NORMA

ANNUAL REPORT 2003

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STATEMENT OF THE CHAIRMAN OF THE SUPERVISORY BOARD AND THE CHAIRMAN OF THE MANAGEMENT BOARD OF AS NORMA

2003 was a difficult year for AS Norma. The instability of the Russian car industry and the growing competition on both the Eastern and the Western markets demanded increased contributions and great efforts from every employee of the Company in order to achieve the goals set and adjust to the new market conditions.

AS Norma's sales amounted to 63.9 MEUR and net profit to 8.2 MEUR in 2003. Sales decreased by 1.4%, compared to 2002. At the same time, sales to Autoliv amounted to 34.8 MEUR – i.e. a 22% growth in sales compared to 2002.

Net profit in 2003 was 4.2 MEUR lower than in 2002. This decrease was mostly related to the decrease in the sales volumes of Russian car manufacturers, and strong pressure on prices mainly on the Eastern market. The net profit for 2002 was boosted by extraordinary items amounting to 1.3 MEUR kroons that was not within AS Norma's ordinary activities (the sale of the former office building of AS Norma).

Earnings per share amounted to 0.6 EUR in 2003 – a 34% decrease, compared to 2002. Despite the difficult financial year, AS Norma's shareholders and investors had faith in AS Norma's business activities and future development, and the share price of AS Norma grew by 61% in 2003 on the Tallinn Stock Exchange, reaching 6.5 EUR by the end of the year.

Markets

Export accounted for 98% of the total sales of AS Norma in 2003, and 40% of the export was to Russian customers.

The year 2003 started with a recession in the Russian car industry, which had a direct effect on AS Norma's economic activities. One of the reasons for this situation was the delayed regulation in Russia, which imposed higher customs duties on the import of cars older than seven years. On the Russian market the price pressure continues and competition is increasing.

AS Norma's sales to Western customers increased by 18%. AS Norma's largest customers on the Western market were the Autoliv companies, Karosa, Irisbus France, Intersafe AB, Van Hool N.V. and Saab Automobile, a subsidiary of General Motors.

Progress in product development in 2003

2003 was a significant year for the Company as regards product development. For the first time in AS Norma's history, our engineers had the option of participating in an international team for developing a full-scale safety system for the new model series of AvtoVAZ – the Kalina (VAZ 1118, 1119 and 1117). In addition to traditional components manufactured at AS Norma, the safety system also includes pretensioner retractors, airbags and electronic control units (ECU) manufactured by various Autoliv group companies. AS Norma is responsible towards AvtoVAZ for the development of the entire safety system, and for logistics management. The new safety system will be developed in 18 months, and the production of cars equipped with such systems should start in September 2005.

Production efficiency and product quality improvement

Based on AS Norma's strategic goals of concentrating on its main activities, the company sold in 2003 100% of the shares of its subsidiary Eksamo Automaatika AS to Manager of Eksamo Automaatika AS and completed the legal procedures related to the merger of AS Norma and AS Norma Maja.

The Group's investments in ensuring production capacity and earning future revenue amounted to 5.8 MEUR. A license agreement was signed with Autoliv in 2003. This agreement grants AS Norma the right to use all existing and future technologies of Autoliv as well as to manufacture and sell products.

Constant product quality improvement is one of the most important goals for AS Norma. Bringing AS Norma's quality management system into line with ISO/TS 16949:2002 (the car industry's special requirements for the quality management systems upon the implementation of ISO 9001:2000) was therefore the most important quality-related activity undertaken by the Company to fulfil business goals and customer requirements. The certification audit was conducted by DNV Certification OY/AB's Finnish branch in September 2003. The corresponding certificate was issued in Houston, Texas in December of 2003. In 2004, primary attention will be paid to ensuring efficient functioning and continuous improvement of the quality management system.

The Supervisory Board and Management Board of AS Norma agree that the keywords for ensuring AS Norma's further development and competitive edge are:

• a constant production efficiency increase – in 2003, the company launched an extensive process of internal restructuring, aiming to distinguish and ensure transparency in manufacturing of both car safety belts and components;
• continuously reducing expenses;
• achieving quality goals;
• using new technologies in accordance with the customer requirements;
• increasing export to the West, and maintaining the market position in Russia;
• developing a motivation system for the employees.

Satisfied shareholders and business partners are the greatest achievement for AS Norma. In conclusion, the Supervisory Board and the Management Board of AS Norma wish to thank shareholders for their faith and all of our associates for their contribution to our future.

Jörgen I. Svensson
Chairman of the Supervisory Board

Peep Siimon
Chairman of the Management Board

MANAGEMENT REPORT

Background information on AS Norma

AS Norma's history dates back over 100 years: in 1891 Paulus Michelson founded a metal shop which has carried the Norma name since 1931. In 1973 seatbelt production started. Today, AS Norma is the leading car security system supplier for Russian car plants, and provides seat belts for many Western car industry groups. AS Norma shares are quoted on the main list of the Tallinn Stock Exchange.

AS Norma specializes in the manufacturing, sales, research and development of car safety systems and components. Technologies used for the main activities include metal processing, plastic moulding and galvanic coating of components.

In 2003, the AS Norma Group consisted of AS Norma and three 100%-parent-owned subsidiaries from which Eksamo Automaatika AS was sold on December 30, 2003.
At the end of 2003 the group employed 882 people, including 800 people at AS Norma.
AS Norma is located in Tallinn, Estonia, at Laki St. 14.

Financial highlights

In millions of euros, excl. shares and amounts per share

	Group			AS Norma (parent company) *		
	2003	2002	Change %	**2003**	2002	Change %
Net sales	**63.9**	64.8	(1.4)	**62.6**	63.4	(1.3)
Operating profit	**7.8**	11.9	(34.8)	**8.0**	10.2	(21.7)
Income tax	**0.2**	0.2		**0.2**	0.2	
Net profit	**8.2**	12.4	(33.7)	**8.2**	12.4	(33.7)
Assets	**61.5**	54.4	13.1	**61.4**	54.2	11.7
Equity	**50.6**	46.6	8.5	**50.6**	46.6	8.5
Share capital	**8.4**	8.4		**8.4**	8.4	
Number of employees	**882**	1 046		**800**	884	
Number of shares	**13.2**	13.2		**13.2**	13.2	
Earnings per share	**0.6**	0.9	(33.7)	**0.6**	0.9	(33.7)
ROE	**0.162**	0.265	(39)	**0.162**	0.265	(39)
ROA	**0.133**	0.227	(41)	**0.134**	0.227	(41)

*AS Norma consolidated using the equity method

Operations of AS Norma in 2003

1. Sales revenue

Net sales of AS Norma Group amounted to 63.9 MEUR, a decrease of 1.4% compared to 2002. The parent company's sales revenue was 62.6 MEUR, 98% of the turnover of the whole group. The parent company's sales decreased by 1.3% in a year. The subsidiaries' consolidated sales were 1.3 MEUR. The share of export in the group's sales amounted to 98% and 40% of export went to Russia. Revenue from seatbelt and component sales amounted to 93% of the total sales of the group (94% in 2002).

2003 could be considered an active year on AS Norma's primary markets. Passenger car production in Russia increased by 1.7%, compared to 2002 (decrease of 0.4% at AvtoVAZ). Increasing competition on the ordinary seatbelt market and the strengthening of the euro in 2003 with regard to the rouble had a negative effect on Norma's sales and sales prices. The effect of the price drop on revenue was 1.5 MEUR. The largest customers in Russia were AvtoVAZ, GAZ, and Izhmaz.

In 2003, AS Norma's Western-bound sales reached 60% of total sales, amounting to 38.5 MEUR. Sales to Autoliv group companies totalled 34.8 MEUR (+22% from 2002). Seat belts accounted for 94.5% of products sold to Autoliv group. Other major Western clients included Karosa, Iris Bus, Renault V.I., Protektor, Saab Automobile AB.

Increased security requirements are also forcing Russian plants to adopt increasingly comprehensive safety systems. This means the share of airbags and seat belts with automatic pretensioners and related electronics used in such components will increase in the coming years. In 2003, Norma was contracted to develop a modern safety system for AvtoVAZ's new family cars, VAZ 1118, 1117, and 1119 (the Kalina). Production of cars equipped with safety systems is planned to begin in September 2005. The contract does not cover serial supply of components but does lay a good foundation for signing a contract on serial supplies.

2. Profitability

	Group			AS Norma (parent company)*		
	2003	2002	Change %	**2003**	2002	Change %
Net sales	**63.9**	64.8	(1.4)	**62.6**	63.4	(1.3)
Cost of goods sold	**51.9**	49.4	5.0	**51.2**	49.2	4.0
Administrative and selling expenses	**4.1**	4.8	(12.9)	**3.7**	4.1	(9.6)
Operating profit	**7.8**	11.9	(34.8)	**8.0**	10.2	(21.7)
Profit before tax	**8.4**	12.6	(33.3)	**8.4**	12.6	(33.3)
Net profit	**8.2**	12.4	(33.7)	**8.2**	12.4	(33.7)
Sales margin (%)	**12.8**	19.1	(33.0)	**13.1**	19.5	(32.8)

*AS Norma consolidated equity method

The group's net profit was 8.2 MEUR in 2003. Net profit fell 34% from 2002. Profit before tax decreased by 33% (i.e. 4.2 MEUR) to 8.4 MEUR . The group's sales margin fell from 19.1% to 12.8%. In 2002, disposals of buildings and real estate contributed to operating profit of 1.3 MEUR. Such an operating profit was not achieved in 2003. The decline in profit is a consequence of the decrease in the sales volumes and prices on the Eastern market.

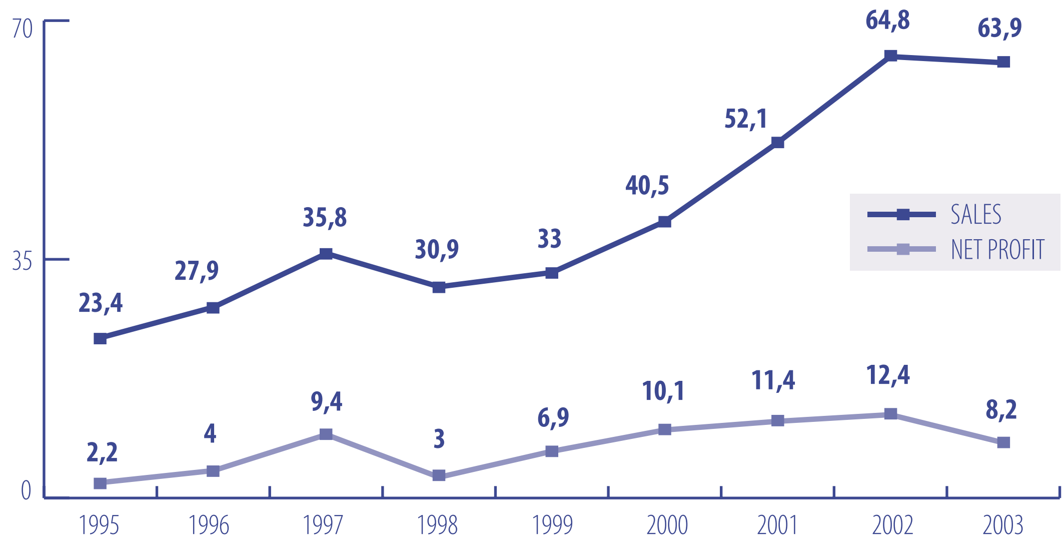
In 2003 net sales dropped by 1%, whereas cost of sales increased by 5%. The company's gross profit decreased by 22%. R&D expenses decreased by 13%, general administrative expenses by 10%, and marketing expenses by 17%, thus 13% was saved on the general expenses of the accounting period.

The rise in the share of cost of goods sold in the group's revenue-expenditure structure continued (from net sales an increase from 76% in 2002 to 81% in 2003), including a 3% rise in the cost of raw materials (i.e. 1.2 MEUR), 13% increase in depreciation (i.e. 0.3 MEUR), and 5% decrease in wages and salaries (i.e. 0.4 MEUR), compared to 2002. Increase in the share of costs of raw materials was triggered by the use of purchased components instead of raw materials upon making safety belts for Autoliv. Sales to Autoliv group companies reached 34.8 MEUR in 2003, making up 55% of net turnover (growth of 22% from 2002).

98% of the group's net turnover (i.e.62.6 MEUR) originated from the parent company, a decrease of 1%, compared to the previous period. The parent company's gross profit decreased by 20% and operating profit by 22%, reaching 11.4 and 8.0 MEUR respectively.

Personnel expenses of the group totalled 9.3 MEUR in 2003, a decrease of 9%, compared to last year. The share of personnel expenses in the net turnover decreased to 15% in 2003 (16% in 2002). There were 882 employees in the group at the end of 2003, which is 164 employees less than the previous year. The number of employees at the parent company decreased by 84 to 800. The average expenditure per employee stayed at 2002 levels.

The dynamics of the Group net sales and net profit in 1995-2003 (in MEUR)



3. Liquidity management and use of capital

The group's equity increased by 4.0 MEUR or 9%, amounting to 50.6 MEUR by the end of the accounting year. The share of equity in the balance sheet was 82% (86% at the end of 2002). Distributable equity at the end of the year was 41.3 MEUR.

At the end of 2003, the share of cash and liquid securities amounted to 31% of total assets. Net working capital was 13.8 MEUR as of 31 December 2003, and fixed assets amounted to 17.7 MEUR. The group has no need for external funding.

In managing liquidity and making financial investments, AS Norma was traditionally conservative in 2003, as well. Aside from Estonian banks' Estonian kroon and euro deposits of varying terms of maturity, and interest fund shares, resources were also deposited on a short-term basis in Autoliv Finance International and a short-term loan was granted to Autoliv Autosicherheitst GMBH in the amount of 5 MEUR, which enabled to make a short-term euro investment at a higher interest rates than the market rates for euro deposits.

For more flexible management of financial resources within the group, and reducing interest expenses and need for external loans, a group cash pooling agreement is being used, allowing the subsidiaries to use the group's resources within the limits established by AS Norma.

4. Assets

The group's assets totalled to 61.5 MEUR at the end of the accounting period, 7.1 MEUR more than at the end of 2002, whereas 4.4 MEUR of its growth came from current assets. The latter reached 43.8 MEUR by the end of the period.

Customer receivables amounted to 12.9 MEUR at the end of the period, including 8.0 MEUR of accounts receivable from Autoliv group companies. In turn, accounts payable by AS Norma to the companies of the same group amounted to 6.2 MEUR. Although total customer receivables increased by 2.5 MEUR over the year, the accounts receivable from customers outside Autoliv group remained the same (5.0 MEUR). A provision for doubtful debts has been established in the amount of 0.6 MEUR, 78% of it being connected to accounts of Russian and Ukrainian customers.

The group's inventories amounted to 4.7 MEUR at the end of the accounting period, a decrease of 1.1 MEUR (19%), compared to the beginning of the period, making up 8% of assets. Raw materials and purchased components made up 60%, work in progress 22% and finished goods 13% of the inventories. Compared to 2002, material and component inventories decreased the most, from 3.7 to 2.8 MEUR, as did finished goods in stock, from 0.9 to 0.6 MEUR.
The group's non-current assets reached 17.7 MEUR at the end of 2003, a growth of 2.7 MEUR, making up 29% of assets. Tangible fixed assets increased by 1.7 MEUR to 16.0 MEUR – i.e. 26% of the group's assets. Intangible assets increased by 1.3 MEUR in 2003.

5. Highlights

1. A new automatic line was installed and launched to prepare Autoliv safety belt inertial wheel.
2. Legal procedures for the merger of AS Norma and AS Norma Maja were completed.
3. The subsidiary (100%) Eksamo Automaatika AS was sold.
4. DNV Certification OY/AB issued a certificate to AS Norma, proving the company's quality management system's conformance to ISO/TS 16949 requirements.

6. Subsidiaries

In 2003, AS Norma group included three subsidiaries (AS Tööriistavabrik, Norma-Osvar ZAO, Eksamo Automaatika AS (was sold at the end of 2003)).

AS Tööriistavabrik field of activity is designing, manufacturing and repairing fixtures for plastic moulding dies. AS Tööriistavabrik is a strategic link in the Norma production chain. AS Tööriistavabrik sales in 2003 amounted to 2.1 MEUR and the net profit amounted to 0.1 MEUR. Its sales outside the group amounted to 0.9 MEUR.

Eksamo Automaatika AS provided maintenance and repair services for manufacturing equipment to the parent company and performs automation work for Norma as well as other firms. The company's turnover was 0.9 MEUR in 2003 and the net loss amounted to 16.0 th. EUR. Its sales outside the group amounted to 0.3 MEUR. Eksamo Automaatika AS was sold at the end of 2003.

The turnover of the Russian-based subsidiary Norma-Osvar ZAO was 2.4 MEUR in 2003 and the net loss amounted to 0.1 MEUR. Its sales outside the group amounted to 2.4 MEUR.

7. Investments

To reinforce manufacturing capacity and ensure effectiveness of manufacturing processes, 5.8 MEUR were invested in the group in 2003.
The largest investments in 2003 were the following:

Product and technology licenses	1.4 MEUR	Thermoplastic production	0.6 MEUR
Metal processing equipment	0.9 MEUR	Quality management systems	0.4 MEUR
Assembly line	1.2 MEUR	Environmental protection	0.2 MEUR
IT	0.2 MEUR	Construction work	0.1 MEUR

8. Stock market and stock performance

AS Norma has issued 13.2 million ordinary shares, which give one vote per share. Dividends in the amount of 4.2 MEUR were paid out for activities in 2002 (i.e. 0.32 EUR per share).
AS Norma shares are quoted on the main list of the Tallinn Stock Exchange, and they are also traded on exchanges in Frankfurt, Berlin and Munich.
AS Norma shareholders whose share exceeds 3%, as of December 31, 2003:

Autoliv AB	51.0%	Clearstream Banking Luxembourg S.A. Clients	3.7%
Nordea Bank Finland PLC Clients Account Trading	9.5%	Firebird Republics Fund Ltd	3.0%
Skandinaviska Enskilda Banken AB Clients	8.7%		

At the end of the accounting period (12.31.2003), the closing price of a share of AS Norma on the Tallinn Stock Exchange was 6.5 EUR.

AS NORMA CONSOLIDATED BALANCE SHEET

In thousands of euros

	At December 31		
Assets	**2003**	2002	Note No.
Current assets			
Cash and bank accounts	11 446	13 692	1
Available-for-sale investments	4 680	5 177	2
Held-to-maturity investments	2 995	3 044	3
Accounts receivable	12 937	10 431	4
Allowance for doubtful receivables	(597)	(650)	4
Other receivables and prepayments	5 780	417	5
Prepaid taxes	1 868	1 490	6
Inventories	4 718	5 851	7
Total current assets	**43 826**	**39 451**	
Non-current assets			
Held-to-maturity investments	332	614	8
Property, plant and equipment	15 963	14 254	10
Intangible assets	1 402	109	11
Total non-current assets	**17 697**	**14 977**	
Total assets	**61 523**	**54 428**	
Liabilities and owners' equity			
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	10 588	7 529	13
Taxes payable	347	295	14
Total current liabilities	**10 935**	**7 824**	
Total liabilities	**10 935**	**7 824**	
Owners' equity			
Share capital (par value)	8 436	8 436	15
Statutory reserves	844	844	
Retained earnings	33 106	24 950	
Profit for the financial year	8 202	12 375	
Total owners' equity	**50 588**	**46 604**	
Total liabilities and owners' equity	**61 523**	**54 428**	

AS NORMA BALANCE SHEET
Parent company

In thousands of euros

	At December 31		
Assets	**2003**	2002	Note No.
Current assets			
Cash and bank accounts	11 418	13 616	1
Available-for-sale investments	4 680	5 177	2
Held-to-maturity investments	2 995	3 044	3
Accounts receivable	13 228	10 630	4
Allowance for doubtful receivables	(597)	(650)	4
Other receivables and prepayments	5 763	293	5
Prepaid taxes	1 722	1 426	6
Inventories	4 130	5 229	7
Total current assets	**43 339**	**38 765**	
Non-current assets			
Held-to-maturity investments	332	614	8
Investments in subsidiaries	1 187	1 389	9
Property, plant and equipment	15 190	13 374	10
Intangible assets	1 361	61	11
Total non-current assets	**18 071**	**15 438**	
Total assets	**61 409**	**54 203**	

Liabilities and owners' equity			
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	10 522	7 386	13
Taxes payable	299	213	14
Total current liabilities	**10 821**	**7 599**	
Total liabilities	**10 821**	**7 599**	
Owners' equity			
Share capital (par value)	8 436	8 436	15
Statutory legal reserves	844	844	
Retained earnings	33 106	24 950	
Profit for the financial year	8 202	12 375	
Total owners' equity	**50 588**	**46 604**	
Total liabilities and owners' equity	**61 409**	**54 203**	

AS NORMA CONSOLIDATED INCOME STATEMENT

In thousands of euros

	Years ended Decemeber 31		
	2003	2002	Note No.
Net sales	**63 868**	64 791	16
Cost of goods sold	**51 937**	49 462	17
Gross profit	**11 931**	15 329	
Marketing expenses	**1 056**	1 279	18
General expenses	**1 745**	1 938	20
Research and development expenses	**1 258**	1 444	19
Other income	**162**	1 504	21
Other expenses	**252**	229	22
Operating profit	**7 782**	11 944	
Financial income	**660**	775	23
Financial expenses	**19**	98	23
Profit before taxes	**8 423**	12 621	
Income tax expense	**221**	247	24
Net profit	**8 202**	12 375	
Earnings per share in EUR	**0,6**	0,9	15

AS NORMA INCOME STATEMENT

Parent company

In thousands of euros

	Years ended Decemeber 31		
	2003	2002	Note No.
Net sales	**62 568**	63 406	16
Cost of goods sold	**51 156**	49 166	17
Gross profit	**11 412**	14 240	
Marketing expenses	**1 035**	1 253	18
General expenses	**1 367**	1 204	20
Research and development expenses	**1 259**	1 444	19
Other income	**500**	94	21
Other expenses	**241**	201	22
Operating profit	**8 010**	10 232	
Financial income	**755**	2 473	23
Financial expenses	**342**	98	23
Profit before taxes	**8 423**	12 607	
Income tax expense	**221**	232	24
Net profit	**8 202**	12 375	
Earnings per share in EUR	**0,6**	0,9	15

CHANGES IN OWNERS' EQUITY

Group and parent company

In thousands of euros

	Share capital	Statutory reserves	Retained earnings	Profit for the financial year	Total owners' equity
12/31/01	**8 436**	**844**	**18 658**	**11 353**	**39 291**
2001 profit transferred to retained earnings			11 353	(11 353)	
Dividends			(5 062)		(5 062)
Net profit for the financial year				12 375	12 375
12/31/02	**8 436**	**844**	**24 949**	**12 375**	**46 604**
12/31/02	**8 436**	**844**	**24 949**	**12 375**	**46 604**
2002 profit transferred to retained earnings			12 375	(12 375)	
Dividends			(4 218)		(4 218)
Net profit for the financial year				8 202	8 202
12/31/03	**8 436**	**844**	**33 106**	**8 202**	**50 588**

According to the requirements of Business Law, the statutory reserve is 10% from share capital. Statutory reserves can be used to cover the loss of past periods or to increase the share capital. No disbursements will be made to shareholders from statutory reserves.

AS NORMA CONSOLIDATED CASH FLOWS

In thousands of euros

	Years ended Decemeber 31		
Operating activities	**2003**	2002	Note No.
Operating profit	**7 782**	11 944	
Profit from sale of property, plant and equipment	**(16)**	(1 491)	
Depreciation	**3 045**	2 579	10 ,11
Residual value of dismantled property, plant and equipment	**114**	11	
Write-down of property plant and equipment	**1**		
Increase (-), decrease (+) in current assets	**(2 193)**	2 837	
Change in long-term receivables related to operating activities	**(32)**		
Increase (+), decrease (-) in current liabilities	**3 110**	769	
Interest received and other financial income	**645**	793	
Interest paid and other financial expenses	**(1)**	(5)	
Income tax paid		(14)	24
	12 455	17 423	
Investing activities			
Property, plant and equipment sold	**16**	1 880	
Property, plant and equipment acquired	**(5 758)**	(3 420)	
Loans issued	**(8)**	(10)	8
Proceeds from the sale of a subsidiary	**7**		
Financial investments acquired		(556)	
Loan repayments received	**8**	31	
	(5 735)	(2 075)	
Financing activities			
Payment of income tax on dividends	**(221)**	(232)	24
Dividends paid	**(4 218)**	(5 062)	
	(4 439)	(5 294)	
Net cash flow	**2 281**	10 054	
Movement in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year:	**18 868**	8 907	
Net cash inflow	**2 281**	10 054	
Foreign exchange loss	**(23)**	(93)	23
Cash and cash equivalents at the end of the year:	**21 126**	18 868	
incl. cash and bank accounts *(and deposits)*	**11 446**	13 692	1
available-for-sale investments	**4 680**	5 176	2
Short-term deposit with Autoliv Group company	**5 000**		5

AS NORMA CASH FLOWS
Parent company

In thousands of euros

	Years ended Decemeber 31		
Operating activities	**2003**	2002	Note No.
Operating profit	**8 010**	10 232	
Profit from sale of property, plant and equipment	**(16)**	(44)	
Depreciation	**2 752**	1 965	10,11
Residual value of dismantled property, plant and equipment	**93**		
Write-down of property, plant and equipment	**1**		
Increase (-), decrease (+) in current assets	**(2 369)**	4 745	
Change in long-term receivables related to operating activities	**(32)**		
Increase (+), decrease (-) in current liabilities	**3 222**	1 139	
Interest received and other financial income	**644**	775	
Interest paid and other financial expenses	**(1)**	(5)	
	12 305	18 808	
Investing activities			
Property, plant and equipment sold	**16**	44	
Property, plant and equipment acquired	**(5 560)**	(2 937)	
Loans issued	**(8)**	(10)	8
Loan repayments received	**8**	31	
Financial investments acquired		(556)	
Proceeds from the sale of a subsidiary	**7**		
Cash and cash equivalents received from subsidiary consolidation		8	
	(5 537)	(3 420)	
Financing activities			
Payment of income tax on dividends	**(221)**	(232)	24
Dividends paid	**(4 218)**	(5 062)	
	(4 439)	(5 294)	
Net cash flow	**2 329**	10 094	
Movement in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year:	**18 793**	8 792	
Net cash inflow	**2 329**	10 094	
Foreign exchange loss	**(24)**	(93)	23
Cash and cash equivalents at the end of the year:	**21 098**	18 793	
incl. cash and bank accounts *(and deposits)*	**11 418**	13 616	1
available-for-sale investments	**4 680**	5 177	2
Short-term deposit with Autoliv Group company	**5 000**		5

ACCOUNTING POLICIES

Presentation of the current set of financial statements

The measurement currency of AS Norma is Estonian kroon. For the convenience of users and according to the Tallinn Stock Exchange Rules the information in these financial statements is presented in euros. The financial statements have been translated from the original in Estonian kroons. Because Estonian kroon is bound to euro with fixed exchange rate 1 euro = 15.64664 Estonian kroons, no foreign exchange differences result from the translation. All amounts shown in these financial statements are presented in thousands unless otherwise stated.

Accounting principles

AS Norma consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention except as disclosed in the accounting polices below, e.g. financial instruments which are shown at fair value.

Principles of consolidation

The consolidated income statements are prepared considering the will of the users of the financial statements to view related enterprises as a single economic unit, in which the financial statements of each company in the group are consolidated in accordance with International Financial Reporting Standards.

Consolidated financial statements include only transactions with companies not part of AS Norma Group.

The consolidated financial statements include the accounts of AS Norma and its subsidiaries (in which AS Norma has power to exercise control over the operations), which are consolidated line-by-line. All inter-company balances and transactions are eliminated. Investments in subsidiaries in parent company accounts are accounted using equity method.

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 rate 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

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, short-term deposits and other marketable securities with maturity date of 3 months or less (for example money-market fund shares).

Financial investments

Financial investments are classified into two categories: available-for-sale and held-to-maturity.
The held-to-maturity investments (bonds and loans issued by the enterprise) are carried at amortised 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 amortised cost. Unrealised gains and losses from revaluation of available-for-sale investments are included in the income statement. Financial investments are recorded at the date of the transaction.

Accounts receivable

Trade receivables are carried at amortised cost (original invoice amount less provision made for impairment of these receivables). The estimated collectibility of trade receivables is assessed on an individual basis, based on the current credit information available. Trade receivables are discounted based on estimated collectible amount and allowance is recorded in the balance sheet account "Allowance for doubtful receivables". Collection of receivables that have been previously expensed as irrecoverable has been reported as an adjustment to doubtful receivables and adjustment to expense in the income statement of the reporting year. Irrecoverable trade receivables are written off the balance sheet.

Inventories

Raw materials both in warehouses and in production and goods for resale are recorded in the balance sheet at the lower of acquisition cost or net realisable value. Finished goods and work in progress 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 40 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 written down 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

Intangible assets are reported at acquisition cost less accumulated amortisation. Amortisation of intangible assets is calculated using the straight-line method, based on estimated useful life as follows:

Development costs	5 years
Purchased licenses	3-10 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 legislation, all dividends paid by the company are taxed. Tax rate is 26/74 of net dividends paid.

The company's potential income tax liability related to distribution of its retained earnings as dividends is not recorded in the balance sheet. The maximum possible income tax liability which would become payable if retained earnings would be fully paid out as dividends is disclosed in Note 24.
Dividend income tax 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 contingent 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 assessment and experience of management on the opinion of independent experts, if necessary.

Warranties, guarantees and other contingent liabilities, which may occur as liabilities under certain future conditions, are disclosed in notes to the consolidated financial statements as contingent liabilities.

Related parties

For the purposes of preparation of financial statements, entities and individuals are considered related parties if one of the parties can exercise control or has significant influence over economic decisions made by other party. The following entities are considered as related parties by AS Norma:
a) parent company (and parent company shareholders),
b) subsidiaries,
c) other companies belonging to the Group,
d) members of the Management and Supervisory Board and their close relatives and companies related to them,
e) employees of the company.

Recognition of 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 reported in the income statement under research and development expenses. If income related to expenses incurred will arise in future reporting periods, such expenses are capitalised in the balance sheet account "Development costs".

Leases

Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Other leases are classified as operating leases.

The company is the lessee
Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges (interest expense) so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated similar to acquired assets over the shorter of the useful life of the asset or the lease term.

Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

The company is the lessor
When assets are leased out under a finance lease, the amount equal to the net investment in the lease is recognised as a receivable (the aggregate of: the present value of the lease payments receivable by the lessor under a finance lease, and any unguaranteed residual value accruing to the lessor). Each lease payment received is allocated between the receivable and finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income is recognised on a straight-line basis over the lease term.

Segment reporting

Primary segment reporting format is presented based on the activities across business segments. Secondary segment reporting format is presented based on geographical area. Across company's product lines main product line is car safety belts. Other product lines (car security system components, automobile details, metalworks, real estate activities) account for less than 10% from net sales.
Expenses are allocated in proportion to product line's share from net profit. Assets (excluding equity and other securities, and loans), liabilities and investments are allocated according to their their relation to the segment. Depreciation is allocated according to the relation between fixed assets and product lines. Write-down on fixed assets is allocated based on the particular segment an asset is related to.

NOTES TO THE FINANCIAL STATEMENTS

In thousands of euros (if not stated otherwise)

	Group		Parent company	
1. Cash and bank accounts	**12/31/03**	12/31/02	**12/31/03**	12/31/02
Cash and bank accounts	**114**	112	**99**	37
Short-term deposits	**11 332**	13 579	**11 319**	13 579
	11 446	**13 692**	**11 418**	13 616

As at 12.31.03, the short-term deposits include deposits with maturity date less than a month in the total amount of 3 095 thousand euros and 5 148 thousand Estonian kroons with interest rate between 2,02 – 2,35%, and other deposits in the total amount of 1 500 thousand euros and 100 260 thousand Estonian kroons with interest rate between 2,2 – 3,6%. Deposits in group treasury are in the total amount of 103 651 thousand Estonian kroons (see Note 26).

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

	Group and parent company	
2. Available-for-sale investments	**12/31/03**	12/31/02
Interest fund shares of Hansapank	**4 661**	5 170
Money Market Funds shares	**17**	6
	4 680	5 176

The shares are valued at their market value on December 31, 2003.

	Group and parent company	
3. Held-to-maturity investments	**12/31/03**	12/31/02
Bonds	**2 995**	3 044
	2 995	3 044

Short-term held-to-maturity investments include Ühispank, Sampo Pank and Hansa Capital 3-11 month bonds denominated in Estonian kroons and Hansapank's euro bonds in the amount of 301 thousand euros with 2,3-3,0% and 5,86% interest rate, respectively. Aforementioned investments are classified as held-to-maturity and are amortised based on acquisition cost and effective interest rate, accumulated interest is included in Note 5.

	Group		Parent company	
4. Accounts receivable	**12/31/03**	12/31/02	**12/31/03**	12/31/02
Trade receivables	**4 953**	4 899	**4 127**	4 317
Receivables to parent company Group entities	**7 984**	5 532	**9 101**	6 314
Allowance for doubtful receivables	**(597)**	(650)	**(597)**	(650)
	12 340	9 781	**12 631**	9 981

As at December 31, 2003, 78.3% of doubtful receivables were related to Russian and Ukrainian customers.

Based on the management decision, customer receivables from Russia (Avto VAZ, Izhmaz, Technobelt) in the total amount of 53 thousand euros were written off during the reporting year.

	Group		Parent company	
5. Other receivables and prepayments	**12/31/03**	12/31/02	**12/31/03**	12/31/02
Other receivables, incl.	**5 011**	13	**5 010**	11
Short-term loans (see note 8)	**10**	11	**10**	11
Short-term loan to Autoliv Autosicherheitst GMBH (see note 26)	**5 000**		**5 000**	
Advances to employees	**1**	2		1
Prepayments for services	**244**	271	**235**	151
Accrued interest	**101**	80	**101**	80
Prepaid expenses	**425**	52	**417**	51
	5780	417	**5763**	293

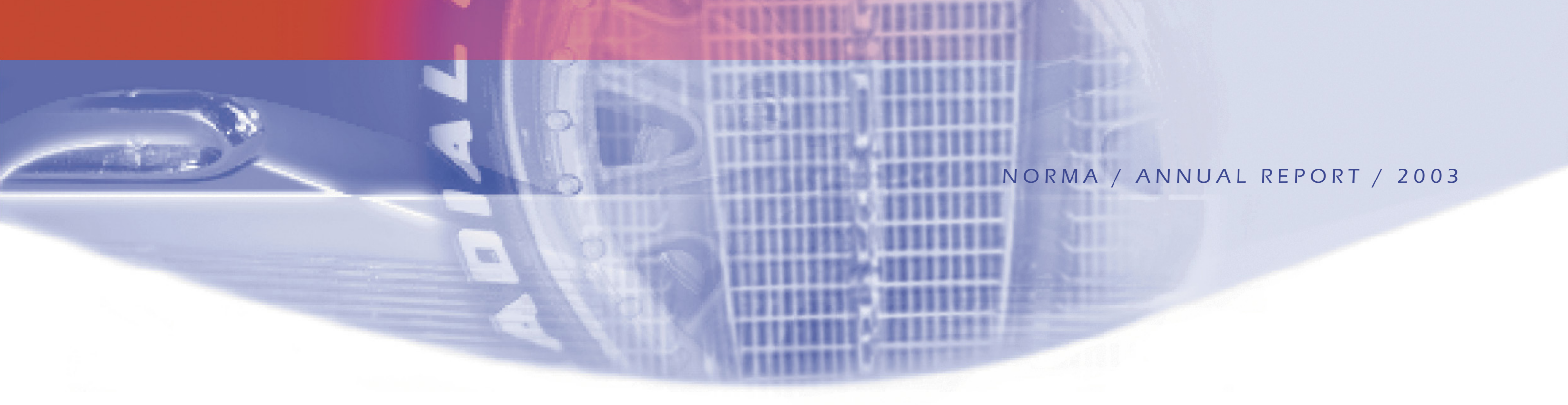
As at December 31, 2003, largest prepaid expenses include prepayment to Autoliv Sverige (for VAZ 1118 safety system development project) in the total amount of 299 (2002: 0) thousand euros, prepayment for software licenses to Autoliv France in the total amount of 68 (2002: 0) thousand euros, prepaid insurance in the total amount of 27 (2002: 30) thousand euros, prepaid amount media/press subscriptions in the total amount of 4 (2002: 7) thousand euros, and prepayment for heating fuel in the total amount of 7 (2002: 7) thousand euros.

	Group		Parent company	
6. Prepaid taxes	**12/31/03**	12/31/02	**12/31/03**	12/31/02
Prepaid income tax	**23**	17	**6**	2
Prepaid VAT	**1 845**	1 473	**1 716**	1 424
	1 868	1 490	**1 722**	1 426

	Group		Parent company	
7. Inventories	**12/31/03**	12/31/02	**12/31/03**	12/31/02
Raw materials	**2 833**	3 668	**2 781**	3 598
Work in progress	**1 015**	900	**558**	573
Finished goods	**637**	961	**637**	961
Goods for resale	**229**	262		
Prepayments to suppliers	**4**	60	**154**	97
	4 718	5 851	**4 130**	5 229

In 2003, the obsolete and substandard materials were written down in the amount of 68 (2002: 52) thousand euros. Materials, unfinished and finished goods unsuitable for production and resale have been written off in the amount of 11 (2002: 52) thousand euros during the reporting period.

Previously written down materials (in 2002, in the total amount of 3 thousand euros) which now are used in production are written up to their original cost.



8. Held-to-maturity investments (over 1 year)	Group and parent company **12/31/03**	12/31/02
Held-to-maturity investments	**256**	557
Loans receivable	**44**	57
Other long-term receivables	**32**	0
	332	614

For cash flow management purposes, the company acquired 3 year fixed term bonds of Ühispank in the total amount of 256 thousand euros and with interest rate 5,15% per year.

Loans receivable consist long-term loans to employees of AS Norma:

Purpose	Balance as of 12/31/02	Incl. classified as short-term	Incl. classified as long-term	Issued loans in 2003	Paid back in 2003	Balance as of 12/31/03	Incl. classified as short-term	Incl. classified as long-term	Interest rate in percent
Purchase and improvements of real estate	12	4	8		3	9	4	5	13
Student loans	54	5	49	8	17	45	5	39	
Other	2	2	-	-	2	-	-	-	9
	68	11	57	8	22	54	10	44	

AS Norma has given loans to group employees according to group lending policies. Loans are guaranteed with two surety agreements, real estate or equity securities.

9. Subsidiaries

Name of the company	Participation	Location
AS Tööriistavabrik	100%	Estonia
Norma-Osvar ZAO	100%	Russia

AS Norma subsidiaries have issued only common shares.

Due to the concentration to main activity Eksamo Automaatika AS shares were sold on 12.30.03.

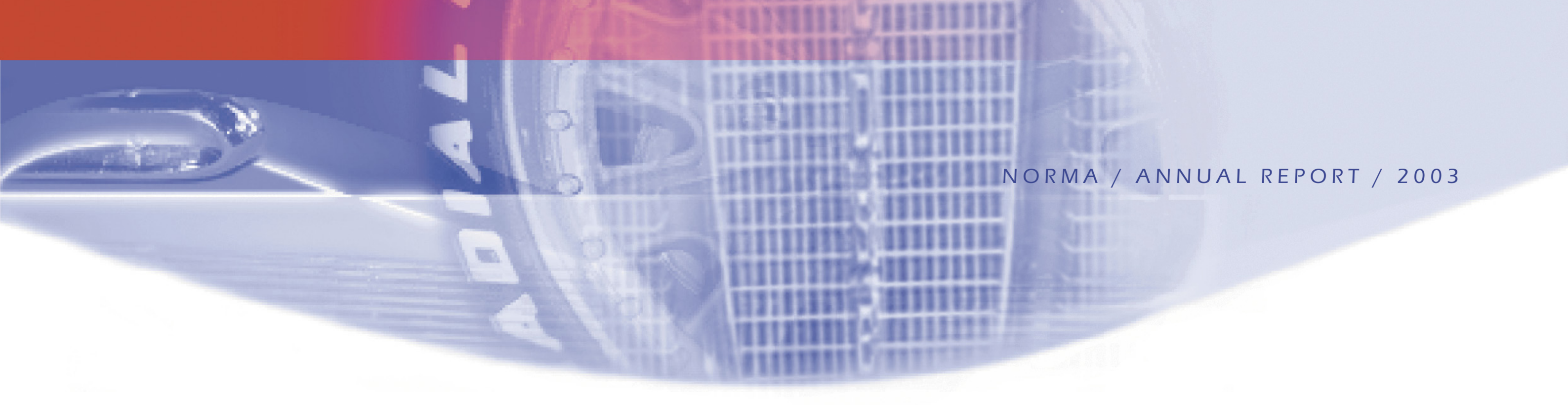
On December 30, 2003 all the shares of subsidiary Ekasmo Automaatika AS in which AS Norma had 100% participating interest were sold for 64 thousand euros of which 8 thousand euros were deposited on Norma AS' bank account, 24 thousand euros is outstanding as short-term receivable from the buyer and 32 thousand euros is outstanding as long-term receivable from the buyer. AS Norma's loss from the sale was 0.3 thousand euros.
Eksamo Automaatika AS' assets and liabilities on the date of sale in thousands of euros:

Assets	Date of sale	01/01/03	Liabilities	Date of sale	01/01/03
Cash and bank	1	3	Trade payables	12	3
Accounts receivables	27	69	Loans from parent company	26	21
Receivable from parent	41	55	Tax liabilities	38	38
Receivables and prepayments	1	2	Payables to employees	53	55
Inventories	107	44	Total short-term liabilities	129	116
Non-current assets	17	23	Owner's equity	64	80
Total assets	193	196	Total liabilities and owner's equity	193	196

Due to the sale of subsidiary, the assets on the Group's balance sheet decreased by 120 thousand euros in comparison to assets as at 12.31.02. AS Norma's 2003 consolidated annual report includes net sales of Eksamo Automaatika AS in the total amount of 889 thousand euros and respective net loss in the total amount of 16 thousand euros.

10. Property, plant and equipment (Group)	Land and buildings	Machinery and equipment	Other equipment	Unfinished buildings	Prepayments	Total
Acquisition cost as of 12/31/02	**5 397**	**19 880**	**536**	**774**	**155**	**26 743**
Additions	92	4 245	73	330	41	4 782
Sale and dismantling	-	(576)	(262)	-	-	(838)
Reclassification	-	931	(2)	(774)	(155)	-
Acquisition cost as of 12/31/03	**5 489**	**24 480**	**345**	**330**	**41**	**30 686**
Accumulated depreciation as of 12/31/02	**(828)**	**(11 510)**	**(151)**	**-**	**-**	**(12 488)**
Depreciation charge	(226)	(2 547)	(67)	-	-	(2 840)
Write-down	-	-	(1)	-	-	(1)
Accumulated depreciation of sold and dismantled fixed assets	-	543	63	-	-	607
Accumulated depreciation as of 12/31/03	**(1 054)**	**(13 513)**	**(156)**	**-**	**-**	**(14 723)**
Net book value 12/31/02	**4 570**	**8 371**	**385**	**774**	**155**	**14 254**
Net book value 12/31/03	**4 436**	**10 967**	**189**	**330**	**41**	**15 963**

Acquisition cost of fully depreciated fixed assets (0 book value) as of 12.31.02 was 4 892 thousand euros; as of 12.31.03 6 220 thousand euros.



Property, plant and equipment (Parent company)	Land and buildings	Machinery and equip-ment	Other equip-ment	Unfinished buildings	Prepay-ments	Total
Acquisition cost as of 12/31/02	**5 397**	**18 007**	**417**	**774**	**155**	**24 750**
Additions	92	4 074	70	330	41	4 608
Sale and dismantling	-	(401)	(262)	-	-	(664)
Reclassification	-	929	-	(774)	(155)	-
Acquisition cost as of 12/31/03	**5 489**	**22 609**	**225**	**330**	**41**	**28 695**
Accumulated depreciation as of 12/31/02	**(828)**	**(10 423)**	**(126)**	**-**	**-**	**(11 376)**
Depreciation charge	(226)	(2 296)	(49)	-	-	(2 570)
Write-down	-	-	(1)	-	-	(1)
Accumulated depreciation of sold and dismantled fixed assets	-	380	63	-	-	443
Accumulated depreciation as of 12/31/03	**(1 054)**	**(12 339)**	**(112)**	**-**	**-**	**(13 505)**
Net book value 12/31/02	**4 570**	**7 585**	**291**	**774**	**155**	**13 374**
Net book value 12/31/03	**4 436**	**10 271**	**112**	**330**	**41**	**15 190**

Acquisition cost of fully depreciated fixed assets in use by parent company (0 book value) as of 12.31.02 was 4 288 thousand euros; as of 12.31.03 5 602 thousand euros.

11. Intangible assets (Group)	Product and technology licences	Software licences	Total
Acquisition cost 12/31/02	**-**	**471**	**471**
Additions	1 432	75	1 506
Write-down	-	(31)	(31)
Acquisition cost 12/31/03	**1 432**	**515**	**1 946**
Accumulated amortisation 12/31/02	**-**	**(362)**	**(362)**
Amortisation for the year	(143)	(61)	(204)
Write-down	-	22	22
Accumulated amortisation 12/31/03	**(143)**	**(401)**	**(545)**
Net book value 12/31/02	**-**	**109**	**109**
Net book value 12/31/03	**1 289**	**113**	**1 402**

In 2003 the Group entered into 10 year licensing agreement with Autoliv Development AB in order to acquire rights to sell products developed and/or in possession by Autoliv, and rights to use Autoliv's technology in manufacturing. The licence was recorded as intangible asset in the total amount of 1 432 thousand euros with useful life of 10 years.

Intangible assets (Parent company)	Product and technology licences	Software licences	Total
Acquisition cost 12/31/02	**-**	**325**	**325**
Additions	1 432	50	1 482
Write-down	-	(5)	(5)
Acquisition cost 12/31/03	**1 432**	**371**	**1 802**
Accumulated amortisation 12/31/02	**-**	**(264)**	**(264)**
Amortisation for the year	(143)	(39)	(182)
Write-down	-	5	5
Accumulated amortisation 12/31/03	**(143)**	**(298)**	**(441)**
Net book value 12/31/02	**-**	**61**	**61**
Net book value 12/31/03	**1 289**	**73**	**1 361**

12. Operating lease

The company has signed operating lease contracts to rent cars. In 2002 the amount of leasing payments was 30 thousand euros, in 2003 the amount of leasing payments was 66 thousand euros. Minimum lease liability under operating lease terms is 19 thousand euros in 2004, 17 thousand euros in 2005 and 16 thousand euros in 2006.
The company is leasing land under operating lease terms (leasing period 2003 – 2006) with annual rental payments in total of 2 thousand euros, and buildings (leasing period 2003 – 2004). In 2003, the company paid rent for land and buildings in the total amount of 43 thousand euros. The minimum lease liability for the year 2004 is 45 thousand euros.

		Group		Parent company	
13.	**Accounts payable and accrued expenses**	**12/31/03**	12/31/02	**12/31/03**	12/31/02
	Customer prepayments	**116**	107	**-**	-
	Accounts payable	**2 677**	2 356	**2 565**	2 238
	Salaries payable	**1 160**	1 067	**1 053**	912
	Accrued expenses	**11**	1	**11**	
	Deferred revenues	**400**	-	**400**	-
	Payables to parent company (information in Note 26)	**6 224**	3 997	**6 493**	4 236
		10 588	7 529	**10 522**	7 386

Deferred revenues include I.D.P.S.a.r.l prepayment for 400 thousand euros (2002: 0) for I stage of VAZ 1118 safety system development project.

		Group		Parent company	
14.	**Taxes payable**	**12/31/03**	12/31/02	**12/31/03**	12/31/02
	Unemployment insurance tax	**4**	2	**4**	1
	Social security tax	**343**	273	**295**	205
	VAT payable	**-**	20	**-**	7
		347	295	**299**	213

		Group and parent company	
15.	**Share capital**	**12/31/03**	12/31/02
	Share capital par value (10 kroons per share)	**8 436**	8 436

AS Norma has issued 13.2 million common shares with one vote per share. Dividends paid out for 2002 were 4.2 MEUR or 0.32 EUR 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.
The authorised share capital for the company is 33.8 thousand EUR.

AS Norma shareholders with participation over 3% as of 12.31.03:

Autoliv AB	51.0%
The clients of Nordea Bank Finland PLC	9.5%
The clients of Skandinaviska Eskilda Banken AB	8.7%
The clients of Clearstream Banking Luxembourg S.A.	3.7%
Firebird Republics Fund Ltd	3.0%

	Group and parent company	
Earnings per share	**2003**	2002
Net profit	**8 202**	12 375
Average number of shares (in thousands)	**844**	844
Earnings per share (EPS) kroons	**0.6**	0.9

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

16. Segment information

Primary reporting format
By product line (Group)

	Safety belts 2003	**Other products 2003**	**Total 2003**	Safety belts 2002	Other products 2002	Total 2002
Sales	**59 138**	**6 535**	**65 674**	60 731	8 304	69 035
Internal sales		**(1 806)**	**(1 806)**		(4 244)	(4 244)
Consolidated sales	**59 138**	**4 729**	**63 868**	60 731	4 060	64 791
Operating profit for the segment	**7 741**	**41**	**7 782**	11 802	142	11 944
Segment assets	**40 854**	**1 297**	**42 151**	35 119	6 089	41 208
Unallocated assets			**19 371**			13 220
Total assets			**61 523**			54 428
Segment liabilities	**10 560**	**374**	**10 935**	7 224	601	7 824
Capital expenditures	**5 822**	**466**	**6 288**	3 394	21	3 415
Depreciation and amortisation charge	**2 742**	**303**	**3 045**	2 269	310	2 579
Write-down on fixed assets		**1**	**1**			

The primary reporting format is business (product lines) segment and the secondary reporting format is the geographical sement. 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) account for less than 10% of total sales.

The division of costs is 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 is allocated according to the relation between fixed assets and product lines. Write-down on fixed assets is allocated based on the particular segment an asset is related to.

By product lines (Parent company)

	Safety belts 2003	**Other products 2003**	**Total 2003**	Safety belts 2002	Other products 2002	Total 2002
Sales	**59 138**	**3 429**	**62 567**	60 731	2 675	63 406
Operating profit for the segment	**7 906**	**41**	**8 010**	10 090	142	10 232
Assets	**40 854**	**1 183**	**42 038**	35 119	5 864	40 983
Unallocated assets			**19 371**			13 220
Total assets			**61 409**			54 203
Segment liabilities	**10 560**	**261**	**10 821**	7 224	375	7 599
Capital expenditures	**5 756**	**334**	**6 090**	2 937		2 937
Depreciation and amortisation charge	**2 601**	**151**	**2 752**	1 882	83	1 965
Write-down on fixed assets		**1**	**1**			

Secondary reporting format
By geographical market

	Sales (Group)		Sales (Parent company)	
	2003	2002	**2003**	2002
Sweden	**34 860**	28 930	**34 739**	28 878
Russia	**24 809**	31 561	**24 725**	31 432
Estonia	**1 082**	1 063	**483**	311
Germany	**627**	140	**461**	140
Ukraine	**605**	477	**605**	477
France	**587**	510	**542**	510
Czech Republic	**361**	425	**361**	425
Polish	**175**	49	**175**	49
Belgium	**173**	161	**173**	161
Italy	**120**	-	**-**	-
USA	**119**	75	**119**	75
Netherlands	**91**	124	**91**	111
Finland	**86**	282	**4**	7
Spain	**70**	7	**70**	7
Great Britain	**64**	-	**-**	-
Denmark	**24**	128	**4**	4
Austria	**-**	771	**-**	771
Other countries	**15**	88	**15**	49
Total	**63 868**	64 791	**62 567**	63 406

AS Norma balance sheet includes a building (Polish module) with residual value of 3 thousand euros which is located in the Russian Federation. Remaining inventories and tangible assets of the group with the exception of assets of Norma-Osvar ZAO are located in Estonia. Norman-Osvar ZAO's assets are located in Russian Federation. Norma-Osvar ZAO total assets are 1 288 thousand euros (2002: 965) which includes fixed assets in the total amount of 39 (2002: 31) thousand euros.
According to management assessment the pricing of transactions between segments is not significantly different of market prices.

	Group		Parent company	
17. Cost of goods sold	**2003**	2002	**2003**	2002
Raw materials	**38 764**	37 575	**39 073**	37 767
Salaries	**7 463**	7 875	**6 243**	6 507
Depreciation	**2 699**	2 378	**2 429**	1 793
Utilities	**860**	836	**900**	690
Repairs and maintenance	**211**	500	**199**	115
Transportation	**703**	309	**697**	266
Other	**1 238**	11	**1 615**	2 027
	51 937	49 462	**51 156**	49 166

	Group		Parent company	
18. Marketing expenses	**2003**	2002	**2003**	2002
Salaries	**268**	345	**253**	327
Depreciation	**17**	16	**17**	16
Consultation		116		116
Transportation	**444**	575	**443**	572
Advertising	**24**	24	**22**	16
Travel	**37**	44	**34**	41
Other services purchased	**46**	15	**46**	15
Other	**221**	145	**220**	156
	1 056	1 279	**1 035**	1 253

	Group		Parent company	
19. Research and development expenses	**2003**	2002	**2003**	2002
Salaries	**563**	682	**563**	682
Prototype and pre-serial tooling	**324**	406	**324**	406
Depreciation	**205**	64	**205**	64
Travel	**37**	76	**37**	76
Other services	**13**	13	**13**	13
Other	**116**	202	**116**	202
	1 258	1 444	**1 258**	1 444

		Group		Parent company	
20.	**Administrative and general expenses**	**2003**	2002	**2003**	2002
	Salaries	**1 044**	1 303	**813**	806
	Depreciation	**123**	120	**101**	91
	Repairs and maintenance	**29**	27	**18**	18
	Advertising, promotion	**83**	78	**78**	69
	Travel	**35**	44	**18**	23
	Telephone, office supplies	**68**	66	**55**	36
	Other services	**86**	106	**46**	49
	Training	**69**	62	**62**	49
	Other	**208**	132	**176**	63
		1 745	1 938	**1 367**	1 204

		Group		Parent company	
21.	**Other operating income**	**2003**	2002	**2003**	2002
	Other sales	**55**	13	**51**	13
	Profit from sales of property, plant and equipment	**16**	1 491	**16**	44
	Foreign exchange gain	**42**		**115**	
	Other	**50**		**318**	37
		163	1 504	**500**	94

In order to focus more on its core business activity, AS Norma sold its office buildings in 2002 located at Laki 14 with profit of 1 087 thousand euros and production facilities located at Jahu 12 with profit of 173 thousand euros.

		Group		Parent company	
22.	**Other operating expenses**	**2003**	2002	**2003**	2002
	Membership fees of unions, other associations	**7**	10	**5**	8
	Loss from the sale and dismantling of fixed assets	**96**	11	**93**	
	Sponsorship	**126**	151	**121**	145
	Expenses unrelated to main production activity	**20**	6	**20**	
	Foreign exchange gain		35		35
	Other	**1**	16	**1**	13
	Write-down of property, plant and equipment	**1**		**1**	
		252	229	**241**	201

		Group		Parent company	
23.	**Financial income/expenses**	**2003**	2002	**2003**	2002
	Income/ loss under equity method of accounting from subsidiaries			**(227)**	1 716
	Interest income from cash deposits	**187**	146	**187**	146
	Interest income from bonds and money market funds	**285**	427	**285**	427
	Loan interest income	**187**	183	**187**	183
	Foreign exchange loss	**(23)**	(93)	**(24)**	(98)
	Other financial income	**5**	20	**4**	1
		641	677	**413**	2 375

In effort to concentrate better to its core business activity, AS Norma sold its participation in Eksamo Automaatika AS on 12.30.03 at loss of 0.3 thousand euros.

		Group		Parent company	
24.	**Income tax**	**2003**	2002	**2003**	2002
	Income tax		14		
	Dividend tax	**221**	232	**221**	232
	Total tax expense	**221**	247	**221**	232

The subsidiary company of the Group – Norma Osvar ZAO – is registered and located in the territory of the Russian Federation. Income tax from the profit (0 thousand euros and 2002: 14) has been paid according to the income tax law valid in the jurisdiction.

Maximum potential income tax on net dividends

The retained earnings of the company amounted to 41 308 thousand euros as at 12.31.03. In case of paying retained earnings fully out as dividends, the maximum potential income tax liability would be 10 614 thousand euros. Accordingly, it would be possible to pay net dividends in the amount of 30 670 thousand euros.

		Group		Parent company	
25.	**Personnel expenses**	**2003**	2002	**2003**	2002
	Wages and salaries	**6 999**	7 646	**5 950**	6 235
	Social security	**2 309**	2 524	**1 896**	2 060
	Unemployment insurance	**29**	35	**26**	28
		9 337	10 205	**7 871**	8 323

26. Related parties

	2003	2002
Sales to Norma AS by Autoliv Group	**27 094**	23 498
Purchases from Norma AS by Autoliv Group	**34 833**	28 453
Insurance premium for product liability Autoliv Group	**31**	59
Sales to Norma AS by AS Tööriistavabrik	**1 202**	1 315
Purchases from Norma AS by AS Tööriistavabrik	**191**	4
Purchases from Norma AS by Norma-Osvar ZAO	**2 285**	2 235

	12/31/03	12/31/02
Receivable from Autoliv group companies (see note 4)	**7 984**	5 532
Liability to Autoliv group companies (see note 13)	**6 224**	3 997
Short-term loan to Autoliv Autosicherheitst GMBH	**5 000**	
Short-term deposit to Autoliv Finance International	**6 624**	5 005
Receivable: AS Tööriistavabrik	**182**	40
Norma-Osvar ZAO	**1 087**	740
Liability: AS Tööriistavabrik	**265**	178
Norma-Osvar ZAO	**5**	5

Autoliv AB is a parent company of AS Norma. According to management assessment the intra-company trading transactions with Autoliv companies are based on market prices. The short-term loan issued to another Autoliv subsidiary earned slightly higher interest than market rate and also the short-term deposit placed in the Autoliv Finance earned slightly higher interest rate than market rate.

Salaries paid to the Management Board members during the year amounted to 458 thousand euros and to members of the Supervisory Board amounted to 48 thousand euros. According to the agreements signed with the Members of the Management Board the compensation paid at termination of the said contracts can amount from 0 to 12 months of salary depending on the terms of termination.

Loans to employees are disclosed in Note 8.

Cash pooling agreement

On 10.22.99 Hansabank and AS Norma, with its subsidiaries, entered into a contract of cash pooling agreement under which AS Norma is defined to be the parent company. Cash pooling agreement includes AS Tööristavabrik bank accounts.

27. 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 regarding 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 payments from our long-term clients, we are constantly monitoring and analysing their financial position 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.

An allowance has been made to cover doubtful receivables. This allowance 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 and Ukrainian clients on 12.31.03 amounted to 4 216 thousand euros (12.31.02: 4 214). Write-down at the end of the period amounted to 468 thousand euros (12.31.02: 499), therefore the net balance of receivables as at 12.31.03 amounted to 3 748 thousand euros (12.31.02: 3 715).

Currency risk

In 2003, 98.3% of AS Norma Group sales were export sales, made mainly in euro. The Group's expenses were primarily in Estonian kroons, euros, Swedish crowns and Russian roubles. Main sales and purchase contracts are denominated in euros. The risks related to other currencies than euro were monitored either by matching the incoming and outgoing cash flows of the same currency, or fixing contractual payments at euro exchange rate. Hedge accounting is not used.
Short-term investments are diversified between Estonian kroons and euros.

Currency positions of the group

In thousands of euros

12/31/03

Financial assets	**EEK**	**SEK**	**USD**	**EUR**	**RUR**	**Other**	**Total**
Cash	6 827	7	-	4 523	89		11 446
Customer receivables	141	21	-	12 028	675	72	12 937
Prepayments to suppliers	2	-	-	-	-	-	2
	6 970	**28**	**-**	**16 551**	**764**	**72**	**24 385**
Liabilities							
Customer prepayments	32	-	-	84	-	-	116
Trade accounts payable	1 215	890	20	6 723	5	48	8 901
	1 247	**890**	**20**	**6 807**	**5**	**48**	**9 017**

12/31/02

Financial assets	**EEK**	**SEK**	**USD**	**EUR**	**RUR**	**Other**	**Total**
Cash	6 495	27		7 098	45	27	13 692
Customer receivables	110	79	25	9 616	454	147	10 431
Trade accounts payable	47	-	4	104	-	-	155
	6 652	**106**	**29**	**16 818**	**499**	**174**	**24 278**
Liabilities							
Customer prepayments	16	-	-	88	3	1	107
Trade accounts payable	1 218	31	12	5 027	6	59	6 354
	1 234	**31**	**12**	**5 115**	**9**	**60**	**6 461**

28. Contingent liabilities

AS Norma holds a guarantee contract in the amount of 433 thousand euros for guaranteeing import and interest duties, as well as the state duties. Also, AS Norma holds a guarantee contract in the amount of 499,8 euros for guaranteeing the prepayment for VAZ 1118 stage I safety system development in favour of I.D.P.S.a.r.l.
The company stands as a guarantor with 28 thousand euros for the usage of staff credit cards.

MANAGEMENT BOARD'S CONFIRMATION ON THE FINANCIAL STATEMENTS

The Management Board confirms the completeness and correctness of AS Norma 2003 financial statements as presented on pages 8-31:

1) the financial statements have been prepared in accordance with International Financial Reporting Standards;
2) the financial statements give a true and fair view of the financial position and the results of operations of AS Norma parent company and the Group;
3) AS Norma and its Group companies are going concerns.

Peep Siimon	Chairman of the Management Board
Peeter Tibbo	Member of the Management Board
Ivar Aas	Member of the Management Board
Ülle Jõgi	Member of the Management Board
Garri Krieger	Member of the Management Board
Kaido Salurand	Member of the Management Board

Tallinn, February 16, 2004

AS NORMA CONCERN STRUCTURE AS OF 12.31.2003

AS NORMA

Production of safety belts, car components

AS Norma stocks are on primary list of the Tallinn Stock Exchange

Capital stock	8.4 MEUR
Sales	62.6 MEUR
Employees	800

AS TÖÖRIISTAVABRIK

Design and production of dies and moulds

Participation	100%
Capital stock	0.5 MEUR
Sales	2.1 MEUR
Employees	79

NORMA-OSVAR ZAO

Production of safety belts and sales in Russia

Participation	100%
Capital stock	1,5 thEUR
Sales	2.4 MEUR
Employees	3

AS NORMA MANAGEMENT STRUCTURE

GENERAL MEETING OF SHAREHOLDERS

SUPERVISORY BOARD

CHAIRMAN
Jörgen I. Svensson

MEMBERS
Magnus Lindquist
Leif Berntsson
Toomas Tamsar
Aare Tark
Raivo Erik

AS Norma Management Board

- **CHAIRMAN, PRESIDENT & CEO** – Peep Siimon
  - CEO Assistant
  - Legal Advisor
  - Controller
  - Occupational Health and Safety
- **VICE PRESIDENT MARKETING AND BUSINESS DEVELOPMENT** – Peeter Tibbo
  - Sales and Marketing Department
  - R & D Department
  - IT Department
- **VICE PRESIDENT PRODUCTION** – Ivar Aas
  - Metal Stamping Factory
  - Plastic Moulding Factory
  - Surface Treatment Factory
  - Seatbelt Assembly Factory
  - Production Department
  - Engineering Department
  - General Service Department
- **DIRECTOR FINANCE** – Ülle Jõgi
  - Finance Department
  - HR Department
- **DIRECTOR PURCHASING** – Kaido Salurand
  - Purchase Department
- **DIRECTOR QUALITY** – Garri Krieger
  - Quality Department
  - Testing Center
  - Measurement Laboratory

- **AUTOLIV SB DIVISION DIRECTOR** – Stig Carlsson
  - Production Service
  - Engineering Service
  - Quality Service
  - Logistics Service
  - Finance Service
  - Purchase Service

AUDITOR'S REPORT

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Facsimile +372 6 141 900

AUDITOR'S REPORT

(Translation of the Estonian original)

To the shareholders of AS Norma

We have audited the financial statements of AS Norma (the Parent Company) and the consolidated financial statements of the Parent Company and its subsidiary companies (the Group) for the year ended 31 December 2003 as set out on pages 8 to 31. These financial statements are translated into euros from the original in Estonian kroons. These financial statements are the responsibility of the Company's management board. 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 Parent Company and the Group as at 31 December 2003 and of the results of their operations and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Urmas Kaarlep
AS PricewaterhouseCoopers

Tiit Raimla
Authorised auditor

17 February 2004