



TOMRA®

ANNUAL REPORT

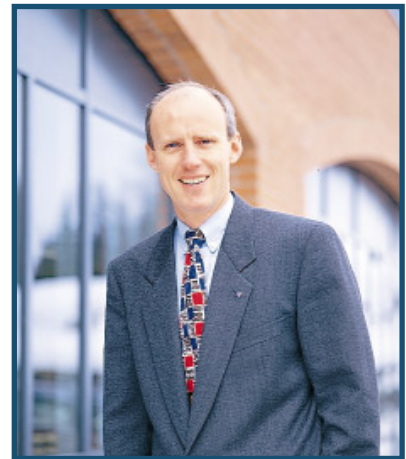
1994

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The Managing Director's Comments

1994 was a very good year for TOMRA, with a record increase in sales and profits. Viewed in perspective against the previous two years' slightly weaker growth, it is even more pleasing to be able to report a 27% increase in sales, a 91% increase in profit before tax and a profit margin of 10.9% in 1994.



In addition to TOMRA's strong international market position and its highly motivated staff, both in Norway and abroad, the advance achieved over the year was due to many factors. These factors are reviewed in general terms in an appendix to this annual report.

Apart from our extensive product range of machines which handle all types of deposit containers, there is one single area which I would like to point out as particularly important. This is TOMRA's work on quality and customer satisfaction. Our overall goal is to satisfy our customers' expectations. This means that we must look at things from the customers' point of view. Increased customer satisfaction means higher repeat orders and loyalty - with increased profitability for TOMRA as a result.

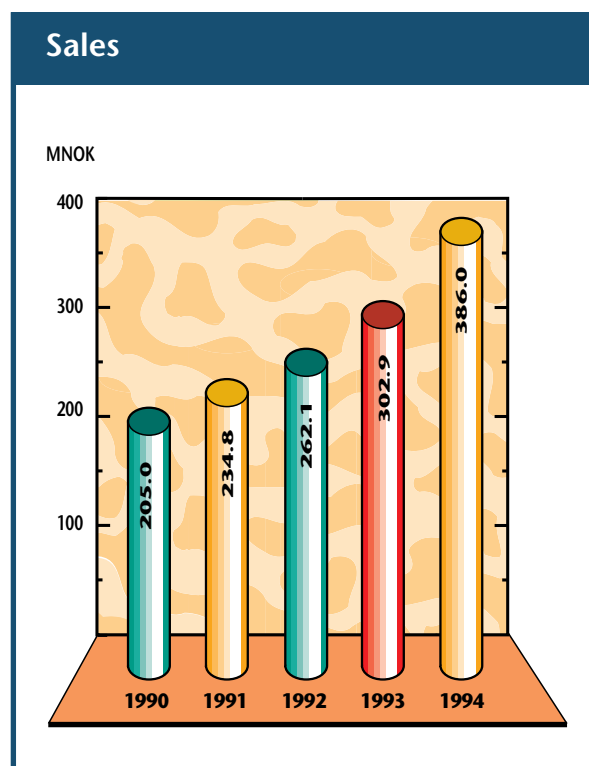
Since 1991 we have carried out each year systematic customer satisfaction surveys. Major customer groups in all important markets were asked - through a questionnaire - to give their views on TOMRA's organisation, products and service. The answers provide clear signals as to the areas where improvements are necessary. These areas are being tackled systematically and measures implemented, either in the local market or centrally in Norway. Whether we have been able to improve can be judged from the following year's survey. It is encouraging that as many as 90% of our customers in the last survey replied that they were either quite likely or very likely to purchase machines from TOMRA again. This is, however, only one step on the road to a moving target. Customer-driven quality development is a continuous process. Based on our slogan "satisfied TOMRA customers", I promise our thousands of customers in 26 markets on 3 continents that we will continue to pursue customer-driven quality work and endeavour, to the utmost, to meet - and preferably exceed - the expectations made of us.

A handwritten signature in black ink that reads "Svein Jacobsen". The signature is written in a cursive style.

Svein Jacobsen
Managing Director

Highlights

- Operating revenues of NOK 386 million - an increase of 27% from 1993.
- Profit after financial items of NOK 42.1 million - an increase of 91% from 1993.
- Launch of 3 new machines and 1 new backroom product for handling beverage containers.
- Share issue raised NOK 46 million in new capital.
- Full takeover of distribution company Neroc in the USA.
- Relocation to new factory in Asker.
- Earnings per share of NOK 1.00 - an increase of 72%. The TOMRA share price at 31.12. was NOK 15.30, unchanged over the year.

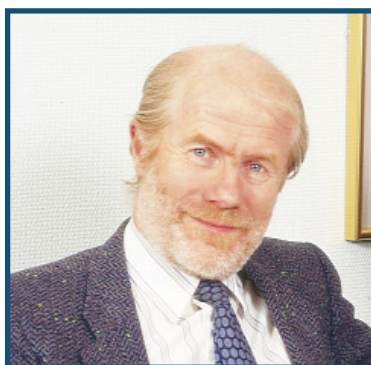


Main Figures		1994	1993	1992	1991	1990
Sales	MNOK	386.0	302.9	262.1	234.8	205.0
Operating Profit	MNOK	47.1	22.4	12.6	29.9	26.6
Profit before tax	MNOK	42.1	22.1	10.6	29.0	24.1
Return on equity	%	19.0	14.2	8.3	30.2	37.0
Return of total assets	%	17.2	12.4	9.1	22.0	23.1
Earnings per share	NOK	1.00	0.58	0.29	0.83	0.71
Total investments	MNOK	102.6	21.0	63.3	26.5	19.5
Total employees as at 31.12.		320	273	232	210	186

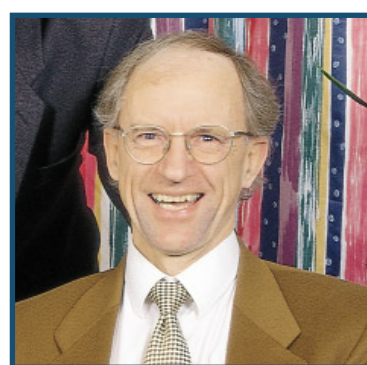
Report of the Board of Directors 1994



Jan Chr. Opsahl
Chairman



Tharald Brøvig



Ralph Høibakk



Klaus Nærø
(employee)



Berit Dahl
(employee)



Jørgen Randers

1994 was the best year in TOMRA's history. The profit after financial items was NOK 42.1 million against NOK 22.1 million in 1993, an increase of 91%. Sales rose to NOK 386 million, up from NOK 303 million in 1993, an increase of 27%. The operating profit more than doubled to NOK 47.1 million, compared with NOK 22.4 million in 1993. TOMRA's export ratio, represented by the company's operating revenues outside Norway, stood at 95% of total sales. The profit ratio was 10.9% against 7.3% in 1993.

The TOMRA group's profit after tax was NOK 33.1 million against NOK 19.2 million in 1993. This corresponds to earnings per share of NOK 1.00 against NOK 0.58 in 1993 (+72%). The reason for lower growth in earnings per share compared with

profits is due to a higher tax charge. Most of the companies in the TOMRA group are now in a tax-paying position and the group's taxes amounted to 21.4% in 1994 against 12.7% in 1993. At 1 January 1994 the share price was NOK 15.50, while at 31 December 1994 it was NOK 15.30. The company paid a dividend of NOK 0.15 per share for 1993 and the Board proposes a dividend of NOK 0.20 per share for 1994.

The group's total assets at 31 December 1994 were NOK 376.6 million (+53%). The increase in the balance sheet reflects the acquisition of the remaining 49% of the distribution company NEROC in the USA, as well as higher stocks as a result of our strong growth. TOMRA's liquidity is good and the equity ratio stands at 56%, the same as in 1993.

MARKETS

Europe

The TOMRA group achieved strong sales growth in Europe in 1994. Sales totalled NOK 257.6 million, against NOK 198.1 million in 1993 (+30%). The strongest growth was seen in Germany, where sales rose by 44% to NOK 82.6 million. Germany is one of the leading countries within the EU in areas such as reuse and recycling of beverage containers. There is a statutory requirement for 90% return of most beverage containers by 1997, at the same time as requirements for at least 72% of beer and mineral water to be bottled in reusable containers. Market growth in Germany is a result of the fact that an increasing number of retailers recognise that automation provides benefits in personnel productivity, elimination of waste, increases in sales area and better customer service. Growth in Germany is expected to continue in 1995. Germany is TOMRA's largest market in Europe, ahead of Sweden where growth of 33% was recorded to NOK 56.4 million. The introduction of deposits on one-way plastic bottles in Sweden has been the most important factor in the growth in sales. TOMRA installed more than 150 T-22 Plastic units, a machine which handles both one-way and refillable plastic bottles. The bottles are received on their sides and identified using a bar code reader. Subsequently volume is reduced by compression, while refillable bottles are sorted to a separate container. All machines are connected to a central computer which enables programming and data collection to be carried out without visiting the stores. This represents technology of the future for operating reverse vending machines.

Market development in the rest of Europe showed growth from NOK 98.3 million to NOK 118.6 million (+21%). TOMRA's market share in Europe was approximately 70% in 1994, i.e. the same level as the previous year. The cumulative market share in Europe is more than 80%.

America

TOMRA increased its sales in the USA/Canada from NOK 104.8 million to NOK 128.4 million in 1994, an increase of 23%. Sales through NEROC, TOMRA's subsidiary, represent NOK 100.4 million of this. During the year TOMRA has established a solid foothold in both Michigan and the state of New York through sales of machines to several of the largest chains. NEROC, TOMRA's distributor in the most important US markets such as Connecticut, New York and Michigan, was acquired in the second half-year through an increase in our holding from 51% to 100%. Turnover in NEROC consists of income from sales/leasing of machines and service/handling revenues. In the first half-year, before TOMRA became sole shareholder, the deposit values handled by the machines were also registered as sales. With effect from TOMRA's acquisition on 01.07.94, the accounting principles for NEROC were changed and deposits eliminated from sales and the cost of materials. This means that the full consolidation of NEROC has had a minimal effect on the TOMRA group's book sales. See note 2 for an explanation of the overall effect of changes related to NEROC.

Sales growth in the USA does not reflect the strong growth in the number of installed units in 1994, since approximately half the machines are leased to stores. The number of installed machines increased by 68%. We are optimistic as to market opportunities for 1995 and expect that strong growth will continue.

TOMRA is now well established with its own companies in 5 out of the 10 states with deposit schemes. In 1994 TOMRA achieved a market share in excess of 70% in the USA on new installations, while its cumulative market share is close to 50%, with an American manufacturer as the main competitor.

PRODUCTS, R&D, LOGISTICS

TOMRA again maintained a high level of activity on product development in 1994 with total expenditure of NOK 25.4 million. In all 4 new products were launched in 1994:

- “TOMRA 310 Combi” is a combined machine for handling all types of bottles (glass and plastic) and crates in the same unit. The machine is a more reasonably priced model than the top model, the TOMRA 410 Multi, which further strengthens TOMRA’s position in the European market.

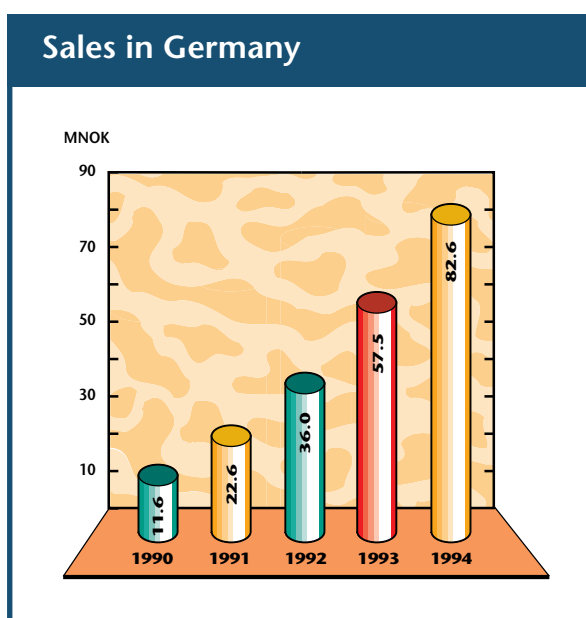
- TOMRA currently has a completely new range of backroom products which include a fully automated solution for both sorting bottles into crates and stacking and palleting crates. Sales of advanced backroom solutions linked to our machines represent a growth area. This is due to increasing needs for greater automation in the stores.

- “TOMRA 62 Cans/Plastic” is a machine for handling one-way containers delivered in a number of models. The machine can handle plastic bottles, cans and one-way glass. It is delivered together with a compactor for reducing the volume or a shredder for cutting up beverage containers.

- “TOMRA 32 Glass” is a machine for handling one-way glass. The machine sorts and crushes glass into 3 separate containers depending on whether it is green, brown or clear.

TOMRA’s product programme at the start of 1995 is closely geared to satisfying different customer requirements. We believe that our product programme cannot be matched by any of our competitors, even though some have competitive individual products.

By moving production from the Netherlands to Norway in 1992, TOMRA achieved considerable savings from being able to manufacture at one location. Further savings were obtained in the third quarter when TOMRA moved into its new factory in Asker. The building extends to 5,300 m² and has cost NOK 25 million. The investment has also provided the company with a suitable location to continue its strong expansion. TOMRA’s production philosophy is based on direct deliveries to the production line (ship to line), which means that there is little intermediate storage and thus lower working capital needs. Norway’s no vote to the EU will not have any impact in the short term on our production in Norway. The greatest uncertainty in this regard affects the future of the EEA agreement. Without an EEA agreement which secures us access free of customs duty to the European market, we would need to look closely at manufacturing within the EU.



SHAREHOLDERS/CAPITAL SITUATION

In January 1994 TOMRA made a share issue which raised NOK 46 million in new equity for the company. The share capital was increased through a rights issue by 11,026,750 shares of NOK 4 par value at a subscription price of NOK 4.25 per share. The increase in capital was carried out in order to strengthen the company's ability to continue its strong expansion in the USA. The acquisition of NEROC was completed on 1 July 1994 for a cash consideration. The purchase price amounted to USD 8 million for the remaining 49%, while TOMRA paid USD 6.4 million for the first 51% in 1992.

TOMRA had 4,992 shareholders at the end of

1994. The share price at the beginning of the year was NOK 15.50, but fell to NOK 15.30, a reduction of 0.3% after adjusting for the dividend of NOK 0.15 per share. During the same period the Oslo Stock Exchange All Share Index rose by 7%. TOMRA's foreign ownership amounted to 51% at the end of the year, against 42% at 1 January 1994. With effect from 1 January 1995 there are no limitations on foreign ownership. In common with a few other Norwegian listed companies, TOMRA has established an ADR programme in the USA which enables a broader base of US investors to purchase TOMRA shares.

ORGANISATION

The number of employees in the TOMRA group at the end of the year was 320, of whom 130 worked in Norway. At the beginning of the year the figures were 273 and 115, respectively. The efforts and commitment of employees have been at a high level throughout the year. TOMRA has maintained its Tomra Total Quality (TTQ) programme during the year. The main goal of the programme is continuous quality improvement, not only for products, but also in everyday work throughout the organisation. The most important single element in the TTQ programme has been the customer relations study, which provides valuable information from all our main markets on how our products and organisation are regarded. This itself forms a basis for implementing programmes aimed at increasing our competitiveness.

During 1994 TOMRA obtained ISO 9001 certification, which further emphasises our commitment to quality.

TOMRA is an environmentally-friendly

company. The TOMRA group's products and production processes have therefore always been based on an environmentally-friendly profile. The company does not pollute the external environment. TOMRA's environmental work is within the guidelines established by the International Chamber of Commerce, and is presented in further detail on page 26.

During 1995 TOMRA's organisation in Norway will be grouped under one roof. Phase 2 of our new building in Asker has been commenced and 5,000 m² of offices, at a cost of NOK 25 million, will be ready for occupation in June 1995. Our existing head office in Asker was sold in 1994 realising a book gain of NOK 1.8 million and with a lease agreement until we move to the new building.

All the company's shareholder-elected Board members were re-elected at the company's Annual General Meeting on 14 April 1994. Berit Dahl has replaced Torgrim Bøhn as one of the two employee representatives on the Board.

TOMRA'S OPERATING PARAMETERS AND FUTURE DEVELOPMENT

1994 was a good year, in which we achieved all our previously stated long-term goals of sales growth of 20% and a profit margin of 10%. 1994 was also much better than we expected at the time of last year's annual report. For this reason the Board would prefer to discuss the operating parameters in the year ahead of us, rather than specific growth targets. This means that we will adopt the practice of most listed companies, namely to refer to estimates from broking firms.

Market growth in Europe is expected to continue in 1995. The EU's packaging directive (91/369), which was approved in December 1994, was significantly amended with regard to requirements on return percentages following extensive negotiations between individual EU countries. Instead of a requirement for a 90% return rate on all used containers, a minimum of 50% and maximum of 65% returns will be required within a 5-year time period. Exceptions will be made for Holland, Denmark and Germany which already today have a higher return percentage than the maximum specified. The reason for introducing a ceiling on the return percentage is the large volume of returned material which industry is not yet able to use, as well as the fear of exporting these "problems" from countries with high return percentages to countries with low return percentages. For TOMRA the directive means a requirement to increase the return percentage in the UK and Southern Europe, where most beverage containers are thrown away. At the same time, local requirements on high return percentages in TOMRA's most important markets will be

maintained or increased, as happened in Sweden in 1994, where there is now a deposit on all beverage containers.

Plans to introduce an effective national return system for one-way containers in Norway were torpedoed by politicians through the introduction of an additional basic duty of NOK 0.70 on one-way containers for beer and mineral water. This meant that work in establishing RESIRK, which had been given the task of organising a deposit system for one-way containers came to an end, with the result that there is still no financial incentive in Norway to stop one-way containers ending up in the countryside or on garbage dumps. The refusal by politicians to pursue this has meant that Norway, despite its concern on environmental issues, lags far behind the leading countries in Europe. For TOMRA the consequences of a lack of environmental policy in this area are fortunately small, since only 5% of our sales are in Norway.

No change is expected in 1995 in the number of US states (currently 10) which have statutory deposit schemes for beverage containers.

Based on a product range of machines which handle the return of all types of beverage containers and with 4 new products launched in 1994, we believe we are well prepared for 1995. As important for future growth is our strong international position in 26 individual markets on 3 continents. TOMRA believes that deposit systems for both reuse and recycling will continue to increase, at the same time as there will be good growth in our existing market for machines and backroom systems for the supermarket industry.

SALARY AND REMUNERATION TO THE BOARD, MANAGING DIRECTOR AND AUDITOR

During 1994 the Board received directors fees of NOK 271,000. Salary and other remuneration to the Managing Director of Tomra Systems A/S amounted to NOK 686,170 in salary and NOK 152,216 in respect of the taxable benefit of a free car and loan of NOK 1,250,000. The Managing Director would, if his contract was terminated,

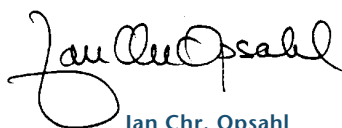
receive a salary for 12 months. The number of shares owned by the company's officers is set out in note 9. Audit fees payable to KPMG Peat Marwick as. for Tomra Systems A/S amount to NOK 230,000. In addition, NOK 39,000 was paid for advisory services. Total audit fees for the group amount to NOK 1,175,667.

APPLICATION OF THE RESULT

The profit for the year of Tomra Systems A/S was NOK 18,049,386. The Board recommends the following allocation: including a proposal to pay NOK 0.20 in dividend per share:

To dividend	NOK 6,616,050
To group transfer	NOK 3,037,121
To legal reserve	NOK 7,237,000
To free reserves	NOK 1,159,215
Total allocated	NOK 18,049,386

Asker, 7 February 1995



Jan Chr. Opsahl
Chairman



Tharald Brøvig



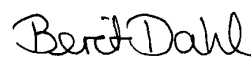
Jørgen Randers



Ralph Høibakk



Klaus Nærø
(employee)

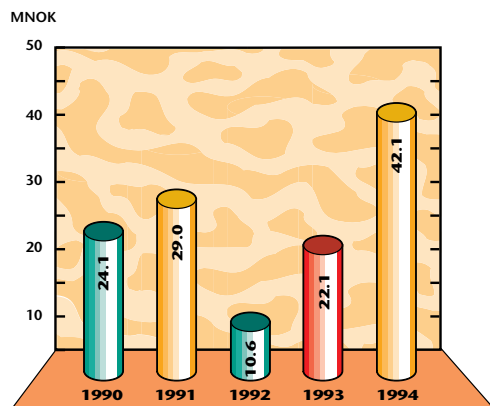


Berit Dahl
(employee)

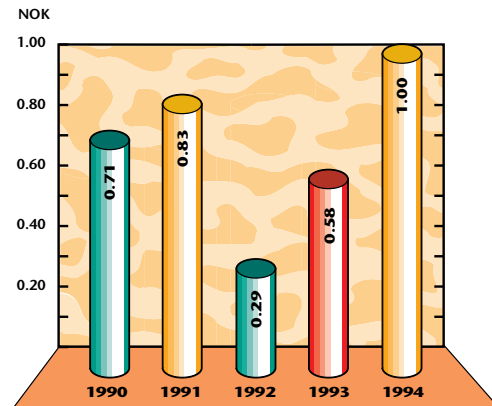
Profit and Loss Statement 01.01.-31.12.

Tomra Systems A/S				Tomra Group			
1994	1993	1992	Figures in NOK 1,000	Notes	1994	1993	1992
195,607	137,938	119,642	Operating revenues	1, 2	386,015	302,936	262,129
Operating expenses							
123,022	87,647	70,477	Cost of materials	3	188,383	156,561	127,544
31,593	26,671	26,472	Labour costs and social expenses		81,344	68,064	68,192
13,280	6,315	11,492	Other operating expenses	4	52,343	42,494	43,287
4,032	4,189	3,458	Ordinary depreciation	6	16,822	13,395	10,496
171,927	124,822	111,899	Total operating expenses		338,892	280,514	249,519
23,680	13,116	7,743	Operating profit		47,123	22,422	12,610
Financial income and expenses							
6,248	6,148	5,649	Financial income		6,438	5,761	4,172
9,705	4,469	5,063	Financial expenses		11,498	6,120	6,195
(3,457)	1,679	586	Net financial items	5	(5,060)	(359)	(2,023)
20,223	14,795	8,329	Profit before tax		42,063	22,063	10,587
2,174	-	(5)	Taxes	10	8,992	2,815	832
18,049	14,795	8,334	Net profit		33,071	19,248	9,755
Allocated as follows							
-	(1,132)	(737)	Adjustment of pension premium reserves				
6,616	4,962	3,087	Dividend				
3,037	-	-	Group transfer				
7,237	-	-	Legal reserve				
1,159	10,965	5,984	Free reserves				
18,049	14,795	8,334	Total allocated				

Profit before tax



Earnings per share



Balance Sheet as at 31.12.

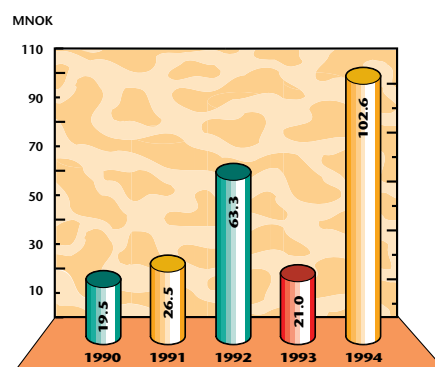
Tomra Systems A/S			Tomra Group				
1994	1993	1992	Figures in NOK 1,000	Notes	1994	1993	1992
ASSETS							
Current assets:							
2,111	2,259	16,032	Cash and bank deposits	8	22,618	19,113	23,057
1,507	22,543	9,666	Accounts receivable	4	65,877	60,245	42,309
34,003	87,705	30,919	Intercompany receivables		-	-	-
9,458	5,940	6,425	Other short-term receivables		13,030	11,787	8,640
31,246	25,505	21,794	Inventory	3	85,917	55,217	42,701
78,325	143,952	84,836	Total current assets		187,442	146,362	116,707
Fixed assets:							
78,750	15,766	5,271	Shares	11	5,190	1,757	1,492
47,032	13,783	22,299	Intergroup loans		-	-	-
-	126	432	Long-term receivables		3,965	2,776	2,347
-	-	-	Deferred tax allowances	10	3,916	755	1,061
-	-	-	Intangibles	6	76,343	41,171	36,043
42,340	26,874	25,889	Real property, fixed assets	6	99,710	53,731	51,909
168,122	56,549	53,891	Total fixed assets		189,124	100,190	92,852
246,447	200,501	138,727	TOTAL ASSETS		376,566	246,552	209,559
LIABILITIES AND SHAREHOLDERS' EQUITY							
Current liabilities:							
15,911	30,826	1,628	Bank overdraft	8	12,556	31,276	1,918
11,453	8,519	8,081	Accounts payable, trade		31,428	18,961	15,822
23,261	19,914	1,287	Intercompany short-term debt		-	-	-
2,174	-	-	Taxes payable	10	2,868	2,941	767
18,611	17,483	12,177	Other current liabilities	12	50,700	37,739	41,528
71,410	76,742	23,173	Total current liabilities		97,552	90,917	60,035
Long-term liabilities:							
-	-	350	Mortgage loans	8, 15	-	-	1,577
6,930	6,930	9,339	Other long-term loans	8	65,017	12,749	18,324
-	-	-	Deferred taxes	10	3,916	755	1,061
705	3,514	-	Pension liabilities	13	705	3,514	-
7,635	10,444	9,689	Total long-term liabilities		69,638	17,018	20,962
Equity:							
132,321	88,214	88,214	Share capital (33,080,250 of NOK 4)	9	132,321	88,214	88,214
26,464	17,643	17,643	Legal reserve		26,464	17,643	17,643
8,617	7,458	8	Free reserves		52,209	32,991	21,087
-	-	-	Translation difference		(1,618)	(231)	1,618
167,402	113,315	105,865	Total shareholders' equity	14	209,376	138,617	128,562
246,447	200,501	138,727	LIABILITIES AND EQUITY		376,566	246,552	209,559
115,000	35,401	10,450	Mortgages etc.	15	137,235	47,245	34,213
62,751	24,984	23,676	Guarantee liabilities	16	-	8,158	7,634
-	-	126	Pension liabilities	13	-	-	126

Cashflow Analysis as at 31.12.

Tomra Systems A/S			Tomra Group			
1994	1993	1992	Figures in NOK 1,000	1994	1993	1992
20,223	14,795	8,329	Profit before tax	42,063	22,063	10,587
4,032	4,189	3,458	Ordinary depreciation	16,822	13,395	10,496
(2,174)	-	5	Taxes	(8,992)	(2,815)	(832)
(6,616)	(4,962)	(3,087)	Dividend reserves	(6,616)	(4,962)	(3,087)
(2,809)	1,132	737	Change in pension liabilities	(2,809)	1,132	737
(3,037)	-	-	Group transfer	-	-	-
9,619	15,154	9,442	Cashflow from operation	40,468	28,813	17,901
80,550	(48,863)	(22,727)	Alterations in inventories, debtors, creditors, other accruals	(18,565)	(23,324)	(676)
90,169	(33,709)	(13,285)	Net cashflow from operations	21,903	5,489	17,225
Cashflow from investments						
(31,756)	(5,174)	(7,164)	Investments in fixed assets ¹⁾	(124,447)	(34,058)	(63,267)
12,258	-	303	Sales of fixed assets	26,474	13,713	1,374
(96,107)	(1,673)	(3,641)	Net financial investments	(4,622)	(694)	(1,438)
(115,605)	(6,847)	(10,502)	Net cashflow from investments	(102,595)	(21,039)	(63,331)
Cashflow from financing						
(20,403)	29,542	2,663	Short-term borrowing	(12,375)	20,697	13,832
-	(2,759)	9,139	Long-term borrowing	52,268	(7,152)	18,129
Equity						
45,691	-	21,955	New share capital incl, share premium	45,691	-	21,955
-	-	-	Change in translation differences	(1,387)	(1,849)	1,244
25,288	26,783	33,757	Net cashflow from financing	84,197	11,606	55,160
Total net change in cash and bank deposits						
(148)	(13,773)	9,970		3,505	(3,944)	9,054
2,259	16,032	6,062	Liquid assets 01.01.	19,113	23,057	14,003
2,111	2,259	16,032	Liquid assets 31.12. ²⁾	22,618	19,113	23,057

- 1) "Investments in fixed assets" also include subsidiaries purchased and consolidated for the first time in the fiscal year.
- 2) Includes restricted bank deposits totalling NOK 2,086,510 in Tomra Systems A/S.

Net investments



Consolidation and Accounting principles

CONSOLIDATION PRINCIPLES

Consolidated Companies

The consolidated accounts include the parent company Tomra Systems A/S and companies in which the parent company owns directly or indirectly more than 50% of the shares and/or has a controlling influence. Subsidiaries acquired/sold during the course of the year are included in the profit and loss statement from and including the date of purchase/up to and including the date of sale. TOMRA's participation in the American distribution company NEROC was booked in accordance with the gross method. The company was until 1 July 1994 organized as a partnership, where each party had the right of disposal and responsibility for its respective interest. Since that date TOMRA owns 100% of NEROC. See also note 2 for the effect of the acquisition.

Associated Companies

Associated companies, in which the group 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 after tax and goodwill depreciation of associated companies is shown on a separate line in the profit and loss

statement. In the balance sheet the shares are valued at cost price adjusted for the share of profits and dividends received.

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 analysed and posted to the balance sheet items to which the excess amounts relate. Goodwill is entered as the cash value paid on acquisition and depreciated on the basis of expected earnings (note 6).

Conversion of Foreign Subsidiaries

The profit and loss statements for foreign subsidiaries prepared in foreign currencies are converted on the basis of average exchange rates for the year. The balance sheet is converted on the basis of exchange rates at 31.12. Conversion adjustments are shown as a separate item and charged directly to the group's equity.

Internal Transactions/Inter-company Items

All purchases and sales between group companies as well as receivables and liabilities have been eliminated.

ACCOUNTING PRINCIPLES

Receivables and Liabilities in Foreign Currencies

Short-term receivables and liabilities are booked at the exchange rate at the date of the balance sheet. Long-term receivables and liabilities in foreign currencies are converted at the lower/higher of the exchange rate at the date of the transaction and the date of the balance sheet. Receivables and liabilities hedged by forward foreign exchange contracts are converted at the forward contract rate. Net unrealised gains are not booked as income.

Inventory Valuation

Inventories of raw materials are valued at the lower of cost of acquisition and actual value. Work in

progress and finished products are valued at the lower of cost of manufacture and actual value. Cost of manufacture comprises the cost of raw materials and labour incurred in production plus a proportion of overheads. Spare parts and parts held by service agents are valued at cost. A deduction is made for obsolescence.

Shares and Bonds

Bonds are valued on the basis of the portfolio principle. In the balance sheet, the portfolio is separately valued at the lower of aggregate cost price and aggregate market value. Changes in unrealised losses on the portfolio, together with realised gains/losses, are booked as financial income/expenses in the profit and loss statement.

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

Assets and Depreciation

Long-term operating assets are entered in the balance sheet at acquisition cost adjusted for ordinary depreciation. Ordinary depreciation is carried out on a straight-line basis over the asset's expected economic life. The depreciation rates for goodwill vary and are based on the expected earnings of the company acquired after the date of acquisition.

Start-up and Development Costs

Start-up costs, as well as research and development costs, are charged to income as they are incurred.

Pension Obligations

The capitalized value of non-insured pension obligations is shown as a separate item below the group balance sheet for 1992, which was the last year in which these obligations existed.

Pension obligations related to insured pensions, as well as the pension premium reserve,

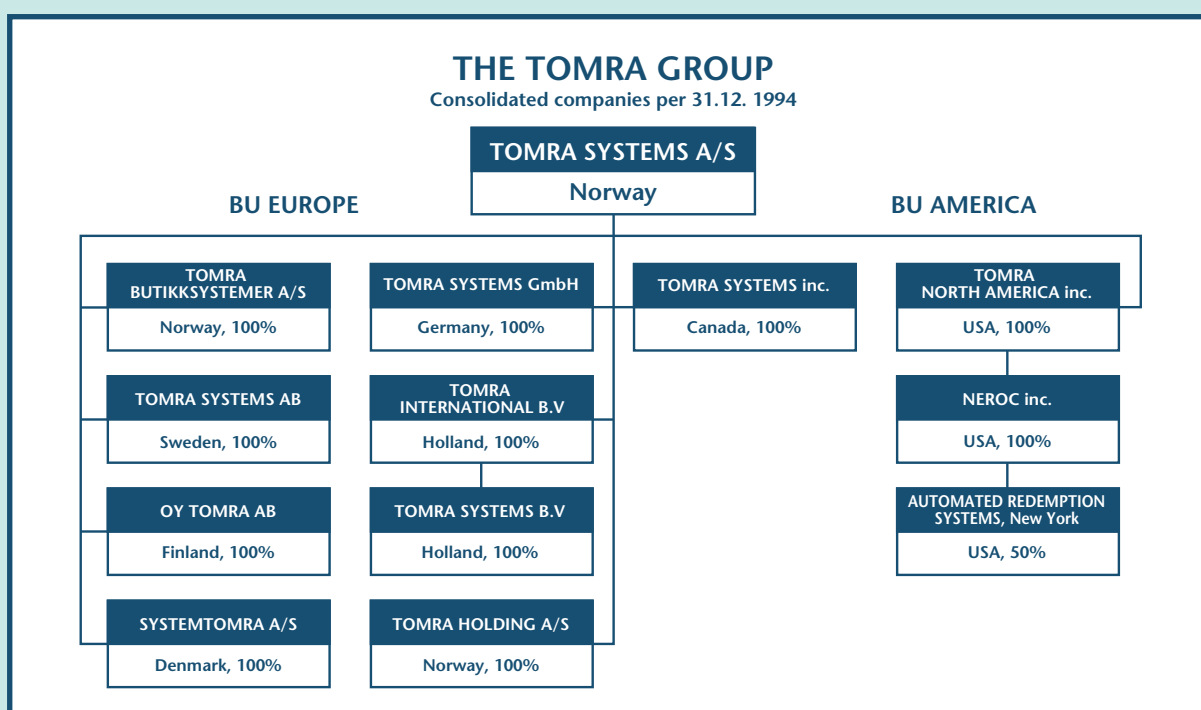
are included in the balance sheet using the net principle. Net pension obligations at 01.01.1994 are included in the balance sheet directly against free reserves in the parent company, which is the only company in the group with a pension scheme or benefit plan. See further note 13 for details of the pension obligations.

Guarantee Allocations

A general provision has been made for future guarantee costs based on the previous year's turnover of all group companies.

Taxes

The tax charge in the profit and loss account includes both taxes payable for the period and the change in deferred tax. The change in deferred tax reflects future tax payable as a result of the year's activities. Deferred tax is the tax levied on the accumulated result which falls due for payment in subsequent periods. Deferred tax is calculated on net positive timing differences between accounting and tax balance sheet values, after setting off negative timing differences and the loss carried forward under the liability method in accordance with the rules set out in the Norwegian Accounting Standard.



NOTE 1 SEGMENTAL INFORMATION

Figures in NOK 1,000	1994	1993	1992	1991	1990
Operating revenues					
Tomra, Norway	19,807	16,593	13,193	21,921	26,499
Tomra, Sweden	56,432	42,293	53,248	71,331	39,902
Tomra, Finland	12,730	10,815	16,045	13,747	24,897
Tomra, Denmark	29,298	22,051	15,625	14,259	12,347
Tomra, Holland	30,156	29,307	26,555	36,286	40,905
Tomra, Germany	82,628	57,543	35,964	22,633	11,568
Tomra, Canada	8,078	6,960	7,018	6,230	7,048
Distributors USA	19,928	23,187	18,940	26,036	14,630
Neroc, USA 51% (01.01.-30.06.94)	45,044	74,669	46,820	-	-
Neroc, USA 100% (01.07.-31.12.94)	55,379	-	-	-	-
Other distributors	26,535	19,518	28,721	22,351	27,204
Total operating revenues	386,015	302,936	262,129	234,794	205,000
B.U. Europe	257,586	198,120	189,351	202,528	183,322
B.U. America	128,429	104,816	72,778	32,266	21,678
Total operating revenues	386,015	302,936	262,129	234,794	205,000
Total assets 31.12.					
Tomra Systems A/S	246,447	200,501	138,727	109,442	117,061
Tomra, Norway	4,158	7,600	7,129	-	-
Tomra, Sweden	27,086	19,769	19,219	26,424	24,570
Tomra, Finland	6,158	4,477	4,223	4,544	6,783
Tomra, Denmark	13,617	7,223	7,410	6,011	4,056
Tomra, Holland	38,647	32,316	26,328	29,427	23,752
Tomra, Germany	21,182	19,362	10,032	12,541	10,749
Tomra, Canada	3,699	6,670	6,913	4,758	4,531
Neroc, USA	101,780	48,033	26,059	-	-
Tomra, USA	170,939	-	-	-	-
Unallocated items/elimination	(257,147)	(99,399)	(36,481)	(35,741)	(50,311)
Total assets	376,566	246,552	209,559	157,406	141,191

NOTE 2 CONSOLIDATED FIGURES FOR NEROC INC.

On 01.01.1992 TOMRA purchased 51% of the distribution company NEROC in the USA. Until 01.07.1994 TOMRA reported and consolidated the company's sales including deposits. Deposit values were also registered at the same time under cost of materials, so that the gross profit at any time was virtually unaffected by the deposit values. The reason for including deposit values was that cashflows were considerably affected by the deposit value, together with the fact that in some cases framework agreements existed with customers under which NEROC received a profit share by reference to deposit turnover.

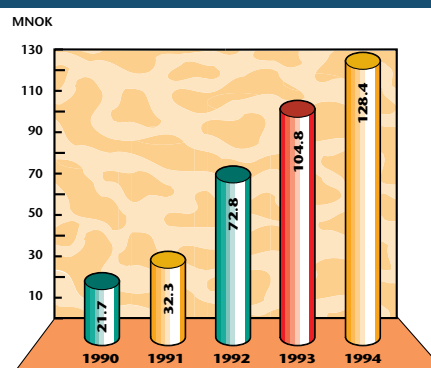
As at 01.07.1994 TOMRA purchased the remaining 49% of NEROC and decided at the same time to eliminate deposit values from turnover. This was carried out because it was considered that the deposit value's share of total turnover did not relate to its share of the gross profit and that any future changes in deposit values would affect the TOMRA group's turnover by a disproportionate amount.

Set out below is a summary of NEROC's turnover in the period 1992-1994 where the effect of the changes made can be seen.

Figures in 1,000	1H 1994	2H 1994	1994	1993	1992
Total incl. deposit USD	12,492	14,752	27,244	20,586	14,749
Of this deposit USD	6,029	6,920	12,948	10,849	8,673
Revenue excl. deposit USD	6,463	7,832	14,296	9,737	6,077
Tomra 51%, incl. deposit USD	6,371	7,524	13,895	10,499	7,522
Tomra 51%, excl. deposit USD	3,296	3,995	7,291	4,966	3,099
Consolidated revenue USD	6,371	7,832	14,203	10,499	7,522
Consolidated revenue NOK	45,044	55,379	100,423	74,669	46,820
Exchange rate	7.0704	7.0704	7.0704	7.1120	6.2243
Tomra 51%, incl. deposit NOK	45,044	53,196	98,240	74,669	46,820
Tomra 51%, excl. deposit NOK	23,306	28,243	51,549	35,318	19,290
Revenue 100% excl. deposit NOK	45,698	55,379	101,076	69,252	37,823

NEROC and TOMRA were at the beginning of the year sued by TOMRA's former distributor MetroMining in New York in connection with certain disputed matters arising from an agreement signed in 1988. The case was withdrawn last quarter, without any financial obligations for either NEROC or TOMRA.

Sales in America



NOTE 3 COST OF MATERIALS/INVENTORY

Parent Company			Cost of materials	Group		
1994	1993	1992	Figures in NOK 1,000	1994	1993	1992
115,011	80,677	66,314	Cost of raw materials	197,578	151,552	121,358
11,990	8,273	5,747	Direct wages production	11,990	13,118	8,069
127,001	88,950	72,061	Cost of materials gross	209,568	164,670	129,427
(3,979)	(1,303)	(1,584)	Change of inventory	(21,185)	(8,109)	(1,883)
123,022	87,647	70,477	Cost of materials	188,383	156,561	127,544
Inventory						
14,702	19,423	17,264	Raw materials	15,503	19,592	17,264
9,575	5,161	3,460	Work in progress	9,793	5,218	3,460
33	468	866	Manufactured products	30,599	13,989	7,638
6,936	453	204	Spare parts	30,022	16,418	14,339
31,246	25,505	21,794	Total inventory	85,917	55,217	42,701

NOTE 4 OTHER OPERATING EXPENSES

The Group: The NOK 1.8 million profit that relates to the sale of the administration premises in Asker is booked as a deduction in other operating expenses. The bad debt reserve amounts to NOK 1.5 million on a group basis and is included in the balance sheet item customer receivables. At 01.01.94 the bad debt reserve was NOK 1.4 million.

Total loss on accounts receivable is NOK 0.4 million.

Parent company: Tomra Systems A/S has not incurred losses on outstanding receivables in 1994. The bad debt reserve amounts to NOK 0.1 million, and is included in the balance sheet item customer receivables.

NOTE 5 FINANCIAL ITEMS

Financial items for the group consist of:			
Figures in NOK 1,000	1994	1993	1992
Interest income	2,925	2,104	2,083
Yield on pension premium reserve	-	43	212
Foreign exchange gains	2,241	3,309	1,855
Gain on bondholdings	-	305	22
Share of result associated companies	1,272	-	-
Total financial income	6,438	5,761	4,172
Interest expenses	3,634	3,666	2,155
Loss on bondholding	1,110	-	895
Foreign exchange losses	6,754	1,477	2,590
Share of result associated companies	-	453	555
Losses due to sale of associated companies	-	524	-
Total financial expenses	11,498	6,120	6,195
Net financial items	(5,060)	(359)	(2,023)

The share of the result of associated companies for 1994 consists of gains in ARS, in which NEROC has 50% ownership.

NOTE 6 FIXED ASSETS

Group ¹⁾	Buildings/ Sites	Machinery/EDP/ Fixtures	Vehicles	Total	Intangibles ³⁾
Figures in NOK 1,000					
Historical cost 01.01. ²⁾	23,695	55,067	9,071	87,834	46,432
Additions this year	28,345	47,523	5,413	81,281	43,166
Disposals this year	(16,954)	(5,456)	(2,293)	(24,703)	0
Accum. ord. depreciation	(246)	(39,249)	(5,207)	(44,703)	(13,255)
Book value on 31.12.	34,840	57,885	6,984	99,710	76,343
Ord. depreciation this year	289	10,210	2,088	12,587	4,235
Depreciation rates	3%	10-33%	15-33%		5-20%
Parent company					
Historical cost ²⁾	23,686	22,978	1,492	48,156	
Additions this year	28,345	2,970	441	31,756	
Disposals this year	(16,954)	(48)	(1,050)	(18,052)	
Accum. ord. depreciation	(237)	(18,840)	(442)	(19,520)	
Book value on 31.12.	34,840	7,059	441	42,340	
Ord. depreciation this year	289	3,530	213	4,032	
Depreciation rates	2-4%	15-25%	20%		

1) Exchange rates as at 31.12.1994 are used in calculating fixed assets in foreign subsidiaries

2) Including sites NOK 8,021,199.

3) Depreciations rates vary from 5% to 20% depending on the company's expected future earnings.

PURCHASES/SALES OF FIXED ASSETS OVER THE PAST 5 YEARS						
Group						
Figures in NOK 1,000		1994	1993	1992	1991	1990
Vehicles	Purchased	5,413	2,975	2,086	1,535	3,876
	Sold	(2,293)	(675)	(1,018)	(494)	(470)
Machinery/EDP/Fixtures	Purchased	47,523	22,613	12,360	5,768	4,630
	Sold	(5,456)	(6,544)	(982)	(31)	(691)
Buildings/Sites	Purchased	28,345	3,176	715	490	562
	Sold	(16,954)	(6,494)	-	-	-
Total	Purchased	81,281	28,764	15,161	7,793	9,068
	Sold	(24,703)	(13,713)	(2,000)	(525)	(1,161)
Parent company						
Vehicles	Purchased	441	-	666	385	610
	Sold	(1,050)	-	(662)	(69)	(386)
Machinery/EDP/Fixtures	Purchased	2,970	2,000	6,085	3,364	2,433
	Sold	(48)	-	(267)	(14)	(680)
Buildings/Sites	Purchased	28,345	3,174	413	-	365
	Sold	(16,954)	-	-	-	-
Total	Purchased	31,756	5,174	7,164	3,749	3,408
	Sold	(18,052)	-	(929)	(83)	(1,066)

NOTE 7 ITEMS NOT INCLUDED IN THE BALANCE SHEET

Forward foreign exchange contracts are used to hedge future foreign currency income. In cases where the company has firm orders in foreign currency, any gains/losses related to the forward contracts are not booked to the results. In respect of forward contracts where the future foreign currency income is not secured by order/contracts, a calculation of the gain/loss is made at the balance sheet date.

Outstanding forward contracts at 31.12.1994:

Total amount sold:		Average rate	
USD /NOK	5.0 mill.	USD	6.762
DEM/NOK	4.0 mill.	DEM	4.388
FIM/NOK	3.5 mill.	FIM	1.425

NOTE 8 INTEREST-BEARING BALANCE SHEET ITEMS FOR THE GROUP

Interest-bearing investments for the group consist of				
Figures in NOK 1,000	Average interest rate	1994	1993	1992
Restricted bank deposit	4.00%	2,248	2,246	2,113
Bank deposits, overdraft facility	3.75%	20,370	16,867	6,979
Bonds		-	-	13,965
Total bank/investments		22,618	19,113	23,057
Interest-bearing debt consists of:				
Overdraft facility	7.00%	12,556	31,276	1,918
Other short-term loans		-	2,409	-
Mortgage loans		-	401	1,677
Convertible loans	8.05%	6,930	6,930	9,339
Other long-term loans	6.90%	58,087	5,819	8,985
Total interest-bearing debt		77,573	46,835	21,919

NOTE 9 SHARES

Shares owned by the company's officers at 31.12.94:	
Jan Chr. Opsahl	91,224
Tharald Brøvig	211,911
Jørgen Randers	5,016
Ralph Høibakk	-
Klaus Nærø (employee)	2,100
Berit Dahl (employee)	-
Svein Jacobsen, Managing Director	119,900
KPMG Peat Marwick, Auditors	-

NOTE 10 TAXES

Parent company			DEFERRED TAXES	Group		
1994	1993	1992	Figures in NOK 1,000	1994	1993	1992
932	(1,985)	(1,556)	Current assets	(7,117)	(5,795)	(4,965)
(1,352)	(3,577)	(2,785)	Fixed assets	3,602	(7,444)	(6,830)
(1,346)	(2,799)	(1,703)	Current liabilities	6,047	(1,828)	336
(1,766)	(8,361)	(6,044)	Total timing differences	2,531	(15,067)	(11,459)
(9,396)	(9,396)	(9,679)	Appreciation/depreciation of fixed assets	-	-	-
(11,162)	(17,757)	(15,723)	Total temporary P/L differences	2,531	(15,067)	(11,459)
-	(221)	(18,479)	Loss carried forward	(16,094)	(28,344)	(55,859)
-	-	-	Balanced negative differences/loss	(3,066)	(480)	(728)
(11,162)	(17,978)	(34,202)	Net temporary differences	(16,629)	(43,891)	(68,046)
(705)	(3,514)	-	Pension obligations	(705)	(3,514)	-
11,867	21,492	34,202	Limitation of tax advantage	18,009	47,403	70,855
-	-	-	Basis deferred tax advantage ¹⁾	(10,982)	(3,725)	(3,789)
-	-	-	Basis deferred tax ¹⁾	11,019	2,697	3,536
-	-	-	Deferred tax advantage ²⁾	3,916	755	1,061
-	-	-	Deferred tax	3,916	755	1,061
Taxes payable						
20,223	14,795	8,329	Profit before tax	42,063	22,063	10,587
204	1,429	1,132	Permanent differences	10,923	9,402	5,507
(3,037)	-	-	Group transfer	-	-	-
(9,404)	2,034	515	Change in temporary differences	(20,407)	3,608	(254)
(221)	(18,258)	(9,976)	Application of loss carried forward	(12,250)	(27,514)	(13,165)
7,765	-	-	Basis taxes payable	20,329	7,558	2,675
28,0%	28,0%	28,9%	Tax rate	19-54%	19-54%	19-54%
Taxes						
2,174	-	-	This year's taxes payable	8,994	3,318	798
-	-	-	Property tax incl. changes previous years	26	18	(872)
-	-	-	Deferred taxes net changes	(28)	(521)	906
2,174	-	-	Taxes	8,992	2,815	832
-	-	-	Foreign share of taxes	6,813	2,815	832

1) **Deferred tax/tax allowances** are calculated on the basis of timing differences which exists at the end of the year between accounting and tax values and the tax loss carried forward. Above are details of the timing differences and loss carried forward, together with a calculation of deferred tax/tax allowances at the end of the accounting period.

Negative and positive timing differences which reverses or may reverse in the same period are set off. Deferred tax is calculated on the basis of timing differences and losses carried forward which are set off. Timing differences between different subsidiaries are not been set off.

2) **Realisable tax allowances** related to negative timing differences and losses carried forward which cannot be set off are classified as deferred tax allowances in the balance sheet, subject to the rule as to the upper limit. In the group accounts, the upper limit is increased due to the subsidiaries' deferred tax. The corresponding share of unutilized negative timing differences is entered on a group basis. On a group basis there is thus no deferred tax in the profit and loss account and the deferred tax allowance and deferred tax entered in the balance sheet are the same.

During the period that these differences reverse the company will have a taxable net income which is sufficient to realise the deferred tax allowance.

NOTE 11 SHARES

Group companies		Total share capital	Number of shares owned	Nom. value per share		Book value		Our equity share
						Group	Parent comp.	
Tomra International BV	HFL	300,000	300	HFL	1,000	-	-	100%
OY Tomra AB	FIM	1,000,000	1,000	FIM	1,000	-	5,823	100%
Tomra Holding A/S	NOK	100,000	100	NOK	1,000	-	100	100%
Tomra Butikksyst. A/S	NOK	3,000,000	1,200	NOK	2,500	-	-	100%
Tomra Systems GmbH	DEM	750,000	750	DEM	1,000	-	2,200	100%
SystemTomra A/S	DKK	500,000	500	DKK	1,000	-	499	100%
Tomra Systems Inc.	CAD	500,000	500	CAD	1,000	-	7,067	100%
Tomra Systems AB	SEK	1,000,000	1,000	SEK	1,000	-	1,070	100%
Tomra North America Inc.	USD	10,000,000	10,000	USD	1,000	-	70,265	100%
Value adjustments						-	(10,193)	
Total shares subsidiaries							76,829	
Other shares parent company								
Cargoscan A/S		18,115,010	107,084	NOK	10	1,572	1,572	5.9%
Cargoscan Holding A/S		510,000	65	NOK	1,000	65	65	12.8%
ETS A/S		1,498,100	1,000	NOK	50	-	-	3.3%
Mekatronikk A/S		901,100	2,840	NOK	100	284	284	31.5%
Owned by subsidiaries								
Minor items		-	-		-	55	-	-
Automated								
Redemption Systems	USD	100,000	50	USD	1,000	3,214	-	50%
Total						5,190	78,750	

NOTE 12 OTHER SHORT-TERM LIABILITIES

Parent company			Figures in NOK 1,000	Group		
1994	1993	1992		1994	1993	1992
			Tax deduction, social security and			
10,756	4,911	4,453	holiday pay	17,025	11,297	10,916
-	-	-	Advances from customers	4,350	4,747	4,106
1,239	7,610	4,637	Other short-term non-interest bearing debt	22,709	16,733	23,419
6,616	4,962	3,087	Dividend reserves	6,616	4,962	3,087
18,611	17,483	12,177	Total	50,700	37,739	41,528

NOTE 13 PENSIONS AND PENSION OBLIGATIONS

Insured pension schemes include all employees in Norway in permanent positions with at least 50% working hours. The pension age is 67 for all employees. The pension scheme is structured as a net agreement in that it guarantees a supplement to the State benefits of 20% of that part of the pension base which exceeds 1.5 times the base amount (currently NOK 38,080) and 30% of the pension base which exceed 8 times the base amount. There are no other compensation agreements for a reduction in State benefits. The premium calculation structure has not been changed in the years 1992-94. Apart from the pension scheme described above, there are no pension obligations.

The pension schemes have been treated for accounting purposes in accordance with the NAS on pension costs. Only the parent company Tomra Systems A/S in the TOMRA group has pension schemes based on benefit principles. The parent company's scheme also covers employees in Tomra Butikkssystemer A/S, and includes in total 130 people, including 1 pensioner, at the end of 1994. The scheme provides the right to defined future benefits. These are mainly dependent on the number of years of service, the salary level at retirement and the amount of State benefits. The obligations are covered through the insurance company Gjensidige Liv.

This periods' pension cost:				
Parent company			Group	
1994	1993	Figures in NOK 1,000	1994	1993
1,534	-	Present value of this years' pension earnings	1,534	-
759	-	Interest cost of pension obligations	759	-
(678)	-	Yield of pension funds	(678)	-
230	-	Social security	230	-
1,845	-	Net pension cost	1,845	-
Financial status as at 31.12.:				
12,718	11,297	Calculated pension obligations	12,718	11,297
12,013	7,783	Pension funds (market value)	12,013	7,783
705	3,514	Accrued obligations	705	3,514
Basis for calculation:				
7.0%	7.0%	Discount rate	7.0%	7.0%
3.3%	3.3%	Expected wage increase	3.3%	3.3%
3.3%	3.3%	Regulation of social security base amount	3.3%	3.3%
8.0%	8.0%	Expected yield of funds	8.0%	8.0%

For demographic and resignation factors normal insurance assumptions have been used.

NOTE 14 CHANGES IN GROUP SHAREHOLDERS' EQUITY

Figures in NOK 1,000	Share capital	Legal reserve	Free reserves	Translation difference	Total equity
Balance at 31.12.93	88,214	17,643	36,505	(231)	142,131
Net pension obligation at 01.01.94			(3,514)		(3,514)
Balance at 01.01.94	88,214	17,643	32,991	(231)	138,617
Profit 1994		7,237	25,834		33,071
Rights issue January 1994	44,107	1,584			45,691
Changes consolidation difference				(1,387)	(1,387)
Dividend reserves			(6,616)		(6,616)
Total at 31.12.94	132,321	26,464	52,209	(1,618)	209,376

The Board has an authorization from the General Meeting to issue up to the end of 1996 a further 495,000 shares on conversion of loans at NOK 14.00 per share. In addition there exist an authorisation to

the Board to issue a further 400,000 shares at par value NOK 4.00 related to an option agreement with the management of the US subsidiary. This authorisation is also valid through the end of 1996.

NOTE 15 MORTGAGES

Parent company			Dept secured by mortgages	Group		
1994	1993	1992	Figures in NOK 1,000	1994	1993	1992
90,000	35,000	10,000	DnB, overdraft facility , guarantee	90,000	35,000	10,000
-	401	450	Tomra Systems A/S, mortgage	-	401	450
-	-	-	Tomra Systems B.V., mortgage	-	-	1,227
-	-	-	Tomra Systems B.V., overdraft facility	1,949	1,934	5,718
-	-	-	NEROC, mortgage	20,286	9,910	16,818
25,000	-	-	Tomra North America, guarantee	25,000	-	-
115,000	35,401	10,450	Total mortgages	137,235	47,245	34,213
The book value of mortgaged assets include:						
34,840	11,321	11,777	Building and sites	34,840	11,321	17,301
-	-	-	Other operating assets	48,152	18,764	16,003
31,246	25,505	21,794	Inventories	31,246	34,614	27,769
35,510	22,543	9,666	Accounts receivable	44,464	43,448	30,886
101,596	59,369	43,237	Total securities	158,702	108,147	91,959

NOTE 16 GUARANTEE LIABILITIES

Parent company				Group		
1994	1993	1992	Figures in NOK 1,000	1994	1993	1992
62,751	16,826	16,042	Guarantee of loans to subsidiaries	-	-	-
-	889	928	Guarantee of loan to Bimora S.r.l.	-	889	928
-	7,269	6,706	Guarantee of loan to NEROC	-	7,269	6,706
62,751	24,984	23,676	Total	-	8,158	7,634

Loan guarantee for Bimora S.r.l. has expired without any obligations.

Loan guarantee for NEROC is for 1994 included in "Guarantee of loan to subsidiaries".

Audit report for 1994

(Translation from Norwegian)

TO THE ANNUAL SHAREHOLDERS' MEETING OF TOMRA SYSTEMS A/S

We have audited the annual report and accounts of Tomra Systems A/S for 1994, showing a profit for the year of NOK 18,049,386 for the parent company and a consolidated profit for the year of NOK 33,071,000. The annual report and accounts, which comprise the annual report proper, profit and loss account, balance sheet, cash flow statement, notes to the accounts and consolidated accounts are presented by the company's Board of Directors and its Managing Director.

Our responsibility is to examine the company's annual report and accounts, its accounting records and other related matters.

We have conducted our audit in accordance with relevant laws, regulations and generally accepted auditing standards. We have performed those audit procedures which we consider necessary to confirm that the annual report and accounts are free of material misstatements. We have examined selected parts of the evidence supporting the accounts and assessed the accounting principles applied, the estimates made by management, and the content and presentation of the annual report and accounts. To the extent required by generally accepted auditing standards we have reviewed the company's internal control and the management of its financial affairs.

The Board of Directors' proposal for the application of the profit is in accordance with the requirements of the Joint-Stock Companies Act.

In our opinion, the annual report and accounts have been prepared in accordance with the requirements of the Joint-Stock Companies Act and present fairly the financial position of the company and the group as of 31 December 1994 and the result of its operations for the financial year, in accordance with generally accepted accounting principles.

Oslo, 7 February 1995

KPMG Peat Marwick as



Henning Aass

State Authorised Public Accountant (Norway)

Environmental report

As an environmental company TOMRA feels a special responsibility towards the environment, and places considerable emphasis on environmentally-acceptable solutions both in manufacturing and on the office side. In 1994 "Principles for Environmental Management," developed by The International Chamber of Commerce, were incorporated in the company's strategy.

INTERNAL MEASURES IN THE ORGANISATION

TOMRA carries out an internal ecological audit of all the group's activities. This is carried out annually by two people at senior and middle management level with responsibility for environmental matters.

As part of the Tomra Total Quality programme, employees are encouraged to make proposals also in connection with environmental improvements. Employees have the opportunity to participate in courses and seminars in connection with

environmental measures when this is a natural part of their work. An obligation to evaluate environmental consequences relating to the use of goods and services is observed by all departments and subsidiaries in the TOMRA group. Sorting at source, preferred use of recycled paper, electronic mail, etc., are examples of this. The catering service uses washable crockery and cutlery - not disposable items. TOMRA has also provided limited financial support to a transport scheme for employees.



ENVIRONMENTAL PRODUCT DEVELOPMENT

Systematic environmental assessments are made for all our products. Environmental acceptability is a main criterion in our Total Quality programme. In order to increase the reusability of our products, TOMRA introduced in 1993 marking on all plastic parts used in production. The use of environmentally-friendly materials is given particular attention by the company's development department.

The lifetime of products is important for TOMRA. As result of this, cleaning kits and instructions for maintaining the machines have been significantly improved in the last five years. The machines' energy consumption is also low following a specific programme to reduce this.

Due to our advantageous change-in prices,

most used machines are returned to TOMRA. This is a policy we will continue and which will cost TOMRA some NOK 5-6 million in 1995.

TOMRA considers that transport is the weakest point in relation to the environment. By focusing on logistics, efforts are made to reduce the number of journeys through joint distribution of parts and machines. This reduces the burden on the environment. TOMRA is evaluating moving the assembly of machines for the American market to the USA. One of the reasons for this is the savings to be obtained from lower transport costs. Emphasis is placed on efficient distribution through centralised warehouses or direct to the customer. Transport management is centralised in order to maximise coordination in this field.

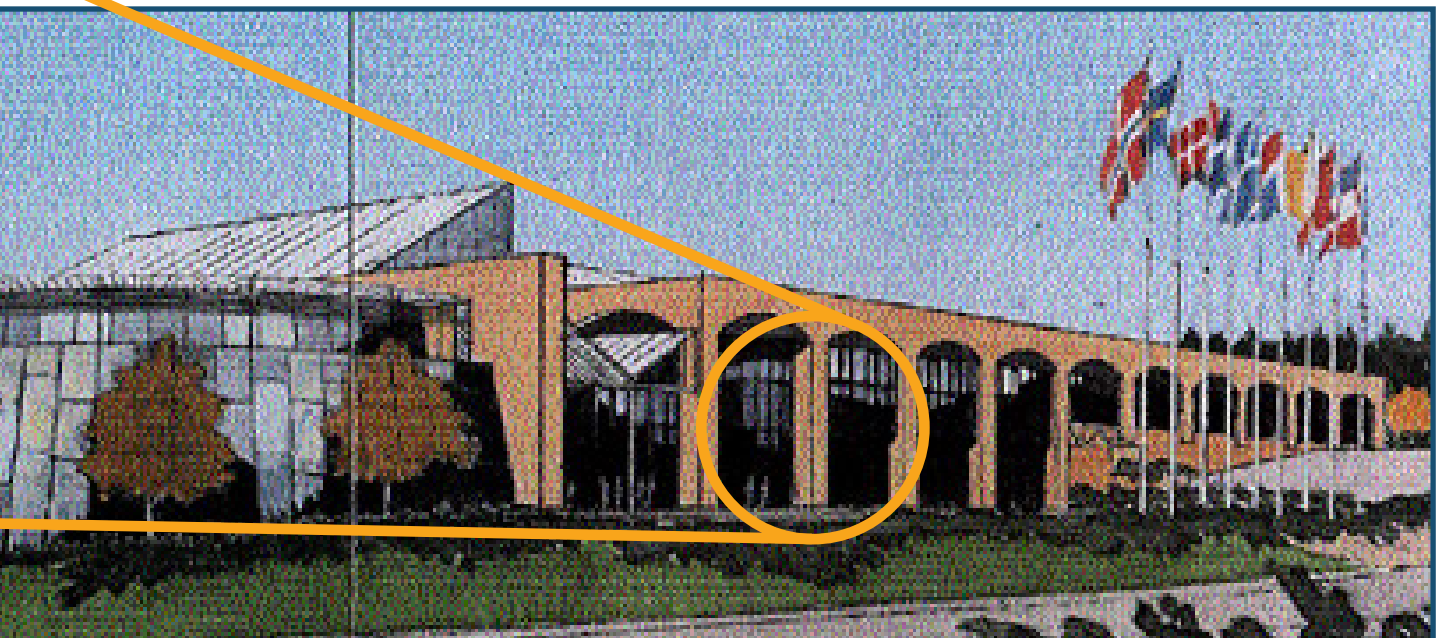
ENVIRONMENTAL ASPECTS OF THE PRODUCTION PROCESS

All subsidiaries follow Norwegian or stricter environmental regulations. There are special environmental conditions governing the purchase of flammable and chemical materials. All materials are systematically checked for their environmental friendliness. Our suppliers, with which TOMRA has a very good relationship, are required to document that their products do not harm the environment.

TOMRA continuously monitors energy and water consumption. The company does not pollute water, the atmosphere or the ground. There is no noticeable noise from production. The energy used

is produced from hydro-electric power. This has only increased by 30% over the last three-year period, at the same time as production has increased by more than 60%.

In 1994 TOMRA invested in a new factory. Emphasis has been placed here on energy-saving measures in a number of areas, including heat recovery pumps. The additional cost has a theoretical payback period of 3-4 years. Total costs on measures and activities related to the environment are estimated at NOK 15 million in 1994.



Shares and shareholders

TOMRA's shareholder policy has its main goal to maximise the return to shareholders over time. This means, among other things, that we endeavour to provide to our shareholders, and the financial markets in general, information in as much detail and as frequently as possible. In our opinion, this contributes to raising the level of knowledge of the company so that its share price reflects the underlying values as well as future growth potential.

The foreign quota of 65% was at the end of the year utilized by 50.8%. From 1 January 1995 there are no limitation for foreigners to acquire shares in Norwegian companies.

The TOMRA share price stood at NOK 15.30 at the end of 1994, down from NOK 15.50 at the

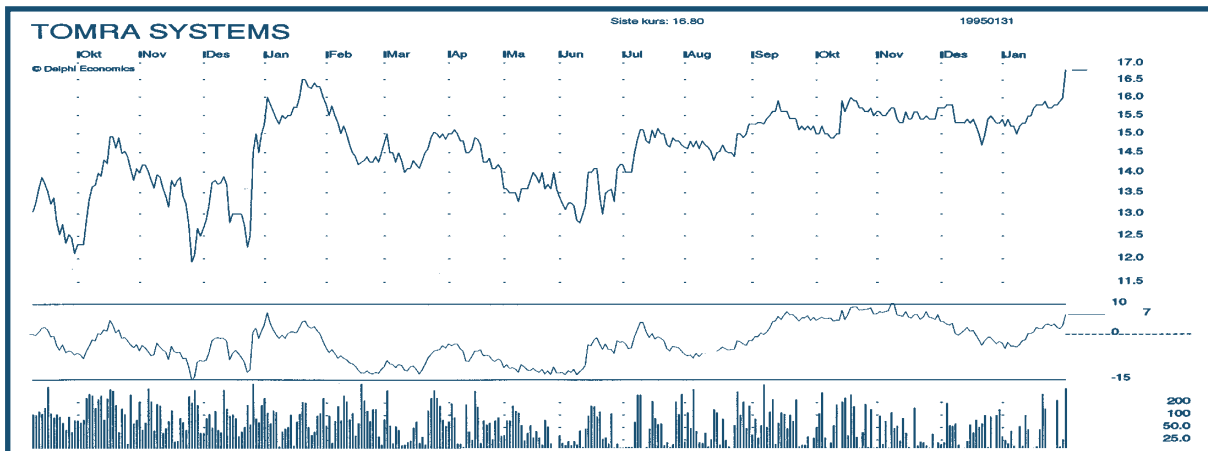
beginning of the year. The Oslo Stock Exchange All Share Index raised by 7% during the same period. The highest price quoted in 1994 was NOK 16.85 in January, while the lowest was NOK 12.80 in June.

The stockmarket capitalisation of TOMRA at the end of 1994 was NOK 506 million, compared to NOK 513 million at the beginning of the year. During 1994, 32.3 million shares in TOMRA were traded, corresponding to 98% of the company's average total shares. Tomra Systems A/S and its subsidiaries do not own any shares.

The Board of Directors suggest a dividend of NOK 0.20 per share for 1994, up from NOK 0.15 in 1993 (+ 33%). The suggested dividend represents a distribution ratio of 20%.

The companies' largest shareholders			
Registered at 31.12.1994		Total shares	Interest
1.	Clydesdale Bank, Fidelity Europe	2,509,265	7.59%
2.	Caisse des Depots et Consignations	1,797,500	5.43%
3.	Forenede Liv	1,681,167	5.10%
4.	Harris Trust & Savings Bank	909,000	2.75%
5.	Brown Brothers Harriman	871,984	2.64%
6.	Chase Manhattan Bank	860,000	2.60%
7.	Skandinaviska Enskilda Foreign Securities	758,220	2.29%
8.	Gjensidige Livsforsikring Investeringsavd,	613,750	1.86%
9.	Gregory S. Garvey	566,000	1.71%
10.	Bikuben A/S	559,600	1.69%
11.	Unibank A/S	532,750	1.61%
12.	Morgan Guaranty Trust Europe	506,900	1.53%
13.	Finn Erik Midelfart	456,120	1.38%
14.	Banque pour L'Industrie Bourse Etrang.	448,000	1.35%
15.	Fokus Bank AS	414,500	1.25%
16.	NHOs Arbeidsmiljøfond	370,000	1.12%
17.	Citibank N.A.	345,000	1.04%
18.	Global Miljøinvest	325,045	0.98%
19.	Tore Planke	318,803	0.96%
20.	Vesta Forsikring	308,000	0.93%
TOTAL		15,151,604	45.8%
Other shareholders		17,928,646	54.2%
Total (4,992 shareholders)		33,080,250	100.0%
Shares owned by Norwegian shareholders		16,291,439	49.75%
Shares owned by foreign shareholders		16,788,811	50.75%
TOTAL		33,080,250	100.0%

Share Price development



DEVELOPMENT IN THE SHARE CAPITAL									
Figures in NOK 1,000			Share capital increase			Nominal share capital			
Year	Type of issue	Paid in	Share capital	Total	Par value	Number of shares	Adjustment factor		
1978		-	-	600	100	6,000	-		
1981	Bonus issue	3:1	-	1,800	100	24,000	0.250		
1982/Oct	Private placing	-	6,400	800	100	32,000	-		
1983/Apr	Bonus issue	1:1	-	3,200	100	64,000	0.500		
	Jun	Rights issue	1:6	9,000	1,200	7,600	100	76,000	0.948
	Nov	Split	1:1	-	-	7,600	50	152,000	0.500
	Nov	Bonus issue	1:1	-	7,600	15,200	50	304,000	0.500
1984/Jan	Rights issue	1:8	21,850	1,950	17,150	50	343,000	0.970	
	Dec	Bonus issue	1:1	-	17,150	34,300	50	686,000	0.500
1985/Jan	Private placing	-	28,850	2,400	36,700	50	734,000	-	
	Jan	Split	5:1	-	-	36,700	10	3,670,000	0.200
1986/Jan	Rights issue	1:3	12,233	12,233	48,933	10	4,893,330	-	
	Sep	60% write down of par value	-	(29,360)	19,573	4	4,893,330	-	
	Dec	Rights issue	5:2	51,992	48,933	68,506	4	17,126,655	0.633
	Dec	Loan conversion issue	334	334	68,840	4	17,210,000	-	
1987/Mar	Loan conversion issue	840	840	69,680	4	17,420,000	-		
	May	Employee placing	970	970	70,650	4	17,662,500	-	
	Dec	Loan conversion issue	1,150	1,150	71,800	4	17,950,000	-	
1988/Dec	Employee placing	673	673	72,473	4	18,118,345	-		
	Dec	Loan conversion issue	1,167	1,167	73,640	4	18,410,000	-	
1989/Apr	Employee placing	480	480	74,120	4	18,530,000	-		
	Des	Loan conversion issue	325	130	74,250	4	18,562,500	-	
1990/May	Employee placing	440	440	74,690	4	18,672,500	-		
	Dec	Loan conversion issue	2,675	1,070	75,760	4	18,940,000	-	
1991/Apr	Employee placing	580	580	76,340	4	19,085,000	-		
	Dec	Loan conversion issue	1,500	600	76,940	4	19,235,000	-	
1992/Apr	Bonus issue	1:10	-	7,694	84,634	4	21,158,500	0.909	
	Apr	Employee placing	580	580	85,214	4	21,303,500	-	
	May	Private placing	21,375	3,000	88,214	4	22,053,500	-	
1994/Jan	Rights issue	1:2	45,691	44,107	132,321	4	33,080,250	0.746	

Key figures for the group 1990 - 1994

Figures in NOK 1,000	1994	1993	1992	1991	1990
PROFIT AND LOSS STATEMENT					
Sales	386,015	302,936	262,129	234,794	205,000
- Production costs	188,383	156,561	127,544	97,863	92,751
Gross contribution	197,632	146,375	134,585	136,931	112,249
- Operation expenses	108,317	88,777	86,922	80,089	63,808
- Development projects ¹⁾	25,370	21,781	24,557	21,144	15,300
- Ordinary depreciation	16,822	13,395	10,496	5,777	6,586
Operation profit	47,123	22,422	12,610	29,921	26,555
- Net financial items	5,060	359	2,023	918	2,412
Profit before taxes	42,063	22,063	10,587	29,003	24,143
- Taxes	8,992	2,815	832	1,444	554
Profit after tax *	33,071	19,248	9,755	27,559	23,589
ASSETS					
Current assets					
Liquid assets	22,618	19,113	23,057	14,003	12,736
Accounts receivable	65,877	60,245	42,309	40,688	34,471
Inventory	85,917	55,217	42,701	43,223	39,912
Other current assets	13,030	11,787	8,640	8,421	6,705
Total current assets	187,442	146,362	116,707	106,335	93,824
Fixed assets ²⁾	189,124	100,190	92,852	47,758	47,367
TOTAL ASSETS	376,566	246,552	209,559	154,093	141,191
LIABILITIES AND SHAREHOLDER'S EQUITY					
Current liabilities					
Bank overdraft	12,556	31,276	1,918	7,436	4,555
Accounts payable	31,428	18,961	15,822	14,763	12,777
Other current liabilities	53,568	40,680	42,295	23,581	22,913
Total current liabilities	97,552	90,917	60,035	45,780	40,245
Long-term liabilities	65,722	16,263	19,901	1,772	24,033
Deferred tax *	3,916	755	1,061	3,313	-
Conditional tax-free allocations	-	-	-	-	2,325
Shareholders' equity					
Share capital	132,321	88,214	88,214	76,940	75,760
Reserves (uncovered loss)	77,055	50,403	40,348	26,568	(1,172)
Total shareholders' equity	209,376	138,617	128,562	103,508	74,588
LIABILITIES AND EQUITY	376,566	246,552	209,559	154,093	141,191

* Profit after taxes is calculated on the basis of taxes payable for the year 1990. From 1991 total tax costs (taxes payable + deferred taxes) have been used. The difference between taxes payable and total tax costs for the year 1990 is expected to be minor.

	1994	1993	1992	1991	1990
PROFITABILITY					
Operating margin ³⁾	12.2%	7.4%	4.8%	12.7%	13.0%
Profit ratio ⁴⁾	10.9%	7.3%	4.0%	12.4%	11.8%
Return on equity ⁵⁾	19.0%	14.2%	8.3%	30.2%	37.0%
Return on total assets ⁶⁾	17.2%	12.4%	9.1%	22.0%	23.1%
CAPITAL AT 31.12.					
Shareholders' equity ⁷⁾	209,376	138,617	128,562	106,541	75,751
Equity ratio ⁸⁾	55.6%	56.2%	61.3%	67.7%	53.6%
Current ratio I (Banker's ratio) ⁹⁾	1.9	1.6	1.9	2.3	2.3
Current ratio II (Acid test) ¹⁰⁾	1.0	1.0	1.2	1.4	1.3
Debt service ratio ¹¹⁾	2.5	5.1	0.1	÷ 0.2	0.8
Working capital ¹²⁾	89,890	55,445	56,672	60,555	53,579
SHARES					
Share capital at 31.12.	132,321	88,214	88,214	76,940	75,760
Earnings per share (adjusted) ¹³⁾	1.00	0.58	0.29	0.83	0.71
Dividend per share	0.20	0.15	0.14	-	-
Share price at 31.12. (adjusted)	15.30	15.50	10.82	17.97	13.23
Marked capitalisation (MNOK)	506.1	512.7	319.8	509.7	369.3
Price/earnings ratio (P/E) ¹⁴⁾	15.3	26.6	31.5	18.3	15.7
Cashflow per share (adjusted) ¹⁵⁾	1.22	0.87	0.54	1.00	0.89
Price/cashflow ratio (P/CF) ¹⁶⁾	12.5	17.8	17.9	18.0	14.4
EMPLOYEES					
Total employees (average)	295	238	228	192	167
Sales per employee (MNOK)	1,309	1,273	1,150	1,223	1,228

Definitions of key figures

- 1) Development projects include direct product development costs and a share of administrative expenses and depreciation.
- 2) Fixed assets include operating assets, goodwill and long-term financial investments.
- 3) Operating profit as a % of operating revenues.
- 4) Profit before tax as % of operating revenues.
- 5) Profit after tax as a % of average equity (as defined in point 7).
- 6) Profit before interest expenses as a % of average total assets.
- 7) Share capital and reserves.
- 8) Equity as defined in point 7 as a % of total assets.
- 9) Current assets divided by short-term liabilities.
- 10) Current assets excluding inventories divided by short-term liabilities.
- 11) Interest-bearing debt less liquid assets divided by net cashflow from operations.
- 12) Current assets less short-term liabilities
- 13) Profit after tax divided by average total shares. Average shares outstanding in 1994 have been calculated at 33,080,250.
- 14) Stock price at 31.12. divided by earnings per share (see point 13).
- 15) Cashflow from operations divided by average total shares.
- 16) Share price at 31.12. divided by cashflow per share (see point 15).

Tomra's Business Units

At the start of 1994 TOMRA established two separate business units, Europe and America, in order to improve coordination of activities in a large and growing number of individual markets. The business unit America covers the markets in the USA and Canada and is managed through our subsidiary TOMRA North America Inc. The business unit Europe thus includes a wider range of markets, in both Eastern and Western Europe, as well as covering South America and other areas. The business unit Europe is currently managed through the parent company in Norway. Set out below is a short status report covering developments in the business units in 1994.

EUROPE

Sales growth in Europe was stronger in 1994 than for many years. There was a 25% increase in the number of installed machines and the trend has been towards increased sales of more advanced systems.

In addition to Germany, several European markets developed very positively. In Denmark we achieved a breakthrough with two new supermarket chains and were able to increase the number of installed machines by 30%. There was a corresponding breakthrough in Belgium. Framework agreements with chains in these two countries will provide good volumes over the next one to two years.

In Norway we installed 60% more machines than in 1993, as a result of the fact that several stores are now replacing older machines with newer technology better suited to the current range of bottles and crates.

Proven technology from the US market meant that we were able to offer Sweden in a record time the desired solution for handling one-way plastic bottles. On-line connection of machines for recording data and updating with details of new bottles is essential for the efficient operation of Returpack, the Swedish recycling company handling one-way containers. TOMRA Sweden had 150 TOMRA 22 Plastic machines in operation at the end of the year.

Following the signing of a distribution agreement in Argentina we are now represented in three countries in South America. The other two are

Brazil and Chile. The pace of development in these markets is governed, to a greater extent than we are accustomed, by national economic conditions and general growth in the supermarket industry. There are exciting opportunities in this region over time and we will therefore increase our activities further in the coming years.

Eastern Europe is new terrain for TOMRA. In spite of installing a few machines in the Czech Republic, Slovakia and Hungary, we have done very little to develop these markets. In parallel with increased privatisation of the supermarket industry and the establishment of western chains, we believe that there will be an interesting market for reverse vending machines in most East European countries in future.

For several years we have worked to raise the quality of our customer relationships. Our activities have been based on the expectations which customers have of us in all major areas. This includes sales and service, delivery and installation, advice and training and product quality. Each year we measure our customers' satisfaction in relation to set targets in nine European countries. The results provide clear signals as to the improvements each country should implement. Customer surveys are therefore an important and continuous contribution to total quality work in TOMRA. The survey carried out in 1994 showed a pleasing advance in most areas. This is confirmation that systematic improvement programmes are producing results.

AMERICA

1994 has been a year of dramatic changes for our US business. The difficulties we experienced with our distribution company NEROC were solved in July with the takeover of the remaining 49% of the shares. We subsequently made a number of operational changes in order to improve the organisation and results. The profit for the last 6 months was in line with expectations and targets.

Following the purchase of NEROC, TOMRA took direct control of the development of markets in Connecticut, New York and Michigan. In line with this, we also established our own TOMRA organisations in Massachusetts and Oregon.

As well as taking direct control of marketing activities, we have also succeeded in establishing a strong technical support function in the USA in order to satisfy local customer requirements better and increase flexibility with regard to customer-adapted local solutions. This has directly contributed to higher sales in 1994.

At the end of 1992 TOMRA introduced a new generation of machines for the US market. 1993 involved a number of technical challenges with both expected and unexpected problems on recently introduced machines. In 1994 we received confirmation that the new product line is a success. TOMRA increased its sales of machines by 68% and recorded its best ever year in the USA.

1994 has not only given us a more stable product line. We have also clearly seen the benefits of our investments in a platform of module-based systems. This has given us the opportunity to move towards customer-adapted solutions without having to undertake major development projects in Norway. We believe that this platform contributed strongly to confirming TOMRA's market position through 1994 with a market share for new installations of over 80%.

Market developments in 1994 have been very positive and good results achieved, primarily through expansion in the two largest new areas for reverse vending machines - the states of New York and Michigan. TOMRA has been able to dominate these markets with a market share in excess of 90% and we believe that it will be possible to hold this position in the future. We have also been more successful in penetrating the market in the city of New York, where our American competitor has previously had a very strong position.

TOMRA's development in the US market in 1994 seems therefore finally to confirm that it has been right to invest heavily in this market over many years. We have confidence in our present organisation's ability to generate strong sales and profits growth in the coming years based on our knowledge of the market, our customers' needs, our product line and local technical expertise.



From left at top: VP Finance Helge Nerland, Executive VP Erik Thorsen

From left, middle: VP Logistics & Operations Torgrim Bøhn, VP Business Development Tore Planke, President Svein Jacobsen, VP R&D Terje Hanserud

From left, sitting: Senior VP Tomra North America Inc. Arve Kristoffersen, President Tomra North America Inc. Gregory S. Garvey

THE TOMRA GROUP

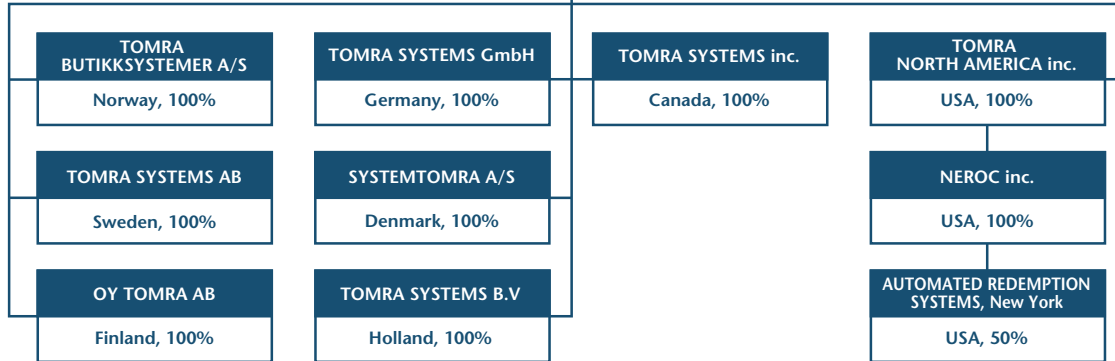
Sales Network

TOMRA SYSTEMS A/S

Norway

BU EUROPE

BU AMERICA



DISTRIBUTORS:

- Hugjin Sweda Datensysteme GmbH, Austria
- Tomra NV/SA, Belgium
- Ondoco, Switzerland
- Supermarket Systems S.A., France
- Supermarket Sistema S.A., Spain
- Bimora Srl, Italy
- Espas, Hellas Ltd., Greece
- A. Karlsson, H.F., Iceland
- Herbert & Sons, Ltd. UK
- Socse Srl., Argentina
- Ditempo Ltda, Chile
- Supersystems Distribuidora de Máquinas Ltda., Brazil
- Brice Australia Pty. Ltd., Australia

DISTRIBUTORS AND SALES OFFICES:

- Mobile Redemption Inc., Connecticut, USA
- Tomra North America, Massachusetts, USA
- Tomra North America, Oregon, USA
- Tomra North America New York (Upstate), USA
- Tomra North America, Michigan, USA



Every year TOMRA international management meets for the annual kick-off session. In February 1995, 70 representatives from 20 markets gathered at Holmenkollen, Oslo, in a true olympic spirit!

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Les Systemes Tomra, Inc.

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TOMRA

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