

27 March 2006

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Comparable figures refer to the last 13-month financial year (1.1.2004 – 31.1.2005) unless otherwise stated.

TAMRO GROUP FINANCIAL STATEMENTS 1.2.2005 – 31.1.2006

- Tamro Group's comparable net sales in 2005/2006 increased by 8% to EUR 4,857 million. Net sales in calendar year 2004 were EUR 4,488 million and EUR 4,857 million in the extended 13-month financial year (1.1.2004- 31.1.2005).
- Full-year operating profit rose by 26% to EUR 117 (93) million. The operating margin rose to 2.4 (1.9) %.
- Tamro Group's pre-tax profit in 2005/2006 was EUR 111 (89) million, up 25% from the previous year.
- During the reporting year, Tamro expanded its business through several acquisitions especially in the Baltics. After the financial period, it has entered the pharmaceutical wholesale market in Poland and increased its shareholding in its Russian affiliate.

“Tamro Group continued its stable performance throughout the financial year 2005/2006” says Tamro CEO **Jo Langmoen**. “The year was marked again by moderate market growth and intense competition over market shares, but we met this challenge by keeping sustained focus on cost efficiency, customer orientation and business development. Our geographical spread and further integration into retail in selected countries have helped us bridge short-term fluctuations in different markets. With increasing operations in Poland we enter the next financial year serving more customers than ever before in Tamro's history”.

The year 2005/2006 is Tamro's first financial year which starts 1 February and ends 31 January. The previous financial year (1.1.2004 – 31.1.2005) was extended to thirteen months to match the financial year of Tamro's parent company PHOENIX Pharmahandel AG&Co KG.

MARKETS AND OPERATING ENVIRONMENT

Measured at constant exchange rates (CER), the growth of the Nordic pharmaceutical market has remained at approximately 5% in the past three years. The long term trends have continued in 2005: Medicine prices are decreasing due to increasing price competition and more products coming off patent, which further increases the usage of generics.

Increasing demands from the ageing population and new treatments remain the key growth drivers. However, governments are fighting against medicine costs growth by introducing regulatory measures such as restrictions in the reimbursement schemes and price revisions.

For the full year 2005, total pharmaceuticals sales in the Nordic countries rose by 5.3% at CER to EUR 7.3 billion in pharmacy purchasing prices (PPP). Growth was distributed unevenly between the countries. The growth was fastest in Finland with 6.8%. Norway recorded slowest growth with an average of 2%, owing to cost-containment measures and the widening use of the stepped pricing system for generics. Sweden's market growth recovered by two percentage points to 4.3% and the Danish pharmaceuticals wholesale sales grew by 5.8%.

Tamro further developed its position in the Nordic pharmaceutical wholesale market, owing largely to sales growth in Finland, Sweden and Denmark. Tamro's pharmaceuticals wholesale in the Nordic area increased by 8% at CER to EUR 3,616 million in PPP. As a consequence, Tamro's average market share of pharmaceuticals wholesale rose to 52.3% in the Nordic countries, 1.5 percentage points higher than in 2004.

For the full year 2005, the total wholesale value of pharmaceuticals sales in the Baltic countries rose to EUR 604 million in PPP, surpassing the previous year's sales by 13 percent or EUR 71 million at CER. In spite of the relatively rapid growth in the recent years, pharmaceutical consumption in the Baltic countries is still significantly below the Nordic or EU average. Lithuania had the highest growth, followed by Latvia and Estonia. In Estonia, the growth was exceptionally slow.

NOVEMBER-JANUARY NET SALES AND FINANCIAL PERFORMANCE

In 2004 Tamro changed its accounting year to end on 31 January. Therefore, the comparable figures to the November 2005 - January 2006 results refer to the four-month period of October 2004 – January 2005.

Tamro Group's net sales during November– January were EUR 1,279 (1,570) million. The group operating profit rose to EUR 29 (27) million and the operating margin for the reporting period improved to 2.3 (1.7%).

Pharmaceutical sales growth decreased during November-January due to government initiatives. In Finland, the government slashed pharmaceutical wholesale prices by 5% as of January 2006. In Norway, the stepped pricing system gained full effect slowing down the market growth.

Tamro was able to improve its performance despite of the difficult market environment. Market share in Finland reached 60% at end of 2005 and Tamro became clear market leader in Sweden with a market share of 53% in January 2006. In Sweden this sales growth was attributed to new exclusive distribution contracts signed with Roche and AstraZeneca.

FULL YEAR NET SALES AND FINANCIAL PERFORMANCE

The Tamro Group net sales for the fiscal year 2005/2006 amounted to EUR 4,857 million, which represents an increase of 8% compared to the sales in calendar year 2004 (EUR 4,488 million). Sales increased due to several retail acquisitions in the Baltics and Norway, the acquisition of Danpleje A/S in Denmark and exclusive distribution contracts won in Sweden and Finland (Sanofi-Aventis).

The consolidated operating profit was EUR 117 (93) million, and the operating margin was 2.4% (1.9%). The performance was driven by good sales performance in Norway, stable sales growth across several countries and strong control of operating and financial expenses. The result includes a one-time capital gain of EUR 7 million from a sale of property in Denmark.

The consolidated ordinary profit before taxes was EUR 111 (89) million. The return on capital employed increased to 28 (19)%, while the return on equity rose to 25 (16)%.

FINANCING

Stable operational performance improved Tamro Group's debt capacity during the financial year and enabled further expansion of Tamro's activities.

The amount of the Finnish commercial paper program was increased from EUR 200 million to EUR 300 million and the issuer of the commercial papers was changed from Tamro Corporation to Tamro Finance Ltd. in June 2005. Tamro Corporation guarantees the commercial papers issued by Tamro Finance Ltd.

The back stop arrangement made with the Group's core banks had EUR 200 (200) million available limit at the end of the financial year. The arrangement ensured funding for an average one year and four months forward. The aggregate available limit in the Danish DKK 1,050 (EUR 141) million and in the Swedish SEK 1,200 (EUR 130) million Asset Securitisation programmes was EUR 67 (124) million.

The financial position remained solid throughout the financial year. The net debt on the balance sheet was EUR 83.0 (60.1) million at the year-end. Effective net debt, including as debt the EUR 176.3 (133.1) million receivables sold in January, totaled to EUR 259.2 (193.2) million. EUR 21 million dividend 2004/2005 was paid in May and EUR 101 million in August. The average effective net debt in financial year 2005/2006 was EUR 254 (165) million.

The liquid assets contracted to EUR 9.9 (13.2) million. The Group's net gearing was 26.4 (17.0) % and the equity ratio decreased to 29.8 (33.6) %. Net effective debt / EBITDA ratio was 1.7 at the end of the financial year.

Free cash flow and net working capital

Q4 cash flow

The fourth quarter free cash flow EUR 32.0 (31.6) million was strong despite significant investments during the quarter. Operative cash flow before the changes in the net working capital and investments was EUR 33.2 (35.6) million. The cash flow from the changes in net working capital was EUR 36.5 (38.4) million positive, mainly due to EUR 51 million reduction of the inventory which was partly off-set by lower accounts payables. The change in the sold receivable amount affected the cash flow positively by EUR 2.6 (66.0) million. Cash flow from the investment activities was EUR -37.7 (-43.3) million.

Full-year cash flow

The full-year free cash flow was EUR 95.1 (101.5) million. The operative cash flow before net working capital changes was EUR 116.8 (107.7) million and it improved from the last year's 13 months cash flow. The cash flow from the net working capital changes was EUR 32.7 (56.5) million. The change in the sold receivable amount affected the reported cash flow positively by EUR 43.2 (58.9) million. The net investments were EUR -54.4 (-62.7) million. The net working capital decreased to EUR 48.3 (85.6) million. The reduction is less than the amount of sold receivables increased and so effectively net working capital slightly increased to EUR 224.6 (218.7) million.

Financial expenses

Q4 financial expenses

Net financial expenses were EUR -1.7 (-1.2) million during the fourth quarter. The net interest expenses were EUR -1.7 (-0.9) million. The exchange rate differences were slightly positive.

Full-year financial expenses

The Group's net financial expenses were EUR -5.7 (-4.0) million in the financial year 2005/2006. The increase came mainly from the higher average effective net debt and partly from the higher interest rates during the latter part of the year. The exchange rate gains represented EUR 0.3 (0.3) million and the other financial expenses and income were EUR 0.0 (-0.3) million. Total percentage cost of financing remained at the same level as during the last year 2.24 (2.24) %.

CAPITAL EXPENDITURE AND ACQUISITIONS

The capital expenditures and acquisitions were EUR 71.8 (64.1) million, somewhat higher than last year in 13 months and about two times the depreciation level. Investments were made mainly to the retail sectors in Norway, Estonia and Lithuania. Tamro MedLab invested in Danpleje A/S, being active in the health care sector in Denmark. Tamro Corporation made an agreement to increase its

shareholding in Russia's third largest pharmaceutical wholesaler ZAO Rosta from 18% to 42.5% of the share capital. The deal is expected to receive approval from Russian competition authorities in April.

MAJOR CHANGES IN THE GROUP STRUCTURE

The fiscal year 2005/2006 was marked by several acquisitions.

In Denmark, Tamro MedLab signed an agreement 26 October 2005 to purchase Danpleje A/S, the second largest home care supply company in Denmark. Danpleje A/S was fully consolidated into Group figures from November 2005.

In Norway, Tamro expanded its leading position in retail through several pharmacy acquisitions during the year. Now Apokjeden's Apotek1-chain consists of 218 pharmacies, and Tamro Group's ownership in Apokjeden has reached 100% (99.34%).

In Estonia Tamro continued to build up its presence in the Estonian retail market by acquiring several pharmacies. Tamro's pharmacy chain Apteek1 now consists of 185 pharmacies and is second largest in the market.

Investments into retail continued also in Latvia, where several pharmacies joined Tamro's Gimenes Aptieka –chain. Through ownership and cooperation agreements Tamro now holds a 20% market share in the Latvian retail market.

In Lithuania Tamro continued expansion into retail by acquiring the pharmacy chain Ramuciu Vaistine in October 2005 and several other smaller units during the year. Tamro's pharmacy chain Seimos Vaistine now includes 88 fully owned pharmacies.

On 29 November Tamro announced its entrance into the Polish pharmaceutical wholesale. The business responsibility is transferred from Tamro's parent company Phoenix Group. Tamro acquires the company Phoenix Pharma Polska Sp. z o.o., which employs 277 people and has an annual turnover of EUR 145 million. The company is consolidated into Tamro Group from the beginning of the new fiscal year 1.2.2006.

PERSONNEL AND ORGANIZATION

Tamro's payroll averaged 4,223 (3,909) employees over the financial year. Of the total staff active in whole and retail of pharmaceuticals, 39% worked in Norway, 15% in Denmark, 11% in Sweden, 9% in Lithuania, 8% in Finland, 7% in Latvia and 5% in Estonia. Additionally MedLab Group employed 6% of the personnel.

BOARD OF DIRECTORS AND AUDITORS

The Annual General Meeting of 3 May 2005 elected six members to Tamro's Board of Directors. Dr Bernd Scheifele was re-elected as Chairman, and Mikael von Frenckell, Reimund Pohl, Dr Lorenz Näger and Matti Elovaara were re-elected as Board members. Dr. Reinhard Rupp, CFO of Phoenix Goup, was elected as a new member.

The Authorised Public Accountants Ernst & Young Oy and Anna-Maija Simola, APA, were re-elected as Tamro's external auditors.

EVENTS AFTER THE FINANCIAL PERIOD

On 27 March Tamro announced the acquisition of a Polish pharmaceutical pre-wholesaler FarmPlus Sp z.o.o from Mediplus Incorporated. FarmPlus with net sales of EUR 250 million will significantly increase Tamro's presence in Poland and facilitate better service for its customers.

OUTLOOK FOR THE NEXT FINANCIAL YEAR

The pharmaceuticals wholesale market in our operating countries grew by around 6% at CER in 2005. For 2006 we expect this growth to slow down to approximately 5% at CER.

In the Nordic countries we expect the market to grow at around 4% in 2006, mainly due to the falling price trend. Overall market growth in the Baltic countries is expected to continue in double figures in 2006. Our forecast for market growth in Poland is about 6%.

We expect Tamro's pharmaceutical wholesale business to grow beyond market average in 2006. The expansion into Poland will provide long-term growth potential.

Tamro Group continues its strategy based on cost leadership and customer orientation while expanding in emerging markets. We aim to offset the moderate market growth and tight competition by continuous operational improvements and active business development. With these measures we expect sustained profitability for the financial year 2006/2007.

THE BOARD'S PROPOSAL FOR THE 2005/2006 DIVIDEND

The Board of Directors proposes to the Annual General Meeting that the 2005/2006 dividend be set at EUR 0.20 per share.

The financial statements for the financial year 2005/2006 are audited.

Tamro Corporation
Board of Directors

For further information, please contact:

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A press conference will be held today at 1.00 p.m. at Tamro House (Vantaa, Rajatorpantie 41 B).

The full annual report will be published 10.5.2006 as an Annual Web Report at Tamro's website www.tamro.com.

TAMRO CORPORATION

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APPENDICES

Consolidated income statement

Consolidated balance sheet

Consolidated cash flow statement

Key figures

Net sales by business unit

Number of employees by business unit

Contingent liabilities

CONSOLIDATED INCOME STATEMENT						
	11/05-1/06	10/04-1/05	Change	2/05-1/06	1/04-1/05	Change
(EURm)			%			%
Net Sales	1,279.4	1,570.3	-18.5	4,856.8	4 856.7	0.0
Other income	0.2	0.3	-33.3	7.6	0.4	1800.0
Raw materials and services	-1,166.0	-1,444.3	-19.3	-4,442.1	-4,467.4	-0.6
Personnel expenses	-49.5	-58.3	-15.1	-185.7	-178.1	4.3
Depreciation and value adjustments	-9.3	-11.3	-17.7	-34.9	-35.0	-0.3
Other operating expenses	-25.4	-29.6	-14.2	-85.2	-84.1	1.3
Operating profit	29.4	27.1	8.5	116.5	92.5	25.9
Financial income and expenses	-1.7	-1.2	41.7	-5.7	-4.0	42.5
Share of associated companies' net income	0.2	0.1	100.0	0.3	0.3	0.0
Profit before taxes	27.9	26.0	7.3	111.1	88.8	25.1
Income taxes	-5.6	-4.2	33.3	-28.1	-23.0	22.2
Minority interest	0.0	2.8	-100.0	-0.2	-0.3	-33.3
Net profit for the period	22.3	24.6	-9.3	82.8	65.5	26.4

CONSOLIDATED BALANCE SHEET		
	31.1.2006	31.1.2005
(EURm)		
Assets		
Intangible and tangible assets	324.7	306.1
Financial assets	19.3	7.8
Inventories	305.1	307.1
Receivables	399.1	417.0
Liquid assets and short-term investments	9.9	13.2
	1,058.1	1,051.2
Equity & liabilities		
Shareholders' equity	314.5	351.8
Minority interest	0.3	1.0
Obligatory reserves	2.3	1.8
Long-term liabilities	28.0	16.7
Short-term liabilities	713.0	679.9
Balance sheet total	1,058.1	1,051.2

CONSOLIDATED CASH FLOW STATEMENT			
	2/05-1/06	1/04-1/05	Change
(EURm)			%
Operating profit	116.5	92.5	25.9
Depreciation, value adjustments and other adjustments	30.3	32.6	-6.9
Financial income and expenses	-6.0	-4.3	38.5
Other income and expenses	-7.0	0.4	-1 986.8
Taxes	-17.0	-13.4	26.9
	116.8	107.7	8.4
Change in net working capital	32.7	56.5	-42.1
Cash from operating activities	149.5	164.2	-9.0
Investments			
Investments in fixed assets	-71.8	-64.1	11.9
Sale of fixed assets and other changes	17.4	1.4	1,142.9
Cash used in investing activities	-54.4	-62.7	-13.3
Free cash flow	95.1	101.5	-6.3
Change in loans and other financial items	27.0	-21.5	-225.6
Dividends paid	-121.4	-84.7	43.3
Translation differences and other changes	-4.0	-4.4	-9.1
Cash used in financing activities	-98.4	-110.6	-11.0
Change in cash and cash equivalents	-3.3	-9.1	-63.7

KEY FIGURES						
	11/05-1/06	10/05-1/06	Change	2/05-1/06	1/04-1/05	Change
			%			%
Operating margin. %	2.3	1.7		2.4	1.9	
Profit margin. %	2.2	1.7		2.3	1.8	
Return on capital employed. %	29.2	18.8		28.3	19.2	
Return on equity. %	29.2	17.4		24.9	16.4	
Gross investments. €m	39.7	43.0	-7.8	71.8	64.1	11.9
Free cash flow. €m	32.0	31.6	1.4	95.1	101.5	-6.3
Capital employed. €m	411.8	441.8	-6.8	416.9	426.1	-2.2
Net working capital. €m	48.3	85.6	-43.5	48.3	85.6	-43.5
Interest-bearing net debt. €m	92.9	60.1	54.5	92.9	60.1	54.5
Net gearing. %	26.4	17.0		26.4	17.0	55.0
Equity Ratio. %	29.8	33.6		29.8	33.6	-11.5
Number of shares- at end. millions*	114.5	114.5	0.0	114.5	114.5	0.0
Number of shares- average. millions*	114.5	114.5	0.0	114.5	114.5	0.0
Earnings per share. €*	0.17	0.21	-16.7	0.72	0.57	26.8
Equity per share. €*	2.75	3.07	-10.4	2.75	3.07	-10.4
Number of employees. average	4,302	3,967	8.4	4,223	3,909	8.0
* excluding own shares						

NET SALES BY BUSINESS UNIT						
	11/05-1/06	10/04-1/05	Change	2/05-1/06	1/04-1/05	Change
(EURm)			%			%
Tamro Sweden	396.1	513.2	-22.8	1,536.3	1,616.0	-4.9
Tamro Denmark	321.4	384.8	-16.5	1,230.9	1,219.7	0.9
Tamro Finland	275.9	325.7	-15.3	1,039.1	984.3	5.6
Tamro Norway	187.2	227.7	-17.8	699.5	676.8	3.4
Tamro Estonia	14.6	18.3	-20.2	54.9	53.3	3.0
Tamro Latvia	23.4	28.4	-17.6	87.0	95.6	-9.0
Tamro Lithuania	23.1	32.1	-28.0	83.6	88.6	-5.6
Tamro MedLab	39.5	42.8	-7.7	132.5	133.8	-1.0
Other and internal	-1.8	-2.7	33.3	-7.0	-11.4	38.6
Group total	1,279.4	1,570.3	-18.5	4,856.8	4,856.7	0.0

NUMBER OF EMPLOYEES BY BUSINESS UNIT. AVERAGE						
	11/05-1/06	10/04-11/05	Change	2/05-1/06	1/04-1/05	Change
			%			%
Tamro Sweden	433	446	-2.9	448	468	-4.3
Tamro Denmark	617	609	1.3	614	621	-1.1
Tamro Finland	330	317	4.1	332	320	3.8
Tamro Norway	1,698	1,517	11.9	1,650	1,527	8.1
Tamro Estonia	210	181	16.0	209	164	27.4
Tamro Latvia	282	271	4.1	276	274	0.7
Tamro Lithuania	425	339	25.4	397	251	58.2
Tamro MedLab	285	264	8.0	274	263	4.2
Other and internal	22	23	-4.3	23	21	9.5
Group total	4,302	3,967	8.4	4,223	3,909	8.0

CONTINGENT LIABILITIES

CONTINGENT LIABILITIES		
	31.1.2006	31.1.2005
(EURm)		
Property mortgages	1.4	1.5
Pledges	0.0	0.0
Guarantees for others	0.5	0.9
Other commitments	44.1	25.9
	46.0	28.3

DERIVATIVE FINANCIAL INSTRUMENTS		
	31.1.2006	31.1.2005
(EURm)		
Derivatives - notional amounts		
Currency instruments		
Currency forward contracts	288.7	216.0
Interest rate instruments		
Interest rate swaps	0.0	10.0
Interest rate forward contracts	0.0	0.0
Derivatives - market value		
Currency instruments		
Currency forward contracts	-0.1	-0.1
Interest rate instruments		
Interest rate swaps	0.0	-0.2
Interest rate forward contracts	0.0	0.0

*) The notional amounts of derivatives summarised here do not represent amounts actually exchanged between the parties and are thus not a measure of Tamro's derivatives-related exposure.