

AS Norma  
Management Report of 2001

**AS Norma general information**

The history of AS Norma dates back 100 years: in 1891 Paulus Michelson founded a metal workshop, which, since 1931, is called Norma. In 1973 the production of car safety belts was started. Today, AS Norma is a leading supplier of car safety systems for the Russian car-manufacturing plants and supplier of safety belts for several western car-manufacturing groups. The shares of AS Norma are quoted in the main list of Tallinn Stock Exchange.

Primary activity of AS Norma is manufacturing and sale of safety systems and relevant parts for cars, and development and research work related to the primary activity. Technologies used in principal production are metal working, casting and electro-deposition of details.

As at the end of 2001, AS Norma Group consisted of AS Norma and its four 100%-owned subsidiaries.

At the end of 2001, the Group employed 1048 people, including 856 in AS Norma. AS Norma is located in the Republic of Estonia, in Tallinn, 14 Laki Str.

**Financial Highlights**

(in millions of kroons except shares and per share amounts)

		<b>Group</b>			<b>AS Norma (parent company) *</b>		
		<b>2001</b>	2000	Delta %	<b>2001</b>	2000	Delta %
Netomüük /	Net sales	<b>815.9</b>	634.2	28.6	<b>795.1</b>	543.3	46.3
Ärikasum /	Operating profit	<b>167.1</b>	152.4	9.7	<b>154.8</b>	139.1	11.3
Tulumaks /	Income tax	<b>2.2</b>	-		<b>- 2.2</b>	-	
Puhaskasum /	Net profit	<b>177.6</b>	157.5	12.8	<b>177.6</b>	157.5	12.8
Aktivad /	Assets	<b>725.2</b>	568.1	27.6	<b>723.7</b>	575.1	25.8
Omakapital /	Shareholders' equity	<b>614.8</b>	503.1	22.2	<b>614.8</b>	503.1	22.2
		<b>132</b>	132	0	<b>132</b>	132	0
Aksiakapital /	Share capital						
Töötajate arv /	Number of employees	<b>1 048</b>	1049	0	<b>856</b>	836	2.4
Aktsiate arv /	Outstanding shares	<b>13.2</b>	13.2	0	<b>13.2</b>	13.2	0
Tulu aktsia kohta /	Earnings per share	<b>13.46</b>	11.93	12.8	<b>13.46</b>	11.93	12.8
Tulude suhe omakapitali - ROE		<b>0.289</b>	0.313	(7.7)	<b>0.289</b>	0.313	(7.7)
Tulude suhe varadesse - ROA		<b>0.245</b>	0.277	(11.2)	<b>0.245</b>	0.274	(11.2)

\*AS Norma consolidated at equity method

## Year 2001 operations of AS Norma

### 1. Sales revenue

The net sales of AS Norma group in 2001 amounted to 815.9 million kroons, growth compared to 2000 being 29%. The turnover of the parent company was 795.1 million kroons i.e. 97% of the turnover of the entire Group. Sales of the parent company increased 46% in a year. Consolidated sales of subsidiaries were 20.8 million kroons. The share of export in the total sales of the Group amounted to 98%, 63% of which was exported to Russia. Income received from the sale of car safety belts and –parts made up 92% of the total sales of AS Norma Group (78% in 2000), showing the focus of Norma on primary activity.

Year 2001 may be characterised by the cooling of the economic climate in all developed markets and by the September 11 events in USA, as a result of which the sale of vehicles faced a significant decline. At the same time, car manufacturing and sales in developing markets increased, especially in our principal market Russia, where the car manufacturing increased by 5.4% compared to 2000.

Increasingly tightening competition causes the manufacturers in developed countries to find new and low-cost production facilities. This trend is followed also in Autoliv Group. In 2001, a large part of the assembly of safety belts was transferred into countries with lower production costs, including Estonia. As a result of this, the percentage of export sales of Norma, directed towards the west, increased significantly, amounting to 37%, which in turn decreased the market risk of Norma. Sales to the companies in Autoliv Group constituted 225.7 million kroons. Other larger western customers were Fasching Salzburg GmbH, Saab Automobile AB, Iris Bus France, Van Hool and others.

The market share, which expanded as a result of increased car manufacturing and successful sales activity enabled the increasing of sales to Russian customers by 15% compared to 2000, larger customers being still AvtoVAZ and GAZ. At the same time, we could see a certain degree of activation also in respect to other, smaller manufacturers in 2001.

### 2. Business Profitability

		Group			AS Norma (parent company)*		
		2001	2000	Delta %	2001	2000	Delta %
Netokäive /	Net sales	<b>815.9</b>	634.2	28.7	<b>795.1</b>	543.3	46.3
Realiseeritud toodete kulu /	Cost of goods sold	<b>580.2</b>	410.2	41.4	<b>577.8</b>	339.7	70.1
Periodikulud /							
	Administrative and selling expenses	<b>74.6</b>	75.7	-1.5	<b>63.4</b>	62.3	16
Ärikasum /	Operating income	<b>167.1</b>	152.4	9.7	<b>154.8</b>	139.1	113
Kasum enne maksustamist /	Profit before taxes	<b>179.9</b>	157.5	14.2	<b>179.8</b>	157.5	14.2
Puhaskasum /	Net profit	<b>177.6</b>	157.5	12.8	<b>177.6</b>	157.5	12.8
Käiberentaablus /	Sales margin (%)	<b>21.8%</b>	24.8%	(12.3)	<b>22.3%</b>	29.0%	(22.9)

\*AS Norma consolidated at equity method

Net profit of the Group for 2001 was 177.6 million kroons. Compared to 2000, net profit has increased by 13%. Profit before taxes increased 14%, to 179.9 million

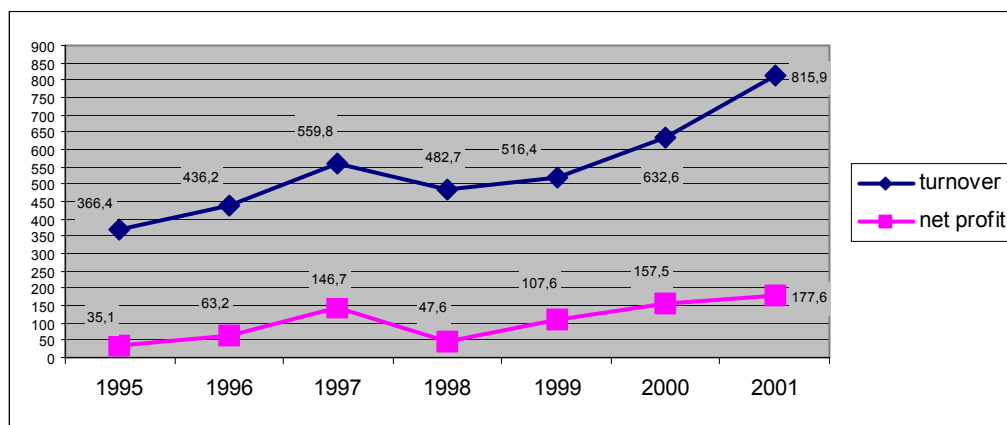
kroons. The Group's sales margin decreased by 12%, from 24.8 to 21.8 percent. The sales grew 29% in 2001, at the same time the cost of goods sold increased 41% and marketing expenses 4%. The development and research expenses and administrative expenses decreased 3 and 4% respectively.

The change in the Group's income-expense structure was caused by the sale of subsidiary AS Metaprint and change in the structure of the parent company's production. Without the net sales of AS Metaprint, which in 2000 made 10% of the Group's turnover, the share of the sales of the parent company amounts to 97% of the group's turnover. The sales of parent company increased 46%, whereas cost of goods sold increased 70%. The percentage of cost of goods sold in the sales price increased from 63% to 73% in 2001. The mentioned increase resulted from higher material and commodities costs in sales from 34% to 50% during 2001. Besides commodities the company used more procured components in production during the financial period, above all when assembling the safety belts for Autoliv. The sale to Autoliv amounted in 2001 to 225 million kroons, making 28% of net sales.

Operating profit of the parent company in 2001 was 154.8 million kroons, being 11% higher than in 2000.

Personnel expenses of the Group came to 146.6 million kroons in 2001, comprising a growth of 7% compared to the previous period. The ratio of workforce expenses to net sales decreased from 22% in 2000 to 18% during the period under review. The number of employees in the Group, as at the end of 2001, was 1048, being 1 employee less than that of the previous year, whereas the number of jobs in the parent company increased by 20, amounting to 856.

### Dynamics of the Group's turnover and profit in 1995-2001 (MEEK)



### 3. Management of liquidity and use of capital

The Group's equity increased by 111.6 million kroons i.e. 22 % totalling 614.8 million kroons at the end of the year. Equity ratio decreased in a year from 89 to 85 percent. Free equity as at the end of the year was 469.6 million kroons.

Although the volume of assets grew 28%, to 725.1 million kroons, the percentage of cash and liquid securities is making up 25% of the latter. Net current assets as at 31 December 2001 came to 212.8 million kroons, fixed assets 219 million kroons. There is no need for external finance in the Group.

In managing the liquidity and making financial investments AS Norma was traditionally also conservative in 2001. Besides the Estonian kroon and euro deposits with different terms of the Estonian banks and money and interest fund units, the company also acquired short-term fixed-interest bonds of the Scandinavian banks, and a small amount of similar bonds of Hansa Capital and the City of Tartu. The short-term loan to other subsidiaries of the Autoliv group was extended, enabling the making of short-term placements in the Euro with higher interest than that of the euro deposits offered on the market.

For more flexible cash management of the Group, reduction of interest expenses and the need for loans the company uses a group account. This enables the subsidiaries to use the funds of the Group within the limit assigned to them by AS Norma.

#### **4. Assets**

The Group assets at the end of the financial period were 725.2 million kroons, being 157 million kroons more than at the end of 2000. 104.9 million of this increase was contributed to by current assets. The latter amounted to 506.2 million kroons at the end of the period.

Accounts receivable made 153.3 million kroons at the end of the year, including a 43.3 million debt of the companies of the Autoliv group. AS Norma, in turn, owed to the companies of the same group 73.4 million kroons. A provision in the amount of 13.1 million kroons for covering doubtful accounts has been established. 76% of this is connected with the accounts of Russian customers. The provision decreased 7.7 million kroons in a year, including 3.5 million kroons from the balance sheet of AS Metaprint, a subsidiary sold in 2001.

The inventory of the Group at the end of the financial period were 83.1 million kroons i.e. by 17.4 million kroons more than at the beginning of the period, making 11% of assets. As a result of increased production volumes, the inventory of commodities and materials increased by 19.4 million kroons, while the amount of finished goods in the warehouses decreased by 3.4 million kroons.

#### **5. Highlights of the year**

Construction of the new production facility of AS Tööriistavabrik was completed and manufacturing was started in the new building.

For the first time more than 3.0 million car safety belts with inertia role were sold on the Eastern market.

First stage in the transfer of production from Autoliv ended with instalment and implementation of 6 assembly lines.

As a second stage the transfer of 4 assembly lines is planned.

## **6. Subsidiaries**

By the end of 2001, AS Norma Group included 4 subsidiaries (AS Tööriistavabrik, Norma-Osvar ZAO, Eksamo Automaatika AS and AS Norma Maja).

The primary field of activity of AS Tööriistavabrik is designing, assembling and repairing of fixtures and dies of plastic. AS Tööriistavabrik belongs as a link with strategic importance to the production chain of AS Norma. In 2001, the plant moved to new production facilities. The turnover of AS Tööriistavabrik in 2001 was 30.7 million kroons and net profit 0.7 million kroons. Turnover outside the group made 9.7 million kroons.

The main activity of AS Norma Maja is management of real estate owned by the group. In 2001, the turnover of the company amounted to 42.4 million kroons and net profit 9.0 million kroons. Turnover outside the group made 9.5 million kroons.

Eksamo Automaatika AS is providing maintenance and repairing services of production equipment to the parent company and is performing automative work for AS Norma as well as other companies. Turnover of the company in 2001 was 14.8 million kroons and profit 144 thousand kroons. Turnover outside the group was 1.2 million kroons.

The fields of activity of AS Metaprint were lithographing of metal. In 2000, the manufacturing operations of this subsidiary were terminated and in January 2001, all shares of the 100%-owned subsidiary AS Metaprint were sold to an English company Goldgem Investments Ltd.

The sales turnover of a subsidiary Norma-Osvar ZAO located in Russia was 11.5 million kroons and loss 0.3 million kroons in 2001.

## **7. Investments**

In order to guarantee production capacity and efficiency of manufacturing processes, the group invested 87.2 million kroons in 2001, from which 50.7 million kroons were used for purchasing machines and fixtures.

The largest real investments of the Group in 2001 were the following:

■ Metal work presses	14.7 MEEK
■ Construction works	30.0 MEEK
■ Electroplating lines and equipment	3.2 MEEK
■ Thermoplastic automaton	7.5 MEEK
■ Information technology	2.9 MEEK
■ Quality control equipment	4.0 MEEK
■ Assembly lines	4.3 MEEK

## **8. Stock market and stock performance**

AS Norma has issued 13.2 million ordinary shares, giving one vote per share. For the operating result of 2000, the company paid 66 million kroons in dividends, being 5 kroons per share.

The shares of AS Norma are quoted in the main list of Tallinn Stock Exchange. In addition, the shares are traded at the stock exchanges of Frankfurt, Berlin and Munich.

The shareholders of AS Norma with a holding more than 3%, as at 31.12.2001

Autoliv AB	51.0%
Nordea Bank Finland PLC Clients Account Trading	7.4%
Clearstream Banking Luxembourg S.A. Clients	4.3%
Skandinaviska Eskilda Banken AB Clients	5.5%
Hansapank	3.3%

By the end of the financial period (31.12.2001) the closing price of the AS Norma share at Tallinn Stock Exchange was 52.90 kroons.

	<b>2001</b>	<b>Group</b> 2000	Delta %
Tulud aktsia kohta (EPS) / Earnings per share	<b>13.46</b>	11.93	12.8
Hinna-tulude suhe / P/E (price-earnings ratio) (börsi sulgemishind 31. dets. 2001 52,90 ja 2000 47,50)	<b>3.9</b>	4.0	(2.5)
Aktsia raamatupidamisväärtus / Net book value per share (omakapitali suhe aktsiatesse)	<b>46.6</b>	38.1	22.3

## Consolidated balance sheet

(Thousands of EEK)

<b>Assets</b>	<b>12/31/01</b>	<b>12/31/00</b>	<b>Notes</b>
<b>Current assets</b>			
Cash and bank accounts	<b>59 449</b>	58 637	1
Marketable securities	<b>123 452</b>	88 300	2
Accounts receivable	<b>153 291</b>	118 389	3
Allowance for doubtful receivables	<b>-13 136</b>	-20 905	3
Other receivables and prepayments	<b>81 951</b>	81 896	4
Prepaid taxes	<b>18 034</b>	9 221	5
Inventories	<b>83 132</b>	65 699	6
<b>Total current assets</b>	<b>506 173</b>	401 237	
<b>Non-current assets</b>			
Long-term financial assets	<b>1 060</b>	1 253	7
Property, plant and equipment	<b>209 790</b>	156 860	9
Investments in real estate	<b>6 251</b>	6 403	10
Intangible assets	<b>1 887</b>	2 363	11
<b>Total non-current assets</b>	<b>218 988</b>	166 879	
<b>Total assets</b>	<b>725 161</b>	568 116	
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued expenses	<b>106 477</b>	60 460	13
Taxes payable	<b>3 908</b>	4 519	14
<b>Total current liabilities</b>	<b>110 385</b>	64 979	
<b>Total liabilities</b>	<b>110 385</b>	64 979	
<b>Owners' equity</b>			
Share capital (par value)	<b>132 000</b>	132 000	15
Retained earnings and reserves	<b>305 137</b>	213 688	16
Net profit	<b>177 638</b>	157 449	
<b>Total owners' equity</b>	<b>614 776</b>	503 137	
<b>Total liabilities and owners' equity</b>	<b>725 161</b>	568 116	

## AS NORMA balance sheet

(Thousands of EEK)

<b>Assets</b>	<b>12/31/01</b>	12/31/00
<b>Current assets</b>		
Cash and bank accounts	57 647	54 903
Marketable securities	123 452	88 300
Accounts receivable	179 026	126 800
Allowance for doubtful receivables	-12 791	-16 395
Other receivables and prepayments	81 789	81 806
Prepaid taxes	17 485	8 349
Inventories	77 357	59 332
<b>Total current assets</b>	<b>523 965</b>	403 095
<b>Non-current assets</b>		
Long-term financial assets	76 634	73 430
Property, plant and equipment	121 996	97 281
Intangible assets	1120	1 271
<b>Total non-current assets</b>	<b>199 750</b>	171 982
<b>Total assets</b>	<b>723 715</b>	575 077
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	106 950	69 021
Taxes payable	1 989	2 919
<b>Total current liabilities</b>	<b>108 939</b>	71 940
<b>Total liabilities</b>	<b>108 939</b>	71 940
<b>Owners' equity</b>		
Share capital (par value)	132 000	132 000
Retained earnings and reserves	305 137	213 688
Net profit	177 638	157 449
<b>Total owners' equity</b>	<b>614 776</b>	503 137
<b>Total liabilities and owners' equity</b>	<b>723 715</b>	575 077

## Consolidated income statement

(Thousands of EEK)

	<b>2001</b>	2000	Notes
Net sales	815 920	634 171	17
Cost of goods sold	580 205	410 215	18
<b>Gross profit</b>	<b>235 715</b>	223 956	
Marketing expenses	23 601	22 739	19
Administrative and general expenses	32 116	33 469	21
Research and Development expenses	18 871	19 487	20



Bad debts written-down	-1 839	2 382	22
Other income	7 048	13 484	23
Other expenses	2 910	7 009	24
<b>Operating profit</b>	<b>167 103</b>	152 354	
Financial income	13 122	8 531	25
Financial expenses	355	3 436	26
Profit before taxes	179 870	157 449	
Provision for taxes	2 232	0	27
<b>Net profit</b>	<b>177 638</b>	157 449	
Earnings per share in kroons	13,46	11,93	15

## AS NORMA income statement

(Thousands of EEK)

	2001	2000
Net sales	795 120	543 324
Cost of goods sold	577 751	339 721
<b>Gross profit</b>	<b>217 369</b>	203 603
Marketing expenses	23 310	22 165
Administrative and general expenses	21 175	20 678
Research and Development expenses	18 871	19 487
Bad debt written-down	-1 960	2 257
Other income	1 257	3 590
Other expenses	2 441	3 555
<b>Operating profit</b>	<b>154 788</b>	139 051
Financial income	25 665	24 924
Financial expenses	616	6 526
Profit before taxes	179 837	157 449
Provision for taxes	2 199	
<b>Net profit</b>	<b>177 638</b>	157 449
Earnings per share in kroons	13,46	11,93

## Changes in Owners' Equity

(Thousands of EEK)

	Share capital	Reserves	Retained earnings	Profit for the financial year	Total owners' equity
<b>12/31/1999</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
Revaluation reserve adjustment	-	-2 436	2 436	-	0
Dividends	-	-	-39 600	-	-39 600
Net profit for the financial year	-	-	-	157 449	157 449

<b>12/31/2000</b>	<b>132 000</b>	<b>13 200</b>	<b>200 488</b>	<b>157 449</b>	<b>503 137</b>
<b>12/31/2000</b>	<b>132 000</b>	<b>13 200</b>	<b>200 488</b>	<b>157 449</b>	<b>503 137</b>
Net retained earnings of 2000	-	-	157 449	-157 449	0
Dividends	-	-	-66 000	-	-66 000
Net profit for the financial year	-	-	-	177 638	177 638
<b>12/31/2001</b>	<b>132 000</b>	<b>13 200</b>	<b>291 938</b>	<b>177 638</b>	<b>614 776</b>

According to the requirements of Business Law, the statutory reserve is 10% from share capital. More detailed information, about owners' equity and about changes in it, is enclosed in Notes 15 and 16.

## Consolidated cash flows

(Thousands of EEK)

<b>Operating activities</b>	<b>2000</b>	1999	Notes
Operating profit	<b>167 102</b>	152 354	
Profit/loss from sale of property, plant and equipment	<b>-1258</b>	-8 549	9
Income from subsidiaries	<b>1 094</b>	0	
Depreciation	<b>33 820</b>	30 163	9,10,11
Property, plant and equipment write-down	<b>286</b>	1 619	9
Property, plant and equipment discount	<b>29</b>	638	9
Increase (-), decrease (+) in current assets	<b>-72 594</b>	-1 213	
Increase (+), decrease (-) in current liabilities	<b>45 406</b>	24 235	
Interest received and other financial income	<b>10 486</b>	7 518	25
Other financial expenses paid	<b>0</b>	-3 705	26
Taxes paid	<b>-33</b>	-8 959	
	<b>184 338</b>	194 101	
<b>Investing activities</b>			
Property, plant and equipment sold	<b>2 032</b>	18 847	9
Property, plant and equipment acquired	<b>-87 211</b>	-48 133	9,10
Loans issued	<b>-199</b>	-78 356	4
Subsidiaries sold	<b>5 000</b>	0	
Associated companies sold	<b>0</b>	2 000	7
Loans repaid	<b>557</b>	1 284	7
	<b>-79 821</b>	-104 358	
<b>Financing activities</b>			
Dividends taxes	<b>-2 199</b>	0	27
Loans repaid	<b>0</b>	-53 328	
Dividends paid	<b>-66 000</b>	-39 600	16
	<b>-68 199</b>	-92 928	
<b>Net cash flow</b>	<b>36 318</b>	-3 185	

### Movement in cash and cash equivalents

Cash and cash equivalents at the beginning of the year:	<b>146 937</b>	149 335
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Net cash flow	<b>36 318</b>	-3 185	
Foreign exchange gain, loss(-)	<b>-354</b>	787	
Cash and cash equivalents at the end of the year:	<b>182 901</b>	146 937	
incl. cash and bank accounts	<i>59 449</i>	<i>58 637</i>	1
marketable securities	<i>123 452</i>	<i>88 300</i>	2

## Accounting policies

### Accounting principles

AS Norma's consolidated financial statements are prepared in accordance with International Accounting Standards (IAS) and under the historical cost convention.

A new accounting standard, IAS 40 has been introduced and became effective on 1 January 2001. In accordance with this standard the investment property, which was included in tangible fixed assets in previous years, has been disclosed in a separate line "Investment property". The comparative figures in the balance sheet have been restated.

### Principles of consolidation

The consolidated income statements are prepared bearing in mind the reader's desire to view related enterprises as a common economic unit, in which the financial statements of each company in the group are consolidated in compliance with the International Accounting Standards.

The consolidated financial statements include the accounts of AS Norma and its subsidiaries (participation over 50%). All inter-company accounts and transactions are eliminated.

The subsidiaries have been recorded according to the equity method in financial statements of the parent company.

### Foreign currencies

All foreign currency transactions by AS Norma and the group are recorded in Estonian kroons based on the exchange rate of the Bank of Estonia officially valid at the date of transaction.

Income statements of subsidiaries located outside of Estonia are translated into Estonian kroons based on average Bank of Estonia exchange rates for the year; assets and liabilities in foreign currencies are translated according to the Bank of Estonia exchange rate valid on December 31.

### Cash and cash equivalents

In the cash flow statement, cash and cash equivalents are comprised of cash in hand, deposits held on call at banks, and other marketable securities.

### Marketable securities

Marketable securities are recorded in the balance sheet according at the lower of the acquisition cost or net realisable value and any gain from the sale of shares of interest fund is calculated using the weighted average cost method and is recorded in the income statement as financial income.

### **Long-term financial assets**

The held-to-maturity bonds and loans issued by the enterprise are disclosed in amortised cost and using the effective interest rate. Other long-term financial investments are accounted for in market value. In case the market value cannot be reliably estimated, the investments are recorded at cost.

### **Accounts receivable**

Accounts receivable recorded in the balance sheet are inventoried at the year end, and a provision has been made to cover doubtful receivables. The provision is recorded in the balance sheet as provision for doubtful receivables and receivables charged to expenses in the income statement as bad debt written-off. Bad debts are written off and accounted for as off balance sheet items.

### **Inventories**

Raw materials both in warehouses and in production and merchandise purchased are recorded in the balance sheet according to the lower of acquisition cost or net realisable value. Finished goods and work in process are recorded at production cost. (This consists of direct and indirect production costs). The cost of materials, semi-manufactured parts and finished goods is calculated using the weighted average cost method.

### **Property, plant and equipment**

Assets with an acquisition cost of over 20 thousand kroons and a useful life of more than one year are considered as property, plant and equipment. Property, plant and equipment are recorded at acquisition cost less accumulated depreciation. Property, plant and equipment is reduced to the recoverable amount (the higher of net realisable value or value in use), if recoverable amount is lower than net book amount. Improvements are capitalised if the value of a specific asset is qualitatively increased to a higher level or if it can be proved that income related to such expenses will arise in future accounting periods.

Depreciation is calculated using the straight-line depreciation method, based on estimated useful life as follows:

Buildings	18-26 years
Machinery and equipment	7 years
Motor vehicles	6 years
Other assets	3-5 years

### **Intangible assets**

Amortisation of intangible assets is calculated using the straight-line method, based on estimated useful life as follows:

Development costs	5 years
Purchased licenses	5 years

### **Investment property**

Investment property is defined as buildings held for rental yields. Investment property is recorded at cost less accumulated depreciation. Depreciation is accounted for according to straight-line method, based on the useful life of an asset item (18 to 26 years).

### **Deferred income tax**

According to the new income tax law that took effect on January 1, 2000, dividends paid by the company to resident natural persons and non-residents are subject to income tax (26/74 of net dividend paid). There are no more differences between the taxation and book values of assets and liabilities and, therefore, no more deferred income tax.

The company's potential tax liability related to the distribution of its retained earnings as dividends is not recorded in the balance sheet, because it is not possible to reliably estimate such liability. The amount of potential tax liability related to the distribution of dividends depends on whether and when the company actually pays out the dividends, and in which proportion the shares are owned by resident entities, resident natural persons and non-residents. The maximum possible tax liability which would become payable if retained earnings would be fully paid out as dividends and all shareholders belonged to the taxable category is disclosed in Note 27.

From January 1, 2001, dividend tax will be recorded as an expense according to the requirements of IAS 12.

### **Vacation pay reserve**

The cost of the vacation pay reserve is recorded at the time the liability arises, that is, when the employee is entitled to claim vacation pay. Earned vacation pay is recorded in the income statement as an expense and in the balance sheet as a current liability.

### **Provisions and potential liabilities**

Provisions are recognised when a company has a present legal or contractual obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made, but the date of the settlement and the final amount of it are not certain. Valuation of the provision is done based on the opinion and experience of management or the opinion of independent experts, if necessary.

Warranties, guarantees and other potential liabilities, which may occur under certain conditions, are disclosed in Notes to the Consolidated Financial Statements as Potential Liabilities.

### **Sales**

Sales are recognised upon delivery of products and the transfer of all related risks of ownership to the customer and when the revenue and the costs of the transactions can reliably be defined. Invoices prepared in foreign currencies are translated into Estonian kroons according to the Bank of Estonia exchange rate valid at the invoice date.

### **Product development expenses**

Product development expenses are generally recorded in the income statement under administrative and general expenses. If income related to expenses incurred will arise in future reporting periods, such expenses are capitalised in the balance sheet under intangible assets.

### **Accounting for leases**

In the case of an operating lease, the leased asset remains in the lessor's accounts and the lessor continues depreciating the asset in accordance with its useful life. Lease revenue is recorded in accordance with the accrual assumption.

## Notes to the consolidated financial statements 2001

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

<b>1. Cash and bank accounts</b>	<b>12/31/01</b>	<b>12/31/00</b>
Cash and bank accounts	1 917	3 777
Short-term deposits	57 532	54 860
	<b>59 449</b>	<b>58 637</b>

At the end of the year the company had 3 383.1 thousand kroons, 168.9 thousand Euros in overnight deposits. 1 023.0 thousand Euros and 16 000.0 thousand kroons were deposited as short-term bank deposits (under a 4-months term) and 21 500.0 thousand kroons (under a 12-months term).

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

<b>2. Marketable securities</b>	<b>12/31/01</b>	<b>12/31/00</b>
Money Market Fund shares	16 800	9 000
Interest Fund shares	63 120	39 329
Bonds	43 532	39 971
	<b>123 452</b>	<b>88 300</b>

For short-term cash management, shares of the money market funds of Hansabank, Ühisbank and interest fund of Hansabank were acquired. Additionally, also acquired were short-term fixed interest bonds of SEB, Tartu town and AS Hansa Capital at interest rates ranging from 3.6 to 5.9%.

As of December 31, 2001, book value of bonds and shares of funds was not materially different from their market valuations.

<b>3. Accounts receivables</b>	<b>31/12/01</b>	<b>31/12/00</b>
Trade receivables	109 948	111 791
Group receivables	43 343	6 598
Reserve for doubtful receivables	-13 136	-20 905
	<b>140 155</b>	<b>97 484</b>

As of December 31, 2001, 76% of doubtful receivables were related to Russian customers. More information on reserve for doubtful accounts is shown in Note 22.

<b>4. Other receivables and prepayment</b>	<b>31/12/01</b>	<b>31/12/00</b>
Other receivables, incl.	79 327	80 951
short-term loans	78 568	78 733
advances to employees	29	45
prepayments for services	730	2 173
Accrued interest	1 542	111
Prepaid expenses	1 082	834
	<b>81 951</b>	<b>81 896</b>

As part of cash management a 3-month loan in the amount of 5 million Euro at an interest rate of 3.548% p.a. was issued to Autoliv Autosicherheitst GMBH. This loan is shown under other receivables – short-term loan.

The most significant prepayments concerning expenses for future reporting periods are: insurance premiums (757 thousand kroons), subscription to newspapers (122 thousand kroons) and heating oil (103 thousand kroons).

<b>5. Prepaid tax</b>	<b>31/12/01</b>	<b>31/12/00</b>
Prepaid income tax	62	-
Prepaid VAT	17 972	9 221
	<b>18 034</b>	9 221
<b>6. Inventories</b>	<b>31/12/01</b>	<b>31/12/00</b>
Raw materials	55 858	36 471
Work in process	15 079	14 155
Finished goods	11 006	14 448
Goods for resale	1 147	139
Prepayments to suppliers	42	486
	<b>83 132</b>	65 699

In 2001, the obsolete and substandard materials are written down in the amount of 755 (in 2000: 3,524) thousand kroons, resulting in the net book value of 78 (in 2000: 217) thousand kroons. Materials, unfinished and finished goods unsuitable for production and sale have been written-off in the amount of 326 (in 2000: 2,063) thousand kroons.

<b>7. Long-term financial assets</b>	<b>31/12/01</b>	<b>31/12/00</b>
Other shares	2	2
Other long-term receivables	1 058	1 251
	<b>1 060</b>	1 253

**Other long-term receivables** consist of long-term loans to employees of AS Norma.

#### Long-term loans to individuals

Purpose	Balance as of 12/31/00	Issued loans in 2001	Paid back in 2001	Balance as of 12/31/01	Incl. classified as short-term	Interest rate in percent
Purchase of real estate	665	-	384	281	134	13
Student loans	762	199	24	937	67	0
Other	324	-	149	175	134	9
	<b>1 751</b>	<b>199</b>	<b>557</b>	<b>1 393</b>	<b>335</b>	

AS Norma has issued loans to employees in accordance with the internal loan policy. Loans are secured by two guarantee agreements with private persons, real estate or share pledges (information in Note 8).

#### Subsidiaries as at December 31, 2001

Name of company	Participation	Country
AS Eksamo Automaatika	100%	Estonia
AS Tööriistavabrik	100%	Estonia
AS Norma Maja	100%	Estonia
Norma-Osvar Ltd.	100%	Russia

AS Norma subsidiaries have issued only ordinary shares. There were no transactions with subsidiaries' shares in 2001.

Until the year 2001 AS Norma had a 100% control of the subsidiary Norma-Osvar Ltd., incorporated in Cyprus, and Norma-Osvar ZAO was the 100% subsidiary of the latter. As there were no business operations carried out in Norma-Osvar Ltd, the company was closed down in the end of the year 2000, leaving AS Norma in full control of the Norma-Osvar ZAO, which is located in the territory of the Russian Federation.

In January 2001 all the shares of AS Metaprint, 100% controlled subsidiary, were sold at the price of 5,000 thousand kroons. The money received from the sale of shares (5,000 thousand kroons) was

transferred to Norma Ltd. account in two parts: 3,200 thousand kroons on 10.01.01 and 1,800 thousand kroons on 12.01.01. AS Norma gained a profit of 1,094 thousand kroons for the sales transaction.

AS Metaprint assets and liabilities on the date of sale in thousands of kroons:

Assets	sales date	01/01/01	Liabilities and owners' equity	sales date	01/01/01
Cash and bank accounts	2 165	1 611	Current liabilities		
Accounts receivable	4 673	10 968	Accounts payable	283	5 929
Provision for doubtful receivable	-3 500	- 3500	Taxes payable	779	589
Other receivables	492	492	Payables to employees	56	313
Inventories	1 059	1 051	Total current liabilities	1 118	6 831
Non-current assets	115	115	Owners' equity	3 886	3 906
Total assets	5 004	10 737	Total liabilities and owners' equity	5 004	10 737

With the sale of the subsidiary the balance sheet total of the Group as of 31.12.2000 was reduced by 10,737 thousand kroons and the provision for doubtful receivables was reduced by 3,500 thousand kroons as well. The sales turnover of AS Metaprint amounted to 64,990 thousand kroons in 2000; in consolidated results of AS Norma in 2001 the result is 0, as well as the profit/loss (the loss of AS Metaprint amounted to 2,465 thousand kroons in 2000).

8. Pledges to AS Norma	31/12/01	31/12/00
NG Investeeringud AS shares	11	105
Apartments	80	150
	91	255

Pledges to AS Norma are related with loans to individuals.

9. Property, plant and equipment	Land and buildings	Machinery and equipment	Other equipment	Unfinished buildings	Prepayments	Total
<b>Acquisition cost as of 12/31/00</b>	<b>49 223</b>	<b>251 559</b>	<b>2 214</b>	<b>171</b>	<b>2 961</b>	<b>306 128</b>
Additions	31 203	40 406	3 927	4 244	6 432	86 212
Sale and disposal	-	-14 606	-388	-	-	-14 994
Requalification	200	2 932	-	-171	-2 961	-
<b>Acquisition cost as of 12/31/01</b>	<b>80 626</b>	<b>280 291</b>	<b>5 753</b>	<b>4 244</b>	<b>6 432</b>	<b>377 346</b>
<b>Accumulated depreciation as of 12/31/00</b>	<b>-6 033</b>	<b>-141 960</b>	<b>-1 275</b>	<b>-</b>	<b>-</b>	<b>-149 268</b>
Depreciation charge	-2 850	-29 085	-350	-	-	-32 285
Written-down	-	-29	-	-	-	-29
Depreciation of sold and disposed fixed assets	-	13 901	125	-	-	14 026
<b>Accumulated depreciation as of 12/31/01</b>	<b>-8 883</b>	<b>-157 173</b>	<b>-1 500</b>	<b>-</b>	<b>-</b>	<b>-167 556</b>
<b>Net book amount as of 12/31/00</b>	<b>43 190</b>	<b>109 599</b>	<b>939</b>	<b>171</b>	<b>2 961</b>	<b>156 860</b>
<b>Net book amount as of 12/31/01</b>	<b>71 743</b>	<b>123 118</b>	<b>4 253</b>	<b>4 244</b>	<b>6 432</b>	<b>209 790</b>

Acquisition cost of fully depreciated fixed assets (0 book value) as of 12/31/00 was 55,320 thousand kroons; as of 12/31/01 76,419 thousand kroons.

In 2001 machinery and equipment were devalued down to their net realisable value by the amount of 29 thousand kroons.



<b>10. Investment property</b>	<b>Buildings</b>	<b>Total</b>
<b>Acquisition cost as of 12/31/00</b>	<b>7 362</b>	<b>7 362</b>
<b>Acquisition cost as of 12/31/01</b>	<b>7 362</b>	<b>7 362</b>
<b>Accumulated depreciation as of 12/31/00</b>	<b>959</b>	<b>959</b>
Depreciation charge	152	152
<b>Accumulated depreciation as of 12/31/01</b>	<b>1 111</b>	<b>1 111</b>
<b>Net book amount as of 12/31/00</b>	<b>6 403</b>	<b>6 403</b>
<b>Net book amount as of 12/31/01</b>	<b>6 251</b>	<b>6 251</b>

No independent expert opinion has been obtained about the value of the real estate. There are no restrictions on the realisation of property.

The fair value of the property is between 18,000 to 20,000 thousand kroons.

The lease income earned from the real estate in 2001 was 2,406 thousand kroons and the corresponding expense was 320 thousand kroons.

<b>11. Intangible assets</b>	<b>Other</b>	<b>Total</b>
Opening net book amount as of 12/31/00	7 192	7 192
Additions	999	999
Written-off	-848	-848
Opening net book amount as of 12/31/01	7 343	7 343
<b>Accumulated amortisation as of 12/31/00</b>	<b>-4 829</b>	<b>-4 829</b>
Amortisation charge	-1 383	-1 383
Written-off	756	756
<b>Accumulated amortisation as of 12/31/01</b>	<b>-5 456</b>	<b>-5 456</b>
<b>Net book amount as of 12/31/00</b>	<b>2 363</b>	<b>2 363</b>
<b>Net book amount as of 12/31/01</b>	<b>1 887</b>	<b>1 887</b>

Other intangible assets include the cost of purchased patents and software licenses.

## **12. Operating lease**

The company has signed operating lease contracts to rent cars (period 2000-2004). In 2000, total amount of rental payments under these contracts was 705 thousand kroons. In 2001, amount of leasing payments was 598 thousand kroons, in 2002 the amounts payable are 476 thousand and in 2003 413 thousand kroons and in 2004 28 thousand kroons.

The production equipment of the parent company is, in addition, used under the terms of operating lease (Note 29).

<b>13. Accounts payables and accrued expenses</b>	<b>31/12/01</b>	<b>31/12/00</b>
Customer prepayments	660	1 637
Accounts payables	17 546	29 653
Salaries payable	14 789	15 019
Accrued expenses	37	82
Other prepaid expenses	-	27
Payables to parent company	73 445	14 042
	<b>106 477</b>	<b>60 460</b>
<b>14. Taxes payable</b>	<b>31/12/01</b>	<b>31/12/00</b>
Social security tax and other	3 239	3 764
Unemployment insurance tax	34	-
VAT payable	635	755
	<b>3 908</b>	<b>4 519</b>
<b>15. Share capital</b>	<b>31/12/01</b>	<b>31/12/00</b>
Share capital par value (10 kroons per share)	132 000	132 000

AS Norma has issued 13.2 million ordinary shares that grant one vote per share. Dividends paid out for 2000 were 5 kroons per share amount to 66.0 million kroons. AS Norma shares are listed in the main list of the Tallinn Stock Exchange and are quoted on the Frankfurt, Berlin and Munich Stock Exchanges.

Share capital of AS Norma is 132,000 thousand kroons, which is the minimum amount of the share capital. Maximum is 528,000 thousand kroons.

AS Norma shareholders with participation over 3% as of 12/31/01:

Autoliv Ab	51.0%
Nordea Bank Finland PLC Clients Account Trading	7.4%
Clearstream Banking Luxembourg S.A. Clients	4.3%
Skandinaviska Eskilda Banken Ab Clients	5.5%
Hansapank	3.3%

<b>Earnings per share</b>	<b>2001</b>	<b>2000</b>
Net profit	<b>177 638</b>	157 449
Average number of shares (in thousands)	<b>13 200</b>	13 200
Earnings per share (EPS) kroons	<b>13,5</b>	11,9

The company has no un-issued ordinary shares and therefore the basic earnings per share and diluted earnings per share are equal.

#### 16. Retained earnings and reserves

	Retained earnings	Reserve	Statutory reserve	Total
<b>December 31, 1999</b>	<b>130 064</b>	<b>2 436</b>	<b>13 200</b>	<b>145 700</b>
Net profit for 1999	107 588	-	-	107 588
Reserve	2 436	-2 436	-	-
Dividends ordinary shares	-39 600	-	-	-39 600
<b>December 31, 2000</b>	<b>200 488</b>	-	<b>13 200</b>	<b>213 688</b>
Net profit for 1999	157 449	-	-	157 449
Dividends ordinary shares	-66 000	-	-	-66 000
<b>December 31, 2001</b>	<b>291 938</b>	-	<b>13 200</b>	<b>305 137</b>

The revaluation reserve was related to the buildings at Kopli Street. As those buildings were sold in June 2000, the revaluation reserve has been decreased and retained earnings have been increased by the respective amount.

#### 17. Segment information

##### by Product lines

	Safety belts 2001	Other products 2001	Total 2001	Safety belts 2000	Other products 2000	Total 2000
Sales	<b>752 621</b>	<b>130 881</b>	<b>883 502</b>	492 751	204 794	697 545
Internal sales		<b>(67 582)</b>	<b>(67 582)</b>		(63 374)	(63 374)
Net sales	<b>752 621</b>	<b>63 299</b>	<b>815 920</b>	492 751	141 420	634 171
Operating profit	<b>164 928</b>	<b>2 175</b>	<b>167 103</b>	152 269	85	152 354
Assets	<b>421 156</b>	<b>102 320</b>	<b>523 476</b>	273 956	127 628	401 584
Unallocated assets			<b>201 685</b>			166 533
Total assets			<b>725 161</b>			568 117
Liabilities	<b>102 128</b>	<b>8 257</b>	<b>110 385</b>	54 268	10 711	64 979
Investments	<b>86 958</b>	<b>253</b>	<b>87 211</b>	43 803	4 836	48 639

Depreciation charge	<b>28 508</b>	<b>5 312</b>	<b>33 820</b>	23 829	6 334	30 163
Fixed assets' revaluation	<b>29</b>	<b>0</b>	<b>29</b>	283	355	638

Segments are based on the production of the company where main product group is safety belt and other products (car components, metal products, real estate management) have separately less than 10% of total sales. The profitability of other products has decreased because of the extraordinary expenses related to the closing down of some product lines, not considered to be a core business. As a result of the sales of the subsidiary sheet metal processing is no longer an activity of the company (Note 7).

Costs are in line with the product's share in profit. Assets (except shares, other securities and loans), liabilities and investments are divided by their relation to the segments. Depreciation charge and revaluation are divided by relations with the main product groups.

### Sales by geographical market

	Net sales	
	2001	2000
Russia	<b>502 628</b>	437 183
Estonia	<b>15 657</b>	64 272
Sweden	<b>243 161</b>	36 696
Austria	<b>13 946</b>	20 987
France	<b>12 263</b>	13 708
USA	<b>1 378</b>	9 358
Latvia	<b>0</b>	9 041
Ukraine	<b>6 089</b>	7 863
Belgium	<b>4 010</b>	5 554
Finland	<b>2 043</b>	4 996
Czech Republic	<b>4 489</b>	4 877
Great Britain	<b>0</b>	4 569
Denmark	<b>3 234</b>	4 306
Germany	<b>478</b>	2 348
Netherlands	<b>1 245</b>	1 712
Lithuania	<b>905</b>	1 257
Other countries	<b>4 394</b>	5 444
<b>Total:</b>	<b>815 920</b>	634 171

The inventories and tangible assets of the AS Norma group are located in Estonia, with the exception of a building (Polish module) in the AS Norma balance sheet with a net value of 62 thousand Estonian kroons, which is located in the Russian Federation; also with an exception of assets of Norma-Osvar Ltd. located in the Russian Federation. Balance sheet value of the assets of Norma-Osvar Ltd. is 7,139 (in 2000: 10,329) thousand kroons, of which the value of fixed assets is 596 (in 2000: 672) thousand kroons.

18. <b>Cost of goods sold</b>	2001	2000
Raw materials	<b>410 628</b>	245 503
Wages	<b>114 556</b>	103 188
Depreciation	<b>30 609</b>	27 140
Utilities	<b>12 258</b>	12 841
Other	<b>12 154</b>	21 543
	<b>580 205</b>	410 215

19. <b>Marketing expenses</b>	2001	2000
Salaries	<b>4 407</b>	3 497
Depreciation	<b>267</b>	344
Consultations	<b>5 505</b>	5 786
Transport services	<b>10 245</b>	10 255

	Other	3 177	2 857
		<b>23 601</b>	22 739
<b>20.</b>	<b>Research and Development expenses</b>	<b>2001</b>	<b>2000</b>
	Salaries	9 649	10 989
	Prototype and pre-serial tooling	3 831	3 770
	Depreciation	969	668
	Utilities	27	54
	Repairs	59	286
	Advertising, promotion	252	109
	Travel	1 199	1 080
	Telephone, office supplies	108	137
	Raw materials	46	51
	Other services	167	170
	Training	122	131
	Other	2 442	2 042
		<b>18 871</b>	19 487
<b>21.</b>	<b>Administrative and general expenses</b>	<b>2001</b>	<b>2000</b>
	Salaries	17 963	19 584
	Depreciation	1 975	2 011
	Utilities	300	781
	Repairs	417	153
	Advertising, promotion	1 646	1 448
	Travel	599	1 043
	Telephone, office supplies	1 096	1 319
	Raw materials	172	163
	Other services	2 530	1 181
	Training	555	355
	Other	4 863	5 431
		<b>32 116</b>	33 469
<b>22.</b>	<b>Provisions for bad debt</b>	<b>2001</b>	<b>2000</b>
	Provisions for doubtful receivables made in 2001	3 297	16 654
	Write-off of bad debts	308	389
	Received from allowance of previous years	-5 444	-14 661
		<b>-1 839</b>	2 382
<b>23.</b>	<b>Other operating income</b>	<b>2001</b>	<b>2000</b>
	Other sales	452	685
	Profit from sales of property, plant and equipment	1 258	10 596
	Foreign exchange gain	709	1 751
	Other	4 629	452
		<b>7 048</b>	<b>13 484</b>
<b>24.</b>	<b>Other operating expenses</b>	<b>2001</b>	<b>2000</b>
	Membership fees of unions, other associations	119	141
	Loss from the sale and disposal of fixed assets	286	2 919
	Sponsorship	2 269	1 512
	Cost of other sales	86	1 180
	Other	121	619
	Devaluation of property, plant and equipment	29	638
		<b>2 910</b>	7 009
<b>25.</b>	<b>Financial income</b>	<b>2001</b>	<b>2000</b>

Shares in associated companies	1 094	-
Shares in subsidiary companies	-	320
Other financial investments	-	478
Foreign exchange gain	-	787
Bank interest received	83	1 785
Deposit interest received	5 379	4 163
Loan interest received from companies	6 395	111
Loan interest received from individuals	7	79
Other	164	808
	<b>13 122</b>	<b>8 531</b>

Due to concentration on the main business activities the associated company AS Nosafe's shares were sold in 2000 with the profit of 320 thousand kroons, and in 2001 AS Metaprint's shares were sold with the profit of 1,094 thousand kroons (Note 7).

<b>26. Financial expenses</b>	<b>2001</b>	<b>2000</b>
Loan interest paid	354	-
Changes in value of financial investments	-	3 292
Other	-	144
	<b>355</b>	<b>3 436</b>

<b>27. Income tax</b>	<b>2001</b>	<b>2000</b>
Income tax payable	33	-
Deferred income tax	2 199	-
<b>Total</b>	<b>2 232</b>	<b>-</b>

The subsidiary of the group - ZAO Norma-Osvar - is registered and located in the territory of the Russian Federation. Income tax on the profit (33 thousand kroons) has been paid according to the income tax law valid in the jurisdiction.

#### Maximum possible income tax on dividends

The retained earnings of the company amounted to 469,576 thousand kroons as of 12/31/01. The maximum possible income tax liability in case of retained earnings is fully paid out as dividends (in case all shareholders belonged to a taxable category as of the date of dividend payment) is 86,279 thousand kroons. Accordingly, it would be possible to pay net dividends in the amount of 383,297 thousand kroons.

<b>28. Personnel expenses</b>	<b>2001</b>	<b>2000</b>
Wages and salaries	110 181	103 203
Social security	36 360	34 058
Unemployment insurance	34	-
<b>29. Related parties</b>	<b>Autoliv Group</b>	
	<b>2001</b>	<b>2000</b>
Sales to Norma	244 631	24 526
Purchase from Norma	231 528	21 489
	<b>12/31/01</b>	<b>12/31/00</b>
Receivable from Group companies	43 343	6 598
Payable to Group companies	73 445	14 042
Short-term loan to Autoliv Autosicherheitst GmbH	78 317	78 344

Autoliv AB is a parent company of AS Norma (see Note 12). According to management opinion intra-company trading transactions with Autoliv companies are based on market prices, although the short-term loan to another Autoliv subsidiary has been issued at an interest rate slightly higher than market. Autoliv has leased machinery of a commercial value of 4,119 thousand kroons to Norma at an annual rent of 86 (2000 : 43) kroons.

Remuneration paid to the Management Board members during the year amounted to 4,339 thousand kroons and to members of the Supervisory Board amounted to 805 thousand kroons.

Loans to employees are described in Note 7.

### Group pool account

On 10/22/99 Hansabank and AS Norma, with its subsidiaries, entered into a contract of group pool account under which AS Norma is defined to be the parent company. Subsidiaries of the group were Eksamo Automaatika AS, AS Metaprint, AS Norma Maja and AS Tööriistavabrik.

## 30. Primary risks for the AS Norma group

### Credit risk

Credit risk reflects the potential loss, which may be caused by a business partner's inability to meet the assumed obligations. This is particularly important in regard to the ability of our major customers to pay for goods supplied. Credit is primarily extended only to our long-term partners. In order to ensure the accrual of payments from our long-term clients, we are constantly monitoring and analysing their financial situation and liquidity. If necessary, we have requested bank guarantees to ensure payment. Prepayment or a letter of credit is required for single transactions or new clients.

A provision has been made to cover doubtful receivables. This reserve encompasses all accounts receivable, which are the object of dispute with the other party, and receivables, which the Management Board has reason to believe are not collectible.

The accounts receivable balance from the Russian clients on 31.12.01 amounted to 96,869 thousand kroons (31.12.00 : 90,853). Write-down at the end of the period amounted to 10,000 thousand kroons (31.12.00 : 15,523); therefore the net balance of receivables as at 31.12.01 amounted to 86,869 thousand kroons (31.12.00 : 75,330).

### Currency risk

In 2001, 98% of AS Norma concern's sales were export sales, made mainly in DEM. The concern's expenses were primarily in Estonian kroons, German marks, U.S. dollars, Swedish crowns and Russian roubles. Since Q2 1999 the company is no longer exposed to the risk of fluctuations in USD/DEM exchange rate, as the basic buy and sell contracts have been re-entered on a EUR-basis. The risks related to other currencies were hedged either by levelling the incoming and outgoing cash flows of the same currency, or recording contractual payments in Euros according to the exchange rate on the date of payment. During 2001, the company expects the importance of international transactions made in Euros to increase and in Swedish crowns to decrease.

### Currency positions of the group

Thousands of kroons

31/12/2001

Assets	EEK	SEK	USD	EUR	RUR	Other	Total
Cash	42 033	118	6	16 006	1 286	0	59 449
Customer receivables	1 813	984	2 454	127 011	4 054	16 975	153 291
Other receivables	3 634	-	-	78 317	-	-	81 951
Prepayments to suppliers	22	-	6	-	14	-	42
	<b>47 502</b>	<b>1 102</b>	<b>2 466</b>	<b>221 334</b>	<b>5 354</b>	<b>16 975</b>	<b>294 733</b>

**Liabilities**

Prepayments from customers	134	-	-	34	4	488	660
Accounts payable	8 513	4 137	41	73 719	200	4 381	90 991
	<b>8 647</b>	<b>4 137</b>	<b>41</b>	<b>73 753</b>	<b>204</b>	<b>4 869</b>	<b>91 651</b>

**31/12/2000**

<b>Financial assets EEK</b>	<b>SEK</b>	<b>USD</b>	<b>EUR</b>	<b>RUR</b>	<b>Other</b>	<b>Total</b>	
Cash	6 537	209	930	48 808	1 326	827	58 637
Customer receivables	1 651	6 863	1 196	104 927	692	3 060	118 389
Other receivables	3 663		-	78 233	-	-	81 896
	<b>11 851</b>	<b>7 072</b>	<b>2 126</b>	<b>231 968</b>	<b>2 018</b>	<b>3 887</b>	<b>258 922</b>

**Liabilities**

Prepayments from customers	403	191	-	415	103	526	1 638
Accounts payable	5 435	17 025	874	18 400	1 106	855	43 695
	<b>5 838</b>	<b>17 216</b>	<b>874</b>	<b>18 815</b>	<b>1 209</b>	<b>1 381</b>	<b>45 333</b>

**31. Market value**

The values of monetary assets and liabilities reflected on the balance sheet are approximately their market value.

**32. Off-balance assets and liabilities**

AS Norma holds a guarantee contract in the amount of 6500 thousand kroons for guaranteeing import and interest levies, as well as the state duties.

The company stands as a guarantor with 615 thousand kroons for the usage of staff credit cards.

**AS Norma kontserni struktuur seisuga 31.12.2001.a.**  
**AS NORMA GROUP STRUCTURE AS OF 31.12.2001**

**AS NORMA**

**Autode ohutusrihmade ja autodetailide valmistamine.**

Production of safety belts and car components.

AS Norma aktsiad on noteeritud Tallinna Väärtpaberibörsil põhinimekirjas  
AS Norma shares are on the primary list of the Tallinn Stock Exchange

Aktsiakapital/ Share capital	132 mln EEK
Käive/Sales	795.1 mln EEK
Töötajaid/Employees	856

**AS TÖÖRIISTAVABRIK**

Stantside, survealuvormide  
projekteerimine ja valmistamine  
*Design and production of dies and  
moulds*

Osalus/Participation	100 %
Aktsiakapital/Share capital	8.05 mln EEK
Käive/Sales	30.7 mln EEK
Töötajaid/Employees	82

**EKSAMO AUTOMAATIKA AS**

Tootmise seadmete remonditeenused.  
*Maintenance of production equipment*

Osalus/Participation	100 %
Aktsiakapital/Share capital	1.25 mln EEK
Käive/Sales	14.8 mln EEK
Töötajaid/ Employees	72

**NORMA – OSVAR ZAO.**

Ohutusrihmade valmistamine ja müük  
Venemaal

*Production of safety belts and sales in  
Russia*

Osalus/Participation	100 %
Aktsiakapital/Share capital	6.1 mln EEK
Käive/Sales	11.5 mln EEK
Töötajaid/Employees	2

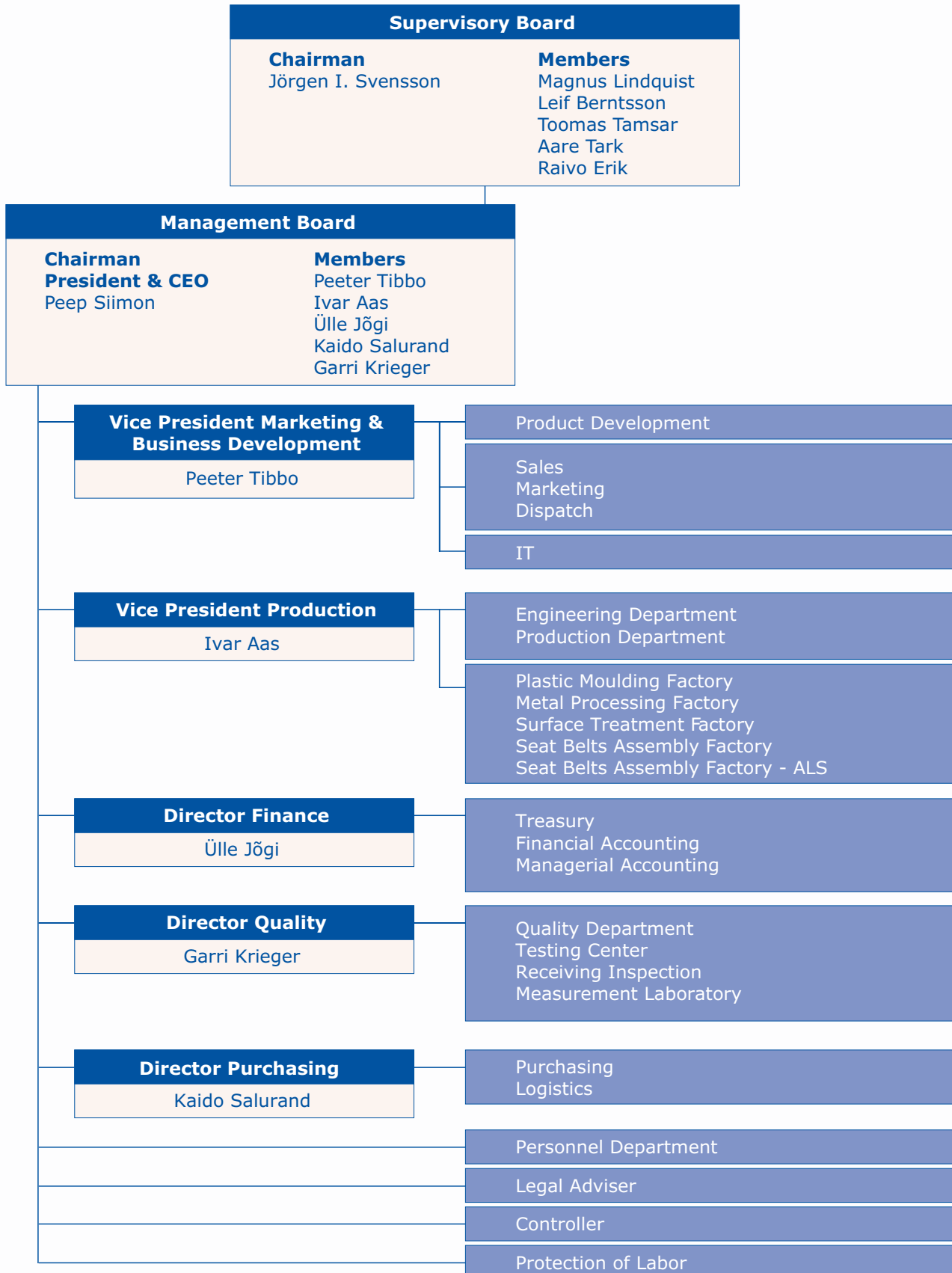
**AS NORMA MAJA**

Kinnisvara haldamine.  
*Real estate management*

Osalus/Participation	100 %
Aktsiakapital/Share capital	16.9 mln EEK
Käive/Sales	42.4 mln EEK
Töötajaid/ Employees	36



# Structure



## AUDITOR'S REPORT

(Translation of the Estonian original)

To the shareholders of AS Norma

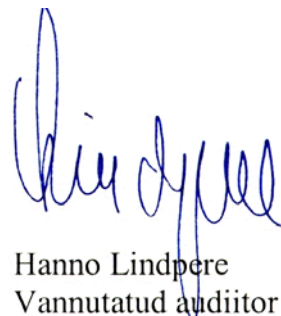
We have audited the financial statements of AS Norma and its subsidiaries (the Group) for the year ended 31 December 2001 as set out on pages 7 to 24. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements give a true and fair view of the financial position of the Group as at 31 December 2001 and of the results of its operations and its cash flows for the year then ended in accordance with International Accounting Standards.



Urmas Kaarlep  
AS PricewaterhouseCoopers



Hanno Lindpere  
Vannutatud audiitor

Authorised auditor

18 February 2002