TAMRO

Annual Report 2000

Tamro

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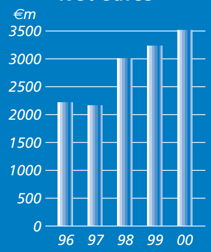
Kasper Lund-Jacobsen
market development manager
Nomeco, Copenhagen

Anita Westby
warehouse worker
Tamro, Oslo

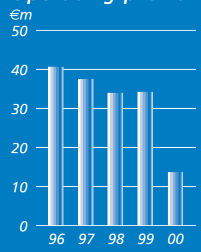
Liselott Thiel
purchaser
Tamro, Gothenburg

THE YEAR IN BRIEF

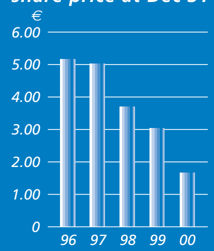
Net sales



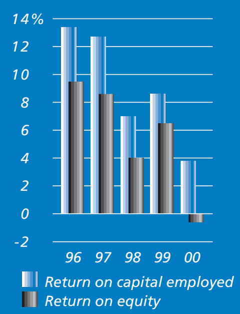
Operating profit



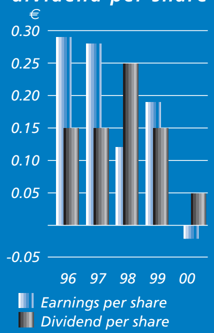
Development of share price at Dec 31



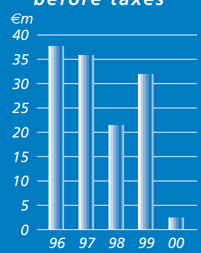
Return on capital



Earnings and dividend per share



Ordinary profit before taxes



Tamro Group's net sales came to EUR 3,518.4 million, up 8.7% from the year before. The aggregate pharmaceutical market in Tamro's area of operation expanded by 10%.

- In February 2000 Tamro drew up a long-term collaboration agreement with Apokjeden AS, the leading Norwegian pharmacy chain, which gave Tamro a holding in Apokjeden and Apokjeden a holding in Tamro Distribution AS. By this collaboration, Tamro Distribution AS has grown to be the second largest pharmaceutical wholesaler in Norway and has expanded its distribution network nationwide. In February 2001, the parties agreed on a further step, through which Tamro Distribution AS became a subsidiary for the new Apokjeden Group and Tamro Corporation the owner of a 49 per cent holding in the Apokjeden Group.

- Tamro's management underwent major changes during 2000. Jussi Holopainen was appointed Managing Director of Tamro Finland as of 1 March. Pekka Laitasalo took up the position of Chief Financial Officer of Tamro Group in June, and Jorma Turunen started as Managing Director of Tamro MedLab in August. Jo Langmoen was appointed Managing Director of Tamro Norway as of 1 December.

- Tamro Finland launched an efficiency and profitability boosting programme in spring. The cost-reduction impact will begin to be fully felt in spring 2001.

- Tamro focused on its core business and divested its Karttakeskus Oy shares in two stages, selling a 19.9% stake to MapInfo Corporation in January 2000 and 80.1% to WSOY in September. In March Tamro agreed on swapping its Castrum Oyj shares to Sponda Oyj shares.

- During the year financial control was advanced in the Group. Hereby it was uncovered that financial reporting in Norway had for many years been manipulated and contained forged documentation. Corrections made were booked as a significant loss in the results of 2000.

- In April Phoenix Pharmahandel AG & Co, Germany's largest pharmaceutical wholesale company with operations in nine other countries in Central Europe, became Tamro's biggest shareholder.

FINANCIAL HIGHLIGHTS

		2000	1999	1998
Net Sales	€m	3,518.4	3,235.8	3,019.8
Sales change	%	8.7	7.1	39.3
Sales outside Finland	€m	2,472.4	2,459.8	2,284.3
Operating profit	€m	13.7	34.2	34.1
Operating margin	%	0.4	1.1	1.1
Ordinary profit before taxes	€m	2.4	31.9	21.4
Ordinary net profit	€m	–1.9	22.6	14.2
Return on capital employed	%	3.8	8.6	7.0
Return on equity	%	–0.6	6.5	4.0
Earnings per share	€	–0.02	0.19	0.12
Dividend per share	€	0.05 *)	0.15	0.25
Share price at 31 Dec	€	1.67	3.04	3.70
Market capitalisation at 31 Dec	€m	191.2	352.3	445.2
Net gearing	%	46.4	43.5	5.9
Interest cover	times	1.2	5.3	5.0
Equity ratio	%	26.8	31.7	38.1
Investments	€m	35.8	22.6	34.5
Number of employees, average		2,683	2,532	2,578

*) Board proposal

CEO'S LETTER

Dear shareholders,

Tamro, the leading pharmaceutical wholesaler in Northern Europe, is a young Group. The first merger across Nordic borders took place between Finnish Tamro and Swedish ADA AB in 1995. A year earlier ADA and Tamro had jointly ventured into Russia and the Baltic States, and ADA had entered the Norwegian market. The Nordic moves were finalised in 1998 when Danish Nomeco merged with the Group. Thus 1999–2000 was a period of transformation and consolidation.

The build-up phase was followed by a change to a market- and customer-oriented corporate culture, launched through common core values in 1999. In the beginning of 2000, aided by the commissioning of major new IT platforms in Finland, Sweden and Norway, we were finally able to settle our strategy. Tamro focuses on its core business, the pharmaceutical markets, and complements this with wholesale activities in other healthcare products and equipment. Our ambition is to be seen by our customers, suppliers and shareholders as the best in everything we do. In each country we build our operation on national characteristics, the legislative and competitive environment, and customer needs. In many respects – but not in all – Tamro is already at the forefront.

We adapt to the markets

During these years of consolidation the markets in Northern Europe have evolved, too. Our competitors have not stood still. The expectations in the 1990s concerning Nordic market harmonisation and unification have been postponed until the distant future. National healthcare authorities have relied on a variety of regulatory and deregulatory measures in their efforts to manage growing healthcare costs. Only the steady annual growth of 7–10% in pharmaceutical demand has remained unchanged.

In 2000 Tamro shifted its focus to meeting market trends. Our strong market position in every country of operation and our commitment to customer success provide a solid platform on which to build. The policy of partnership characterises our approach to our founding fathers, the pharmacies, even in countries like Norway and the Baltic States, where pharmacy ownership is deregulated. We research and develop the Nordic, Baltic and Russian Concept services in order to meet the pre-wholesale needs of the pharmaceutical industry's European and Nordic managements.

Improving quality and cost-efficiency

In its role as pharmaceutical wholesaler Tamro serves today some 46 million consumers, most of them daily. Half of their annual pharmaceutical consumption of approximately EUR 6 billion was distributed through Tamro.

Hidden behind these large and growing numbers lies a fundamental truth and prerequisite to survival and success in pharmaceutical wholesale: both the quality and the cost-efficiency of all our operations must continuously improve. Phoenix Pharmahandel, one of the leading pan-European wholesalers, which became a Tamro shareholder in the spring of 2000, has provided valuable competence in this respect, and will continue to do so.

Harnessing and processing our massive information flows is becoming a key element in our quest for ever-increasing quality and productivity. During 2000 the share of electronic trade between Tamro and our pharmacy customers already exceeded 90% of total sales. The new IT platforms will enable us to take major steps forward.

All this forms the framework of our future growth, profitability and development. We can indeed say that 2000 was a year of major transition.

Building and pruning

In Norway, Tamro formed an alliance with Norwegian pharmacists, expanded its distribution nation-wide and tripled its sales by the end of the year. In Finland we adjusted our costs by reducing 20% of our workforce and by closing one warehouse while beginning the construction of a technologically highly advanced new service centre in Tampere, the central point of Finnish consumption. In Lithuania we completed the consolidation of operations by reducing the workforce by around 50%, closing three old warehouses and concentrating operations in the new Kaunas service centre. In Estonia, we launched the construction of a new service centre in Tallinn to replace the old one, which could no longer keep up with the strong growth in the Estonian markets. The modernisation of the Copenhagen service centre was initiated in order to increase capacity, quality and cost efficiency.

The outsourcing of our IT competence in 1997 was reversed, new IT resources were built, and overall IT costs were reduced by EUR 8 million, or half of our ultimate goal. During 2000 we offered the first Nordic business-to-consumer internet applications to our Danish pharmacy customers.

We also streamlined much of the old. During the year, several non-recurring items were booked through the income statement, mostly as a result of fraudulent bookkeeping, which had continued for years in Norway and was discovered in autumn. The total net amount of these items came close to EUR 27 million. We divested unrelated pieces of real estate and our shareholding in Karttakeskus Oy, and swapped Castrum shares for the more liquid Sponda Oyj shares. We ceased speculative trading with currency options. As a result we posted a loss after extraordinary items of EUR 12.2 million for 2000.

We have a clear direction now. In 2001, our internal focus will be on productivity and quality in all our operations and employment of capital, while our external focus will be on further boosting our market position and customer satisfaction. Tamro now has a solid platform for growth and profitability in a situation of tightening competition and profound changes in our operating environment. I wish to thank all our employees in Denmark, Sweden, Finland, Norway, Estonia, Latvia, Lithuania and Russia for leading Tamro through the demanding year of transition in 2000. My thanks also go to our supplying industries and customers for their confidence in us during this process.

Pauli Kulvik

“

I work very closely together with my customers, pharmacies. Therefore I have to thoroughly understand the customers’ point of view and needs”.

Kasper Lund-Jacobsen
market development manager
Nomeco, Copenhagen

Tamro core values

- Commitment to customer success
- Openness, trust and appreciation
- Daily improvement
- Strong ethics

TAMRO OVERVIEW

Tamro

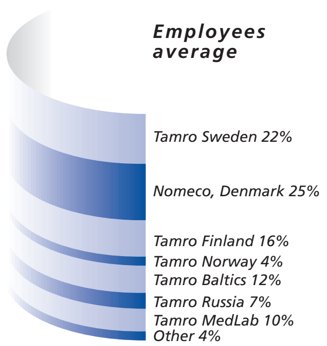
is the leading North European pharmaceutical wholesaler, distributor and provider of related services. Tamro is also heavily engaged in the marketing of healthcare and laboratory products in this area.

Tamro was founded in 1895, but the Group's Danish origins date back to 1801. Tamro Corporation's shares have been listed on the Helsinki Exchanges since 1955.

Vision

Tamro will also in the future be part of the demanding market for healthcare services. Managing the information flows and adding value to them will have an ever greater importance to all our work: quality and productivity, and networking with our customers and partners.

We have prioritised our commitment to the success of pharmacies, hospital pharmacies and other healthcare professionals in their challenging work. We share with them the same principal goal, the well-being of consumers. Our survival depends on the quality of our services and the competitiveness of our operations.



Our key resource is a skilled personnel. We invest in an open working environment, which demands much but is also rewarding and encourages creativity and initiative. Only through success can we retain our shareholders' trust.

Strategy

Our objective is to further grow and evolve as the leading pharmaceutical wholesaler, distributor and service provider for Northern Europe. We build on our strong market positions – holding today an average share of 50% throughout our operating area – and on our commitment to customer success as a core value. We complement our core business with the marketing of other products and equipment to the healthcare sector.

In forward integration along the pharmaceutical supply chain we follow and pursue a policy of partnership with all our pharmacy customers. In backward integration along the supply chain we invest in research and development of pan-European pre-wholesale services, our Nordic, Baltic and Russian Concepts.

We emphasise marketing, logistics and information technologies as our core competencies, to be developed further.

We measure our progress through the eyes of our supplying industries, customers and shareholders. Internally, we pursue rigorous benchmarking of quality and productivity, whether it concerns our operations, employees or assets employed.

Our management culture is built on transparency, delegated responsibility and ownership, and on achievement-based rewarding.

Markets

Each of the Nordic countries, the Baltic states and Russia constitute a market of their own, characterised by different legislation, degrees of deregulation, competitive environments, business practices, products, currencies, languages and cultures.

What they have in common is an ageing population and a growing demand for ever more advanced pharmaceuticals, which will contribute to continued market growth in the years to come. There is a general trend towards deregulation, although each country advances at its own pace and in its own way. In most cases, generic substitution combined with parallel import is gaining momentum, and this is supported by authorities as they strive to curb rising public pharmaceutical costs.

Tamro's business breaks down into pharmaceutical distribution, which yields 97.5% of the Group's net sales, and into the complementary marketing of healthcare products and laboratory supplies.

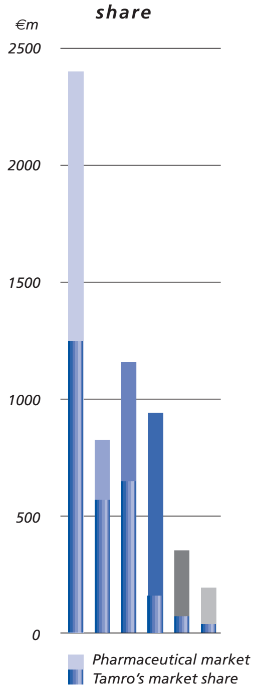
Pharmaceutical distribution operations vary in each country of operation, although they can roughly be divided into three groups.

Sweden and Finland maintain single-channel distribution systems, implemented in the 1970s, based on an exclusive contractual relationship between the manufacturer and its distributor. This system has enabled the lowest pharmaceutical distribution costs in the industrial world, despite sparse population and severe geographical conditions in these two Nordic countries. These type of exclusive agreements are in principle not accepted in the European Union, and thus have required the approval of the competition authorities.

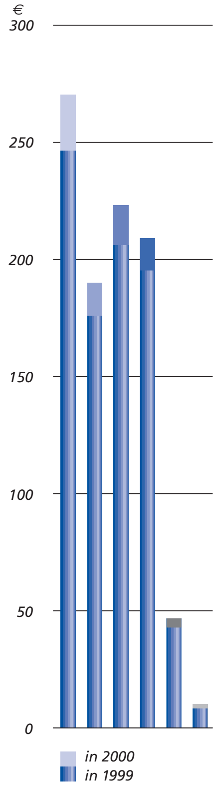
PHARMACEUTICAL MARKETS IN TAMRO'S AREA OF OPERATIONS IN 2000 (in wholesale prices)

Sweden · Denmark · Finland · Norway · Baltics · Nortwest Russia

Market size and Tamro's market share



Consumption of pharmaceuticals per capita and its growth 1999–2000



In Denmark and Norway pharmaceutical wholesalers carry the full range of drugs on the market and provide services to pharmacies throughout the country. Danish legislation changed on 1 July 2000, allowing wholesalers to grant pharmacies cost-related discounts to improve cost-efficiency and rationalisation. The ownership of Norwegian pharmacies was deregulated from the beginning of March 2001.

In the Baltic States and Russia the markets are moving closer to the kind of environment wholesaling companies face in Western Europe.

Healthcare and laboratory supplies

Tamro's subsidiary Tamro MedLab Oy sells, markets and imports a broad range of basic and specialised healthcare products, laboratory supplies, diagnostics and biotechnical products and equipment. The unit's customers are healthcare facilities and industrial, research and educational laboratories.

Tamro MedLab's line of business is characterised by the importance of one stop shopping to the customers and high quality product support.

R&D

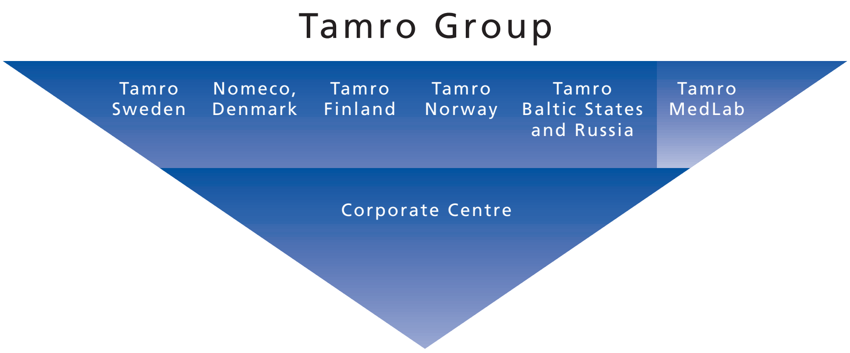
In pharmaceuticals distribution, research and development means developing different kinds of service concepts in a customer-oriented manner. In 2000, Tamro's main investments in development were directed at information and pre-wholesaling services for the industry (Nordic Concept, Baltic Concept and Russian Concept) and at business-to-business e-commerce applications for customers.

Quality

Tamro follows the Good Distribution Practice guidelines (GDP) in its wholesaling operations. GDP is a quality standard for pharmaceutical wholesaling companies in the European Union. Tamro's manufacturing services connected to pre-wholesaling are subject to the industry standards in Good Manufacturing Practice (GMP).

To complement the GDP/GMP guidelines, Tamro has started to introduce the ISO9002 quality standards as well as the ISO14000 environmental quality standards.

Tamro's subsidiaries in the Baltic States and Russia were the first pharmaceutical wholesalers in these countries to follow the international GDP/GMP standards.



Structure

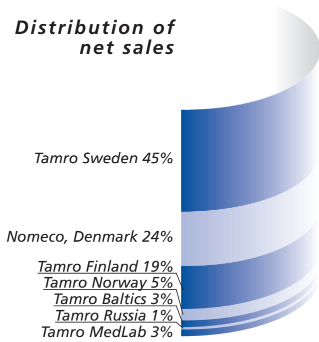
Tamro's business structure is in line with its strategy. Pharmaceutical wholesaling is divided into four business units – Tamro AB (Sweden), Tamro Finland, Tamro Distribution AS (Norway) and Nomeco A/S (Denmark) – and into the Tamro Distribution Baltics and Russia division, which in turn consists of four companies, Tamro Eesti AS (Estonia), Tamro SIA (Latvia), UAB Tamro (Lithuania) and ZAO Pharm Tamda 77 (Russia).

In February 2000, Tamro and Apokjeden AS, the leading pharmacy chain in Norway, established an alliance. According to the agreement, Tamro received a 13% stake of Apokjeden AS. In February 2001, Apokjeden AS and Tamro Distribution AS, Tamro's Norwegian subsidiary, decided to merge their operations into Apokjeden Group. Tamro will subscribe to 49% of Apokjeden Group share capital. In this context, Tamro Distribution AS became wholly owned by Apokjeden. Tamro will consolidate the new Apokjeden Group in full.

The complementary marketing of healthcare and laboratory supplies and equipment is handled by Tamro MedLab Group. The parent company MedLab Oy has subsidiaries or representations in seven countries.

The operations of the business units are presented in more detail elsewhere in this Annual Report.

Tamro owns a 30% share in Mölnlycke Health Care AB, one of Europe's leading manufacturers and marketers of surgical textiles and wound care products and 30% of the shares in the Danish SoftDesign A/S, an integral part of Tamro's IT competence pool.



INFORMATION ON TAMRO'S SHARES

Shareholders by group at 31 Dec 2000

Finnish companies 9%
Finnish financial and insurance institutions 8%
Finnish public institutions 7%
Finnish individuals and others 9%
Finnish non-profit seeking owners 1%

Phoenix Pharmahandel AG & Co 35%

Apoteket AB 19%

Other foreign owners (incl. nominee holdings) 11%
Own shares 0.3%

Total foreign ownership 65%

Share capital

The share capital of Parent Company Tamro Corporation as of 31 December 2000 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.

In January 2000, a total of 500 new Tamro Corporation shares were subscribed to using warrants from the 1994 and 1995 warrant bond issues to the personnel of Tamro Corporation. The corresponding increase in share capital was entered into the Trade Register on 15 May 2000.

In line with the authorisation for the Board of Directors granted by the Annual General Meeting in 1999, the company bought back 1,393,500 Tamro Corporation shares at an acquisition price of EUR 4.5 million.

Tamro Corporation's Annual General Meeting on 12 April 2000 decided to cancel the 5,528,847 own shares repurchased by the company by 28 February 2000 under the above authorisation. This was recorded in the Trade Register on 16 May 2000. The number of Tamro shares after the cancellation totalled 114,837,083 and share capital EUR 114,837,083. The company retained ownership of 341,000 of its own shares.

Incentive system

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

The 1997 warrant bonds issued to the personnel included 2,500,000 class A warrants and 2,500,000 class B warrants. The Board of Directors has decided to cancel the 224,000 A warrants and the 224,000 B-warrants held by a Group company. The class A warrants entitle their holders to subscribe to one Tamro Corporation share at a subscription price of FIM 39 (EUR 6.56), less the regular dividend paid out after issuance, between 1 December 2000 and 31 January 2004. The class B warrants entitle their holders to subscribe to one Tamro Corporation share at a subscription price of FIM 39 (EUR 6.56), less the regular dividend paid out after issuance, between 1 December 2001 and 31 January 2004.

The Tamro Corporation Annual General Meeting in 2000 decided to offer share option rights to its key personnel. The share option scheme consists of 1,500,000 class A share option rights and 1,500,000 class B share option rights. Shares may be subscribed to with class A share option rights from 1 April 2002 to 30 April 2006, and with class B share option rights from 1 April 2004 to 30 April 2006. The subscription price will be EUR 4.00 for shares whose subscription period commences on 1 April 2002, and EUR 4.80 for shares whose subscription period commences on 1 April 2004, 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 at least equal the nominal value of the share.

The subscriptions may increase share capital of the company by a maximum of 7,552,000 shares, or EUR 7,552,000.

Repurchase of company's own shares

The Annual General Meeting held on 12 April 2000 authorised the Board of Directors to decide to repurchase Tamro Corporation shares on the following conditions:

1. The total number of shares (book-entry securities) repurchased plus existing own shares may not exceed 5% of the total number of shares outstanding during the validity period of the authorisation.
2. The shares are to be repurchased at the going rate in open trading on the Helsinki Exchanges.
3. The shares may, if necessary, be repurchased to be used in the company's remuneration and incentive systems or in connection with corporate mergers and acquisitions if the Board deems this to be in the best interests of shareholders in the light of share-specific key figures, if the Board considers this to be an advantageous method of expending liquid assets, or for other similar purposes.
4. The acquisition price of the shares reduces the company's distributable non-restricted equity.
5. The authorisation is valid for one year after the Annual General Meeting.
6. Board decisions based on this authorisation are to be announced separately. Shareholders wishing to sell their holding or part thereof back to the company must issue a selling order to an authorised securities broker after the Board has separately decided to reacquire the company's own shares.

By the end of 2000 the company had not bought back any Tamro Corporation shares using the Board's authorisation. The company's holding of own shares, purchased according to the decision of the 1999 Annual General Meeting, corresponds to 0.3% of the year-end share capital.

Shareholders

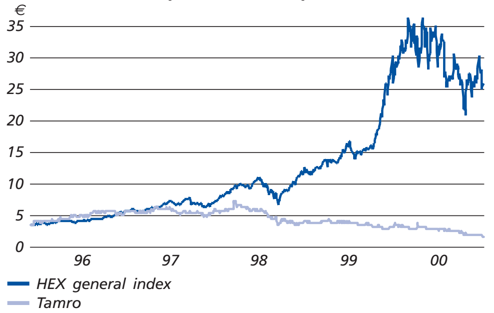
At the end of the accounting period, 34.7% of Tamro Corporation shares were in Finnish, 35.3% in German and 19.3% in Swedish hands. Other foreign owners held 10.7% of the shares.

At year's end, the Board Members and the CEO held a total of 205,000 Tamro Corporation shares, 370,000 year 1997 warrants and 400,000 year 2000 share option rights. 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 26,280 shares, 346,000 year 1997 warrants and 1,056,000 year 2000 share option rights.

Dividend policy and distribution to owners

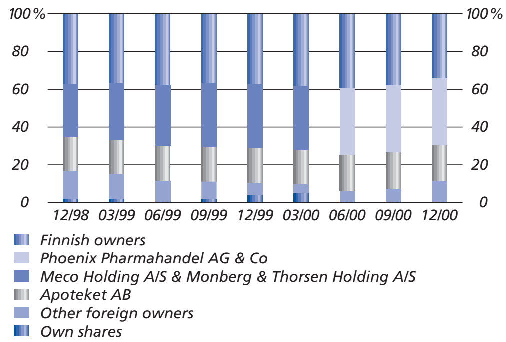
The aim of the Board is to ensure that Tamro's shares remain a high-performance long-term investment object. Provided that Tamro's financial development continues along healthy lines, the Board targets a divi-

Tamro's share price development 1996–2000

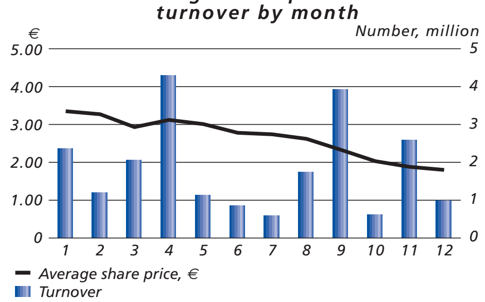


Market capitalisation 1996–2000

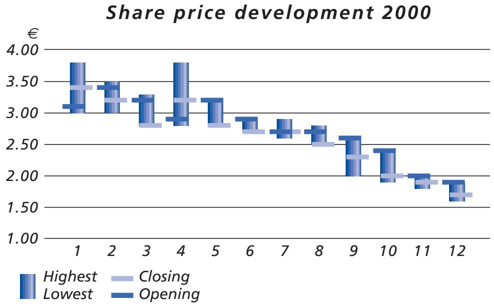
Development of shareholder structure 1998–2000



Average share price and turnover by month



Share price development 2000



dend pay-out ratio of around 50% of the earnings per share (EPS).

The Board of Directors proposes to the Annual General Meeting that the 2000 dividend be set at EUR 0.05 per share.

Share listing, performance and trading volume

Tamro Corporation shares are listed on the Helsinki Exchanges.

The closing price for 2000 stood at EUR 1.67, down 45% from the end of 1999. The year's trading high was EUR 3.80 and trading low EUR 1.62. During 2000, a total of 22.4 million shares changed hands, equivalent to 19.6% of the average number of all Tamro shares; this share turnover represented a market value of EUR 60.5 million. The share turnover decreased by 57.9% and the market value by 67.2%.

Tamro's market capitalisation at year-end was EUR 191.2 million compared with EUR 352.3 million at the close of 1999. The market capitalisation figure does not include own shares. Information on share price trends and share-specific data for the past five years are presented on page 56.

A total of 10,000,000 warrants issued in connection with the 1994 and 1995 warrant bonds were traded at a market value of EUR 0.5 million on the Helsinki Exchanges during 2000. The year's trading high for warrants was EUR 0.10 and the trading low EUR 0.02. Trading ended on 24 January 2000.

Tamro's shares and warrants held by members of the Board of Directors, CEO and permanent insiders are presented on page 58.

Shareholdings by ownership bracket on 31 December 2000

No. of shares held	No. of holders	Total no. of shares	Percentage of shares and voting rights, %
1-500	5,421	1,232,641	1.07
501-1 000	1,752	1,457,408	1.27
1 001-5 000	1,941	4,632,880	4.03
5 001-20 000	366	3,513,723	3.06
20 001-50 000	54	1,645,214	1.43
50 001-500 000	47	6,108,558	5.32
500 001-	17	96,164,871	83.74
Shares not transferred to book-entry securities system		81,788	0.07
Total	9,598	114,837,083	100.00

Major shareholders on 31 December 2000

	Number of shares and votes, 1,000	Ownership share, %
1. Meco Holding A/S *)	34,456	30.0
2. Apoteket AB	22,114	19.3
3. The Tapiola Insurance Group	7,703	6.7
4. Orion	6,849	6.0
5. Nordic Pharma Invest A/S *) ***)	6,084	5.3
6. Sampo Group**)	2,001	1.7
7. Varma-Sampo Mutual Pension Insurance Company **)	1,740	1.5
8. Kaleva Mutual Insurance Company **)	1,278	1.1
9. Local Government Pensions Institution	1,010	0.9
10. The Employment Pension Fund	910	0.8
11. Odin Finland	748	0.7
12. Mutual Insurance Company Pension Fennia	545	0.5
13. OKOBANK and OKO Pension Foundation	484	0.4
14. Estate of Toivanen Erik Jalmari	443	0.4
15. Odin Norden	430	0.4
16. Special Mutual Fund WIP Small Titans	287	0.2
17. Merita Life Assurance Ltd	274	0.2
18. OP-Delta Investment Fund	228	0.2
19. Investment Fund Aktia Capital	210	0.2
20. Jenny and Antti Wihuri Fund	195	0.2
Others***)	26,850	23.4
Total	114,837	100.0

*) Phoenix Pharmahandel AG & Co 35.3% of all shares.
**) Sampo-Varma Group total 4.37% of all shares.
***) Nominee shareholdings 14.8% of all shares, holding of Tamro Corporation 0.3%.

Share capital changes 1990–2000

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

FINANCING AND FINANCIAL RISK MANAGEMENT

Financing

The Group's financing activities including risk management, are managed by the Group administration, in accordance with the finance policy approved by the Board of Directors. The Parent Company acts as a captive (in-house) bank to meet the group companies' needs.

The Parent Company principally carries out liquidity management with respect to EUR, SEK, DKK and NOK by using group accounts. This approach ensures external financing volume and price benefits and minimises the total liquidity required for the group's monetary transactions.

The Group's net gearing at the end of 2000 finished at 46.4 (43.5)% and net debt at year's end totalled EUR 140 (146) million. The Group policy is to maintain a good liquidity position under all circumstances. At year's end, the Group had, in addition to cash and cash equivalents, undrawn lines of credit worth approximately EUR 158 (106) million.

The majority of Tamro's financial investments are made in money and bond market instruments. The Group does not actively invest in listed or other shares. With a view to limiting the credit risk associated with investments and in line with the corporate finance policy, investments in interest-rate instruments are limited to certificates of deposit (CDs) issued by major Nordic banks, commercial papers and bonds floated by companies with a high credit rating as well as short- and long-term securities issued by the Finnish and Swedish states and state institutions.

In spring the Finance Department of the Group inaugurated a new treasury information system as part of a larger finance system reform project. The related monetary transaction and financial planning investment reached testing stage at the end of the year and will be rolled out during the spring of 2001.

Risk management

In keeping with the corporate risk management policy, the Group's principal objective is to minimise and offset all significant currency and interest-related risks.

Currency

Both internal and external hedging techniques are used. The bulk of the Group's overseas purchases are effected in the respective home currencies of different business units to guarantee minimal transaction exposure. Accounts payable in other than the units' home currencies are partially hedged with currency forwards, deposits, loans and clauses, with the exception of the Russian rouble, which is not protected due to no developed hedging market in existence. Intra-group financial transaction risks are hedged partly with currency forwards.

Translation risk management

Tamro no longer hedges the foreign-currency-denominated shareholders' equity of overseas subsidiaries against currency fluctuations

Speculative trading in fiscal instruments was brought down during 2000, as part of revised strategies, and positions were finally closed by the end of the year.

Interest-risk management

Due to the Group's balance sheet structure, Tamro is a net investor in EUR and a net borrower in DKK, SEK and NOK. Interest-rate risks are managed using forward-rate agreements, interest-rate swaps and interest-rate options.

Tamro's open and closed derivative instruments are presented in tabular form in the Notes to the Financial Statements on pages 48 and 53.

“

I am careful when handling goods and this way ensure that our customers are satisfied with the quality of our services”.

Anita Westby
warehouse worker
Tamro, Oslo

PHARMACEUTICAL DISTRIBUTION

Bengt Persson
Managing Director
Tamro Sweden

Sweden

The market situation

The Swedish pharmaceutical market continued to grow at 10% in 2000. Pharmaceutical sales in terms of wholesale prices rose to EUR 2,399 million. For years, authorities have recommended increased use of parallel imports and other lower-cost products. Parallel imports' share of the aggregate pharmaceutical sales grew from 8% in 1999 to 9% in 2000.

Tamro's share of Swedish pharmaceutical sales declined to 52 (53)% in 2000 as a result of the largest suppliers' growing more slowly than the market average. Lost and gained exclusive distribution contracts were in balance.

The otherwise stable markets were perturbed in autumn by the announcement that Apoteket AB, the retail monopoly of the Swedish state, considers establishing logistics centres serving pharmacies throughout Sweden. In their statements to the competition authorities, the pharmaceuticals industry and distributors maintained that, if implemented, such plans would restrain free competition in the pharmaceutical market.

In late 2000, Tamro received a permission from the Swedish Competition Authority to continue pharmaceuticals distribution in a single channel environment. The permission is accorded until the end of 2003.

Financial performance and operations

Tamro Sweden's operating profit improved by 0.3% in 2000. Net sales rose 10%, and pharmaceutical sales accounted for 79% of total sales. IT investments formed the bulk of capital spending.

The daily services provided to our biggest customer groups, Apoteket AB's pharmacies and municipal customers (Landstinget), were further upgraded. The new and improved information systems helped to optimise product deliveries and secure product availability. In-house IT competence was built and integrated with business operations.

Operations were reorganised during the year, aligned in accordance to our customer and business orientation. Tamro Sweden includes two business areas: Pharmacy Distribution and Supplier Service, while home distribution of incontinence products is handled by Tamro HealthCare AB. The unit is building a wholesale concept for municipal and private customers.

Tamro Sweden was awarded the ISO 14001 environmental certificate in December, and in the course of the year, the entire staff was trained in environmental issues. Tamro Sweden holds the ISO 9002 quality certificate since 1995.

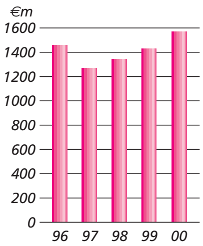
Outlook for 2001

The Swedish authorities are expected to increase their efforts to cut down growing healthcare costs. The upward trend of the pharmaceutical market will continue, but potentially at a slower pace.

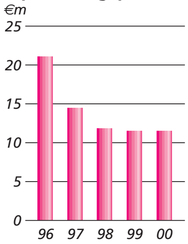
We trust that Apoteket AB's plans for a new logistical structure will not have any major effect in 2001.

	2000	1999	1998
Net Sales (€m)	**1,573.8**	1,431.6	1,345.2
Operating profit (€m)	**11.5**	11.5	11.8
Operating margin (%)	**0.7**	0.8	0.9
Return on capital employed (%)	**9**	11	12
Share of Group sales (%)	**45**	44	45
Investments (€m)	**1.4**	1.3	2.2
Number of employees, average	**578**	537	603

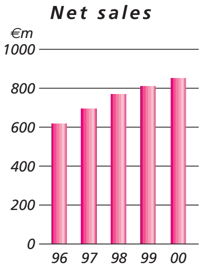
Net sales

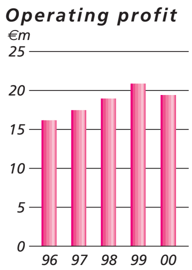


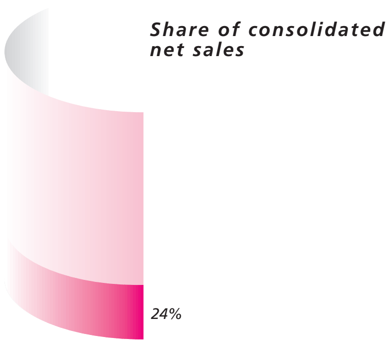
Operating profit



Share of consolidated net sales







Jan Bonde
Managing Director
Nomeco, Denmark

Nomeco, Denmark

The market situation

The Danish pharmaceutical market has grown steadily, though at a lower pace than the other Nordic markets, for several years in a row. In 2000 pharmaceutical sales by wholesalers rose 8% and stood at EUR 823 million. Nomeco's market share remained at the previous year's level of 69%.

Several amendments were made to pharmaceutical legislation during the year. Authorities gave wholesalers the right to grant pharmacies cost-related discounts, which stepped up price competition and weakened slightly the profitability of the whole sector. There is also a plan to allow selling of some OTC products in the non-pharmacy retail trade. In the beginning of March, a new reimbursement scheme was introduced. A price freeze was introduced for the first half of 2001, during which period pharmaceutical prices may not rise and must stay below the corresponding European averages.

Financial performance and operations

In 2000, Nomeco's operating profit decreased by 7% and net sales rose 5% The discounts granted to pharmacies had an impact on the result. Pharmaceutical sales accounted for 67% of net sales.

Modernisation of the Copenhagen distribution centre commenced in the autumn.

A Vendor Management Inventory (VMI) project, where pharmacies use Nomeco for optimising inventories, was tested with a few pharmacies in 2000. With Nomeco responsible for the availability of products in the retail chain, capacity is released for the customer service of pharmacies. During the year, Nomeco also set up a web pharmacy service for its clients.

Nomeco consists of the parent company, active in pharmaceuticals distribution, and of four subsidiaries. Hermedico supplies diabetic products, Forex provides fittings and furnishings for pharmacies, Unikem sells pharmaceutical raw materials and Viminco produces pharmaceutical preparations and nutritional supplements. Subsidiary Bang & Tegner was divested in early 2001.

Outlook for 2001

Measures aimed at curbing medicine prices are anticipated to rein in pharmaceutical market growth in 2001. As a result, a slowdown is expected in the growth of Nomeco's net sales, although the quantity of pharmaceuticals delivered will probably remain unchanged.

	2000	1999	1998
Net Sales (€m)	**852.5**	810.4	769.2
Operating profit (€m)	**19.4**	20.9	19.0
Operating margin (%)	**2.3**	2.6	2.5
Return on capital employed (%)	**12**	14	13
Share of Group sales (%)	**24**	25	25
Investments (€m)	**9.1**	5.5	3.5
Number of employees, average	**667**	665	643

Jussi Holopainen
Managing Director
Tamro Finland

Finland

The market situation

The Finnish pharmaceutical market grew by 9% to EUR 1,156 million.

The competitive environment in Finland has changed radically and the price competition has grown even tighter with the emergence of a third pharmaceutical distributor, owned in part by the pharmaceutical industry. Consequently, at the beginning of 2000 two of the shareholders transferred their distribution contracts from Tamro to the new entity. Tamro's share of the Finnish pharmaceutical market came to 56 (62)%.

Financial performance and operations

The tightening price competition and costs related to the new IT platform were reflected in Tamro Finland's results, as the operating profit diminished by 52% compared to 1999. Net sales decreased by 0.3%, with pharmaceutical sales accounting for 95% of the aggregate net sales. Capital spending was directed mainly at setting up the new logistics system.

Tamro responded to the new competitive situation and the loss of two distribution contracts by launching restructuring measures in the spring of 2000. The Turku warehouse was closed by the end of the year and its distribution services moved to Vantaa and Tampere. The work force was reduced by 20%, taking full effect after February 2001.

The biggest investment was the new Tampere regional service centre, expected to markedly boost cost-efficiency and competitiveness. The building itself and the production technology installations at the warehouse were completed during the year under review. The inventory management system will be installed and tested in early 2001, and the new service centre will be operational in April.

The service level returned to normal after the roll-out of the new information systems. Building in-house IT competence started with the stabilisation of the systems. IT services and development were integrated more closely with business operations, and IT expenditure came under closer scrutiny.

Outlook for 2001

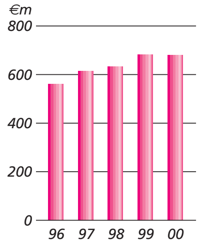
Prospects are favourable for the pharmaceutical market also in 2001, and growth should be at the level of 2000. Nonetheless, in the present competitive situation, it is likely that there will be continued uncertainty and weakening profitability for the pharmaceutical wholesale business in general. A committee report on reforming the drug reimbursement scheme will be issued by the end of May.

Two pharmaceuticals suppliers decided to transfer their distribution contracts from Tamro to the new entrant from the beginning of 2001.

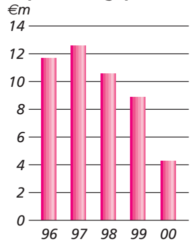
Tamro Finland starts out in 2001 in much better competitive shape than the year before. The new information system will boost business and give Tamro an edge over its competitors, which we expect will lift our market share. Tamro Finland will continue to focus strongly on quality, customer service and cost efficiency in 2001.

	2000	1999	1998
Net Sales (€m)	**681.8**	683.9	634.8
Operating profit (€m)	**4.3**	8.9	10.6
Operating margin (%)	**0.6**	1.3	1.7
Return on capital employed (%)	**6**	17	18
Share of Group sales (%)	**19**	21	21
Investments (€m)	**5.7**	1.9	0.2
Number of employees, average	**440**	458	459

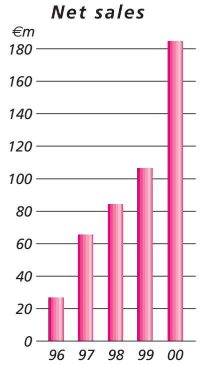
Net sales

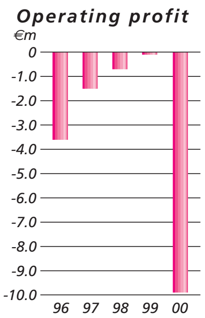


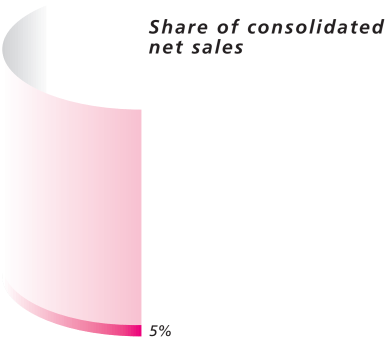
Operating profit

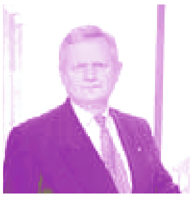


Share of consolidated net sales









Jo Langmoen
Managing Director
Tamro Norway

Norway

The market situation

The Norwegian market, just as the other Nordic pharmaceutical markets, continued to expand in 2000. Pharmaceutical sales totalled EUR 940 million, up 10% from 1999. Tamro Norway's share of the Norwegian pharmaceutical market jumped from 13% in June to 27% in December, making Tamro the country's second largest pharmaceutical wholesaler. The average market share came to 17 (10)%.

The Norwegian pharmaceutical market is being deregulated on a large scale. The new Pharmacy Law, effective from 1 March 2001, will cause major structural changes in the pharmaceutical chain. Most importantly, the Law deregulates the ownership of pharmacies, leading to wider competition in retail and the emergence of pharmacy chains.

Financial performance and operations

In February, Tamro responded to the changes by concluding a long-term co-operation agreement with Apokjeden AS, the leading pharmacy chain that serves nearly 40% of the Norwegian pharmacy market. In the first phase, Apokjeden and Tamro entered into a cross-ownership and launched a programme of expanding the distribution network to cover the entire market. In February 2001, the parties undertook the final stage that will lead to the merger of Apokjeden and Tamro Distribution AS, with Tamro subscribing to 49 per cent of the shares in the new Apokjeden Group.

Co-operation with Apokjeden has broadened Tamro Norway's customer basis and given a strong impetus to business growth and development. In order to guarantee efficient service throughout the country, Tamro opened two new distribution centres in 2000, one in Bergen, western Norway, in July and another in Narvik, northern Norway, in October. The Skårer distribution centre near Oslo doubled in size. New staff were also taken on as operations expanded.

Due to the extraordinary growth, priority was given to measures focusing on the quality of service to customers. The TamroWeb online ordering service for pharmacies was inaugurated during the year under review.

Net sales in Norway were up 74% with pharmaceutical sales accounting for 84% of aggregate net sales.

Tamro Distribution AS posted a significant operating loss, partly due to the expansion but mainly to the manipulation of accounts that had continued for several years and was uncovered in October.

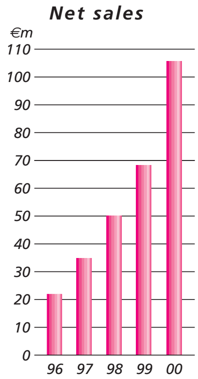
Outlook for 2001

The Norwegian pharmaceutical market is undergoing structural changes that are not expected to impact the trend of growth.

Tamro will focus on co-operation with Apokjeden, in particular on synergies and cost-efficiency potentials in administration and integrated operations. Quality and efficiency of services will continue to have priority. The last element of the nationwide distribution network, Trondheim warehouse, was opened in February 2001. During 2001, Tamro Norway plans to use the logistics expertise of the Tamro distribution centres in other countries to improve its own efficiency and productivity.

	2000	1999	1998
Net Sales (€m)	**185.0**	106.6	84.5
Operating profit (€m)	**–9.9**	–0.1	–0.7
Operating margin (%)	**–5.3**	–0.1	–0.8
Return on capital employed (%)	**neg.**	0	neg.
Share of Group sales (%)	**5**	3	3
Investments (€m)	**3.8**	1.2	1.8
Number of employees, average	**110**	63	30

Björn Mattila
Managing Director
Tamro Baltic States and Russia



Baltics

Estonia

The Estonian market has grown at a stable rate, in 2000 growth was over 10%. Pharmaceutical wholesales has continued to consolidate. The two largest wholesalers now serve over 70% of the market.

In 2001, market growth is anticipated to remain at the level in 2000. Tamro sales are expected to grow faster than the market average. The new distribution centre to be completed in Tallinn in spring 2001 will enable more efficient operations and better customer service.

Latvia

The Latvian market expanded by 3% in 2000. Pharmaceutical wholesalers still number 61, with Tamro leading the market.

New terminals were opened in Liepaja and Jekabpils. This will improve our customer service markedly. The Tamro SIA Pharmacy Institute opened its doors in Riga in autumn 2000. Pharmacists have participated enthusiastically in the versatile training programme it offers for developing business operations.

The operations of the Riga-based prewholesale concept for the Baltic region were enhanced and the organisation strengthened. Deliveries more than doubled compared to the previous year.

The pharmaceutical market is expected to grow by nearly 10% in 2001. Tamro expects to grow faster than the market average.

Lithuania

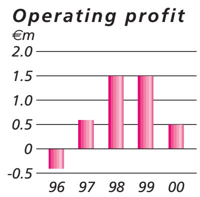
The market for reimbursed pharmaceuticals in Lithuania contracted to the average level of 1999, due to non-payment of reimbursements by the Lithuanian state patient fund to pharmacies and reductions in the reimbursement to consumers. The bulk of the financial burden was shifted to wholesalers in the form of extended payment terms. Tamro was the country's leading pharmaceutical wholesaler with a share of the market that continued to grow in 2000. There are over 30 pharmaceutical wholesalers in Lithuania.

The new pharmaceutical distribution centre in Kaunas was in full operation early in the year. The integration process of AB Farmacija, acquired in December 1999, was concluded by the end of the year, including the closure of the Vilnius and Klaipeda warehouses and reduction of the work force by 48%.

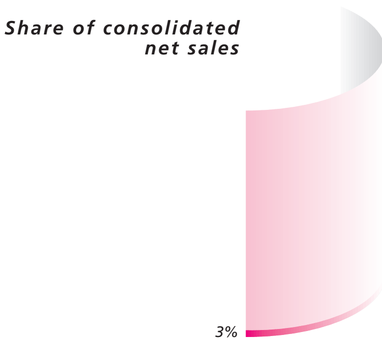
Sales, which nearly doubled from the previous year, are now handled successfully by only one distribution centre in Kaunas. Both the contraction of the markets and the integration process were reflected in the 2000 operating profit.

The delays by the patient fund also make it difficult to predict market trends in 2001. However, we expect that Tamro will augment both its sales and its market share.

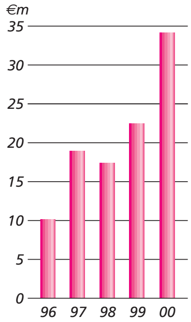
In 2001, operations in all four countries will benefit from group-wide measures for the internal benchmarking of productivity.



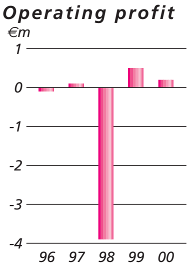
	2000	1999	1998
Net Sales (€m)	**105.7**	68.3	50.1
Operating profit (€m)	**0.5**	1.5	1.5
Operating margin (%)	**0.5**	2.2	2.9
Return on capital employed (%)	**3**	16	24
Share of Group sales (%)	**3**	2	2
Investments (€m)	**5.3**	7.9	1.6
Number of employees, average	**325**	229	188



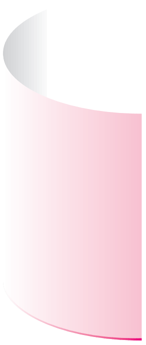
Net sales



Operating profit



Share of consolidated net sales



Russia

In 2000, the Russian pharmaceutical market reached steady growth of around 30–40%. The share of Russian pharmaceuticals increased strongly. The Russian economy and the purchasing power of Russian consumers have continued to improve and the political environment is stable.

Tamro's operating profit in Russia was lower than in 1999. Sales were up 52% compared to 1999.

During the year under review, ZAO Pharm Tamda 77 completed its expansion in Northwest Russia by establishing a distribution centre in Vologda and a sales office in Pskov. The central warehouse for Russia is located in St. Petersburg.

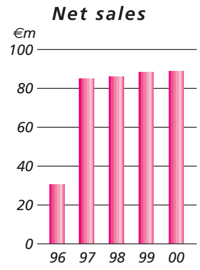
Tamro Russia Oy, a Tamro subsidiary offering pre-wholesaling services, started providing bonded warehouses services from Finland to Russia at the beginning of 2000.

In 2001, the Russian pharmaceutical market is predicted to grow by about 10–15%. Market consolidation will continue as the major pharmaceutical wholesalers and retailers strengthen their positions. The privatisation of state-owned and municipal pharmacies is likely to be reinforced as new private pharmacies and pharmacy chains are established.

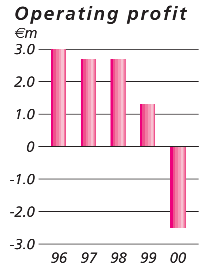
Tamro's objective is to grow faster than the market average through improved competitiveness and efficiency.

	2000	1999	1998
Net Sales (€m)	**34.2**	22.5	17.4
Operating profit (€m)	**0.2**	0.5	–3.9
Operating margin (%)	**0.6**	2.1	–22.4
Return on capital employed (%)	**4**	18	neg.
Share of Group sales (%)	**1**	1	1
Investments (€m)	**1.0**	0.5	0.1
Number of employees, average	**180**	140	122

HEALTHCARE AND LABORATORY-PRODUCTS



Jorma Turunen
Managing Director
Tamro MedLab



Tamro MedLab

The market situation

Business globalisation and mergers between manufacturers continued and led to several shifts from agency-based sales to own sales offices. Purchases were concentrated in full sortiment wholesalers, according to the "One Stop Shopping" concept.

Financial performance and operations

Tamro MedLab's net sales were at the previous year's level. Sales were the most upbeat in Denmark and the Baltic states. The sales of laboratory supplies exceeded the market average thanks to new products and agencies.

The group's result lagged behind last year's figures and showed a loss. Cost adjustments did not have full effect yet in 2000, and the financial statements were burdened with several non-recurring items.

The year 2000 was Tamro MedLab Oy's first as an independent limited liability company. Operations were structured under two new units, Med and Lab. Med has activities in all the Nordic countries and in the Baltics, while Lab operates in Finland, Sweden and Norway. Med concentrates on hospital and self-care products. Medical devices and equipment are only marketed in Finland and the Baltics. Lab's marketing units focus on clients involved in industrial and life science research. The entire MedLab group was subject to streamlining measures.

In August, a decision was made to expand the Movex information system to Finland. The system will be rolled out in early 2001. In this context investments will be made in an electronic marketplace for the entire market area in support of the "One Stop Shopping" concept applied in both Med and Lab. The Movex system is already in use in Sweden's and Norway's MedLab companies.

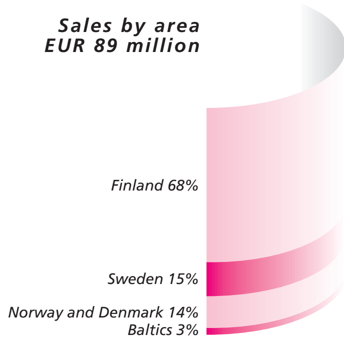
At the beginning of 2000, part of Instrumed's business and staff were incorporated into Tamro Med's and Lab's corresponding operations. In Sweden and Norway, the workforce has been adapted to the scope of operations.

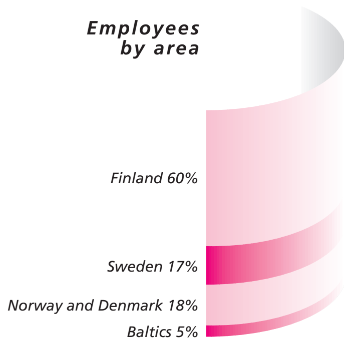
Outlook for 2001

Steady growth is expected to continue in the hospital product market. This view is reinforced by favourable economic prospects in Tamro MedLab's market area.

No significant changes are likely in the demand for traditional laboratory supplies compared to the level in 2000, but the strong input in life science research will accelerate the sales of life science products in 2001. The sales of Lab products are expected to continue to grow faster than the market average.

The restructuring measures launched in 2000 are expected to reverse the downward trend of Tamro MedLab's operating profit. The Movex information system will help to achieve this aim.





	2000	1999	1998
Net Sales (€m)	**89.0**	88.6	86.0
Operating profit (€m)	**–2.5**	1.3	2.7
Operating margin (%)	**–2.8**	1.4	3.2
Return on capital employed (%)	**neg.**	4	7
Share of Group sales (%)	**3**	3	3
Investments (€m)	**0.7**	3.3	0.6
Number of employees, average	**271**	265	256

“I am daily in telephone contact with our suppliers and it is important for me to always keep my promises”.

Liselott Thiel
purchaser
Tamro, Gothenburg

Tamro's Board of Directors:
from left Mikael von Frenckell (Chairman of the Board), Johan Horelli, Reimund Pohl, Bernd Scheifele, Lorenz Näger, Juhani Mäkinen (Secretary of the Board), Stefan Carlsson, Dag Johannesson and Juha Toivola.

BOARD OF DIRECTORS' REPORT

Tamro is the market leader in its core business, pharmaceutical wholesale and distribution in Northern Europe. The core business is complemented by Tamro MedLab, which specialises in the sale of healthcare and laboratory products. In 2000, the Group continued its transformation and consolidation with focus on customer orientation, quality improvement and cost-efficiency.

Pharmaceutical markets reshaping

The pharmaceutical markets continued to grow. Growth reached 8–10% in the Nordic countries, while in the Baltic States it varied between 5% and 10% and in Russia exceeded 30%. The year 2000 saw further mega-mergers in the global pharmaceutical industry, which reshaped the markets as well. Tamro, which is present in all eight North European countries, is in an excellent position to take on these changing markets.

Strong market position for Tamro

Tamro is the market leader in Denmark, Sweden, Finland, Estonia, Latvia, Lithuania and Northwest Russia. Sales in Norway rose sharply during the second half of the year and Tamro's market share reached 27.2% in December, making Tamro Distribution AS the second largest wholesaler in the country.

Changes to legislation

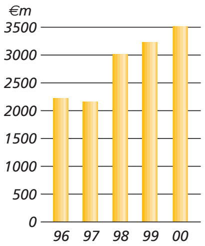
Pharmacy legislation has been amended in many countries and liberalisation continues to gain ground. A new discount practice was introduced in Denmark. A new Pharmacy Law will free pharmacy ownership and operations in Norway starting on 1 March 2001. A new proposal to reform the Finnish drug reimbursement scheme will be made in May 2001. In Sweden, the competition authorities granted Tamro permission to maintain its single-channel distribution system.

Norwegian situation

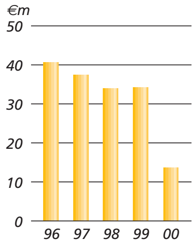
In October, Tamro uncovered that its Norwegian subsidiary's financial reporting for the past years has been manipulated and documentation forged. An investigation to evaluate the extent of the malpractices was carried out at the company. Manipulations were found in trade receivables, handling of discounts and inventory accounting to hide misperformance in pricing, supply contracts and inventory management. Through change of management, recapitalisation and fiscal controls, the situation at Tamro Distribution AS has been brought back to normal. Final action will be taken after the authorities' investigations have been completed.

Norway pretax losses related to 1999 and prior years (EUR 13.5 million) due to manipulated reporting and accounting records, have been booked under extraordinary items. Norway's net result was reported EUR 4.9 million too good in January-June 2000 Interim Report. This has been corrected and

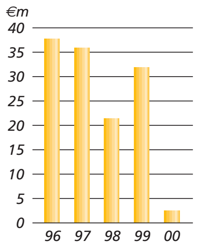
Net sales



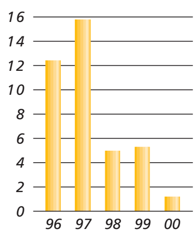
Operating profit



Ordinary profit before taxes



Interest cover



the impact to the latter part of the year together with costs related to investigations is approx. EUR 5.6 million.

The amounts related to 2000 have burdened operating profit. The result was further burdened by the expansion of the distribution network to cover the entire market, including new warehouses in Bergen, Narvik and Trondheim, which started operations in 2000 and early 2001. The bulk of expansion costs have been expensed rather than capitalised, according to Tamro accounting policies.

Group structure

In February 2000, Tamro and Apokjeden AS, the leading pharmacy chain in Norway, established an alliance. In February 2001, it was decided to merge Tamro Distribution AS and Apokjeden AS. Tamro subscribes to 49% of the shares in the merged entity.

Tamro's Swedish subsidiary changed its name from Tamro Distribution AB to Tamro AB. The Finnish pharmaceutical distribution unit is now called Tamro Finland.

Tamro's healthcare and laboratory product business in Finland was incorporated into Tamro MedLab Oy in the beginning of 2000, with subsidiaries or representations in seven countries.

In January Tamro divested 19.9% of Karttakeskus to the listed U.S. company MapInfo Corporation. In September the remainig 80.1% share was sold to the Finnish company WSOY.

Investment assets

Mölnlycke Health Care AB, in which Tamro holds a 30% stake, improved its result from the previous year by 40%.

In Finland, Tamro swapped its Castrum Oyj shares for Sponda Oyj shares. The net impact of devaluation of the Castrum shares to their market value, and sale of two real-estates made in conjunction with the swap, was EUR 3.6 million as a book loss while the cash flow impact was EUR 12 million positive. The properties sold were Sähkötie 1 in Vantaa which housed the subsidiaries Printel Oy and Karttakeskus Oy divested in 1999 and 2000, and Rieskalähteentie 75 in Turku used by the regional service centre closed down in 2000. Furthermore, shares entitling to the possession of 2,200 m^2 of space were sold in Tampere.

Growth of net sales

The Group's net sales for the fiscal period were EUR 3,518 million, up EUR 282 million on the previous year. Most of the growth was attributed to the Swedish operations and to the increased sales in Norway. Sales in Denmark, the Baltics and Russia rose as well, while Tamro MedLab's remained at the 1999 level. A decline of 0.3% was recorded in Finland owing to the loss of two distribution contracts.

Group's result in 2000

The consolidated operating profit for 2000 was booked to EUR 13.7 (34.2) million. The result was boosted by EUR 3.3 (7.6) million in capital gains, mainly from the divestiture of the Karttakeskus shares. The result was negatively effected by Norway and the Castrum for Sponda share swap.

The operating profit from pharmaceutical wholesale in Denmark, Sweden and the Baltics were in line with the Group's expectations. In Finland, profits were burdened by diminished distribution margins as a result of intensified competition, the loss of market share and one-time restructuring costs. Russia's operating profit decreased owing to narrower margins. Tamro MedLab's result was lower than in 1999, mainly due to the phase-out of non-marketable products.

The consolidated ordinary profit before taxes was EUR 2.4 (31.9) million. The figure includes a portion of affiliate Mölnlycke Health Care AB's earnings, EUR +3.3 (+2.4) million.

The Group's ordinary net profit totalled EUR –1.9 (22.6) million. The return on capital employed was 3.8 (8.6)% and return on equity –0.6 (6.5)%. Earnings per share was EUR –0.02 (0.19).

The Group's total net profit was EUR –12.2 (23.5) million. This is explained principally by the losses booked to the Norwegian subsidiary's net result for 2000, EUR –26.7 million, of which losses of EUR 13.5 million incurred in Norway before 2000 are posted

Net sales by area (€m)

	2000	1999	1998
Sweden	**1,578.5**	1,438.6	1,352.9
Denmark	**836.1**	799.6	755.3
Finland	**748.2**	777.1	735.5
Norway	**199.4**	118.3	96.1
Baltic States	**109.2**	68.1	50.1
Russia	**34.2**	22.7	17.5
Others	**12.8**	11.4	12.6
Total	**3,518.4**	3,235.8	3,019.8

Net sales by unit (€m)

	2000	1999	1998
Tamro Sweden	**1,573.8**	1,431.6	1,345.2
Nomeco, Denmark	**852.5**	810.4	769.2
Tamro Finland	**681.8**	683.9	634.8
Tamro Norway	**185.0**	106.6	84.5
Tamro Baltics	**105.7**	68.3	50.1
Tamro Russia	**34.2**	22.5	17.4
Tamro MedLab	**89.0**	88.6	86.0
Other and internal	**–3.6**	23.8	32.6
Group total	**3,518.4**	3,235.8	3,019.8

under extraordinary items and they had no impact on earnings per share. Total tax assets posted in the Group due to Norway were EUR 5.9 million.

Financing

The free cash flow after capital investments was EUR 29 (-87) million. Year-end liquid assets and government bonds came to EUR 103 (67) million. Net debt at year's end totalled EUR 140 (146) million, showing a slight improvement. The Group's net gearing at the end of 2000 finished at 46.4 (43.5)%.

The Group's net financial expenses increased markedly and totalled EUR –14.5 (–4.7) million. Expenses were caused especially by exchange rate differences of EUR –5.3 (0.2) million and higher net interest payments of EUR –9.8 (–4.6) million. The interest cover ratio was 1.2 and the year-end equity ratio 26.8%.

There has been active participation in the company's EUR 100 million commercial paper programme.

Operating profit by unit (€m)

	2000	1999	1998
Tamro Sweden	**11.5**	11.5	11.8
Nomeco, Denmark	**19.4**	20.9	19.0
Tamro Finland	**4.3**	8.9	10.6
Tamro Norway	**–9.9**	–0.1	–0.7
Tamro Baltics	**0.5**	1.5	1.5
Tamro Russia	**0.2**	0.5	–3.9
Tamro MedLab	**–2.5**	1.3	2.7
Other	**–9.9**	–10.2	–6.9
Group total	**13.7**	34.2	34.1

Foreign currency

Of the Group's net sales, 45% are denominated in SEK, 24% in DKK and 19% in FIM. In the Nordic countries, exchange rate risks are minimised and home currencies are used almost exclusively. In the Baltic States and Russia, purchases are effected mainly in foreign currencies. With the exception of Russia, foreign exchange risks are hedged by means of foreign exchange clauses, forwards and currency options. The Russian rouble is not protected owing to the high external hedging costs involved.

On 31 December 2000, the shareholders' equity consisted of 32% EUR-denominated, 37% SEK-denominated and 25% DKK-denominated net assets, with other currencies accounting for 6%. Owing to translation differences, the consolidated shareholders' equity fell by EUR 3.7 million. During the year, Tamro ceased hedging against the translation risk associated with overseas subsidiaries' equities and closed down speculative trading with currency options.

Return on capital employed by unit (%)

	2000	1999	1998
Tamro Sweden	**9**	11	12
Nomeco, Denmark	**12**	14	13
Tamro Finland	**6**	17	18
Tamro Norway	**neg.**	0	neg.
Tamro Baltics	**3**	16	24
Tamro Russia	**4**	18	neg.
Tamro MedLab	**neg.**	4	7
Group	**3.8**	8.6	7.0

Capital investments

One of the most significant investments during the period went to the cooperation between Tamro and Apokjeden in Norway. Investments in new distribution centres were made in several countries. Construction of the Tampere service centre progressed in Finland and a new distribution centre is being erected in Tallinn, Estonia. Since the completion of the Narvik, Bergen and Trondheim distribution centres, the Norwegian service network now covers the entire country. A distribution centre opened its doors in Vologda, Russia. Danish Nomeco acquired a real-estate property it had previously only leased and invested in modernising the Copenhagen distribution centre. IT equipment was purchased in connection with the insourcing of IT operations and expertise. Aggregate gross capital investments came to EUR 36 million.

Research and development

Tamro focused its research and development on IT and e-commerce.

Personnel and organisation

Tamro's payroll averaged 2,683 during the period. Of the total staff 26% worked in Finland, 23% in Sweden, 25% in Denmark, 13% in the Baltic States, 7% in Russia and 6% in Norway.

The wages and salaries paid by the Group during the reporting period totalled EUR 79 million, including EUR 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 (0.7) million. The CEO and other members of the Group Management received a total of EUR 1.5 million in salaries and bonuses.

Tamro and the euro

The Group has converted its financial statements from FIM and published them in euros since 1999. Tamro Corporation will start using the euro as an accounting currency as of 1 January 2002.

Shareholders' equity

The share capital of Parent Company Tamro Corporation as of 31 December 2000 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.

In line with the Board of Directors' authorisation from the Annual General Meeting given in 1999, the company bought back 1,393,500 Tamro Corporation shares at an acquisition price of EUR 4.5 million.

Tamro Corporation's Annual General Meeting in 2000 decided to cancel the 5,528,847 own shares repurchased by the company by 28 February 2000 under the above authorisation. This was recorded in the Trade Register on 16 May 2000. The share capital after the cancellation totalled 114,837,083 shares with a nominal value of EUR 1. The company retained ownership of 341,000 of its own shares.

Share trends

Tamro Corporation shares are listed on the Helsinki Exchanges.

The closing price for 2000 stood at EUR 1.67, down 45% from the end of 1999. The year's trading high was EUR 3.80 and trading low EUR 1.62. During 2000, a total of 22.4 million shares changed hands, equivalent to 19.6% of the average number of all Tamro shares. This share turnover represented a market value of EUR 60.5 million. The share turnover decreased by 57.9% and the market value by 67.2%.

Tamro's market capitalisation at year-end was EUR 191.2 million compared with EUR 352.3 million at the close of 1999. The market capitalisation figure does not include own shares. Information on share price trends and share-specific data for the past five years are presented on page 56.

The Annual General Meeting held on 12 April 2000 authorised the Board of Directors to reacquire Tamro Corporation shares on condition that the total number of shares repurchased plus existing own shares may not exceed 5% of the total number of shares outstanding during the validity period of the authorisation.

By the end of 2000 the company had not bought back any Tamro Corporation shares using the Board's authorisation.

Ownership structure

At the end of the accounting period, 34.7% of Tamro Corporation shares were in Finnish, 35.3% in German and 19.3% in Swedish

Investments by unit (€m)

	2000	1999	1998
Tamro Sweden	***1.4***	*1.3*	*2.2*
Nomeco, Denmark	***9.1***	*5.5*	*3.5*
Tamro Finland	***5.7***	*1.9*	*0.2*
Tamro Norway	***3.8***	*1.2*	*1.8*
Tamro Baltics	***5.3***	*7.9*	*1.6*
Tamro Russia	***1.0***	*0.5*	*0.1*
Tamro MedLab	***0.7***	*3.3*	*0.6*
Other	***8.8***	*1.1*	*24.4*
Group total	***35.8***	*22.6*	*34.5*

Number of employees by unit

	2000	1999	1998
Tamro Sweden	***578***	*537*	*603*
Nomeco, Denmark	***667***	*665*	*643*
Tamro Finland	***440***	*458*	*459*
Tamro Norway	***110***	*63*	*30*
Tamro Baltics	***325***	*229*	*188*
Tamro Russia	***180***	*140*	*122*
Tamro MedLab	***271***	*265*	*256*
Other	***112***	*175*	*277*
Group total	***2,683***	*2,532*	*2,578*

ownership. Foreign owners held 65.3% of the shares.

At year's end, the Board Members and the CEO held a total of 205,000 Tamro Corporation shares, 370,000 year 1997 warrants and 400,000 year 2000 share option rights. These 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 a total of 26,280 shares, 346,000 year 1997 warrants and 1,056,000 year 2000 share option rights.

2000 Annual General Meeting

Eight members were elected to Tamro's Board of Directors. Mikael von Frenckell (Sponsor Capital Oy) was elected to continue as Chairman of the Board. Stefan Carlsson (Apoteket AB), Johan Horelli, Dag Johannesson (Apoteket AB) and Juha Toivola (Industrial Insurance Company Ltd) were re-elected to the Board. Lorenz Näger (Phoenix Pharmahandel AG & Co), Reimund Pohl (Phoenix Pharmahandel AG & Co) and Bernd Scheifele (Phoenix Pharmahandel AG & Co) became new Board members. Bernd Scheifele was appointed Vice Chairman.

SVH Pricewaterhouse Coopers Oy and KPMG Wideri Oy Ab, both Authorised Public Accountants, were elected as Tamro's external auditors.

Pursuant to Section 6(1.1) of the Finnish Companies Act, the Annual General Meeting decided to cancel 5,528,847 own shares acquired in open trading prior to 28 February 2000 and to lower the share capital by the total nominal value of these shares. The share capital decrease was effected in accordance with the provisions of Chapter 6 of the Companies Act by allocating the aggregate nominal value of the retired stock, EUR 5,528,847, to the premium fund, included under restricted equity.

The share capital decrease has no dilution effect on the shareholders' ownership or voting rights, since the cancelled shares are owned by the company.

The Annual General Meeting decided to offer 3,000,000 share option rights that entitle their holders to subscribe to 3,000,000 Tamro Corporation shares. As an exception to shareholders' right of pre-emption, the share option rights will be offered for subscription to specific key persons of Tamro Group and to Tamro Corporation's subsidiary.

The 1999 dividend was set at EUR 0.15 per share. In accordance with the terms of the 1994 and 1995 warrant bonds, no dividend is paid for new shares subscribed to with the above share option rights in 2000. The dividends were paid out on 26 April 2000.

Group Management

Tamro's Group Management is composed of the following members (1 January 2001):

- CEO: Pauli Kulvik (Chairman)
- Nomeco, Denmark: Jan Bonde
- Tamro Finland: Jussi Holopainen
- Tamro Norway: Jo Langmoen
- Tamro Baltics and Russia: Björn Mattila
- Tamro Sweden: Bengt Persson
- Tamro MedLab: Jorma Turunen
- Chief Financial Officer: Pekka Laitasalo
- Chief Information Officer: Peter Lørup.

Events in early 2001

Nomeco sold its subsidiary Bang & Tegner to Apoteam A/S. Tamro MedLab Oy divested its 50% holding in SIFT AB to Fuji Film Sverige AB.

At the beginning of February, Tamro's Norwegian subsidiary and the Apokjeden pharmacy chain decided to merge their operations into the Apokjeden Group. Tamro will subscribe to 49% of Apokjeden's share capital. In this context Tamro's Norwegian subsidiary Tamro Distribution AS became wholly owned by Apokjeden. Tamro will consolidate the new Apokjeden Group in full.

Outlook for the near future

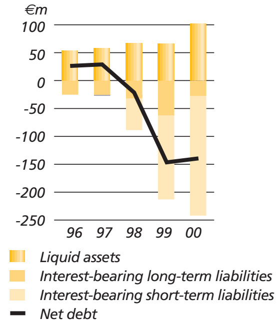
The competitive situation in Sweden and Finland will remain intense. Apoteket AB, the retail monopoly of the Swedish state, considers establishing logistics centres serving pharmacies throughout Sweden. In their statements to the competition authorities, the pharmaceuticals industry and distributors maintained that such plans, if implemented, would restrain free competition in the pharmaceutical market. If the plans materialise, it may affect Tamro Sweden already in 2001.

The discounts implemented in Denmark will cause cost pressure. In Norway, the new Apokjeden Group has a solid position to meet the changing market situation caused by the liberalisation in the retail trade. In the Baltic States and Russia, market evolution will continue.

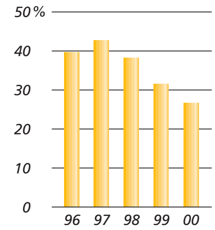
Tamro now has a solid platform for growth and profitability and for facing tightening competition and market changes.

The consolidated net sales are predicted to grow at the same rate as in the previous year. Profitability is expected to recover from the extraordinarily low level. At the same time, Tamro's Board of Directors continues to pursue its shareholder-friendly dividend policy based on longer-term performance.

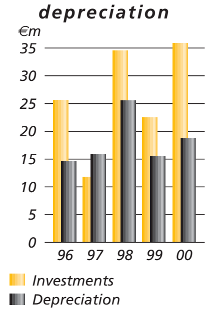
Year-end financial position



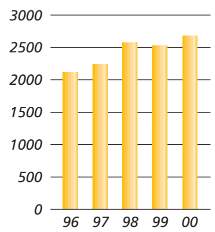
Equity ratio



Investments and depreciation



Employees average



QUARTERLY DEVELOPMENT DURING 1999–2000

NET SALES

(€m)	10–12 2000	7–9 2000	4–6 2000	1–3 2000	10–12 1999	7–9 1999	4–6 1999	1–3 1999
Tamro Sweden	398.2	375.1	411.2	389.1	374.7	342.7	355.6	358.6
Nomeco, Denmark	228.3	205.7	202.4	216.0	210.0	199.5	199.3	201.6
Tamro Finland	183.0	165.2	172.1	161.5	186.9	167.2	165.7	164.1
Tamro Norway	79.1	46.9	32.4	26.6	32.6	26.1	26.1	21.8
Tamro Baltics	30.3	24.2	26.2	25.0	20.8	15.5	16.3	15.7
Tamro Russia	10.4	8.1	8.1	7.6	8.5	5.9	4.4	3.7
Tamro MedLab	24.5	19.5	22.6	22.4	24.8	20.5	21.7	21.6
Other and internal	–2.3	0.0	–3.8	2.8	2.0	4.1	16.0	1.8
Group total	951.5	844.7	871.2	851.0	860.3	781.5	805.1	788.9

OPERATING PROFIT AND RESULT

(€m)	10–12 2000	7–9 2000	4–6 2000	1–3 2000	10–12 1999	7–9 1999	4–6 1999	1–3 1999
Tamro Sweden	2.7	1.7	3.6	3.4	3.0	1.9	3.1	3.5
Nomeco, Denmark	4.7	3.8	5.0	5.9	4.9	5.9	4.8	5.3
Tamro Finland	0.7	0.4	1.5	1.6	2.6	2.0	1.6	2.7
Tamro Norway	–4.0	–5.9	0.4	–0.3	0.2	–0.1	–0.1	–0.2
Tamro Baltics	0.0	–0.3	0.2	0.6	0.3	0.5	0.2	0.5
Tamro Russia	0.2	–0.2	0.2	0.1	–0.3	0.3	0.4	0.1
Tamro MedLab	–1.7	–1.1	0.1	0.2	–0.6	0.0	0.5	1.4
Others	–2.1	0.1	–1.9	–5.9	–3.5	–1.2	–2.5	–3.0
Group total	0.5	–1.5	9.1	5.6	6.6	9.3	8.0	10.3
Net financial items	–3.1	–5.5	–4.3	–1.7	–1.9	–3.7	–0.6	1.5
Affiliated companies	0.4	1.3	1.1	0.5	1.0	0.4	0.3	0.7
Ordinary profit before taxes	–2.2	–5.7	5.9	4.4	5.7	6.0	7.7	12.5

OPERATING MARGIN

%	10–12 2000	7–9 2000	4–6 2000	1–3 2000	10–12 1999	7–9 1999	4–6 1999	1–3 1999
Tamro Sweden	0.7	0.5	0.9	0.9	0.8	0.6	0.9	1.0
Nomeco, Denmark	2.1	1.8	2.5	2.7	2.3	2.9	2.4	2.6
Tamro Finland	0.4	0.2	0.9	1.0	1.4	1.2	1.0	1.6
Tamro Norway	–5.1	–12.6	1.2	–1.1	0.6	–0.3	–0.3	–1.0
Tamro Baltics	0.0	–1.2	0.8	2.4	1.4	3.4	1.4	3.0
Tamro Russia	1.9	–2.5	2.5	1.3	–3.5	4.3	7.9	4.0
Tamro MedLab	–6.9	–5.6	0.4	0.9	–2.4	0.1	2.4	6.4
Group total	0.1	–0.2	1.0	0.7	0.8	1.2	1.0	1.3

CONSOLIDATED INCOME STATEMENT

(in EUR thousands)

Note	1 Jan – 31 Dec	2000	%	1999	%
1	NET SALES	3,518,374	100.0	3,235,760	100.0
2	OTHER INCOME	3,282		7,568	
3	Raw materials and services	3,317,485		3,025,148	
4	Personnel expenses	96,432		90,747	
5	Depreciation and value adjustments	18,825		15,507	
	Other operating expenses	75,229		77,705	
	Total operating expenses	3,507,971		3,209,107	
	OPERATING PROFIT	13,685	0.4	34,221	1.1
6	Financial income and expenses	–14,516		–4,707	
11	Share of affiliated companies' net income	3,281		2,428	
	ORDINARY PROFIT BEFORE TAXES	2,450	0.1	31,942	1.0
8	Income taxes on ordinary activities	–4,437		–9,339	
	Minority interest	51		–	
	ORDINARY NET PROFIT	–1,936	–0.1	22,603	0.7
7	Extraordinary income and expenses, net of taxes	–10,304		888	
	NET PROFIT FOR THE PERIOD	–12,240	–0.3	23,491	0.7

CONSOLIDATED BALANCE SHEET

(in EUR thousands)

Note	31 Dec	2000	%	1999	%
	FIXED ASSETS				
9	**INTANGIBLE ASSETS**				
	Intangible rights	4,390		4,167	
	Goodwill	731		1,439	
	Consolidated goodwill	19,285		22,976	
	Other capitalised expenditure	1,051		1,321	
		25,457		29,902	
9	**TANGIBLE ASSETS**				
	Land areas	12,186		15,201	
	Buildings and structures	113,771		110,043	
	Machinery and equipment	26,583		21,214	
	Other tangible assets	476		435	
	Advance payments and construction in progress	3,259		485	
		156,275		147,378	
	FINANCIAL ASSETS				
	Shares in subsidiaries	221		155	
11	Shares in affiliated companies	22,885		14,090	
	Other shares and participations	10,903		23,499	
10	Other financial assets	32,929		33,619	
32	Own shares	569		13,608	
	Deferred income tax asset	3,814		–	
		71,321		84,972	
	TOTAL FIXED ASSETS	253,053	22.5	262,252	24.7
	CURRENT ASSETS				
	Inventories				
	Materials and supplies	823		1,261	
	Work in progress	280		539	
	Goods	307,172		305,319	
		308,275		307,119	
	Receivables				
	Accounts receivable	462,180		447,380	
	Loan receivable	212		1,540	
12	Prepaid expenses and accrued income	22,160		8,001	
	Other receivables	9,467		617	
		494,019		457,537	
	Short-term investments	21,594		20,763	
	Cash and bank	47,704		13,247	
	TOTAL CURRENT ASSETS	871,592	77.5	798,666	75.3
	TOTAL ASSETS	1,124,645	100.0	1,060,919	100.0

Note	31 Dec	2000	%	1999	%
14	**SHAREHOLDERS' EQUITY**				
13	Share capital	**114,837**		120,365	
	Share premium account	**5,640**		143	
	Revaluation reserve	**1,136**		1,137	
	Other reserves	**465**		449	
	Fund for own shares	**569**		13,608	
	Retained earnings	**178,258**		215,512	
		300,905	**26.8**	351,216	33.1
	Minority interest	**1,850**		–	
15	**OBLIGATORY RESERVES**	**4,327**	**0.4**	601	0.1
	LIABILITIES				
	LONG-TERM LIABILITIES				
16	Loans from financial institutions	**5,915**		23,160	
16	Pension fund loans	**10,216**		10,144	
17	Deferred income tax liability	**–**		3,219	
16	Other long-term liabilities	**85**		126	
		16,216		36,649	
	SHORT-TERM LIABILITIES				
	Bonds with warrants	**–**		763	
	Loans from financial institutions	**225,502**		179,711	
	Advances received	**76**		169	
	Accounts payable	**543,751**		447,792	
18	Accrued expenses and deferred income	**21,630**		33,668	
	Other current liabilities	**10,388**		10,351	
		801,347		672,454	
	TOTAL LIABILITIES	**817,563**	**72.7**	709,103	66.8
	TOTAL EQUITY AND LIABILITIES	**1,124,645**	**100.0**	1,060,919	100.0

CONSOLIDATED CASH FLOW STATEMENT

(in EUR millions)

1 Jan – 31 Dec	2000	1999
Operating profit	13.7	34.2
Depreciation, value adjustments and other adjustments	38.4	15.5
Financial income and expenses	–14.5	–4.7
Other income and expenses	0.1	0.9
Taxes	–6.2	–14.0
	31.5	31.9
CHANGE IN NET WORKING CAPITAL		
Inventories, increase (-), decrease (+)	–2.8	–48.1
Current receivables, increase (-), decrease (+)	–48.3	–64.5
Non-interest bearing debts, increase (+), decrease (-)	83.8	13.8
CASH FLOW BEFORE INVESTMENTS	64.1	–66.9
INVESTMENTS		
Investments in fixed assets	–35.8	–22.6
Sale of fixed assets and other changes	0.9	2.8
FREE CASH FLOW	29.3	–86.7
FINANCING		
Long-term debt, increase (+), decrease (-)	–17.2	2.2
Short-term debt, increase (+), decrease (-)	45.8	122.9
Long-term bonds, increase (-), decrease (+)	–	–32.7
Capital increase	–	0.2
Dividends	–17.2	–25.1
Repurchase of own shares	–4.7	–14.7
Translation differences and other changes	–1.2	0.8
CHANGE IN LIQUID ASSETS, INCREASE (+), DECREASE (-)	34.8	–33.2

INCOME STATEMENT OF THE PARENT COMPANY

(in EUR thousands)

	1 Jan – 31 Dec	2000	%	1999	%
21	NET SALES	679,594	100.0	743,290	100.0
22	OTHER INCOME	2,886		4,881	
23	Expenses	650,184		693,097	
24	Personnel expenses	17,718		22,910	
25	Depreciation according to plan	5,478		5,326	
	Other expenses	20,053		31,353	
	Total operating expenses	693,433		752,686	
	OPERATING PROFIT	–10,952	–1.6	–4,515	–0.6
26	Financial income and expenses	24,130		43,704	
	ORDINARY PROFIT BEFORE TAXES	13,178	1.9	39,189	5.3
27	Extraordinary income and expenses	–22,372		18,221	
	PROFIT BEFORE TAXES	–9,194	–1.4	57,411	7.7
28	Appropriations	2,858		8,557	
29	Income taxes	–2,319		–6,635	
	NET PROFIT FOR THE PERIOD	–8,655	–1.3	59,332	8.0

BALANCE SHEET OF THE PARENT COMPANY

(in EUR thousands)

Note	31 Dec	2000	%	1999	%
	FIXED ASSETS				
30	**INTANGIBLE ASSETS**				
	Intangible rights	2,164		1,945	
	Goodwill	14,460		16,266	
	Other capitalised expenditure	3		17	
		16,627		18,228	
30	**TANGIBLE ASSETS**				
	Land areas	1,348		1,381	
	Buildings and structures	46,804		43,796	
	Machinery and equipment	4,674		1,313	
	Other tangible assets	240		240	
		53,066		46,729	
	FINANCIAL ASSETS				
31	Shares in subsidiaries	254,407		269,661	
33	Loan receivables from group companies	127,949		120,906	
32	Other shares and participations	47,070		47,452	
10	Other financial assets	32,205		32,736	
32	Own shares	569		13,608	
		462,201		484,363	
	TOTAL FIXED ASSETS	531,894	60.6	549,320	63.3
	CURRENT ASSETS				
	INVENTORIES				
	Materials and supplies	94,629		95,681	
	LONG-TERM RECEIVABLES				
33	Receivables from group companies	72,141		44,725	
	SHORT-TERM RECEIVABLES				
	Accounts receivable	40,521		50,342	
33	Receivables from group companies	60,122		97,244	
	Loan receivables	84		213	
34	Prepaid expenses and accrued income	19,529		6,355	
		120,256		154,153	
	Short-term investments	16,227		14,504	
	Cash and bank	42,339		9,879	
	TOTAL CURRENT ASSETS	345,592	39.4	318,941	36.7
	TOTAL ASSETS	877,486	100.0	868,262	100.0
35	**SHAREHOLDERS' EQUITY**				
13	Share capital	114,837		120,365	
	Share premium account	5,640		143	
	Revaluation reserve	1,093		1,093	
	Fund for own shares	569		13,608	
	Retained earnings	346,867		377,402	
		469,006	53.4	512,612	59.0
	APPROPRIATIONS				
36	**ACCUMULATED DEPRECIATION DIFFERENCE**	45,037	5.1	47,895	5.5
37	**OBLIGATORY RESERVES**	2,758	0.3	–	0.0
	LIABILITIES				
38	**LONG-TERM LIABILITIES**				
	Loans from financial institutions	–		11,679	
		–		11,679	
	SHORT-TERM LIABILITIES				
17	Bonds with warrants	–		841	
	Loans from financial institutions	184,176		48,633	
	Accounts payable	120,609		133,721	
33	Liabilities to group companies	48,188		19,122	
39	Accrued expenses and deferred income	4,832		12,476	
	Other current liabilities	2,880		81,283	
		360,685		296,076	
	TOTAL LIABILITIES	360,685	41.1	307,754	35.4
	TOTAL EQUITY AND LIABILITIES	877,486	100.0	868,262	100.0

CASH FLOW STATEMENT OF THE PARENT COMPANY

(in EUR millions)

1 Jan – 31 Dec	2000	1999
Operating profit	–10.9	–4.5
Depreciation, value adjustments and other adjustments	13.4	5.3
Financial income and expenses	24.7	43.7
Other income and expenses	–	10.3
Taxes	–0.2	–6.6
	26.9	48.2
CHANGE IN NET WORKING CAPITAL		
Inventories, increase (-), decrease (+)	1.1	–11.6
Current receivables, increase (-), decrease (+)	–0.6	–67.1
Non-interest bearing debts, increase (+), decrease (-)	–20.6	9.4
Cash flow before investments	6.8	–21.1
INVESTMENTS		
Investments in fixed assets	–10.2	3.0
Investment in subsidiary shares	–18.9	–20.5
Investment in other shares	–0.9	–
Sale of fixed assets and other changes	5.6	–8.5
Free cash flow	–17.7	–47.1
FINANCING		
Long-term receivables, increase (-), decrease (+)	–7.0	–74.3
Short-term receivables, increase (-), decrease (+)	7.0	–
Long-term debt, increase (+), decrease (-)	–12.5	0.3
Short-term debt, increase (+), decrease (-)	86.1	117.5
Group contribution	0.2	7.9
Share issue	–	0.2
Repurchase of own shares	–4.7	–14.7
Obligatory reserves	–	–0.2
Dividends	–17.2	–25.1
CHANGE IN LIQUID ASSETS, INCREASE (+), DECREASE (-)	34.1	–35.6

ACCOUNTING POLICY

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 real property companies or other 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 and the long-term debt payable by the Russian subsidiary to the parent company have been posted directly under translation differences in the consolidated accounts.

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 hedging 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.

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 is amortised over a period of 10 years and the amortisation is charged to other financial costs.

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.

Bonds

Long-term debt instruments, in Tamro's case Finnish Government bonds maturing between 2006–2010, are held by the Group until maturity. Long-term bonds have been valued by allocating the difference between the bond's acquisition cost and nominal value over the term-to-maturity. They are included on Other Investments under non-current assets.

Trading debt securities are included in short-term investments under current assets and they are valued at the lower of adjusted acquisition cost or market value.

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. 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 business operations and major sales of fixed assets.

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. Since 1998, the change in the deferred income tax includes tax effects of temporary differences, confirmed tax losses, changes in untaxed reserves and consolidation adjustments to net income. The effect of the change of accounting principle was posted under extraordinary expense in 1998.

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.

Chapter "Financing and financial risk management" is presented on page 15 and the 5-year review on page 56.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Figures are in EUR thousands unless otherwise stated	**2000**	1999
1. NET SALES BY MARKET AREA AND UNIT, EUR MILLION		
By market area:		
Sweden	**1,578,5**	1,438.6
Denmark	**836,1**	799.6
Finland	**748,2**	777.1
Norway	**199,4**	118.3
Baltic States	**109,2**	68.1
Russia	**34,2**	22.7
Others	**12,8**	11.4
	3,518,4	3,235.8
By unit:		
Tamro Sweden	**1,573,8**	1,431.6
Nomeco, Denmark	**852,5**	810.4
Tamro Finland	**681,8**	683.9
Tamro Norway	**185,0**	106.6
Tamro Baltics	**105,7**	68.3
Tamro Russia	**34,2**	22.5
Tamro MedLab	**89,0**	88.6
Others	**–3,6**	23.8
	3,518,4	3,235.8
2. OTHER INCOME		
Gain on sale of fixed assets	**3,282**	2,050
Gain on sale of business operations	**–**	5,519
	3,282	7,568
3. RAW MATERIALS AND SERVICES		
Raw materials and consumables		
Purchases during the financial period	**3,290,693**	3,029,556
Inventories, incr. (-), decr. (+)	**–1,156**	–30,150
External services	**27,948**	25,742
Raw materials and services total	**3,317,485**	3,025,148
4. PERSONNEL EXPENSES		
Average personnel by unit:		
Tamro Sweden	**578**	537
Nomeco, Denmark	**667**	665
Tamro Finland	**440**	458
Tamro Norway	**110**	63
Tamro Baltics	**325**	229
Tamro Russia	**180**	140
Tamro MedLab	**271**	265
Others	**112**	175
	2,683	2,532
Personnel expenses:		
Wages and salaries during the financial year	**78,932**	72,856
Payroll related social costs		
Pension costs	**8,042**	7,823
Other payroll related social costs	**9,458**	10,067
	96,432	90,747
Wages and salaries paid to:		
Boards of Directors, Supervisory Board, CEO and Managing Directors	**1,954**	1,783

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	**2000**	1999
Depreciation/amortisation according to plan		
Intangible rights	**1,438**	672
Goodwill	**561**	342
Consolidated goodwill	**3,692**	2,552
Other capitalised expenditure	**420**	422
Buildings	**4,579**	4,313
Machinery and equipment	**8,105**	7,188
Other tangible assets	**30**	19
	18,825	15,507

Depreciations for year 2000 include one-time write-off of certain goodwill in MedLab amounting to EUR 1.3 million.

Figures are in EUR thousands unless otherwise stated	2000	1999

6. FINANCIAL INCOME AND EXPENSES

	2000	1999
Income from non-current financial assets	2,512	1,872
Other interest and financial income		
Interest income	2,639	1,084
Other financial income	85	1,359
Other interest and financial expenses		
Interest expenses	–13,939	–7,668
Other financial expenses	–542	–1,504
Exchange rate differences, net	–5,271	150
	–14,516	–4,707

7. EXTRAORDINARY INCOME AND EXPENSES

	2000	1999
Income		
Change in deferred tax liabilities	3,107	–
Reversal of reserves	–	246
Adjustment of share of profit in affiliated company	–	467
Sale of subsidiaries	–	151
Sundry income	104	117
	3,211	982
Expenses		
Correction to Norway's result relating to prior years	–13,475	–
Change in deferred tax liability relating to prior years	–	–53
Sundry expenses	–40	–105
	–13,515	–158
Taxes on extraordinary items	–	64
Extraordinary income and expenses, total	–10,304	888

8. INCOME TAXES ON ORDINARY ACTIVITIES

	2000	1999
Current income taxes		
Finnish Group companies	–169	–7,708
Foreign Group companies	–6,104	–6,645
	–6,273	–14,353
Income taxes from previous years:	–2,039	366
Change in deferred tax liability specified in note 17	3,875	4,648
Income tax on ordinary activities	–4,437	–9,339

9. FIXED ASSETS

	Intangible assets				Tangible assets				
	Intangible rights	Goodwill	Consolidated goodwill	Other capitalised expenditure	Land areas	Buildings	Machinery and equipment	Other tangible assets	Advance payments and construction in progress
Acquisition value 1 Jan	11,375	3,528	49,080	3,718	14,781	132,259	83,807	478	485
Increase	1,495	–	–	142	767	11,350	14,882	43	3,380
Decrease	–1,494	–	–	–253	–3,780	–3,358	–6,822	–37	–600
Other changes	511	–2,011	–	5	169	–168	–900	51	1
Acquisition value 31 Dec	11,888	1,517	49,080	3,612	11,937	140,083	90,966	535	3,265
Accumulated depr. 1 Jan	–7,208	–2,089	–26,103	–2,397	–	–24,571	–62,592	–43	–
Increase	–1,438	–561	–3,692	–420	–	–4,579	–8,105	–30	–
Decrease	1,239	–	–	123	–	881	6,096	24	–
Other changes	–46	1,809	–	116	–	172	385	–6	–
Accumulated depr. 31 Dec	–7,453	–842	–29,795	–2,578	–	–28,097	–64,216	–56	–
Value adjustments 1 Jan & 31 Dec					420	2,355			
Translation difference	–45	56	–	17	–171	–570	–167	–3	–6
Bookvalue 31 Dec 2000	4,390	731	19,285	1,051	12,186	113,771	26,583	476	3,259
which includes capitalised interest	–	–	–	–	–	–	–	–	–
Bookvalue 31 Dec 1999	4,167	1,439	22,976	1,321	15,201	110,043	21,214	435	485
which includes capitalised interest	–	–	–	–	–	281	–	–	–

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

	2000	1999
Machinery and equipment in production use, book value	1,337	5,238

Figures are in EUR thousands unless otherwise stated	2000	1999

10. OTHER FINANCIAL ASSETS

	2000	1999
Government bonds	**32,205**	32 736
Other receivables	**724**	882
	32,929	33 619

Market value of the government bonds as at 31 Dec 2000 amounts to EUR 30,699,000.

11. AFFILIATED COMPANIES

	2000	1999
Opening balance	**14,090**	17 515
New affiliated companies	**5,810**	1 139
Omitted affiliated companies	**–**	–10 638
Share of net results	**3,281**	2 428
Translation differences	**–873**	1 936
Share of adjusted deferred tax in affiliated company	**–**	1 816
Other changes	**577**	–107
Closing balance	**22,885**	14 090

12. PREPAID EXPENSES AND ACCRUED INCOME

	2000	1999
Income tax receivable	**14,384**	1 763
Financial income	**2,605**	1 655
Prepaid expenses	**2,579**	1 873
Other income	**1,487**	1 866
Other prepaid expenses and accrued income	**1,105**	844
Total	**22,160**	8 001

13. SHARE CAPITAL AND SUBSCRIPTION TERMS AND CONDITIONS

The company's share capital as at 31 Dec 2000 totalled EUR 114,837,083, 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	3.72%
Share option rights 2000	3,000,000	2.45%
Total no of shares incl. warrants and share option rights	122,389,083	100.00%

Terms of subscription

	Issue of bond with warrants 1997	Share option rights 2000
Number of warrants	2,276,000 A 2,276,000 B	1,500,000 A 1,500,000 B
Subscription period	A: 1 Dec 2000 to 31 Jan 2004 B: 1 Dec 2001 to 31 Jan 2004	A: 1 Apr 2002 to 30 Apr 2006 B: 1 Apr 2004 to 30 Apr 2006
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.	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 subcription 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 subcription. If dividends are distributed for loss-making accounting periods, the whole amount paid out is to be deducted from the subscription price. However, the sub-scription price must be at least the nominal value of the share.

The Group owns a total of 390,000 year 1997 warrants and 790,000 year 2000 share option rights.

14. CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium account	Revalu-ation reserve	Fund for own shares	Other reserves	Retained earnings	Total equity
Equity 1 Jan 1999	206,399	219	1,278	8,895	1	136,870	353,662
Subscription of new shares	50	143					193
Decrease	-86,084					86,084	–
Cancelled own shares				–8,895			–8,895
Pooling adjustment						2,859	2,859
Dividend						–25,138	–25,138
Net profit for the year						23,491	23,491
Translation differences			–141			7,360	7,218
Fund for own shares				14,728		–14,728	–
Write-down of own shares				–1,120			–1,120
Adjustment of share in affiliated company						–1,379	–1,379
Transfers within equity		–219			449	–230	–
Other change						324	324
Equity 31 Dec 1999	120,365	143	1,137	13,608	449	215,512	351,216

Figures are in EUR thousands unless otherwise stated

	Share capital	Share premium account	Revaluation reserve	Fund for own shares	Other reserves	Retained earnings	Total equity
Subscription of new shares	1	1					2
Decrease	–5,529	5,495				34	–
Cancelled own shares				–17,372			–17,372
Dividend						–17,174	–17,174
Net income for the year						–12,240	–12,240
Translation differences						–3,714	–3,714
Fund for own shares				4,739		–4,739	–
Write-down of own shares				–406			–406
Adjustment of share in affiliated company						594	594
Transfers within equity		1	–1		16	–16	–
Equity 31 Dec 2000	114,837	5,640	1,136	569	465	178,258	300,905
Distributable equity							
Retained earnings		178,258					
Accumulated appropriations, net of tax		–36,580					
Distributable equity 31 Dec 2000		141,678					

15. OBLIGATORY RESERVES

	2000	1999
Pension commitments	**1,031**	601
Reserve for taxes	**2,758**	–
Other reserves	**538**	–
	4,327	601
Changes in the obligatory reserves in the income statement		
Expenses	**–1,588**	–
Extraordinary items	**–2,155**	288
	–3,743	288

16. LONG-TERM LIABILITIES

	2000	1999
Long-term liabilities fall due as follows:		
2002	**55**	17,259
2003–2005	**5,432**	5,542
2006–	**428**	544
On special conditions	**10,301**	10,086
	16,216	33,430
Foreign currency breakdown of long-term loans:		
SEK	**10,216**	21,168
DKK	**5,915**	12,078
Others	**85**	184
	16,216	33,430

Of the above pension loans EUR 10,216,000 (10,048,000) 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 1999	Charged/ (credited) to P/L income tax	Charged/ (credited) to P/L extraord	Other changes	31 Dec 1999
DEFERRED INCOME TAX LIABILITIES					
Untaxed reserves and acc. depr	24,840	–4,504	369	–2,306	18,399
	24,840	–4,504	369	–2,306	18,399
DEFERRED INCOME TAX ASSETS					
Tax loss carry forwards	9,198	2,730	–78	–227	6,773
Other temporary timing differences	6,916	–2,874	–801	2,184	8,407
	16,114	–144	–880	1,958	15,180
Net deferred income tax liability (+) / receivable (-)	8,726	–4,648	–510	–348	3,219

Figures are in EUR thousands unless otherwise stated — **2000** — 1999

DEFERRED INCOME TAX LIABILITIES	1 Jan 2000	Charged/ (credited) to P/L income tax	Charged/ (credited) to P/L extraord	Other changes	31 Dec 2000
Untaxed reserves and acc depr	18,399	–317	–96	–126	17,860
	18,399	–317	–96	–126	17,860
DEFERRED INCOME TAX ASSETS					
Tax loss carry forwards	6,773	–3,504	–	34	10,243
Other temporary 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

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

18. ACCRUED EXPENSES AND DEFERRED INCOME

	2000	1999
Personnel expenses	**10,419**	9,892
Cost of goods	**2,830**	2,919
Income tax liability	**1,890**	4,181
Financial expenses	**809**	4,221
IT-expenses	**160**	4,725
Other accrued expenses and deferred income	**5,522**	7,730
Total	**21,630**	33,668

19. CONTINGENT LIABILITIES

	2000	1999
Mortgages		
For own debts (1)	**4,201**	4,420
Pledges	**–**	–
Guarantees		
For debts of others	**1,659**	2,026
Other commitments		
Leasing commitments		
Next year	**2,661**	3,245
Over one year	**1,661**	3,030
Repurchase commitments	**37**	95
Other commitments	**81**	196
	4,440	6,566
Group liabilities, secured by mortgages, pledges and other commitments:		
Mortgages (1)	**24,314**	19,230

20. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives – notional amounts	2000 Closed	2000 Open	1999 Closed	1999 Open
Currency instruments				
Currency forward contracts	**29,716**	**69,758**	51,872	68,483
Currency options – purchased	**21,494**	**0**	27,500	20,000
Currency options – sold	**21,494**	**0**	27,500	448,286
Interest rate instruments				
Interest rate forward contracts and futures	**0**	**0**	35,037	11,686
Interest rate option contracts	**26,799**	**26,799**	107,479	26,870
Derivatives – market value				
Currency instruments				
Currency forward contracts	**84**	**693**	53	–2,433
Currency options	**0**	**0**	0	–1,344
Interest rate instruments				
Interest rate forward contracts and futures	**0**	**0**	11	14
Interest rate option contracts	**–**	**–1**	–	–33

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.

Figures are in EUR thousands unless otherwise stated		2000	1999
21.	NET SALES BY MARKET AREA AND UNIT		
	By market area:		
	Finland	674,642	740,255
	Sweden	103	65
	Baltic countries	4,849	2,858
	Russia	0	112
		679,594	743,290
	By unit:		
	Tamro Finland	679,397	680,340
	Tamro MedLab	–	63,152
	Others	197	–202
		679,594	743,290
22.	OTHER INCOME		
	Gain on sale of fixed assets	390	1,441
	Rental and other income	2,496	3,440
		2,886	4,881
23.	RAW MATERIALS AND SERVICES		
	Raw materials and consumables		
	Purchases during the financial period	644,492	700,655
	Inventories, incr. (-), decr. (+)	1,051	–11,643
	External services	4,641	4,086
		650,184	693,097
24.	PERSONNEL EXPENSES		
	Personnel expenses:		
	Wages and salaries during the financial year	14,100	17,883
	Payroll related social costs		
	Pension costs	2,660	3,771
	Other payroll related social costs	958	1,256
		17,718	22,910
	Wages and salaries paid to:		
	Boards of Directors, CEO and Managing Directors	449	734
25.	DEPRECIATION ACCORDING TO PLAN		
	Intangible rights	500	296
	Goodwill	1,806	2,408
	Other capitalised expenditure	13	13
	Buildings	1,669	1,669
	Machinery and equipment	1,489	940
		5,478	5,326
26.	FINANCIAL INCOME AND EXPENSES		
	Income from non-current financial assets		
	Dividend income	26,575	29,247
	Interest income	7,623	7,465
	Other interest and financial income		
	Interest income	10,318	5,124
	Other financial income	8	1,179
	Other interest and financial expenses		
	Interest expenses	–10,803	–4,816
	Other financial expenses	–4,553	–5,111
	Exchange rate differences, net	–5,039	10,617
		24,130	43,704
	From Group companies:		
	Income from non-current financial assets		
	Dividend income	25,377	29,215
	Interest income	6,329	6,154
	Other interest and financial income		
	Interest income	9,079	4,549
	Other financial income	8	–
	Other interest and financial expenses		
	Interest expenses	–396	–136
		40,397	39,782

Figures are in EUR thousands unless otherwise stated	2000	1999

27. EXTRAORDINARY INCOME AND EXPENSES

	2000	1999
Income		
Sale of shares	395	27
Liquidation of a subsidiary	84	346
Profit on sale of business operations	–	12,070
Other extraordinary income	27	11
	506	12,453
Group contribution	218	7,936
Expenses		
Write-off of loan receivables from Group and shares in subsidiaries*)	–20,550	–1,019
Sale of shares	–2,490	–943
Sundry expenses	–56	–207
	–23,096	–2,168
Extraordinary income and expenses, total	–22,372	18,221

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

28. APPROPRIATIONS

	2000	1999
Accelerated depreciation in the income statement		
Intangible rights	–52	–218
Goodwill	1,806	3,922
Sold goodwill	–	3,908
Other capitalised expenditure	1	0
Buildings	1,065	998
Machinery and equipment	39	–54
	2,858	8,557

29. INCOME TAXES

	2000	1999
Current income taxes	–166	–6,736
Income taxes from previous years	–2,153	101
	–2,319	–6,635

30. FIXED ASSETS

	Intangible assets			Tangible assets			
	Intangible rights	Goodwill	Other capitalised expen-diture	Land areas	Build-ings	Machinery and equipment	Other tangible assets
Acquisition value 1 Jan	7,523	39,595	1,661	978	58,125	22,497	240
Increase	719	–	–	–	4,958	4,850	–
Decrease	–	–	–	–33	–281	0	–
Other changes	–	–	–	–	–	–	–
Acquisition value 31 Dec	8,242	39,595	1,661	945	62,802	27,347	240
Accumulated depr. 1 Jan	–5,578	–23,329	–1,644	–	–16,684	–21,184	–
Increase	–500	–1,806	–13	–	–1,669	–1,489	–
Decrease	–	–	–	–	–	–	–
Accumulated depr. 31 Dec	–6,078	–25,135	–1,657	–	–18,353	–22,673	–
Value adjustments 1 Jan - 31 Dec	–	–	–	404	2,355	–	–
Bookvalue 31 Dec 2000	2,164	14,460	3	1,348	46,804	4,674	240
which includes capitalised interest	–	–	–	–	–	–	–
Bookvalue 31 Dec 1999	1,945	16,266	17	1,381	43,796	1,313	240
which includes capitalised interest	–	–	–	–	281	–	–

Figures are in EUR thousands unless otherwise stated	*2000*	*1999*

31. GROUP COMPANIES

Company	Registered office	Group share of holding and votes %	Group share of shareholders' equity	Parent company share of holding %	Shares owned by the parent company Number of shares	Nominal value	Book value	Net profit or loss for financial year
Nomeco A/S	Copenhagen, Denmark	100	78,682	100	7,200,000	19,295	197,155	11 707
Tamro AB	Gothenburg, Sweden	100	83,125	–	–	–	–	433
Tamro Sweden AB	Stockholm, Sweden	100	15,982	100	1,000	11	34,418	190
Tamro SIA	Riga, Latvia	100	3,587	100	148	2,274	1,383	641
Tamro MedLab AB	Gothenburg, Sweden	100	1,532	–	–	–	–	–11
Kemistien Oy	Vantaa, Finland	100	1,712	100	1,000,000	1,682	3,560	2 854
UAB Tamro	Kaunas, Lithuania	100	4,990	100	51,809	6,958	5,920	–2 399
Tamro Distribution AS	Skårer, Norway	51	363	51	20,401	2,478	3,814	–26 691
Tamro Eesti AS	Tallinn, Estonia	100	2,315	100	5,500	352	530	1 069
Tamro MedLab AS	Roskilde, Denmark	100	357	–	–	–	–	98
Tamro MedLab AS	Skårer, Norway	100	777	–	–	–	–	–2 334
Tamro MedLab Oy	Vantaa, Finland	100	424	100	5,000	5,000	5,000	–4 577
Medinord Oy	Vantaa, Finland	100	455	100	12	163	895	20
Tam-Drug Oy	Vantaa, Finland	100	31	100	2,000	49	49	–13
Tamro Russia Oy	Vantaa, Finland	100	154	100	96,318	100	170	–2
Pharm Tamda 77	S:t Petersburg, Russia	85	–391	85	2,805	20	0	578
							252,894	
Other subsidiaries, incl. non-operational							1,513	
							254,407	

32. OTHER SHARES AND PARTICIPATIONS

Company	Registered office	Group share of holding and votes %	Group share of shareholders' equity	Parent company share of holding, %	Shares owned by parent company Number of shares	Book value	Profit or loss for financial year
Affiliated companies:							
Apokjeden AS	Oslo, Norway	13.0	1,656	13.0	250	12,552	708
Mölnlycke Health Care AB	Mölndal, Sweden	30.0	23,143	30.0	2,100,000	24,107	9,486
						36,659	
Other companies:							
Sponda Oyj					2,574,958	9,785	
Finnish Central Securities Depository Ltd					8	27	
Helsinki Stock Exchange Ltd					24,400	27	
Telephone company shares etc.						8	
Housing corporations						107	
Real estate and other shares						457	
						10,411	
Other shares and participations total						47,070	
Own shares acquired by the company					341,000	569	

Own shares are valued at current share price at year-end, EUR 1.67.

33. RECEIVABLES AND LIABILITIES, INTRA-GROUP ITEMS

	2000	1999
Financial assets		
Loan receivables	**127,949**	120,906
Long-term receivables		
Loan receivables	**72,141**	44,725
Short-term receivables from Group companies		
Accounts receivable	**2,660**	5,642
Prepaid expenses and accrued income	**9,203**	9,034
Loan receivables	**48,259**	82,568
	60,122	97,244
Liabilities to Group companies		
Accounts payable	**1,747**	983
Accrued liabilities	**81**	152
Other short-term liabilities	**46,360**	17,987
	48,188	19,122

34. PREPAID EXPENSES AND ACCRUED INCOME

	2000	1999
Income tax receivable	**12,981**	489
Financial income	**2,584**	1,652
Prepaid expenses	**2,074**	2,826
Other income	**1,890**	1,388
Total	**19,529**	6,355

Figures are in EUR thousands unless otherwise stated	2000	1999

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 1998	206,399	139,301	1,093	8,895	74,214	58,347	488,250
Subscription of new shares	50	34					84
Decrease	–86,084	–139,191			–74,214	299,599	109
Cancelled own shares				– 8,895			–8,895
Dividend						–25,138	–25,138
Net profit for the year						59,332	59,332
Fund for own shares				14,728		–14,728	–
Write-down of own shares				–1,120			–1,120
Donations						–11	–11
Equity 31 Dec 1999	120,365	143	1,093	13,608	–	377,402	512,612
Subscription of new shares	1	1					2
Decrease	–5 529	5,495				34	–
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	–
Write-down of own shares				–406			–406
Donations						–1	–1
Equity 31 Dec 2000	114,837	5,640	1,093	569	–	346,867	469,006

36. ACCUMULATED DEPRECIATION DIFFERENCE

	2000	1999
Accelerated depreciation		
Intangible rights	**402**	350
Goodwill	**14,460**	16,266
Other capitalised expenditure	**2**	3
Buildings	**29,838**	30,903
Machinery and equipment	**335**	373
	45,037	47,895

37. OBLIGATORY RESERVES

	2000	1999
Reserve for taxes	**2 758**	–

38. LONG-TERM LIABILITIES

	2000	1999
Long-term liabilities fall due as follows:		
2002	**–**	11,679
Foreign currency breakdown of long-term liabilities:		
SEK	**–**	11,679

39. ACCRUED EXPENSES AND DEFERRED INCOME

	2000	1999
Personnel expenses	**1,806**	2,476
Financial expenses	**803**	4,221
IT expenses	**160**	2,367
Income tax liability	**116**	1,096
Other accrued expenses and deferred income	**1,947**	2,316
Total	**4,832**	12,476

40. CONTINGENT LIABILITIES

	2000	1999
Mortgages (1)		
For own debts	**2,943**	2,943
Guarantees		
For subsidiaries	**26,840**	15,517
For debts of others	**38**	156
	26,878	15,673
Other commitments		
Leasing commitments		
Next year	**1,807**	2,015
Over one year	**1,148**	1,913
Repurchase commitments	**37**	95
Other commitments	**74**	186
	3,066	4,209
(1) Parent company's liabilities, secured by mortgages	**23,583**	29,707

Figures are in EUR thousands unless otherwise stated		***2000***		*1999*

41. DERIVARIVE FINANCIAL INSTRUMENTS

Derivatives – notional amounts	***Closed***	***Open***	*Closed*	*Open*
Currency instruments				
Currency forward contracts	***29,716***	***70,023***	*51,872*	*68,483*
Currency options – purchased	***21,494***	***0***	*27,500*	*20,000*
Currency options – sold	***21,494***	***0***	*27,500*	*448,286*
Interest rate instruments				
Interest rate forward contracts and futures	***0***	***0***	*35,037*	*11,686*
Interest rate option contracts	***26,799***	***26,799***	*107,479*	*26,870*
Derivatives – market value				
Currency instruments				
Currency forward contracts	***84***	***734***	*53*	*–2,433*
Currency options	***0***	***0***	*0*	*–1,334*
Interest rate instruments				
Interest rate forward contracts and futures	***0***	***0***	*11*	*14*
Interest rate option contracts	***–***	***–1***	*–*	*–33*

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

PROPOSAL FOR PROFIT DISTRIBUTION

The net loss of Tamro Corporation for the financial year is	EUR –8,654,984.17
Total retained earnings amount to	EUR 346,867,286.82
– of which the distributable portion is	EUR 346,867,286.82
The retained earnings shown in the Consolidated Balance Sheet as at 31 December 2000	EUR 178,224,000.00
– of which the distributable portion is	EUR 141,643,000.00

The Board of Directors proposes that	
– the dividend of EUR 0.05 per share be paid on 114,496,083 shares entitled to a dividend	EUR 5,724,804.15
– the remainder be posted to the retained earnings account	EUR 341,142,482.67

Vantaa, 27 February 2001

Mikael von Frenckell
Chairman

Bernd Scheifele

Stefan Carlsson

Johan Horelli

Dag Johannesson

Lorenz Näger

Reimund Pohl

Juha Toivola

Pauli Kulvik
CEO

AUDITORS' REPORT

to the shareholders of Tamro Oyj

We have audited the accounting, the financial statements and corporate governance of Tamro Oyj for the period 1.1.–31.12.2000. 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.

As explained in the report of the Board of Directors, falsified accounting records and vouchers were revealed in October 2000 in the group's Norwegian subsidiary dealing in distribution of pharmaceuticals. In consequence, the result and the shareholders' equity reported by the subsidiary in the previous financial statements and interim reports have been overstated. The combined effect of the proven errors on the result, totalling 10.5 million euros, has been included in the current financial statements as extraordinary expenses. The investigation of the fraud has not been completed yet.

Vantaa, 8 March 2001

SVH Pricewaterhouse Coopers Oy
Authorised public accountants

Johan Kronberg, APA

KPMG Wideri Oy Ab
Authorised public accountants

Rolf Stubbe, APA

KEY FINANCIAL INDICATORS 1996–2000

	2000	1999	1998	1997	1996
FROM THE INCOME STATEMENT, €m					
Net Sales	**3,518.4**	3,235.8	3,019.8	2,168.4	2,223.4
Other income	**3.3**	7.6	19.6	0.0	0.0
Operating expenses	**–3,489.1**	–3,193.6	–2,979.8	–2,114.9	–2,168.1
Depreciation	**–18.8**	–15.5	–25.5	–16.0	–14.6
Operating profit	**13.7**	34.2	34.1	37.5	40.6
Financial income and expenses	**–14.5**	–4.7	–5.8	–2.3	–1.9
Share of affiliated companies' net income	**3.3**	2.4	–6.9	0.7	-1.1
Ordinary profit before taxes	**2.4**	31.9	21.4	35.9	37.7
Minority and income taxes on ordinary activities	**–4.4**	–9.3	–7.3	–11.3	–12.2
Ordinary net profit	**–1.9**	22.6	14.2	24.6	25.5
Extraordinary income and expenses, net of taxes	**–10.3**	0.9	1.5	0.6	–0.3
Net profit for the period	**–12.2**	23.5	15.7	25.2	25.2
FROM THE BALANCE SHEET, €m					
Tangible and intangible assets	**181.7**	177.3	169.8	172.0	177.9
Financial assets	**71.3**	85.0	41.2	23.6	23.2
Inventories	**308.3**	307.1	259.0	193.4	166.6
Receivables	**494.0**	457.5	391.9	237.4	281.1
Liquid assets and short-term investments	**69.3**	34.0	67.3	57.5	53.7
Equity	**300.9**	351.2	353.7	292.5	278.9
Minority	**1.9**	0.0	0.0	0.5	0.3
Obligatory reserves	**4.3**	0.6	0.9	0.3	5.9
Long term liabilities	**16.2**	36.6	40.7	37.0	33.6
Short term liabilities	**801.3**	672.5	534.0	353.7	383.9
Balance sheet total	**1,124.6**	1,060.9	929.2	684.0	702.6
KEY FIGURES					
Sales change,%	**8.7**	7.1	39.3	–2.5	23.1
Operating margin,%	**0.4**	1.1	1.1	1.7	1.8
Profit margin, %	**0.1**	1.0	0.7	1.7	1.7
Return on capital employed, %	**3.8**	8.6	7.0	12.7	13.4
Return on equity, %	**–0.6**	6.5	4.0	8.6	9.5
Free cash flow, €m	**29.3**	–86.7	42.6	16.0	19.5
Capital employed, €m	**544.4**	564.3	441.7	321.9	307.5
Net debt, €m	**140.1**	146.3	20.6	–28.6	–25.4
Net gearing, %	**46.4**	43.5	5.9	–9.8	–9.1
Interest cover	**1.2**	5.3	5.0	15.8	12.4
Equity ratio, %	**26.8**	31.7	38.1	42.8	39.7
PER SHARE DATA [1)]					
Number of shares – at end, millions	**114.5**	116.0	120.3	88.2	88.2
Number of shares – average, millions	**114.7**	119.3	121.8	88.2	88.2
Earnings per share, €	**–0.02**	0.19	0.12	0.28	0.29
Dividend per share, old/new shares, €	**0.05** [2)]	0.15	0.25/0.10	0.15	0.15
Dividend per earnings, %	**neg.**	79	180	54	52
Effective dividend yield, %	**3.0**	4.9	5.7	3.0	2.9
Equity per share, €m	**2.62**	2.90	2.86	3.31	3.16
P/E-multiple	**neg.**	16	32	18	18
TAMRO SHARE INFORMATION					
Average trading price, €	**2.65**	3.47	5.11	5.53	4.37
Lowest trading price, €	**1.62**	2.75	3.36	4.79	3.11
Highest trading price, €	**3.80**	4.50	7.40	6.39	5.85
Price at 31 December, €	**1.67**	3.04	3.70	5.03	5.16
Trading volume, million shares	**22.4**	53.2	48.3	40.4	48.8
Trading volume, %	**20**	45	46	46	55
Market capitalisation at 31 December, €m	**191.2**	352.3	445.2	441.3	455.2
OTHER					
Investments, €m	**35.8**	22.6	34.5	11.9	25.7
as % of sales	**1.0**	0.7	1.1	0.6	1.2
Number of employees, average	**2,683**	2,532	2,578	2,249	2,122

[1)] excluding own shares
[2)] Board proposal

CALCULATION OF FINANCIAL RATIOS

Profit margin
Ordinary profit before taxes divided by Net Sales.

Capital employed
Total assets less non-interest bearing liabilities. In units, cash and financial assets are excluded.

Return on capital employed
Ordinary profit before taxes plus interest expenses and other financial expenses as a percentage of average capital employed. Operating profit for the unit as a percentage of average capital.

Return on equity [1]
Ordinary net profit as a percentage of average shareholders' equity and minority.

Free cash flow
See Cash Flow Statement.

Net debt
Interest bearing debt less cash, short-term investments and bonds.

Net gearing [1]
Net debt as a percentage of equity plus minority interest.

Interest cover
Ordinary profit before taxes plus interest expenses divided by the interest expenses.

Equity ratio [1]
Shareholders' equity plus minority interest as a percentage of total assets.

Average trading price
Value of trading volume divided by the volume traded.

Trading volume in %
Number of shares traded during the period as a percentage of average number of outstanding shares.

Market capitalisation [1]
Number of shares multiplied by share price at the end of the year.

Earnings per share [1]
Earnings, defined as ordinary net profit, divided by average number of shares. Own shares are deducted from the date of repurchase.

Dividend per earnings
Dividend per share as a percentage of earnings per share. Dividend is weighted with respect to old and new shares.

Effective dividend yield
Dividend per share as a percentage of market share price at 31 Dec.

Equity per share [1]
Shareholders' equity divided by the number of shares at 31 Dec.

P/E multiple
Market share price at 31 Dec divided by earnings per share.

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

Investments
Includes corporate acquisitions.

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

[1] Effect of own shares eliminated

BOARD
OF DIRECTORS
AND AUDITORS

Board of Directors as of 12 April 2000

Chairman
Mikael von Frenckell
Helsinki, born 1947. Elected 1995, chairman 1999. MPolSc, Chairman of the Board of Sponsor Capital Oy.

Vice Chairman
Bernd Scheifele
Mannheim, born 1958. Elected 2000, chairman of Board Planning Committee.
LLM, President, Phoenix Pharmahandel AG & Co.

Members
Stefan Carlsson
Stockholm, born 1954. Elected 1999.
MSc, President, Apoteket AB.

Johan Horelli
Helsinki, born 1939. Elected 1999.
MSc (Eng).

Dag Johannesson
Stockholm, born 1945. Elected 1995, member of Board Planning Committee.
LLM, MBA, Director, Apoteket AB.

Lorenz Näger
Mannheim, born 1960. Elected 2000, member of Board Planning Committee.
PhD, MBA, Director, Phoenix Pharmahandel AG & Co.

Reimund Pohl
Mannheim, born 1952. Elected 2000, member of Board Planning Committee.
MBA, Director, Phoenix Pharmahandel AG & Co.

Juha Toivola
Helsinki, born 1947. Elected 1997.
MSc, President for Industrial Insurance Company Ltd until 1 February 2001.

The Board of Directors has convened 14 times during the period under review.

Auditors

SVH Pricewaterhouse Coopers Oy, Authorised Public Accountants
KPMG Wideri Oy Ab, Authorised Public Accountants

Tamro's shares and warrants held by members of the Board of Directors, CEO and permanent insiders at 31 December 2000

		Shares Holding under own name no. of shares	Shares Holding incl. assets of under-age dependents and significantly influenced companies, no. of shares	Warrants 97 no. of shares	Warrants 2000 no. of shares
Mikael von Frenckell	Chairman of the Board	100,000	105,000	0	0
Bernd Scheifele	Vice chairman of the Board	0	0	0	0
Stefan Carlsson	Member of the Board	0	0	0	0
Johan Horelli	Member of the Board	0	0	0	0
Dag Johannesson	Member of the Board	0	0	0	0
Lorenz Näger	Member of the Board	0	0	0	0
Reimund Pohl	Member of the Board	0	0	0	0
Juha Toivola	Member of the Board	0	0	60,000	0
Juhani Mäkinen	Secretary of the Board	0	0	60,000	0
Johan Kronberg	Auditor	0	0	0	0
Rolf Stubbe	Auditor	0	0	0	0
Jukka Ala-Mello	Auditor	0	0	0	0
Pauli Kulvik	CEO	0	0	250,000	400,000
Pekka Laitasalo	Member of the Group Management	0	0	0	150,000
Jussi Holopainen	Member of the Group Management	0	1,000	100,000	150,000
Björn Mattila	Member of the Group Management	3,649	0	60,000	150,000
Jorma Turunen	Member of the Group Management	0	0	60,000	0
Bengt Persson	Member of the Group Management	0	0	60,000	150,000
Jan Bonde	Member of the Group Management	0	0	0	150,000
Peter Lørup	Member of the Group Management	0	0	0	150,000
Jorma Kajaste	Secretary of the Group Management	0	0	20,000	36,000
Börje Lindén	Group Controller	5,500	0	6,000	40,000
Risto Saarni	Treasurer	0	15,000	20,000	40,000
Eila Volanen	Communications Manager	18	0	0	0
Pentti Tarkkanen	Director of Administration	1,113	0	20,000	40,000
Patricia Laurén	CEO's secretary	0	0	0	0
Other shareholders				3,836,000	1,544,000
TOTAL				**4,552,000**	**3,000,000**

CORPORATE GOVERNANCE

Tamro Corporation's governing bodies and management practices comply for the most part with the February 1997 Guidelines on the Corporate Governance of Publicly Traded Companies issued by the Central Chamber of Commerce in Finland and the Confederation of Finnish Industry and Employers (TT). The auditors' statement on Tamro's corporate governance is included in the Auditors' Report on page 55.

Board of Directors and CEO

Tamro Corporation's Board of Directors comprises a minimum of three and a maximum of ten members elected at the Annual General Meeting. The term of a Board member expires at the close of the following year's Annual Meeting. The Board has appointed a Planning Committee consisting of four Board members and the CEO of Tamro Corporation. The Committee is set to assist the Board of Directors and to prepare important issues for processing and decision-making.

The Articles of Association of Tamro Corporation specify no other tasks for the Board of Directors than those prescribed under the Finnish Companies Act.

In addition to the provisions of the Finnish Companies Act, it is the duty of the CEO to

– direct the company's business activities according to the guidelines and regulations issued by the Board of Directors,
– monitor economic trends in Finland and other countries of operation and to adjust corporate activities as required by the changing business environment,
– manage the company's strategic planning and monitor the development of the Group's operational organisation and efficiency,
– direct and supervise the charting and implementation of development opportunities offered by inter-company co-operation within the Group's core business areas, and
– present the items on the agenda at different meetings to the Board of Directors.

According to Group policy, no Group employee is nominated to the Parent Company's Board of Directors. Correspondingly, no Director of the corporate Board serves on the Boards of Group subsidiaries. The members of the Board of Directors are presented on page 58.

The CEO is nominated by the Board of Directors. The terms and conditions of his post are stipulated in a written executive employment contract.

Organisation of business activities and areas of responsibility

The Group's core business, pharmaceutical distribution, is organised under four country-specific business units in the Nordic Countries, while the Russian, Estonian, Latvian and Lithuanian subsidiaries are organised under one division, Tamro Baltic States and Russia. The sales and marketing of healthcare and laboratory supplies are grouped under Tamro MedLab organisation.

The six units are headed by Managing Directors reporting to the CEO of Tamro Corporation.

The Group Management comprises the CEO, the Managing Directors, the Group's Chief Financial Officer, the Group's Chief Information Officer and the Director of Corporate Communications and Investor Relations. CEO's Assistant acts as its secretary. The Group Management supervises and directs the Group's activities.

Insider issues

Tamro has applied the Helsinki Exchanges Guidelines for Insiders by introducing as of 1 March 2000 Insider Regulations ratified by Tamro Board of Directors. The Permanent Insiders and their holdings of Tamro shares and options are presented in the table on page 58.

Auditing

The auditors elected by the Annual General Meeting are Authorised Public Accountants SVH Pricewaterhouse Coopers Oy (designated auditor Johan Kronberg), and KPMG Wideri Oy Ab (designated auditor Rolf Stubbe). In addition to the tasks specified in the currently valid rules and regulations, these auditors report their audit findings to Tamro's Board of Directors when necessary and take part in the meetings of the Board of Directors at least twice a year.

Risk management

The objective of Tamro Group's risk management practices is to identify and minimise risks associated with personnel, assets and operations. The responsibility for risk management is decentralised among units, which must see to it that sufficient insurance coverage is taken out and that all deductibles are in accordance with the terms of insurance policies contracted and that any loss or damage is reported to the appropriate insurance company. Insurance-related matters are decided by Group Administration.

Financial risk management is dealt with on page 15.

INFORMATION TO THE SHAREHOLDERS

Annual General Meeting

The Annual General Meeting of Tamro Corporation will be held at Tamro House, Rajatorpantie 41 B, Vantaa, on 23 April 2001 at 2 p.m. Shareholders who wish to attend must give notification by 4 p.m. on Thursday, 19 April 2001 either by mail to Tamro Corporation, P.O. Box 11, FIN-01641 Vantaa, by e-mail to tuula.lonnstrom@tamro.com or by calling +358 204 45 4004/ Tuula Lönnström. Any powers of attorneys are requested to be delivered in connection with the notices.

Those shareholders whose shares were transferred to the share register maintained by the Finnish Central Securities Depository Ltd. by 12 April 2001, and those who were entered in the company's shareholders' register before 28 October 1994, are entitled to attend the meeting. In the latter case, the shareholders must present their share certificates or other documents showing that the holding has not yet been recorded in a book-entry securities account.

Distribution to owners

If the Annual General Meeting passes the Board's proposal for dividends, EUR 0.05 per share will be paid to the shareholders in the shareholders' register kept by the Finnish Central Securities Depository Ltd. on the record date, 26 April 2001.

The dividend will be paid out on 4 May 2001.

Publishing schedule

Tamro Corporation will publish the following interim reports for 2001 in Finnish and English:

– For January-March on 4 May 2001
– For January-June on 9 August 2001
– For January-September on 8 November 2001.

Tamro's Interim Reports will be published on Tamro's website at the designated publication time. A hard copy will be sent by post to shareholder upon request, please see contact information beside.

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Email corporate.communication@tamro.com

Tamro's releases can also be found at websites www.tamro.com, www.huginonline.com and www.pressi.com

Home page http://www.tamro.com

Change of address

Shareholders are asked to notify the keeper of their book-entry account of any changes of address.

GROUP MANAGEMENT

Pauli Kulvik *(49)*
MSc (Eng), MBA
CEO

Jan Bonde *(50)*
Graduate in Pharmacology
Managing Director
Nomeco, Denmark

Jussi Holopainen *(41)*
MSc (Econ), BSc (Pharm)
Managing Director
Tamro Finland

Jo Langmoen *(51)*
MSc (Eng)
Managing Director
Tamro Norway

Björn Mattila *(54)*
DipBus
Managing Director
Tamro Baltics and Russia

Bengt Persson *(48)*
MSc (Eng)
Managing Director
Tamro Sweden

Jorma Turunen *(54)*
BSc (Eng)
Managing Director
Tamro MedLab

Pekka Laitasalo *(45)*
MSc (Econ)
CFO
Group finance and financing

Peter Lørup *(44)*
Computer Scientist
Chief Information Officer
Group information management

Marjatta Virtanen *(51)*
MSc (Econ)
Director, Corporate Communications and IR
as from 1 April 2001
Communications and investor relations

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