

AS NORMA

COMMENTARY TO H1 Y2001 CONSOLIDATED FINANCIAL RESULTS (unaudited)

Sales and revenues

The H1 Y2001 consolidated net sales of AS Norma totalled 362.7 MEEK, of which those of the parent company were 351.7 MEEK. Consolidated sales increased by 22.4% (+66.4 MEEK) from H1 Y2000. Sales to Russian customers rose by 19% and to Western customers by 92%. Revenues of AS Norma accounted for 97%.

The group's main fields of activity include production and sale of safety belts, car components and also real estate administration. Exports accounted to 98% of sales revenue, 68% of production was exported to Russian customers.

The number of employees at the end of the period was 1051.

Use of capital

Accounts receivable at the end of the H1 Y2001 totalled 169.0 MEEK, of which 66% related to the Russian customers. During the H1 Y2001 volume of accounts receivable has increased by 50.6 MEEK, including Autoliv receivable 37.2 MEEK. The share of accounts in arrears of total receivable was 21% (54% in H12000). The provision for bad debts was decreased by 0.5 MEEK. At June 30,2001 the reserve totalled 20.4 MEEK.

As of the H1 Y2001, the consolidated balance sheet size was 618.3 MEEK, a growth by 50.2 MEEK, increased due to the current assets (+30.4 MEEK) and non-current assets(+20.2 MEEK).

Dividends of 66.0 MEEK were paid for the business activities of the year 2000. Tax for dividends was paid 2.2 MEEK.

Total liabilities amounted to 93.7 MEEK. The company has no long term liabilities.

The group's owners' equity increased by 21.5 MEEK, amounting to 524.6 MEEK (85% of balance sheet size).

Investments

AS Norma invested a total of 36.7 MEEK, to support existing production capacities and assure the efficiency its production processes. Of the total 17.3 million EEK was invested in machinery and equipment.

Profit and earnings per share

The company's consolidated unaudited net profit was 87.5 MEEK.

Net profit was 3.2 MEEK higher than in H1 2000 (84.3 MEEK).

Earnings per share was 6.63 EEK in H1 Y2001 (H1 Y2000 6.39 EEK)

Significant events and changes in business activities

The assembly of seat belts for Autoliv Sverige AB was started at 3 new production lines. New component warehouse began to operate.

The Q3 Y2001 results of AS Norma will be released at October 18,2001.

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Chairman of the Board
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AS Norma
Consolidated balance sheet as of 30.06.01

EEK in thousands, unaudited

A s s e t s	30.06.2001	31.12.2000	Note
Current assets			
Cash and bank accounts	26 694	58 637	
Markstable securities	92 455	88 300	
Accounts receivable	169 040	118 389	
Allowance for doubtful receivables	-20 434	-20 905	
Other receivables and prepayments	89 319	91 117	
Inventories	74 618	65 699	
Total current assets	431 692	401 237	
Non-current assets			
Long-term financial assets	1 253	1 253	
Property, plant and equipment	183 469	163 263	1
Intangible assets	1 890	2 363	
Total non-current assets	186 612	166 879	
Total assets	618 304	568 116	
Liabilities and shareholders' equity			
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	93 674	64 979	
Total current liabilities	93 674	64 979	
Total liabilities	93 674	64 979	
Owners' equity			
Share capital (par value)	132 000	132 000	
Retained earning and reserves	305 137	213 688	
Net profit	87 493	157 449	
Total owners' equity	524 630	503 137	2
Total liabilities and owners' equity	618 304	568 116	

AS Norma

Parent company balance sheet as of 30.06.01

EEK in thousands, unaudited

A s s e t s	30.06.2001	31.12.2000
Current assets		
Cash and bank accounts	24 186	54 903
Markstable securities	92 455	88 300
Accounts receivable	180 889	126 800
Allowance for doubtful receivables	-19 644	-16 395
Other receivables and prepayments	86 782	90 155
Inventories	68 380	59 332
Total current assets	433 048	403 095
Non-current assets		
Long-term financial assets	75 529	73 430
Property, plant and equipment	103 915	97 281
Intangible assets	931	1 271
Total non-current assets	180 375	171 982
Total assets	613 423	575 077
Liabilities and shareholders' equity		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	88 793	71 940
Total current liabilities	88 793	71 940
Total liabilities	88 793	71 940
Owners' equity		
Share capital (par value)	132 000	132 000
Retained earnings and reserves	305 137	213 688
Net profit	87 493	157 449
Total owners' equity	524 630	503 137
Total liabilities and owners' equity	613 423	575 077

AS Norma
 Consolidated income statement H1 2001

EEK in thousands, unaudited

	01.04.01- 30.06.01	01.01.01- 30.06.01	01.04.00- 30.06.00	01.01.00- 30.06.00	Note
Net sales	196 170	362 719	144 687	296 274	3
Cost of goods sold*	136 666	245 955	91 523	181 358	
Gross profit	59 504	116 764	53 164	114 916	
Marketing expenses	6 068	11 709	5 048	10 003	
Administrative and general expenses	7 147	14 345	6 649	14 345	
Product development expenses	5 492	9 379	4 705	9 771	
Bad debt provision	3 197	3 313	562	-2 260	4
Other income	511	5 837	1 734	2 733	
Other expenses	855	1 331	2 020	2 531	
Operating profit	37 256	82 522	35 914	83 259	
Financial income	4 154	7 513	864	2 809	
Financial expenses	108	310	881	1 754	
Profit before taxes	41 302	89 725	35 897	84 314	
Provision for taxes	2 232	2 232	0	0	
Net profit	39 070	87 493	35 897	84 314	

Earnings per share in kroons **2,96** **6,63** **2,72** **6,39** 5

*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 goods sold instead of general and administration cost.

AS Norma

Parent company income statement H1 2001

EEK in thousands, unaudited

	01.04.01- 30.06.01	01.01.01- 30.06.01	01.04.00- 30.06.00	01.01.00- 30.06.00
Net sales	191 396	351 661	122 130	248 832
Cost of goods sold*	138 111	245 359	72 866	143 875
Gross profit	53 285	106 302	49 264	104 957
Marketing expenses	5 894	11 571	5 413	10 207
Administrative and general expenses	5 492	9 379	4 705	9 771
Product development expenses	4 801	9 804	4 472	9 408
Bad debt provision	3 249	3 323	533	-2 289
Other income	224	611	968	1 437
Other expenses	795	1 141	1 635	1 846
Operating profit	33 278	71 695	33 474	77 451
Financial income	8 099	18 306	3 526	8 964
Financial expenses	108	309	1 103	2 101
Profit before taxes	41 269	89 692	35 897	84 314
Provision for taxes	2 199	2 199	0	0
Net profit	39 070	87 493	35 897	84 314

Earnings per share in kroons **2,96** **6,63** **2,72** **6,39**

*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 goods sold instead of general and administration cost. Cost of goods sold has increased due to that by 10626 th. kroons in H1 2000 and by 13928 th. kroons in H1 2001

AS Norma

Consolidated cash flows as of 30.06.01

EEK in thousands. unaudited

	30.06.01	30.06.00	Note
Operating activities			
Operating profit	82 522	83 259	
Profit from sale of property, plant and equipment	-458	-222	1
Depreciation	16 521	16 584	1
Income from subsidiary companies	1 094	0	1
Property, plant and equipment write-off	196	44	1
Property, plant and equipment discount	29	0	
Increase (-), decrease (+) in current assets	-63 695	6 193	
Increase (+), decrease (-) in current liabilities	28 694	853	
Interest received and other financial income	6 263	2 509	
Taxes paid	-2 232	-8 959	
Interest and other financial expenses paid	-6	-1 725	
	68 928	98 536	
Investing activities			
Property, plant and equipment sold	691	3 701	1
Property, plant and equipment acquired	-36 711	-12 818	1
Subsidiary companies sold	5 000	0	1
Loans issued	-46	-79	
Loans repaid	498	648	
	-30 568	-8 548	
Financing activities			
Loans repaid	0	-13 336	
Dividends paid	-66 000	-39 600	1
	-66 000	-52 936	
Net cash flow	-27 640	37 052	
Movement in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year:	146 937	149 335	
Net cash flow	-27 640	37 052	
Foreign exchange gain	-148	395	
Cash and cash equivalents at the end of year:	119 149	186 782	
incl.cash and bank accounts	26 694	101 130	
marketable securities	92 455	85 652	

AS Norma

Changes in owners` equity as of 30.06.01

EEK in thousands, unaudited

	Share capital	Reserves	Profit for previous accouting periods	Profit for the financial year	Total owners` equity
31.12.1999	132 000	15 636	130 064	107 588	385 288
Net retained earnings of 1999			107 588	-107 588	0
Reserves		-2 436	2 436		0
Dividends			-39 600		-39 600
Net profit for the financial year				157 449	157 449
31.12.2000	132 000	13 200	200 488	157 449	503 137
31.12.2000	132 000	13 200	200 488	157 449	503 137
Net retained earnings of 2000			157 449	-157 449	0
Dividends			-66 000		-66 000
Net profit for the financial year				87 493	87 493
30.06.2001	132 000	13 200	291 937	87 493	524 630

Notes to the consolidated financial statements

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

Accounting principles and principles of consolidation

AS Norma consolidated financial statements are prepared in accordance with the International Accounting Standards (IAS 34 "Interim Financial Reporting") and with the 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 Norma Group on June 30, 2001. 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 31.12.2000	56 585	251 559	2 214	171	2 961	313 490
Additions	193	15 816	1 116	6 808	1 592	25 525
Sale and written off	0	-7 332	-176	0	0	-7 508
Reconstruction	10 425	406	0	0	0	10 832
Acquisition cost as of 31.06.2001	67 203	260 450	3 154	6 979	4 553	342 339
Depreciation as of 31.12.2000	-6 992	-141 960	-1 275	0	0	-150 227
Depreciation charge	-1 345	-14 264	-85	0	0	-15 694
At discount	0	-29	0	0	0	-29
Depreciation of fixed assets sold and written off	0	7 024	56	0	0	7 080
Depreciation as of 31.06.2001	-8 337	-149 229	1 304	0	0	-158 870
Net book amount as of 31.12.2000	49 593	109 599	939	171	2 961	163 263
Net book amount as of 30.06.2001	58 866	111 221	1 850	6 979	4 553	183 469

2. Share capital

	30.06.2001	31.12.2000
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 5 per 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 30.06.2001:

Autoliv Ab	51,0%
Merita Bank Ltd. Clients Account	6,4%
Clearstream Bavking Luxembourg S.A. Clients	4,7%
Skandinaviska Enskilda Banken Ab Clients	4,4%
Hansapank	3,0%

3. Segment information by product lines	Safety belts 01.01.01- 30.06.01	Other products 01.01.01- 30.06.01	Total 01.01.01- 30.06.01	Safety belts 01.01.00- 30.06.00	Other products 01.01.00- 30.06.00	Total 01.01.00- 30.06.00
Segment's net sales	329 812	32 907	362 719	221 431	74 238	296 274
Segment's net income	71 263	11 259	82 522	79 096	4 163	83 259
Segment's assets	478 523	47 327	618 304	404 851	21 308	511 811
Segment's liabilities	85 243	8 431	93 674	32 894	11 028	83 914
Investments	36 518	193	36 711	7 965	4 616	12 581
Depreciation charge	15 034	1 487	16 521	11 276	3 781	15 057
Fixed assets' revaluation	29	0	29	0	7	7

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 01.01.01-30.06.01	Net sales 01.01.00-30.06.00
Estonia	8 515	35 083
Czech Republic	1 941	2 706
Lithuania	200	1 051
Russia	241 240	202 024
Sweden	84 776	10 054
Austria	9 026	6 759
Germany	413	1 163
France	7 746	8 343
Netherlands	445	599
Finland	1 138	2 374
Denmark	762	2 573
USA	322	3 590
Belgium	3 114	4 718
Other countries	3 081	15 237
Total:	362 719	296 274

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

4. Bad debt provisions	The amount of receivables charged to expenses 01.01.01.-30.06.01	The amount of receivables charged to expenses 01.01.00-30.06.00
Received from the allowance of previous years	-124	-10 301
Provisions reserve	3 283	7 666
Written-of provisions	154	375
Total	3 313	-2 260

5. Earnings per share	30.06.2000	30.06.2000
Net profit	87 493	84 314
Average number of shares (in thousands)	13 200	13 200
Earnings per share (EPS)	6,63	6,39

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

6. Related parties	01.01.0130.06.01		01.01.00-30.06.00	
	Sale	Purchases from	Sale	Purchases from
	to AS Norma	AS Norma	to AS Norma	AS Norma
Autoliv AB	82 138	77 073	3079	1031

Intra-company transactions are based on market prices.