

AS Norma

Interim report for
the period H1 and Q2 2003

FINANCIAL RESULTS Q2 and H1 Y2003
(unaudited)

Sales and Revenues

During the period Q1 Y2003 consolidated net sales of AS Norma totalled 499.2 MEEK (31.9 MEUR), of which those of the parent company were 486.5 MEEK (31.1 MEUR). Consolidated sales decreased by 0.6% (3.0 MEEK, 0.2 MEUR) from H1 Y2002. Sales to Russian customers decreased 22% and to Western customers rose by 24%. Sales volumes to Russian customers decreased in H1 Y2003 due to the low orders of Russian customers in January and February. Sales to Russian customers increased 1.3% in Q2 Y2003 Sales to Autoliv was H1 Y2003 271.0 MEEK (17.3 MEUR). Revenues of AS Norma accounted for 97%. The group's main fields of activity include production and sale of safety belts, car components. Exports accounted to 98% of sales revenue, 39% of production was exported to Russian customers (H1 Y2002 51%). The number of employees at the end of the period was 951.

Use of Capital

Accounts receivable at the end H1 Y2003 totalled 214.4 MEEK (13.7 MEUR), of which 47% related to the Russian customers. During the period H1 Y2003 volume of accounts receivable has increased by 51.2 MEEK (3.3 MEUR), Autoliv receivables was 101.6 MEEK (6.5 MEUR). Norma's payables to Autoliv was 79.7 MEEK (5.1 MEUR). The share of accounts in arrears of total receivable was 15%. The provision for bad debts remained on the same level and the reserve totalled 10.2 MEEK (0.7 MEUR). As of the H1 Y2003, the consolidated total assets were 934.9 MEEK (59.7 MEUR), a growth by 83.2 MEEK (5.3 MEUR), main increase in the current assets 67.7 MEEK (4.3 MEUR). Total liabilities amounted to 135.9 MEEK (8.7 MEUR). The company has no long term liabilities. The group's owners' equity increased by 69.7 MEEK (4.4 MEUR), amounting to 798.9 MEEK (51.1 MEUR) (85% of balance sheet size).

Investments

AS Norma invested a total of 41.5 MEEK (2.6 MEUR), to support existing production capacities and assure the future profits.

Profit and Earnings per Share

The company's consolidated unaudited net profit H1 Y2003 was 69.7 MEEK (4.5 MEUR). Net profit has decreased by 18.8 MEEK (1.2 MEUR), a 21% decrease (88.6 MEEK, 5.7 MEUR H1 Y2002). Net profit Q2 Y2003 was 47.6 MEEK (3.0 MEUR) and rose by 2.6%. Earnings per share were 5.28 EEK (0.34 EUR) in H1 Y2003. H1 Y2002 6.71 EEK (0.43 EUR).

The Q3 Y2003 results of AS Norma will be released at October 15, 2003.

Consolidated balance sheet as of 30.06.03
unaudited

	EEK in thousands		EUR in thousands	
Assets	30.06.03	31.12.02	30.06.03	31.12.02
Current assets				
Cash and bank accounts	141 380	214 228	9 036	13 692
Marketable securities	133 872	128 620	8 556	8 220

Accounts receivable	214 435	163 209	13 705	10 431
Allowance for doubtful receivables	-10 164	-10 164	-650	-650
Other receivables and prepayments	111 777	29 835	7 144	1 907
Inventories	93 728	91 551	5 990	5 851
Total current assets	685 028	617 279	43 781	39 451
Non-current assets				
Long-term financial assets	9 390	9 600	600	614
Property, plant and equipment	218 176	223 030	13 944	14 254
Intangible assets	22 261	1 711	1 423	109
Total non-current assets	249 827	234 341	15 967	14 977
Total assets	934 855	851 620	59 748	54 428
Liabilities and shareholders' equity				
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	135 910	122 420	8 686	7 824
Total current liabilities	135 910	122 420	8 686	7 824
Total liabilities	135 910	122 420	8 686	7 824
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	69 745	193 624	4 458	12 375
Total owners' equity	798 945	729 200	51 062	46 604
Total liabilities and owners' equity	934 855	851 620	59 748	54 428

Parent company balance sheet as of 30.06.03
unaudited

	EEK in thousands		EUR in thousands	
Assets	30.06.03	31.12.02	30.06.03	31.12.02
Current assets				
Cash and bank accounts	140 102	213 047	8 954	13 616
Marketable securities	133 872	128 620	8 556	8 220
Accounts receivable	217 722	166 329	13 915	10 630
Allowance for doubtful receivables	-10 164	-10 164	-650	-650
Other receivables and prepayments	109 543	26 894	7 001	1 719
Inventories	85 665	81 811	5 475	5 229
Total current assets	676 740	606 537	43 251	38 765
Non-current assets				
Long-term financial assets	30 478	31 341	1 948	2 003
Property, plant and equipment	206 270	209 261	13 183	13 374
Intangible assets	21 615	955	1 381	61
Total non-current assets	258 363	241 557	16 512	15 438
Total assets	935 103	848 094	59 764	54 203
Liabilities and shareholders' equity				
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	134 714	118 894	8 610	7 599
Total current liabilities	134 714	118 894	8 610	7 599
Total liabilities	134 714	118 894	8 610	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	71 189	193 624	4 550	12 375
Total owners' equity	800 389	729 200	51 154	46 604
Total liabilities and owners' equity	935 103	848 094	59 764	54 203

Consolidated income statement Q2 and 6 month Y2003
unaudited

	EEK in thousands			
	01.04.03- 30.06.03	01.01.03- 30.06.03	01.04.02- 30.06.02	01.01.02- 30.06.02
Net sales	291 627	499 227	264 810	496 236
Cost of goods sold	233 366	408 691	200 462	375 488
Gross profit	58 261	90 536	64 348	120 748
Marketing expenses	4 516	7 868	5 483	10 763
Administrative and general exp.	6 003	13 175	8 450	16 617
Product development expense	4 757	8 460	4 961	9 172
Bad debt provision	274	291	-30	-48
Other income	3 162	4 940	341	772
Other expenses	1 339	1 748	786	1 554
Operating profit	44 534	63 934	45 039	83 462
Financial income	3 068	5 859	2 997	6 904
Financial expenses	0	47	1 572	1 717
Profit before taxes	47 602	69 746	46 464	88 649
Provision for taxes	-7	1	41	69
Net profit	47 609	69 745	46 423	88 580
Earnings per share in EEK	3,61	5,28	3,52	6,71

Consolidated income statement Q2 and 6 month Y2003
unaudited

	EUR in thousands			
	01.04.03- 30.06.03	01.01.03- 30.06.03	01.04.02- 30.06.02	01.01.02- 30.06.02
Net sales	18 638	31 906	16 924	31 715
Cost of goods sold	14 915	26 120	12 812	23 998
Gross profit	3 724	5 786	4 113	7 717
Marketing expenses	289	503	350	688
Administrative and general exp.	384	842	540	1 062
Product development expense	304	541	317	586
Bad debt provision	18	19	-2	-3
Other income	202	316	22	49
Other expenses	86	112	50	99
Operating profit	2 846	4 086	2 879	5 334
Financial income	196	374	192	441
Financial expenses	0	3	100	110
Profit before taxes	3 042	4 458	2 970	5 666
Provision for taxes	0	0	3	4
Net profit	3 043	4 458	2 967	5 661
Earnings per share in EEK	0,23	0,34	0,22	0,43

Parent company income statement Q2 and 6 month Y2003
unaudited

	EEK in thousands			
	01.04.03- 30.06.03	01.01.03- 30.06.03	01.04.02- 30.06.02	01.01.02- 30.06.02
Net sales	286 750	486 479	260 505	486 108
Cost of goods sold	230 676	399 531	202 645	376 991
Gross profit	56 074	86 948	57 860	109 117
Marketing expenses	4 441	7 700	5 377	10 565
Administrative and general exp.	4 972	10 397	5 614	11 000
Product development expenses	4 757	8 460	4 961	9 172
Bad debt provision	274	291	0	0
Other income	4687	6426	165	521
Other expenses	141	478	621	1 340
Operating profit	46 176	66 048	41 452	77 561
Financial income	3 288	6 177	6 161	12 336
Financial expenses	411	1036	1 190	1 317
Profit before taxes	49 053	71 189	46 423	88 580
Net profit	49 053	71 189	46 423	88 580
Earnings per share in EEK	3,72	5,39	3,52	6,71

Parent company income statement Q2 and 6 month Y2003
unaudited

	EUR in thousands			
	01.04.03- 30.06.03	01.01.03- 30.06.03	01.04.02- 30.06.02	01.01.02- 30.06.02
Net sales	18327	31092	16649	31068
Cost of goods sold	14743	25535	12951	24094
Gross profit	3584	5557	3698	6974
Marketing expenses	284	492	344	675
Administrative and general exp.	318	664	359	703
Product development expenses	304	541	317	586
Bad debt provision	18	19	0	0
Other income	300	411	11	33
Other expenses	9	31	40	86
Operating profit	2951	4221	2649	4957
Financial income	210	395	394	788
Financial expenses	26	66	76	84
Profit before taxes	3135	4550	2967	5661
Net profit	3135	4550	2967	5661
Earnings per share in EEK	0,24	0,34	0,22	0,43

Consolidated cash flows as of 30.06.03
unaudited

	EEK in thousands		EUR in thousands	
	01.01.03- 30.06.03	01.01.02- 30.06.02	01.01.03- 30.06.03	01.01.02- 30.06.02
Operating activities				
Operating profit	63 934	83 462	4 086	5 334
Profit from sale of property, plant and equipment	-131	-3 108	-8	-199
Depreciation	23 735	20 104	1 517	1 285
Property, plant and equipment write-off	2 021	4	129	0

Increase (-), decrease (+) in current assets	-132 919	-64 588	-8 495	-4 128
Increase (-), decrease (+) in current liabilities	13 491	53 691	862	3 431
Interest received and other financial income	3 331	4 268	213	273
Interest and other financial expenses paid	-42	-79	-3	-5
Total operating activities	-26 580	93 754	-1 699	5 992
Investing activities				
Property, plant and equipment sold	131	2 885	8	184
Property, plant and equipment acquired	-41 468	-28 413	-2 650	-1 816
Loans issued	-81	-32	-5	-2
Financial activities change	0	-4 000	0	-256
Loans repaid	299	190	19	12
Total investing activities	-41 119	-29 370	-2 628	-1 877
Financing activities				0
Net cash flow	-67 699	64 384	-4 327	4 115
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	-67 699	64 384	-4 327	4 115
Foreign exchange gain	103	-1 440	7	-92
Cash and cash equivalents at the end of the period	275 252	245 845	17 592	15 712
incl.cash and bank accounts	141 380	71 437	9 036	4 566
marketable securities	133 872	174 408	8 556	11 147

Changes in owners` equity as of 30.06.03
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				69 745	69 745
30.06.2003	132 000	13 200	584 000	69 745	798 945

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	0	0
Net retained earnings of 2002			12 375	-12 375	
Net profit for the financial year				4 458	4 458
30.06.2003	8 436	844	37 324	4 458	51 062

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 June 30, 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	11 887	761	3 082	2 613	18 838
Sale and written off	0	-2 517	-2 005	0	0	-4 522
Reconstruction	0	13 100	-31	-12 113	-956	0
Acquisition cost as of 30.06.2003	84 943	333 532	7 107	3 082	4 083	432 747
Depreciation as of 31.12.2002	-12 949	-180 090	-2 362	0	0	-195 401
Depreciation charge	-1 766	-19 424	-466	0	0	-21 656
Discount			-15			-15
Depreciation of fixed assets sold and written off	0	2 495	6	0	0	2 501
Depreciation as of 30.06.2003	-14 715	-197 019	-2 837	0	0	-214 571
Net book amount as of 31.12.2002	71 499	130 972	6 020	12 113	2 426	223 030
Net book amount as of 30.06.2003	70 228	136 513	4 270	3 082	4 083	218 176

2. Intangible assets

	Development	Software licenses	Total
Acquisition cost as of 31.12.02	7 343	0	7 343
Additions	227	22 402	22 485
Written-off	-138		-138

Acquisition cost 30.06.03	7 462	22 402	29 864
Accumulated amortization as of 31.12.02	-5 662	0	-5 662
Amortization change	-479	-1 600	-2 079
Written-off	138		138
Accumulated amortization as of 30.06.03	-6 003	-1 600	-7 603
Net book amount as of 31.12.02	1 711	0	1 711
Net book amount as of 30.06.03	1 459	20 802	22 261

3. Share Capital

30.06.2003 31.12.2002

Share capital par value (EEK 10 per share)	132 000	132 000
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AS Norma has issued 13.2 million common shares which grant one vote per share. 66,0 million kroons was paid out in dividends for 2002 at EEK 5 per share in 02. July 2003.

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

AS Norma shareholders with participation over 3% as of 30.06.2003:

Autoliv AB	51,0%
Nordea Bank Finland PLC Clients Account Trading	9,9%
Skandinaviska Enskilda Banken AB Clients	9,1%
Clearstream Banking Luxembourg S.A. Clients	4,4%

4. Segment Information by Product Lines	Safety belts	Other products	Total	Safety belts	Other products	Total
	01.01.03- 30.06.03	01.01.03- 30.06.03	01.01.03- 30.06.03	01.01.02- 30.06.02	01.01.02- 30.06.02	01.01.02- 30.06.02
Sales	463 695	46 999	510 694	468 412	63 297	531 709
Internal sales		(11 417)	(11 417)		(35 474)	(35 474)
Net sales	463 695	35 582	499 277	468 412	27 823	496 235
Operating profit	63 851	83	63 934	83 013	449	83 462
Assets	699 786	22 965	722 751	512 062	102 730	614 792
Unallocated assets			212 105			252 640
Total assets			934 856			867 432
Liabilities	130 588	5 322	135 910	155 524	8 552	164 076
Investments	41 188	280	41 468	28 335	78	28 413
Depreciation charge	22 043	1 692	23 735	17 577	2 527	20 104
Discount	7	8	15			0

Segments are based on the production lines of the company where the main product group is safety belts and other products (car components) have separately less than 10% of total sales. 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.

Segments' Information by Market

	Net sales	Net sales
	01.01.03- 30.06.03	01.01.02- 30.06.02
Estonia	8 561	9 125
Czech Republic	3 684	3 792
Ukrainian	3 970	3 129
Russia	193 113	248 000

Sweden	273 544	215 774
Austria	0	6 409
Germany	3 436	511
France	3 921	3 839
Netherlands	492	660
Finland	825	2 160
Danish	151	88
USA	1 354	518
Belgium	1 703	1 344
Other countries	4 473	886
Total:	499 227	496 235

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.- 30.06.03

The amount of receivables charged to expenses 01.01.02- 30.06.02

Received from the allowance of previous years	0	-53
Reserved	0	0
Written-off provisions	291	-5
Total	291	-48

5. Earnings per Share	30.06.2003	30.06.2002
Net profit	69 745	88 580
Average number of shares (in thousands)	13 200	13 200
Earnings per share (EPS)	5,28	6,71

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

6. Related Parties

	01.01.03-30.06.03		01.01.02-30.06.02	
	Sale to AS Norma	Purchases from AS Norma	Sale to AS Norma	Purchases from AS Norma
Autoliv AB	209 427	271 019	191 780	209 806

Intra-company trading transactions with Autoliv companies are based on market prices.

Peep Siimon
Chairman of the Board
+372 6500 442