Welcome to Tamro's Web Annual Report 2002

This web annual report 2002 is larger than the printed annual report, which contains only the financial statements for 2002 and can be downloaded as the printable PDF version. This web annual report was released during week 11 and the printed financial statements during week 13. The objective of the web report is to give you a good picture of our business in 2002. We have made a special effort to develop a user-friendly and rapid reporting method.

Instructions

This web annual report 2002 is larger than the printed annual report, which contains only the financial statements for 2002. The financial statements figures are audited (apart from section the "quarterly development") and correspond to the contents of the financial statements in the printed annual report.

The user path, at the top of the pages, shows you where you are and how you have got there. By clicking on the different parts of the path you can return to the previous pages. You can also get back to the start page by clicking on "**Web Report home**". The "**back**" function is also useful in navigating.

We hope you enjoy using our Web Report!

See more Instructions

Tamro Group

Tamro Group is the leading pharmaceutical wholesaler and distributor in Northern Europe. We operate in the Nordic countries, in the Baltic States and in Russia. Our average share of pharmaceutical wholesaling in this area is in the region of 47%. Tamro Group is also active in the pharmaceutical retail trade in Norway, Estonia and Latvia. In these countries Tamro's aim is to operate as an integrated wholesale-retail company.

Tamro's core business is pharmaceutical distribution and retail trade. Our customers in the wholesale sector include pharmacies, hospitals and other healthcare institutions. Operations are also based on close co-operation with partners, i.e. manufacturers of pharmaceuticals and other healthcare products.

Tamro's core business is supplemented by Tamro MedLab, which sells, markets and imports a broad range of basic and specialised healthcare products, laboratory products, diagnostics and biotechnical products and equipment. Tamro MedLab's customers include healthcare facilities and industrial, research and educational laboratories.

Tamro's shares are listed on the Helsinki Exchanges. The Group's head office and domicile are in Finland.

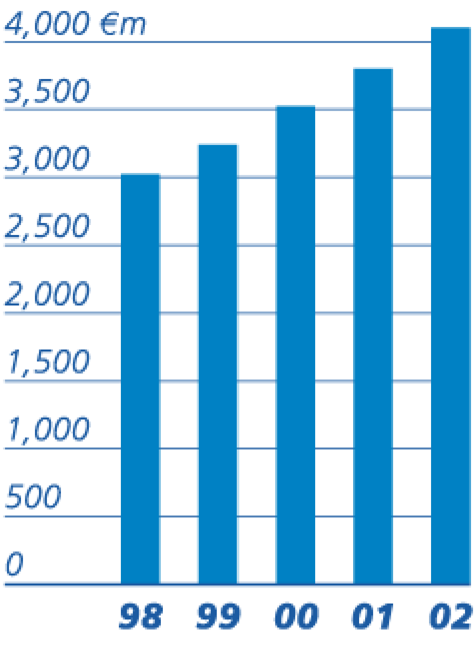
Main events 2002

- The pharmaceutical market in Tamro Group's operating area in the Nordic countries, the Baltic States and Northwestern Russia continued its steady growth averaging 9%. Tamro's market share in the Nordic countries was 49 %.
- Some new signs of the deregulation of the pharmaceutical markets were seen. Lithuania was a new Baltic State to start the liberalisation of pharmacy ownership. In Denmark the assortment of OTC products in supermarkets was enlarged. Moves towards OTC sales in stores were seen also in Norway, where the markets are dominated by three countrywide, integrated wholesale pharmacy chains.
- Tamro Group's net sales grew by 8% to EUR 4,102.7 million. The Group's operating profit was EUR 55.1 and the full-year operating profit margin was 1.3%. All business units - except Latvia - exceeded their 2001 results and all of them made a profit at the operating profit level. Tamro Group's pre-tax profit was EUR 41.3 million. The corresponding figure in 2001 excluding non-recurring items was EUR 19.0 million.
- In Russia Tamro reorganised its operations by swapping its shares in the Russian subsidiary Pharm Tamda 77 for an 18% minority holding in a new federal wholesale company called ZAO ROSTA in the beginning of December. In Lithuania Tamro Group became a clear market leader in pharmaceutical wholesale by acquiring one of the major local wholesalers, UAB Litfarma ir partneriai at the end of December.
- In pharmaceutical retail Tamro strengthened its position. In Norway Tamro's ownership in Apokjeden, a pharmacy chain of 198 pharmacies, increased to 78%. In Estonia Tamro acquired 6 new pharmacies. The number of Tamro-connected pharmacies totalled 240 at year-end.

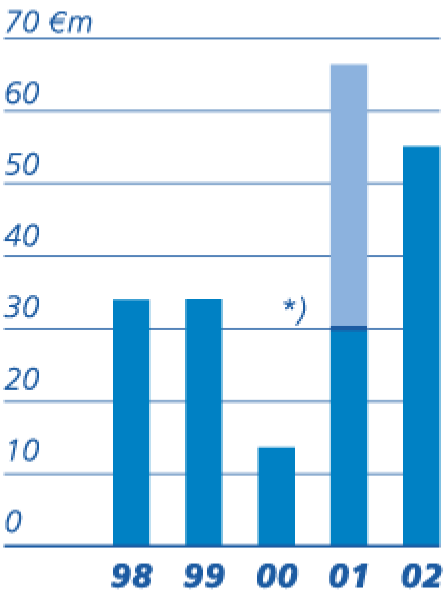
FINANCIAL HIGHLIGHTS		2002	2001 Pro forma**)	2001
Net sales	EURm	4,102.7	3,795.6	3,795.6
Sales outside Finland	EURm	3,390.7	3,059.3	3,059.3
of consolidated net sales	%	82.6	80.6	80.6
Other income		0.3	2.8	58.3
Operating expences	EURm	4,016.7	3,742.5	3,742.5
Depreciation	EURm	31.2	25.9	44.8
Operating profit	EURm	55.1	30.0	66.6
Operating margin	%	1.3	0.8	1.8
Ordinary profit before taxes	EURm	41.3	19.0	55.5
Income taxes on ordinary activities	EURm	14.0	7.1	21.9
Ordinary net profit	EURm	30.0	16.4	38.1
Free cash flow	EURm	86.7		-18.7
Return on capital employed	%	10.6		13.1
Return on equity	%	7.6		10.4
Earnings per share	EUR	0.26		0.33
Dividend per share	EUR	0.13*)		0.15
Net gearing	%	26.0		49.2
Investments	EURm	93.9		96.2
Number of employees, average		3,438		2,854
Market capitalisation at 31 Dec	EURm	436.4		411.0

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

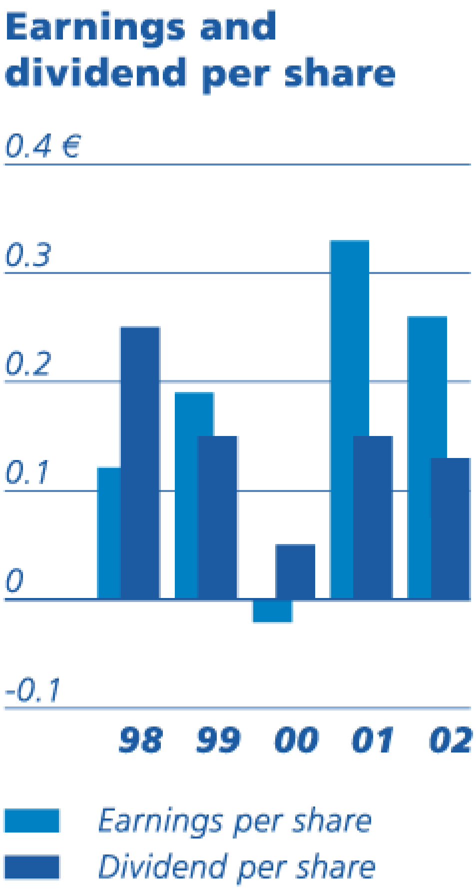
Net sales



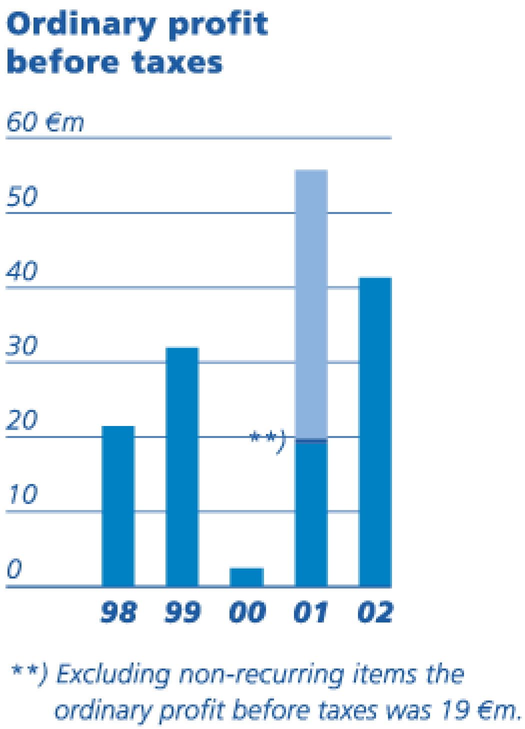
Operating profit



*) Excluding non-recurring items the operating profit was 30 €m.



Earnings and dividend per share
0.4 €
0.3
0.2
0.1
0
-0.1
98
99
00
01
02
Earnings per share
Dividend per share



Ordinary profit before taxes
60 €m
50
40
30
20
10
0
**)
98
99
00
01
02
**) Excluding non-recurring items the ordinary profit before taxes was 19 €m.

CEO's review

Dear shareholders,

Jo Langmoen

Throughout the whole financial year 2002, Tamro Group has been able to report a stabilised performance in its interim reports. We achieved the significant targeted improvement in our financial performance. The Group's pre-tax profit was EUR 41 million, EUR 0.26 per share. The profit derives from both the different cost-cutting measures in all business units and the continuous improvement in the market performance. Tamro Group has stabilised its performance by hard work and by rectifying the shortcomings of previous years.

Improvement in all business units

We stabilised our performance in each of the quarters. In addition, as our Annual Report confirms, each of the business units improved their performance, whilst we created a good starting position for 2003.

The most positive event in 2002 was the turnaround of our Tampere warehouse operations in Finland. Today Tampere is the flagship of the whole Tamro Group, with efficiency parameters twice as high as the Tamro average. As a consequence, our principals and Finnish pharmacists now express their satisfaction with our performance. At the same time we have gone through a cost reduction process, which has made our distribution operations in Finland profitable.

Sweden is by far our largest market. Internal development programs have been launched to prepare for the needs of the future. To remain competitive, we are focusing on the efficiency of Swedish warehouses.

Apokjeden in Norway has succeeded in improving its results significantly. Nomeco in Denmark demonstrates how a market-oriented organisation can secure high market shares and stay profitable.

In the Baltic States we have achieved a positive overall development. However, it will be years before these countries are really healthy markets.

Dynamic market environment

Statisticians indicate that two thirds of all humans who ever reached the age of 65 are alive today. They are heavy users of medicines. This indicates a tremendous improvement of global health care, but it also reflects new challenges for public budgets. This trend has been reinforced by the launch of new, mostly expensive, medicines, allowing our pharmaceutical markets to continue to grow at an annual rate of 9% also during 2002.

Driven by the need to control public spending, the governments in our markets have introduced various measures influencing our business environment. Some of the governmental decisions have even been rather unpredictable. Despite that, Tamro Group has to and will always be prepared to operate according to new rules and adapt rapidly to changes in all our operating countries.

Cost leadership our target

The management of our business units is guided by the strategic objective to enhance our position as the cost leader of our industry in all our operating countries. We are by far the biggest player in our industry in the Nordic countries, and this offers us a strategic edge to boost our competitiveness by focusing on our efficiency in both administration and logistics.

The Tampere success is an encouragement for the other distribution centres to improve their performance. All our warehouses will experience a major improvement in productivity in 2003. Using the delivered order lines per working hour as the main productivity criterion, we have experienced a significant growth in most markets already this year.

Forward integration brings us possibilities

Forward integration has continued in those three countries where the governments have liberalised pharmacy legislation. We now operate close to 240 pharmacies in Norway, Latvia and Estonia, which is an increase of more than 50% in the number of fully owned pharmacies compared to last year.

At the same time we are watching the situation closely in Lithuania, a new area, whilst the development of the other (Nordic) markets is difficult to predict. Forward integration has so far resulted in considerable gains in the wholesale area of our business, leaving some room open for further retail improvement.

Thanks to our employees and business partners

The good results of 2002 could only be achieved with employees and business partners that support us in our efforts to boost the performance. I would like to use this opportunity to express my gratitude for this.

Outlook for the future

At Tamro we are convinced that a strong market position is needed to be successful in our industry. This conclusion was also the driving force for our decision to realign our position in Russia, allowing us to join a pan-Russian distribution network as a minority owner.

Our experience of being the leading company in pharmaceutical distribution in Northern Europe will also be applied in the future to Tamro MedLab, a provider of healthcare and laboratory products and an organisation which in some aspects may be seen as complementary to our pharmaceutical distribution operations.

Tamro ended the year 2002 with promising results. This encourages us to maintain our strategic principles and continue our efforts for further improvement in 2003.

At the same time we can see that a slower market growth, mainly caused by governmental interventions, and less product innovations and generic entries, will limit our opportunities to grow sales at the same pace as in 2002.

We expect all our business units to improve their performance in 2003, allowing us to achieve at group level another year of substantial profit improvement in our ordinary business operations.

Vantaa, February 2003

Jo Langmoen
CEO

Share capital

The share capital of Parent Company Tamro Corporation on 31 December 2002 amounted to EUR 114,837,083, and it was divided into a total of 114,837,083 shares with a nominal value of EUR 1.

On 31 December 2002, the company held 341,000 repurchased own shares. During the financial period 2002 the company did not trade in its own shares.

Incentive system

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

Following the cancellation decided upon by the Board of Directors, there remain 2,276,000 class A and 2,276,000 class B warrants from the 1997 warrant bond issued to the personnel. The class A warrants entitle their holders to subscribe to one Tamro Corporation share at a subscription price of 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 EUR 6.56, less the regular dividend paid out after issuance, between 1 December 2001 and 31 January 2004. At the end of 2002 the share subscription price for the warrants of the year 1997 was EUR 5.90.

The share option scheme for the key personnel in 2000 consists of 1 165 000 class A share option rights and 1,165,000 class B share option rights following the cancellation decided upon by the Board of Directors. 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. At the end of 2002 the share subscription price for the year 2000 share option rights A was EUR 3.95 and for the share option rights B EUR 4.75.

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

Own shares

The Board of Directors had no authorisation from the Annual General Meeting to repurchase or sell own shares. The company held 341,000 own shares, repurchased according to the decision of the 1999 Annual General Meeting. This holding corresponds to 0.3% of the year-end share capital.

Shareholders

On 31 December 2002, 19.2% of Tamro Corporation's shares were in Finnish, 19.3% in Swedish and 39.6% in German ownership. In addition to that, another 21.4% of the shares were nominee holdings, and 0.2% other foreign holdings. Foreign ownership accounted thus for a total of 80.5% of Tamro's shares.

At year's end, the Board Members held a total of 220,000 Tamro Corporation shares and 60,000 year 1997 warrants. Share holdings include assets of dependents and significantly influenced companies, and they correspond to 0.2% of shares and voting rights. The rest of the Group management and the permanent insiders owned correspondingly a total of 6,293 shares, 230,000 year 1997 warrants and 618,000 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 dividend pay-out ratio of around 50% of the earnings per share (EPS).

The Board of Directors proposes to the Annual General Meeting that the 2002 dividend be set at EUR 0.13 per share.

Share listing, performance and trading volume

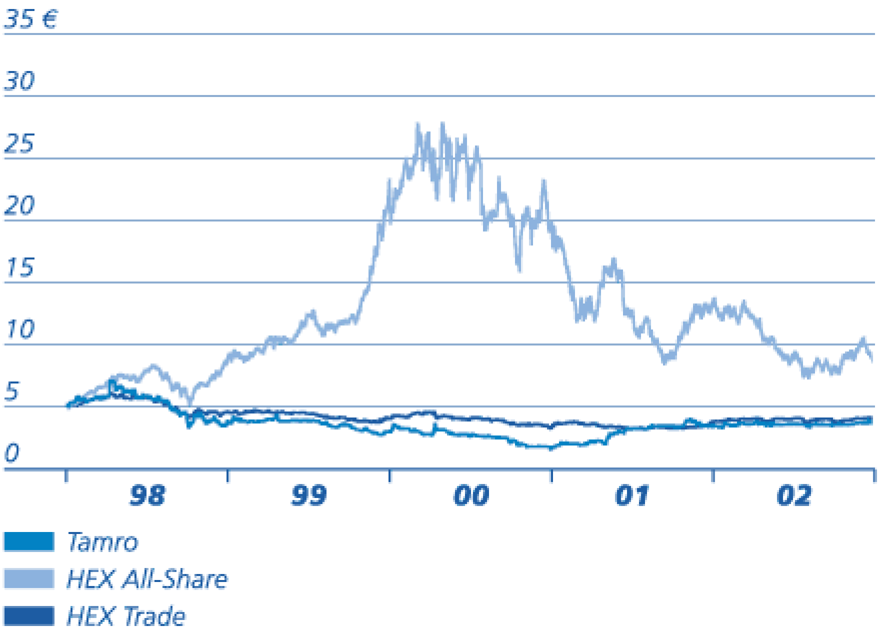
Tamro Corporation shares are listed on Helsinki Exchanges.

The closing price for 2002 stood at EUR 3.80 (3.59), up 6% from the end of 2001. The year's trading high was EUR 3.99 and trading low EUR 3.35. During 2002, a total of 17.5 (19.6) million shares changed hands, equivalent to 15.3% of the average number of all Tamro shares; this share turnover represented a market value of EUR 66.7 (67.3) million. The share turnover decreased by 10.3%, but the market value was almost the same.

Tamro's market capitalisation at year-end was EUR 435.1 million compared with EUR 411.0 million at the close of 2001. 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 36.

1.1. - 31.12.	2002	2001	2000	1999	1998
PER SHARE DATA *)					
Number of shares - at end, millions	114.5	114.5	114.5	116.0	120.3
Number of shares - average, millions	114.5	114.5	114.7	119.3	121.8
Earnings per share, EUR	0.26	0.33	-0.02	0.19	0.12
Dividend per share, old/new shares, EUR	0.13**)	0.15	0.05	0.15	0,25/0,10
Dividend per earnings, %	50	45	neg.	79	180
Effective dividend yield, %	3.4	4.2	3.0	4.9	5.7
Equity per share, EUR	3.06	2.90	2.62	2.90	2.86
P/E multiple	15	11	neg.	16	32
TAMRO SHARE INFORMATION					
Average trading price, EUR	3.80	3.44	2.65	3.47	5.11
Lowest trading price, EUR	3.35	1.65	1.62	2.75	3.36
Highest trading price, EUR	3.99	4.10	3.80	4.50	7.40
Price at 31 December, EUR	3.80	3.59	1.67	3.04	3.70
Trading volume, million shares	17.5	19.6	22.4	53.2	48.3
Trading volume, %	15	17	20	45	46
Market capitalisation at 31 December, EURm	436.4	411.0	191.2	352.3	445.2

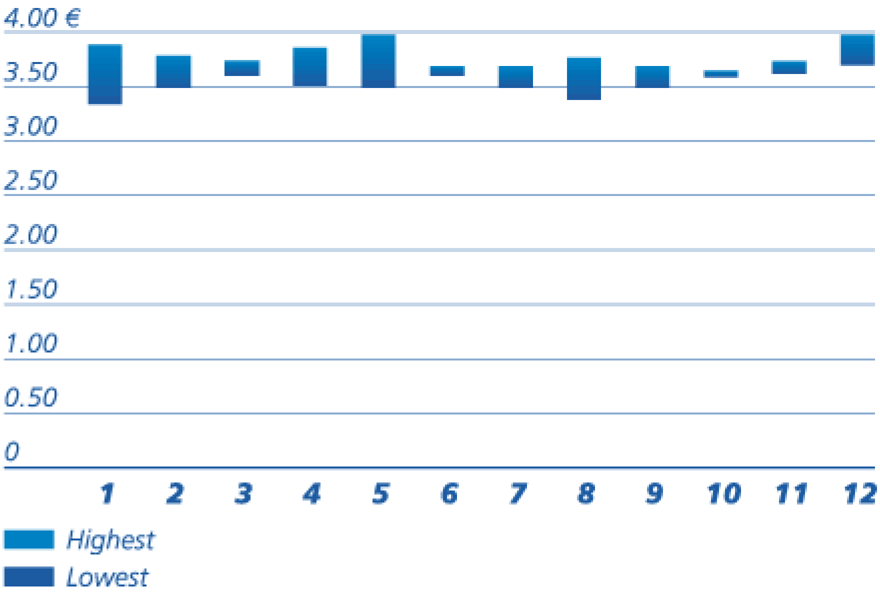
Tamro's share price development 1998–2002

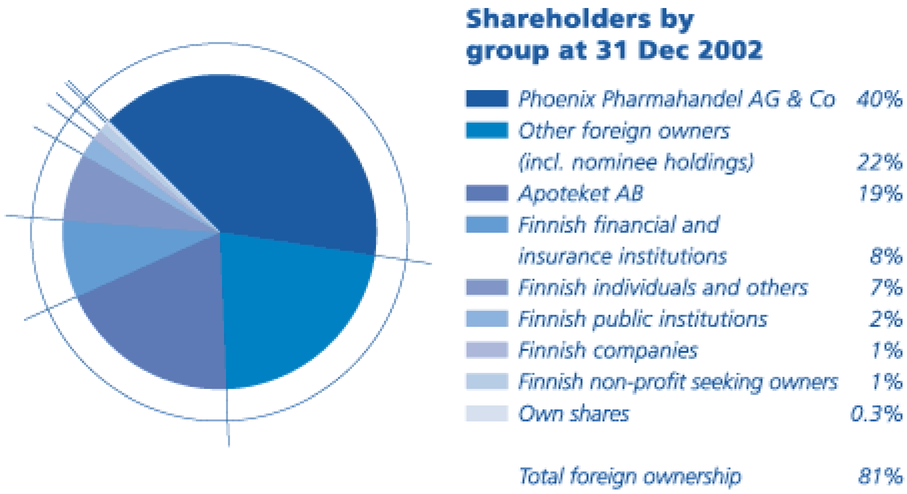


Market capitalisation 1998–2002

Average share price and turnover by month 2002

Share price development 2002





Shareholders by group at 31 Dec 2002

Finnish companies	1%
Finnish financial and insurance institutions	8%
Finnish public institutions	2%
Finnish individuals and others	7%
Finnish non-profit seeking owners	1%
Phoenix Pharmahandel AG & Co	40%
Apoteket AB	19%
Other foreign owners (incl. nominee holdings)	22%
Own shares	0.3%
Total foreign ownership	81%

Shareholdings by ownership bracket on 31 December 2002

No. of shares held	No. of holders	Total no. of shares	Percentage of shares and voting rights, %
1-500	5,067	1,114,111	0.97
501-1 000	1,457	1,192,669	1.04
1 001-5 000	1,509	3,446,554	3.00
5 001-20 000	249	2,277,782	1.98
20 001-50 000	42	1,278,371	1.11
50 001-500 000	24	2,897,415	2.52
500 001-	6	102,557,839	89.31
Shares not transferred to book-entry securities system		72,342	0.07
Total	8,354	114,837,083	100.00

Major shareholders on 31 December 2002

	1,000 shares	Percentage of shares and votes, %
1. Meco Holding A/S	39,399	34.3
2. Apoteket AB	22,114	19.3
3. Sampo Life Insurance Company Limited	6,275	5.5
4. Nordic Pharma Invest A/S	6,084	5.3
5. Kaleva Mutual Insurance Company	2,453	2.1
6. Varma-Sampo Mutual Pension Insurance Company	1,740	1.5
7. Nordea Life Assurance Ltd	274	0.2
8. Investment Fund Aktia Capital	220	0.2
9. Mutual Insurance Company Pension-Fennia	199	0.2
10. Jenny and Antti Wihuri Fund	195	0.2
11. Folkhälsans Forskningsstiftelse	134	0.1
12. Toivanen Marja	122	0.1
13. Posessor Oy	120	0.1
14. Odin Finland	103	0.1
15. Toivanen-Koivisto Maarit Hannele	102	0.1
16. Waldemar von Frenckells Stiftelse	100	0.1
17. von Frenckell Mikael	100	0.1
18. Heikkilä Aimo Kalervo	90	0.1
19. Nelimarkka Kerttu Tuulikki	85	0.1
20. Oy Witwo Ab	67	0.1
Others	34,861	30.4
TOTAL	114,837	100

Phoenix Pharmahandel AG & Co (Meco Holdings A/S and the nominee-registered Nordic Pharma Invest A/S) total 39.6% of all shares.
Total nominee holdings 31.1% of all shares. Holdings of Tamro Corporation 0.3% of all shares.

Share capital changes 1995-2002

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	-	EUR - 82,040,596.93	EUR 120,315,430

28 April 1999			
Warrant subscription/1994 warrant bond	50,000	EUR 50,000	EUR 120,365,430
13 December 1999			
Warrant subscription/1994 warrant bond	500	EUR 500	EUR 120,365,930
15 May 2000			
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

Corporate Governance Guidelines

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.

Board of Directors and President / 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 annual general meeting elects the chairman of the board of directors.

The board has appointed a budget committee consisting of the chairman of the board of directors, three other board members and the group management of Tamro Corporation. The committee's duty is to supervise the development of the business units in accordance with the decisions of the board of directors.

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 the countries of operation and 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 use of the available development opportunities in co-operation with subsidiaries in the Group's core business areas, and
- present the items on the agenda to the board of directors at different meetings.

No group employee is nominated to the parent company's board of directors. No director of the corporate board serves on the boards of group subsidiaries, with the temporary exception of Apokjeden AS, where two of the corporate board directors have been elected as board members by the shareholders. The board of directors in any subsidiary should preferably not have any members belonging to the staff or officers of the same unit, unless otherwise guided by local business practice or relevant local law.

The CEO is nominated by the board of directors, which also approves the terms and conditions of his post as stipulated in a written executive employment contract. All executives of the Corporation are appointed with the terms and conditions of their contracts approved by the superior of the appointing person.

Tamro has elected to use a double signature policy throughout the whole Group. The name of the company, whether Tamro Corporation or its subsidiary, is signed by the members of the board and the managing director, two together or by the procuration holder(s) authorized by the board to do so together with another person entitled to sign. Where the subsidiary has no board of directors, the subsidiary is signed for by the procuration holder(s) authorized by the shareholder to do so either together with another procuration holder or with the managing director.

Organisation of business activities and areas of responsibility

The Group's core business - pharmaceutical distribution - is organised under eight country-specific business units. The sales and marketing of healthcare and laboratory supplies are grouped under the Tamro MedLab organisation.

All units, including Tamro MedLab, are headed by managing directors reporting to the CEO of Tamro Corporation.

The group management comprises the CEO, the Group's chief financial officer and the Group's logistics director.

The responsibilities of the Group's chief financial officer are to manage the corporate business controlling, treasury and group administrative functions. He also establishes adequate financial standards and routines to be properly adopted and applied by all group companies, and he guides the companies in their use of the said tools. He is responsible for the group budgeting, reporting to the board of directors - including making pertinent comments and highlighting substantial deviations from plan - and making valid forecasts. The CFO also takes care of corporate tax planning.

The Group's logistic director is responsible for driving the operational efficiency and quality of our operational processes. He is responsible for operational benchmarking processes in the Group, based on the key logistic parameters used to identify best practices that can be adopted by the local business units, as well as for driving and leveraging the efficiency and quality improvement work of the distribution units, in order to ensure competitive operations.

The responsibilities of the Group's chief financial officer and logistics director have been laid down by the CEO and approved by the board.

A separate routine and rules for investments and expenses as well as chart of authority have been established at Tamro Corporation for application throughout the Group.

Insider issues

Tamro has applied the Helsinki Exchanges Guidelines for Insiders by introducing, as of 1 March 2000, insider regulations ratified by Tamro's board of directors.

Auditing

The auditors are elected annually by the general meeting. In addition to the tasks specified in the currently valid rules and regulations, the auditors report their audit findings to the board of directors when necessary and take part in the meetings of Tamro's board of directors at least twice a year.

Tamro will start to follow the IAS accounting principles from the beginning of 2005.

Risk management

For the success of Tamro Group it is essential that the risks involved in the business are well under control. The objective of Tamro Group's risk management practices is to identify and minimise risks associated with operations, assets and personnel. Risk management is handled both on the corporate and the business unit level. The responsibility for risk management lies with the business units.

The business units see to it that sufficient insurance coverage is in place and that the deductibles on the responsibility of a business unit are in accordance with the approved insurance policies, and that any loss or damage is reported to the appropriate insurance company. A master insurance policy is administered at group level.

Subsidiaries

In a subsidiary where Tamro Corporation is the sole shareholder, the general meetings are convened either by the board of the local company or by Tamro Corporation. The chairman of the general meeting is either Tamro Corporation's CEO or a designated Tamro Corporation executive. The chairman of the board is either Tamro Corporation's CEO or another designated Tamro Corporation executive.

If local laws permit, in a subsidiary where Tamro Corporation is the sole shareholder, any written instruction given by Tamro's CEO constitutes the exercise of the powers of a general meeting, and no member of Tamro Corporation's board of directors is elected to the board of the subsidiary, unless necessary for special reasons. If a board of directors is not needed, the tasks laid down for the board of directors are mainly assigned to the general meeting as specified in the articles of association of the relevant subsidiary.

The managing director of the subsidiary is appointed by Tamro Corporation's CEO, with the terms and conditions of their contracts approved by the chairman of Tamro Corporation's board of directors as superior of the appointing person.

Financial risk management

The Group's financing activities, including liquidity and risk management, are managed by the Group Treasury Department, in accordance with the finance policy. The Parent Company acts as an internal bank and provides financing, trading and consulting services to the Group companies.

The principal aim of the financing activities is to ensure sufficient and cost-efficient funding to support implementation of the Group's strategy and to decrease the volatility and unpredictability in the financial performance of the Group that is caused by financial risks, to the extent that it can be justified economically and competition-wise.

Refinancing risk

The refinancing risk is managed through diversification of the funding sources and the ability to provide alternative credit risk to investors. At the year-end the Group had at its disposal a portfolio of free short-term credit facilities and account overdrafts worth EUR 208 (186) million and a EUR 100 million free Commercial Paper programme. Bank relations are handled with frequent meetings with the Group's core banks, and the Commercial Paper programme has been in active use. As an alternative off-balance sheet funding source, the Group has an Asset Securitisation programme that enables accounts receivables to be sold without recourse up to the limit of SEK 1,200 million (EUR 131 million). The free purchase limit at the end of the year was SEK 597 million (EUR 65 million).

Liquidity risk

The target is to maintain a good liquidity position under all circumstances with sufficient account overdrafts, credit facilities and cash in hand. Liquidity management is handled with cash pools in Finland, Sweden, Norway and Denmark. Excess liquidity is concentrated in the Parent Company by using internal account overdrafts and internal credit facilities. Excess liquidity in the Parent Company is primarily used to reduce short-term interest-bearing debt. The residual excess liquidity is invested in short-term and liquid money market instruments in accordance with the counterpart list.

Foreign exchange risk

The Group's customers are mainly local pharmacies, hospitals and consumers. The net sales are almost exclusively denominated in the local currency in each country. In 2002 the currency deviation of net sales was: SEK 37%, DKK 24%, EUR 17% and NOK 15% and other currencies 7%.

On the supplier side the Group's main partners are international pharmaceutical companies. In the Nordic countries the suppliers carry almost exclusively the existing foreign exchange risk. In Estonia, Latvia, Lithuania and Russia the foreign exchange risk is to some extent carried by the distributor. During the year the foreign exchange risk carried by distributors was reduced significantly because of the changes in the currency environment and supplier agreements in the Baltic countries. About 2%, or EUR 86 million, of the Group's purchases are exposed to the currency risk. The currency deviation for that amount was: USD 55%, EUR 29% and other currencies 16%.

The transaction risk in purchases is reduced by targeting the agreement currency that correlates to the local currency, by using currency clauses in the supplier agreements, by active sales pricing and by entering into fwd-rate agreements. According to the principal policy, the purchases exposed to the foreign exchange risk are hedged if that is economically justified, at the point when the translation position opens. Depending on the commitment level of the corresponding sales, the purchases can also be hedged on a rolling base up to the following 12 months.

According to the main policy, the internal loans of Group Companies are denominated in the subsidiaries' local currency. The open position in the Parent Company is selectively hedged to the extent that these loans are not considered equity-type loans and the hedging is found to be justified economically, taking into account the expected volatility of the currency.

The Group does not hedge the foreign-currency-denominated shareholders' equity and equity type loans. The foreign-currency-denominated shareholders' equity and equity-type loans at year-end 2002 totalled EUR 275 million. Of that amount, SEK represented 36%, DKK 31%, NOK 27% and others 6%.

The euro-value movements of the shareholders' equity and equity-type loans are reported as consolidation differences in the Group shareholders' equity.

Interest rate risk

The Group's interest rate risk is defined as an adverse change to the value of the Group caused by interest-rate fluctuations. The target interest-rate duration and currency diversification are defined by taking into consideration the interest-bearing loans, interest-bearing investments, derivative instruments and cyclicality of the operational cash flows.

Credit risk

The credit risk of the financial investments and derivative instruments is handled in accordance with the frequently updated counterpart list. The counterpart list is drawn so that the risk nominal amount and maturity of each instrument and counterpart is limited. The policy is to include only low-credit-risk instruments and names in the counterpart list.

The credit risk inherent in the account receivables is handled in the business units and monitored at Group level. Historically the risk has not been relevant in the main business areas.

Derivative instruments

According to the policy, derivative instruments are used only to hedge the underlying business within the risk limits. The derivative instruments used have to be liquid enough and effectively priced in the market. The derivative instruments are included when measuring the counterpart risk.

The Group's open and closed derivative instruments are presented in tabular form in the Notes to the Financial Statements.

Social responsibility

Tamro Group has taken the first steps to implement social responsibility reporting. In this online annual report, the issue is touched on from the perspective of environmental responsibility and the staff at business unit level. No summaries for group level activities exist, nor have environmental costs and responsibilities been presented in the consolidated financial statements.

Tamro Sweden is an example of how to handle environmental issues within the Group: its operations have been granted the ISO 14001 certificate.

The staff perspective is presented in the business unit reviews, taking into account local practice and the Tamro business unit's own operations. The content of these staff audits has not been standardised.

Tamro Sweden

- The Swedish pharmaceutical market continued to grow at an annual rate of 7%.
- Tamro Sweden's net sales came to EUR 1,526.2 (1,487.0) million, and the company's profitability improved compared to the previous year.

Operating environment and markets

The Swedish pharmaceutical market continued to grow at a rate of 7% in terms of pharmacy purchasing prices in 2002. The market amounted to EUR 2.5 billion, and Tamro's share remained at 49%. The share of parallel imports in pharmaceuticals remained at the previous year's level being 9.2% of all human pharmaceutical sales.

Generic substitution came into force at the beginning of October and covers about 1,200 pharmaceutical preparations. Switching from a non-generic medicine to a generic one is mandatory unless the doctor or the patient actively forbids it.

Apoteket's plans to establish distance pharmacies progressed, and operations started in three localities. During the year, plans to merge Pfizer and Pharmacia - Pharmacia being Tamro's principal - into one pharmaceutical company were made public. In Sweden the market share of the new pharmaceutical company - the world's biggest - is estimated to reach about 15% based on the 2002 figures.

Financial performance and operations

	2002	2001	Change
Net sales, EUR million	1,526.2	1,487.0	2.6%
Employees, average	478	519	-7.9%

Tamro Sweden's net sales totalled EUR 1,526.2 (1,487.0) million, or 3% more than in 2001. Tamro Sweden's share of the consolidated net sales was 37%. The operating profit was higher than in the previous year and exceeded the budget, mainly as a result of stepped-up efficiency.

During the year under review, the company launched an extensive and long-term development programme to turn the company into a customer-oriented, flexible cooperation organisation. The organisational structure was changed in August, and now operations consist of two central elements: business operations and logistics as well as the related support activities. Work was also begun to reinforce public awareness of Tamro and Tamro's identity in the Swedish market (see the staff audit).

In order to boost the efficiency of logistics, all warehouses have taken measures to improve and optimise the placement of goods, routine operations, IT systems and transport routes. Quality and safety issues have been addressed for example by establishing a special Safety Forum with Apoteket.

Outlook for 2003

The Swedish pharmaceutical market is expected to grow at a rate of 3%-5%. Making estimates is difficult because they must include the effect of generic substitution and the fall in the prices of non-generic medicines, the expiration of the patent protection of several important medicines, and the public sector's efforts to control mounting pharmaceutical costs.

Tamro Sweden will concentrate on increasing customer orientation and developing logistics in order to improve competitiveness and through that the market position. The new Internet-based application Tamro Web Direct, which provides all pharmacies with real-time operational information, for example on the stock balance, was in trial use during 2002 and will be rolled out during spring 2003. Occupational healthcare has focused on preventive measures to lower the high rate of absenteeism due to illness. Special attention is paid to staff development, and various means of communications are used to encourage the staff to internalise Tamro's basic values, the direction of its operations, and objectives (see the staff audit).

In January 2003 Tamro Group decided to integrate Tamro Healthcare AB's business operations into Tamro MedLab group in order to gain synergy benefits. The merger will reduce Tamro Sweden's net sales by close to 3%.

Tamro Sweden: Staff audit

Tamro's human resources consist of the staff's expertise. A competent staff is not just Tamro's most essential asset, it is also the customers' requirement.

Tamro's staff policy is based on a dynamic organisation, where the staff is respected and also given the opportunity for personal development. Tamro as an employer must succeed in recruiting and keeping in its service staff with the right qualifications and know-how. This will ensure excellent human resources in the future too.

The staff numbered an average of 478 (519) people, of whom 49 % are women and 51 % men. The staff contracted by 8% from the previous year. Employee turnover was an average of 9 %.

Tamro Sweden: Staff audit as a part of Tamro Group's Web Annual Report 2002

Occupational healthcare and working capacity

Each employee at Tamro AB is entitled to free occupational healthcare. In 2002, traditional healthcare was supplemented with preventive cooperation targeting any psychological and psychosomatic troubles that undermine working capacity.

Working environment

The duty of occupational safety delegates, occupational safety committees and Tamro as an employer is to focus on areas where occupational health, whether of the body or the mind, can be promoted. In the year under review a special Internet-based tool has been acquired to systematically measure how employees feel about their work environment. This method was a success, and the aim is to use it to "feel the pulse" of the entire company in 2003.

Tamro encourages employees' physical activities and recreation through different clubs. The rate of participation in these clubs has remained high. Tamro has also established some years ago a fund to promote development opportunities outside work.

Training and staff development

Tamro aims high when it strives to provide development opportunities for its staff. The company is preparing a program reconciling the employees' own professional goals with the company's growing need for a competent staff.

The development discussions between employees and their superiors, held at least once a year, are an occasion for setting development and other objectives for the year. Development also includes learning, where distributing information and learning from colleagues, as well as participating in various projects and tasks, are the most commonly used methods.

During 2002 a competence survey covering the entire company was completed, and it will be used to systematically manage the development of skills. Management training has highlighted skills related to the company culture and good human relations. Some of the superiors have also been trained in coping with stress and pressure.

A new type of individual incentive system was developed for warehouse employees, who now can themselves affect the amount of their wages and who are rewarded for initiative and self-development. In preparation for the switch to the new warehouse management system in 2003, the staff has received training in the use of the system and also in English and computer skills.

Internal communications

Internal communications aims at ensuring that employees have sufficient information to perform their duties and that they can participate in developing the entire company. Communications supports interaction and reinforces a transparent management culture.

Development of the channels and tools of internal communications continued. A new staff magazine, Tamro Magasinet, was founded to complement the Intranet and build a team spirit. In connection with the change in the organisation in August, a special communications team was set up to lay down communication guidelines and courses of action and to create and develop effective means of communications. Communications will continue to concentrate on internal communications and thus on boosting the Tamro identity.

Social responsibility

Tamro's social responsibility is not limited to compliance with laws and regulations; the company also wants to take social and environmental aspects actively into account in its operations.

Tamro wants to create and maintain a high standard of social responsibility by evaluating its operations against the background of society, so that it can actively improve both society and the environment. Our responsibility in this sector is defined in the company's basic values and its staff and environmental policy.

Tamro's operations in Sweden are ISO 14001 certified

Tamro Sweden received ISO 14001 certification in December 2000 for all its operations. The principal environmental impacts prioritised in the day-to-day operations are related to transportation, energy consumption, and sorting and recycling of total waste.

In line with the environmental policy Tamro Sweden strives to minimize the amount of packaging waste by utilizing re-usable plastic boxes and wooden Euro pallets in a closed system. During the year 2002, 85% of total waste was recycled and 13% incinerated and used for energy production. The recycled material consisted of 724 tonnes of plastics, glass, corrugated paper, paper, and wood.

This was an increase of 13% compared to the level in 2000 when new initiatives were launched to increase the recycling degree. Several changes in the way we operate, such as new waste collection stations with waste bins suitable for waste separation, as well as training and information on the importance of recycling, have made this possible. All hazardous waste generated in our operations was separated and sent for appropriate disposal.

The net energy consumption of Tamro Sweden totalled some 18,200 MWh in 2002. This included the distribution centres in Malmoe, Gothenburg, Stockholm, Umeå and the headquarters in Gothenburg. In Stockholm and Malmoe the central air-conditioning system was upgraded with a cooling-liquid less harmful to the environment.

In Stockholm the majority of fluorescent tubes were changed in order to increase overall energy efficiency. During the year 2003 we will continue to analyse our energy consumption focusing on the energy efficacy and technical solutions at our real estates. Through this analysis Tamro Sweden believes it will able to find significant energy saving potential.

Transportation

Tamro Sweden delivers pharmaceuticals daily to 900 pharmacies. In 2002 the total number of deliveries was 225,000, corresponding to 5,500,000 km. Contracted transportation companies handled all deliveries.

Tamro Sweden has included an environmental dimension in its questionnaire for evaluating transportation companies. In the questionnaire the companies are asked about their environmental policy, management and reporting systems, the environmental training given to the chauffeurs, and the environmental and quality requirements for possible sub-contractors, for example.

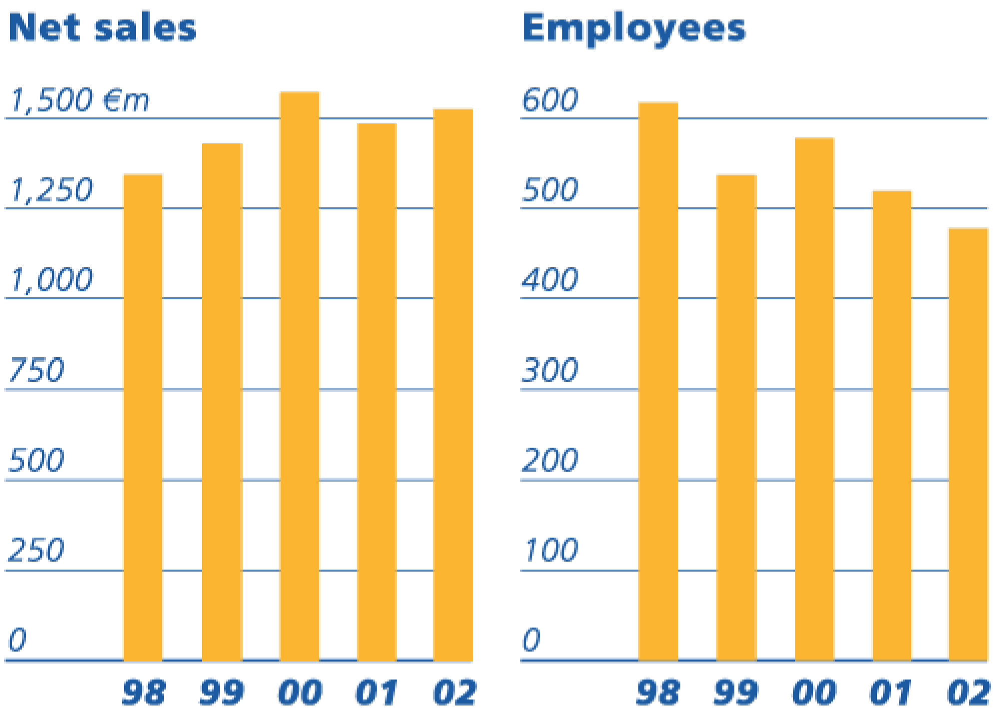
The transportation companies are also asked whether the lorries use environmentally graded diesel oil, and if the chauffeurs are trained in fuel-saving driving techniques. Points are given for each question and a total score of 20 is needed for qualification. During the year 2002 all transportation companies used by Tamro Sweden have been evaluated and approved accordingly.

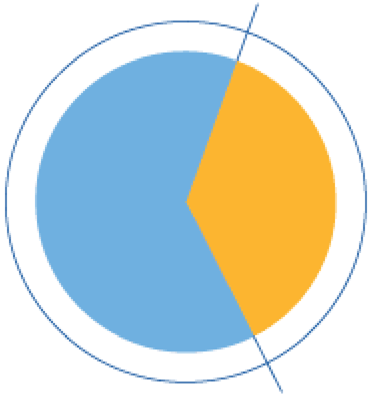
Tamro Sweden has an efficient and functional logistics system, but our continuing challenge in the future is to create even more efficient transportation solutions with environmental benefits. One step in this direction is our cooperation with Apoteket AB, the Swedish pharmacy chain, where our common goal is to increase the utilization degree of transportations. Tamro also supports the introduction of joint transportations to central hospitals together with other distribution companies.

A system to collect unused pharmaceuticals

Tamro Sweden participates actively in nation-wide initiatives for a better environment together with other players in the pharmaceutical industry. The most important example of this for the year 2003 is a campaign organized together with the "Keep Sweden Clean" Foundation. The target of the campaign is to increase the amount of unused pharmaceuticals recycled through pharmacies. This kind of service started already in the early 1970's to prevent the harmful impact of unused pharmaceuticals on the environment.

Today some 900 tonnes of unused pharmaceuticals, including packaging materials, are collected back annually. However, according to surveys, less than half of the consumers have adopted this practice. For us this is an opportunity for significant improvement. Today Tamro is the only provider offering to handle the return flow of unused pharmaceuticals in Sweden and has during the last decade created an efficiently working system that fulfils the requirements both for security and increased environmental protection.





Share of consolidated net sales 37%

- The growth of the pharmaceutical market continued at the rate of 10%.
- Nomeco maintained a strong market position, and the net sales rose to EUR 1,011.1 (919.8) million.

Operating environment and markets

The considerably strong growth of the pharmaceutical market continued in Denmark. The aggregated pharmaceutical sales through wholesalers rose by 9.8% and totalled EUR 992 million in terms of pharmacy purchasing prices (PPP). The full year growth was higher than expected at the beginning of the year. The switch to newer and more expensive medicines, the continuous changes in the level of reference prices, and the increased consumption of medicines were the major factors contributing to the fast growth.

As of 1 October 2001, also the non-pharmacy retail trade has been allowed to include selected OTC products in its assortment. The entire assortment comprises approximately 400 items, including painkillers, stomach acid neutralisers, throat antiseptics and anti-smoking products. By now the conclusion can be drawn that this change has caused a decrease in the pharmacies' sales mainly within the group of anti-smoking products. The risk still exists that wider patient access to pharmaceutical products will increase the total consumption, which is neither desirable nor intended.

The competitive situation in Denmark intensified considerably during 2002, due to, among other factors, the increased use of cost-related discounts. Instead of discounts, Nomeco's main objective is to continue to implement different innovative initiatives aiming to reduce logistics costs at pharmacies, thus strengthening their possibility to focus on professional competence.

Financial performance and operations

	2002	2001	Change
Net sales, EUR million	1,011.1	919.8	9.9%
Employees, average	618	632	-2.2%

In 2002 Nomeco's net sales amounted to EUR 1,011.1 (919.8) million, an increase of 9.9% compared to the previous year. The market share remained in the region of 70%, and the profitability of the company has increased due to the considerable market growth and relatively moderate cost development. Nomeco's share of the consolidated Group net sales was 25%.

The main focus of the logistics function has been on the Copenhagen warehouse, where it has been possible to improve the quality level of operations and at the same time reduce relative costs in the future. The development of the Supplier Service Division has been satisfactory, too. Also in this sector, continuous efforts are made to develop logistics solutions, which can reduce the supplier's distribution costs.

During the reporting year, Nomeco's VMI concept (Vendor Managed Inventory) was further developed, and considerable resources and costs have been spent on continuously improving the system facilities. The idea of the concept is to ensure replenishment of the pharmacies' stocks without direct placing of orders but based on the wholesalers' continuous forecasting of the expected sales at the pharmacy. Some 15-20% of the Danish pharmacies use VMI, and there is still considerable interest among Nomeco's customers in joining the service.

Pharmacies are increasingly interested in joining a voluntary chain. This means that wholesalers have to develop service concepts and solutions that can support the chain's demand for information on sales, etc., within the consumer products field. In connection with chain building, it is Nomeco's objective to be able to collaborate reliably with several chains through product neutrality.

Outlook for 2003

Nomeco's earnings are to a great extent dependent on the legislative initiatives that influence the pharmacy sector and furthermore on the rules for fixing the prices of pharmaceuticals, which are laid down by the Danish Health Insurance, often in agreement with the suppliers' associations. Earnings will also be influenced by possible initiatives, for example increased co-payments that aim at curbing medicine consumption.

In 2003 expanded access to the sale of pharmaceuticals is expected in the retail trade outside the pharmacy sector, although the expansion will be relatively limited. Apart from this, no further essential structural changes within the retail trade in Denmark are expected in 2003.

Tamro Denmark (Nomeco): Staff audit

Nomeco employed an average of 618 (632) people, of which 59% are fixed-term and 41% are part-time employees. Women account for 40% and men for 60% of the personnel. The average age is 37 years and the average duration of employment is 8 years. The average retirement age is 62 years.

Basic principles of the human resources policy

Human resources policy is a part of the company's overall policy and strategy and contributes to fulfilling the short- and long-term objectives.

At Nomeco the employees are considered the most important asset. Nomeco aims to develop a stimulating and inspiring work environment and have qualified employees through continuous professional and personal development, education and training.

A constructive dialogue with employees is desired, and therefore the delegation of responsibility and decision-making is encouraged. In return it is expected that every employee is committed to the company and takes responsibility for the company as a whole.

Tamro Denmark (Nomeco): Staff audit as a part of Tamro Group's Web Annual Report 2002

Organisation and leadership

Nomeco's organisation is flexible and will be constantly adjusted to the demands of the environment. Organisational change is considered the sign of an improving and dynamic company.

At Nomeco the focus is on good leadership, and the company has defined leadership principles, which guide the behaviour of our leaders. The leaders are expected to comply with the principles, and they will be evaluated accordingly.

Training and development

The following objective is set for training and development: the employees at Nomeco should have the necessary professional and personal skills and competencies demanded by the management, the customers, and other stakeholders.

In order to obtain the above objective, the strategy consists of:

- Periodical analysis of the necessary skills and competencies demanded by the business strategy, the management, the customers, etc.,
- Systematic evaluation of the competence level in Nomeco,
- Identification of gaps between existing competences and the necessary skills and competencies,
- Planning, development, selection and implementation of qualifying educational

activities,
- On-going follow-up and evaluation of internal and external educational activities,
- Implementation and on-going updating of the IT-based Human Resources Management -system. The HRM-system ensures documentation of
    1. competence demands for all employee groups,
    2. an educational plan for each employee,
    3. accomplished educational activities for each employee,
    4. job descriptions for all employee groups.

Furthermore, the HRM-system contains a course database describing all relevant educational activities selected by Nomeco.

Yearly evaluation and development discussions are mandatory for the permanent staff and are central to employees' development. The purpose of the discussion is to make the employees responsible, enterprising and multifunctional, the latter to encourage cross-functional and cross-professional work. Nomeco believes in competence rather than career development and encourages all employees to achieve new skills and competencies relevant to their work at Nomeco.

Recruitment

Internal recruitment is encouraged by creating possibilities for job and competence development. All available jobs are announced both internally on NomecoNet (intranet) and externally on the company website and on a number of online recruitment sites.

The recruitment process is well structured, and a number of personality assessment tools are used to evaluate candidates.

Health and Safety

According to Danish legislation companies with more than 20 employees are obliged to implement a safety organisation with a safety committee. The safety committee attends to all health and safety issues at Nomeco, focusing on the prevention of accidents at the workplace.

Company values

Nomeco has defined eight company values. The company values express the commitment of Nomeco's employees and describe the attitudes and behaviour of a good Nomeco employee in practice.

The value headlines are:

1. We give our customers a positive experience.
2. We achieve good results.
3. We are the right choice for the pharmacy.
4. We are the right choice for the manufacturers.
5. We appreciate teamwork and partnerships, which strengthen all of us.
6. Nobody is afraid of hard work.
7. We are constantly seeking new knowledge.
8. We have a challenging and developing workplace.

All values are thoroughly elaborated in order to clarify the meaning of each value for the employees.

Internal Communication

The main source of information is Nomeco's intranet - NomecoNet. The purpose of NomecoNet is to strengthen internal communications, increase common knowledge on business issues and make systems and documents more easily available to employees. All employees have access to NomecoNet.

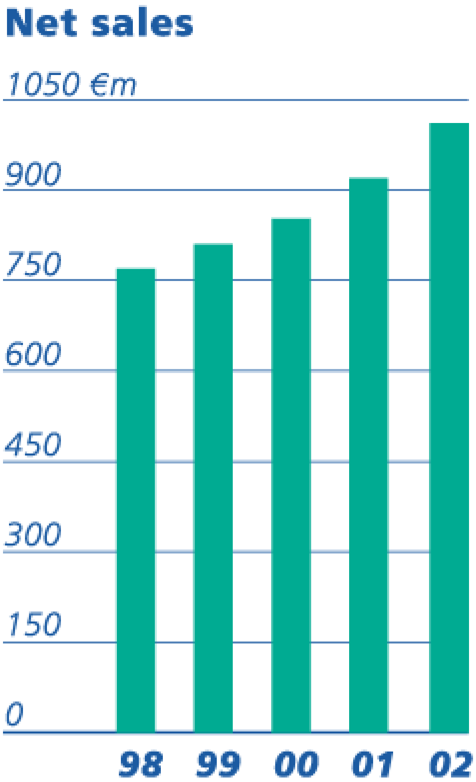
More than 50 employees are trained as web journalists and contribute with news as well as business facts.

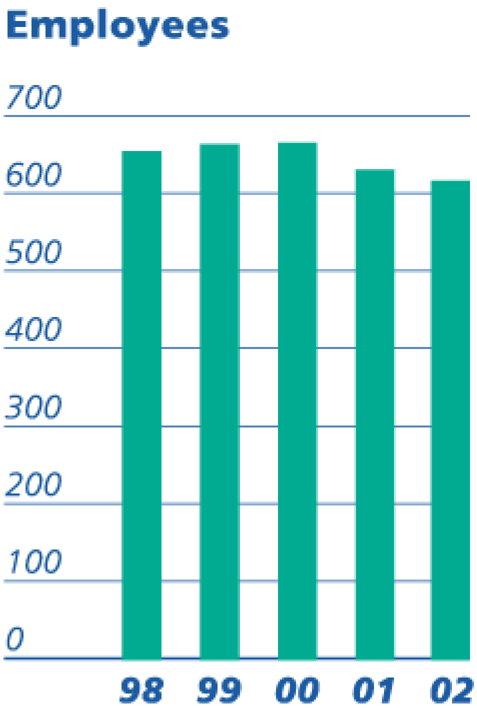
The contents and development of NomecoNet are organised by a group of editors, reporting to a Communications Committee with management representatives.

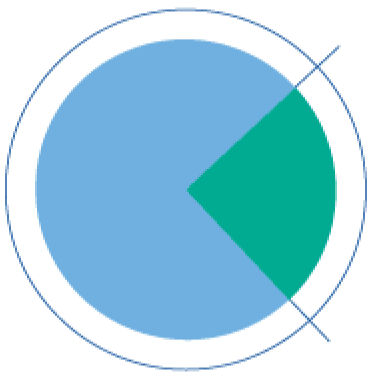
Nomeco as a community member

Nomeco is a member of the employers' organisation Danish Commerce & Services, and Managing Director Jan Bonde is a member of the Board of Danish Commerce & Services.

Nomeco has constructive collaboration with both the employers' organisation and the unions represented at Nomeco, with a tradition of solving internal issues locally at the company.







Share of consolidated net sales 25%

- Total growth of the Finnish pharmaceutical market remained high and exceeded the previous year's figure by 10%.
- Tamro Finland's net sales fell 2.6% due to the loss of an important distribution contract and totalled EUR 654.7 (672.2) million.
- Through cost efficiency, however, Tamro Finland's operations for the whole year remained profitable.

Operating environment and markets

The total Finnish pharmaceutical market grew by 10 percent, and overall pharmaceutical sales by wholesalers stood at EUR 1,428 million.

During the year, the Ministry of Social Affairs and Health prepared an amendment proposal to introduce generic substitution to the Medicines Act. Parliament approved the proposal in December, and the obligation to switch from an expensive medicine to the cheapest one available will enter into force at the beginning of April 2003. The amended legislation will probably slow down slightly the strong growth of the Finnish pharmaceutical market. It is meant to curb the growth of public spending on pharmaceuticals. The deductibles for pharmaceuticals rose in Finland on 1 January 2003. The change in the price list for drugs at the turn of the year will harmonise the prices of pharmaceuticals in different pharmacies, with a few exceptions.

During the year under review, a plan to merge Pfizer and Pharmacia, the latter being one of Tamro's principals, into one pharmaceutical company was disclosed. In Finland the estimated market share of this new pharmaceutical company - the world's biggest - is about 11-12% based on the 2002 figures.

Financial performance and operations

	2002	2001	Change
Net sales, EUR million	654.7	672.2	-2.6%
Employees, average	359	366	-1.9%
Employees, at year-end	310	447	-30.6%

Tamro Finland's net sales in 2002 were EUR 654.7 (672.2) million, or about 3% less than in the previous year. The decline in the net sales can mainly be attributed to the termination of an important long-term distribution contract. As a consequence of the weaker net sales, Tamro's share of pharmaceutical sales in Finland contracted from 50% in 2001 to an average of 44% in 2002. Nonetheless, Tamro Finland's profitability improved due to efficient cost monitoring. The previous year's loss turned into a profit, and the result remained above target throughout the year. Tamro Finland's share of the consolidated net sales decreased to 16%.

During 2002 Tamro Finland completed the overhaul of its distribution network. The focus of pharmaceuticals distribution shifted to Tampere in the summer, and the warehouse in Kuopio was closed. The Tampere service centre reached and maintained an extremely high service level in summer, rapidly making the centre Tamro Group's most efficient warehouse. Over 65% of Tamro Finland's total deliveries leave from Tampere. The new distribution system also includes the Vantaa and Oulu centres, which serve their own areas. The service level of the entire network has remained stable, and customer feedback has been good.

Since the beginning of October 2002, the telephone service for customers all over Finland has been handled centrally in Tampere. The new electronic order system for pharmacies was test run, and the Internet-based information service for pharmaceutical manufacturers, Tamro Smart, will be put to wider use at the beginning of 2003.

Sales of Tamro Finland's product marketing unit Pharmakon continued to develop favourably.

The trend was especially positive for the entire Möller product range and for the Nozoil, Triple Dry and Patentex Oval trademarks. Möller Basic, brought to the market in 2002, exceeded sales expectations. The sales of non-registered medical products were also extremely positive, and they are increasingly important to the unit's operations.

Outlook for 2003

Generics and parallel import are expected to slow down the growth in the value of overall pharmaceutical sales to approximately 7-8%. The competitive situation in Finland is changing following the mergers of international pharmaceutical companies and changes in the ownership structure of the wholesale trade. The tightening competition in recent years is an ongoing challenge for the pharmaceutical wholesale trade in Finland. Tamro Finland is participating in the competition as a cost-efficient and competitive player, thanks to a number of extensive development efforts that have been completed. Tamro Finland has signed an agreement with ratiopharm, the leading generics manufacturer in Europe, to distribute ratiopharm's products in Finland as of September 2003.

Tamro Finland: Staff audit

Tamro Finland employed an average of 359 people (366) in the year under review. The number of employees has fallen by nearly a third between the end of 2001 and the end of 2002, from 447 to 310.

Working capacity

Occupational health care has sought to preserve the staff's working capacity by medical examinations for specific age groups, fitness tests, weight control programmes, physiotherapy and ergonomic examinations.

The staff's independent leisure-time activities to exercise the body as well as the mind have been supported through the Tamro Club.

The results of the Resources questionnaire conducted in 2001 have been discussed with the staff. Employees mentioned good cooperation and camaraderie among colleagues at their own work unit as the main factors contributing to good work performance and a pleasant work atmosphere. However, employees felt that it was necessary to improve cooperation between the different work units.

There was renewed interest in occupational protection activities in the different depots, and several shortcomings were remedied.

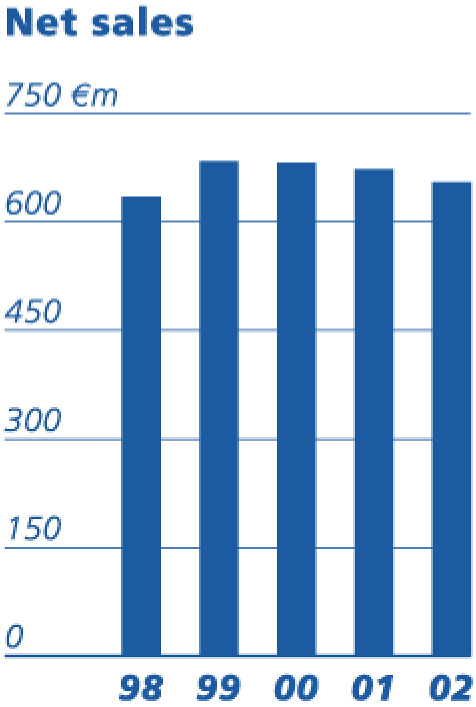
Staff development and cooperation

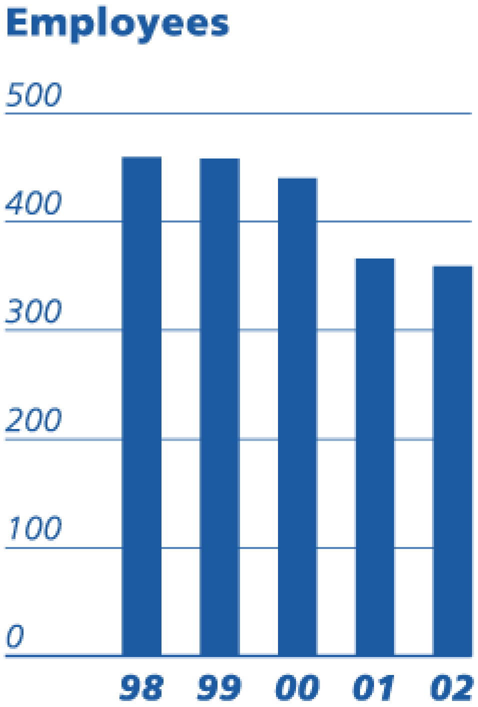
During the year, the Managing Director launched regular monthly information and discussion meetings. The objective is to increase interaction and the staff's participation opportunities. The meetings deal with current affairs, special topics and employees' questions. Communication throughout the organisation is promoted with an internal newsletter and bulletins and by exploiting electronic databases as a channel of permanent and variable information.

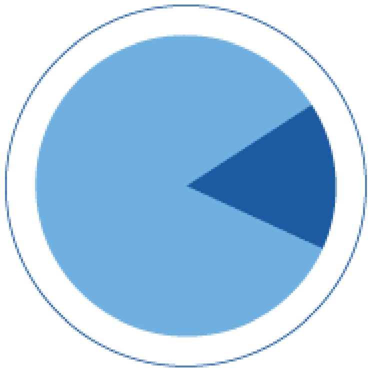
A staff council representing all the employee groups convened five times. As is the tradition at Tamro, the matters on the agenda have been discussed openly. One of the most important projects was to approve and put down in writing the guidelines under the new data protection legislation in a publication called "Data Protection in Working Life - at Tamro" drafted by working teams composed of employees.

The two statutory negotiation processes carried out during the year required much cooperation, capacity for change and flexibility on the part of the staff. The company priest who has worked at Tamro since 1995 provided valuable support in difficult situations.

A new sense of discipline was instilled in the company culture and will be further developed during 2003 along with the preparations for the ISO 9001 quality system.







Share of consolidated net sales 16%

Tamro Norway (Apokjeden)

- The Norwegian pharmaceutical wholesale market continued to grow at the rate of 11% in 2002 in pharmacy purchasing prices (PPP) and amounted to EUR 1,252 million.
- Apokjeden Group's consolidated net sales rose to EUR 612.1 (453.3) million.
- Apokjeden Group continued its profitability turnaround process and substantially improved its results.

Operating environment and markets

Pharmaceutical sales in terms of pharmacy retail prices (PRP) rose to EUR 1.8 billion, an increase of 10% compared to the previous year. Key contributors to the growth are the transition to new and often more expensive medicines and the aging population. Medicines for the treatment of cardiovascular disorders, asthma and mental (psychiatric) disorders top the list of medicines with the highest sales. However, in an international perspective, Norway has a low level of consumption of medicines. The per capita expenses on medicines are the second lowest in Western Europe.

At the end of 2002 there were 490 pharmacies in Norway, an increase of 100 pharmacies since the pharmacy market was liberalised on1 March 2001. Approximately 85% of the pharmacies belong to one of the three major chains, of which the Apokjeden chain is the largest. The two large European wholesalers GEHE and Alliance UniChem own the other chains, Vitus/Ditt apotek and Alliance Apotek.

The government has opened the market for competition so that nicotine substitutes can be sold in grocery stores, kiosks and petrol stations as of January 2003. It is expected that the sale of other OTC medicines as well will be allowed outside pharmacies during 2003, although the assortment of these OTC products is not yet clear.

Financial performance and operations

Apokjeden Group represents a fully integrated, market-driven wholesale and retail group. In 2002 Apokjeden consolidated its position as Norway's leading pharmacy retail chain.

Apokjeden has 40 percent of the Norwegian market. The company now has 126 fully owned pharmacies and agreements on part or total ownership have been made with altogether 160 pharmacies. The Apokjeden chain has a total of 198 pharmacies.

In addition to Tamro Corporation, which owns 78% of the shares in Apokjeden, the company has other shareholders, the grocery retailer chain COOP with 5 % and Norwegian pharmacists with 17% of the shares.

	2002	2001	Change
Net sales, EUR million	612.1	453.3	35.0%
Employees, average	1063	491	116.5%

Apokjeden's net sales in 2002 were EUR 612.1 (453.3) million, including also the retail sales of pharmacies. Apokjeden's financial performance improved significantly in 2002, but the full-year pre-tax profit was still negative as a consequence of significant pharmacy investments and reduced retail margins. The loss is, however, significantly reduced compared to 2001. Due to improved profitability especially during the second half of the year, the full-year operating result was positive and improved by more than MNOK 100 compared to 2001. Apokjeden's share of the Group net sales was 15%.

The profitability of the Norwegian pharmacies in general is still constrained by the governmental decision to lower the margins on prescription products as of 1 January 2002. Apokjeden Group could partly compensate the low retail margin in prescription medicines by improved efficiency and a better product mix.

Apokjeden's aggressive growth strategy to ensure its leading market position necessitated a strengthening of equity. With the support of Tamro Group, Apokjeden AS set up a new financing structure with a capital increase of NOK 205 million (EUR 26 million) in February. In September the General Assembly of Apokjeden AS accepted another share issue to the existing shareholders of the company. The total of the additional capital increase was NOK 250 million (EUR 34 million).

Organisation change

As part of the integrated Apokjeden wholesale-retail concept, also the wholesale distribution of Apokjeden now operates under the name of Apokjeden Distribusjon AS instead of the earlier name Tamro Distribution AS.

Employees

Apokjeden employed an average of 1,063 (491) people, of which an average of 862 employees worked in the fully owned pharmacies.

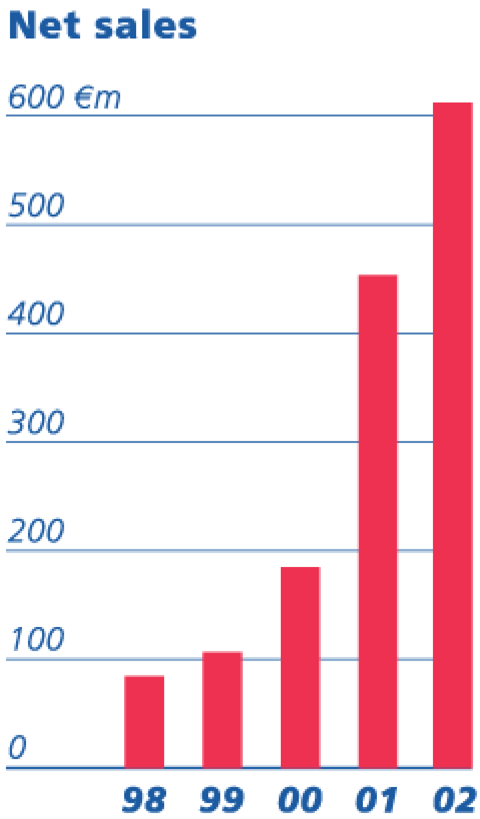
The rapid growth of Apokjeden Group calls for a focus on employee policy, especially for the pharmacies. Policy and routines have been developed and implemented with the goal of recruiting, keeping and developing the desired staff in pharmacies, warehouses and the Apokjeden Group headquarter. Recruitment has been, and still is, the major challenge, especially concerning pharmacists in leading positions, because there is a shortage of professional staff available. So far Apokjeden Group has succeeded in hiring the number of employees needed, and the company's attractiveness as an employer has grown.

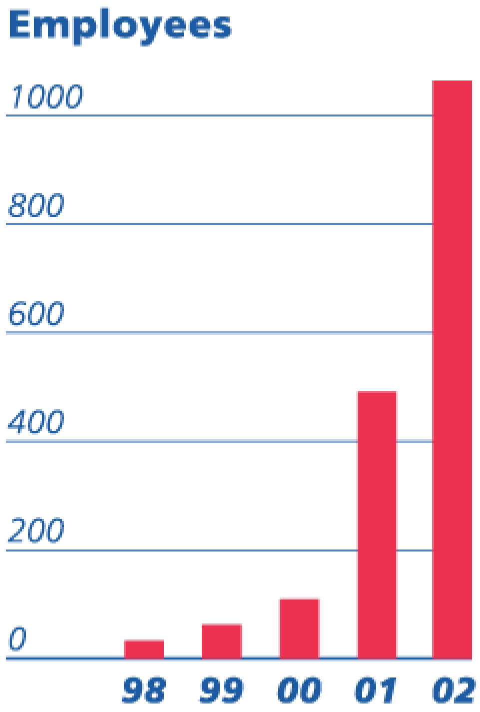
Plans for registering and planning the competence of the staff have been made, and programmes for employee development are under implementation. The company has established good relations with all employee group unions and has an information policy that aims to involve the concerned parties at an early stage.

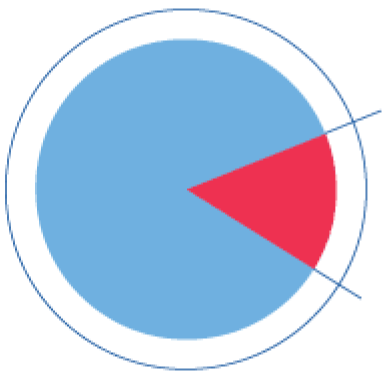
Outlook for 2003

The growth in the Norwegian pharmaceutical market is expected to decline slightly in 2003. It is estimated that the ongoing move towards generic substitution and other cost curbing governmental actions will restrain market growth and may lower it to the average level of 5-6%.

Apokjeden's strong focus on operational efficiency, profitability and costs is beginning to show. Apokjeden's share of the pharmaceutical market in Norway is estimated to remain around 40%. Apokjeden's prospects for 2003 indicate that the improvement in the financial performance will continue. This view is supported by the decision, made at the beginning of 2003, to close down the warehouses in Trondheim and Bergen.







Share of consolidated net sales 15%

- The pharmaceutical market in Estonia is estimated to have grown at the level of 12-13% during 2002.
- The net sales of Tamro Estonia were EUR 41.0 (37.1) million.

Operating environment and markets

The pharmaceutical market in Estonia is estimated to grow at the rate of 12-13 % compared to the year 2001, reaching the value of EUR 94 million in pharmacy purchasing prices.

Changes in regulations caused temporary turbulence in sales during the year, but growth for the full year was stable. The basis for the regulations was the need to cut costs in the social sector in order to provide more medical treatment at the same costs as previously. These regulations included a new health insurance law providing for larger co-payment by the patients, the introduction of generics to replace original drugs in some cases, a new mark-up system for pharmacies and wholesale to support the sales of cheaper drugs, and also restructuring of the hospital sector into bigger units.

Financial performance and operations

	2002	2001	Change
Net sales, EUR million	41.0	37.1	10.5%
Employees, average	111	85	30.6%

Tamro Estonia's net sales were EUR 41.0 (37.1), an increase of 11% compared to the year 2001. The profitability of the company met expectations and was above last year. Tamro Estonia's share of the group net sales was 1%.

During summer 2002, Tamro acquired 6 new pharmacies in Estonia totalling 12 pharmacies at the year-end, which represents approximately 6% of the Estonian pharmacy market. The new IT system for pharmacies was launched in Koduapteegi Aia, one of the Tamro-owned pharmacies, in November.

The trend of market polarisation around two major wholesalers continued. Tamro's market share was 32%. In order to face the tough competition Tamro launched a partnership program for its pharmacy customers. The program gives pharmacy customers several value added services to improve their business. The program will be expanded in 2003. Co-operation with the Pharmacist Union was increased, and the Tamro Pharmacist Council was established to deepen the co-operation between pharmacists and Tamro.

Re-design of the layout of the Tallinn warehouse increased the efficiency of warehouse operations through reduced picking times and better warehouse space management.

Employees

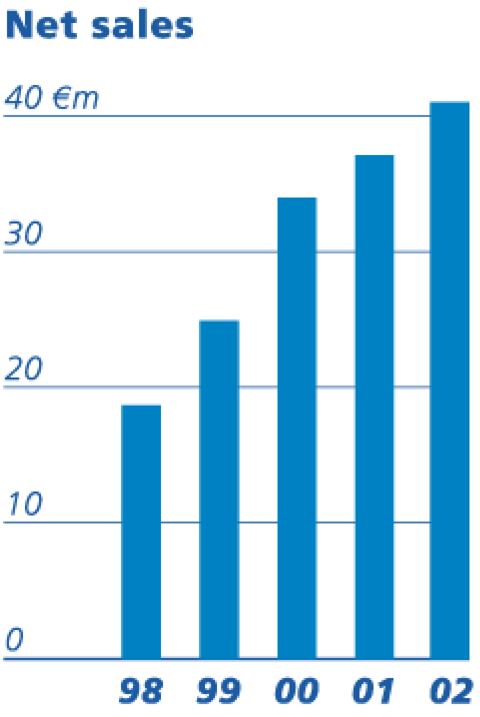
Tamro Estonia employed an average of 111 (85) people in 2002. Over 46% of the staff are under 40 years old and one third of all employees have university degrees. Almost 80% of the personnel are women and about 20% men. At present the average duration of employment is 6 years.

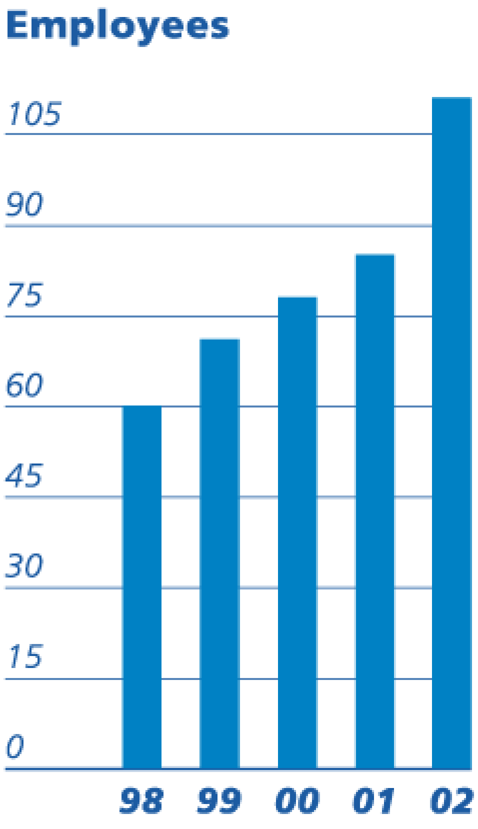
Outlook for 2003

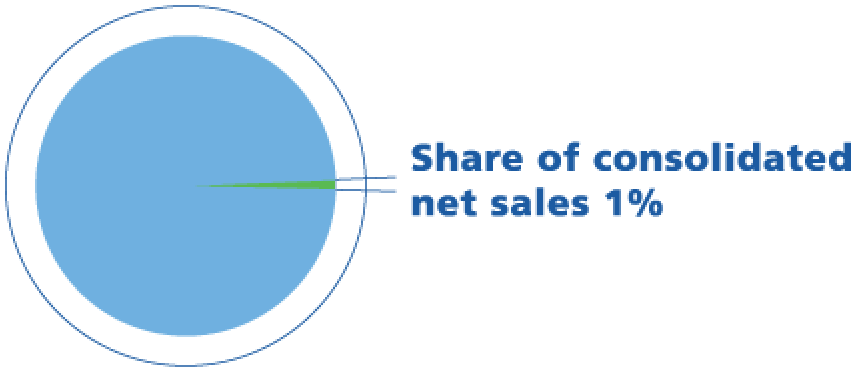
Due to legal regulations that entered into force already during Q4 in 2002, including also a price ceiling beginning in 2003, the expected growth of the pharmaceutical market is estimated to be about 7%. The new medicine law is expected to be passed by the Parliament in March.

The proposed law restricts, e.g., the potential market share of a single pharmacy chain with a joint marketing strategy to 25% of the market.

Tamro's aim is to strengthen its position in the market. The new pharmacy IT system launched in 2002 will support the co-operation with big independent pharmacies. The restructuring of the hospital sector will also bring Tamro Estonia new possibilities to provide distribution services to this area.







- The pharmaceutical market in Latvia grew by 9%.
- Tamro Latvia's net sales were EUR 70.4 (59.2) million, an increase of 19% compared to the previous year.

Operating environment and markets

The pharmaceutical market in Latvia expanded by 9% and amounted to approximately EUR 114 million in 2002 in the terms of pharmacy purchasing prices.

The consolidation process on both the wholesale and the retail level continued. The top five pharmaceutical wholesalers covered about 70% of the market, Tamro SIA being the market leader with an average full-year market share of 28%. In summer 2001 Tamro acquired the pharmacy chain Gimenes Aptieka (Family Pharmacy) with its 25 outlets. The market share of the chain has stabilised at 6%.

Forward integration accelerated as well in Latvia. Pharmacy chains controlled 55% of the retail net sales in the country. The introduction of VAT on medicines was suspended until January 2004.

Financial performance and operations

	2002	2001	Change
Net sales, EUR million	70.4	59.2	18.9%
Employees, average	253	189	33.9%

Tamro Latvia's net sales of EUR 70.4 (59.2) million exceeded targets and contributed to fulfilment of the expected profit level in wholesale operations. Net sales grew by 19% compared to 2001. In addition to wholesale and retail operations in Latvia, Tamro's operations also include pre-wholesale operations in other Baltic States. Tamro Latvia's share of the group net sales was 2%.

The good sales development in pharmacy distribution was based on more specialised joint marketing activities with manufacturers, more efficient solutions in transportation and also on some new business areas. In order to improve the retail sales and profitability of Gimenes Aptieka pharmacy chain, decisions to re-locate pharmacies or suspend licenses were made. A labelling and leafleting licence was obtained for Tamro's pre-wholesale operations.

Henrikas Petkevicius, the managing director of UAB Tamro in Lithuania, was appointed in July 2002 to lead also Tamro's operations in Latvia after the retirement of Juris Cilinskis. In January 2003, Henrikas Petkevicius passed away suddenly after having been seriously injured in a car accident in Lithuania. Ms Dita Martinsone was appointed Acting Managing Director of Tamro Latvia.

Employees

Tamro Latvia employed an average of 253 (189) people, of which 141 are working in retail business. Half of the personnel are under 40 years old, and 40% of the employees have university degrees. Women make up 80% and men 20% of the staff. Almost half of the employees have worked at Tamro Latvia less than 3 years.

Training and development

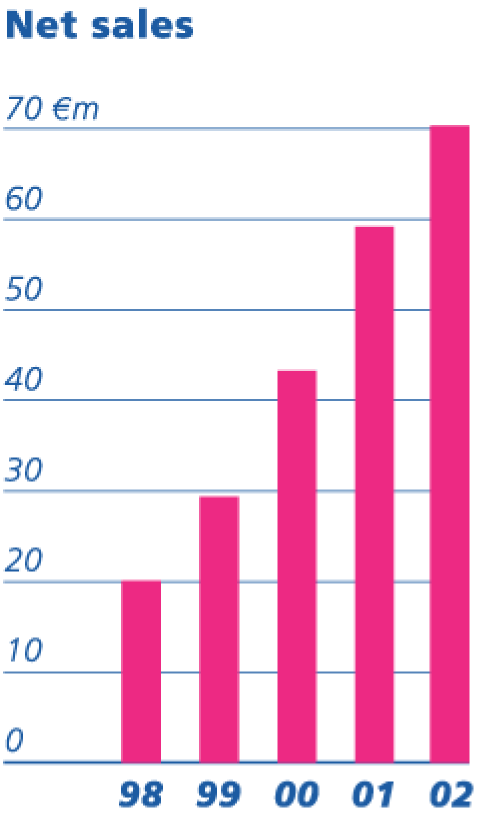
Tamro Latvia's employees are involved in competence development and training programmes throughout the year. The main focus in 2002 was on developing professional skills for the pharmacy chiefs and in general on improving English and computer skills. One of the tasks for Tamro Latvia in the future is to develop an incentive system for employees to encourage and motivate them to reach the targets.

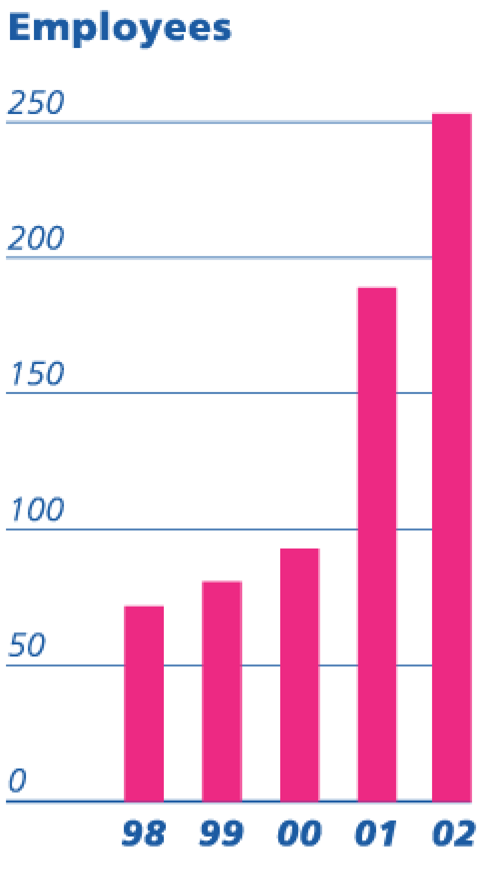
Tamro Latvia and society

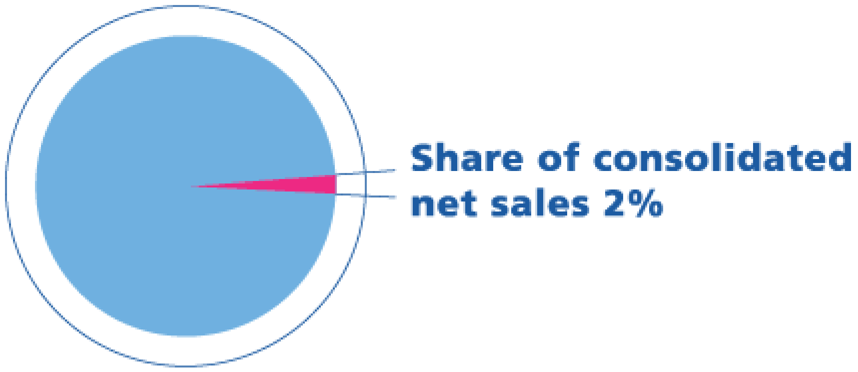
Tamro Latvia has already 3 years' experience in co-operating and maintaining an excellent relationship with Riga Dome Choir School. The Boy Choir and the Girl Choir are guest performers at Tamro's annual Christmas celebration. Gimenes Aptieka has become a sponsor and guardian of the Latvian Theatre Worker Society.

Outlook for 2003

Steady growth of 10% in the pharmaceutical market is expected. The main focus of operations will be on further improving efficiency and strengthening the market position in both retail and wholesale.







- The pharmaceutical market decreased by 5% due to different governmental actions to cut expenditure for reimbursed pharmaceuticals.
- Tamro's financial performance in Lithuania was clearly above last year and the net sales grew by 29% to EUR 50.8 (39.4) million.
- Tamro became the clear market leader in Lithuania by acquiring the fourth biggest wholesaler, Litfarma ir partneriai, in December.

Operating environment and markets

The pharmaceutical market in Lithuania decreased by 5% in 2002 and amounted to EUR 230 million in terms of pharmacy purchasing prices. The per capita consumption of pharmaceuticals was EUR 80. In order to cut expenditure for reimbursed pharmaceuticals the Patient Fund implemented various measures during 2002, such as: quotas for doctors, reduction of mark-ups for wholesalers and pharmacies, and exclusion of some products from the list of reimbursed pharmaceuticals. The Patient Fund's delay in paying for reimbursed pharmaceuticals caused heavy financial expenditure for wholesalers.

The consolidation trend in the market continued, and the six biggest wholesalers held 70% of the market. Consolidation was also driven by investment needs based on the Good Distribution Practice (GDP) requirements, which will be obligatory for pharmaceutical wholesalers from July 2003. Tamro has been the first company to receive a GDP certificate in Lithuania.

The ownership of pharmacies was liberalised and consequently pharmacy chains strengthened their position to up to 35% of the market.

Financial performance and operations

	2002	2001	Change
Net sales, EUR million	50.8	39.4	28.3%
Employees, average	92	86	7.0%

UAB Tamro's net sales grew to EUR 50.8 million, up 29% from the previous year. Tamro increased its market share to 16% during the second half of the year and reached the position of the biggest pharmaceutical wholesaler in the country. The key factors of this success were customer orientation, training programmes for the personnel and high service level. The company clearly exceeded last year's profitability. This was supported by the improvement in warehouse and overall branch efficiency. Tamro Lithuania's share of the group net sales was 1%.

In December Tamro strengthened its position even more by acquiring 100% of the shares in UAB Litfarma ir partneriai, the fourth biggest wholesaler in Lithuania. The aggregated market share of these two companies was over 27% at year-end.

Employees

Tamro Lithuania employed an average of 92 (86) people in 2002. Almost 95% of the staff are full-time workers and over 42% of the personnel have a university degree. Women make up almost 57% and men a little over 43% of the staff. The average age is 37 years and the average duration of employment is 5 years.

In January 2003 Henrikas Petkevicius, the Managing Director of UAB Tamro, passed away suddenly after having been seriously injured in a car accident in Lithuania. Deputy Managing Director Gytis Bendorius was appointed Acting Managing Director of UAB Tamro.

Training and development

The recruitment policy of UAB Tamro is based on the candidate's skills, responsibility and motivation. The company offers realistic opportunities for career planning to those who are eager to seek it.

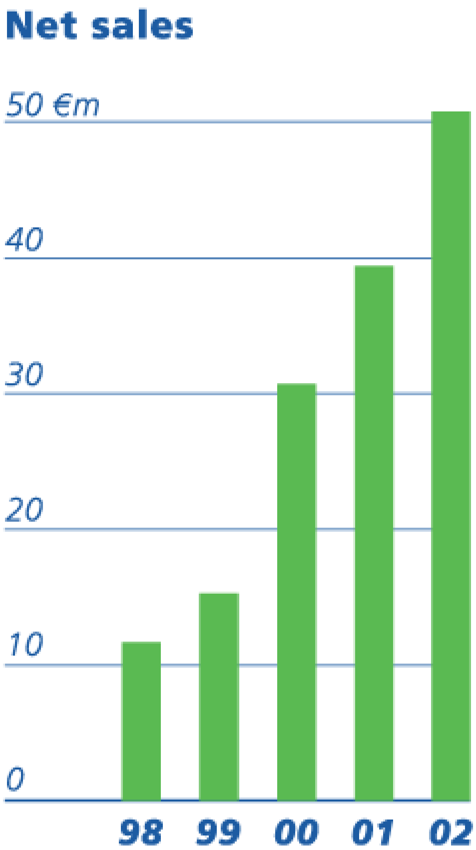
Training courses and seminars were arranged to improve telephone selling skills. Special training courses at university were organised for the middle management. The incentive system is also very effective, as it is based on monthly or quarterly personal results and the profitability of the company.

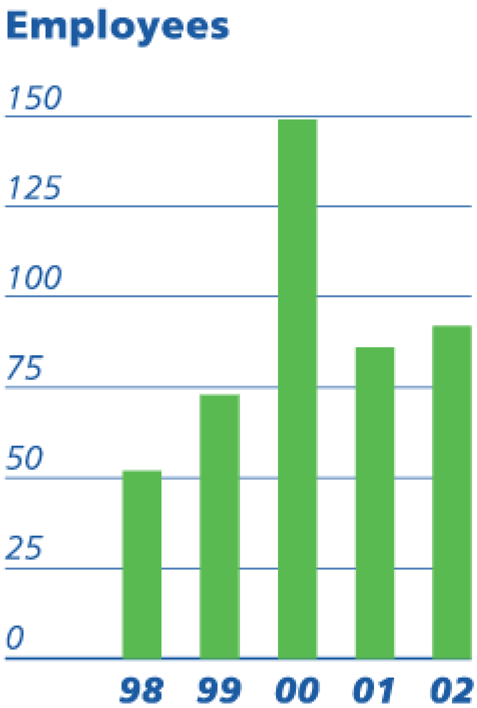
UAB Tamro and society

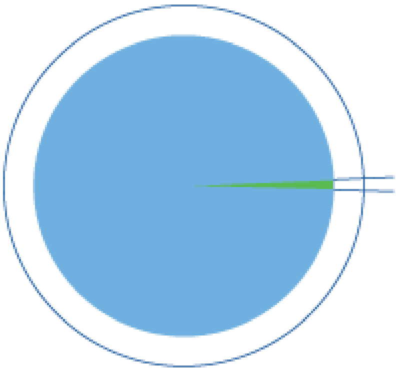
Tamro Lithuania is an active member and supporter of non-governmental organisations in the Pharmacy Union, the Lithuanian Union of Pharmacists and the Association of Pharmaceutical Wholesalers. The company has a long history of mutually beneficial co-operation with the Pharmacy Museum in Kaunas and the Pharmacy Faculty of Kaunas University of Medicine.

Outlook for 2003

The pharmaceutical market is expected to grow by 5% in 2003. Pharmacy chains will increase their market share, and there is obvious demand from customers for better services. The main target for 2003 is to exploit the achieved leading position and together with Litfarma develop best practices and synergies for the benefit of both companies.







Share of consolidated
net sales 1%

- Pharm Tamda's net sales rose to EUR 59.9 (47.7) million, which represents an 18% share of the pharmaceutical wholesale market in Northwestern Russia.
- The restructuring of Tamro's operations in Russia led to the establishment of ZAO ROSTA in December.

Market environment

During 2002 the pharmaceutical market in Russia grew at the pace of approximately 7% in terms of pharmacy purchasing prices. The aggregated pharmaceutical sales in Northwestern Russia amounted to EUR 270 million. The speed of growth has slowed down during the last three years.

A 10% VAT on pharmaceuticals was introduced already at the beginning of the year. The limit of the maximum mark-up for wholesalers sharpened the price competition. The governmental decisions to tighten the licensing principles within the pharmaceutical industry favoured stronger players in the market.

Financial performance and operations

	2002	2001	Change
Net sales, EUR million	59.9	47.7	25.6%
Employees, average	187	185	1.1%

The net sales of ZAO Pharm Tamda 77 rose to EUR 59.9 (47.7) million, an increase of 26% compared to the previous year. The introduction of VAT on pharmaceuticals created pressure on the demand for generics to curb the price increase. Pharm Tamda 77 succeeded in focusing its activities on the open market, pharmacies and pharmacy chains. The market share of Pharm Tamda in its home market in Northwestern Russia stayed at the level of 18%, which is 2-3% of the federal market. The profitability of the company was at the budgeted level. Pharm Tamda's share of the Group net sales was 1%.

In December the restructuring of Tamro's wholesale operations in Russia was disclosed. In order to support its geographical expansion in Russia, although with smaller financial risk, Tamro swapped its holding in Pharm Tamda for an 18% minority holding in ZAO ROSTA, a new federal wholesale company. Tamro founded this new wholesale company, headquartered in Moscow, together with Rossib Pharmatsia from Novosibirsk and the Artromed Group from southern Russia. It is estimated that ZAO ROSTA has a 7-8 % share of the federal Russian market, and is therefore the fourth largest pharmaceutical wholesaler in the country. In the organisation of the new ZAO ROSTA, Pharm Tamda is responsible for regional pharmaceutical wholesale activities in Northwestern Russia. David Panikashvili, the Managing Director of Pharm Tamda 77, was appointed deputy CEO of ZAO ROSTA.

Employees

Pharm Tamda employed during 2002 an average of 187 (185) people. About half of the personnel have worked less than 3 years at Pharm Tamda, and about 65% are under 40 years old. About 59% of the staff are female and 41% male. Half of the personnel have higher professional education.

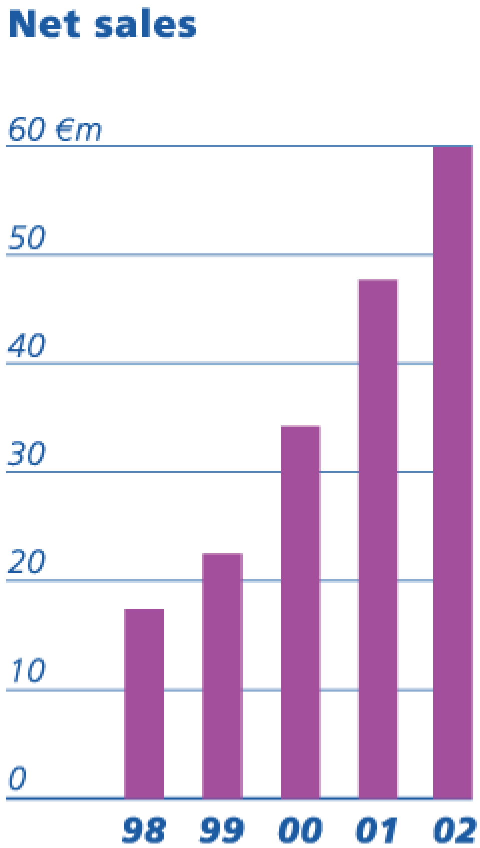
Training and personnel development

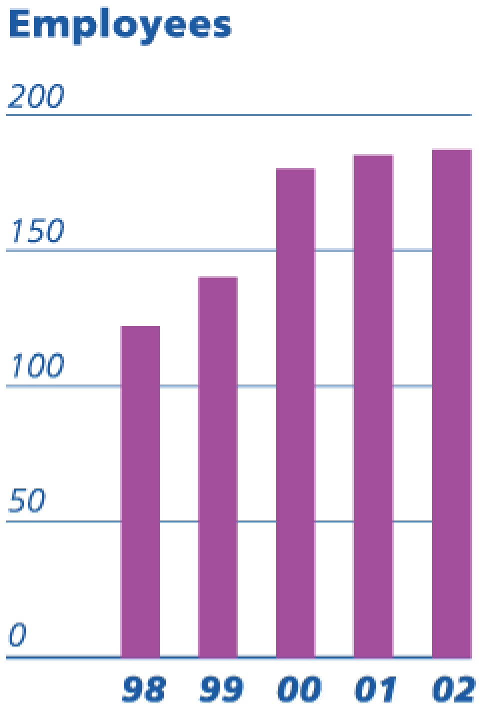
To ensure fast familiarisation with the work, the company organises for new employees training in the business environment and the quality assessment of duties. The personnel's continuous education and career development are encouraged. This can also be done by internal job rotation within the company. The incentive system created in 2002 aims to combine the individual development plans of the staff with the performance and objectives of the whole company. The fulfilment of the individual plans can be monitored by the company information system based on the evaluation criteria.

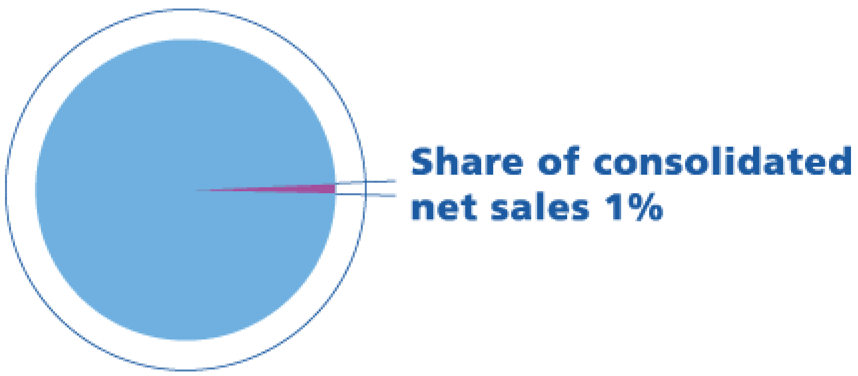
Outlook for 2003

The pharmaceutical market in Russia is estimated to grow at the rate of 6-10%. The new certification requirements for all imported drugs, which took effect in December 2002, are aimed equally at both Russian and foreign pharmaceutical products. An intensification of competition is expected especially in distribution to hospitals and pharmacy chains.

Due to the minority holding position in ZAO ROSTA, Tamro's operations in Russia will no longer be reported in interim reports and financial accounts in the future.







- Tamro MedLab group's net sales were EUR 86.4 (92.6) million, and profitability of operations improved clearly compared to the previous year.
- The business operations of Tamro Sweden's HealthCare AB will be integrated into Tamro MedLab group at the beginning of 2003.

Operating environment and markets

The worldwide merging of laboratory equipment and diagnostics product manufacturers continued at a fast pace, and this will affect the markets significantly in the future. Exclusive distribution agreements will disappear, and representation rights will be granted to local companies as well as big global operators, bringing to the market several suppliers for the same products, which in turn will further tighten the price competition.

In the healthcare sector the trend towards ever larger laboratory units is continuing, so the demand for products is not likely to grow. Input in life science research will probably continue in 2003, but the overall market for laboratory equipment is not expected to grow markedly.

Financial performance and operations

	2002	2001	Change
Net sales, EUR million	86.4	92.6	-6.7%
Employees, average	250	257	-2.7%

Tamro MedLab group's sales were EUR 86.4 (92.6) million, or 7% below last year's level. The decline is caused by the loss of a few distribution contracts, which, however, do not have any significant effect on the overall result. Concentrating on certain products and customers has also reduced sales, but it has improved the result. The result of Tamro MedLab group as a whole improved clearly compared to the previous year. Tamro MedLab group accounted for 2% of the consolidated net sales.

Tamro MedLab group's business is divided into two different business units: Med and Lab. Med's range of products includes a wide selection of medical supplies and equipment. Med sells and markets products to hospitals and various healthcare facilities in all the Nordic and Baltic countries. Operations in the Baltic countries were boosted by establishing a sales company also in Estonia.

In order to develop and strengthen Med's business operations, it was decided that Tamro Sweden's HealthCare AB business would be transferred to Tamro MedLab group at the beginning of 2003. Tamro HealthCare AB handles the wholesale and supply of various hospital and healthcare products to municipal customers and the private healthcare sector. This change will increase the net sales of Tamro MedLab group by about EUR 36 million (SEK 390 million). Development of the Tamro Med trademark continued, and new products were added to the TamroMed family.

Laboratory products are sold and marketed in Finland, Sweden and Norway to industrial, research and educational laboratories. In Finland, a wide range of laboratory products are sold, while in the other countries the focus is on life science products.

Development of quality systems at MedLab continued. MedLab in Sweden was awarded the ISO 9002 certificate in 2001, and in 2002 a certified ISO 9001 quality management system was implemented in Finland and audited in January 2003. This - the result of one year of intensive efforts - creates a basis for the continuous development of operations and quality. As part of the work, the principal processes were identified and described, the key indicators for process performance were defined, and a system was introduced for the electronic processing of quality documentation. The new process-based ISO 9001 approach is practical and better adapted to everyday operations. The standard is more focused on the customer and continuous improvement and less on certification.

During the year, logistics concentrated on customer satisfaction and operations crucial to the result. The inventory value fell substantially, while the service level rose to better meet customers' expectations. Delivery reliability improved further, and competitiveness was lifted by increasing cooperation within the group.

At Nordic level, logistics cooperation was started in order to develop common operating methods, efficiency of operations and competitiveness.

Outlook for 2003

In recent years Tamro MedLab group has invested in IT solutions, internal quality, and new logistical solutions better suited to customers' needs. During 2003, customer is the focus. Economic uncertainty will continue to dampen the healthcare sector's and industry's willingness to invest. Steady growth is expected to continue in the hospital product market in all countries of operation. The conditions for improving Tamro MedLab group's profitability remain good.

Tamro MedLab: Staff audit

During the year under review, Tamro MedLab group employed an average of 251 (257) people.

Working capacity

Occupational health care has sought to preserve the staff's working capacity by medical examinations for specific age groups, fitness tests, weight control programmes, physiotherapy and ergonomic examinations.

The staff's independent leisure-time activities to exercise the body as well as the mind have been supported through the Tamro Club.

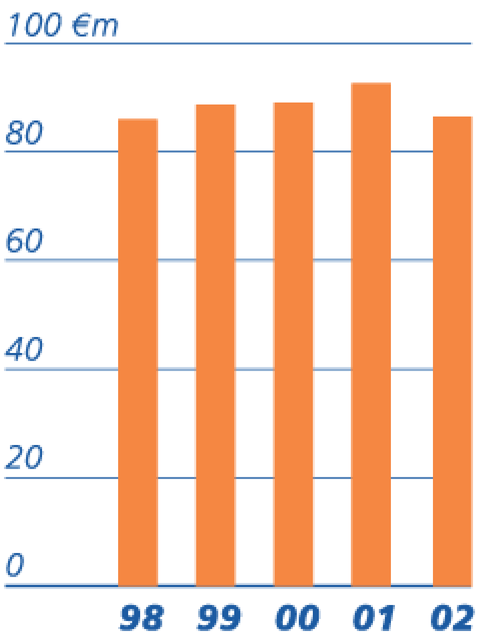
The results of the Resources questionnaire conducted in 2001 have been discussed with the staff. Employees mentioned good cooperation and camaraderie among colleagues at their own work unit as the main factors contributing to good work performance and a pleasant work atmosphere. However, employees felt that it was necessary to improve cooperation between the different work units.

Staff development and cooperation

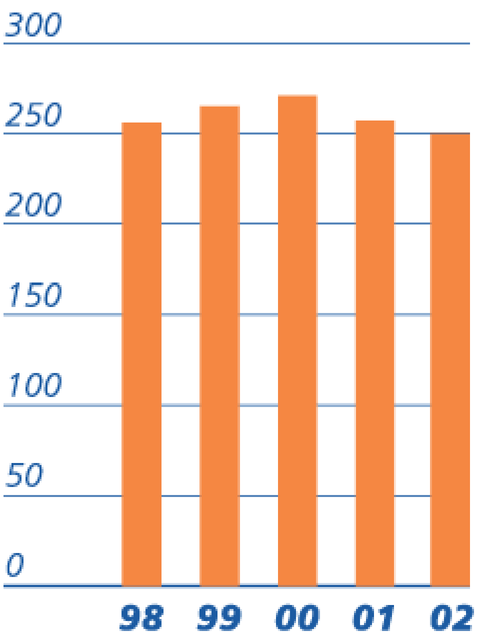
A staff council representing all the employee groups convened five times. As is the tradition at Tamro, the matters on the agenda have been discussed openly. One of the most important projects was to approve and put down in writing the guidelines under the new data protection legislation in a publication called "Data Protection in Working Life - at Tamro" drafted by working teams composed of employees.

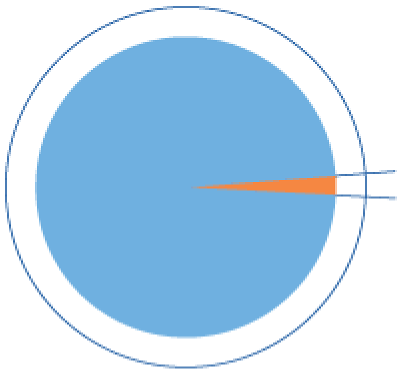
Trainers' House launched a leadership and sales training programme aimed at the entire staff. The topic is customer focus.

Net sales

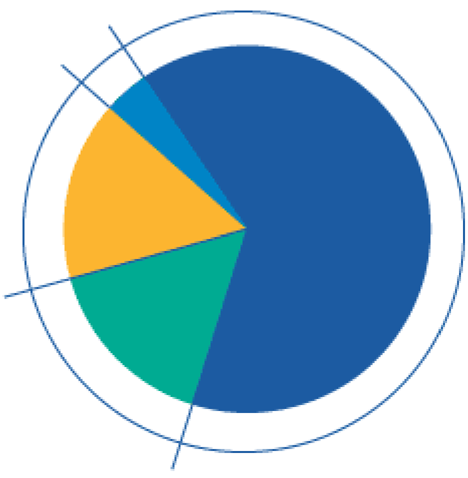


Employees



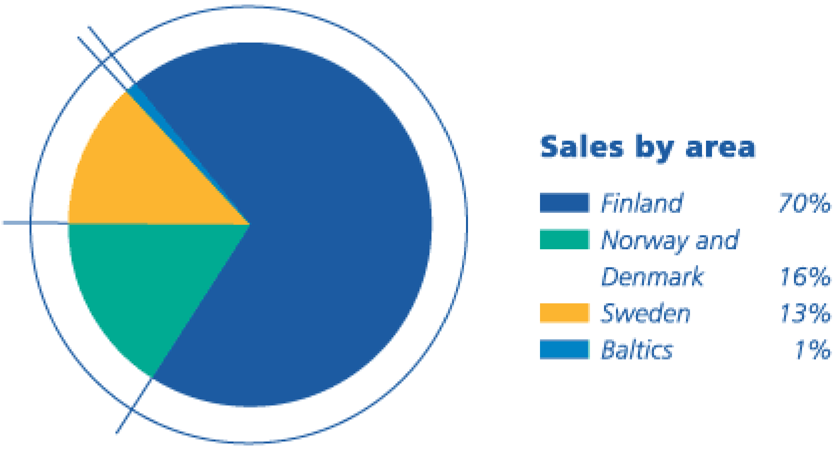


Share of consolidated net sales 2%



Employees by area

Finland	64%
Norway and Denmark	16%
Sweden	16%
Baltics	4%


Sales by area
Finland 70%
Norway and Denmark 16%
Sweden 13%
Baltics 1%

For Tamro Group, 2002 was a year with an intensive focus on the core business and the real prerequisites for achieving cost leadership in its operations in the Nordic countries and the Baltic States. In 2002, the company worked hard and successfully to create efficiency and high-quality customer service as enabled by its strong market position.

The improving results showed that strong progress was made, and the target of substantial improvement in pre-tax profit excluding non-recurring items was achieved.

Tamro continued to expand in retail business by raising its ownership in Apokjeden AS in Norway to 78.2%, by expanding the Apokjeden chain to 198 totally owned and member pharmacies, and by acquiring the Virunmaa and Öismäe pharmacies in Estonia. The wholesale business was strengthened by the acquisition of UAB Litfarma ir partneriai in Lithuania and by restructuring the Northwestern Russian operations into a minority holding in the fourth biggest federal wholesale company. Implementation of this process will be finalised in 2003.

More information:

- 23 Jul 2002: Tamro Group bought six pharmacies in Estonia
- 19 Dec 2002: Tamro to become clear market leader in Lithuania by acquisition
- 4 Dec 2002: Tamro Group reorganises in Russia

Markets and operating environment

Markets

The solid growth of the pharmaceutical market continued in each of the Nordic countries. Overall growth remained at 9%, where it has been already for the past five years. The full-year market growth was highest in Norway, 11.3%, and lowest in Sweden, 7.0%.

The value of the aggregated pharmaceutical wholesale in the Nordic countries was EUR 6.5 billion in pharmacy purchasing prices. The high increase in sales can again be attributed to the change over to newer, but more expensive medicines, changes in treatment practises and the ageing population, among others. On the other hand, generics, parallel import and some restrictions in the reimbursement systems curbed to some extent the market growth.

In the Baltic States pharmaceutical wholesale grew by approximately 2% and in Northwestern Russia at a yearly growth rate of 7%.

Tamro's share of the total Nordic wholesale market was in the region of 49% compared to 51% in 2001. Tamro's market position declined in Finland and Sweden while remaining stable in Denmark and Norway.

Tamro Group is the clear market leader in the Nordic countries in pharmaceutical wholesale and is now the largest wholesaler in five of its operating countries: Denmark, Sweden, Finland, Latvia and Lithuania. In pharmaceutical retail Tamro Group is the market leader in Norway, and is active in pharmaceutical retail also in Estonia and Latvia.

Related topics:

- Market Facts

Operating environment

The continuous fast market growth in the Nordic countries has strengthened the governmental actions to try to curb growing healthcare costs. To support these targets the Swedish parliament accepted the launch of generic substitution starting from October 2002, and the Finnish parliament starting from April 2003.

The deregulation of the pharmacy market has broadened the range of potential OTC products to be sold outside pharmacies in Denmark. The same trend is to be seen also in Norway, where the pharmacy market itself is the most liberalised in Europe as far as the ownership and establishment of pharmacies is concerned. In the Baltic States pharmacy ownership was liberalised in Lithuania, after earlier governmental decisions made in Estonia and Latvia. The new bill, if passed by the Estonian parliament, will restrict the market share of one pharmacy chain in Estonia to 25%.

The competitive environment was affected by changes in the ownership structure of Tamro's main competitors in Finland, which both belong now to the same Group. The merger of Pharmacia with Pfizer will lead to the establishment of the biggest pharmaceutical company in the world and can have an impact on Tamro's operations in the single channel markets in Sweden and Finland in the future.

Q4 development

The market

The positive growth of the pharmaceutical market continued in the Nordic countries during the fourth quarter of 2002. The value of aggregated pharmaceutical wholesale reached the level of EUR 1.7 billion in pharmacy purchasing prices.

Some signs of a slowdown in growth were seen, however, and the market growth during the fourth quarter stayed at 8.7% compared with the full-year growth of 9.0%. The market growth was the fastest in Norway, 12%, and the slowest in Sweden, 7%.

Tamro's market share of pharmaceutical wholesale in the Nordic countries during the fourth quarter decreased to 47.4% mainly due to the ending of some distribution agreements in Finland and Sweden during the year.

Related topics:

→ Quarterly Development

4Q net sales and financial performance

Tamro Group's net sales during the fourth quarter rose to EUR 1,078.2 (1,002.7) million, up 7.5% compared to the fourth quarter in the previous year.

The group operating profit was EUR 13.6 (39.0) million and the operating margin 1.3%. The year 2001 operating profit includes EUR 55.5 million of capital gains and EUR 18.9 million of non-recurring write-offs, and is therefore not comparable with the operating profit of 2002 during the fourth quarter. The year 2002 operating profit includes a EUR 2.6 million provision for the accounting loss from joining the Russian wholesale coalition.

The group pre-tax profit during the fourth quarter was EUR 10.3 and earnings per share were EUR 0.05.

Full-year net sales and financial performance

The Tamro Group net sales for the fiscal year 2002 were EUR 4,102.7 (3,795.6) million, up 8.1% (EUR 307.1 million) on the previous year. Most of the growth was attributed to Norway and Denmark.

The consolidated operating profit was EUR 55.1 (66.6) million, and the full-year operating margin was 1.3%. The year 2001 operating profit, EUR 66.6 million, was strongly boosted by EUR 58.3 in capital gains, and at the same time non-recurring write-offs of EUR 18.9 million were made. In 2002, a provision of EUR 2.6 million was made for the non-recurring accounting cost of joining the new wholesale coalition ZAO ROSTA in Russia.

The operating profit level was according to targets and showed a stabilised profit performance during the year at the group level. All business units except Tamro Latvia were able to improve their results compared to the previous year and all of them were profitable at the operating profit level. The biggest improvements were posted by Finland and Norway. The consolidated ordinary profit before taxes was EUR 41.3 (55.5) million.

The tax rate was reported as 33.8%. Taxes for earlier accounting years worth EUR 0.8 million were included in this amount. The minority share of Norway's loss improved the group result by EUR 2.7 million.

The Group's ordinary net profit was EUR 30.0 (38.1) million.

The return on capital employed was 10.6 (13.1)% and was lower than in 2001 only due to the non-recurring items in 2001. The return on equity was 7.6 (10.4)% and earnings per share EUR 0.26 (0.33)

The Group's total net profit for 2002 was EUR 30.0 (38.1) million.

The fraud case discovered in October 2000 in Norway was totally closed in 2002. The court convicted the local director of finance involved in the fraud and ordered also the auditing company of the Norwegian subsidiary to pay a compensation of EUR 0.4 million to Tamro Group.

Related topics:

→ Business Units 2002

Financing

During the year 2002 the funding structure and financial position of Tamro Group further improved from the previous year. In December, Tamro Group entered into an Asset Securitisation arrangement that allows the Group to sell trade receivables on a non-recourse basis up to the facility amount of SEK 1,200 (EUR 131) million.

More information:

→ 17 Dec 2002: Tamro Group signs MSEK 1,200 securitisation facility

The net debt on the balance sheet totalled EUR 96.6 (171.8) million at year-end. The effective net debt, including as debt the EUR 65.9 million receivables sold in December, totalled EUR 162.3 (171.8). The average net debt in 2002 was EUR 227 (236) million.

The liquid assets contracted to EUR 45.6 (60.2) million. The Group's net gearing finished at 26.0 (49.2)% and equity ratio improved to 32.7 (29.4)%.

Free cash flow and net working capital

In 2002, the free cash flow after capital investments was EUR 86.7 (-18.7) million positive. Gross investments were EUR 93.9 (96.2) million and the operational cash flow before net working capital changes EUR 51.3 (21.0) million. The net working capital decreased by EUR 126.9 (-30.4) million and amounted to EUR 132.9 (257.7) million at year-end. The net working capital decrease includes payment of the Mölnlycke Health Care AB's divestment price EUR 73.1 million in January and received cash purchase price EUR 65.9 million from the receivables sold in December. On the other hand, the net working capital was increased by the acquisitions of Litfarma and the Norwegian and Estonian pharmacies.

The free cash flow after capital investment improved in the fourth quarter significantly to EUR 114.7 (-41.2) million. The net investments amounted to EUR 14.6 million, and the decrease in net working capital was EUR 115.6 million (including receivables of EUR 65.9 million sold in December). The positive operational cash flow before the above items was EUR 13.7 million. The net interest-bearing debt on the balance sheet decreased in the fourth quarter by EUR 111.6 million to EUR 96.6 million.

Apokjeden AS capital increases in Norway

During the review period the Apokjeden AS share capital was increased by NOK 205 (EUR 26) million in February and NOK 255 (EUR 35) million in October 2002. Tamro's holding in Apokjeden AS increased from 49% to 78.2% during the year.

More information:

- 15 Feb 2002: Tamro's ownership in Apokjeden 56.2% after the share issue
- 24 Sep 2002: Apokjeden´s share capital to be increased

Financial expenses

The Group's net financial expenses in 2002 were EUR -14.1 (-13.0) million. Net interest expenses totalled EUR -14.3 (-12.5) million. The exchange rate gains represented EUR 0.3 (1.1) million and other financial expenses and income were EUR -0.1 (-1.6) million. The negative development in the net interest expenses from the previous year resulted from a higher portion of debt funding denominated in NOK currency. The up-front fees and costs related to the SEK 1,200 million Asset Securitisation facility were fully expensed in other financial expenses in December.

Foreign currencies and translation differences

The majority of the Group's net sales are denominated in local currencies. The currency split of the Group's net sales was SEK 37 (39)%, DKK 24 (24)%, EUR 17 (19)%, NOK 15 (12)% and LVL, RUR, LTL and EEK, all four totalling 7 (6)% of the Group's net sales.

The major part of the Group's purchases are also denominated in local currency. Only 2% or EUR 86 (132) million of the purchases are exposed to a currency risk. The currency deviation for that amount was: USD 55%, EUR 29% and other currencies 16%.

The foreign-currency-denominated shareholders' equity and equity type loans were EUR 275 (204) million at year-end 2002. Of that amount, SEK represented 36 (43)%, DKK 31 (40)%, NOK 27 (9)% and others 6 (8)%.

The translation differences from the foreign-currency-denominated shareholders' equity and equity type loans of the overseas subsidiaries were EUR 6.3 (-1.4) million at year-end 2002. This amount affects directly the consolidated equity of the Group. The EUR 2.6 million provision for joining the new wholesale coalition in Russia consists of old translation losses that have been booked through the income statement in the financial accounts for 2002.

The foreign currency and other financial risks are managed according to the finance policy of the Group.

Relatic topics:

- Financial risk management

Capital expenditure and acquisitions

The Group's gross investments amounted to EUR 93.9 (96.2) million. The majority of these investments were allocated to pharmacy acquisitions in Norway and Estonia and to the acquisition of the pharmaceutical wholesale company Litfarma in Lithuania. Other investments are mainly related to the annual maintenance of warehouses and minor IT equipment.

A significant capital investment was made in Norway in February 2002, when the shareholders' equity in Apokjeden was increased by a share issue to the present shareholders. Tamro's share of the capital increase was NOK 121 (EUR 15) million. After the share issue Tamro's holding in Apokjeden rose to 56.2%. Another capital increase in Apokjeden was made in October, when Tamro's capital investment was NOK 244 (EUR 33) million. By year-end Tamro's holding in Apokjeden had increased to 78.2%.

Major changes in the group structure

In December the restructuring of Tamro's wholesale operations in Russia was disclosed. In order to support its geographical expansion in Russia, combined with smaller financial risks, Tamro swapped its holding in Pharm Tamda 77 for an 18% minority holding in ZAO ROSTA, a new federal wholesale company formed as a coalition of three strong regional pharmaceutical wholesalers.

More information:

→ 4 Dec 2002: Tamro Group reorganises in Russia

Research and development

Tamro focused its research and development on IT and different Internet-based information service solutions for principals and customers. This work was mainly done in Denmark (Vendor Managed Inventory -solution for pharmacists), Sweden (Tamro Web Direct for pharmacists) and Finland (Tamro Smart for suppliers).

Personnel and organisation

Tamro's payroll averaged 3,438 (2,854) employees during the financial year. Of the total staff, 18% worked in Denmark, 16% in Finland, 15% in Sweden, 32% in Norway and 19% in the Baltic States and Russia. Of the total staff, an average of 1,064 employees (31%) worked in retail operations in Norway, Latvia and Estonia. At year-end the group personnel numbered already 3,700, of which 1,319 (36%) worked in the retail business.

The wages and salaries paid by the Group during 2002 totalled EUR 123 (88) million, including EUR 14 (14) million paid by the parent company Tamro Corporation. The rapid increase in the payroll costs is due to the aggressive expansion of the retail business especially in Norway. The remuneration paid to Tamro Corporation's Board of Directors and CEO amounted to EUR 0.4 (0.4) million.

Extraordinary General Meeting

The extraordinary general meeting of Tamro Corporation on 15 November 2002 decided to amend the articles of association by changing the stipulation of signing for the company (article 7).

The extraordinary general meeting decided also to repeat the resolution by the annual general meeting in 2000 to grant stock option rights to key personnel of Tamro Corporation.

More information:

→ 15 Nov 2002: Decisions of Tamro's extraordinary general meeting 15 november 2002

Tamro's shares

Share capital

The share capital of parent company Tamro Corporation on 31 December 2002 amounted to EUR 114,837,083 and was divided into a total of 114,837,083 shares with a nominal value of EUR 1. Tamro Corporation shares are listed on Helsinki Exchanges.

On 31 December 2002, 19.2% of Tamro Corporation's shares were in Finnish, 19.3% in Swedish and 39.6% in German ownership. In addition to that, another 21.4% of the shares were nominee holdings, and 0.2% other foreign holdings. Foreign ownership accounted thus for a total of 80.5% of Tamro's shares.

More information:

- 16 May 2002: Phoenix increases shareholding in Tamro
- 12 Jun 2002: Notification of change in ownership pursuant to the securities market act, chapter 2, section 9

At year-end, the company held 341,000 repurchased own shares corresponding to 0.3% of the year-end share capital. During 2002 the company had no authorisation from the annual general meeting to repurchase or sell its own shares.

Share performance

Share performance The closing price for 2002 stood at EUR 3.80 (3.59), up 5,8% from the end of 2001. The year's trading high was EUR 3.99 (4.10) and trading low EUR 3.35 (1.65). During 2002 a total of 17.5 (19.6) million shares changed hands, equivalent to 15.3% of the average number of all Tamro shares. This share turnover represented a market value of EUR 66.7 (67.3) million. The share turnover in volume decreased by 10.3% but the market value was almost the same as in the previous year.

Tamro's market capitalisation at year-end was EUR 435.1 million compared with EUR 411.0 million at the close of 2001. 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 36.

Permanent Insiders' share holdings and options

At year's end, the Board Members held a total of 220,000 Tamro Corporation shares and 60,000 year 1997 option rights. Share holdings include assets of dependents and significantly influenced companies, and they correspond to 0.2% of shares and voting rights. The rest of the group management and the permanent insiders owned correspondingly a total of 6,293 shares, 230,000 year 1997 option rights and 618,000 year 2000 option rights.

Related topics:

- Permanent Insiders
- Holdings of Permanent Insiders

Board of Directors and Auditors

The annual general meeting of 10 April 2002 elected six members to Tamro's board of directors. Dr Bernd Scheifele (CEO, Phoenix Group) was elected chairman. The other board members elected were Mikael von Frenckell, Johan Horelli, Dag Johannesson, Reimund Pohl and Dr Lorenz Näger.

The authorised public accountants PricewaterhouseCoopers Oy and Johan Kronberg, APA, were elected Tamro's external auditors.

More information:

- 10 Apr 2002: Tamro's annual general meeting on 10 april 2002

Related topics:

- Corporate Governance
- Board of Directors

Group Management

In January Jo Langmoen, the managing director of Tamro Distribution in Norway, was appointed Tamro Group CEO and chairman of the group management and Stefan Pflug, the logistics director of Tamro Group was appointed member of the group management. In July Juha Koponen was appointed the new CFO and member of the group management.

More information:

- 23 Jan 2002: Tamro appoints new CEO
- 4 Jul 2002: Tamro recruits new CFO with comprehensive European profile

Events after the financial year

In order to further improve the efficiency and profitability of Apokjeden, the decision to close down the distribution centres in Bergen and Trondheim was made in January. The year the year 2000 option rights A have been listed on Helsinki Exchanges starting on 3 February 2003.

More information:

- 31 Jan 2003: Tamro corporation's year 1997 warrants and year 2000 class a share option rights on the main list of Helsinki exchanges

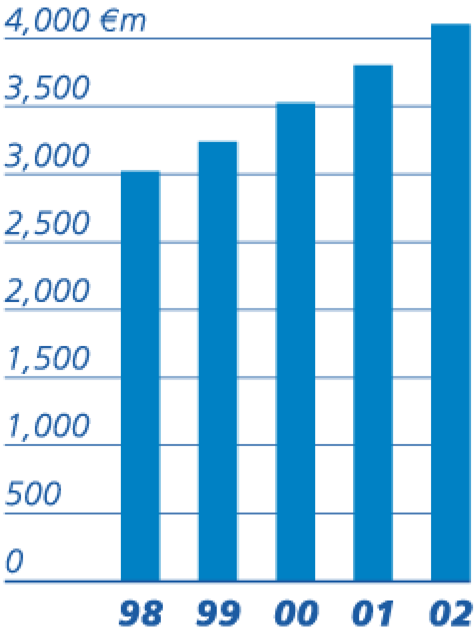
Outlook for the near future

The value of the pharmaceutical market is expected to grow at a 6-8% annual speed in the Nordic countries. The growth is slightly slowed down due to the increasing use of generics for patent expiring volume products and parallel import. The ongoing mergers in the pharmaceutical industry may have an impact on Tamro Group in the single channel countries Finland and Sweden.

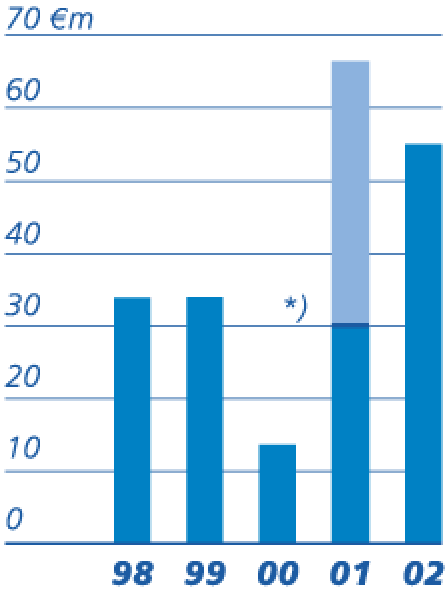
The intensive work done during 2002 continues and is expected to bring results also during 2003. The financial progress of Tamro Group is expected to continue in all business units. In improving profitability the main focus will still be in Norway and in Finland. In addition to continuous improvement in the efficiency of our operations, the focus on the customer satisfaction will gain momentum in daily work in 2003.

Overall, the strong market position of Tamro Group combined with a clear strategy based on cost leadership give us the confidence to believe that the good progress of 2002 will continue also in 2003. Tamro Group is expecting another year of improving result in 2003.

Net sales

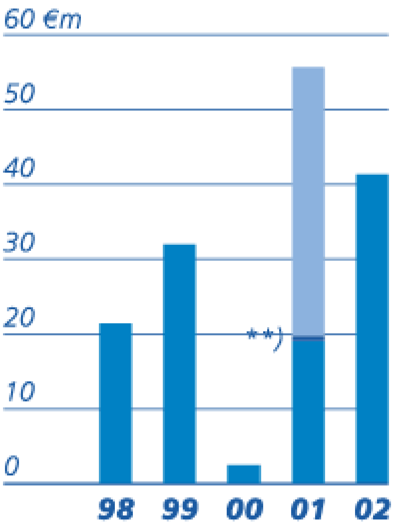


Operating profit



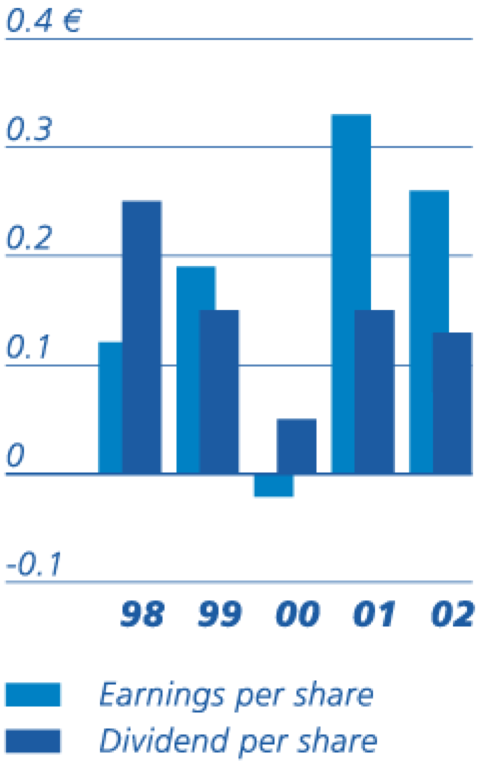
*) Excluding non-recurring items the operating profit was 30 €m.

Ordinary profit before taxes

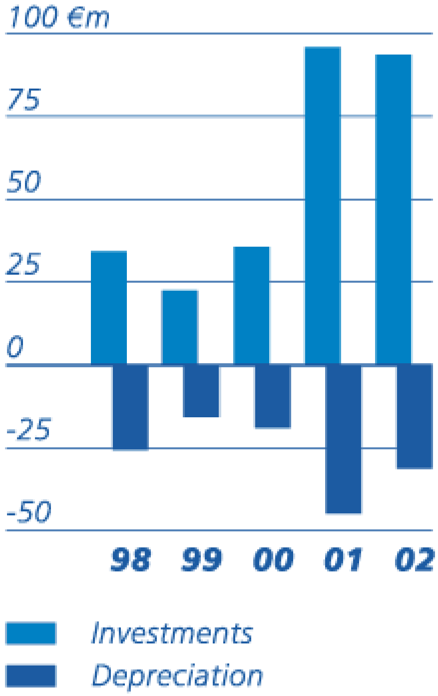


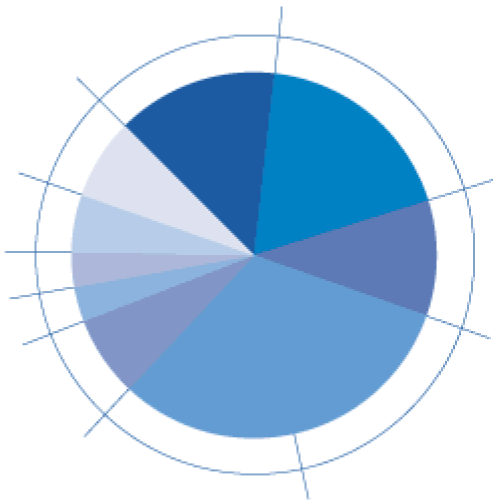
**) Excluding non-recurring items the ordinary profit before taxes was 19 €m.

Earnings and dividend per share



Investments and depreciation

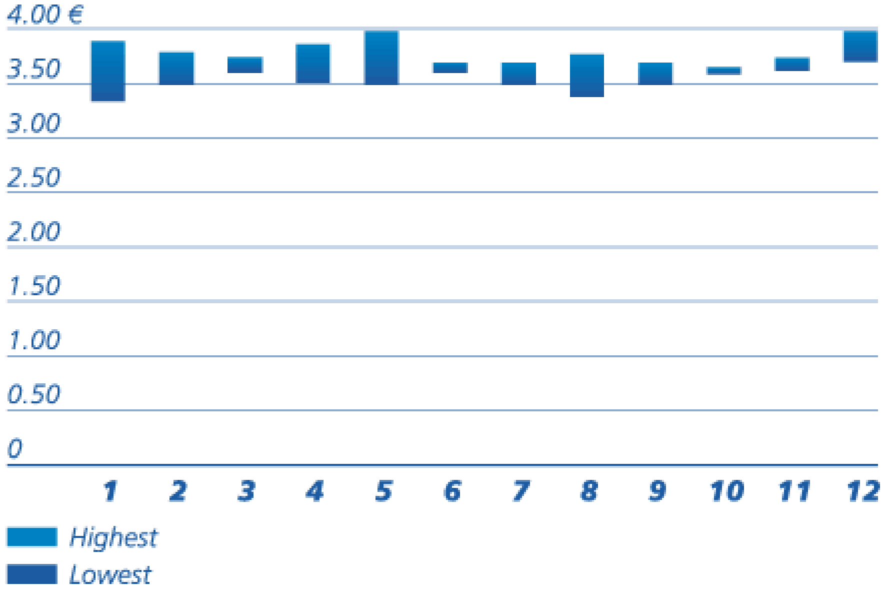




Employees average

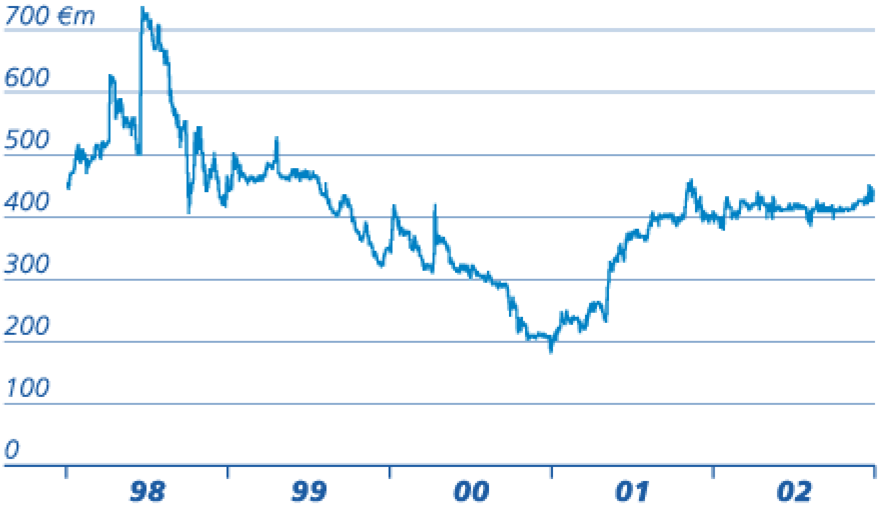
Tamro Sweden	14%
Tamro Denmark	18%
Tamro Finland	10%
Tamro Norway	31%
Tamro Latvia	7%
Tamro Estonia	3%
Tamro Lithuania	3%
Tamro Russia	5%
Tamro MedLab	7%

Share price development 2002



Average share price and turnover by month 2002

Market capitalisation 1998–2002



Net sales by unit (EURm)	2002	2001	Change, %
Tamro Sweden	1,526.2	1487.0	2.6%
Tamro Denmark	1,011.1	919.8	9.9%
Tamro Finland	654.7	672.2	-2.6%
Tamro Norway	612.1	453.3	35.0%
Tamro Estonia	41.0	37.1	10.5%
Tamro Latvia	70.4	59.2	18.9%
Tamro Lithuania	50.8	39.4	28.9%
Tamro Russia	59.9	47.7	25.6%
Tamro MedLab	86.4	92.6	-6.7%
Other and internal	-9.9	-12.7	-22.0%
Total	4,102.7	3,795.6	8.1%

Number of employees by unit	2002	2001	Change, %
Tamro Sweden	478	519	-7.9%
Tamro Denmark	618	632	-2.2%
Tamro Finland	359	366	-1.9%
Tamro Norway	1,063	491	116.5%
Tamro Estonia	111	85	30.6%
Tamro Latvia	253	189	33.9%
Tamro Lithuania	92	86	7.0%
Tamro Russia	187	185	1.1%
Tamro MedLab	250	257	-2.7%
Other	27	44	-38.6%
Group total	3,438	2,854	20.5%

Consolidated Income Statement

CONSOLIDATED INCOME STATEMENT

1 Jan - 31 Dec (in EUR thousands)	**NOTES**	**2002**	**%**	**2001**	**%**
NET SALES	**1**	4,102,732	100.0	3,795,622	100.0
OTHER INCOME	**2**	319		58,286	
Raw materials and services	**3**	3,786,502		3,564,238	
Personnel expenses	**4**	147,328		108,271	
Depreciation and value adjustments	**5**	31,158		44,777	
Other operating expenses		82,979		70,032	
Total operating expenses		4,047,967		3,787,318	
OPERATING PROFIT		55,084	1.3	66,590	1.8
Financial income and expenses	**6**	-14,067		-12,948	
Share of affiliated companies' net income	**10**	310		1,893	
ORDINARY PROFIT BEFORE TAXES		41,327	1.0	55,535	1.5
Income taxes on ordinary activities	**7**	-13,967		-21,857	
Minority interest		2,658		4,454	
ORDINARY PROFIT		30,018	0.7	38,132	1.0
Extraordinary income and expenses, net of taxes		-		-	
NET PROFIT FOR THE PERIOD		30,018	0.7	38,132	1.0

Consolidated Balance Sheet

CONSOLIDATED BALANCE SHEET

31 Dec (in EUR thousands)	NOTES	2002	%	2001	%
FIXED ASSETS					
INTANGIBLE ASSETS	8				
Intangible rights		2,985		3,131	
Goodwill		123,666		60,881	
Consolidated goodwill		2,821		8,443	
Other capitalised expenditure		1,105		1,715	
		130,577		74,170	
TANGIBLE ASSETS	8				
Land areas		11,951		11,985	
Buildings and structures		114,272		114,816	
Machinery and equipment		43,037		37,899	
Other tangible assets		993		890	
Advance payments and construction in progress		208		337	
		170,461		165,927	
FINANCIAL ASSETS					
Shares in subsidiaries		118		120	
Shares in affiliated companies	10	14,591		13,513	
Other shares and participations		998		982	
Other financial assets	9	6,271		748	
Own shares	32	975		975	
Deferred income tax asset	17	11,797		9,854	
		34,750		26,192	
TOTAL FIXED ASSETS		335,788	29.5	266,289	22.5
CURRENT ASSETS					
Inventories					
Goods		308,458		286,479	
		308,458		287,487	
Receivables					
Accounts receivable	11	432,728		483,514	
Loan receivable		1,772		1,439	
Prepaid expenses and accrued income	12	8,580		80,950	
Other receivables		3,609		5,222	
		446,689		571,125	
Short-term investments		10,177		23,016	
Cash and bank		35,461		37,138	
TOTAL CURRENT ASSETS		800,785	70.5	918,766	77.5
TOTAL ASSETS		1,136,573	100.0	1,185,055	100.0

31 Dec (in EUR thousands)	NOTES	2002	%	2001	%

	Note				
SHAREHOLDERS' EQUITY	14				
Share capital	13	114,837		114,837	
Share premium account		5,641		5,640	
Revaluation reserve		1,138		1,135	
Other reserves		349		322	
Fund for own shares		975		975	
Retained earnings		228,840		209,751	
		351,780	31.0	332,660	28.1
Minority interest		20,856	1.8	17,219	1.5
OBLIGATORY RESERVES	15	1,079	0.1	3,720	0.3
LIABILITIES					
LONG-TERM LIABILITIES					
Loans from financial institutions	16	4,097		39,523	
Pension fund loans	16	19,161		23,521	
Other long-term liabilities	16	298		81	
		23,556		63,125	
SHORT-TERM LIABILITIES					
Loans from financial institutions and other interest-bearing loans		113,360		163,353	
Pension fund loans		5,424		5,553	
Advances received		227		116	
Accounts payable		556,750		555,321	
Accrued expenses and deferred income	18	42,443		23,311	
Other current liabilities		21,098		20,677	
		739,302		768,331	
TOTAL LIABILITIES		762,858	67.1	831,456	70.1
TOTAL EQUITY AND LIABILITIES		1,136,573	100.0	1,185,055	100.0

CONSOLIDATED CASH FLOW STATEMENT

1 Jan - 31 Dec (in EUR millions)	2002	2001
Operating profit	55.1	66.6
Depreciation, value adjustments and other adjustments	31.6	-14.3
Financial income and expenses	-14.3	-14.1
Other income and expenses	-0.1	-0.3
Taxes	-21.0	-17.0
	51.3	21.0
CHANGE IN NET WORKING CAPITAL		
Inventories, increase (-), decrease (+)	-21.0	20.9
Current receivables, increase (-), decrease (+)	124.8	-69.8
Non-interest bearing debts, increase (+), decrease (-)	23.1	18.5
	126.9	-30.4
CASH FLOW BEFORE INVESTMENTS	178.2	-9.4
INVESTMENTS		
Investments in fixed assets	-93.9	-96.2
Sale of fixed assets and other changes	2.4	86.9
	-91.5	-9.3
FREE CASH FLOW	86.7	-18.7
FINANCING		
Long-term debt, increase (+), decrease (-)	-39.6	25.2
Short-term debt, increase (+), decrease (-)	-50.1	-44.3
Long-term bonds, increase (-), decrease (+)	-5.9	32.2
Dividends	-17.2	-5.7
Minority's investment to subsidiaries	13.0	0.0
Translation differences and other changes	-1.5	2.2
	-101.3	9.6
CHANGE IN LIQUID ASSETS, INCREASE (+), DECREASE (-)	-14.6	-9.1

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

Income Statement of the Parent Company

INCOME STATEMENT OF THE PARENT COMPANY

1 Jan - 31 Dec (in EUR thousands)	NOTES	2002	%	2001	%
NET SALES	21	650,116	100.0	668,886	100.0
OTHER INCOME	22	4,536		53,831	
Raw materials and services	23	627,960		646,515	
Personnel expenses	24	17,577		16,943	
Depreciation according to plan	25	5,302		15,674	
Other expenses		6,297		12,911	
Total operating expenses		657,136		692,043	
OPERATING PROFIT		-2,484	-0.4	30,674	4.6
Financial income and expenses	26	26,505		13,051	
ORDINARY PROFIT BEFORE TAXES		24,021	3.7	43,725	6.5
Extraordinary income and expenses	27	5,082		-164	
PROFIT BEFORE TAXES		29,103	4.5	43,561	6.5
Appropriations	28	2,248		12,113	
Income taxes	29	-4,229		-5,868	
NET PROFIT FOR THE PERIOD		27,122	4.2	49,806	7.4

Balance Sheet of the Parent Company

BALANCE SHEET OF THE PARENT COMPANY

31 Dec (in EUR thousands)	NOTES	2002	%	2001	%
FIXED ASSETS					
INTANGIBLE ASSETS	**30**				
Intangible rights		1,575		1,874	
Goodwill		3,347		3,904	
Other capitalised expenditure		81		80	
		5,003		5,858	
TANGIBLE ASSETS	**30**				
Land areas		1,348		1,348	
Buildings and structures		41,339		43,221	
Machinery and equipment		3,523		5,541	
Other tangible assets		245		240	
Advance payments and construction in progress		121		168	
		46,576		50,350	
FINANCIAL ASSETS					
Shares in subsidiaries	**31**	347,763		297,625	
Loan receivables from group companies	**33**	123,816		122,960	
Other shares and participations	**32**	413		409	
Other financial assets	**10**	-		0	
Own shares	**32**	975		975	
Deferred income tax asset		5,098		0	
		478,065		421,969	
TOTAL FIXED ASSETS		529,644	67.1	478,177	54.5
CURRENT ASSETS					
INVENTORIES					
Goods		64,986		88,188	
LONG-TERM RECEIVABLES					
Receivables from group companies	**33**	85,345		72,691	
SHORT-TERM RECEIVABLES					
Accounts receivable		26,583		34,013	
Receivables from group companies	**33**	51,273		75,252	
Loan receivables		2		87	

Prepaid expenses and accrued income	34	1,855		77,834	
		79,713		187,186	
Short-term investments		10,147		22,865	
Cash and bank		18,957		28,531	
TOTAL CURRENT ASSETS		259,148	32.9	399,461	45.5
TOTAL ASSETS		788,792	100.0	877,638	100.0

31 Dec (in EUR thousands)	**NOTES**	**2002**	**%**	**2001**	**%**
SHAREHOLDERS' EQUITY	**35**				
Share capital	**13**	114,837		114,837	
Share premium account		5,640		5,640	
Revaluation reserve		1,093		1,093	
Fund for own shares		975		975	
Retained earnings		400,897		390,949	
		523,442	66.4	513,494	58.5
APPROPRIATIONS					
Accumulated depreciation difference	**36**	30,675	3.9	32,924	3.8
OBLIGATORY RESERVES	**37**	364	0.0	2,880	0.3
LIABILITIES					
LONG-TERM LIABILITIES					
Loans from financial institutions	**38**	8,136		13,560	
		8,136		13,560	
SHORT-TERM LIABILITIES					
Loans from financial institutions and other interest-bearing loans		5,424		115,864	
Accounts payable		89,899		121,851	
Liabilities to group companies	**33**	104,099		67,767	
Accrued expenses and deferred income	**39**	5,062		7,723	
Other current liabilities		21,691		1,575	
		226,175		314,780	
TOTAL LIABILITIES		234,311	29.7	328,340	37.4
TOTAL EQUITY AND LIABILITIES		788,792	100.0	877,638	100.0

Cash Flow Statement of the Parent Company

CASH FLOW STATEMENT OF THE PARENT COMPANY

1 Jan - 31 Dec (in EUR millions)	**2002**	**2001**
Operating profit	-2.5	30.7
Depreciation, value adjustments and other adjustments	5.3	-36.0
Financial income and expenses	12.2	15.9
Other income and expenses	0.0	0.5
Taxes	-9.6	-6.2
	5.4	4.8
CHANGE IN NET WORKING CAPITAL		
Inventories, increase (-), decrease (+)	23.2	6.4
Current receivables, increase (-), decrease (+)	99.3	-68.0
Non-interest bearing debts, increase (+), decrease (-)	-31.2	1.6
	91.3	-59.9
CASH FLOW BEFORE INVESTMENTS	96.7	-55.1
INVESTMENTS		
Investments in fixed assets	-1.4	-2.3
Investment in subsidiary shares	-50.1	-30.7
Sale of fixed assets and other changes	0.7	84.5
	-50.8	51.6
FREE CASH FLOW	45.9	-3.5
FINANCING		
Long-term receivables, increase (-), decrease (+)	-13.5	14.3
Short-term receivables, increase (-), decrease (+)	22.5	-46.6
Long-term debt, increase (+), decrease (-)	-5.4	33.2
Short-term debt, increase (+), decrease (-)	-54.6	1.6
Group contribution	0.0	-0.2
Other changes	-0.1	-0.3
Dividends	-17.2	-5.7
	-68.3	-3.7
CHANGE IN LIQUID ASSETS, INCREASE (+), DECREASE (-)	-22.4	-7.2

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

Accounting Principles

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

Scope of the consolidated financial statements

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

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

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

Consolidation principles

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

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

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

Foreign subsidiaries and translation differences

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

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

Transaction costs associated with hedging the parent company's above-mentioned long-term intra-group loan receivables are posted under translation differences in the consolidated accounts. Any significant tax effects are taken into account when calculating translation differences.

Minority interest

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

Duration of the financial year

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

Intra-group transactions

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

Fixed assets

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

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

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

Capitalised interest in Tamro House

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

Leasing

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

Accounting for IT costs

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

Research and development

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

Financial investments and debt securities

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

Derivative financial instruments

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

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

Open option agreements are valued at market price.

Inventories

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

Foreign-currency denominated receivables and liabilities

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

Pension liabilities

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

Year-end tax appropriations and untaxed reserves

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

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

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

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

Obligatory reserves

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

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

Net sales

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

Other income

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

Extraordinary income and expense

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

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

Income taxes

The consolidated income tax charges of the group companies' normal operations have been calculated in accordance with the 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 an accrual basis. Moreover, any change in the deferred tax liability is included in the taxes. The change in the deferred income tax includes tax effects of temporary differences, confirmed tax losses, changes in untaxed reserves and consolidation adjustments to net income.

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

The consolidated cash flow statement

The cash flow statement has been disclosed according to the indirect method where cash flows have been derived from adjusting net income for transactions of a non-cash nature such as depreciation. Capital investments in the consolidated cash flow statement include significant acquisitions and divestitures of companies valued at the sale price of the shares. Share transactions paid partly in kind (share swaps) are included in the cash flow statement only up to the 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 are partly presented in EUR millions.

Tamro Web Annual Report 2002. Published 12 March 2003.

(Figures are in EUR thousands unless otherwise stated)	2002	2001

NOTES TO THE CONSOLIDATED INCOME STATEMENT

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

	2002	2001
By market area:		
Sweden	1,536.1	1,496.1
Denmark	991.2	899.1
Finland	712.0	736.3
Norway	624.8	465.1
Baltic States	159.3	132.1
Russia	59.7	47.5
Others	19.6	19.4
	4,102.7	3,795.6
By unit:		
Tamro Sweden	1,526.2	1,487.0
Tamro Denmark	1,011.1	919.8
Tamro Finland	654.7	672.2
Tamro Norway	612.1	453.3
Tamro Baltics	162.2	135.7
Tamro Russia	59.9	47.7
Tamro MedLab	86.4	92.6
Others	-9.9	-12.7
	4,102.7	3,795.6

2. OTHER INCOME

	2002	2001
Gain on sale of fixed assets	319	58,286

3. RAW MATERIALS AND SERVICES

	2002	2001
Raw materials and consumables		
Purchases during the financial period	3,781 021	3,516 827
Inventories, incr. (-), decr. (+)	-20,971	20,788
External services	26,452	26,623
Raw materials and services total	3,786 502	3,564 238

4. PERSONNEL EXPENSES

	2002	2001
Average personnel by unit:		
Tamro Sweden	478	519
Tamro Denmark	618	632
Tamro Finland	359	366
Tamro Norway	1,063	491
Tamro Baltics	456	360
Tamro Russia	187	185

Tamro MedLab	250	257
Others	27	44
	3,438	2,854

Personnel expenses:		
Wages and salaries during the financial year	122,840	88,482
Payroll related social costs		
Pension costs	7,093	8,058
Other payroll related social costs	17,395	11,731
	147,328	108,271
Wages and salaries paid to:		
Boards of Directors, CEO and Managing Directors	3,557	2,027

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

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

5. DEPRECIATION AND VALUE ADJUSTMENTS

Depreciation/amortisation according to plan		
Intangible rights	1,291	1,204
Goodwill	5,864	2,280
Consolidated goodwill	1,152	22,132
Other capitalised expenditure	614	1,126
Buildings	5,902	6,185
Machinery and equipment	14,910	11,737
Other tangible assets	190	113
	29,923	44,777

In 2002 the value adjustments on machinery and equipment were EUR 1.2 million. Depreciations for the year 2001 include additional write-off of consolidated goodwill amounting to EUR 18.9 million, of which EUR 10.1 million is assigned to Apokjeden and EUR 8.8 million to Lääketukku.

6. FINANCIAL INCOME AND EXPENSES

Income from non-current financial assets	202	1,271
Other interest and financial income		
Interest income	2,097	2,805
Other financial income	408	84
Other interest and financial expenses		
Interest expenses	-16,554	-16,506
Other financial expenses	-485	-1,733
Exchange rate differences, net	265	1,131
	-14,067	-12,948

7. INCOME TAXES ON ORDINARY ACTIVITIES

Current income taxes		
Finnish Group companies	-3,119	-7,253
Foreign Group companies	-11,659	-9,094
	-14,778	-16,347
Income taxes from previous years:	-839	-290
Change in deferred tax liability specified in note 17	1,650	-5,220
Income tax on ordinary activities	-13,967	-21,857

NOTES TO THE CONSOLIDATED BALANCE SHEET

8. 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	11,348	64,261	60,370	6,033	11,565	145,560	110,993	1,261	337
Increase	1,086	67,079	-4,470	9	81	5,450	21,326	316	127
Decrease		-20			-177	-853	-17,857	-70	
Other changes	145	-2,937		-98	-1	141	297	13	-252
Acquisition value 31 Dec	12,579	128,383	55,900	5,944	11,468	150,298	114,759	1,520	212
Accumulated depr. 1 Jan	-8,217	-3,380	-51,927	-4,318		-33,099	-73,094	-371	0
Increase	-1,291	-5,864	-1,152	-614		-5,902	-16,145	-190	
Decrease						91	16,570	47	
Other changes	-89			-5		-37	-339	20	
Accumulated depr. 31 Dec	-9,597	-9,244	-53,079	-4,937	0	-38,947	-73,008	-494	0
Value adjustments 1 Jan & 31 Dec					420	2,355			
Translation difference	3	4,527		98	63	566	1,286	-33	-4
Bookvalue 31 Dec 2002	2,985	123,666	2,821	1,105	11,951	114,272	43,037	993	208
Bookvalue 31 Dec 2001	3,131	60,881	8,443	1,715	11,985	114,816	37,899	890	337

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.

(Figures are in EUR thousands unless otherwise stated)	**2002**	**2001**
Machinery and equipment in production use, book value	937	1,175

(Figures are in EUR thousands unless otherwise stated)	2002	2001

NOTES TO THE CONSOLIDATED BALANCE SHEET

9. OTHER FINANCIAL ASSETS

Other receivables	6,271	748
	6,271	748

Pension fund receivable of EUR 4.6 million is included in other receivables.

10. AFFILIATED COMPANIES

Opening balance	13,513	22,885
New affiliated companies	3,620	12,723
Omitted affiliated companies	-3,932	-19,265
Share of net results	310	1,893
Translation differences	1,156	-83
Other changes	-76	-4,640
Closing balance	14,591	13,513

11. AFFILIATED COMPANIES

The Group has entered into the Asset Securitisation arrangement that allows specified accounts receivable to be sold on a non-recourse basis and subsequently off balance sheet up to the limit amount of SEK 1,200 million. The sold receivable amount was SEK 603 (EUR 66) million at the end of the year. The reserve related to the sold receivables is reported under the accounts receivable. Up-front fees and other arrangement costs have been fully expensed as other financial expenses in December 2002. On-going costs of the arrangement are reported as interest expenses in net financial items.

12. PREPAID EXPENSES AND ACCRUED INCOME

Receivable from sales of shares	-	73,109
Income tax receivable	272	123
Financial income	150	2,297
Prepaid expenses	5,477	1,957
Other income	239	3,164
Other prepaid expenses and accrued income	2,442	300
Total	8,580	80,950

13. SHARE CAPITAL AND SUBSCRIPTION TERMS AND CONDITIONS

The company's share capital as at 31 Dec 2002 totalled 114,837,083 euros, divided into 114,837,083 shares, each of which carries one vote. The total of 341,000 shares are owned by the company.

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

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

Terms of subscription

Issue of bond with warrants 1997

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

Share option rights 2000

Number of share option rights	1,165,000 A
	1,165,000 B
Subscription period	A: 1 Apr 2002 to 30 Apr 2006
	B: 1 Apr 2004 to 30 Apr 2006
Subscription terms and conditions	One class A share option right entitles its holder to subscribe to one Tamro Corporation share with a nominal value of EUR 1 at a subscription price of EUR 4.00 and one class B share option right entitles its holder to subscribe to one Tamro Corporation share with a nominal value of EUR 1 at a 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 subscription price must be at least the nominal value of the share.

The Group owns a total of 826,000 year 1997 warrants and 1,035,000 share option rights.

14. CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium account	Revaluation reserve	Fund for own shares	Other reserves	Retained earnings	Total equity
Equity 1 Jan 2001	114,837	5,640	1,136	569	465	178,258	300,905
Dividend						-5,725	-5,725
Net profit for the year						38,132	38,132
Translation differences						-1,368	-1,368
Write-down of own shares				406			406
Adjustment of share in affiliated company						311	311
Transfers within equity					-143	143	0

Other change			-1				-1
Equity 31 Dec 2001	114,837	5,640	1,135	975	322	209,752	332,660
Dividend						-17,174	-17,174
Net income for the year						30,018	30,018
Translation differences						6,317	6,317
Transfers within equity					27	-27	0
Other change		1	3			-46	-42
Equity 31 Dec 2002	114,837	5,641	1,138	975	349	228,840	351,779
Distributable equity							
Retained earnings			228,840				
Accumulated appropriations, net of tax			-25,962				
Distributable equity 31 Dec 2002			202,878				

(Figures are in EUR thousands unless otherwise stated)	**2002**	**2001**
15. OBLIGATORY RESERVES		
Pension commitments	1,066	840
Reserve for taxes	-	2,588
Other reserves	13	292
	1,079	3,720
Changes in the obligatory reserves in the income statement		
Expenses	157	-1,014
16. LONG-TERM LIABILITIES		
Long-term liabilities fall due as follows:		
2004	8,307	18,512
2005-2007	2,924	34,168
2008-	1,218	402
On special conditions	11,107	10,043
	23,556	63,125
Foreign currency breakdown of long-term loans:		
NOK	844	33,641
EUR	8,194	13,561
SEK	11,106	9,961
DKK	3,388	5,881
Others	24	81
	23,556	63,125

Of the above pension loans EUR 10,848,000 (9,961,000) 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 2001	Charged/ (credited) to P/L income tax	Charged/ (credited) to P/L extraord	Other changes	31 Dec 2001
Deferred income tax liabilities					
Untaxed reserves and acc depr	17,860	-1,369		-156	16,335
	17,860	-1,369	0	-156	16,335
Deferred income tax assets					
Tax loss carry forwards	10,243	-1,782		-9,208	21,233
Other temporary timing differences	11,431	8,371		-1,896	4,956
	21,674	6,589	0	-11,104	26,189
Net deferred income tax liability(+) / receivable(-)	-3,814	5,220	0	-11,260	-9,854

	1 Jan 2002	Charged/ (credited) to P/L income tax	Charged/ (credited) to P/L extraord	Other changes	31 Dec 2002
Deferred income tax liabilities					
Untaxed reserves and acc depr	16,335	-508		126	15,953
	16,335	-508	0	126	15,953
Deferred income tax assets					
Tax loss carry forwards	21,233	-2,540		-426	24,199
Other temporary differences	4,956	1,398		7	3,551
	26,189	-1,142	0	-419	27,750
Net deferred income tax liability(+) / receivable(-)	-9,854	-1,650	0	-293	-11,797

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

(Figures are in EUR thousands unless otherwise stated)	**2002**	**2001**
18. ACCRUED EXPENSES AND DEFERRED INCOME		
Personnel expenses	23,688	11,700
Cost of goods	1,837	397
Income tax liability	3,203	5,528
Financial expenses	1,476	1,011
IT-expenses	94	99
Other accrued expenses and deferred income	12,145	4,576
Total	42,443	23,311

OTHER NOTES

19. CONTINGENT LIABILITIES

Mortgages		
For own debts (1)	15,653	23,600
Pledges	73,168	44,180
Guarantees		
For debts of the group companies' management	232	752
For debts of others	15,392	11,229
	15,624	11,981
Other commitments		
Leasing commitments		
Next year	1,534	2,135
Over one year	858	1,248
Rent commitments	17,207	9,620
Repurchase commitments	18	28
Other commitments	691	181
	20,308	13,212
Group liabilities, secured by mortgages, pledges and other commitments:		
Mortgages (1)	13,575	19,541
Pledges	60,482	41,502
	74,057	61,043

20. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives - notional amounts		
Currency instruments		
Currency forward contracts	141,586	141,561
Currency options - purchased	-	-
Currency options - sold	-	-
Interest rate instruments		
Interest rate forward contracts and futures	-	-
Interest rate option contracts	-	-
Interest rate swaps	10,000	10,000
Derivatives - market value		
Currency instruments		
Currency forward contracts	-707	616
Interest rate instruments		
Interest rate swaps	-71	29

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

(Figures are in EUR thousands unless otherwise stated)	2002	2001

NOTES TO THE PARENT COMPANY INCOME STATEMENT

21. NET SALES BY MARKET AREA AND UNIT

By market area:		
Finland	648,158	666,539
Sweden	24	6
Baltic countries	1,934	2,341
	650,116	668,886

22. OTHER INCOME

Gain on sale of fixed assets	16	50,576
Rental and other income	4,520	3,255
	4,536	53,831

23. RAW MATERIALS AND SERVICES

Raw materials and consumables		
Purchases during the financial period	601,042	636,185
Inventories, incr. (-), decr. (+)	23,203	6,441
External services	3,715	3,889
	627,960	646,515

24. PERSONNEL EXPENSES

Wages and salaries during the financial year	13,901	13,500
Payroll related social costs		
Pension costs	2,763	2,658
Other payroll related social costs	913	785
	17,577	16,943
Wages and salaries paid to:		
Boards of Directors and CEO	372	406

25. DEPRECIATION ACCORDING TO PLAN

Intangible rights	646	581
Goodwill	557	10,556
Other capitalised expenditure	5	4
Buildings	1,830	1,713
Machinery and equipment	2,264	2,820
	5,302	15,674

26. FINANCIAL INCOME AND EXPENSES

Income from non-current financial assets		
Dividend income	14,320	11,507
Interest income	6,343	7,399
Other interest and financial income		
Interest income	11,593	10,823
Other financial income	199	38
Other interest and financial expenses		
Interest expenses	-8,318	-11,517
Other financial expenses		-6,289
Exchange rate differences, net	2,368	1,090
	26,505	13,051
From Group companies:		
Income from non-current financial assets		
Dividend income	14,264	11,445
Interest income	6,343	6,368
Other interest and financial income		
Interest income	10,442	9,404
Other financial income	167	38
Other interest and financial expenses		
Interest expenses	-703	-512
	30,513	26,743

27. EXTRAORDINARY INCOME AND EXPENSES

Income		
Other extraordinary income	5,099	-
Group contribution	36	-164
Expenses		
Write-off of loan receivables from Group and shares in subsidiaries	-53	-
Extraordinary income and expenses, total	5,082	-164

28. APPROPRIATIONS

Accelerated depreciation in the income statement		
Intangible rights	-20	-20
Goodwill	557	10,556
Other capitalised expenditure	1	-1
Buildings	1,013	814
Machinery and equipment	697	764
	2,248	12,113

29. INCOME TAXES

Current income taxes	-2,733	-5,517
Income taxes from previous years	-1,496	-351
	-4,229	-5,868

(Figures are in EUR thousands unless otherwise stated)	2002	2001

NOTES TO THE PARENT COMPANY BALANCE SHEET

30. FIXED ASSETS

	Intangible assets			Tangible assets				
	Intangible rights	Goodwill	Other capital-ised expen-diture	Land areas	Buildings	Machinery and equipment	Other tangible assets	Advance payments and con-struction in progress
Acquisition value 1 Jan	8,435	39,595	1,741	929	60,862	30,974	240	168
Increase	374		6		18	914	5	51
Decrease	-	-	-	-	-	-1,560	-	
Other changes	72			-1		26		-98
Acquisition value 31 Dec	8,881	39,595	1,747	928	60,880	30,354	245	121
Accumulated depr. 1 Jan	-6,659	-35,691	-1,661	0	-20,066	-25,433	0	
Increase	-646	-557	-5		-1,830	-2,264	-	
Decrease	-	-	-	-	-	866	-	
Other changes	-1							
Accumulated depr. 31 Dec	-7,306	-36,248	-1,666	0	-21,896	-26,831	0	0
Value adjustments 1 Jan & 31 Dec				420	2,355			
Bookvalue 31 Dec 2002	1,575	3,347	81	1,348	41,339	3,523	245	121
Bookvalue 31 Dec 2001	1,776	3,904	80	1,348	43,151	5,541	240	168

31. GROUP COMPANIES

Company	Registered office	Group share of		Parent company share of holding %	Shares owned by the parent company		
		holding and votes %	share-holders' equity		Number of shares	Nominal value	Book value
Nomeco A/S	Copenhagen, Denmark	100	84,153	100	7,200 000	19,384	197,155
Tamro AB	Gothenburg, Sweden	100	85,961	-	-	-	-
Tamro Health Care AB	Gothenburg, Sweden	100	99	-	-	-	-
Tamro Sweden AB	Stockholm, Sweden	100	15,420	100	1,000	11	34,418

Tamro SIA	Riga, Latvia	100	4,280	100	215	2,136	1,376
Hansa Pharma Balticum SIA	Riga, Latvia	100	645	-	-	-	-
Hansa Pharma SIA	Riga, Latvia	100	1,734	-	-	-	-
Tamro MedLab AB	Gothenburg, Sweden	100	1,213	-	-	-	-
Kemistien Oy	Vantaa, Finland	100	1,684	100	1,000 000	1,680	3,560
UAB Litfarma	Kaunas, Lithuania	100	6,665	100	51,809	6,002	5,920
Tamro UAB	Kaunas, Lithuania	100	3,947	-	-	-	-
Apokjeden AS	Skårer, Norway	78	84,489	78	361,097	4,963	98,535
Tamro Eesti AS	Tallinn, Estonia	100	4,204	100	5,500	352	530
Medinord OÜ	Tallinn, Estonia	100	231	-	-	-	-
Koduapteek OÜ	Tallinn, Estonia	100	24	-	-	-	-
Virumaa Apteek OÜ	Rakvere, Estonia	100	24	-	-	-	-
Öismäe Apteek OÜ	Tallinn, Estonia	100	66	-	-	-	-
Tamro MedLab OÜ	Tallinn, Estonia	100	11	-	-	-	-
Tamro MedLab A/S	Roskilde, Denmark	100	700	-	-	-	-
Tamro MedLab AS	Skårer, Norway	100	-31	-	-	-	-
Tamro MedLab Oy	Vantaa, Finland	100	5,039	100	5,000	5,000	5,000
Medinord Oy	Vantaa, Finland	100	437	100	1,000	163	895
Tam-Drug Oy	Vantaa, Finland	100	29	100	489	49	49
Tamro Russia Oy	Vantaa, Finland	100	155	100	100,000	100	170
Pharm Tamda 77	S:t Petersburg, Russia	85	463	85	2,805	16	0
							347,608
Other subsidiaries, incl. non-operational							155
							347,763

32. OTHER SHARES AND PARTICIPATIONS

	Shares owned by the parent company	
	Number of shares	Nominal value
Finnish Central Securities Depository Ltd.	8	27
HEX Plc	24,400	27
Telephone company shares etc.		8
Housing corporations		114
Real estate and other shares		237
		413
Own shares acquired by the company	341,000	975

Own shares are valued at the acquisition cost. The share price at year-end was EUR 3.80.

(Figures are in EUR thousands unless otherwise stated)	**2002**	**2001**

33. RECEIVABLES AND LIABILITIES

	2002	2001
Intra-group items		
Financial assets		
Loan receivables	123,816	122,960
Long-term receivables		
Loan receivables	85,345	72,691
Short-term receivables from Group companies		
Accounts receivable	1,566	10,485
Prepaid expenses and accrued income	11,663	18,642
Loan receivables	38,044	46,125
	51,273	75,252
Liabilities to Group companies		
Accounts payable	314	134
Accrued liabilities		235
Other short-term liabilities	103,785	67,398
	104,099	67,767

34. PREPAID EXPENSES AND ACCRUED INCOME

	2002	2001
Sale of shares	-	73,109
Financial income	146	2,068
Prepaid expenses	261	417
Other income	1,448	2,240
Total	1,855	77,834

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 2000	114,837	5,640	1,093	569	0	346,867	469,006
Dividend						-5,725	-5,725
Net profit for the year						49,806	49,806
Write-down of own shares				406			406
Other change						1	1
Equity 31 Dec 2001	114,837	5,640	1,093	975	0	390,949	513,494
Dividend						-17,174	-17,174
Net profit for the year						27,122	27,122
Equity 31 Dec 2002	114,837	5,640	1,093	975	0	400,897	523,442

(Figures are in EUR thousands unless otherwise stated)	2002	2001

36. ACCUMULATED DEPRECIATION DIFFERENCE

Accelerated depreciation		
Intangible rights	442	422
Goodwill	3,347	3,904
Other capitalised expenditure	2	4
Buildings	28,011	29,024
Machinery and equipment	-1,127	-430
	30,675	32,924

37. OBLIGATORY RESERVES

Reserve for taxes	-	2,588
Pension reserves	364	-
Other obligatory reserves	-	292
	364	2,880

38. LONG-TERM LIABILITIES

Long-term liabilities fall due as follows:		
2004	5,424	5,424
2005-2007	2,712	8,136
	8,136	13,560
Foreign currency breakdown of long-term liabilities:		
EUR	8,136	13,560

39. ACCRUED EXPENSES AND DEFERRED INCOME

Personnel expenses	2,377	2,172
Financial expenses	974	742
IT expenses	-	99
Income tax liability	1,092	3,933
Other accrued expenses and deferred income	619	777
Total	5,062	7,723

OTHER NOTES

40. CONTINGENT LIALIBILITIES

Mortgages (1)		
For own debts	15,010	23,010
Guarantees		
For subsidiaries	17,437	35,714
For debts of others	15,084	11,008
	32,521	46,722
Other commitments		
Leasing commitments		

Next year	483	1,177
Over one year	304	536
Rent commitments	484	497
Repurchase commitments	18	28
	1,289	2,238
(1) Parent company's liabilities, secured by mortgages	13,560	18,984

41. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives - notional amounts		
Currency instruments		
Currency forward contracts	141,804	144,436
Interest rate instruments		
Interest rate swaps	10,000	10,000
Derivatives - market value		
Currency instruments		
Currency forward contracts	-713	643
Interest rate instruments		
Interest rate swaps	-71	29

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

Proposal for Profit Distribution

The net profit of Tamro Corporation for the fiscal year is	EUR 27,122,315.42
Total retained earnings amount to	EUR 400,896,745.37
- of which the distributable portion is	EUR 400,896,745.37
The retained earnings shown in the Consolidated Balance Sheet as at 31 December 2002 is	EUR 228,840,000.00
- of which the distributable portion is	EUR 202,878,000.00

The Board of Directors proposes that	
- the dividend of EUR 0,13 per share be paid on 114,496,083 shares entitled to a dividend	EUR 14,884,490.79
- the remainder be posted to the retained earnings account	EUR 386,012,254.58

Vantaa, 28 February 2003

Dr Bernd Scheifele
Chairman

Mikael von Frenckell

Johan Horelli

Dag Johannesson

Dr Lorenz Näger

Reimund Pohl

Jo Langmoen
CEO

Auditors' Report

To the shareholders of Tamro Corporation

We have audited the accounting, the financial statements and corporate governance of Tamro Corporation for the period 1.1.-31.12.2002. 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 of the Managing Director of the parent company have legally complied with the rules of the Companies' Act.

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

Vantaa, 28 February 2003

PricewaterhouseCoopers Oy
Authorised public accountants

Johan Kronberg
APA

Jukka Ala-Mello
APA

Financial Indicators 1998-2002

KEY FINANCIAL INDICATORS 1998-2002

	2002	2001	2000	1999	1998
FROM THE INCOME STATEMENT, EURm					
Net Sales	4,102.7	3,795.6	3,518.4	3,235.8	3,019.8
Other income	0.3	58.3	3.3	7.6	19.6
Operating expenses	-4,016.7	-3,742.5	-3,489.1	-3,193.6	-2,979.8
Depreciation	-31.2	-44.8	-18.8	-15.5	-25.5
Operating profit	55.1	66.6	13.7	34.2	34.1
Financial income and expenses	-14.1	-13.0	-14.5	-4.7	-5.8
Share of affiliated companies' net income	0.3	1.9	3.3	2.4	-6.9
Ordinary profit before taxes	41.3	55.5	2.4	31.9	21.4
Minority and income taxes on ordinary activities	-11.3	-17.4	-4.4	-9.3	-7.3
Ordinary net profit	30.0	38.1	-1.9	22.6	14.2
Extraordinary income and expenses, net of taxes	-	-	-10.3	0.9	1.5
Net profit for the period	30.0	38.1	-12.2	23.5	15.7
FROM THE BALANCE SHEET, EURm					
Tangible and intangible assets	301.0	240.1	181.7	177.3	169.8
Financial assets	34.8	26.2	71.3	85.0	41.2
Inventories	308.5	287.5	308.3	307.1	259.0
Receivables	446.7	571.1	494.0	457.5	391.9
Liquid assets and short-term investments	45.6	60.2	69.3	34.0	67.3
Equity	351.8	332.7	300.9	351.2	353.7
Minority	20.9	17.2	1.9	0.0	0.0
Obligatory reserves	1.1	3.7	4.3	0.6	0.9
Long-term liabilities	23.5	63.1	16.2	36.6	40.7
Short-term liabilities	739.3	768.4	801.3	672.5	534.0
Balance sheet total	1,136.6	1,185.1	1,124.6	1,060.9	929.2
KEY FIGURES					
Sales change, %	8.1	7.9	8.7	7.2	39.3
Operating margin, %	1.3	1.8	0.4	1.1	1.1
Profit margin, %	1.0	1.5	0.1	1.0	0.7
Return on capital employed, %	10.6	13.1	4.0	8.2	8.4
Return on equity, %	7.6	10.4	-0.6	6.5	4.4
Free cash flow, EURm	86.7	-18.7	29.3	-86.7	42.6

Capital employed, EURm	514.9	581.8	544.4	564.3	441.7
Net debt, EURM	96.6	171.8	140.1	146.3	20.6
Net gearing, %	26.0	49.2	46.4	43.5	5.9
Interest cover	3.5	4.4	1.2	5.3	5.0
Equity Ratio, %	32.7	29.4	26.9	31.8	38.1
PER SHARE DATA *)					
Number of shares - at end, millions	114.5	114.5	114.5	116.0	120.3
Number of shares - average, millions	114.5	114.5	114.7	119.3	121.8
Earnings per share, EUR	0.26	0.33	-0.02	0.19	0.12
Dividend per share, old/new shares, EUR	0.13**)	0.15	0.05	0.15	0,25/0,10
Dividend per earnings, %	50	45	neg.	79	180
Effective dividend yield, %	3.4	4.2	3.0	4.9	5.7
Equity per share, EUR	3.06	2.90	2.62	2.90	2.86
P/E multiple	15	11	neg.	16	32
TAMRO SHARE INFORMATION					
Average trading price, EUR	3.80	3.44	2.65	3.47	5.11
Lowest trading price, EUR	3.35	1.65	1.62	2.75	3.36
Highest trading price, EUR	3.99	4.10	3.80	4.50	7.40
Price at 31 December, EUR	3.80	3.59	1.67	3.04	3.70
Trading volume, million shares	17.5	19.6	22.4	53.2	48.3
Trading volume, %	15	17	20	45	46
Market capitalisation at 31 December, EURm	436.4	411.0	191.2	352.3	445.2
OTHER					
Investments, EURm	93.9	96.2	35.8	22.6	34.5
as % of sales	2.3	2.5	1.0	0.7	1.1
Number of employees, average	3,438	2,854	2,683	2,532	2,578

*) excluding own shares

**) Board proposal

Calculation of Financial Ratios

PROFIT MARGIN

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

CAPITAL EMPLOYED

Total assets - non-interest-bearing liabilities

RETURN ON CAPITAL EMPLOYED

$$\frac{\text{Ordinary profit before taxes + interest expenses + other financial expenses}}{\text{Capital employed (average for the period)}}$$

RETURN ON EQUITY 1)

$$\frac{\text{Ordinary profit before taxes - income taxes on ordinary activities}}{\text{Shareholders' equity and minority (averages for the period)}}$$

FREE CASH FLOW

See Cash Flow Statement

NET DEBT

Interest bearing debt - liquid assets and short-term investments - government bonds

NET GEARING 1)

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

INTEREST COVER

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

EQUITY RATIO 1)

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

TRADING VOLUME, %

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

MARKET CAPITALISATION 1)

Number of shares at the end of period x adjusted trading price at the end of period

EARNINGS PER SHARE 1)

$$\frac{\text{Ordinary net profit}}{\text{Adjusted average number of shares}}$$

DIVIDEND PER EARNINGS 2)

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

EFFECTIVE DIVIDEND YIELD

$$\frac{\text{Dividend per share}}{\text{Adjusted trading price at the end of the period}}$$

EQUITY PER SHARE 1)

$$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at the end of the period}}$$

P/E MULTIPLE

$$\frac{\text{Adjusted trading price at the end of the period}}{\text{Earnings per share}}$$

AVERAGE NUMBER OF EMPLOYEES

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

INVESTMENTS

Includes corporate acquisitions.

AVERAGE TRADING PRICE

$$\frac{\text{EUR amount traded during the period}}{\text{Number of shares traded during the period}}$$

1) Effect of own shares eliminated from the date of repurchase.

2) Dividend is weighted with respect to old and new shares.

Quarterly Development

QUARTERLY DEVELOPMENT

	10-12 2002	7-9 2002	4-6 2002	1-3 2002	1-12 2002	1-12 2001	Change %
NET SALES							
(EURm)							
Tamro Sweden	387.3	364.4	390.7	383.8	1,526.2	1,487.0	2.6
Tamro Denmark	264.5	245.8	254.8	246.0	1,011.1	919.8	9.9
Tamro Finland	161.5	143.7	176.9	172.6	654.7	672.2	-2.6
Tamro Norway	184.2	151.0	156.5	120.4	612.1	453.3	35.0
Tamro Estonia	10.7	10.0	10.6	9.7	41.0	37.1	10.5
Tamro Latvia	18.5	16.2	17.3	18.4	70.4	59.2	18.9
Tamro Lithuania	14.4	11.3	10.8	14.3	50.8	39.4	28.9
Tamro Russia	16.8	15.7	13.8	13.6	59.9	47.7	25.6
Tamro MedLab	22.5	19.2	22.3	22.4	86.4	92.6	-6.7
Other and internal	-2.2	-2.1	-2.6	-3.0	-9.9	-12.7	-22.0
Group total	1,078.2	975.2	1,051.1	998.2	4,102.7	3,795.6	8.1
NUMBER OF EMPLOYEES, AVERAGE							
Tamro Sweden	489	448	484	500	478	519	-7.9
Tamro Denmark	618	629	620	613	618	632	-2.2
Tamro Finland	317	369	398	376	359	366	-1.9
Tamro Norway	1,262	1,182	1,011	812	1,063	491	116.5
Tamro Estonia	126	117	99	100	111	85	30.6
Tamro Latvia	247	244	256	262	253	189	33.9
Tamro Lithuania	110	85	84	84	92	86	7.0
Tamro Russia	190	190	188	182	187	185	1.1
Tamro MedLab	247	249	252	254	250	257	-2.7
Others	25	26	27	27	27	44	-38.6
Group total	3,631	3,538	3,418	3,210	3,438	2,854	20.5
CONSOLIDATED INCOME STATEMENT							
(EURm)							
Net Sales	1,078.2	975.2	1,051.1	998.2	4,102.7	3,795.6	8.1
Other income	0.0	0.0	0.0	0.3	0.3	58.3	-99.5
Operating expenses	-1,054.8	-954.9	-1,026.0	-981.0	-4,016.7	-3,742.5	7.3
Depreciation	-9.8	-7.6	-7.3	-6.5	-31.2	-44.8	-30.4
Operating profit	13.6	12.7	17.8	11.0	55.1	66.6	-17.3
Financial income and expenses	-3.8	-3.7	-4.0	-2.6	-14.1	-13.0	8.5
Share of affiliated companies' net income	0.5	-0.2	0.2	-0.2	0.3	1.9	-84.2
Ordinary profit before taxes	10.3	8.8	14.0	8.2	41.3	55.5	-25.6
Income taxes on ordinary activities	-4.1	-2.8	-4.5	-2.6	-14.0	-21.9	-36.1

Minority interest	0.0	0.9	-0.1	1.9	2.7	4.5	-40.0
Ordinary net profit	6.2	6.9	9.4	7.5	30.0	38.1	-21.3
Extraordinary income and expenses, net of taxes		-	-	-	-	-	
Net profit for the period	6.2	6.9	9.4	7.5	30.0	38.1	-21.3

	31st Dec **2002**	30th Sep **2002**	30th Jun **2002**	31st Mar **2002**	31st Dec **2002**	31st Dec **2001**	Change **%**
CONSOLIDATED BALANCE SHEET							
(EURm)							
Assets							
Intangible and tangible assets	301.0	298.8	284.5	273.5	301.0	240.1	25.4
Financial assets	34.8	29.0	32.3	34.1	34.8	26.2	32.8
Inventories	308.5	289.9	293.0	317.2	308.5	287.5	7.3
Receivables	446.7	492.9	531.7	542.8	446.7	571.1	-21.8
Liquid assets and short-term investments	45.6	13.7	17.7	31.4	45.6	60.2	-24.3
	1,136.6	1,124.3	1,159.2	1,199.0	1,136.6	1,185.1	-4.1
Equity & liabilities							
Shareholders' equity	351.8	343.1	335.4	343.5	351.8	332.7	5.7
Minority interest	20.9	25.3	25.9	24.7	20.9	17.2	21.5
Obligatory reserves	1.1	1.1	2.5	1.6	1.1	3.7	-70.3
Long-term liabilities	23.5	86.6	92.8	64.6	23.5	63.1	-62.8
Short-term liabilities	739.3	668.2	702.6	764.6	739.3	768.4	-3.8
Balance sheet total	1,136.6	1,124.3	1,159.2	1,199.0	1,136.6	1,185.1	-4.1

	10-12 **2002**	7-9 **2002**	4-6 **2002**	1-3 **2002**	1-12 **2002**	1-12 **2001**	Change **%**
OTHER CONSOLIDATED KEY FIGURES							
Operating margin, %	1.3	1.3	1.7	1.1	1.3	1.8	-23.5
Profit margin, %	1.0	0.9	1.3	0.8	1.0	1.5	-31.2
Return on capital employed, %	10.9	9.4	14.1	8.4	10.6	13.1	-19.0
Return on equity, %	6.8	6.6	10.5	6.2	7.6	10.4	-26.6
Gross investments, €m	17.8	18.5	16.8	40.8	93.9	96.2	-2.4
Free cash flow, €m	114.7	-55.6	-23.8	51.4	86.7	-18.7	563.6
Capital employed, €m	514.9	590.4	531.9	511.4	514.9	581.8	-11.5
Net debt, €m	96.6	208.2	152.9	111.9	96.6	171.8	-43.8
Net gearing, %	26.0	56.7	42.4	30.5	26.0	49.2	-47.2
Equity Ratio, %	32.7	32.7	31.1	30.6	32.7	29.4	11.2
Number of shares - at end, millions (excluding own shares)	114.5	114.5	114.5	114.5	114.5	114.5	0.0
Number of shares -							

average, millions (excluding own shares)	114.5	114.5	114.5	114.5	114.5	114.5	0.0
Earnings per share, € (excluding own shares)	0.05	0.06	0.08	0.07	0.26	0.33	-21.2
Equity per share, € (excluding own shares)	3.06	2.99	2.92	2.99	3.06	2.90	5.5
Number of employees, average	3,631	3,538	3,418	3,210	3,438	2,854	20.5