

# AS NORMA

## COMMENTARY TO Q1 Y2001 CONSOLIDATED FINANCIAL RESULTS (unaudited)

### **Sales and Revenues**

The Q1 Y2001 consolidated net sales of AS Norma totalled 166,5 MEEK, of which those of the parent company were 160,3 MEEK.

Consolidated sales increased by 9,8% (+14,9 million EEK) from Q1 Y2000. Sales to Russian customers rose by 14% and to Western customers by 66%. Revenues of AS Norma accounted for 96%.

The group's main fields of activity include production and sales of safety belts, car components and also real estate administration. Exports accounted for 97% of sales revenue, 71% of production was exported to Russian customers.

The number of employees at the end of the year was 1053.

### **Use of Capital**

Accounts receivable at the end of the Q1 Y2001 totalled 120,6 MEEK, of which 71% related to the Russian customers. During the Q1 Y2001 volume of accounts receivable has increased by 2,2 MEEK. The share of accounts in arrears of total receivable was 22%. The provision for bad debts was decreased by 3,7 MEEK. At March 31,2001 the reserve totalled 17,2 MEEK.

As of the Q1 Y2001, the consolidated balance sheet size was 616,1 MEEK, a growth of 47,9 MEEK, increased mainly due to the in current assets (46,6 MEEK).

Total liabilities amounted 64,5 MEEK. The company has no long term liabilities. The group's owners' equity increased by 48,4 MEEK, amounting to 551,6 MEEK (89,5% of balance sheet size).

### **Investments**

AS Norma invested a total of 9,9 million, to support existing production capacities and assure the efficiency its production processes. Of the total 5,0 million EEK was invested in machinery and equipment.

### **Profit and Earnings per Share**

The company's consolidated unaudited net profit was 48,4 MEEK.

Net profit remained on the same level (48,4 MEEK) as at Q1 Y2000.

Earnings per share was 3,67 EEK in Q1 Y2001 (Q1 Y2000 3,67 EEK)

### **Significant Events and Changes in Business Activities**

In order to concentrate on core business, AS Norma sold its 100% subsidiary AS Metaprint.

The assembly of seat belts for Autoliv Sweden AB was started at next two production lines.

The Q2 Y2001 results of AS Norma will be released at July 26,2001.

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## Consolidated balance sheet as of 31.03.01

EEK in thousands, unaudited

<b>Assets</b>	<b>31.03.2001</b>	<b>31.12.2000</b>
<b>Current assets</b>		
Cash and bank accounts	55 725	58 637
Marketable securities	124 619	88 300
Accounts receivable	120 564	118 389
Allowance for doubtful receivable	-17 248	-20 905
Other receivables and prepayments	89 020	91 117
Inventories	75 197	65 699
<b>Total current assets</b>	<b>447 877</b>	<b>401 237</b>
<b>Non-current assets</b>		
Long-term financial assets	1 253	1 253
Property, plant and equipment (note 1)	164 974	163 263
Intangible assets	1 950	2 363
<b>Total non-current assets</b>	<b>168 177</b>	<b>166 879</b>
<b>Total assets</b>	<b>616 054</b>	<b>568 116</b>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	64 494	64 979
Short-term loans	0	0
<b>Total current liabilities</b>	<b>64 494</b>	<b>64 979</b>
<b>Long-term liabilities</b>		
Non-current loans	0	0
<b>Total non-current liabilities</b>	<b>0</b>	<b>0</b>
<b>Total liabilities</b>	<b>64 494</b>	<b>64 979</b>
<b>Owners' equity (note2)</b>		
Share capital (par value)	132 000	132 000
Retained earnings and reserves	371 137	213 688
Net profit	48 423	157 449
<b>Total owners' equity</b>	<b>551 560</b>	<b>503 137</b>
<b>Total liabilities and owners' equity</b>	<b>616 054</b>	<b>568 116</b>

## Parent company balance sheet as of 31.03.01

EEK in thousands, unaudited

<b>Assets</b>	<b>31.03.2001</b>	<b>31.12.2000</b>
<b>Current assets</b>		
Cash and bank accounts	54 277	54 903
Marketable securities	124 619	88 300
Accounts receivable	101 446	126 800
Allowance for doubtful receivable	-16 395	-16 395
Other receivables and prepayments	114 301	90 155
Inventories	69 416	59 332
<b>Total current assets</b>	<b>447 664</b>	<b>403 095</b>
<b>Non-current assets</b>		
Long-term financial assets	71 364	73 430
Property, plant and equipment	96 169	97 281
Intangible assets	980	1 271
<b>Total non-current assets</b>	<b>168 513</b>	<b>171 982</b>
<b>Total assets</b>	<b>616 177</b>	<b>575 077</b>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	64 617	71 940
Short-term loans	0	0
<b>Total current liabilities</b>	<b>64 617</b>	<b>71 940</b>
<b>Long-term liabilities</b>		
Non-current loans	0	0
<b>Total non-current liabilities</b>	<b>0</b>	<b>0</b>
<b>Total liabilities</b>	<b>64 617</b>	<b>71 940</b>
<b>Owners' equity</b>		
Share capital (par value)	132 000	132 000
Retained earnings and reserves	371 137	213 688
Net profit	48 423	157 449
<b>Total owners' equity</b>	<b>551 560</b>	<b>503 137</b>
<b>Total liabilities and owners' equity</b>	<b>616 177</b>	<b>575 077</b>

## Consolidated income statement Q1 Y2001

EEK in thousands, unaudited

	01.01.01- 31.03.01	01.01.00- 31.03.00
Net sales (note 3)	166 549	151 587
Cost of goods sold*	109 289	89 835
<b>Gross profit</b>	<b>57 260</b>	<b>61 752</b>
Marketing expenses	5 641	4 955
Administrative and general expenses	7 198	7 696
Product development expenses	3 887	5 066
Bad debt provision (note 4)	116	-2 822
Other income	5 325	999
Other expenses	477	511
<b>Operating profit</b>	<b>45 266</b>	<b>47 345</b>
Financial income	3 359	1 945
Financial expenses	202	873
<b>Net profit</b>	<b>48 423</b>	<b>48 417</b>
Earnings per share in kroons (note 5)	3,67	3,67

\*Compared to the earlier presented statements, in the current report several production related expenses, such as production planning and management, health and safety, personnel management and material acquisition cost, are recorded as cost of good sold instead of general and administration cost.

## Parent company income statement Q1 Y2001

EEK in thousands, unaudited

	01.01.01- 31.03.01	01.01.00- 31.03.00
Net sales	160 265	126 702
Cost of goods sold*	107 248	71 009
<b>Gross profit</b>	<b>53 017</b>	<b>55 693</b>
Marketing expenses	5 677	4 794
Administrative and general expenses	5 003	4 936
Product development expenses	3 887	5 066
Bad debt provision	74	-2 822
Other income	387	469
Other expenses	346	211
<b>Operating profit</b>	<b>38 417</b>	<b>43 978</b>
Financial income	10 207	5 437
Financial expenses	201	998
<b>Net profit</b>	<b>48 423</b>	<b>48 417</b>
Earnings per share in kroons	3,67	3,67

\*Compared to the earlier presented statements, in the current report several production related expenses, such as production planning and management, health and safety, personnel management and material acquisition cost, are recorded as cost of good sold instead of general and administration cost. Cost of goods sold has increased due to that by 5145,6 th, kroons in Q1 2000 and by 6507,5 th.kroons in q1 2001

## Consolidated cash flow as of 31.03.01

EEK in thousands, unaudited

	31.03.01	31.03.00
<b>Operating activities</b>		
Operating profit	45 266	47 345
Profit from sale of property, plant and equipment (note 1)	-386	-243
Depreciation (note 1)	8 303	8 365
Earnings from subsidiaries	1 094	0
Property, plant and equipment write-off (note 1)	52	13
Increase (-), decrease (+) in current assets	-18 278	-3 625
Increase (+), decrease (-) in current liabilities	-486	1 062
Interest received and other financial income	2 187	1 102
Interest paid	-2	-37
	<b>37 750</b>	<b>53 982</b>
<b>Investing activities</b>		
Property, plant and equipment sold (note 1)	540	1 295
Property, plant and equipment acquired (note 1)	-9 919	-5 736
Loans issued	-46	-42
Subsidiaries companies sold	5 000	0
Loans repaid	206	341
	<b>-4 219</b>	<b>-4 142</b>
<b>Financing activities</b>		
	0	0
<b>Net cash flow</b>	<b>33 531</b>	<b>49 840</b>
<b>Movement in cash and cash equivalents</b>		
Cash and cash equivalents at the beginning of the year:	146 937	149 335
Net cash flow	33 531	49 840
Foreign exchange gain	-124	776
Cash and cash equivalents at the end of year:	180 344	199 951
<i>incl.cash and bank accounts</i>	<i>55 725</i>	<i>54 645</i>
<i>marketable securities</i>	<i>124 619</i>	<i>143 306</i>

## Changes in owners` equity as of 31.03.01

EEK in thousands, unaudited

	Share capital	Reserves	Profit for previous accouting periods	Profit for the financial year	Total owners` equity
<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
Reassessment reserves		-2 436	2 436		
Dividends			-39 600		-39 600
Net profit for the financial year				157 449	157 449
<b>31.12.2000</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
Net profit for the financial year				48 423	48 423
<b>31.03.2001</b>	<b>132 000</b>	<b>13 200</b>	<b>357 937</b>	<b>48 423</b>	<b>551 560</b>

# Notes to the Consolidated Financial Statements

In thousands of Estonian kroons , 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 ) and with Estonian Accounting Law and under the historical cost convention.

In Management Board opinion, the financial statements give a true and fair view of the financial position of AS Norma on March 31, 2001. Presented statements are not audited.

## 1. Property, plant and equipment

	Land and buildin gs	Machinery and equipent	Other equipment	Unfinishe d buildings	Prepaymen ts	Total
<b>Acquisition cost as of 31.12.2000</b>	56 585	251 559	2 214	171	2 961	313 490
Additions	145	742	0	129	4 484	5 500
Sale and written off	0	-6 461	-110	0	0	-6 571
Reconstruction	4 368	51				4 419
<b>Acquisition cost as of 31.03.2001</b>	<b>61 098</b>	<b>245 891</b>	<b>2 104</b>	<b>300</b>	<b>7 445</b>	<b>316 838</b>
<b>Depreciation as of 31.12.2000</b>	<b>-6 992</b>	<b>-141 960</b>	<b>-1 221</b>	<b>0</b>	<b>0</b>	<b>-150 227</b>
Depreciation charge	-633	-7 215	-42	0	0	-7 890
Depreciation of fixed assets sold and written off	0	6 193	59	0	0	6 252
<b>Depreciation as of 31.03.2001</b>	<b>-7 625</b>	<b>-142 982</b>	<b>-1 258</b>	<b>0</b>	<b>0</b>	<b>-151 865</b>
<b>Net book amount as of 31.12.2000</b>	<b>49 593</b>	<b>109 599</b>	<b>939</b>	<b>171</b>	<b>2 961</b>	<b>163 263</b>
<b>Net book amount as of 31.03.2001</b>	<b>53 473</b>	<b>102 909</b>	<b>846</b>	<b>300</b>	<b>7 445</b>	<b>164 973</b>

## 2. Share capital

	31.03.2001	31.03.2000
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. 66.0 million kroons was paid out in dividends for 2000 at EEK 5per share.

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.

AS Norma shareholders with participation over 3% as of 31.03.2001:

Autoliv AB	51,0%
Merita Bank Ltd. Clients Account	7,1%
Clearstream Banking Luxemburg S.A.Clients	5,5%
AS Hansapank	3,2%

<b>3. Segment information by product lines</b>	<b>Safety belts</b> 01.01.01-31.03.01	<b>Other products</b> 01.01.01-31.03.01	<b>Total</b> 01.01.01-31.03.01	<b>Safety belts</b> 01.01.00-31.03.00	<b>Other products</b> 01.01.00-31.03.00	<b>Total</b> 01.01.00-31.03.00
Segment's net sales	146 923	19 626	166 549	113 086	38 501	151 587
Segment's net income	44 587	679	45 266	44 978	2 367	47 345
Segment's assets	433 544	57 891	616 054	356 388	37 411	539 105
Segment's liabilities	56 897	7 597	64 494	38 846	13 226	105 400
Investments	9 774	145	9 919	1 396	4 392	5 788
Depreciation charge	7 325	978	8 303	6 223	2 118	8 341
Fixed assets' revaluation	0	0	0	0	0	0

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.

<b>Segmets' information by market</b>	<b>Net sales</b> 01.01.01-31.03.01	<b>Net sales</b> 01.01.00-31.03.00
Estonia	4 565	16 922
Latvia	0	1 294
Lithuania	85	715
Russia	118 649	103 900
Sweden	29 497	5 069
Austria	4 960	3 267
Germany	384	915
France	3 498	4 219
Netherlands	345	172
Finland	694	787
Great Britain	0	3 446
USA	77	1 991
Belgium	1 019	2 680
Other countries	2 776	6 210
<b>Total:</b>	<b>166 549</b>	<b>151 587</b>

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



**4. Bad debt provisions**

The amount of receivables charged to expenses	The amount of receivables charged to expenses
01.01.01.- 31.03.01	01.01.00- 31.03.00

Received from the allowance of previous years	-58	-10 300
Provisions reserve	21	7 478
Written-of provisions	154	0
<b>Total</b>	116	-2 822

**5. Earnings per share**

	<b>31.03.2001</b>	30.03.2000
Net profit	<b>48 423</b>	48 417
Average number of shares (in thousands)	<b>13 200</b>	13 200
Earnings per share (EPS)	<b>3,67</b>	3,67

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

**6. Related parties**

	<b>01.01.01-31.03.01</b>		<b>01.01.00-31.03.00</b>	
	<b>Sales to AS Norma</b>	<b>Purchases from AS Norma</b>	<b>Sales to AS Norma</b>	<b>Purchases from AS Norma</b>
Autoliv AB	<b>24 526</b>	<b>21 489</b>	20	838