



SECOND QUARTER 1998

TOMRA SYSTEMS ASA
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THE TOMRA GROUP

PROFIT & LOSS STATEMENT.	2nd Quarter		Accumulated 30.06.		Full year
(Figures in NOK million)	1998	1997	1998	1997	1997
Operating revenues	410.6	290.4	743.0	494.9	1200.8
Cost of goods sold	227.9	150.7	404.6	258.3	640.7
Leasing depreciation	16.6	11.6	32.9	23.2	52.7
Gross contribution	166.1	128.1	305.5	213.4	507.4
Operating expenses	75.7	70.2	153.7	114.6	261.5
Ordinary depreciation	15.0	7.9	25.1	12.8	39.8
Operating profit	75.4	50.0	126.7	86.0	206.1
Net financial items	(5.8)	(4.1)	(7.7)	(4.8)	(8.1)
Minority interest	(2.3)	(1.1)	(3.8)	(1.4)	(6.0)
Profit before tax	67.3	44.8	115.2	79.8	192.0
Taxes	20.6	16.1	36.9	27.3	60.7
Net profit	46.7	28.7	78.3	52.5	131.3

BALANCE SHEET	30 June		
(Figures in NOK million)	1998	1997	31 Dec. 1997
ASSETS			
Cash and cash equivalents	75.2	73.0	129.2
Other current assets	580.9	461.5	443.7
Leasing equipment	275.4	227.9	265.7
Intangible assets	311.0	265.7	288.4
Other fixed assets	394.4	226.7	281.7
TOTAL ASSETS	1636.9	1254.8	1408.7
LIABILITIES & EQUITY			
Short-term, interest-bearing liabilities	112.0	100.7	-
Other short-term liabilities	250.2	253.8	244.4
Long-term, interest-bearing liabilities	56.0	182.7	72.7
Deferred taxes	52.4	34.2	50.4
Minority interests	19.8	4.7	14.6
Equity	1146.5	678.7	1026.6
TOTAL LIABILITIES & EQUITY	1636.9	1254.8	1408.7

INTERIM RESULTS BY QUARTER	2 Quarter 1997	3 Quarter 1997	4 Quarter 1997	1 Quarter 1998	2 Quarter 1998
Operating revenues	290.4	355.4	350.5	332.4	410.6
Operating profit	50.0*	69.8	50.3	51.3	75.4
Earnings per share (NOK)	0.75	1.06	0.94	0.78	1.14
Sales growth	48.7%	86.0%	54.5%	63.0%	41.4%
Profit ratio	17.2%*	19.6%	14.4%	15.4%	18.4%

* Restated as a consequence of charges of 5.6 MNOK in social security costs related to management share incentives in April 1997.

HIGHLIGHTS 2nd QUARTER

- Revenues of 411 MNOK (up 41%).
- Profit before tax of 67 MNOK (up 50%).
- 50% ownership in Wise Recycling, USA, effective 1 July 1998.
- Acquisition of Recycling Resources in California, effective 1 July 1998.

FINANCIALS

Revenues in the second quarter 1998 amounted to 411 MNOK, up from 290 MNOK in 1997. The operating profit showed an increase of 51% to 75 MNOK and an operating margin of 18.4%. Profit before tax increased from 50 MNOK to 67 MNOK. Financial expenses of 5.8 MNOK include 2.5 MNOK of currency exchange losses.

Sales for the first six months totaled 743 MNOK against 495 MNOK in 1997 (up 50%), while the operating profit rose from 86 MNOK to 127 MNOK (up 48%).

Due to a change of accounting practice in TOMRA Pacific Inc., 15 MNOK in sales has been reversed to inventory during the second quarter with only a minor effect on profit. This combined with a favorable product mix in Europe resulted in a higher operating margin than expected. As materials handling will represent the major growth activity in 1998 the operating margin is still expected to be lower than last year.

The estimated tax rate for the group has been adjusted from 34% to 32% for the year due to the tax treatment of US management's share option plan. This change is partly impacting the growth in earnings per share, which shows an increase of 52%. Total assets have increased by 16% since the beginning of the year to 1,637 MNOK. The liquidity remains good and the equity ratio stands at 70.0%.

MARKETS

EUROPE

Revenues in Europe amounted for the first half year to 275 MNOK against 225 MNOK in 1997 - an increase of 22% from the same period in 1997.

Sales by market

Figures in NOK million	1h98	1h97
Norway	14.8	13.9
Sweden	50.4	42.1
Finland	22.1	21.1
Denmark	24.6	27.6
The Netherlands	44.5	33.0
Germany	67.7	57.7
Austria	31.3	15.8
Others	19.6	13.3
Total Europe	275.0	224.5

Sales by activity

Figures in NOK million	1h98	1h97
Sales, lease	181.7	159.2
Service	85.5	61.8
Administration	4.4	3.5
Promotion	3.4	-
Total Europe	275.0	224.5

The general sales development in Europe has been slower than anticipated. In Germany sales has been weaker, mainly due to lower investments in the German retail industry. TOMRA's market position has not been changed.

According to a press release from Norsk Resirk AS late June the deposit system for cans and one-way plastic bottles will be launched in Norway during the spring of 1999. The Norwegian retail industry has estimated total investments in the range of 300 MNOK in connection with this introduction. This is not expected to have material impact on sales in the Norwegian market during 1998.

The EU Environmental Commissioner Ritt Bjerregaard announced in June that EU would stop the court case against Denmark relating to the current ban of one-way containers if the market was opened up for these containers within one year. The Danish response to this invitation is expected within the coming months.

The Board remains optimistic towards the market opportunities in Europe, but expects slower growth for the remainder of the year.

AMERICA

Revenues in America for the first half-year amounted to 468 MNOK - an increase of 73%

over the 270 MNOK reported in the same period 1997. The growth has been generated in material handling and services along with acquisitions.

Sales by market

Figures in NOK million	1h98	1h97
New York	223.5	165.6
Connecticut	62.8	54.3
Massachusetts	52.4	1.8
Michigan	41.0	39.9
California	41.4	-
Non deposit states	33.8	-
Others	13.1	10.6
Total America	468.0	270.4

Sales by activity

Figures in NOK million	1h98	1h97
Sales, lease	89.0	80.6
Service	48.9	43.7
Materials handling	295.6	126.3
Administration	34.1	19.8
Promotions	0.4	-
Total America	468.0	270.4

With accounting effect from July 1 TOMRA has invested in a 50% ownership in Wise Recycling with operations in 23 non-deposit states. Total revenues in Wise Recycling approximate 110 MUSD with an operating profit of 2.4 MUSD. TOMRA will contribute 7.5 MUSD of new equity in the company. The company figures will be consolidated under the equity method. TOMRA's equity investment is tied to establishing a national presence in support of future initiatives in non-deposit markets.

With effect from July 1, 1998, TOMRA acquired the operating assets of Recycling Resources LLC. The company operates in Northern California with 22 convenience centers, six service centers and one processing facility. The operation had annual sales of 8 MUSD in 1997 with a profit before tax of 0.9 MUSD. The purchase price of 5.2 MUSD represents a goodwill element of 3 MUSD. The Recycling Resources' operations strongly complement our existing California business.

TOMRA and Schupan have completed negotiations with the Michigan Beer & Wine Wholesalers Association, which represents

30% of the beer distributors. It is likely to take an extended period of time to achieve full participation. Consequently, the participating parties representing 75% of the volume have agreed to launch the program statewide for softdrink with beer participation where feasible. The reduced volume does not represent a major negative impact on the operating performance of the program. A full rollout of the program commenced late June with completion anticipated during the fourth quarter.

The Board remains optimistic regarding markets prospects, and expects continued strong growth in the US market.

REPORTING PRINCIPLES

As a consequence of the discussion with the Oslo Stock Exchange regarding principles for handling social security costs related to a share issue towards Norwegian management in April 1997, the Board decided in February to charge the cost of 5.6 MNOK to operating expenses. The figures for second quarter 1997 have been changed accordingly.

SHAREHOLDERS

The largest shareholders of the company at the end of June 1998 were: State Street Bank (US) 9.9%; Chase Manhattan Bank (US) 5.3%; Chase Manhattan Bank (UK) 4.8%; Deutsche Bank 3.5%, and Caisse des Depots et Consignations 3.3%. The distribution by country of TOMRA shareholders shows: Norway 30.5%, United States 26.8%, United Kingdom 13.6%, France 6.2% and Germany 6.0%.

TOMRA's share price increased from NOK 202 to NOK 230 during second quarter 1998. The number of shares traded in the first six months were 36 million, compared with 30 million in the same period last year.

Asker, 13 July 1998

The Board of Directors of
TOMRA SYSTEMS ASA

Jan Chr. Opsahl
Chairman

Erik Thorsen
Group President & CEO