

Annual Report 2009



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This publication is printed on a highly environmentally friendly paper, Cocoon Silk, which is 100% recycled and 100% CO₂ neutral.

Print : Bryne Stavanger Offset AS
Design: TOMRA
Photos: TOMRA

Tomra Systems ASA
Drengsrudhagen 2, 1372 Asker, Norway
Telephone: +47 66 79 91 00

		2009	2008	2007	2006	2005
Operating revenues	NOK million	3,321	3,622	3,490	3,965	2,413
EBITDA	NOK million	490	612	606	828	310
Profit	NOK million	292	456	445	655	133
Ordinary profit before taxes	NOK million	391	432	442	656	148
Net profit	NOK million	268	292	292	440	22
Total assets	NOK million	3,112	3,594	2,952	3,310	2,994
Equity	NOK million	1,845	2,019	1,624	1,972	2,166
Return on equity	%	13.9	16.0	16.2	21.3	0.9
Return on total assets	%	12.5	14.4	15.2	21.0	4.9
Earnings per share	NOK	1.67	1.82	1.76	2.48	0.05
Earnings per share fully diluted	NOK	1.67	1.82	1.76	2.48	0.05
Net cash flow from operating activities	NOK million	457	375	526	344	230
Number of employees as of 31 December		1,952	2,110	2,040	2,022	1,906
Female employees	%	18	19	20	18	19
Female managers (of all managers)	%	21	22	19	17	17
Ethnic minority employees	%	32	29	32	35	34
Number of reportable injuries		138	153	167	116	153
Carbon dioxide emissions	Metric tons	31,400	26,400	28,900	26,000	21,000
Waste generation	Metric tons	1,685	1,820	1,745	1,585	1,580

Directors' Report 2009



Svein Rennemo (b. 1947)
Chairman. Board member since 2009.
Number of TOMRA shares: 0
Other board memberships: Statoil ASA (Chairman); Norske Skog ASA; Pharmaq AS (Chairman); Integrated Optoelectronics AS (Chairman).



Bjørn M. Wiggen (b. 1959)
Deputy Chairman.
Board member since 2008.
CEO, Sapa AB
Number of TOMRA shares: 10,000
Other board memberships: None.



Jorgen Randers (b. 1945)
Board member since 1991.
Professor, Norwegian School of Management
Number of TOMRA shares: 32,100.
Other board memberships: YA Bank ASA and 21st Venture AS. Member of the "sustainability councils" of The Dow Chemical Company and British Telecom.



Hege Marie Norheim (b. 1967)
Board member since 2007.
SVP, Statoil ASA
Number of TOMRA shares: 6,150
Other board memberships: Nordea Norway; World Petroleum Council; The Norwegian Theater (Det Norske Teatret).



Aniel Gabriela Gjøes (b. 1959)
Board member since 2008.
CEO, Cargo Partner Group AS
Number of TOMRA shares: 10,000
Other board memberships: Dagbladet AS; Stokke AS; Norwegian Logistics and Freight Association.



David Williamson (b. 1959)
Employee representative
Board member since 2008.
Number of TOMRA shares: 648
Other board memberships: None.



Ingrid Solberg (b. 1972)
Employee representative
Board member since 2009.
Number of TOMRA shares: 1,511
Other board memberships: None.

SUMMARY AND HIGHLIGHTS

- Despite a turbulent year in the wake of the financial crisis, TOMRA on the whole delivered good results and a positive cash flow. The corporation ended 2009 with a solid balance and a good foundation for further growth.
- Operating revenues in 2009 of NOK 3,321 million represented a reduction of 8.3 percent compared to 2008. Operating profit fell from NOK 456 million in 2008 to NOK 387 million in 2009, before restructuring and other one-time charges in the fourth quarter of 2009 of NOK 95 million.
- TOMRA maintained its strong position in deposit markets. Revenues in Collection Technology increased from NOK 1,819 million in 2008 to NOK 1,906 million in 2009. Increased sales in Germany compensated for reduced activity in Finland, which had a high installation rate in 2008 due to the implementation of a new deposit law.
- The companies within TOMRA's IPT segment all had significantly lower activity in 2009 than in 2008. Declining commodity prices and more difficult access to capital resulted in a significant fall in demand for both sorting and compaction solutions. The decline was worst in the first half of 2009, in the second half the order intake began to pick up again.
- The volumes handled by TOMRA's material handling operations in the Eastern US and Canada were stable in 2009 in relation to 2008. Lower fuel costs contributed to improving the operating profit.
- In California TOMRA was affected both by falling aluminum prices and an exclusion of the agreed handling fee due to us by the State, resulting in the California operations delivering a loss in 2009.
- TOMRA's activities related to non-deposit solutions (Collection Technology Non-Deposit), showed significant improvement throughout 2009 and were breaking even accounting-wise by the start of 2010. For reporting purposes the segment was merged together with Collection Technology Deposit as of the fourth quarter 2009.
- Net financial items came in at NOK 99 million, a figure positively impacted by gains from hedging activities totaling NOK 112 million. Cash flow from operations was strong at NOK 457 million in 2009, up from NOK 375 million in 2008.

FINANCIAL PERFORMANCE 2009

Operating revenues amounted to NOK 3,321 million in 2009. This represents a reduction of 8.3 percent in relation to 2008. Corrected for currency effects, operating revenues fell by 14 percent.

Operating profit was NOK 292 million in 2009, down from NOK 456 million in 2008. This includes write-downs and other one-time charges of NOK 95 million in the fourth quarter. The operating profit was also reduced by NOK 90 million through an exclusion in handling fees and lower aluminum prices relating to collected materials in California.

A weak NOK measured in USD and EUR throughout the first three quarters of 2009 gave a positive effect on EBIT of about NOK 40 million compared to 2008.

Net financial items went from minus NOK 24 million in 2008 to NOK 99 million in 2009, positively impacted by a gain from currency hedges of NOK 112 million entered into primarily at the end of 2008.

Net profit after taxes was 268 million in 2009, down from NOK 292 million in 2008. Earnings per share in 2009 equaled NOK 1.67 compared to NOK 1.82 in 2008.

Cash flow from operations was strong at NOK 457 million in 2009, up from NOK 375 million in 2008. Cash flow from operations financed investments of NOK 163 million, dividend payments of NOK 75 million, share buy-backs of NOK 47 million and payments on net interest-bearing debt inclusive interest, of NOK 172 million.

TOMRA's balance sheet as of 31 December 2009 was NOK 3,112 million. This represents a reduction of 13 percent in relation to the balance at the beginning of the year. The reduction resulted from a strengthening of the Norwegian krone against other currencies. Seventy-eight percent of TOMRA's assets are denominated in foreign currencies, principally USD and EUR. All balance sheet items in foreign currency are converted to

NOK on the day the balance sheet is finalized. In that USD was down by 17 percent and EUR was down by 16 percent throughout the year, the value in NOK was also reduced correspondingly.

A reduction in the overall balance also contributed to an increase in the equity ratio from 58 percent to 61 percent during the year, even though the equity measured in NOK fell from NOK 2,084



million to NOK 1,903 million. At the end of 2009 the free equity of the parent company Tomra Systems ASA stood at NOK 859.6 million.

Tomra Systems ASA had an increase in operating revenues from NOK 927 million in 2008 to NOK 969 million in 2009. The operating profit increased as well, going from NOK 119 million to NOK 257 million, mainly as a consequence of write-downs on receivables from subsidiaries and restructuring charges in 2008, as well as the effect of this restructuring in the form of generally lower cost levels in the company in 2009. Activities within the parent company are principally connected to research and development within the Collection Technology segment, as well as logistical functions within the same segment. Machines are produced by third parties in Sweden and Poland, and at the wholly owned subsidiary Tomra Production AS in Norway. The machines are sold via the parent company to subsidiaries and distributors, primarily in Europe and North America. Activity within the parent company reflects therefore the level of sales of machines and parts to end customers within this segment.

The net profit after taxes equaled NOK 297.4 million in 2009. TOMRA strives to deliver a steady increase in dividend payments from the company, and recommends a dividend distribution of NOK 0.55 per share, up from NOK 0.50 in 2008. The net profit for 2009 shall be allocated as follows:

Dividend:	NOK 81.5 million
Retained earnings:	NOK 215.9 million
Total amount applied:	NOK 297.4 million

The Board of Directors confirms that the accounts have been prepared on a going concern basis and in accordance with IFRS for the Tomra Group companies and NGAAP for Tomra Systems ASA. The Board is of the opinion that the financial accounts give a true and fair view of the company's activities in 2009.

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

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

Despite all the documented advantages of a deposit system, few markets have implemented deposit in recent years. The recognition that it could take time before new markets accepted deposit as an effective system for recycling, led several years ago to the decision that TOMRA would expand its operations by moving into other areas within the value chain for collecting and processing waste. As a consequence, TOMRA established its business segment Industrial Processing Technology, in which TOMRA provides solutions for recognizing, sorting and compacting waste. The results of this initiative have been positive, and in 2009 this segment contributed 17 percent of the corporation's total operating revenues. This percentage is expected to increase going forward.

Due to this expansion the company's operations today are more robust and less dependant on individual markets than previously. Even though in the short run swings in demand for TOMRA's solutions may occur, the company will in the long run be able to capitalize on strong macro trends that are working in favor of the recycling industry. This includes such factors as increasing per capita waste levels, higher energy prices, stricter waste recycling regulations, greater environmental awareness and corporate responsibility initiatives, and the growing view that used materials are in fact valuable resources rather than waste. In some markets these factors will result in the implementation of deposit systems, in others different solutions will be developed. Regardless of which solutions are selected, TOMRA is of the opinion that more ambitious recycling rates require increased use of technology. In this sense, TOMRA is in a unique position as being one of the world's leading providers of high-tech solutions in an industry that will undoubtedly grow in the years ahead.

KEY ACTIVITIES
TOMRA's mission statement is "Helping the world recycle." In pursuit of this, TOMRA has become an international corporation with a presence in more than 45 countries. The company's headquarters are located in Asker, Norway, and its principal markets lie in North America and Europe.

The company's activities are organized within three business segments: Collection Technology, Industrial Processing Technology, and Material Handling. The first two segments are technology divisions that develop, produce and sell technology directed toward different areas within the value chain for waste handling. In the Material Handling segment, TOMRA carries out the pick-up, transport and processing of used beverage containers in deposit markets in North America.

Collection Technology
TOMRA's activities within this business area include primarily the development, production, sale, lease and service of automated recycling systems in

Europe and North America. In addition TOMRA provides data administration systems which monitor the volume of collected materials and associated deposit transactions.

In 2009 the revenues within this segment amounted to NOK 1,906 million, up from NOK 1,819 million in 2008. The gross contribution increased from 44 percent to 45 percent and the operating profit rose from NOK 262 million to NOK 380 million.

This segment maintained its activity level throughout the financial downturn in 2008-09, while at the same time significantly improving its earnings. TOMRA's customers within this segment are primarily in the food retail industry in Europe and USA, an industry that to only a small degree was affected by the financial downturns since the consumption of food and beverages remained pretty stable. Increasingly more food retail chains consider a well-functioning container return system as an important competitive advantage, as consumers to a certain degree choose which store they go to based on the convenience and reliability of a store's return facilities. This applies both in times of economic upturn and downturn.

TOMRA maintained its position as the leading supplier of automated recycling machines in Europe in 2009. Revenues from the European activities amounted to NOK 1,557 million, up from NOK 1,498 million in 2008. This includes a reduction in sales in the Finnish market of 36 percent. Finland implemented deposit on non-refillable containers in 2008 which resulted in high sales activity both in regard to new machines and upgrades of existing equipment. The sales activity in this market returned to its normal level in 2009.

The reduction in the Finnish market, and to a certain degree also in the other Nordic markets, was compensated by increased activity in Germany. Germany implemented deposit on non-refillable containers in 2006 which led to high activity and a total of 8,800 machines being installed that year. Automating the return process for non-refillables



in the German market continued throughout 2007, 2008 and 2009, but at a lower rate. TOMRA received at the end of 2008 an order for 500 machines from the German retail chain Netto, which were installed during 2009. Altogether TOMRA installed 2,200 machines in Germany in 2009, up from 1,800 in 2008. As of year-end 2009, a total of 15,100 TOMRA machines for non-refillable beverage containers have been installed/upgraded, which represents a market share of approximately 60 percent. Sales of machines for non-refillables are expected to continue into 2010, although at a lower tempo in that the market for these machines in Germany is approaching full penetration. The installed base in this market however represents an important after-sales market, and at the end of 2009 about 75 percent of TOMRA machines in Germany were signed to service contracts. Service revenues have therefore increased as the installed base grows and the warranty periods on these machines expire.

Sales of machines in deposit markets in North America generated total revenues of NOK 343 million in 2009, a reduction of three percent from 2008 measured in USD. TOMRA operates with two different business models in the North American market. One is a sales model, where machines are sold to the food retail stores in the same way as is done in Europe; the other is a leasing model, where TOMRA maintains ownership of the installed machines and receives payment according to the number of containers handled by the machines.

The installed base for the two models at the end of 2009 was just under 7,000 machines sold and a comparative number on operational leasing. Income from the leasing portfolio was stable in 2009, while sales of new machines fell somewhat and explains the reduction in revenues in the US in 2009.

The Collection Technology segment also includes TOMRA's technology solutions for collecting containers without deposit. Revenues from this part of the business segment amounted to NOK 66 million in 2009, with an operating profit of minus NOK 25 million. The majority of revenues related

to activities in Great Britain and Japan. TOMRA has over the past five years invested significantly in the development of solutions for non-deposit markets, and at the beginning of 2010 this area reached the break-even point - primarily because the segment no longer has large ongoing development projects connected to it. The potential market for non-deposit collection solutions is big, but at the same time sales of products in this segment are a challenge due to the lack of an incentive such as deposit value. TOMRA will continue to sell products in non-deposit markets, but currently does not see a need to continue to devote development resources specifically toward this niche. TOMRA believes its existing product portfolio is broad and deep enough to be applied to potential customers within this segment. Activities within this sub-segment were previously reported under the business segment name Collection Technology Non-Deposit. As of the fourth quarter 2009, this sub-segment has been merged with deposit collection solutions and these activities together will be reported going forward as one business segment, Collection Technology.

As described in the Directors' Report for 2008, the EU Commission has accused TOMRA of having hindered competition in the reverse vending machine markets in Austria, Germany, The Netherlands, Norway and Sweden through an exclusive strategy during the period 1998 to 2002. In March of 2006 the Commission decided to impose a fine on TOMRA of EUR 24 million plus interest. As the TOMRA Board of Directors considered this decision to be unwarranted, it appealed the decision to the European Union General Court. A hearing in the case took place in January 2010, and a decision from the court is expected by the end of 2010. No allocations have been made in the accounts relative to this case as of the end of 2009 (see also note 5 in the financial statements).

Material Handling

TOMRA picks up, transports, processes, and sells used beverage containers on behalf of beverage producers in the eastern United States and in

Canada. TOMRA also owns and operates a network of collection centers situated outside retail locations in California.

In 2009 this business segment contributed total revenues of NOK 865 million, a reduction of 24 percent from 2008 measured in USD.

The operating profit was reduced to minus NOK 72 million (plus NOK 66 million in 2008), drawn negatively by lower aluminum prices, exclusion of handling fees and restructuring charges in California.

Eastern USA and Canada

Revenues in the eastern US and Canada fell by almost 9 percent measured in USD. Major influences on this result came from the sale of TOMRA's 51 percent share of New England Glass in 2008, as well as lower volumes processed for third parties. The volume that went through TOMRA's own collection platforms was essentially unchanged from 2008 to 2009. Beverage consumption has declined somewhat in recent years, but at the same time the return rate has increased slightly so that the total collected volume remained constant.

TOMRA does not own the materials that are collected in these markets and therefore is not exposed to swings in commodity prices for the materials. Earnings in this segment are therefore rather stable from year to year, with EBIT margins in the area of 6 to 9 percent. The operating profit in 2009 was somewhat better than in 2008 due to lower diesel prices and therefore lower overall transport costs.

California

TOMRA's activities in California are tied to the collection and processing of used beverage containers. Collection occurs through a network of recycling centers which are operated on behalf of food retailers, who have an obligation to ensure that a satisfactory recycling solution is available outside their stores.

In California TOMRA takes ownership of the material which is collected through its own infrastructure.

Consequently TOMRA is exposed to swings in commodity prices, particularly aluminum. Aluminum prices fell significantly in 2009, from an average of 2.573 USD per ton in 2008, to 1.675 USD per ton in 2009. This affected earnings negatively by 9 million USD in 2009 compared to 2008.

In order to operate this infrastructure TOMRA receives a handling fee from the State, a figure that is normally around USD 12 million per year. Due to California's difficult economic situation in 2009, the State first cut the handling fee to TOMRA by 85 percent effective 1 July 2009, and then eliminated the remaining 15 percent as of 1 November 2009. TOMRA is of the opinion that the State of California has acted illegally in this regard and is in breach of contract, and TOMRA has subsequently sued the State. Without the handling fee, operation of the deposit system as it has been set up by the State cannot be continued.

As a result of the low aluminum prices and exclusion of the handling fee, TOMRA had a considerable loss in California in 2009. In order to streamline the company's activities in California and operate as efficiently as possible under the difficult market conditions, a restructuring program was initiated in the fall of 2009 with a goal to cut costs by USD 5 million per year. As part of this restructuring process, two of TOMRA's four processing facilities in the state were outsourced. In addition, 50 recycling centers were closed down and one-third of the administrative staff were laid off. TOMRA now operates a total of 380 recycling centers in California.

Industrial Processing Technology (IPT)

TOMRA established itself in the waste and material sorting and processing market with the acquisition of TiTech in 2004, the Orwak Group AB in 2005, Commodas GmbH in 2006, and UltraSort in 2008. TiTech's solutions allow large material processing facilities to sort greater amounts of materials such as plastic and paper at a lower cost and with greater precision than with traditional labor-intensive methods. The solutions provided by Commodas

and UltraSort enable advanced recognition and sorting of high value materials such as metals, plastic, glass, minerals and gem stones. Together TiTech, Commodas and UltraSort make up the TiTech Group, the world's leading provider of sensor-based systems for material recognition and sorting. The Group has delivered approximately 2,500 systems in 35 countries on all continents. The TiTech Group technology platform can be scaled and used toward a wide range of application areas. An example of this is the development activities now being undertaken by a new subsidiary of the Group, QVision, where near-infrared (NIR) scanning technology is being applied to the sorting of food. The technology provides a precise and cost-effective way to measure various quality factors of meat and fish products such as color, pigment and water and fat content. The company's products are still under development, but the Board is optimistic about the possibilities that could open up when the product portfolio is fully operational.

The Orwak Group develops, manufactures and sells compaction solutions for recyclable materials such as cardboard, paper and plastic for use in a number of different industries. The Orwak Group is organized into two units, Orwak and Presona. Whereas Orwak's portfolio is focused more on small to mid-range vertical presses, Presona's portfolio consists of large horizontal balers with a press force of 40 to 140 tons.

All the companies within the IPT segment had significant declines in revenues and profits in 2009. The most important customer group in this segment is waste management companies, which have business models that to a certain degree are focused on extracting commodity value which waste material represents. During times of falling commodity prices, sorting and recycling becomes less profitable and consequently the demand for equipment to execute these tasks also declines. Access to capital also became more difficult for many customers in 2009, which also negatively impacted their ability to invest in equipment. Revenues and operating profit for Industrial

Processing Technology in 2009 equaled respectively NOK 550 million (NOK 793 million in 2008), and NOK 0 million (NOK 144 million in 2008). TiTech and Presona experienced the largest declines, both of which are heavily exposed to the waste management sector. Orwak fared somewhat better due to the fact that it has a more diversified customer portfolio, including retailers which were not as heavily impacted by the financial crisis. The order intake in this segment began to pick up again toward the end of 2009, and revenues in the fourth quarter were 69 percent higher on average than the three previous quarters. The order book at the end of 2009 was NOK 130 million, up from NOK 109 million at the end of 2008.

Research and development activities

Research and development activities are a high priority at TOMRA. R&D has a central role in the development of the individual technology units, and is closely connected to the local markets in order to ensure that TOMRA maintains its technological advantage. Research and development activities, as well as other future-oriented projects, were expensed at NOK 144 million. The comparative figure for 2008 was NOK 170 million. These activities were directed primarily toward the development of automated return systems (Collection Technology) in addition to further development of recognition and sorting technology at TiTech, Commodas and Ultrasort (Industrial Processing Technology). The activities related to development of solutions for non-deposit markets (previously reported as Collection Technology Non-Deposit) was strongly reduced during the year and explains for the most part the difference in R&D costs expensed in 2008 and 2009.

FINANCIAL RISK

It is neither possible nor desirable to remove all risk connected to the corporation's activities. The Board of Directors is focused on making sure that there is a systematic and deliberate steering of risk within all segments of the corporation, and considers this as a prerequisite for long-term value creation for the company's shareholders, employees, and other stakeholders. Opportunities for growth shall always

be weighed up against the associated risks. TOMRA faces normal business risks related to contractual agreements with for example customers and suppliers. In addition there are several macro-trends that can affect the industry in which TOMRA operates. A reduction in recycling targets and ambitions, as well as falling material commodity prices would negatively influence TOMRA as the need for advanced recycling technology would become less obvious. Lower prices for aluminum and plastic would also have a direct impact on the profitability of our activities in California, where TOMRA owns the material that is collected through its recycling centers in this market.

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

Responsibility for financing, cash management and financial risk management is handled by the finance department within Tomra Systems ASA. Historically speaking, TOMRA has seldom experienced losses on accounts receivable, and the corporation's routines concerning credit approval are considered as satisfactory. TOMRA's surplus cash is placed primarily in Norwegian crowns (NOK) with duration of less than six months. Interest-bearing debt is mainly taken up in NOK, normally at interest rates fixed for a period of less than six months.

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

of forward exchange contracts to hedge future cash flows in foreign currencies. As of the end of 2009, no hedge accounting was applied to any of TOMRA's contracts.

In addition TOMRA has implemented the financial risk management systems one would expect given the size and complexity of the company's operations. A more extensive description of TOMRA's internal control procedures and systems for evaluating financial risk are provided on page 50 in this report.

CORPORATE RESPONSIBILITY AND GOVERNANCE

Our social and environmental engagement

Through its operations TOMRA is helping the world to efficiently recycle and reuse, rather than waste, valuable resources. In this way TOMRA makes an important contribution to a cleaner and more sustainable world. This contribution is viewed as an integral part of the company's operational development, and serves as a strong motivating factor for the company's employees. This should also send a signal to investors and society in general that TOMRA is pursuing a sound business strategy.

Tomra Systems ASA is certified according to the ISO 14001 standard for environmental leadership and has publicly communicated its environmental targets since 1998. A new five-year environmental program was approved in October 2009 by the Board of Directors. TOMRA's positive impact on the environment is achieved primarily through the energy and material savings resulting from the use of the company's recycling solutions. TOMRA's negative impact on the environment is connected principally to its use of energy and carbon-based fuels in its vehicles, buildings, and industrial processes, and the generation of waste materials. Overall TOMRA's environmental balance sheet shows a very positive net impact on the environment.

Further details about TOMRA's impact on the environment are presented on 44 in this report.

Organization, health, and safety

The number of employees in the Tomra Group was 1,952 at the end of 2009, down from 2,110 at the end of 2008. In Norway the number of employees went down from 247 at the end of 2008 to 231 at year-end 2009.

TOMRA facilitates equal opportunity for professional and personal development for all employees. Employment at TOMRA is based on qualifications, merits, abilities and potential. TOMRA does not discriminate relating to the promotion of opportunities or development of its employees on the basis of race, color, religion, gender, natural origin, age, disability, sexual orientation or any other physical attribute. These are important principles which are firmly anchored both in the company's Corporate Responsibility Statement and the Code of Conduct. Tomra Systems ASA also takes part in an international survey coordinated by the organization "Great Place to Work," which focuses on among other things how well employees consider the company is doing in living up to its principles. The Board of Directors considers the principles and guidelines the company has in place relating to discrimination and equal access to be sufficient, and that no further actions are necessary to satisfy the legal requirements in this regard.

Female employees made up 18 percent of TOMRA's work force and held 21 percent of its management positions at the end of 2009, a change from respectively 19 and 22 percent in 2008. Three of TOMRA's seven board directors are women. The number of employees that are considered ethnic minorities in the countries in which they are employed went up from 29 percent in 2008 to 32 percent in 2009.

The number of job-related injuries in TOMRA requiring medical attention beyond basic first aid decreased from 153 in 2008 to 138 in 2009. Most of these instances occurred within TOMRA's material handling activities in the USA, which involve handling crushed glass and heavy lifting. TOMRA has placed great focus on improving this statistic,

implementing comprehensive preventive measures. The absence rate due to sickness within Tomra Systems ASA went up from 1.2 percent in 2008 to 2.2 percent in 2009.

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

Corporate governance

TOMRA defines corporate governance as those processes and control structures which are established to protect the interests of the company's shareholders and other stakeholder groups. TOMRA's guidelines for corporate governance, core values and leadership principles are aligned to ensure sustainable development of the company.



PHOTO: NORSK RESIRK

These guidelines include the role of the Board and its various committees, requirements concerning the impartiality of its board members, and board compensation. TOMRA's corporate governance policy is included in this report on page 48 and can also be found on TOMRA's website www.tomra.com.

In 2009 the Board had 8 meetings, with an attendance record of 95 percent.

PROSPECTS FOR THE FUTURE

There are strong underlying macro trends that are working in favor of TOMRA's business. The amount of waste produced in the world is increasing year by year, the focus on environmental protection is strong, and legislation continues to be introduced that either encourages or requires effective recycling solutions.

At the same time the world is now in a global recession, with falling economic activity in many of TOMRA's principal markets. Weaker earnings combined with reduced access to credit are making companies more cautious about investing. The recession has also resulted in a significant fall in energy and commodity prices, both to the advantage and disadvantage of TOMRA.

TOMRA's business segments are impacted differently by changing economic cycles:

Collection Technology

TOMRA's customers within the Collection Technology segment are primarily part of the retail grocery industry in Northern Europe and North America. The impact of the recession on this industry has been relatively minor. The activities in 2009 were at a high level with good results, driven to a large degree by the German market. As the German market nears full penetration in 2010, the activity level in this market should begin to taper off somewhat. Increased price competition in the Nordic market could also have a negative impact on the segment's profits in 2010. These declines are expected to be partially compensated through increased activity in North America due to the implementation of deposit on water bottles in New York and Connecticut.

Material Handling

TOMRA's revenues from its material handling activities in deposit markets in the Eastern United States and Canada are reflected by the level of beverage consumption in these areas. Experience from earlier recessions indicates that the consumption of beverages with deposit remains relatively stable during good and bad economic cycles. Statistics so far show that consumption has fallen by about four percent. At the same time, the return rate on deposit containers has increased by about the same level. The volume going through TOMRA's infrastructure therefore has remained essentially unchanged. The company's material handling activities in the Eastern US and Canada are relatively unaffected by recessions since TOMRA does not own the materials collected and processed in these areas.

The development of the business in California is largely dependant on aluminum prices and the handling fee received from the State. The strong decline in aluminum prices in 2009 considerably weakened profits from the activities in California. Correspondingly, an increase in aluminum prices in 2010 would represent an upside compared to 2009. A change of 100 USD in the price of aluminum roughly corresponds to a difference on the operating profit of USD 0.8-1.0 million per year.

As of the beginning of 2010 TOMRA is operating without any handling fee payments in California. It will be difficult to achieve break-even without the handling fee, so if a quick political resolution is not obtained with regard to this situation, the foundation for continuing our activities in the state will be unsustainable.

Industrial Processing Technology

This segment sells material sorting and processing solutions. Important customer groups include waste management companies, various types of industries (including mining) as well as the retail trade. The business models of our customers vary considerably. Many operate within jurisdictions that have regulated requirements concerning recycling. The key aspect therefore relative to these markets is being able

to make recycling as efficient as possible. TOMRA's products therefore will to a lesser degree be subject to a drop in demand in such markets. Other customers on the other hand operate within systems in which the value of materials taken out of the waste stream is the most important incentive to conduct recycling. As commodity prices rise, the interest in investing in TOMRA's products also tends to increase, as was the case toward the end of 2009. Should this trend continue, the results for 2010 could be significantly better than in 2009. The Board considers TOMRA to be well positioned in the segment for recognition and sorting, having flexible technology that can be used across a number of related industries. TOMRA will therefore continue to evaluate opportunities for further growth within this area, both organically and through acquisitions.

Currency

The turbulent situation in financial markets has also led to large fluctuations in currency values, with both the EUR and USD being strong against NOK for large portions of 2009. A weakened NOK such as experienced in 2009 is positive for TOMRA, both because the company has significant activities abroad that are denominated in foreign currencies and appear therefore more profitable measured in NOK, and because TOMRA has a certain cost base in NOK tied to development activities and headquarter functions. The picture however going into 2010 has changed, with a stronger NOK measured both in USD and EUR. This will in the same way have a negative effect on the results reported for 2010. For a broader review of currency sensitivities, refer to note 18.

SHAREHOLDERS AND CAPITAL

The number of TOMRA shareholders was reduced from 8,772 at the end of 2008 to 8,464 at the end of 2009. The amount of shares held by non-Norwegian residents at the end of 2009 was 52 percent, up from 46 percent at the end of 2008. The TOMRA share price rose by 17 percent from NOK 23.60 at the end of 2008 to NOK 27.70 at the end of 2009. A total of 124 million shares were traded in 2009, down from 209 million shares the year before. TOMRA places an emphasis on having a good dialogue with

the investor market and has in recent years won the Stockman Prize and named the best Norwegian and Nordic company in its class in the annual awards presented by REGI/Burson-Marsteller (which are based on interviews of analysts and investors).

The face value of each share is NOK 1. The total number of outstanding shares at year-end 2009 was 148 million, adjusted for the 2 million treasury shares held by TOMRA. The Board of Directors received approval at the general shareholders meeting in April 2009 to buy back up to 10 million shares of TOMRA stock. By year-end 2009, 9 million of the authorized shares had not been acquired. The Board of Directors will recommend that the general assembly of shareholders in April 2010 agree to cancel out the shares of TOMRA stock currently held, and issue a new share buy-back authorization.

The share buy-back program and this year's dividend distribution are financed through operating cash flow. The cash flow has in addition been sufficient for paying down long-term obligations. TOMRA has a revolving credit facility of up to NOK 750 million, established in 2006 and expanded in 2008. The credit facility expires in its entirety in October 2011. Beyond this the corporation has an ongoing credit limit of NOK 50 million on its operating cash account. Taking the company's relatively stable cash flow, solid balance and unrealized credit facility, the Board of Directors is of the opinion that the company has the necessary financial flexibility to realize possible growth initiatives.

The Board also wishes to motivate the company's employees to invest in their own workplaces by becoming shareholders in the company. A share purchase program was therefore established in 2008 that offers employees the opportunity to buy shares at current market rates, and for every five shares held for at least one year, one share is given free of charge. Altogether, 121 employees took advantage of the program in 2008 and 37 in 2009, purchasing respectively 206,696 and 69,557 shares. The Board will recommend at the general assembly that the program be continued.

Asker, 18 February 2010

Svein Rennemo Chairman	Bjørn M. Wiggen Board member	Jørgen Randers Board member	Hege Marie Norheim Board member	Aniela Gabriela Gjøes Board member	David Williamson Employee representative	Ingrid Solberg Employee representative	Stefan Ranstrand President & CEO
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Profit and loss statement

Tomra Systems ASA NGAAP				Group IFRS	
2009	2008	Amounts in NOK million	Note	2009	2008
969.1	926.7	Operating revenues	1	3,321.3	3,621.9
537.6	534.9	Cost of goods sold	2	1,423.5	1,648.3
131.4	159.7	Employee benefits expenses	3,16	1,018.5	990.2
6.3	8.8	Ordinary depreciation	8,9	162.8	146.2
–	–	Write-down of non-current assets	8,9	35.5	9.8
36.9	104.0	Other operating expenses	7	389.5	371.2
712.2	807.4	Total operating expenses		3,029.8	3,165.7
256.9	119.3	Operating profit		291.5	456.2
–	–	Profit from associates	15	3.8	2.7
–	110.0	Dividend from subsidiaries		–	–
176.3	46.2	Financial income		123.8	11.4
20.2	51.8	Financial expenses		28.6	38.2
156.1	104.4	Net financial items	4	99.0	(24.1)
413.0	223.7	Ordinary profit before taxes		390.5	432.1
115.6	31.5	Taxes	10	122.2	140.3
297.4	192.2	Net profit for the period		268.3	291.8
		Attributable to:			
		Shareholders of the parent		248.8	278.2
		Minority interest		19.5	13.6
		Net profit for the period		268.3	291.8
		Allocated as follows:	20		
81.5	75.0	Dividend			
215.9	117.2	Other equity			
297.4	192.2	Total allocated			
		Earnings per share	20	1.67	1.82
		Earnings per share, fully diluted	20	1.67	1.82

Other comprehensive income

Amounts in NOK million		Group IFRS	
		2009	2008
Net profit for the period		268.3	291.8
Foreign exchange translation differences	(313.0)	395.0	
Total other comprehensive income	(313.0)	395.0	
Total comprehensive income for the period	(44.7)	686.8	
Attributable to:			
Shareholders of the Parent Company	(52.8)	656.7	
Minority interest	8.1	30.1	
Total comprehensive income for the period	(44.7)	686.8	

Balance sheet as of 31 December

	Tomra Systems ASA NGAAP				Group IFRS		
	2009	2008	Amounts in NOK million	Note	2009	2008	
ASSETS	41.0	63.0	Deferred tax assets	10	95.6	100.2	
	–	–	Goodwill	9,22	692.1	741.8	
	–	–	Development costs	9	48.2	47.9	
	–	–	Other intangible assets	9	38.9	51.5	
	41.0	63.0	Total intangible non-current assets		874.8	941.4	
	12.8	14.9	Property, plant and equipment	8	410.2	491.3	
	–	–	Leasing equipment	8	111.8	110.6	
	12.8	14.9	Total tangible non-current assets		522.0	601.9	
	1,601.7	1,601.7	Investment in subsidiaries	14,22	–	–	
	374.3	374.3	Loan to subsidiaries	14	–	–	
	–	–	Investments in associates	15	33.7	42.2	
	–	–	Other investments		0.8	0.9	
	–	–	Long term receivables		182.7	169.0	
	1,976.0	1,976.0	Total financial non-current assets		217.2	212.1	
	2,029.8	2,053.9	Total non-current assets		1,614.0	1,755.4	
	33.4	35.4	Inventory	2	505.6	624.4	
	5.3	17.5	Trade receivables		692.0	841.3	
	867.7	843.9	Intra-group receivables		–	–	
	13.0	16.3	Other short-term receivables		231.8	258.6	
	886.0	877.7	Total receivables	7	923.8	1,099.9	
	5.4	20.7	Cash and cash equivalents	17	68.1	114.1	
	924.8	933.8	Total current assets		1,497.5	1,838.4	
	2,954.6	2,987.7	Total assets		3,111.5	3,593.8	
	LIABILITIES AND EQUITY	150.0	155.0	Share capital		150.0	155.0
		(1.9)	(5.0)	Treasury shares		(1.9)	(5.0)
918.3		918.3	Share premium reserve		918.3	918.3	
1,066.4		1,068.3	Paid-in capital		1,066.4	1,068.3	
902.5		731.2	Retained earnings		778.4	950.9	
–		–	Minority interest		57.9	65.2	
1,968.9		1,799.5	Total equity	20	1,902.7	2,084.4	
–		–	Deferred tax liabilities	10	28.6	38.3	
23.3		8.9	Pension liabilities	16	23.3	8.9	
350.0		558.1	Interest-bearing liabilities	6	350.0	567.1	
–		–	Other long-term liabilities		0.3	5.9	
373.3		567.0	Total non-current liabilities		402.2	620.2	
25.4		9.1	Interest-bearing liabilities	6	38.9	23.4	
19.9		20.1	Trade payables		222.1	230.4	
297.7		295.7	Intra-Group debt		–	–	
93.5		71.8	Income tax payable	10	100.9	140.9	
19.0		17.6	Provisions	12	115.3	95.8	
156.9		206.9	Other current liabilities	11	329.4	398.7	
612.4		621.2	Total current liabilities		806.6	889.2	
985.7		1,188.2	Total liabilities		1,208.8	1,509.4	
2,954.6		2,987.7	Total liabilities and equity		3,111.5	3,593.8	
367.3		420.1	Warranty liabilities		368.7	423.9	

Asker, 18 February 2010

Svein Rennemo Chairman Bjørn M. Wiggen Board member Jørgen Randers Board member Hege Marie Norheim Board member Aniela Gabriela Gjøes Board member David Williamson Employee representative Ingrid Solberg Employee representative Stefan Ranstrand President & CEO

Consolidated statement of changes in equity

Group IFRS Amounts in NOK million	Paid-in capital	Translation reserve	Retained earnings	Total Majority Equity	Minority Interest	Total Equity
Balance per 1 January 2008	1,573.7	(276.6)	326.7	1,623.8	56.3	1,680.1
Net profit for the period			278.2	278.2	13.6	291.8
Changes in translation differences		378.5		378.5	16.5	395.0
Total comprehensive income for the period	0.0	378.5	278.2	656.7	30.1	686.8
Transactions with shareholders						
Reduction of share premium	(500.0)		500.0	0.0		0.0
Disposal of subsidiaries/dividend minorities				0.0	(21.2)	(21.2)
Purchase of own shares	(5.7)		(196.4)	(202.1)		(202.1)
Own shares sold to employees	0.3		10.3	10.6		10.6
Dividend to shareholders			(69.8)	(69.8)		(69.8)
Total transactions with shareholders	(505.4)	0.0	244.1	(261.3)	(21.2)	(282.5)
Balance per 31 December 2008	1,068.3	101.9	849.0	2,019.2	65.2	2,084.4
Net profit for the period			248.8	248.8	19.5	268.3
Changes in translation differences		(301.6)		(301.6)	(11.4)	(313.0)
Total comprehensive income for the period	0.0	(301.6)	248.8	(52.8)	8.1	(44.7)
Transactions with shareholders						
Disposal of subsidiaries/dividend minorities				0.0	(15.4)	(15.4)
Purchase of own shares	(2.0)		(47.6)	(49.6)		(49.6)
Own shares sold to employees	0.1		2.6	2.7		2.7
Dividend to shareholders			(74.7)	(74.7)		(74.7)
Total transactions with shareholders	(1.9)	0.0	(119.7)	(121.6)	(15.4)	(137.0)
Balance per 31 December 2009	1,066.4	(199.7)	978.1	1,844.8	57.9	1,902.7

Cash flow analysis

Tomra Systems ASA NGAAP			Group IFRS	
2009	2008	Amounts in NOK million	2009	2008
CASH FLOW FROM OPERATING ACTIVITIES				
413.0	223.7	Ordinary profit before taxes	390.5	432.1
(71.9)	(32.0)	Income taxes paid	(164.8)	(149.9)
–	–	(Gains)/losses from sales of fixed assets	–	(0.6)
6.3	8.8	Ordinary depreciations	162.8	146.2
–	–	Write-down non-current assets	35.5	9.8
2.0	25.7	Net change in inventory	40.2	2.1
15.4	4.0	Net change in receivables	(10.8)	(14.7)
(0.2)	(4.4)	Net change in payables	17.6	(49.9)
		Difference between booked costs on pension funds and actual cash payments to these funds		
14.4	11.8		14.4	11.8
–	–	Exchange rate effects	(21.9)	29.2
–	–	Profit before tax from affiliated companies	(3.8)	(2.7)
–	–	Dividend from affiliated companies	5.1	2.0
(76.3)	33.1	Changes in other balance sheet items	(19.3)	(64.0)
(32.1)	(13.8)	Interest income/expense	11.3	23.4
270.6	256.9	Net cash flow from operating activities	456.8	374.8
CASH FLOW FROM INVESTING ACTIVITIES				
–	–	Proceeds from sales of non-current assets	–	32.2
0.0	(9.6)	Acquisition of subsidiary	–	(144.0)
(4.2)	(4.3)	Net investments in non-current assets	(162.6)	(214.1)
(4.2)	(13.9)	Net cash flow from investing activities	(162.6)	(325.9)
CASH FLOW FROM FINANCING ACTIVITIES				
(8.7)	(266.2)	Loan payments (to)/from subsidiaries	–	–
(200.0)	–	Repayment of long-term loans	(204.5)	(0.9)
–	175.0	Proceeds from issuance of long term debt	–	177.4
–	–	Dividend minorities	(15.4)	(21.2)
16.5	–	Net change bank overdraft	15.3	1.2
(49.6)	(202.1)	Purchase of treasury shares	(49.6)	(202.1)
2.7	10.6	Sale of treasury shares	2.7	10.6
49.4	46.2	Interest received	12.2	9.4
(17.3)	(32.4)	Interest paid	(23.5)	(32.8)
(74.7)	(69.8)	Dividend paid	(74.7)	(69.8)
(281.7)	(338.7)	Net cash flow from financing activities	(337.6)	(128.2)
–	–	Currency effect on cash	(2.6)	2.6
(15.3)	(95.7)	Net change in cash and cash equivalents	(46.0)	(76.7)
20.7	116.4	Cash and cash equivalents per 1 January	114.1	190.8
5.4	20.7	Cash and cash equivalents per 31 December	68.1	114.1

Consolidation and accounting principles

Group - IFRS

GENERAL

Business concept and customers

Tomra Systems ASA (the “Company”) is a company domiciled in Norway. The registered office is Drengsrudhagen 2, Asker. TOMRA designs and operates cost-effective systems for recovering packaging and other used material for reuse and recycling. Added value is created for each customer through excellence in service and innovation.

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

Significant accounting policies

The consolidated financial statements of the Company for the year ended 31 December 2009 comprise the Company and its subsidiaries and joint ventures (together referred to as the “Group”) and the Group's interest in associates. The financial statements consist of the profit and loss statement, other comprehensive income, balance sheet, cash flow statement, consolidated statement of changes in equity and notes to the accounts.

The financial statements were authorized for issue by the Directors on February 18th 2010, and will be presented for final approval at the general meeting on April 21st 2010. Until the final approval by the general meeting, the board can authorize changes to the financial report.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and appropriate interpretations as adopted by EU, The Norwegian Accounting Act and stock exchange regulations.

(b) Basis of preparation

The financial statements are presented in NOK,

rounded to the nearest one hundred thousand.

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

The financial statements are prepared based on historical cost, except for financial instruments recognized at fair value through profit or loss.

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

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

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

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

REPORTING STRUCTURE

The Group's consolidated amounts comprise the following units:

Tomra Systems ASA

Europe

Tomra Europe AS (N)
Tomra Butikkssystemer AS (N)
Tomra Systems AB (S)
OY Tomra AB (FIN)
Tomra Systems AS (DK)
Tomra Systems BV (NL)
Tomra Systems GmbH (D)
Tomra Leergutssysteme GmbH (A)
Tomra Systems SA (F)
Tomra Systems NV (BEL)
Tomra s.r.o (CZE) (40 %)
Halton Systems GmbH (D)
Tomra Baltic OÜ (EST) (40 %)
Tomra Production AS (N)
Retail Services GmbH (D)
Titech AS (N)
Titech GmbH (D)
Titech Visionsort Espana S.L. (E)
Titech Visionsort Limited (UK)

Titech sp. Z.O.O. (P)
QVision AS (N)
Commodas Mining GmbH (D)
Orwak Group AB (S)
AB Orwak (S)
Presona AB (S)
Morinders Verkstäder AB (S)
Compactus AB (S)
Presona GmbH (D)
Orwak Danmark AS (DK)
Orwak Polen ZPZOO (P)
Tomra Systems Ltd. (UK)

North America

Tomra of North America Inc. (CT)
Tomra Systems Inc. (CAN)
Tomra Metro LLC (CT, NY)
Mobile Redemp. Inc. (CT, MA)
BICS LLC (72%) (NY)
TNYR LLC (70%) (NY)
Upstate Tomra LLC (55%)
Tomra Mass. (55%) (MA)

Halton System Inc. (ME)
Tomra Quebec Inc. (CAN)
Camco Recycling Inc. (CAN)
Tomra Canada Inc. (CAN)
Tomra Pacific Inc. (CA)
UBCR (51%) (MI)
UltrePET LLC (49%)
Orwak USA LLC (CT)
Commodas Inc. (CAN)

Rest of the world

Tomra Japan Asia Pacific KK (JAP)
Tomra Japan Ltd. (50%) (JAP)
Titech Visionsort Co., Ltd. (KOR)
Commodas (PTY) Ltd. (South Africa)
UltraSort PTY Ltd. (Australia)

Orwak Danmark AS (DK) was liquidated in 2008, and Compactus AB (S) was sold in 2008.

CONSOLIDATION PRINCIPLES

(a) Consolidated companies

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

(b) Elimination of shares in subsidiaries

Shares in subsidiaries are eliminated on the basis of the past equity method. The difference between the book value of shares in subsidiaries and book value of the subsidiaries' equity at the time such shares were acquired is analyzed and posted to the balance sheet items to which the excess amounts relate. Goodwill represents the excess of the purchase price paid for acquisitions above net assets acquired and is tested for impairment at least annually.

(c) Currency translation for foreign subsidiaries

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

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

(d) Minority interests

The minority interests' share of the net profit and equity are classified as separate items in the profit and loss statement and balance sheet.

(e) Changed ownership in subsidiaries

With successive acquisitions in subsidiaries, fair values of assets and liabilities are established the first time consolidation takes place. Fair values of assets and liabilities are not

adjusted on subsequent acquisitions, with the exception of goodwill, which is analyzed at the time of each purchase. Additional goodwill is charged to equity.

(f) Internal transactions/intercompany items

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

(g) Joint Ventures

Joint Ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Jointly controlled entities are accounted for using proportionate consolidation line by line in the consolidated profit and loss and balance sheet.

(h) Associates

Associates, in which TOMRA has an ownership interest of 20-50% and significant influence over operational and financial decisions, are included in the consolidated accounts based on the equity method. The Group's share of the profit from associates is reported under financial items in the income statement.

VALUATION AND CLASSIFICATION PRINCIPLES

Estimations

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

(a) Revenue recognition

Revenue on product sales and sales-type

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

(b) Cost recognition

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

(c) Expenses

Operating lease payments

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

Finance lease payments

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

Net financing costs

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

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

(d) Derivative financial instruments

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

**(e) Property, plant and equipment
Owned assets**

Items of property, plant and equipment are entered in the accounts at original cost, with deductions for accumulated depreciation and impairment losses. If the fair value of an item of property, plant and equipment is lower than book value, and the decline in value is not temporary, the asset will be written down to fair value. Based on the acquisition cost, straight-line depreciation is applied over the economic life of the non-current assets. When relevant, the acquisition cost includes future dismantling cost.

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

Leased assets

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

Subsequent costs

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

(f) Intangible assets

Intangibles consist of goodwill, development cost, entitlement to trademarks and non-competition agreements.

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures. With respect to business acquisitions that have occurred since 1 January 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. With respect to acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP. The classification and accounting treatment of business combinations that occurred prior to 1 January 2004 has not been reconsidered in preparing the Group's opening IFRS balance sheet at 1 January 2004.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortized but is tested annually for impairment. With respect to associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognized immediately in profit or loss.

Research and development

Expenditure on research activities, undertaken

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

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalized includes the cost of materials, direct labor and overhead costs directly attributable to preparing the asset for use. Other development expenditure is recognized in the income statement as an expense as incurred. Capitalized development expenditure is stated at cost less accumulated amortization and impairment losses. Straight-line depreciation is applied over the economic life of the asset.

The company has not received any material government grants.

Other intangibles

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization and impairment losses. Other intangibles are amortized over the term of the contract. Impairment-testing was performed at year end where there were indications of impairment, see note 9.

Expenditure on internally generated goodwill and brands is recognized in the income statement as an expense as incurred.

Subsequent expenditure

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

(g) Shares

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

(h) Inventory

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

The cost of inventories is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

**(i) Receivables and liabilities
in foreign currencies**

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

(j) Cash and cash equivalents

Cash and cash equivalents include cash in hand,

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

(k) Pension obligations

Pension obligations related to insured pension, as well as the pension premium reserve, are included in the balance sheet using the net principle. See Note 16 for further details concerning pension obligations.

Defined benefit plans

The Group's net obligation with respect to defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. This benefit is discounted to determine its present value, and any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is approximately equal to the recommendation from the Norwegian Accounting Standards Board, since there are no factors indicating a deviation from the recommendation. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the net total of any unrecognized past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

Actuarial gains and losses are required to be recognized when the cumulative unrecognized amount thereof at the beginning of the period exceeds a "corridor". The corridor is 10 percent of the greater of the present value of the obligation and the fair value of the assets. The corridor is calculated separately for each plan.

Defined contribution plans

A defined contribution plan is a plan where TOMRA pays a fixed contribution to a pension fund and where TOMRA has no obligation to pay anything more than the contribution. The contribution is recognized as employee benefits expenses in profit and loss.

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

(l) Warranty allocations

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

(m) Taxes

The tax charge in the income statement includes both taxes payable for the period and the change in deferred taxes. The change in deferred taxes reflects future taxes payable resulting from the year's activities. Deferred taxes are determined based on the accumulated result, which falls due for payment in future periods. Deferred taxes are calculated on net positive timing differences between accounting

and tax balance sheet values, after offsetting negative timing differences and losses carried forward under the liability method. See Note 10 "Taxes".

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

(n) Earnings per share

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

(o) Cash flow statement

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

(p) Impairment

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

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated on an annual basis, ref. note 9.

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

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

Calculation of recoverable amount

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

Reversals of impairment

An impairment loss relative to goodwill is not reversed.

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

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(q) Dividends

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

(r) Interest-bearing borrowings

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

(s) Share-based payment transactions

The share option program allows Group employees to acquire shares of the Company. The fair value of options granted is recognized as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model based on the Black & Scholes-formula, taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

(t) Provisions

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

(u) Trade and other payables

Trade and other payables are stated at cost.

(v) Segment reporting

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

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

(w) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

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

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

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

(x) Business combinations involving entities under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

In the absence of more specific guidance, the Group has consistently applied the book value measurement method to all common control transactions.

**(y) Share Capital
Ordinary shares**

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

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in profit or loss.

Repurchase of share capital

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

(z) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not effective for the year ended 31 December 2009, and have not been applied in preparing these consolidated financial statements:

IAS 32 (R 2009) Classification of Rights Issues
IAS 39 (amended 2009) Eligible Hedged Items
IFRS 1 (R 2008) First-time Adoption of International Financial Standards
IFRS 1 (R 2009) Additional Exemptions for First-time Adopters
IFRS 2 (R 2009) Group Cash-settled Share-based Payment Transactions
IFRS 3 (R 2008) Business Combinations
IAS 27 (amended 2008) Consolidated and Separate Financial Statements
IFRIC 15 Agreements for the Construction of Real Estate
IFRIC 17 Distribution of Non-Cash Assets to Owners
IFRS 9 Financial Instruments
IFRIC 14 (amended 2009) Prepayments of a Minimum Funding Requirement
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
IAS 24 (R 2009) Related Party Disclosure
IFRS 1 (R 2010) Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters

Improvements of IFRSs 2008 - IFRS 5: Plan to sell the controlling interest in a subsidiary
Improvements of IFRSs 2009

Accounting principles

Tomra Systems ASA - NGAAP

GENERAL

BASIC PRINCIPLES

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

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

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

VALUATION AND CLASSIFICATION PRINCIPLES

REVENUE RECOGNITION

Machines and parts are sold Ex-works, and revenues are recognized when risk is transferred to the customer. Other service revenue is recognized when services are provided.

COST RECOGNITION

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

START-UP AND DEVELOPMENT COSTS

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

TANGIBLE FIXED ASSETS

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

SHARES

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

RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCIES

Receivables and liabilities are booked at the exchange rate at the date of the balance sheet. Long-term loans to subsidiaries in foreign currency are considered part of the net investment, and are booked at cost in NOK.

CASH AND CASH EQUIVALENTS

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

PENSION OBLIGATIONS

Pension obligations related to insured pensions, as well as the pension premium reserve, are included in the balance sheet using the net principle. Ref. note 16.

Actuarial gains and losses are required to be recognized when the cumulative unrecognized amount thereof at the beginning of the period exceeds a "corridor". The corridor is 10 percent

of the greater of the present value of the obligation and the fair value of the assets. The corridor is calculated separately for each plan.

TAXES

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

CASH FLOW STATEMENT

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

SHARE-BASED PAYMENTS

The share option program allows Group employees to acquire shares of the Company. The fair value of options granted is recognized as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model based on the Black & Scholes-formula, taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that vest, except where forfeiture is only due to share prices not achieving the threshold for vesting.

Notes

NOTE 1 SEGMENT INFORMATION

TOMRA GROUP – IFRS

Amounts in NOK million	Collection Technology	Material Handling	Industrial Processing Technology	Group Functions	TOTAL
2008					
Nordic	601		120		721
Central Europe & UK	889		355		1,244
Rest of Europe	8		132		140
US East & Canada	313	465	51		829
US West		545	39		584
Rest of the world	8		96		104
Operating revenues	1,819	1,010	793	0	3,622
Gross contribution	798	175	403	0	1,376
– in %	44 %	17 %	51 %		38 %
Operating expenses	536	109	259	16	920
Operating profit	262	66	144	(16)	456
– in %	14 %	7 %	18 %		13 %
Share of profit from associates	3	0	0	0	3
Investments	103	84	179	0	366
Investments in associates	2	40	0	0	42
Assets	1,598	796	986	214	3,594
Liabilities	584	63	131	731	1,509
Depreciations	83	45	18	0	146
Impairment losses recognized in P&L	10	0	0	0	10
Other significant non-cash expenses	0	0	0	0	0
2009					
Nordic	505		56		561
Central Europe & UK	1,044		258		1,302
Rest of Europe	8		94		102
US East & Canada	343	480	35		858
US West		385	41		426
Rest of the world	6		66		72
Operating revenues	1,906	865	550	0	3,321
Gross contribution	849	85	279	0	1,213
– in %	45 %	10 %	51 %		37 %
Operating expenses	469	157	279	16	921
Operating profit	380	(72)	0	(16)	292
– in %	20 %	–8 %	0 %		9 %
Share of profit from associates	4	0	0	0	4
Investments	127	49	40	0	216
Investments in associates	2	32	0	0	34
Assets	1,369	657	922	164	3,112
Liabilities	518	72	123	496	1,209
Depreciations	89	55	19	0	163
Impairment losses recognized in P&L	12	0	24	0	36
Other significant non-cash expenses	19	0	0	0	19

TOMRA has divided its primary reporting format into three business segments: Collection Technology, Material Handling and Industrial Processing Technology. In addition the corporate overhead costs are reported in a separate column. The split is based upon the risk and return profile of the Group's different activities, also taking into consideration TOMRA's internal reporting structure.

Collection Technology consists of the sale, lease and servicing of RVMs to stores in Europe and North America, and data management systems, which monitor container collection volumes and related cash flow.

Material Handling consists of pick-ups, transport and processing of empty beverage containers on behalf of beverage producers/fillers in US East and Canada. In addition the segment includes the collection activities in California, where TOMRA owns and operates collection centers outside stores.

Industrial Processing Technology consists of TiTech/Commodas and Ultrasort, which produce optical sorting systems, and Orwak Group, a leading provider of compaction solutions for recyclables such as cardboard, paper and plastics.

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

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

There is no material segment revenue from transactions with other segments.

The income from service activities was NOK 1,049 million of total NOK 3,321 million in 2009. The income from service activities was NOK 927 million in 2008 of total income of NOK 3,622 million.

NOTE 2 INVENTORY/COST OF GOODS SOLD

Tomra Systems ASA NGAAP			Group IFRS	
2009	2008	Amounts in NOK million	2009	2008
537.6	534.9	COST OF GOODS SOLD	1,527.0	1,572.9
–	–	Cost of goods sold, gross	(103.5)	75.4
537.6	534.9	Cost of goods sold, net	1,423.5	1,648.3
Cost of goods sold includes adjustment of inventory write-down of NOK 0.0 million (2008: NOK 1.1 million) for the Parent Company and NOK 24.2 million (2008: minus NOK 4.2 million) for the group.				
–	–	INVENTORY	128.7	143.9
–	–	Raw materials	16.6	16.4
33.4	35.4	Work in progress	213.1	254.7
–	–	Finished goods	147.2	209.4
33.4	35.4	Total inventory	505.6	624.4
–	–	Inventory stated at fair value less costs to sell	–	–

Inventories are not subject to retention of title clauses.

NOTE 3 EMPLOYEE BENEFITS EXPENSES

Tomra Systems ASA NGAAP			Group IFRS	
2009	2008	Amounts in NOK million	2009	2008
94.5	121.8	Salary	831.4	802.7
17.8	19.8	Social security tax	133.3	128.5
15.7	12.9	Pension cost	34.6	31.9
3.4	5.2	Other social expenses	19.2	27.1
131.4	159.7	Total employee benefits expenses	1,018.5	990.2
122	132	Number of man-years	2 029	2 099

Salary includes accruals for restructuring of NOK 3.3 million for Tomra Systems ASA and NOK 18.6 million for the Group in 2009.

NOTE 4 FINANCIAL ITEMS

Tomra Systems ASA NGAAP			Group IFRS	
2009	2008	Amounts in NOK million	2009	2008
–	110.0	Dividend from subsidiaries	–	–
0.0	110.0	Dividend from subsidiaries	0.0	0.0
49.4	46.2	Interest income ¹⁾	12.2	9.4
126.9	–	Foreign exchange gain	111.6	2.0
176.3	46.2	Total financial income	123.8	11.4
17.3	32.4	Interest expenses ¹⁾	23.5	32.8
2.9	4.9	Other financial expenses	5.1	5.4
–	14.5	Foreign exchange loss	–	–
20.2	51.8	Total financial expenses	28.6	38.2

1) Interest income and expenses for the Parent Company include interest income and expenses from subsidiaries of NOK 47.8 million (2008: NOK 42.5 million) and NOK 0.0 million (2008: NOK 2.6 million) respectively.

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

NOTE 5 CONTINGENT LIABILITIES**EU Commission**

In September 2004, TOMRA received the EU Commission's Statement of Objections (SO) relating to the EU Commission investigation in 2001. The Commission was of the opinion that TOMRA had exploited its dominant market position in several European markets by entering into certain supply agreements with customers. The alleged abuse is partly due to having entered into exclusive purchase agreements with customers and partly due to use of loyalty rebate schemes.

In November 2004, TOMRA filed its written response to the Statement of Objections where TOMRA rejected the Commission's arguments.

The EU Commission concluded in March 2006 that TOMRA, in their opinion, had foreclosed competition in the period 1998 to 2002 in the market for reverse vending machines in Austria, Germany, the Netherlands, Norway and Sweden by implementing an exclusionary strategy. Consequently, the Commission decided to fine TOMRA EUR 24 million.

TOMRA has appealed the decision to the European Court of Justice. The court case took place in January 2010. A verdict is expected during 2010.

Supported by legal opinions, TOMRA believes it is more likely than not that we will win the appeal. Consequently, no accrual has been made in the balances as of December 31st related to the penalty.

Sale of Tomra South America SA

Tomra Systems ASA has in connection to the sale of Tomra South America SA in 2005 given warranties in line with what is normal in such transactions. If the warranties are breached, Tomra Systems ASA has to indemnify the buyer, up to a USD 5 million limit. At the end of 2009 there were four pending cases regarding VAT that could possibly result in a payment for TOMRA. This is accrued for under provisions, see disclosure note 12.

NOTE 6 INTEREST-BEARING LIABILITIES

Tomra Systems ASA NGAAP			Group IFRS	
2009	2008	Amounts in NOK million	2009	2008
350.0	550.0	Non-current liabilities	350.0	550.0
–	8.1	Unsecured bank loans	–	17.1
350.0	558.1	Other non-current interest-bearing liabilities	350.0	567.1
0.0	0.0	Total non-current interest-bearing liabilities	0.0	0.0
25.4	9.1	Due more than 5 years after balance sheet date	38.9	23.4
25.4	9.1	Current liabilities	38.9	23.4
		Other current interest-bearing liabilities		
		Total current interest-bearing liabilities		

In October 2006, Tomra Systems ASA established a revolving bilateral five-year credit facility of NOK 500 million. In June 2008 an additional NOK 250 million credit facility was established, with the same maturity date as the first credit facility. As of 31 December 2009, NOK 350 million was drawn on these facilities. The loan has a floating rate of interest, and has been given with a negative pledge commitment. The loan agreement is conditional upon an equity covenant of at least 40% of total assets, as measured at the end of each quarter.

NOTE 7 RECEIVABLES

Tomra Systems ASA NGAAP			Group IFRS	
2009	2008	Amounts in NOK million	2009	2008
5.3	17.5	Trade receivables, gross	718.5	855.9
937.3	926.5	Intra group short-term receivables	–	–
13.0	16.3	Other short-term receivables, gross ¹⁾	231.9	258.6
(69.6)	(82.6)	Provision for bad debt	(26.6)	(14.6)
886.0	877.7	Total receivables	923.8	1,099.9
82.6	50.1	Provision for bad debt per 1 January	14.6	6.5
(13.0)	32.5	Provisions made during the year	12.0	8.4
–	–	Provisions used during the year	–	(0.3)
69.6	82.6	Provision for bad debt per 31 December	26.6	14.6

1) Other short-term receivables includes forward contracts of NOK 6.0 million.

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

Trade receivables fall due:		2009	2008
Amounts in NOK million			
Not due yet		512.3	641.0
0 – 30 days		131.2	114.5
31– 60 days		23.6	44.8
61 – 90 days		18.6	19.7
Older than 90 days		32.8	35.9
Total trade receivables		718.5	855.9

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

GROUP – IFRS Amounts in NOK million	Land & Buildings ³⁾	Machinery & Fixtures	Vehicles	Leasing Equipment	Total
Cost					
Balance at 1 January 2008	179.3	571.4	89.2	394.0	1,233.9
Acquisitions through business combinations	0.0	0.3	0.0	0.0	0.3
Other acquisitions	4.1	107.2	18.0	52.6	181.9
Disposals	(2.3)	(50.2)	(6.3)	(34.4)	(93.2)
Effect of movements in foreign exchange ¹⁾	28.5	110.3	26.0	125.4	290.2
Balance at 31 December 2008	209.6	739.0	126.9	537.6	1,613.1
Balance at 1 January 2009	209.6	739.0	126.9	537.6	1,613.1
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0
Other acquisitions	11.7	76.5	7.5	86.8	182.5
Disposals	(21.7)	(93.1)	(25.8)	(74.4)	(215.0)
Effect of movements in foreign exchange ²⁾	(21.4)	(84.4)	(19.1)	(98.0)	(222.9)
Balance at 31 December 2009	178.2	638.0	89.5	452.0	1,357.7
Depreciation and impairment losses					
Balance at 1 January 2008	41.9	351.2	54.5	313.9	761.5
Depreciation charge for the year	9.1	56.0	14.7	40.1	119.9
Writedown	0.0	1.3	0.0	0.0	1.3
Disposals	(2.8)	(18.2)	(6.3)	(22.6)	(49.9)
Effect of movements in foreign exchange ¹⁾	9.4	56.9	16.5	95.6	178.4
Balance at 31 December 2008	57.6	447.2	79.4	427.0	1,011.2
Balance at 1 January 2009	57.6	447.2	79.4	427.0	1,011.2
Depreciation charge for the year	8.6	69.6	12.9	47.2	138.3
Writedown	0.0	0.0	0.0	0.0	0.0
Disposals	(18.6)	(75.7)	(21.6)	(61.3)	(177.2)
Effect of movements in foreign exchange ²⁾	(6.4)	(45.2)	(12.3)	(72.7)	(136.6)
Balance at 31 December 2009	41.2	395.9	58.4	340.2	835.7
Depreciation rate ⁴⁾	2–4%	10–33%	15–33%	10–20%	
Useful life	50 yrs	10 yrs	7 yrs	5–10 yrs	
Carrying amounts					
31 December 2008	152.0	291.8	47.5	110.6	601.9
31 December 2009	137.0	242.1	31.1	111.8	522.0
Finance leases carrying amounts (as included in total carrying amounts)					
31 December 2008	0.0	0.0	0.0	0.0	0.0
31 December 2009	0.0	0.0	0.0	0.0	0.0

- 1) Exchange rates as of 31 December 2008 are used in calculating tangible assets of foreign subsidiaries.
2) Exchange rates as of 31 December 2009 are used in calculating tangible assets of foreign subsidiaries.
3) Including land of NOK 20.2 million as of 31 December 2009.
4) All depreciation plans are linear.

Minimum lease payments under operational lease of offices	2009	2008
Not later than one year	47.9	51.8
Between one and five years	129.8	131.8
More than five years	83.8	95.3

Leasing equipment

The companies within the TOMRA group had 6,247 reverse vending machines leased to customers at the end of 2009. The table below shows the minimum leasing income from today's lease portfolio. In addition to this income, TOMRA will receive income from material handling, service contracts etc.

Minimum lease income from leasing equipment	2009	2008
Not later than one year	41.2	53.2
Between one and five years	77.4	88.1
More than five years	0.0	0.1

TOMRA SYSTEMS ASA – NGAAP Amounts in NOK million	Machinery & Fixtures	Vehicles	Total
Cost			
Balance at 1 January 2008	114.8	2.3	117.1
Acquisitions	4.3	0.0	4.3
Disposals	0.0	0.0	0.0
Balance at 31 December 2008	119.1	2.3	121.4
Balance at 1 January 2009	119.1	2.3	121.4
Acquisitions	4.4	0.0	4.4
Disposals	(1.1)	(0.3)	(1.4)
Balance at 31 December 2009	122.4	2.0	124.4
Depreciation and impairment losses			
Balance at 1 January 2008	97.2	0.5	97.7
Depreciation charge for the year	8.4	0.4	8.8
Disposals	0.0	0.0	0.0
Balance at 31 December 2008	105.6	0.9	106.5
Balance at 1 January 2009	105.6	0.9	106.5
Depreciation charge for the year	5.9	0.4	6.3
Disposals	(1.1)	(0.1)	(1.2)
Balance at 31 December 2009	110.4	1.2	111.6
Depreciation rate ¹⁾	10–33%	15–33%	
Useful life	10 yrs	7 yrs	
Carrying amounts			
31 December 2008	13.5	1.4	14.9
31 December 2009	12.0	0.8	12.8

- 1) All depreciation plans are linear.

Minimum lease payments under operational lease of offices	2009	2008
Not later than one year	8.2	8.0
Between one and five years	35.5	34.5
More than five years	40.0	49.2

NOTE 9 INTANGIBLE ASSETS

GROUP – IFRS Amounts in NOK million	Goodwill	Development costs	Patents	Other	Total
Cost					
Balance at 1 January 2008	717.8	159.7	16.8	66.0	960.3
Acquisitions through business combinations	129.1	0.0	17.0	5.2	151.3
Other acquisitions –internally developed	0.0	23.1	0.0	9.2	32.3
Disposals	0.0	0.0	0.0	(0.2)	(0.2)
Effect of movements in foreign exchange ³⁾	66.6	(0.1)	(1.6)	10.6	75.5
Balance at 31 December 2008	913.5	182.7	32.2	90.8	1,219.2
Balance at 1 January 2009	913.5	182.7	32.2	90.8	1,219.2
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0
Other acquisitions –internally developed	0.0	28.2	5.4	0.0	33.6
Disposals	0.0	0.0	0.0	(32.5)	(32.5)
Effect of movements in foreign exchange ⁴⁾	(38.2)	(0.8)	0.0	(16.1)	(55.1)
Balance at 31 December 2009	875.3	210.1	37.6	42.2	1,165.2
Depreciation and impairment losses					
Balance at 1 January 2008	151.9	108.8	4.7	45.9	311.3
Depreciation charge for the year	0.0	17.5	2.7	6.1	26.3
Impairment losses ¹⁾	0.0	8.5	0.0	0.0	8.5
Disposals	0.0	0.0	0.0	4.5	4.5
Effect of movements in foreign exchange ³⁾	19.8	0.0	(0.1)	7.7	27.4
Balance at 31 December 2008	171.7	134.8	7.3	64.2	378.0
Balance at 1 January 2009	171.7	134.8	7.3	64.2	378.0
Depreciation charge for the year	0.0	16.6	4.0	3.9	24.5
Impairment losses ¹⁾	24.1	11.4	0.0	0.0	35.5
Disposals	0.0	0.0	0.0	(8.0)	(8.0)
Effect of movements in foreign exchange ⁴⁾	(12.6)	(0.9)	0.3	(30.8)	(44.0)
Balance at 31 December 2009	183.2	161.9	11.6	29.3	386.0
Depreciation rate ²⁾	0%	14–33%	10%	5–33%	
Useful life	Indefinite	3–7 yrs	10 yrs	3–20 yrs	
Carrying amounts					
31 December 2008	741.8	47.9	24.9	26.6	841.2
31 December 2009	692.1	48.2	26.0	12.9	779.2

- 1) Impairment losses are specified as a separate line item in the Income Statement. Impairment losses consist of R&D projects that are no longer in production, and do not give inflow to the Group anymore. For impairment loss on Goodwill see below.
2) All depreciation plans are linear.
3) Exchange rates as of 31 December 2008 are used in calculating intangible assets of foreign subsidiaries.
4) Exchange rates as of 31 December 2009 are used in calculating intangible assets of foreign subsidiaries.

Other intangible assets mainly consists of capitalized customer relations from aquisitions of businesses and investments in software.

Specification of goodwill impairment losses	2009	2008
Presona	20.3	–
California	3.8	–
Total impairment losses recognized	24.1	0.0

Impairment tests for cash-generating units containing goodwill

The following units have significant carrying amounts of goodwill:

Amounts in NOK million	2009	2008
MATERIAL HANDLING		
US East	52.2	64.4
COLLECTION TECHNOLOGY		
– Nordic	16.1	18.0
– Central Europe	66.5	73.6
– US East	63.1	78.2
INDUSTRIAL PROCESSING TECHNOLOGY		
– Titech / Commodas	281.0	281.4
– Ultrasort (part of TiTech Group)	142.1	132.7
– Orwak	71.1	73.2
– Presona	0.0	20.3
Total	692.1	741.8

The recoverable amount of the cash-generating units is based on value in use calculations. These calculations use cash flow projections based on actual operating results and the five-year business plan including a residual value. A pre-tax discount rate of 12.9 percent was used in 2009 compared to 10.4 percent in 2008. A growth rate has not been used on the predicted cash flows. Ultrasort has a higher predicted cash flow in the terminal year than previous years to reflect the long term perspective of this purchase, where the cash flows are expected to materialize over a longer time period once the technology for sensor based ore-sorting gets a breakthrough.

Exchange rates as of 31 December 2009 were used in calculating carrying values (see note 18). In calculating the predicted cash flows, the following exchange rates were used EUR/NOK: 8.10 – USD/NOK: 5.60 – SEK/NOK: 0.85 – AUD/NOK 4.60.

All goodwill in Presona was written down in 2009. This resulted in an impairment loss of NOK 20.3 million.

An interest rate increase of 2 percentage points will not trigger a writedown of goodwill.
A reduction in forecasted cash flows of 10 percent will not trigger a writedown of goodwill.

Research and development expenditure

Research and development expenditure of NOK 144.1 million has been recognized as an expense (2008: NOK 170.3 million) and NOK 28.2 million has been capitalized (2008: NOK 23.1 million).

NOTE 10 TAXES

Tomra Systems ASA NGAAP			Group IFRS		
2009	2008	Amounts in NOK million	2009	2008	
413.0	223.7	TAX BASIS			
–	(110.0)	Profit before taxes			
(0.5)	(1.9)	Dividend from subsidiaries			
(78.7)	144.7	Permanent differences			
333.8	256.5	Basis for taxes payable			
		TAXES			
93.5	71.8	Taxes payable	127.3	179.7	
0.1	0.2	Over accrued tax last year	–	–	
22.0	(40.5)	Net change in deferred taxes	(5.1)	(39.4)	
115.6	31.5	Tax expense	122.2	140.3	
		Effective tax rate			
		Taxes based upon actual tax rates	94.6	24.2 %	128.7 29.8 %
		Tax effect from permanent differences	27.6	7.1 %	11.6 2.7 %
		Actual tax expense	122.2	31.3 %	140.3 32.5 %

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

Tomra Systems ASA NGAAP			Group IFRS		
2009	2008	Amounts in NOK million	2009	2008	
		DEFERRED TAX ASSETS			
0.8	0.6	Inventory	51.5	41.1	
18.2	27.1	Other current assets	28.4	28.8	
20.5	21.0	Intangible non-current assets	(13.0)	7.8	
2.6	1.4	Tangible non-current assets	(12.9)	2.5	
(17.4)	1.0	Financial non-current assets	(10.3)	1.0	
5.3	4.9	Provisions	10.6	6.6	
4.5	4.5	Other current liabilities	14.2	7.6	
6.5	2.5	Pension reserves	6.5	2.5	
–	–	Loss carried forward	20.6	2.3	
41.0	63.0	Total tax advantage	95.6	100.2	
		DEFERRED TAX LIABILITIES			
		Inventory	1.6	–	
		Other current assets	2.2	0.5	
		Intangible non-current assets	20.9	43.4	
		Tangible non-current assets	2.1	16.4	
		Financial non-current assets	–	(9.6)	
		Provisions	1.9	2.3	
		Current liabilities	–	(5.0)	
		Pension reserves	(0.1)	(9.7)	
		Total deferred tax liabilities	28.6	38.3	

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

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

NOTE 11 OTHER CURRENT LIABILITIES

Tomra Systems ASA NGAAP			Group IFRS		
2009	2008	Amounts in NOK million	2009	2008	
16.5	18.3	Tax deductions, social security tax, holiday pay	141.7	130.6	
13.3	30.7	Advances from customers	58.8	72.4	
81.5	75.0	Dividend accruals	–	–	
45.6	82.9	Non interest-bearing debt ¹⁾	128.9	195.7	
156.9	206.9	Total other current liabilities	329.4	398.7	

1) Non interest-bearing debt includes forward contracts of NOK 1.6 million and accrual for restructuring of NOK 2.9 million for Tomra Systems ASA and NOK 6.2 million for the Group.

NOTE 12 PROVISIONS

TOMRA SYSTEMS ASA – NGAAP

Amounts in NOK million	Warranty	Other	Total
Balance at 1 January 2009	15.4	2.2	17.6
Provisions made during the year	7.2	1.7	8.9
Provisions used during the year	(5.5)	0.0	(5.5)
Provisions reversed during the year	(2.0)	0.0	(2.0)
Balance at 31 December 2009	15.1	3.9	19.0

GROUP – IFRS

Amounts in NOK million	Warranty	Other	Total
Balance at 1 January 2009	90.9	4.9	95.8
Provisions made during the year	80.9	8.3	89.2
Provisions used during the year	(62.6)	0.0	(62.6)
Provisions reversed during the year	(7.1)	0.0	(7.1)
Balance at 31 December 2009	102.1	13.2	115.3

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

Other provisions is comprised of provisions for contractual obligations with business partners, and provisions for known claims covered by TOMRA in connection with the sale of its Brazilian operations in 2005. Other provisions also includes an obligation for a lease agreement of an office building in Germany, that is only partially used by the Tomra Group.

NOTE 13 RELATED PARTIES

Amounts in NOK, unless stated otherwise

Identification of related parties

The Group has a related party relationship with its subsidiaries and associates (see disclosure note 14 and 15) and with its directors and executive officers. All transactions with related parties are based on arms length principles.

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

2009	Share-holding ¹⁾	Board fees ⁴⁾	Committee fees ⁵⁾	Options vested ⁶⁾	Salary ⁷⁾	Bonus ⁸⁾	Other benefits ¹⁰⁾
Board members							
Svein Rennemo (Chairman and Compensation Committee)		0					
Bjørn M. Wiggen (Deputy chairman and Audit Committee)	10,000	385,000	45,000				
Jørgen Randers (Board member, Compensation- and CR Committee)	32,100	385,000	75,000				
Hege Marie Norheim (Board member, Audit- and CR Committee)	14,350	385,000	60,000				
Aniela Gabriela Gjøs (Board member, Compensation- and Audit Committee)	10,000	385,000	60,000				
Ingrid Solberg (Employee representative and CR Committee)	1,511				721,444	100,000	16,328
David Williamson (Employee representative and CR Committee)	648	225,000			353,299	28,484	10,328
Tom Knoff (Nomination Committee)			45,000				
Ole Dahl (Nomination Committee)	2,600		30,000				
Hild Kinder (Nomination Committee)			30,000				
Jo Olav Lunder	n/a	500,000	45,000				
Karen Michelet	n/a	140,625			388,295	31,310	13,397

2009	Share-holding ¹⁾	Loan ³⁾	Salary ⁷⁾	Variable Salary ⁶⁾	Pension premiums ⁹⁾	Other benefits ¹⁰⁾
Group Management						
Stefan Ranstrand (President/CEO) ²⁾			1,500,500		207,680	286,781
Michael Liess (President, Tomra US East)			USD 82,500			USD 4,443
Espen Gundersen (SVP/CFD)	17,250		1,980,000	447,975	349,630	533,392
Harald Henriksen (SVP Technology)	14,600	1,400,000	1,620,000	588,000	284,265	484,901
Fredrik Nordh (VP, Tomra Nordic)			SEK 1,043,400	SEK 250,000	SEK 95,910	SEK 95,910
Heiner Bevers (MD, Tomra Systems GmbH)	7,082		EUR 254,000	EUR 127,000	EUR 5,038	EUR 7,131
Rune Marthinussen (MD, TiTech)	16,000		1,662,000	489,000	321,249	298,144
Ton Klumper (VP, Tomra Western and Eastern Europe)	28,600		EUR 190,000	EUR 95,000	EUR 79,992	EUR 20,120
Håkon Voldal (SVP Business Development)		1,000,000	1,415,100	297,193	279,440	312,156
Stefan Ek (MD, Orwak Group)	3,059		SEK 1,020,000	SEK 510,000	SEK 353,583	SEK 109,471
Amund Skarholt (President/CEO until 10 August 2009)	n/a		2,110,400	787,857	403,242	1,481,271
Gregory Knoll (President, BU North America until 30 June 2009)	n/a		USD 260,200			USD 858,511
Håkan Erngren (VP, Tomra Nordic until 31 October 2009)	n/a		SEK 1,470,000	SEK 882,000	SEK 380,092	SEK 2,981,314
Trond Johannessen (SVP Business Development until 1 November 2008)	n/a			612,000	16,919	1,102,637

2008	Share-holding ¹⁾	Board fees ⁴⁾	Committee fees ⁵⁾	Options vested ⁶⁾	Salary ⁷⁾	Other benefits ¹⁰⁾
Board members						
Jo Olav Lunder (Chairman and Compensation Committee) ¹¹⁾		385,000	30,000			
Jørgen Randers (Board member, Compensation- and CR Committee)	32,100	385,000	45,000			
Hege Marie Norheim (Board member, Audit- and CR Committee)	6,150	385,000				
Bjørn M. Wiggen (Board member and Audit Committee)	10,000					
Aniela Gabriela Gjøs (Board member, Compensation- and Audit Committee)						
Karen Michelet (Employee representative)	2,020				374,881	11,040
David Williamson (Employee representative and CR Committee)	540				353,804	7,549
Tom Knoff (Nomination Committee)			30,000			
Ole Dahl (Nomination Committee)	2,600		30,000			
Hild Kinder (Nomination Committee)						
Jan Chr. Opsahl	n/a	720,000				
Hanne de Mora	n/a	385,000	30,000			
Rolf Kåre Nilsen	n/a		45,000			
Svein Jacobsen	n/a		45,000			
Klaus Næra	n/a	225,000		2,400	354,915	7,431
Marit Christensen	n/a	450,000			518,519	8,770

2008	Share-holding ¹⁾	Loan ³⁾	Salary ⁷⁾	Variable Salary ⁶⁾	Pension premiums ⁹⁾	Other benefits ¹⁰⁾
Group Management						
Amund Skarholt (CEO)	35,000		3,402,000	1,377,000	340,158	229,445
Gregory Knoll (President, BU North America)			USD 410,000	USD 201,150		USD 14,940
Espen Gundersen (CFO)	12,000		1,980,000	837,000	404,835	434,717
Harald Henriksen (SVP Technology)	8,000	1,400,000	1,620,000	543,000	305,536	736,266
Håkan Erngren (VP, Tomra Nordic)			SEK 1,764,000	SEK 840,000	SEK 358,992	SEK 395,556
Heiner Bevers (MD, Tomra Systems GmbH)	6,235		EUR 254,000	EUR 49,000	EUR 4,708	EUR 7,131
Rune Marthinussen (MD, TiTech)	15,000		1,662,000	775,000	313,395	177,036
Ton Klumper (VP, Tomra Western and Eastern Europe)	13,000		EUR 190,000	EUR 72,500	EUR 47,820	EUR 37,158
Håkon Voldal (SVP Business Development)			USD 209,769	367,503	69,516	126,400
Trond Johannessen (SVP Business Development until 1 November 2008)	n/a		1,632,000	697,500	188,256	486,751

Before 2006 TOMRA had option programs for employees and managers. In 2008 the option program for managers expired, while the option program for the employees expires in 2011. For further details about the option programs, see disclosure note 19.

Loans to employees as of 31 December amount to NOK 2.6 million (2008: NOK 2.6 million) for the parent company and NOK 2.6 million (2008: NOK 2.6 million) for the Group.

1) Shareholding

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

2) Remuneration CEO

Stefan Ranstrand could in 2009 earn a variable salary up to 50% of his fixed salary, based upon the Group's performance. He also participates in the Long Term Incentive Plan (see below). The CEO is entitled to 12 months salary as severance pay, in the case of dismissal.

3) Loans to management

Loans in NOK as of 31 December 2008 and 31 December 2009. The loans are secured by mortgages in real estate or motor vehicles and are interest and installment free.

4) Board fees

The column comprises Board member fees paid out in the year for the previous year.

NOTE 13 RELATED PARTIES (cont.)

5) Committee fees
The column contains fees related to participation in the Audit, Compensation, CR and Nomination Committees paid out in the year for the previous year.

6) Options vested
Employee representatives' vested, but not exercised options as of year–end.

7) Salary
The column comprises ordinary salary received in the year.

8) Variable salary
The column contains bonus payments received at the start of the year, based upon the previous years performance. The amounts do not include payments from the LTIP–program, described below.

9) Pension premiums
The Group Management members participated in the same pension plans as other employees in the jurisdiction they were employed. The CEO was not included in the defined benefit plan and received a fixed compensation instead. For further description of the pension plan, see disclosure note 16.

10) Other benefits
The column comprises the value of other benefits received by Group Management– and Board members during the year, including value of interest–free loans, car allowance, health insurance etc. Severance payments are also included here.

11) Shareholding Board member
During 2008, Board member Jo Lunder held the position of President in Ferd Industrial Holding, which had a holding of 2,900,000 shares in TOMRA at 31 December 2008.

Extract from principles for remuneration of Group Management
Salary should include both a fixed and a variable part. The variable salary may amount to a maximum of 50% of the fixed salary. Fringe benefits should be moderate and only account for a limited part of the remuneration package. There should be no special pension plans for Group Management members. In 2006 the option program in TOMRA was replaced by a long term incentive plan for Group Management members (see below). The entire principles for remuneration of Group Management are found under the Corporate Governance section of the annual report.

Long–Term Incentive Plans (LTIP)
At the end of 2005 TOMRA established a long–term, cash–based incentive plan, where managers receive bonuses based upon annual growth in the Group's and local unit's profit and performance. The bonus for each year is placed in an interest–bearing account in a virtual bonus bank, from which individual hold–ings are paid over a period of up to three years. From 2010 the plan will be modified slightly and linked to the Group's share price held up against share price movements in a group of comparable companies. Vesting will only be achieved if TOMRA beats the index, and has a positive share price performance. Maximum vesting during any given year for each of the participants will be their annual salary, and 50% of the earnings after taxes must be invested in TOMRA shares.

	Balance 31.12.2008	Paid out 2009	Earned 2009	Balance 31.12.2009
Amund Skarholt (President/CEO until 10 August 2009)	3,822,923	3,822,923	0	0
Stefan Ranstrand (President/CEO)	0	0	164,000	164,000
Espen Gundersen (SVP/CFO)	3,822,923	2,018,742	433,692	2,237,873
Harald Henriksen (SVP Technology)	3,822,923	2,018,742	433,692	2,237,873
Fredrik Nordh (VP, Tomra Nordic)	SEK 933,685	SEK 933,685	SEK 324,000	SEK 324,000
Heiner Bevers (MD, Tomra Systems GmbH)	EUR 470,529	EUR 248,392	EUR 52,271	EUR 274,408
Rune Marthinussen (MD, TiTech)	3,474,643	1,670,463	433,692	2,237,872
Ton Klumper (VP, Tomra Western and Eastern Europe)	EUR 250,214	EUR 92,199	EUR 50,860	EUR 208,875
Håkon Voldal (SVP Business Development)	1,911,461	1,009,371	413,846	1,315,936
Michael Liess (President, Tomra US East)	USD 0	USD 0	USD 16,965	USD 16,965
Gregory Knoll (President, BU North America until 30 June 2009)	USD 676,545	USD 676,545	USD 0	USD 0
Håkan Erngren (VP, Tomra Nordic until 31 October 2009)	SEK 4,440,636	SEK 2,321,078	SEK 0	SEK 2,119,558
Trond Johannessen (SVP Business Development until 1 November 2008)	3,822,923	3,822,923	0	0

The collective compensation for key management personnel is as follows (26 managers in 2009 and 21 in 2008):

Amounts in NOK million	2009	2008
Short–term employee benefits	57.5	44.6
Severance payments	9.7	0.3
Post–employment benefits	3.5	2.5
Total	70.7	47.4

Total remuneration is included in “employee benefit expenses” (see disclosure note 3).

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

Amounts in NOK million	2009		2008	
	Parent	Group	Parent	Group
Statutory audit	1.1	5.6	1.2	6.0
Other attestation services	–	0.4	–	0.3
Tax consulting	–	3.4	–	3.1
Other services	–	0.9	–	0.9
Total	1.1	10.3	1.2	10.3

Statutory audit fees to KPMG for the Group were NOK 4.7 million (NOK 5.4 million in 2008), and fees to other auditors were NOK 0.9 million (NOK 0.6 million in 2008).

NOTE 14 SHARES AND INVESTMENTS

TOMRA SYSTEMS ASA – NGAAP

Amounts in NOK million	Country	Year of acquisition	Vote and owner share	Book value
Tomra North America Inc	USA	1992	100 %	1,166.2
Tomra Systems Inc	Canada	1988	100 %	42.5
Tomra Europe AS	Norway	1998	100 %	10.0
Tomra Production AS	Norway	1998	100 %	15.0
Tomra Canada Inc	Canada	2000	100 %	37.3
Tomra Japan Asia Pacific KK	Japan	2000	100 %	0.0
Tomra Japan Ltd. ¹⁾	Japan	2008	50 %	9.6
Orwak Group AB	Sweden	2005	100 %	110.6
TiTech AS	Norway	2004	100 %	208.2
Tomra Systems Ltd.	United Kingdom	2006	100 %	2.3
Total shares in subsidiaries				1,601.7

1) Tomra Systems ASA owns 50% of Tomra Japan Ltd. The company is a joint venture and is proportionately consolidated in the Group. TOMRA's share of the joint venture accounts for about 1% of the total capital of the Group.

Long–term loan to the subsidiary Tomra North America Inc of NOK 374 million/USD 54 million, is treated as part of net investments in the parent company. In the parent company it is booked at cost and reported under loans to subsidiaries.

NOTE 15 INVESTMENTS IN ASSOCIATES

GROUP – IFRS

Amounts in NOK million	Ultre–PET	Tomra s.r.o.	Tomra Baltic	Total
Book value 31 December 2008	40.4	–	1.8	42.2
Profit 2009	–	3.5	0.3	3.8
Dividends and equity infusions	–	(3.5)	–	(3.5)
Currency translation difference	(8.5)	–	(0.3)	(8.8)
Book value 31 December 2009	31.9	0.0	1.8	33.7
Equity at date of acquisition	41.0	0.0	0.0	
Country	USA	Czech Republic	Estonia	
Year of acquisition	1999	1998	2005	
Vote and share ownership	49 %	40 %	40 %	

Summary financial information for associates on 100% basis:

2009				Total
Assets	84.1	10.4	11.4	105.9
Liabilities	28.5	1.0	7.0	36.5
Equity	55.6	9.4	4.4	69.4
Revenues	162.2	22.5	14.2	198.9
Profit/(loss)	0.0	8.1	0.4	8.5
2008				Total
Assets	89.1	13.2	13.0	115.3
Liabilities	32.1	1.4	8.6	42.1
Equity	57.0	11.8	4.4	73.2
Revenues	165.7	25.4	13.1	204.2
Profit/(loss)	0.0	8.7	1.2	9.9

NOTE 16 PENSION AND PENSION OBLIGATIONS

Tomra Systems ASA NGAAP			Group IFRS	
2009	2008	Amounts in NOK million	2009	2008
EXPENSE RECOGNIZED IN THE INCOME STATEMENT				
14.3	12.4	Current service cost	14.3	12.4
6.0	6.0	Interest cost of pension obligations	6.0	6.0
(6.1)	(6.1)	Expected return on plan assets	(6.1)	(6.1)
2.0	0.7	Actuarial gains and losses	2.0	0.7
2.3	1.8	Social security tax included in pension cost	2.3	1.8
18.5	14.8	Net pension costs	18.5	14.8
FINANCIAL STATUS AS OF 31 DECEMBER				
128.5	166.3	Present value of funded pension obligations	128.5	166.3
(96.1)	(105.1)	Fair value of plan assets	(96.1)	(105.1)
(9.1)	(52.3)	Unrecognized actuarial gains & losses	(9.1)	(52.3)
23.3	8.9	Pension liability	23.3	8.9
BASIS FOR CALCULATION				
4.40 %	3.80 %	Discount rate	4.40 %	3.80 %
4.25 %	4.00 %	Expected wage increase	4.25 %	4.00 %
4.00 %	3.75 %	Expected increase of base amount	4.00 %	3.75 %
5.60 %	5.80 %	Expected return on plan assets 31 December	5.60 %	5.80 %
MOVEMENTS IN THE NET LIABILITY FOR DEFINED BENEFIT OBLIGATIONS AS RECOGNIZED IN THE BALANCE SHEET				
8.9	(2.9)	Net liability at 1 January	8.9	(2.9)
(4.1)	(3.0)	Contributions received	(4.1)	(3.0)
18.5	14.8	Expense recognized in the Income Statement (*)	18.5	14.8
23.3	8.9	Net liability at 31 December	23.3	8.9
(*) The expense is recognized in the following line item in the income statement				
18.5	14.8	Employee benefits expenses defined benefit plan	18.5	14.8
2.9	3.4	Employee benefits expenses defined contribution plan	16.1	17.1
21.4	18.2	Total employee benefits expenses¹⁾	34.6	31.9

1) NOK 5.7 million of total employee benefits for Tomra Systems ASA was charged to subsidiaries in 2009 (2008: NOK 5.3 million). The cost of the defined benefit plan includes a premium for the right to a paid up defined contribution policy based on an actuarial valuation.

GROUP – IFRS

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

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

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

In addition TOMRA had a separate pension plan for benefits over 12G,

with the same coverage as the plan up to 12G. Until the end of 2006 the pension premium for such plans was not taxable for the receiver, but it would be taxable when the pension was paid out. The pension premium was not tax deductible for the company.

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

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

The pension plans have been treated for accounting purposes in accordance with IAS 19. The parent company's plans, which also covers employees in Tomra Butikkssystemer AS, Tomra Production AS, Titech AS and Q–vision AS include 265 employees and 25 retirees at year–end 2009.

Actual return on plan assets was NOK 3.2 million in 2008.

The table above shows total pension cost for the parent company and the Group's defined benefit plans, and total pension obligations at 31 December for the parent company and the Group's defined benefit plans and defined contribution plans. Net pension obligations at 31 December 2009 are split between net pension obligations for the defined benefit plans of NOK 21.6 million, and net pension obligations for the defined contribution plans of NOK 1.7 million.

NOTE 16 PENSION AND PENSION OBLIGATIONS (cont.)

SENSITIVITY ANALYSIS

The sensitivity analysis below shows how changes in the basis for calculation will affect the numbers.

Basis for calculation							
Discount rate	4.40%	4.90%	3.90%	4.40%	4.40%	4.40%	4.40%
Expected wage increase	4.25%	4.25%	4.25%	4.25%	4.25%	4.75%	3.75%
Expected increase of base amount	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expected pension regulation	1.30%	1.30%	1.30%	1.55%	1.05%	1.30%	1.30%
Interest	3.06%	3.55%	2.57%	2.81%	3.32%	3.06%	3.06%
Expected return on plan assets	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%
Results							
Amounts in NOK million							
Service costs	9.8	8.6	11.1	10.1	9.5	11.0	8.6
Accumulated benefit obligation	62.8	56.7	69.8	64.6	61.0	62.8	62.8
Present benefit obligation	124.5	112.2	138.8	128.1	121.1	135.7	114.2
Total benefit obligation	252.4	220.8	289.7	259.5	245.6	288.6	218.7
Plan assets	96.1	96.1	96.1	96.1	96.1	96.1	96.1

TOMRA SYSTEMS ASA - NGAAP

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

TOMRA has in accordance with NRS 6A.3 used the option to convert to IAS 19 for its pensions. The change was implemented with effect from 1 January 2004, and unrecognized actuarial gains and losses have been reset.

NOTE 17 CASH AND CASH EQUIVALENTS

Tomra Systems ASA NGAAP			GROUP IFRS		
2009	2008	Amounts in NOK million	2009	2008	
5.4	20.7	Cash and cash equivalents	68.1	114.1	
5.4	20.7	Cash and cash equivalents in the statement of cash flows ¹⁾	68.1	114.1	

1) Includes restricted bank deposits totaling NOK 5.2 million for the Parent company and NOK 5.2 million for the Group.

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

NOTE 18 FINANCIAL INSTRUMENTS

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

Interest rate risk

TOMRA's cash surplus is primarily placed in NOK with short maturities. In accordance with the adopted financial strategy, the duration of the portfolio should not exceed six months.

Interest-bearing liabilities are primarily related to a revolving, bilateral credit facility of NOK 750 million which was established in October 2006 (NOK 500 million) and June 2008 (NOK 250 million). Interest is payable on the two facilities at a rate of NIBOR (Norwegian Interbank Offered Rate) plus 27 basis points and NIBOR plus 80 basis points respectively. The balance as of December 2009 was NOK 350 million. The credit facilities mature in October 2011. In addition TOMRA has an overdraft facility of NOK 50 million. A change in the interest rate of 100 basis points, calculated on the loan amount as pr 31 December 2009, increases/decreases the annual financial costs by NOK 3.5 million. At year end cash and cash equivalents had a duration of zero months (mainly bank holdings), and the average duration of the credit facility was two months.

Credit risk

Credit risk is the risk of loss that may arise on outstanding contracts should a counter party default on its obligations. Historically the Group has limited bad debt on receivables. The Group has sufficient routines for credit checks on clients and credit risk is not considered to be significant on outstanding receivables as of 31 December 2009. However, TOMRA's customers include the largest retail chains in the world, as well as large scrap material processors, where outstanding receivables globally can be significant. In a situation where one of these systems collapses, TOMRA could be exposed. The maximum exposure to credit risk at year-end equaled total receivables in the balance sheet.

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

TOMRA's main bank is DnB NOR, where TOMRA's short- and long-term loan facilities are located in addition to the international cash pool. TOMRA also has a few local banks for a full cash management solution. The tables below show the balance at TOMRA's main bank DnB NOR ASA which has a credit rating of Aa3 from Moody's and A+ from S&P.

31 December 2009		31 December 2008	
Credit limit	Amount withdrawn	Credit limit	Amount withdrawn
NOK 750 million	NOK 350 million	NOK 750 million	NOK 550 million

Liquidity risk

Liquidity risk is the risk that TOMRA will not be able to meet its financial obligations as they fall due. TOMRA has a limited exposure to liquidity risk on the basis of a strong cash flow in addition to a solid balance sheet - 59% equity ratio at 31 December 2009 - that will enable a higher debt ratio if necessary. Liquidity per 31 December 2009 was NOK 434 million (including unused credit lines).

Commodity risk

The price of a number of raw materials fell at the end of 2008 and in the first months of 2009. This affects both TOMRA's income and costs.

Income

In California TOMRA owns the materials collected through our recycling centers. Accordingly, we are exposed to fluctuations in commodity prices, particularly aluminum. A reduction in USD 100/mt in LME (aluminium price) on an annual basis will entail a reduction of USD 0.8 - 1 million in operating income. In addition TOMRA is indirectly exposed to fluctuations in commodity prices in the IPT-segment; for customers within waste management, the value of the material that TOMRA scanners sort out is a source of income.

When commodity prices fall, the income to customers in this segment is affected, which may affect the willingness to invest.

Costs

A reduction in fuel prices is positive for TOMRA due to lower transportation costs. First and foremost, this applies to material handling operations, where a drop of USD 1 per gallon diesel increases operating income by USD 1.3 million a year. TOMRA uses a variety of raw materials in production, however, the volume of material components were not large enough for changes in commodity prices to significantly impact the results.

Foreign currency risk

TOMRA is exposed to changes in the value of NOK relative to other currencies. With 95 percent of its income in foreign currencies, a strengthening of the Norwegian crown will lead to reduced earnings for the Group when measured in NOK. The most significant risk is associated with fluctuations in the EUR and USD. In accordance with the financial strategy, TOMRA can secure up to 12 months of expected future net cash flow. The Group primarily uses forward contracts as a hedging instrument.

NOTE 18 FINANCIAL INSTRUMENTS (cont.)

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

	Revenues		Balance sheet	
	2009	2008	2009	2008
USD	34 %	34 %	40 %	39 %
EUR	42 %	42 %	22 %	22 %
SEK	8 %	10 %	5 %	8 %
NOK	5 %	3 %	22 %	19 %
OTHER	11 %	11 %	11 %	12 %

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

	2009				
	USD	EUR	NOK	SEK	OTHER
Total intangible non-current assets	13 %	5 %	59 %	3 %	20 %
Total tangible non-current assets	71 %	7 %	10 %	5 %	7 %
Total financial non-current assets	63 %	27 %	3 %	0 %	7 %
Inventory	32 %	41 %	9 %	10 %	8 %
Total receivables	50 %	33 %	5 %	4 %	8 %
Cash and cash equivalents	0 %	46 %	32 %	14 %	8 %
Total assets	40 %	22 %	22 %	5 %	11 %
Total non-current liabilities	0 %	0 %	97 %	2 %	1 %
Total current liabilities	23 %	21 %	35 %	10 %	11 %
Total liabilities	15 %	14 %	57 %	7 %	7 %

	2008				
	USD	EUR	NOK	SEK	OTHER
Total intangible non-current assets	16 %	19 %	35 %	12 %	18 %
Total tangible non-current assets	69 %	6 %	14 %	3 %	8 %
Total financial non-current assets	87 %	10 %	1 %	0 %	2 %
Inventory	24 %	29 %	27 %	10 %	10 %
Total receivables	46 %	29 %	7 %	7 %	11 %
Cash and cash equivalents	0 %	40 %	25 %	8 %	27 %
Total assets	39 %	22 %	19 %	8 %	12 %
Total non-current liabilities	1 %	0 %	96 %	2 %	1 %
Total current liabilities	20 %	25 %	46 %	0 %	9 %
Total liabilities	12 %	15 %	67 %	1 %	5 %

A 10 percent weaker/stronger NOK will normally lead to a 15-25 percent increase/decrease in operating profit. Currency fluctuations will in addition affect the book value of assets and liabilities in TOMRA's foreign subsidiaries. A 10 percent weakening/strengthening in the value of the Norwegian crown would have increased/decreased equity by NOK 191 million as per balance 31 December 2009. (This analysis assumes all other variables remain constant.) Such changes in value will however not have a P/L impact as they are booked as translation differences against equity.

Sensitivity analysis – isolated currency rate changes' impact on the result:

Amounts in NOK million	2009		2008	
	Income	Cost	Income	Cost
10% currency change USD/NOK	112	(91)	148	(95)
10% currency change EUR/NOK	139	(99)	130	(108)
10% currency change SEK/NOK	27	(34)	33	(38)

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

Amounts in NOK million	2009		2008	
	Increase	Decrease	Increase	Decrease
10% currency change USD/NOK	106	(106)	123	(123)
10% currency change EUR/NOK	52	(52)	57	(57)
10% currency change SEK/NOK	6	(6)	27	(27)

The following exchange rates were applied during the year¹⁾:

	Average rate (P/L rate)		Reporting date rate (Balance rate)	
	2009	2008	2009	2008
USD/NOK	6.290	5.639	5.777	6.999
EUR/NOK	8.730	8.223	8.315	9.865
SEK/NOK	0.822	0.855	0.810	0.904
AUD/NOK	4.937	4.731	5.192	4.850

1) Exchange rates distributed by the Norwegian Central Bank.

The fair value of forward contracts is calculated at the end of each period, and at 31 December 2009 the value was recognized in other current receivables at NOK 6.0 million and in other current liabilities at NOK 1.6 million (per 31 December 2008: NOK 2.2 million and NOK 16.6 million respectively). Changes in fair value of forward contracts were recognized in the income statement in 2009. Changes in fair value of forward contracts and currency gains on cash flows in 2009 amounted to NOK 111.6 million (see note 4).

Outstanding forward foreign exchange contracts, as of 31 December:

Amount forward (sold) / bought	2009			2008		
	Currency (million)	Exch.rate	Due date	Currency (million)	Exch.rate	Due date
EUR/NOK	(26.5)	8.315	2010	(78.0)	9.865	2009
GBP/NOK	(5.5)	9.317	2010	(5.5)	10.121	2009
JPY/NOK	(1,230.0)	0.063	2010	(1,285.0)	0.078	2009
SEK/NOK	(55.0)	0.810	2010	(40.0)	0.904	2009
AUD/NOK	(18.0)	5.192	2010	(16.8)	4.850	2009
ZAR/NOK	(2.3)	0.783	2010	-	-	-
USD/NOK	11.0	5.777	2010	19.0	6.999	2009
DKK/NOK	16.0	1.117	2010	(29.0)	1.324	2009

TOMRA had not entered into any commodity contracts as of 31 December 2009.

Hedge accounting under IAS39

Tomra Systems ASA has not applied hedge accounting in 2009 for the cash flow in accordance with IAS39.

Overview of financial assets and liabilities – carrying and fair values:

	2009		2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Amounts in NOK million				
Long term receivables	182.7	177.9	169.0	163.7
Receivables	692.0	692.1	841.3	841.3
Cash and cash equivalents	68.1	68.1	114.1	114.1
Forward exchange contracts	4.4	4.4	(14.4)	(14.4)
Finance lease liabilities	0.0	0.0	0.0	0.0
Unsecured bank facilities	(350.0)	(351.6)	(550.0)	(553.2)
Other interest-bearing liabilities	0.0	0.0	(17.1)	(15.3)
Payables	(222.1)	(222.1)	(230.4)	(230.4)
Total	375.1	368.8	312.5	305.8

NOTE 18 FINANCIAL INSTRUMENTS (cont.)

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

Cash and cash equivalents

The carrying amounts of cash and cash equivalents equaled the fair value.

Financial derivatives

The fair value of forward currency contracts represented quoted market price, ie the exchange rate at 31 December 2009 and the interest points obtained from the different market institutions.

Interest-bearing loans and borrowings

The fair value of the unsecured bank loan was based on loan amounts and accrued interest per 31.12.2009. Future interest payments and repayments with a time to maturity of more than 1 year, were discounted.

Receivables/payables

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

Interest rates used for determining fair value

	2009	2008
Loans and borrowings	4.0 %	5.0 %
Receivables/payables	3.0 %	4.0 %

Financial assets and liabilities per 31 December 2009 –maturity analysis:

Amounts in NOK million	Carrying amount	1 quarter 2010	2–4 quarter 2010	2011	2012 –
Long term receivables	182.7			123.6	59.1
Receivables	692.0	692.0			
Cash and cash equivalents	68.1	68.1			
Forward exchange contracts	4.4	4.4			
Finance lease liabilities	0.0				
Unsecured bank facilities ¹⁾	(350.0)	(300.0)	(50.0)		
Other interest-bearing liabilities	0.0				
Payables	(222.1)	(222.1)			
Total	375.1	242.4	(50.0)	123.6	59.1

1) Total bank loans in the balance sheet per 31.12.2009 fall due within the first four months of 2010, assuming the option of carrying the loan forward is not taken up.

NOTE 19 SHARE-BASED PAYMENTS

GROUP – IFRS

Share option plans for employees

TOMRA previously had a share bonus program for all employees in wholly-owned TOMRA companies. Under the plan, all employees were granted up to 1,200 options each year with a strike price equal to the market price at the beginning of the respective year. Share options were granted under a service condition and a non-market performance condition in the form of entities achieving the agreed budget. The vesting period was one year. Vested options could be kept for up to five years after vesting. No options have been granted under this plan since 2005.

Share option plans for management

TOMRA also had a share bonus program for management where vesting conditions were tied to specific non-market performance targets (variable plans) in addition to service conditions. Vesting period was one year. Vested options could be exercised up to two years after vesting. The strike price was based upon the average closing price on the Oslo Stock Exchange on the three days following granting of the options. The share bonus program included about 110 managers and other key personnel in the Group, with an average of about 20,000 share options per manager each year. No options have been granted under this plan since 2005.

Exercise 2009

No options were exercised in 2009.

The terms and conditions of vested options still not expired:

Plan	Strike	Remaining number of options	Vested	Termination
2004–2009 Employees ¹⁾	40.10	86,867	February 2005	February 2010
2005–2010 Employees ¹⁾	33.30	235,763	February 2006	February 2011
Total		322,630		

1) Vesting conditions: One year of service and entity achieving the agreed budget. Contractual life of options: 5 years.

The number and weighted average exercise prices of share options for **employees** are as follows:

	2009		2008	
	Weighted average strike price	Number of options	Weighted average strike price	Number of options
Outstanding at the beginning of the period	40.22	658,692	64.59	1,427,782
Forfeited during the period	45.10	(336,062)	85.73	(765,314)
Exercised during the period	–	–	36.47	(3,776)
Granted during the period	n/a	–	n/a	–
Outstanding and exercisable at the end of the period	35.13	322,630	40.22	658,692

The options outstanding at 31 December 2009 have a strike price of NOK 33.30 and NOK 40.10 and a weighted average remaining contractual life of 0.9 year.

The number and weighted average exercise prices of share options for **management** are as follows:

	2009		2008	
	Weighted average strike price	Number of options	Weighted average strike price	Number of options
Outstanding at the beginning of the period	–	–	27.73	103,000
Forfeited during the period	–	–	–	–
Exercised during the period	–	–	36.47	(103,000)
Granted during the period	n/a	–	n/a	–
Outstanding and exercisable at the end of the period	0.00	0	0.00	0

NOTE 19 SHARE-BASED PAYMENTS (cont.)

TOMRA SYSTEMS – NGAAP

The share option program for employees in Tomra Systems ASA is identical to those for the rest of the Group, and has been calculated using the same principles under IFRS described above.

The number and weighted average exercise prices of share options for **employees** are as follows:

	2009		2008	
	Weighted average strike price	Number of options	Weighted average strike price	Number of options
Outstanding at the beginning of the period	40.24	146,624	60.13	259,335
Forfeited during the period	45.10	(86,225)	86.00	(112,711)
Exercised during the period	–	–	–	–
Granted during the period	n/a	–	n/a	–
Outstanding and exercisable at the end of the period	33.30	60,399	40.24	146,624

The options outstanding at 31 December 2009 have a strike price of NOK 33.30 and NOK 40.10 and a weighted average remaining contractual life of 1.2 year. Total expense recognized as employee cost in 2009 is NOK zero.

The number and weighted average exercise prices of share options for **management** are as follows:

	2009		2008	
	Weighted average strike price	Number of options	Weighted average strike price	Number of options
Outstanding at the beginning of the period	–	–	27.73	88,000
Forfeited during the period	–	–	n/a	–
Exercised during the period	–	–	36.47	(88,000)
Granted during the period	n/a	–	n/a	–
Outstanding and exercisable at the end of the period	0.00	0	0.00	0

Total expense recognized as employee costs in 2009 is NOK zero.

Share Purchase Program

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

	2009	2008
Number of shares purchased by employee's	69,557	206,696
Share price (closing market share price, the day before the allotment date)	23.20	37.10 resp. 36.00
Number of bonus shares, distributed one year after investment	13,911	41,160
Total expenses recognized	0.4 mill	0.7 mill

NOTE 20 EQUITY

TOMRA SYSTEMS ASA – NGAAP

Amounts in NOK million	Share capital	Treasury shares	Share premium	Paid-in capital	Retained earnings	Total equity	Number of shares
Balance per 1 January 2008	164.7	(9.3)	1,418.3	1,573.7	299.9	1,873.6	164,690,217
Net profit					192.2	192.2	
Deleted shares	(9.7)	9.7			0.0	0.0	(9,670,139)
Reduction of share premium			(500.0)	(500.0)	500.0	0.0	
Purchase of own shares		(5.7)		(5.7)	(196.4)	(202.1)	
Own shares sold to employees		0.3		0.3	10.3	10.6	
Dividend received on own shares					0.2	0.2	
Dividend to shareholders					(75.0)	(75.0)	
Balance per 31 December 2008	155.0	(5.0)	918.3	1,068.3	731.2	1,799.5	155,020,078
Net profit					297.4	297.4	
Deleted shares	(5.0)	5.0			0.0	0.0	(5,000,000)
Purchase of own shares		(2.0)		(2.0)	(47.6)	(49.6)	
Own shares sold to employees		0.1		0.1	2.6	2.7	
Dividend received on own shares					0.4	0.4	
Dividend to shareholders					(81.5)	(81.5)	
Balance per 31 December 2009	150.0	(1.9)	918.3	1,066.4	902.5	1,968.9	150,020,078

Share par value is 1 NOK. Free equity at the end of 2009 equaled NOK 859.6 million. In 2009 Tomra Systems ASA purchased 1,995,450 own shares at an average price of NOK 24.86 per share. At shareholders meeting on 21 April 2009, it was decided to amortize 5,000,000 treasury shares. The amortization took place after the notification period expired in August 2009. Total shareholding of treasury shares is 1,880,979 as of year end 2009.

NOTE 20 EQUITY (cont.)

GROUP – IFRS

Amounts in NOK million	Paid-in capital	Translation reserve	Retained earnings	Total Majority Equity	Minority Interest	Total Equity
Balance per 1 January 2008	1,573.7	(276.6)	326.7	1,623.8	56.3	1,680.1
Net profit for the period			278.2	278.2	13.6	291.8
Changes in translation differences		378.5		378.5	16.5	395.0
Total comprehensive income for the period	0.0	378.5	278.2	656.7	30.1	686.8
Transactions with shareholders						
Reduction of share premium	(500.0)		500.0	0.0		0.0
Disposal of subsidiaries/dividend minorities				0.0	(21.2)	(21.2)
Purchase of own shares	(5.7)		(196.4)	(202.1)		(202.1)
Own shares sold to employees	0.3		10.3	10.6		10.6
Dividend to shareholders			(69.8)	(69.8)		(69.8)
Total transactions with shareholders	(505.4)	0.0	244.1	(261.3)	(21.2)	(282.5)
Balance per 31 December 2008	1,068.3	101.9	849.0	2,019.2	65.2	2,084.4
Net profit for the period			248.8	248.8	19.5	268.3
Changes in translation differences		(301.6)		(301.6)	(11.4)	(313.0)
Total comprehensive income for the period	0.0	(301.6)	248.8	(52.8)	8.1	(44.7)
Transactions with shareholders						
Disposal of subsidiaries/dividend minorities				0.0	(15.4)	(15.4)
Purchase of own shares	(2.0)		(47.6)	(49.6)		(49.6)
Own shares sold to employees	0.1		2.6	2.7		2.7
Dividend to shareholders			(74.7)	(74.7)		(74.7)
Total transactions with shareholders	(1.9)	0.0	(119.7)	(121.6)	(15.4)	(137.0)
Balance per 31 December 2009	1,066.4	(199.7)	978.1	1,844.8	57.9	1,902.7

1) Dividend payment was NOK 0.50 per share in 2009, as proposed in the 2008 financial statements.

Translation reserve

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

Dividends

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

Amounts in NOK million	2009	2008
NOK 0.55 per qualifying share (2008: NOK 0.50)	81.5	75.0

The dividend has not yet been provided for and there are no income tax consequences.

Earnings per share	2009	2008
Average number of shares	153,088,571	158,013,847
Average number of shares, adjusted for own shares	148,992,122	152,954,054
Average number of shares, adjusted for own shares, fully diluted	148,992,122	152,954,054
Majority equity 31 December (MNOK)	1,844.8	2,019.2
Equity per share (NOK)	12.38	13.20
Net profit after minority interest (MNOK)	248.8	278.2
Earnings per share	1.67	1.82

31 December 2009 there were 322,630 options that were not “in the money” and therefore had no effect on earnings per share.

Purchase of own shares

The Board's goal is to have a strong financial capacity, to maintain the confidence of investors, creditors and the market, and to aid the further development of TOMRA. Both the solidity of and cash flow generated by TOMRA are strong and the Board finds the financial capacity sufficient to implement the company's plans and strategies. In order to secure flexibility regarding adjustment of the capital structure of the company, the company was authorized to acquire treasury shares at the annual general meeting 21 April 2009, limited to a total of 10,000,000 shares.

At the end of 2009 1,202,150 shares had been purchased and 110,717 shares were sold to employees in accordance with the authorization. Total shareholding of treasury shares was 1,880,979 as of year end 2009.

Share purchase program

To motivate employees to become long-term owners in TOMRA, the board established a share purchase program in 2008, where employees could buy shares at marketprice. For every five shares the employee bought, TOMRA would give one free share after a year, provided that the employee was still employed by TOMRA and had kept the shares for the entire year. In 2009 69,557 shares were sold to employees as part of this share purchase program, and 41,160 shares were given to employees regarding the 2008 program.

NOTE 21 SHAREHOLDERS

The amounts shown are based upon information from The Norwegian Central Security Depository. On nominee accounts, information regarding beneficial ownership has been collected and presented where possible.

Registered at 31 December 2009	Number of shares	Ownership
1. Orkla ASA	23,000,000	15.33%
2. Folketrygdfondet	15,641,200	10.43%
3. Jupiter Asset Management Ltd.	12,349,354	8.23%
4. Nordea Investment Management	7,797,970	5.20%
5. Taube, Hodson, Stonex Partners Ltd.	6,868,966	4.58%
6. Impax Asset Management Ltd.	5,242,807	3.49%
7. New Jersey Division of Investment	4,500,000	3.00%
8. Holberg Fondsforvaltning AS	3,602,000	2.40%
9. Templeton Investment Counsel LLC	2,495,969	1.66%
10. DnB NOR Kapitalforvaltning AS	2,410,844	1.61%
11. F&C Asset Managers PLC	2,297,689	1.53%
12. Manning & Napier Advisors Inc	2,208,510	1.47%
13. Skagen Vekst	2,150,000	1.43%
14. Pioneer Investment Management Inc	1,976,763	1.32%
15. Tomra Systems ASA	1,880,979	1.25%
16. Vital Forsikring AS	1,844,186	1.23%
17. Nikko Bank Luxembourg S.A.	1,797,000	1.20%
18. KLP Kapitalforvaltning	1,433,980	0.96%
19. LD Invest	1,404,519	0.94%
20. Handelsbanken Fonder AB	1,282,400	0.85%
Total	102,185,136	68.11%
Other shareholders	47,834,942	31.89%
Total (8,464 shareholders)	150,020,078	100.00%
Shares owned by Norwegian shareholders	71,673,366	47.78%
Shares owned by foreign shareholders	78,346,712	52.22%
Total	150,020,078	100.00%

NOTE 22 ACQUISITIONS

Ultrasort

On 1 July 2008, TOMRA acquired 100 percent of the business and assets of Ultrasort Group in Australia. The Group consists of UltraSort Pty Limited and Fynsort Technology Limited. The purchase price was NOK 158.9 million in cash. The purchase has been booked with effect from 1 July 2008. UltraSort is a leading provider of advanced technology for identification and sorting of minerals for the mining industry. The net assets acquired in the transaction, and the goodwill arising, are as follows:

Amounts in NOK million	Acquiree's carrying amount before combination	Fair value adjustments	Fair value
Net assets acquired:			
Patents and technology	0.0	17.0	17.0
Customer relations	0.0	5.2	5.2
Goodwill	0.0	129.1	129.1
Property, plant and equipment	0.3	0.0	0.3
Inventories	7.2	0.0	7.2
Cash and cash equivalents	14.9	0.0	14.9
Prepayments	(14.8)	0.0	(14.8)
	7.6	151.3	158.9
Goodwill			0.0
Total consideration satisfied by cash			158.9
Company's goodwill			0.0
Group goodwill			129.1
Total goodwill related to the transaction			129.1
Net cash outflow arising on aquisition:			
Cash consideration paid			(158.9)
Cash and cash equivalents acquired			14.9
Net cash outflow			(144.0)

The goodwill arising on the transaction is attributable to predicted future cash flows.

The acquired company contributed NOK 25.6 million in revenue and NOK 14.9 million to the Group's net operating profit for the period between the date of acquisition and 31 December 2008.

If the acquisition had been completed on 1 January 2008, total group revenue for 2008 would have increased by NOK 16.0 million, and net operating profit for the year would have increased by NOK 7.8 million.

If EBIT in the coming three years exceeds NOK 30 million, NOK 20 million and NOK 20 million respectively, a conditional payment can be required, equal to the part of EBIT that exceeds the given limits.

Directors' Responsibility Statement

Today, the chief executive officer and the board of directors reviewed and approved the Board of Directors' Report and the consolidated and separate annual financial statements for Tomra Systems ASA as of 31 December 2009 (annual report 2009).

To the best of our knowledge:

- the consolidated financial statements are prepared in accordance with IFRS and IFRIC as adopted by the EU and additional Norwegian disclosure requirements in the Norwegian Accounting act, and that were effective as of 31 December 2009.
- the separate financial statements are prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards as of 31 December 2009.
- the Board of Directors' Report for the Group and the Parent Company is in accordance with the requirements in the Norwegian Accounting Act and Norwegian accounting standard no 16, as of 31 December 2009.
- the consolidated and separate annual financial statements give a true and fair view of the assets, liabilities, financial position and profit as a whole as of 31 December 2009 for the Group and the Parent Company.
- the Board of Directors' Report for the Group and the Parent Company includes a true and fair view of;
 - the development and performance of the business and the position of the Group and the Parent Company.
 - the principal risks and uncertainties the Group and the Parent Company face.

Asker, 18 February 2010

Svein Rennemo Chairman	Bjørn M. Wiggen Board member	Jørgen Randers Board member	Hege Marie Norheim Board member
Aniela Gabriela Gjøes Board member	David Williamson Employee representative	Ingrid Solberg Employee representative	Stefan Ranstrand President & CEO



KPMG AS
P.O. Box 7000 Majorstuen
Sørkedalsveien 6
N-0306 Oslo

Telephone +47 04063
Fax +47 22 60 96 01
Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the Annual Shareholders' Meeting of Tomra Systems ASA

AUDITOR'S REPORT FOR 2009

Respective Responsibilities of Directors and Auditors

We have audited the annual financial statements of the Tomra Systems ASA as of 31 December 2009, showing a profit of NOK 297.4 million for the parent company and a profit of NOK 268.3 million for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit. The annual financial statements comprise the parent company's financial statements and the group accounts. The parent company's financial statements comprise the balance sheet, the statements of income and cash flows and the accompanying notes. The group accounts comprise the balance sheet, the income statement and the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and the accompanying notes. The rules of the Norwegian accounting act and good accounting practice in Norway have been applied to prepare the parent company's financial statement. The rules of the Norwegian accounting act and International Financial Reporting Standards as adopted by the EU have been applied to prepare the group accounts. These financial statements and the Board of Directors' report are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on the other information according to the requirements of the Norwegian Act on Auditing and Auditors.

Basis of Opinion

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

Opinion

In our opinion,

- the parent company's financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the parent Company as of 31 December 2009, the results and its cash flows for the year then ended, in accordance with the rules of the Norwegian accounting act and good accounting practice in Norway
- the group accounts are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Group as of 31 December 2009, the result of its operations and total comprehensive income, its cash flows and the changes in equity for the year then ended, in accordance with the rules of the Norwegian accounting act and International Financial Reporting Standards as adopted by the EU
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and comply with the law and regulations.

Oslo, 18 February 2010
KPMG AS

Bjørn Kristiansen

State Authorised Public Accountant

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

Offices in:

Oslo	Grimstad	Sandefjord
Bodo	Haugesund	Sandnessjøen
Alta	Kristiansund	Stavanger
Arendal	Larvik	Stord
Bergen	Mo i Rana	Tromsø
Elverum	Molde	Trondheim
Finnsnes	Narvik	Tonsberg
Hamar	Roros	Alesund

KPMG AS, a Norwegian member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Stattdiserte revisorer - medlemmer av Den norske Revisorforening

Corporate responsibility - at the heart of our business

During 2009 TOMRA's products and activities contributed to the avoidance of around 10 million tonnes of CO₂ emissions.

This is equivalent to the annual emissions of four million cars driving 15,000 kilometers per year. This is roughly double the amount of cars currently registered in Norway, or slightly below the number of new cars sold in the US in 2009.

TOMRA's environmental contribution, in addition to being an attractive employer, operating in accordance with sound principles of corporate governance, and delivering solid financial results, is what we consider corporate responsibility at TOMRA.

FORMALIZING CORPORATE RESPONSIBILITY AT TOMRA

During the past two years TOMRA has focused on formalizing the management system around corporate responsibility. We have created a board committee with responsibility for monitoring and

guiding the direction of TOMRA's activities in this area. The Corporate Responsibility Committee has reviewed the guidelines and policies, and recommended new environmental targets. These targets were subsequently approved by TOMRA's Board of Directors. Specific targets for the other elements of corporate responsibility will be developed during 2010.

The following documents are available on TOMRA's website (www.TOMRA.com) by selecting "Our Organization" and then "Corporate Responsibility":

- > Corporate Responsibility policy
- > Corporate Responsibility key figures
- > Goals & milestones
- > Environmental program
- > Economic impact
- > Social impact



In 2009 TOMRA signed The Copenhagen Communique, which called on politicians and policy-makers to agree on an ambitious, robust, and equitable deal on climate change at the Copenhagen negotiations in December 2009.

UN GLOBAL COMPACT

In 2009 TOMRA joined the UN Global Compact, a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption.

During 2010 we will begin incorporating the ten principles of the Global Compact into our corporate strategy and daily operations and will promote them in our communications. We will also report on our progress annually.

UN GLOBAL COMPACT, THE TEN PRINCIPLES

- Human Rights**
- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
 - Principle 2: make sure that they are not complicit in human rights abuses.
- Labor Standards**
- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
 - Principle 4: the elimination of all forms of forced and compulsory labor;
 - Principle 5: the effective abolition of child labor; and
 - Principle 6: the elimination of discrimination in respect of employment and occupation.
- Environment**
- Principle 7: Businesses should support a precautionary approach to environmental challenges;
 - Principle 8: undertake initiatives to promote greater environmental responsibility; and
 - Principle 9: encourage the development and diffusion of environmentally friendly technologies.
- Anti-Corruption**
- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Source: www.globalcompact.org

CONTRIBUTIONS TO AVOIDED GREENHOUSE GAS EMISSIONS WITHIN TOMRA GROUP

TOMRA's contribution to avoided greenhouse gas emissions in 2009 amounted to 10 million tonnes CO₂, which is equivalent to for example the annual emissions from 500,000 US residents. The breakdown of the contribution across the Group is as follows:

COLLECTION TECHNOLOGY

- > 65,000 units installed
- > 35 billion beverage containers collected
- > 2 million tonnes CO₂ avoided

INDUSTRIAL PROCESSING

- Titech Group**
- > 2000 scanners installed
 - > 5 million tonnes sorted
 - > 6 million tonnes CO₂ avoided
- Orwak**
- > 60,000 units in operation
 - > 20 billion tonnes compacted
 - > 1 million tonnes CO₂ avoided

MATERIAL HANDLING

- > 70,000 tonnes plastic
- > 75,000 tonnes aluminum
- > 216,000 tonnes glass
- > 1 million tonnes CO₂ avoided

PROGRESS REPORT

CORPORATE RESPONSIBILITY GOALS 2010

- > Revise waste management guidelines for the Group
- > Assess available options for vehicle fleet development and associated costs, including energy and climate impacts
- > Assess compliance with REACH Directive for chemical usage in manufacturing
- > Establish energy awareness program for RVM sales and service technicians
- > Implement and communicate Anti-Bribery Policy throughout the Group
- > Develop five-year CSR program

2009 CORPORATE RESPONSIBILITY GOALS, PROGRESS REVIEW

- > Review environmental indicators and set objectives for 2010
Completed: 2010-2015 Environmental Program approved by the Board, October 2009
- > Introduce energy-saving program in selected markets
In progress
- > Consider goals for avoided CO₂ emissions through use of TOMRA's technology
Completed: Included in 2010-2015 Environmental Program
- > Expand TOMRA's principles for supplier conduct
Completed: Formally approved by the Board in October 2009
- > Consider formal membership of a CSR-related initiative
Completed: Letter of Commitment sent to the UN Global Compact
- > Develop anti-bribery policy to supplement TOMRA's Code of Conduct
Completed: Policy approved by the Board in December 2009

Environmental program, 2010-2015

TOMRA's new environmental program will run from 2010 to 2015, and it is the third in the series. The main objective is to achieve a 25% reduction in eco-intensity in our own operations within five years.

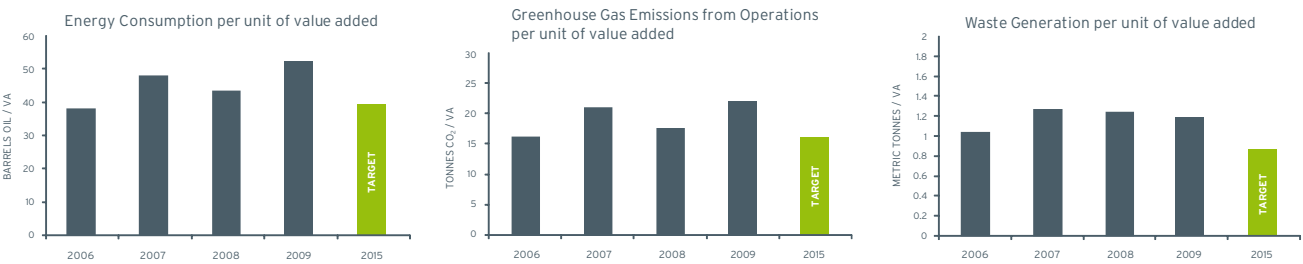
This will be achieved through actions within waste management, energy consumption and greenhouse gas emissions, controlling the use of chemicals, as well as continued focus on ensuring that TOMRA's products and services enable an environmental benefit that is as large as possible.

Among the activities to be implemented under the program is a comprehensive analysis of TOMRA's fleet of vehicles in the different markets. The purpose is to develop a strategy for replacement and modernization of the vehicle park to ensure reduced greenhouse gas emissions.

A strategy will also be developed for optimizing power consumption for the almost 65,000 reverse vending machines installed in supermarkets and shops in TOMRA's markets. This will benefit both the environment and TOMRA's customers, who can reduce their energy costs.

ENVIRONMENTAL PERFORMANCE

TOMRA uses eco-intensity (unit of environmental impact per value added) as a means of showing environmental performance, where the objective is to show a reduction over time. The graphs below show TOMRA's recent performance and target for 2015.



CLIMATE CHANGE ACCOUNT

CARBON DIOXIDE EMISSIONS FROM OPERATIONS			
TONNES CARBON DIOXIDE		2009	2008
Emission from stationary sources (Scope 1)			
Heating oil		1 300	100
Natural gas		100	0
Propane		700	800
Emission from purchased grid electricity (Scope 2)			
Norway		0	0
Europe EU25		600	500
North America		4 400	4 100
Other world average		0	0
Certified low-carbon or renewable		0	0
Emission from transportation			
Petrol vehicles	(Scope 1)	4 300	4 400
Diesel vehicles	(Scope 1)	18 500	14 500
LPG vehicles	(Scope 1)	300	600
Employee-owned vehicles	(Scope 3)	600	600
Air travel	(Scope 3)	600	800
Total direct emissions (tonnes CO₂)		31 400	26 400
Emission from products during use-phase		49 500	47 900
RVMs owned and operated by TOMRA and customers		49 500	47 900
Total direct and indirect emissions		81 000	74 000

AVOIDED CARBON DIOXIDE EMISSIONS THROUGH PRODUCT USE

TONNES CARBON DIOXIDE		
	2009	2008
Beverage container collection through RVMs and ARCs (1)		
Plastic bottles	399 000	377 000
Glass bottles	779 000	736 000
Aluminium cans	1 204 000	1 138 000
Steel cans	17 000	16 000
Packaging material transport and handling (2)		
Glass bottles	55 000	51 000
Aluminium cans	673 000	771 000
Plastic bottles, PET	115 000	127 000
Plastic bottles, HDPE	2 000	2 000
Cardboard and fiber	2 000	2 000
Packaging material sorted for recycling from mixed sources, Titech (3)		
Glass	0	0
Aluminium	1 316 000	1 316 000
PET	2 113 000	2 113 000
HDPE	530 000	530 000
Fiber	255 000	255 000
RDF (reused as energy)	1 050 000	1 050 000
Other	425 000	425 000
Reduction of transport due to material compaction, Orwak (4)		
25 billion tonnes compacted annually	611 000	611 000
Total emission avoidance		
	9 550 000	9 520 000
Net carbon dioxide emission/(avoidance)		
	(9 500 000)	(9 400 000)

WASTE GENERATION

WASTE GENERATION FROM MANUFACTURING, SALES, SERVICE AND OPERATIONS		
TONNES WASTE	2009	2008
Waste generation	1 685	1 820
Paper	60	30
Cardboard	80	120
Plastics	885	855
Wood	100	145
Electric and electronic waste (incl. TOMRA products)	45	50
Expanded polystyrene	0	0
Metal scrap	390	500
Batteries	5	20
Hazardous waste	0	30
Unsorted	120	70

ENERGY CONSUMPTION

ENERGY CONSUMPTION IN MANUFACTURING, SALES, SERVICE AND OPERATIONAL PROCESSES			
BARRELS OIL EQUIVALENT		2009	2008
Energy consumption, stationary sources (Scope 1)		5 100	2 200
Heating oil		3 200	100
Natural gas		0	0
Propane		1 900	2 100
Energy consumption, purchased grid electricity (Scope 2)		10 000	9 400
Norway		2 300	2 300
Europe EU25		2 600	2 200
North America		4 000	3 700
Other world average		0	0
Certified low-carbon or renewable		1 100	1 200
Energy consumption, transportation		59 400	52 600
Petrol vehicles (Scope 1)		11 600	12 000
Diesel vehicles (Scope 1)		43 400	34 100
LPG vehicles (Scope 1)		1 500	3 100
Employee-owned vehicles (Scope 3)		1 500	1 600
Air travel (Scope 3)		1 400	1 800
Total direct energy consumption		74 500	64 200
Energy consumption, products during use-phase		59 300	57 400
RVMs owned by TOMRA and customers		59 300	57 400
Total direct and indirect energy consumption		133 800	121 600

Scope 1: All direct GHG emissions.
Scope 2: Indirect GHG emissions from purchased electricity, heat or steam.
Scope 3: Other indirect emissions from purchased goods and services

NOTES
Emissions have been calculated using the GHGProtocol tools(World Resources Institute 2008/09 www.ghgprotocol.org), and 'Waste Management Options and Climate Change' (ec.europa.eu/environment/waste/studies/pdf/climate_change.pdf).

1. Beverage container collection through RVMs and ARCs.
Carbon dioxide savings are calculated based on the total number of beverage containers collected through TOMRA's over 60,000 RVM and ARC installations; more than 30 billion units annually. All glass beverage containers are assumed to be non-refillable, which gives a significantly lower assumed weight. The split between packaging types is based on beverage consumption data and TOMRA estimates. The full benefit of collecting and recycling the beverage containers into new material, versus landfill, is included in the calculation.

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

3. Packaging material sorted for recycling from mixed sources, Titech
Estimated material throughput in Titech installations is used in the calculation of avoided carbon dioxide emission. The full benefit of sorting materials and recycling into new is included in the calculation.

4. Reduction of transport due to material compaction, Orwak
It is estimated that the installed base of ORWAK Group products can compact around 85 million tonnes of material daily, reducing both transport kilometers and fuel usage each year. This is estimated to save over 45 000 transport movements and 700 000 liters of fuel each day. This calculation does not take into account the carbon dioxide benefit of material recycling.

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

A great place to work

TOMRA's income and profitability are created by our employees, who face new challenges every day and continually deliver solutions that meet and exceed our customers' expectations.

Innovation, passion and responsibility are the driving forces for improved performance and the continuous development of our business. All business units in TOMRA share the same commitment to their employees: to create a working environment that attracts, retains and develops the best employees.

Continuous personal and professional development is the key to TOMRA's competitiveness. The strength of our combined expertise enhances our customers' trust and improves our ability to win

new customers and to better serve their needs. We want to give our employees challenging assignments and ample opportunities to develop.

Therefore, TOMRA created in 2009 a Human Resources function at group level that will coordinate the existing personnel departments in all business units. The daily work of personnel management occurs primarily at the local level, but benchmarking and adoption of best practice is an important part of the HR function at group level in TOMRA. This means developing a strong network of people from all business units jointly promoting improvements in, for example, skills development, nurturing talent within leadership or subject, and reward systems, and working to put TOMRA's core values in focus.

TOMRA works constantly to be better at working together and sharing experiences across companies and business units within the Group. Thus we create not only stronger and more international development opportunities for our employees, but we also enable an improved flow of expertise and knowledge within the organization, which will ultimately benefit our customers.

TOMRA does not just want to be a great place to work, we strive to be one of the best. TOMRA has regularly conducted employee surveys to gauge our attractiveness as an employer and in 2009 we took this a step further by comparing TOMRA with other employers in the survey "Great Place to Work". Measurable and comparable results are the best management tool and we intend to implement this type of external review on an annual basis and throughout the organization in the future.



IMPACT ON PEOPLE WITHIN TOMRA GROUP

		2009	2008	2007
Number of employees	(#)	1,952	2,110	2,040
Female employees	(%)	18	19	20
Female managers	(%)	21	22	19
Ethnic minority employees	(%)	32	29	32
Reportable injuries	(#)	138	153	167

BUSINESS CONDUCT

As the scope of TOMRA's operations has expanded in recent years, we have become more involved in markets and operations with greater potential risks. Therefore we have reviewed and revised existing policies and practices to address potential concerns and minimize our risk. All of our updated policies were approved by the Board during the 4th Quarter of 2009 and have been communicated internally.

The next step during 2010 is to ensure that the policies are incorporated into the daily activities of TOMRA and are fully understood by key employees. We will start by focusing on bribery, with training and workshops for the areas perceived to have the greatest risk.

The following documents are available on TOMRA's

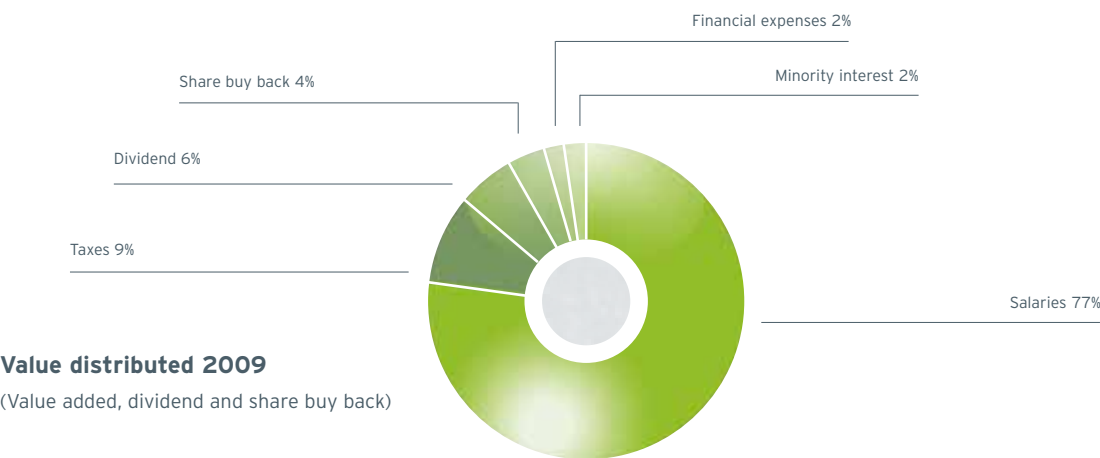
website (www.TOMRA.com) by selecting "Investor Relations" and then "Corporate Governance":

- Code of Conduct
- Supplier Conduct Principles
- Anti-Bribery Policy

TOMRA'S ECONOMIC IMPACT

TOMRA reports the value distributed to different stakeholders, including employees, shareholders and societies in general.

The value added generated by TOMRA has been around 1,400 MNOK for the last few years. However, a reduced share buy back program meant that the total value distributed to stakeholders decreased in 2009.



CORPORATE GOVERNANCE POLICY

The report is included in the annual report. TOMRA has established a code of conduct as well as an anti-bribery policy that outline the ethical guidelines for the corporation's management.

BUSINESS DESCRIPTION

TOMRA's scope of business and strategy is established in the bylaws, and is described in further detail in the annual report and on the website.

EQUITY AND DIVIDENDS

All material recommendations are fulfilled.

EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

All material recommendations are fulfilled. No material transactions between the company and related parties that require a third party evaluation have taken place during 2009.

FREELY TRADED SHARES

There are no trading restrictions on the company's shares.

GENERAL MEETINGS

All material recommendations are fulfilled.

NOMINATION COMMITTEE

All material recommendations are fulfilled.

CORPORATE ASSEMBLY AND BOARD OF DIRECTORS

All material recommendations are fulfilled. Board members appointed by the shareholders are deemed to be independent.

THE BOARD OF DIRECTORS' ACTIVITIES

The Board has established the following committees: audit, compensation, nomination and corporate responsibility.

RISK MANAGEMENT AND INTERNAL CONTROL

All material recommendations are fulfilled.

REMUNERATION OF THE BOARD OF DIRECTORS

All material recommendations are fulfilled.

REMUNERATION OF THE EXECUTIVE MANAGEMENT

All material recommendations are fulfilled.

INFORMATION AND COMMUNICATION

All material recommendations are fulfilled.

TAKEOVERS

All material recommendations are fulfilled.

AUDITOR

All material recommendations are fulfilled.

CORPORATE GOVERNANCE

At TOMRA, corporate governance is defined to include those processes and control features which have been established to protect the interests of TOMRA's share-holders and other stakeholders such as employees, suppliers and customers. TOMRA's Corporate Governance Policy has been approved by the Board of Directors and is available on TOMRA's corporate website (www.tomra.com).

Values, code of conduct and quality systems

Responsibility, Passion, Innovation. These three elements stand at the center of TOMRA's value structure, representing the core values of the corporation. We consider these principles to be of vital importance for the success of our organization and the basis for the way we conduct ourselves as we strive to achieve our business goals. TOMRA has also developed and implemented an internal code of conduct which sets out key principles for employee behavior when representing TOMRA.

TOMRA's quality and environmental management systems are based on the international ISO 9001 and ISO 14001 management systems standards. All units within the Technology division of Tomra Systems have been certified according to these standards. This ensures that our internal systems and procedures are aligned with international "best practice" and that responsibility and authority for all important tasks is appropriately allocated.

Corporate governance policy

TOMRA has implemented a corporate governance program in accordance with the Norwegian recommendation for corporate governance. On the left is a short summary with references to the chapters in the recommendation dated 21 October 2009, focusing on any discrepancies between TOMRA's practices and those recommended.

Principles for remuneration of Group Management 2009-2010

Salary and other employment terms for members of TOMRA's Group Management shall be competitive in order to ensure that TOMRA can attract and retain skilled leaders. Salary should include both fixed and variable elements. The fixed salary should reflect the individual's area of responsibility and performance over time. The variable salary shall not exceed 50% of the fixed annual salary and is based on the achievement of specific performance targets by TOMRA Group and/or the respective manager's unit.

The performance goals for the CEO are determined by the Board of TOMRA. Goals for the other Group Management members are determined by the CEO and reviewed by the Board's Compensation Committee. The goals may be related to financial targets, such as operating profit, or other performance-related objectives.

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

Group Management members and other key personnel within TOMRA have since 2006 participated in a Long Term Incentive Plan (LTIP). For Group Management members, the LTIP is tied to the achievement of profit growth by the Group. The LTIP was established and approved by the Board of TOMRA and the Compensation Committee monitors the plan to ensure it is implemented in line with the mandate and its intentions.

Beginning in 2010 the LTIP will be revised, tying potential earnings to the return rate that the company generates for its shareholders measured against an index of return rates from comparable

companies. Earnings shall only be applied to the LTIP if TOMRA exceeds the index and if TOMRA achieves a positive rate of return. Earnings are capped at the fixed salary level, and half of this amount after taxes must be placed in TOMRA stock when realized.

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



Group Management members participate in the same pension plans as other employees within the unit in which they are employed. No special pension plans are established for Group Management members, except in the event a pension plan had been established in a company prior to being acquired by TOMRA, and the Group Management member was participated in the plan on the date of acquisition.

The notification period for Group Management members shall be three to six months, with the

exception of members employed in the US, where fixed length contracts may be utilized.

The CEO is entitled to 12 months' severance pay due to termination by the company. No agreements shall be established which provide members of Group Management any automatic right to more than 24 months of severance pay. A detailed account of the remuneration of each member of Group Management, including the LTIP, is found in note 13 in the financial statements.

The principles and guidelines for management remuneration for 2010 have not changed materially from those approved in 2009, which were presented to the general assembly in April 2009. The policies concerning remuneration of Group Management and the setting of salaries have throughout 2009 been in line with the established guidelines.

Internal Control Environment and Risk Management Systems

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

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

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

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

Risk Management

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

Control Environment

An organizational structure with defined levels of responsibility and delegation of authority to appropriately qualified management has been established. A chart of authority documents each level of authority throughout the organization. Matters reserved for the Board are clearly defined and appropriate authorization limits and reporting procedures have been implemented.

Information and Communication

The corporation has established systems for planning and financial reporting. Actual results compared to budget and previous periods, including management's written comments on these results, are reviewed monthly by the Board. In addition, strategic business initiatives and investment spending plans require Board approval.

Control Activities

Internal control procedures have been tailored to the requirements of individual business activities. Control of areas possessing particularly high inherent risk, include clear guidelines for delegation of authority, segregation of duties, and requirements for regular reporting and reviews.

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

Monitoring Systems

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

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

The Audit Committee, on behalf of the Board, has reviewed the effectiveness of the corporation's systems of internal control for 2009, as well as the period up to the date the financial statements for 2009 were presented. As might be expected in a corporation of TOMRA's size and complexity, a small number of incongruities have been identified during the period under review. Actions to rectify identified discordances have been taken. None of these issues have resulted in any material losses which require disclosure.





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of advanced solutions
enabling recovery and
recycling of materials

