



Jo Lunder

Chairman. Board member since 2007.
Number of TOMRA shares: 0.
Other board memberships: VimpelCom Russia (NYSE), Pronova BioPharma ASA (OSE), Aibel Group Ltd (Chairman), Aibel AS (Chairman), Elopak (Chairman), Swix Sport AS (Chairman).



Bjørn M. Wiggen

Board member since 2008.
Number of TOMRA shares: 10,000.
Other board affiliations: None.



Jørgen Randers

Board member since 1991.
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

Board member since 2007.
Number of TOMRA shares: 6,150.
Other board affiliations: Nordea Norway, World Petroleum Council, Det Norske Teater.



Aniela Gabriela Gjøes

Board member since 2008.
Number of TOMRA shares: 0.
Other board affiliations: None.



David Williamson

Employee representative
Board member since 2008.
Number of TOMRA shares: 540.
Other board affiliations: None.



Karen Michelet

Employee representative
Board member since 2008.
Number of TOMRA shares: 2020.
Other board affiliations: None.

SUMMARY AND HIGHLIGHTS

- Operating revenues in 2008 of NOK 3,622 million represented an increase of 3.8 percent compared to 2007. Operating profit increased from NOK 445 million in 2007 to NOK 456 million in 2008.
- TOMRA maintained its strong position in its deposit markets. Revenues and profit within the Collection Technology Deposit segment in 2008 were at the same level as 2007. Increased sales in Germany compensated for a reduction in Finland as the market returned to normal levels after the high activity in 2007 that resulted from the country's implementation of a new deposit law.
- TiTech delivered for the sixth year in a row increased revenues and profit. The company's business activities related to metal and mineral sorting were further strengthened through the acquisition of the Australian company UltraSort in June 2008.
- The volume of materials handled within TOMRA's Material Handling segment was essentially the same in 2008 as the year before. Profit margins in the segment were however negatively impacted by periods of high diesel prices mid-year and low commodity prices at the end of the year.
- TOMRA's activities within its Collection Technology Non-Deposit segment nearly doubled their revenues in 2008 compared to 2007, and had a positive gross margin of 27 percent compared to negative 12 percent the year before.
- Organizational changes at the head office in Norway in the third quarter resulted in 22 MNOK in restructuring charges. These changes are expected to reduce costs in 2009 by NOK 60 million.
- TOMRA repurchased 5.7 million shares of its stock in 2008, financed partly through loans and partly from operational cash flow.

FINANCIAL PERFORMANCE 2008

Operating revenues amounted to NOK 3,622 million in 2008. This represented an increase of 3.8 percent in relation to 2007. Excluding currency effects, operating revenues increased by 4.6 percent.

Operating profit was NOK 456 million in 2008, up from NOK 445 million in 2007. Adjusted for restructuring costs of NOK 22 million in 2008, the operating profit showed an increase of 7.5 percent for the year. Operating profit was relatively unaffected during the year by currency swings compared to 2007.

Net financial items increased from minus NOK 3 million in 2007 to minus NOK 24 million as a result of increased debt obligations within the corporation.

Net profit after taxes equaled NOK 292 million in 2008, the same as in 2007. Earnings per share in 2008 equaled NOK 1.82, versus NOK 1.76 in 2007. Cash flow from operations was NOK 375 million, down from NOK 526 million in 2007. This decrease was due largely to a continued high cash flow in 2007 following the extraordinary level of installations in Germany in 2006.

TOMRA's balance sheet as of 31 December 2008 was NOK 3,594 million. This represented an increase of 22 percent compared to the balance at the beginning of the year. The increase was due to a reduction in the value of the NOK relative to other currencies. More than 80 percent of TOMRA's balance is denominated in foreign currencies, with EUR and USD being the two primary currencies. All balance items in foreign currencies were converted to NOK at the exchange rate on 31 December 2008. With the EUR up 24 percent and the USD up 29 percent as measured at the end of 2007 and 2008, values expressed in NOK in the balance sheet are correspondingly higher.

The strong EUR and USD during the year contributed also to a high equity ratio of 58 percent, up from 57 percent at the beginning of the

year. Tomra Systems ASA increased operating revenues from NOK 836 million in 2007 to NOK 927 million in 2008. Operating profit also increased from NOK 47 million to NOK 119 million. The increase was due primarily to improved margins on machine sales, particularly with regard to TOMRA's Automated Recycling Center (ARC).

After subsidiary dividends of NOK 110 million, the net profit for 2008 equaled NOK 192.2 million after taxes. The Board of Directors recommends the following profit allocation for 2008, including a proposed dividend distribution of NOK 0.50 per share, which is an increase of NOK 0.05 compared to 2007:

Dividend:	NOK 75.0 million
Retained earnings:	NOK 117.2 million
Total amount applied:	NOK 192.2 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 2008.

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, compaction 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 the

entire 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 besides Germany have implemented deposit in recent years. Recognizing that it could take time before new markets accepted deposit as an effective means of recycling used packaging, TOMRA decided to start developing collection and sorting technology that could also be utilized in markets without deposit on beverage packaging. The results of the company's efforts in this regard have been positive, and in 2008 TOMRA's revenues from non-deposit activities represented 25 percent of the company's total revenues, up from 20 percent in 2007 and 13 percent in 2006. This percentage is expected to increase in the years ahead.

Consequently the company's operations today are more robust and less dependent on temporary opportunities in individual markets. 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 regard, TOMRA is in a unique position, 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 around the world. 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 four business segments: Collection Technology, Deposit Solutions; Material Handling; Collection Technology, Non-Deposit Solutions; and Industrial Processing Technology. The first two segments are related to TOMRA's activities in markets with deposit on beverage containers. The latter two segments represent the company's activities in markets without beverage container deposit systems and other material streams beyond beverage packaging.

Collection Technology, Deposit Solutions

TOMRA's activities within this business segment include the sale, lease and servicing of reverse vending machines, primarily in Europe and North America. In addition TOMRA provides data administration systems which monitor the volume of collected materials and associated deposit transactions.

In 2008 the revenues within this segment amounted to NOK 1,725 million, down from NOK 1,731 million the previous year. The gross contribution increased from 44 percent to 45 percent and the operating profit was reduced from NOK 345 million to NOK 322 million.

TOMRA maintained its position as the leading supplier of reverse vending machines in Europe in 2008. Revenues from the European operations amounted to NOK 1,435 million, up from NOK 1,403 million in 2007. This increase was achieved despite a fall in machine sales to the Finnish market of

28 percent. Finland implemented deposit on non-refillable plastic beverage containers effective January 1, 2008. As a consequence many stores chose to expand or replace their container return equipment prior to this date. The high tempo of activity leading up to this date was followed by a corresponding drop in activity afterwards.

The reduction in the Finnish market was counteracted by increased activity in the other Nordic countries and Germany. Germany implemented deposit on non-refillable beverage containers in 2006, which in turn led to high activity for TOMRA in this market with a total of 8,800 machines installed that year. The automation of the container return process in the German market continued into 2007 and 2008, but at a lower pace. By the end of 2008 TOMRA had installed or upgraded a total of 13,100 machines for non-refillable beverage containers, which represents a market share of 60 percent. The automation process is expected to continue into 2009 and 2010, as indicated for example by the order of 500 machines TOMRA received from Netto in December 2008 for installation during the first half of 2009. After completion of the warranty period, the machines installed in Germany represent an important after-sales market. At year-end 2008, 75 percent of these machines were signed to service contracts with TOMRA.

Until recently, the placement of automated container return solutions at gas stations has been a relatively underdeveloped segment in the European deposit markets. TOMRA set out to change this with the introduction in 2005 of UNO, a compact and economical reverse vending machine developed specifically to meet the needs of small stores. Sales of the machine have gradually increased since its introduction, but in 2008 a real breakthrough was achieved with the signing of several large contracts. Shell, Germany's second largest gas station chain, signed a framework agreement with TOMRA in 2008 for the installation of UNO at their gas stations in Germany. By year-end 2008 300 machines had been installed, and according to

the agreement Shell intends to have about 1,000 stations equipped with UNOs within the first half of 2009. The second largest gas station chain in Finland, Neste, also installed almost 90 UNO machines at its stations in 2008. Additionally, a contract with the Finnish brewery Olvi was signed in 2008 in which UNO machines will be used for product marketing campaigns.

Reverse vending activities in North America generated total revenues of NOK 289 million in 2008, a reduction of eight percent measured in USD. TOMRA operates with two different business models in the North American market. One is a sales model in which machines are sold to grocery retailers in the same way as the European markets. The other is a leasing model, in which TOMRA maintains ownership of the installed machines and receives payment based on the number of bottles and cans that are handled by the machines.

The installed machine base within the two models has remained stable with about 6,800 machines sold and 6,900 machines on operational leases. The income from the leasing portfolio was stable in 2008, but a fall in new machine sales accounted for the reduction of income in the USA in 2008.

As described in the 2007 Directors' Report, the EU Commission has accused TOMRA of having hindered competition in the reverse vending machine market 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 on TOMRA a fine of EUR 24 million. Since the TOMRA Board of Directors considered the EU Commission's decision to be without foundation, the decision was appealed to the EU Court of First Instance. The appeal is expected to be considered by the Court of First Instance during 2009. No allocations have so far been made in the accounts relative to this case (see also note 5 in the financial statements).

Material Handling

TOMRA picks up, transports, processes and sells

used beverage packaging on behalf of beverage producers in the Eastern United States and in Canada. In California, TOMRA also owns and operates a network of collection centers situated outside retail locations.

In 2008 this business segment contributed total revenues of NOK 1,010 million, a reduction of one percent from 2007 measured in local currency. Operating profit was reduced to NOK 66 million (NOK 105 million in 2007), a reduction of 35 percent measured in USD. The net profit margin fell from 10 percent to seven percent during the same period.

Eastern US and Canada

The volumes that went through TOMRA's operations in Eastern US and Canada in 2008 remained essentially unchanged from 2007. In these markets TOMRA is not exposed to variations in commodity prices as it does not own the materials that are collected.

In July 2008 TOMRA sold its 51 percent stake in New England Glass. The transaction had no significant profit or cash flow effect, but income in the segment is expected to be reduced by an estimated USD 3.7 million annually as a result of the sale.

California

The volumes going through TOMRA's recycling centers in California increased by about six percent in 2008 compared to 2007, but commercial volumes purchased from other operators fell by 12 percent. Due to the fall in commodity prices in the last quarter of 2008, revenues for the year decreased by six percent measured in local currency.

In the Californian market TOMRA assumes ownership of the material it collects and is therefore exposed to swings in commodity prices, particularly with regard to aluminum. Aluminum prices fell considerably in 2008, from a high of 3,300 USD/ton in July 2008 down to 1,500 USD/ton toward the end of the year. The price of plastic

also fell during the last quarter, which in turn contributed to the company's lower earnings. At year-end TOMRA operated 442 recycling centers in California, up from 430 at the start of the year. Due to the low commodity prices, TOMRA closed a number of low volume centers during the fourth quarter 2008. Various cost-saving measures were also implemented, including the reduction of recycling center opening hours, to help compensate for the reduction in income.

High diesel prices in the second and third quarters also negatively impacted operating profit for the year by an estimated USD 2 million for the entire Material Handling segment.

Industrial Processing Technology (IPT)

TOMRA established itself in the waste and material sorting and processing market with the acquisition of TiTech in 2004, 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 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 over 2,000 systems in 35 countries on all continents.

The TiTech Group technology platform can be scaled and used for 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.

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. While 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. Both companies had significant improvement in revenues and profit in 2008 compared to 2007, as a result of good market conditions and efficiency measures implemented over recent years.



Revenues and operating profit for IPT in 2008 were respectively NOK 793 million (NOK 647 million in 2007) and NOK 144 million (NOK 101 million in 2007). The increase in income and operating profit was driven by strong organic growth as well as the acquisition of UltraSort in July 2008.

Collection Technology, Non-Deposit Solutions

This segment includes activities connected to TOMRA's new technology solutions for collection of packaging in markets without deposit. Revenues were NOK 94 million in 2008 versus NOK 48 million in 2007. The majority of revenues came from activities in the UK and Japan. Due to the significant costs associated with the development of technology and markets, the segment had an operating loss of NOK 60 million in 2008, compared to an operating loss of NOK 90 million in 2007.

In 2006 Tomra Systems ASA signed a contract with Tesco for the installation of TOMRA's Automated Recycling Center (ARC) in the UK. ARC is a product for collecting rigid beverage and household product containers in markets without deposit. The product has a large storage capacity and is installed outdoors. The contract with Tesco was for 100 such centers, and by the end of 2008 a total of 57 had been installed. The order from Tesco was the first commercial contract for this type of technology. During 2008 TOMRA also delivered 16 ARCs to Waste Management Inc. in the USA.

In 2006 TOMRA and Sumitomo Corporation entered into a strategic partnership in Japan. The collaboration was further formalized with the creation of a joint venture in July 2008 in which TOMRA and Sumitomo each have a 50 percent stake. One of the main goals for TOMRA in developing a market for outdoor recycling centers in Japan is to deliver solutions that can both reduce collection costs for municipalities and at the same time increase the rate of recycling. The model in Japan today is based on the lease of machines, whereby municipalities pay according to the volume that goes through the machines. TOMRA and Sumitomo are experiencing a steadily increasing return volume and feel that the model is working well as the municipalities are reducing their container collection costs, while the costs for TOMRA and Sumitomo are being sufficiently covered through the leasing income. The goal going forward is to further build on the momentum that has been created in the market and increase the installed machine base with new models. TOMRA's new model CITY, a compact machine that offers a high compaction ratio capability, is being developed with particularly the Japanese market in mind.

During 2008 TOMRA also received orders and completed installations in a number of other markets without deposit frameworks, including USA, Greece, Bulgaria, Italy, Mexico and South Korea. Although these orders do not involve large amounts, they do show the potential that exists for further growth in this segment.



Research and development activities

Research and development activities plus other future-oriented projects were expensed at NOK 144 million. The comparative figure for 2007 was NOK 157 million. These activities are directed foremost toward the development of reverse vending technology (Collection Technology, Deposit Solutions); new collection technology for non-deposit markets such as USA and the UK (Collection Technology, Non-Deposit Solutions); and the recognition and sorting technology provided by TiTech and Commodas (Industrial Processing Technology).

FINANCIAL RISK

TOMRA faces normal business risks related to contractual agreements with customers and suppliers. There are however several conditions that could affect the industry in which TOMRA operates. A reduction in recycling targets and ambitions, lower labor costs, and falling material commodity prices would negatively influence TOMRA's business as the need for advanced recycling technology would become less obvious. Falling prices on aluminum and plastic will also have a direct effect on the profitability of activities in California, where TOMRA owns the materials that are collected through our collection centers.

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 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 experi-

enced losses on accounts receivable, and the corporation's routines concerning credit approval are considered satisfactory. TOMRA's surplus cash is placed primarily in NOK with duration of less than six months. Interest-bearing debt is 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 97 percent of its income in foreign currencies, a strengthening of the NOK will lead to reduced earnings for the Group when measured in this currency. The majority of risk is connected to swings in the EUR and USD. TOMRA takes advantage of forward exchange contracts to hedge future cash flows in foreign currencies. As of the end of 2008, 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

Through its operations TOMRA is helping the world to recycle and reuse, rather than waste, valuable resources. This is the company's most important contribution to a cleaner and more sustainable society. This contribution is important because it is an integral part of TOMRA's operational development and because it is a motivating factor for the company's employees. It also sends a signal to investors and the world at large that TOMRA is playing a role in solving the challenges of the future.

Tomra Systems ASA is certified according to the ISO 14001 standard for environmental leadership and has publicly communicated its environmental targets since 1998. 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 principally connected to consumption of energy in buildings, industrial processes and motor vehicles, waste generation, and greenhouse gases from use of fossil fuels. 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 page 42 in this report.

Organization, health, environment and safety

The number of employees in the Tomra Group was 2,110 at the end of 2008, up from 2,040 at year-end 2007. In Norway the number of employees went down from 258 at the end of 2007 to 247 at the end of 2008.

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 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.

Female employees made up 19 percent of TOMRA's work force and held 22 percent of its management positions at the end of 2008. These figures were 20 percent and 19 percent respectively in 2007. Three of TOMRA's seven board directors are women. The number of employees that are considered ethnic minorities in the country in which they are employed went down from 32 percent in 2007 to 29 percent in 2008.

The number of job-related injuries in TOMRA requiring medical attention beyond basic first aid decreased from 167 in 2007 to 153 in 2008. 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 emphasis on improving this statistic, implementing comprehensive preventive

measures. TOMRA carries out employee surveys on a regular basis, and implements corrective actions if any unsatisfactory areas are revealed.

The absence rate due to sickness within Tomra Systems ASA went down from 2.0 percent in 2007 to 1.5 percent in 2008.

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. 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 under "Investor Relations/Corporate Governance."

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, there is a lot of focus on environmental protection, 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 leading companies to be more cautious about investing.

The recession has also resulted in a significant fall in energy and commodity prices.

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

Collection Technology, Deposit

TOMRA's customers within the Collection Technology, Deposit segment fall primarily within the retail grocery industry in Northern Europe and North America. TOMRA's experience so far has been that the impact of the current recession on this industry has been relatively minor. Although the average consumer has reduced his or her consumption level, the reduction is connected primarily to other types of goods than groceries. In addition the use of reverse vending machines is a well-established concept. Consumers expect to find a well-functioning automated solution for returning deposit beverage containers, and if this is lacking at a particular grocery store, it can in fact impact whether consumers will choose to shop there. Taking also into consideration that about 50 percent of the segment's earnings are related to service, it is the Board's opinion that TOMRA's exposure to a significant reduction in earnings within this segment is limited.

Material Handling

TOMRA's revenues from its material handling activities in deposit markets in the Eastern United States and Canada are affected by the level of beverage consumption in these areas. Experience from earlier recessions indicates that the consumption of beverages with deposit remains stable during good and bad economic cycles. In the current recession there has been a fall in consumption so far of about two to three 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. Since TOMRA does not own the materials collected and processed in the Eastern US and Canada, the Board considers the impact of economic downturns to have little effect on this part of the company's activities.

In California, like in the Eastern US, the volume of deposit materials being returned is relatively stable. However, since TOMRA in this market assumes ownership of the materials collected, the company is exposed to the effects of falling commodity prices. As aluminum prices in 2009 appear to have stabilized at a much lower level than the average price in recent years, earnings in California have also fallen considerably.



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 relative to these markets is being able to make recycling as efficient as possible. TOMRA's products will therefore 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. TOMRA has experienced a significant drop in demand within this segment. As a consequence, the order log at the end of 2008 was NOK 102 million, down from NOK 133 million at the end of the third quarter 2008 and NOK 163 million at the end of 2007.

Collection Technology, Non-Deposit

TOMRA has in recent years experienced a substantial increase in income in this segment, but has also had to report relatively large losses due to the level of investment directed toward product development for non-deposit markets. Much of the development work is now behind us, and the challenge going forward will be to develop the markets and build profitable business models together with prospective partners so that TOMRA's technology can be utilized. With lower operating costs the segment will be able to report better results going forward, but in order to achieve profitability there needs to be a broader acceptance of the type of recycling solutions TOMRA offers. This can be achieved either through a high number of smaller sales in the markets already established, or through a large order to a big player. TOMRA is in discussions with a number of prospective customers that have the potential of lifting the segment up to profitability, but at the same time, the current environment of low commodity prices and restricted access to capital among potential customers is making these negotiations more challenging.

Currency

The turbulent situation in financial markets has also led to large fluctuations in currency values, with both the EUR and the USD having become significantly stronger relative to the NOK. A weaker NOK is positive for TOMRA because most of the company's activities occur abroad and are denominated in local currencies, and when measured in NOK, show greater profitability. A weaker NOK is also favorable because TOMRA has a proportion of its cost base in NOK connected to development activities and head office functions. Much of the

negative effect from falling commodity prices in California and lower activity in the Industrial Processing Technology segment was compensated by the weak NOK at the beginning of 2009.

SHAREHOLDERS AND CAPITAL

The number of TOMRA shareholders fell from 9,990 at the end of 2007 to 8,772 at the end of 2008. The amount of shares held by non-Norwegian residents at the end of 2008 was 46 percent, up from 45 percent at year-end 2007. The TOMRA share price dropped 39 percent from NOK 38.50 at the end of 2007 to NOK 23.60 at the end of 2008. A total of 209 million shares were traded in 2008, down from 411 million the year before. In 2008, for the second year in a row, TOMRA was awarded the Stockman Prize within the class of small to medium-sized companies on the Oslo Stock Exchange. This prize is awarded to companies listed on the Oslo Stock Exchange that have provided the best information about their activities to the financial markets and shareholders. The company's management was also awarded the Nordic prize for best Investor Relations within the same category.

The face value of each share is NOK 1. The total number of outstanding shares at year-end 2008 was 150 million, adjusted for the 5 million treasury shares held by TOMRA. The Board of Directors received approval at the general shareholders meeting in April 2008 to buy back up to 15 million shares of TOMRA stock. By year-end 2008 10 million of the authorized shares had not been acquired. The Board of Directors will at the annual general shareholders meeting in April 2009 recommend cancelling out the shares of TOMRA stock currently held, and continuing the authorization to buy back the remaining number of shares that were authorized in 2008.

The share buyback program is financed partially by operating cash flow, and partially through a revolving credit facility of up to NOK 750 million established in 2006 and expanded in 2008. As of year-end 2008, NOK 550 million of the credit

facility had been utilized. 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 these sources of capital into consideration and the company's relatively stable cash flow, TOMRA has a very solid balance and the necessary financial flexibility for ensuring that growth initiatives can be realized.

The Board of Directors also wishes to motivate TOMRA 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, purchasing a total of 206,696 shares. The Board will recommend continuing this program at the 2009 general shareholders meeting.

Asker, 19 February 2009

Jo Lunder
Chairman

Aniela Gabriela Gjøes
Board member

Bjørn M. Wiggen
Board member

David Williamson
Employee representative

Jørgen Randers
Board member

Karen Michelet
Employee representative

Hege Marie Norheim
Board member

Amund Skarholt
President & CEO