



SECOND QUARTER 2003

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FINANCIAL STATEMENT – SECOND QUARTER 2003

INCOME STATEMENT <i>(Figures in NOK million)</i>	2nd Quarter		Accumulated 30 June				Full year		
	2003	2002	2003	2002		2002			
	Total	Total	Total	Cont.	Disc.	Total	Cont.	Disc.	Total
Operating revenues	569.5	670.4	1099.5	1299.9	7.1	1307.0	2666.8	7.1	2673.9
Cost of goods sold	350.1	380.2	669.9	745.5	5.4	750.9	1545.1	5.4	1550.5
Lease depreciation	14.9	19.3	30.1	39.3	0.0	39.3	74.4	0.0	74.4
<i>Gross contribution</i>	<i>204.5</i>	<i>270.9</i>	<i>399.5</i>	<i>515.1</i>	<i>1.7</i>	<i>516.8</i>	<i>1047.3</i>	<i>1.7</i>	<i>1049.0</i>
Operating expenses	141.6	150.2	278.6	307.2	1.0	308.2	599.8	1.0	600.8
Depreciation	27.2	30.0	55.0	64.4	0.5	64.9	118.0	0.5	118.5
<i>Operating profit</i>	<i>35.7</i>	<i>90.7</i>	<i>65.9</i>	<i>143.5</i>	<i>0.2</i>	<i>143.7</i>	<i>329.5</i>	<i>0.2</i>	<i>329.7</i>
Affiliated companies	1.4	0.4	1.4	(0.1)	0.0	(0.1)	2.4	0.0	2.4
Net financial income/(expense)	13.0	19.0	27.7	47.3	(0.2)	47.1	74.5	(0.2)	74.3
<i>Ord. profit before tax</i>	<i>50.1</i>	<i>110.1</i>	<i>95.0</i>	<i>190.7</i>	<i>0.0</i>	<i>190.7</i>	<i>406.4</i>	<i>0.0</i>	<i>406.4</i>
Taxes expense	17.5	34.1	32.1	59.1	0.0	59.1	126.0	0.0	126.0
<i>Net profit</i>	<i>32.6</i>	<i>76.0</i>	<i>62.9</i>	<i>131.6</i>	<i>0.0</i>	<i>131.6</i>	<i>280.4</i>	<i>0.0</i>	<i>280.4</i>
Minority interest	(4.7)	(5.8)	(7.3)	(9.6)	0.0	(9.6)	(23.8)	0.0	(23.8)

BALANCE SHEET <i>(Figures in NOK million)</i>	30 June		31 December 2002
	2003	2002	
ASSETS			
Intangible assets	413.3	445.0	379.9
Leasing equipment	188.8	197.5	181.2
Other fixed assets	863.2	854.0	779.6
Other current assets	1009.7	1062.0	778.5
Cash and cash equivalents	837.6	672.7	1017.3
TOTAL ASSETS	3312.6	3231.2	3136.5
LIABILITIES & EQUITY			
Equity	2636.5	2499.1	2470.1
Minority interests	130.6	122.7	118.2
Deferred taxes	18.8	81.5	17.8
Long-term interest-bearing liabilities	47.3	34.7	38.0
Short-term interest-bearing liabilities	14.6	14.8	15.2
Other short-term liabilities	464.8	478.4	477.2
TOTAL LIABILITIES & EQUITY	3312.6	3231.2	3136.5

CASH FLOW STATEMENT <i>(Figures in NOK million)</i>	2nd Quarter		Accumulated 30 June		Full Year
	2003	2002	2003	2002	2002
Ordinary profit before taxes	50.1	110.1	95.0	190.7	406.4
Changes in working capital	(86.7)	(120.4)	(120.6)	(205.3)	52.5
Other operating changes	8.2	52.2	(38.9)	103.3	41.9
<i>Total from operations</i>	<i>(28.4)</i>	<i>41.9</i>	<i>(64.5)</i>	<i>88.7</i>	<i>500.8</i>
<i>Total from investments</i>	<i>(33.4)</i>	<i>(44.2)</i>	<i>(72.2)</i>	<i>(85.8)</i>	<i>(155.1)</i>
<i>Total from financing</i>	<i>(41.8)</i>	<i>(41.8)</i>	<i>(37.1)</i>	<i>(25.3)</i>	<i>(19.8)</i>
TOTAL CASH FLOW	(103.6)	(44.1)	(173.8)	(22.4)	325.9

EQUITY <i>(Figures in NOK million)</i>	Accumulated 30 June		Full Year
	2003	2002	2002
Opening balance	2470.1	2630.5	2630.5
Net profit	55.7	122.0	256.6
Equity issues	0.0	14.2	14.2
Translation difference	110.7	(267.6)	(381.6)
Other	0.0	0.0	(5.0)
Dividend accruals	0.0	0.0	(44.6)
<i>Closing balance</i>	<i>2636.5</i>	<i>2499.1</i>	<i>2470.1</i>

INTERIM RESULTS	1st	2nd	3rd	4th	1st	2nd
	Quarter	Quarter	Quarter	Quarter	Quarter	Quarter
(Continuing operations)	2002	2002	2002	2002	2003	2003
Operating revenues	629.5	670.4	715.7	651.2	530.0	569.5
EBITDA	107.2	140.0	148.1	126.6	73.2	77.8
Operating profit	52.8	90.7	104.2	81.8	30.2	35.7
Sales growth (%)	14.3	3.5	2.7	(6.5)	(15.8)	(15.1)
Operating margin (%)	8.4	13.5	14.6	12.6	5.7	6.3
Earnings per share (NOK)	0.29	0.39	0.42	0.34	0.16	0.16
Earnings per share (NOK) fully diluted	0.29	0.39	0.42	0.34	0.16	0.16

Note: The quarterly financial statement is based on the same principles as the annual accounts.

HIGHLIGHTS SECOND QUARTER 2003

- Revenues 570 MNOK (-15% relative to second quarter 2002)
 - Europe 184 MNOK (-29%)
 - North America 299 MNOK (-7% in NOK; +8% in USD)
 - South America 87 MNOK (-2% in NOK; +14% in USD)
- Contract worth 100 MNOK signed with Coop Sweden
- Preparations for German deposit start-up continue. More than 20 TOMRA test installations in Germany with 10 retailers
- Continued high machine installation rate in the U.S.
- Lower than anticipated materials handling volumes in the U.S. due to lower beverage consumption

FINANCIALS

Revenues in the second quarter 2003 amounted to 570 MNOK, down 15% from 670 MNOK in the second quarter of 2002. Operating profit was 36 MNOK for the quarter compared to 91 MNOK in same period last year, while profit before tax equaled 50 MNOK versus 110 MNOK last year. The negative development in operating margin compared to last year is caused by a combination of somewhat lower margins related to technology sales, lower margins within materials handling activities and continued high investments in product and business development. Cash flow from operations in the second quarter ended at negative 28 MNOK, impacted by inventory build up of 48 MNOK related to Germany and taxes paid of 37 MNOK.

Earnings per share equaled NOK 0.16 for the second quarter 2003. Total assets increased by 2% since the end of the first quarter 2003 to 3,313 MNOK. The equity ratio remains strong at 80%.

MARKETS

EUROPE

Revenues in Europe amounted to 347 MNOK in the first half of 2003 against 482 MNOK in 2002—a decrease of 28%. Significantly lower revenues in Germany, as well as Denmark, which generated strong results last year due to the implementation of deposit on cans in September 2002, are the main reasons for the decline.

Sales by market

Figures in NOK million	6m03	6m02
Norway	40	31
Sweden	64	72
Finland	51	42
Denmark	36	153
The Netherlands	45	35
Germany	62	91
Austria	23	27
Switzerland	8	18
Belgium	11	10
Others	7	3
Total Europe	347	482

Sales by activity

Figures in NOK million	6m03	6m02
Sales, lease	195	336
Service	145	139
Adm. & Promotion	7	7
Total Europe	347	482

Germany

On June 1 the German beverage and retail industries announced their intentions to discontinue preparations for the launch of a national deposit system set for 1 October 2003. The Ministry of Environment (MoE) maintains that a national deposit system for non-refillable beverage containers will be implemented as planned as of October 1.

Industry players are currently discussing various models to comply with the German Packaging Ordinance and the implementation date of October 1. Some retailers are planning the establishment of independent deposit systems, while others have announced to remove non-refillable beverage packaging from the stores. The final conclusions related to these matters are still unclear.

During the second quarter several retailers intensified their preparations for the anticipated launch of deposit in October. This included testing of reverse vending machines and related equipment. TOMRA currently has over twenty test installations of reverse vending machines for non-refillable containers with ten different retail chains in Germany.

As expected, the German market had a weak second quarter due to limited sales of technology for refillable containers. TOMRA anticipates low demand for reverse vending machines for refillable containers until retailers start ordering technology for non-refillable containers.

Sweden

TOMRA recently entered into a contract with Coop Sweden for the delivery and upgrading of 820 machines at a value of approximately 100 MNOK. The installations will be completed during the second half of 2003. The agreement with Coop Sweden also includes plans to launch a national couponing program, which will be the

first large scale couponing program ever launched by TOMRA.

In addition, TOMRA has entered a contract for the installation of machines and equipment worth approximately 20 MNOK in connection with new store openings in Sweden. The installation of machines has recently started and will be completed in the second half of 2003.

Given the new contracts, TOMRA expects high sales in Sweden in the second half of 2003 compared to 2002.

NORTH AMERICA

Revenues from continuing operations in North America amounted to 569 MNOK in the first half of 2003—a decrease of 10% from 632 MNOK in the first half of 2002. However, measured in USD, revenues increased by 9%.

Sales by market (continuing operations)

Figures in NOK million	6m03	6m02
New York	160	215
Connecticut	52	37
Massachusetts	47	55
Michigan	127	110
California	134	165
Canada	46	47
Others	3	3
Total North America	569	632

Sales by activity (continuing operations)

Figures in NOK million	6m03	6m02
Sales, Lease	145	80
Service	37	61
Recycling Centers	82	113
Materials Handling	278	342
Adm. & Promotion	27	36
Total North America	569	632

U.S. East

TOMRA installed 730 machines during the first half of 2003, which included 350 TOMRA 83 HCp machines. The placement program in Michigan, which represents a major portion of TOMRA's installations in 2002 and 2003 in North America, has in large part been completed. However, TOMRA anticipates a continued high placement rate in the rest of the U.S. East region.

Volumes within TOMRA's materials handling operations have been lower than anticipated due to lower beverage consumption caused by poor weather conditions. Coupled with increased fuel costs, these factors have negatively impacted margins within TOMRA's U.S. East materials handling activities.

California

The financial performance of TOMRA's California operations has continued to develop as planned. Under the previously announced agreement with Albertson's, a

major retailer in California, TOMRA has begun to service more than 90 recycling centers at Albertson's stores. The remaining centers (~40) will be taken over in the second half of 2003.

The legislative amendment regarding man-hour reduction at automated collection centers has passed the California House of Representatives and will continue to move through the state Senate approval process during the third quarter. Legislative amendments regarding the payment structure from the state have progressed as expected. The implementation of the new refund from the state will take effect as of August 2003.

Canada

Sales growth in Canada equaled 11% measured in local currency in the first half of 2003, in line with expectations. 120 machines were installed in the first half of 2003. Based on the decision to utilize bar code readers to correctly identify deposit containers in the province of Quebec, TOMRA expects higher machine placements in the second half of 2003 as many retailers have indicated their intentions to replace older machines with barcode enabled equipment.

SOUTH AMERICA

Revenues in South America in the first half of 2003 amounted to 184 MNOK—a decrease of 1% versus 2002. However, measured in USD, revenues increased by 20%. This is still below the anticipated level due to lower can sales (10% reduction in the first half of 2003) and consequent lower collection volumes. Combined with the strengthening of the Brazilian currency, Real, against USD, these factors have negatively impacted profitability in the second quarter.

Sales by market

Figures in NOK million	6m03	6m02
Brazil	184	184
Others	0	2
Total South America	184	186

Sales by activity

Figures in NOK million	6m03	6m02
Sales, lease	0	2
Recycling Centers	102	101
Materials Handling	82	83
Total South America	184	186

TOMRA has installed eight rePlanet centers at the outlets of Pão de Açúcar. As previously announced, seven additional centers will be installed by the end of August. TOMRA continues its discussions with other stakeholders regarding additional roll-out of the rePlanet center concept.

TECHNOLOGY

The TOMRA T-710 all container machine launched last Autumn has been further upgraded with major new

options. Important configurations addressing specific requirements for the German market have also been brought forward for market verification during the second quarter of 2003.

MARKET OUTLOOK

The board remains confident about the long term market opportunities. As previously communicated, revenues and profit margin in 2003 will be substantially impacted by the weak performance in Europe until orders on non-refillable technology in Germany are placed.

SHAREHOLDERS

The total number of shares outstanding at the end of second quarter 2003 was 178,486,559 shares. The total number of shareholders increased from 13,455 at the end of first quarter 2003 to 13,578 at the end of second quarter 2003. The distribution by country of TOMRA

shareholders at the end of second quarter 2003 shows: Norway 48.9%, USA 10.5%, United Kingdom 10.4%, Denmark 8.5% and Luxembourg 7.5%.

TOMRA's share price decreased from NOK 31.30 to NOK 31.00 during second quarter 2003. The number of shares traded at the Oslo Stock Exchange in the second quarter 2003 was 120 million shares, compared to 64 million in the same period last year.

Asker, 10 July 2003

The Board of Directors
TOMRA SYSTEMS ASA

Jan Chr. Opsahl
Chairman

Erik Thorsen
President & CEO