

AS Norma

Interim report for the period Q3 Y2006

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Beginning and end of the reporting period	01.01.2006 - 30.09.2006

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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 moulds 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, 302 thousand passenger cars were produced in Q3 Y2006, 7% more than at the same period a year before. Production of foreign car manufacturers in Russia grew by 60% up to 70 th. cars. Market share of which was 21% in Q3 as in Q2. Biggest foreign car manufacturers in Russia are Ford, GM-Autovaz and Aftoframos (model Renault Logan). Growth was highest in Aftoframos: up to 32 th. cars from 4 th. a year ago. Ford assembled 41 th. cars, what is 88% more than at same period of 2005.

In first half of Y2006, there was sold 1,275 million new passenger cars in Russia, which is 215 th. cars (20%) more than last year.. Market share of foreign cars reached 54-56% and AutoVAZ' share was 40%.

The biggest client of AS Norma - AutoVAZ produced 207 th. cars, which is 8,5% more in Q3 Y2006 compared to the Q3 Y2005. Additionally 65 th. Lada sets was made for assembly in 12 plants of Russia, Ukraine, Kazakhstan and Egipt.

GM-Autovaz' (a joint venture of AutoVAZ and General Motors) production dropped 9% up to 12 th. cars during Q3 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 Q3 Y2006 AS Norma delivered to this market 439 thousand seat-belts, 17,6% less 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). In Russia vacation period is in January (New Year and Christmas holidays).

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 is supposed to reach the production lines in 2008.

Quality insurance

DNV Certification OY confirmed the Quality Management System of Norma to be in accordance with the requirements of ISO/TS 16949:2002 and in August 2006 renewed the corresponding certificate, which is effective until 28 August 2009.

In Q3 Y2006 AS Norma met main quality objectives as follows:

- 1) the number of products returned by customers (ppm) - 10
- 2) average on-time-delivery – 97%.

Investments made in the financial year

In Q3 Y2006, the Group invested 7.9 million kroons (0.5 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	1.6 million kroons (0.1 million euros)
Assembly line equipment	4.2 million kroons (0.3 million euros)
Injection moulding equipment	1.2 million kroons (0.08 million euros)
Other investments	0.9 million kroons (0.05 million euros)

Financial highlights of the Group

Economic activities	Q3 2006 mil. EEK*	Q3 2005 mil. EEK*	Q3 2006 mil. euros*	Q3 2005 mil. euros*	Change** %
Revenue	228.0	225.7	14.6	14.4	1.0
Gross profit	40.0	40.7	2.6	2.6	-1.7
Gross profit margin ¹	17.6	18.0			-0.5
Operating profit	23.7	23.7	1.5	1.5	0.2
Operating profit margin ²	10.4	10.5			-0.1
EBITDA (profit before financial items, taxes; depreciation and amortisation added)	39.0	40.0	2.5	2.6	-2.6
Profit before taxes	27.8	25.9	1.8	1.7	7.1
Pre-tax profit margin ³	12.2	11.5			0.7
Net profit	27.8	25.9	1.8	1.7	7.2
Net profit margin ⁴	12.2	11.5			0.7
Working capital ⁵	512.1	322.6	32.7	20.6	58.7
Average number of employees	903	935			-3.4

* 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

	Q3 2006 EEK*	Q3 2005 EEK*	Q3 2006 euro*	Q3 2005 euro*	Change %
Number of shares (millions)	13.2	13.2	13.2	13.2	0.0
Earnings per share ⁶	2.11	1.97	0.13	0.13	7.2
Equity per share ⁷	63.4	62.7	4.1	4.0	1.2

* 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 228.0 million kroons (14.6 mil. euros) in Q3 Y2006. This constitutes a 1% increase, compared to Q3 Y2005. Seatbelts made up 86% (in Q3 Y2005: 89%) of revenue. The most important other products and services included sales of seatbelt components to other Autoliv group companies, sales of dies and moulds, and provision of safety system-related engineering services.

In Q3 Y2006, AS Norma exported 98% (the same amount as in Q3 Y2005) of its products - 48% (in Q3 Y2005: 55%) to Sweden, 43% (in Q3 Y2005: 34%) to Russia and 4% (in Q3 Y2005 also 4%) to Germany. Russian sales grew by 29%, Swedish sales dropped by 11%, and sales to Germany grew by 8%. AutoVAZ and GAZ increased orders ensured the growth of Russian sales.

Sales to various sub-units of the parent company Autoliv decreased by 11%, amounting to 115.6 (in Q3 Y2005: 130.2) million kroons, i.e. 7.4 (in Q3 Y2005: 8.3) million euros. Seatbelt sales made up 92% (in Q3 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 14%, compared to the same period in 2005.

Expenses

Cost of goods sold increased by 1.6% in Q3 Y2006, which constitutes 82.4% of revenue (in Q3 Y2005: 82.0%). Cost of raw material increased 2.5 million kroons (0.2 mil euros), i.e. by 2%, which constitutes 56.5% (Q3 Y2005: 56%) of revenue. The growth of zinc and nickel prices has been the major factor of raw materials increase during this year.

Expenses on transport of materials and goods made up 1.8% from revenues, compared to 1.3% in Q3 2005, a growth 39%.

Personnel expenses in production amounted to 30.7 million kroons (2.0 million euros) in Q3 Y2006, remaining at the same level compared to the Q3 Y2005. Personnel expenses in production made up 13.5% of revenue in Q3 Y2006.

At the end of the period, there were 918 employees in Group, which were 17 persons less than a year before and at the beginning of this year.

Marketing costs increased during given period by 1.7 million kroons (0.1 million euros) or 1.9% (in Q3 Y2005: 1.2%) of revenue.

Product development and engineering costs decreased 0.9 million kroons (0.06 million euros) or 3.2% (in Q3 Y2005: 3.6%) of revenue.

Profit and profitability

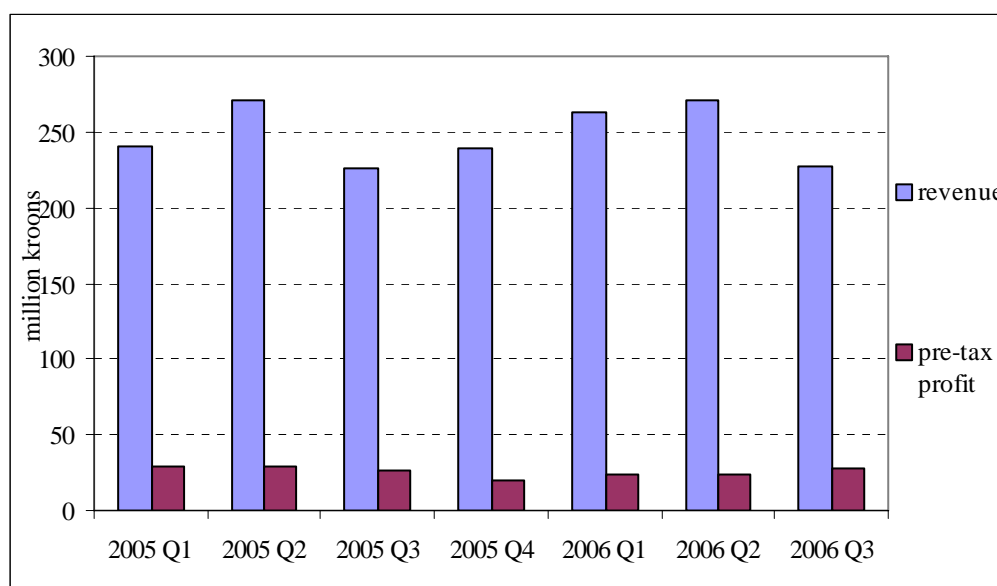
The Group's gross profit for Q3 Y2006 was 40.0 (in Q3 2005: 40.7) million kroons or 2.6 (in Q3 2005: 2.6) million euros - i.e. 17.6% (in Q3 2005: 18.0%) of revenue. The 1.7% drop (0.7 million kroons, 0.1 million euros) of gross profit and 0.5% decrease of gross profit margin were due to increase of material purchase prices.

Operating profit remained at the Y2005 level - 23.7 million kroons (1.5 million euros), making up 10.4% (in Q3 2005: 10.5%) of revenue.

Profit before taxes grew by 7.1% (i.e. by 1.8 million kroons or 0.4 million euros) to 27.8 million kroons (1.8 million euros) or 12.2% (in Q3 Y2005: 11.5%) of revenue. Financial income increased by 79% up to 4.0 million kroons (0.3 million euros).

The net profit for Q3 Y2006 amounted to 27.8 (in Q3 2005: 25.9) million kroons (1.8 and 1.7 million euros resp.).

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 at the end of September amounted to 92.7 (Y2005: 89.8) million kroons (5.9 and 5.7 million euros resp.). Negative cash-flow of investment activity in amount of 138.7 million kroons (8.9 million euros) was primarily the result of increased amount of financial investments. The company's investments in property, plant and equipment, and intangible assets were 22.8 million kroons (1.5 million euros), which was 56.3 million kroons (3.6 million euros) less than a 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 46.4% (31.12.2005: 47.0%) of the balance of assets. As of 30 September 2006, the company's working capital

(short-term investments, receivables, prepayments, inventories less current liabilities) amounted to 512.1 (31.12.2005: 366.0) million kroons (32.7 and 23.4 million euros resp.), and the working capital appropriated for main activities (receivables, prepayments, inventories less current liabilities) to 123.7 (31.12.2005: 103.2) million kroons (7.9 and 6.6 million euros resp.).

AS Norma kept a traditionally conservative profile upon managing liquidity and making financial investments in Q3 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 than that currently offered on the market.

Non-current assets made up 27.7% of the assets, having dropped by 24.7 million kroons (1.6 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 during the 9 month period decreased by 10.3 million kroons (0.7 million euros) due to payment of dividends, amounting to 837.5 million kroons (53.5 million euros). Owner's equity made up 88,3% (31.12.2006: 89,5%) of the balance sheet. At the end of the Q3 Y2006, available equity amounted to 692.3 (31.12.2005: 702.6) million kroons (44.2 and 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 2.11 (in Q3 Y2005: 1.97) kroons (0.13 and 0.12 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 from 01.01.2006 (in kroons) at the Tallinn Stock Exchange:



List of AS Norma shareholders holding over 5% of the shares (as of 30.09.2006):

Autoliv AB	51.0%
Skandinaviska Enskilda Banken AB customers	7.8%
ING LUXEMBOURG S.A.	7.4%

As of September 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 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 Q3 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 Q3 Y2006, the parent company's turnover amounted to 224.7 (in Q3 Y2005: 223.3) million kroons (14.4 and 14,3 million euros resp.), net profit to 27.8 (in Q3 Y2005: 25.8) million kroons (1.8 and 1.7 million euros resp.), and owner's equity to 829.1 (31.12.2005: 839.5) million kroons (53.0 and 53.7 million euros resp.).

The subsidiary AS Tööriistavabrik is involved in tool (i.e. dies and plastic moulds) design, manufacturing and repair. AS Tööriistavabrik is the strategic link in AS Norma's production chain. In Q3 Y2006, the company's revenue amounted to 6.4 (in Q3 Y2005: 6.5) million kroons (0.4 and 0.4 million euros resp.), net profit to -0.1 (in Q3 Y2005: -0.1) million kroons (-0,01 and 0.01 million euros resp.) and owner's equity to 20.8 (31.12.2005: 20.6) million kroons (1.3 million euros). Sales to external customers amounted to 2.2 (in Q3 Y2005: 2.0) million kroons (0.1 and 0.1 million euros resp.), sales to Parent 4.2 (in Q3 Y2005: 4.5) million kroons (0.3 million euros) and purchase of services from the Parent to 0.8 million kroons (in Q3 Y2005: 0.7) million kroons (0.1 million euros).

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 Q3 Y2006, the revenue of Norma-Osvar ZAO amounted to 4.0 (in Q3 Y2005: 3.4) million kroons (0.3 and 0.2 million euros resp.), loss to -0.3 (in Q3 2005: 0.1) million kroons (0.02 and 0.01 million euros resp.) and owner's equity to 0.7 (31.12.2005: 0.9) million kroons (0.04 and 0.06 million euros resp). All revenues came from external customers and the Parent supplied the goods and services sold by the subsidiary.

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 Q3 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



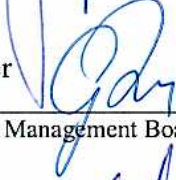
Member of the Management Board

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, November 29, 2006

Consolidated balance sheet

Unaudited

A s s e t s	Thousands of kroons		Thousands of euros		Note
	30.09.2006	31.12.2005	30.09.2006	31.12.2005	
Current assets					
Cash in hand and deposits	51 345	183 029	3 282	11 698	1
Short-term financial investments	388 464	262 873	24 827	16 801	2
Receivables	132 992	111 803	8 500	7 146	
Prepaid expenses	3 101	1 539	198	98	
Inventories	98 834	89 782	6 317	5 738	3
Total current assets	674 736	649 026	43 124	41 481	
Non-current assets					
Long-term financial investments	10 953	10 953	700	700	
Long-term receivables	399	455	25	29	
Property, plant and equipment	248 296	271 220	15 869	17 334	4, 7
Intangible assets	14 377	16 134	919	1 031	5, 7
Total non-current assets	274 025	298 762	17 513	19 094	
Total assets	948 761	947 788	60 637	60 575	7
Liabilities and shareholders' equity					
Liabilities					
Current liabilities					
Payables	110 458	94 499	7 060	6 040	
Deferred income	801	3 375	51	215	
Provisions	0	2 094	0	134	
Total current liabilities	111 259	99 968	7 111	6 389	7
Total liabilities	111 259	99 968	7 111	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	55 682	83 299	3 559	5 324	
Total owners' equity	837 502	847 820	53 526	54 186	
Total liabilities and owners' equity	948 761	947 788	60 637	60 575	

Consolidated income statement

Unaudited

Thousands of kroons

	01.07.06- 30.09.06	01.01.06- 30.09.06	01.07.05- 30.09.05	01.01.05- 30.09.05	Note
Revenue	227 972	760 621	225 714	736 569	7
Cost of goods sold	-187 958	-641 354	-184 991	-610 394	8
Gross profit	40 014	119 267	40 723	126 175	
Marketing and distribution costs	-4 342	-11 025	-2 652	-9 458	
General administrative expenses	-5 119	-17 636	-5 351	-17 392	
Research and development expenses	-7 339	-26 561	-8 198	-25 749	
Other operating income	716	1 972	888	5 310	
Other operating expenses	-191	-1 189	-1 730	-3 426	
Operating profit	23 739	64 828	23 680	75 460	7
Financial items	4 046	10 585	2 258	8 492	
Profit before taxes	27 785	75 413	25 938	83 952	
Income tax expense	24	-19 731	0	-20 842	
Net profit	27 809	55 682	25 938	63 110	6
Basic and diluted earnings per share (in kroons)	2,11	4,22	1,97	4,78	6

Consolidated income statement

Unaudited

Thousands of euros

	01.07.06- 30.09.06	01.01.06- 30.09.06	01.07.05- 30.09.05	01.01.05- 30.09.05	Note
Revenue	14 570	48 613	14 425	47 075	7
Cost of goods sold	-12 013	-40 990	-11 822	-39 011	8
Gross profit	2 557	7 623	2 603	8 064	
Marketing and distribution costs	-278	-705	-169	-604	
General administrative expenses	-327	-1 127	-342	-1 112	
Research and development expenses	-469	-1 698	-524	-1 646	
Other operating income	46	126	57	339	
Other operating expenses	-12	-76	-111	-219	
Operating profit	1 517	4 143	1 514	4 822	7
Financial items	259	677	144	543	
Profit before taxes	1 776	4 820	1 658	5 365	
Income tax expense	1	-1 261	0	-1 332	
Net profit	1 777	3 559	1 658	4 033	6
Basic and diluted earnings per share (in euros)	0,13	0,27	0,13	0,31	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			37 172	37 172
Dividends			-66 000	-66 000
30.06.2005	132 000	13 200	656 493	801 693
Net profit			25 938	25 938
30.09.2005	132 000	13 200	682 431	827 631
Net profit			20 189	20 189
31.12.2005	132 000	13 200	702 620	847 820
Net profit			27 873	27 873
Dividends			-66 000	-66 000
30.06.2006	132 000	13 200	664 493	809 693
Net profit			27 809	27 809
30.09.2006	132 000	13 200	692 302	837 502

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			2 376	2 376
Dividends			-4 218	-4 218
30.06.2005	8 436	844	41 958	51 238
Net profit			1 658	1 658
30.09.2005	8 436	844	43 615	52 895
Net profit			1 290	1 290
31.12.2005	8 436	844	44 906	54 186
Net profit			1 781	1 781
Dividends			-4 218	-4 218
30.06.2006	8 436	844	42 469	51 749
Net profit			1 777	1 777
30.09.2006	8 436	844	44 246	53 526

Consolidated Cash Flow Statement

Unaudited

	Thousands of kroons		Thousands of euros		Note
	9M Y2006	9M Y2005	9M Y2006	9M Y2005	
Cash flows from operating activities					
Operating profit	64 828	75 460	4 143	4 823	
Adjustments of operating profit					
Gain from disposals of property, plant and equipment	-134	-120	-9	-8	
Depreciation and amortisation	45 712	46 373	2 922	2 964	4, 5, 7
Changes in assets related to operating activities, incl.:					
Short-term receivables and prepaid expenses, except loans and interests	-19 931	-15 394	-1 274	-984	
Inventories	-9 052	-12 672	-579	-810	3
Long-term receivables, except loans	0	500	0	32	
Changes in liabilities, incl.:					
Payables	15 956	5 568	1 020	356	
Deferred income	-2 574	-9 932	-164	-635	
Provision	-2 094	0	-134	0	
Income tax paid	-17	0	-1	0	
Total cash flows from operating activities	92 694	89 783	5 924	5 738	
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment	1 870	1 114	120	71	
Acquisition of property, plant and equipment and intangible assets	-22 767	-79 021	-1 455	-5 050	4, 5, 7
Loans granted	-57	-88	-4	-6	
Loan repayments received	48	188	3	12	
Acquisition of short-term financial investments	-390 919	-136 526	-24 984	-8 726	
Proceeds from disposals of short-term financial investments	265 328	180 938	16 958	11 564	
Interest received	7 816	5 735	500	367	
Total cash flows from investing activities:	-138 681	-27 660	-8 863	-1 768	
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	-131 701	-24 719	-8 417	-1 580	
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	-131 701	-24 719	-8 417	-1 580	
Foreign exchange effect	17	487	1	31	
Cash and cash equivalents at the end of the period, incl.:	51 345	93 976	3 282	6 006	
<i>Cash in hand and deposits with maturity up to 3 months</i>	16 741	14 234	1 070	910	
<i>Shares of interest fund</i>	34 604	79 742	2 212	5 096	

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 30.09.2005 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 30.09.2005 and 31.12.2004 and net cash flows (cash flows from investing activities) for 30.09.2005 decreased by 244 738 thousand EEK, 282 041 thousand EEK and - 37 303 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 depreciation 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.

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

1. Cash and cash equivalents	Thousands of kroons		Thousands euros	
	30.09.2006	31.12.2005	30.09.2006	31.12.2005
Cash in hand and current deposits in banks	786	1 252	50	80
Short-term time deposits with maturity up to 3 months	15 955	107 893	1 020	6 896
Interest fund shares of Hansapank	34 604	73 884	2 212	4 722
	51 345	183 029	3 282	11 698

2. Short-term financial investments	Thousands of kroons		Thousands euros	
	30.09.2006	31.12.2005	30.09.2006	31.12.2005
Short-term time deposits with maturity more than 3 months	388 464	260 803	24 827	16 668
Bonds	0	2 070	0	132
	388 464	262 873	24 827	16 801

3. Inventories	Thousands of kroons		Thousands euros	
	30.09.2006	31.12.2005	30.09.2006	31.12.2005
Raw materials	60 606	48 940	3 873	3 128
Work in progress	20 133	23 023	1 287	1 471
Finished goods	17 852	17 745	1 141	1 134
Prepayments for goods	243	74	16	5
	98 834	89 782	6 317	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	6837	33 850	165	8 731	49 583
Disposals	-141	-269	-20	0	-430
Reclassifications	0	10 116	0	-10 116	0
Depreciation charge	-2 525	-25 558	-479	0	-28 562
Net book value as of 30.06.2005	74 892	175 970	2 285	8 731	261 878
Additions	-1 668	25 049	768	5 223	29 372
Disposals	-183	-351	-30	0	-564
Impairment loss	0	-1 046	0	0	-1 046
Depreciation charge	-983	-14 412	-257	0	-15 652
Net book value as of 30.09.2005	72 058	185 210	2 766	13 954	273 988
Additions	437	10 308	0	2 203	12 948
Disposals	-1	-43	1	0	-43
Depreciation charge	-1 117	-14 281	-275	0	-15 673
Net book value as of 31.12.2005	71 377	181 194	2 492	16 157	271 220
Additions	820	8 741	876	4 454	14 891

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Disposals	0	-1	0	-1 734	-1 735
Reclassifications	0	13 879	0	-13 879	0
Depreciation charge	-2 249	-26 292	-597	0	-29 138
Net book value as of 30.06.2006	69 948	177 521	2 771	4 998	255 238
Additions	0	6 218	451	977	7 646
Reclassifications	0	2 278	0	-2 278	0
Depreciation charge	-1132	-13 195	-261	0	-14 588
Net book value as of 30.09.2006	68 816	172 822	2 961	3 697	248 296

As of 30.09.2005

Acquisition cost	96 033	452 795	6 740	13 954	569 522
Accumulated depreciation and impairment losses	-23 975	-267 585	-3 974	0	-295 534

As of 30.09.2006

Acquisition cost	97 289	484 058	8 042	3 697	593 086
Accumulated depreciation and impairment losses	-28 473	-311 235	-5 081	0	-344 789

As of 30.09.2006, acquisition cost of fully depreciated property, plant and equipment amounts to 171 516 (30.09.2005: 130 770) thousand kroons.

As of 30.09.2006 additional investments needed for the completing unfinished projects (incl. uninstalled equipment) amount to 832 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	15 421
Additions	437	2 163	11	558	3 169
Disposals	-9	-17	-1	0	-27
Reclassifications	0	647	0	-647	0
Depreciation charge	-162	-1 633	-31	0	-1 826
Net book value as of 30.06.2005	4 786	11 247	146	558	16 737
Additions	-107	1 601	49	334	1 877
Disposals	-12	-22	-2	0	-36
Impairment loss	0	-67	0	0	-67
Depreciation charge	-63	-921	-16	0	-1 000
Net book value as of 30.09.2005	4 604	11 838	177	892	17 511
Additions	28	659	0	141	828
Disposals	0	-3	0	0	-3
Depreciation charge	-71	-913	-18	0	-1 002
Net book value as of 31.12.2005	4 561	11 581	159	1 033	17 334
Additions	52	559	56	285	952
Disposals	0	0	0	-111	-111

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Reclassifications	0	887	0	-887	0
Depreciation charge	-143	-1 681	-38	0	-1 862
Net book value as of 30.06.2006	4 470	11 346	177	320	16 313
Additions	0	397	29	62	488
Reclassifications	0	146	0	-146	0
Depreciation charge	-72	-843	-17	0	-932
Net book value as of 30.09.2006	4 398	11 046	189	236	15 869

As of 30.09.2005

Acquisition cost	6 137	28 939	431	892	36 399
Accumulated depreciation and impairment losses	-1 533	-17 101	-254	0	-18 888

As of 30.09.2006

Acquisition cost	6 218	30 937	514	236	37 905
Accumulated depreciation and impairment losses	-1 820	-19 891	-325	0	-22 036

As of 30.09.2006, acquisition cost of fully depreciated property, plant and equipment amounts to 10 962 (30.09.2005: 8 358) thousand euros.

As of 30.09.2006 additional investments needed for the completing unfinished projects (incl. uninstalled equipment) amount to 53 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	66	66
Amortisation charge	-1120	-340	-1 460
Net book value as of 30.06.2005	16 802	724	17 526
Additions		1	1
Amortisation charge	-560	-138	-698
Net book value as of 30.09.2005	16 242	587	16 829
Amortisation charge	-560	-135	-695
Net book value as of 31.12.2005	15 682	452	16 134
Amortisation charge	-1120	-209	-1 329
Net book value as of 30.06.2006	14 562	243	14 805
Additions	0	230	230
Amortisation charge	-560	-98	-658
Net book value as of 30.09.2006	14 002	375	14 377
As of 30.09.2005			
Acquisition cost	22 402	8 354	30 756
Accumulated amortisation and impairment losses	-6 160	-7 767	-13 927

As of 30.09.2006

Acquisition cost	22 402	8 130	30 532
Accumulated amortisation and impairment losses	-8 400	-7 755	-16 155

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	4	4
Amortisation charge	-71	-22	-93
Net book value as of 30.06.2005	1 074	46	1 120
Additions	0	0	0
Amortisation charge	-36	-9	-45
Net book value as of 30.09.2005	1 038	37	1 075
Amortisation charge	-36	-8	-44
Net book value as of 31.12.2005	1 002	29	1 031
Amortisation charge	-71	-14	-85
Net book value as of 30.06.2006	931	15	946
Additions	0	15	15
Amortisation charge	-36	-6	-42
Net book value as of 30.09.2006	895	24	919

As of 30.09.2005

Acquisition cost	1 432	533	1 965
Accumulated amortisation and impairment losses	-394	-496	-890

As of 30.09.2006

Acquisition cost	1 432	519	1 951
Accumulated amortisation and impairment losses	-537	-495	-1 032

6. Share capital

	Thousands of kroons		Thousands of euros	
	30.09.2006	31.12.2005	30.09.2006	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 Shareholders 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 30.09.2006:

Autoliv Ab	51.00%
Skandinaviska Enskilda Banken Ab kliendid	7,75%
ING LUXEMBOURG S.A	7.39%

Earnings per share	Thousands of kroons		Thousands of euros	
	30.09.2006	30.09.2005	30.09.2006	30.09.2005
Net profit for the financial year	55 682	63 110	3 559	4 033
Average number of shares (in thousands)	13 200	13 200	13 200	13 200
Earnings per share in kroons/euros	4,22	4,78	0,27	0,31

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 01.01.06- 30.09.06	Other products 01.01.06- 30.09.06	Unallocated 01.01.06- 30.09.06	Total 01.01.06- 30.09.06	Safety belts 01.01.05- 30.09.05	Other products 01.09.05- 30.09.05	Unallocated 01.01.05- 30.09.05	Total 01.01.05- 30.09.05
Segment revenue	636 611	153 914		790 525	654 902	103 661		758 563
Incl. revenue form other segments		-29 904		-29 904		-21 994		-21 994
Revenue from third parties	636 611	124 010		760 621	654 902	81 667		736 569
Segment expenses	-536 556	-112 053	-47 184	-695 793	-575 608	-50 040	-35 461	-661 109
Segment results	100 055	11 957	-47 184	64 828	79 294	31 627	-35 461	75 460
Total assets	331 525	65 811	551 425	948 761	424 338	57 100	461 960	943 398
Financial assets (excl. receivables)	0	0	450 762	450 762	0	0	353 893	353 893
Receivables and prepaid expenses	121 491	8 159	6 842	136 492	182 785	11 712	4 761	199 258
Inventories	79 591	19 243	0	98 834	85 842	13 588	0	99 430
Property, plant and equipment	130 443	38 409	93 821	262 673	155 711	31 800	103 306	290 817
Segment liabilities	85 797	17 918	7 544	111 259	100 795	8 762	6 210	115 767
Investments in non- current assets	14 640	3 666	4 461	22 767	51 641	19 327	8 053	79 021
Depreciation and amortisation	29 859	8 973	6 880	45 712	32 491	7 952	5 930	46 373
Impairment loss of non-current assets	0	0	0	0	775	271	0	1 046

Segment information

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

	Safety belts 01.01.06- 30.09.06	Other products 01.01.06- 30.09.06	Unallocated 01.01.06- 30.09.06	Total 01.01.06- 30.09.06	Safety belts 01.01.05- 30.09.05	Other products 01.09.05- 30.09.05	Unallocated 01.01.05- 30.09.05	Total 01.01.05- 30.09.05
Segment revenue	40 687	9 837		50 524	41 856	6 625		48 481
Incl. revenue form other segments		-1 911		-1 911		-1 406		-1 406
Revenue from third parties	40 687	7 926		48 613	41 856	5 219		47 075

Segment expenses	-34 292	-7 161	-3 016	-44 469	-36 788	-3 198	-2 267	-42 253
Segment results	6 395	764	-3 016	4 143	5 068	2 021	-2 267	4 822
Total assets	21 189	4 206	35 242	60 637	27 120	3 649	29 525	60 294
Financial assets (excl. receivables)	0	0	28 809	28 809	0	0	22 618	22 618
Receivables and prepaid expenses	7 765	521	437	8 723	11 682	749	304	12 735
Inventories	5 087	1 230	0	6 317	5 486	868	0	6 354
Property, plant and equipment	8 337	2 455	5 996	16 788	9 952	2 032	6 603	18 587
Segment liabilities	5 484	1 145	482	7 111	6 442	560	397	7 399
Investments in non-current assets	936	234	285	1 455	3 300	1 235	515	5 050
Depreciation and amortisation	1 908	574	440	2 922	2 077	508	379	2 964
Impairment loss of non-current assets	0	0	0	0	50	17	0	67

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 depreciation 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- 30.09.06	01.01.05- 30.09.05	01.01.06- 30.09.06	01.01.05- 30.09.05
Sweden	443 939	429 402	28 373	27 444
Russia	228 261	211 765	14 589	13 534
Germany	32 787	24 053	2 095	1 537
Estonia	12 722	11 265	813	720
Ukraine	11 205	10 549	716	674
Czech Republic	8 352	6 158	534	394
France	4 886	22 924	312	1 465
Finland	4 767	6 455	305	413
Great Britain	4 412	753	282	48
Poland	3 581	2 793	229	179
Belgium	3 081	2 838	197	181
Spain	1 214	901	78	58
Italy	0	4 381	0	280
Other countries	1 414	2 332	90	148
Total:	760 621	736 569	48 613	47 075

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 7 841 thousand kroons or 501 thousands euros (30.09.2005: 10 836 thousands kroons or 693 thousands euros) are located in Russian Federation, incl. property, plant and equipment in the amount of 830 thousand kroons or 53 thousands euros (30.09.2005: 425 thousands kroons or 27 thousands euros).

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

8. Cost of sales	Thousands of kroons		Thousands of euros	
	01.01.2006- 30.09.2006	01.01.2005- 30.09.2005	01.01.2006- 30.09.2006	01.01.2005- 30.09.2005
Raw materials	-447 968	-417 756	-28 630	-26 699
Personnel expenses	-99 308	-95 389	-6 347	-6 096
Depreciation and amortisation	-42 312	-43 021	-2 704	-2 750
Utilities	-10 704	-10 847	-684	-693
Repairs and maintenance	-4 516	-4 145	-289	-265
Transportation	-15 953	-12 717	-1 020	-813
Others	-20 593	-26 519	-1 316	-1 695
	-641 354	-610 394	-40 990	-39 011

9. Transactions with related parties	Thousands of kroons		Thousands of euros	
	01.01.2006- 30.09.2006	01.01.2005- 30.09.2005	01.01.2006- 30.09.2006	01.01.2005- 30.09.2005
Revenue from companies of Autoliv Group	132 270	231 763	8 454	14 812
Purchases from companies of Autoliv Group	475 205	452 509	30 371	28 921
	30.09.2006	30.09.2005	30.09.2006	30.09.2005
Receivables from companies of Autoliv Group	56 667	111 735	3 622	7 141
Payables to companies of Autoliv Group	17 491	25 544	1 118	1 633
Short-term deposits in treasury of Autoliv Group	372 389	225 828	23 800	14 226

10. Balance sheet of AS Norma (the Parent)

A s s e t s	Thousands of kroons		Thousands of euros	
	30.09.2006	31.12.2005	30.09.2006	31.12.2005
Current assets				
Cash in hand and deposits	50 877	369 194	3 252	23 596
Short-term investments	388 464	73 884	24 827	4 722
Receivables	135 777	116 498	8 678	7 446
Prepaid expenses	2 872	882	183	56
Inventories	91 032	80 247	5 818	5 129
Total current assets	669 022	640 705	42 758	40 949
Non-current assets				
Long-term investments	23 069	23 069	1 474	1 474
Long-term receivables	399	455	26	29
Property, plant and equipment	235 214	256 302	15 033	16 381
Intangible assets	14 083	15 932	900	1 018
Total non-current assets	272 765	295 758	17 433	18 902
Total assets	941 787	936 463	60 191	59 851
Liabilities and equity				
Liabilities				
Current liabilities				
Payables	112 211	93 957	7 172	6 005
Deferred income	522	950	33	61
Provisions	0	2 094	0	134
Total current liabilities	112 733	97 001	7 205	6 200
Total liabilities	112 733	97 001	7 205	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	55 592	80 801	3 553	5 164
Total equity	829 054	839 462	52 986	53 651
Total liabilities and equity	941 787	936 463	60 191	59 851

11. Income statement of AS Norma (the Parent)

	Thousands of kroons		Thousands of euros	
	01.01.2006- 30.09.2006	01.01.2005- 30.09.2005	01.01.2006- 30.09.2006	01.01.2005- 30.09.2005
Revenue	745 446	722 322	47 643	46 165
Cost of sales	-631 293	-602 318	-40 347	-38 495
Gross profit	114 153	120 004	7 296	7 670
Marketing and distribution costs	-11 024	-9 458	-705	-604
Research and development expenses	-26 436	-25 749	-1 690	-1 646
General administrative expenses	-14 867	-15 094	-950	-965
Other operating income	3 721	6 926	238	443
Other operating expenses	-755	-2 802	-48	-179
Operating profit	64 792	73 827	4 141	4 719
Financial items	10 514	8 377	672	535
Profit before taxes	75 306	82 204	4 813	5 254
Income tax expense	-19 714	-20 842	-1 260	-1 332
Net profit	55 592	61 362	3 553	3 922

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			61 362	61 362
30.09.2005	132 000	13 200	674 823	820 023
Net profit			19 439	19 439
31.12.2005	132 000	13 200	694 262	839 462
Dividends			-66 000	-66 000
Net profit			55 592	55 592
30.09.2006	132 000	13 200	683 854	829 054

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			3 922	3 922
30.09.2005	8 436	844	43 129	52 409
Net profit			1 242	1 242
31.12.2005	8 436	844	44 371	53 651
Dividends			-4 218	-4 218
Net profit			3 553	3 553
30.09.2006	8 436	844	43 706	52 986

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

Q3 Y2006 Interim Report of AS Norma which is approved by the Management Board, signed on November 29, 2006:



Peep Siimon
Chairman of the Management Board



Ivar Aas
Member of the Management Board



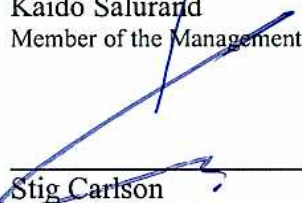
Ülle Jõgi
Member of the Management Board



Garri Krjeger
Member of the Management Board



Kaido Salurand
Member of the Management Board



Stig Carlson
Member of the Management Board