AS NORMA

FINANCIAL REPORT Q4 and Y2005

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Beginning and end of the reporting year:	01.10.2005-31.12.2005

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MANAGEMENT REPORT

Field of activity

The main field of activity of AS Norma (hereinafter also referred to as the "Parent") and its subsidiaries (together hereinafter also referred to as the "Group") are production and sale of car safety seatbelts and their components. The Group also manufactures car components, as well as dies and molds for stamping machines, and renders engineering services related to the design and adaptation of car safety systems and seatbelts.

Developments in the operating environment

Markets

Changes which started in 2004 on the Russian market, one of the most important markets for AS Norma, continued also in 2005: the market for new cars grew by 9.5%, mostly at the expense of foreign cars (incl. locally manufactured); sales of Russian cars decreased.

The market share of foreign cars reached 43%, compared to the 37% the year before. Sales of the cars of Russian manufacturers dropped by 7%. The number of locally manufactured foreign car increased from 107 thousand to 164 thousand (other sources claim 150 thousand) vehicles.

The above changes are also reflected in the sales volumes of AS Norma: the amount of retractor seatbelts manufactured for AutoVAZ increased by 10.4%, compared to 2004, while the amount of those produced for GM-Autovaz dropped by 6.4% and IZavto by 54%. In Izavt production of Oda and Fabula models was terminated in the second quarter of 2005, and assembly of Lada-2106 at the end of the year. No supplies were manufactured for GAZ in 2005. The total amount of retractor seatbelts manufactured for Russian companies decreased by 7%, compared to 2004. With the sales volumes dropping and the competition thus tightening, the pressure on prices was high, especially as regards traditional retractor seatbelts.

A 10% increase is forecasted in car sales in Russia for 2006. The estimated market share of new foreign vehicles is 50%. The added options of acquiring a car through lease or credit will be among the major contributors to this growth.

AS Norma participates in the global car market mainly in co-operation with its parent company Autoliv AB. The biggest end-customer for seatbelt sales is Volvo Car Corporation; smaller deliveries are also made to Saab Automobile, Volvo Group (Volvo Trucks, Volvo Buses) and other makers.

Similarly to 2004, Volvo Car Corporation manufactured 466.7 thousand cars in 2005, with 268 thousand assembled in Belgium. Seatbelts manufactured by AS Norma are delivered to both Belgium and Swedish plants of Volvo.

Raw material

As regards changes in the raw material market, the increase in the price of steel, which started in 2004 and continued all through the first half-year 2005, had the biggest effect on AS Norma's economic activities. In 2005, an average increase in the price of steel used by the company was 23.5%, compared to 2004. A small drop is forecasted in steel price for 2006, although this drop will be significantly smaller than the previous increase. Increase in the price of oil products will raise the company's expenses on plastic materials and synthetic webbing. On the whole, we can assume that the effect of the oil product price increase will be compensated by the drop in the price of steel.

Seasonal nature of the business

Swedish car manufacturers are on a collective vacation in July, and in December (between Christmas and New Year). The turnover of AS Norma, as the supplier, is thus considerably lower during these periods.

Highlights of the financial year

Development projects

The company launched the preparation of the development of the car safety system for AutoVAZ's next development project Lada Priora - the upgrade of the currently-in-production Lada 2110 into 2170, which should be launched into production in 2008.

Production

At the end of 2005, the company announced the lay-off of 53 employees in the Parent as a result of the drop in the volume of production for the Russian market, as well as implementation of new technologies and production capacities.

Quality improvement

AS Norma uses the quality management system certified for the special needs of the car industry (ISO/TS 16949) as well as APS (Autoliv Production System) in order to improve the quality of production processes and guarantee customer satisfaction. High quality is ensured through systematic development and implementation of the approval process, control of characteristics and periodic testing of products.

The quality objectives established for 2005 were met as follows
1) the number of products returned by customers (ppm) - 35
2) average on-time-delivery – 99%

Investments made in the financial year

In 2005, the Group invested 92.0 million kroons (5.9 MEUR) in the implementation of new technologies, expansion of production capacities, enhancement of the efficiency of the production processes and modernisation of the working environment.

The Group's investments in 2005 are divided as follows:

	mil. EEK	mil. EUR
Metal processing equipment	27.3	1.7
Assembly lines	43.5	2.8
Tooling	5.1	0.3
Injection molding machines	2.5	0.2
Quality testing equipment	3.3	0.2
Reconstruction and facility repairs	7.9	0.5
Information technology	1.7	0.1

Financial highlights of the Group

Economic activities

	2005 milj. EEK*	2004 milj. EEK	**2005** mil.euros	2004 mil.euros	Change %
Revenue	**975.6**	986.3	**62.4**	63.0	-1.1
Gross proft	**167.1**	179.0	**10.7**	11.4	-6.6
Gross profit Margin[1]	17.1	18.1	17.1	18.1	-5.6
Operating profit	**93.3**	113.9	**6.0**	7.3	-18.1
Operating profit margin[2]	9.6	11.5	9.6	11.5	-17.2
EBITDA (profit before financial items, taxes; depreciation and amortization added)	**156.1**	171.5	**10.0**	11.0	-9.0
Profit before taxes	**104.1**	123.6	**6.7**	7.9	-15.8
Pre-tax profit margin[3]	10.7	12.5	10.7	12.5	-14.9
Net profit	**83.3**	105.0	**5.3**	6.7	-20.7
Net profit margin[4]	8.5	10.6	8.5	10.6	-19.8
Working capital[5]	**366**	440.1	**23.4**	28.1	-16.8
Return on working capital[6]	**2.7**	2.2	**2.7**	2.2	22.7
Return on equity[7]	**9.9**	12.9	**9.9**	12.9	-23.3
Return on assets[8]	**8.8**	11.0	**8.8**	11.0	-20.0
Average number of employees	**915**	873			

* not used for margins and average number of employees
[1] Gross profit margin = gross profit / revenue
[2] Operating profit margin = operating profit / revenue
[3] Pre-tax profit margin = profit before tax / revenue
[4] Net profit margin –net profit / revenue
[5] Working capital = current assets, except for cash and cash equivalents (deposits with maturity up to 3 months; interest fund shares), less current liabilities
[6] Return on working capital – revenue / working capital
[7] ROE –net profit / average owner’s equity
[8] ROA – net profit / average assets

Economic activities

	Q 4 2005 mil. EEK*	Q 4 2004l mil. EEK	**Q 4 2005** mil.euros	Q 4 2004 mil.euros	Change %
Revenue	**239.0**	271.0	**15.3**	17.3	-11.8
Gross profit	**40.9**	50.2	**2.6**	3.2	-18.4
Gross profit margin[1]	17.1	18.5	17.1	18.5	-7.5
Operating profit	**17.9**	26.8	**1.1**	1.7	-33.1
Operating profit margin[2]	7.5	9.9	7.5	9.9	-24.1
EBITDA (profit before financial items, taxes; deprciation and amortisation added)	**34.3**	41.5	**2.2**	2.6	-17.3
Profit before taxes	**20.2**	29.4	**1.3**	1.9	-31.1
Pre-taxes profit margin[3]	8.5	10.8	8.5	10.8	-21.9
Net proft	**20.2**	29.5	**1.3**	1.9	-31.5
Net profit margin[4]	8.5	10.9	8.5	10.9	-22.3
Average number of employees	**935**	870			

Share and dividend related figures

	2005 EEK	2004 EEK	**2005** euro	2004 euro	Change %
Number of shares (millions)	**13.2**	13.2	**13.2**	13.2	
Earnings per share[9]	**6.3**	8.0	**0.4**	0.5	
Dividends per share	**5.0**	5.0	**0.3**	0.3	
Equity per share[10]	**64.2**	62.9	**4.1**	4.0	2.1
Dividend/ net profit	**0.79**	0.63	**0.79**	0.63	25.4
Price/earnings ratio (P/E)[11]	**16.3**	12.8	**16.3**	12.8	27.3

* not used for margins, average number of employees, ratios and number of shares
[9] Earnings per share – net profit per share in kroons: the company has no contingently issuable common shares; therefore diluted EPS equals to basic EPS
[10] Equity per share – total equity / number of shares (in kroons)
[11] P/E – stock price at the end of the period / EPS

Sales

The revenue of the Group amounted to 975.6 million kroons or 62.4 million euros in 2005. This constitutes a 1.1% decrease, compared to 2004. Seatbelts made up 89.5% (in 2004: 89.4%) of revenue. The most important other products and services included sales of seatbelt components to other Autoliv group companies. sales of dies and molds. and provision of safety system-related engineering services. In Q4 2005, sales decreased by 11.8% compared to same period last year, amounting 239.0 mil. kroons or 15.3 mil. euros (2004: 271.0 mil.kroons or 17.3 mil. euros).

In 2005, AS Norma exported 98.5% (in 2004: 98.7%) of its products - 58% (in 2004: 57%) to Sweden and 30% (in 2004: 33%) to Russia. Russian sales dropped by 12%. The share of the Ukrainian market increased - 52% more seatbelts were sold to ZAZ in 2005 than in 2004. The role of Germany as an export partner increased as well (+32%), mostly at the expense of Autoliv seatbelt components. The sales of Volvo bus seatbelts to Finland, which started in 2004, really took off in 2005.
In Q4 2005, sales to Russia decreased by 7,0%, compared to same period in 2004.

Sales to various sub-units of the parent company Autoliv increased by 2.3%, compared to 2004, amounting to 593.4 million kroons (37.9 MEUR). Seatbelt sales made up 91% (in 2004: 90%) of the sales to Autoliv. and sales of seatbelt components the remaining 9% (in 2004:10%). Seatbelt sales increased by 9.5% to 2.37 million units.
In Q4 2005, sales to Autoliv decreased by 13,0%, compared to same period in 2004, mainly on account of seat belts for Volvo.

Expenses

Expenses on raw material decreased by 22 million kroons (1.4 MEUR) to 552.9 million kroons(35.3 MEUR), making up 56.7% (in 2004: 58.3%) of revenue. Steel price increased expenses on raw materials. At the same time, local manufacturing of the most important components of seatbelts - retractors - reduced expenses on the components procured for local assembly of seatbelts for Autoliv. Retractor assembly increased by 113.7% in 2005, compared to last year.

Depreciation and amortisation costs increased by 8.8% (i.e. 5.1 million kroons(0.3 MEUR) in the financial year. compared to 2004, amounting to 62.8 million kroons(4.3 MEUR) or 6.4% (in 2004: 5.8%) of the turnover. Depreciation of production machinery increased, both in seatbelt assembly and component manufacturing.

Personnel expenses amounted to 152.4 million kroons(9.7 MEUR) in 2005, having grown by 5.2% (i.e. 7.5 million kroons(0.5 MEUR), compared to the previous period. Total wages and salaries amounted to 114.4 (7.3 MEUR)(in 2004: 108.6) million kroons(2004:6.9 MEUR), social tax to 37.4(2.4 MEUR) (in 2004: 35.8) million kroons(2004:2.3 MEUR) and unemployment insurance to 0.6(0,04 MEUR) (in 2004: 0.5) million kroons(2004:0.03 MEUR).

Personnel expenses made up 15.6% of revenue in 2005 (in 2004: 14.7%). The biggest increase in personnel expenses (6.6%) could be seen in production units. This was, above all, due to the maximizing of the Autoliv seatbelt retractor assembly capacity.

The company employed a monthly average of 915 people - 42 employees more than in the previous year. The average number of employees involved in Autoliv seatbelt assembly grew by 67, amounting to 219.

Research and development costs increased by 6.9 million kroons(0.4 MEUR) in 2005, amounting to 38.9 million kroons(2.3 MEUR) or 4% (in 2004: 3.2%) of revenue. Similarly to 2004 (14.2 million kroons (1.0 MEUR), the biggest expenses were incurred in 2005 (15.5 million kroons(1,0 MEUR) on the sales of Kalina safety system development - related engineering services sold to AutoVAZ. With the launch of the engineering work designed to support the assembly of seatbelts for Autoliv, testing costs and the related personnel expenses showed significant increase.

Profit and profitability

The Group's gross profit for 2005 was 167.1 million kroons(10.7 MEUR) in 2005 (in 2004: 179.0 million kroons (11.4 MEUR) - i.e. 17.1% (in 2004: 18.1%) of revenue. The 6.6% (i.e. 11.9-million-kroon(0.7 MEUR) drop in gross profit was due to drop in sales volumes and in the sales price at the eastern market, as well as increase in the raw material price.
In Q4 2005, gross profit amounted 40.9 (in 2004: 50.2) million kroons(2.6 MEUR, in 2004:3.2 MEUR), making up 17.1% (2004: 18.5%) of revenue. The decrease in quarterly gross profit was caused by the same reasons as annual decrease.

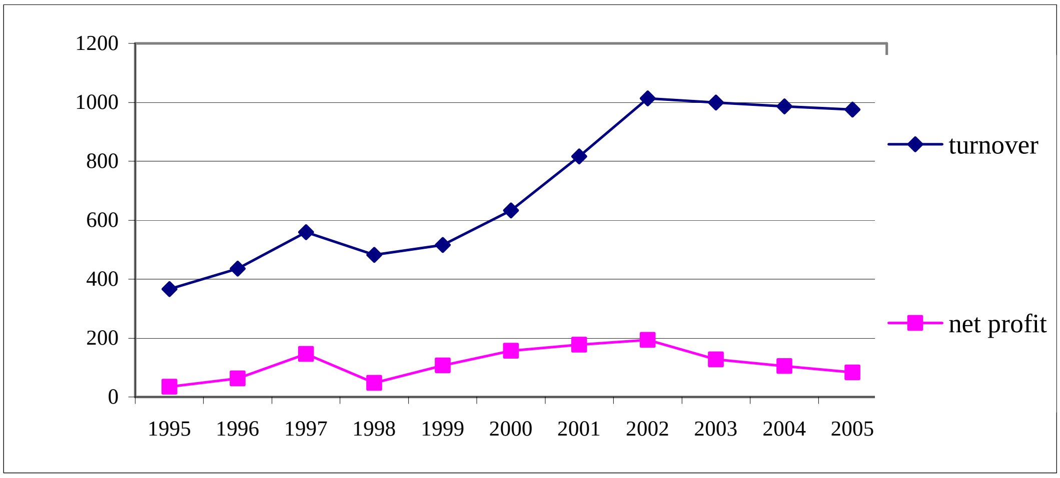
Operating profit decreased by 20.6 million kroons(1.4 MEUR) to 93.3 million kroons(6.0 MEUR), making up 9.6% (in 2004: 11.5%) of revenue. In addition to product development costs, an increase could also be seen in other expenses, as a 2.1-million-kroon(0.1 MEUR) provision was set up to cover the compensations payable to the employees to be laid off in February 2006.

Profit before taxes dropped by 15.8% (i.e. by 19.5 million kroons (1.2 MEUR) to 104.1 million kroons (6.7 MEUR) or 10.7% (in 2004: 12.5%) of revenue. Financial income increased by 11.6% - i.e. by 1.1 million kroons(0.1 MEUR).

The net profit for 2005 amounted to 83.3 (in 2004: 105.0) million kroons(5.3 MEUR in 2004:6.7 MEUR). Income tax payable on dividends increased by 2.3 million kroons(0.1 MEUR). Net profit has decreased by 20.7%, compared to 2004.
The net profit for forth quarter was 20.2 (2004: 29.5) million kroons(1.3 MEUR, in 2004 1.9 MEUR), which was 8.5% (2004: 10.9%) from revenue.

The decrease in profit margin is conditioned by changes in the product structure and drop in the sales prices.

The Group's revenue and profit dynamics: 1995-2005 (in millions of kroons)



Cash flows and capital appropriation

The Group's cash flow from operating activities amounted to 205.6 (in 2004: 154.5) million kroons(13.1 MEUR,in 2004: 9.9 MEUR). The 51.1-million-kroons(3.2 MEUR) growth was, above all, due to the changes in current assets and current liabilities. The company's investments in property, plant and equipment, and intangible assets exceeded the volume of 2004 by 44.8 million kroons(2,9 MEUR), while the balance of financial investments decreased. Total cash flow from investments amounted to -54.5 (in 2004: -181.5) million kroons(-3.5 MEUR, in 2004: -11.6 MEUR).

As at the end of 2005, cash and liquid securities made up 47.0% (in 2004: 42.8%) of the balance of assets. As of 31 December 2005, the company's working capital (short-term investments, receivables, prepayments, inventories less current liabilities) amounted to 366.0 (in 2004: 440.1) million kroons(23.4 MEUR, in 2004: 28.1 MEUR). and the working capital appropriated for main activities (receivables, prepayments, inventories less current liabilities) to 103.2 (in 2004: 151.5) million kroons(6.6 MEUR, in 2004: 9.7 MEUR).

AS Norma kept a traditionally conservative profile upon managing liquidity and making financial investments in 2005. In addition to the EEK and EUR deposits of different terms of maturity in Estonian banks. and the money and interest fund shares, the company also deposited short-term resources in Autoliv AB Treasury. which allowed making short-term deposits to earn an interest higher that that currently offered on the market.

Non-current assets made up 31.5% of the assets, having grown, at the expense of the 30-million-kroons (1.9 MEUR) increase in PPE by 26.5 million kroons(1.7 MEUR) in the year.

The Group has no long-term liabilities. Investments and operating activities are financed from equity.

The owner's equity of the Group increased by 17.3 million kroons(1.1 MEUR), amounting to 847.8 (in 2004: 830.5) million kroons(54.2 MEUR, in 2004: 53.1 MEUR) by the end of the financial year. Owner's equity made up 89.5% (in 2004: 87.4%) of the balance sheet. At the end of the year, available equity amounted to 702.6 (in 2004: 685.3) million kroons(44.9 MEUR, in 2004: 43.8 MEUR).

Stock market and dividends

AS Norma has issued 13.2 million common shares. The share has a nominal value of 10 kroons(0.64 EUR), and grants its owner one vote at the general shareholders' meeting. The number of the shares, and their nominal value has not changed ever since the shares were first listed in 1997.

66.0 million kroons(4.2 MEUR) (i.e. 5 kroons(0.32 EUR) per share) was paid to shareholders in dividends in 2005, similarly to the previous two years. The Management Board of AS Norma currently sees no need for changing the amount to be paid out as dividends. Both diluted EPS and basic EPS was 6.3 (in 2004: 8.0) kroons(0.4 EUR 2004: 0.5 EUR). and owner's equity per share was 64.2 (in 2004: 62.9) kroons(4.1 EUR 2004: 4.0 EUR). The P/E ratio increased from 12.8 to 16.3 in 2005.

The shares of AS Norma were listed on the main list of the Tallinn Stock Exchange under the code NRM1T in 1997. The shares are also traded at the Frankfurt and Berlin stock exchanges.

Stock price movement (in euro) and transaction volume in the Tallinn Stock Exchange in 2005.

List of AS Norma shareholders holding over 5% of the shares (as of 31.12.2005):

Autoliv AB	51.0%
Skandinaviska Enskilda Banken AB customers	8.8%
ING LUXEMBOURG S.A.	7.4%

As of 31.12.2005. the members of the Supervisory Board of AS Norma. and people close to them. held no shares in AS Norma. Member of the Management Board Garri Krieger (owner of 205 shares) is the only person among the members of the Management Board of AS Norma, and persons close to them, who holds any shares in AS Norma. No stock options have been issued to the members of the Supervisory Board and Management Board of the company.

Financial risks

Currency risks

AS Norma is exposed to currency risks related. above all. to product export and material import as well as the assets of the subsidiary located in Russia.

The euro is the predominant sales currency of AS Norma. The Group expenses are denominated in Estonian kroons, euros, Swedish kronors and Russian roubles. The euro is the underlying currency for the principal purchase and sales contracts. Risks related to other currencies have been hedged either by harmonising incoming or outgoing cash flows, or tying contractual payments to the euro exchange rate.

Interest risks

Since AS Norma does not use debt financing. assessment of the interest risk is only important when it comes to investing activities. Deposits have a fixed interest rate. Hansabank Interest Fund units are recorded at market value -i.e. bond interest rate fluctuations at the market have an effect on the value of the company’s investment. The effect of the potential interest change is insignificant, considering the amount of the investment.

Financial market credit risk

The company hedges the credit risks arising from its investing activities by making investments only in the financial instruments of reliable banks. and the deposits of the Autoliv AB Treasury. Autoliv's short-term credit rating is A2 according to Standard & Poor's and P2 according to Moody's.

Consolidation group structure

In 2005. AS Norma Group included AS Norma and two subsidiaries fully owned by AS Norma.

The Parent is involved in the manufacturing and sales of car safety seatbelts and their components. as well as provision of engineering services related to the development and adaptation of car safety systems and seatbelt components.

In 2005. the parent company's turnover amounted to 955.0 (in 2004: 964.3)(61.0 MEUR in 2004: 61.6 MEUR), net profit to 80.8 (in 2004: 104.2)(5.2 MEUR, in 2004: 6.7 MEUR), and owner's equity to 839.5 (in 2004: 824.7) million kroons(53.7 MEUR,in 2004: 52.7 MEUR).

The subsidiary AS Tööriistavabrik is involved in tool (i.e. dies and plastic molds) design. manufacturing and repair. AS Tööriistavabrik is the strategic link in AS Norma's production chain. In 2005. the company's revenue amounted to 32.8 (in 2004: 34.8)(2.1 MEUR, in 2004 2.2 MEUR). net profit to 1.9 (in 2004: 0.16)(0.1 MEUR, in 2004 0.01 MEUR) and owner's equity to 20.6 (in 2004: 18.7) million kroons(1.3 MEUR in 2004: 1.2 MEUR). Sales to external customers amounted to 16.1 (in 2004: 15.8)(1.0 MEUR in 2004: 1.0 MEUR), sales to Parent 16.0 (in 2004: 18.8)(1.0 MEUR in 2004: 1.2 MEUR) and purchase of services from the Parent to 3.0 (in 2004: 2.9) million kroons(0.2 MEUR in 2004: 0.2 MEUR).

The Russian-based subsidiary Norma-Osvar ZAO is involved in the sale and storage of AS Norma's products, organisation of the related customs procedures and, if necessary, representation of AS Norma in Russia. In 2005, the revenue of Norma-Osvar ZAO amounted to 16.1 (in 2004: 38.9)(1.0 MEUR, in 2004:2.5 MEUR), loss to 0.3 (in 2004: 0.4)(0.02 MEUR, in 2004: 0.03 MEUR) and owner's equity to 0.9 (in 2004: 1.2) million kroons(0.09 MEUR in 2004: 0.08 MEUR). Sales to external customers amounted to 16.1 (in 2004: 38.9) million kroons(1.0 MEUR, in 2004:2.5 MEUR) in 2005. The goods to be sold by the subsidiary are supplied by the Parent.

Management structure

The highest management authority of AS Norma, as the legal person, is the general shareholders' meeting, which appoints the members of the Supervisory Board. The Supervisory Board of AS Norma has 6 members, with 3 representatives of the majority shareholder Autoliv AB: Jörgen Svensson. Vice President Legal Affairs (Chairman of the Supervisory Board), Rolf Henke, Senior Vice President SB Division. Europe, and Leif Berntsson, Senior Vice President AB Division. Europe. The three independent members of the Supervisory Board representing the public include Attorney-at-Law Aare Tark from Law Office Tark & Co., Toomas Tamsar. Chairman of the Management Board of Balti Juhtimiskonverentsi OÜ and Raivo Erik, Chairman of the Management Board of OÜ Someri Trade.

The Management Board appointed by the Supervisory Board of AS Norma has 6 members: Managing Director Peep Siimon (Chairman of the Management Board), Sales Director Ivar Aas, Director of SB Division Stig Carlsson, Financial Director Ülle Jõgi, Quality Director Garri Krieger and Purchase Director Kaido Salurand

Environmental impact

In order to improve production-related environmental impact management. AS Norma certified its environmental management system to meet the ISO 14001 requirements already in 2002. In order to adhere to the Integrated Pollution Prevention and Control Act of the Republic of Estonia. AS Norma acquired the integrated environmental permit in 2003. The company uses the measures stipulated therein for managing hazardous chemicals. waste generation and treatment. and the quality of ambient air and water discharged into the sewerage network.

The activities pursued by the Group aim at enhancing the efficiency of the use of materials and natural resources. as well as reducing the environmental impact. and continually improving the products and processes.

The main guidelines set forth in the company's environmental policies and environment-related objectives:

- upon pursuing business activities. to be considerate towards the environment. and the staff. customers and society;
- to adhere to the laws of the Republic of Estonia. and the customer's requirements applicable to AS Norma's activities;
- to manufacture products in such a way as to minimise the environmental impact upon their manufacturing. use and utilisation. while not making concessions with respect to quality and safety;
- to use natural resources and materials in a sustainable way;
- to minimise the discharge of waste and pollutants into to environment;
- to prevent accidental pollution of the environment;
- to develop the employee's environmental awareness and motivate them to implement the environmental policy on a daily basis.

Management Board's Confirmation on the Interim Financial Statements

The Management Board confirms the completeness and correctness of AS Norma Q4 Y2005 interim statements:

1) the interim financial statements have been prepared in accordance with International Financial Reporting Standards;
2) the interim 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

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

Stig Carlsson

Member of the Management Board

Tallinn, 27. veebruar 2006

Consolidated balance sheet

	Thousands of kroons		Thousands of euros		
A s s e t s					
	31.12.2005	31.12.2004	**31.12.2005**	31.12.2004	Lisa
Current assets					
Cash in hand and deposits	**183 029**	118 208	**11 698**	7 555	
Short-term financial investments	**262 873**	288 524	**16 801**	18 440	
Receivables	**111 803**	173 843	**7 146**	11 111	
Prepaid expenses	**1 539**	11 024	**98**	705	
Inventories	**89 782**	86 758	**5 738**	5 545	1
Total current assets	**649 026**	678 357	**41 480**	43 355	
Non-current assets					
Long-term financial investments	**10 953**	10 955	**700**	700	
Long-term receivables	**455**	1 133	**29**	72	
Property, plant and equipment	**271 220**	241 287	**17 334**	15 421	2, 5
Intangible assets	**16 134**	18 920	**1 031**	1 209	3, 5
Total non-current assets	**298 762**	272 295	**19 094**	17 403	
Total assets	**947 788**	950 652	**60 575**	60 758	5
L i a b i l i t i e s and s h a r e h o l d e r s´ e q u i t y					
Liabilities					
Current liabilities					
Payables	**94 499**	106 232	**6 040**	6 789	
Deferred income	**3 375**	13 899	**216**	888	
Provisions	**2 094**	0	**134**	0	
Total current liabilities	**99 968**	120 131	**6 389**	7 678	
Total liabilities	**99 968**	120 131	**6 389**	7 678	
Owners` equity					
Share capital (par value)	**132 000**	132 000	**8 436**	8 436	4
Statutory reserves	**13 200**	13 200	**844**	844	
Retained earnings	**702 620**	685 321	**44 906**	43 800	
Total owners´ equity	**847 820**	830 521	**54 186**	53 080	
Total liabilities and owners´ equity	**947 788**	950 652	**60 575**	60 758	

Consolidated income statement

	Thousands of kroons				
	01.10.05-31.12.05	01.01.05-31.12.05	01.10.04-31.12.04	01.01.04-31.12.04	Note
Revenue	**239 006**	**975 575**	271 047	986 297	5
Cost of goods sold	**198 077**	**808 470**	220 892	807 248	6
Gross profit	**40 929**	**167 105**	50 155	179 049	
Marketing and distribution costs *	**3 982**	**13 440**	8 429	12 755	
General administrative expenses	**4 388**	**21 817**	7 520	22 059	
Research and development expenses **	**13 126**	**38 875**	9 242	31 931	
Other operating income	**-653**	**4 657**	2 686	3 769	
Other opetating expenses	**880**	**4 306**	896	2 136	
Operating profit	**17 901**	**93 324**	26 754	113 937	5
Financial items	**2 325**	**10 817**	2 614	9 691	
Profit before taxes	**20 226**	**104 141**	29 368	123 628	
Income tax expense	**0**	**20 842**	-170	18 640	
Net profit	**20 226**	**83 299**	29 538	104 988	4
Basic and diluted earnings per share (in kroons)	1,53	**6,31**	2,24	7,95	4

* Due to the reclassification Q4 Y2004 marketing expensis included 5,107 thousands kroons sales freight costs from Q2, Q2 and Q3 Y2004, which previously had been recocded among cost of sold.

** Q4 Y2005 product development expenses included 6,851 thousands kroons Q1, Q2, Q3 product development expenses. In Q1, Q2 and Q3 Y2004 it was recorded as of costs of goods sold.

Consolidated income statement

	Thousands of euros				
	01.10.05-31.12.05	01.01.05-31.12.05	01.10.04-31.12.04	01.01.04-31.12.04	Note
Revenue	**15 275**	**62 351**	17 323	63 036	5
Cost of goods sold	**12 659**	**51 671**	14 118	51 593	6
Gross profit	**2 616**	**10 680**	3 205	11 443	
Marketing and distribution costs *	**254**	**859**	539	815	
General administrative expenses	**280**	**1 394**	481	1 410	
Research and development expenses **	**839**	**2 485**	591	2 041	
Other operating income	**-42**	**298**	172	241	
Other opetating expenses	**56**	**275**	57	137	
Operating profit	**1 144**	**5 964**	1 710	7 282	5
Financial items	**149**	**691**	167	619	
Profit before taxes	**1 293**	**6 656**	1 877	7 901	
Income tax expense	**0**	**1 332**	-11	1 191	
Net profit	**1 293**	**5 324**	1 888	6 710	4
Basic and diluted earnings per share (in euros)	**0,10**	**0,40**	0,14	0,51	4

* Due to the reclassification Q4 Y2004 marketing expensis included 326 thousands euros sales freight costs from Q2, Q2 and Q3 Y2004, which previously had been recocded among cost of sold.

** Q4 Y2005 product development expenses included 438 thousands euros Q1, Q2, Q3 product development expenses. In Q1, Q2 and Q3 Y2004 it was recorded as of costs of goods sold.

Consolidated Cash Flow Statement

	Thousands of kroons		Thousads of euros		Lisa
Cash flows from operating activities	**31.12.2005**	**31.12.2004**	**31.12.2005**	**31.12.2004**	
Operating profit	**93 324**	**113 937**	5 964	7 282	
Adjustments of operating profit					
Gain from disposals of property, plant and equipment	**-83**	**-710**	-5	-45	
Depreciation and amortisation	**62 740**	**57 641**	4 010	3 684	2, 3
Impairment loss of property, plant and equipment	**1 046**	**550**	67	35	2
Changes in assets related to operating activities, incl.:					
Short-term receivables and prepaid expenses, except loans and interests	**71 264**	**21 261**	4 555	1 359	
Inventories	**-3 024**	**12 942**	-193	827	1
Long-term receivables, except loans	**500**	**-61**	32	-4	
Changes in liabilities, incl.:			0	0	
Payables	**-11 733**	**-56 781**	-750	-3 629	
Deferred income	**-10 524**	**5 822**	-673	372	
Provision	**2 094**	**0**	134	0	
Interests paid	**0**	**-8**	0	-1	
Income tax paid	**0**	**-128**	0	-8	
Total cash flows from operating activities	**205 604**	**154 465**	13 140	9 872	
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment	**1 120**	**1 208**	72	77	
Acquisition of property, plant and equipment and intangible assets	**-91 970**	**-47 200**	-5 878	-3 017	2, 3
Loans granted	**-88**	**-62**	-6	-4	
Loan repayments received	**296**	**48**	19	3	
Acquisition of short-term financial investments	**-197 930**	**-304 709**	-12 650	-19 474	
Proceeds from disposals of short-term financial investments	**223 583**	**159 013**	14 290	10 163	
Interest received	**10 474**	**10 241**	669	655	
Total cash flows from investing activities:	**-54 515**	**-181 461**	-3 484	-11 597	
Cash flows from financing activities					
Payment of income tax on dividends	**-20 842**	**-18 511**	-1 332	-1 183	
Dividends paid	**-66 000**	**-66 000**	-4 218	-4 218	4
Total cash flows from financing activities:	**-86 842**	**-84 511**	-5 550	-5 401	
Net cash flows	**64 247**	**-111 507**	4 106	-7 127	
Changes in cash and cash equivalents					
Balance at the beginning of the year	**118 208**	**230 104**	7 555	14 706	
Increase/decrease of cash and cash equivalents	**64 247**	**-111 507**	4 106	-7 127	
Foreign exchange effect	**574**	**-389**	37	-25	
Cash and cash equivalents at the end of the year, incl.:	**183 029**	**118 208**	11 698	7 555	
Cash in hand and deposits with maturity up to 3 months	**109 145**	**37 002**	6 976	2 365	
Shares of interest fund	**73 884**	**81 206**	4 722	5 190	

Consolidated Statement of Changes in Equity

in thousands of Estonian kroons

	Share capital (par value)	Statutory Reserve	Retained earnings	Total equity
31.12.2003	132 000	13 200	646 333	791 533
Dividends			-66 000	-66 000
Net profit for the financial year			104 988	104 988
31.12.2004	132 000	13 200	685 321	830 521
31.12.2004	132 000	13 200	685 321	830 521
Dividends			-66 000	-66 000
Net profit for the financial year			**83 299**	**83 299**
31.12.2005	**132 000**	**13 200**	**702 620**	**847 820**

in thousands of euros

	Share capital (par value)	Statutory Reserve	Retained earnings	Total equity
31.12.2003	8 436	844	41 308	50 588
Dividends			-4 218	-4 218
Net profit for the financial year			6 710	6 710
31.12.2004	8 436	844	43 800	53 080
31.12.2004	8 436	844	43 800	53 080
Dividends			-4 218	-4 218
Net profit for the financial year			5 324	**5 324**
30.06.2005	**8 436**	**844**	**44 906**	**54 186**

Accounting Policies and Estimates

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU and on a historical cost basis, except as disclosed in the accounting policies below (e.g., certain financial assets, which are measured at fair value). The current financial statements have been prepared in thousands of Estonian kroons (EEK).

From January 1, 2005, several new and revised IFRS standards became effective. In the preparation of the current financial statements, the Group has adopted the following new / revised standards:

- IAS 1 Presentation of Financial Statements;
- IAS 2 Inventories;
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- IAS 10 Events after the Balance Sheet Date;
- IAS 16 Property, Plant and Equipment;
- IAS 17 Leases;
- IAS 21 The Effect of Changes in Foreign Exchange Rates
- IAS 24 Related Party Disclosures;
- IAS 27 Consolidated and Separate Financial Statements;
- IAS 32 Financial Instruments: Disclosure and Presentation;
- IAS 33 Earnings per Share;

- IAS 36 Impairment of Assets;
- IAS 38 Intangible Assets
- IAS 39 Financial Instruments: Recognition and Measurement;
- IFRS 3 Business Combinations;
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Adoption of revised and new standards specified above does not have any effect on the equity of the Group as of January 1, 2004, but new requirements of IAS 27 (revised) on subsidiaries recognition in non-consolidated financial statements have an effect on the financial statements of the Parent (the balance sheet, income statement, cash flow statement and statement of changes in equity of the Parent are presented in Notes 27 to 30). In the previous year non-consolidated financial statements of the Parent, the investments into subsidiaries were accounted for under equity method, but in the current financial statements, the cost method is applied for the recognition of investments into subsidiaries. As a result of that, the retained earnings of the Parent as of January 1, 2004, net profit for the year 2004 and investments into subsidiaries as of December 31, 2004 decreased by 5 062 thousand EEK, 798 thousand EEK and 6 627 thousand EEK, respectively, and receivables from subsidiaries increased by 767 thousand EEK.

In the current financial statement, the amount of cash and cash equivalents at the beginning and end of 2004 has been restated. Previously, all short-term deposits were considered to be cash equivalents, but starting of 2005 only short-term deposits with maturity up to 3 months are considered to be cash equivalents. As a result of this change the cash and cash equivalents of the Group and the Parent as of 31.12.2004 and 31.12.2003 and net cash flows (cash flows from investing activities) for 2004 decreased by 282 041 thousand EEK, 100 440 thousand EEK and 181 601 thousand EEK, respectively.

In accordance with the revised and new standards the presentation, if applicable. has been changed as well (the presentation of comparative data has been also restated).

The new and revised standards and interpretations, which have been adopted by EU before the balance sheet date, but are not effective yet (i.e. the Amendments to IAS 19 “Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures”; IFRIC 4 “Determining whether an Arrangement contains a Lease”; IFRS 6 “Exploration for and Evaluation of Mineral Resources”; IFRIC 5 “Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds”), do not have any effect on the accounting principles applied by the Group.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of AS Norma and its subsidiaries consolidated line-by-line.

Subsidiaries are companies, in which the Group has an interest of more than 50% of the voting rights or otherwise has power to govern the financial and operating decisions of these companies. Subsidiaries are consolidated from the acquisition date (date on which control is transferred to the Group) and cease to be consolidated from the disposal date (date on which control is transferred out of the Group).

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent, using consistent accounting policies, in all material respects. All inter-group transactions, balances and unrealised profits and losses on transactions between Group’s companies have been eliminated in the consolidated financial statements. Unrealised losses are not eliminated, if these losses represent impairment of assets sold.

Foreign Currency Translation

The functional currency of the Parent is Estonian kroon, which is also the presentation currency of the current financial statements; other currencies are considered as foreign currencies.

Foreign currency transactions are recorded on the basis of the foreign currency exchange rates of the Bank of Estonia officially valid on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences from assets and liabilities related to operating activities are recognised in the income statement as operating items and differences from assets and liabilities related to investing and financing activities are recognised as financial items.

The functional currency of the foreign subsidiary is euro. All transactions and balances of the foreign subsidiary are translated into Estonian kroons using foreign currency rates of the Bank of Estonia. As Estonian kroons is pegged with euro with fixed rate (1 euro = 15.6466 EEK), the foreign exchange differences, which should be recorded directly in equity, do not arise.

Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement are short-term (up to 3 months maturity) highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value, including cash in hand and at bank, short-term time deposits with maturity up to 3 months and other marketable highly liquid investments (e.g., interest fund shares).

Financial Assets

All financial assets are initially recognised at cost, being the fair value of the consideration given. The cost of financial assets includes also acquisition charges associated directly with the investment (e.g., fees paid to agents and advisers, non-refundable taxes and other similar expenditures), except in the case of investments at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase or sell the asset (e.g. conclude an agreement). Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

For the subsequent recognition, financial assets are classified as follows:

- financial assets at fair value through profit or loss (incl. shares and other securities held for trading; bonds, which are not being held to maturity, and other securities and derivatives with positive value),
- held-to-maturity investments (incl. bonds fixed maturity, which are being held to maturity),
- loans and receivables (incl. loans granted, trade receivables and other receivables),
- available-for-sale financial assets (incl. all those financial assets that are not classified in any of the three preceding categories; in reporting and comparative period the Group did not have any such investments).

Financial assets at fair value through profit and loss is measured in its fair value on each balance sheet date. Fair value of listed securities is based on listed market price (closing prices) and the official exchange rates of the Bank of Estonia. Unlisted securities are accounted for in their fair value on the basis of the available information on the value of the investment. Gains or losses from changes in fair value of investments held for trading are recognised under “Financial items” in income statement. Interests and dividends from investments held for trading are also recognised under “Financial items” in income statement.

Held-to-maturity investments, loans and receivables are carried at amortised cost using the effective interest method. Amortised cost is calculated by taking into account a discount or a premium on acquisition and transaction costs, over the period to maturity.

When the recoverable amount of investments carried at amortised cost is lower than its carrying amount, the asset is considered impaired and is written down to its recoverable amount (for doubtful accounts receivable the contra assets account is used for allowances and uncollectible receivables are written off from balance sheet). The recoverable amount of investments carried at amortised cost is measured as the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate. The impairment of receivables is assessed on an individual basis, based on the current credit information available. The amount of the impairment loss from receivables related to operating activities is recognised under operating expenses (“General administrative expenses”) and from investments related to investing activities under financial items in income statement.

Collection of receivables that have been previously expensed as impaired assets are recognised as an adjustment of allowance in balance sheet and reduction of expenses in income statement.

Interests from investments held to maturity, loans and receivables are recognised under “Financial items” in income statement.

The derecognition of a financial asset takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

Subsidiaries in the Non-consolidated Financial Statements of the Parent

In the Parent's non-consolidated financial statements investments in its subsidiaries are carried at cost. It means that investments in subsidiaries are initially recognised at cost, being the fair value of the consideration given. After initial recognition the cost is adjusted by any losses arise from impairment in value.

The Group assesses at each reporting date whether there is an indication that an investment may be impaired and if any such indication exists, the Group makes an estimate of the asset's recoverable amount (higher of the value in use and fair value less costs to sell). Impairment losses are recognised under "Financial items" in the income statement. A previously recognised impairment loss is reversed, if there has been a change in the estimates used to determine the investment's recoverable amount since the last impairment loss was recognised. Such reversal is recognised as financial income in income statement when incurred.

Dividends receivable/received from subsidiaries are recognised as financial income, when the Parent's right to receive the payment is established, except a part of dividends paid out on account of the retained earnings created by the subsidiary before the acquisition of the subsidiary. Such dividends are recognised as a reduction of investments.

Inventories

Finished products and work-in-progress are recorded at production cost, consisting of the direct and indirect production costs on normal operating capacity. Raw materials and goods for resale located in warehouses or production field are recorded at acquisition cost, consisting of the purchase price, direct transportation costs related to the purchase, non-refundable taxes and other purchase related expenditures.

Inventories are valued at the lower of cost and net realisable value. Inventories are accounted for by using the weighed average acquisition cost method. The amount of write-down of inventories to their net realisable value is recorded as expenses of the reporting period, under "Cost of sales" of the income statement.

Property, Plant and Equipment

Assets with a useful life of over 1 year and an acquisition cost of over 40 000 kroons (except IT equipment, for which 15 000 kroons of limit is used) are considered to be property, plant and equipment. Initially, property, plant and equipment are recognised at cost, consisting of the purchase price and expenditures directly related to the acquisition.

Subsequent to initial recognition an item of property, plant and equipment is carried in the balance sheet at its cost, less accumulated depreciation and any accumulated impairment losses. When the recoverable amount of property, plant and equipment is lower than its carrying amount, the asset is considered impaired and is written down to its recoverable amount, which is the higher of the value in use and fair value less costs to sell. The Group assesses at each reporting date whether there is an indication that an asset may be impaired and if any such indication exists, the Group makes an estimate of the asset's recoverable amount. Impairment losses are recognised under "Other operating expenses" in the income statement.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed, if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. Such reversal is recognised as a reduction of expenses in income statement when incurred.

Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised (e.g. replacements of part of some items) are added to the carrying amount of the assets, if the recognition criteria are met, i.e. (a) it is probable that future economic benefits associated with the item will flow to the Group, and (b) the cost of the item can be measured reliably. The replaced items are derecognised. All other expenditures are recognised as an expense in the period in which it is incurred.

The calculation of depreciation is started, when the assets are ready for the expected usage determined by the management and finished upon the reclassification to non-current assets held for resale or disposal of the assets. If the item of property, plant and equipment is fully depreciated, the cost and accumulated depreciation of such item are recorded in balance sheet until the item is in use.

The depreciable amount of an asset (i.e., cost of an asset less its residual value) is expensed over the expected useful life of an asset. The cost of land is not depreciated. Depreciation is calculated on a straight-line basis (except for tooling) over the estimated useful life of the asset as follows:

- Buildings 8 - 20 years
- Machinery and equipment 4 - 11 years

- IT equipment 3 - 7 years
- Other items 5 - 7 years

The sum-of-the-unit method is used for deprecation of tooling.

If an asset consists of separable components with different useful lives, each such component are accounted for and depreciated separately in the book-keeping of the Group

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year-end. Changes in residual values, useful lives and methods are treated as a change in estimates.

Non-current assets held for sale are valued at the lower of net carrying amount and fair value less costs to sell. Non-current assets are not depreciated.

Intangible Assets

Initially, intangible assets are recognised at cost, consisting of the purchase price and expenditures directly related to the acquisition. Subsequent measurement depends on whether an intangible asset has a finite or indefinite life. Intangible assets with finite lives are stated at cost less accumulated amortisation and any accumulated impairment in losses. Such intangible assets are amortised over the useful economic life on a straight-line basis as follows:

- Licences 3-10 years.

When the recoverable amount of intangible assets with finite lives is lower than its carrying amount, the asset is considered impaired and is written down to its recoverable amount, which is the higher of the value in use and fair value less costs to sell. The Group assesses at each reporting date whether there is an indication that an asset may be impaired and if any such indication exists, the Group makes an estimate of the asset's recoverable amount. Impairment losses are recognised under "Other operating expenses" in the income statement.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed, if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. Such reversal is recognised as a reduction of expenses in income statement when incurred.

Intangible assets with indefinite useful lives (incl. goodwill) are tested for impairment annually. Such intangibles are not amortised. In the reporting period and comparative period the Group did not have any intangible assets with indefinite useful lives.

Development expenses are expenditures incurred as a result of the application of research findings to a plan or design for new products and services. Development expenditure is capitalised only when the Group can demonstrate the technical feasibility of completing the intangible asset, the availability of resources to complete the project, how the asset will generate future economic benefits and the ability to measure reliably the expenditure during the development.

Expenditures related to the establishing a new entity, research costs and training expenses are not capitalised.

Financial Liabilities

Borrowings are recognised initially at cost, being the fair value of proceeds received. In subsequent periods, borrowings are stated at amortised cost using the effective interest method. Transaction costs are taken into consideration upon calculating the effective interest rate, and charged to expenses over the term of the financial liability. Borrowing costs (incl. interest expenses) related to the financial liability are recognised as an expense when incurred.

Borrowings are derecognised when the obligation under the liability is discharged or cancelled or expired.

Provisions and Contingent Liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made, but the date of the settlement and the final amount of it are not certain. Value of provisions is based on the assessment and experiences of the Group's management, and opinion of independent experts, if necessary.

Promises, guarantees and other commitments that in certain circumstances may become liabilities, but in the opinion of the Group's management an outflow to settle these liabilities is not probable, are disclosed in the notes to the consolidated financial statements as contingent liabilities.

Income tax

Estonian companies of the Group:
According to the Estonian Income Tax Law the company's net profit is not subject to income tax; thus there are no temporary differences between the tax bases and carrying values of assets and liabilities that may cause the deferred income tax. Instead of taxing net profit, all dividends paid by the company are subject to income tax with the rate of 23/77 (the rate of 24/76 was effective for dividends paid out in 2005; the tax rate will decrease also in future - every year by one point until 20/80 of net dividends paid out after 1 January 2009). Income tax from the payment of dividends is recorded as income tax expense at the moment of declaring the dividends, regardless of the actual payment date or the period for which the dividends are paid out.

The potential tax liability related to the distribution of the Group's retained earnings as dividends is not recorded in the balance sheet.

Russian companies of the Group:
In accordance with the local income tax acts, the company's net profit adjusted by temporary and permanent differences determined in income tax acts is subject to income tax in Russia (the tax rate is 24%).

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised only when it is probable that profit will be available against which the deferred tax assets can be utilised.

Tax to be paid is reported under current liabilities and deferred tax under non-current assets or liabilities.

Related Parties

Entities and individuals are considered to be related parties if one of the parties can exercise control over the other party or has significant influence over economic decisions made by the other party. The following entities and individuals are considered as related parties of the Group, which itself belongs to the Autoliv Group:
a) the parent and the ultimate parent of AS Norma;
b) other companies of the Autoliv Group;
c) key management personnel of the Group and the parent of the Group; and
d) the close relatives of and the entities controlled by the parties specified above.

Revenue Recognition

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the revenue and the cost of the transactions can reliably be measured. Revenue is recognised at the fair value of the received/receivable income. If the credit terms are longer than usual terms in the business of the Group, the revenue is determined based on the present value of proceeds.

Revenue from the sales of services is recorded upon rendering of the service. Income from services mediated is recognised as net of related expenses in the income statement.

Finance and Operating Leases

Lease transactions, where all material risks and benefits from ownership of an asset are transferred to the lessee, are treated as finance leases. All other lease transactions are treated as operating leases.

Group as a lessee
Finance leases are capitalized at the inception of the lease at the fair value of the leased assets or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Capitalised leased assets are depreciated similar to acquired assets over the shorter of the estimated useful life of the asset or the lease term.

Operating lease payments are recognised as operating expenses on a straight-line basis over the lease term.

Group as a lessor

When assets are leased out under a finance lease, the amount equals 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 at the end of lease period). Lease payments are apportioned between the finance income and reduction of the lease receivable so as to achieve a constant rate of interest on the remaining balance of the receivable.

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

Segment Reporting

The primary segments of the Group are operational segments and the secondary segments are geographical segments.

Across Group's product lines main product line is car safety belts. Other product lines (car security system components, automobile details, metalwork, real estate activities) separately account for less than 10% from revenue and total assets of the Group and therefore are not disclosed as separate reportable segments.

Expenses are allocated in proportion to product line's share from revenue. Assets (excl. cash, securities and loans granted), liabilities and investments are allocated according to the share of the segment. Depreciation, amortisation and impairment losses are allocated according to the portion of non-current assets to the segment. All expenses, assets and liabilities, which are not directly related to any segments, but are more related to administrative, investing and financing activities of the Group as a whole, are presented as unallocated expenses, assets and liabilities in the segment reporting.

Significant accounting judgements and estimates

In the process of applying the Group's accounting policies, the management has made the decision that bonds acquired are going to be held up to maturity. According to this decision bonds acquired are carried at amortised cost, not at fair value

Notes to the Consolidated Financial Statements

		Thousands of kroons		Thousands euros	
1.	**Inventories**	**31.12.2005**	31.12.2004	**31.12.2005**	31.12.2004
	Raw materials	**48 940**	51 698	**3 128**	3 304
	Work in progress	**23 023**	16 711	**1 471**	1 068
	Finished goods	**17 745**	18 309	**1 134**	1 170
	Prepayments for goods	**74**	40	**5**	3
		89 782	86 758	**5 738**	5 545

2. Property, plant and equipment (thousands of kroons)

	Land and buildings	Machinery and equipment	Other items	Unfinished projects and prepayments	TOTAL
Net book value as of 31.12.2003	**69 405**	**171 598**	**2 951**	**5 808**	**249 762**
Additions	**5 868**	**30 471**	**511**	**10 116**	**46 966**
Disposals	-3	-488	-8	0	**-499**
Reclassifications	0	5 754	54	-5 808	**0**

Impairment loss	0	-550	-	0	**-550**
Depreciation charge	-4 549	-48 954	-889	0	**-54 392**
Net book value as of 31.12.2004	**70 721**	**157 831**	**2 619**	**10 116**	**241 287**
Additions	5 606	69 207	933	16 157	**91 903**
Disposals	-325	-663	-49	0	**-1 037**
Reclassifications	0	10 116	0	-10 116	**0**
Impairment loss	0	-1 046	0	0	**-1 046**
Depreciation charge	-4 625	-54 251	-1 011	0	**-59 887**
Net book value as of 31.12.2005	**71 377**	**181 194**	**2 492**	**16 157**	**271 220**
As of 31.12.2004					
Acquisition cost	91 715	409 047	5 917	10 116	**516 795**
Accumulated depreciation and impairment losses	-20 994	-251 216	-3 298	0	**-275 508**
As of 31.12.2005					
Acquisition cost	96 469	455 557	6 715	16 157	**574 898**
Accumulated depreciation and impairment losses	-25 092	-274 363	-4 223		**-303 678**

As of 31.12.2005, acquisition cost of fully depreciated property, plant and equipment amounts to 131 564 (2004: 111 309) thousand kroons.
As of 31.12.2005 additional investments needed for the completing unfinished projects (incl. uninstalled equipment) amount to 503 thousand kroons.

Property, plant and equipment (thousands of euros)

	Land and buildings	Machinery and equipment	Other items	Unfinished projects and prepayments	TOTAL
Net book value as of 31.12.2003	**4 436**	**10 967**	**189**	**371**	**15 963**
Additions	375	1 947	33	647	**3 002**
Disposals	0	-31	-1	0	**-32**
Reclassifications	0	368	3	-371	**0**
Impairment loss	0	-35	0	0	**-35**
Depreciation charge	-291	-3 129	-57	0	**-3 477**
Net book value as of 31.12.2004	**4 520**	**10 087**	**167**	**647**	**15 421**
Additions	358	4 423	60	1 033	**5 874**
Disposals	-21	-42	-3	0	**-66**
Reclassifications	0	647	0	-647	**0**
Impairment loss	0	-67	0	0	**-67**
Depreciation charge	-296	-3 467	-65	0	**-3 828**
Net book value as of 31.12.2005	**4 561**	**11 581**	**159**	**1 033**	**17 334**
As of 31.12.2004					
Acquisition cost	5 862	26 143	378	647	**33 030**
Accumulated depreciation and impairment losses	-1 342	-16 056	-211	0	**-17 609**
As of 31.12.2005					
Acquisition cost	6 165	29 116	429	1 033	**36 743**
Accumulated depreciation and impairment losses	-1 604	-17 535	-270	0	**-19 409**

As of 31.12.2005, acquisition cost of fully depreciated property, plant and equipment amounts to 8 408 (2004: 7 114) thousand euros.
As of 31.12.2005 additional investments needed for the completing unfinished projects (incl. uninstalled equipment) amount to 32 thousand euros.

3. Intangible assets (thousands of kroons)

	Product and technology licences	Software licences	TOTAL
Net book value as of 31.12.2003	**20 162**	**1 773**	**21 935**
Additions	0	234	**234**
Amortisation charge	-2 240	-1 009	**-3 249**
Net book value as of 31.12.2004	**17 922**	**998**	**18 920**
Additions	0	67	**67**
Amortisation charge	-2 240	-613	**-2 853**
Net book value as of 31.12.2005	**15 682**	**452**	**16 134**
As of 31.12.2004			
Acquisition cost	22 402	8 287	**30 689**
Accumulated amortisation and impairment losses	-4 480	-7 289	**-11 769**
As of 31.12.2005			
Acquisition cost	22 402	7 900	**30 302**
Accumulated amortisation and impairment losses	-6 720	- 7448	**-14 168**

Intangible assets (thousands of euros)

	Product and technology licences	Software licences	TOTAL
Net book value as of 31.12.2003	**1 289**	**113**	**1 402**
Additions	0	15	**15**
Amortisation charge	-144	-64	**-208**
Net book value as of 31.12.2004	**1 145**	**64**	**1 209**
Additions	0	4	**4**
Amortisation charge	-143	-39	**-182**
Net book value as of 31.12.2005	**1 002**	**29**	**1 031**
As of 31.12.2004			
Acquisition cost	1 432	530	**1 962**
Accumulated amortisation and impairment losses	-287	-466	**-753**
As of 31.12.2005			
Acquisition cost	1 432	505	**1 937**
Accumulated amortisation and impairment losses	-430	-476	**-906**

4. Share capital

	Thousands of kroons		Thousands of euros	
	31.12.2005	31.12.2004	**31.12.2005**	31.12.2004
Share capital par value	**132 000**	132 000	**8 436**	8 436

AS Norma has issued 13.2 million common shares with one vote per share. All shares are fully paid. Dividends paid out for 2004 were 66.0 million kroons (4.2 million euros) or 5 (0.32 euro) kroons per share. The Management Board proposes also 66.0 million kroons (4.2 million euros) paid out for 2005.

The Parent can increase its share capital up to 528 000 thousand kroons (33 745 thousand euros) as maximum, without changing its Articles of Association.

Shareholders of AS Norma with participation over 5%, as of 31.12.2005:

Autoliv Ab	51.0%
Skandinaviska Enskilda Banken Ab kliendid	8.8%
ING LUXEMBOURG S.A .	7.4%

	Thousands of kroons		Thousands of euros	
Earnings per share	**2005**	2004	**2005**	2004
Net profit for the financial year	**83 299**	104 988	**5 324**	6 710
Average number of shares (in thousands)	**13 200**	13 200	**13 200**	13 200
Earnings per share in kroons	**6,31**	7,95	**0,40**	0,51

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

5. Segment information

Primary reporting format – by product lines (thousands of kroons)

	Safety belts 2005	**Other products 2005**	**Unallocated 2005**	**Total 2005**	Safety belts 2004	Other products 2004	Unallocated 2004	Total 2004
Segment revenue	873 519	118 143		991 662	881 271	124 052		1 005 323
Incl. revenue form other segments		-16 087		-16 087		-19 026		-19 026
Revenue from third parties	**873 519**	**102 056**		**975 575**	881 271	105 026		986 297
Segment expenses	**-748 186**	**-89 186**	**-44 879**	**-882 251**	-716 435	-84 894	-71 031	-872 360
Segment results	**125 333**	**12 870**	**-44 879**	**93 324**	164 836	20 132	-71 031	113 937
Total assets	**324 457**	**55 546**	**567 785**	**947 788**	365 002	51 492	534 158	950 652
Financial assets (excl. receivables)	0	0	458 502	458 502	0	0	417 760	417 760
Receivables and prepaid expenses	99 912	7 307	4 931	112 150	166 609	10 270	9 047	185 926
Inventories	79 086	10 696	0	89 782	76 052	10 706	0	86 758
Property, plant and equipment	145 459	37 543	104 352	287 354	122 341	30 516	107 351	260 208
Segment liabilities	**84 778**	**10 106**	**5 085**	**99 969**	98 659	11 691	9 781	120 131
Investments in non-current assets	**57 123**	**25 855**	**8 992**	**91 970**	24 350	13 116	9 734	47 200
Depreciation and amortisation	**44 777**	**10 032**	**7 931**	**62 740**	45 259	8 642	3 740	57 641
Impairment loss of non-current assets	**775**	**271**	**0**	**1 046**	154	396	0	550

Segment information
Primary reporting format – by product lines (thousands of euros)

	Safety belts 2005	**Other products 2005**	**Unallocated 2005**	**Total 2005**	Safety belts 2004	Other products 2004	Unallocated 2004	Total 2004
Segment revenue	55 828	7 551		63 379	56 323	7 928		64 252
Incl. revenue form other segments		-1 028		-1 028		-1 216		-1 216
Revenue from third parties	**55 828**	**6 523**		**62 351**	56 323	6 712		63 036

Segment expenses	**-47 818**	**-5 700**	**-2 868**	**-56 386**	-45 788	-5 426	-4 540	-55 754
Segment results	**8 010**	**823**	**-2 868**	**5 965**	10 535	1 287	-4 540	7 282
Total assets	**20 737**	**3 550**	**36 288**	**60 575**	23 328	3 291	34 139	60 758
Financial assets (excl. receivables)	0	0	29 304	29 304	0	0	26 700	26 700
Receivables and prepaid expenses	6 386	467	315	7 168	10 648	657	578	11 883
Inventories	5 054	684	0	5 738	4 861	684	0	5 545
Property, plant and equipment	9 297	2 399	6 669	18 365	7 819	1 950	6 861	16 630
Segment liabilities	**5 418**	**646**	**325**	**6 389**	6 306	747	625	7 678
Investments in non-current assets	**3 651**	**1 652**	**575**	**5 878**	1 556	839	622	3 017
Depreciation and amortisation	**2 862**	**641**	**507**	**4 010**	2 893	552	239	3 684
Impairment loss of non-current assets	**50**	**17**	**0**	**67**	10	25	0	35

The primary segments of the Group are operational segments and the secondary segments are geographical segments.

Across Group’s product lines main product line is car safety belts. Other product lines (car security system components, automobile details, metalwork, real estate activities) separately account for less than 10% from revenue and total assets of the Group and therefore are not disclosed as separate reportable segments.

Segment revenue is revenue reported in the Group’s income statement that is directly attributable to a segment and the relevant portion of the Group’s revenue that can be allocated on reasonable basis to a segment, whether from sales to external customers or from transactions with other segments of the Group.

Segment expenses is expense resulting from the operating activities of a segment that is directly attributable to the segment and the relevant portion of an expense that can be allocated on a reasonable basis to the segment, including expenses relating to sales to external customers and expenses relating to transactions with other segments of the same entity.

Segment expense does not include general administrative expenses and other expenses that arise at the Group level and related to the Group as a whole. Expenses incurred at the Group level are allocated on a reasonable basis to the segment, if these expenses relate to the segment’s operating activities and they can be directly attributed or allocated to the segment.

Segment result is segment revenue less segment expenses.

Segment assets are those operating assets that are employed by a segment in the its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment assets include current assets, property, plant and equipment and intangible assets related to the operating activities. If a particular item of deprecation or amortization is included in segment expense, the related asset is also included in segment assets. Segment assets do not include assets used for general Group or head-office purposes or which cannot be allocated directly to the segment. Segment assets include operating assets shared by two or more segments if a reasonable basis for allocation exists.

Secondary reporting format – Revenue by geographical markets

	Thousands of kroons		Thousands of euros	
	2005	2004	**2005**	2004
Sweden	**562 607**	558 920	**35 957**	35 722
Russia	**290 663**	330 377	**18 577**	21 115
Germany	**33 147**	25 165	**2 119**	1 608
France	**25 445**	24 302	**1 626**	1 553
Estonia	**14 933**	12 883	**954**	824
Ukraine	**13 369**	8 807	**854**	563
Finland	**8 417**	904	**538**	58
Czech Republic	**7 955**	6 340	**508**	405
Italy	**6 102**	3 179	**390**	203
Poland	**4 156**	3 273	**266**	209

Belgium	**3 761**	3 114	**240**	199
Spain	**1 278**	1 615	**82**	103
Great Britain	**935**	2 565	**60**	164
USA	**576**	3 011	**37**	192
Netherlands	**393**	1 033	**25**	66
Denmark	**80**	115	**5**	7
Other countries	**1 758**	694	**113**	45
Total:	**975 575**	986 297	**62 351**	63 036

The Group's (except Norma-Osvar ZAO's) inventories and property, plant and equipments are located in Estonia. Norma-Osvar ZAO's assets in the total amount of 9 039 thousand kroons or 578 thousands euros (2004: 14 793 thousands kroons or 945 thousands euros) are located in Russian Federation, incl. property, plant and equipment in the amount of 407 thousand kroons or 26 thousands euros (2004: 477 thousands kroons or 30 thousands euros).
In the opinion of the management the pricing used in transactions between segments does not differ significantly market prices.

6.		Thousands of kroons		Thousands of euros	
	Cost of sales	**2005**	2004	**2005**	2004
	Raw materials	**-552 908**	-574 904	**-35 337**	-36 743
	Personnel expenses	**-128 160**	-120 206	**-8 191**	-7 683
	Depreciation and amortisation	**-58 168**	-52 613	**-3 718**	-3 363
	Utilities	**-14 407**	-14 317	**-921**	-915
	Repairs and maintenance	**-6 247**	-8 352	**-399**	-534
	Transportation	**-18 180**	-15 136	**-1 162**	-967
	Others	**-30 400**	-21 720	**-1 943**	-1 388
		-808 470	-807 248	**-51 671**	-51 593

7.		Thousands of kroons		Thousands of euros	
	Transactions with related parties	**2005**	2004	**2005**	2004
	Revenue from companies of Autoliv Group	**271 441**	335 321	**17 348**	21 431
	Purchases from companies of Autoliv Group	**593 393**	579 925	**37 925**	37 064

	31.12.2005	31.12.2004	**31.12.2005**	31.12.2004
Receivables from companies of Autoliv Group	**111 735**	86 971	**3 065**	6 196
Payables to companies of Autoliv Group	**25 544**	43 114	**787**	2 323
Short-term deposits in treasury of Autoliv Group	**225 828**	128 491	**17 926**	13 610

8. Balance sheet of AS Norma (the Parent)

	Thousands of kroons		Thousands of euros	
A s s e t s	**31.12.2005**	31.12.2004	**31.12.2005**	31.12.2004
Current assets				
Cash in hand and deposits	**369 194**	318 668	**23 596**	20 367
Short-term investments	**73 884**	85 206	**4 722**	5 446
Receivables	**116 498**	180 271	**7 446**	11 521
Prepaid expenses	**882**	10 492	**56**	670
Inventories	**80 247**	79 343	**5 129**	5 071
Total current assets	**640 705**	673 980	**40 949**	43 075
Non-current assets				
Long-term investments	**23 069**	23 071	**1 474**	1 475
Long-term receivables	**455**	1 133	**29**	72

Property, plant and equipment	**256 302**	226 953	**16 381**	14 505
Intangible assets	**15 932**	18 411	**1 018**	1 177
Total non-current assets	**295 758**	269 568	**18 902**	17 229
Total assets	**936 463**	943 548	**59 851**	60 304
Liabilities and equity				
Liabilities				
Current liabilities				
Payables	**93 957**	105 961	**6 005**	6 772
Deferred income	**950**	12 926	**61**	826
Provisions	**2 094**	0	**134**	0
Total current liabilities	**97 001**	118 887	**6 200**	7 598
Total liabilities	**97 001**	118 887	**6 200**	7 598
Equity				
Share capital (par value)	**132 000**	132 000	**8 436**	8 436
Statutory reserve	**13 200**	13 200	**844**	844
Retained earnings	**694 262**	679 461	**44 371**	43 426
Total equity	**839 462**	824 661	**53 651**	52 706
Total liabilities and equity	**936 463**	943 548	**59 851**	60 304

9. Income statement of AS Norma (the Parent)

	Thousands of kroons		Thousands of euros	
	2005	2004	**2005**	2004
Revenue	**954 982**	964 325	**61 035**	61 632
Cost of sales	**-796 535**	-792 947	**-50 908**	-50 679
Gross profit	**158 447**	171 378	**10 127**	10 953
Marketing and distribution costs	**-13 440**	-12 755	**-859**	-815
Research and development expenses	**-38 875**	-31 931	**-2 485**	-2 041
General administrative expenses	**-18 247**	-17 078	**-1 166**	-1 091
Other operating income	**8 144**	5 633	**521**	360
Other operating expenses	**-5 063**	-2 159	**-324**	-138
Operating profit	**90 966**	113 088	**5 814**	7 228
Financial items	**10 677**	9 613	**682**	614
Profit before taxes	**101 643**	122 701	**6 496**	7 842
Income tax expense	**-20 842**	-18 511	**-1 332**	-1 183

Net profit	**80 801**	104 190	**5 164**	6 659

10. Statement of changes in equity of AS Norma (the Parent)

Thousands of kroons

	Share capital (par value)	Statutory Reserve	Retained earnings	Total equity
31.12.2003 previously reported	**132 000**	**13 200**	**646 333**	**791 533**
Effect of changes in accounting principles	0	0	-5 062	-5 062
31.12.2003 restated	**132 000**	**13 200**	**641 271**	**786 471**
Dividends	-	-	-66 000	-66 000
Net profit for the financial year	-	-	104 190	104 190
31.12.2004	**132 000**	**13 200**	**679 461**	**824 661**
31.12.2004	**132 000**	**13 200**	**679 461**	**824 661**
Dividends	-	-	-66 000	-66 000
Net profit for the financial year	-	-	80 801	80 801
31.12.2005	**132 000**	**13 200**	**694 262**	**839 462**

Thousands of euros

	Share capital (par value)	Statutory Reserve	Retained earnings	Total equity
31.12.2003 previously reported	**8 436**	**844**	**41 308**	**50 588**
Effect of changes in accounting principles	0	0	-323	-323
31.12.2003 restated	**8 436**	**844**	**40 985**	**50 265**
Dividends	-	-	-4 218	-4 218
Net profit for the financial year	-	-	6 659	6 659
31.12.2004	**8 436**	**844**	**43 426**	**52 706**
31.12.2004	**8 436**	**844**	**43 425**	**52 705**
Dividends	-	-	-4 218	-4 218
Net profit for the financial year	-	-	5 164	5 164
31.12.2005	**8 436**	**844**	**44 371**	**53 651**

Pursuant to the Commercial Code the statutory reserve amounts to 10% of the share capital.
The statutory reserve can be used for covering the loss or increasing the share capital. The Statutory reserve cannot be paid out as dividends.

11. Cash flow statement of AS Norma (the Parent)

	Thousands of kroons		Thousands of euros	
Cash flows from operating activities	**2005**	2004	**2005**	2004
Operating profit	**90 967**	113 088	**5 814**	7 228
Adjustments of operating profit				
Gain from disposals of property, plant and equipment	**-66**	323	**-4**	20
Depreciation and amortisation	**58 819**	53 863	**3 759**	3 442
Impairment loss of property, plant and equipment	**1 046**	550	**67**	35
Decrease in assets related to operating activities	**72 718**	32 353	**4 648**	2 068
Decrease in liabilities	**-21 886**	-50 428	**-1 399**	-3 223
Interests paid	**0**	-70	**0**	-4
Total cash flows from operating activities	**201 598**	149 679	**12 885**	9 566
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	**1 040**	127	**66**	8
Acquisition of property, plant and equipment	**-87 707**	-41 258	**-5 605**	-2 637

Loans granted	**-88**	-62	**-6**	-4
Loan repayments received	**296**	48	**19**	3
Acquisition of financial investments	**-180 147**	-304 709	**-11 513**	-19 475
Proceeds from disposals of financial investments	**205 385**	159 013	**13 126**	10 163
Interest received	**10 406**	10 211	**665**	653
Total cash flows from investing activities:	**-50 815**	-176 630	**-3 248**	-11 289
Cash flows from financing activities				
Payment of income tax on dividends				
Dividends paid	**-20 842**	-18 511	**-1 332**	-1 183
Total cash flows from financing activities:	**-66 000**	-66 000	**-4 218**	-4 218
Cash flows from financing activities	**-86 842**	-84 511	**-5 550**	-5 401
Net cash flows	**63 940**	-111 462	**4 087**	-7 124

Changes in cash and cash equivalents

Balance at the beginning of the year	**117 833**	229 671	**7 531**	14 679
Increase/decrease of cash and cash equivalents	**63 940**	-111 462	**4 087**	-7 124
Foreign exchange effect	**502**	-376	**32**	-24
Cash and cash equivalents at the end of the year, incl.:	**182 275**	117 833	**11 650**	7 531
Cash in hand and deposits,	***369 194***	*318 668*	***23 596***	*20 367*
excl. time deposits with maturity more than 3 months	***-260 803***	*-282 041*	***-16 668***	*-18 026*
Shares of interest fund	***73 884***	*81 206*	***4 722***	*5 190*

Signatures of the Management Board to the Q4 Y2005 Interim Report

Q4 Y2005 Interim Report of AS Norma which is approved by the Management Board, signed on 27. veebruar 2006:

____
Peep Siimon
Chairman 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

____
Stig Carlsson
Member of the Management Board