AS Norma

Interim report for the period Q1 Y2006

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Beginning and end of the reporting period	01.01.2006 - 31.03.2006

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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.AS

Developments in the operating environment

In the Russian market, one of the most important for AS Norma, 254 thousand passanger cars were produced in Q1 2006, 3,7% more than at the same period a year before. Production of foreign car manufacturers in Russia grew by 50% up to 48 th. cars. Market share of which increased from 13% to 19%.

The biggest client of AS Norma - AutoVAZ produced 3% more (170 th. cars) in Q1 2006 compared to the Q1 2005. 138 th. cars was sold, which was 2,8% more tha a year before. Additionally 33 th. Lada sets was made (increase 18% compared to Q1 2005) for assembly in 12 plants of Russia, Ukraine, Kazakhstan and Egipt. More than 14 thousand cars of the new brand, Kalina, was produced, production plan of which was increased from 60 th. to 75 th. in 2006. AutoVAZ initiated design of new platform 'Project 2116'. According to company's announcment, it passed succesfully the passive safety test carried out according to EuroNCAP methodics.

GM-Autovaz' (a joint venture of AutoVAZ and General Motors) production dropped 28% up to 9661 cars during first 3 monthes in 2006.

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. In Q1 2006 AS Norma delivered to this market 625 thousand seat-belts (no changes compared to Q1 2005).

Seasonal nature of the business

Swedish car manufacturers are on a collective vacation in December (between Christmas and New Year). The tradition of low sales period on the Russian car market in January is further enhanced by the establishment of long New Year's holidays in 2005.

The turnover of AS Norma, as the supplier, is thus considerably lower during these periods.

Highlights of the financial year

Development projects

In co-operation with Autoliv engineers, the company started the development of the car safety system for AutoVAZ's next development project Lada Priora, upgrade of currently produced Lada 2110 to Lada 2170, which suppose to reach production lines in 2008.

Production

In February -March 2006, the company laid-off of 50 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 insurance

Based on results of Q1 2006 AS Norma was named a second best supplier in it's group by AutoVAZ. AutoVAZ is valuating quality of it's suppliers in 2 group, publishing 5 best suppliers per group once per quarter.

In Q1 2006 AS Norma met main quality objectives as follows:
1) the number of products returned by customers (ppm) - 12
2) average on-time-delivery – 99%.

Investments made in the financial year

In Q1 2006, the Group invested 9.0 million kroons (0.6 million euros) 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 were as follows:

Quality testing equipment	5.8 million kroons (0.4 million euros)
Injection molding machines	1.1 million kroons (0.1 million euros)
Other investments	2.1 million kroons (0.1 million euros)

Financial highlights of the Group

Economic activities	**Q1 2006** mil. EEK*	Q1 2005 mil. EEK*	**Q1 2006** mil.euros*	Q11 2005 mil.euros*	Change %
Revenue	**262.4**	240.2	**16.8**	15.4	9.2
Gross profit	**41.8**	39.6	**2.7**	2.5	5.8
Gross profit margin[1]	15.9	16.5			-0,6
Operating profit	**20.9**	25.9	**1.3**	1.7	-19.1
Operating profit margin[2]	8.0	10.8			-2,8
EBITDA (profit before financial items, taxes; depreciation and amortisation added)	**36.1**	40.8	**2.3**	2.6	-11.5
Profit before taxes	**23.8**	28.6	**1.5**	1.8	-16.6
Pre-tax profit margin[3]	9.1	11.9			-2,8
Net profit	**23.8**	28.6	**1.5**	1.8	-16.7
Net profit margin[4]	9.1	11.9			-2,8
Working capital[5]	**500.3**	366,0	**32.0**	23,4	36,7
Average number of employees	**906**	889			1.9

* unit not valid for margins and average number of employees per month

[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 at the end of the period

Share and dividend-related figures

	Q1 2006 EEK*	Q1 2005 EEK*	**Q1 2006 euro***	Q11 2005 euro*	Change
Number of shares (millions)	**13.2**	13.2	**13.2**	13.2	0.0
Earnings per share[6]	**1.8**	2.2	**0.1**	0.1	-17,1
Equity per share [7]	**66.0**	64.2	**4.2**	4.1	2.8

* unit not valid for number of shares

[6] Earnings per share – net profit per share in kroons: the company has no contingently issuable common shares; therefore diluted EPS equals to basic EPS

[7] Equity per share – total equity / number of shares

Sales

The revenue of the Group amounted to 262.4 million kroons (16.8 mil. euros) in Q1 2006. This constitutes a 9.2% increase, compared to Q1 2005. Seatbelts made up 81.2% (in Q1 2005: 88.6%) 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 Q1 2006, AS Norma exported 98.3% (in Q1 2005: 98.5%) of its products - 65% (in Q1 2005: 62%) to Sweden, 24% (in Q1 2005: 28%) to Russia and 5% (in Q1 2005: 3%) to Germany. Russian sales dropped by 5.2%. The share of the Ukrainian market increased - 76.5% more seatbelts were sold to ZAZ in Q1 2006 than in same period of 2005. The role of Germany as an export partner increased as well (+60.5%), mostly at the expense of Autoliv seatbelt components.

Sales to various sub-units of the parent company Autoliv increased by 16.6%, compared to Q1 2005, amounting to 179.4 (in Q1 2005: 153.9) million kroons, i.e.11.5 (in Q1 2005: 9.8) million euros. Seatbelt sales made up 81% (in Q1 2005: 89%) of the sales to Autoliv, and sales of seatbelt components the remaining 19% (in Q1 2005:11%).

Other major western customers included Khimaira (Volvo buses), Karosa, Iris Bus-IVECO, Intersafe and Van-Hool, who mostly require seatbelts for buses and trucks. Sales to this sector dropped by 6%, compared to the same period in 2005.

Expenses

Cost of goods sold increased by 10% in first 3 months of 2006, which constitutes 84.1% of revenue (in Q1 2005: 83.5%). Cost of raw material increased by 9,2% to 152,9 milj. kroons (Q1 2005 : 9,0 milj.EUR) wich constitutes 58,3% (Q1 2005 : 58,3%) of revenue. The steel price rise compared to the period of year ago and increase of zinc and plastic prices this year grew the 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 86% in Q1 2006, compared to the same period last year.

Personnel expenses in production amounted to 34.0 million kroons (2.2 million euros) in Q1 2006, having grown by 10.6%, compared to the Q1 2005. Personnel expenses in production made up 13.0% of revenue in Q1 2006 (in Q1 2005: 12.8%).

At the end of the period, there was 886 employees in Group, which was 13 persons more than a year before, but 49 less compared to the beginning of this year: 50 employees were laid-off in February-March. The company employed a monthly average of 906 people - 17 employees (1.9%) more than in the previous year. The average number of employees involved in Autoliv seatbelt assembly grew by 80, compared to the same period in 2005, amounting to 267.

Expenses on transport of materials and goods made up 2.1% from revenues, compared to 1.8 % in Q1 2005, a growth 26,5%.

Research and development costs increased by 5.1 million kroons (0.3 million euros) in Q1 2006, amounting to 11.6 million kroons (0.7 million euros) or 4.4% (in Q1 2005: 2.7%) of revenue. 2.8 million kroons (0.2 million euros) of expenses were incurred in Q1 2006 on the sales of Lada Priora safety system development - related engineering services sold to AutoVAZ. With the launch of the engineering work unit in 2005 designed to support the assembly of seatbelts for Autoliv, testing costs and the related personnel expenses showed significant increase. At the end of March, 8 engineers were employed, a lot of help of external specialists was used for training and know-how transfer. Unit expenses reached 2.5 million kroons (0.2 million euros) in the period.

Profit and profitability

The Group's gross profit for Q1 2006 was 41.8 (in Q1 2005: 39.6) million kroons or 2.7 (in Q1 2005: 2.5) million euros- i.e. 15.9% (in Q1 2005: 16.5%) of revenue. The 5.8% growth in gross profit was due to increase in sales volumes. The drop of gross profit margin by 0.6% was caused by higher labour costs and increased transportation expenses.

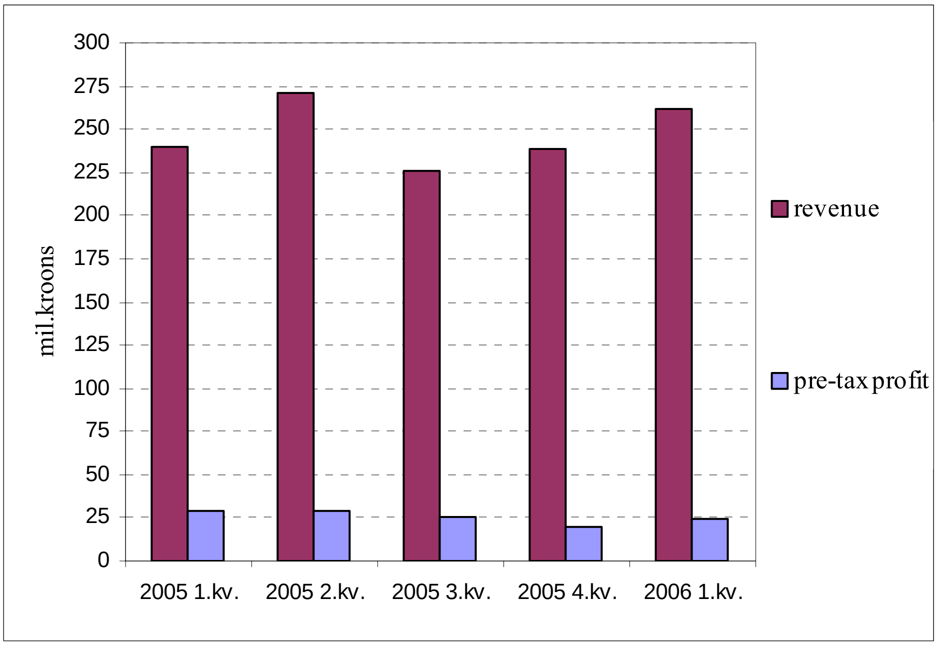
Operating profit decreased by 5.0 million kroons (0.3 million euros) to 20.9 million kroons (1.3 million euros), making up 8.0% (in Q1 2005: 10.8%) of revenue. Mostly due to the increase in product development costs.

Profit before taxes dropped by 16.6% (i.e. by 4.7 million kroons or 0.3 million euros) to 23.8 million kroons (1.5 million euros) or 9.1% (in Q1 2005: 11.9%) of revenue. Financial income increased by 7.6% up to 2.9 million kroons (0.2 million euros).

The net profit for Q1 2006 amounted to 23.8 (in Q1 2005: 28.6) million kroons (1.5 and 1.8 million euros resp.). Net profit has decreased by 16.7%, compared to the same period in 2005.

The decrease in profit margin is conditioned by changes in the product structure and increased expenses.

The Group's revenue and pre-tax profit quarterly dynamics: 2005-2006



Cash flows and capital appropriation

The Group's cash flow from operating activities amounted to 24.9 (in Q1 2005: 35.3) million kroons (1.6 and 2.3 million euros resp.). The 10.4-million-kroons drop was, above all, due to the decrease in current liabilities. The company's investments in property, plant and equipment, and intangible assets were lower by 19.7 million kroons (1.3 million euros), compared to the Q1 2005, while the balance of financial investments increased. by 100.9 million kroons (6.5 million euros). Total cash flow from investments amounted to -127.5 (in Q1 2005: -47.0) million kroons.

As at the end of March 2006, cash and liquid securities made up 47.2% (31.12.2005: 47.0%) of the balance of assets. As of 31 March 2006, the company's working capital (short-term investments, receivables, prepayments, inventories less current liabilities) amounted to 500.3 (31.12.2005: 366.0) million kroons (32.0 and 23.4 million euros resp.), and the working capital appropriated for main activities (receivables, prepayments, inventories less current liabilities) to 116.2 (31.12.2005: 103.2) million kroons (7.4 and 6.6 million euros resp.).

AS Norma kept a traditionally conservative profile upon managing liquidity and making financial investments in 2006. 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 29.5% of the assets, having dropped by 8 million kroons (0.5 million euros), at the expense of decrease in PPE.

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

The owner's equity of the Group increased by 23.8 million kroons (1.5 million euros), amounting to 871.6 million kroons (55.7 million euros) by the end of the period. Owner's equity made up 88.6% (31.12.2006: 89.5%) of the balance sheet. At the end of the March, available equity amounted to 726.4 (31.12.2005: 702.6) million kroons (46.4 an 44.9 million euros resp.).

Stock market and dividends

AS Norma has issued 13.2 million common shares. The share has a nominal value of 10 kroons, 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.

At May 17, 2006, General Assembly of AS Norma shareholders decided to pay dividends in the amount of 66 million kroons (4.2 million euros), i.e. 5 kroons (0.32 euro) per share in 2006, as it has been done three last years.

Both diluted EPS and basic EPS was 1.8 (in Q1 2005: 2.2) kroons (0.1 euros).

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 statistics for 2006 (in kroons). at the Tallinn Stock Exchange.

List of AS Norma shareholders holding over 5% of the shares (as of 31.03.2006):

Autoliv AB	51.0%
Skandinaviska Enskilda Banken AB customers	8.6%
ING LUXEMBOURG S.A.	7.4%

As of 31.03.2006, 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 kroons 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 Q1 2006, 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 Q1 2006, the parent company's turnover amounted to 255.0 (in Q1 2005: 232.5) million kroons (16.3 and 14.9 million euros resp.), net profit to 23.0 (in Q1 2005: 27.3) million kroons (1.5 and 1.7 million euros resp.), and owner's equity to 862.4 (31.12.2005: 839.5) million kroons (55.1 and 53.7 million euros resp.).

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 Q1 2006, the company's revenue amounted to 12.0 (in Q1 2005: 7.4) million kroons (0.8 and 0.5 million euros resp.), net profit to 1.3 (in Q1 2005: 0.8) million kroons (0,1 mil. euros) and owner's equity to 21.9 (in Q1 2005: 19.6) million kroons (1.4 and 1.3 million euros resp.). Sales to external customers amounted to 8.3 (in Q1 2005: 4.8) million kroons (0.5 and 0.3 million euros resp.), sales to Parent 3.7 (in Q1 2005: 2.6) million kroons (0.2 million euros) and purchase of services from the Parent to 0.8 million kroons (0.1 million euros) as a year before.

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 Q1 2006, the revenue of Norma-Osvar ZAO amounted to 3.1 (in Q1 2005: 6.8) million kroons (0.2 and 0.4 million euros resp.), loss to 18.5 (in Q1 2005: 351.1) thousand kroons (1.2 and 22.4 thousand euros resp.) and owner's equity to 0.9 (31.12.2005: 0.9) million kroons (0.1 million euros). All revenues came from external customers and the goods sold by the subsidiary were 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

Peep Siimon

Juhatuse esimees

Management Board's Confirmation on the Interim Financial Statements

The Management Board confirms the completeness and correctness of AS Norma Q1 Y2006 interim statements:

1) the accounting principles used in preparing the consolidated financial statements are in compliance with International Financial Reporting Standards as adopted by EU;
1) 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;
2) 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 Carlson

Member of the Management Board

Tallinn, 31. May 2006

Consolidated balance sheet

Unaudited

	Thousands of kroons		Thousands of euros		
A s s e t s					
	31.03.2006	31.12.2005	**31.03.2006**	31.12.2005	Note
Current assets					
Cash in hand and deposits	**80 498**	183 029	**5 145**	11 698	1
Short-term financial investments	**384 171**	262 873	**24 553**	16 801	2
Receivables	**135 684**	111 803	**8 672**	7 146	
Prepaid expenses	**1 487**	1 539	**95**	98	
Inventories	**91 602**	89 782	**5 854**	5 738	3
Total current assets	**693 442**	649 026	**44 319**	41 481	
Non-current assets					
Long-term financial investments	**10 953**	10 953	**700**	700	
Long-term receivables	**456**	455	**29**	29	
Property, plant and equipment	**263 911**	271 220	**16 867**	17 334	4, 7
Intangible assets	**15 470**	16 134	**989**	1 031	5, 7
Total non-current assets	**290 790**	298 762	**18 585**	19 094	
Total assets	**984 232**	947 788	**62 904**	60 575	7
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	**111 179**	94 499	**7 106**	6 039	
Deferred income	**1 388**	3 375	**89**	216	
Provisions	**39**	2 094	**2**	134	
Total current liabilities	**112 606**	99 968	**7 197**	6 389	7
Total liabilities	**112 606**	99 968	**7 197**	6 389	
Owners` equity					
Share capital (par value)	**132 000**	132 000	**8 436**	8 436	6
Statutory reserves	**13 200**	13 200	**844**	844	
Retained earnings	**702 620**	619 321	**44 906**	39 582	
Net profit	**23 806**	83 299	**1 521**	5 324	
Total owners´ equity	**871 626**	847 820	**55 707**	54 186	
Total liabilities and owners´ equity	**984 232**	947 788	**62 904**	60 575	

Consolidated income statement

Unaudited

	Thousands of kroons		Thousads of euros		
	01.01.06-31.03.06	01.01.05-31.03.05	01.01.06-31.03.06	01.01.05-31.03.05	Note
Revenue	**262 350**	240 198	**16 767**	15 351	7
Cost of goods sold	**-220 507**	-200 647	**-14 093**	-12 824	8
Gross profit	**41 843**	39 551	**2 674**	2 528	
Marketing and distribution costs	**-3 479**	-3 428	**-222**	-219	
General administrative expenses	**-6 159**	-5 273	**-394**	-337	
Research and development expenses	**-11 562**	-6 426	**-739**	-411	
Other operating income	**731**	2 161	**47**	138	
Other opetating expenses	**-438**	-700	**-28**	-45	
Operating profit	**20 936**	25 885	**1 338**	1 654	7
Financial items	**2 903**	2 699	**185**	173	
Profit before taxes	**23 839**	28 584	**1 523**	1 827	
Income tax expense	**-33**	0	**-2**	0	
Net profit	**23 806**	28 584	**1 521**	1 827	6
Basic and diluted earnings per share (in kroons)	**1,80**	2,17	**0,12**	0,14	6

Consolidated Statement of Changes in Equity

Unaudited

			Thousands of kroons	
	Share capital (par value)	Statutory Reserve	Retained earnings	Total equity
31.12.2004	**132 000**	**13 200**	**685 321**	**830 521**
Net profit			28 584	28 584
31.03.2005	**132 000**	**13 200**	**713 905**	**859 105**
Dividends			-66 000	-66 000
Net profit			54 715	54 715
31.12.2005	**132 000**	**13 200**	**702 620**	**847 820**
Net profit			23 806	23 806
31.03.2006	**132 000**	**13 200**	**726 426**	**871 626**

			Thousads of euros	
	Share capital (par value)	Statutory Reserve	Retained earnings	Total equity
31.12.2004	**8 436**	**844**	**43 800**	**53 080**
Net profit			1 827	1 827
31.03.2005	**8 436**	**844**	**45 627**	**54 907**
Dividends			-4 218	-4 218
Net profit			3 497	3 497
31.12.2005	**8 436**	**844**	**44 906**	**54 186**
Net profit			1 521	1 521
31.03.2006	**8 436**	**844**	**46 427**	**55 707**

Consolidated Cash Flow Statement

Unaudited

	Thousands of kroons		Thousads of euros		Note
Cash flows from operating activities	**1Q 2006**	1Q 2005	**1Q 2006**	1Q 2005	
Operating profit	**20 936**	25 885	**1 338**	1 654	
Adjustments of operating profit					
Gain from disposals of property, plant and equipment	**-1**	-35	**0**	-2	
Depreciation and amortisation	**15 195**	14 942	**971**	955	4, 5, 7
Changes in assets related to operating activities, incl.:					
Short-term receivables and prepaid expenses, except loans and interests	**-21 982**	-23 139	**-1 405**	-1 479	
Inventories	**-1 820**	-10 083	**-116**	-644	3
Long-term receivables, except loans	**0**	125	**0**	8	
Changes in liabilities, incl.:			0	0	
Payables	**16 681**	28 724	**1 066**	1 836	
Deferred income	**-1 987**	-1 104	**-127**	-71	
Provision	**-2 055**	0	**-131**	0	
Income tax paid	**-33**	0	**-2**	0	
Total cash flows from operating activities	**24 934**	35 315	**1 594**	2 257	
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment	**1 735**	260	**111**	17	
Acquisition of property, plant and equipment and intangible assets	**-8 956**	-28 652	**-572**	-1 831	4, 5, 7
Loans granted	**-18**	-45	**-1**	-3	
Loan repayments received	**23**	41	**1**	3	
Acquisition of short-term financial investments	**-123 362**	-64 201	**-7 884**	-4 103	
Proceeds from disposals of short-term financial investments	**2 063**	43 840	**132**	2 802	
Interest received	**1 001**	1 708	**64**	109	
Total cash flows from investing activities:	**-127 514**	-47 049	**-8 150**	-3 007	
Cash flows from financing activities	**0**	0	**0**	0	
Net cash flows	**-102 580**	-11 734	**-6 556**	-750	
Changes in cash and cash equivalents					
Balance at the beginning of the year	**183 029**	118 208	**11 698**	7 555	
Increase/decrease of cash and cash equivalents	**-102 580**	-11 734	**-6 556**	-750	
Foreign exchange effect	**49**	152	**3**	10	
Cash and cash equivalents at the end of the year, incl.:	**80 498**	106 626	**5 145**	6 815	
Cash in hand and deposits with maturity up to 3 months	**56 445**	12 946	**3 607**	827	
Shares of interest fund	**24 053**	93 680	**1 537**	5 987	

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.

In the current financial statement, the amount of cash and cash equivalents at the beginning and end of 2005 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 31.03.2005 and 31.12.2004 and net cash flows (cash flows from investing activities) for 31.03.2005 decreased by 384 171 thousand EEK, 282 041 thousand EEK and 82 829 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. The amount of potential tax liability related to the distribution of dividends is disclosed in Note 22.

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.

<u>Group as a lessee</u>
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.

<u>Group as a lessor</u>
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 Unaudited

1. Cash and cash equivalents	Thousands of kroons 31.03.2006	31.12.2005	Thousands euros 31.03.2006	31.12.2005
Cash in hand and current deposits in banks	**3 032**	1 252	**194**	80
Short-term time deposits with maturity up to 3 months	**53 413**	107 893	**3 414**	6 896
Interest fund shares of Hansapank	**24 053**	73 884	**1 537**	4 722
	80 498	183 029	**5 145**	11 698

2. Short-term financial investments	Thousands of kroons 31.03.2006	31.12.2005	Thousands euros 31.03.2006	31.12.2005
Short-term time deposits with maturity more than 3 months	**384 171**	260 803	**24 553**	16 668
Bonds	**0**	2 070	**0**	132
	384 171	262 873	**24 553**	16 801

3. Inventories	Thousands of kroons 31.03.2006	31.12.2005	Thousands euros 31.03.2006	31.12.2005
Raw materials	**45 582**	48 940	**2 913**	3 128
Work in progress	**20 042**	23 023	**1 281**	1 471
Finished goods	**25 798**	17 745	**1 648**	1 134
Prepayments for goods	**180**	74	**12**	5
	91 602	89 782	**5 854**	5 738

4. 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 31.12.2004	**70 721**	**157 831**	**2 619**	**10 116**	**241 287**
Additions	**6 101**	**0**	**54**	**22 451**	**28 606**
Disposals	0	-225	0	0	**-225**
Reclassifications	0	5 456	0	-5 456	**0**
Depreciation charge	-1 246	-12 711	-237	0	**-14 194**
Net book value as of 31.03.2005	**75 576**	**150 351**	**2 436**	**27 111**	**255 474**
Additions	**-495**	**69 207**	**879**	**-6 294**	**63 297**
Disposals	-32	-438	-49	0	**-812**
Reclassifications	0	4 660	0	-4 660	**0**
Impairment loss	0	-1 046	-	0	**-1 046**
Depreciation charge	-3 379	-41 540	-774	0	**-45 693**
Net book value as of 31.12.2005	**71 377**	**181 194**	**2 492**	**16 157**	**271 220**
Additions	425	4 163	817	3 551	**8 956**
Disposals	0	0	0	-1 734	**-1 734**
Reclassifications	0	11 023	0	-11 023	**0**
Depreciation charge	-1 121	-13 124	-286	0	**-14 531**
Net book value as of 31.03.2006	**70 681**	**183 256**	**3 023**	**6 951**	**263 911**
As of 31.03.2005					
Acquisition cost	97 816	408 165	5 971	27 111	**539 063**
Accumulated depreciation and impairment losses	-22 240	-257 814	-3 535	0	**-283 589**

As of 31.03.2006					
Acquisition cost	96 894	469 707	7 532	6 951	**581 084**
Accumulated depreciation and impairment losses	-26 213	-286 451	-4 509	0	**-317 173**

As of 31.03.2006, acquisition cost of fully depreciated property, plant and equipment amounts to 150 498 (31.03.2005: 132 015) thousand kroons.

As of 31.03.2006 additional investments needed for the completing unfinished projects (incl. uninstalled equipment) amount to 156 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 31.12.2004	**4 520**	**10 087**	**167**	**647**	**145 421**
Additions	**390**	**0**	**3**	**1435**	**1828**
Disposals	0	-14	0	0	**-14**
Reclassifications	0	349	0	-349	**0**
Depreciation charge	-80	-813	-14	0	**-907**
Net book value as of 31.03.2005	**4 830**	**9 609**	**156**	**1 733**	**16 328**
Additions	**-32**	**4 423**	**56**	**-402**	**4 045**
Disposals	-21	-28	-3	0	**-52**
Reclassifications	0	298	0	-298	**0**
Impairment loss	0	-67	0	0	**-67**
Depreciation charge	-216	-2 655	-49	0	**-2 920**
Net book value as of 31.12.2005	**4 562**	**11 580**	**159**	**1 033**	**17 334**
Additions	27	266	52	227	**572**
Disposals	0	0	0	-111	**-111**
Reclassifications	0	704	0	-704	**0**
Depreciation charge	-72	-839	-18	0	**-929**
Net book value as of 31.03.2006	**4 517**	**11 712**	**193**	**445**	**16 867**

As of 31.03.2005					
Acquisition cost	6 252	26 086	382	1 733	**34 453**
Accumulated depreciation and impairment losses	-1 421	-16 477	-226	0	**-18 124**
As of 31.03.2006					
Acquisition cost	6 193	30 020	481	445	**37 139**
Accumulated depreciation and impairment losses	-1 675	-18 308	-288	0	**-20 271**

As of 31.03.2006, acquisition cost of fully depreciated property, plant and equipment amounts to 9 619 (31.03.2005: 8 437) thousand euros.

As of 31.03.2006 additional investments needed for the completing unfinished projects (incl. uninstalled equipment) amount to 10 thousand euros.

5. Intangible assets (thousands of kroons)

	Product and technology licences	Software licences	TOTAL
Net book value as of 31.12.2004	**17 922**	**998**	**18 920**
Additions	0	46	**46**
Amortisation charge	-560	-188	**-748**
Net book value as of 31.03.2005	**17 362**	**856**	**18 218**
Additions	0	21	**21**
Amortisation charge	-1 680	-425	**-2 105**
Net book value as of 31.12.2005	**15 682**	**452**	**16 134**
Additions	0	0	**0**
Amortisation charge	-560	-104	**-664**
Net book value as of 31.03.2006	**15 122**	**348**	**15 470**
As of 31.03.2005			
Acquisition cost	22 402	8 333	**30 735**
Accumulated amortisation and impairment losses	-5 040	-7 477	**-12 517**
As of 31.03.2006			
Acquisition cost	22 402	7 900	**30 302**
Accumulated amortisation and impairment losses	-7 280	-7 552	**-14 832**

Intangible assets (thousands of euros)

	Product and technology licences	Software licences	TOTAL
Net book value as of 31.12.2004	**1 145**	**64**	**1 209**
Additions	0	3	**3**
Amortisation charge	-36	-12	**-48**
Net book value as of 31.03.2005	**1 109**	**55**	**1 164**
Additions	0	1	**1**
Amortisation charge	-107	-27	**-134**
Net book value as of 31.12.2005	**1 002**	**29**	**1 031**
Additions	0	0	**0**
Amortisation charge	-35	-7	**-42**
Net book value as of 31.03.2006	**967**	**22**	**989**
As of 31.03.2005			
Acquisition cost	1 432	532	**1 964**
Accumulated amortisation and impairment losses	-323	-477	**-800**
As of 31.03.2006			
Acquisition cost	1 432	505	**1 937**
Accumulated amortisation and impairment losses	-465	-483	**-948**

6. Share capital

	Thousands of kroons		Thousands of euros	
	31.03.2006	31.12.2005	**31.03.2006**	31.12.2005
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 31.03.2006:

Autoliv Ab	51.0%
Skandinaviska Enskilda Banken Ab kliendid	8.6%
ING LUXEMBOURG S.A .	7.4%

	Thousands of kroons		Thousands of euros	
Earnings per share	**31.03.2006**	31.03.2005	**31.03.2006**	31.03.2005
Net profit for the financial year	**23 806**	28 584	**1 521**	1 827
Average number of shares (in thousands)	**13 200**	13 200	**13 200**	13 200
Earnings per share in kroons	**1,80**	2,17	**0,12**	0,14

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

7. Segment information
Primary reporting format – by product lines (thousands of kroons)

	Safety belts Q1 2006	**Other products Q1 2006**	**Unallocated Q1 2006**	**Total Q1 2006**	Safety belts Q1 2005	Other products Q1 2005	Unallocated Q1 2005	Total Q1 2005
Segment revenue	213 146	57 466		270 612	212 901	29 856		242 757
Incl. revenue form other segments		-8 262		-8 262		-2 559		-2 559
Revenue from third parties	**213 146**	**49 204**		**262 350**	**212 901**	**27 297**		**240 198**
Segment expenses	**-182 109**	**-42 598**	**-16 707**	**-241 414**	-174 509	-27 022	-12 781	-214 312
Segment results	**31 037**	**6 606**	**-16 707**	**20 936**	**38 392**	**275**	**-12 781**	**25 886**
Total assets	**332 603**	**66 895**	**584 734**	**984 232**	**385 103**	**65 191**	**556 562**	**1 006 856**
Financial assets (excl. receivables)			479 122	479 122			429 735	429 735
Receivables and prepaid expenses	117 129	10 156	6 842	134 127	180 189	21 637	4 761	206 587
Inventories	72 150	19 452		91 602	84 931	11 910		96 841
Property, plant and equipment	143 324	37 287	98 770	279 381	119 983	31 644	122 066	273 693
Segment liabilities	**84 944**	**19 870**	**7 792**	**112 606**	**120 310**	**18 630**	**8 812**	**147 752**
Investments in non-current assets	**5 924**	**2 377**	**655**	**8 956**	**14 709**	**7 583**	**6 360**	**28 652**
Depreciation and amortisation	**9 880**	**2 527**	**2 788**	**15 195**	**9 858**	**2 177**	**2 907**	**14 942**

Segment information

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

	Safety belts Q1 2006	Other products Q1 2006	Unallocated Q1 2006	Total Q1 2006	Safety belts Q1 2005	Other products Q1 2005	Unallocated Q1 2005	Total Q1 2005
Segment revenue	13 623	3 673		17 295	13 607	1 908		15 515
Incl. revenue form other segments		-528		-528		-164		-164
Revenue from third parties	**13 623**	**3 145**	**0**	**16 767**	**13 607**	**1 745**	**0**	**15 351**
Segment expenses	**-11 639**	**-2 723**	**-1 068**	**-15 429**	**-11 153**	**-1 727**	**-817**	**-13 697**
Segment results	**1 984**	**422**	**-1 068**	**1 338**	**2 454**	**18**	**-817**	**1 654**
Total assets	**21 257**	**4 275**	**37 371**	**62 904**	**24 613**	**4 166**	**35 571**	**64 350**
Financial assets (excl. receivables)			30 621	30 621			27 465	27 465
Receivables and prepaid expenses	7 486	649	437	8 572	11 516	1 383	304	13 203
Inventories	4 611	1 243		5 854	5 428	761		6 189
Property, plant and equipment	9 160	2 383	6 313	17 856	7 668	2 022	7 801	17 492
Segment liabilities	**5 429**	**1 270**	**498**	**7 197**	**7 689**	**1 191**	**563**	**9 443**
Investments in non-current assets	**379**	**152**	**42**	**572**	**940**	**485**	**406**	**1 831**
Depreciation and amortisation	**631**	**162**	**178**	**971**	**630**	**139**	**186**	**955**

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	
	01.01.06-31.03.06	01.01.05-31.03.05	**01.01.06-31.03.06**	01.01.05-31.03.05
Sweden	**167 896**	145 983	**10 730**	9 330
Russia	**62 294**	65 692	**3 981**	4 198
Germany	**12 704**	7 914	**812**	506
Estonia	**4 421**	3 586	**283**	229
Ukraine	**3 723**	2 109	**238**	135
Great Britain	**3 361**	267	**215**	17
Czech Republic	**2 115**	1 711	**135**	109
Belgium	**1 355**	867	**87**	55
Finland	**1 154**	1 557	**74**	99
France	**1 152**	4 991	**74**	319
Poland	**1 004**	852	**64**	54
Spain	**397**	385	**25**	25
Italy	**0**	3 192	**0**	204
Other countries	**774**	1 092	**49**	71
Total:	**262 350**	240 198	**16 767**	15 351

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 10 051 thousand kroons or 642 thousands euros (31.03.2005: 13 530 thousands kroons or 865 thousands euros) are located in Russian Federation, incl. property, plant and equipment in the amount of 388 thousand kroons or 25 thousands euros (31.03.2005: 457 thousands kroons or 29 thousands euros).

In the opinion of the management the pricing used in transactions between segments does not differ significantly market prices.

8. Cost of sales	Thousands of kroons		Thousands of euros	
	01.01.2006-31.03.2006	01.01.2005-31.03.2005	**01.01.2006-31.03.2006**	01.01.2005-31.03.2005
Raw materials	**-152 907**	-140 061	**-9 772**	-8 951
Personnel expenses	**-34 028**	-30 755	**-2 175**	-1 966
Depreciation and amortisation	**-14 068**	-13 761	**-899**	-879
Utilities	**-4 500**	-4 281	**-288**	-274
Repairs and maintenance	**-1 527**	-1 482	**-97**	-95
Transportation	**-5 613**	-4 436	**-359**	-284
Others	**-7 864**	-5 871	**-503**	-375
	-220 507	-200 647	**-14 093**	-12 824

9. Transactions with related parties	Thousands of kroons		Thousands of euros	
	01.01.2006-31.03.2006	01.01.2005-31.03.2005	**01.01.2006-31.03.2006**	01.01.2005-31.03.2005
Revenue from companies of Autoliv Group	**48 150**	71 982	**3 077**	4 600
Purchases from companies of Autoliv Group	**179 388**	153 875	**11 465**	9 834

	31.03.2006	31.03.2005	**31.03.2006**	31.03.2005
Receivables from companies of Autoliv Group	**73 484**	115 075	**4 696**	7 355
Payables to companies of Autoliv Group	**14 296**	43 201	**914**	2 761
Short-term deposits in treasury of Autoliv Group	**311 768**	240 596	**19 926**	15 377

10. Balance sheet of AS Norma (the Parent)

	Thousands of kroons		Thousands of euros	
A s s e t s	**31.03.2006**	31.12.2005	**31.03.2006**	31.12.2005
Current assets				
Cash in hand and deposits	**79 858**	369 194	**5 104**	23 596
Short-term investments	**384 171**	73 884	**24 553**	4 722
Receivables	**138 456**	116 498	**8 849**	7 446
Prepaid expenses	**1 353**	882	**86**	56
Inventories	**83 171**	80 247	**5 316**	5 129
Total current assets	**687 009**	640 705	**43 908**	40 949
Non-current assets				
Long-term investments	**23 069**	23 069	**1 474**	1 474
Long-term receivables	**455**	455	**29**	29
Property, plant and equipment	**249 637**	256 302	**15 955**	16 381
Intangible assets	**15 312**	15 932	**979**	1 018
Total non-current assets	**288 473**	295 758	**18 437**	18 902
Total assets	**975 482**	936 463	**62 345**	59 851

L i a b i l i t i e s a n d e q u i t y				
Liabilities				
Current liabilities				
Payables	**112 446**	93 957	**7 187**	6 005
Deferred income	**578**	950	**37**	61
Provisions	**39**	2 094	**2**	134
Total current liabilities	**113 063**	97 001	**7 226**	6 200
Total liabilities	**113 063**	97 001	**7 226**	6 200
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**	613 461	**44 371**	39 207
Net profit	**22 957**	80 801	**1 468**	5 164
Total equity	**862 419**	839 462	**55 119**	53 651
Total liabilities and equity	**975 482**	936 463	**62 345**	59 851

11. Income statement of AS Norma (the Parent)

	Thousands of kroons		Thousands of euros	
	01.01.2006-31.03.2006	01.01.2005-31.03.2005	**01.01.2006-31.03.2006**	01.01.2005-31.03.2005
Revenue	**255 027**	232 464	**16 299**	14 857
Cost of sales	**-215 893**	-195 446	**-13 798**	-12 491
Gross profit	**39 134**	37 018	**2 501**	2 366
Marketing and distribution costs	**-3 479**	-3 428	**-222**	-219
Research and development expenses	**-11 553**	-6 426	**-738**	-411
General administrative expenses	**-5 051**	-5 077	**-323**	-324
Other operating income	**1 346**	2 824	**86**	180
Other operating expenses	**-327**	-322	**-21**	-21
Operating profit	**20 070**	24 589	**1 283**	1 572
Financial items	**2 887**	2 664	**185**	170
Profit before taxes	**22 957**	27 253	**1 468**	1 742
Net profit	**22 957**	27 253	**1 468**	1 742

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

Thousands of kroons

	Share capital (par value)	Statutory Reserve	Retained earnings	Total equity
31.12.2004	**132 000**	**13 200**	**679 461**	**824 661**
Net profit	-	-	27 253	27 253
31.05.2005			**706 714**	**851 914**
Dividends			-66 000	-66 000
Net profit	-	-	53 548	53 548
31.12.2005	**132 000**	**13 200**	**694 262**	**839 462**
Net profit	-	-	22 957	22 957
31.03.2006	**132 000**	**13 200**	**717 219**	**862 419**

Thousands of euros

	Share capital (par value)	Statutory Reserve	Retained earnings	Total equity
31.12.2004	**8 436**	**844**	**43 425**	**52 705**
Net profit	-	-	1 742	1 742
31.05.2005			**45 167**	**54 447**
Dividends			-4 218	-4 218
Net profit	-	-	3 422	3 422
31.12.2005	**8 436**	**844**	**44 371**	**53 651**
Net profit	-	-	1 468	1 468
31.03.2006	**8 436**	**844**	**45 839**	**55 119**

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.

Signatures of the Management Board to the Q1 Y2006 Interim Report

Q1 Y2006 Interim Report of AS Norma which is approved by the Management Board, signed on 31. mai 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 Carlson
Member of the Management Board