



## FOURTH QUARTER 2005

### Highlights from fourth quarter 2005 include:

- Revenues of 675 MNOK (+2% percent relative to fourth quarter 2004, +6% after adjusting for currency effects and acquisitions/disposals)
- Operating profit of 93 MNOK before restructuring charges (70 MNOK in fourth quarter 2004)
- Operating profit of 79 MNOK after 14 MNOK in restructuring charges (58 MNOK in fourth quarter 2004)
- Cash flow from operations of 131 MNOK
- Strong performance in RVM Technology and several orders from Germany related to the introduction of a nationwide deposit system for non-refillable containers
- Continued growth in California
- Strong performance in Recycling Technology segment

## TOMRA FOURTH QUARTER 2005

### CONSOLIDATED FINANCIALS

Revenues in the fourth quarter 2005 amounted to 675 MNOK, up 2 percent from 663 MNOK in 2004. Organic growth, i.e. growth after currency effects and acquired or disposed operations, was 6 percent.

Gross margin equaled 37.7 percent in the fourth quarter 2005, which is up one percentage point from 36.8 percent in the same period in the previous year. Operating profit before restructuring charges equaled 93 MNOK versus 70 MNOK in fourth quarter 2004. Operating profit including restructuring charges of 14 MNOK equaled 79 MNOK in fourth quarter 2005 versus 58 MNOK in 2004.

Net financial income ended at 5 MNOK positively impacted by currency exchange gain of 2 MNOK. Cash flow from operations in the quarter equaled 131 MNOK, and the total cash balance ended at 491 MNOK. The equity ratio remained strong at 72.4 percent.

### SEGMENT REPORTING

#### RVM Technology

Revenues in RVM Technology equaled 356 MNOK in the fourth quarter 2005 versus 328 MNOK in 2004 – an increase of 9 percent. Strong performance in Germany, Holland and the US was the main reason for the increase. Total revenues for 2005 amounted to 1183 MNOK, down 5 percent compared to 2004 due to currency effects and lower sales in the first half of 2005. In the second half of 2005, RVM Technology sales increased by 24 MNOK versus 2004 despite less favorable exchange rates.

<i>Figures in NOK million</i>	<u>4q05</u>	<u>4q04</u>	<u>2005</u>	<u>2004</u>
Revenue	356	328	1183	1250
- Nordic	97	104	377	439
- Central Europe	157	128	433	438
- Rest of Europe	-	4	-	9
- US East & Canada	102	92	373	364
Gross contribution*	159	166	541	635
- in %	45%	51%	46%	51%
Operating expenses**	93	107	424	416
Operating profit	66	59	117	219
- in %	19%	18%	10%	18%
* includes charges of	-	-	12	-
**includes charges of	6	12	46	19

The gross margin in the fourth quarter of 2005 equaled 44.7 percent, down from 50.6 percent in the previous year. Gross margin in the fourth quarter was impacted by extraordinary expenses of 7 MNOK related to previously activated R&D costs. Adjusting for this, gross margin was 46.6 percent - in line with previous quarters in 2005.

Operating profit for the quarter increased to 66 MNOK from 59 MNOK in 2004. On an annual basis, operating profit decreased to 117 MNOK in 2005 from 219 MNOK in 2004 mainly as a result of weaker sales and 58 MNOK in restructuring charges and write-offs.

#### Europe

Revenues in Europe equaled 254 MNOK in the fourth quarter 2005, up 8 percent versus 2004. The increase was driven by strong momentum in Holland related to the introduction of new deposit legislation in January 2006 and placement of machines in Germany related to the GLOBUS order received in August 2005. On an annual basis, revenues decreased by 9 percent to 810 MNOK in 2005. Adjusted for currency fluctuations, revenues decreased by 5 percent. The main reason for this decrease was weaker sales in Sweden and Finland and in refillable markets in Central Europe as refillable containers continue to lose market share to non-refillable containers.

TOMRA has received several orders from Germany related to the introduction of a nationwide deposit system for non-refillable beverage containers on 1 May 2006. During the fourth quarter of 2005 TOMRA received orders for approximately 4,000 RVMs from Aldi Süd, Marktkauf, Metro and Edeka. On 11 January 2006, a large German retailer placed a single order for 4,000 RVMs with TOMRA. The company's current order book from Germany therefore comprises almost 8,000 machines that will be delivered during 2006, primarily in the second and third quarter.

The UNO RVM was launched at the end of 2005. UNO is a low-cost machine intended for handling of empty beverage containers in small retail stores, gas stations and convenience stores. Key markets for UNO include the Nordic countries, Germany and Estonia. Approximately 260 UNOs were sold in the fourth quarter 2005. In January and early February 2006, TOMRA received orders for 200 additional machines.

### US East & Canada

Revenues in US East and Canada equaled 15.4 MUSD in the fourth quarter 2005, up 6 percent from 2004. Measured in NOK, revenues increased by 11 percent to 102 MNOK. Total revenues in 2005 amounted to 57.9 MUSD, an increase of 7 percent versus 2004. Measured in NOK, the annual revenue increase was 2 percent. The difference between fourth quarter and full year growth in NOK is due to fluctuations in the dollar during the year.

Sales were driven by a conversion from old T-X2 products to new T-83 HCp equipment. Among the highlights for 2005 was the successful negotiation of a new multi-year agreement with TOMRA's largest lease customer. In early January 2006 TOMRA also received a significant replacement contract worth approximately 70 MNOK from a Michigan-based retailer.

### **Collection & Materials Handling**

Revenues within Collection & Materials Handling in the fourth quarter 2005 increased by 2 percent to 30.3 MUSD. Measured in NOK revenues increased by 6 percent to 201 MNOK. Total revenues for 2005 were up 8 percent to 131.7 MUSD; in NOK terms revenues increased by 3 percent to 848 MNOK. Operating profit both in the fourth quarter and in 2005 improved versus 2004.

<i>Figures in NOK million</i>	<u>4q05</u>	<u>4q04</u>	<u>2005</u>	<u>2004</u>
Revenue	201	189	848	821
- US East & Canada	105	107	469	484
- US West	96	82	379	337
Gross contribution	43	41	196	184
- in %	21%	22%	23%	22%
Operating expenses*	38	37	134	134
Operating profit	5	4	65	50
- in %	2%	2%	8%	6%
* includes charges of	6	-	6	-

In materials handling in US East and Canada, revenues decreased by 6 to 15.8 MUSD in the fourth quarter. Revenues in NOK were down 2 percent. On an annual basis revenues were up 1 percent to 72.8 MUSD compared to the previous year, while revenues in NOK declined 3 percent. The growth in USD was due to increased volumes and improved material marketing activities. Profitability in 2005 was at a record high as a result of further streamlining of transportation and processing activities. Some gains were partly offset by higher fuel prices.

The collection business in California experienced a revenue increase of 12 percent to 14.5 MUSD in

the fourth quarter due to higher volume and commodity pricing. Measured in NOK revenues increased 17 percent to 96 MNOK in the quarter. In terms of the full year, revenues increased by 18 percent to 72.8 MUSD; in NOK terms revenues increased by 12 percent to 469 MNOK. Number of containers collected grew by 15 percent over the prior year and the total number of collection sites grew by 10 percent to 433. 2005 represented another year of double digit profit margin in California.

### **Recycling Technology**

TiTech and Orwak Group demonstrated solid performance in the fourth quarter of 2005. Revenues equaled 117 MNOK, and the operating profit margin was 16% even after restructuring charges of 2 MNOK.

<i>Figures in NOK million</i>	<u>4q05</u>	<u>4q04</u>	<u>2005</u>	<u>2004</u>
Revenue	117	44	379	68
- Nordic	27	-	83	-
- Central Europe & UK	74	31	203	41
- Rest of Europe	1	8	30	18
- US East & Canada	10	4	23	7
- Rest of World	5	1	40	2
Gross contribution	53	27	174	43
- in %	45%	61%	46%	63%
Operating expenses*	34	12	137	23
Operating profit	19	15	37	20
- in %	16%	34%	10%	29%
*includes charges of	2	-	5	-

After a weak first quarter, strong performance in the last three quarters of 2005 resulted in total revenues of 379 MNOK and an operating profit of 37 MNOK. The 2005 operating profit figures includes NOK 5 million in restructuring charges. Growth was driven both by the acquisition of Orwak Group and by a record year in TiTech in terms of both revenues and profits. Positive development in Germany and increased sales to new markets including France and the US were instrumental in achieving the record results in TiTech.

TOMRA anticipates substantially improved results in the first quarter of 2006 versus the previous year based on an order backlog of 70 MNOK entering 2006 versus 35 MNOK entering 2005.

### Other non-deposit activities

Revenues in the fourth quarter of 2005 from other non-deposit activities equaled 1 MNOK. On an annual basis revenues equaled 252 MNOK, down 32 percent versus 2004. The decline is due to the disposal of TOMRA's Brazilian operations in August 2005. Operating loss for the year amounted to NOK 132 million (loss of NOK 56 million in 2004) due to write-offs of NOK 80 million and restructuring charges of NOK 6 million.

<i>Figures in NOK million</i>	<u>4q05</u>	<u>4q04</u>	<u>2005</u>	<u>2004</u>
Revenue	1	102	252	373
- Rest of World	1	102	252	373
Gross contribution	-	10	39	49
- in %	-	10%	15%	13%
Operating expenses*	9	26	171	105
Operating profit	(8)	(16)	(132)	(56)
- in %	-	-	-	-
*includes charges of			86	

### Japan

The prerequisites for a successful business model in Japan are in place. TOMRA now has approximately 90 machines installed in Japan, but a closer cooperation with Sumitomo Corporation is required in order to accelerate the placement of machines. TOMRA will continue the positive dialogues with wards in Tokyo for deliveries in 2006 and aims at creating a joint business model together with Sumitomo during the first half of 2006. However, TOMRA does not expect significant volumes from Japan in 2006.

### UK

In the fourth quarter of 2005, TOMRA installed the sixth and final recycling center with TESCO in the UK. The pilot program with TESCO is scheduled to run through the first quarter of 2006. So far feedback from consumers and TESCO has been positive, and TOMRA is currently discussing an expansion of the program with TESCO. A conclusion is expected in the first quarter of 2006. Total spending on the TRC pilot program in 2005 was 30 MNOK vs. 45 MNOK in 2004. TOMRA expects the investments in 2006 to be further reduced as the technology is now tested and proven.

### SHARES AND SHAREHOLDERS

The total number of shares outstanding at the end of fourth quarter 2005 was 178,486,559 shares including 4,498,000 treasury shares held by TOMRA. The total number of shareholders increased from 14,724 at the end of third quarter 2005 to 15,003 at the end of fourth quarter 2005. At the end of fourth quarter 2005, 65.4 percent of TOMRA's shareholders were Norwegian residents.

TOMRA's share price increased from NOK 46.60 to NOK 48.30 during fourth quarter 2005. The number of shares traded at the Oslo Stock Exchange in fourth quarter 2005 was 181.3 million shares, compared to 215.3 million in fourth quarter 2004.

For 2005, the Board proposes a dividend of 0.35 NOK per share. The Annual General Meeting on 3 May 2006 will finally decide the dividend distribution.

At the extraordinary Annual General Meeting in October 2005, the Board got an authorization to acquire up to 10 million treasury shares. The shares could only be utilized in connection with execution of employee stock options. 4,498,000 shares have been acquired during 2005 at an average price of NOK 46.94 per share. At the ordinary Annual General Meeting in May 2006, the Board will ask for a cancellation of its treasury shares holding and for a new authorization for acquiring 10 million additional shares.

From 2006, TOMRA will not initiate new option plans for management or employees. Instead, a new cash-based incentive system linked to long-term extraordinary financial performance in the Tomra Group will be introduced.

Asker, 14 February 2006

The Board of Directors  
TOMRA SYSTEMS ASA

Jan Chr. Opsahl  
Chairman of the Board

Amund Skarholt  
President & CEO

## FINANCIAL STATEMENT – FOURTH QUARTER 2005

INCOME STATEMENT <i>(Figures in NOK million)</i>	4Q 2005			4Q 2004			2005			2004		
	Cont.	Disc.	Total	Cont.	Disc.	Total	Cont.	Disc.	Total	Cont.	Disc.	Total
Operating revenues	675.1	0.0	675.1	561.9	101.6	663.5	2413.1	249.2	2662.3	2142.2	370.0	2512.2
Cost of goods sold	398.7	0.0	398.7	313.0	90.9	403.9	1433.9	210.3	1644.2	1213.7	321.9	1535.6
Depreciations/write-down	22.1	0.0	22.1	15.5		15.5	68.5	0.0	68.5	65.5	0.0	65.5
<i>Gross contribution</i>	<i>254.3</i>	<i>0.0</i>	<i>254.3</i>	<i>233.4</i>	<i>10.7</i>	<i>244.1</i>	<i>910.7</i>	<i>38.9</i>	<i>949.6</i>	<i>863.0</i>	<i>48.1</i>	<i>911.1</i>
Operating expenses	150.0	0.0	150.0	161.4	2.1	163.5	673.5	21.1	694.6	593.5	24.0	617.5
Depreciations/write-down	25.6	0.0	25.6	21.4	1.4	22.8	104.2	84.2	188.4	70.9	5.6	76.5
<i>Profit before other items</i>	<i>78.7</i>	<i>(0.0)</i>	<i>78.7</i>	<i>50.6</i>	<i>7.2</i>	<i>57.8</i>	<i>133.0</i>	<i>(66.4)</i>	<i>66.6</i>	<i>198.6</i>	<i>18.5</i>	<i>217.1</i>
Loss on Tomra Systems OY										3.4	0.0	3.4
Income from Wise Metals G.										54.7	0.0	54.7
<i>Operating profit</i>	<i>78.7</i>	<i>(0.0)</i>	<i>78.7</i>	<i>50.6</i>	<i>7.2</i>	<i>57.8</i>	<i>133.0</i>	<i>(66.4)</i>	<i>66.6</i>	<i>249.9</i>	<i>18.5</i>	<i>268.4</i>
Net financial income/(expense)	5.0	0.0	5.0	4.4	(1.1)	3.3	14.5	(0.1)	14.4	23.4	0.8	24.2
<i>Profit before tax</i>	<i>83.7</i>	<i>(0.0)</i>	<i>83.7</i>	<i>55.0</i>	<i>6.1</i>	<i>61.1</i>	<i>147.5</i>	<i>(66.5)</i>	<i>81.0</i>	<i>273.3</i>	<i>19.3</i>	<i>292.6</i>
Taxes expense	27.3	0.0	27.3	17.9	1.6	19.5	55.2	3.9	59.1	92.9	5.0	97.9
<i>Net profit</i>	<i>56.4</i>	<i>(0.0)</i>	<i>56.4</i>	<i>37.1</i>	<i>4.5</i>	<i>41.6</i>	<i>92.3</i>	<i>(70.4)</i>	<i>21.9</i>	<i>180.4</i>	<i>14.3</i>	<i>194.7</i>
Minority interest	(1.5)	0.0	(1.5)	(2.1)		(2.1)	(13.6)	0.0	(13.6)	(15.4)	0.0	(15.4)
<i>Earnings per share (NOK)</i>	<i>0.31</i>	<i>0.00</i>	<i>0.31</i>	<i>0.20</i>	<i>0.03</i>	<i>0.22</i>	<i>0.44</i>	<i>-0.39</i>	<i>0.05</i>	<i>0.92</i>	<i>0.08</i>	<i>1.00</i>

BALANCE SHEET <i>(Figures in NOK million)</i>	31 December	
	2005	2004
<b>ASSETS</b>		
Intangible assets	683.3	718.5
Leasing equipment	154.0	140.1
Other fixed assets	659.2	588.6
Inventory	334.1	285.0
Short-term receivables	671.6	541.6
Cash and cash equivalents	491.4	983.0
<b>TOTAL ASSETS</b>	<b>2993.6</b>	<b>3256.8</b>
<b>LIABILITIES &amp; EQUITY</b>		
Paid-in capital	1592.3	1596.8
Retained earnings	573.6	967.0
Minority interests	75.2	68.0
Deferred taxes	18.0	22.5
Long-term interest-bearing liabilities	27.8	50.0
Short-term interest-bearing liabilities	33.5	11.5
Other liabilities	673.2	541.0
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>2993.6</b>	<b>3256.8</b>

CASH FLOW STATEMENT <i>(Figures in NOK million)</i>	4 <sup>th</sup> Quarter		Full Year	
	2005	2004	2005	2004
Ordinary profit before taxes	83.7	61.1	81.0	292.6
Changes in working capital	23.3	44.4	(51.4)	97.4
Other operating changes	23.9	(30.2)	212.9	18.3
Total cash flow from operations	130.9	75.3	242.5	408.3
Total cash flow from investments	(14.2)	(42.2)	(176.5)	(423.4)
Total cash flow from financing	(206.1)	(0.8)	(566.2)	(75.5)
<i>Total cash flow for period</i>	<i>(89.4)</i>	<i>32.3</i>	<i>(500.2)</i>	<i>(90.6)</i>
Exchange rate effect on cash	8.6	1.1	8.5	(9.8)
Opening cash balance	572.1	949.6	983.0	1083.4
Closing cash balance	491.4	983.0	491.4	983.0

EQUITY <i>(Figures in NOK million)</i>	Full Year	
	2005	2004
Opening balance	2563.8	2575.8
Net profit	8.3	179.3
Translation difference	118.5	(137.2)
Equity settled transactions	25.5	18.1
Other equity adjustments	(17.8)	(18.7)
Dividend paid	(321.3)	(53.5)
Purchase of own shares	(211.1)	-
Closing balance	2165.9	2563.8

**FINANCIAL STATEMENT – FOURTH QUARTER 2005**  
(Continued)

<b>INTERIM RESULTS</b> <i>(Figures in NOK million)</i>	<b>4th Quarter 2005</b>	<b>3rd Quarter 2005</b>	<b>2nd Quarter 2005</b>	<b>1<sup>st</sup> Quarter 2005</b>	<b>4<sup>th</sup> Quarter 2004</b>
Operating revenues (MNOK)	675.1	701.3	686.7	599.2	663.5
EBITDA (MNOK)	126.4	107.8	42.8	46.5	96.1
Operating profit (MNOK)	78.7	72.5	(94.8)	10.2	57.8
Sales growth (year-on-year)	5.7	5.5	16.2	1.1	(6.8)
Gross margin (%)	37.7	37.1	34.4	33.2	36.8
Operating margin (%)	11.7	10.3	(13.8)	1.7	8.7
Earnings per share (NOK)	0.31	0.25	(0.55)	0.04	0.22
Earnings per share (NOK) fully diluted	0.31	0.25	(0.55)	0.04	0.22

**NOTES:**

The 2005 financial figures have been prepared and presented based upon International Financial Reporting Standards (IFRS). The financial figures for 2004 have been restated accordingly. The reconciliation between IFRS and NGAAP can be found at [www.tomra.com](http://www.tomra.com). This quarterly report has been prepared in accordance with IAS19.

Revenue recognition: Revenues from sales and sales-type leases of the company's products are generally recognized at the time of installation. Revenues from service contracts and operating leases of the company's products are recognized over the terms of the related agreements. Other service revenues are recognized when services are provided.

Use of financial instruments: The Group has in 2005 only to a limited extent used forward exchange contracts to hedge future cash flows in foreign currencies. No hedge accounting is applied and the current contracts are at 31 December 2005 stated at fair value of minus NOK 3.8 million and recorded as a payable (31 December 2004: NOK 1.0 million as receivable).

## APPENDIX: SEGMENT FINANCIALS

SEGMENT <i>(Figures in NOK millions)</i>	RVM Technology		Collection & Materials Handling		Recycling Technology		Other non-deposit activities		Group functions		Total	
	4th Quarter		4th Quarter		4th Quarter		4th Quarter		4th Quarter		4th Quarter	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Revenue	356	328	201	189	117	44	1	102	-	-	675	663
- Nordic	97	104	-	-	27	-	-	-	-	-	124	104
- Central Europe & UK	157	128	-	-	74	31	-	-	-	-	231	159
- Rest of Europe	-	4	-	-	1	8	-	-	-	-	1	12
- US East & Canada	102	92	105	107	10	4	-	-	-	-	217	203
- US West	-	-	96	82	-	-	-	-	-	-	96	82
- Rest of World	-	-	-	-	5	1	1	102	-	-	6	103
Gross contribution	159	166	43	41	53	27	-	10	-	-	255	244
- in %	45%	51%	21%	22%	45%	61%	-	10%	-	-	38%	37%
Op. profit before other items	66	59	5	4	19	15	(8)	(16)	(3)	(4)	79	58
- in %	19%	18%	2%	2%	16%	34%	-	-	-	-	12%	9%

  

SEGMENT <i>(Figures in NOK millions)</i>	RVM Technology		Collection & Materials Handling		Recycling Technology		Other non-deposit activities		Group functions		Total	
	Full year		Full year		Full year		Full year		Full year		Full year	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Revenue	1183	1250	848	821	379	68	252	373	-	-	2662	2512
- Nordic	377	439	-	-	83	-	-	-	-	-	460	439
- Central Europe & UK	433	438	-	-	203	41	-	-	-	-	636	479
- Rest of Europe	-	9	-	-	30	18	-	-	-	-	30	27
- US East & Canada	373	364	469	484	23	7	-	-	-	-	865	855
- US West	-	-	379	337	-	-	-	-	-	-	379	337
- Rest of World	-	-	-	-	40	2	252	373	-	-	292	375
Gross contribution	541	635	196	184	174	43	39	49	-	-	950	911
- in %	46%	51%	23%	22%	46%	63%	15%	13%	-	-	36%	36%
Op. profit before other items	117	219	65	50	37	20	(132)	(56)	(20)	(16)	67	217
- in %	10%	18%	8%	6%	10%	29%	-	-	-	-	3%	9%
Investments	109	147	72	48	142	196	2	4	0	0	325	395
Assets	1226	1116	694	569	477	259	5	231	592	1081	2994	3257
Liabilities	466	363	118	112	70	17	2	36	97	98	752	625