



## Main events

The pharmaceutical market in Tamro Group's operating area in the Nordic countries, the Baltic States and Northwest Russia continued its steady growth averaging 9%. Tamro's market share in the Nordic countries grew to 51% and was almost 50% in the whole operating area.

The deregulation of the pharmaceutical markets advanced. Major changes were seen in the operating environment in Norway and the Baltic States, where liberalisation of pharmacy ownership gained ground. In Denmark the sale of certain OTC products was allowed in supermarkets and in other retail outlets as of 1 October 2001.

Tamro Group's net sales grew by 8% to EUR 3,796 million. The Group's operating profit was EUR 66.6 million and the ordinary net profit EUR 38.1 million. The result was strongly boosted by EUR 58.3 million in capital gains, mainly from the divestment of the shares in Mölnlycke Health Care AB. At the same time non-recurring write-offs of EUR 18.9 million were made due to goodwill amortisation from earlier acquisitions. The Group's full-year operating profit margin was 0.8% and pre-tax profit EUR 19.0 million without these non-recurring items.

Tamro Group took important new steps in Norway, Latvia and Estonia by entering the retail trade. In Norway co-operation with the local pharmacies that started already in 2000 led in February to the formation of Apokjeden Group, a totally integrated wholesale-retail group with over 180 pharmacies. In Latvia the acquisition of the Gimenes aptieka pharmacy chain in June brought 25 pharmacies to the Group. In Estonia the first three pharmacies were bought in October.

FINANCIAL HIGHLIGHTS		2001	2001 Non- recurring items	2001 Pro forma**)	2000
Net sales	EURm	3,795.6		3,795.6	3,518.4
Sales outside Finland	EURm	3,059.3		3,059.3	2,836.6
of consolidated net sales	%	80.6		80.6	80.6
Other income		58.3	-55.5	2.8	3.3
Operating expenses	EURm	3,742.5		3,742.5	3,489.2
Depreciation	EURm	44.8	-18.9	25.9	18.8
Operating profit	EURm	66.6	-36.5	30.0	13.7
Operating margin	%	1.8		0.8	0.4
Ordinary profit before taxes	EURm	55.5	-36.5	19.0	2.5
Income taxes on ordinary activities	EURm	21.9	-14.8	7.1	4.4
Ordinary net profit	EURm	38.1	-21.7	16.4	-1.9
Free cash flow	EURm	-18.7			29.3
Return on capital employed	%	13.1			4.0
Return on equity	%	10.4			-0.6
Earnings per share	EUR	0.33			-0.02
Dividend per share	EUR	0.15*)			0.05
Net gearing	%	49.2			46.4
Investments	EURm	96.2			35.8
Number of employees, average		2,854			2,683
Market capitalisation at 31 Dec	EURm	411.0			191.2

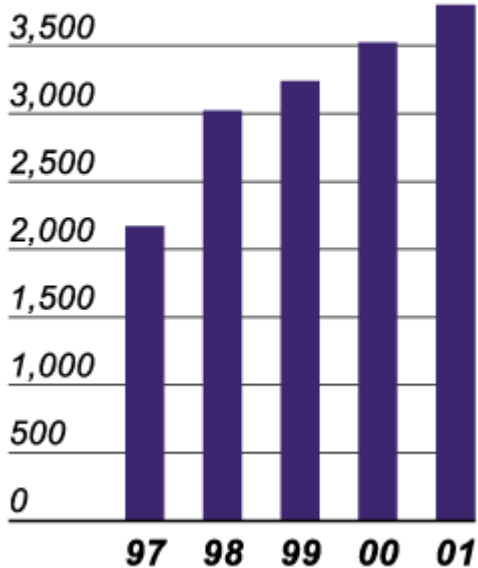
\*) Board proposal

\*\*) Adjusted with non-recurring items from the 2001 financial statements, a total of EUR 36.5 million.



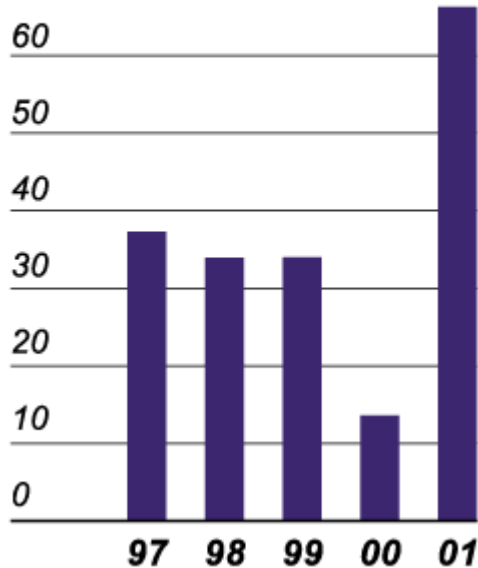
### Net sales

4,000 €m



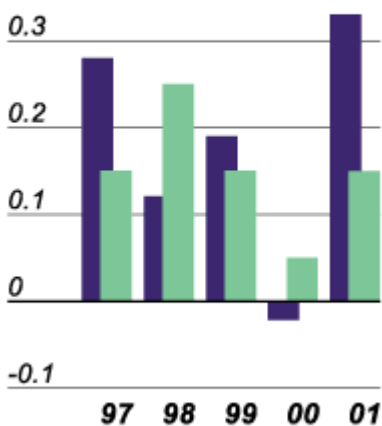
### Operating profit

70 €m



### Earnings and dividend per share

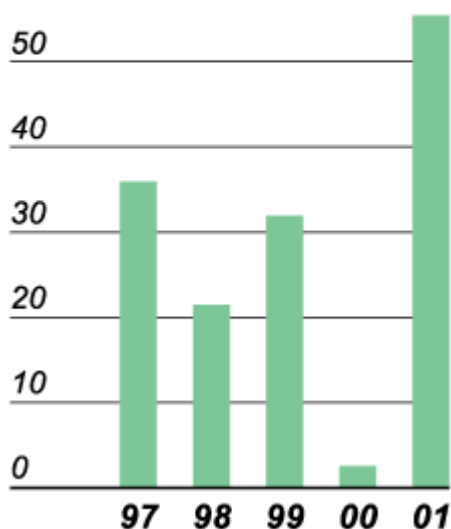
0.4 €



■ Earnings per share  
■ Dividend per share

### Ordinary profit before taxes

60 €m





## Chairman's and CEO's review

Dear shareowners,

In the past years your company's overall performance has not been satisfactory. Tamro has had difficulties in its financial results, in IT implementations and in utilising its strong market position as a platform for further growth and success. In addition, the start-up of the new Tampere service centre in Finland did not come near to meeting expectations.

At the end of 2000, the Board of Directors took the firm decision to help Tamro Group find the road back to sustainable positive development. The Board's Budget Committee was set up in order to control Tamro's day to day business monthly. The financial year 2001 was characterised by a huge effort to improve the transparency as well as the efficiency and quality of Tamro's core processes and thereby the operational profitability.



Dr Bernd Scheifele



Jo Langmoen

At the same time the Board of Directors changed Tamro's strategy significantly. We finally gave up the vision of the "Nordic concept", which was never realised due to the huge differences of the pharmaceutical markets in the Nordic countries. We decided to focus on cost leadership through permanent benchmarking of the core processes and to create added value through forward integration.

## Change of management

With this changed strategy in mind, new Managing Directors were appointed in Sweden, Finland and Norway. A Group Logistics Director was likewise appointed. In January 2002 the leadership of the whole Tamro Group changed when the Board of Directors accepted the resignation of the former CEO and appointed Mr Jo Langmoen the new CEO. The Tamro Group management now consists of the CEO, the CFO and the Group Logistics Director supported by the Managing Directors of each country and Tamro MedLab.

## Decentralisation

With the change of the management the internal Group Organisation was also restructured. We clearly stated that the Group companies in the different countries are the profit centres. They act as true entrepreneurs in their local markets and have broad responsibilities and competences. Following this strategy we simplified the total internal organisation in the Corporate Centre in Vantaa. The Baltic Management Centre was consequently dismantled.

As in all big companies, it will be an ongoing effort within Tamro to keep bureaucracy as light as possible.

## Future strategy

Tamro's future strategy can be described in three concepts: cost leadership, customer orientation and forward integration.

In Tamro's core business of pharmaceutical distribution the goal is to become the clear cost leader in the Nordic and Baltic markets. In order to implement this strategy a cost cutting programme was launched in all companies. This will be an important driving force behind the successful development of Tamro's group result.

At the same time we have to increase customer orientation throughout the organisation, thus improving customer satisfaction and ultimately Tamro's market position.

Forward integration into the pharmacy retail market is a strong trend in our business in Continental Europe. In 2001 this trend also reached Tamro's operating countries, when the liberalisation of the pharmacy market started in Norway and the Baltic States.

Tamro used this opportunity decisively to reach the leading market position in Norway and start retail operations in the Baltics. In countries with more traditional structures, like Denmark, we are developing logistics and IT concepts to establish partnership links with our pharmacy customers to our mutual benefit. Further substantial investments will be required in the future, and this will provide a stable basis for long-term growth and profitability for Tamro Group.

### Thanks to our employees

We would like to thank our employees in Denmark, Sweden, Finland, Norway, Estonia, Latvia, Lithuania and Russia. The commitment, loyalty and inventiveness of each individual employee are essential for Tamro's future success. A corporate policy focusing on cost leadership, customer orientation and satisfaction is not viable without committed employees.

### Outlook for 2002

Tamro Group had a promising start in 2002. Sales are well above the level of 2001 and exceed our expectations. Simultaneously the cost cutting programme is progressing well. However, many difficult tasks still lie ahead and the fast changing health care markets in the Nordic and Baltic countries present a huge challenge.

In 2002 we have our sights set on a substantial growth in the ordinary pre-tax profit excluding non-recurring items. Consolidated sales are expected to grow by 7-9%.

In 2002 the decisions of the Board of Directors and the group management will be guided by the principles of profit-oriented growth, cost leadership and improved customer satisfaction.

Thank you for supporting us.

Vantaa, 28 February 2002

**Dr Bernd Scheifele**  
Chairman of the Board

**Jo Langmoen**  
CEO





## Share capital

The share capital of Parent Company Tamro Corporation on 31 December 2001 amounted to EUR 114,837,083 and it was divided into a total of 114,837,083 shares with a nominal value of EUR 1.

On 31 December 2001, the company held 341,000 repurchased own shares. During the financial period 2001 the company did not trade in its own shares.

## Incentive system

The Group has adopted option schemes and policies as incentives for its key employees and personnel.

### Bond with warrants 1997, issued to all personnel

Number of shares	4,552,000
% of all shares	3.72%
Number of warrants	A: 2,276,000 B: 2,276,000
Subscription period	A: 1 Dec 2000 to 31 Jan 2004 B: 1 Dec 2001 to 31 Jan 2004
Subscription terms and conditions	One warrant entitles its holder to subscribe to one Tamro Corporation share with a nominal value of EUR 1 at a subscription price of EUR 6.56 per share less ordinary dividends paid after loan issuance.

### Share option rights 2000, issued to key personnel

Number of shares	3,000,000
% of all shares	2.45%
Number of warrants	A: 1,500,000 B: 1,500,000
Subscription period	A: 1 Apr 2002 to 30 Apr 2006 B: 1 Apr 2004 to 30 Apr 2006
Subscription terms and conditions	One class A share option right entitles its holder to subscribe to one Tamro Corporation share with a nominal value of EUR 1 at a subscription price of EUR 4.00 and one class B share option right entitles its holder to subscribe to one Tamro Corporation share with a nominal value of EUR 1 at a subscription price of EUR 4.80, less any dividends exceeding 50% of the earnings per share for the relevant accounting period, declared after 12 April 2000 and paid out before the time of subscription. If dividends are distributed for loss-making accounting periods, the whole amount paid out is to be deducted from the subscription price. However, the subscription price must be at least the nominal value of the share.

The subscriptions may increase the share capital of the company by a maximum of 6,882,000 shares, or EUR 6,882,000.

## Repurchase and conveyance of company's own shares

The Annual General Meeting held on 23 April 2001 authorised the Board of Directors to decide on the repurchase and the conveyance of own shares (book-entry securities).

By the end of 2001 the company had not bought back or conveyed any Tamro Corporation shares. The company held 341,000 own shares, repurchased according to the decision of the 1999 Annual General Meeting. This holding corresponds to 0.3% of the year-end share capital.

## Shareholders

On 31 Dec 2001, 27% of Tamro Corporation's shares were in Finnish, 19.3% in Swedish and 35.3% in German ownership. In addition to that, another 18.2% of the shares were nominee holdings, and 0.2% other foreign holdings. Foreign ownership accounted thus for a total of 73% of Tamro's shares.

### Holdings of Board members and CEO in Tamro Corporation 31 Dec 2001

Shares	205,000
Year 1997 warrants	310,000
Year 2000 share options rights	400,000

Holdings include assets of dependents and significantly influenced companies and they correspond to 0.18% of shares and voting rights.

### Holdings of other Group Management and permanent insiders in Tamro Corporation 31 Dec 2001

Shares	206,113
Year 1997 warrants	390,000
Year 2000 share options rights	1,050,000

## Dividend policy and distribution to owners

The aim of the Board is to ensure that Tamro's shares remain a high-performance long-term investment object. Provided that Tamro's financial development continues along healthy lines, the Board targets a dividend pay-out ratio of around 50% of the earnings per share (EPS).

The Board of Directors proposes to the Annual General Meeting that the 2001 dividend be set at EUR 0.15 per share, including a bonus dividend.

## Share listing, performance and trading volume

Tamro Corporation shares are listed on the Helsinki Exchanges.



### Shareholders by group at 31 Dec 2001

Finnish companies	5%
Finnish financial and insurance institutions	9%
Finnish public institutions	4%
Finnish individuals and others	8%
Finnish non-profit seeking owners	1%
Phoenix Pharmahandel AG & Co	35%
Apoteket AB	19%
Other foreign owners (incl. nominee holdings)	18%
Own shares	0.3%
<b>Total foreign ownership</b>	<b>73%</b>

### Shareholdings by ownership bracket on 31 December 2001

No. of shares held	No. of holders	Total no. of shares	Percentage of shares and voting rights, %
1-500	5,169	1,147,115	1.00
501-1 000	1,551	1,273,948	1.11
1 001-5 000	1,611	3,720,699	3.24
5 001-20 000	277	2,599,660	2.26
20 001-50 000	44	1,353,971	1.18
50 001-500 000	36	4,730,337	4.12
500 001-	11	99,935,868	87.02
Shares not transferred to book-entry securities system		75,485	0.07
<b>Total</b>	<b>8 699</b>	<b>114 837 083</b>	<b>100,00</b>

### Major shareholders on 31 December 2001

	1,000 shares	Share of equities
1. Meco Holding A/S	34,456	30.0
2. Apoteket AB	22,114	19.3
3. Nordic Pharma Invest A/S	6,084	5.3
4. The Tapiola Insurance Group	5,703	5.0
5. Sampo Group	4,517	3.9
6. Orion	3,815	3.3
7. Varma-Sampo Mutual Pension Insurance Company	1,718	1.5
8. Kaleva Mutual Insurance Company	1,278	1.1
9. OKO Bank	284	0.2
10. Nordea Life Assurance Ltd	274	0.2
11. Toivanen Marja	222	0.2
12. Investment Fund Aktia Capital	210	0.2
13. Odin Finland	203	0.2
14. Toivanen-Koivisto Maarit Hannele	202	0.2
15. Jenny and Antti Wihuri Fund	195	0.2
16. Veritas Pension Insurance Company	192	0.2
17. Liljeström Ulf Mikael	142	0.1
18. Folkhälsans Forskningsstiftelse	134	0.1
19. OP-Tuotto Mutual Fund	118	0.1
20. Gyllenberg Small Firm Fund	112	0.1

Others	32,864	28.6
<b>TOTAL</b>	<b>114,837</b>	<b>100</b>

Phoenix Pharmahandel AG & Co (Meco Holdings A/S and the nominee-registered Nordic Pharma Invest A/S) total 35.3% of all shares.  
Total nominee holdings 23.5% of all shares, holdings of Tamro Corporation 0.3% of all shares.

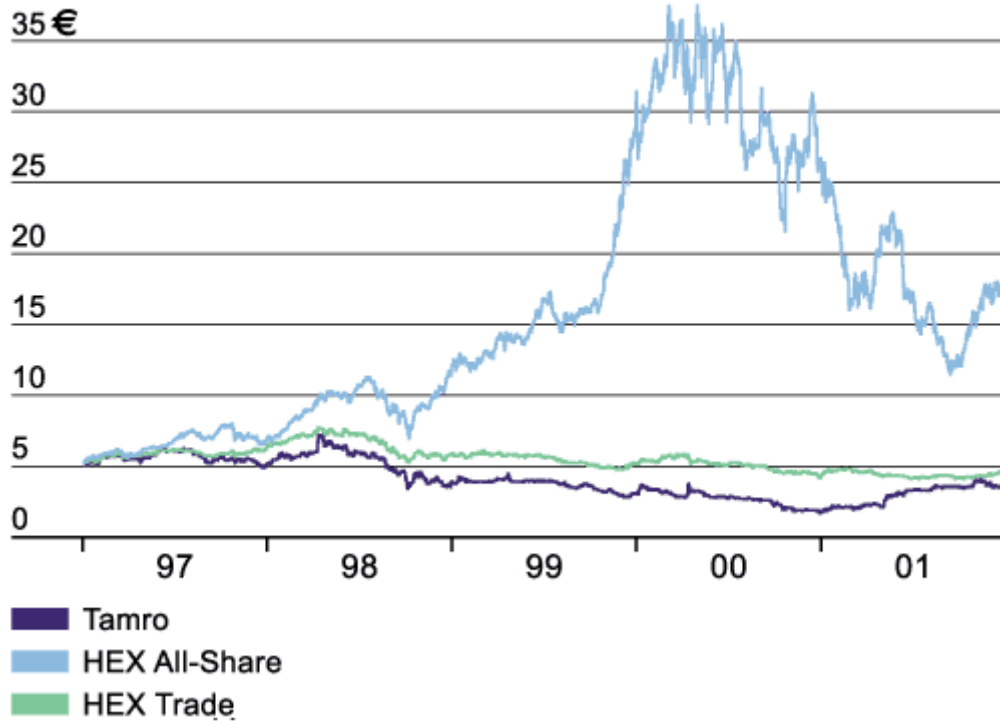
#### Share capital changes 1995-2001

Increase method and time	Change in number of shares	Change in share capital, FIM/EUR	New share capital, FIM/EUR
Private placement 25 Aug -15 Oct 1995	40,114,333	FIM 401,143,330	FIM 881,633,700
Private placement 18 June-26 June 1998	34,456,060	FIM 344,560,600	FIM 1,226,194,300
Warrant subscription/1994 warrant bond 21 December 1998	100,000	FIM 1,000,000	FIM 1,227,194,300
Cancellation of shares/Own shares repurchased by Tamro Corporation in 1998 28 April 1999	- 2,404,000	FIM -24,404,000	FIM 1,203,154,300
Change of share par value from FIM 10 to EUR 1 28 April 1999	-	EUR -82,040,596.93	EUR 120,315,430
Warrant subscription/1994 warrant bond 13 December 1999	50,000	EUR 50,000	EUR 120,365,430
Warrant subscription/1994 warrant bond 15 May 2000	500	EUR 500	EUR 120,365,930
Cancellation of shares/Own shares repurchased by Tamro Corporation in 1999 and 2000 16 May 2000	-5,528,847	EUR -5,528,847	EUR 114,837,083

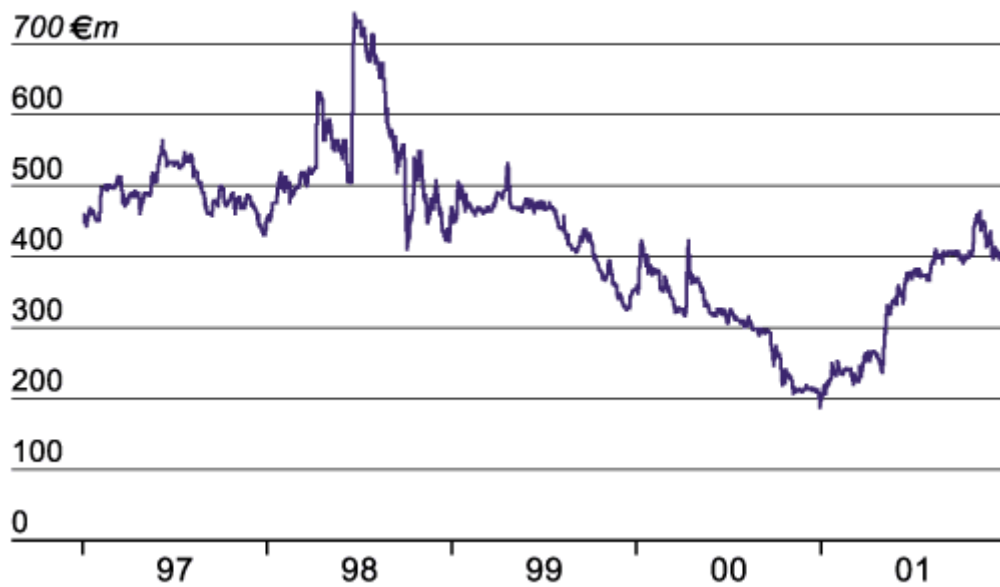




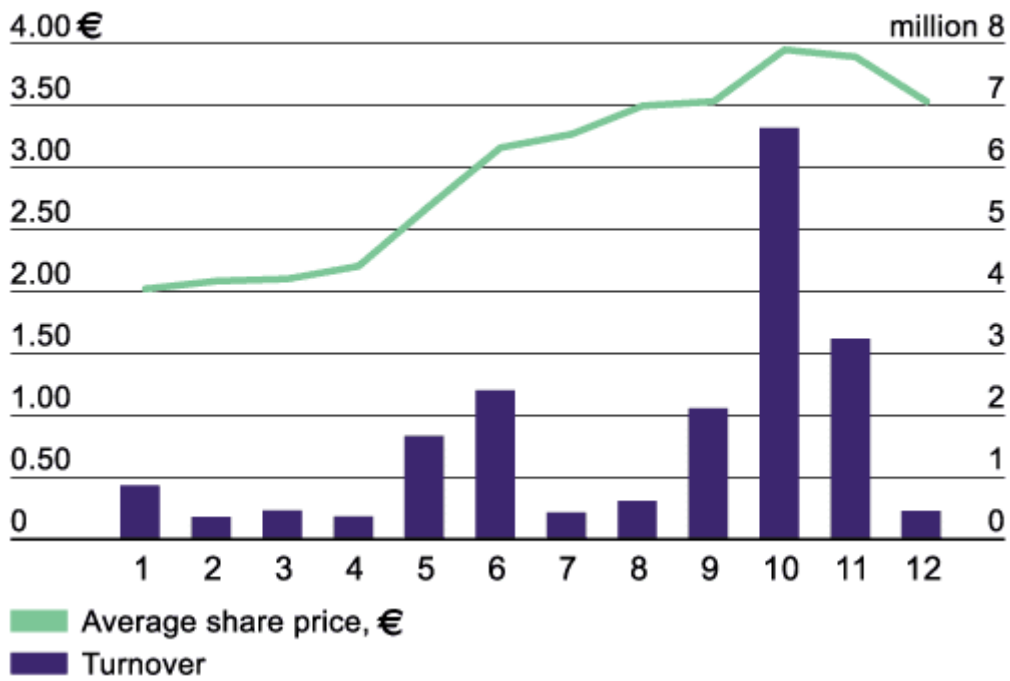
## Tamro's share price development 1997–2001



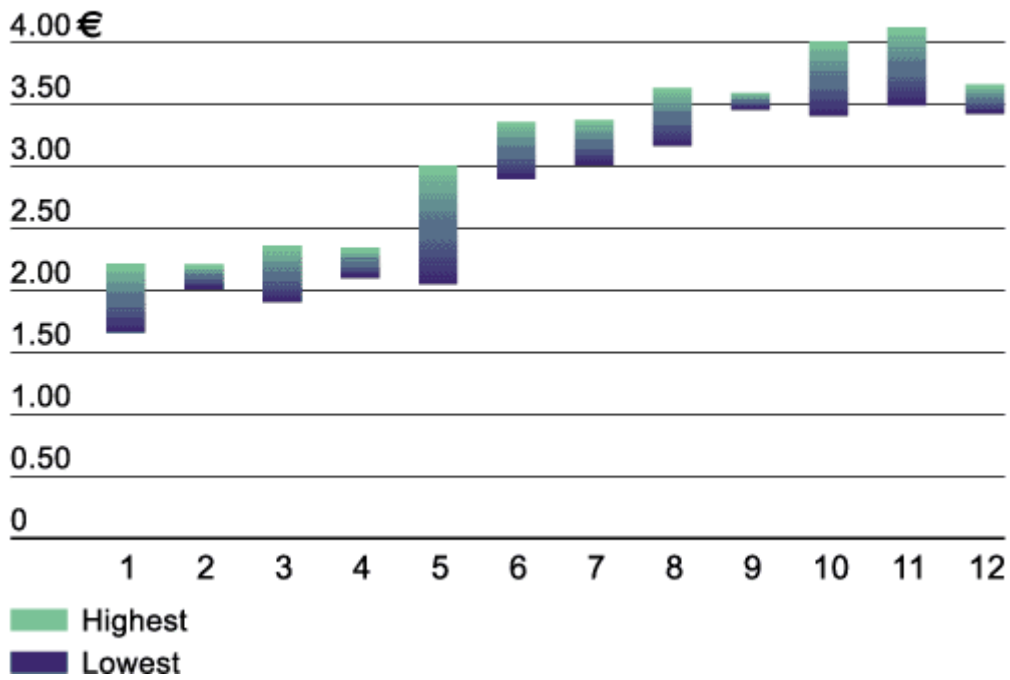
## Market capitalisation 1997–2001



### Average share price and turnover by month 2001



### Share price development 2001





- The Swedish pharmaceutical market continued to grow at 6.7%.
- Tamro Sweden's net sales came to EUR 1,487.0 million (1,573.8). In local currency net sales grew by 3.5%.
- Internally Tamro Sweden will concentrate on efficiency of operations and the overall quality of services.

## Operating environment and markets

The Swedish pharmaceutical market continued to grow at 6.7% in 2001. Parallel importers' share of the aggregate sales grew by over 12% and was 9.3% of the whole market. Pharmaceutical sales in terms of pharmacy purchasing prices rose to EUR 2,335 million.

In June, the Swedish Competition Authority issued a decision stating that the plans elaborated by Apoteket AB to develop its operations do not violate competition laws. After Apoteket AB published its plan in autumn 2000, several complaints were filed with the Swedish Competition Authority. Apoteket then revised its original plans so that its branching out will not compete with the distribution operations of Tamro and other pharmaceutical companies. The Swedish Competition Authority stressed that pharmaceutical wholesalers will continue to be responsible for distribution to all pharmacies.

During autumn 2001 the Swedish government proposed that pharmacies switch from expensive products to the cheapest similar products. Thus generic substitution will be mandatory unless the prescriber actively forbids it.

## Financial performance and operations

	2001	2000	Change
Net sales, EUR million	1487.0	1573.8	-5.5%
Employees	519	578	-10.2%

Tamro Sweden's net sales came to EUR 1,487.0 million (1,573.8). In local currency net sales grew by 3.5%. Pharmaceutical sales accounted for 80% of the total sales. Tamro Sweden's operating profit improved, which can be explained by higher sales, compensation related to year 2000 and better cost control in operating costs. IT costs have decreased substantially compared to the previous year. Tamro Sweden employed an average of 519 (578) people in 2001.

Internet-based information services both to suppliers and pharmacies were developed during the year. Tamro Web Analysis is designed for suppliers and it offers an information system for stocks and sales. The suppliers have access to sales statistics, transactions, back order information and certain key performance indicators. All information is updated on a daily basis.

Tamro Web Direct, another Internet-based application, has been developed to complement Tamro Sweden's customer service provided to pharmacies. Each pharmacy can easily and quickly find valuable real time operational information about orders, deliveries, back orders and stocks.

## Outlook for 2002

The pharmaceutical market will continue to grow, but, according to authorities' estimates, at a slower pace, the focus being on healthcare cost containment. Internally Tamro Sweden will concentrate on efficiency of operations and the overall quality of services in order to guarantee added value for customers' operations. The development of the Tamro's highly competitive business information systems will continue at a rapid pace to provide customers with real time business information.



Personnel



Share of consolidated net sales

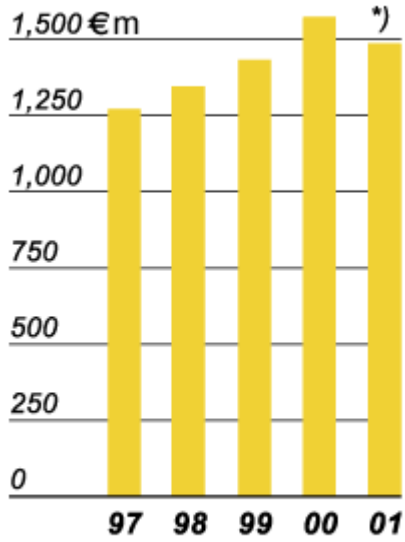


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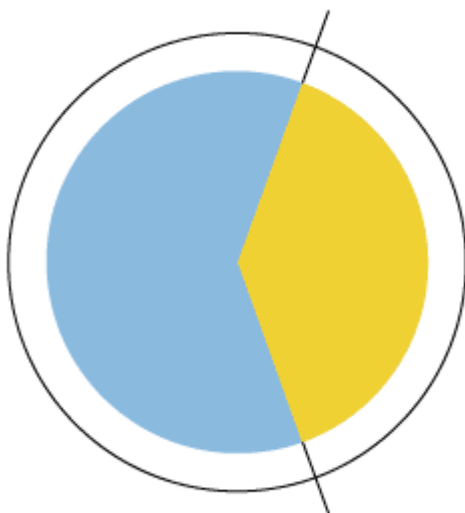
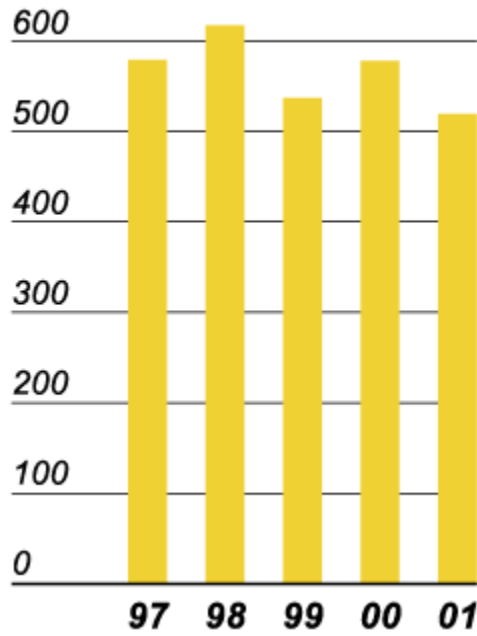


### Net sales



\*) In terms of SEK,  
net sales rose by 3.5%.

### Employees



Share of consolidated  
net sales 39%





## Nomeco

- The brisk growth of pharmaceutical sales continued in Denmark.
- Nomeco's net sales amounted to EUR 919.8 million (852.5).
- In 2002, Nomeco will concentrate on improving the efficiency of the Copenhagen branch.

### Operating environment and markets

The brisk growth of pharmaceutical sales continued in Denmark. Overall pharmaceutical sales by wholesalers rose by 9.4% and amounted to EUR 900 million in pharmacy purchasing prices.

The development during the year was considerably influenced by legislative changes, which have had a great impact on the conditions of pharmaceutical distribution in Denmark.

The price freeze on pharmaceuticals expired in the beginning of July. Consultations between the Ministry of Health and the manufacturers' association resulted in an adjustment of the Danish price level. The prices of pharmaceuticals are now an average of the North European prices and the reference calculations no longer include prices from low-price South European markets. By the fourth quarter the price level had been adjusted according to the new calculations. This in combination with the introduction of new and more expensive products has had as a consequence that the aggregate market increased more than expected in the beginning of 2001.

As of 1 October 2001 also the non-pharmacy retail trade has been allowed to include selected OTC products in its assortment. The entire assortment comprises approximately 400 items. No significant changes - apart from the sale of nicotine dependency treatments - have been noted in the pharmacies' net sales for the said OTC products. The risk still exists that wider patient access to pharmaceutical products will increase the total consumption, which is neither desirable nor intended.

### Financial performance and operations

	2001	2000	Change
Net sales, EUR million	919.8	852.5	7.9 %
Employees	632	667	-5.2 %

Nomeco's operating profit improved compared to 2000.

Since 1 July 2000 wholesalers have been allowed to grant cost-related discounts on pharmaceuticals to pharmacies. Danish legislators' estimates of total discount costs of approx. DKK 60 million have proved correct. The fact that pharmaceutical wholesalers have been unable to compensate for this cost fully with cost savings influenced earnings negatively in 2001.

In the beginning of the year Nomeco sold all its shares in the subsidiary Bang & Tegner A/S to Apotekernes A/S, which is owned by the Danish Pharmaceutical Association.

In spring 2001 Nomeco received its ISO certificate 9001. The process has been extremely resource-consuming at all levels of the organisation, but on the other hand, the certificate will contribute to supporting the company's image as a quality company.

During the last 12 months the Pharmacy Division has been phasing in the VMI concept (Vendor Managed Inventory), which ensures replenishment of the pharmacies stocks without direct placing of orders. The concept has been met with considerable interest among Nomeco's customers.

### Outlook for 2002

The financial performance of Nomeco is closely linked both to legislative initiatives with an impact on

the pharmacies' situation in general and to the rules governing the setting of pharmaceutical prices. Furthermore, earnings will be influenced by any initiatives seeking to limit consumption, e.g., by decreasing reimbursement rates and the like. So far no signs indicate changes in these parameters. In 2002, Nomeco will concentrate on improving the efficiency of the Copenhagen branch.

Net sales



Personnel



Share of consolidated net sales

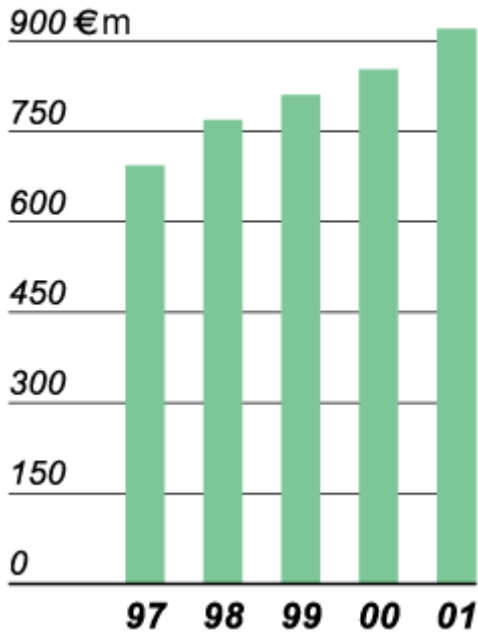


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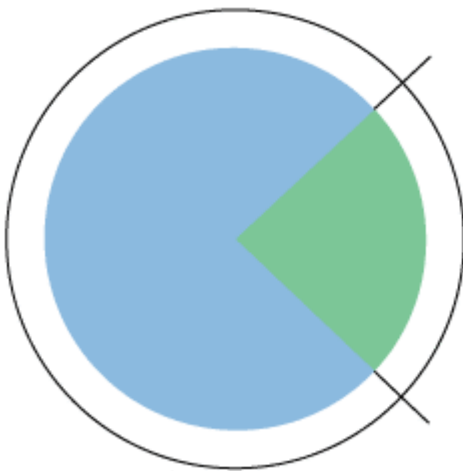
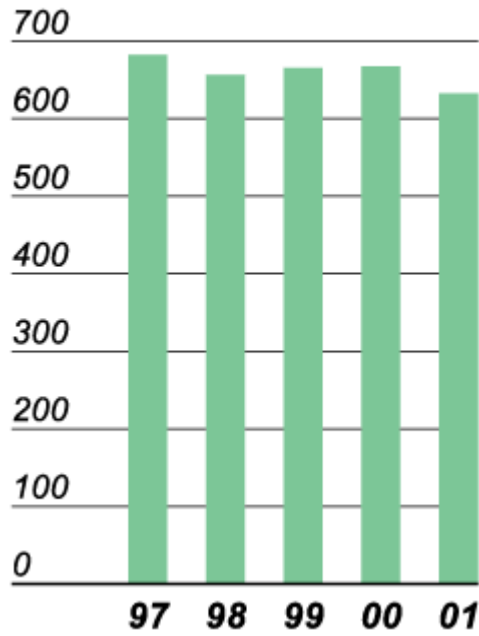




### Net sales



### Employees



Share of consolidated net sales 24%





- The total Finnish pharmaceutical market grew by 12.1%.
- Net sales amounted to EUR 672.2 million.
- Tamro Finland's foremost aim in 2002 is to increase productivity, cost-efficiency and maintain service quality at a high level.

## Operating environment and markets

The total Finnish pharmaceutical market grew by 12.1%. Overall pharmaceutical sales by wholesalers stood at EUR 1,294 million and the competitive situation remained tight. Tamro's share of drug sales by wholesalers diminished to under 50%. In spite of this, Tamro Finland remained a market leader.

At the end of the year the Ministry of Social Affairs and Health started preparing a national pharmaceuticals strategy. Among other issues, the Ministry will look at the costs and financing of medical treatment, the availability of pharmaceuticals, the distribution system and the benefits of IT in pharmaceuticals management.

## Financial performance and operations

	2001	2000	Change
Net sales, EUR million	672.2	681.8	-1.4%
Employees	366	440	-16.8%

In the year under review six significant cooperation contracts with the pharmaceutical industry were extended, while one important partner was lost, the effects of which will be felt in 2002.

Tamro Finland continued to undergo major changes in 2001. The information system introduced in the previous year was upgraded in March to enhance its euro readiness and improve its stability and manageability. Tamro Finland entered the euro era smoothly.

The biggest logistic change was the completion of the new Tampere regional service centre and its gradual introduction starting in June. The former distribution centre was closed in the end of August. As volumes grew at the new service centre, unexpected technical problems came up and further changes had to be rescheduled. This caused extra labour costs in other service centres which erased the cost benefit obtained as a result of staff reductions in the previous year and turned the company's profit into a loss in 3Q, and with a severe full year impact.

In summer Tamro Finland's warehouse operations were divided between Tamro House's central warehouse and the distribution warehouses of the regional service centres. This streamlining will make it easier to monitor inventory values.

The Pharmakon Unit, which belongs to Tamro Finland, markets healthcare products, hygiene products and cosmetics sold at pharmacies and natural product stores. The sales of Pharmakon remained at the previous year's level. A comprehensive cooperation agreement was concluded with the University Pharmacy concerning the sale of certain products marketed by different companies and of products represented by Pharmakon. The contract was renewed and its scope extended for 2002.

## Organisation change

Mr Jorma Turunen was appointed Managing Director of both Tamro's pharmaceutical wholesale trade in Finland and the Tamro MedLab group as of 14 December 2001. Furthermore, Mr Stefan Pflug, Group Logistics Director, was appointed also Logistics Director for Tamro Finland.

## Outlook for 2002

Prospects are favourable for the pharmaceutical market also in 2002, but the present tough competitive situation in the wholesale trade is expected to continue. Tamro Finland's foremost aim in 2002 is to increase productivity, cost-efficiency and maintain service quality at a high level. Statutory negotiations due to the plans to concentrate Tamro Finland's distribution and customer service operations to Tampere and decrease the amount of employees started in January 2002.

Net sales



Personnel



Share of consolidated net sales



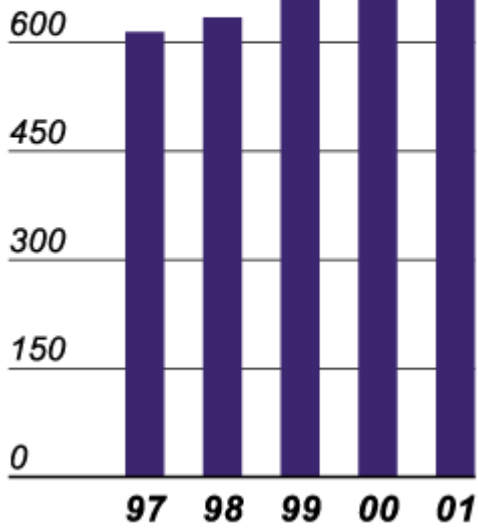
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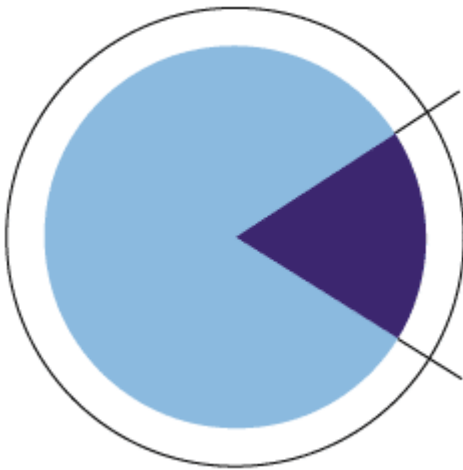
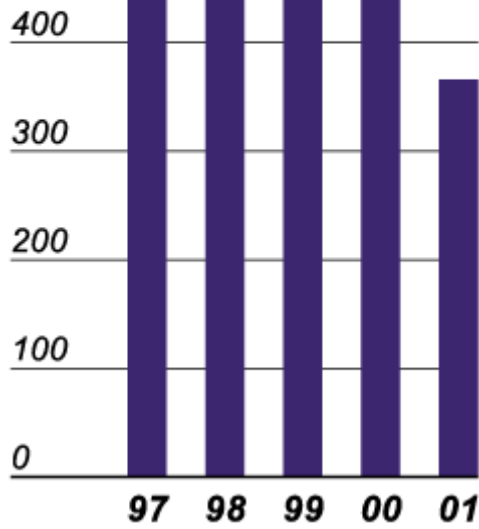
### Net sales

750 €m



### Employees

500



Share of consolidated net sales 18%





## Apokjeden Group

- The Norwegian pharmaceutical market continued to grow at 10.7% in 2001.
- Apokjeden Group's consolidated net sales rose to EUR 453.3 (185.0) million.
- The aim of Apokjeden Group is to maintain its leading position in Norway.

### Operating environment and markets

The Norwegian pharmaceutical market continued to grow at 10.7% in 2001. Pharmaceutical sales in terms of pharmacy purchasing prices rose to EUR 1049 million. Key contributors to the good market growth were newer and costlier medicines.

The Norwegian pharmaceutical market was deregulated on a large scale in 2001. The New Pharmacy Law, effective as of 1 March 2001, in practice totally liberalised the ownership and establishment of pharmacies. At the end of the year there were 460 pharmacies in Norway, an increase of 63 pharmacies compared to the previous year. Approximately 85% of the pharmacies belong to one of three major chains, of which the Tamro Group Apokjeden chain is the biggest with an average market share of 38%. The other chains are owned by the two big European wholesalers Gehe and AllianceUnichem. Apokjeden is the only chain in the market where pharmacists are owners together with the wholesaler.

### Financial performance and operations

	2001	2000	Change
Net sales, EUR million	453.3	185.0	145.0%
Employees	491	110	346.4%

In February, Tamro's Norwegian subsidiary Tamro Distribution AS and the Apokjeden pharmacy chain merged their Norwegian operations into Apokjeden Group. Tamro subscribed to 49% of the shares in Apokjeden and Tamro Distribution AS became a fully owned subsidiary of Apokjeden Group. In the Norwegian market, Apokjeden Group represents a fully integrated, market driven wholesale and retail group.

The net sales figure includes Tamro Distribution's entire wholesale for the year 2001 as well as the retail sales of Apokjeden's pharmacies in April-December. Apokjeden's financial performance was unsatisfactory and it made a loss, mainly due to the heavy investments in pharmacies during the year 2001. Of the employees, 292 work in pharmacies.

The company has concluded agreements on part or total ownership with almost 140 pharmacies. Through these powerful investments Apokjeden has gained the position and structure required for building up sustainable long-term profitability as the leading actor in the Norwegian market.

Apokjeden Group represents over 180 of the Norwegian pharmacies. Twelve new pharmacies were opened, and already over 80 of the pharmacies have been restructured according to the branded Apotek1 chain concept. All members participate in the chains' marketing and sales campaigns.

### Organisation change

In January 2002, Mr Øyvind Winther was appointed Managing Director of Apokjeden Group, thus succeeding Mr Steinar Stokke who resigned in December.

### Outlook for 2002

The establishment of pharmacies is expected to continue at a rapid pace in the market, with 40-50 new pharmacies to be opened in the entire country. Pharmacies will continue to join the three major chains. In this totally new market situation, the integration of wholesale activities with the

pharmaceutical retail trade is vital for the sake of synergies, cost control and efficiency. The aim of Apokjeden Group is to maintain its leading position in Norway also in the present tightening competitive situation.

Net sales



Personnel



Share of consolidated net sales



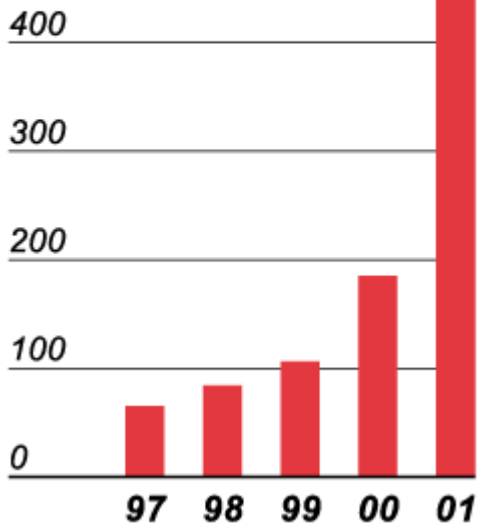
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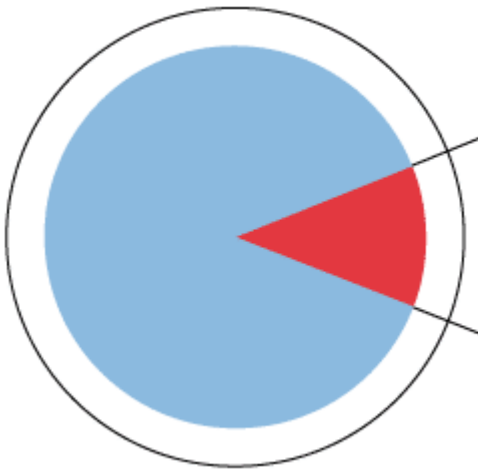
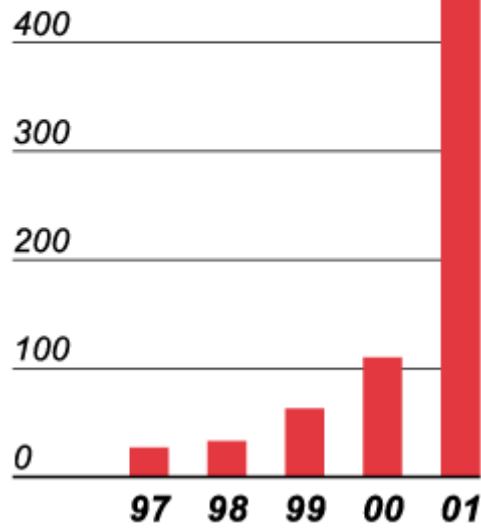
### Net sales

500 €m



### Employees

500



Share of consolidated net sales 12%





- Sales by pharmaceutical wholesalers in Estonia increased by 11%.
- The Estonian markets underwent significant changes during 2001.
- Tamro Estonia's net sales were EUR 37.1 million, 9.1% higher than in 2000.
- The market in Estonia is expected to continue its growth by 10%.

## Operating environment and markets

Sales by pharmaceutical wholesalers in Estonia increased by 11% compared to 2000, reaching EUR 80 million. The Estonian markets underwent significant changes during 2001, with pharmacies joining chains and transferring to the ownership of wholesalers. Tamro also made its first pharmacy acquisition when it bought the Tallinn-based Koduapteegi OÜ and its three pharmacies located in the heart of Tallinn.

## Financial performance and operations

	2001	2000	Change
Net sales, EUR million	37.1	34.0	9.1%
Employees	85	78	9.0%

Tamro Estonia is Estonia's second biggest pharmaceutical wholesale company and the company's profitability met expectations.

The new Estonian distribution centre, which also serves other Baltic countries, opened in February 2001. Price competition in pharmaceutical wholesale accelerated, leading Tamro Estonia to cut costs in the summer.

## Outlook for 2002

The market in Estonia is expected to continue its growth by 10%. Pharmacy chain formation and the concentration of the retail market will continue rapidly. Customer service will enhance its technological readiness and key focus will be on efficiency-boosting methods and cost control.

Net sales



Personnel



Share of consolidated net sales

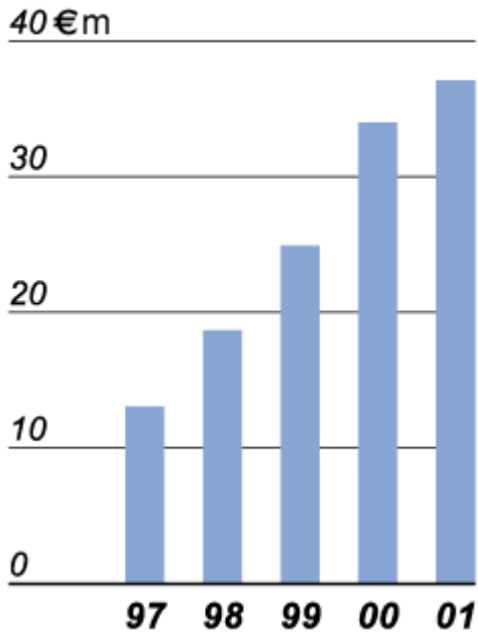


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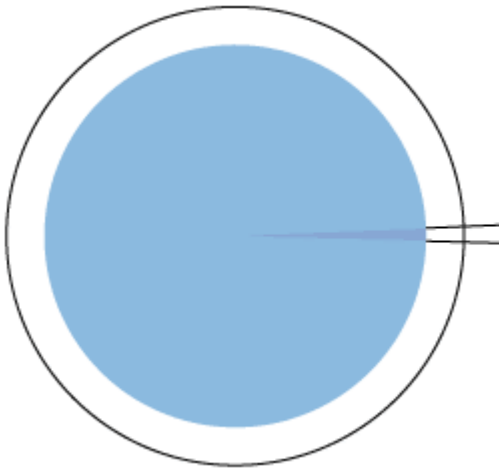
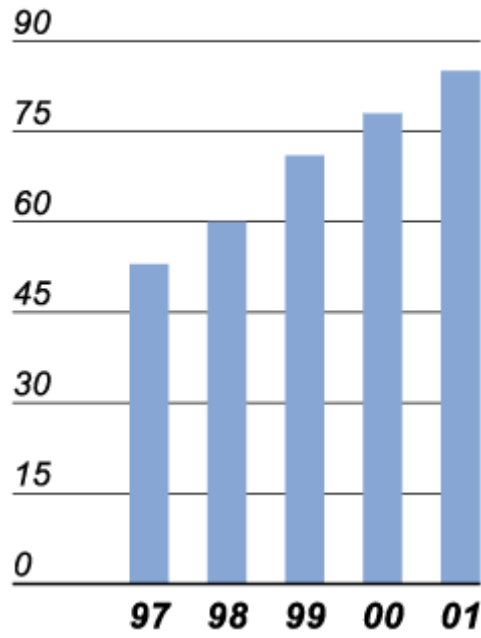




### Net sales



### Employees



Share of consolidated net sales 1%





- The pharmaceutical market in Latvia expanded by about 7% in 2001.
- Tamro Latvia's net sales of EUR 59.2 million exceeded the targets.
- The Latvian pharmaceutical market is expected to grow by nearly 10%.

## Operating environment and markets

The pharmaceutical market in Latvia expanded by about 7% and amounted to approx. EUR 115 million in 2001. Further expansion was burdened by insufficient financing of the governmental healthcare system.

The consolidation process on both the wholesale and the retail level continued. Although there still are more than 40 licensed pharmaceutical wholesalers, the top 5 control two thirds of the market, with Tamro SIA the market leader.

## Financial performance and operations

	2001	2000	Change
Net sales, EUR million	59.2	43.3	36.7%
Employees	189	93	103.2%

Tamro bought a leading wholesaler, Hansa Pharma Balticum and its pharmacy chain "Gimenes aptieka" with 25 outlets in June. Through this acquisition Tamro's market share in wholesale grew from 20% to 27% and Tamro signalled its entry into the retail business, where it now holds 7% of the market. Integration of its wholesale operations into Tamro SIA's operations was completed in 3Q.

Tamro Latvia's net sales exceeded the targets and contributed to fulfilment of the expected profit level. Tamro employed an average of 189 (93) people, of which 77 worked in pharmacies. The corresponding year-end figures were 263 and 134.

## Outlook for 2002

The pharmaceutical market is expected to grow by nearly 10% due to considerable increase in financing of the governmental healthcare budget. Further improvements in operational efficiency, cost control and customer service in wholesale will enable Tamro to augment both its sales and market share. In retail the main effort is to further develop the Gimenes aptieka chain to be a clear market leader.

Net sales



Personnel



Share of consolidated net sales



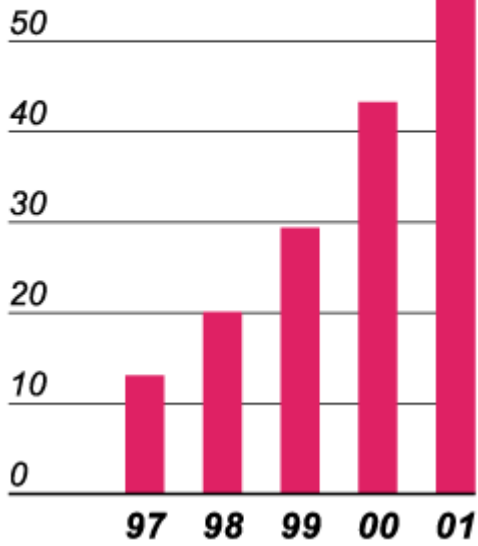
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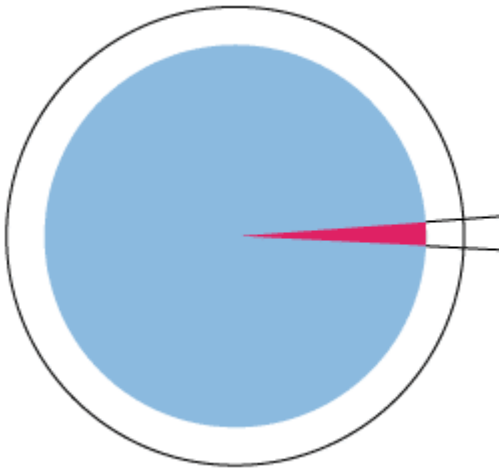
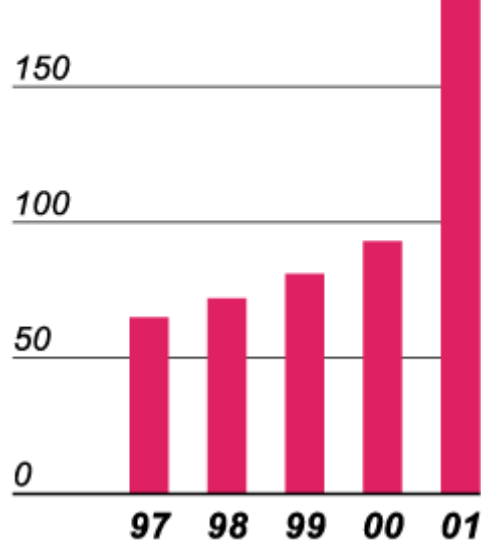
### Net sales

60 milj.€



### Employees

200



Share of consolidated net sales 2%





- The pharmaceutical market in Lithuania grew by 5% in 2001.
- UAB Tamro's net sales grew to EUR 39.4million, up 28.3% from the previous year.
- UAB Tamro's target is to further improve its efficiency and to strengthen its position in the market.

## Operating environment and markets

The pharmaceutical market in Lithuania grew by 5% in 2001 and amounted to EUR 185 million. The market is very fragmented, with over 30 pharmaceutical wholesalers. Good distribution practice (GDP) requirements for pharmaceutical wholesalers according to EU directives will be obligatory for all wholesalers as of 2003. UAB Tamro, like all Tamro's wholesale units, is already following GDP requirements.

The imbalance between expenditures and incomes at governmental insurance institutions continued, and the debts of sick funds to pharmacies on prescribed medicines increased the financial expenditure of wholesalers.

## Financial performance and operations

	2001	2000	Change
Net sales, EUR million	39.4	30.7	28.3%
Employees	86	149	-42.3%

Tamro is the second biggest pharmaceutical wholesaler in Lithuania. The main focus was on increasing productivity and profitability and on saving costs, and these objectives were reached. Warehouse and call centre productivity in UAB Tamro doubled during 2001 and the company's profitability exceeded targets.

## Outlook for 2002

In Lithuania the imbalances in the sick funds pose a marked financial risk and the market growth is mainly dependable of the development of the reimbursement system. UAB Tamro's target is to further improve its efficiency and to strengthen its position in the market. New technology solutions will be used in customer relation management.

Net sales



Personnel



Share of consolidated net sales

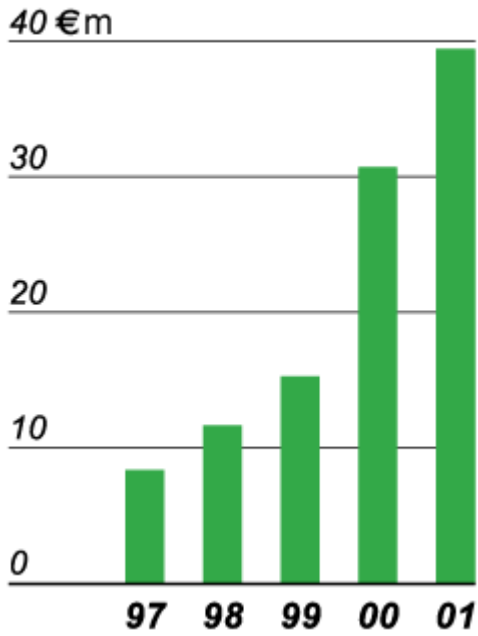


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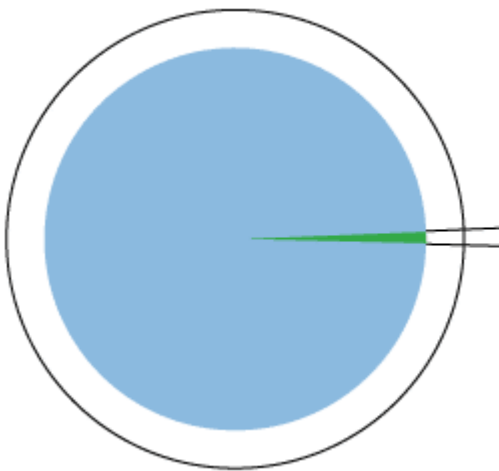
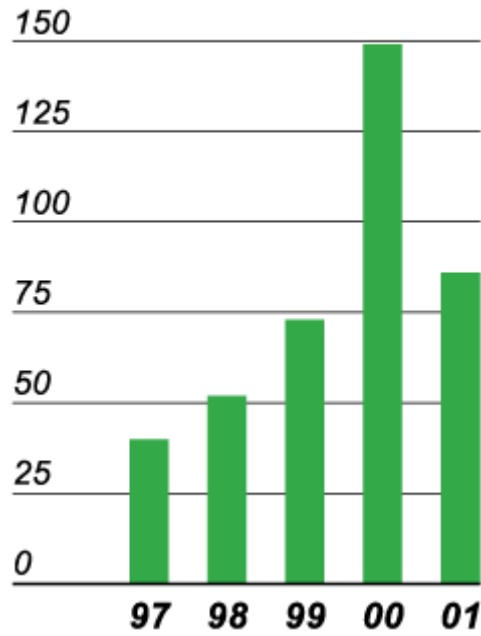




### Net sales



### Employees



Share of consolidated net sales 1%





- Pharmaceutical sales in Northwestern Russia reached a yearly growth rate of nearly 15%.
- ZAO Pharm Tamda 77's net sales increased by 39% to EUR 47.7 million.
- The Russian pharmaceutical market is expected to grow by 10%.

## Operating environment and markets

After a sluggish start, sales in Northwestern Russia reached a yearly growth rate of nearly 15% in the autumn, and overall pharmaceutical sales by wholesalers totalled EUR 240 million at year-end.

Big Russian pharmaceutical wholesalers continued to consolidate, thus strengthening their market position. Pharmacy chains and private pharmacies were established. At year-end, after a lengthy process, a 10% value-added tax was imposed on all pharmaceuticals.

## Financial performance and operations

	2001	2000	Change
Net sales, EUR million	47.7	34.2	39.5%
Employees	185	180	2.8%

ZAO Pharm Tamda reinforced its market position. A new distribution centre was established in Vologda, and it reached its sales targets by the end of the year. In Petrozavodsk customer service was improved by developing sales office operations, which also made it possible to close the distribution centre.

The positive sales development especially in 4Q, together with more efficient operations, resulted in a significant improvement in the result.

## Outlook for 2002

The Russian pharmaceutical market is expected to grow by 10%. Also Tamro Russia, like Tamro's Baltic units, will strive to improve cost efficiency and strengthen its market position.

Net sales



Personnel



Share of consolidated net sales

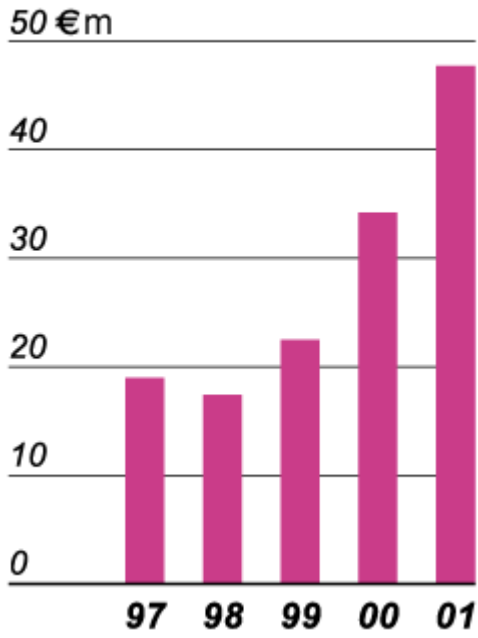


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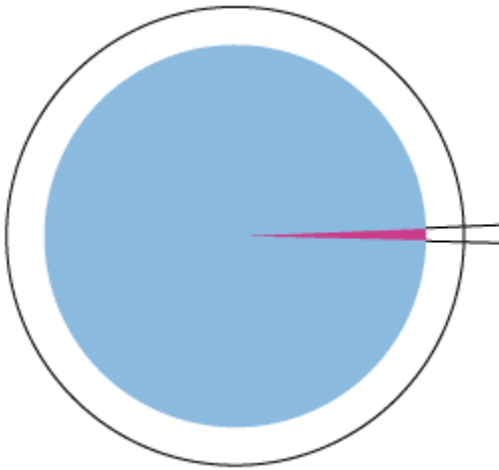
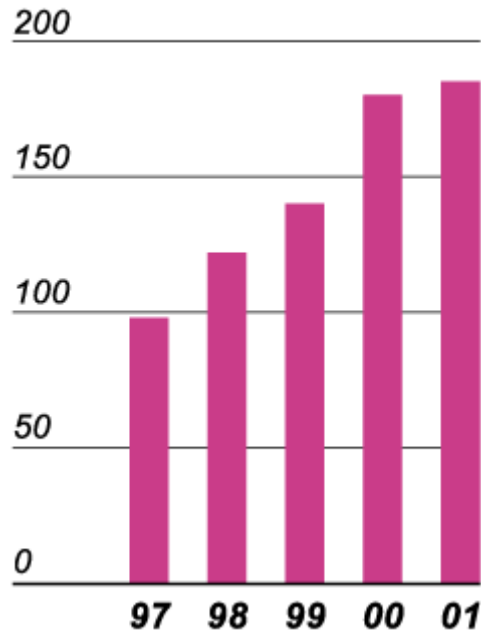




### Net sales



### Employees



Share of consolidated net sales 1%





- Mergers between manufacturers of hospital supplies and laboratory products continued in 2001.
- Tamro MedLab group's net sales grew by 4.0% to EUR 92.6 million.
- The prospects for improving Tamro MedLab group's profitability are good.

## Operating environment and markets

Mergers between manufacturers of hospital supplies and laboratory products continued in 2001. Tamro MedLab maintained its strong position as a supplier of world class products, enabling it to offer its customers a wide range of quality products for a variety of needs.

## Financial performance and operations

	2001	2000	Change
Net sales, EUR million	92.6	89.0	4.0%
Employees	257	271	-5.2%

Tamro MedLab group's net sales were the most upbeat in Finland and Denmark. The group was successfully restructured, and this showed in the result.

On 1 March 2001 Tamro MedLab Finland rolled out the Movex information system according to plan and without glitches. The Movex system is already in use in Sweden's and Norway's MedLab companies, where it has proved its worth as a support for business operations. Tamro MedLab's electronic marketplace MedLabMarket was upgraded as well. The market place has gained wide popularity and already has about one thousand registered users.

A subsidiary, Tamro MedLab SIA, was established in Latvia.

During the year, logistics focused on boosting the efficiency of Finnish operations and improving quality. The materials flow from supplier to customer was transferred from marketing to logistics. A satisfactory level was achieved in capacity and reliability of delivery. The outsourcing of warehouse operations was finalised. Finland switched to the euro without problems.

Tamro MedLab group's business is divided into two very different business units: Med and Lab. Healthcare products (medical supplies and equipment) are Med's territory and they are sold to hospitals and various healthcare facilities in all of Tamro MedLab's countries of operation, i.e., the Nordic and Baltic countries. Laboratory products are sold in Finland, Sweden and Norway to industrial, research and educational laboratories.

Med's sales developed favourably in Finland, Norway and Denmark. The focus of Finland's equipment sales was reconsidered and this boosted sales.

The sales of treatment equipment for diabetes patients were started in the entire market area. Diabetes treatment is one of the fastest growing healthcare sectors. Throughout the market area other product groups were included in the sales programme as well. Development of the TamroMed trademark continued and new products were added to the TamroMed family.

Lab's business operations are divided into laboratory supplies and life science products. In Finland, sales of life science and clean room products grew the fastest. In order to serve better its customers, Tamro MedLab opened its own presentation, sales and service point at Biomedicum in Helsinki. Sweden was awarded the ISO 9002 certificate. The streamlining measures taken in Norway were a success.

## Outlook for 2002

Steady growth is expected to continue in the hospital product market. The input in life science

research will continue in 2002, further boosting the sales of Lab products. The prospects for improving Tamro MedLab group's profitability are good.

Net sales



Personnel



Share of consolidated net sales



Employees by area



Sales by area



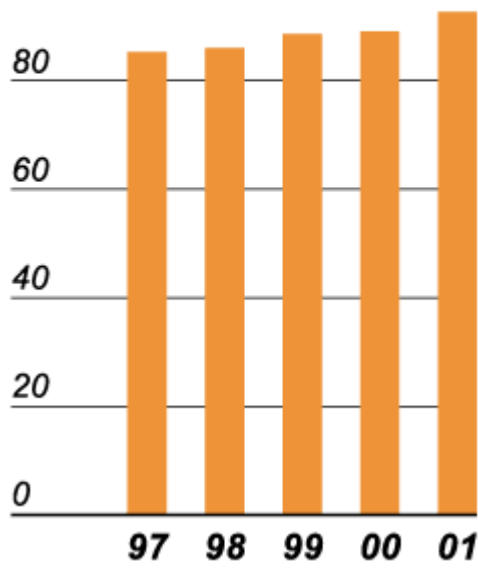
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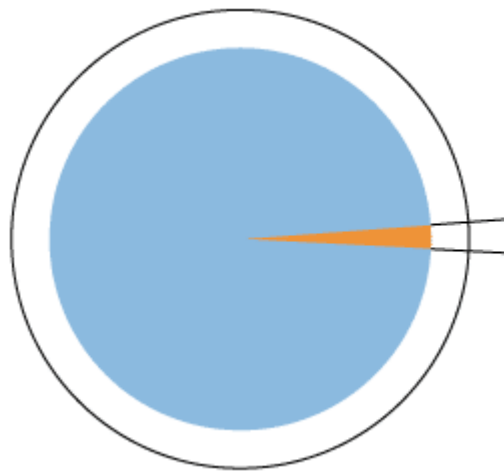
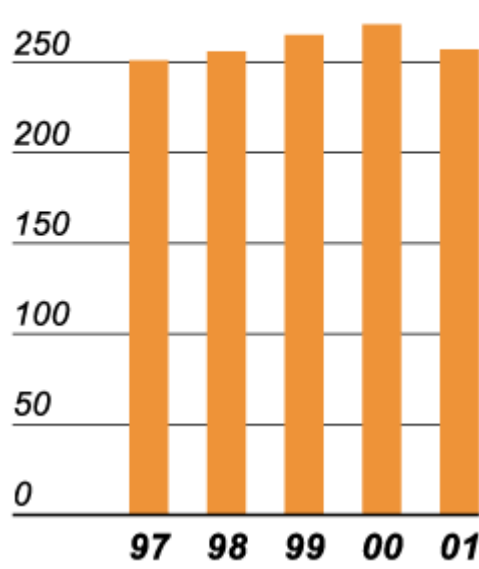
### Net sales

100 €m

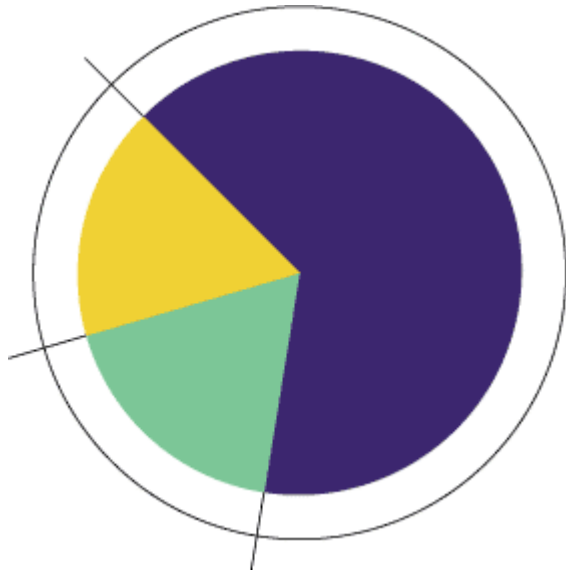


### Employees

300

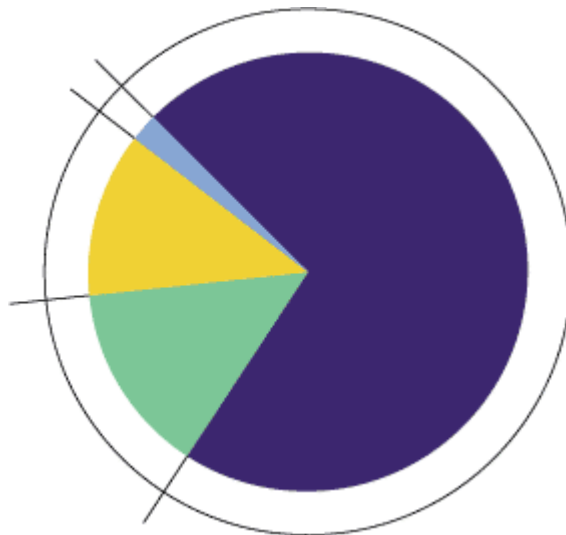


Share of consolidated net sales 2%



### Employees by area

■ Finland	65%
■ Norway and Denmark	18%
■ Sweden	17%
■ Baltics	0%



### Sales by area

■ Finland	71%
■ Norway and Denmark	14%
■ Sweden	12%
■ Baltics	2%





Year 2001 was an important transition year for Tamro Group. The Board of Directors abandoned the vision of the Nordic concept and shifted the corporate policy to cost leadership and the creation of added value through forward integration.

Tamro took its first steps in pharmacy ownership in Norway, Latvia and Estonia. Tamro Group's strategy to focus on the pharmaceutical distribution was finalised by the divestment of the company's stake in Mölnlycke Health Care AB.

#### More information:

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→ [21 Dec 2001 Tamro sells its stake in the Swedish Mölnlycke Health Care AB](#)

The strong market position of over 50% in the Nordic countries gives Tamro Group a solid ground to achieve its strategy of cost leadership, customer orientation and forward integration.

### Markets and operating environment

#### Markets

The year 2001 was highlighted by solid growth in pharmaceutical sales in each of the Nordic countries. Overall growth exceeded 9%, and it has remained at this level for the past four years. The increase in sales derives mainly from medicines launched during the last five years. This increased use of medicines is due to new therapy fields, intensified efforts to prevent diseases or their recurrence, and to the increased ageing of population.

In the Baltic States the growth of pharmaceutical wholesale varied between 5% and 10% and in Northwestern Russia reached a yearly growth rate of nearly 15% after a sluggish start.

Tamro Group took 70% of the total market growth in the Nordic countries. Tamro's market share rose to 51 (49)%, mainly due to the strong growth of wholesale operations in Norway.

Tamro Group is the clear market leader in Denmark, Sweden, Finland, Latvia and Northwestern Russia and the second largest wholesaler in Norway, Estonia and Lithuania.

#### Related topics:

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→ [Market Facts](#)

### Operating environment

A new Pharmacy Law, effective from 1 March 2001, freed pharmacy ownership and establishment in Norway. By the end of the year, 400 years of tradition had been replaced by full liberalisation of the pharmacy market and the establishment of three major pharmacy chains, of which the market leader is the Tamro Group company Apokjeden with its 40% share of the retail market. Deregulation continued also in Latvia and Estonia, where Tamro Group seized the opportunity to make its first pharmacy acquisitions.

In Denmark, the sales of certain ranges of OTC products were allowed outside pharmacies starting in October, and they are now sold to some extent in supermarkets, kiosks and gas stations. In Sweden, private entrepreneurs have demanded the liberalisation of OTC drugs. In Finland, the national medicinal strategy working group, which was established in November at the Ministry of Social Affairs and Health, will also examine the potential sales of OTC products through supermarkets.

In all the Baltic countries and also in Russia, decisions have been made to impose a VAT of 5-10% on medicines either in 2001 or in the years to come. The Baltic States also continued to implement new legislation in order to harmonise their regulatory requirements towards EU standards.

All the authorities in Tamro's operating area keep a keen watch on the pricing and reimbursement systems in order to curb the rising costs of medicines.

## Q4 development

The positive growth of pharmaceutical wholesale continued during the fourth quarter. The aggregate sales of wholesalers in the Nordic countries grew by 9.6% compared to the corresponding period a year earlier. The increase was highest in Finland, over 13%, and lowest in Sweden, approximately 7%. Tamro's market share in the Nordic countries was 50.6%.

Tamro Group's net sales during the fourth quarter rose to EUR 1,002.7 (951.5) million, up 5.4% compared to the previous year. The Group operating profit was booked to EUR 39.0 million including in other income EUR 54.1 million from the sale of the shares in Mölnlycke Health Care AB and EUR 1.4 million from the sale of LP Logistics Services Ltd shares, and EUR 18.9 million in non-recurring write-offs from Lääketukku and Apokjeden Group goodwill amortisations. The EUR 10.1 million consolidated goodwill from the establishment of Apokjeden Group in 2001 has been amortised totally due to change of strategy and delay in restructuring.


### Related topics:

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→ [Quarterly Development](#)

## Net sales and financial performance

The Group's net sales  for the fiscal year 2001 were EUR 3795.6 (3518.4) million, up 8% (EUR 278 million) on the previous year. Most of the growth was attributed to Norway, Denmark and the Baltic States. Tamro MedLab's share of the Group net sales was 2.4%.

The consolidated operating profit  was booked to EUR 66.6 (13.7) million. The result was strongly boosted by EUR 58.3 million in capital gains, mainly from the divestment of the shares in Mölnlycke Health Care AB at the year-end. At the same time also non-recurring write-offs of EUR 18.9 million were made, mainly due to goodwill amortisation from earlier acquisitions. The Group's full year operating profit margin without these non-recurring items was 0.8%.


The Group's financial performance is diverse. On one hand, both Denmark and Sweden exceeded expectations and contributed positively to Group performance. Also both Lithuania and Tamro MedLab succeeded well in turning the previous year's loss into the targeted profit.

On the other hand, neither Finland nor Norway reached their targets and they both made a loss. Finland's result is pulled down by the cost of commissioning the Tampere service centre and the delay in realising related rationalisation benefits.

In Norway, Apokjeden Group's loss results from accelerated pharmacy acquisitions and the high costs of starting up pharmacy chain operations. Improvements in Apokjeden's wholesale operations were on target.

The consolidated ordinary profit before taxes  was EUR 55.5 (2.5) million. The result includes a share of the affiliated company Mölnlycke Health Care AB's profit of EUR 3.1 (3.3) million, a share of the loss of the affiliated company Apokjeden AS of -1.2 EUR million during the first quarter of 2001, and the capital gains from the following sales of shares: EUR 1.5 million from Sponda, EUR 1.0 million from the Danish Bang & Tegner, EUR 1.4 million from LP Logistic Services Ltd and EUR 54.1 million from the stake of Mölnlycke Health Care AB.

The Group's ordinary net profit totalled EUR 38.1 (-1.9) million. The impact of Tamro's Norwegian operations on Tamro Group's net result after minority interests was EUR -8.0 million during the financial year. In addition, consolidated goodwill amortisation of Apokjeden Group amounted to EUR 10.1 million.

The return on capital employed was 13.1 (4.0)% and return on equity 10.4 (-0.6)%. Earnings per share  were EUR 0.33 (-0.02).

The Group's total net profit for 2001 was EUR 38.1 (-12.2) million. The Group figures for 2000 include

EUR 13.5 million in extraordinary costs from the manipulated accounting in Norway prior to the year 2000, and they are therefore not comparable with the figures of the financial year under review.

#### Related topics:

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→ [Business Units 2001](#)

## Financing

The free cash flow after capital investments was EUR -18.7 (29.3) million. The net working capital increased to EUR 259 (226) million.

Year-end liquid assets were EUR 60.2 (103) million. Net debt at year's end totalled EUR 171.8 (140) million. The Group's net gearing at the end of 2001 finished at 49.2 (46.4) %. Average interest-bearing net debt during 2001 was EUR 236 million.

The receivable from the Mölnlycke Health Care AB divestment at the end of 2001 was SEK 680 million. The receivable was paid on 25 January 2002.

The Group's net financial expenses were EUR 13.0 (14.5) million. Of that, exchange rate differences represented EUR 1.1 (-5.3) million, market value differences of government bonds EUR -1.3 million and other financial expenses EUR -0.4 million. The net interest expenses totalled EUR -12.5 (-9.8) million. The increase resulted from the higher portion of the financing denominated in NOK and the higher average net debt during 2001.

The translation differences from the foreign-currency-denominated shareholders' equity and equity-type loans of overseas subsidiaries were EUR -1.5 million during the financial year. This amount was booked directly to reduce Tamro Group's consolidated equity.

During 2001, Finnish government bonds with nominal value of EUR 10 million were sold, and at the end of 2001 the remaining EUR 19 million was transferred from long-term investments to short-term investments. The market value difference of EUR -1.3 million was booked to the net financial expenses.

The euro conversion in Finland was carried out at the beginning of December 2001, and from 3 December 2001 the euro has been the accounting currency in Finland.


## Foreign currency

The majority of the Group's net sales comes from the Nordic countries: SEK represented 39%, DKK 24%, EUR 19% and NOK 12% of the Group's net sales. EEK, LVL, LTL and RUR represented the remaining 6% of the net sales.

The foreign-currency-denominated shareholders' equity and equity-type loans were EUR 204 million at year-end 2001. From that amount SEK represented 43%, DKK 40%, NOK 9% and others 8%.

The foreign currency and other financial risks are managed according to Tamro Group's finance policy.

## Capital expenditure, acquisitions and divestments

The Group's gross investments  amounted to EUR 96.2 (35.8) million. The majority of these investments were allocated to pharmacy acquisitions in Norway, Latvia and Estonia. The major investment in Finland was the new Tampere service centre with a total investment of EUR 8.3 million, of which EUR 0.9 was allocated to 2001. Other investments relate mainly to the modernisation of distribution centres.

A significant capital investment was made in March in Norway, where the shareholders' equity in Apokjeden AS was increased by NOK 280 million.

The major divestment was the sell-off of shares in Mölnlycke Health Care AB in December for the price of SEK 680 million. The capital gains for the sale was booked at EUR 54.1 million. Other

divestments include the sale of Bang & Tegner shares, the sale of Sponda shares, the sale of Tamro MedLab's 50% stake in SIFT AB and the sale of shares in LP Logistic Services Ltd.

## Major changes in the Group structure

In February 2001 the decision was made to merge Apokjeden AS and Tamro Distribution AS. Before the merger, Tamro's ownership in Apokjeden was 13% and in Tamro Distribution AS 51%. In the merger Tamro subscribed to 49% of the shares of the new entity Apokjeden Group, and Tamro Distribution AS became a fully-owned subsidiary of Apokjeden Group. Apokjeden Group has been consolidated into Tamro Group as of 1 April.

In June, Tamro acquired the total share capital of the Latvian wholesaler SIA Hansa Pharma Balticum and Hansa Pharma, the owner of Gimenes aptieka pharmacy chain. Both companies have been consolidated into Tamro Group as of 1 July.

More information:


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→ 27 June 2001 Tamro Group strengthens its position in Latvia by acquisition

## Research and development

Tamro focused its research and development on IT and different Internet-based information service solutions for principals and customers.

## Personnel and organisation

Tamro's payroll averaged 2,854 (2,683) employees  during the financial year. Of the total staff, 23% worked in Denmark, 20% in Finland and in Sweden, 18% in Norway and 19% in the Baltic States and Russia. Of the total staff, an average of 376 employees (13%) worked in pharmacies in Norway, Latvia and Estonia. At the year-end the Group personnel amounted to 3,148, of which over 700 (23%) worked in pharmacies. The average amount of employees working in wholesale distribution decreased by 7.6% compared to the previous year.

The wages and salaries paid by the Group during 2001 totalled EUR 88 (79) million, including EUR 14 (14) million paid by the parent company Tamro Corporation. The remuneration paid to Tamro Corporation's Board of Directors and CEO amounted to EUR 0.4 (0.4) million.



## Tamro's shares

### Share capital

The share capital of Parent Company Tamro Corporation on 31 December 2001 amounted to EUR 114,837,083, divided into a total of 114,837,083 shares with a nominal value of EUR 1. Tamro Corporation shares are listed on the Helsinki Exchanges.

On 31 December 2001, 27% of Tamro Corporation's shares were in Finnish, 19.3% in Swedish and 35.3% in German ownership. In addition, another 18.2% of the shares were nominee holdings, and 0.2% other foreign holdings. Foreign ownership thus accounted for a total of 73% of Tamro's shares.

### Share performance

The closing price  for 2001 stood at EUR 3.59, up 115% from the end of 2000 (EUR 1.67). The year's trading high was EUR 4.10 and trading low EUR 1.65. During 2001, a total of 19.6 (22.4) million shares changed hands, equivalent to 17% of the average number of all Tamro shares.  This share turnover represented a market value of EUR 67.3 (60.5) million. The share turnover decreased by 12.5%, but the market value of the traded shares rose by 11.2% compared to the previous year.

Tamro's market capitalisation  at year-end was EUR 411.0 million, compared with EUR 191.2 million at the close of 2000. The market capitalisation figure does not include own shares.

## Own shares

The Annual General Meeting held on 23 April 2001 authorised the Board of Directors to decide on the repurchase and the transfer of own shares (book-entry securities).

By the end of 2001 the company had not bought back or transferred any Tamro Corporation shares. The company's holding of 341,000 own shares purchased according to the decision of the 1999 Annual General Meeting, corresponds to 0.3% of the year-end share capital.

## Permanent insiders' shareholdings and options

At year's end, the Board Members and the CEO held a total of 205,000 Tamro Corporation shares, 250,000 year 1997 warrants and 400,000 year 2000 share option rights. Share holdings include assets of dependents and significantly influenced companies, and they correspond to 0.18% of shares and voting rights. The rest of the Group management and the permanent insiders owned correspondingly a total of 9,762 shares, 200,000 year 1997 warrants and 800,000 year 2000 share option rights.

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Related topics:

[→ Shares and shareholders](#)

## Board of Directors

The Annual General Meeting of 23 April 2001 elected six members to Tamro's Board of Directors. Dr Bernd Scheifele (CEO, Phoenix Group) was elected Chairman. The other Board members elected were Mikael von Frenckell, Johan Horelli, Dag Johannesson, Reimund Pohl and Dr Lorenz Näger.

The Authorised Public Accountants SVH Pricewaterhouse Coopers Oy and Johan Kronberg, APA, were elected Tamro's external auditors.

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Related topics:

[→ Corporate Governance](#)

[→ Board of Directors](#)

## Group Management

Stefan Pflug was appointed Group Logistics Director as of 1 September. Stefan Åkesson started as Tamro Sweden's Managing Director as of 1 December and Jorma Turunen as Tamro Finland's and Tamro MedLab's Managing Director as of 14 December.

## Events after the financial year

The Extraordinary General Meeting of Apokjeden AS approved in December the proposal of the Board of Directors of Apokjeden AS to increase Apokjeden's share capital by NOK 40,982,500 through a rights issue to current shareholders in January 2002. Tamro's total capital investment into Apokjeden's shareholders' equity was NOK 121 million. After the share issue Tamro's ownership in Apokjeden AS increased to 56.15%.

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More information:

[→ 27 Dec 2001 Apokjeden Extraordinary General Meeting approved an increase Apokjeden's share capital](#)

The Board of Directors appointed Øyvind Winther the new Managing Director of Apokjeden Group as of 15 January 2002.

The Board of Tamro Corporation appointed Mr Jo Langmoen the new CEO of Tamro Group as of 23 January 2002.

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More information:

## Outlook for the near future

The steady 7-9% underlying growth of pharmaceutical markets in the Nordic countries is estimated to continue. Tamro's consolidated sales are expected to grow accordingly.

The concentration of our markets in the Baltic States is expected to gain more ground due to the deregulation process advancing in these countries. Tamro will continue to play an active role in this consolidation process.

According to Tamro Group's strategy to achieve the cost leadership in the Nordic countries, our main target in 2002 is to increase efficiency and overall profitability within the whole Group. Special attention will be focused on Tamro Finland and Apokjeden Group, both of which are targeting to reach break-even. For the whole Tamro Group in 2002 we have our sights set on a substantial growth in the ordinary pre-tax profit excluding non-recurring items.

Print all graphs



Net sales by unit (EURm)	2001	2000	Change, %
Tamro Sweden	1,487.0	1,573.8	-5.5
Tamro Denmark	919.8	852.5	7.9
Tamro Finland	672.2	681.8	-1.4
Tamro Norway	453.3	185.0	145
Tamro Estonia	37.1	34.0	9.1
Tamro Latvia	59.2	43.3	36.7
Tamro Lithuania	39.4	30.7	28.3
Tamro Russia	47.7	34.2	39.5
Tamro MedLab	92.6	89.0	4.0
Other and internal	-12.7	-5.9	-115.3
<b>Total</b>	<b>3,795.6</b>	<b>3,518.4</b>	<b>7.9</b>

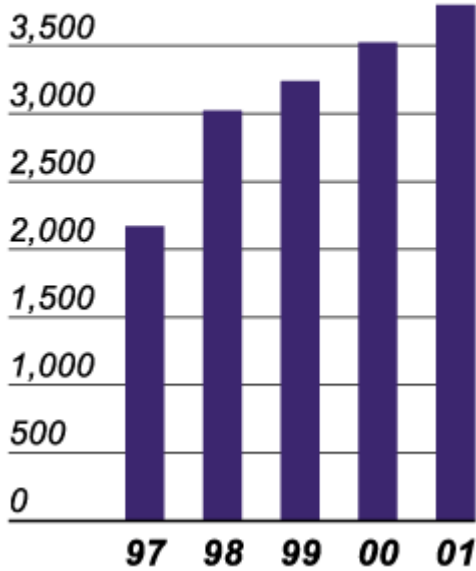
Number of employees by unit	2001	2000	Change, %
Tamro Sweden	519	578	-10.2
Tamro Denmark	632	667	-5.2
Tamro Finland	366	440	-16.8
Tamro Norway	491	110	346.4
Tamro Estonia	85	78	9.0
Tamro Latvia	189	93	103.2
Tamro Lithuania	86	149	-42.3
Tamro Russia	185	180	2.8
Tamro MedLab	257	271	-5.2
Other	44	117	-62.4
<b>Group total</b>	<b>2,854</b>	<b>2,683</b>	<b>6.4</b>





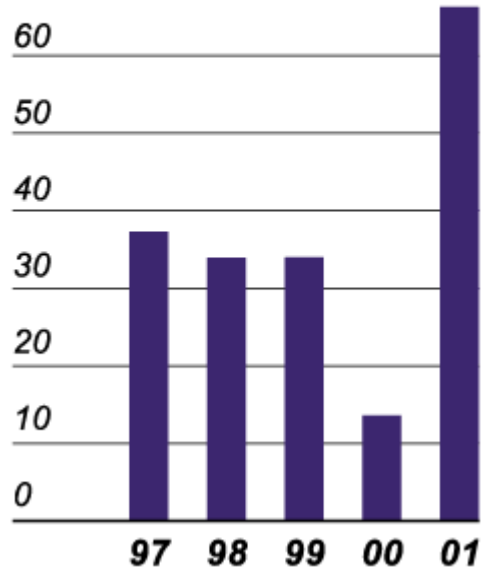
### Net sales

4,000 €m



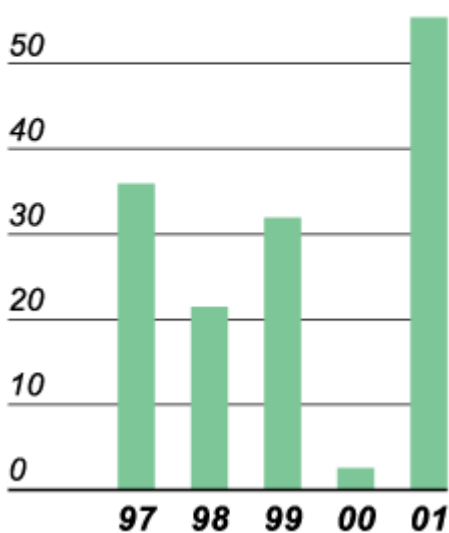
### Operating profit

70 €m



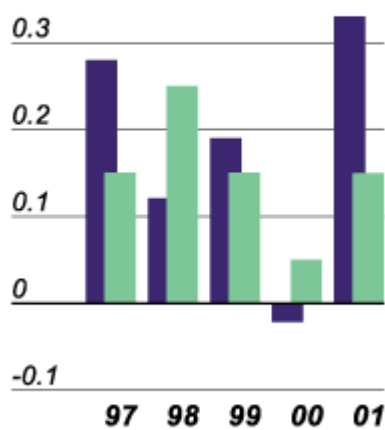
### Ordinary profit before taxes

60 €m



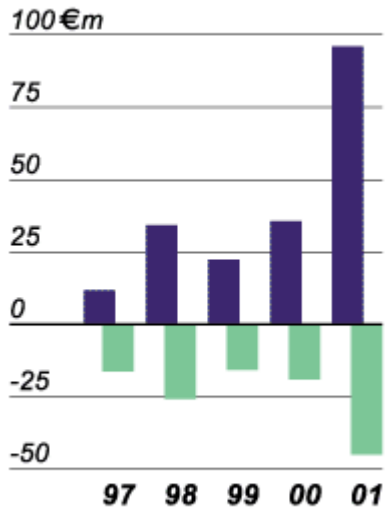
### Earnings and dividend per share

0.4 €

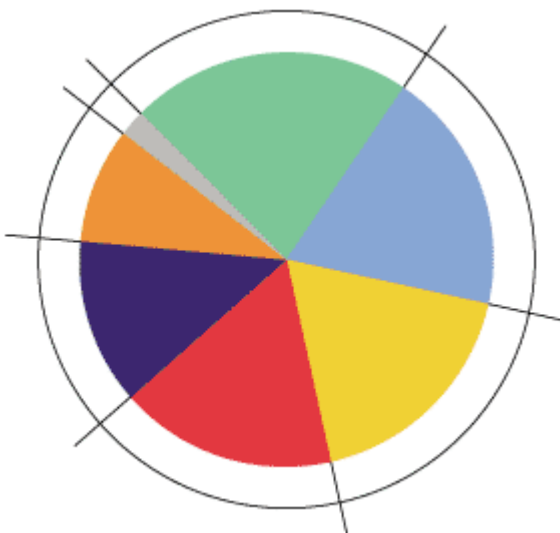


■ Earnings per share  
■ Dividend per share

## Investments and depreciation



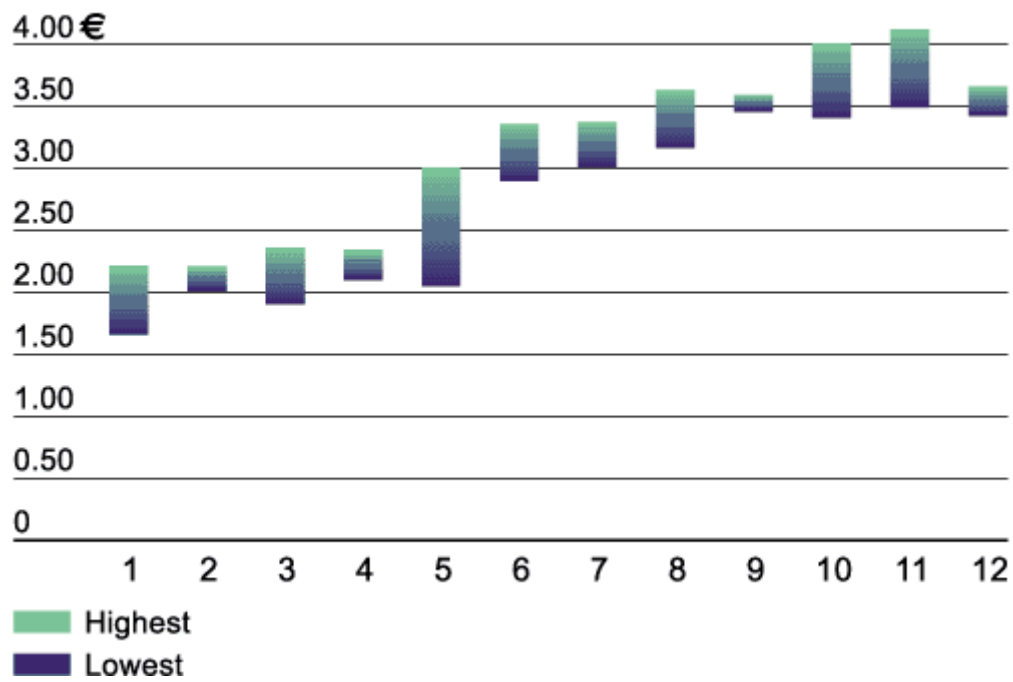
■ Investments  
■ Depreciation



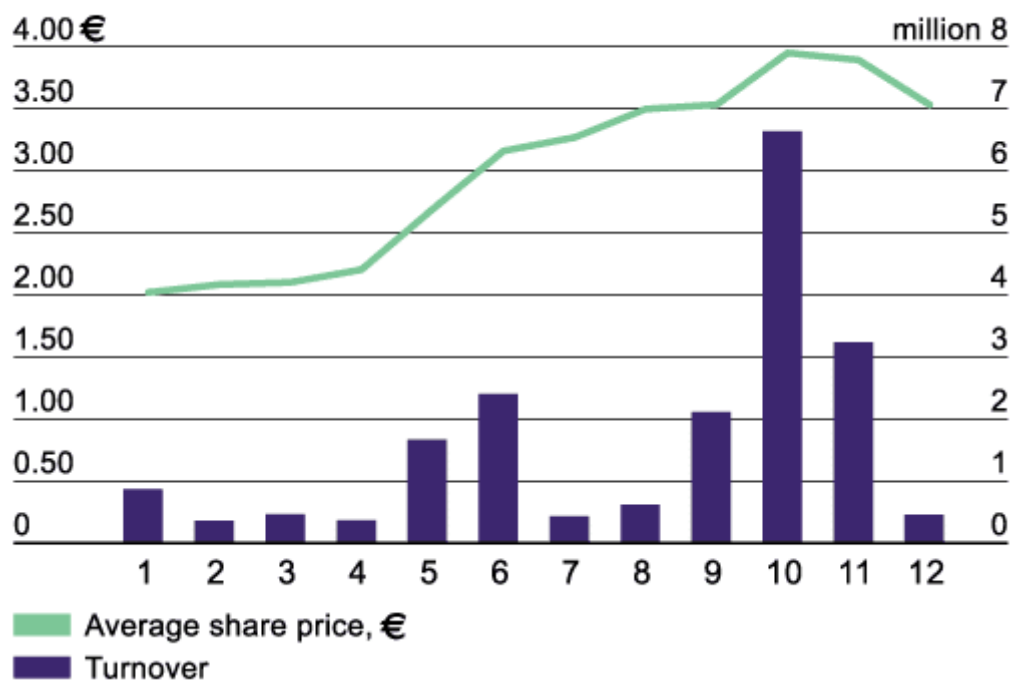
## Employees average

■ Tamro in Denmark 22%  
■ Tamro in the Baltics and in Russia 19%  
■ Tamro in Sweden 18%  
■ Tamro in Norway 17%  
■ Tamro in Finland 13%  
■ Tamro MedLab 9%  
■ Others 2%

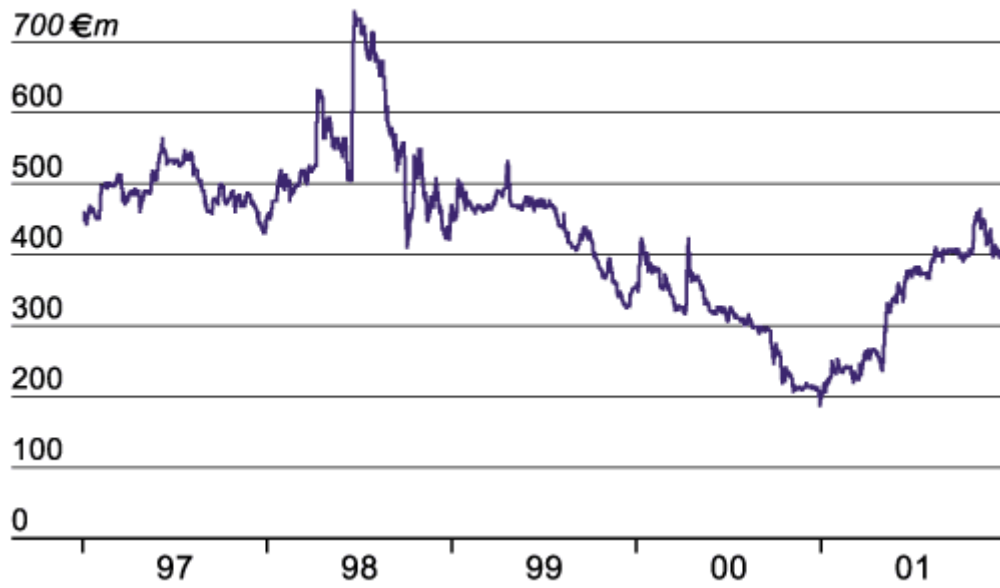
### Share price development 2001



### Average share price and turnover by month 2001



## Market capitalisation 1997–2001



# Consolidated Income Statement



## CONSOLIDATED INCOME STATEMENT

1 Jan - 31 Dec  
(in EUR thousands)

	NOTES	2001	%	2000	%
<b>NET SALES</b>	<b>1</b>	3,795,622	100.0	3,518,374	100.0
<b>OTHER INCOME</b>	<b>2</b>	58,286		3,282	
Raw materials and services	<b>3</b>	3,564,238		3,317,485	
Personnel expenses	<b>4</b>	108,271		96,432	
Depreciation and value adjustments	<b>5</b>	44,777		18,825	
Other operating expenses		70,032		75,229	
Total operating expenses		3,787,318		3,507,971	
<b>OPERATING PROFIT</b>		66,590	1.8	13,685	0.4
Financial income and expenses	<b>6</b>	-12,948		-14,516	
Share of affiliated companies' net income	<b>11</b>	1,893		3,281	
<b>ORDINARY PROFIT BEFORE TAXES</b>		55,535	1.5	2,450	0.1
Income taxes on ordinary activities	<b>8</b>	-21,857		-4,437	
Minority interest		4,454		51	
<b>ORDINARY PROFIT</b>		38,132	1.0	-1,936	-0.1
Extraordinary income and expenses, net of taxes	<b>7</b>	-		-10,304	
<b>NET PROFIT FOR THE PERIOD</b>		38,132	1.0	-12,240	-0.3



# Pro forma Income Statement



## PRO FORMA INCOME STATEMENT

(€m)	2001	MHC cap. gains 1)	LP-shares cap. gains 2)	Lääketukku amort. 3)	APO QW amort. 4)	Adjusted 2001	2000
Net Sales	3,795.6					3,795.6	3,518.4
Other income	58.3	-54.1	-1.4			2.8	3.3
Operating expenses	-3,742.5					-3,742.5	-3,489.2
Depreciation	-44.8			8.8	10.1	-25.9	-18.8
Operating profit	66.6	-54.1	-1.4	8.8	10.1	30.0	13.7
Financial income and expenses	-12.9					-12.9	-14.5
Share of affiliated companies' net income	1.9					1.9	3.3
Ordinary profit before taxes	55.5	-54.1	-1.4	8.8	10.1	19.0	2.5
Income taxes on ordinary activities	21.9	-15.7	-0.4	1.3		7.1	4.4
Minority interest	4.5					4.5	0.0
Ordinary net profit	38.1	-38.4	-1.0	7.5	10.1	16.4	-1.9
Extraordinary income and expenses, net of taxes	0.0					0.0	-10.3
Net profit for the period	38.1	-38.4	-1.0	7.5	10.1	16.4	-12.2

"2001" is our official result. In "Adjusted 2001" figures following items' effect has been eliminated:

1. Mölnlycke Health Care AB shares, capital gain
2. LP Logistic Services Ltd shares, capital gain
3. Lääketukku Oy, goodwill amortisation
4. Apokjeden goodwill amortisation at Tamro Group level



# Consolidated Balance Sheet



## CONSOLIDATED BALANCE SHEET

31 Dec (in EUR thousands)	NOTES	2001	%	2000	%
<b>FIXED ASSETS</b>					
<b>INTANGIBLE ASSETS</b>	<b>9</b>				
Intangible rights		3,229		4,390	
Goodwill		60,881		731	
Consolidated goodwill		8,443		19,285	
Other capitalised expenditure		1,617		1,051	
		74,170		25,457	
<b>TANGIBLE ASSETS</b>	<b>9</b>				
Land areas		11,985		12,186	
Buildings and structures		114,886		113,771	
Machinery and equipment		37,899		26,583	
Other tangible assets		890		476	
Advance payments and construction in progress		267		3,259	
		165,927		156,275	
<b>FINANCIAL ASSETS</b>					
Shares in subsidiaries		120		221	
Shares in affiliated companies	<b>11</b>	13,513		22,885	
Other shares and participations		982		10,903	
Other financial assets	<b>10</b>	748		32,929	
Own shares	<b>32</b>	975		569	
Deferred income tax asset	<b>17</b>	9,854		3,814	
		26,192		71,321	
<b>TOTAL FIXED ASSETS</b>		<b>266,289</b>	<b>22.5</b>	<b>253,053</b>	<b>22.5</b>
<b>CURRENT ASSETS</b>					
<b>Inventories</b>					
Materials and supplies		772		823	
Work in progress		236		280	
Goods		286,479		307,172	
		287,487		308,275	
<b>Receivables</b>					
Accounts receivable		483,514		462,180	
Loan receivable		1,439		212	
Prepaid expenses and accrued income		80,950		22,160	
Other receivables		5,222		9,467	
		571,125		494,019	
<b>Short-term investments</b>		23,016		21,594	
<b>Cash and bank</b>		37,138		47,704	
<b>TOTAL CURRENT ASSETS</b>		<b>918,766</b>	<b>77.5</b>	<b>871,592</b>	<b>77.5</b>
<b>TOTAL ASSETS</b>		<b>1,185,055</b>	<b>100.0</b>	<b>1,124,645</b>	<b>100.0</b>
<b>31 Dec</b> (in EUR thousands)	<b>NOTES</b>	<b>2001</b>	<b>%</b>	<b>2000</b>	<b>%</b>

<b>SHAREHOLDERS' EQUITY</b>	<b>14</b>				
Share capital	<b>13</b>	114,837		114,837	
Share premium account		5,640		5,640	
Revaluation reserve		1,135		1,136	
Other reserves		322		465	
Fund for own shares		975		569	
Retained earnings		209,751		178,258	
		332,660	28.1	300,905	26.8
<b>Minority interest</b>		17,219		1,850	
<b>OBLIGATORY RESERVES</b>	<b>15</b>	3,720	0.3	4,327	0.4
<b>LIABILITIES</b>					
<b>LONG-TERM LIABILITIES</b>					
Loans from financial institutions	<b>16</b>	39,523		5,915	
Pension fund loans	<b>16</b>	23,521		10,216	
Other long-term liabilities	<b>16</b>	81		85	
		63,125		16,216	
<b>SHORT-TERM LIABILITIES</b>					
Loans from financial institutions and other interest-bearing loans		163,353		225,502	
Pension fund loans		5,553		0	
Advances received		116		76	
Accounts payable		555,321		543,751	
Accrued expenses and deferred income	<b>18</b>	23,311		21,630	
Other current liabilities		20,677		10,388	
		768,331		801,347	
<b>TOTAL LIABILITIES</b>		831,456	70.2	817,563	72.7
<b>TOTAL EQUITY AND LIABILITIES</b>		1,185,055	100.0	1,124,645	100.0



# Consolidated Cash Flow Statement



## CONSOLIDATED CASH FLOW STATEMENT

1 Jan - 31 Dec  
(in EUR millions)

	2001	2000
Operating profit	66.6	13.7
Depreciation, value adjustments and other adjustments	-14.3	38.4
Financial income and expenses	-14.1	-14.5
Other income and expenses	-0.3	0.1
Taxes	-17.0	-6.2
<b>CHANGE IN NET WORKING CAPITAL</b>	<b>21.0</b>	<b>31.5</b>
Inventories, increase (-), decrease (+)	20.9	-2.8
Current receivables, increase (-), decrease (+)	-69.8	-48.3
Non-interest bearing debts, increase (+), decrease (-)	18.5	83.8
<b>CASH FLOW BEFORE INVESTMENTS</b>	<b>-9.4</b>	<b>64.1</b>
<b>INVESTMENTS</b>		
Investments in fixed assets	-96.2	-35.8
Sale of fixed assets and other changes	86.9	0.9
<b>FREE CASH FLOW</b>	<b>-18.7</b>	<b>29.3</b>
<b>FINANCING</b>		
Long-term debt, increase (+), decrease (-)	25.2	-17.2
Short-term debt, increase (+), decrease (-)	-44.3	45.8
Long-term bonds, increase (-), decrease (+)	32.2	-
Capital increase	-	-
Dividends	-5.7	-17.2
Repurchase of own shares	-	-4.7
Translation differences and other changes	2.2	-1.2
<b>CHANGE IN LIQUID ASSETS, INCREASE (+), DECREASE (-)</b>	<b>-9.1</b>	<b>34.8</b>

The change in net working capital includes the receivable of sales of Mölnlycke Health Care shares. Accordingly, the receivable has been recorded in line Sale of fixed assets. The sales price was received on 25 January 2002.



# Income Statement of Parent Company



## INCOME STATEMENT OF THE PARENT COMPANY

1 Jan - 31 Dec  
(in EUR thousands)

	NOTES	2001	%	2000	%
<b>NET SALES</b>	<b>21</b>	668,886	100.0	679,594	100.0
<b>OTHER INCOME</b>	<b>22</b>	53,831		2,886	
Raw materials and services	<b>23</b>	646,515		650,184	
Personnel expenses	<b>24</b>	16,943		17,718	
Depreciation according to plan	<b>25</b>	15,674		5,478	
Other expenses		12,911		20,053	
Total operating expenses		692,043		693,433	
<b>OPERATING PROFIT</b>		30,674	4.6	-10,952	-1.6
Financial income and expenses	<b>26</b>	13,051		24,130	
<b>ORDINARY PROFIT BEFORE TAXES</b>		43,725	6.5	13,178	1.9
Extraordinary income and expenses	<b>27</b>	-164		-22,372	
<b>PROFIT BEFORE TAXES</b>		43,561	6.5	-9,194	-1.4
Appropriations	<b>28</b>	12,113		2,858	
Income taxes	<b>29</b>	-5,868		-2,319	
<b>NET PROFIT FOR THE PERIOD</b>		49,806	7.4	-8,655	-1.3



# Balance Sheet of Parent Company



## BALANCE SHEET OF THE PARENT COMPANY

31 Dec (in EUR thousands)	NOTES	2001	%	2000	%
<b>FIXED ASSETS</b>					
<b>INTANGIBLE ASSETS</b>	<b>30</b>				
Intangible rights		1,874		2,164	
Goodwill		3,904		14,460	
Other capitalised expenditure		80		3	
		5,858		16,627	
<b>TANGIBLE ASSETS</b>	<b>30</b>				
Land areas		1,348		1,348	
Buildings and structures		43,221		46,804	
Machinery and equipment		5,541		4,674	
Other tangible assets		240		240	
		50,350		53,066	
<b>FINANCIAL ASSETS</b>					
Shares in subsidiaries	<b>31</b>	297,625		254,407	
Loan receivables from group companies	<b>33</b>	122,960		127,949	
Other shares and participations	<b>32</b>	409		47,070	
Other financial assets	<b>10</b>	0		32,205	
Own shares	<b>32</b>	975		569	
		421,969		462,201	
<b>TOTAL FIXED ASSETS</b>		478,177	54.5	531,894	60.6
<b>CURRENT ASSETS</b>					
<b>INVENTORIES</b>					
Materials and supplies		88,188		94,629	
<b>LONG-TERM RECEIVABLES</b>					
Receivables from group companies	<b>33</b>	72,691		72,141	
<b>SHORT-TERM RECEIVABLES</b>					
Accounts receivable		34,013		40,521	
Receivables from group companies	<b>33</b>	75,252		60,122	
Loan receivables		87		84	
Prepaid expenses and accrued income	<b>34</b>	77,834		19,529	
		187,186		120,256	
Short-term investments		22,865		16,227	
Cash and bank		28,531		42,339	
<b>TOTAL CURRENT ASSETS</b>		399,461	45.5	345,592	39.4
<b>TOTAL ASSETS</b>		877,638	100.0	877,486	100.0
<b>31 Dec</b> (in EUR thousands)	<b>NOTES</b>	<b>2001</b>	<b>%</b>	<b>2000</b>	<b>%</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>35</b>				
Share capital	<b>13</b>	114,837		114,837	
Share premium account		5,640		5,640	
Revaluation reserve		1,093		1,093	
Fund for own shares		975		569	

Retained earnings		390,949		346,867	
		513,494	58.5	469,006	53.4
<b>APPROPRIATIONS</b>					
Accumulated depreciation difference	36	32,924	3.8	45,037	5.1
<b>OBLIGATORY RESERVES</b>	37	2,880	0.3	2,758	0.3
<b>LIABILITIES</b>					
<b>LONG-TERM LIABILITIES</b>					
Loans from financial institutions	38	13,560		0	
		13,560		0	
<b>SHORT-TERM LIABILITIES</b>					
Bonds with warrants		0		0	
Loans from financial institutions and other interest-bearing loans		115,864		184,176	
Accounts payable		121,851		120,609	
Liabilities to group companies	33	67,767		48,188	
Accrued expenses and deferred income	39	7,723		4,832	
Other current liabilities		1,575		2,880	
		314,780		360,685	
<b>TOTAL LIABILITIES</b>		328,340	37.4	360,685	41.1
<b>TOTAL EQUITY AND LIABILITIES</b>		877,638	100.0	877,486	100.0



# Cash Flow Statement of Parent Company



## CASH FLOW STATEMENT OF THE PARENT COMPANY

1 Jan - 31 Dec  
(in EUR millions)

	2001	2000
Operating profit	30.7	-10.9
Depreciation, value adjustments and other adjustments	-36.0	13.4
Financial income and expenses	15.9	24.7
Other income and expenses	0.5	0.0
Taxes	-6.2	-0.2
<b>CHANGE IN NET WORKING CAPITAL</b>	<b>4.8</b>	<b>26.9</b>
Inventories, increase (-), decrease (+)	6.4	1.1
Current receivables, increase (-), decrease (+)	-68.0	-0.6
Non-interest bearing debts, increase (+), decrease (-)	1.6	-20.6
<b>CASH FLOW BEFORE INVESTMENTS</b>	<b>-55.1</b>	<b>6.8</b>
<b>INVESTMENTS</b>		
Investments in fixed assets	-2.3	-10.2
Investment in subsidiary shares	-30.7	-18.9
Investment in other shares	0.0	-0.9
Sale of fixed assets and other changes	84.5	5.6
<b>FREE CASH FLOW</b>	<b>-3.5</b>	<b>-17.7</b>
<b>FINANCING</b>		
Long-term receivables, increase (-), decrease (+)	14.3	-7.0
Short-term receivables, increase (-), decrease (+)	-46.6	7.0
Long-term debt, increase (+), decrease (-)	33.2	-12.5
Short-term debt, increase (+), decrease (-)	1.6	86.1
Group contribution	-0.2	0.2
Share issue	-	-
Repurchase of own shares	0.0	-4.7
Other changes	-0.3	-
Dividends	-5.7	-17.2
<b>CHANGE IN LIQUID ASSETS, INCREASE (+), DECREASE (-)</b>	<b>-7.2</b>	<b>34.1</b>

The change in net working capital includes the receivable of sales of Mölnlycke Health Care shares. Accordingly, the receivable has been recorded in line Sale of fixed assets. The sales price was received on 25 January 2002.





Tamro Corporation's financial statements and consolidated financial statements have been prepared in accordance with Finnish legislation, which in all material respects is based on the provisions of EU Directives 4 and 7.

## Scope of the consolidated financial statements

The financial statements include the parent company as well as those Finnish and overseas subsidiaries in which the parent company holds, directly or indirectly, more than 50 per cent of the voting rights. The subsidiaries acquired during the financial year are included in the consolidated financial statements from the date of acquisition. If a subsidiary is divested before the close of the financial year, its figures are included in the consolidated financial statements until the time of sale.

The consolidated financial statements do not include certain smaller non-operating companies. The companies excluded from the consolidated financial statements have no significant effect on the consolidated non-restricted equity.

The financial statement data on affiliated companies have been consolidated using the equity method. Affiliates are defined as companies in which the Group holds 20 to 50 per cent of the voting rights. Certain small affiliates have not been included in the consolidated financial statements. The effect of these companies on the consolidated non-restricted equity is insignificant.

## Consolidation principles

Both the purchase method and the pooling-of-interests method have been used when preparing the consolidated financial statements.

### Pooling method

Tamro AB and Nomeco A/S are consolidated using the pooling-of-interests method. The acquisition cost of the subsidiaries' shares is first eliminated from the subsidiary's restricted equity at the beginning of the financial year of acquisition, then from the premium fund created in connection with Tamro Corporation's private placement, and, lastly, from the Group's other non-restricted equity available for dividends. Thus the acquisitions do not create consolidated goodwill.

### Purchase method

The acquisition cost method is used in the elimination of inter-subsidiary shareholdings. The difference between the acquisition cost of subsidiary shares and the shareholders' equity is allocated to the fixed assets of the subsidiaries. The consolidated goodwill remaining after the allocations is posted in the balance sheet as a separate item that will be amortised over a period of 10 years. However, goodwill from certain strategic and significant acquisitions may be amortised over a period of up to 20 years.

## Foreign subsidiaries and translation differences

The financial statements of foreign subsidiaries have been converted and restated to correspond to the Finnish Accounting Act.

The income statements have been converted into euros at the weighted average rate of the financial year and the balance sheets at the foreign exchange mid-rate quoted by the European Central Bank on the balance sheet date. Translation differences have been recorded directly into equity. Exchange rate differences from the parent company's long-term intra-group loan receivables from the Swedish and Russian subsidiaries have been posted directly under translation differences in the consolidated accounts. These loans are considered as equity by nature.

Transaction costs associated with hedging the parent company's above-mentioned long-term intra-group loan receivables are posted under translation differences in the consolidated accounts. In the consolidated accounts the exchange rate differences attributable to equity type of transactions are netted against the period's translation difference in the Group's equity, net of any significant tax

effects.

## Minority interest

The minority interest is calculated as a portion of the subsidiaries' equity and net income unless otherwise agreed in shareholders' agreement etc.

## Duration of the financial year

The financial year of the Group companies coincides with the calendar year.

## Intra-group transactions

The following intra-group transactions have been eliminated: sales and purchases, dividend payments, receivables and liabilities as well as the gross margin included in the value of inventories and fixed assets acquired from other Group companies. Internal profits between the Group and affiliated companies are eliminated in proportion to the ownership share and deducted from the consolidated retained earnings and non-current assets. The eliminated profit is recognised in revenue at the rate of depreciation.

## Fixed assets

Fixed assets are posted to the balance sheet at their direct acquisition costs, allowing for depreciation according to plan. Some real-estate holdings include revaluation, as specified in the Notes to the balance sheets. The revaluation surplus is not subject to depreciation.

The depreciation according to plan on fixed assets is based on the original acquisition cost and the expected economic life of the item. For the most part, the straight-line method is used applying the following useful lives:

Intangible rights	5 - 10 years
Goodwill	5 - 10 years
Consolidated goodwill	5 - 20 years
Other intangible assets	5 - 7 years
Buildings and structures	10 - 40 years
Machinery and equipment	3 - 10 years
Other tangible assets	5 - 10 years

## Capitalised interest in Tamro House

Interest expenses incurred during the construction of the parent company's office building and warehouse have been capitalised in year 1991 and included in the acquisition cost of buildings. The capitalised interest has been amortised over a period of 10 years.

## Leasing

Leasing payments are charged to rental expense. The Group has no significant capital lease contracts. Leasing commitments are disclosed in the Notes to the financial statements.

## Accounting for IT costs

Software purchase costs are mainly capitalised and posted in the balance sheet as intangible rights. Software is depreciated over a maximum period of 5 years. Minor software purchases are charged directly to income. In-house and outsourced IT development costs are charged to revenue.

## Research and development

The Group R&D expenses, which represent only small amounts, are charged directly to income.

## Financial investments and debt securities

Financial investments and debt securities are included in short-term investments under current assets. Debt securities are valued at lower of adjusted acquisition cost or market value. There are no material long-term financial investments at year-end.

## Derivative financial instruments

Received and paid premiums related to currency options are posted as a prepayment in the balance sheet. Premium income and expenses are recorded to the income statement as the option matures.

Received and paid premiums related to interest options are posted as a prepayment in the balance sheet and recognised in income or expensed over the period from purchase until maturity.

Open option agreements are valued at market price.

## Inventories

Inventories are valued at the lowest of their acquisition cost, replacement value or probable selling price. Materials and supplies use is recorded under the FIFO principle.

## Foreign-currency denominated receivables and liabilities

All the foreign currency receivables and liabilities of the parent company and its Finnish subsidiaries have been converted into euros at the mid-rate quoted by the European Central Bank on the balance sheet date. Foreign subsidiaries' foreign-currency-denominated receivables and liabilities are converted at their appropriate exchange rates on the balance sheet date. Open positions on foreign-exchange forward contracts are valued at their market price on the balance sheet date and the exchange rate differences are posted under financial items on the income statement.

## Pension liabilities

Pension expenses are calculated in accordance with the national legislation of each country. The pension plans of the Group companies have, as a general rule, been arranged with external pension insurance companies. Certain pension obligations based on collective bargaining agreements are included under long-term pension loans in the balance sheet. These pension benefits are determined by the labour market and cannot be influenced by the company.

## Year-end tax appropriations and untaxed reserves

Appropriations include allocations to untaxed reserves, mainly in the form of accelerated depreciation.

In the income statement of the parent company, the difference between depreciation according to plan and accelerated cost recovery is transferred to untaxed reserves. The accumulated temporary depreciation difference is shown as an item under untaxed reserves in the balance sheet.

The consolidated balance sheet and the income statement are presented without any untaxed reserves and appropriations. The untaxed reserves of the Group companies break down into deferred income tax liability, shown as a long-term liability, and non-restricted equity. The appropriations made by Group companies, adjusted for the change in the deferred income tax liability, have correspondingly been eliminated from the consolidated income statement.

The untaxed reserves, net of deferred income tax liability, may not be distributed to shareholders as dividend.

## Obligatory reserves

The obligatory reserves in the balance sheet are defined as commitments related to the current or prior financial years which on the balance sheet date are certain or likely to materialise but where there is uncertainty as to the amount or the timing of the obligation.

The estimated reserves are based on information available on the balance sheet date. Any income-impacting changes of obligatory reserves are included in the income statement item(s) to which they relate by their nature.

### Net sales

The net sales consist of sales revenue from ordinary operations, rentals and leases as well as minor gains from the sale of fixed assets. The net sales are stated net of indirect taxes, sale discounts and credits (refunds).

### Other income

Other income consists of capital gains on the divested long-term investments.

### Extraordinary income and expense

Extraordinary income and expense items consist of significant, unusual business transactions incidental to the Group's normal operations. These also include correction items from prior years. In the parent company, group contributions paid and/or received have also been recorded under extraordinary items.

Taxes payable on extraordinary items are presented separately from income taxes on normal operations and included under extraordinary items.

### Income taxes

The consolidated income tax charges of the Group companies' normal operations have been calculated in accordance with local tax laws of the relevant country of operation. The taxes include income taxes incurred for the financial year as well as taxes to be paid or received for prior periods on accrual basis. Moreover, any change in the deferred tax liability is included in the taxes. The change in the deferred income tax includes tax effects of timing differences, confirmed tax losses, changes in untaxed reserves and consolidation adjustments to net income.

Accounting for income taxes related to extraordinary items, see the chapter Extraordinary income and expense above.

### The consolidated cash flow statement

Capital Investments in the consolidated cash flow statement include significant acquisitions and divestitures of companies valued at the sale price of the shares. Accordingly, the assets and liabilities of the acquired or divested company are not included in the change of net working capital, net investments or financing. Share transactions paid partly in kind (share swaps) are included in the cash flow statement only up to cash amount paid or received.

### Differences between annual report and official financial statements

This annual report deviates from the official accounts in that financial data is partly presented in EUR millions.



# Notes to the Financial Statements



(Figures are in EUR thousands unless otherwise stated)

2001

2000

## NOTES TO THE CONSOLIDATED INCOME STATEMENT

### 1. NET SALES BY MARKET AREA AND UNIT, EUR MILLION

By market area:		
Sweden	1,496.1	1,578.5
Denmark	899.1	836.1
Finland	736.3	748.2
Norway	465.1	199.4
Baltic States	132.1	109.2
Russia	47.5	34.2
Others	19.4	12.8
	3,795.6	3,518.4
By unit:		
Tamro Sweden	1,487.0	1,573.8
Tamro Denmark	919.8	852.5
Tamro Finland	672.2	681.8
Tamro Norway	453.3	185.0
Tamro Baltics	135.7	105.7
Tamro Russia	47.7	34.2
Tamro MedLab	92.6	89.0
Others	-12.7	-3.6
	3,795.6	3,518.4

### 2. OTHER INCOME

Gain on sale of fixed assets	58,286	3,282
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### 3. RAW MATERIALS AND SERVICES

Raw materials and consumables		
Purchases during the financial period	3,516,827	3,290,693
Inventories, incr. (-), decr. (+)	20,788	-1,156
External services	26,623	27,948
Raw materials and services total	3,564,238	3,317,485

#### 4. PERSONNEL EXPENSES

Average personnel by unit:		
Tamro Sweden	519	578
Tamro Denmark	632	667
Tamro Finland	366	440
Tamro Norway	491	110
Tamro Baltics	360	325
Tamro Russia	185	180
Tamro MedLab	257	271
Others	44	112
	2,854	2,683
Personnel expenses:		
Wages and salaries during the financial year	88,482	78,932
Payroll related social costs		
Pension costs	8,058	8,042
Other payroll related social costs	11,731	9,458
	108,271	96,432
Wages and salaries paid to:		
Boards of Directors, CEO and Managing Directors	2,027	1,954

Pension commitments for Board Members, CEO and Managing Directors: The parent company has no pension liabilities for Board Members. The pensionable age of the CEO and some Managing Directors has been stipulated at 60 years.

Other pension commitments:

The Group has made pension commitments for the management of a certain subsidiary. This liability is not significant enough to be incorporated into the Group's financial statements.

#### 5. DEPRECIATION AND VALUE ADJUSTMENTS

Depreciation/amortisation according to plan		
Intangible rights	1,204	1,438
Goodwill	2,280	561
Consolidated goodwill	22,132	3,692
Other capitalised expenditure	1,126	420
Buildings	6,185	4,579
Machinery and equipment	11,737	8,105
Other tangible assets	113	30
	44,777	18,825

Depreciations for year 2001 include additional write-off of consolidated goodwill amounting to EUR 18.9 million, of which EUR 10.1 million is assigned to Apokjeden and EUR 8.8 million to Lääketukku.

## 6. FINANCIAL INCOME AND EXPENSES

Income from non-current financial assets	1,271	2,512
Other interest and financial income		
Interest income	2,805	2,639
Other financial income	84	85
Other interest and financial expenses		
Interest expenses	-16,506	-13,939
Other financial expenses	-1,733	-542
Exchange rate differences, net	1,131	-5,271
	-12,948	-14,516

## 7. EXTRAORDINARY INCOME AND EXPENSES

Income		
Change in deferred tax liabilities	-	3,107
Sundry income	-	104
	-	3,211
Expenses		
Correction to Norway's result relating to prior years	-	-13,475
Sundry expenses	-	-40
	-	-13,515
Extraordinary income and expenses, total	-	-10,304

## 8. INCOME TAXES ON ORDINARY ACTIVITIES

Current income taxes		
Finnish Group companies	-7,253	-169
Foreign Group companies	-9,094	-6,104
	-16,347	-6,273
Income taxes from previous years:	-290	-2,039
Change in deferred tax liability specified in note 17	-5,220	3,875
Income tax on ordinary activities	-21,857	-4,437



# Notes to the Financial Statements



(Figures are in EUR thousands unless otherwise stated)

2001

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## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 9. FIXED ASSETS

	Intangible assets				Tangible assets				Advance payments and construction in progress
	Intangible rights	Goodwill	Consolidated goodwill	Other capitalised expenditure	Land areas	Buildings	Machinery and equipment	Other tangible assets	
Acquisition value 1 Jan	11,838	1,562	49,080	3,638	11,765	139,346	89,855	533	3,259
Increase	613	62,752	11,290	2,281	52	7,396	21,685	945	823
Decrease	-1	-118	-	-	-19	-956	-1,935	-230	-617
Other changes	-952	-	-	-	-	1,035	2,949	14	-3,196
Acquisition value 31 Dec	11,499	64,195	60,370	5,919	11,799	146,820	112,554	1,262	269
Accumulated depr. 1 Jan	-7,448	-831	-29,795	-2,587	-	-27,930	-63,272	-57	0
Increase	-1,204	-2,280	-22,132	-1,126	-	-6,185	-11,737	-113	
Decrease	1	118	-	-	-	834	1,337	162	
Other changes	417	-336	-	-594	-	-114	-881	-361	
Accumulated depr. 31 Dec	-8,234	-3,328	-51,927	-4,307	0	-33,395	-74,553	-369	0
Value adjustments 1 Jan & 31 Dec					420	2,355			
Translation difference	-35	13	-	5	-234	-894	-102	-3	-2
Bookvalue 31 Dec 2001	3,229	60,881	8,443	1,617	11,985	114,886	37,899	890	267
Bookvalue 31 Dec 2000	4,390	731	19,285	1,051	12,186	113,771	26,583	476	3,259

Value adjustments relate to the parent company only (from 1988). Deferred tax liability (EUR 805,000) has not been accounted for. Value adjustments related to fixed assets are not considered as a normal accounting practice of the Group.

(Figures are in EUR thousands unless otherwise stated)

2001

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Machinery and equipment in production use, book value	1,175	1,337
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## 10. OTHER FINANCIAL ASSETS

Government bonds	-	32,205
Other receivables	748	724
	748	32,929

EUR 10 million portion of the government bonds was sold in 2001 and the remaining portfolio was transferred to the short-term investments

## 11. AFFILIATED COMPANIES

Opening balance	22,885	14,090
New affiliated companies	12,723	5,810
Omitted affiliated companies	-19,265	
Share of net results	1,893	3,281
Translation differences	-83	-873
Share of adjusted deferred tax in affiliated company		
Other changes	-4,640	577
Closing balance	13,513	22,885

## 12. PREPAID EXPENSES AND ACCRUED INCOME

Receivable from sales of shares	73,109	-
Income tax receivable	123	14,384
Financial income	2,297	2,605
Prepaid expenses	1,957	2,579
Other income	3,164	1,487
Other prepaid expenses and accrued income	300	1,105
Total	80,950	22,160

## 13. SHARE CAPITAL AND SUBSCRIPTION TERMS AND CONDITIONS

The company's share capital as at 31 Dec 2001 totalled 114,837,083 euros, divided into 114,837,083 shares, each of which carries one vote. The total of 341,000 shares are owned by the company.

At the end of the year the company had also issued the following subscription warrants and share option rights which entitle their holders to the following share subscriptions:

	Number of shares	Holding
Issue of bonds with warrants 1997	4,552,000	3.74%
Share option rights 2000	2,330,000	1.91%
Total no of shares incl. warrants and share option rights	121,719,083	100.00%

### Terms of subscription

#### Issue of bond with warrants 1997

Number of warrants 2,276,000 A  
2,276,000 B

Subscription period A: 1 Dec 2000 to 31 Jan 2004  
B: 1 Dec 2001 to 31 Jan 2004

Subscription terms and conditions

One warrant entitles its holder to subscribe to one Tamro Corporation share with a nominal value of EUR 1 at a subscription

price of EUR 6.56 per share less ordinary dividends paid after loan issuance.

#### Share option rights 2000

Number of share option rights	1,165,000 A
	1,165,000 B
Subscription period	A: 1 Apr 2002 to 30 Apr 2006 B: 1 Apr 2004 to 30 Apr 2006
Subscription terms and conditions	One class A share option right entitles its holder to subscribe to one Tamro Corporation share with a nominal value of EUR 1 at a subscription price of EUR 4.00 and one class B share option right entitles its holder to subscribe to one Tamro Corporation share with a nominal value of EUR 1 at a subscription price of EUR 4.80, less any dividends exceeding 50% of the earnings per share for the relevant accounting period, declared after 12 April 2000 and paid out before the time of subscription. If dividends are distributed for loss-making accounting periods, the whole amount paid out is to be deducted from the subscription price. However, the subscription price must be at least the nominal value of the share.

The Group owns a total of 390,000 year 1997 warrants.

#### 14. CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium account	Revaluation reserve	Fund for own shares	Other reserves	Retained earnings	Total equity
Equity 1 Jan 2000	120,365	143	1,137	13,608	449	215,512	351,214
Subscription of new shares	1	1					2
Decrease	-5,529	5,495				34	0
Cancelled own shares				-17,372			-17,372
Pooling adjustment							0
Dividend						-17,174	-17,174
Net profit for the year						-12,240	-12,240
Translation differences						-3,714	-3,714
Fund for own shares				4,739		-4,739	0
Write-down of own shares				-406			-406
Adjustment of share in affiliated company						594	594
Transfers within equity		1	-1		16	-16	0
Other change							0
Equity 31 Dec 2000	114,837	5,640	1,136	569	465	178,258	300,905
Subscription of new shares							0
Decrease							0
Cancelled own shares							0
Dividend						-5,725	-5,725
Net income for the year						38,132	38,132

Translation differences						-1,368	-1,368
Fund for own shares							0
Write-down of own shares				406			406
Adjustment of share in affiliated company						311	311
Transfers within equity					-143	143	0
Other change			-1				-1
Equity 31 Dec 2001	114,837	5,640	1,135	975	322	209,751	332,660
Distributable equity							
Retained earnings			209,751				
Accumulated appropriations, net of tax			-25,616				
Distributable equity 31 Dec 2001			184,135				

(Figures are in EUR thousands unless otherwise stated)

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#### 15. OBLIGATORY RESERVES

Pension commitments		840	1,031
Reserve for taxes		2,588	2,758
Other reserves		292	538
		3,720	4,327
Changes in the obligatory reserves in the income statement			
Expenses		-1,014	-1,588
Extraordinary items		-	-2,155
		-1,014	-3,743

#### 16. LONG-TERM LIABILITIES

Long-term liabilities fall due as follows:		
2003	18,512	55
2004-2006	34,168	5,432
2007-	402	428
On special conditions	10,043	10,301
	63,125	16,216
Foreign currency breakdown of long-term loans:		
NOK	33,641	-
EUR	13,561	-
SEK	9,961	10,216
DKK	5,881	5,915
Others	81	85
	63,125	16,216

Of the above pension loans EUR9,961,000 (10,216,000) equals the pension provision of the Swedish subsidiary Tamro AB, which according to local practise can be booked as a liability. The pension provision has a parent company guarantee.

## 17. DEFERRED INCOME TAXES

	1 Jan 2000	Charged/ (credited) to P/L income tax	Charged/ (credited) to P/L extraord	Other changes	31 Dec 2000
<b>Deferred income tax liabilities</b>					
Untaxed reserves and acc depr	18,399	-317	-96	-126	17,860
	18,399	-317	-96	-126	17,860
<b>Deferred income tax assets</b>					
Tax loss carry forwards	6,773	-3,504	0	34	10,243
Other temporary timing differences	8,407	-54	-3,011	41	11,431
	15,180	-3,558	-3,011	75	21,674
Net deferred income tax liability(+) / receivable(-)	3,219	-3,875	-3,107	-51	-3,814
	1 Jan 2001	Charged/ (credited) to P/L income tax	Charged/ (credited) to P/L extraord	Other changes	31 Dec 2001
<b>Deferred income tax liabilities</b>					
Untaxed reserves and acc depr	17,860	-1,369		-156	16,335
	17,860	-1,369	0	-156	16,335
<b>Deferred income tax assets</b>					
Tax loss carry forwards	10,243	-1,782		-9,208	21,233
Other temporary differences	11,431	8,371		-1,896	4,956
	21,674	6,589	0	-11,104	26,189
Net deferred income tax liability(+) / receivable(-)	-3,814	5,220	0	-11,260	-9,854

Deferred tax liability (EUR 805,000) related to the value adjustments has not been accounted for.

(Figures are in EUR thousands unless otherwise stated)

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## 18. ACCRUED EXPENSES AND DEFERRED INCOME

Personnel expenses	11,700	10,419
Cost of goods	397	2,830
Income tax liability	5,528	1,890
Financial expenses	1,011	809
IT-expenses	99	160
Other accrued expenses and deferred income	4,576	5,522
<b>Total</b>	<b>23,311</b>	<b>21,630</b>

## OTHER NOTES

### 19. CONTINGENT LIABILITIES

Mortgages		
For own debts (1)	23,600	4,201
Pledges	44,180	-
Guarantees		
For debts of the group companies' management	752	-
For debts of others	11,229	1,659
	11,981	1,659
Other commitments		
Leasing commitments		
Next year	2,135	2,661
Over one year	1,248	1,661
Rent commitments	9,620	1,589
Repurchase commitments	28	37
Other commitments	181	81
	13,212	6,029
Group liabilities, secured by mortgages, pledges and other commitments:		
Mortgages (1)	19,541	24,314
Pledges	41,502	-
	61,043	24,314

### 20. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives - notional amounts		
Currency instruments		
Currency forward contracts	141,561	99,474
Currency options - purchased	-	21,494
Currency options - sold	-	21,494
Interest rate instruments		
Interest rate forward contracts and futures	-	0
Interest rate option contracts	-	53,598
Interest rate swaps	10,000	-
Derivatives - market value		
Currency instruments		
Currency forward contracts	616	777
Currency options	0	0
Interest rate instruments		
Interest rate forward contracts and futures	-	0
Interest rate option contracts	-	-1
Interest rate swaps	29	-

The notional amounts of derivatives summarised here do not represent amounts exchanged by the parties and are thus not a measure of Tamro's derivatives-related exposure. According to the Finance Policy derivatives are used only to hedge the underlying business.



# Notes to the Financial Statements



(Figures are in EUR thousands unless otherwise stated)

2001

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## NOTES TO THE PARENT COMPANY INCOME STATEMENT

### 21. NET SALES BY MARKET AREA AND UNIT

By market area:		
Finland	666,539	674,642
Sweden	6	103
Baltic countries	2,341	4,849
Russia	0	0
	668,886	679,594
By unit:		
Tamro Finland	668,886	679,397
Others	0	197
	668,886	679,594

### 22. OTHER INCOME

Gain on sale of fixed assets	50,576	390
Rental and other income	3,255	2,496
	53,831	2,886

### 23. RAW MATERIALS AND SERVICES

Raw materials and consumables		
Purchases during the financial period	636,185	644,492
Inventories, incr. (-), decr. (+)	6,441	1,051
External services	3,889	4,641
	646,515	650,184

### 24. PERSONNEL EXPENSES

Personnel expenses:		
Wages and salaries during the financial year	13,500	14,100
Payroll related social costs		
Pension costs	2,658	2,660
Other payroll related social costs	785	958
	16,943	17,718
Wages and salaries paid to:		
Boards of Directors and CEO	406	449

## 25. DEPRECIATION ACCORDING TO PLAN

Intangible rights	581	500
Goodwill	10,556	1,806
Other capitalised expenditure	4	13
Buildings	1,713	1,669
Machinery and equipment	2,820	1,489
	15,674	5,478

## 26. FINANCIAL INCOME AND EXPENSES

Income from non-current financial assets		
Dividend income	11,507	26,575
Interest income	7,399	7,623
Other interest and financial income		
Interest income	10,823	10,318
Other financial income	38	8
Other interest and financial expenses		
Interest expenses	-11,517	-10,803
Other financial expenses	-6,289	-4,553
Exchange rate differences, net	1,090	-5,039
	13,051	24,130
From Group companies:		
Income from non-current financial assets		
Dividend income	11,445	25,377
Interest income	6,368	6,329
Other interest and financial income		
Interest income	9,404	9,079
Other financial income	38	8
Other interest and financial expenses		
Interest expenses	-512	-396
	26,743	40,397

## 27. EXTRAORDINARY INCOME AND EXPENSES

Income		
Sale of shares	-	395
Liquidation of a subsidiary	-	84
Profit on sale of business operations	-	-
Other extraordinary income	-	27
	-	506
Group contribution	-164	218
Expenses		
Write-off of loan receivables from Group and shares in subsidiaries *)	-	-20,550
Sale of shares	-	-2,490
Sundry expenses	-	-56
	-	-23,096
Extraordinary income and expenses, total	-164	-22,372

\*) Year 2000 write-off of the shares in Tamro Distribution AS

## 28. APPROPRIATIONS

Accelerated depreciation in the income statement		
Intangible rights	-20	-52
Goodwill	10,556	1,806
Other capitalised expenditure	-1	1
Buildings	814	1,065
Machinery and equipment	764	39
	12,113	2,858

## 29. INCOME TAXES

Current income taxes	-5,517	-166
Income taxes from previous years	-351	-2,153
	-5,868	-2,319



# Notes to the Financial Statements



1 Jan - 31 Dec

(Figures are in EUR thousands unless otherwise stated)

2001

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## NOTES TO THE PARENT COMPANY BALANCE SHEET

### 30. FIXED ASSETS

	Intangible assets			Tangible assets			
	Intangible rights	Goodwill	Other capitalised expenditure	Land areas	Buildings	Machinery and equipment	Other tangible assets
Acquisition value 1 Jan	8,242	39,595	1,661	929	62,802	27,347	240
Increase	291		80		243	1,637	-
Decrease	-	-	-	-	-	-76	-
Other changes	-	-	-	-	-2,113	2,066	-
Acquisition value 31 Dec	8,533	39,595	1,741	929	60,932	30,974	240
Accumulated depr. 1 Jan	-6,078	-25,135	-1,657		-18,353	-22,673	
Increase	-581	-10,556	-4	-	-1,713	-2,820	-
Decrease	-	-	-	-	-	60	-
Accumulated depr. 31 Dec	-6,659	-35,691	-1,661	0	-20,066	-25,433	0
Value adjustments 1 Jan & 31 Dec				420	2,355		
Bookvalue 31 Dec 2001	1,874	3,904	80	1,348	43,221	5,541	240
Bookvalue 31 Dec 2000	2,164	14,460	4	1,348	46,804	4,674	240

### 31. GROUP COMPANIES

Company	Registered office	Group share of		Parent company share of holding %	Shares owned by the parent company		Book value	
		holding and votes %	shareholders' equity		Number of shares	Nominal value		
Nomeco A/S	Copenhagen, Denmark	100	82,019	100	7,200,000	19,364	197,155	
Tamro AB	Gothenburg, Sweden	100	85,950	-	-	-	-	
Tamro Health Care AB	Gothenburg, Sweden	100	14	-	-	-	-	
Tamro Sweden AB	Stockholm, Sweden	100	15,174	100	1,000	11	34,418	
Tamro SIA	Riga, Latvia	100	4,369	100	215	2,358	1,376	
Hansa Pharma Balticum SIA	Riga, Latvia	100	1,159	-	-	-	-	
Hansa Pharma SIA	Riga, Latvia	100	2,135	-	-	-	-	
Tamro MedLab AB	Gothenburg, Sweden	100	1,172	-	-	-	-	
Kemistien Oy	Vantaa, Finland	100	1,750	100	1,000,000	1,682	3,560	
Tamro UAB	Kaunas, Lithuania	100	5,269	100	51,809	7,352	5,920	
Apokjeden AS	Skårer, Norway	49	16,912	49	80,330	1,010	47,116	
Tamro Eesti AS	Tallinn, Estonia	100	3,062	100	5,500	352	530	
Medinord OÜ	Tallinn, Estonia	100	0	-	-	-	-	
Koduapteek OÜ	Tallinn, Estonia	100	0	-	-	-	-	
Tamro MedLab A/S	Roskilde, Denmark	100	486	-	-	-	-	
Tamro MedLab AS	Skårer, Norway	100	429	-	-	-	-	
Tamro MedLab Oy	Vantaa, Finland	100	2,304	100	5,000	5,000	5,000	
Medinord Oy	Vantaa, Finland	100	435	100	12	163	895	
Tam-Drug Oy	Vantaa, Finland	100	31	100	2,000	49	49	
Tamro Russia Oy	Vantaa, Finland	100	153	100	96,318	100	170	
Pharm Tamda 77	S:t Petersburg, Russia	85	-2	85	2,805	20	0	
							296,189	
Other subsidiaries, incl. non-operational							1,435	
							297,625	

### 32. OTHER SHARES AND PARTICIPATIONS

	Shares owned by the parent company	
	Number of shares	Nominal value
Finnish Central Securities Depository Ltd.	8	27
Helsinki Stock Exchange Ltd	24,400	27
Telephone company shares etc.		8
Housing corporations		114
Real estate and other shares		233
		409
Own shares acquired by the company	341,000	975

Own shares are valued at the acquisition cost. The share price at year-end was EUR 3.59.

(Figures are in EUR thousands unless otherwise stated)

2001

2000

### 33. RECEIVABLES AND LIABILITIES

Intra-group items		
Financial assets		
Loan receivables	122,960	127,949
Long-term receivables		
Loan receivables	72,691	72,141
Short-term receivables from Group companies		
Accounts receivable	10,485	2,660
Prepaid expenses and accrued income	18,642	9,203
Loan receivables	46,125	48,259
	75,252	60,122
Liabilities to Group companies		
Accounts payable	134	1,747
Accrued liabilities	235	81
Other short-term liabilities	67,398	46,360
	67,767	48,188

### 34. PREPAID EXPENSES AND ACCRUED INCOME

Sale of shares	73,109	-
Income tax receivable	-	12,981
Financial income	2,068	2,584
Prepaid expenses	417	2,074
Other income	2,240	1,890
Total	77,834	19,529

### 35. CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium account	Revaluation reserve	Fund for own shares	Other reserves	Retained earnings	Total equity
Equity 31 Dec 1999	120,365	143	1,093	13,608	0	377,402	512,612
Subscription of new shares	1	1					2
Decrease	-5,529	5,495				34	0
Cancelled own shares				-17,372			-17,372
Dividend						-17,174	-17,174
Net profit for the year						-8,655	-8,655
Fund for own shares				4,739		-4,739	0
Write-down of own shares				-406			-406
Donations						-1	-1
Equity 31 Dec 2000	114,837	5,640	1,093	569	0	346,867	469,006
Subscription of new shares							0
Decrease							0
Cancelled own shares							0
Dividend						-5,725	-5,725
Net profit for the year						49,806	49,806
Fund for own shares							0
Write-down of own shares				406			406
Donations							0
Other change						1	1
Equity 31 Dec 2001	114,837	5,640	1,093	975	0	390,949	513,494

(Figures are in EUR thousands unless otherwise stated)

2001

2000

### 36. ACCUMULATED DEPRECIATION DIFFERENCE

Accelerated depreciation		
Intangible rights	422	402
Goodwill	3,904	14,460
Other capitalised expenditure	4	2
Buildings	29,024	29,838
Machinery and equipment	-430	335
	32,924	45,037

### 37. OBLIGATORY RESERVES

Reserve for taxes	2,588	2,758
Other obligatory reserves	292	-
	2,880	2,758

### 38. LONG-TERM LIABILITIES

Long-term liabilities fall due as follows:		
2003	5,424	-
2004-2006	8,136	-
	13,560	-
Foreign currency breakdown of long-term liabilities:		
EUR	13,560	-

### 39. ACCRUED EXPENSES AND DEFERRED INCOME

Personnel expenses	2,172	1,806
Financial expenses	742	803
IT expenses	99	160
Income tax liability	3,933	116
Other accrued expenses and deferred income	777	1,947
Total	7,723	4,832

### OTHER NOTES

### 40. CONTINGENT LIABILITIES

Mortgages (1)		
For own debts	23,010	2,943
Guarantees		
For subsidiaries	35,714	26,840
For debts of others	11,008	38
	46,722	26,878
Other commitments		
Leasing commitments		
Next year	1,177	1,807
Over one year	536	1,148
Rent commitments	497	1,095
Repurchase commitments	28	37
Other commitments	-	74
	2,238	4,161
(1) Parent company's liabilities, secured by mortgages	18,984	23,583

### 41. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives - notional amounts		
Currency instruments		
Currency forward contracts	144,436	99,739
Currency options - purchased	-	21,494
Currency options - sold	-	21,494
Interest rate instruments		
Interest rate forward contracts and futures	-	0
Interest rate option contracts	-	53,598
Interest rate swaps	10,000	-
Derivatives - market value		

Currency instruments		
Currency forward contracts	643	818
Currency options	0	0
Interest rate instruments		
Interest rate forward contracts and futures	-	0
Interest rate option contracts	-	-1
Interest rate swaps	29	-

The notional amounts of derivatives summarised here do not represent amounts actually exchanged between the parties and are thus not a measure of the parent company's derivatives-related exposure. According to the Finance Policy derivatives are used only to hedge the underlying business.



# Proposal for Profit Distribution



The net profit of Tamro Corporation for the fiscal year is	EUR 49,806,100.80
Total retained earnings amount to	EUR 390,948,842.00
- of which the distributable portion is	EUR 390,948,842.00

The retained earnings shown in the Consolidated Balance Sheet as at 31 December 2001 is	EUR 209,751,000.00
- of which the distributable portion is	EUR 184,135,000.00

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The Board of Directors proposes that

- the dividend of EUR 0,15 per share, including a bonus dividend, be paid on 114 496 083 shares entitled to a dividend	EUR 17,174,412.45
- the remainder be posted to the retained earnings account	EUR 373,774,429.55

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Vantaa, 28 February 2002

**Dr Bernd Scheifele**  
Chairman

**Mikael von Frenckell**

**Johan Horelli**

**Dag Johannesson**

**Dr Lorenz Näger**

**Reimund Pohl**

**Jo Langmoen**  
CEO





## To the shareholders of Tamro Corporation

We have audited the accounting, the financial statements and corporate governance of Tamro Corporation for the period 1 January - 31 December 2001. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we 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, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statements presentation. The purpose of our audit of corporate governance is to examine that the members of the Board of Directors and the Managing Director of the parent company have legally complied with the rules of the Companies' Act.

In our opinion the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distribution of retained earnings is in compliance with the Companies' Act.

Vantaa, 28 February 2002

**SVH Pricewaterhouse Coopers Oy**  
Authorised public accountants

**Jukka Ala-Mello**  
APA

**Johan Kronberg**  
APA



# Financial Indicators 1997-2001



## KEY FINANCIAL INDICATORS 1997-2001

	2001	2000	1999	1998	1997
<b>FROM THE INCOME STATEMENT, EURm</b>					
Net Sales	3,795.6	3,518.4	3,235.8	3,019.8	2,168.4
Other income	58.3	3.3	7.6	19.6	0.0
Operating expenses	-3,742.5	-3,489.1	-3,193.6	-2,979.8	-2,114.9
Depreciation	-44.8	-18.8	-15.5	-25.5	-16.0
Operating profit	66.6	13.7	34.2	34.1	37.5
Financial income and expenses	-13.0	-14.5	-4.7	-5.8	-2.3
Share of affiliated companies' net income	1.9	3.3	2.4	-6.9	0.7
Ordinary profit before taxes	55.5	2.5	31.9	21.4	35.9
Minority and income taxes on ordinary activities	-17.4	-4.4	-9.3	-7.3	-11.3
Ordinary net profit	38.1	-1.9	22.6	14.2	24.6
Extraordinary income and expenses, net of taxes	-	-10.3	0.9	1.5	0.6
Net profit for the period	38.1	-12.2	23.5	15.7	25.2
<b>FROM THE BALANCE SHEET, EURm</b>					
Tangible and intangible assets	240.1	181.7	177.3	169.8	172.0
Financial assets	26.2	71.3	85.0	41.2	23.6
Inventories	287.5	308.3	307.1	259.0	193.4
Receivables	571.1	494.0	457.5	391.9	237.4
Liquid assets and short-term investments	60.2	69.3	34.0	67.3	57.5
Equity	332.7	300.9	351.2	353.7	292.5
Minority	17.2	1.9	0.0	0.0	0.5
Obligatory reserves	3.7	4.3	0.6	0.9	0.3
Long term liabilities	63.1	16.2	36.6	40.7	37.0
Short term liabilities	768.4	801.3	672.5	534.0	353.7
Balance sheet total	1,185.1	1,124.6	1,060.9	929.2	684.0
<b>KEY FIGURES</b>					
Sales change, %	7.9	8.7	7.2	39.3	-2.5
Operating margin, %	1.8	0.4	1.1	1.1	1.7
Profit margin, %	1.5	0.1	1.0	0.7	1.7
Return on capital employed, %	13.1	4.0	8.2	8.4	12.7
Return on equity, %	10.4	-0.6	6.5	4.4	8.6

Free cash flow, EURm	-18.7	29.3	-86.7	42.6	16.0
Capital employed, EURm	581.8	544.4	564.3	441.7	321.9
Net debt, EURm	171.8	140.1	146.3	20.6	-28.6
Net gearing, %	49.2	46.4	43.5	5.9	-9.8
Interest cover	4.4	1.2	5.3	5.0	15.8
Equity Ratio, %	29.4	26.9	31.8	38.1	42.9
<b>PER SHARE DATA *)</b>					
Number of shares - at end, millions	114.5	114.5	116.0	120.3	88.2
Number of shares - average, millions	114.5	114.7	119.3	121.8	88.2
Earnings per share, EUR	0.33	-0.02	0.19	0.12	0.28
Dividend per share, old/new shares, EUR	0.15**)	0.05	0.15	0,25/0,10	0.15
Dividend per earnings, %	45	neg.	79	180	54
Effective dividend yield, %	4.2	3.0	4.9	5.7	3.0
Equity per share, EUR	2.90	2.62	2.90	2.86	3.31
P/E multiple	11	neg.	16	32	18
<b>TAMRO SHARE INFORMATION</b>					
Average trading price, EUR	3.44	2.65	3.47	5.11	5.53
Lowest trading price, EUR	1.65	1.62	2.75	3.36	4.79
Highest trading price, EUR	4.10	3.80	4.50	7.40	6.39
Price at 31 December, EUR	3.59	1.67	3.04	3.70	5.03
Trading volume, million shares	19.6	22.4	53.2	48.3	40.4
Trading volume, %	17	20	45	46	46
Market capitalisation at 31 December, EURm	411.0	191.2	352.3	445.2	441.3
<b>OTHER</b>					
Investments, EURm	96.2	35.8	22.6	34.5	11.9
as % of sales	2.5	1.0	0.7	1.1	0.6
Number of employees, average	2,854	2,683	2,532	2,578	2,249
*) excluding own shares					
**) Board proposal					

# Calculation of Financial Ratios



## PROFIT MARGIN

$$\frac{\text{Ordinary profit before taxes}}{\text{Net Sales}}$$

## TRADING VOLUME IN %

$$\frac{\text{Number of shares traded during the period}}{\text{Average number of outstanding shares}}$$

## CAPITAL EMPLOYED

Total assets - non-interest bearing liabilities

## MARKET CAPITALISATION \*)

Number of shares x market share price at 31 Dec

## RETURN ON CAPITAL EMPLOYED

$$\frac{\text{Ordinary profit before taxes + interest expenses + other financial expenses}}{\text{Average capital employed}}$$

## EARNINGS PER SHARE \*)

$$\frac{\text{Ordinary net profit - minority interest}}{\text{Average number of shares}}$$

## RETURN ON EQUITY \*)

$$\frac{\text{Ordinary net profit - minority interest}}{\text{Average shareholders' equity and minority}}$$

## DIVIDEND PER EARNINGS \*\*)

$$\frac{\text{Dividend per share}}{\text{Earnings per share}}$$

## FREE CASH FLOW

See Cash Flow Statement

## EFFECTIVE DIVIDEND YIELD

$$\frac{\text{Dividend per share}}{\text{Market share price at 31 Dec}}$$

## NET DEBT

Interest bearing debt - cash and bank - short-term investments - bonds

## EQUITY PER SHARE \*)

$$\frac{\text{Shareholders' equity}}{\text{Number of shares at 31 Dec}}$$

## NET GEARING \*)

$$\frac{\text{Net debt}}{\text{Shareholders' equity + minority interest}}$$

## P/E MULTIPLE

$$\frac{\text{Market share price at 31 Dec}}{\text{Earnings per share}}$$

## INTEREST COVER

$$\frac{\text{Ordinary profit before taxes + interest expenses}}{\text{Interest expenses}}$$

## AVERAGE NUMBER OF EMPLOYEES

Calculated from month-end figures and adjusted for part-time employees.

## EQUITY RATIO \*)

$$\frac{\text{Shareholders' equity + minority interest}}{\text{Total assets - advances received}}$$

## INVESTMENTS

Includes corporate acquisitions.

**AVERAGE TRADING PRICE**

**SHARE ISSUE ADJUSTMENTS**

$$\frac{\text{Value of trading volume}}{\text{Volume traded}}$$

The numbers of shares are fully comparable for the whole five-year period.

- \* ) Effect of own shares eliminated from the date of repurchase.
- \*\* ) Dividend is weighted with respect to old and new shares.



# Quarterly Development



## QUARTERLY DEVELOPMENT

	10-12 2001	7-9 2001	4-6 2001	1-3 2001	1-12 2001	1-12 2000	Change %
<b>NET SALES</b>							
(EURm)							
Tamro Sweden	364.4	343.3	389.6	389.7	1,487.0	1,573.8	-5.5
Tamro Denmark	242.0	224.7	223.8	229.3	919.8	852.5	7.9
Tamro Finland	181.7	160.5	166.7	163.3	672.2	681.8	-1.4
Tamro Norway	134.5	109.5	117.3	92.0	453.3	185.0	145.0
Tamro Estonia	10.9	8.3	9.1	8.8	37.1	34.0	9.1
Tamro Latvia	16.9	14.9	14.4	13.0	59.2	43.3	36.7
Tamro Lithuania	12.5	8.3	10.0	8.6	39.4	30.7	28.3
Tamro Russia	18.8	10.8	9.5	8.6	47.7	34.2	39.5
Tamro MedLab	24.2	22.2	22.9	23.3	92.6	89.0	4.0
Other and internal	-3.2	-1.2	-5.4	-2.9	-12.7	-5.9	-115.3
Group total	1,002.7	901.3	957.9	933.7	3,795.6	3,518.4	7.9
<b>NUMBER OF EMPLOYEES, AVERAGE</b>							
Tamro Sweden	516	470	544	546	519	578	-10.2
Tamro Denmark	622	637	635	632	632	667	-5.2
Tamro Finland	360	377	366	361	366	440	-16.8
Tamro Norway	680	582	497	206	491	110	346.4
Tamro Estonia	101	77	78	83	85	78	9.0
Tamro Latvia	262	303	95	97	189	93	103.2
Tamro Lithuania	84	83	86	90	86	149	-42.3
Tamro Russia	179	176	190	194	185	180	2.8
Tamro MedLab	255	258	256	259	257	271	-5.2
Others	27	29	56	61	44	117	-62.4
Group total	3,086	2,992	2,803	2,529	2,854	2,683	6.4
<b>CONSOLIDATED INCOME STATEMENT</b>							
(EURm)							
Net Sales	1,002.7	901.3	957.9	933.7	3,795.6	3,518.4	7.9
Other income	55.4	0.4	0.0	2.5	58.3	3.3	1,675.9
Operating expenses	-992.5	-888.9	-941.4	-919.7	-3,742.5	-3,489.2	7.3
Depreciation	-26.6	-7.6	-6.2	-4.4	-44.8	-18.8	137.9
Operating profit	39.0	5.2	10.3	12.1	66.6	13.7	386.6
Financial income and expenses	-3.5	-3.9	-3.4	-2.2	-13.0	-14.5	-10.8
Share of affiliated companies' net income	0.0	0.3	1.6	0.0	1.9	3.3	-42.3
Ordinary profit before taxes	35.5	1.6	8.5	9.9	55.5	2.5	2,166.7
Income taxes on ordinary activities	-15.5	-0.5	-2.7	-3.2	-21.9	-4.4	392.6
Minority interest	1.1	2.2	0.6	0.6	4.5	0.0	

Ordinary net profit	21.1	3.3	6.4	7.3	38.1	-1.9	2,069.6
Extraordinary income and expenses, net of taxes	-	-	-	-	-	-10.3	-100.0
Net profit for the period	21.1	3.3	6.4	7.3	38.1	-12.2	411.5

	31st Dec 2001	30th Sep 2001	30th Jun 2001	31st Mar 2001	31st Dec 2001	31st Dec 2000	Change %
<b>CONSOLIDATED BALANCE SHEET</b>							
(EURm)							
Assets							
Intangible and tangible assets	240.1	247.5	244.0	179.3	240.1	181.7	32.1
Financial assets	26.2	64.3	65.8	95.6	26.2	71.3	-63.3
Inventories	287.5	279.9	280.4	302.5	287.5	308.3	-6.7
Receivables	571.1	485.4	510.4	504.5	571.1	494.0	15.6
Liquid assets and short-term investments	60.2	30.7	26.9	22.9	60.2	69.3	-13.1
	1,185.1	1,107.8	1,127.5	1,104.8	1,185.1	1,124.6	5.4
Equity & liabilities							
Equity & minority	349.9	322.7	325.7	306.9	349.9	302.8	15.6
Obligatory reserves	3.7	2.4	2.5	4.8	3.7	4.3	-14.0
Long term liabilities	63.1	75.0	69.1	37.5	63.1	16.2	289.5
Short term liabilities	768.4	707.7	730.2	755.6	768.4	801.3	-4.1
Balance sheet total	1,185.1	1,107.8	1,127.5	1,104.8	1,185.1	1,124.6	5.4

	10-12 2001	7-9 2001	4-6 2001	1-3 2001	1-12 2001	1-12 2000	Change %
<b>OTHER CONSOLIDATED KEY FIGURES</b>							
Operating margin, %	3.9	0.6	1.1	1.3	1.8	0.4	
Profit margin, %	3.5	0.2	0.9	1.1	1.5	0.1	
Return on capital employed, %	29.1	4.7	9.6	9.6	13.1	4.0	
Return on equity, %	24.7	1.4	7.4	8.8	10.4	-0.6	
Gross investments, €m	25.4	18.7	14.9	37.2	96.2	35.8	169.1
Free cash flow, €m	-41.2	32.9	40.5	-50.9	-18.7	29.3	-163.8
Capital employed, €m	581.8	514.3	552.4	555.3	581.8	544.4	6.9
Net debt, €m	171.8	140.2	179.0	193.3	171.8	140.1	22.6
Net gearing, %	49.2	43.5	55.1	63.1	49.2	46.4	6.0
Equity Ratio, %	29.4	29.1	28.8	27.7	29.4	26.9	9.4
Number of shares - at end, millions (excluding own shares)	114.5	114.5	114.5	114.5	114.5	114.5	0.0
Number of shares - average, millions (excluding own shares)	114.5	114.5	114.5	114.5	114.5	114.7	-0.2
Earnings per share, € (excluding own shares)	0.18	0.03	0.06	0.06	0.33	-0.02	1,750
Equity per share, € (excluding own shares)	2.90	2.66	2.68	2.66	2.90	2.62	10.7

Number of employees,  
average

3,086

2,992

2,803

2,529

2,854

2,683

6.4

