

Annual Report for the First Quarter of the Financial Year of 2000

AS Norma
Consolidated
Annual Accounting Report of
Q1-2000

Reporting Period 01.01.2000 – 31.03.2000

AS Norma

Consolidated Balance Sheet 31.03.2000

Unaudited
In thousand EEK

	Group	Parent	Group	Parent
Assets	31.03.2000	31.03.2000	31.12.1999	31.12.1999
Current assets				
Cash and bank accounts (note 1)	54 645	52 789	91 192	89 129
Marketable securities (note 2)	145 306	145 306	58 143	58 143
Accounts receivable (note 3,19)	121 806	111 285	110 479	104 346
Other receivables and prepayments (note 4)	6 882	6 894	10 904	10 617
Inventories (note 5)	50 712	44 561	54 685	49 578
Total current assets	379 351	360 835	325 403	311 813
Non-current assets				
Long-term financial assets (note 6)	3 236	90 291	3 174	84 005
Property, plant and equipment (note 8)	154 411	88 086	156 902	91 937
Intangible assets (note 8, 9)	2 107	680	3 310	870
Total non-current assets	159 754	179 057	163 386	176 812
Total assets	539 105	539 892	488 789	488 625
Liabilities and shareholders' equity				
Liabilities				
Current liabilities				
Accounts payable and accrued expenses (note 10)	52 072	56 402	50 173	56 041
Short-term loans (note 11)	26 656	26 656	26 656	26 656
Total current liabilities	78 728	83 058	76 829	82 697
Non-current liabilities				
Non-current loans (note 11)	26 672	26 672	26 672	26 672
Total non-current liabilities	26 672	26 672	26 672	26 672
Total liabilities	105 400	109 730	103 501	109 369
Owner's equity				
Share capital (par value) (note 13)	132 000	132 000	132 000	132 000
Retained earnings and reserves (note 14)	253 288	253 288	145 700	146 023
Net profit for the year	48 417	44 874	107 588	101 233
Total owner's equity	433 705	430 162	385 288	379 256
Total liabilities and owner's equity	539 105	539 892	488 789	488 625

AS Norma

Consolidated Income Statement

Unaudited
In thousand EEK

	Group 01.01.00- 31.03.00	Parent 01.01.00- 31.03.00	Group 01.01.99- 31.03.99	Parent 01.01.99- 31.03.99
Net sales (note 15)	151 587	126 408	125 947	113 773
Cost of goods sold (note 16)	88 665	65 864	68 643	62 114
Gross profit	62 922	60 544	57 304	51 659
Marketing expenses (note 17)	4 749	4 794	5 700	5 510
Administrative and general expenses (note 18)	14 137	15 147	18 089	14 940
Bad debt provision (note 19)	-2 822	-2 822	-22	-22
Other income (note 20)	999	695	9 063	8 680
Other expenses (note 21)	511	211	839	421
Operating profit	47 345	43 909	41 761	39 490
Financial income (note 22)	1 945	1 822	6 718	6 217
Financial expense (note 23)	874	857	2 788	2 054
Profit before taxes	48 417	44 874	45 691	43 653
Corporate income tax (note 24)	0	0	12 078	11 350
Net profit for the year	48 417	44 874	33 613	32 303
Earnings per share (note 13) in kroons	3,67		2,55	

AS Norma Consolidated Cash Flows

Unaudited
In thousand EEK

	<i>Group</i>	<i>Parent</i>
<i>Operating activities</i>	<i>31.03.00</i>	<i>31.03.00</i>
Operating profit	47 345	43 909
Profit from sale of property, plant and equipment (note 8)	-243	-37
Depreciation (note 8)	8 365	5 255
Property, plant and equipment write-off (note 8)	13	0
Increase (-), decrease (+) in current assets	-3 625	1 492
Increase (+), decrease (-) in current liabilities	1 062	-476
Interests received and other financial income (note 22)	1 102	1 072
Interest paid and other financial expenses (note 23)	-37	-20
	53 982	51 195
<i>Investing activities</i>		
Property, plant and equipment sold (note 8)	1 295	37
Property, plant and equipment acquired (note 8)	-5 736	-1 448
Loans issued (note 6)	-42	-42
Loans repaid (note 6)	341	341
	-4 142	-1 112
<i>Financing activities</i>		
	0	0
<i>Net cash flow</i>	49 840	50 083
<i>Movement in cash and cash equivalents</i>		
Cash and cash equivalents at the beginning of the year:	149 335	147 272
Increment	49 840	50 083
Foreign exchange gain	776	741
Cash and cash equivalents at the end of year:	199 951	198 096
incl. cash and bank accounts (note 1)	54 645	52 790
Marketable securities (note 2)	145 306	145 306

AS Norma

Change in Owner's Capital

Unaudited
In thousand EEK

	Share Capital	Reserves	Retained Earnings	Net Profit for the Year	Total Owner's Capital
31.12.1998	132 000	15 636	122 758	47 578	317 972
Retained Earning of Year 1998			47 578	-47 578	0
Dividends			-39 600		-39 600
Adjustments			-672		-672
Net Profit for the Financial Year				107 588	107 588
31.12.1999	132 000	15 636	130 064	107 588	385 288
31.12.1999	132 000	15 636	130 064	107 588	385 288
Retained Earning of Year 1999			107 588	-107 588	0
Net Profit for the Financial Year				48 417	48 417
31.03.2000	132 000	15 636	237 652	48 417	433 705

Notes To The Consolidated Financials Statement

In thousands of Estonian kroons (EEK), unless otherwise stated

1. Cash and bank accounts

	31.03.2000	31.12.1999
Cash and bank accounts	3 194	3 665
Short-term bank deposits	51 451	87 527
Total	54 645	91 192

As of 31.03.2000 there were 1 977.2 thousand Estonian kroons, 61.6 thousand Euros, 2 268.2 German marks and 286.6 thousand US dollars in overnight deposits. 1 900 thousand German marks and 640 thousand US dollars were deposited as short-term bank deposits (under 3 month term).

In order to increase the flexibility of cash management and to reduce interest expenses and need for borrowing a group account was opened. This allows all companies in the group to use the group's funds within pre-set limits established by AS Norma.

2. Marketable securities

	31.03.2000	31.12.1999
Money Market Fund shares	145 000	58 000
Limited chequebook	306	143
Total	145 306	58 143

As of 31.03.2000 there were 145 000 thousand kroons in Money Market Fund shares with average interest rate was 4.08%.

3. Accounts receivable

	31.03.2000	31.12.1999
Accounts receivable	138 017	130 169
Reserve for unrecoverable accounts (note 19)	-16 211	-19 690
Total	121 806	110 479

4. Other receivables and prepayment

	31.03.2000	31.12.1999
Accounts receivable from associated companies (Norsafe)	408	667
Other receivables, incl.	2 389	2 983
Short-term loans	1 118	1 419
Advances to employees	112	35
Prepayments for services	1 159	1 530
Interest yield	102	95
Prepaid expenses	408	466
Prepaid income tax	12	462
Prepaid VAT	3 561	6 230
Total	6 882	10 904

5. Inventories	31.03.2000	31.12.1999
Raw materials	21 318	25 791
Work in process	13 934	12 156
Finished goods	12 255	14 335
Goods for resale	902	924
Prepayments to suppliers	2 303	1 479
Total	50 712	54 685

6. Long-term financial assets	31.03.2000	31.12.1999
Shares of associated companies	1 739	1 679
Other shares	2	2
Other long-term receivables	1 495	1 493
Total	3 236	3 174

7. Pledges to AS Norma	31.03.2000	31.12.1999
AS NG Investeeringud shares	440	440
Buildings	50	50
Apartments	150	150
Total	640	640

Pledges to AS Norma are related with loans to individuals.

8. Property, plant and equipment

	Land and buildings	Machinery and Equip.	Other assets	Buildings under construction	Prepayments	Total
Acquisition cost as of 31.12.1999	58 554	227 510	2 228	0	1 178	289 470
Additions	4 393	350		1 046	453	6 242
Sale and written off	-1 639	-1 622	-30			-3 291
Acquisition cost as of 31.03.2000	61 308	226 238	2 198	1 046	1 631	292 421
Depreciation as of 31.12.1999	-5 727	-125 620	-1 221			-132 568
Depreciation charge	-752	-6 027	-66			-6 845
Depreciation of fixed assets sold and written off	67	1 326	10			1 403
Depreciation as of 31.03.2000	-6 412	-130 321	-1 277			-138 010
Net book amount as of 31.12.1999	52 827	101 890	1 007	0	1 178	156 902
Net book amount as of 31.03.2000	54 896	95 917	921	1 046	1 631	154 411

9. Intangible assets

	Development expenses	Prepayments	Total
Acquisition cost as of 31.12.1999	6 463	506	6 969
Additions	0	0	0
Written off	0	-506	-506
Acquisition cost as of 31.03.2000	6 463	0	6 463
Depreciation as of 31.12.1999	-3 659		-3 659
Depreciation charge	-697		-697
Depreciation as of 31.03.2000	-4 356		-4 356
Net book amount as of 31.12.1999	2 804		3 310
Net book amount as of 31.03.2000	2 107		2 107

10. Accounts payable and accrued expenses	31.03.2000	31.12.1999
Customer prepayments	2 736	2 875
Accounts payable	20 285	22 282
Salaries payable	14 236	12 888
Accrued expenses	24	36
Interest payable	1 107	271
Other prepaid expenses	47	47
Payables to associated companies	331	488
Payables to parent company	504	0
Taxes payable	12 802	11 286
Total	52 072	50 173

11. Loans	31.03.2000	31.12.1999
Current portion of long-term debt	26 656	26 656
Long term bank loan	26 672	26 672
Total	53 328	53 328

The total amount of bank loans of AS Norma as of 31.03.2000 was 53 328 thousand kroons, including 26 656 thousand kroons with a maturity of less than one year. Total interest paid in 1999 was 4 555 thousand kroons at DEM LIBOR rate of 6M + 2.75%. Loan period is 29.05.1998 - 28.11.2001.

12. Pledges of AS Norma	31.03.2000	31.12.1999
Commercial pledge: raw materials, work in process, finished goods, equipment	65 000	65 000
Liabilities secured by pledges:		
Long-term loan 10 000 000 DEM (note 11)		
Bank warranty 1 400 000 EEK		
Share pledge: 100% of AS Norma Maja shares (owner's equity as of 31.12.98) including fixed assets (as net book amount):	112 588	110 633
Land	4 151	2 974
Buildings	100 193	98 303
Machinery and Equipment	3 853	5 251
Other inventory, tools	14	22
Liabilities secured by pledge:		
Long-term loan 10 000 000 DEM		
Total	177 588	175 633

13. Share capital	31.03.2000	31.12.1999
Share capital par value (10 kroons per share)	132 000	132 000

AS Norma has issued 13.2 million common shares which grant one vote per share. 39.6 million kroons was paid out in dividends for 1998 at 3 kroons per share and 39.6 million kroons will be paid out in dividends for 1999 at 3 kroons per share, too.

AS Norma shares are listed in the main list of the Tallinn Stock Exchange and are quoted on the Frankfurt and Munich Stock Exchanges.

AS Norma shareholders with participation over 5% as of 31.03.2000:

Autoliv Ab	51.0%
Merita Bank Ltd. Clients Account	21.0%
Hansabank	7.1%

Earnings per share	31.03.2000	31.03.1999
Net profit	48 417	33 613
Average number of shares (in thousands)	13 200	13 200
Earnings per share (EPS)	3,67	2,55

The company has no unissued common shares and therefore primary and fully diluted earnings per share are equal.

14. Retained earnings and other reserves	Retained earnings	Reserve	Compulsory reserve capital	Total
31. 12.1998	122 758	2 436	13 200	138 394
Net profit for the year	47 578	-	-	47 578
Adjustments	-672	-	-	-672
Dividends-common shares	-39 600	-	-	-39 600
31. 12.1999	130 064	2 436	13 200	145 700
Net profit for the year	107 588	-	-	107 588
31. 03.2000	237 652	2 436	13 200	253 288

15. Segment information By product lines	Safety Belts	Other products	Total	Safety belts	Other Products	Total
	01.01.00- 31.03.00	01.01.00- 31.03.00	01.01.00- 31.03.00	01.01.99- 31.03.99	01.01.99- 31.03.99	01.01.99- 31.03.99
Segment's net sales	113 086	38 501	151 587	107 595	18 352	125 947
Segment's net income	44 978	2 367	47 345	39 673	2 088	41 761
Segment's assets	356 388	37 411	539 105	448 297	49 811	498 219
Segment's liabilities	38 846	13 226	105 400	56 719	9 674	146 393
Investments	1 396	4 392	5 788	927	90	1 017
Depreciation charge	6 223	2 118	8 341	7 200	1 228	8 428
Fixed assets' revaluation	0	0	0	0	22	22

Segments are based on the production of the company where main product group is safety belt and other products (car components, sheet metal products) have separately less than 10% of total sales. Costs are in line with the product's importance in profit. Assets are divided by the assets' relations with the main product groups. Liabilities (except bank loans) are divided proportionally by products groups. Investments are divided by the actual needs for production. Depreciation charge and revaluation are divided by the relations with the main product groups.

Segmets' information by market	Net sales	Net sales
	01.01.00-31.03.00	01.01.99-31.03.99
Estonia	16 922	8 918
Latvia	1 294	184
Lithuania	715	275
CIS	103 688	101 627
Sweden	5 069	5 505
Austria	3 261	3 326
Germany	901	138
France	4 219	626
Netherlands	172	611
Finland	784	1 664
Great Britain	3 446	0
USA	1 991	1 554
Other countries	9 125	989
Total:	151 587	125 947

Geographic segments are divided by the location of clients and assets.

16. Cost of goods sold	01.01.00-31.03.00	01.01.99-31.03.99
Raw materials	51 274	37 831
Wages	19 740	17 521
Depreciation	7 267	7 459
Utilities	4 099	3 248
Repairs	1 159	1 526
Transport services	477	560
Other	1 397	1 017
Change in inventories of work in process	-1 423	-1 142
Change in inventories of finished goods	4 675	623
Total	88 665	68 643

17. Marketing expenses	01.01.00-31.03.00	01.01.99-31.03.99
Salaries	848	792
Consultations	1 060	2 126
Transport services	2 251	2 051
Other	590	731
Total	4 749	5 700
18. Administrative and general expenses	01.01.00-31.03.00	01.01.99-31.03.99
Salaries	10 010	9 452
Product development	614	2 432
Depreciation	977	902
Utilities	167	322
Repairs	287	649
Advertising, promotion	457	464
Travel	848	865
Telephone, office supplies	240	485
Raw materials	78	250
Other services	258	354
Training	182	85
Other	19	1 829
Total	14 137	18 089
19. Bad debt provisions	The amount of	Provisions for
	receivables charged	doubtful receivables
	to expenses	
Provisions for doubtful receivables as of 01.01.00		-19 034
Received from the allowance of previous years	-10 300	10 300
2000. aastal moodustatud reserv	7 478	-7 478
Total	-2 822	-16 212
20. Other operating profit	01.01.00-31.03.00	01.01.99-31.03.99
Other sales	476	660
Property, plant and equipment sold	266	65
Foreign exchange gain	249	8 312
Other	8	26
Total	999	9 063
21. Other operating expenses	01.01.00-31.03.00	01.01.99-31.03.99
Membership fees of unions, other associations	81	77
Foreign exchange loss	145	292
Sponsorship	149	340
Cost of other sales	131	108
Other	5	0
Devaluation of property, plant and equipment	0	22
Total	511	839
22. Financial income	01.01.00-31.03.00	01.01.99-31.03.99
On shares in associated companies	59	0
Foreign exchange gains	775	5 704
Bank interest received	513	157
Deposit interest received	560	757
Loan interest received from individuals	32	99
Other	6	1
Total	1 945	6 718

Commentary to Q1 Y2000 consolidated financial results

Sales and revenue

The Q1 Y2000 consolidated net sales of AS Norma totaled 151,6 million EEK, incl. parent company with 126,4 million EEK. Consolidated sales increased by 21,4% (+25,7 million EEK) from Q1 in 1999. Revenues made by AS Norma accounted for 84%, AS Metaprint 12%, AS Norma Maja 1% and AS Tööriistavabrik 2,4% of the group's total income. The group's main fields of activity include production and sales of safety belts, car components, tin sheet lithography and real estate administration. Sales structure by regions has remained unchanged from the previous periods. Exports accounted for 89% of sales revenue, whereas 69% of production was exported to the Eastern markets and 20% to the West.

The average number of employees during the Q1 was 1121 (parent company 765).

Profit

The company's consolidated net profit was 48,4 million EEK; which is 14,8 million EEK more than Q1 in 1999.

To achieve high profit margin, AS Norma has decreased operating expenses and changed output structure. The reduction of administrative and general expenses of the group by 21,8% in the first quarter of 2000 compared Q1 in 1999 is another important factor for the growth of profitability.

The groups net profit rate margin was 31,9%. In Q1 1999 net profit rate margin was 26,8%.

Use of capital

Accounts receivable at the end of the Q1 total 121,8 million EEK, of which 73% is receivables from the Eastern markets. Compared to the standings of 31.12.99, the volume of accounts receivable has increased by 11,3 million EEK. The share of accounts in arrears of total receivables is 47%. Provision reserve formed of total Eastern market accounts receivables (16,2 million EEK) and provision reserve decrease 2,8 million EEK. Due to a significant increase in sales compared to Q1 1999, inventories fell 7,4% compared year's end, inventories of raw materials fell by 17%.

As of the end Q1 2000, the consolidated balance sheet size amounted to 539,1 million EEK (50,3 million EEK growth), increasing mainly due to the increase in current assets (53,9 million EEK). The total bank loans for AS Norma was 53,3 million EEK (EBRD).

The group's owners' equity has increased by 48,4 million EEK, amounting to 433,7 million EEK (80,4% of balance sheet volume).

Return on equity by net profit (ROE) was 11,2%

Cash flow

Net cash and cash equivalents generated 49,8 million EEK. Cash generated by operations increased from 53,9 million EEK. Capital expenditure amounted to 4,1 million EEK.

Investments

To support the existing production capacities and to assure the efficiency of production processes AS Norma invested totally 5,7 million, of which 1,4 million EEK in machinery and equipment.

Net income and earnings per share

Net income increased by 44% to 48,4 million EEK in Q1 2000 from 33,6 million EEK in Q1 1999.

According to the new Income Tax Law that took effect on 1 January 2000, there are no more income tax.

Earnings per share were 3,67 EEK in Q1 2000 compared to 2,55 EEK in Q1 1999.

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