

AS Norma

Interim report for
the period Q1 2003

AS NORMA

COMMENTARY TO Q1 Y2003 CONSOLIDATED FINANCIAL RESULTS (unaudited)

Sales and Revenues

During the period Q1 Y2003 consolidated net sales of AS Norma totalled 207.6 MEEK (13.3 MEUR), of which those of the parent company were 199.7 MEEK (12.8 MEUR). Consolidated sales decreased by 10% (-23.8 MEEK, -1.5 MEUR) from Q1 Y2002. Sales to Russian customers decreased 47% and to Western customers rose by 31%. Sales volumes to Russian customers decreased in Q1 Y2003 due to the low orders of Russian customers in January and February. Sales to Autoliv was Q1 Y2003 126.5 MEEK (8.1 MEUR). Revenues of AS Norma accounted for 96%.

The group's main fields of activity include production and sale of safety belts, car components. Exports accounted to 98% of sales revenue, 31% of production was exported to Russian customers (Q1 Y2002 53%). The number of employees at the end of the period was 1007.

Use of Capital

Accounts receivable at the end Q1 Y2003 totalled 178.4 MEEK (11.4 MEUR), of which 36% related to the Russian customers. During the period Q1 Y2003 volume of accounts receivable has increased by 15.2 MEEK (1.0 MEUR), Autoliv receivables was 99.5 MEEK (6.4 MEUR). Norma's payables to Autoliv was 98.0 MEEK (6.3 MEUR). The share of accounts in arrears of total receivable was 17%. The provision for bad debts remained on the same level and the reserve totalled 10.2 MEEK (0.7 MEUR). As of the Q1 Y2003, the consolidated balance sheet size was 900.4 MEEK (57.5 MEUR), a growth by 48.7 MEEK (+3.1 MEUR), increased due to the current assets 29.6 MEEK (+1.9 MEUR). Total liabilities amounted to 149.0 MEEK (9.5 MEUR). The company has no long term liabilities. The group's owners' equity increased by 22.1 MEEK (+1.4 MEUR), amounting to 751.3 MEEK (48.0 MEUR) (83% of balance sheet size).

Investments

AS Norma invested a total of 31.0 MEEK (2.0 MEUR), to support existing production capacities and assure the efficiency its production processes. Of the total 6.8 MEEK (0.4 MEUR) was invested in machinery and equipment. Intangible assets increase by 21.4 MEEK (1.4 MEUR) due to licence agreement signed between AS Norma and Autoliv which gives to Norma full access to all Autoliv existing and future technologies, right to manufacture and sell products developed by Autoliv Group.

Profit and Earnings per Share

The company's consolidated unaudited net profit was 22.1 MEEK (1.4 MEUR). Net profit has decreased by 20.0 MEEK (1.3 MEUR), a 48% decrease (42.2 MEEK, 2.7 MEUR Q1 Y2002). Earnings per share was 1.68 EEK (0.11 EUR) in Q1 Y2003. Q1 Y2002 it was 3.19 EEK (0.20 EUR).

Significant Events and Changes in Business Activities

1. The new assembly line for Autoliv seatbelt retractors installed and launched.
2. Norma Maja merge to Norma legally completed.

The Q2 Y2003 results of AS Norma will be released at July 16,2003.

Consolidated balance sheet as of 31.03.03
unaudited

	EEK in thousands		EUR in thousands		Note
	31.03.03.	31.12.02	31.03.03	31.12.02	
Assets					
Current assets					
Cash and bank accounts	147 496	214 228	9 427	13 692	
Marketable securities	125 865	128 620	8 044	8 220	
Accounts receivable	178 419	163 209	11 403	10 431	
Allowance for doubtful receivables	-10 164	-10 164	-650	-650	
Other receivables and prepayments	105 645	29 835	6 752	1 907	
Inventories	99 598	91 551	6 365	5 851	
Total current assets	646 859	617 279	41 342	39 451	
Non-current assets					
Long-term financial assets	9 590	9 600	613	614	
Property, plant and equipment	220 792	223 030	14 111	14 254	1
Intangible assets	23 140	1 711	1 479	109	2
Total non-current assets	253 522	234 341	16 203	14 977	
Total assets	900 381	851 620	57 545	54 428	
Liabilities and shareholders' equity					
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	149 045	122 420	9 526	7 824	
Total current liabilities	149 045	122 420	9 526	7 824	
Total liabilities	149 045	122 420	9 526	7 824	
Owners' equity					
Share capital (par value)	132 000	132 000	8 436	8 436	3
Retained earning and reserves	597 200	403 576	38 168	25 793	
Net profit	22 136	193 624	1 415	12 375	
Total owners' equity	751 336	729 200	48 019	46 604	
Total liabilities and owners' equity	900 381	851 620	57 545	54 428	

Parent company balance sheet as of 31.03.03
unaudited

	EEK in thousands		EUR in thousands	
	31.03.03	31.12.02	31.03.03	31.12.02
Assets				
Current assets				
Cash and bank accounts	146 057	213 047	9 335	13 616
Marketable securities	125 865	128 620	8 044	8 220
Accounts receivable	178 709	166 329	11 422	10 630
Allowance for doubtful receivables	-10 164	-10 164	-650	-650
Other receivables and prepayments	102 591	26 894	6 557	1 719
Inventories	93 149	81 811	5 953	5 229
Total current assets	636 207	606 537	40 661	38 765

Non-current assets				
Long-term financial assets	30 857	31 341	1 972	2 003
Property, plant and equipment	207 972	209 261	13 292	13 374
Intangible assets	22 414	955	1 433	61
Total non-current assets	261 243	241 557	16 696	15 438
Total assets	897 450	848 094	57 357	54 203

Liabilities and shareholders' equity

Liabilities

Current liabilities

Accounts payable and accrued expenses	146 114	118 894	9 338	7 599
Total current liabilities	146 114	118 894	9 338	7 599
Total liabilities	146 114	118 894	9 338	7 599

Owners' equity

Share capital (par value)	132 000	132 000	8 436	8 436
Retained earning and reserves	597 200	403 576	38 168	25 793
Net profit	22 136	193 624	1 415	12 375
Total owners' equity	751 336	729 200	48 019	46 604
Total liabilities and owners' equity	897 450	848 094	57 357	54 203

Consolidated income statement Q1 Y2003
unaudited

	EEK in thousands		EUR in thousands		
	01.01.03- 31.03.03	01.01.02- 31.03.02	01.01.03- 31.03.03	01.01.02- 31.03.02	
Net sales	207 600	231 426	13 268	14 791	4
Cost of goods sold	175 325	175 025	11 205	11 186	
Gross profit	32 275	56 401	2 063	3 605	
Marketing expenses	3 352	5 280	214	337	
Administrative and general exp.	7 172	8 167	458	522	
Product development expenses	3 703	4 211	237	269	
Bad debt provision	17	-18	1	-1	5
Other income	1 778	431	114	28	
Other expenses	409	768	26	49	
Operating profit	19 400	38 424	1 240	2 456	
Financial income	2 895	3 907	185	250	
Financial expenses	151	145	10	9	
Profit before taxes	22 144	42 186	1 415	2 696	
Provision for taxes	8	28	1	2	
Net profit	22 136	42 158	1 415	2 694	
Earnings per share in EEK	1,68	3,19	0,11	0,20	6

Parent company income statement Q1 Y2003
unaudited

	EEK in thousands		EUR in thousands	
	01.01.03- 31.03.03	01.01.02- 31.03.02	01.01.03- 31.03.03	01.01.02- 31.03.02
Net sales	199 729	225 603	12 765	14 419
Cost of goods sold	168 855	174 346	10 792	11 143
Gross profit	30 874	51 257	1 973	3 276
Marketing expenses	3 259	5 188	208	332

Administrative and general exp.	5 425	5 386	347	344
Product development expenses	3 703	4 211	237	269
Bad debt provision	17	-1	1	0
Other income	1739	356	111	23
Other expenses	337	719	22	46
Operating profit	19 872	36 110	1 270	2 308
Financial income	2 889	6 175	185	395
Financial expenses	625	127	40	8
Profit before taxes	22 136	42 158	1 415	2 694
Net profit	22 136	42 158	1 415	2 694
Earnings per share in EEK	1,68	3,19	0,11	0,20

Consolidated cash flows as of 31.03.03
unaudited

	EEK in thousands		EUR in thousands	
	31.03.03	31.03.02	31.03.03	31.03.02
Operating activities				
Operating profit	19 400	38 424	1 240	2 456
Profit from sale of property, plant and equipment	-112	-344	-7	-22
Depreciation	11 805	9 496	754	607
Property, plant and equipment write-off	22	4	1	0
Increase (-), decrease (+) in current assets	-97 153	-16 438	-6209	-1051
Increase (-), decrease (+) in current liabilities	26 653	-2 421	1703	-155
Interest received and other financial income	957	2 417	61	154
Interest and other financial expenses paid	-9	-7	-1	0
Total operating activities	-38 437	31 131	-2 457	1 990
Investing activities				
Property, plant and equipment sold	112	344	7	22
Property, plant and equipment acquired	-31 018	-3 352	-1 982	-214
Loans issued	-81	-32	-5	-2
Financial activities change	0	-4 000	0	-256
Loans repaid	63	120	4	8
Total investing activities	-30 924	-6 920	-1 976	-442
Net cash flow	-69 361	24 211	-4 433	1 547
Movement in cash and cash equivalents				
Cash and cash equivalents at the beginning of the period	342 848	182 901	21 912	11 689
Net cash flow	-69 361	24 211	-4 433	1 547
Foreign exchange gain	-126	-130	-8	-8
Cash and cash equivalents at the end of the period	273 361	206 982	17 471	13 229
incl.cash and bank accounts	147 496	39 659	9 427	2 535
marketable securities	125 865	167 323	8 044	10 694

Changes in owners` equity as of 31.03.03
unaudited

	EEK in thousands				
	Share capital	Reserves	Previous period profit	Financial year profit	Total owners equity
31.12.2001	132 000	13 200	291 938	177 638	614 776
Net retained earnings of 2001			177 638	-177 638	0
Dividends			-79 200		-79 200
Net profit for the financial year				193 624	193 624
31.12.2002	132 000	13 200	390 376	193 624	729 200
31.12.2002	132 000	13 200	390 376	193 624	729 200
Net retained earnings of 2002			193 624	-193 624	0
Net profit for the financial year				22 136	22 136
31.03.2003	132 000	13 200	584 000	22 136	751 336

	EUR in thousands				
	Share capital	Reserves	Previous period profit	Financial year profit	Total owners equity
31.12.2001	8 436	844	18 658	11 353	39 291
Net retained earnings of 2001			11 353	-11 353	
Dividends			-5 062		-5 062
Net profit for the financial year				12 375	12 375
31.12.2002	8 436	844	24 950	12 375	46 604
31.12.2002	8 436	844	24 950	12 375	46 604
Net retained earnings of 2002			12 375	-12 375	
Net profit for the financial year				1 415	1 415
31.03.2003	8 436	844	24 950	12 375	48 019

Notes to the Consolidated Financial Statements

In thousands of Estonian kroons (EEK 000'), unless otherwise stated

Accounting principles and principles of consolidation

AS Norma Consolidated Financial Statements have been prepared in accordance with International Accounting Standards (IAS 34 "Interim Financial Reporting") and with Estonian Accounting Law.

In Management Board opinion, the financial statements give a true and fair view of the financial position of AS Norma on March 31, 2003. Presented statements are not audited.

1. Property, Plant and Equipment

	Land and buildings	Machinery and Equip.	Other assets	Buildings under construction	Prepayments	Total
Acquisition cost as of 31.12.2002	84 448	311 062	8 382	12 113	2 426	418 431
Additions	495	3 911	393	292	3 442	8 533
Sale and written off	0	-2 214	-6	0	0	-2 220
Reconstruction	0	13 100	-31	-12 113	-956	0
Acquisition cost as of 31.03.2003	84 943	325 859	8 738	292	4 912	424 744
Depreciation as of 31.12.2002	-12 949	-180 090	-2 362	0	0	-195 401
Depreciation charge	-882	-9 456	-411	0	0	-10 749
Depreciation of fixed assets sold and written off	0	2 192	6	0	0	2 198
Depreciation as of 31.03.2003	-13 831	-187 354	-2 767	0	0	-203 952
Net book amount as of 31.12.2002	71 499	130 972	6020	12 113	2 426	223 030
Net book amount as of 31.03.2003	71 112	138 505	5 971	292	4 912	220 792

2. Intangible assets

	Software licenses	Total
Acquisition cost as of 31.12.02	7 343	7 343
Additions	22 485	22 485
Acquisition cost 31.03.03	29 858	29 858
Accumulated amortization as of 31.12.02	-5 662	-5 662
Amortization change	-1 056	-1 056
Accumulated amortization as of 31.03.03	-6 718	-6 718
Net book amount as of 31.12.02	1 711	1 711
Net book amount as of 31.03.03	23 140	23 140

3. Share Capital

	31.03.2003	31.03.2002
Share capital par value (EEK 10 per share)	132 000	132 000

AS Norma has issued 13.2 million common shares which grant one vote per share. 66,0 million kroons will be paid out in dividends for 2002 at EEK 5 per share.

AS Norma shares are listed in the main list of the Tallinn Stock Exchange and are quoted on the Frankfurt, Berlin and Munich Stock Exchanges.

AS Norma shareholders with participation over 3% as of 31.03.2003:

Autoliv Ab	51,0%
Skandinaviska Enskilda Banken Ab Clients	9,5%
Nordea Bank Finland PLC Clients Account Trading	8,6%
Clearstream Banking Luxembourg S.A. Clients	4,8%

4. Segment Information by Product Lines	Safety belts 01.01.03- 31.03.03	Other products 01.01.03- 31.03.03	Total 01.01.03- 31.03.03	Safety belts 01.01.02- 31.03.02	Other products 01.01.02- 31.03.02	Total 01.01.02- 31.03.02
Sales	200 917	12 555	213 472	215 695	32 463	248 158
Internal sales		(5 872)	(5 872)		(16 732)	(16 732)
Net sales	200 917	6 683	207 600	215 695	15 731	231 426
Operating profit	19 303	97	19 400	38 070	354	38 424

Assets	673 190	23 093	696 283	417 534	101 836	519 370
Unallocated assets			204 098			245 556
Total assets			900 381			764 926
Liabilities	143 204	5 841	149 045	98 167	8 847	107 014
Investments	30 802	216	31 018	3 274	78	3 352
Depreciation charge	11 425	380	11 805	7 378	2 119	9 497

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) 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. Cost 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.

Segmets' Information by Market	Net sales	Net sales
	01.01.03- 31.03.03	01.01.02- 31.03.02
Estonia	3 861	4 405
Czech Republic	1 329	1 728
Russia	62 868	119 437
Ukrainian	2 611	2 106
Sweden	128 894	94 580
Austria	0	3 836
Germany	2 281	256
France	1 701	2 097
Netherlands	216	394
Finland	209	1 038
USA	792	518
Belgium	398	336
Other countries	2 440	697
Total:	207 600	231 428

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

4. Bad Debt Provisions

	The amount of receivables charged to expenses 01.01.03.- 31.03.03	The amount of receivables charged to expenses 01.01.02- 31.03.02
Received from the allowance of previous years	0	-23
Written-of provisions	17	5
Total	17	-18

5. Earnings per Share	31.03.2003	30.03.2002
Net profit	22 136	42 158
Average number of shares (in thousands)	13 200	13 200
Earnings per share (EPS)	1,68	3,19

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

6. Related Parties	01.01.03-31.03.03		01.01.02-31.03.02	
	Sale to AS Norma	Purchases from AS Norma	Sale to AS Norma	Purchases from AS Norma
Autoliv AB	87 824	126 570	83 463	91 921

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