



THIRD QUARTER 2003

TOMRA SYSTEMS ASA
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FINANCIAL STATEMENT – THIRD QUARTER 2003

INCOME STATEMENT (Figures in NOK million)	3rd Quarter		Accumulated 30 September			Full year		
	2003	2002	2003	2002		2002		
	Total	Total	Total	Cont.	Disc.	Total	Cont.	Disc.
Operating revenues	651.7	715.7	1751.2	2015.6	7.1	2022.7	2666.8	7.1
Cost of goods sold	388.8	421.7	1058.7	1167.2	5.4	1172.6	1545.1	5.4
Lease depreciation	15.9	16.9	46.0	56.2	0.0	56.2	74.4	0.0
<i>Gross contribution</i>	247.0	277.1	646.5	792.2	1.7	793.9	1047.3	1.7
Operating expenses	133.1	145.9	411.7	453.1	1.0	454.1	599.8	1.0
Depreciation	28.6	27.0	83.6	91.4	0.5	91.9	118.0	0.5
<i>Operating profit</i>	85.3	104.2	151.2	247.7	0.2	247.9	329.5	0.2
Affiliated companies	0.0	0.5	1.4	0.4	0.0	0.4	2.4	0.0
Net financial income/(expense)	7.6	11.8	35.3	59.1	(0.2)	58.9	74.5	(0.2)
<i>Ordinary profit before tax</i>	92.9	116.5	187.9	307.2	0.0	307.2	406.4	0.0
Taxes expense	32.5	36.1	64.6	95.2	0.0	95.2	126.0	0.0
<i>Net profit</i>	60.4	80.4	123.3	212.0	0.0	212.0	280.4	0.0
Minority interest	(6.3)	(5.7)	(13.6)	(15.3)	0.0	15.3	(23.8)	0.0
BALANCE SHEET (Figures in NOK million)				30 September			31 December 2002	
ASSETS				2003		2002		
Intangible assets				398.2		389.2	379.9	
Leasing equipment				173.6		193.0	181.2	
Other fixed assets				842.5		836.0	779.6	
Inventory				473.2		308.5	308.1	
Short-term receivables				576.8		730.2	470.4	
Cash and cash equivalents				939.1		813.7	1017.3	
TOTAL ASSETS				3403.4		3270.6	3136.5	
LIABILITIES & EQUITY								
Paid-in capital				1596.8		1596.8	1596.8	
Retained earnings				1051.1		912.6	873.3	
Minority interests				123.8		114.3	118.2	
Deferred taxes				18.1		81.4	17.8	
Long-term interest-bearing liabilities				77.4		37.5	38.0	
Short-term interest-bearing liabilities				14.9		15.2	15.2	
Other short-term liabilities				521.3		512.8	477.2	
TOTAL LIABILITIES & EQUITY				3403.4		3270.6	3136.5	
CASH FLOW STATEMENT (Figures in NOK million)				3rd Quarter		Accumulated 30 September		Full Year
	2003		2002	2003		2002		2002
Ordinary profit before taxes	92.9		116.6	187.9		307.3		406.4
Changes in working capital	(19.0)		30.3	(139.6)		(175.0)		52.5
Other operating changes	17.2		19.5	(21.7)		122.8		41.9
<i>Total from operations</i>	91.1		166.4	26.6		255.1		500.8
<i>Total from investments</i>	(18.7)		(28.4)	(90.9)		(114.2)		(155.1)
<i>Total from financing</i>	31.1		2.4	(6.0)		(22.9)		(19.8)
TOTAL CASH FLOW	103.5		140.4	(70.3)		118.0		325.9
EQUITY (Figures in NOK million)				Accumulated 30 September			Full Year	
	2003		2002	2003		2002		2002
Opening balance	2470.1		2630.5				2630.5	
Net profit	109.7		196.7				256.6	
Equity issues	0.0		14.2				14.2	
Translation difference	68.1		(332.0)				(381.6)	
Other	0.0		0.0				(5.0)	
Dividend accruals	0.0		0.0				(44.6)	
Closing balance	2647.9		2509.4				2470.1	
INTERIM RESULTS				2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter
	2002		2002	2002		2003	2003	2003
(Continuing operations)								
Operating revenues	670.4		715.7	651.2		530.0	569.5	651.7
EBITDA	140.0		148.1	126.6		73.2	77.8	129.8
Operating profit	90.7		104.2	81.8		30.2	35.7	85.3
Sales growth (%)	3.5		2.7	(6.5)		(15.8)	(15.1)	(8.9)
Operating margin (%)	13.5		14.6	12.6		5.7	6.3	13.1
Earnings per share (NOK)	0.39		0.42	0.34		0.16	0.16	0.30
Earnings per share (NOK) fully diluted	0.39		0.42	0.34		0.16	0.16	0.30

Note: The quarterly financial statement is based on the same principles as the annual accounts, as well as the Norwegian Accounting Standard, NRS 11.

HIGHLIGHTS THIRD QUARTER 2003

- Revenues 651 MNOK (-9% relative to third quarter 2002)
 - Europe 225 MNOK (-3%)
 - North America 328 MNOK (-10%)
 - South America 98 MNOK (-18%)
- Signed two frame agreements in Germany worth approximately 90 MNOK
- 71% revenue increase in Sweden, driven by order Coop Sweden signed in the second quarter
- Signed frame agreement with Royal Ahold in Europe worth up to 250 MNOK
- Signed contract with U.S. retailer, Shaw's Markets, for delivery of 500 machines
- Legislative approval in California for increase in deposit
- Established new unit, Recycling Solutions, in order to integrate technology and market development resources focused on growth opportunities in non-deposit markets

FINANCIALS

Revenues in the third quarter 2003 amounted to 651 MNOK, down 9% from 716 MNOK in the third quarter of 2002. Operating profit equaled 85 MNOK for the quarter compared to 104 MNOK in same period last year, while profit before tax equaled 93 MNOK versus 117 MNOK last year. Cash flow from operations in the third quarter ended at 91 MNOK.

Earnings per share equaled NOK 0.30 for the third quarter 2003. Total assets increased by 3% from the end of the second quarter 2003 to 3,403 MNOK. The equity ratio remains strong at 78%.

MARKETS

EUROPE

Revenues in Europe amounted to 572 MNOK in the first nine months of 2003 compared to 715 MNOK in 2002—a decrease of 20%.

Sales by market

Figures in NOK million	9m03	9m02
Norway	59	45
Sweden	112	100
Finland	78	80
Denmark	54	214
The Netherlands	64	54
Germany	126	137
Austria	42	40
Switzerland	12	25
Belgium	17	14
Others	8	6
Total Europe	572	715

Sales by activity

Figures in NOK million	9m03	9m02
Sales, lease	329	494
Service	232	211
Adm. & Promotion	11	10
Total Europe	572	715

Germany

On October 1 a national deposit system was implemented in Germany for non-refillable beverage containers. Retail chains representing over 100,000 points-of-sale have established independent deposit systems or joined third-party operated systems. Many retailers which are not yet participating in established deposit systems have de-listed non-refillable packaging from the stores.

In connection with the introduction of deposit in Germany, TOMRA has signed two frame agreements for the delivery of reverse vending systems for non-refillable containers valued at approximately 90 MNOK. The first machine installments under these agreements will be completed during the fourth quarter. TOMRA also continues to test reverse vending systems for ten different retail chains in Germany, and maintains its organizational capacity related to the establishment of deposit in Germany.

Several retail chains and beverage producers have complained to the EU Commission arguing that the German deposit system creates trade barriers in the EU market. The EU Commission is therefore currently considering initiating an infringement procedure against Germany in the EU Court of Justice. The timing of additional significant investments in technology by German retailers related to the handling of non-refillable containers may therefore depend on further clarification whether an infringement procedure will be initiated. Further clarification on the EU Commission's decision on this matter is anticipated shortly.

Technology sales in Germany for refillable containers have improved significantly during the third quarter. This is expected to continue in the fourth quarter.

Sweden

Sales in Sweden have been strong during the third quarter 2003, with a year-on-year 71% increase in revenues to 48 MNOK. As previously communicated, TOMRA signed an agreement with Coop Sweden for the delivery and upgrading of machines worth 100 MNOK. The growth in revenues during the third quarter was driven by installations at Coop Sweden's stores. The majority of the remaining machine placements and upgrades at Coop Sweden's stores will be completed in the fourth quarter. Based on confirmed orders from Coop Sweden, Danske Netto and other planned new store openings, TOMRA anticipates further strong growth in revenues in Sweden in the fourth quarter.

Other events

TOMRA has entered into a frame agreement with the Royal Ahold group in Europe worth up to 250 MNOK. The term of the agreement is from October 2003 through January 2006. The agreement re-affirms TOMRA's present position as Royal Ahold's main supplier of reverse vending machines and related equipment, and covers Royal Ahold's joint venture activities in Sweden (ICA AB) and Norway (ICA Norge AS), as well as its activities in the Netherlands (Albert Heijn BV).

TOMRA has also received a firm order for 30 machines in the Emirate of Dubai. The project is being run by the national oil company, Emirate Oil, and co-funded by advertising revenue secured from consumer goods companies.

NORTH AMERICA

Revenues from continuing operations in North America amounted to 897 MNOK in the first nine months of 2003—a decrease of 10% from 995 MNOK in 2002. Revenues measured in USD increased by 3%.

Sales by market (continuing operations)

Figures in NOK million	9m03	9m02
New York	268	325
Connecticut	77	64
Massachusetts	72	82
Michigan	183	206
California	219	239
Canada	72	71
Others	6	8
Total North America	897	995

Sales by activity (continuing operations)

Figures in NOK million	9m03	9m02
Sales, Lease	178	160
Service	58	83
Recycling Centers	134	151
Materials Handling	483	550
Adm. & Promotion	44	51
Total North America	897	995

U.S. East

TOMRA installed 1,031 machines during the first nine months of 2003. Based on secured contracts and on-going discussions with new potential customers, TOMRA anticipates a high placement rate in the fourth quarter.

In August, TOMRA entered into an agreement with a new customer, Shaw's Markets, to deliver approximately 500 machines throughout Connecticut, Massachusetts and Vermont. The agreement is structured as a five year operational lease for the customer and will generate approximately 85 MNOK in revenue over the term of the agreement. The installation of machines commenced in September and is expected to be completed in January 2004.

California

New legislation in California has been approved which will increase the deposit from 2.5 cents to 4 cents for containers less than 24 ounces, and from 5 cents to 8 cents for containers higher than or equal to 24 ounces, starting 1 January 2004. TOMRA anticipates that this increase in deposit will have a significant positive effect on revenues and profit in California in 2004.

Under the previously announced agreement with Albertson's, a major retailer in California, TOMRA is now servicing approximately 100 recycling centers at Albertson's stores. By year-end 2003 TOMRA anticipates servicing approximately 420 recycling centers in California versus 362 at the beginning of the year. On an annual basis, the positive net revenue impact of this will be around 3 MUSD. TOMRA expects the number of recycling centers served by TOMRA to increase in 2004.

Canada

Sales growth in Canada equaled 6% measured in local currency in the first nine months of 2003. This is less than anticipated, and a result of lower revenues from technology sales in Quebec, as well as postponements in the timing of technology test launches in other provinces.

So far this year, TOMRA has placed 176 machines, primarily in Quebec—an increase of 12% versus 2002. In 2004 subsidies are expected to be paid to retailers by the beverage industry and government to provide incentives to retailers to continue replacing/upgrading machines with barcode enabled equipment. In Ontario and Alberta, discussions with relevant stakeholders regarding the introduction of reverse vending systems for beverage containers, have intensified. On this basis, TOMRA anticipates continued growth in the Canadian market.

RECYCLING SOLUTIONS

Today, 85 percent of all beverage containers in the world are not part of any deposit systems. In this huge segment TOMRA has limited market presence, and these ~650 billion containers therefore represent a tremendous future growth opportunity. TOMRA's business development unit has built a good understanding of the dynamics in this segment, and this has so far lead to new business building activities in Brazil and Japan. Likewise, TOMRA's technology unit focusing on products for non-deposit markets have made promising progress in developing new technology-based collection solutions compatible in a non-deposit operating environment.

In order to further accelerate execution of new growth opportunities in the non-deposit markets, TOMRA has established a new unit called Recycling Solutions. With the establishment of the new unit, TOMRA will strengthen and better coordinate its activities within business development and technology solutions for non-deposit markets. TOMRA's activities South America and Japan will be reported under Recycling Solutions as of fourth quarter 2003.

South America

Revenues in South America in the first nine months of 2003 amounted to 282 MNOK—a decrease of 8% versus 2002. However, revenues measured in USD increased by 6%.

Sales by market

Figures in NOK million	9m03	9m02
Brazil	281	304
Others	1	2
Total South America	282	306

Sales by activity

Figures in NOK million	9m03	9m02
Sales, lease	1	2
Recycling Centers	164	178
Materials Handling	117	126
Total South America	282	306

Consumption of beverages sold in aluminum cans has dropped significantly in Brazil due to the overall depressed macro-economic situation, and is estimated to decrease by over 10% in 2003. As a consequence, used beverage container collection volumes have also dropped at a similar rate, which has negatively impacted TOMRA's operations in Brazil. The beverage and beverage packaging industries in Brazil expect the markets in 2004 to improve to 2002 levels.

MARKET OUTLOOK

The Board remains confident about the long-term market opportunities. Revenues for the fourth quarter are expected to be in line with the third quarter.

SHAREHOLDERS

The total number of shares outstanding at the end of third quarter 2003 was 178,486,559 shares. The total number of shareholders increased from 13,578 at the end of second quarter 2003 to 13,646 at the end of third quarter 2003. The distribution by country of TOMRA shareholders at the end of third quarter 2003 shows: Norway 47.7%, USA 11.1%, United Kingdom 10.9%, Denmark 8.1% and Luxembourg 7.8%.

TOMRA's share price increased from NOK 31.00 to NOK 36.20 during third quarter 2003. The number of shares traded at the Oslo Stock Exchange in the first nine months 2003 was 368 million shares, compared to 267 million in the same period last year.

Asker, 14 October 2003

The Board of Directors
TOMRA SYSTEMS ASA

Jan Chr. Opsahl Erik Thorsen
Chairman President & CEO