

AS NORMA

COMMENTARY TO 09/00 CONSOLIDATED FINANCIAL RESULTS

Sales and Revenues

The first nine-month in 2000 consolidated net sales of AS Norma totalled 456,7 million EEK, incl. parent company share of 382,7 million EEK. Consolidated sales increased by 18,6% (+71,9 million EEK) from nine-month of 1999. Revenues of AS Norma accounted for 84%.

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 88,2% of sales revenue; 78,5% of production was exported to the Eastern markets and 21,5% to the West.

The average number of employees was 1059.

Use of Capital

Accounts receivable at the end of the Q3 total 98,8 million EEK, of which 67% is receivable from the Eastern markets. Compared to the standing of 31.12.99. the volume of accounts receivable decreased by 31,4 million EEK. The share of accounts in arrears of total receivable was 23,6%.

Provision for bad debts was (12,9 million EEK) and decreased by 6,8 million EEK.

As of the end Q3 2000, the consolidated balance sheet amounted to 558,7 million EEK (69,9 million EEK growth), increasing due to the increase in current assets (82,7 million EEK).

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

The group's owners' equity has increased by 89,9 million EEK, amounting to 475,2 million EEK (85% of balance sheet volume).

Return on equity by net profit (ROE) was 27,2%

Investments

To support existing production capacities and assure the efficiency of production processes AS Norma invested a total of 23,1 million, of which 17,0 million EEK in machinery and equipment.

Profit and Earnings per Share

The company's consolidated unaudited profit after tax was 129,5 million EEK. The increase of 40,0 million EEK over comparable period of the previous year was caused mainly by changes in Tax Regulations. 2000 nine month period net profit before tax was EEK 7,1 million higher than that of nine month 1999.

Earnings per share increased to 9,81 EEK in Q3 2000 from 6,78 EEK in Q3 1999.

Peep Siimon
Chairman of the Board
372 6500-442

AS Norma
Consolidated Balance Sheet 09/00

(EEK 000')

A s s e t s

30.09.2000

31.12.1999

Current Assets

| | | | |
|------------------------------------|----------------|---------|---|
| Cash and Bank Accounts | 155 228 | 91 192 | |
| Marketable Securities | 103 541 | 58 143 | |
| Accounts Receivable | 98 838 | 130 169 | |
| Allowance for Doubtful Rreceivable | -12 867 | -19 690 | 5 |
| Other Receivables and Prepayments | 10 918 | 10 904 | |
| Inventories | 52 457 | 54 685 | |

Total Current Assets

408 115 325 403

Non-current Assets

| | | | |
|-------------------------------|----------------|---------|---|
| Long-term Financial Assets | 1 497 | 3 174 | |
| Property, Plant and Equipment | 147 524 | 156 902 | 1 |
| Intangible Assets | 1 519 | 3 310 | |

Total Non-current Assets

150 540 163 386

Total Assets

558 655 488 789

Liabilities and Shareholders' Equity

Liabilities

Current Liabilities

| | | | |
|---------------------------------------|---------------|--------|---|
| Accounts Payable and Accrued Expenses | 43 508 | 50 173 | |
| Short-term Loans | 13 320 | 26 656 | 2 |
| Total Current Liabilities | 56 828 | 76 829 | |

Long-term Liabilities

| | | | |
|--------------------------------------|---------------|--------|---|
| Non-current Loans | 26 672 | 26 672 | 2 |
| Total Non-current Liabilities | 26 672 | 26 672 | |

Total liabilities

83 500 103 501

Owners' Equity

3

| | | | |
|--------------------------------|----------------|---------|--|
| Share Capital (par value) | 132 000 | 132 000 | |
| Retained Earnings and Reserves | 213 688 | 145 700 | |
| Net Profit | 129 467 | 107 588 | |

Total Owners' Equity

475 155 385 288

Total Liabilities and Owners' Equity

558 655 488 789

AS Norma

Parent company balance sheet 09/00

(EEK 000')

Assets

30.09.2000

31.12.1999

Current Assets

| | | |
|------------------------------------|---------|---------|
| Cash and Bank Accounts | 151 263 | 89 129 |
| Marketable Securities | 103 541 | 58 143 |
| Accounts Receivable | 105 123 | 118 837 |
| Allowance for Doubtful Rreceivable | -8 609 | -14 491 |
| Other Receivables and Prepayments | 10 361 | 10 617 |
| Inventories | 47 906 | 49 578 |

Total Current Assets

409 585

311 813

Non-current Assets

| | | |
|-------------------------------|--------|--------|
| Long-term Financial Assets | 69 584 | 90 360 |
| Property, Plant and Equipment | 88 365 | 91 937 |
| Intangible Assets | 365 | 870 |

Total Non-current Assets

158 314

176 812

Total Assets

567 899

494 980

Liabilities and Shareholders' Equity

Liabilities

Current Liabilities

| | | |
|---------------------------------------|--------|--------|
| Accounts Payable and Accrued Expenses | 52 752 | 56 041 |
| Short-term Loans | 13 320 | 26 656 |

Total Current Liabilities

66 072

82 697

Long-term Liabilities

| | | |
|-------------------|--------|--------|
| Non-current Loans | 26 672 | 26 672 |
|-------------------|--------|--------|

Total Non-current Liabilities

26 672

26 672

Total liabilities

92 744

109 369

Owners' Equity

| | | |
|--------------------------------|---------|---------|
| Share Capital (par value) | 132 000 | 132 000 |
| Retained Earnings and Reserves | 213 688 | 146 023 |
| Net Profit | 129 467 | 107 588 |

Total Owners' Equity

475 155

385 611

Total Liabilities and Owners' Equity

567 899

494 980

AS Norma
Consolidated Income Statement 09/00
(EEK 000')

| | 01.07.00- 30.09.00 | 01.01.00- 30.09.00 | 01.07.99- 30.09.99 | 01.01.99- 30.09.99 | |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|---|
| Net Sales | 161 023 | 456 692 | 124 444 | 384 835 | 4 |
| Cost of Goods Sold | 103 394 | 278 490 | 69 002 | 207 824 | |
| Gross Profit | 57 629 | 178 202 | 55 442 | 177 011 | |
| Marketing Expenses | 5 441 | 15 444 | 4 852 | 15 762 | |
| Administrative and General Expenses | 15 051 | 45 429 | 18 192 | 55 310 | |
| Bad Debt Provision | -3 403 | -5 663 | -944 | -3 949 | 5 |
| Other Income | 3 029 | 6 367 | 685 | 11 623 | |
| Other Expenses | 577 | 3 108 | 696 | 2 519 | |
| Operating Profit | 42 992 | 126 251 | 33 331 | 118 992 | |
| Financial Income | 2 744 | 5 553 | 0 | 8 070 | |
| Financial Expenses | 583 | 2 337 | 1 303 | 4 731 | |
| Profit before Taxes | 45 153 | 129 467 | 32 028 | 122 331 | |
| Provision for Taxes | 0 | 0 | 9 588 | 32 823 | |
| Net Profit | 45 153 | 129 467 | 22 440 | 89 508 | |
| Earnings per Share in kroons | 3,42 | 9,81 | 1,70 | 6,78 | 6 |

AS Norma
Parent company income statement 09/00
(EEK 000')

| | 01.07.00- 30.09.00 | 01.01.00- 30.09.00 | 01.07.99- 30.09.99 | 01.01.99- 30.09.99 |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Net Sales | 134 506 | 382 733 | 105 306 | 344 107 |
| Cost of Goods Sold | 77 979 | 211 228 | 56 529 | 184 188 |
| Gross Profit | 56 527 | 171 505 | 48 777 | 159 919 |
| Marketing Expenses | 5 577 | 15 784 | 4 712 | 14 740 |
| Administrative and General Expenses | 14 625 | 44 430 | 15 025 | 45 406 |
| Bad Debt Provision | -3 239 | -5 528 | -944 | -3 949 |
| Other Income | 669 | 2 711 | 406 | 10 798 |
| Other Expenses | 331 | 2 177 | 177 | 889 |
| Operating Profit | 39 902 | 117 353 | 30 213 | 113 631 |
| Financial Income | 6 913 | 15 877 | 1 734 | 15 331 |
| Financial Expenses | 1 662 | 3 763 | 483 | 7 516 |
| Profit before Taxes | 45 153 | 129 467 | 31 464 | 121 446 |
| Provision for Taxes | | | 9 025 | 31 938 |
| Net Profit | 45 153 | 129 467 | 22 439 | 89 508 |
| Earnings per Share in kroons | 3,42 | 9,81 | 1,70 | 6,78 |

AS Norma

Consolidated Cash Flow 09/00

(EEK 000')

| | 30.09.00 | 30.09.99 |
|---|-----------------|-----------------|
| Operating Activities | | |
| Operating Profit | 126 251 | 118 992 |
| Profit from Sale of Property, Plant and Equipment | -2 743 | -91 |
| Depreciation | 24 892 | 25 392 |
| Property, Plant and Equipment Write-off | 68 | 79 |
| | 7 | 0 |
| Increase (-), Decrease (+) in Current Assets | 25 509 | 30 915 |
| Increase (+), Decrease (-) in Current Liabilities | 1 909 | 4 507 |
| Interest Received and Other Financial Income | 3 984 | 3 666 |
| Taxes Paid | -8 959 | -23 096 |
| Interest and Other Financial Expenses Paid | -1 753 | -3 650 |
| | 169 166 | 156 714 |
| Investing Activities | | |
| Property, Plant and Equipment Sold | 12 033 | 1 049 |
| Property, Plant and Equipment Acquired | -23 087 | -9 847 |
| Loans Issued | -96 | -163 |
| Associated Companies Sold | 2 000 | 0 |
| Loans Repaid | 1 012 | 1 515 |
| | -8 138 | -7 446 |
| Financing Activities | | |
| Loans Repaid | -13 336 | -13 714 |
| Dividends Paid | -39 600 | -39 600 |
| | -52 936 | -53 314 |
| Net Cash Flow | 108 092 | 95 954 |
| Movement in Cash and Cash Equivalents | | |
| Cash and Cash Equivalents at the Beginning of the Year: | 149 335 | 67 041 |
| Net Cash Flow | 108 092 | 95 954 |
| Foreign Exchange Gain | 1 343 | 4 205 |
| Cash and Cash Equivalents at the End of Year: | 258 769 | 167 200 |
| <i>inclCash and Bank Accounts</i> | <i>155 228</i> | <i>167 006</i> |
| <i>Marketable Securities</i> | <i>103 541</i> | <i>194</i> |

AS Norma Changes in Owners` Equity

(EEK 000`)

| | Share Capital | Reserves | Profit for Previous Accounting Periods | Profit for the Financial Year | Total Owners` Equity |
|-----------------------------------|------------------|---------------|---|----------------------------------|-------------------------|
| 31.12.1998 | 132 000 | 15 636 | 122 758 | 47 578 | 317 972 |
| 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 |
| 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 |
| Net Retained Earnings of 1999 | | | 107 588 | -107 588 | 0 |
| Dividends | | | -39 600 | | -39 600 |
| Net Profit for the Financial Year | | | | 129 467 | 129 467 |
| 30.09.2000 | 132 000 | 15 636 | 198 052 | 129 467 | 475 155 |

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 AS Norma on September 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 |
|---|--------------------|----------------------|---------------|------------------------------|--------------|-----------------|
| Acquisition cost as of 31.12.1999 | 58 554 | 227 510 | 2 228 | 0 | 1 178 | 289 470 |
| Additions | 1 178 | 16 440 | 3 | 395 | 964 | 18 980 |
| Sale and written off | -12 380 | -5 545 | -58 | | -1 178 | -19 161 |
| At discount | | -7 | | | | -7 |
| Reconstruction | 4 048 | 308 | | | | 4 356 |
| Acquisition cost as of 30.09.2000 | 51 400 | 238 706 | 2 173 | 395 | 964 | 293 638 |
| Depreciation as of 31.12.1999 | -5 727 | -125 620 | -1 221 | | | -132 568 |
| Depreciation charge | -2 176 | -18 981 | -160 | | | -21 317 |
| Depreciation of fixed assets sold and written off | 2 965 | 4 778 | 28 | | | 7 771 |
| Depreciation as of 30.09.2000 | -4 938 | -139 823 | -1 353 | | | -146 114 |
| Net book amount as of 31.12.1999 | 52 827 | 101 890 | 1 007 | 0 | 1 178 | 156 902 |
| Net book amount as of 30.09.2000 | 46 462 | 98 883 | 820 | 395 | 964 | 147 524 |

In order to concentrate on core business – development and production of car safety systems:

- 50% shareholding in AS Norsafe was sold to Inka OY (Finland),
- warehouse buildings at Paldiski mnt. were sold

2. Loans

| | 30.09.2000 | 31.12.1999 |
|-----------------------------------|---------------|---------------|
| Current portion of long-term debt | 13 320 | 26 656 |
| Long term bank loan | 26 672 | 26 672 |
| Total | 39 992 | 53 328 |

The total amount of bank loans of AS Norma as of 31.12.1999 was 53 328 thousand kroons. In Q2 13 336 thousand kroons of principal was repaid and in Q3 payable interests were 2 287 thousand kroons at DEM LIBOR rate of 6M + 2.25% and DEM LIBOR of 6M + 2,80%. Loan period is 29.05.1998 - 28.11.2001.

3. Share Capital

| | 30.09.2000 | 31.12.1999 |
|--|------------|------------|
| Share capital par value (EEK 10 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 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 30.09.2000:
Autoliv Ab 51.0%
Merita Bank Ltd. Clients Account 10,2%

| 4. Segment Information by Product Lines | Safety belts 01.01.00- 30.09.00 | Other products 01.01.00- 30.09.00 | Total 01.01.00- 30.09.00 | Safety belts 01.01.99- 30.09.99 | Other products 01.01.99- 30.09.99 | Total 01.01.99- 30.09.99 |
|--|--|--|---|--|--|---|
| Segment's net sales | 344 990 | 111 702 | 456 692 | 322 680 | 96 209 | 384 835 |
| Segment's net income | 119 938 | 6 313 | 126 251 | 113 042 | 5 950 | 118 992 |
| Segment's assets | 341 336 | 113 779 | 558 655 | 378 340 | 126 113 | 504 648 |
| Segment's liabilities | 32 631 | 10 877 | 83 500 | 53 081 | 17 694 | 137 439 |
| Investments | 18 729 | 4 616 | 23 345 | 6 013 | 322 | 6 335 |
| Depreciation charge | 16 958 | 5 653 | 22 611 | 16 880 | 5 627 | 22 507 |
| 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 01.01.00-30.09.00 | Net sales 01.01.99-30.09.99 |
|---------------------------------------|--|--|
| Estonia | 53 166 | 32 057 |
| Latvia | 5 855 | 3 452 |
| Lithuania | 1 051 | 1 615 |
| Russia | 308 740 | 299 350 |
| Sweden | 17 902 | 14 468 |
| Austria | 16 352 | 8 209 |
| Germany | 2 167 | 888 |
| France | 10 209 | 4 083 |
| Netherlands | 1 008 | 2 458 |
| Finland | 3 408 | 3 592 |
| Great Britain | 4 569 | 2 509 |
| USA | 7 995 | 6 771 |
| Belgium | 5 038 | 712 |
| Other countries | 19 232 | 4 671 |
| Total: | 456 692 | 384 835 |

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

| 5. Bad Debt Provisions | The amount of receivables charged to expenses 01.01.00.-30.09.00 | The amount of receivables charged to expenses 01.01.99-30.09.99 |
|---|---|--|
| Received from the allowance of previous years | -18 161 | -8 501 |
| Provisions reserve | 12 109 | 4 552 |
| Written-of provisions | 389 | 0 |
| Total | -5 663 | -3 949 |

| 6. Earnings per Share | 30.09.2000 | 30.09.1999 |
|---|-------------------|------------|
| Net profit | 129 467 | 89 508 |
| Average number of shares (in thousands) | 13 200 | 13 200 |
| Earnings per share (EPS) | 9,81 | 6,78 |

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

| 7. Related Parties | 01.01.00-30.09.00 | | 01.01.99-30.09.99 | |
|---------------------------|-----------------------------|------------------------------------|---------------------|----------------------------|
| | Sale to AS Norma | Purchases from AS Norma | Sale to AS Norma | Purchases from AS Norma |
| Autoliv AB | 7 381 | 5 996 | 0 | 1 405 |