Annual Report
2002

2002 was another successful year for AS Norma.

Norma Group sales grew to 64.8 MEUR, for an increase of 24% since 2001. This included almost a doubling of sales to Autoliv to 28.4 MEUR. Net profit amounted to 12.4 MEUR, up 9% from last year.

The year 2002 was characterized by a downturn of the economy in developed markets as a consequence of the events of September 11, 2001, which had a direct impact on the economy and decreased sales of vehicles throughout the world. Despite this complicated business environment Norma earned an all-time record profit of 12.4 MEUR.

This success was driven by an increase of sales both to the East and West, and focus on the manufacture and sales of safety belts. Integration into Autoliv's global manufacturing and sales network continued which created favorable conditions for AS Norma's future development and an expansion of sales to Western markets in 2003.

Profit per share in 2002 reached 0.94 EUR, a growth of 9% compared to 2001. Despite a general downturn in the stock market, the price of Norma's shares on the Tallinn Stock Exchange increased by almost 20% during the year, reaching 4.04 EUR by the year's end.

Markets

Pressure on the Russian automobile industry rose in the second half of 2002 due to the massive importation of used cars and the success of Western car companies in Russia. In 2002, AvtoVAZ produced 8.4% fewer cars than in 2001, which impacted Norma's sales to Russia, decreasing sales by 1.7% over the previous year to 31.6 MEUR. Despite this decrease, cooperation with Russian clients continues to be favorable. Norma's ability to meet its client´s needs has been key in ensuring stable sales to Russian car factories.

Despite our long-term relationships, AS Norma will have to strengthen its position with the Russian car industry with the help of both existing and new innovative products. AS Norma continues to provide quality as well as flexible and customer-oriented service. In appreciation of Norma's timely deliveries and quality products, AvtoVAZ awarded AS Norma its best supplier award for 2002.

AS Norma`s sales to other markets continued to expand in 2002, increasing by an impressive 69% to 32.1 MEUR. Autoliv, Saab Automobile (a subsidiary of General Motors), Karosa, Iris Bus France and Van Hool N.V. continue to be Norma's most important clients.

Efficiency of Production and Development of Quality

In order to focus on our core activities, the former headquarters of AS Norma were sold, and the subsidiary AS Norma Maja was merged with the parent company.

The second stage of transferring production from Autoliv was completed in 2002. Four car safety belt assembly lines which had previously operated in Autoliv Sverige AB were installed and put into operation. A separate division was created to oversee the assembly of car safety belts for Autoliv.

Due to increasing competition within the car industry, all suppliers must concentrate on improving production and quality. Investments into new technologies and equipment have improved the efficiency of production. In 2002, investments totaled 3.4 MEUR, of which 3.2 MEUR was spent on updating equipment and machinery. While the volume of production increased by 12.7 MEUR or 24%, the personnel of the Group decreased by two people.

The introduction of more modern technology and improvements in operations have allowed us to concentrate on the development of components for car safety systems and improved quality. We look forward to new developments from our research and development team.

In accordance with Norma's business strategy, production must be continuously improved and must aim to prevent any negative impact on the environment. Norma is also committed to developing the environmental awareness of its personnel and to promoting sustainable use of the environment. In March of 2002, the Norwegian company Det Norske Veritas certified that AS Norma's environmental management system complies with the requirements of the ISO 14001 standard.

Plans for the Future

A slowdown in the rate of growth in the global car industry as well as a continued slowdown in the Russian car industry are forecast for 2003. A number of car manufacturers are planning to expand into Russia for the first time and will need new, modern safety systems for their new car models. In the coming years, AS Norma plans to invest in technology to sell Autoliv's products for the safety systems of car models manufactured in Russia today and in the future. The price of currently manufactured safety belts has dropped to an all-time low as new manufacturers enter the Russian market. At the same time, safety requirements in Russia are being made more strict, which imposes the need for more sophisticated safety systems, which are also more expensive to produce. Prompted by the situation that has evolved, AS Norma plans to introduce several extraordinary measures to curb expenses and to align its production capacity with orders from the car industry.

These measures aim to preserve Norma's position on the Russian market, to increase sales to Western customers and to improve the efficiency of production.

In 2003, AS Norma will continue to integrate and cooperate closely with Autoliv so as to provide supply and assembly services at relatively low costs.

In fulfilling these goals, the management of AS Norma will rely on the prolonged and global experience of Autoliv in the development and manufacture of car safety systems.

The supervisory board and management board of AS Norma believe that the targets set for 2003 are ambitious, yet realistic. They can be achieved through the continued cooperation of AS Norma's personnel and partners.

The supervisory board and management board of AS Norma wish to thank the shareholders for their trust, and all employees for their input in 2002.

Peep Siimon
Chairman of Management Board

Jörgen I. Svensson
Chairman of Supervisory Board

AS Norma General Information

The history of AS Norma dates back 100 years: in 1891, Paulus Michelson founded a metal workshop, which, since 1931, has been 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 the Tallinn Stock Exchange.

The primary activity of AS Norma is manufacturing and sales of safety systems and relevant parts for cars, and development work related to the primary activity. Technologies used in principal production are metal working, injection molding, and galvanized coating of components.
In the year 2002, AS Norma Group consisted of AS Norma and its four 100%-owned subsidiaries. The Group employed 1,046 people, including 884 in AS Norma. AS Norma is located at 14 Laki St., Tallinn, Republic of Estonia.

Financial Highlights

(In millions of EUR except shares and per share amounts)

	Group			AS Norma (parent company) *		
	2002	2001	Delta %	**2002**	2001	Delta %
Net sales	**64.8**	52.1	24.3	**63.4**	50.8	24.8
Operating profit	**11.9**	10.7	11.8	**10.2**	9.9	3.4
Income tax	**0.2**	0.1		**0.2**	0.1	
Net profit	**12.4**	11.4	9.0	**12.4**	11.4	9,0
Assets	**54.4**	46.3	17.4	**54.2**	46.3	17.2
Shareholders' equity	**46.6**	39.3	18.6	**46.6**	39.3	18.6
Share capital	**8.4**	8.4		**8.4**	8.4	
Number of employees	**1 046**	1 048		**884**	856	
Outstanding shares	**13.2**	13.2		**13.2**	13.2	
Earnings per share	**0.94**	0.86	9.0	**0.94**	0.86	9,0
ROE	**0.265**	0.289	(8)	**0.265**	0.289	(8)
ROA	**0.227**	0.245	(7)	**0.227**	0.245	(7)

*AS Norma consolidated using the equity method.

Year 2002 Operations of AS Norma

1. Sales Revenue

Net sales of the AS Norma Group in 2002 amounted to 64.8 MEUR, a 24% increase since 2001. The turnover of the parent company was 63.4 MEUR, which accounted for 98% of the entire Group's turnover. Sales of the parent company increased 25% over the year. Consolidated sales of subsidiaries were 1.4 MEUR. Exports made up 98% of the total sales of the Group, 49% of which were exported to Russia. Income received from the sales of car safety belts and parts made up 94% of the total sales of the AS Norma Group (92% in 2001), showing the focus of Norma on its primary activity.

The year 2002 may be characterized by a continuing decline in all developed markets, and correspondingly weak sales of vehicles. In Russia, the traditional primary market of Norma, the market of new domestic cars, collapsed abruptly in the fourth quarter of the year. The depression also continued in the first quarter of the year 2003. The decision of the Russian Government to increase customs on imported cars older than 7 years to 35% as from October of 2002 can be regarded as one of the main reasons for the collapse. In order to prepare for the increase in customs, 450 thousand used passenger cars were imported to Russia primarily from Western Europe before October. Since the price of the cars of that age is comparable to the price of new cars manufactured in Russia, the imports had a devastating impact on the demand for the production of local automobile plants. In Russia the production of passenger cars decreased by 16% when compared to the year 2001 (-8.4% in AvtoVAZ). Notwithstanding the adverse market situation, Norma managed to maintain sales to Russia almost at the level of the year 2001 (-1.7%). The largest customers in Russia were AvtoVAZ, GAZ, Izhmaz and UAZ.

In 2002, the relative share of Norma's sales directed towards the west continued to grow, mainly on account of products sold to companies in the Autoliv Group. In the annual sum the sales in the western direction equaled the sales in the eastern direction, and thereby the market risk of Norma decreased materially. Sales to the companies in the Autoliv Group constituted 28.5 MEUR (+92% when compared to the year 2001). Other larger western customers were Fashing Salzburg, Karosa, Iris Bus, Saab Automobile AB, etc.

2. Business Profitability

	Group			AS Norma (parent company)*		
	2002	2001	**Delta %**	**2002**	2001	**Delta %**
Net sales	**64.8**	52.1	24.3	**63.4**	50.8	24.8
Cost of goods sold	**49.5**	37.1	33.4	**49.2**	36.9	33.2
Administrative and selling expenses	**4.8**	4.8	1.3	**4.1**	4.1	0.5
Operating income	**11.9**	10.7	11.8	**10.2**	9.9	3.4
Profit before taxes	**12.6**	11.5	9.8	**12.6**	11.5	9.7
Net profit	**12.4**	11.4	9.0	**12.4**	11.4	9.0
Sales margin (%)	**19.1**	21.8	(12.4)	**19.5**	22.3	(12.6)

* AS Norma consolidated using the equity method

Net profit of the Group for 2002 was 12.4 MEUR. Compared to 2001, net profit increased by 9%. Profit before taxes increased 10%, to 12.6 MEUR. The Group's sales margin decreased by 12%: from 21.8 percent to 19.1 percent. Sales grew 24% in 2002, at the same time the cost of goods sold increased by 33%, the development and research expenses by 20%, general administrative expenses by 3%, and marketing expenses decreased by 15%. Hence, the gross profit of the company grew by 1.8%, the administrative and selling expenses increased by 1.3%. Of the Group's operating profit of 11.9 MEUR, 1.3 MEUR represented income from sales of buildings and real properties.

As to the Group's income-expenditure structure, the relative share of the cost of goods sold continued to grow (from 71% of net sales in 2001 to 76% in 2002) due to an increase in the costs of materials by 43%. The percentage of the cost of materials increased, because procured components, not raw materials, are used in the production of safety belts for Autoliv. Sales to companies in the Autoliv Group amounted to 28.5 MEUR in 2002, making up 44% of net sales (an increase of 92% when compared to the year 2001).

98% of the Group's net sales, i.e. 63.4 MEUR originated from the parent company, comprising a growth of 25% compared to the previous period. The parent company's gross profit grew by 2.5% and operating profit grew by 3.4%, amounting to 14.2 and 10.2 MEUR, respectively. Of the financial income of the parent company (2.5 MEUR), 1.7 MEUR accounted for income from subsidiaries pursuant to the equity method. Of the latter sum, 1.3 MEUR represented income from the sales of buildings and real properties reported as operating profit in the consolidated Income Statement.

Personnel expenses of the Group came to 10.2 MEUR in 2002, comprising a growth of 9% compared to the previous period, of which the new unemployment insurance accounted for 0.4%. The ratio of workforce expenses to net sales decreased from 18% in 2001 to 16% in 2002. The number of employees in the Group was 1,046 in the year 2002, i.e. 2 employees fewer than in the previous year, whereas the number of employees in the parent company grew by 28, amounting to 884.

Dynamics of the Group's Turnover and Profit in 1995-2002 (MEUR)

3. Management of Liquidity and Use of Capital

The Group's equity increased by 7.3 MEUR or 19%, totaling 46.6 MEUR at the end of the year. Equity ratio increased from 85% at the end of 2001 to 86% at the end of 2002. Free equity as of the end of the year was 37.3 MEUR.

Although the volume of assets grew 17% to 54.4 MEUR, the percentage of cash and liquid securities makes up 40% of the assets. Net current assets at 31 December 2002 came to 9.7 MEUR, fixed assets to 15.0 MEUR. There is no need for external capital in the Group.

In managing the liquidity and making financial investments AS Norma was, according to tradition, conservative in 2002. 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 Western European banks and, to some extent, similar bonds of the City of Tartu. Short-term deposits of funds were also placed with Autoliv Finance International, which enabled the company to make short-term euro deposits at an interest rate higher 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, a group account is used, which enables subsidiaries to use the funds of the Group within the limit assigned to them by AS Norma.

4. Assets

The Group's assets at the end of the financial period were 54.4 MEUR, being 8.1 MEUR more than at the end of 2001. 7.1 MEUR of this growth was contributed by current assets. The latter amounted to 39.5 MEUR at the end of the period.

Accounts receivable amounted to 10.4 MEUR at the end of the year, including an 5.5 MEUR debt of companies in the Autoliv Group. AS Norma, in turn, owed 4.0 MEUR to the companies of the same group. Although overall accounts receivable increased by 0.6 MEUR during the year, accounts receivable from customers outside the Autoliv Group decreased from 7.0 MEUR to 4.9 MEUR. A provision in the amount of 0.6 MEUR was made to cover doubtful accounts. Of this, 77% is connected with the accounts of Russian customers. The reserve decreased by 0.2 MEUR during the financial year.

The inventories of the Group at the end of the financial period amounted to 5.9 MEUR, an increase of 0.5 MEUR when compared to the beginning of the period, making up 11% of assets. The inventory of commodities and materials accounted for 63%, work in progress for 15%, and finished goods accounted for 16% of the inventories.

5. Highlights of the Year

- The second stage of the transfer of production from Autoliv was completed by the installment and implementation of 4 assembly lines.
- A registered immovable at Laki 14A in Tallinn, which was not needed for production activities, along with a 7-story office building, were sold.
- The merger of AS Norma and its 100%-owned subsidiary AS Norma Maja was completed.
- A Norwegian enterprise, Det Norske Veritas, issued the certificate substantiating the compliance of the environmental management system of AS Norma with the requirements of the ISO 14001 standard.

6. Subsidiaries

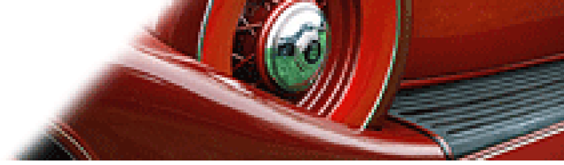
In the year 2002, AS Norma Group included 4 subsidiaries (AS Tööriistavabrik, Norma-Osvar ZAO, Eksamo Automaatika AS and AS Norma Maja).

The primary field of activity of AS Tööriistavabrik is designing, assembling and repairing fixtures and dies of plastic. AS Tööriistavabrik is strategically linked to the production chain of AS Norma. The turnover of AS Tööriistavabrik in 2002 was 2.0 MEUR and net profit was 0.03 MEUR. Turnover outside the Group amounted to 0.5 MEUR.

The main field of activity of AS Norma Maja is the management of real estate owned by the Group. In 2002, the turnover of the company amounted to 2.5 MEUR and net profit to 0.6. Turnover outside the Group reached 0.6 MEUR. AS Norma Maja merged with the parent company at the end of the year 2002.

Eksamo Automaatika AS provides maintenance and repairs pf production equipment to the parent company and performs automotive work for AS Norma as well as other companies. Turnover of the company in 2002 was 1.0 MEUR and profit was 7 thousand EUR. Turnover outside the Group totaled 0.2 MEUR.

The sales turnover of the subsidiary Norma-Osvar ZAO located in Russia was 2.4 MEUR, and profit equaled 0.03 MEUR in 2002. Turnover outside the Group amounted to 0.13 MEUR.



7. Investments

In order to guarantee production capacity and efficiency of manufacturing processes, the Group invested 3.4 MEUR in 2002, of which 3.2 MEUR were used for purchasing machines and fixtures.
The largest real investments of the Group in 2002 were the following:

■ Metal work presses	1.15 MEUR
■ Assembly lines	0.92 MEUR
■ Information technology	0.35 MEUR
■ Thermoplastics automation	0.33 MEUR
■ Construction works	0.24 MEUR

8. Stock Market and Stock Performance

AS Norma has issued 13.2 million ordinary shares, which give one vote per share. For the operating result of 2001, the company paid 5.1 MEUR in dividends, i.e. 0.4 EUR per share.
The shares of AS Norma are quoted in the main list of the Tallinn Stock Exchange. In addition, the shares of AS Norma are traded on the stock exchanges of Frankfurt, Berlin and Munich.

The shareholders of AS Norma with a holding more than 3%, at 12/31/02:

Autoliv AB	51.0%
Nordea Bank Finland PLC Clients Account Trading	8.4%
Skandinaviska Eskilda Banken AB Clients	7.8%
Clearstream Banking Luxembourg S.A. Clients	5.4%

By the end of the financial period (12/31/02), the closing price of the AS Norma share at the Tallinn Stock Exchange was 4.04 EUR.

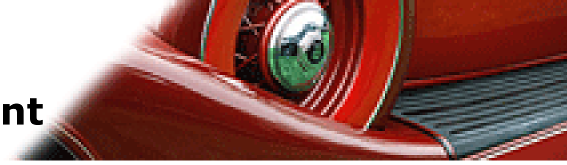
	Group		
	2002	2001	Delta %
Earnings per share (EPS)	**0.94**	0.86	9.0
P/E (price-earnings ratio)	**4.6**	5.0	(8.0)
(Stock exchange closing price at 31 December 2002: 4.04 EUR; 3.38 EUR in 2001)			
Net book value per share	**55.2**	46.6	18.5

Consolidated Balance Sheet

Thousands of euros

Assets	**12/31/02**	12/31/01	Notes
Current assets			
Cash and bank accounts	**13 692**	3 799	1
Available-for-sale investments	**5 177**	5 108	2
Held-to-maturity investments	**3 044**	2 782	3
Accounts receivable	**10 431**	9 797	4
Allowance for doubtful receivables	**-650**	-840	4
Other receivables and prepayments	**417**	5 238	5
Prepaid taxes	**1 490**	1 153	6
Inventories	**5 851**	5 313	7
Total current assets	**39 451**	32 350	
Non-current assets			
Held-to-maturity investments	**614**	68	8
Property, plant and equipment	**14 254**	13 408	9
Investment property	**0**	400	10
Intangible assets	**109**	121	11
Total non-current assets	**14 977**	13 996	
Total assets	**54 428**	46 346	

Liabilities and shareholders' equity			
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	**7 529**	6 805	13
Taxes payable	**295**	250	14
Total current liabilities	**7 824**	7 055	
Total liabilities	**7 824**	7 055	
Owners' equity	**0**	0	
Share capital (par value)	**8 436**	8 436	15
Retained earnings and reserves	**25 793**	19 502	16
Net profit	**12 375**	11 353	
Total owners' equity	**46 604**	39 291	
Total liabilities and owners' equity	**54 428**	46 346	



Consolidated Income Statement

Thousands of euros

	2002	2001	Notes
Net sales	64 791	52 147	17
Cost of goods sold	49 462	37 082	18
Gross profit	15 329	15 065	
Marketing expenses	1 279	1 508	19
Administrative and general expenses	2 108	2 053	21
Research and Development expenses	1 444	1 206	20
Bad debts written-off	-169	-118	22
Other income	1 504	450	23
Other expenses	229	186	24
Operating profit	11 944	10 680	
Financial income	775	839	25
Financial expenses	98	23	26
Profit before taxes	12 621	11 496	
Tax	247	143	27
Net profit	12 375	11 353	
Earnings per share in euros	0,94	0,86	15

Changes in Owners' Equity

Thousands of euros

	Share capital	Statutory reserve	Retained earnings	Profit for the financial year	Total owners' equity
12/31/2000	**8 436**	**844**	**12 814**	**10 063**	**32 156**
Net retained earnings of 2000	-	-	10 063	-10 063	0
Dividends	-	-	-4 218	-	-4 218
Net profit for the financial year	-	-	-	11 353	11 353
12/31/2001	**8 436**	**844**	**18 658**	**11 353**	**39 291**
12/31/2001	**8 436**	**844**	**12 814**	**10 063**	**32 291**
Net retained earnings of 2001	-	-	11 353	-11 353	0
Dividends	-	-	-5 062	-	-5 062
Net profit for the financial year	-	-	-	12 375	12 375
12/31/2002	**8 436**	**844**	**24 950**	**12 375**	**46 604**

According to the requirements of the Estonian Commercial Code the minimum statutory reserve is 10% of share capital.
The statutory reserve can be used to cover the losses of past periods or to increase the share capital. No disbursements are to be made to shareholders from the statutory reserve.

More detailed information about owners' equity and about changes in it is disclosed in Notes 15 and 16.

Consolidated Cash Flow

(Thousands of euros)

Operating activities	2002	2001	Notes
Operating profit	11 944	10 680	
Profit/loss from sale of property, plant and equipment	-1 491	-80	23
Income from subsidiaries companies	0	70	
Depreciation	2 579	2 161	9,10,11
Property, plant and equipment write-off	11	18	9
Property, plant and equipment write-down	0	2	9
Increase (-), decrease (+) in current assets	3 098	-4 640	
Increase (+), decrease (-) in current liabilities	769	2 902	
Interest received and other financial income	793	670	
Interest and other financial expenses paid	-5	0	
Income taxes paid	-14	-2	27
	17 685	11 781	
Investing activities			
Property, plant and equipment sold	1 880	130	9
Property, plant and equipment acquired	-3 420	-5 574	9,10
Loans issued	-10	-13	8
Subsidiaries companies sold	0	320	
Financial investments acquired	-556	0	8
Loan repayments received	31	36	8
	-2 075	-5 101	
Financing activities			
Income tax on dividends	-232	-141	27
Dividends paid	-5 062	-4 218	16
	-5 294	-4 359	
Net cash flow	10 316	2 321	
Movement in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year:	11 689	9 391	
Net cash flow	10 316	2 321	
Foreign exchange gain(+), loss(-)	-93	-23	26
Cash and cash equivalents at the end of the year:	21 912	11 690	
incl. cash and bank accounts	13 692	3 799	1
available-for-sale investments	5 177	5 108	2
held-to-maturity investments	3 044	2 782	3

Presentation of the Current Set of Financial Statements

This set of financial statements has been translated from the original Estonian and converted from Estonian kroons, which is the measurement currency of AS Norma, into euros for the convenience of the users. Because the Estonian kroon is bound to the euro with a fixed exchange rate of 1 euro = 15.64664 Estonian kroons, no currency conversion differences arise from converting financial statements.

Accounting Principles

AS Norma's consolidated financial statements are prepared in accordance with International Accounting Standards (IAS) and under the historical cost convention except in circumstances disclosed in the accounting polices below, e.g. financial instruments are shown at fair value.

Principles of Consolidation

The consolidated financial 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 disclose only the transactions with counterparties outside the group.

The consolidated financial statements include the accounts of AS Norma and its subsidiaries (i.e. the companies in which AS Norma has control over operations). All inter-company accounts and transactions are eliminated.

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 converted into Estonian kroons based on the average Bank of Estonia exchange rates for the year; assets and liabilities in foreign currencies are converted 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 (shares of funds and bonds).

Financial Investments

Financial investments are classified into two categories: available-for-sale and held-to maturity.
The held-to-maturity investments (incl. loans issued by the company and bonds) are carried at amortized cost using the effective yield method. Available-for-sale investments are carried at fair value. In case the market value cannot be reliably estimated, the investments are recorded at cost. Unrealized gains and losses are included in the income statement. Financial investments are recorded at the date of the transaction.

Accounts Receivable

Accounts receivable recorded in the balance sheet are inventoried at the end of year, and a provision has been made to cover doubtful receivables. The provision is recorded in the balance sheet as a 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. The value of property, plant and equipment is reduced to the recoverable amount (the higher of net realisable value or value in use), if the recoverable amount is lower than the net book amount. Improvements are capitalized 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

Amortization 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 the straight-line method, based on the useful life of each item (18 to 26 years).

Income Tax

Until December 31, 2002 (according to the income tax law that took effect on January 1, 2000), only dividends paid by the company to resident natural persons and non-residents were subject to income tax (26/74 of net dividend paid). Since January 1, 2003, due to the changes in the legislation, all dividends paid by the company are taxed. The tax rate is 26/74 of net dividends paid.

The company's potential tax liability related to the distribution of its retained earnings as dividends is not recorded in the balance sheet. The maximum possible tax liability which would become payable if retained earnings were fully paid out as dividends and all shareholders belonged to the taxable category is disclosed in Note 27.

Income tax on dividends will be recorded as an expense in the period dividends are declared.

Earnings per Share

Basic earnings per share is calculated by dividing the net profit by the weighted average number of ordinary shares. The company has no potential ordinary shares and therefore the basic earnings per share and diluted earnings per share are equal.

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 recognized 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 recognized 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 converted 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 arise in future reporting periods, such expenses will be capitalized in the balance sheet under intangible assets.

Accounting for Leases

In the case of an operating lease, the asset leased out 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 principle. Payments made under operating lease are charged to the income statement in the related period.

Notes to the Consolidated Financial Statements 2002

In thousands of euros, unless otherwise stated

1.	Cash and bank accounts	12/31/02	12/31/01
	Cash and bank accounts	112	123
	Short-term deposits	13 579	3 677
		13 692	3 799

At the end of the year, the company had deposited 3 949.1 thousand kroons (value in th. euros 252.4) and 235.8 thousand euros overnight. 6 860 thousand euros and 22 000 thousand EEK (TEUR 1 406) were deposited as short-term bank deposits (under a 4-months term) at 2,75%-3,1% p.a. and 75 494.4 thousand EEK (TEUR 4 825) at 3,0-4,2% under a 12-month term.

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

2.	Available-for-sale investments	12/31/02	12/31/01
	Interest fund shares of Hansabank	5 170	4 034
	Money Market Funds shares	6	1 074
		5 176	5 108

The shares are noted in 12.31.2002 market value.

3.	Held-to-maturity investments	12/31/02	12/31/01
	Bonds	3 044	2 782
		3 044	2 782

Short-term held-to-maturity investments include bonds of Hansabank, Ühisbank and the City of Tartu, with maturity between 1 to 11 months and with an interest rate of 3.2-3.95%, and LB Baden-W bonds at an interest rate of 3.84%. These investments are depreciated according to purchase value and the effective interest rate, and accumulated interest is included in Note 5.

4.	Accounts receivables	12/31/02	12/31/01
	Trade receivables	4 899	7 027
	Parent company group receivables (see Note 29)	5 532	2 770
	Allowance for doubtful receivables	-650	-840
		9 781	8 958

As of December 31, 2002, 76.8% of doubtful receivables were related to Russian customers. More information on reserve for doubtful accounts is shown in Note 22.

5.	Other receivables and prepayment	12/31/02	12/31/01
	Other receivables, incl.	**284**	5 070
	short-term loans	**11**	5 021
	advances to employees (see Notes 8 and 29)	**2**	2
	prepayments for services	**271**	47
	Accrued interest	**80**	99
	Prepaid expenses	**52**	69
		417	5 238

The most significant prepayments concerning expenses for future periods as of Dec. 31, 2002 are: insurance premiums 30 (2001: 48) thousand euros, subscription to newspapers 7 (2001: 8) thousand euros and heating oil 7 (2001: 7) thousand euros.

6.	Prepaid taxes	12/31/02	12/31/01
	Prepaid income tax	**17**	4
	Prepaid VAT	**1 473**	1 149
		1 490	1 153

7.	Inventories	12/31/02	12/31/01
	Raw materials	**3 668**	3 570
	Work in process	**900**	964
	Finished goods	**961**	703
	Goods for resale	**262**	73
	Prepayments to suppliers	**60**	3
		5 851	5 313

In 2002, the obsolete and substandard materials are written down in the amount of 52 (in 2001: 48) thousand euros, resulting in a net realisable value of 22 (in 2001: 5) thousand euros. Materials, unfinished and finished goods unsuitable for production and sale have been written-off in the amount of 52 (in 2001: 21) thousand euros.

8.	Held-to-maturity investments (over 1 year)	12/31/02	12/31/01
	Held-to-maturity bonds	**556**	0
	Granted loans	**57**	68
		614	68

For long-term cash management 2-year fixed-term euro-bonds of Hansabank were acquired at a purchase value of 301 thousand euros and 3-year fixed-term bonds of Ühisbank were also acquired, interest rates 3.84% and 5.15%, accordingly.

Granted loans contain long-term loans to employees of AS Norma.

Purpose	Balance as of 12/31/01	Incl. classified as short-term	Issued loans in 2002	Paid back in 2002	Balance as of 12/31/02	Incl. classified as short-term	Incl. classified as long-term	Interest rate in percent
Purchase of real estate	18	9		6	12	4	8	13
Student loans	60	4	10	16	54	5	49	0
Other	11	9		9	2	2		9
	89	21	10	31	68	11	57	

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.

9. **Property, plant and equipment**	Land and buildings	Machinery and equipment	Other equip-ment	Unfinished buildings	Prepay-ments	Total
Acquisition cost as of 12/31/01	**5 153**	**17 914**	**368**	**271**	**411**	**24 117**
Additions	206	2 052	179	774	155	3 366
Sale and disposal	-	-729	-11	-	-	-740
Reclassification	38	644	-	-271	-411	-
Acquisition cost as of 12/31/02	**5 397**	**19 881**	**536**	**774**	**155**	**26 743**
Accumulated depreciation as of 12/31/01	**-568**	**-10 045**	**-96**	**-**	**-**	**-10 709**
Depreciation charge	-260	-2 186	-63	-	-	-2 509
Depreciation of sold and disposed fixed assets	-	721	7	-	-	729
Accumulated depreciation as of 12/31/02	-828	-11 510	-151	-	-	-12 488
Net book amount as of 12/31/01	**4 585**	**7 869**	**272**	**271**	**411**	**13 408**
Net book amount as of 12/31/02	**4 570**	**8 371**	**385**	**774**	**155**	**14 254**

The acquisition cost of fully depreciated fixed assets (0 book value) still in use as of 12/31/01 was 4 884 thousand euros and as of -12/31/02 4 892 thousand euros.

10. **Investment propertys in real estate**	Buildings	Total
Acquisition cost as of 12/31/01	**471**	**471**
Sale	**-471**	**- 471**
Acquisition cost as of 12/31/02	0	0
Accumulated depreciation as of 12/31/01	**-71**	**-71**
Depreciation charge	-5	-5
Sale	76	76
Accumulated depreciation as of 12/31/02	**0**	**0**
Net book amount as of 12/31/01	**400**	**400**
Net book amount as of 12/31/02	**0**	**0**

The profit from lease income earned from the real estate in the year 2002 was 149 thousand euros (2001: 154) and accordingly the corresponding expenditures were 14 (2001: 20) thousand euros. In accordance with concentrating on the main activities in 2002 real estate investments have been sold with a profit gain of 1 260 thousand euros (see Note 23).

11. Intangible assets	Software licenses	Total
Acquisition cost as of 12/31/01	**469**	**469**
Additions	54	54
Written-off	-52	-52
Acquisition cost as of 12/31/02	**471**	**471**
Accumulated amortization as of 12/31/01	**-349**	**-349**
Amortization charge	-66	-66
Written-off	52	52
Accumulated amortization as of 12/31/02	**-362**	**-362**
Net book amount as of 12/31/01	**121**	**121**
Net book amount as of 12/31/02	**109**	**109**

12. Operating lease

The company has signed operating lease contracts to rent cars (period 2000-2004). In 2000, the total amount of rental payments under these contracts was 45 thousand euros. In 2001, the amount of leasing payments was 38 thousand euros, in 2002 the amounts payable were 30 thousand, in 2003 26 thousand euros and in 2004, 2 thousand euros.

13. Accounts payable and accrued expenses	12/31/02	12/31/01
Customer prepayments	**107**	42
Accounts payable	**2 356**	1 121
Salaries payable	**1 067**	945
Accrued expenses	**1**	2
Payables to parent company (see Note 29)	**3 997**	4 694
	7 529	6 805

14. Taxes payable	12/31/02	12/31/01
Social security tax and other	**2**	2
Unemployment insurance tax	**273**	207
VAT payable	**21**	41
	295	250

15. Share capital	12/31/02	12/31/01
Share capital par value (10 kroons per share)	**8 436**	8 436

AS Norma has issued 13.2 million ordinary shares which grant one vote per share. Dividends paid out for 2001 were 0.4 euros per share totaling 5.1 million euros. 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.

The maximum allowable share capital of the company is 33 745 thousand euros.

AS Norma shareholders with participation over 3% as of 12/31/02:

Autoliv AB	51.0%
Nordea Bank Finland PLC Clients Account Trading	8.4%
Skandinaviska Eskilda Banken AB Clients	7.8%
Clearstream Banking Luxembourg S.A. Clients	5.4%

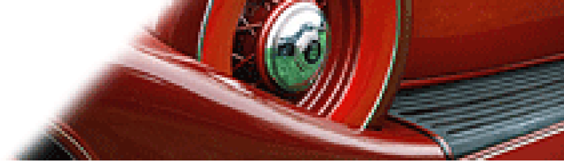
Earnings per share	**2002**	2001
Net profit	**12 375**	11 353
Average number of shares (in thousands)	**13 200**	13 200
Earnings per share (EPS) in euros	**0,94**	0,86

The company has no ordinary shares that can potentially be issued and therefore the basic earnings per share and the fully diluted earnings per share are equal.

16. Retained earnings and reserves

	Retained earnings	Statutory reserve	Total
December 31, 2000	**12 813**	**844**	**13 657**
Net profit for 2000	10 063	-	10 063
Dividends on ordinary shares	-4 218	-	-4 218
December 31, 2001	**18 658**	**844**	**19 502**
Net profit for 2001	11 353	-	11 353
Dividends on ordinary shares	-5 062	-	-5 062
December 31, 2002	**24 950**	**844**	**25 793**

Income tax on dividends is disclosed in Note 27.



17. Segment Information

By Product Lines

	Safety belts 2002	Other products 2002	Total 2002	Safety belts 2001	Other products 2001	Total 2001
Sales	60 731	8 304	69 035	48 101	8 365	56 466
Internal sales	0	(4 244)	(4 244)	0	(4 319)	(4 319)
Net sales	60 731	4 060	64 791	48 101	4 046	52 147
Operating profit	11 802	142	11 944	10 541	139	10 680
Assets	35 119	6 089	41 208	26 917	6 539	33 456
Unallocated assets	0	0	13 220	0	0	12 890
Total assets	0	0	54 428	0	0	46 346
Liabilities	7 224	601	7 824	6 527	528	7 055
Investments	3 394	21	3 415	5 558	16	5 574
Depreciation charge	2 269	310	2 579	1 822	339	2 161
Fixed assets' devaluation	0	0	0	2	0	2

The primary segment form contains the business segments of the group while the secondary segment form contains the geographical segment group.
Segments are based on the production lines of the company where the main product group is safety belts and other products (car components, metal products, real estate management) have separately less than 10% of total sales. The consistence of other products in segments has changed due to finishing the activities in real-estate-maintenance.

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 2002	Net sales 2001
Russia	31 561	32 124
Sweden	28 930	15 541
Estonia	1 063	1 001
Austria	771	891
France	510	784
Ukraine	477	389
Czech Republic	425	287
Finland	282	131
Belgium	161	256
Germany	140	31
Denmark	128	207
Netherlands	124	80
USA	75	88

Poland	**49**	52
Lithuania	**39**	58
Other countries	**56**	229
	64 791	52 147

The inventories and tangible assets of the AS Norma Group are located in Estonia, with the exception of a building (Poland module) in the AS Norma balance sheet with a net book value of 3.4 thousand euros, which is located in the Russian Federation and also an exception of the assets of Norma-Osvar Ltd., which are located in the Russian Federation. The balance sheet value of the assets of Norma-Osvar Ltd. is 965 (in 2001: 456) thousand euros, of which the value of fixed assets is 31 (in 2001: 38) thousand euros.

According to the management's estimations the prices between segment transactions are not significantly different from market prices.

18.	Cost of goods sold	2002	2001
	Raw materials	**37 575**	26 244
	Wages	**7 875**	7 321
	Depreciation	**2 378**	1 956
	Utilities	**836**	783
	Other	**797**	777
		49 462	37 082

19.	Marketing expenses	2002	2001
	Salaries	**345**	282
	Depreciation	**16**	17
	Consultation	**116**	352
	Transport services	**575**	655
	Other	**227**	203
		1 279	1 508

20.	Research and Development expenses	2002	2001
	Salaries	**682**	617
	Prototype and pre-serial tooling	**406**	245
	Depreciation	**64**	62
	Advertising, promotion	**8**	16
	Travel	**76**	77
	Other services	**13**	11
	Training	**7**	8
	Other	**188**	171
		1 444	1 206

21. Administrative and general expenses	2002	2001
Salaries	1 303	1 148
Depreciation	120	126
Repairs	27	27
Advertising, promotion	78	105
Travel	44	38
Telephone, office supplies	66	70
Other services	106	162
Training	62	35
Other	302	341
	2 108	2 053

22. Allowances for bad debts	2002	2001
Allowances for doubtful receivables made in 2001	-185	211
Write-off of bad debts	19	20
Received from allowance of previous years	-3	-348
	-169	-118

23. Other operating income	2002	2001
Other sales	13	29
Profit from sales of property, plant and equipment	1 491	80
Foreign exchange gain	0	45
Other	0	296
	1 504	450

In accordance with concentrating on main activities, the office buildings at Laki 14 were sold with a gain of 1 087 thousand euros and factory buildings at Jahu 12 were sold with a gain of 173 thousand euros in 2002.

24. Other operating expenses	2002	2001
Membership fees of unions, other associations	10	8
Loss from the sale and disposal of fixed assets	11	18
Sponsorship	151	145
Cost of other sales	6	5
Foreign exchange gain	35	0
Other	16	8
Devaluation of property, plant and equipment	0	2
	229	186

25.	Financial income	2002	2001
	Shares in associated companies	0	70
	Other financial investments	146	349
	Deposit interest received	427	409
	Loan interest	183	0
	Other	20	10
		775	839

Due to focusing on the main business activities the subsidiary AS Metaprint's shares were sold with a profit of 70 thousand euros in 2001.

26.	Financial expenses	2002	2001
	Loan interest paid	93	23
	Changes in value of financial investments	5	0
		98	23

27.	Income tax	2002	2001
	Income tax on the profit	14	2
	Income tax on dividends	232	141
		247	143

A subsidiary company of the group – ZAO Norma-Osvar – is registered and located in the territory of the Russian Federation. Income tax from profit (14 thousand euros) has been paid in accordance with the income tax law valid in the jurisdiction.

Maximum possible income tax on dividends

The retained earnings of the company amounted to 37 324 thousand euros as of 12/31/02. In the case of paying retained earnings fully out as dividends, the maximum possible income tax liability would be 8,597 thousand euros. Accordingly, it would be possible to pay net dividends in the amount of 28,727 thousand euros.

28.	Personnel expenses	2002	2001
	Wages and salaries	7 646	7 042
	Social security	2 524	2 324
	Unemployment insurance	35	2
		10 205	9 368

29. Related parties

	Autoliv Group	
	2002	2001
Sales to Norma	**23 498**	15 635
Purchase from Norma	**28 453**	14 797
Insurance premium for product liability	**59**	78
	12/31/02	12/31/01
Receivable from Group companies	**5 532**	2 770
Payable to Group companies	**3 997**	4 694
Short-term loan to Autoliv Autosicherheitst GmbH	**0**	5 005
Short-term deposit to Autoliv Finance International	**5 005**	0

Autoliv AB is the parent company of AS Norma. According to management opinion intra-company trading transactions with Autoliv companies are based on market prices. The short-term loan issued in 2001 to another Autoliv subsidiary earned slightly higher interest than the market rate at that time, as did the short-term deposit placed at the end of 2002.

Remuneration paid to the acting Management Board members during the year amounted to 449 thousand euros. Remuneration paid to the members of the Supervisory Board amounted to 48 thousand euros. According to the agreements signed with the members of the Management Board, the compensation payable upon the termination of employment can amount to up to 12-month of salary, depending on the terms and conditions of termination of an agreement.

Loans to employees are disclosed in Note 8.

30. Subsidiaries as of December 31, 2002

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

AS Norma subsidiaries have issued only ordinary shares. There were no transactions with subsidiaries' shares in 2002.
The company completed the process of the merger of its 100% subsidiary AS Norma Maja as of December 31, 2002.

Group pool account

On Oct. 22, 1999 Hansabank and AS Norma, with its subsidiaries, entered into a contract of a group pool account under which AS Norma is listed as the parent company. Subsidiaries involved as of Dec. 31, 2002 were Eksamo Automaatika AS and AS Tööriistavabrik.

31. 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 analyzing 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 balance of receivables from Russian clients was 4,214 thousand euros on 31/12/02 (6 191 on 31/12/01). Write-downs amounted to 499 thousand euros at the end of the accounting period (639 thousand euros on 31/12/01). Therefore, the net balance of receivables as of 31.12.02 amounted to 3,715 thousand euros as of 31/12/02 (31/12/01: 5552).

Currency risk

In 2002, 98.4% of AS Norma Group sales were export sales, made mainly in euros. The Group's expenses were primarily in Estonian kroons, euros, Swedish kronor and Russian rubles. The risks related to other currencies than the euro were hedged either by levelling the incoming and outgoing cash flow of the same currency or fixing contractual payments at the euro exchange rate.
Short-term investments are placed both in Estonian kroons and euros in view of risk spreading.

Currency positions of the group

Thousands of euros

			12/31/2002				
Assets	**EEK**	**SEK**	**USD**	**EUR**	**RUR**	**Other**	**Total**
Cash	6 494	27	0	7 098	45	27	13 692
Customer receivables	110	79	25	9 616	454	147	10 431
Prepayments to suppliers	47	-	4	104	-	-	155
	6 652	**106**	**29**	**16 818**	**499**	**174**	**24 278**
Liabilities							
Prepayments from customers	16	-	-	88	3	1	107
Accounts payable	1 219	31	12	5 027	5	59	6 354
	1 234	**31**	**12**	**5 115**	**9**	**59**	**6 461**

			12/31/2001				
Financial assets	**EEK**	**SEK**	**USD**	**EUR**	**RUR**	**Other**	**Total**
Cash	2 686	8	0	1 023	82	0	3 799
Customer receivables	116	63	157	8 117	259	1 085	9 797
Prepayments to suppliers	232	-	-	5 005	-	-	5 238
Other receivables	2	-	0		1	-	3
	3 036	70	158	14 146	342	1 085	18 837
Liabilities							
Prepayments from customers	9	-	-	2	0	31	42
Accounts payable	544	264	3	4 711	13	280	5 815
	553	264	3	4 714	13	311	5 858

32. Fair value

The values of financial assets and liabilities reflected on the balance sheet are approximately their fair values.

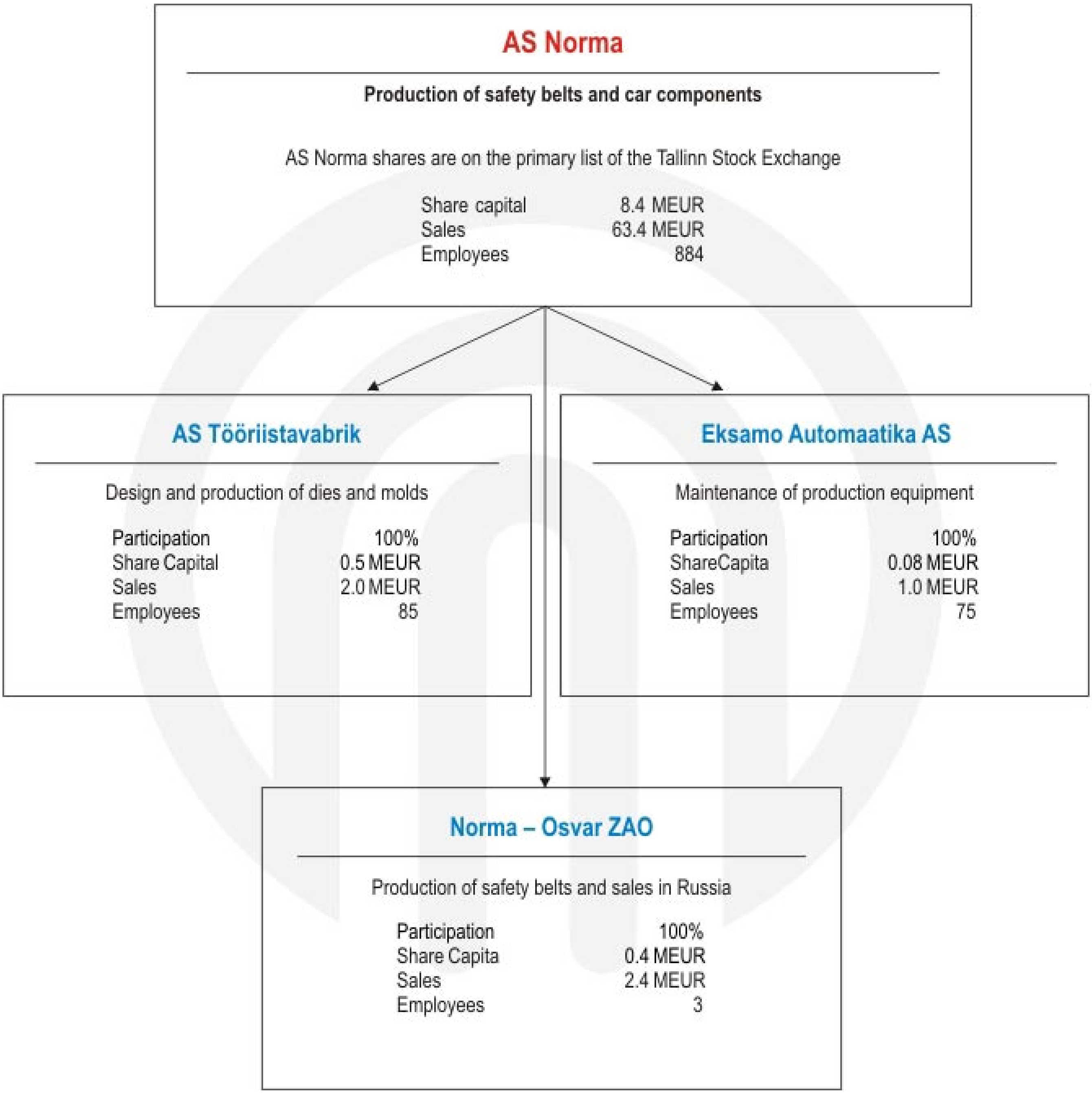
33. Off-balance assets and liabilities

AS Norma holds a guarantee contract in the amount of 415 thousand euros for guaranteeing the payment of import levies, interest charges and state fees.
The company stands as a guarantor for the usage of staff's credit cards to the amount of 47 thousand euros.
AS Norma has a contractual liability to Autoliv Sverige AB to invest 43 thousand euros in production assets in 2003.

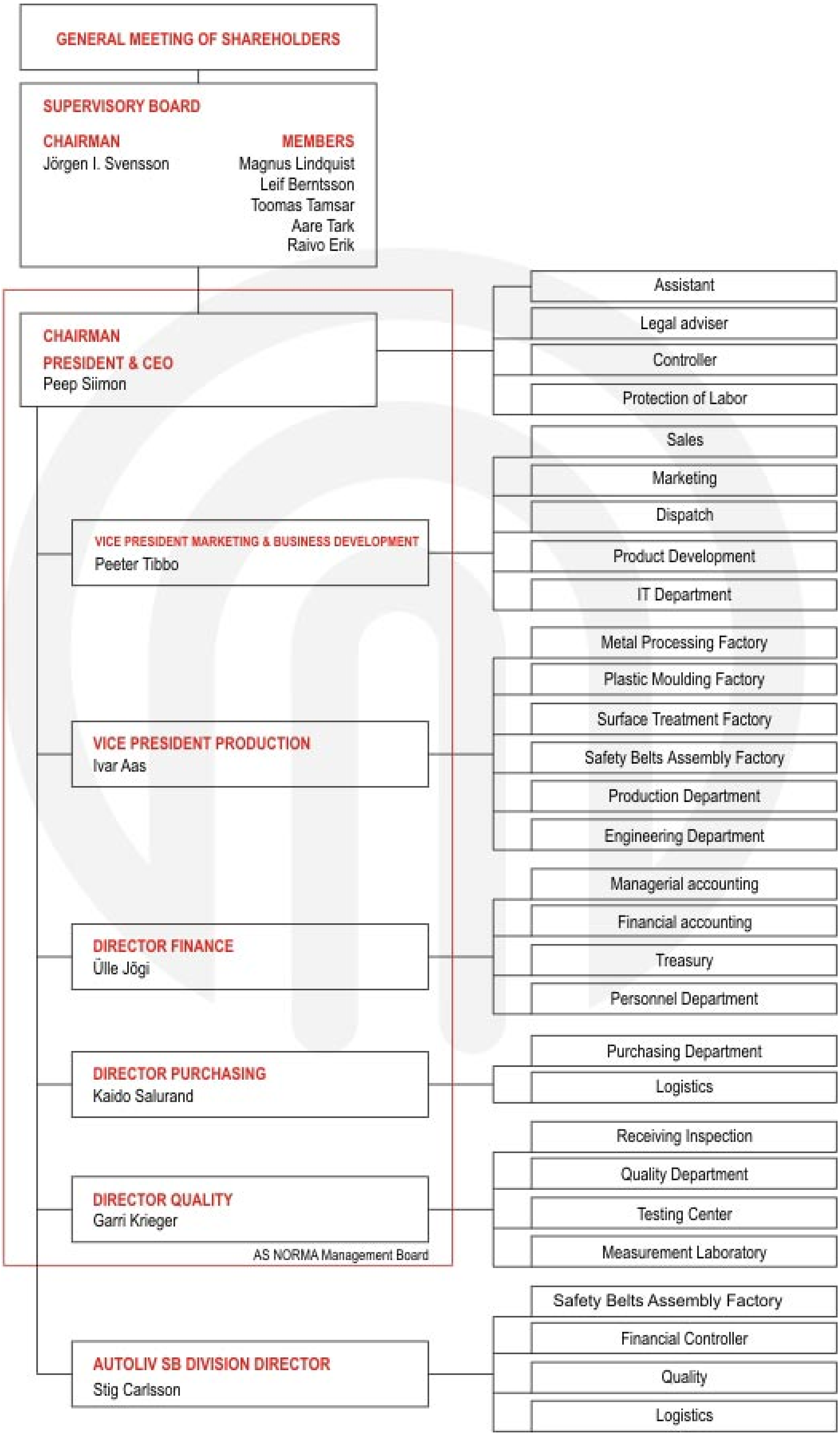
34. Post-balance sheet events

As sales volumes decreased in the first quarter of 2003 due to the continuing depression in the Russian vehicle industry, production was stopped in January for 14 workdays and in February for 4 workdays. In February, the working day was shortened by 2 hours and 60 lay-off notices were issued to employees.

Norma Group Structure



Management Structure



Auditor's Report

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AUDITOR'S REPORT

To the shareholders of AS Norma:

We have audited the consolidated financial statements of AS Norma and its subsidiary companies (the Group) presented in euros for the year ended on 31 December 2002 as set out on pages 10 to 27. 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 of 31 December 2002 and of the results of its operations and its cash flow for the year then ended in accordance with International Accounting Standards.

AS PricewaterhouseCoopers

26 February 2003

Tiit Raimla
Authorized auditor

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