fluctuations in commodity prices in the business area Sorting Solutions; for customers within waste-management, the value of the material that TOMRA scanners sort out is a source of income. When commodity prices increase, the income to customers in this segment is affected, which affects the willingness to invest positively.

Costs

An increase in fuel prices is negative for TOMRA due to higher transportation costs. First and foremost, this applies to material recovery operations, where an increase of USD 1 per gallon diesel decreases operating profit by USD 1.3 million a year. TOMRA uses a variety of raw materials in production, however, the volume of material components was not large enough for changes in commodity prices to significantly impact the results.

The split of revenues and the balance sheet as of 31 December in currencies, was distributed as follows:

	Revenues		Assets	
	2014	2013	2014	2013
USD	31 %	31 %	22 %	22 %
EUR	52 %	50 %	59 %	43 %
SEK	3 %	6 %	2 %	4 %
NOK	3 %	3 %	9 %	22 %
OTHER	11 %	10 %	8 %	10 %

NOTE 19 FINANCIAL INSTRUMENTS (cont.)

The split of the balance sheet as of 31 December in currencies was distributed between the balance lines as follows:

	USD	EUR	2014 NOK	SEK	OTHER
Total intangible non-current assets	10 %	77 %	4 %	2 %	7 %
Total tangible non-current assets	49 %	28 %	10 %	0 %	13 %
Total financial non-current assets	35 %	0 %	62 %	0 %	3 %
Inventory	27 %	52 %	12 %	1 %	8 %
Total receivables	25 %	62 %	2 %	3 %	8 %
Cash and cash equivalents	17 %	51 %	14 %	4 %	14 %
Total assets	22 %	59 %	9 %	2 %	8 %
Total non-current liabilities	6 %	94 %	0 %	0 %	0 %
Total current liabilities	26 %	31 %	28 %	4 %	11 %
Total liabilities	14 %	66 %	12 %	2 %	6 %

* The above matrix does not include Assets and Liabilities held for sale, which is mainly nominated in SEK

	USD	EUR	2013 NOK	SEK	OTHER
Total intangible non-current assets	8 %	79 %	9 %	4 %	1 %
Total tangible non-current assets	44 %	25 %	12 %	4 %	15 %
Total financial non-current assets	69 %	21 %	7 %	0 %	3 %
Inventory	22 %	52 %	12 %	5 %	9 %
Total receivables	30 %	49 %	5 %	5 %	11 %
Cash and cash equivalents	15 %	25 %	28 %	1 %	32 %
Total assets	22 %	58 %	9 %	4 %	7 %
Total non-current liabilities	4 %	87 %	6 %	0 %	3 %
Total current liabilities	17 %	16 %	46 %	2 %	19 %
Total liabilities	11 %	47 %	28 %	1 %	12 %

A 10 percent weaker/stronger NOK would normally lead to a 10-12 percent increase/decrease in operating profit. Currency fluctuations would in addition affect the book value of assets and liabilities in TOMRA's foreign subsidiaries. A 10 percent weakening/strengthening in the value of the NOK would have increased/decreased equity by NOK 295 million as per balance 31 December 2014. (This analysis assumes all other variables remain constant). Such changes in value would however not have a P/L impact as they are booked as translation differences against equity.

Sensitivity analysis – isolated currency rate changes' impact on operating profit before other items:

	2014		2013		
	Amounts in NOK million	Income	Cost	Income	Cost
10% currency change USD/NOK	147	(101)		145	(101)
10% currency change EUR/NOK	248	(205)		232	(178)
10% currency change SEK/NOK	16	(41)		27	(28)

Sensitivity analysis – isolated currency rate changes' impact on equity:

	2014		2013		
	Amounts in NOK million	Increase	Decline	Increase	Decline
10% currency change USD/NOK	93	(93)		92	(92)
10% currency change EUR/NOK	159	(159)		109	(109)
10% currency change SEK/NOK	7	(7)		19	(19)

The following exchange rates were applied during the year ¹⁾:

	Average rate (P/L rate)		Reporting date rate (Balance rate)	
	2014	2013	2014	2013
USD/NOK	6.301	5.875	7.433	6.084
EUR/NOK	8.355	7.805	9.037	8.383
SEK/NOK	0.919	0.902	0.960	0.947
AUD/NOK	5.677	5.679	6.088	5.426

1) Exchange rates distributed by the Norwegian Central Bank

The fair value of forward contracts is calculated at the end of each period, and at 31 December 2014 the value was recognized in other short term receivables at NOK 17.0 million and in other current liabilities at NOK 33.4 million (per 31 December 2013: NOK 3.7 million and NOK 1.6 million respectively). Changes in fair value of forward contracts were recognized in the income statement in 2014. Change in fair value of forward contracts and currency gain on cash flows in 2014 amounted to NOK 4.6 million (see note 4). The currency contracts are accounted for at fair value according to IFRS 7, level 2. IFRS 13 has been applied effective 1 January 2013.

Outstanding forward foreign exchange contracts, as of 31 December:

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NOTE 19 FINANCIAL INSTRUMENTS (cont.)

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments in the table:

Cash and cash equivalents

The carrying amounts of cash and cash equivalents equalled the fair value due to their short maturities.

Financial derivatives

The fair value of forward currency contracts represented quoted market price, i.e. the exchange rate at 31 December 2014 and the interest points obtained from the different market institutions.

Interest rates used for determining fair value

	2014	2013
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Loans and borrowings

Receivables/payables

Interest-bearing loans and borrowings

The fair value of the unsecured bank loan was based on loan amounts and accrued interest per 31 December 2014. Future interest payments and repayments with a time to maturity of more than one year are discounted.

Receivables/payables

For receivables/payables with a remaining life of less than one year, the notional amount was deemed to reflect the fair value. All other receivables/payables were discounted to determine the fair value.

There has not been any transfer of assets between the different valuation levels in 2014 compared to 2013.

Financial assets and liabilities per 31 December 2014 – maturity analysis (discounted values):

Amounts in NOK million	Carrying amount	Quarter 1	Quarter 2-4	2016	2017+
		2015	2015		
Long term receivables	248.1			99.3	148.8
Receivables	1,188.2	1,188.2			
Cash and cash equivalents	436.3	436.3			
Forward exchange contracts	(16.4)	(16.4)			
Finance lease liabilities	(0.2)			(0.2)	
Unsecured bank facilities	(1,549.0)	(12.8)		(451.8)	(1,084.4)
Other interest-bearing liabilities	(99.6)			(9.2)	
Payables	(439.5)	(439.5)			
Total	(232.1)	1 155.8	(90.4)	(361.7)	(935.8)

NOTE 20 SHARE-BASED PAYMENTS

GROUP – IFRS

Share Purchase Program

In 2008 TOMRA established a share purchase program for permanent employees. In this program TOMRA invites employees to buy shares in TOMRA at market price and receive one bonus share per five invested shares, provided that the shares are kept for at least one year and the employee is still employed by TOMRA. The employee can buy shares up to a maximum of 30 percent of his/her gross salary. The share purchase program uses own shares acquired by TOMRA as authorized by the Annual General Meeting. The shares are purchased on the Oslo Stock Exchange.

	2014	2013
Number of shares purchased by employees	93,470	157,651
Share price (closing market share price, the day before the allotment date)	56.50	56.25
Number of bonus shares, distributed one year after investment	29,634	31,530
Total expenses recognized	1.0 mill	1.8 mill

NOTE 21 EQUITY

TOMRA SYSTEMS ASA – NGAAP

Amounts in NOK million	Share capital	Treasury shares	Share premium	Paid-in capital	Retained earnings	Total equity	Number of shares
Balance per 1 January 2013	148.0	(0.2)	918.3	1,066.1	702.6	1,768.7	148,020,078
Profit for the period					110.2 (14.2)	110.2 (14.2)	
Pensions					(0.2)	(10.6)	
Purchase of own shares		(0.2)			0.2	10.0	
Own shares sold to employees		0.2				10.2	
Dividend to shareholders					(199.7)	(199.7)	
Balance per 31 December 2013	148.0	(0.2)	918.3	1,066.1	598.3	1,664.4	148,020,078
Profit for the period					(54.6)	(54.6)	
Pensions					(10.1)	(10.1)	
Purchase of own shares		(0.1)			(0.1)	(4.9)	
Own shares sold to employees		0.1			0.1	6.8	
Dividend to shareholders					(214.4)	(214.4)	
Balance per 31 December 2014	148.0	(0.2)	918.3	1,066.1	321.1	1,387.2	148,020,078

Shares par value is 1 NOK.

In 2014 Tomra Systems ASA purchased 100,000 own shares at an average price of NOK 50.10 per share.

Total shareholding of treasury shares was 244,685 as of year end 2014.

NOTE 21 EQUITY (cont.)

GROUP – IFRS

Amounts in NOK million	Paid-in capital	Translation reserve	Remeasurements of defined benefit liability (assets)	Retained earnings	Total equity attributable to the owners of the company	Non-controlling interest	Total Equity
Balance per 1 January 2013	1,066.1	(318.3)	0.0	1,535.5	2,283.3	73.6	2,356.9
Profit for the period				376.7	376.7	35.7	412.4
Changes in translation differences		293.5			293.5	6.8	300.3
Remeasurements of defined benefit liability (assets)	0.0		(27.0)		(27.0)	(27.0)	(27.0)
Total comprehensive income for the period	0.0	293.5	(27.0)	376.7	643.2	42.5	685.7
Transactions with shareholders							
Dividend non-controlling interest					0.0	(33.5)	(33.5)
Purchase of own shares	(0.2)				(10.7)	(10.9)	(10.9)
Own shares sold to employees	0.2				10.0	10.2	10.2
Dividend to shareholders	(0.0)	0.0	0.0	0.0	(184.9)	(184.9)	(184.9)
Total transactions with shareholders	(0.0)	0.0	0.0	0.0	(185.6)	(33.5)	(219.1)
Balance per 31 December 2013	1,066.1	(24.8)	(27.0)	1,726.6	2,740.9	82.6	2,823.5
Profit for the period				360.9	360.9	33.4	394.3
Changes in translation differences		350.0			350.0	18.3	368.3
Remeasurements of defined benefit liability (assets)	0.0		(10.1)		(10.1)	(10.1)	(10.1)
Total comprehensive income for the period	0.0	350.0	(10.1)	360.9	700.8	51.7	752.5
Transactions with shareholders							
Dividend non-controlling interest					0.0	(18.9)	(18.9)
Purchase of own shares	(0.1)				(4.9)	(5.0)	(5.0)
Own shares sold to employees	0.1				6.8	6.9	6.9
Dividend to shareholders ¹⁾	(0.0)	0.0	0.0	0.0	(199.6)	(199.6)	(199.6)
Total transactions with shareholders	(0.0)	0.0	0.0	0.0	(197.7)	(18.9)	(216.6)
Balance per 31 December 2014	1,066.1	325.2	(37.1)	1,889.8	3,244.0	115.4	3,359.4

1) Dividend payment was NOK 1.35 per share in 2014, as proposed in the 2013 financial statements.

Translation reserve

The translation reserve includes all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the company.

Dividends

After the balance sheet date the following dividends were proposed by the directors:

Amounts in NOK million	2014	2013
NOK 1.45 per qualifying share (2013: NOK 1.35)	214.3	199.5
The dividend has not yet been provided for and there are no income tax consequences.		
Earnings per share – Group	2014	2013
Average number of shares	148,020,078	148,020,078
Average number of shares, adjusted for own shares	147,837,600	147,908,962
Average number of shares, adjusted for own shares, fully diluted	147,837,600	147,908,962
Majority equity 31 December (MNOK)	3,244.0	2,740.9
Equity per share (NOK)	21.94	18.53
Net profit attributable to the shareholders of the parent (MNOK)	360.9	376.7
Earnings per share	2.44	2.55
Earnings per share, fully diluted	2.44	2.55

Purchase of own shares

TOMRA was granted authority to acquire treasury shares at the annual general meeting on 29 April 2014, limited to a total of 500,000 shares. At the end of 2014 100,000 shares had been purchased under this proxy.

NOTE 22 SHAREHOLDERS

The amounts shown are based on information from Verdipapircentralen. On nominee accounts, information regarding beneficial ownership has been collected and presented where possible.

Registered at 31 December 2014	Number of shares	Ownership
1. Investment AB Latour	36,560,000	24.70 %
2. Folketrygfondet	15,232,640	10.29 %
3. Jupiter Asset Management Ltd. (UK)	8,040,877	5.43 %
4. Nordea Investment Man. (Nor+Swe+Den)	6,376,561	4.31 %
5. Lannebo Fonder AB	4,533,000	3.06 %
6. Odin Norge	3,542,532	2.39 %
7. SEB Investment Management AB	2,845,840	1.92 %
8. Verdipapirfondet DnB	2,737,868	1.85 %
9. F&C Asset Managers Ltd.	2,310,965	1.56 %
10. Templeton Investment Counsel LLC	2,148,200	1.45 %
11. Fondita Fund Management Co. Ltd.	2,115,923	1.43 %
12. Fidelity International	2,102,285	1.42 %
13. Odey Asset Management LLP	1,977,060	1.34 %
14. Impax Asset Management Ltd.	1,827,281	1.23 %
15. DnB Asset Management	1,315,153	0.89 %
16. Oddo Asset Management SA	1,295,651	0.88 %
17. Oslo Pensjonsforsikring AS	1,200,000	0.81 %
18. Orbis Investment Management Ltd.	1,111,923	0.75 %
19. Varma Mutual Pension Insurance	1,082,082	0.73 %
20. Dimensional Fund Advisors	1,079,812	0.73 %
Total 20 largest shareholders	99,435,653	67.18 %
Other shareholders	48,584,425	32.82 %
Total (5,763 shareholders)	148,020,078	100.00 %
Shares owned by Norwegian residents	40,687,705	27.49 %
Shares owned by others	107,332,373	72.51 %
Total	148,020,078	100.00 %

NOTE 23 DISCONTINUED OPERATIONS

Amounts in NOK million	2014	2013
Tomra Compaction	(60.7)	2.7
Tomra Pacific	0.0	(9.7)
Total loss from discontinued operations	(60.7)	7.0
Earnings per share from discontinued operations, basic (NOK)	(0.41)	(0.05)
Earnings per share from discontinued operations, diluted (NOK)	(0.41)	(0.05)

TOMRA Compaction (ORWAK)

TOMRA signed 12th December 2014 an agreement with San Sac Nordic AB to sell 100 percent of the shares in TOMRA Compaction Group AB for a consideration of SEK 110 million (free of cash and interest bearing debt). Closing took place 30 January 2015. TOMRA has given representations and warranties in line with what's considered normal in such transactions. TOMRA Compaction has been a separate business stream within the TOMRA Collection business area and has been defined as a separate CGU. The profit and loss figures are reported as discontinued operations in 2014 and the 2013 figures have been restated accordingly. In the balance sheet, the assets and liabilities related to the Collection business have been classified as "held for sale".

Analysis of the loss on sale of discontinued operation

Amounts in NOK million	2014	2013
Operating revenues	204.1	181.1
Cost of goods sold	136.5	119.0
Employee benefits expenses	34.5	31.4
Ordinary deprecations	3.8	3.3
Other operating expenses	23.3	22.4
Total operating expenses	198.1	176.1
EBITA	6.0	5.0
Amortizations	1.4	1.3
EBIT	4.6	3.7
Taxes	1.3	1.0
Profit from discontinued operations (before divestment loss)	3.3	2.7
After tax loss on divestment	64.0	0.0
Total discontinued operations	(60.7)	2.7
Net cashflow from operating activities	2.1	9.0
Net cashflow from investing activities	(2.1)	(9.0)
Net cashflow for the year	0.0	0.0

NOTE 23 DISCONTINUED OPERATIONS (cont.)

Amounts in NOK million, unless stated otherwise	2014
Assets held for sale	
Deferred tax assets	0.8
Intangible non-current assets *)	39.5
Tangible non-current assets	18.7
Financial non-current assets	0.1
Inventory	34.3
Receivables	32.4
Total assets held for sale	125.8
Non-current liabilities held for sale	2.5
Current liabilities held for sale	21.9
Total liabilities held for sale	24.4
Net assets held for sale	101.4
Sales price (SEK million)	110.0
Restructuring charge (SEK million)	(5.0)
Estimated working capital adjustment (SEK million)	0.6
Sales price (SEK million)	105.6
Sales price (NOK million)	101.4

*) After Goodwill write-off of NOK 39.0 million

Specification of divestment loss	
Goodwill written off	39.0
Transaction cost	9.2
Contingent liabilities	3.7
Post closing costs	5.0
Other divestment cost	7.1
Divestment loss	64.0

TOMRA Pacific

On 31 December 2011, TOMRA sold the assets of TOMRA Pacific, Inc., a wholly owned subsidiary of Tomra of North America. In 2013, an after tax cost of NOK 9.7 million was recognized, mainly due to workers comp claims, which is sellers responsibility.

NOTE 24 ACQUISITIONS

During 2014 TOMRA made some minor acquisitions in the US, mainly related to six redemption centers in New England + Greenbean Recycle Inc., a company specializing in technology for RVMs that facilitates rewards and incentive systems, and the assets and business of Hudson Baler, a material recover account in New York. Total consideration for these acquisitions was NOK 19.6 million.

NOTE 25 CONSTRUCTION CONTRACTS

A small part of TOMRA's activities consist of developing and manufacturing products and systems to order. Two projects are accounted for in accordance with IAS 11 and the percentage of completion method.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. Contract revenue is recognized in profit and loss in proportion to the percentage of completion of the contract. The percentage of completion is assessed by reference to surveys of work performed and cost incurred relative to expected total production costs.

Expected total production costs are estimated using a combination of historical figures, systematic estimation procedures, monitoring of efficiency and best judgment.

Contract expenses are recognized as incurred.

Projects under construction is the amount of work in progress presented as inventory in the balance sheet.

Advances from customers is the net amount of accumulated earned revenue minus accumulated billing for all ongoing contracts where accumulated billing exceeds cumulative revenue. It is presented as other current liabilities in the balance sheet.

There were two construction contracts open at year end 2014.

Amounts in NOK million	2014	2013
Projects under construction	8.6	-
Advances from customers	-	-
Net Projects under construction	8.6	-
Reported revenue (not invoiced) included in customer receivables	10.6	-
Share of outstanding receivables withheld in accordance with contract terms	12.3	-
Remaining production on loss-making projects	-	-
Revenue from projects in progress	31.1	22.6
Costs from projects in progress	18.0	13.3
Net result from projects in progress	13.1	9.3

DIRECTORS' RESPONSIBILITY STATEMENT

Today, the Chief Executive Officer and the Board of Directors reviewed and approved the Board of Directors' Report and the consolidated and separate annual financial statements for Tomra Systems ASA as of 31 December 2014 (annual report 2014).

To the best of our knowledge:

- the consolidated financial statements are prepared in accordance with IFRS and IFRIC as adopted by the EU and additional Norwegian disclosure requirements in the Norwegian Accounting act, and that were effective as of 31 December 2014.
- the separate financial statements are prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards as of 31 December 2014.
- the Board of Directors' Report for the Group and the Parent Company is in accordance with the requirements in the Norwegian Accounting Act and Norwegian accounting standard no 16, as of 31 December 2014.
- the consolidated and separate annual financial statements give a true and fair view of the assets, liabilities, financial position and profit as a whole as of 31 December 2014 for the Group and the Parent Company.
- the Board of Directors' Report for the Group and the Parent Company includes a true and fair view of:
 - the development and performance of the business and the position of the Group and the Parent Company.
 - the principal risks and uncertainties the Group and the Parent Company face.

Asker, 17 February 2015

Svein Rennemo Chairman	Jan Svensson Board member	Aniela Gjøs Board member	Bodil Sonesson Board member
Pierre Couderc Board member	David Williamson Employee representative	Ingrid Solberg Employee representative	Stefan Ranstrand President & CEO



To the Annual Shareholders' Meeting of Tomra Systems ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Tomra Systems ASA, which comprise the financial statements of the parent company Tomra Systems ASA and the consolidated financial statements of Tomra Systems ASA and its subsidiaries. The parent company's financial statements comprise the balance sheet as at 31 December 2014, the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements comprise the balance sheet as at 31 December 2014, and the income statement and the statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the parent company financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and for the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the separate financial statements

In our opinion, the parent company's financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Tomra Systems ASA as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Tomra Systems ASA and its subsidiaries as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the statements on Corporate Governance and Corporate Social Responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Accounting Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 27 February 2015

KPMG AS

Bjørn Kristiansen

State Authorized Public Accountant



LEADING THE RESOURCE REVOLUTION



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