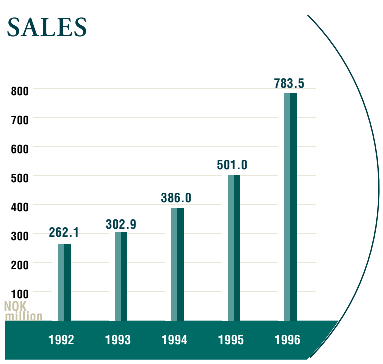
1996 HIGHLIGHTS

- Operating revenues were NOK 783.5 million, up 56% compared with 1995.
- Profit before taxes was NOK147.1 million, - an increase of 84% compared with 1995.
- Customer satisfaction index reached a new all-time high, and 93.5% of our customers reported they would continue buying from TOMRA.
- Finland introduced deposits on beverage cans beginning 1 March, 300 TOMRA machines were installed during 1996.
- Bar-code reading of cans will be introduced in Sweden from 1 January 1997, TOMRA delivered 1,000 reverse vending machines for beverage cans during 1996.
- Three acquisitions were completed in the U.S.
  – Mobile Redemption Inc., TOMRA's distributor in Connecticut and Massachusetts,
  – BICS, a recycling company located in Buffalo, New York,
  – RRT of Syracuse, a recycling company in our industry operating in Rochester and Syracuse, New York.
- Introduction of two new reverse vending machines: T-14 for beverage cans and the: T-210 Cabinet for bottles.
- Total assets of the TOMRA Group amounted to NOK 884 million - an increase of 46%.

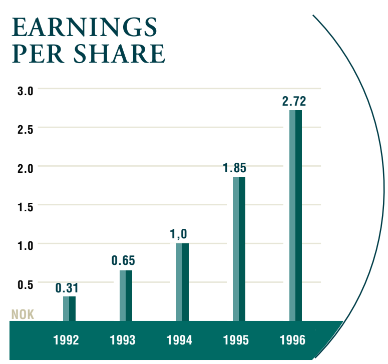
KEY FIGURES

		1996	1995	1994	1993	1992
Sales	NOK million	783.5	501.0	386.0	302.9	262.9
Operating profit	NOK million	152.3	84.3	47.1	22.4	12.6
Profit before taxes	NOK million	147.1	80.1	42.1	22.1	10.6
Net profit	NOK million	102.2	62.7	33.1	19.2	9.8
Total assets	NOK million	884.0	605.9	376.6	246.6	209.6
Equity	NOK million	500.1	395.4	209.4	138.6	128.6
Return on equity	%	22.8	20.7	18.5	14.2	8.3
Return on total assets	%	21.7	17.7	17.2	12.4	9.1
Earnings per share	NOK	2.72	1.85	1.00	0.65	0.31
Earnings per share fully diluted	NOK	2.70	1.80	0.98	0.64	0.31
Net investments	NOK million	237.9	152.5	102.6	21.0	63.3
Total employees as of 31 Dec.		661	431	320	273	232

SALES



EARNINGS PER SHARE



TO OUR SHAREHOLDERS,

As we ended 1996, TOMRA closed its 25th accounting year, the most profitable in the history of the company. During these years, TOMRA has grown from a family-owned start-up venture into an international corporation with sales and professional representation in 30 countries and subsidiaries in 10 countries. Everyone who has taken part in this development, newcomers and "old hands" alike, are proud of what we have achieved and what we stand for. As we have built the company and its reputation for quality and service, we have also shaped TOMRA into a company with a distinctive character.

This character is evident in the enthusiasm and fighting spirit that has prevailed from day one and that has been absolutely essential to TOMRA's successes. Another hallmark of TOMRA are the technological capabilities we have achieved through the efforts of our employees. By applying plenty of creativity and personal initiative, they produce innovative products and systems that offer our customers real marketplace advantages.

These core values will continue to form the foundation for our business activities in the years ahead. As exciting as our 25-year history has been, it is the future and the opportunities that lie ahead that are now the driving forces for TOMRA's development: They are the source of our inspiration.

TOMRA's growth and performance presents a solid milestone with which to mark our first 25 years in business. 1996 was a year of outstanding growth in sales and profitability, and perhaps even more important for our long-term development our customers are telling us that we are meeting their needs.

Our overall objective is to secure continued growth by expanding TOMRA's comprehensive, integrated systems for handling beverage container recycling, starting with cost-effective and reliable products and services. This means far more than merely producing and selling reverse vending machines. Additional corporate efforts and searching for new business development opportunities will also be necessary.

We are determined to continue as the leader in our field in the future. By combining product development and service capabilities, we can offer market-oriented equipment and services that will make it easy for people to return their beverage bottles and cans for reuse and recycling. This annual report will, in addition to reporting on the past year, present a picture of the opportunities and challenges on which TOMRA is ready to build.

ERIK THORSEN
President & Ceo

Sign.

Jan Chr. Opsahl
Chairman

Svein Jacobsen

Jørgen Randers

Tom P. Steidel

Klaus Nærø

REPORT OF THE BOARD OF DIRECTORS

1996 was another rewarding year for TOMRA's customers, shareholders and employees. Our annual survey of customers reported greater satisfaction in company performance than ever before, reflecting strong advances in all key areas.

Profit before taxes for the TOMRA Group amounted to NOK 147.1 million, compared with NOK 80.1 million in 1995, an increase of 84%. Operating revenues rose to NOK 784 million in 1996, up from NOK 501 million in 1995, an increase of 56%. Operating profit increased to NOK 152.3 million from NOK 84.3 million in 1995. Operating revenues generated outside of Norway amounted to 97% of total turnover. TOMRA's profit ratio increased to 18.8%, up from 16% percent in 1995.

After-tax profit for the Group was NOK 102.2 million, compared with NOK 62.7 million in 1995, an increase of 63%. Earnings per share advanced to NOK 2.72 for 1996, compared with NOK 1.85 the year before. On a fully diluted basis, 1996 earnings per share amounted to NOK 2.70, compared with NOK 1.80 in 1995. Taxes for the Group amounted to 30.5%, compared with 21.7% in 1995. The share price of TOMRA stock on the Oslo Stock Exchange at the beginning of 1996 was NOK 50.50. By year-end, it had increased to NOK 99.50, an increase of 97%.

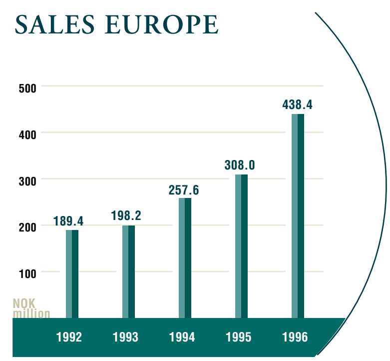
The balance sheet total for the Group as of 31 December 1996 amounted to NOK 884 million (+46%). This increase resulted from more capital being tied up in current assets due to strong sales growth, a considerable increase in the number of machines for leasing in the United States, as well as the effect of three U.S. acquisitions during 1996. Liquidity remains good, and TOMRA's equity ratio is equal to 57%.

MARKETS - EUROPE

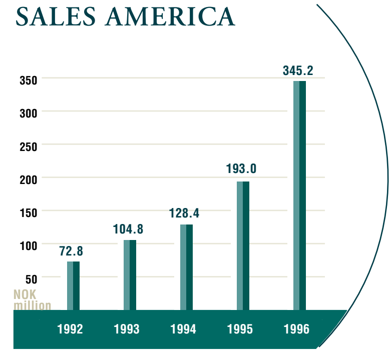
Sales in Europe amounted to NOK 438.4 million compared with NOK 308 million in 1995, an increase of 42%. Operations in both Sweden and Finland were particularly good in 1996 due to restructuring and introduction of mandated deposit programs for beverage cans. Apart from the contributions of these two markets, business development in Europe continued as expected.

In January 1997, TOMRA signed an agreement to purchase our distributor in Austria, Tomra Leergutsysteme Ges.m.b.H. The acquisition will be reflected in TOMRA's books as of 1 January 1997. The final purchase price, which will be based on the company's earnings in 1996, is expected to amount to NOK 30 million. TOMRA is now better positioned to expand sales in Austria, Hungary, the Czech Republic, Slovakia, Poland and Slovenia where the

SALES EUROPE



SALES AMERICA



Austrian unit had held distributors' rights.TOMRA's market share of new installations in Europe during 1996 remains stable, in excess of 70%. Our accumulated market share remains about 80%. In anticipation of less activity in Finland and Sweden during 1997, TOMRA's European business unit is expected to experience slower growth this year.

MARKETS - AMERICA

TOMRA continued its strong sales growth in North America during 1996. Sales surged to NOK 345.2 million, compared with NOK 193 million in 1995, an increase of 79%. Revenue growth attributable to three acquisitions in the United States amounted to NOK 87.5 million; without them, growth would have been 34%. During 1996, a total of 2,411 reverse vending machines were installed. Of these, 1,569 were installed under leasing agreements. In 1995, a total of 1,963 machines were installed in the U.S.; 1,031 were leased.

TOMRA's business development in the United States during 1996 has been powerfully driven by increases in pick-up and administration services. This growth area will expand even more in the years to come, augmented through acquisitions and the establishment of new companies. Construction of a new plant in Michigan for processing materials began during the third quarter of 1996; completion is scheduled for the second quarter of 1997.

TOMRA's market share of new installations in the United States and Canada during 1996 exceeded 90%. Accumulated market share increased from 55% in 1995 to nearly 70% by the end of 1996. We continue to be optimistic in our evaluations of the opportunities available for TOMRA's American business unit.

NEW MARKET OPPORTUNITIES

During 1996, TOMRA developed new marketing concepts that help stores use our reverse vending machines in their corporate profile and marketing activities. As part of a test by the Somerfield food retail chain in England, a program with loyalty cards has been developed. Customers who return cans and bottles receive redeemable bonus points. This concept is expected to be expanded during 1997.

In Norway, field testing was carried out in cooperation with RIMI, a nationwide supermarket chain, in which customers were offered the option of donating their deposit refunds to a charity. This marketing concept, too, will be further developed for several other markets and organizations during 1997.

PRODUCTS, R & D, LOGISTICS

TOMRA spent NOK 43.7 million on product development in 1996, an increase of 44% compared with 1995. In spite of sharply higher spending, these figures declined when expressed as a percentage of company revenues: from 6% in 1995 to 5.6% during 1996. TOMRA introduced two new reverse vending machines in 1996.

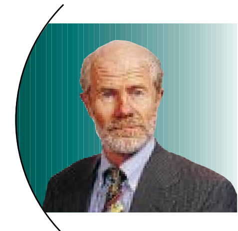
TOMRA–14

The TOMRA–14 is a reverse vending machine with a bar-code reader that accepts cans. The primary markets for this machine will be smaller stores in Scandinavia and the United States. This model is considerably smaller than the TOMRA–42 Can. Its simpler functionality and lower cost make it more attractive to market segments with smaller volumes of returned cans. The T–14, like other new machines from TOMRA, is adapted for on-line data collection, programing and fault diagnosis.

TOMRA–210 CABINET

In September, TOMRA introduced a new version of our smaller reverse vending machine for bottles, the TOMRA–210 Cabinet. Versatile in design, it handles sorting and accumulation of up to 250 glass and plastic bottles, all within the machine's small footprint, a mere 1.2 square meters of floor space. These features allow it to be installed in stores that lack space for wall-mounted machines and backroom storage space for bottles.

An entirely new generation of reverse vending machines for bottles, the TOMRA-600, will be launched to coincide with our 25th anniversary on 1 April 1997.



Tharald Brøvig

Christian H. Thommessen

Ralph Høibakk

Gregory S. Garvey

Berit Dahl

New technology will enable the machines to recognize the shape of bottles and identify them as they are lying down. These capabilities simplify accurate recognition, especially for lightweight plastic bottles, since a bottle's stability as it passes through a machine's registration zone could be a problem. In addition to handling both refillable and disposable bottles within the same unit, some T–600 models will be equipped for receiving beverage crates.

Production volume increased in 1996 by 44%, with some major activity peaks during the year. Through expanded use of subcontractors for delivery of ready-tested components and modules, higher-volume periods have been handled without appreciably expanding production staffing. With a production management system based on just-in-time and ship-to-line deliveries, there is minimal need for storage. This reduces both capital and space requirements. Current assets tied up in raw materials and goods in progress increased by only 15% to NOK 32 million in spite of significantly greater production.

SHAREHOLDER AND BOARD ITEMS

During 1996, TOMRA carried out three minor stock distributions to employees totalling 369,000 shares. The Annual Meeting of Shareholders, on 18 April 1996, authorized the Board of Directors to establish an options agreement with managers abroad totalling 700,000 shares as well as a convertible loan corresponding to 330,000 shares. The convertible loan was later cancelled due to changed Norwegian tax regulations.

TOMRA had 4,552 shareholders at the end of 1996. The number of shares held by non-Norwegians increased throughout the year, from 62% to 70.8%.

On 19 April 1996, Erik Thorsen succeeded Svein Jacobsen as TOMRA's Managing Director. The Board expresses its gratitude for Svein Jacobsen`s considerable efforts during his twelve years of service.
Mr. Jacobsen, together with Gregory S. Garvey, were elected as new shareholder's members of the Board of Directors at the company's Annual Meeting. The other members of the Board were reelected.

ORGANIZATION

The number of employees of the TOMRA Group at year-end was 661, of whom 189 worked in Norway. At the beginning of the year, the corresponding figures were 431 and 172, respectively. Of the 230 new employees, 204 were hired in the United States, 17 in Norway, and 9 in the rest of Europe.

The annual customer relations study, an aspect of TOMRA's Total Quality Program, provides us with

TOMRA's new machine T-600.

valuable feedback on how the quality of our products, services and organization are perceived. The results of the 1996 study were very positive, confirming developments over the past few years. The re-buy index, which shows how many of our customers indicated a high or fairly high probability that they will purchase from TOMRA next time they are investing, was 93.5%. A significant increase among customers who indicate a high probability of repurchasing from TOMRA was also noted.

TOMRA's environmental efforts have been adapted to the guidelines of the International Chamber of Commerce. Our products and production processes have always been consistent with an environmentally-friendly profile. TOMRA does not pollute its external environment more than what is normal for similar activities. A more in-depth environmental report is presented on page 42 of this annual report.

SALARIES AND REMUNERATIONS

The Board of Directors received remunerations totalling NOK 410,000 in 1996. Salaries and other remunerations in Tomra Systems ASA for former Managing Director Svein Jacobsen for the period 1 January through 31 May was NOK 380,341 in salary and NOK 69,151 in other taxable remuneration.

Managing Director Erik Thorsen received for the period 19 April to year-end NOK 523,217 in salary and NOK 22,073 in other taxable remuneration. The number of shares owned by the company's Board members as well as any severance pay are described in Note 17 to the financial accounts.

Auditors' fees to KPMG for Tomra Systems ASA amounted to NOK 250,000. An additional NOK 138,899 has been paid for consulting services and NOK 237,800 related to adapting the accounts to US GAAP standards. Total auditors' fees for the Group amounted to NOK 1,246,277.

ALLOCATION OF PROFIT

Tomra Systems ASA earned a net profit for 1996 of NOK 44,014,939. The Board of Directors recommends the following allocation, included a recommendation to pay a dividend of NOK 0.30 per share, an increase of 20% above the 1995 dividend payment.

Dividends	NOK	11,294,720
Free reserves	NOK	32,720,219
Total allocations	NOK	44,014,939

Asker, Norway, 26 February 1997

Jan Chr. Opsahl
Chairman
Sign.

Tharald Brøvig
Sign.

Jørgen Randers
Sign.

Ralph Høibakk
Sign.

Svein Jacobsen
Sign.

Christian H. Thommessen
Sign.

Gregory S. Garvey
Sign.

Klaus Nærø
Employee
Sign.

Tom P. Steidel
Employee
Sign.

Berit Dahl
Employee
Sign.

25 *Financial review*

PROFIT AND LOSS STATEMENT

TOMRA SYSTEMS ASA					TOMRA GROUP		
1996	*1995*	*1994*	*Figures in NOK 1,000*	*Notes*	*1996*	*1995*	*1994*
380,833	273,397	195,607	Operating revenues	1	783,537	501,026	386,015
			OPERATING EXPENSES				
247,243	179,667	123,022	Cost of materials	2	364,165	217,815	188,383
43,239	36,995	31,593	Labor costs and social expenses		125,191	107,068	81,344
28,999	20,171	13,280	Other operating expenses	3, 9	88,154	60,131	52,343
6,005	4,982	4,032	Ordinary depreciation	4	53,725	31,706	16,822
325,486	241,815	171,927	Total operating expenses		631,235	416,720	338,892
55,347	31,582	23,680	Operating profit		152,302	84,306	47,123
			FINANCIAL ITEMS				
10,299	2,182	6,248	Financial income		9,708	5,316	6,438
6,677	4,839	9,705	Financial expenses		12,875	9,572	11,498
-	14,355	-	Dividend from subsidiary		-	-	-
3,622	11,698	(3,457)	Net financial items	5, 6	(3,167)	(4,256)	(5,060)
-	-	-	Minority interests		(2,067)	-	-
58,969	43,280	20,223	Profit before taxes		147,068	80,050	42,063
14,954	7,107	2,174	Taxes	7	44,892	17,362	8,992
44,015	36,173	18,049	Net profit		102,176	62,688	33,071
			ALLOCATED AS FOLLOWS				
11,295	9,320	6,616	Dividends				
-	-	3,037	Group transfer				
-	-	7,237	Legal reserve				
32,720	26,853	1,159	Free reserves				
44,015	36,173	18,049	Total allocated				

BALANCE SHEET AS OF 31 DECEMBER

TOMRA SYSTEMS ASA				TOMRA GROUP	
1996	*1995*	*Figures in NOK 1,000*	*Notes*	*1996*	*1995*
ASSETS		**CURRENT ASSETS**			
3,263	37,311	Cash and cash equivalents	8	44,177	60,288
4,112	3,315	Accounts receivable	3	149,420	97,097
145,808	93,647	Intercompany receivables		-	-
9,756	9,635	Other short-term receivables		36,569	26,134
44,138	37,448	Inventory	2	140,703	109,156
207,077	**181,356**	**Total current assets**		**370,869**	**292,675**
		FIXED ASSETS			
276,058	164,854	Shares	9	5,967	4,437
4,000	4,962	Intergroup loans		-	-
-	-	Long-term receivables		30,532	22,543
9,700	3,552	Pension funds	10	9,700	3,552
3,154	995	Deferred taxes	7	13,195	3,624
-	-	Intangibles	4	145,601	90,599
77,951	71,344	Real property, fixed assets	4	122,260	92,831
-	-	Leased equipment	4, 16	185,883	95,633
370,863	**245,708**	**Total fixed assets**		**513,138**	**313,219**
577,940	**427,063**	**Total assets**		**884,007**	**605,894**

LIABILITIES AND SHAREHOLDERS' EQUITY					
		CURRENT LIABILITIES			
9,064	7,644	Bank overdraft	8	6,487	3,741
23,282	17,554	Accounts payable, trade		72,682	43,591
50,225	27,790	Intercompany short-term debt		-	-
14,952	6,786	Taxes payable	7	24,598	9,575
59,395	32,681	Other current liabilities	11	114,131	66,147
156,918	**92,455**	**Total current liabilities**		**217,898**	**123,054**
		LONG-TERM LIABILITIES			
42,500	-	Long-term loans	8	135,497	83,863
3,154	995	Deferred taxes	7	26,493	3,624
45,654	**995**	**Total long-term liabilities**		**161,990**	**87,487**
-	-	**Minority interests**		**4,052**	-
		EQUITY			
150,596	149,121	Share capital (37,649,068 of NOK 4)		150,596	149,121
156,582	149,022	Legal reserves		156,582	149,022
68,190	35,470	Free reserves		204,549	105,577
-	-	Currency translation difference		(11,660)	(8,367)
375,368	**333,613**	**Total shareholders' equity**	**12**	**500,067**	**395,353**
577,940	**427,063**	**Liabilities and equity**		**884,007**	**605,894**
47,500	115,000	Mortgages	13	47,500	131,587
54,761	47,491	Guarantee liabilities	14	-	12,638

CASH FLOW ANALYSIS AS OF 31 DECEMBER

TOMRA SYSTEMS ASA				TOMRA GRUUP		
1996	*1995*	*1994*	*Figures in NOK 1,000*	*1996*	*1995*	*1994*
			CASH FLOW FROM OPERATIONS			
58,969	43,280	20,223	Profit before taxes	147,068	80,050	42,063
6,005	4,982	4,032	Ordinary depreciation	53,725	31,706	16,822
(14,954)	(7,107)	(2,174)	Taxes	(44,892)	(17,362)	(8,992)
(11,295)	(9,320)	(6,616)	Dividend reserves	(11,295)	(9,320)	(6,616)
(6,148)	(4,257)	(2,809)	Change in pension funds/liabilities	(6,148)	(4,257)	(2,809)
-	-	(3,037)	Group transfer	-	-	-
32,577	27,578	9,619	Cash flow from operations	138,458	80,817	40,468
			Changes in inventories, debtors,			
(12,145)	(43,269)	80,550	creditors, other accruals	(38,896)	(39,373)	(18,565)
20,432	**(15,691)**	**90,169**	**Net cash flow from operations**	**99,562**	**41,444**	**21,903**
			CASH FLOW FROM INVESTMENTS			
(13,053)	(33,986)	(31,756)	Investments in fixed assets 1)	(253,581)	(137,885)	(124,447)
441	-	12,258	Sales of fixed assets	25,175	3,169	26,474
(110,242)	(44,034)	(96,107)	Net financial investments	(9,519)	(17,825)	(4,622)
(122,854)	**(78,020)**	**(115,605)**	**Net cash flow from investments**	**(237,925)**	**(152,541)**	**(102,595)**
			CASH FLOW FROM FINANCING			
16,839	(3,517)	(20,403)	Short-term borrowing	39,435	(2,688)	(12,375)
42,500	(6,930)	-	Long-term borrowing	51,634	18,846	52,268
-	-	-	Change in deferred taxes	13,298	-	-
-	-	-	Change in minority interests	4,052	-	-
			EQUITY			
9,035	139,358	45,691	New share capital incl. share premium	9,035	139,358	45,691
-	-	-	Adjustment of equity	8,091	-	-
-	-	-	Change in translation differences	(3,293)	(6,749)	(1,387)
68,374	128,911	25,288	Net cash flow from financing	122,252	148,767	84,197
			Total net change in cash			
(34,048)	**35,200**	**(148)**	**and cash equivalents**	**(16,111)**	**37,670**	**3,505**
37,311	2,111	2,259	Liquid assets 1 Jan.	60,288	22,618	19,113
3,263	37,311	2,111	Liquid assets 31 Dec. 2)	44,177	60,288	22,618
			WORKING CAPITAL			
207,077	181,356	78,325	Current assets	370,869	292,675	187,442
156,918	92,455	71,410	Current liabilities	217,898	123,054	97,552
50,159	88,901	6,915	Working capital 31 Dec.	152,971	169,621	89,890

1) "Investments in fixed assets" also includes the opening balance of subsidiaries purchased and consolidated for the first time in the fiscal year.
2) Includes restricted bank deposits totalling NOK 3,045,288 in Tomra Systems ASA.

CONSOLIDATION AND ACCOUNTING PRINCIPLES

DESCRIPTION OF BUSINESS, CUSTOMERS AND UNIQUE BUSINESS RISKS.

Tomra Systems ASA and its subsidiaries (TOMRA) are primarily engaged in the reverse vending business. TOMRA develops, manufactures, markets and services reverse vending systems for handling returned beverage containers. TOMRA's customers, typically retailers, are located primarily in Europe and North- and South America. The company's business is dependent on the continued practice of deposit legislation in the markets where it operates.

USE OF ESTIMATES

The preparation of financial statements is in conformity with generally accepted accounting principles, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results may differ from those estimates.

EARNINGS PER SHARE

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

CONSOLIDATION PRINCIPLES

CONSOLIDATED COMPANIES

The consolidated accounts include the parent company Tomra Systems ASA and companies in which the parent company directly or indirectly owns more than 50% of the shares and/or has a controlling influence. Subsidiaries acquired or sold during the course of the year are included in the profit and loss statement as of the date of purchase, or up to and including the date of sale.

AFFILIATED COMPANIES

Affiliated companies, 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 after taxes and depreciation of goodwill of affiliated companies is shown under financial items 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 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 assetts acquired and is amortized on a straight line basis.(See Note 4).

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 31 Dec. Translation differences 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, intra-group expenses, as well as receivables and liabilities have been eliminated in consolidation.

ACCOUNTING PRINCIPLES

REVENUE RECOGNITION

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

CASH AND CASH EQUIVALENTS

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

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 translated 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 unrealized gains are not booked as income.

INVENTORY VALUATION

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

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. Cost related to write-down of long-term investments are charged to other operating expenses.

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.

INTANGIBLES

Intangibles consist of goodwill and non-competition agreements. The amortization rates for goodwill vary and are based on the expected future earnings of the companies acquired at the date of acquisition and are re-evalued periodically. Covenants not to compete are amortized over the term of the contract.

START-UP AND DEVELOPMENT COSTS

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

PENSION OBLIGATIONS

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 were 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 Note 10 for further details concerning pension obligations.

WARRANTY ALLOCATIONS

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

TAXES

The tax charge in the profit and loss account include both taxes payable for the period and the change in deferred taxes. The change in deferred taxes reflects future taxes payable resulting from the year's activities. Deferred taxes are determined based on the accumulated result which falls due for payment in future periods. Deferred taxes are calculated on net positive timing differences between accounting and tax balance sheet values, after setting off negative timing differences and losses carried forward under the liability method in accordance with the rules set out in the Norwegian Accounting Standard. See Note 7: Taxes.

NOTE 1 SALES BY MARKET

Figures in NOK 1,000	*1996*	*1995*	*1994*	*1993*	*1992*
OPERATING REVENUES					
Tomra, Norway	19,844	21,639	19,807	16,593	13,193
Tomra, Sweden	134,389	68,670	56,432	42,293	53,248
Tomra, Finland	50,290	13,911	12,730	10,815	16,045
Tomra, Denmark	43,794	42,241	29,298	22,051	15,625
Tomra, Holland	42,292	35,553	30,156	29,307	26,555
Tomra, Germany	114,821	97,045	82,628	57,543	35,964
Distributors	32,944	28,953	26,535	19,518	28,721
B.U. Europe	438,374	308,012	257,586	198,120	189,351
Tomra, Canada	9,462	10,981	8,078	6,960	7,018
Tomra North America, USA 1)	97,544	67,085	20,716	10,080	-
Tomra Metro, USA	128,113	94,306	79,707	64,589	46,820
Mobile Redemption, USA	42,035	-	-	-	-
BICS, USA	46,371	-	-	-	-
Distributors USA	21,638	20,642	19,928	23,187	18,940
B.U. America	345,163	193,014	128,429	104,816	72,778
Total operating revenues	**783,537**	**501,026**	**386,015**	**302,936**	**262,129**

1) On October 1 1996, Tomra North America Inc. acquired the operating assets of the Deposit Legislation Division of "RRT of Syracuse, New York Inc." from Waste Management Inc.. This operation is consolidated into Tomra North America's New York Upstate affiliate. RRT's revenues amounted to NOK 8.4 million in the fourth quarter 1996. See also Note 18: Acquisitions.

NOTE 2 COST OF MATERIALS/INVENTORY

PARENT COMPANY			*Figures in NOK 1,000*	GROUP *1996*	*1995*	*1994*
			COST OF MATERIALS			
232,399	165,875	115,011	Cost of raw materials	367,099	208,122	197,578
20,320	17,189	11,990	Direct wages production	20,320	17,189	11,990
252,719	183,064	127,001	Cost of materials gross	387,419	225,311	209,568
(5,476)	(3,397)	(3,979)	Change of inventory	(23,254)	(7,496)	(21,185)
247,243	**179,667**	**123,022**	**Cost of materials**	**364,165**	**217,815**	**188,383**
			INVENTORY			
17,045	15,887		Raw materials	17,045	15,887	
14,929	11,810		Work in progress	14,929	11,810	
3,552	1,195		Manufactured products	56,213	36,078	
8,612	8,556		Spare parts	52,516	45,381	
44,138	**37,448**		**Total inventory**	**140,703**	**109,156**	

NOTE 3 OTHER OPERATING EXPENSES

THE GROUP

The bad debt reserve amounts to NOK 2.1 million on a Group basis, and is included in the balance sheet item customer receivables. At 01.01.96 the bad debt reserve was NOK 1.2 million. Total loss on accounts receivable was NOK 0.3 million.

PARENT COMPANY

Tomra Systems ASA has not incurred losses on outstanding receivables in 1996. The bad debt reserve has been increased by NOK 0.2 million to total NOK 0.3 million, which is included in the balance sheet item Accounts receivables.

NOTE 4 FIXED ASSETS

Figures in NOK 1,000

	BUILDINGS/ LAND	MACHINERY/ FIXTURES	VEHICLES	TOTAL	INTANGIBLES	LEASING EQUIPMENT
GROUP						
Historical cost 1.1. 2)	61,779	55,822	19,085	136,745	112,100	114,217
Additions this year	7,488	44,555	10,518	62,561	78,209	130,284
Disposals this year	-	5,528	1,686	7,214	16,999	962
Accum. ord. depreciation 3)	3,272	54,563	11,997	69,832	27,710	57,656
Book value on 31.12.	65,995	40,346	15,920	122,260	145,601	185,883
Ord. depreciation this year	1,789	8,771	5,748	16,309	8,056	29,361
Depreciation rates	3%	10-33%	15-33%		5-20%	14.3%
PARENT COMPANY						
Historical cost 1.1. 2)	61,779	33,036	1,032	95,846		
Additions this year	7,488	5,439	-	12,928		
Disposals this year	-	-	441	441		
Accum. ord. depreciation 3)	3,272	26,626	484	30,382		
Book value on 31.12.	65,995	11,849	107	77,951		
Ord. depreciation this year	1,789	4,103	113	6,005		
Depreciation rates	2-4%	15-25%	20%	-		

1) Exchange rates as at 31.12.1996 are used in calculating fixed assets of foreign subsidiaries.
2) Including land NOK 8,021,199.
3) Total accumulated depreciation at 1.1.96 was NOK 80,5 million for the Group and NOK 5,0 million for the parent company.

PURCHASES / SALES OF FIXED ASSETS OVER THE PAST 5 YEARS

Figures in NOK 1,000		*1996*	*1995*			
GROUP						
Vehicles	Purchased	10,518	8,742	5,413	2,975	2,086
	Sold	1,686	1,658	2,293	675	1,018
Machinery/EDP/Fixtures	Purchased	44,555	12,711	15,079	12,537	956
	Sold	5,528	1,289	3,878	3,404	394
Buildings/Land	Purchased	7,488	26,701	28,345	3,176	715
	Sold	-	-	16,954	6,494	-
Total	**Purchased**	**62,561**	**48,154**	**48,837**	**18,688**	**3,757**
	Sold	**7,214**	**2,947**	**23,125**	**10,573**	**1,412**
Intangibles	Purchased	78,209	25,905	43,166	5,294	35,589
	Sold	16,999	-	-	-	-
Leasing Equipment	Purchased	130,284	63,723	32,444	10,076	11,404
	Sold	962	221	1,578	3,140	588
PARENT COMPANY						
Vehicles	Purchased	-	149	441	-	666
	Sold	441	-	1,050	-	662
Machinery/EDP/Fixtures	Purchased	5,439	7,136	2,970	2,000	6,085
	Sold	-	-	48	-	267
Buildings/Land	Purchased	7,488	26,701	28,345	3,174	413
	Sold	-	-	16,954	-	-
Total	**Purchased**	**12,928**	**33,986**	**31,756**	**5,174**	**7,164**
	Sold	**441**	-	**18,052**	-	**929**

NOTE 5 FINANCIAL ITEMS

FINANCIAL ITEMS FOR THE GROUP CONSIST OF

Figures in NOK 1,000	*1996*	*1995*	*1994*
Interest income	3,583	1,255	2,925
Foreign exchange gains	3,342	1,237	2,241
Share of profit, affiliated companies (Note 6)	2,783	2,824	1,272
Total financial income	**9,708**	**5,316**	**6,438**
Interest expenses	12,821	8,457	3,634
Loss on bondholdings	-	-	1,110
Foreign exchange losses	54	1,115	6,754
Total financial expenses	**12,875**	**9,572**	**11,498**
Net financial items	**(3,167)**	**(4,256)**	**(5,060)**

NOTE 6 SHARE OF PROFIT FROM AFFILIATED COMPANIES

The share of profit from affiliated companies for 1996 consists of profit in Upstate Tomra LLC (ARS), in which Tomra North America Inc. has 50% ownership. Upstate Tomra LLC, has been accounted for using the equity method and has had the following development over the last years:

	1996	*1995*	*1994*
Revenue	32,070	14,889	15,798
Profit before taxes	5,566	5,648	2,544
Equity 1 Jan.	2,460	3,214	-
Received dividend (cost price 1994)	-	(3,367)	1,942
Profit this year (50%)	2,783	2,824	1,272
Transalation difference	97	(211)	-
Equity 31 Dec.	5,340	2,460	3,214

NOTE 7 TAXES

PARENT COMPANY			**DEFERRED TAXES** *Figures in NOK 1,000*	*1996*	*1995*	**GROUP** *1994*
			TAXES PAYABLE			
58,969	43,280	20,223	Profit before taxes	147,068	80,050	42,063
149	(1,189)	2,833	Permanent differences	1,117	(13,638)	10,923
(5,717)	(3,502)	(9,625)	Change in temporary differences	(47,449)	(1,745)	(32,657)
53,401	**38,589**	**7,765**	**Basis taxes payable**	**100,736**	**64,667**	**20,329**
25.36%	16.42%	10.75%	Tax rate	30.52%	21.69%	21.38%
			TAXES			
14,952	6,786	2,174	This year's taxes payable	30,062	16,796	8,994
2	321	-	Property taxes incl. prev. yr. changes	1,532	566	26
-	-	-	Deferred taxes net changes	13,298	-	(28)
14,954	**7,107**	**2,174**	**Taxes**	**44,892**	**17,362**	**8,992**
-	718	-	Foreign share of taxes	29,579	10,036	6,813

Deferred tax assets and liabilities are presented net of their respective tax effect using the tax rate of the applicable jurisdiction applied to amounts which represent future tax deductions or taxes payable and consist of the following as of 31 Dec: (continued on page 17).

PARENT COMPANY		DEFERRED TAX ASSETS	GROUP	
1996	*1995*	*Figures in NOK 1,000*	*1996*	*1995*
-	-	Current assets	2,614	-
2,995	995	Fixed assets	4,691	2,886
159	-	Current liabilities	2,552	-
-	-	Loss carried forward	3,338	738
3,154	**995**	**Total tax advantage N GAAP**	**13,195**	**3,624**
742	2,342	Non-utilized tax advantage N GAAP	-	3,275
3,896	3,337	Deferred tax advantage US GAAP	13,195	6,899
		DEFERRED TAX LIABILITIES		
438	-	Current assets	438	-
-	-	Fixed assets	20,331	1,170
-	-	Current liabilities	3,008	1,459
2,716	995	Pension reserves	2,716	995
3,154	**995**	**Total deferred tax liabilities**	**26,493**	**3,624**

Negative and positive timing differences which reverse or may reverse in the same period, are set off. Deferred taxes are calculated on the basis of timing differences and losses carried forward which are set off. Timing differences between different subsidiaries have not been set off. During the period that these differences reverse the companies will have a taxable net income which is sufficient to realize the deferred tax allowance. Loss carried forward relate to the US and expire through 2011.

NOTE 8 INTEREST-BEARING BALANCE SHEET ITEMS FOR THE GROUP

Figures in NOK 1,000	*Average interest rate*			
INTEREST-BEARING INVESTMENTS				
Restricted bank deposits	2.75%	DnB Prime	3,217	2,480
Bank deposits, overdraft facility	3.25%	DnB	40,960	22,808
Short-term investments			-	35,000
Total bank/investments			44,177	60,288
INTEREST-BEARING DEBT				
Overdraft facility	5.25%	DnB Prime	6,487	3,741
Short-term loan	6.10%	Nibor +1%	20,823	-
Mortgage loan (short-term)	6.90%	10-year fixed rate	5,000	-
Mortgage loan	6.90%	10-year fixed rate	42,500	-
DnB, long-term loan (USD)	6.10%	Libor +0.5%	64,425	-
Other long-term loans (USD)	6.10%	Libor +0.5%	28,572	83,863
Total interest-bearing debt			**167,807**	**87,604**

Annual instalments on long-term loans are as follows:	1997	14,127	NOK million
	1998	18,959	NOK million
Instalments are based	1999	74,911	NOK million
on currency exchange	2000	5,000	NOK million
rates as of 31.12.96	2001 and thereafter	27,500	NOK million

Unutilized lines of credit for the Group amounted to NOK 49.8 million as of 31.12.96.

NOTE 9 SHARES

GROUP COMPANIES		TOTAL SHARE CAPITAL 1)	SHARES OWNED	NOM. VALUE PER. SHARE		GROUP 1)	BOOK VALUE PARENT CO 1)	OUR EQUITY SHARE
Tomra Systems B.V.	NLG	300	300	NLG	1,000	-	-	100%
OY Tomra AB	FIM	1,000	1,000	FIM	1,000	-	1,073	100%
Tomra Butikksyst. AS	NOK	3,000	1,200	NOK	2,500	-	-	100%
Tomra Systems GmbH	DEM	750	750	DEM	1,000	-	2,200	100%
Tomra Systems A/S	DKK	2,500	2,500	DKK	1,000	-	1,089	100%
Tomra Systems Inc.	CAD	500	500	CAD	1,000	-	3,316	100%
Tomra Systems AB	SEK	1,000	1,000	SEK	1,000	-	1,070	100%
Tomra North America Inc.	USD	40,000	40,000	USD	1,000	-	266,996	100%
Total shares in subsidiaries						-	**275,744**	
OTHER SHARES OWNED BY PARENT COMPANY								
Cargoscan AS 2)		18,115	107,084	NOK	10	-	-	5.9%
Cargoscan Holding AS 2)		510	65	NOK	1,000	-	-	12.8%
ETS A/S		1,498	1,000	NOK	50	-	-	3.3%
Toleko AS		100	3	NOK	1,000	30	30	3.0%
Mekatronikk A/S		400	1,000	NOK	100	284	284	25.0%
OWNED BY SUBSIDIARIES								
Minor items	-	-	-		-	313	-	-
Upstate Tomra LLC	USD	100	50	USD	1,000	5,340	-	50%
Total						**5,967**	**276,058**	

1) Figures in 1,000
2) Shares in Cargoscan AS and Cargoscan Holding AS were written off in 1996. The write-off which amounts to NOK 1.7 million, is recorded under other operating expenses.

NOTE 10 PENSION AND PENSION OBLIGATIONS

Insured pension plans cover all employees in Norway in permanent positions with at least 50% of full time employment. The retirement age is 67 years for all employees. The pension plan 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 41,000) and 30% of the pension base which exceeds 8 times the base amount. There are no other compensation agreements for a reduction in State benefits. The premium calculation structure remained unchanged in the years 1994-1996. Apart from the pension plan described above, there are no pension obligations.

The pension plans have been treated for accounting purposes in accordance with the NAS on pension costs. Only the parent company Tomra Systems ASA in the Tomra Group has pension plans based on benefit principles. The parent company's plan, which also covers employees in Tomra Butikksystemer AS, include a total of 191 people, including 2 retirees, at year-end 1996. The plan provides the right to defined future benefits. These are mainly dependent on the number of years of service, salary at retirement, and the amount of State benefits. The obligations are covered through Gjensidige Liv insurance company.

For demographic and resignation factors normal insurance assumptions have been used. Payment to the pension premium fund amounted to NOK 7.6 million in 1996.

ANNUAL PENSION COSTS, PARENT COMPANY AND GROUP

Figures in NOK 1,000	*1996*	*1995*	*1994*
Present value of this years' pension earnings	1,857	1,810	1,534
Interest cost of pension obligations	1,077	858	759
Yield on pension funds	(1,258)	(942)	(678)
Amortization of deferred liabilities	321	127	-
Social security	439	361	230
Net pension costs	2,436	2,214	1,815
FINANCIAL STATUS AT 31.12.			
Calculated pension obligations	(18,291)	(14,887)	
Pension funds (market value)	20,716	15,511	
Deferred liability to be amortized	6,214	2,489	
Advanced payment of social security	1,061	439	
Pension funds 1)	9,700	3,552	
BASIS FOR CALCULATION			
Discount rate	7.0%	7.0%	
Expected wage increases	3.3%	3.3%	
Regulation of social security base amount	3.3%	3.3%	
Expected yield of funds	8.0%	8.0%	

1) Pension funds can be utilized for covering future annual premiums which amounted to NOK 3.1 million for 1996.

NOTE 11 OTHER SHORT-TERM LIABILITIES

PARENT COMPANY			GROUP	
1996	*1995*	*Figures in NOK 1,000*		
18,564	11,120	Tax deductions, social security, holiday pay and accrued taxes	32,079	20,825
-	-	Advances from customers	9,086	5,955
25,823	-	Short-term, interest-bearing debt	25,823	-
3,713	12,241	Other short-term, non-interest bearing debt	35,848	30,047
11,295	9,320	Dividend accruals	11,295	9,320
59,395	**32,681**	**Total**	**114,131**	**66,147**

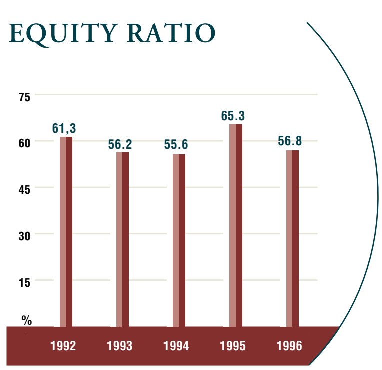
NOTE 12 CHANGES IN GROUP EQUITY

Figures in NOK 1,000	SHARE CAPITAL	LEGAL RESERVE	FREE RESERVE	TRANSLATION DIFFERENCE	TOTAL EQUITY	NUMBER OF SHARES
Balance 31.12.93	88,214	17,643	36,505	(231)	142,131	22,053,500
Net pension obligation 01.01.94			(3,514)		(3,514)	
Balance 01.01.94	88,214	17,643	32,991	(231)	138,617	22,053,500
Profit 1994		7,237	25,834		33,071	
Rights issue January 94	44,107	1,584			45,691	33,080,250
Changes translation diff.				(1,387)	(1,387)	
Dividend accrual 1994			(6,616)		(6,616)	
Balance 31.12.94	132,321	26,464	52,209	(1,618)	209,376	33,080,250
Profit 1995			62,688		62,688	
Employee placement May 95	1,620	1,120			2,740	33,485,250
Loan conversion issue July 95	370	925			1,295	33,577,750
Private placement Nov. 95	13,200	116,488			129,688	36,877,750
Loan conversion issue Dec. 95	1,610	4,025			5,635	37,280,250
Changes translation diff.				(6,749)	(6,749)	
Dividend accruals 1995			(9,320)		(9,320)	
Balance 31.12.95	149,121	149,022	105,577	(8,367)	395,353	37,280,250
Profit 1996			102,176		102,176	
Business combination 1)			8,091		8,091	
Employee placement March 96	400	3,680			4,080	37,380,250
Employee placement April 96	400	3,880			4,280	37,480,250
Employee placement May 96	475				475	37,599,068
Execution of option May 96	200				200	37,649,068
Changes translation diff.				(3,293)	(3,293)	
Dividend accruals 1996 2)			(11,295)		(11,295)	
Balance 31.12.96	150,596	156,582	204,549	(11,660)	500,067	37,649,068

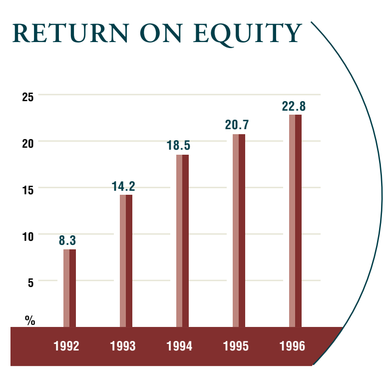
1) The increase to stockholders' equity relate to the appreciation of equity provided by TOMRA to guarantee its obligation to the sellers of Mobile Redemeption Inc. 2) Dividend per share is NOK 0.30 for 1996

The Board has been authorized by the Annual General Meeting to issue up to 4,000,000 shares at market price to finance future acquisitions valid to the Annual General Meeting spring 1998. The Board is also authorized valid until the end of January 1998, to issue up to 400,000 shares at par value NOK 4.00 related to an option agreement with the management in the USA. During 1996, 50,000 of these were exercised. This option agreement is a part of the transaction wherein TOMRA acquired a controlling interest in Tomra Metro. In addition the Board has been authorized to issue 700,000 shares to the management of US and European subsidiaries. This option plan is strictly linked to management's performance. As of 31.12.96, 620,000 of these options have been awarded, 26,000 have been vested. Exercise prices under this agreement ranges from NOK 56.20 to NOK 63.10. At 31.12.96 970,000 options were outstanding, with an average exercise price of NOK 39.56. Of these, a total of 376,000 options were vested.

EQUITY RATIO



RETURN ON EQUITY



NOTE 13 MORTGAGES

PARENT COMPANY		DEBT SECURED BY MORTGAGES	GROUP	
1996	*1995*	*Figures in NOK 1,000*	*1996*	*1995*
-	90,000	DnB, overdraft facility, guarantee	-	90,000
47,500	-	Tomra Systems ASA, mortgage	47,500	-
-	-	Tomra Metro LLC, mortgage	-	16,587
-	25,000	Tomra North America, guarantee	-	25,000
47,500	**115,000**	**Total mortgages**	**47,500**	**131,587**
		BOOK VALUE OF MORTGAGED ASSETS INCLUDE		
65,995	34,028	Building and land	65,995	34,028
-	-	Leasing equipment	-	95,321
-	37,448	Inventories	-	37,448
-	96,964	Accounts receivable	-	55,627
65,995	**168,440**	**Total**	**65,995**	**222,424**

Effective spring 1996 TOMRA and its creditors agreed to change from mortgage security to a negative pledge, except for the mortgage secured by the headquaters office building.

NOTE 14 GUARANTEE LIABILITIES

PARENT COMPANY			GROUP	
1996	*1995*	*Figures in NOK 1,000*		
54,761	47,491	Guarantee of loans to subsidiaries	--	-
-	-	Guarantee relating to Upstate Tomra LLC	--	12,638
54,761	47,491	Total	--	12,638

NOTE 15 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 currencies, the contracts are booked at the forward exchange rate. For forward con-tracts where the future foreign currency income is not secured by order/contract, a calculation of the gain/loss is made at the balance sheet date. Carrying value of other financial instruments are valued at approximated fair value.

Outstanding forward contracts as of 31.12.96:

	TOTAL AMOUNT SOLD	AVERAGE RATE		FORWARD RATE	DUE DATE
USD /NOK	20 million	USD	6.4439	6.4439	1997
DEM/NOK	9 million	DEM	4.1494	4.4733	1997
DKK/NOK	5 million	DKK	1.0929	1.0930	1997
FIM/NOK	4 million	FIM	1.3871	1.4502	1997

NOTE 16 LEASING

The companies within the TOMRA Group had 3,979 reverse vending machines for leasing to customers by the end of 1996. The table shows the minimum leasing income from today's lease portfolio. In addition to this income, TOMRA will receive income from materials handling and service contracts.

Figures in NOK 1,000

1997	29,680
1998	16,314
1999	12,830
2000	10,358
2001 and later	5,247

NOTE 17 SHARES OWNED BY OFFICERS, FINAL COMPENSATION

Shares owned by the company's officers at 31.12.96:

Jan Chr. Opsahl	83,724	Christian Thommessen	0
Svein Jacobsen	83,423	Klaus Nærø (employee)	857
Gregory S. Garvey	562,329	Berit Dahl (employee)	220
Tharald Brøvig	86,911	Tom P. Steidel (employee)	858
Jørgen Randers	10,016	Managing Director Erik Thorsen	50,473
Ralph Høibakk	0	Auditors, KPMG as	0

In the event that the Managing Director is dismissed from his position, he is entitled to receive full compensation for twelve months.

NOTE 18 ACQUISITIONS

The following acquisitions have been made in 1995 and 1996. They have been included in TOMRA's consolidated accounts under the purchase method of accounting, wherein the purchase price is allocated according to their underlying assets and liabilities based upon their relative fair market values. The excess of purchase price over the net assets and liabilities has been assigned to goodwill. Operations of acquired companies have been included in consolidated income from the acquisition dates. The acquired companies primarily operate in the same business as TOMRA.

BRIDGEPORT PLASTICS REPROCESSING COMPANY (BPRC)

In February 1995, Tomra Metro LLC acquired 90% of the outstanding common stock of Bridgeport Plastics Reprocessing Company by assuming debt of USD 0.6 million (NOK 3.6 million). Goodwill of USD 0.7 million (NOK 4.2 million) was recorded. BPRC is included in the accounts of Tomra Metro LLC.

TOMRA METRO LLC (FORMERLY NEROC)

In April 1996, through a series of transactions related to a previous agreement, TOMRA obtained ownership of an entity which owned 12.25% of Tomra Metro LLC in exchange for 420,000 shares of Tomra Systems ASA valued at USD 3.3 million (NOK 21.6 million). Goodwill of USD 0.9 Million (NOK 6.0 million) was recorded, which was a reduction of USD 2.7 million (NOK 17.0 million) compared with the book value at the beginning of the year. Through these transactions, TOMRA gained 100% control of the company.

MOBILE REDEMPTION INC.

In February 1996, TOMRA acquired Mobile Redemption, Inc, in Hartford, Connecticut. Total purchase price was USD 8 million (NOK 51.5 million) which resulted in a goodwill of USD 6.6 million (NOK 42.3 million). As part of the transaction a promissory note was issued amounting to USD 4.5 million (NOK 29.0 million) due 2 January, 1999. As collateral for this note, USD 2.5 million (NOK 16.1 million) was put in escrow in the name of the sellers. See Note 12 "Changes in Equity" for further information.

WESTERN NEW YORK BEVERAGE INDUSTRY COLLECTION AND SORTING LIMITED PARTNERSHIP (BICS)

In January 1996, Tomra North America, Inc. (TNA) acquired 100% of the general partnership of BICS, New York, for USD 2.5 million (NOK 16.2 million) which was equivalent to 55% ownership of the company. In addition, TNA acquired limited partnership interests equal to a 4.86% ownership interest of BICS for USD 0.25 million (NOK 1.6 million). Goodwill of USD 2.2 million (NOK 14.2 million) was recorded.

RESOURCE RECYCLING TECHNOLOGIES

In October 1996, TNA acquired the net assets of the Deposit Legislation Division of Recourse Recycling Center Technologies of Syracuse, New York. The purchase price was USD 3.5 million (NOK 22.4 million) resulting in goodwill of USD 3.4 million (NOK 21.8 million)

NOTE 19 DIFFERENCES BETWEEN NORWEGIAN AND U.S. ACCOUNTING PRINCIPLES

RECONCILIATION OF THIS YEAR'S PROFIT

Figures in NOK 1,000	*1996*	*1995*	*1994*
Profit after taxes N GAAP	102,175	62,688	33,071
ADJUSTMENTS FOR US GAAP			
Capitalized interest, net depreciation (1)	50	841	1,495
Unrealized foreign exchange gain (2)	3,168	-	-
Pensions (3)	(170)	(170)	(170)
Deferred taxes (4)	(853)	(187)	(371)
Compensation exp. from stock issuances (6)	(12,476)	(7,117)	(4,575)
Profit before tax US GAAP	91,894	56,055	29,450
Earnings per share US GAAP	2.41	1.61	0.87
Earnings per share fully diluted N GAAP	2.70	1.80	0.98
Earnings per share N GAAP	2.72	1.85	1.00

EQUITY DIFFERENCES

Figures in NOK 1,000		
Equity N GAAP	500,067	395,353
ADJUSTMENTS FOR US GAAP		
Capitalized interest (1)	3,462	3,412
Unrealized foreign exchange gain (2)	3,168	-
Pension (3)	2,152	2,322
Deferred taxes (4)	(2,457)	(1,604)
Dividend (5)	11,295	9,320
Compensation exp. from stock issuances (6)	-	(6,737)
Equity US GAAP	517,687	402,066
Equity per share US GAAP	13.57	11.55
Equity per share N GAAP	13.28	10.60

CALCULATED NUMBER OF SHARES (7)

Average number of shares N GAAP	37,551,250	33,972,333	33,080,250
Shares according to agreement on convertible loan	-	422,500	495,000
Shares according to agreement on options	335,930	368,317	296,104
Shares with 20% discount	-	20,330	-
Calculated number of shares, fully diluted N GAAP	37,887,180	34,783,480	33,871,354
Shares according to options agreement	249,246	-	-
Calculated number of shares US GAAP	38,136,426	34,783,480	33,871,354

1) CAPITALIZED EXPENSES

TOMRA does not capitalize development nor interest expenses. According to US GAAP, capitalized interest relating to building projects in Norway has been calculated at NOK 3.5 million which is allocated over the construction period (1992-1995). Depreciation of capitalized interest costs amount to NOK 0.1 million for the same period.

2) UNREALIZED FOREIGN EXCHANGE GAIN

TOMRA had at 31.12.96 foreign exchange contracts with an unrealized gain for N GAAP purposes (Note 15). Exchange contracts that are not viewed as hedging of firm orders are booked at the exchange rate of the balance date according to Norwegian accounting principles. According to US GAAP this gain is recognized on 31.12.

3) PENSIONS

In 1994, TOMRA changed its method for recording pension costs. The implementation effect was charged directly to equity according to N GAAP. According to US GAAP (SFAS No. 87), the implementation effect is to be amortized over the average remaining employment period.

4) DEFERRED TAXES

N GAAP uses the liability method of calculating deferred taxes, while the asset and liability method is used for US GAAP purposes. Differences arise in that individual items in the accounts involve different principles. This affects the calculation of deferred taxes in addition to limitations in N GAAP related to deferred tax advantages in 1995.

5) DIVIDEND

According to US GAAP dividends are deducted from equity in the year they are paid, while according to N GAAP dividends reduce equity in the year they are accrued.

6) COMPENSATION EXPENSES FROM EMPLOYEE PLACEMENTS OF SHARES AND SHARE OPTIONS

Stock-based compensation has a financial impact in the profit and loss statement under US GAAP that is not accounted for under Norwegian GAAP. The net equity impact may result in a timing difference. Market price throughout the option period is set equal to share price at year-end 1996. TOMRA accounts for stock-based compensation in accordance with APB Opinion 25 for US GAAP.

7) BASIS FOR CALCULATING EARNINGS PER SHARE.

US GAAP provides that, in calculating earnings per share, the total number of shares and share equivalents are to be used. Earnings per share should be presented fully diluted only if the impact of other dilutive securities is greater than 3%. The total number of shares for the period is shown in the table of page 23.

DEPRECIATION AND AMORTIZATION

There are no significant differences for TOMRA between Norwegian and US accounting principles regarding depreciation and amortization. TOMRA amortizes goodwill over 20 years.

AUDIT REPORT FOR 1996

To The Annual Shareholders' Meeting of TOMRA SYSTEMS ASA

We have audited the annual report and accounts of Tomra Systems ASA for 1996, showing a profit for the year of NOK 44,014,939 for the parent company and a consolidated profit for the year of NOK 102,176,000. 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 1996 and the result of its operations for the financial year, in accordance with generally accepted accounting principles.

Oslo, 26 February 1997
KPMG as

Henning Aass
State Authorized Public Accountant (Norway)
Sign.

(Translation from Norwegian)

25 This is TOMRA

HELPING THE WORLD RECYCLE

TOMRA is the world's leading supplier of reverse vending machines for beverage containers. Using advanced technologies and great enthusiasm as our driving force, TOMRA attacks a world market that has big potentials. To become the world's leading supplier of integrated solutions – taking responsibility for empty beverage containers from the time they are returned until they are on their way to bottlers for refilling or sold for recycling – is both the ambition and the achievable goal of TOMRA. The fact that our activities are profitable for our customers as well as for TOMRA, while helping people take better care of their environment, only make them even more exciting and satisfying.

BRINGING ORDER TO REUSE AND RECYCLING

Designing, manufacturing, and delivering electronic reverse vending machines for collecting and processing used beverage containers constitutes the technological core of TOMRA's systems. However, this is no longer TOMRA's only dimension. Today's machines are the first step in a comprehensive system of handling the entire beverage container reuse and recycling process - and more.

ONE CONCEPT – MANY APPLICATIONS

TOMRA's unique and user-friendly reverse vending machines are familiar features in stores around the world. By the end of 1996, more than 29,000 had been installed in more than 30 countries. The reverse vending machine is the technological and logical solution for efficiently handling returned beverage containers. It is in "the hole in the wall" – inside the machine – that deposit containers are separated from disposable containers, and the deposit refund is calculated. However, our machines can do more than just receive empty containers and pass them on to an efficient handling system – they can communicate as well!

You enter a store with empty bottles and cans. Your children head straight for the recycling corner of the store where reverse vending machines have been integrated into an exciting learning center that entertains while providing lessons of lasting value. They have fun and learn about recycling. You've just finished a spring cleaning, and you are happy that the store accepts disposables. Getting back your deposit is a pleasant bonus.

Many grocery stores are becoming more than just places to purchase necessities. They are evolving into centers which offer visitors an ever more varied complement of experiences, services and features. The trend is clear: If stores are to continue attracting customers and keep them coming back, they will have to offer something that customers feel is especially valuable. Providing an environmentally-friendly way for consumers to return beverage containers for refund or to benefit a charity are examples of such consumer interests.

> *"Among the fundamental strategic challenges that food retailers must master in the next 10 years is providing the store with a new dimension and added value; establishing leadership within these new areas will command consumer respect."*
>
> *From "The future for the food store – challenges and alternatives," a study carried out by Coopers & Lybrand in 1996 for The Coca-Cola Retailing Research Group, Europe.*

TOMORROW'S RETAIL BUSINESS – NEW OPPORTUNITIES

Trends in the retail trade establish an important framework for TOMRA. In the coming years, development will be shaped by the stores as they change and seek content for new roles. More services will be offered and an ever-increasing number of programs aimed at making customers more loyal shoppers will be implemented.

Andersen Consulting has drawn up a vision of how the store of the future might look. A TOMRA-equipped area figures prominently in this vision because it reflects the needs of consumers who increasingly think and act in an environmentally-responsible manner. In this setting,TOMRA reverse vending machines become marketing tools that encourage greater customer loyalty as an extension of the stores' bonus and loyalty programs.

PACKAGING IN, COMMUNICATION OUT

For stores, a system from TOMRA is more than an efficient solution to their logistics challenges. It is also a communications medium, a marketing tool, and an instrument to showcase in their corporate profile.

You enter the store carrying bottles and cans. Your children make a beeline to the environmental learning center where the reverse vending machines are installed. In a generous mood after feeding all your used beverage containers into one of TOMRA's machines, you donate your refund to a charity simply by pressing the yellow button instead of the green one.

The time the consumer spends in front of the reverse vending machines is a golden opportunity to catch his or her attention. It's a matter of timing: the flexible computer-based technology of TOMRA machines provides store owners with added value.

ADD COLOR TO A GRAY, EVERYDAY LIFE

The Norwegian Refugee Council in cooperation with the Hakon Group of Norway, owners of the RIMI supermarket chain, and TOMRA have joined forces to try out a new way of utilizing reverse vending machines. In a pilot project, an extra button has been added to TOMRA machines in ten RIMI supermarkets. Customers can press this button if they wish to donate their cash refund to the Refugee Council. The experiment this far has been successful – customers feel that this is a welcome addition to the stores' service and they are happy to make use of it. Through this pilot project, customers are given the option to support a charity, the stores gain goodwill, and the Refugee Council has found a new source of income.

"This way of collecting money for charity has great potential. It presents a friendlier way of addressing contributors than traditional fund-raising methods. In addition, we reach new groups of contributors through a medium that does not compete with our other fund-raising campaigns. And perhaps most importantly, it is cost-effective: Almost all funds that are collected are passed on directly to the charity."

Secretary General Mr. Trygve G. Nordby, the Norwegian Refugee Council.

TOMRA OFFERS DEPOSIT ALTERNATIVES

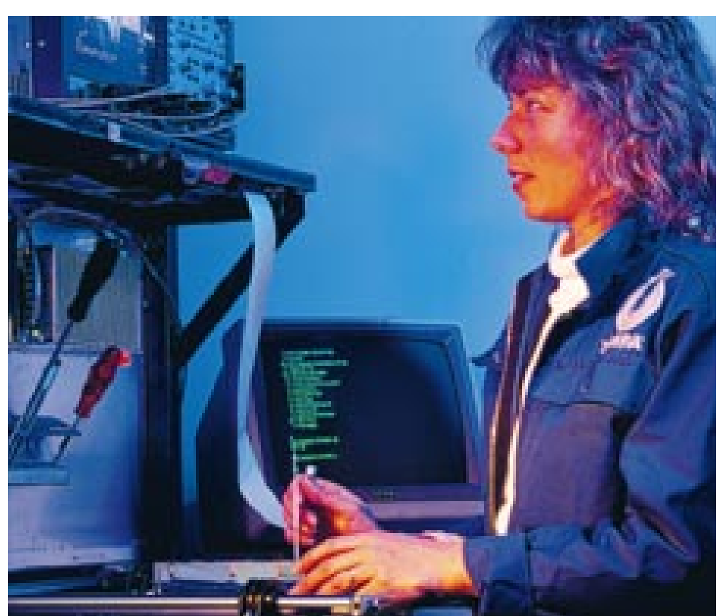
In many markets of the world, no official deposit system that encourages re-use and recycling is in effect. Even in these areas, there is still a place for TOMRA. The need for an attractive way to promote environmentally-responsive handling of empty beverage containers is equally pressing in non-deposit markets. The “reward” could be bonus points for a customer loyalty program of a supermarket chain. An example of this is taking place at Somerfield, the fifth largest food retailer in England with more than 600 stores throughout the country. Most are located where customers live and work, and Somerfield is considered to be both innovative and environmentally attuned. In a pilot project conducted in southern England, TOMRA reverse vending machines record bonus points earned for returning beverage containers. The more returned containers, the more bonus points are earned.

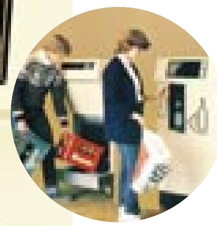
You enter the store with empty bottles and cans. Before starting to shop, you go to the reverse vending machines and your children help you return the empty beverage containers. Instead of receiving a cash refund, the machine prints out a statement of bonus points credited to your loyalty program account at the store for future purchases.

> *“Competition is fierce in the retail food business in Great Britain, and we are always on the lookout for innovations that will keep our customers coming back to us. One way is to link our loyalty program to a theme that our customers and Somerfield are concerned about: reuse and recycling.”*
>
> *Mark Thurgood, Project Director, Somerfield*

BUILDING ON TECHNOLOGY AND PEOPLE

TOMRA has grown from a start-up venture into a market-oriented corporation operating on an international scale. TOMRA is also a high-tech company; in fact, our ability to develop unique technological solutions was the foundation for establishing the company. Twenty-five years later, research and product development still command central roles. Efficient technological innovation is, to a great degree, a question of working with people who see the opportunities, understand what is needed in order to realize them, and have the know-how to carry out projects efficiently. TOMRA has always had enthusiastic and highly motivated employees who, through their personal initiative and creativity, have helped the company grow.





THE FIRST "HOLE IN THE WALL"

TOMRA developed the world's first electronic reverse vending machine in 1972. In 1977, another technological breakthrough enabled the machine through self-learning to recognize the shapes of bottles. With its unique identification and registration capabilities, based on laser scanning, fiber optics, and microprocessors, TOMRA now had a basic design which would be cost-effective for many different markets. The modularity and unique functionality of this reverse vending machine were instrumental in TOMRA's international expansion.

TECHNOLOGICAL PLATFORM FOR FURTHER GROWTH

With the TOMRA-600, we are introducing a new generation of reverse vending machines that use modern Charge Coupled Device camera-technology for pattern recognition and analysis. Bottles may be lying on their side or even rolling after being deposited into the machine - shape recognition is always accurate. Users can place bottles into the machine without concern for positioning. The machine's enhanced capabilities provide many advantages, including great flexibility in choosing backroom systems for accumulating, sorting and compacting.The T-600 confirms our position of technological leadership.

TOMRA REVERSE VENDING MACHINES – A COMPUTER NETWORK

A TOMRA reverse vending machine is a computer. Micro-processors and computer technology have been key to our success since 1977.

Networking provides more features with less work for store personnel. Today's TOMRA reverse vending machines can be connected on-line to regional TOMRA service centers for administration of refunds and managing materials handling. Service personnel can perform remote maintenance and upgrading. The same principles of networking and reducing costs through large-scale operations that make supermarkets profitable, also make materials handling and refunding less costly. Whether domestic or international, TOMRA can offer retail chain store operators state-of-the-art equipment and a unified system for handling returned containers, central control of cash refunds, and effective utilization of the networked machines for communicating with retail customers.

ON THE OTHER SIDE OF THE WALL

Back-room storage and handling systems are important labor- and cost-reducing features of TOMRA installations. Here, the real journey begins: sorting and storage of refillable bottles, and their automatic placement into crates that, in turn, can be stacked automatically. Cans and one-way bottles are compacted by crushing or shredding in order to save space.

TOMRA ALL THE WAY

TOMRA's role in handling returned beverage containers does not end at the store. In the future, more of TOMRA's activities and income will be linked to what happens after the containers leave the store. TOMRA's task is to help the world recycle. The natural consequence of this objective is to offer not just reverse vending machines, but totally integrated systems that make the entire recycling process more efficient.

MICHIGAN: FULLY AUTOMATED – TOTAL RESPONSIBILITY

Michigan is currently the focus of a bold TOMRA initiative in the United States. The company is working with Michigan bottlers to gain their support and cooperation with an initiative to build a fully automated depot for cost-effective handling of empty beverage containers for the entire state. The system will fully integrate, via data administration the front end reception of containers through reverse vending machines, to advanced back-end materials processing.

TOTAL ACCOUNTING CONTROL

1. As deposit containers are accepted through our reverse vending machines, they are validated, counted and processed for pick-up.

2. The machine's container data is uploaded to the In-store Pick-up Accounting System daily. This system provides for bottle deposit settlement and tracks material for pick-up.

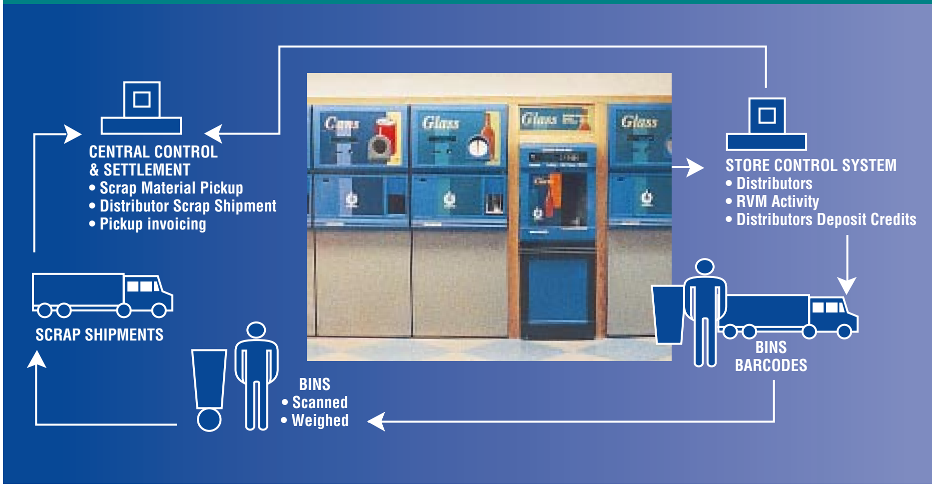
3. Based on container returns, vehicles are dispatched for pick-up. All containers are picked up in high volume bins which are scanned at pick-up.

4. All materials received at the processing facility are weight verified and separated for automated processing.

5. Materials are processed into their final form for direct delivery to recyclers.

6. TOMRA's central computer system keeps the state-wide system running by managing logistics and performing all machine activity, scrap reconciliation and invoicing functions.

TOTAL ACCOUNTING CONTROL



TOMRA's integrated system is capable of processing over 3 billion containers annually. This potential volume is three times greater than the entire Swedish market for cans.

AN INTERNATIONAL CORPORATION

Ever since its founding 25 years ago, TOMRA has been an international company. It all began in Norway, but it did not take long before TOMRA reverse vending machines were installed in other countries. Today, the United States and Europe are our most important markets. High standards of living and other advantageous economic conditions have enabled TOMRA to enter these markets and capture the position of undisputed market leader. That's not to say that TOMRA isn't interested in exploring needs and opportunities in smaller or developing markets. TOMRA is working on a long-term basis in several markets that have great potential, such as South America and Eastern Europe.

In recent years, our company has introduced more than 350 reverse vending machines in South America and approximately 100 in Hungary, the Czech Republic, Slovakia, and Slovenia.

INTERNATIONAL – FROM DAY 2

TOMRA didn't "go international". Instead, the world beat a path to TOMRA's factory door. The very first electronic reverse vending machine, introduced by TOMRA in 1972, received so much publicity that distributors and representatives around the world contacted the company to begin service in their own countries. Early on, France was the largest foreign market for TOMRA. Today, TOMRA has its own subsidiaries in 10 countries and sales and service representatives in more than 30 countries.

LEGISLATORS SIDING WITH THE ENVIRONMENT

Ever since the early 19th century, Europeans have been reusing glass bottles on a regular basis. Empty glass bottles have been and continue to be a valuable resource. Today, however, environmental concerns are generally the most important reasons for finding practical ways to recycle consumer packaging of all types, including beverage bottles and cans. State and local governments around the globe are implementing measures to meet the environmental challenges of the 21st century.

Environment protection issues are also tackled, to an increasing degree, through national and international legislation. A good example of this trend is the European Union directive concerning packaging materials. In short, it requires all EU countries to enact laws and regulations governing reuse and recycling of packaging materials. By the year 2001, EU countries must recycle a minimum of half of all packaging measured by weight. At a later date, even stricter requirements will come into force.

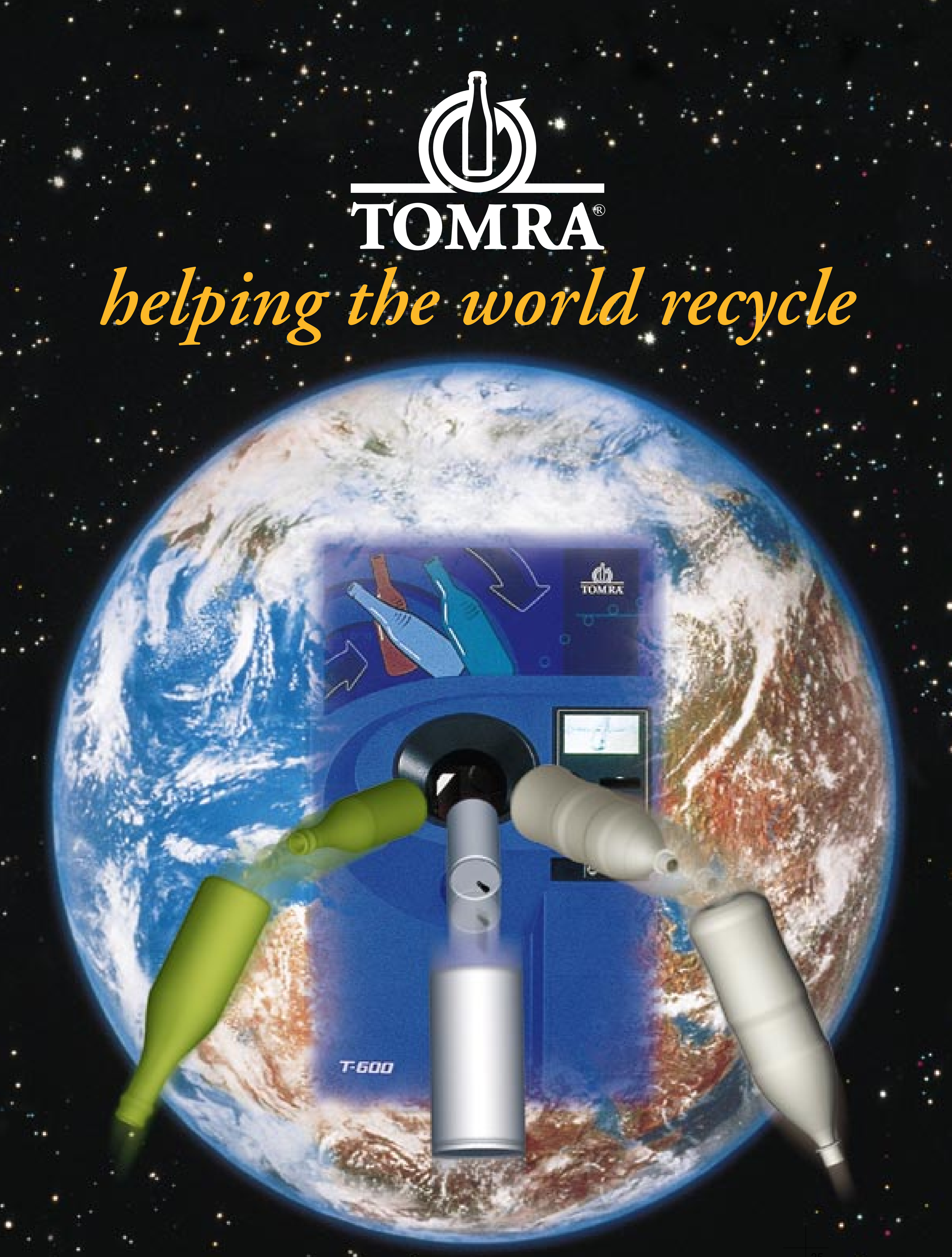
CONSIDERABLE POTENTIAL IN USA

In the United States – with deposit legislation in ten states – most of the population resides in states that have not implemented bottle bill legislation. It seems reasonable to assume that this pattern will be changing.

RECYCLING IS A MAJOR ISSUE IN GERMANY

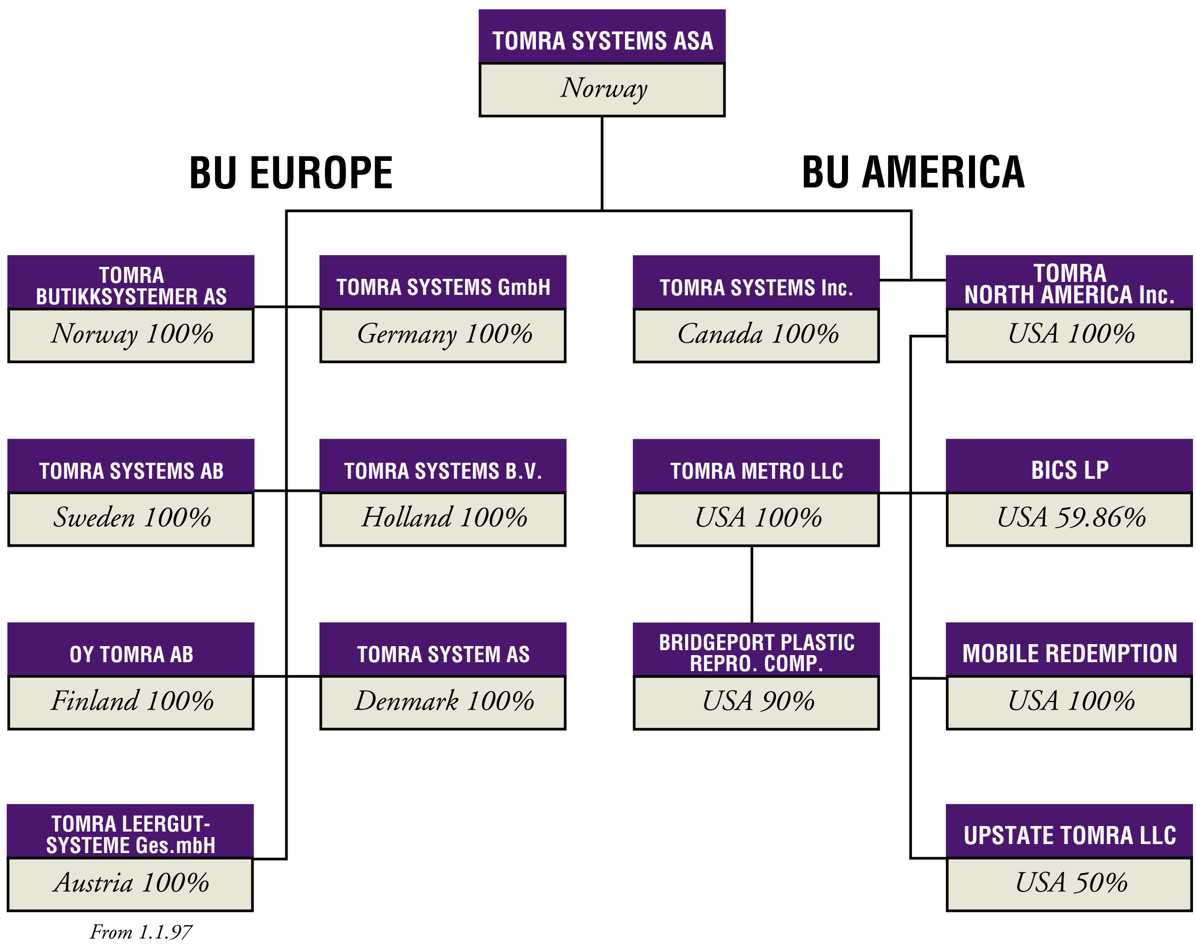
There is a keen awareness of environmental issues in Germany that is evident in legislation: 72% of all carbonated soft drinks must be sold in refillable containers. Should soft drink producers fail to conform to these limits, the authorities of each state may auto matically impose a deposit on disposable containers.

TOMRA is indisputably the powerhouse in its young industry. The company handles more than seven billion beverage containers annually – quite an achievement, but this figure represents less than 1% of the worldwide use of beverage containers. Success should not be hampered due to a lack of market opportunities...


TOMRA®
helping the world recycle
TOMRA
T-600

25 Business Units

TOMRA'S BUSINESS UNITS



DISTRIBUTORS

ARGENTINA	ICELAND
AUSTRALIA	ITALY
BELGIUM	PORTUGAL
CHILE	SPAIN
FRANCE	GREAT BRITAIN
GREECE	SWITZERLAND

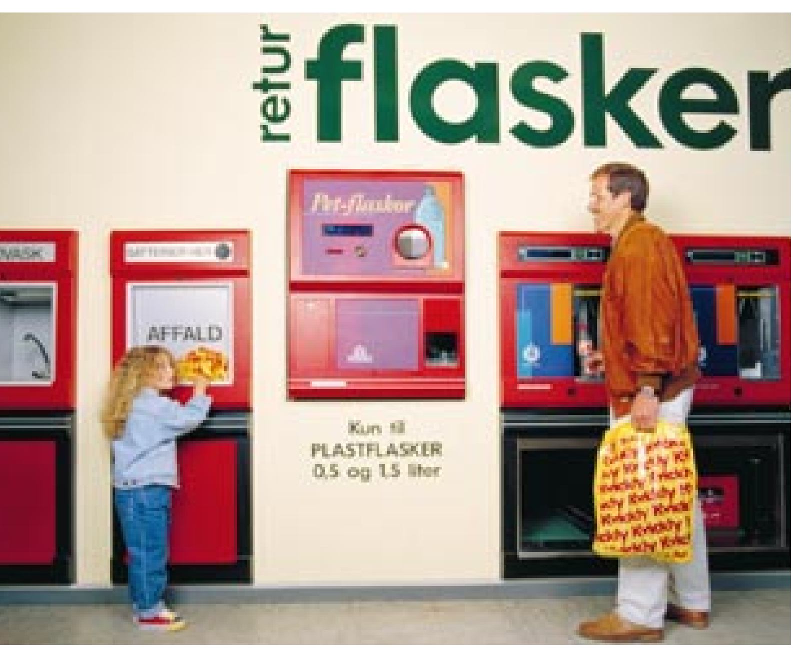
EUROPE

TOMRA's business unit for European activities, BU Europe, had a busy and productive year in 1996. Introduction of EAN bar-code reading of beverage cans sold in Sweden and new deposit legislation for cans in Finland contributed to an overall growth in sales of more than 40%, compared with the year before.

Two new models of reverse vending machines were introduced in 1996: the T-14 and the T-210 Cabinet. Both are compact, free-standing units; the T-210 Cabinet was developed especially for smaller stores in Central Europe. New legislation for recycling programs for beverage containers ("bottle bills") will continue to be an important factor influencing the growth of BU Europe as was the case in 1996. In Finland, the introduction of one-way beverage containers led to a busy spring – a doubling of our normal level of activity. Sweden introduced EAN bar-code reading of cans. For TOMRA, this resulted in major upgrading and installation programs throughout the country. In the course of three months, more than 800 of our T-14 machines were installed, all with an on-line connection to TOMRA. The T-14 machines had been developed especially for this rapidly growing market.

Tore Gulli heads BU Europe

In Norway, a decision to establish a recycling system for cans and one-way bottles was made in the fall of 1996 that will go into effect 1 January 1998. Similar discussions are underway in Denmark, and the implementation of EU directives regarding packaging in member states will also affect some TOMRA activities. Countries such as Portugal, Spain, Greece and Israel are considering legislation regarding recycling systems for beverage containers.



ALWAYS FOCUS ON THE CUSTOMER

TOMRA emphasizes focusing on customer interests in each of the countries where we are active. This has led to the development of more and more value-added products and services for our customers. Annual market research of our European customers shows that we have succeeded in our efforts. Increased customer satisfaction and a higher re-purchase index are the results. In 1996, we also introduced our KATCH ALL quality assurance program to assess customer satisfaction during the installation period for new machines. We also implemented a service guarantee program and a program for further development of our national sales organizations.

REVERSE VENDING MACHINES AS MARKETING TOOLS

Sales and professional servicing of our reverse vending machines will remain the core of activities at BU Europe. Several of our subsidiaries experienced a record year in 1996 in terms of the number of machines sold, and they have further developed their close cooperation with food retail chains. Denmark was one of the countries that provided record sales of machines. In Germany, the introduction of the T-210 Cabinet opened up new market segments among smaller stores.

TOMRA currently has more than 23,000 reverse vending machines installed in Europe. Retail chains, building on customers' heightened awareness of the importance of recycling, have started using reverse vending machines as a marketing tool. In Great Britain, the Somerfield food retailer chain has test installations of our machines. This is another first for BU Europe; TOMRA installations in a country that hasn't established an official deposit system for beverage containers. Instead of cash refunds, bonus points are credited to customers' Somerfield Premier membership cards.

WHAT'S AHEAD IN 1997?

In August 1996, Tore Gulli was employed as the new head of BU Europe. Mr. Gulli has previously worked in Great Britain, outside the TOMRA organization.

With committed employees and the positive trend of "bottle bill" legislation in Europe, we expect 1997 to be a busy year, although not to the same degree as 1996. Sales of reverse vending machines will continue to be our main business activity. Germany will be our single most important market for machine sales in 1997. TOMRA already has a highly skilled and motivated staff of more than 40 people in that country. Our foremost strength in the German market is our nationwide coverage with support personnel who provide rapid and efficient preventive maintenance and other services that our customers demand. The acquisition of Tomra Leergutsysteme GmbH will enable us to expand even further into Eastern Europe. This acquisition agreement went into effect 1 January 1997. In addition to a new series of related services that provide added value for retailers using TOMRA machines, the introduction of the T-600, a new generation of reverse vending machines for refillable as well as one-way containers, will help us meet the high expectations of our customers.

T-210 Cabinet in store environment

AMERICA

1996 was a year of continued growth and development for TOMRA's American business unit: Operational revenues increased 79% to NOK 345 million. Installations of new reverse vending machines increased by 23% to 2,411 machines. By the end of 1996, TOMRA had an installed base of 6,252 machines in the American market, which boosted our overall market share to 70% from the previous year's figure of 55%.

TOTAL SERVICE PROVIDER

TOMRA is developing and executing a busines strategy to become a - Total Service Provider - to our customers. This strategy is reflected in our three revenue streams. The first two, sales/service and leasing agreements, involve installation of machines and related service. The third, pick-up and administration of returns, is a growth area that TOMRA is targeting through expanded services and investments. TOMRA's customers in this growing market segment receive a complete system for materials handling, accounting, and management of every type of containers that pass through our reverse vending machines. The table below illustrates the revenue derived from the three revenue segments. The increasing proportion generated by our integrated pick-up and management services is a result of implementing the company's business development strategy.

Gregory S. Garvey heads BU America

ACQUISITIONS

Three U.S. acquisitions were completed in 1996 that will strengthen the company's position as a Total Service Provider. The first was Mobile Redemption serving northern Connecticut and western Massachusetts. In April, TOMRA bought 60% ownership in BICS, based in Buffalo, New York. Finally, the October 1996 purchase of the pick-up and processing operations of Waste Management's Bottle Bill Division in the Rochester and Syracuse areas of New York State made TOMRA a full-service provider in these markets as well.

THREE SOURCES OF INCOME IN THE USA

	1996	1995
MATERIALS HANDLING AND ADMINISTRATION	41%	29%
LEASING AND HANDLING FEES	32%	26%
SALES AND SERVICE CONTRACTS	27%	45%

SUPERMARKET CHAINS

TOMRA entered into several major contracts with supermarket customers in the Metropolitan New York area during 1996. An exclusive agreement was concluded with Pathmark – the largest-volume retail chain serving the greater New York area – for delivery of 350 machines. More than 1,000 machines were installed in the Metropolitan New York area during 1996.

The company's aggressive development in upstate New York as well as in Michigan continued in 1996, with our market share exceeding 90% percent of new installations. We also made a breakthrough after 18 months of discussion with Price Chopper a major chain in Albany, N.Y.. Buffalo's largest retail chain, Tops, made a strategic commitment to install our reverse vending machines. Finally, the installation of more than 550 machines in Michigan contributed to excellent growth.

TOMRA was also successful in introducing machines to new markets. In November 1996, 70 machines were placed at 14 Hy-Vee stores in Iowa. Hy-Vee, with more than 95 outlets, is the largest retail chain in Iowa. TOMRA is expecting strong growth in this market during 1997.

MICHIGAN

TOMRA has undertaken substantial investments in the state of Michigan to provide materials pick-up services. In September 1996, construction began on a 7,000-square meter (75,000-square foot), fully-automated facility for receiving and handling up to three billion beverage containers annually.
TOMRA's strategy in Michigan is to offer a complete management system – from the time bottles and cans are deposited at a store until they are delivered for reuse or recycling. Throughout the process, data recorded by our machines are used to enhance efficiency. TOMRA is working with breweries and soft drink bottlers in Michigan to establish cooperative relationships before the new processing facility begins operations during the second half of 1997.

BUSINESS DEVELOPMENT

As part of BU America's rapid growth and focus on complete materials handling systems, the company has sought out new expertise. During the past six months, we have made two key additions to our management team. Both individuals have considerable experience in materials processing, transportation, and logistics.

The outlook for 1997 is promising. We expect to maintain the same level of installations and defend our strong market position. In Iowa and Massachusetts, prospects are good: Plans are ready for accelerated growth and development. TOMRA's Total Service Provider strategy will be expanded in all markets. The large project in Michigan will be key to our future success as we work to demonstrate the viability and efficiency of engineered solutions.

ENVIRONMENTAL REPORT

ENVIRONMENTAL STRATEGY

Our motto, "Helping the world recycle," reflects the company's commitment to environmentally responsive performance in all facets of our business activities. TOMRA's overall environmental strategy is based on the "Business Charter for Sustainable Development" of the International Chamber of Commerce.

IN-HOUSE ENVIRONMENTAL STATUS

Since its founding, TOMRA has emphasized that our activities should, to the greatest extent possible, make net beneficial contributions to the environment. Efforts to influence employee attitudes and behavior by focusing on in-house environmental issues have reaped on-going benefits over the years. Working conditions at our headquarters in Asker have been examined with the assistance of a physiotherapist and an occupational hygienist in order to maintain high standards for the working environment of each employee.

During the fall of 1996, TOMRA carried out a systematic analysis of the environmental aspects of production operations at Asker. The analysis studied factors such as energy and resource consumption, waste-handling practices, discharges, and environmental issues within individual departments. The environmental protection efforts of some of our suppliers in Norway were evaluated in the same study.

The key findings of the report showed that TOMRA was indeed handling environmental matters well, yet it recommended several areas for further improvement. Because the company has avoided environmentally damaging production processes and relied principally on utility-supplied electrical power, we had not geared up for quantitative measurements and environmental record keeping. The study has provided us with a starting point for keeping track of developments in the most important areas.

Among on-going measures, "waste sorting at source" has been enhanced, and a new waste-sorting plan has been implemented. Waste is now sorted into seven categories. Additional investments in handling recyclable materials amounted to NOK 1 million in 1996. These expenditures are expected to result in savings of approximately NOK 200,000 each year.

In product development, TOMRA's commitment to the environment focuses on continuously evaluating technical requirements and standards in terms of environmental consequences during production and in product use. Examples of our efforts to implement environmentally-friendly practices include marking plastic parts with recycling and content codes; using alu-zinc surface treatments on steel parts rather than chrome plating and galvanizing; and reducing the volume of paints, lacquers, adhesives and other chemical components used in production.

Remote data-recording from machines installed for field testing has reduced the need for travel related to product development.

EXTERNAL ENVIRONMENTAL STATUS

As mentioned earlier, TOMRA only uses renewable energy resources for production by purchasing hydro-electric power. Our production processes do not present measurable noise disturbance, nor do they release reportable pollutants to air, water or soil beyond those normally associated with transportation activities.

A review of our suppliers in Norway showed that environmental management is taken seriously by most Norwegian manufacturers. Nothing was uncovered in this study that would require TOMRA to reevaluate the acceptability of any supplier. The analysis also revealed a varied approach to environmental matters among our suppliers. Companies which use environmentally hazardous materials in their production processes have the best developed procedures and security arrangements for protecting the environment.

Energy-saving measures have been stressed throughout the design and construction of TOMRA's new headquarters. In excess of NOK 1 million was invested in improving energy management and reducing energy consumption during 1996. In addition to providing increased comfort and operational safety, these efforts are expected to yield significant savings in the future. Operationally-reliable machines with long service lifetimes have always been TOMRA's primary objective. We are proud to observe that TOMRA is perceived to be the leading supplier in this area in all our markets.

We still hope to reduce the need for service visits. By further developing TOMRA's software systems that enable direct, on-line communication with installed machines, our service technicians will be able to perform remote maintenance and software upgrades. Several of our customer service organizations have introduced computerized aids to optimize time and energy expenditures. In North America, these systems are playing an important role in arranging collections from stores and delivering to appropriate recyclers.

Managed handling of used TOMRA equipment is facilitated through favorable exchange programs where our local service companies and distributors maintain re-use and recycling capabilities. We recognize, however,

that in some markets more progress is necessary before we can claim that we have reached our goal.

Despite increased efforts focusing on environmental issues in recent years, we continue to strive for further improvement.

Responsibility for coordinating TOMRA's environmental efforts is now under the direction of the company's quality assurance department. Their main task for 1997 will be to prepare for environmental certification of TOMRA according to ISO 14001 standards. Our objective is to remain at the forefront of environmentally responsive companies through our products, services, and production methods.

SHARES AND SHAREHOLDERS

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

In its Articles of Association TOMRA has no limitations on the transferability of shares. Each share carries one vote at the company's general meeting. There are also no restrictions with regard to foreign ownership, which stood at 70.8% at the end of 1996, up from 61.8% in 1995. The shares in TOMRA are currently traded on the Oslo Stock Exchange and through an ADR/American Depository Receipt, Level 1 program in the US. The rules related to listing on the Oslo Stock Exchange include, among other requirements, an obligation to provide information about major shareholders when their holdings exceed certain levels.

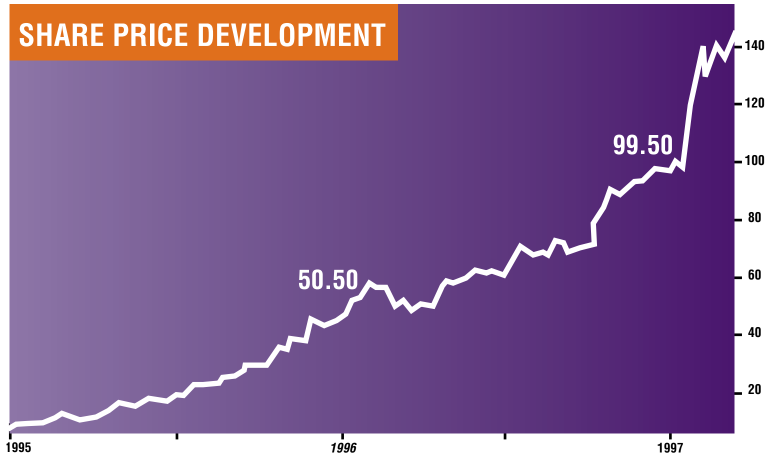
The TOMRA share price was NOK 99.50 at the end of 1996, up from NOK 50.50 at the beginning of the year. The Oslo Stock Exchange All Share Index increased by 32% during the same period. The highest price quoted in 1996 was NOK 103.00 in December, while the lowest was NOK 47.00 in February.

The stock market capitalization of TOMRA at the end of 1996 was NOK 3,746 million, compared with NOK 1,883 million at the beginning of the year. The volume of TOMRA shares traded during 1996 was 72.5 million, nearly twice the number of shares outstanding. Tomra Systems ASA and its subsidiaries do not own any TOMRA shares.

The Board of Directors proposes a dividend of NOK 0.30 per share for 1996, up from NOK 0.25 in 1995, an increase of 20%. The recommended dividend represents a distribution ratio of 11%.

THE COMPANY'S LARGEST SHAREHOLDERS

	Registered at 31.12.1996	*Total shares*	*Interest*
1.	Chase Manhattan Bank	5,360,437	14.24%
2.	State Street Bank	3,668,965	9.75%
3.	Deutsche Bank AG Kundendepot	1,353,200	3.59%
4.	Caisse des Depots et Consignations	1,349,000	3.58%
5.	Morgan Stanley Trust - Clients' account	1,160,420	3.08%
6.	Morgan Guaranty Trust	1,001,987	2.66%
7.	Gjensidige Livsforsikring Investeringsavd.	891,317	2.37%
8.	Bank of Scotland Plc S/A - Clients account	805,100	2.14%
9.	Fleming & Co. Ltd.	703,856	1.87%
10.	Kommunal Landspensjon	580,700	1.54%
11.	Gregory S. Garvey	562,329	1.49%
12.	Aim Global Aggressiv	486,000	1.29%
13.	Caisse Nationale de Agricole	450,000	1.20%
14.	ABN Amro Global - Customer account	447,600	1.19%
15.	Skandinaviska Enskilda Foreign Securities	433,175	1.15%
16.	David D'Addario	420,000	1.12%
17.	Royal Bank of Scotland - General Clients	418,000	1.11%
18.	Vesta Grønt Norge v/Vesta forvaltning	392,920	1.04%
19.	Citibank N.A. Pensionen Funds	354,000	0.94%
20.	Citibank N.A.	309,439	0.82%
	Total	**21,148,445**	**56.17%**
	Other shareholders	16,500,623	43.83%
	Total (4,552 shareholders)	37,649,068	100.00%
	Shares owned by Norwegian shareholders	10,985,180	29.17%
	Shares owned by foreign shareholders	26,663,888	70.83%
	Total	**37,649,068**	**100.00%**



Vice President Finance Helge Nerland is responsible for TOMRAs Investor Relations activities.

Figures in NOK 1,000 *Share capital increases*

YEAR	TYPE OF ISSUE		PAID IN CAPITAL	SHARE CAPITAL	TOTAL	PAR VALUE	SHARES	ADJ. FACTOR
1985/Jan.	Private placement	-	28,850	2,400	36,700	50	734,000	-
Jan.	Split	5:1	-	-	36,700	10	3,670,00	0.200
1986/Jun.	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 placement		970	970	70,650	4	17,662,500	-
Dec.	Loan conversion placement		1,150	1,150	71,800	4	17,950,000	-
1988/Dec.	Employee placement		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 placement		480	480	74,120	4	18,530,000	-
Dec.	Loan conversion issue		325	130	74,250	4	18,562,500	-
1990/May	Employee placement		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 placement		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 placement		580	580	85,214	4	21,303,500	-
May	Private placement		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
1995/May	Employee placement		1,220	1,220	133,541	4	33,385,250	-
May	Rights issue		1,520	400	133,941	4	33,485,250	-
Jun.	Loan conversion issue		1,295	370	134,311	4	33,577,750	-
Nov.	Private placement		129,688	13,200	147,511	4	36,877,750	-
Dec.	Loan conversion issue		5,635	1,610	149,121	4	37,280,250	-
1996/Mar.	Employee placement		4,080	400	149,521	4	37,380,250	-
April.	Employee placement		4,280	400	149,921	4	37,480,250	-
May	Employee placement		475	475	150,396	4	37,599,068	-
May	Employee placement		200	200	150,596	4	37,649,068	-

KEY FIGURES FOR THE GROUP 1992 - 1996

Figures in NOK 1, 000	*1996*	*1995*	*1994*	*1993*	*1992*
PROFIT AND LOSS STATEMENT					
Sales	783,537	501,026	386,015	302,936	262,129
Production costs	364,165	217,815	188,383	156,561	127,544
Gross contribution	419,372	283,211	197,632	146,375	134,585
Operating expenses	169,690	136,963	108,317	88,777	86,922
Development projects 1)	43,655	30,236	25,370	21,781	24,557
Ordinary depreciation	53,725	31,706	16,822	13,395	10,496
Operating profit	152,302	84,306	47,123	22,422	12,610
Net financial items	3,167	4,256	5,060	359	2,023
Minority interests	2,067	-	-	-	-
Profit before taxes	**147,068**	**80,050**	**42,063**	**22,063**	**10,587**
Taxes	44,892	17,362	8,992	2,815	832
Profit after taxes	**102,176**	**62,688**	**33,071**	**19,248**	**9,755**
ASSETS					
Current assets					
Liquid assets	44,177	60,288	22,618	19,113	23,057
Accounts receivable	149,420	97,097	65,877	60,245	42,309
Inventory	140,703	109,156	85,917	55,217	42,701
Other current assets	36,569	26,134	13,030	11,787	8,640
Total current assets	370,869	292,675	187,442	146,362	116,707
Fixed assets 2)	513,138	313,219	189,124	100,190	92,852
Total assets	**884,007**	**605,894**	**376,566**	**246,552**	**209,559**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Bank overdraft	6,487	3,741	12,556	31,276	1,918
Accounts payable	72,682	43,591	31,428	18,961	15,822
Other current liabilities	138,729	75,722	53,568	40,680	42,295
Total current liabilities	217,898	123,054	97,552	90,917	60,035
Long-term liabilities	135,497	83,863	65,722	16,263	19,901
Deferred taxes	26,493	3,624	3,916	755	1,061
Minority interests	4,052	-	-	-	-
Shareholders' equity					
Share capital	150,596	149,121	132,321	88,214	88,214
Reserves	349,471	246,232	77,055	50,403	40,348
Total shareholders' equity	**500,067**	**395,353**	**209,376**	**138,617**	**128,562**
Liabilities and equity	**884,007**	**605,894**	**376,566**	**246,552**	**209,559**

	1996	1995	1994	1993	1992
PROFITABILITY					
Operating margin 3)	19.4%	16.8%	12.2%	7.4%	4.8%
Profit ratio 4)	18.8%	16.0%	10.9%	7.3%	4.0%
Return on equity 5)	22.8%	20.7%	18.5%	14.2%	8.3%
Return on total assets 6)	21.7%	17.7%	17.2%	12.4%	9.1%
CAPITAL AT 31.12.					
Shareholders' equity 7)	500,067	395,353	209,376	138,617	128,562
Equity ratio 8)	56.8%	65.3%	55.6%	56.2%	61.3%
Bankers ratio 9)	1.7	2.4	1.9	1.6	1.9
Acid test 10)	1.1	1.5	1.0	1.0	1.2
Debt service ratio 11)	1.0	0.7	2.5	5.1	0.1
Working capital 12)	152,971	169,621	89,890	55,445	56,672
SHARES					
Share capital at 31.12.	150,596	149,121	132,321	88,214	88,214
Earnings per share (EPS) 13)	2.72	1.85	1.00	0.65	0.31
EPS, fully diluted 14)	2.70	1.80	0.98	0.64	0.31
Dividend per share	0.30	0.25	0.20	0.15	0.14
Share price at 31.12.	99.50	50.50	15.30	15.50	10.82
Market capitalization (NOK mill.)	3,746	1,883	506	513	320
Price/earnings ratio 15)	36.6	27.4	15.3	23.9	31.0
Cash flow per share 16)	3.69	2.38	1.22	0.97	0.57
Price/cash flow ratio 17)	27.0	21.2	12.5	16.0	17.0
EMPLOYEES					
Total employees (average)	633	404	295	238	228
Sales per employee	1,238	1,240	1,309	1,273	1,150

Definition 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 taxes as a % of operating revenues.
5) Profit after taxes as a % of average equity (as defined in footnote 7).
6) Profit before interest expenses as a % of average total assets.
7) Share capital and reserves.
8) Equity as defined in footnote 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 cash flow from operations.
12) Current assets less short-term liabilities.
13) Profit after tax divided by average number of shares (1996 = 37,551,250).
14) Profit after tax divided by average number of shares incl. earned options (1996 = 37,901,250).
15) Stock price at 31.12. divided by earnings per share (see footnote 13).
16) Cash flow from operations divided by average number of shares.
17) Share price at 31.12. divided by cash flow per share (see footnote 16).

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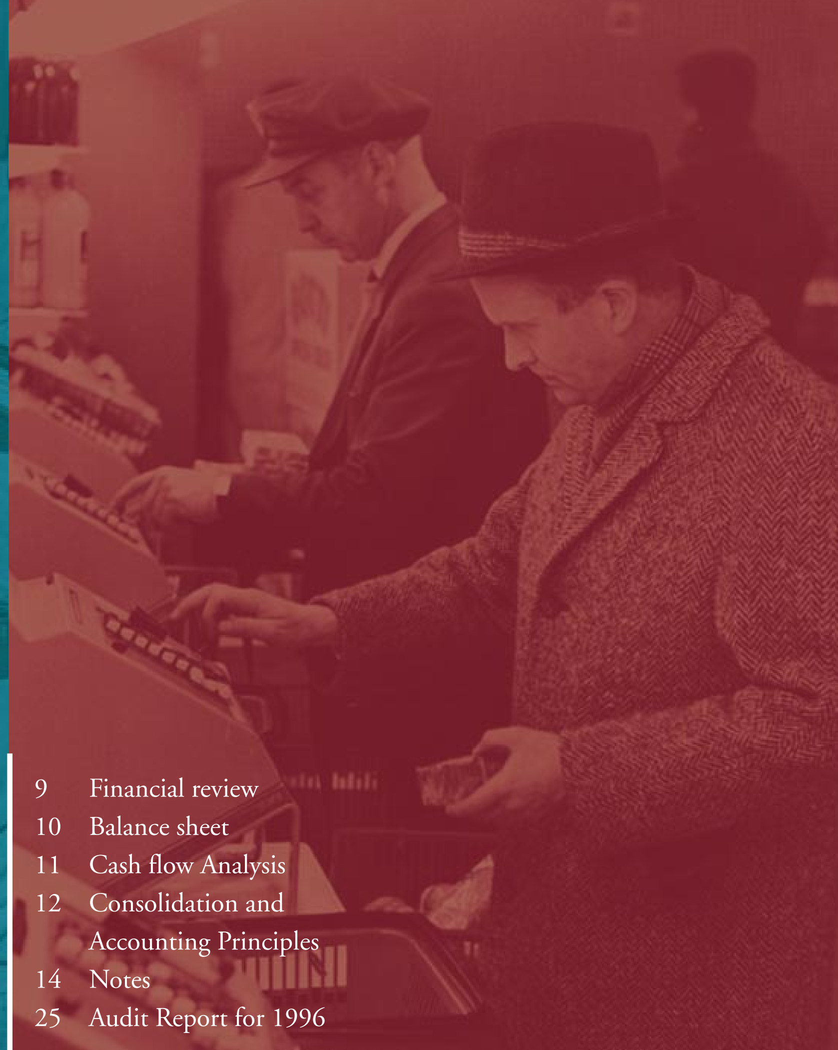


SYLTES
TOMFLASKER



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TOMRA

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