AS Norma

Interim report for the period Q2 Y2006

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Beginning and end of the reporting period	01.01.2006 - 30.06.2006

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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.

Developments in the operating environment

In the Russian market, one of the most important for AS Norma, 296 thousand passanger cars were produced in Q2 Y2006, 15,9% more than at the same period a year before. Production of foreign car manufacturers in Russia grew by 62% up to 64 th. cars. Market share of which increased from 16% to 21%. Biggest foreign car manufacturers in Russia are Ford, GM-Autovaz and Aftoframos (model Reanault Logan).

In first half of Y2006, there was sold 820 th. new passanger cars in Russia, which is fifth largest volume in Europe. Market share of foreign cars reached almost 52% and AutoVAZ’ share was 40%.

The biggest client of AS Norma - AutoVAZ produced 13% more (192 th. cars) in Q2 Y2006 compared to the Q2 Y2005. 187 th. cars was sold, which was 15,8% more that a year before. Additionally 43 th. Lada sets was made for assembly in 12 plants of Russia, Ukraine, Kazakhstan and Egipt. More than 17 thousand cars of the new brand, Kalina, was produced, production plan of which was increased from 60 th. to 75 th. in 2006.

GM-Autovaz’ (a joint venture of AutoVAZ and General Motors) production dropped 12% up to 13 th. cars during Q2 Y2006.

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 Q2 Y2006 AS Norma delivered to this market 706 thousand seat-belts, 14,6% more that at the same period a year ago.

Seasonal nature of the business

Swedish car manufacturers are on a collective vacation in July and 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.

Quality insurance

Based on results of Q2 2006 AS Norma was named a 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 Q2 2006 AS Norma met main quality objectives as follows:
1) the number of products returned by customers (ppm) - 10
2) average on-time-delivery – 99%.

Investments made in the financial year

In Q2 Y2006, the Group invested 5.9 million kroons (0.4 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:

Machinery for metal products	2.0 million kroons (0.1 million euros)
Assembly line equipment	0.6 million kroons (0.04 million euros)
Quality testing equipment	0.8 million kroons (0.05 million euros)
Buildings	0.4 million kroons (0.03 million euros)
Other investments	2.1 million kroons (0.1 million euros)

Financial highlights of the Group

Economic activities	**Q2 2006** mil. EEK*	Q2 2005 mil. EEK*	**Q2 2006** mil. euros*	Q2 2005 mil. euros*	Change** %
Revenue	**270.3**	270.7	**17.3**	17.3	-0.1
Gross profit	**37.4**	45.9	**2.4**	2.9	-18.5
Gross profit margin[1]	13.8	17.0			-3.2
Operating profit	**20.2**	25.9	**1.3**	1.7	-22.2
Operating profit margin[2]	7.5	9.6			-2.1
EBITDA (profit before financial items, taxes; depreciation and amortisation added)	**35.4**	41.0	**2.3**	2.6	-13.7
Profit before taxes	**23.8**	29.4	**1.5**	1.9	-19.2
Pre-tax profit margin[3]	8.8	10.9			-2.1
Net profit	**4.1**	8.6	**0.3**	0.5	-52.6
Net profit margin[4]	1.5	3.2			-1.7
Working capital[5]	**298.1**	265.0	**19.1**	16.9	12.5
Average number of employees	**884**	909			-2.8

* unit not valid for margins and average number of employees per month
**change in profit margins is shown as a difference between profit margins of comparable periods
[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

	Q2 2006 EEK*	Q2 2005 EEK*	**Q2 2006 euro***	Q2 2005 euro*	Change %
Number of shares (millions)	**13.2**	13.2	**13.2**	13.2	0.0
Earnings per share[6]	**0.31**	0.65	**0.02**	0.04	-52.3
Equity per share [7]	**61.3**	60.7	**3.9**	3.9	1.0

* 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 270.3 million kroons (17.3 mil. euros) in Q2 Y2006. This constitutes a 0.1% decrease, compared to Q2 Y2005. Seatbelts made up 84.2% (in Q2 Y2005: 88.9%) 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 Q2 Y2006, AS Norma exported 98% (in Q2 Y2005: 99%) of its products - 64% (in Q2 Y2005: 61%) to Sweden, 25% (in Q2 Y2005: 27%) to Russia and 5% (in Q2 Y2005: 3%) to Germany. Russian sales dropped by 2.5%, Swedish sales rose by 4%, sales to Germany by 40% at the expense of Autoliv seatbelt components.

Sales to various sub-units of the parent company Autoliv increased by 7.1%, compared to Q2 Y2005, amounting to 179.9 (in Q2 Y2005: 167.9) million kroons, i.e.11.5 (in Q2 Y2005: 10.7) million euros. Seatbelt sales made up 93% (in Q2 Y2005: 91%) of the sales to Autoliv.

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 rose by 1.6%, compared to the same period in 2005.

Expenses

Cost of goods sold increased by 3.6% in Q2 Y2006, which constitutes 86.2% of revenue (in Q2 Y2005: 83.0%). Cost of raw material increased by 9,8% (14.9 million kroons, 1 million euros) to 166.2 million. kroons (10.6 mil. euros) which constitutes 61.5% (Q2 Y2005 : 55.9%) of revenue. The steel price rise compared to the period of year ago and increase of zinc and nickel 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 68% in Q2 Y2006, compared to the same period last year.

Personnel expenses in production amounted to 34.5 million kroons (2.2 million euros) in Q2 Y2006, having grown by 2.0%, compared to the Q2 Y2005. Personnel expenses in production made up 12.8% of revenue in Q2 Y2006 (in Q2 Y2005: 12.5%).

At the end of the period, there was 887 employees in Group, which was 34 persons less than a year before and 48 less compared to the beginning of this year: 50 employees were laid-off in February-March. The company employed a monthly average of 884 people - 25 employees (2.8%) less than in the previous year.

Expenses on transport of materials and goods made up 2.3% from revenues, compared to 2.0% in Q2 2005, a growth 16.8%.

Product development and engineering costs amounted 7.7 million kroons (0.5 million euros) or 2.8% (in Q2 Y2005: 4.1%) of revenue. Compared to the same period a year ago, expenses on this area were less by 3.5 million kroons (0.2 million euros). 2.7 million kroons (0.2 million euros) of expenses incurred in Q2 2006, were related to engineering services sold to AutoVAZ, which was 5.3 million kroons (0.3 million euros) less than a year ago. 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 an increase. At the end of June, 9 engineers were employed, a lot of help of external specialists was used for training and know-how transfer. Unit expenses reached 4.1 million kroons (0.3 million euros) during Q2 Y2005.

Profit and profitability

The Group's gross profit for Q2 Y2006 was 37.4 (in Q2 2005: 45.9) million kroons or 2.4 (in Q2 2005: 2.9) million euros- i.e. 13.8% (in Q2 2005: 17.0%) of revenue. The 18.5% drop (8.5 million kroons, 0.5 million euros) of gross profit and 3.1% decrease of gross profit margin were due to increase of material purchase prices.

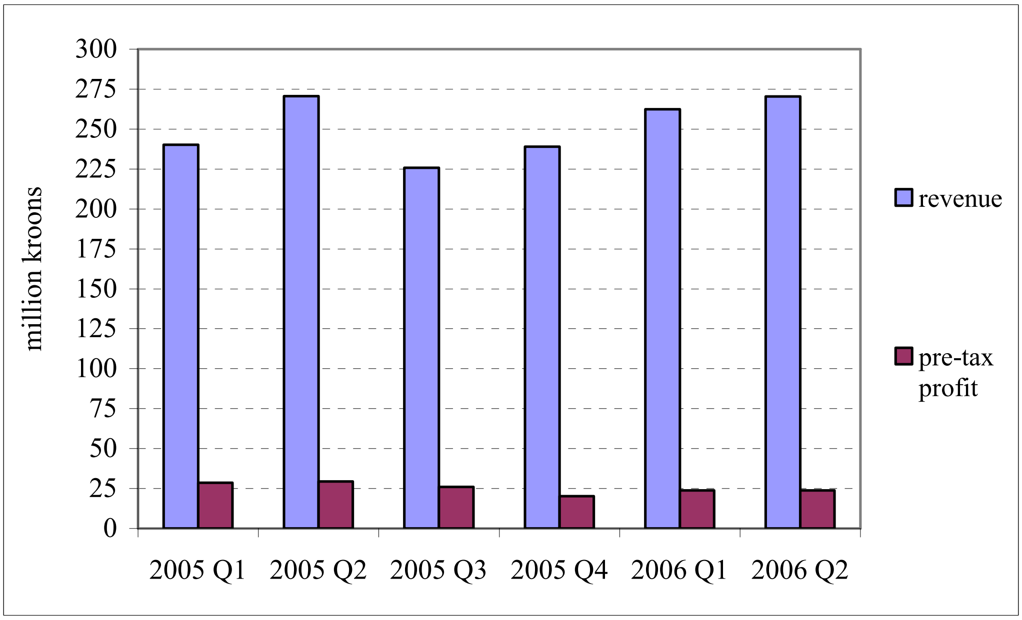
Operating profit decreased by 5.7 million kroons (0.4 million euros) to 20.2 million kroons (1.3 million euros), making up 7.5% (in Q2 2005: 9.6%) of revenue.

Profit before taxes dropped by 19.2% (i.e. by 5.6 million kroons or 0.4 million euros) to 23.8 million kroons (1.5 million euros) or 8.8% (in Q2 Y2005: 10.9%) of revenue. Financial income increased by 2.9% up to 3.6 million kroons (0.2 million euros).

The net profit for Q2 Y2006 amounted to 4.1 (in Q2 2005: 8.6) million kroons (0.3 and 0.5 million euros resp.). Net profit was affected by tax on dividends, which was expensed in amount of 19.7 million kroons (1.3 million euros) in Q2 Y2006, a year ago, tax on dividends was 20.8 million kroons (1.3 million euros).

The decrease in profit margin was conditioned by increased material 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 164.9 (in H1 2005: 211.8) million kroons (10.5 and 13.5 million euros resp.) in 1H Y2006. The increase of liabilities gave 125 million kroons (8.0 million euros), a year ago respectively 211.8 million kroons and 13.5 million euros. Negative cash-flow in amount of 32.0 million kroons (2.0 million euros) was result of increased financial investments. The company's investments in property, plant and equipment, and intangible assets were 14.9 million kroons (1.0 million euros), which was 34.8 million kroons (2.2 million euros) less than year ago. Booking of dividends and tax on dividends lead to 85.7 million kroons (5.5 million euros) negative cash-flow from financing activities.

As at the end of June 2006, cash and liquid securities (short-term financial investments) made up 50.0% (31.12.2005: 47.0%) of the balance of assets. As of 30 June 2006, the company's working capital (short-term investments, receivables, prepayments, inventories less current liabilities) amounted to 298.1 (31.12.2005: 366.0) million kroons (19.1 and 23.4 million euros resp.), and the working capital appropriated for main activities (receivables, prepayments, inventories less current liabilities) to 11.3 (31.12.2005: 103.2) million kroons (0.7 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 27.2% of the assets, having dropped by 17.4 million kroons (1.1 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 decreased by 38.1 million kroons (2.4 million euros), amounting to 809.7 million kroons (51.7 million euros) by the end of the period. Owner's equity made up 78.2% (31.12.2006: 89.5%) of the balance sheet. At the end of the June, available equity amounted to 664.5 (31.12.2005: 702.6) million kroons (42.5 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 0.3 (in Q2 Y2005: 0.7) kroons (0.02 and 0.04 euros resp.).

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 June 30, 2006):

Autoliv AB	51.0%
Skandinaviska Enskilda Banken AB customers	8.0%
ING LUXEMBOURG S.A.	7.4%

As of June 30, 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 Q2 Y2006, 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 Q2 Y2006, the parent company's turnover amounted to 265.8 (in Q2 Y2005: 266.5) million kroons (17.0 million euros), net profit to 4.8 (in Q2 Y2005: 8.2) million kroons (0.3 and 0.5 million euros resp.), and owner's equity to 801.3 (31.12.2005: 839.5) million kroons (51.2 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 Q2 Y2006, the company's revenue amounted to 7.6 (in Q2 Y2005: 9.2) million kroons (0.5 and 0.6 million euros resp.), net profit to -1.0 (in Q2 Y2005: 0.7) million kroons (-0,06 and 0.04 million euros resp.) and owner's equity to 20.9 (31.12.2005: 20.6) million kroons (1.3 million euros). Sales to external customers amounted to 3.5 (in Q2 Y2005: 4.3) million kroons (0.2 and 0.3 million euros resp.), sales to Parent 4.2 (in Q2 Y2005: 4.9) million kroons (0.3 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, sales of engineering services, organisation of the related customs procedures and, if necessary, representation of AS Norma in Russia. In Q2 Y2006, the revenue of Norma-Osvar ZAO amounted to 12.0 (in Q2 Y2005: 2.9) million kroons (0.8 and 0.2 million euros resp.), loss to 0 (in Q2 2005: -0.2) million kroons (0 and -0.01 million 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 and services 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

Chairman of the Management Board

Management Board's Confirmation on the Interim Financial Statements

The Management Board confirms the completeness and correctness of AS Norma Q2 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;
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 Carlson

Member of the Management Board

Tallinn, August 30, 2006

Consolidated balance sheet

Unaudited

	Thousands of kroons		Thousands of euros		
A s s e t s					
	30.06.2006	31.12.2005	**30.06.2006**	31.12.2005	Note
Current assets					
Cash in hand and deposits	**230 209**	183 029	**14 713**	11 698	1
Short-term financial investments	**286 761**	262 873	**18 327**	16 801	2
Receivables	**130 578**	111 803	**8 346**	7 146	
Prepaid expenses	**6 090**	1 539	**389**	98	
Inventories	**99 850**	89 782	**6 382**	5 738	3
Total current assets	**753 488**	649 026	**48 157**	41 481	
Non-current assets					
Long-term financial investments	**10 953**	10 953	**700**	700	
Long-term receivables	**378**	455	**24**	29	
Property, plant and equipment	**255 238**	271 220	**16 313**	17 334	4, 7
Intangible assets	**14 805**	16 134	**946**	1 031	5, 7
Total non-current assets	**281 374**	298 762	**17 983**	19 094	
Total assets	**1 034 862**	947 788	**66 140**	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	**224 222**	94 499	**14 331**	6 040	
Deferred income	**947**	3 375	**60**	215	
Provisions	**0**	2 094	**0**	134	
Total current liabilities	**225 169**	99 968	**14 391**	6 389	7
Total liabilities	**225 169**	99 968	**14 391**	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	**636 620**	619 321	**40 687**	39 582	
Net profit	**27 873**	83 299	**1 782**	5 324	
Total owners´ equity	**809 693**	847 820	**51 749**	54 186	
Total liabilities and owners´ equity	**1 034 862**	947 788	**66 140**	60 575	

Consolidated income statement

Unaudited

Thousands of kroons

	01.04.06-30.06.06	01.01.06-30.06.06	01.04.05-30.06.05	01.01.05-30.06.05	Note
Revenue	**270 299**	**532 649**	270 657	510 855	7
Cost of goods sold	**-232 888**	**-453 396**	-224 756	-425 403	8
Gross profit	**37 411**	**79 253**	45 901	85 452	
Marketing and distribution costs	**-3 205**	**-6 683**	-3 378	-6 806	
General administrative expenses	**-6 358**	**-12 517**	-6 768	-12 041	
Research and development expenses	**-7 660**	**-19 222**	-11 125	-17 551	
Other operating income	**525**	**1 256**	2 261	4 422	
Other operating expenses	**-560**	**-998**	-996	-1 696	
Operating profit	**20 153**	**41 089**	25 895	51 780	7
Financial items	**3 636**	**6 539**	3 535	6 234	
Profit before taxes	**23 789**	**47 628**	29 430	58 014	
Income tax expense	**-19 722**	**-19 755**	-20 842	-20 842	
Net profit	**4 067**	**27 873**	8 588	37 172	6
Basic and diluted earnings per share (in kroons)	**0,31**	**2,11**	0,65	2,82	6

Consolidated income statement

Unaudited

Thousands of euros

	01.04.06-30.06.06	01.01.06-30.06.06	01.04.05-30.06.05	01.01.05-30.06.05	Note
Revenue	**17 275**	**34 042**	17 298	32 650	7
Cost of goods sold	**-14 884**	**-28 977**	-14 364	-27 188	8
Gross profit	**2 391**	**5 065**	2 934	5 462	
Marketing and distribution costs	**-205**	**-427**	-216	-435	
General administrative expenses	**-406**	**-800**	-433	-770	
Research and development expenses	**-490**	**-1 229**	-711	-1 122	
Other operating income	**34**	**80**	145	283	
Other operating expenses	**-36**	**-63**	-64	-108	
Operating profit	**1 288**	**2 626**	1 655	3 310	7
Financial items	**232**	**418**	226	398	
Profit before taxes	**1 520**	**3 044**	1 881	3 708	
Income tax expense	**-1 260**	**-1 263**	-1 332	-1 332	
Net profit	**260**	**1 781**	549	2 376	6
Basic and diluted earnings per share (in euros)	**0,02**	**0,13**	0,04	0,18	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			**8 588**	**8 588**
30.06.2005	**132 000**	**13 200**	**656 493**	**801 693**
Net profit			**46 127**	**46 127**
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
Dividends			-66 000	-66 000
Net profit			**4 067**	**4 067**
30.06.2006	**132 000**	**13 200**	**664 493**	**809 693**

Thousands 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			**549**	**549**
30.06.2005	**8 436**	**844**	**41 958**	**51 238**
Net profit			2 948	2 948
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
Dividends			-4 218	-4 218
Net profit			**260**	**260**
30.06.2006	**8 436**	**844**	**42 469**	**51 749**

Consolidated Cash Flow Statement

Unaudited

	Thousands of kroons		Thousands of euros		Note
Cash flows from operating activities	H1 Y2006	H1 Y2005	H1 Y2006	H1 Y2005	
Operating profit	**41 089**	**51 780**	2 626	3 310	
Adjustments of operating profit					
Gain from disposals of property, plant and equipment	**-1**	**-352**	0	-22	
Depreciation and amortisation	**30 466**	**30 022**	1 947	1 919	4, 5, 7
Changes in assets related to operating activities, incl.:					
Short-term receivables and prepaid expenses, except loans and interests	**-21 702**	**13 855**	-1 387	885	
Inventories	**-10 068**	**-22 070**	-643	-1 411	3
Long-term receivables, except loans	**0**	**250**	0	16	
Changes in liabilities, incl.:					
Payables	**129 723**	**141 985**	8 291	9 074	
Deferred income	**-2 428**	**-3 586**	-155	-229	
Provision	**-2 094**	**0**	-134	0	
Income tax paid	**-41**	**-128**	-3	-8	
Total cash flows from operating activities	**164 944**	**211 756**	10 542	13 534	
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment	**1 735**	**782**	111	50	
Acquisition of property, plant and equipment and intangible assets	**-14 891**	**-49 649**	-952	-3 173	4, 5, 7
Loans granted	**-31**	**-45**	-2	-3	
Loan repayments received	**30**	**61**	2	4	
Acquisition of short-term financial investments	**-273 570**	**-105 233**	-17 484	-6 726	
Proceeds from disposals of short-term financial investments	**249 682**	**163 024**	15 957	10 419	
Interest received	**4 978**	**5 006**	318	320	
Total cash flows from investing activities:	**-32 067**	**13 946**	-2 050	891	
Cash flows from financing activities					
Payment of income tax on dividends	**-19 714**	**-20 842**	-1 260	-1 332	
Dividends paid	**-66 000**	**-66 000**	-4 218	-4 218	
Total cash flows from financing activities:	**-85 714**	**-86 842**	-5 478	-5 550	
Net cash flows	**47 163**	**138 860**	3 014	8 875	
Changes in cash and cash equivalents					
Balance at the beginning of the year	**183 029**	**106 208**	11 698	6 788	
Increase/decrease of cash and cash equivalents	**47 163**	**138 860**	3 014	8 875	
Foreign exchange effect	**17**	**442**	1	28	
Cash and cash equivalents at the end of the period, incl.:	**230 209**	**245 510**	14 713	15 691	
Cash in hand and deposits with maturity up to 3 months	**206 156**	**146 030**	13 176	9 333	
Shares of interest fund	**24 053**	**99 480**	1 537	6 358	

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 30.06.2005 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 30.06.2005 and 31.12.2004 and net cash flows (cash flows from investing activities) for 30.06.2005 decreased by 220 621 thousand EEK, 282 041 thousand EEK and - 72 064 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

<u>Estonian companies of the Group:</u>
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.

<u>Russian companies of the Group:</u>
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
Unaudited

		Thousands of kroons		Thousands euros	
1.	**Cash and cash equivalents**	**30.06.2006**	31.12.2005	**30.06.2006**	31.12.2005
	Cash in hand and current deposits in banks	**1 994**	1 252	**128**	80
	Short-term time deposits with maturity up to 3 months	**204 036**	107 893	**13 040**	6 896
	Interest fund shares of Hansapank	**24 179**	73 884	**1 545**	4 722
		230 209	183 029	**14 713**	11 698

		Thousands of kroons		Thousands euros	
2.	**Short-term financial investments**	**30.06.2006**	31.12.2005	**30.06.2006**	31.12.2005
	Short-term time deposits with maturity more than 3 months	**286 761**	260 803	**18 327**	16 668
	Bonds	**0**	2 070	**0**	132
		286 761	262 873	**18 327**	16 801

		Thousands of kroons		Thousands euros	
3.	**Inventories**	**30.06.2006**	31.12.2005	**30.06.2006**	31.12.2005
	Raw materials	**57 826**	48 940	**3 696**	3 128
	Work in progress	**19 976**	23 023	**1 277**	1 471
	Finished goods	**21 927**	17 745	**1 401**	1 134
	Prepayments for goods	**121**	74	**8**	5
		99 850	89 782	**6 382**	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	736	33 850	111	-13 720	20 977
Disposals	-141	-44	-20	0	-205
Reclassifications	0	4 660	0	-4 660	**0**
Depreciation charge	-1 279	-12 847	-242	0	-14 368
Net book value as of 30.06.2005	**74 892**	**175 970**	**2 285**	**8 731**	**261 878**
Additions	-1 231	35 357	768	7 426	42 320
Disposals	-184	-394	-29	0	-607
Impairment loss	0	-1 046	0	0	-1 046
Depreciation charge	-2 100	-28 693	-532	0	-31 325
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**
Additions	395	4 578	59	903	5 935
Disposals	0	-1	0	0	-1
Reclassifications	0	2 856	0	-2 856	0
Depreciation charge	-1128	-13 168	-311	0	-14 607
Net book value as of 30.06.2006	**69 948**	**177 521**	**2 771**	**4 998**	**255 238**
As of 30.06.2005					
Acquisition cost	97 956	443 868	6 002	8 731	**556 557**
Accumulated depreciation and impairment losses	-23 064	-267 898	-3 717	0	**-294 679**
As of 30.06.2006					
Acquisition cost	97 289	476 810	7 591	4 998	**586 688**
Accumulated depreciation and impairment losses	-27 341	-299 289	-4 820	0	**-331 450**

As of 30.06.2006, acquisition cost of fully depreciated property, plant and equipment amounts to 162 925 (30.06.2005: 142 068) thousand kroons.

As of 30.06.2006 additional investments needed for the completing unfinished projects (incl. uninstalled equipment) amount to 926 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	47	2 163	7	-877	1 340
Disposals	-9	-3	-1	0	-13
Reclassifications	0	298	0	-298	0
Depreciation charge	-82	-822	-14	0	-918
Net book value as of 30.06.2005	**4 786**	**11 247**	**146**	**558**	**16 737**
Additions	-79	2 260	49	475	2 705
Disposals	-12	-25	-2	0	-39
Impairment loss	0	-67	0	0	-67
Depreciation charge	-134	-1 834	-34	0	-2 002
Net book value as of 31.12.2005	**4 561**	**11 581**	**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	-71	-839	-18	0	**-928**

Net book value as of 31.03.2006	**4 517**	**11 712**	**193**	**445**	**16 867**
Additions	25	293	4	58	380
Disposals	0	0	0	0	0
Reclassifications	0	183	0	-183	0
Depreciation charge	-72	-842	-20	0	-934
Net book value as of 30.06.2006	**4 470**	**11 346**	**177**	**320**	**16 313**
As of 30.06.2005					
Acquisition cost	6 260	28 369	384	558	**35 571**
Accumulated depreciation and impairment losses	-1 474	-17 122	-238	0	**-18 834**
As of 30.06.2006					
Acquisition cost	6 217	30 474	485	320	**37 496**
Accumulated depreciation and impairment losses	-1 747	-19 128	-308	0	**-21 183**

As of 30.06.2006, acquisition cost of fully depreciated property, plant and equipment amounts to 10 413 (30.06.2005: 9 080) thousand euros.

As of 30.06.2006 additional investments needed for the completing unfinished projects (incl. uninstalled equipment) amount to 59 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		**20**	**20**
Amortisation charge	**-560**	**-152**	**-712**
Net book value as of 30.06.2005	**16 802**	**724**	**17 526**
Additions	0	1	**1**
Amortisation charge	-1 120	-273	**-1 393**
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**
Additions	0	0	**0**
Amortisation charge	-560	-105	**-665**
Net book value as of 30.06.2006	**14 562**	**243**	**14 805**
As of 30.06.2005			
Acquisition cost	22 402	8 353	**30 755**
Accumulated amortisation and impairment losses	-5 600	-7 629	**-13 229**

As of 30.06.2006			
Acquisition cost	22 402	7 900	**30 302**
Accumulated amortisation and impairment losses	-7 840	-7 657	**-15 497**

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	-35	-10	-45
Net book value as of 30.06.2005	**1 074**	**46**	**1 120**
Additions	0	0	0
Amortisation charge	-72	-17	-89
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**
Additions	0	0	0
Amortisation charge	-36	-7	-43
Net book value as of 30.06.2006	**931**	**15**	**946**

As of 30.06.2005			
Acquisition cost	1 432	534	**1 966**
Accumulated amortisation and impairment losses	-358	-488	**-846**

As of 30.00.2006			
Acquisition cost	1 432	505	**1 937**
Accumulated amortisation and impairment losses	-501	-490	**-991**

6. Share capital

	Thousands of kroons		Thousands of euros	
	30.06.2006	31.12.2005	**30.06.2006**	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 General Assembly of Sahreholders decided also 66.0 million kroons (4.2 million euros) to be 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 30.06.2006:

Autoliv Ab	51.00%
Skandinaviska Enskilda Banken Ab kliendid	8.03%
ING LUXEMBOURG S.A .	7.39%

	Thousands of kroons		Thousands of euros	
Earnings per share	**30.06.2006**	30.06.2005	**30.06.2006**	30.06.2005
Net profit for the financial year	**27 873**	37 172	**1 781**	2 376
Average number of shares (in thousands)	**13 200**	13 200	**13 200**	13 200
Earnings per share in kroons/euros	**2,11**	2,82	**0,13**	0,18

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 H1 Y2006	**Other products H1 Y2006**	**Unallocated H1 Y2006**	**Total H1 Y2006**	Safety belts H1 Y2005	Other products H1Y2005	Unallocated H1 Y2005	Total H1 Y2005
Segment revenue	440 661	114 855		555 516	453 420	71 904		525 324
Incl. revenue form other segments		-22 867		-22 867		-14 469		-14 469
Revenue from third parties	**440 661**	**91 988**		**532 649**	**453 420**	**57 435**		**510 855**
Segment expenses	**-376 095**	**-82 583**	**-32 882**	**-491 560**	-391 234	-46 509	-21 332	-459 075
Segment results	**64 566**	**9 405**	**-32 882**	**41 089**	**62 186**	**10 926**	**-21 332**	**51 780**
Total assets	**335 536**	**64 446**	**634 880**	**1 034 862**	**425 819**	**65 839**	**568 565**	**1 060 223**
Financial assets (excl. receivables)			531 037	531 037			481 483	481 483
Receivables and prepaid expenses	118 456	8 634	6 842	133 932	167 328	18 419	4 761	190 508
Inventories	79 206	20 644		99 850	93 932	14 896		108 828
Property, plant and equipment	137 874	35 168	97 001	270 043	164 559	32 524	82 321	279 404
Segment liabilities	**172 278**	**37 829**	**15 062**	**225 169**	**220 325**	**26 192**	**12 013**	**258 530**
Investments in non-current assets	**7 755**	**3 413**	**3 723**	**14 891**	**31 969**	**10 292**	**7 388**	**49 649**
Depreciation and amortisation	**19 672**	**5 035**	**5 759**	**30 466**	**21 406**	**4 095**	**4 521**	**30 022**

Segment information

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

	Safety belts H1 Y2006	**Other products H1 Y2006**	**Unallocated H1 Y2006**	**Total H1 Y2006**	Safety belts H1 Y2005	Other products H1Y2005	Unallocated H1 Y2005	Total H1 Y2005
Segment revenue	28 163	7 341		35 504	28 979	4 596		33 575
Incl. revenue form other segments		-1 462		-1 462		-925		-925
Revenue from third parties	**28 163**	**5 879**		**34 042**	**28 979**	**3 671**		**32 650**
Segment expenses	**-24 036**	**-5 278**	**-2 102**	**-31 416**	**-25 005**	**-2 972**	**-1 363**	**-29 340**

Segment results	**4 127**	**601**	**-2 102**	**2 626**	**3 974**	**699**	**-1 363**	**3 310**
Total assets	**21 445**	**4 119**	**40 576**	**66 140**	**27 215**	**4 208**	**36 338**	**67 761**
Financial assets (excl. receivables)			33 939	33 939			30 773	30 773
Receivables and prepaid expenses	7 571	552	437	8 560	10 695	1 177	304	12 176
Inventories	5 062	1 319		6 382	6 003	952		6 955
Property, plant and equipment	8 812	2 248	6 199	17 259	10 517	2 079	5 261	17 857
Segment liabilities	**11 010**	**2 418**	**963**	**14 391**	**14 081**	**1 674**	**768**	**16 523**
Investments in non-current assets	**496**	**218**	**238**	**952**	**2 043**	**658**	**472**	**3 173**
Depreciation and amortisation	**1 257**	**322**	**368**	**1 947**	**1 368**	**262**	**289**	**1 919**

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	
	01.01.06-30.06.06	01.01.05-30.06.05	**01.01.06-30.06.06**	01.01.05-30.06.05
Sweden	**336 927**	308 614	**21 534**	19 724
Russia	**132 050**	137 266	**8 440**	8 773
Germany	**23 861**	15 765	**1 525**	1 008
Estonia	**9 823**	6 402	**628**	409
Ukraine	**7 148**	7 164	**457**	458
Czech Republic	**5 497**	4 188	**351**	268
Finland	**3 925**	4 899	**251**	313
Great Britain	**3 630**	630	**232**	40
France	**3 183**	14 862	**203**	950
Belgium	**2 343**	2 098	**150**	134
Poland	**2 057**	1930	**131**	123
Spain	**868**	666	**55**	43
Italy	**0**	4 381	**0**	280
Other countries	**1337**	1 990	**85**	127
Total:	**532 649**	510 855	**34 042**	32 650

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 17 666 thousand kroons or 1 129 thousands euros (30.06.2005: 13 666 thousands kroons or 873 thousands euros) are located in Russian Federation, incl. property, plant and equipment in the amount of 425 thousand kroons or 27 thousands euros (30.06.2005: 444 thousands kroons or 28 thousands euros).

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

8.		Thousands of kroons		Thousands of euros	
	Cost of sales	**01.01.2006-30.06.2006**	01.01.2005-30.06.2005	**01.01.2006-30.06.2006**	01.01.2005-30.06.2005
	Raw materials	**-319 063**	-291 323	**-20 392**	-18 619
	Personnel expenses	**-68 577**	-64 613	**-4 383**	-4 130
	Depreciation and amortisation	**-28 203**	-27 741	**-1 802**	-1 773
	Utilities	**-7 591**	-7 640	**-485**	-488
	Repairs and maintenance	**-3 108**	-2 976	**-199**	-190
	Transportation	**-11 778**	-9 715	**-753**	-621
	Others	**-15 076**	-21 395	**-963**	-1 367
		-453 396	-425 403	**-28 977**	-27 188

9.		Thousands of kroons		Thousands of euros	
	Transactions with related parties	**01.01.2006-30.06.2006**	01.01.2005-30.06.2005	**01.01.2006-30.06.2006**	01.01.2005-30.06.2005
	Revenue from companies of Autoliv Group	**102 005**	166 842	**6 519**	10 663
	Purchases from companies of Autoliv Group	**359 584**	322 289	**22 982**	20 598
		30.06.2006	30.06.2005	**30.06.2006**	30.06.2005
	Receivables from companies of Autoliv Group	**65 121**	118 653	**4 162**	7 583
	Payables to companies of Autoliv Group	**23 463**	102 145	**1 500**	6 528
	Short-term deposits in treasury of Autoliv Group	**374 756**	257 977	**23 951**	16 488

10. Balance sheet of AS Norma (the Parent)

	Thousands of kroons		Thousands of euros	
A s s e t s	**30.06.2006**	31.12.2005	**30.06.2006**	31.12.2005
Current assets				
Cash in hand and deposits	**492 014**	369 194	**31 446**	23 596
Short-term investments	**24 179**	73 884	**1 545**	4 722
Receivables	**130 532**	116 498	**8 343**	7 446
Prepaid expenses	**9 051**	882	**578**	56
Inventories	**91 925**	80 247	**5 875**	5 129
Total current assets	**747 701**	640 705	**47 787**	40 949
Non-current assets				
Long-term investments	**23 069**	23 069	**1 474**	1 474
Long-term receivables	**378**	455	**24**	29
Property, plant and equipment	**241 681**	256 302	**15 446**	16 381
Intangible assets	**14 691**	15 932	**939**	1 018
Total non-current assets	**279 819**	295 758	**17 883**	18 902
Total assets	**1 027 520**	936 463	**65 670**	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	**225 736**	93 957	**14 427**	6 005
Deferred income	**545**	950	**35**	61
Provisions	**0**	2 094	**0**	134
Total current liabilities	**226 281**	97 001	**14 462**	6 200
Total liabilities	**226 281**	97 001	**14 462**	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	**628 262**	613 461	**40 153**	39 207
Net profit	**27 777**	80 801	**1 775**	5 164
Total equity	**801 239**	839 462	**51 208**	53 651
Total liabilities and equity	**1 027 520**	936 463	**65 670**	59 851

11. Income statement of AS Norma (the Parent)

	Thousands of kroons		Thousands of euros	
	01.01.2006-30.06.2006	01.01.2005-30.06.2005	**01.01.2006-30.06.2006**	01.01.2005-30.06.2005
Revenue	**520 782**	498 990	**33 284**	31 891
Cost of sales	**-445 161**	-418 516	**-28 451**	-26 748
Gross profit	**75 621**	80 474	**4 833**	5 143
Marketing and distribution costs	**-6 683**	-6 806	**-427**	-435
Research and development expenses	**-19 133**	-17 551	**-1 223**	-1 122
General administrative expenses	**-10 412**	-10 471	**-665**	-669
Other operating income	**2 359**	5 702	**150**	364
Other operating expenses	**-757**	-1133	**-48**	-72
Operating profit	**40 995**	50 215	**2 620**	3 209
Financial items	**6 496**	6 144	**415**	393
Profit before taxes	**47 491**	56 359	**3 035**	3 602
Income tax expense	**-19 714**	-20 842	**-1 260**	-1 332
Net profit	**27 777**	**35 517**	**1 775**	2 270

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**
Dividends			-66 000	-66 000
Net profit			35 517	35 517
30.06.2005	**132 000**	**13 200**	**648 978**	**794 178**
Net profit			45 284	45 284
31.12.2005	**132 000**	**13 200**	**694 262**	**839 462**
Dividends			-66 000	-66 000
Net profit			27 777	27 777
30.06.2006	**132 000**	**13 200**	**656 039**	**801 239**

Thousands of euros

	Share capital (par value)	Statutory Reserve	Retained earnings	Total equity
31.12.2004	**8 436**	**844**	**43 425**	**52 705**
Dividends			-4 218	-4 218
Net profit			2 270	2 270
30.06.2005	**8 436**	**844**	**41 477**	**50 757**
Net profit			2 894	2 894
31.12.2005	**8 436**	**844**	**44 371**	**53 651**
Dividends			-4 218	-4 218
Net profit			1 775	1 775
30.06.2006	**8 436**	**844**	**41 928**	**51 208**

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 Q2 Y2006 Interim Report

Q2 Y2006 Interim Report of AS Norma which is approved by the Management Board, signed on August 30, 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