

# AS NORMA

## COMMENTARY TO H1 Y2000 CONSOLIDATED FINANCIAL RESULTS

### Sales and Revenues

The H1 Y2000 consolidated net sales of AS Norma totalled 295,7 million EEK, incl. parent company with 248,2 million EEK. Consolidated sales increased by 13,5% (+35,3 million EEK) from H1 in 1999. Revenues of AS Norma accounted for 84%, AS Metaprint 11,5%, AS Tööriistavabrik 2,5% and AS Norma Maja 1,6% 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 83% of sales revenue; 69% of production was exported to the Eastern markets and 14% to the West.

The average number of employees during the H1 was 1093.

### Use of Capital

Accounts receivable at the end of the H1 total 122,9 million EEK, of which 73% is receivable from the Eastern markets. The H1 volume of accounts receivable has decrease by 7,3 million EEK. The share of accounts in arrears of total receivable was 54%. Provision reserve was constituted by total Eastern market accounts receivable (16,4 million EEK) and provision reserve decrease 3,3 million EEK.

As of the end H1 2000, the consolidated balance sheet size amounted to 511,8 million EEK (23,0 million EEK growth), increasing mainly due to the increase in current assets (30,4 million EEK).

The total bank loans for AS Norma was 39,9 million EEK (EBRD).

The group's owners' equity has increased by 44,7 million EEK, amounting to 430,0 million EEK (84% of balance sheet volume).

Return on equity by net profit (ROE) was 19.6%

### Investments

To support existing production capacities and assure the efficiency of production processes AS Norma invested a total of 12,6 million, of which 8,3 million EEK in machinery and equipment.

### Net Income and Earnings per Share

The company's consolidated unaudited profit after tax was 84,3 million EEK. The increase of 17.2 million EEK over comparable period of the previous year was caused by changes in Tax Regulations. 2000 I half net profit before tax was EEK 6 million lower than that of H1999, because due to hedged currency risks this year did not show as much foreign currency gain as last year. Earnings per share increased to 6,39 EEK in H1 2000 from 5,08 EEK in H1 1999.

### Changes in business activities

In order to concentrate on core business development and production on car safety system:

- AS Norma signed in June an agreement for sale of its 50% shareholding in AS Norsafe to Inka OY (Finland)
- AS Norma closed AS Metaprint manufacturing department in Pae street
- AS Norma sold buildings at Kopli 40
- AS Norma has invited tender offer for its real estate in Harku, Pae and Laki street
- In June AS Norma started assembly of seat belts on subcontracting bases for Autoliv Sweden AB on assembly line delivered from Sweden. During next two years is planned to increase the number of assembly lines by additional 4 line. Planned production capacity on these lines is 1,5 million seat belts per year

# Consolidated Balance Sheet

## Norma Group

(EEK 000')

### Assets

30.06.2000 31.12.1999

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#### Current Assets

Cash and Bank Accounts	101 130	91 192
Marketable Securities	85 652	58 143
Accounts Receivable	122 910	130 169
Allowance for Doubtful Receivable	-16 399	-19 690
Other Receivables and Prepayments	7 636	10 904
Inventories	54 863	54 685
<b>Total Current Assets</b>	<b>355 792</b>	<b>325 403</b>

#### Non-current Assets

Long-term Financial Assets	3 103	3 174
Property, Plant and Equipment	151 123	156 902
Intangible Assets	1 793	3 310
<b>Total Non-current Assets</b>	<b>156 019</b>	<b>163 386</b>

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<b>Total Assets</b>	<b>511 811</b>	<b>488 789</b>
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#### Liabilities and Shareholders' Equity

##### Liabilities

##### Current Liabilities

Accounts Payable and Accrued Expenses	41 817	50 173
Short-term Loans	13 320	26 656
<b>Total Current Liabilities</b>	<b>55 137</b>	<b>76 829</b>

##### Long-term Liabilities

Non-current Loans	26 672	26 672
<b>Total Non-current Liabilities</b>	<b>26 672</b>	<b>26 672</b>

##### Total liabilities

81 809 103 501

##### Owners' Equity

Share Capital (par value)	132 000	132 000
Retained Earnings and Reserves	213 688	145 700
Net Profit	84 314	107 588

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<b>Total Owners' Equity</b>	<b>430 002</b>	<b>385 288</b>
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<b>Total Liabilities and Owners' Equity</b>	<b>511 811</b>	<b>488 789</b>
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# AS Norma

(EEK 000')

## Assets

30.06.2000

31.12.1999

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### Current Assets

Cash and Bank Accounts	99 402	89 129
Marketable Securities	85 652	58 143
Accounts Receivable	137 275	118 837
Allowance for Doubtful Rreceivable	-11 856	-14 491
Other Receivables and Prepayments	5 759	10 617
Inventories	44 609	49 578

### Total Current Assets

360 841

311 813

### Non-current Assets

Long-term Financial Assets	67 685	90 360
Property, Plant and Equipment	84 892	91 937
Intangible Assets	498	870

### Total Non-current Assets

147 211

176 812

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### Total Assets

513 916

494 980

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## Liabilities and Shareholders' Equity

### Liabilities

#### Current Liabilities

Accounts Payable and Accrued Expenses	43 922	56 041
Short-term Loans	13 320	26 656

#### Total Current Liabilities

57 242

82 697

#### Long-term Liabilities

Non-current Loans	26 672	26 672
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#### Total Non-current Liabilities

26 672

26 672

#### Total liabilities

83 914

109 369

### Owners' Equity

Share Capital (par value)	132 000	132 000
Retained Earnings and Reserves	213 688	146 023
Net Profit	84 314	107 588

#### Total Owners' Equity

430 002

385 611

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### Total Liabilities and Owners' Equity

513 916

494 980

## Consolidated Income Statement

(EEK 000')

	01.04.00- 30.06.00	01.01.00- 30.06.00	01.04.99- 30.06.99	01.01.99- 30.06.99
Net Sales	144 082	295 669	134 444	260 391
Cost of Goods Sold	86 431	175 096	70 179	138 822
<b>Gross Profit</b>	<b>57 651</b>	<b>120 573</b>	64 265	121 569
Marketing Expenses	5 254	10 003	5 210	10 910
Administrative and General Expenses	16 241	30 378	19 029	37 118
Bad Debt Provision	562	-2 260	-2 983	-3 005
Other Income	2 339	3 338	1 875	10 938
Other Expenses	2 020	2 531	984	1 823
<b>Operating Profit</b>	<b>35 913</b>	<b>83 259</b>	43 900	85 661
Financial Income	864	2 809	2 748	9 466
Financial Expenses	880	1 754	2 035	4 823
Profit before Taxes	35 897	84 314	44 613	90 304
Provision for Taxes	0	0	11 157	23 235
<b>Net Profit</b>	<b>35 897</b>	<b>84 314</b>	33 456	67 069
Earnings per Share in kroons	2,72	6,39	2,53	5,08

## AS Norma

(EEK 000')

	01.04.00- 30.06.00	01.01.00- 30.06.00	01.04.99- 30.06.99	01.01.99- 30.06.99
Net Sales	121 819	248 227	125 028	238 801
Cost of Goods Sold	67 385	133 249	65 545	127 659
<b>Gross Profit</b>	<b>54 434</b>	<b>114 978</b>	59 483	111 142
Marketing Expenses	5 413	10 207	4 518	10 028
Administrative and General Expenses	14 658	29 805	15 440	30 381
Bad Debt Provision	532	-2 289	-2 983	-3 005
Other Income	1 347	2 042	1 711	10 392
Other Expenses	1 634	1 846	291	712
<b>Operating Profit</b>	<b>33 542</b>	<b>77 451</b>	43 928	83 418
Financial Income	3 398	8 964	4 518	13 597
Financial Expenses	1 043	2 101	3 427	7 033
Profit before Taxes	35 897	84 314	45 019	89 982
Provision for Taxes			11 563	22 913
<b>Net Profit</b>	<b>35 897</b>	<b>84 314</b>	33 456	67 069
Earnings per Share in kroons	2,72	6,39	2,53	5,08

## Consolidated Cash Flow

(EEK 000')

	<b>30.06.00</b>	<b>30.06.99</b>
<b>Operating Activities</b>		
Operating Profit	83 259	85 660
Profit from Sale of Property, Plant and Equipment	-222	-10
Depreciation	16 584	17 109
Property, Plant and Equipment Write-off	44	69
Increase (-), Decrease (+) in Current Assets	6 193	3 936
Increase (+), Decrease (-) in Current Liabilities	853	-9 793
Interest Received and Other Financial Income	2 509	2 114
Taxes Paid	-8 959	-8 402
Interest and Other Financial Expenses Paid	-1 725	-3 197
	<b>98 536</b>	<b>87 486</b>
<b>Investing Activities</b>		
Property, Plant and Equipment Sold	3 701	948
Property, Plant and Equipment Acquired	-12 818	-6 238
Loans Issued	-79	-67
Loans Repaid	648	999
	<b>-8 548</b>	<b>-4 358</b>
<b>Financing Activities</b>		
Loans Repaid	-13 336	-13 588
Dividends Paid	-39 600	-39 600
	<b>-52 936</b>	<b>-53 188</b>
<b>Net Cash Flow</b>	<b>37 052</b>	<b>29 940</b>
<b>Movement in Cash and Cash Equivalents</b>		
Cash and Cash Equivalents at the beginning of the year:	149 335	67 041
Net Cash Flow	37 052	29 940
Foreign Exchange Gain	395	5 633
Cash and Cash Equivalents at the End of Year:	186 782	102 614
<i>incl Cash and Bank Accounts</i>	<i>101 130</i>	<i>102 436</i>
<i>Marketable Securities</i>	<i>85 652</i>	<i>178</i>

## Changes in Owners` Equity

(EEK 000`)

	Share Capital	Reserves	Profit for Previous Accounting Periods	Profit for the Financial Year	Total Owners` Equity
<b>31.12.1998</b>	<b>132 000</b>	<b>15 636</b>	<b>122 758</b>	<b>47 578</b>	<b>317 972</b>
Net Retained Earnings of 1998			47 578	-47 578	0
Dividends			-39 600		-39 600
Adjustment			-672		-672
Net Profit for the Financial Year				107 588	107 588
<b>31.12.1999</b>	<b>132 000</b>	<b>15 636</b>	<b>130 064</b>	<b>107 588</b>	<b>385 288</b>
<b>31.12.1999</b>	<b>132 000</b>	<b>15 636</b>	<b>130 064</b>	<b>107 588</b>	<b>385 288</b>
Net Retained Earnings of 1999			107 588	-107 588	0
Dividends			-39 600		-39 600
Net Profit for the Financial Year				84 314	84 314
<b>30.06.2000</b>	<b>132 000</b>	<b>15 636</b>	<b>198 052</b>	<b>84 314</b>	<b>430 002</b>

# Notes to the Consolidated Financial Statements

In thousands of Estonian kroons (EEK 000\*), unless otherwise stated

## Accounting principles and principles of consolidation

AS Norma Consolidated Financial Statements have been prepared in accordance with International Accounting Standards (IAS 34 "Interim Financial Reporting") and with Estonian Accounting Law.

In Management Board opinion, the financial statements give a true and fair view of the financial position of Norma Group on June 30, 2000. Presented statements are not audited.

## 1. Property, Plant and Equipment

	Land and buildings	Machinery and Equip.	Other assets	Buildings under construction	Prepayments	Total
<b>Acquisition cost as of 31.12.1999</b>	58 554	227 510	2 228	0	1 178	289 470
Additions	1 178	4 930	3		2 710	8 821
Sale and written off	-4 105	-3 554	-52			-7711
At discount		-7				-7
Reconstruction	3 634	126				3 760
<b>Acquisition cost as of 31.06.2000</b>	<b>59 261</b>	<b>229 005</b>	<b>2 179</b>	<b>0</b>	<b>3 888</b>	<b>294 333</b>
<b>Depreciation as of 31.12.1999</b>	<b>-5 727</b>	<b>-125 620</b>	<b>-1 221</b>			<b>-132 568</b>
Depreciation charge	-1 495	-12 422	-120			-14 037
Depreciation of fixed assets sold and written off	409	2 961	25			3 395
<b>Depreciation as of 31.06.2000</b>	<b>-6 813</b>	<b>-135 081</b>	<b>-1 316</b>			<b>-143 210</b>
<b>Net book amount as of 31.12.1999</b>	<b>52 827</b>	<b>101 890</b>	<b>1 007</b>	<b>0</b>	<b>1 178</b>	<b>156 902</b>
<b>Net book amount as of 30.06.2000</b>	<b>52 448</b>	<b>93 924</b>	<b>863</b>	<b>0</b>	<b>3 888</b>	<b>151 123</b>

<b>2. Loans</b>	<b>30.06.2000</b>	31.12.1999
Current portion of long-term debt	<b>13 320</b>	26 656
Long term bank loan	<b>26 672</b>	26 672
<b>Total</b>	<b>39 992</b>	53 328

The total amount of bank loans of AS Norma as of 31.12.1999 was EEK 53 328. Total interest paid Q2 1 706 thousand kroons . DEM LIBOR rate of 6M + 2.75%. Loan period is 29.05.1998 - 28.11.2001.

<b>3. Share Capital</b>	<b>30.06.2000</b>	31.12.1999
Share capital par value (EEK 10 per share)	<b>132 000</b>	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 1999 at EEK 3 per share.

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 30.06.2000:

Autoliv Ab	51.0%
Merita Bank Ltd. Clients Account	11,5%
Hansabank	5,8%

4. Segment Information by Product Lines	Safety belts	Other products	Total	Safety belts	Other products	Total
	01.01.00- 30.06.00	01.01.00- 30.06.00	01.01.00- 30.06.00	01.01.99- 30.06.99	01.01.99- 30.06.99	01.01.99- 30.06.99
Segment's net sales	221 431	74 238	295 669	225 588	34 803	260 391
Segment's net income	79 096	4 163	83 259	81 378	4 283	85 661
Segment's assets	404 851	21 308	511 811	448 278	23 599	472 155
Segment's liabilities	32 894	11 028	83 914	52 620	8 118	127 386
Investments	7 965	4 616	12 581	3 254	158	3 412
Depreciation charge	11 276	3 781	15 057	14 823	2 286	17 109
Fixed assets' revaluation	0	7	7	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
	01.01.00-30.06.00	01.01.99-30.06.99
Estonia	35 083	17 851
Latvia	2 897	296
Lithuania	1 051	1 143
CIS	202 024	211 904
Sweden	10 054	10 329
Austria	6 759	5 987
Germany	1 163	695
France	7 108	1 691
Netherlands	599	1 192
Finland	2 374	2 491
Great Britain	2 661	432
USA	3 590	3 652
Belgium	4 718	40
Other countries	15 588	2 688
<b>Total:</b>	<b>295 669</b>	<b>260 391</b>

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

5. Bad Debt Provisions	The amount of receivables charged to expenses	The amount of receivables charged to expenses
	01.01.00.-30.06.00	01.01.99-30.06.99
Received from the allowance of previous years	-10 301	-3005
Provisions reserve	7 666	0
Written-of provisions	375	0
<b>Total</b>	<b>-2 260</b>	<b>-3005</b>



<b>6. Earnings per Share</b>	<b>30.06.2000</b>	30.06.1999
Net profit	<b>84 314</b>	67 069
Average number of shares (in thousands)	<b>13 200</b>	13 200
Earnings per share (EPS)	<b>6,39</b>	5,08

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

<b>7. Related Parties</b>	<b>01.01.00-30.06.00</b>		01.01.99-30.06.99	
	<b>Sale to AS Norma</b>	<b>Purchases from AS Norma</b>	Sale to AS Norma	Purchases from AS Norma
AS Norsafe (associated company)	<b>0</b>	<b>228</b>	22	1 034
Autoliv AB	<b>3 079</b>	<b>1 031</b>	0	858

Intra-company transactions are based on market prices. AS Norma produces components for ratchet buckles for AS Norsafe.