



SECOND QUARTER 2005

Highlights from second quarter 2005 include:

- Revenues 687 MNOK (+16 percent relative to second quarter 2004)
- Operating profit (excluding restructuring charges) 40 MNOK (42 MNOK last year)
- Operating loss (including 135 MNOK in restructuring charges) 95 MNOK
 - ➔ Accruals of 21 MNOK
 - ➔ Asset write-downs of 114 MNOK
- Accruals in second quarter and expected 30 MNOK accruals in second half 2005 to yield 80 MNOK in cost savings in 2006
- Strong recovery in Recycling Technology from first quarter 2005
- Activities initiated to divest Brazilian operation

TOMRA – SECOND QUARTER 2005

CONSOLIDATED FINANCIALS

Revenue in the second quarter 2005 amounted to 687 MNOK, up 16 percent from 591 MNOK in the second quarter of 2004. The increase in revenue is driven by acquisitions within Recycling Technology. Organic growth in NOK equaled negative 1 percent, and adjusted for currency fluctuations organic growth was 5 percent.

Gross margin equaled 34.4 percent in the second quarter 2005, which is down from 35.9 percent in the second quarter 2004. Operating profit excluding restructuring charges equaled 40 MNOK versus 42 MNOK in second quarter 2004. Operating loss including restructuring charges equaled 95 MNOK in second quarter 2005.

Total restructuring charges of 135 MNOK consist of 21 MNOK in restructuring accruals, which are mainly severance payments, and asset write-downs of 114 MNOK. The asset write-downs consist of goodwill (90 MNOK), IT systems (12 MNOK) and inventory (12 MNOK). Approximately 30 MNOK in additional accruals are expected to be incurred in the second half of 2005. In total, full year savings in 2006 from these restructuring accruals are estimated to approximately 80 MNOK.

Net financial income ended at 3 MNOK, cash flow from operations in the quarter equaled 44 MNOK, and the total cash balance ended at 427 MNOK.

As a consequence of the decision to divest TOMRA's Brazilian entity, the income statement of the entity has been reported as discontinuing operations. Likewise, the assets and liabilities have been reported on separate lines in the balance sheet.

SEGMENT REPORTING

RVM Technology

Revenue in RVM Technology amounted to 278 MNOK in the second quarter 2005 versus 301 MNOK in 2004 – a decrease of 8 percent. Year-to-date revenue is down 15 percent. The decline in operating profit is primarily due to lower sales and restructuring charges of 46 MNOK.

<i>Figures in NOK million</i>	<u>2q05</u>	<u>2q04</u>	<u>6m05</u>	<u>6m04</u>
Revenue	278	301	528	619
- Nordic	97	112	182	240
- Central Europe	89	99	173	199
- Rest of Europe	-	1	-	2
- US East & Canada	92	89	173	178
Gross contribution*	118	151	241	310
- in %	43%	50%	46%	50%
Operating expenses**	138	108	230	208
Operating profit	(20)	43	11	102
- in %	-	14%	2%	17%
* includes charges of	12	-	12	-
**includes charges of	34	-	34	-

Europe

Revenue in Europe equaled 186 MNOK in the second quarter 2005—a decline of 12 percent versus second quarter 2004. Revenue declined by 10 percent adjusted for currency fluctuations. The decline is mainly a result of lower activity in Finland and Sweden, which was partly off-set by increased activity in Denmark. Several new store openings have positively impacted technology sales in Denmark, which is expected to continue in the second half of 2005.

Holland

Based on new legislation in Holland, deposit on non-refillable containers equal to or larger than one liter will be implemented as of 1 January 2006. The new legislation is expected to impact TOMRA's operations positively in the second half of 2005, and TOMRA has so far received orders for more than 100 new machines.

Germany

DPG Deutsche Pfandsystem GmbH ("DPG") was recently founded to establish and administer a national deposit system for non-refillable beverage containers in Germany. An important pillar in such a system is the security marking of deposit containers. DPG has signed a pre-contract with Bundesdruckerei GmbH to deliver such a security solution. TOMRA is Bundesdruckerei's partner and technology supplier in this project.

A field test will be held whereby Bundesdruckerei will make twenty recognition units – manufactured by TOMRA – available for testing purposes. During the course of the field test 50 million beverage containers will be marked with the security marking and be read by the recognition units. The system specifications will be open and made available to system suppliers.

US East & Canada

Revenue in US East and Canada equaled 14.5 MUSD in the second quarter 2005—up 12 percent from second quarter 2004. Revenue measured in NOK increased by 3 percent to 92 MNOK. Machine installments under the previously announced 6.5 MUSD contract with a New York-based retailer positively impacted the second quarter 2005 performance.

Collection & Materials Handling

Revenue within Collection & Materials Handling in the second quarter 2005 increased by 12 percent to 33 MUSD. Revenue measured in NOK increased by 3 percent to 213 MNOK. Year-to-date revenue measured in USD is up 11 percent; in NOK terms, year-to-date revenue is up 1 percent.

The increase in revenue was mainly driven by growth in the collection operations (US West/California), which increased by 22 percent in the second quarter measured in USD. The main reasons for the increase in revenue are higher aluminum prices and volumes, which increased by 13 percent primarily due to increased number of collection centers.

Margins also improved in the second quarter 2005 compared to 2004 due to improved performance in California, which was partly off-set by higher fuel costs in the materials handling business.

<i>Figures in NOK million</i>	<u>2q05</u>	<u>2q04</u>	<u>6m05</u>	<u>6m04</u>
Revenue	213	206	400	395
- US East & Canada	120	125	221	235
- US West	93	81	179	160
Gross contribution	54	48	88	84
- in %	25%	23%	22%	21%
Operating expenses	34	33	60	64
Operating profit	20	15	28	20
- in %	9%	7%	7%	5%

Recycling Technology

Operations within TiTech and Orwak Group improved considerably in the second quarter 2005 versus a very weak first quarter 2005. TOMRA anticipates improved performance in the second half of 2005 versus first half 2005 based on a sound order backlog at the end of the second quarter 2005.

<i>Figures in NOK million</i>	<u>2q05</u>	<u>2q04</u>	<u>6m05</u>	<u>6m04</u>
Revenue	101	-	167	-
- Nordic	21	-	35	-
- Central Europe & UK	42	-	81	-
- Rest of Europe	13	-	17	-
- US East & Canada	10	-	13	-
- Rest of World	15	-	21	-
Gross contribution	48	-	76	-
- in %	48%	-	46%	-
Operating expenses*	36	-	73	-
Operating profit	12	-	3	-
- in %	12%	-	2%	-
*includes charges of	3	-	3	-

Other non-deposit activities

Revenue in the second quarter 2005 within TOMRA's other non-deposit activities increased by 13 percent to 95 MNOK mainly due to higher collection volumes in Brazil, which had an operating profit before restructuring costs of 7 MNOK in the second quarter 2005 and 12 MNOK year-to-date.

The operating loss in the second quarter 2005 of 103 MNOK in the segment is due to goodwill write-down in Brazil (80 MNOK), restructuring accruals in business development (6 MNOK) and investments in business development activities.

<i>Figures in NOK million</i>	<u>2q05</u>	<u>2q04</u>	<u>6m05</u>	<u>6m04</u>
Revenue	95	84	191	170
- Rest of World	95	84	191	170
Gross contribution	16	14	30	24
- in %	17%	17%	16%	14%
Operating expenses*	119	26	144	54
Operating profit	(103)	(12)	(114)	(30)
*includes charges of	86	-	86	-

Brazil

As part of its on-going strategy discussions, TOMRA has decided that the Brazilian operations are out of strategic scope. As a consequence, activities to sell the Brazilian operations have been initiated.

TRC pilot in the UK

TOMRA installed an additional two TRC's in the UK, bringing the total to three centers. Another three centers are scheduled for installation in July and August 2005. Investments in the TRC project during second quarter 2005 equaled 15 MNOK, up from 7 MNOK in second quarter 2004.

Container collection volumes at the centers equaled approximately 70,000 containers per month. Various incentive schemes will be implemented in the third quarter 2005 in order to

generate higher return rates, which are a key performance indicator in the project. An evaluation of the TRC business model performance will be conducted in the fourth quarter of 2005.

Japan

In the second quarter 2005 Sumitomo has successfully sold two RVM-based recycling centers in Tokyo. The technology and concept continue to be well received. Decisions by municipalities to invest in recycling centers in the fall of 2005 are key factors in the further development of the Japanese business model. The partnership with Sumitomo is important in this respect.

STRATEGIC PERSPECTIVES

TOMRA's ambition is to become the leading supplier of recycling solutions in all markets with developed or emerging recycling value chains. Technology provided by TOMRA shall include solutions for recognition, sorting and volume reduction of material. In order to secure cost efficient handling systems for all stakeholders, TOMRA may also take on roles within field support, logistics and processing of materials. These activities are expected to be limited in size and will be initiated only if it is deemed necessary to establish and operate an efficient, technology-based recycling value chain.

TOMRA's short-term goal is to regain a sustainable profitable growth momentum regardless of any impact from the large German opportunity. Growth in profit will take precedence over revenue growth. Overall, TOMRA's goal is to return to a double digit operating profit margin level as quickly as possible.

This will be achieved through a cost optimal organizational structure and a market strategy based on a balanced approach between profit contribution and market share. Additionally, organic growth must be achieved through increased value added services, which in turn may trigger increased replacement sales; through the application of TOMRA's core technology in non-deposit markets; and lastly, by bringing business development projects to a commercialization phase. In short, it is TOMRA's ability to build solutions based on technology from TOMRA, TiTech and Orwak combined, with related value added services that will decide our level of success.

SHAREHOLDERS

The total number of shares outstanding at the end of first quarter 2005 was 178,486,559 shares. The total number of shareholders decreased from 17,238 at the end of first quarter 2005 to 16,174 at the end of second quarter 2005. At the end of the second quarter 2005 66 percent of TOMRA's shareholders were Norwegian residents.

TOMRA's share price decreased from NOK 28.30 to NOK 27.00 during second quarter 2005. The number of shares traded at the Oslo Stock Exchange in second quarter 2005 was 91 million shares, compared to 126 million in second quarter 2004.

Asker, 13 July 2005

The Board of Directors
TOMRA SYSTEMS ASA

Jan Chr. Opsahl
Chairman of the Board

Amund Skarholt
President & CEO

FINANCIAL STATEMENT – SECOND QUARTER 2005

INCOME STATEMENT (Figures in NOK million)	2nd Quarter						Accumulated 30 June						Full year		
	2005			2004			2005			2004			2004		
	Cont.	Disc.	Total	Cont.	Disc.	Total	Cont.	Disc.	Total	Cont.	Disc.	Total	Cont.	Disc.	Total
Operating revenues	592.8	93.9	686.7	506.9	84.0	590.9	1096.6	189.3	1285.9	1014.6	169.1	1183.7	2142.2	370.0	2512.2
Cost of goods sold ¹⁾	357.9	78.0	435.9	290.9	70.5	361.4	660.9	159.4	820.3	587.1	145.7	732.8	1213.7	321.9	1535.6
Depreciation	14.8	0.0	14.8	17.1	0.0	17.1	30.6	0.0	30.6	33.3	0.0	33.3	65.5	0.0	65.5
<i>Gross contribution</i>	<i>220.1</i>	<i>15.9</i>	<i>236.0</i>	<i>198.9</i>	<i>13.5</i>	<i>212.4</i>	<i>405.1</i>	<i>29.9</i>	<i>435.0</i>	<i>394.2</i>	<i>23.4</i>	<i>417.6</i>	<i>863.0</i>	<i>48.1</i>	<i>911.1</i>
Operating expenses ²⁾	200.1	7.9	208.0	145.8	6.7	152.5	361.3	15.0	376.3	282.0	15.5	297.5	593.5	24.0	617.5
Depreciation/write-down ³⁾	41.5	81.3	122.8	17.0	1.4	18.4	60.6	82.7	143.3	33.6	2.8	36.4	70.9	5.6	76.5
<i>Operating profit</i>	<i>(21.5)</i>	<i>(73.3)</i>	<i>(94.8)</i>	<i>36.1</i>	<i>5.4</i>	<i>41.5</i>	<i>(16.8)</i>	<i>(67.8)</i>	<i>(84.6)</i>	<i>78.6</i>	<i>5.1</i>	<i>83.7</i>	<i>198.6</i>	<i>18.5</i>	<i>217.1</i>
Net financial income/(expense)	2.5	0.3	2.8	9.0	1.5	10.5	6.3	(0.2)	6.1	13.9	2.0	15.9	23.4	0.8	24.2
<i>Ordinary profit before tax</i>	<i>(19.0)</i>	<i>(73.0)</i>	<i>(92.0)</i>	<i>45.1</i>	<i>6.9</i>	<i>52.0</i>	<i>(10.5)</i>	<i>(68.0)</i>	<i>(78.5)</i>	<i>92.5</i>	<i>7.1</i>	<i>99.6</i>	<i>222.0</i>	<i>19.3</i>	<i>241.3</i>
Loss on Tomra Systems OY	0.0	0.0	0.0	3.4	0.0	3.4	0.0	0.0	0.0	3.4	0.0	3.4	3.4	0.0	3.4
Income on Wise Metals Group	0.0	0.0	0.0	54.7	0.0	54.7	0.0	0.0	0.0	54.7	0.0	54.7	54.7	0.0	54.7
Taxes expense	(0.7)	2.1	1.4	34.1	1.8	35.9	2.4	3.6	6.0	47.8	1.8	49.6	85.1	5.0	90.1
<i>Net profit</i>	<i>(18.3)</i>	<i>(75.1)</i>	<i>(93.4)</i>	<i>62.3</i>	<i>5.1</i>	<i>67.4</i>	<i>(12.9)</i>	<i>(71.6)</i>	<i>(84.5)</i>	<i>96.0</i>	<i>5.3</i>	<i>101.3</i>	<i>188.2</i>	<i>14.3</i>	<i>202.5</i>
Minority interest	(4.9)	0.0	(4.9)	(4.5)	0.0	(4.5)	(6.3)	0.0	(6.3)	(6.8)	0.0	(6.8)	(15.4)	0.0	(15.4)
<i>Earnings per share (NOK)</i>	<i>(0.13)</i>	<i>(0.42)</i>	<i>(0.55)</i>	<i>0.32</i>	<i>0.03</i>	<i>0.35</i>	<i>(0.11)</i>	<i>(0.40)</i>	<i>(0.51)</i>	<i>0.50</i>	<i>0.03</i>	<i>0.53</i>	<i>0.97</i>	<i>0.08</i>	<i>1.05</i>

BALANCE SHEET (Figures in NOK million)	30 June		31 December
	2005	2004	2004
ASSETS			
Intangible assets	714.8	579.0	738.6
Leasing equipment	148.7	161.2	140.1
Other fixed assets	618.7	631.4	588.6
Inventory	326.6	315.5	285.0
Short-term receivables	679.3	579.9	541.6
Cash and cash equivalents	426.5	1122.6	983.0
Assets classified as held for sale	182.0		
TOTAL ASSETS	3096.6	3389.4	3276.9
LIABILITIES & EQUITY			
Paid-in capital	1596.8	1596.8	1596.8
Retained earnings	715.4	1065.7	999.5
Minority interests	80.3	77.2	68.0
Deferred taxes	10.1	0.0	10.1
Long-term interest-bearing liabilities	58.6	52.6	58.3
Short-term interest-bearing liabilities	0.8	4.3	3.2
Other liabilities	592.2	592.8	541.0
Liabilities classified as held for sale	42.4	0.0	0.0
TOTAL LIABILITIES & EQUITY	3096.6	3389.4	3276.9

CASH FLOW STATEMENT (Figures in NOK million)	2nd Quarter		Accumulated 30 June		Full Year
	2005	2004	2005	2004	2004
Ordinary profit before taxes	(92.0)	52.0	(78.5)	99.6	241.3
Changes in working capital	7.5	0.2	(41.9)	61.3	103.5
Other operating changes	128.4	78.0	165.7	75.7	62.6
Total cash flow from operations	43.9	130.2	45.3	236.6	407.4
Total cash flow from investments	(34.1)	(89.8)	(245.8)	(122.0)	(422.5)
Total cash flow from financing	(350.1)	(57.9)	(359.4)	(61.5)	(75.5)
<i>Total cashflow for period</i>	<i>(340.3)</i>	<i>(17.5)</i>	<i>(559.9)</i>	<i>53.1</i>	<i>(90.6)</i>
Exchange rate effect on cash	0.7	(9.4)	3.4	(13.9)	(9.8)
Opening cash balance	766.1	1149.5	983.0	1083.4	1083.4
Closing cash balance	426.5	1122.6	426.5	1122.6	983.0

Notes:

- 1) 12 MNOK in write-down of inventory included in the second quarter 2005.
- 2) 21 MNOK in accruals included in the second quarter 2005.
- 3) 102 MNOK in intangible write-downs included in the second quarter 2005.

FINANCIAL STATEMENT – SECOND QUARTER 2005
(Continued)

EQUITY <i>(Figures in NOK million)</i>	Accumulated 30 June		Full Year 2004
	2005	2004	
<i>Opening balance</i>	2596.3	2594.6	2594.6
Net profit	(90.8)	94.5	187.1
Translation difference	116.7	17.9	(150.0)
Other equity adjustments	11.3	9.0	18.1
Dividend paid	(321.3)	(53.5)	(53.5)
<i>Closing balance</i>	2312.2	2662.5	2596.3

INTERIM RESULTS	2nd Quarter 2005	1st Quarter 2005	4th Quarter 2004	3rd Quarter 2004	2nd Quarter 2004
	Operating revenues (MNOK)	686.7	599.2	663.5	665.0
EBITDA (MNOK)	42.8	46.5	96.1	109.6	77.0
Operating profit (MNOK)	(94.8)	10.2	57.8	75.6	41.5
Sales growth (year-on-year)	16.2	1.1	(6.8)	2.0	3.8
Gross margin (%)	34.4	33.2	36.8	37.5	35.9
Operating margin (%)	(13.8)	1.7	8.7	11.4	7.0
Earnings per share (NOK)	(0.55)	0.04	0.24	0.28	0.35
Earnings per share (NOK) fully diluted	(0.55)	0.04	0.24	0.28	0.35

SEGMENT FINANCIALS

SEGMENT <i>(Figures in NOK millions)</i>	RVM Technology		Collection & Materials Handling		Recycling Technology		Other non-deposit activities		Group functions		Total	
	2nd Quarter		2nd Quarter		2nd Quarter		2nd Quarter		2nd Quarter		2nd Quarter	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Revenue	278	301	213	206	101	-	95	84	-	-	687	591
- Nordic	97	112	-	-	21	-	-	-	-	-	118	112
- Central Europe & UK	89	99	-	-	42	-	-	-	-	-	131	99
- Rest of Europe	-	1	-	-	13	-	-	-	-	-	13	1
- US East & Canada	92	89	120	125	10	-	-	-	-	-	222	214
- US West	-	-	93	81	-	-	-	-	-	-	93	81
- Rest of World	-	-	-	-	15	-	95	84	-	-	110	84
Gross contribution	118	151	54	48	48	-	16	14	-	-	236	213
- in %	43%	50%	25%	23%	48%	-	17%	17%	-	-	34%	36%
Operating profit	(20)	43	20	15	12	-	(103)	(12)	(4)	(4)	(95)	42
- in %	-	14%	9%	7%	12%	-	-	-	-	-	-	7%

SEGMENT <i>(Figures in NOK millions)</i>	RVM Technology		Collection & Materials Handling		Recycling Technology		Other non-deposit activities		Group functions		Total	
	Accumulated June 30		Accumulated June 30		Accumulated June 30		Accumulated June 30		Accumulated June 30		Accumulated June 30	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Revenue	528	619	400	395	167	-	191	170	-	-	1286	1184
- Nordic	182	240	-	-	35	-	-	-	-	-	217	240
- Central Europe & UK	173	199	-	-	81	-	-	-	-	-	254	199
- Rest of Europe	-	2	-	-	17	-	-	-	-	-	17	2
- US East & Canada	173	178	221	235	13	-	-	-	-	-	407	413
- US West	-	-	179	160	-	-	-	-	-	-	179	160
- Rest of World	-	-	-	-	21	-	191	170	-	-	212	170
Gross contribution	241	310	88	84	76	-	30	24	-	-	435	418
- in %	46%	50%	22%	21%	46%	-	16%	14%	-	-	34%	35%
Operating profit	11	102	28	20	3	-	(114)	(30)	(13)	(8)	(85)	84
- in %	2%	17%	7%	5%	2%	-	-	-	-	-	-	7%

Note: The 2005 financial figures have been prepared based upon management's interpretation of the current International Financial Reporting Standards (IFRS). The financial figures for 2004 have been restated accordingly. The reconciliation between IFRS and NGAAP, both at the end of 2003 and 2004, as well per quarter in 2004, can be found on www.tomra.com. Due to possible changes in existing standards, new understanding and interpretation of existing standards and potential new standards, the figures may change later during 2005. Neither the 2005 nor the 2004 restated figures have been audited and must therefore be treated as preliminary figures.