AS Norma

Interim report for the period Q4 Y2006

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Beginning and end of the reporting period	01.01.2006 - 31.12.2006

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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, 318 thousand passanger cars were produced in Q4 Y2006, 11% more than at the same period a year before. Production of foreign car manufacturers in Russia grew by 101% up to 97 th. cars. Market share of which was 31% in Q4 (2005 Q4: 17%).

In 2006, The production of cars in Russia increased 10.8%, about 1.5 million vehicles were produced, 1.17 million of which were passenger vehicles (2005: 1.07 million).

AutoVAZ, the biggest on the market, produced 766 thousand vehicles, which was 6.1% more than the previous year, and in addition 200 thousand (2005: 190 thousand) car assemblies were produced, which were put together in other factories of Russia, Ukraine, Kazakhstan and other countries. During the accounting period, AutoVAZ sold 724 thousand cars (2005: 745 thousand), 99 thousand cars were exported.

GAZ sold 51 thousand Volga passenger vehicles, which is 7% less than in 2005, but the sale of light vans and buses Gazell and Sobol increased 17% to 165 thousand. Izavto produced 65 thousand passenger vehicles (2005: 53 thousand); the growth was 23%. Twenty-nine thousand of those were assembled Ladas, 24 thousand were KIA Spektra models and 12 thousand IZ vans.

Foreign car manufacturers (the biggest of these were Ford, Renault, Hyundai) produced 280 thousand (2005: 164 thousand) cars in Russia. GM-AutoVaz (joint venture of AutoVAZ and General Motors), which is also considered a foreign car manufacturer, produced 48 thousand Chevrolet Niva and Chevrolet Viva cars. A 7.6% decrease occurred compared to last year when 52 thousand were produced.

AS Norma participates in the Western 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, and Volvo Group (Volvo Trucks, Volvo Buses).

In 2006, Volvo Car Corporation produced 439 thousand cars (2005: 467 thousand), 248 thousand of those were produced in Belgium (2005: 268 thousand). The seat belts produced in AS Norma are delivered to Volvo’s Belgian and Swedish factories. The amount of belts sold increased 3.9% to 2.44 million units.

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

In Q4 Y2006 AS Norma met main quality objectives as follows:
1) the number of products returned by customers (ppm) - 11
2) average on-time-delivery – 98%.

Investments made in the financial year

In Q4 Y2006, the Group invested 15.6 million kroons (1.0 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	9.2 million kroons	(0.59 million euros)
Assembly line equipment	4.2 million kroons	(0.27 million euros)
Repairs of buildings	0.9 million kroons	(0.06 million euros)
IT equipment	0.7 million kroons	(0.04 million euros)
Other investments	0.6 million kroons	(0.04 million euros)

Financial highlights of the Group

Economic activities	**Q4 2006** mil. EEK*	Q4 2005 mil. EEK*	**Q4 2006** mil. euros*	Q4 2005 mil. euros*	Change** %
Revenue	**286.9**	239.0	**18.3**	15.3	20,0
Gross profit	**47.0**	40.9	**3.0**	2.6	14.9
Gross profit margin[1]	16.4	17.1			-4.1
Operating profit	**26.6**	17.9	**1.7**	1.1	48.6
Operating profit margin[2]	9.3	7.5			24.0
EBITDA (profit before financial items, taxes; depreciation and amortisation added)	**42.3**	34.3	**2.7**	2.3	23.3
Profit before taxes	**30.0**	20.2	**1.9**	1.3	48.5
Pre-tax profit margin[3]	10.5	8.5			23.5
Net profit	**30.0**	20.2	**1.9**	1.3	48.5
Net profit margin[4]	10.5	8.5			23.5
Working capital[5]	**513.7**	366.0	**32.8**	23.4	40.4
Average number of employees	**941**	935			0.6

* 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

	Q4 2006 EEK*	Q4 2005 EEK*	**Q4 2006 euro***	Q4 2005 euro*	Change %
Number of shares (millions)	**13.2**	13.2	**13.2**	13.2	0.0
Earnings per share[6]	**2.28**	1.53	**0.13**	0.10	49.0
Equity per share [7]	**65.7**	64.2	**4.2**	4.1	2.3

* 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 286.9 million kroons (18.3 mil. euros) in Q4 Y2006. This constitutes a 20% increase, compared to Q4 Y2005 (239.0 mil. kroons; 15.3 mil. euros). Seatbelts made up 86% (in Q4 Y2005: 90%) 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 Q4 Y2006, AS Norma exported 98% (the same amount as in Q4 Y2005) of its products - 53% (in Q4 Y2005: 57%) to Sweden, 38% (in Q4 Y2005: 34%) to Russia and 5% (in Q4 Y2005 4%) to Germany. Russian sales grew by 36%. AutoVAZ and GAZ increased orders ensured the growth of Russian sales.

Sales to various sub-units of the parent company Autoliv increased by 21%, amounting to 171.1 million kroons (11.0 million euros).

For full year 2006, the revenue of the Group amounted to 1047.5 million kroons. This constitutes a 7.4% increase, compared to 2005 (975.6 million kroons). Seatbelts made up 83.9% (in 2005: 89.5%) of revenue. Sales of seat belt components to other Autoliv companies rose by 65 million kroons (4 million euros) compared to 2005.

The sales to Russia increased by 15.4% and to Germany by 40.8%, mostly thanks to Autoliv seat belt components. The sales to the Czech Republic – a destination for seat belts for buses – increased by 41.5%. The export of seat belts to Ukraine increased by 7.5%.

Sales to various sub-units of the parent company Autoliv increased by 8.9% compared to 2005, amounting to 646.3 million kroons (41.3 million euros). The sale of seat belts made up 79.3% (2005: 91%) of total sales to Autoliv. The amount of belts sold increased by 3.9% (2005: 9%) amounting to 2.44 million units, the sale of seat belt components increased 105%.
Other major Western customers included Khimaira (Volvo buses), Karosa, Iris Bus-IVECO, Intersafe and Van - Hool, who mostly require seat belts for buses and trucks. Sales in the sector grew by 2.1% compared to 2005.

Expenses

Cost of goods sold increased by 21.1% in Q4 Y2006, which constitutes 83.6% of revenue (in Q4 Y2005: 82.9%). Cost of raw material increased 9.0 million kroons (0.6 mil euros), i.e. by 6.6%, which constitutes 50.2% (Q4 Y2005: 56.5%) 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 2.4% from revenues, compared to 2.3% in Q4 2005, a growth 26.4%.

Personnel expenses in production amounted to 42.2 million kroons (2.7 million euros) in Q4 Y2006, an increase 28.8% during last 12 months. Personnel expenses in production made up 14.75% of revenue in Q4 Y2006 (Q4 2005: 13.7%).

At the end of the period, there were 947 employees in Group, the average number of empoyees during the quarter was 941, which were 6 persons less than a year before.

Marketing costs increased during given period by 1.8 million kroons (0.1 million euros), making up 2.0% (in Q4 Y2005: 1.7%) of revenue. General Administration expenses grew by 3.7 million kroons (0.2 million euros), making up 2.8% (Q4 2005: 1.8%) of revenue. Product development and engineering costs decreased by 4.5 million kroons (0.3 million euros), reaching 3.2% (in Q4 Y2005: 5.5%) of revenue.

Profit and profitability

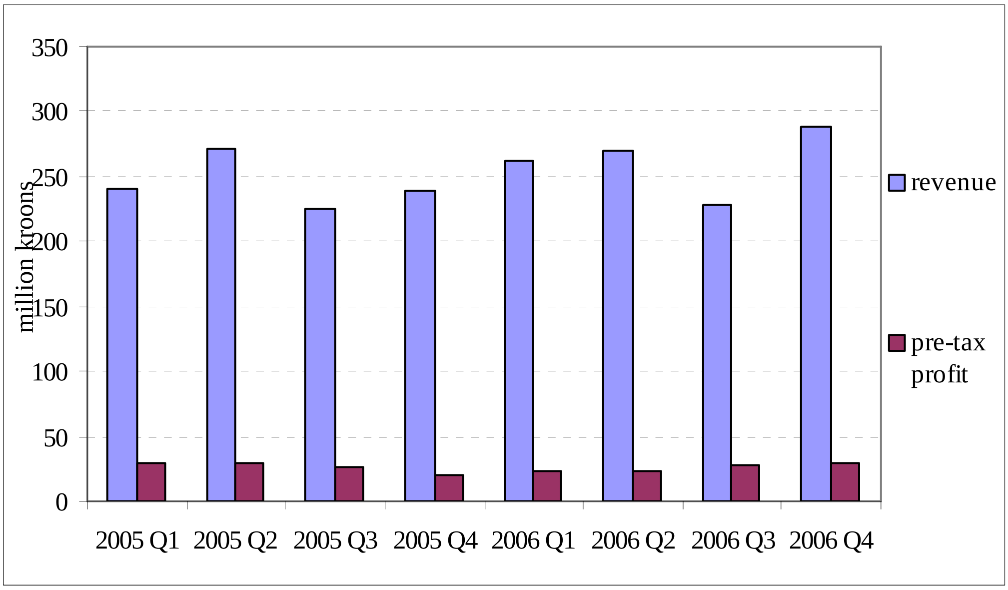
The Group's gross profit for Q4 Y2006 was 47.0 (in Q4 2005: 40.9) million kroons or 3.0 (in Q4 2005: 2.6) million euros - i.e. 16.4% (in Q4 2005: 17.1%) of revenue. Although gross profit increased by 14.9% (6.1 million kroons, 0.4 million euros), the margin of gross profit dropped by 4.1%, mainly due to increase of material purchase prices and labour costs.

Operating profit rose by 8.7 million kroons (0.6 million euros) up to 26.6 million kroons (1.7 million euros), making up 9.3% (in Q4 2005: 7.5%) of revenue.

Profit before taxes grew by 48.5% (i.e. by 9.8 million kroons or 0.6 million euros) to 30.0 million kroons (1.9 million euros) making up 10.5% (in Q4 Y2005: 8.5%) of revenue. Financial income increased by 46.3% up to 3.4 million kroons (0.2 million euros).

The net profit for Q4 Y2006 amounted to 30.0 (in Q4 2005: 20.2) million kroons (1.9 and 1.3 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 amounted to 159 (in 2005: 206) million kroons (10.2 and 13.1 million euros resp.). The 46 million kroons (2.3 million euros) decrease was, above all, due to the changes in current assets and current liabilities. The company's investments in property, plant and equipment and intangible assets was 54 million kroons (3.5 million euros) less than in 2005, the balance of financial investments increased by 167 million kroons (10.7 million euros), the total cash flow from investments during the period was -166 (2005: -55) million kroons (-11 and -3 million euros resp.), from financing -86 (2005: -87) million kroons (-5 and -6 million euros).

As at the end of 2006, cash and liquid securities made up 50.8% (in 2005: 47.0%) of the balance of assets. As of 31 December 2006, the company's working capital (short-term investments, receivables, prepayments, inventories less current liabilities) amounted to 514 (in 2005: 366) million kroons (32.8 and 23.4 million euros resp.), and the working capital appropriated for main activities (receivables, prepayments, inventories less current liabilities) to 98 (in 2005: 103) million kroons (6.3 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 26.4% of the assets, having dropped in a year by 36 million kroons (2.3 million euros) due to decrease in property, plant and equipment by 22 and long-term financial investments by 11 million kroons (1.4 and 0.7 million euros resp.).

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

The owner's equity of the Group increased by 20 million kroons (1.3 million euros), amounting to 868 (in 2005: 848) million kroons (55 and 54 million euros resp.) by the end of the financial year. Owner's equity made up 87.0% (in 2005: 89.5%) of the balance sheet. At the end of the year, available equity amounted to 722 (in 2005: 703) million kroons (46 and 45 million euros resp.).

Stock market and dividends

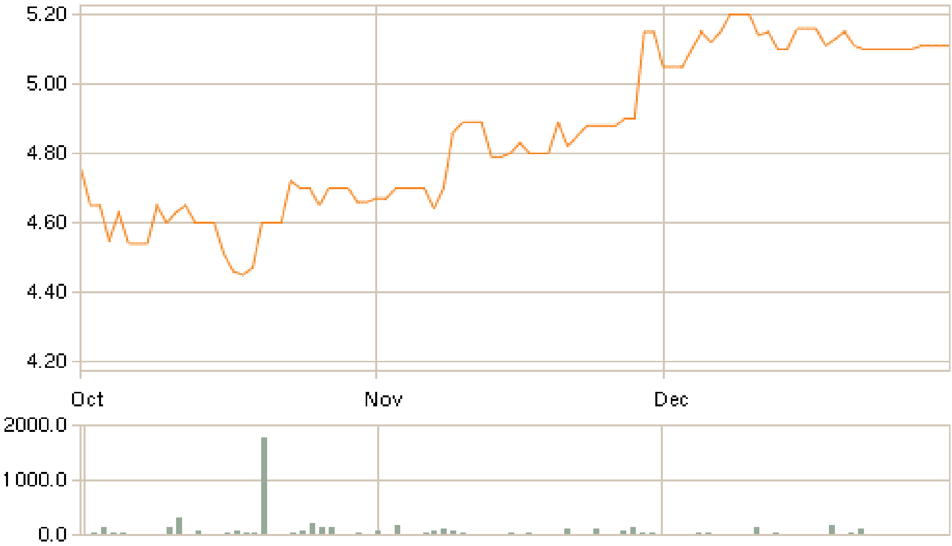
AS Norma has issued 13.2 million common shares. The share has a nominal value of 10 kroons, and grants its owner one vote at the general shareholders' meeting. The number of the shares, and their nominal value has not changed ever since the shares were first listed in 1997.

66.0 million kroons (4.2 million euros) i.e. 5 kroons (0.32 euro) per share was paid to shareholders in dividends in 2006, similarly to the previous three years. The Management Board of AS Norma currently sees no need for changing the amount to be paid out as dividends.

In Q4 2006, both diluted EPS and basic EPS was 2.28 (in Q4 2005: 1.53) kroons (resp. 0.15 and 0.10 euro).

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 in Q4 2006 (in kroons) at the Tallinn Stock Exchange:



As of 31.12.2006, 1507 (31.12.2005: 1503) shareholders have been listed in AS Norma's share register. The following shareholders held over 5% of the shares:

Autoliv Ab	51.0%
Skandinaviska Enskilda Banken Ab kliendid	7.5%
ING LUXEMBOURG S.A.	7.4%
Hansa Ida-Euroopa Aktsiafond	5.6%

As of 31.12.2006, 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 Q4 Y2006 as through full year, 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 2006, the parent company’s turnover amounted to 1030.4 (in 2005: 955.0), net profit to 85.9 (in 2005: 80.8), and owner’s equity to 859.4 (in 2005: 839.5) million kroons (65.9 and 61.0; 5.5 and 5.2; 54.9 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 2006, the company’s revenue amounted to 34.7 (in 2005: 32.8), net profit to 0.6 (in 2005: 1.9) and owner’s equity to 21.2 (in 2005: 20.6) million kroons (2.2 and 2.1; 0.04 and 0.12; 1.4 and 1.3 million euros resp.). Sales to external customers amounted to 16.5 (in 2005: 16.7), sales to Parent 18.1 (in 2005: 16.1) and purchase of services from the Parent to 3.2 (in 2005: 3.0) million kroons (1.05 and 1.07; 1.2 and 1.0; 0.2 and 0.19 million euros resp.).

The Russian-based subsidiary Norma-Osvar ZAO is involved in the sale and storage of AS Norma’s products, organisation of the related customs procedures and, if necessary, representation of AS Norma in Russia. In 2006, the revenue of Norma-Osvar ZAO amounted to 23.3 (in 2005: 16.1), loss to 0.4 (in 2005: 0.3) and owner’s equity to 0.4 (in 2005: 0.9) million kroons (1.5 and 1.0; 0.03 and 0.02; 0.03 and 0.06 million euros resp.). Sales to external customers amounted to 23.3 (in 2005: 16.1) million kroons (1.5 and 1.0 million euros resp.) in 2006. The goods to be sold by the subsidiary are supplied by the Parent.

Management structure

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

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

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 Q4 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, February 26, 2007

Consolidated balance sheet

	Thousands of kroons		Thousands of euros		
A s s e t s					
	31.12.2006	31.12.2005	**31.12.2006**	31.12.2005	Lisa
Current assets					
Cash in hand and deposits	**90 918**	183 029	**5 811**	11 698	1
Short-term financial investments	**415 553**	262 873	**26 559**	16 801	2
Receivables	**133 028**	111 803	**8 526**	7 146	
Prepaid expenses	**1 242**	1 539	**56**	98	
Inventories	**93 919**	89 782	**6 002**	5 738	3
Total current assets	**734 660**	649 026	**46 953**	41 481	
Non-current assets					
Long-term financial investments	**0**	10 953	**0**	700	
Long-term receivables	**378**	455	**25**	29	
Property, plant and equipment	**248 757**	271 220	**15 898**	17 334	4, 7
Intangible assets	**13 818**	16 134	**883**	1 031	5, 7
Total non-current assets	**262 953**	298 762	**16 806**	19 094	
Total assets	**997 613**	947 788	**63 759**	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	**128 923**	94 499	**8 239**	6 040	
Deferred income	**1 138**	3 375	**73**	216	
Provisions	**0**	2 094	**0**	134	
Total current liabilities	**130 061**	99 968	**8 312**	6 389	
Total liabilities	**130 061**	99 968	**8 312**	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	**722 352**	702 620	**46 167**	44 906	
Total owners´ equity	**867 552**	847 820	**55 447**	54 186	
Total liabilities and owners´ equity	**997 613**	947 788	**63 759**	60 575	

Consolidated income statement

Thousands of kroons

	01.10.06-31.12.06	**01.01.06-31.12.06**	01.10.05-31.12.05	01.01.05-31.12.05	Lisa
Revenue	**286 872**	**1 047 493**	239 006	975 575	7
Cost of goods sold	**-239 825**	**-881 179**	-198 077	-808 470	8
Gross profit	**47 047**	**166 314**	40 929	167 105	
Marketing and distribution costs	**-5 795**	**-16 820**	-3 982	-13 440	
General administrative expenses	**-8 048**	**-25 684**	-4 388	-21 817	
Research and development expenses	**-8 618**	**-35 179**	-13 126	-38 875	
Other operating income	**4 222**	**6 194**	-653	4 657	
Other opetating expenses	**-2 176**	**-3 365**	-880	-4 306	
Operating profit	**26 632**	**91 460**	17 901	93 324	7
Financial items	**3 402**	**13 987**	2 325	10 817	
Profit before taxes	**30 034**	**105 447**	20 226	104 141	
Income tax expense	**16**	**-19 715**	0	-20 842	
Net profit	**30 050**	**85 732**	20 226	83 299	6
Basic and diluted earnings per share (in kroons)	**2,28**	**6,49**	1,53	6,31	6

Consolidated income statement

Thousands of euros

	01.10.06-31.12.06	01.01.06-31.12.06	01.10.05-31.12.05	01.01.05-31.12.05	Lisa
Revenue	**18 334**	**66 947**	15 275	62 351	7
Cost of goods sold	**-15 328**	**-56 318**	-12 659	-51 671	8
Gross profit	**3 006**	**10 629**	2 616	10 680	
Marketing and distribution costs	**-370**	**-1 075**	-255	-859	
General administrative expenses	**-514**	**-1 642**	-280	-1 394	
Research and development expenses	**-551**	**-2 248**	-839	-2 485	
Other operating income	**270**	**396**	-42	298	
Other opetating expenses	**-139**	**-215**	-56	-275	
Operating profit	**1 702**	**5 845**	1 144	5 965	7
Financial items	**217**	**894**	149	691	
Profit before taxes	**1 919**	**6 739**	1 293	6 656	
Income tax expense	**1**	**-1 260**	0	-1 332	
Net profit	**1 920**	**5 479**	1 293	5 324	6
Basic and diluted earnings per share (in euros)	**0,15**	**0,42**	0,10	0,40	6

Consolidated Statement of Changes in Equity

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			63 073	63 073
Dividends			-66 000	-66 000
30.09.2005	132 000	13 200	682 394	827 594
Net profit			20 226	20 226
31.12.2005	132 000	13 200	702 620	847 820
Net profit			55 682	55 682
Dividends			-66 000	-66 000
30.09.2006	132 000	13 200	692 302	837 502
Net profit			30 050	30 050
31.12.2006	**132 000**	**13 200**	**722 352**	**867 552**

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			4 031	4 031
Dividends			-4 218	-4 218
30.09.2005	8 436	844	43 613	52 893
Net profit			1 293	1 293
31.12.2005	8 436	844	44 906	54 186
Net profit			3 559	3 559
Dividends			-4 218	-4 218
30.09.2006	8 436	844	44 247	53 527
Net profit			1 920	1 920
31.12.2006	**8 436**	**844**	**46 167**	**55 447**

Consolidated Cash Flow Statement

	Thousands of kroons		Thousads of euros		Note
	2006	**2005**	2006	2005	
Cash flows from operating activities					
Operating profit	**91 460**	**93 324**	5 845	5 965	
Adjustments of operating profit					
Gain from disposals of property, plant and equipment	**-682**	**-83**	-44	-5	
Depreciation and amortisation	**61 380**	**62 740**	3 923	4 010	4, 5
Impairment loss of property, plant and equipment	**0**	**1 046**	0	67	4
Changes in assets related to operating activities, incl.:					
Short-term receivables and prepaid expenses, except loans and interests	**-18 857**	**71 264**	-1 205	4 554	
Inventories	**-4 137**	**-3 024**	-264	-193	3
Long-term receivables, except loans	**0**	**500**	0	32	
Changes in liabilities, incl.:					
Payables	**34 424**	**-11 733**	2 200	-750	
Deferred income	**-2 237**	**-10 524**	-143	-673	
Provision	**-2 094**	**2 094**	-134	134	
Total cash flows from operating activities	**159 257**	**205 604**	10 178	13 141	
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment	**2 432**	**1 120**	155	71	
Acquisition of property, plant and equipment and intangible assets	**-38 351**	**-91 970**	-2 451	-5 878	4, 5
Loans granted	**-80**	**-88**	-5	-6	
Loan repayments received	**129**	**296**	8	19	
Acquisition of short-term financial investments	**-623 406**	**-197 930**	-39 843	-12 650	
Proceeds from disposals of short-term financial investments	**481 679**	**223 583**	15 957	14 290	
Interest received	**12 037**	**10 474**	769	669	
Total cash flows from investing activities:	**-165 560**	**-54 515**	-2 050	-3 485	
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	6
Total cash flows from financing activities:	**-85 714**	**-86 842**	-5 478	-5 550	
Net cash flows	**-92 017**	**64 247**	-5 881	4 106	
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	**-92 017**	**64 247**	-5 881	4 106	
Foreign exchange effect	**-94**	**574**	-6	37	
Cash and cash equivalents at the end of the year, incl.:	**90 918**	**183 029**	5 811	11 698	1
Cash in hand and deposits with maturity up to 3 months	**29 120**	**109 145**	1 861	6 976	1
Shares of interest fund	**61 798**	**73 884**	3 950	4 722	1

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).

According to the Estonian Business Code, the annual report, including the consolidated financial statements, prepared by the Management Board and approved by the Supervisory Board is authorised by the Shareholders' General meeting. The shareholders hold the power not to approve the annual report and the right to request a new annual report to be prepared.

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).

New IFRS standards passed during the financial year

During the financial year, new standards entered into force, which do not have any effect of the accounting principles applied by the Group. These standards include 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 funds", IFRS 4 "Insurance contracts: financial guarantee contracts (revised)", IAS 39 "Financial instruments: recognition and measurement (revised)" and IAS 1 "Presentation of financial statements (revised)".

New IFRS standards and interpretations

New or revised standards and interpretations, which have been approved by the European Union by the balance sheet date, but which will enter into force after the balance sheet date have no effect on the accounting principles applied by the Group. These standards include IFRIC 7 "On applying the restatement approach under IAS 29 "Financial reporting in hyperinflationary economies"", IFRIC 8 "Scope of IFRS 2", IFRIC 9 "Reassessment of Embedded Derivatives".

New or revised standards and interpretations, which have been approved but have not been adopted by the European Union by the balance sheet date, but which will enter into force after the balance sheet date have no effect on the accounting principles applied by the Group. These standards include IFRS 8 "Operating segments", IFRIC 10 "Interim financial reporting and impairment", IFRIC 11 "IFRS 2—Group and Treasury Share Transactions", IFRIC 12 "Service Concession Arrangements".

The following new or revised standards and interpretations, which have been approved by the European Union by the balance sheet date, but which will enter into force after the balance sheet date will have an effect on the accounting principles applied by the Group. The Group is still estimating the impact of adoption of these pronouncements on the disclosures of the consolidated financial statements. These standards include IFRS 7 "Financial instruments: disclosures" and IAS 1 "Presentation of financial statements (revised)". IFRS 7 requires disclosures that enable users to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. IAS 1 amendment requires the Group to make new disclosures to enable users of the consolidated financial statements to evaluate the Group's objectives, policies and processes of managing capital.

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 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 or 2 556 euros (except IT equipment, for which 15 000 kroons or 958 euros 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, its intention to complete the intangible asset and use or sell it, its ability to use or sell it, 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 22/78 (the rate of 23/77 was effective for dividends paid out in 2006; 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.

<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.

Interest revenue is recognised as interest accrues, using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Finance and Operating Leases

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

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

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

<u>Group as a lessor</u>
When assets are leased out under a finance lease, the amount equals to the net investment in the lease is recognised as a receivable (the aggregate of the present value of the lease payments receivable by the lessor under a finance lease and any unguaranteed residual value at the end of lease period). Lease payments are apportioned between the finance income and reduction of the lease receivable so as to achieve a constant rate of interest on the remaining balance of the receivable.

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

Segment Reporting

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

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

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

Significant accounting judgements and estimates

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

Notes to the Consolidated Financial Statements

		Thousands of kroons		Thousands euros	
1.	**Cash and cash equivalents**	**31.12.2006**	31.12.2005	**31.12.2006**	31.12.2005
	Cash in hand and current deposits in banks	**3 000**	1 252	**192**	80
	Short-term time deposits with maturity up to 3 months	**26 120**	107 893	**1 669**	6 896
	Interest fund shares of Hansapank	**61 798**	73 884	**3 950**	4 722
		90 918	183 029	**5 811**	11 698

		Thousands of kroons		Thousands euros	
2.	**Short-term financial investments**	**31.12.2006**	31.12.2005	**31.12.2006**	31.12.2005
	Short-term time deposits with maturity more than 3 months	**404 600**	260 803	**25 859**	16 668
	Bonds	**10 953**	2 070	**700**	133
		415 553	262 873	**26 559**	16 801

		Thousands of kroons		Thousands euros	
3.	**Inventories**	**31.12.2006**	31.12.2005	**31.12.2006**	31.12.2005
	Raw materials	**63 296**	48 940	**4 045**	3 128
	Work in progress	**18 237**	23 023	**1 165**	1 471
	Finished goods	**12 249**	17 745	**783**	1 134
	Prepayments for goods	**137**	74	**9**	5
		93 919	89 782	**6 002**	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	5169	58 899	933	13 954	78 955
Disposals	-324	-620	-50	0	-994
Reclassifications	0	10 116	0	-10 116	0
Impairment loss	0	-1 046		0	-1 046
Depreciation charge	-3 508	-39 970	-736	0	-44 214
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	14 960	1327	5 431	22 538
Disposals	0	-1	0	-1734	-1 735
Reclassifications		16 157		-16 157	0
Depreciation charge	-3 381	-39 487	-858	0	-43 726
Net book value as of 30.09.2006	**68 816**	**172 823**	**2 961**	**3 697**	**248 297**
Additions	948	5 968	0	8 548	15 464
Disposals	0	-15	0	0	-15
Depreciation charge	-1 133	-13 599	-257	0	-14 989
Net book value as of 31.12.2006	**68 631**	**165 177**	**2 704**	**12 245**	**248 757**

As of 31.12.2005					
Acquisition cost	96 469	455 557	6 715	16 157	**574 898**
Accumulated depreciation and impairment losses	-25 092	-274 363	-4 223	0	**-303 678**
As of 31.12.2006					
Acquisition cost	98 237	485 530	8 042	12 245	**604 054**
Accumulated depreciation and impairment losses	-29 606	-320 353	-5 338	0	**-355 297**

As of 31.12.2006, acquisition cost of fully depreciated property, plant and equipment amounts to 180 993 (2005: 131 564) thousand kroons.

As of 31.12.2006 additional investments needed for the completing unfinished projects (incl. uninstalled equipment) amount to 4 933 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	330	3 764	60	892	5 046
Disposals	-21	-40	-3	0	-64
Reclassifications	0	647	0	-647	0
Impairment loss	0	-67	0	0	-67
Depreciation charge	-224	-2 555	-47	0	-2 826
Net book value as of 30.09.2005	**4 605**	**11 836**	**177**	**892**	**17 510**
Additions	28	659	0	141	828
Disposals	0	-2	0	0	-2
Depreciation charge	-72	-912	-18	0	-1 002
Net book value as of 31.12.2005	**4 561**	**11 581**	**159**	**1 033**	**17 334**
Additions	52	956	85	347	1 440
Disposals	0	0	0	-111	-111
Reclassifications	0	1 033	0	-1 033	0
Depreciation charge	-216	-2 524	-55	0	-2 795
Net book value as of 30.09.2006	**4 397**	**11 046**	**189**	**236**	**15 868**
Additions	61	381	0	546	988
Disposals	0	-1	0	0	-1
Depreciation charge	-72	-869	-16	0	-957
Net book value as of 31.12.2006	**4 386**	**10 557**	**173**	**782**	**15 898**
As of 31.12.2005					
Acquisition cost	6 165	29 116	429	1 033	**36 743**
Accumulated depreciation and impairment losses	-1 604	-17 535	-270	0	**-19 409**
As of 31.12.2006					
Acquisition cost	6 278	31 031	514	782	**38 605**
Accumulated depreciation and impairment losses	-1 892	-20 474	-341	0	**-22 707**

As of 31.12.2006, acquisition cost of fully depreciated property, plant and equipment amounts to 11568 (2005: 8 408) thousand euros.

As of 31.12.2006 additional investments needed for the completing unfinished projects (incl. uninstalled equipment) amount to 315 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	67	**67**
Amortisation charge	-1 680	-478	**-2 158**
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**
Additions		230	**230**
Amortisation charge	-1 680	-307	**-1 987**
Net book value as of 30.09.2006	**14 002**	**375**	**14 377**
Additions	0	119	**119**
Amortisation charge	-560	-118	**-678**
Net book value as of 31.12.2006	**13 442**	**376**	**13 818**
As of 31.12.2005			
Acquisition cost	22 402	7 900	**30 302**
Accumulated amortisation and impairment losses	-6 720	-7 448	**-14 168**
As of 31.12.2006			
Acquisition cost	22 402	6 551	**28 953**
Accumulated amortisation and impairment losses	-8 960	-6 175	**-15 135**

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	-107	-31	-138
Net book value as of 30.09.2005	**1 038**	**37**	**1 075**
Amortisation charge	**-36**	**-9**	**-44**
Net book value as of 31.12.2005	**1 002**	**29**	**1 031**
Additions	0	15	**15**
Amortisation charge	-107	-20	**-127**
Net book value as of 30.09.2006	**895**	**24**	**919**
Additions	0	8	**8**
Amortisation charge	-36	-8	**-43**
Net book value as of 31.12.2006	**859**	**24**	**883**

As of 31.12.2005			
Acquisition cost	1 432	505	**1 937**
Accumulated amortisation and impairment losses	-430	-476	**-906**
As of 31.12.2006			
Acquisition cost	1 432	419	**1 850**
Accumulated amortisation and impairment losses	-573	-395	**-967**

6. Share capital

	Thousands of kroons		Thousands of euros	
	31.12.2006	31.12.2005	**31.12.2006**	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 2005 were 66.0 million kroons (4.2 million euros) or 5 (0.32 euro) kroons per share. The Management Board proposes also 66.0 million kroons (4.2 million euros) paid out for 2006.

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

Shareholders of AS Norma with participation over 5%, as of 31.12.2006:

Autoliv Ab	51,0%
Skandinaviska Enskilda Banken Ab kliendid	7,5%
ING LUXEMBOURG S.A.	7,4%
Hansa Ida-Euroopa Aktsiafond	5,6%

	Thousands of kroons		Thousands of euros	
Earnings per share	**2006**	2005	**2006**	2005
Net profit for the financial year	**85 732**	83 299	**5 479**	5 324
Average number of shares (in thousands)	**13 200**	13 200	**844**	844
Earnings per share in kroons	**6,49**	6,31	**0,42**	0,40

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 2006	**Other products 2006**	**Unallocated 2006**	**Total 2006**	Safety belts 2005	Other products 2005	Unallocated 2005	Total 2005
Segment revenue	878 645	187 052		1 065 697	873 519	118 143		991 662
Incl. revenue form other segments		-18 204		-18 204		-16 087		-16 087
Revenue from third parties	**878 645**	**168 848**		**1 047 493**	873 519	102 056		975 575
Segment expenses	**-738 925**	**-145 059**	**-72 049**	**-956 033**	-748 186	-89 186	-44 879	-882 251
Segment results	**139 720**	**23 789**	**-72 049**	**91 460**	125 333	12 870	-44 879	93 324
Total assets	**327 515**	**57 795**	**612 303**	**997 613**	324 457	55 546	567 785	947 788
Financial assets (excl. receivables)	0	0	506 471	506 471	0	0	456 855	456 855
Receivables and prepaid expenses	118 193	9 614	6 841	134 648	99 912	7 307	6 578	113 797

Inventories	77 434	16 485	0	93 919	79 086	10 696	0	89 782
Property, plant and equipment	135 500	31 697	95 378	262 575	145 459	37 543	104 352	287 354
Segment liabilities	**100 525**	**19 734**	**9 802**	**130 061**	84 778	10 106	5 085	99 968
Investments in non-current assets	**29 250**	**5 769**	**3 332**	**38 351**	57 123	25 855	8 992	91 970
Depreciation and amortisation	**41 589**	**9 479**	**10 312**	**61 380**	44 777	10 032	7 931	62 740
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 2006	**Other products 2006**	**Unallocated 2006**	**Total 2006**	Safety belts 2005	Other products 2005	Unallocated 2005	Total 2005
Segment revenue	56 156	11 954		68 110	55 828	7 551		63 379
Incl. revenue form other segments		-1 163		-1 163		-1 028		-1 028
Revenue from third parties	**56 156**	**10 791**		**66 947**	55 828	6 523		62 351
Segment expenses	**-47 226**	**-9 271**	**-4 605**	**-61 102**	-47 818	-5 700	-2 868	-56 386
Segment results	**8 930**	**1 520**	**-4 605**	**5 845**	8 010	823	-2 868	5 965
Total assets	**20 932**	**3 694**	**39 133**	**63 759**	20 737	3 550	36 288	60 575
Financial assets (excl. receivables)			32 370	32 370			29 198	29 198
Receivables and prepaid expenses	7 554	614	437	8 606	6 386	467	421	7 274
Inventories	4 948	1 054		6 002	5 054	684		5 738
Property, plant and equipment	8 660	2 026	6 095	16 781	9 297	2 399	6 669	18 365
Segment liabilities	**6 425**	**1 261**	**626**	**8 312**	5 418	646	325	6 389
Investments in non-current assets	**1 869**	**369**	**213**	**2 451**	3 651	1 652	575	5 878
Depreciation and amortisation	**2 658**	**606**	**659**	**3 923**	2 862	641	507	4 010
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 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	
	2006	2005	**2006**	2005
Sweden	**594 549**	562 607	**37 999**	35 957
Russia	**335 347**	290 663	**21 433**	18 577
Germany	**46 677**	33 147	**2 983**	2 119
Estonia	**16 945**	14 933	**1 083**	954
Ukraine	**14 365**	13 369	**918**	854
Czech Republic	**11 260**	7 955	**720**	508
France	**5 545**	25 445	**354**	1 626
Finland	**6 227**	8 417	**398**	538
Great Britain	**5 194**	935	**332**	60
Poland	**4 427**	4 156	**283**	266
Belgium	**3 854**	3 761	**246**	240
Spain	**1 506**	1 278	**96**	82
Italy	**0**	6 102	**0**	390
Other countries	**1 597**	2 807	**102**	180
Total:	**1 047 493**	975 575	**66 947**	62 351

The Group's (except Norma-Osvar ZAO's) inventories and property, plant and equipments are located in Estonia. Norma-Osvar ZAO's assets in the total amount of 10 361 thousand kroons or 662 thousands euros (2005: 9 039 thousands kroons or 578 thousands euros) are located in Russian Federation, incl. property, plant and equipment in the amount of 796 thousand kroons or 51 thousands euros (2005: 407 thousands kroons or 26 thousands euros).
In the opinion of the management the pricing used in transactions between segments does not differ significantly market prices.

		Thousands of kroons		Thousands of euros	
8.	**Cost of sales**	**2006**	2005	**2006**	2005
	Raw materials	**-592 105**	-552 908	**-37 842**	-35 337
	Personnel expenses	**-141 531**	-128 160	**-9 045**	-8 191
	Depreciation and amortisation	**-56 877**	-58 168	**-3 635**	-3 718
	Utilities	**-14 960**	-14 407	**-956**	-921
	Repairs and maintenance	**-6 182**	-6 247	**-395**	-399
	Transportation	**-22 858**	-18 180	**-1 461**	-1 162
	Others	**-46 666**	-30 400	**-2 984**	-1 943
		-881 179	-808 470	**-56 318**	-51 671

		Thousands of kroons		Thousands of euros	
9.	**Transactions with related parties**	**2006**	2005	**2006**	2005
	Purchases from companies of Autoliv Group	**174 815**	271 441	**11 173**	17 348
	incl. Autoliv AB	**852**	600	**54**	38
	Sales to companies of Autoliv Group	**646 281**	593 393	**41 305**	37 925
	incl. Autoliv AB	**0**	0	0	0

	31.12.2006	31.12.2005	**31.12.2006**	31.12.2005
Receivables from companies of Autoliv Group	**57 284**	47 960	**3 661**	3 065
incl. Autoliv AB	**0**	0	**0**	0
Payables to companies of Autoliv Group	**15 767**	12 308	**1 008**	787
incl. Autoliv AB	**16**	267	**1**	17
Short-term deposits in treasury of Autoliv Group	**388 036**	280 475	**24 800**	17 926

10. Balance sheet of AS Norma (the Parent)

	Thousands of kroons		Thousands of euros	
Assets	**31.12.2006**	31.12.2005	**31.12.2006**	31.12.2005
Current assets				
Cash in hand and deposits	**88 853**	182 275	**5 679**	11 650
Short-term investments	**415 553**	260 803	**26 559**	16 668
Receivables	**138 991**	116 498	**8 883**	7 446
Prepaid expenses	**773**	882	**49**	56
Inventories	**85 604**	80 247	**5 471**	5 129
Total current assets	**729 774**	640 705	**46 641**	40 949
Non-current assets				
Long-term investments	**12 116**	23 069	**774**	1 474
Long-term receivables	**378**	455	**24**	29
Property, plant and equipment	**235 076**	256 302	**15 024**	16 381
Intangible assets	**13 589**	15 932	**869**	1 018
Total non-current assets	**261 159**	295 758	**16 691**	18 902
Total assets	**990 933**	936 463	**63 332**	59 851
Liabilities and equity				
Liabilities				
Current liabilities				
Payables	**131 019**	93 957	**8 374**	6 005
Deferred income	**546**	950	**35**	61
Provisions	**0**	2 094	**0**	134
Total current liabilities	**131 565**	97 001	**8 409**	6 200
Total liabilities	**131 565**	97 001	**8 409**	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	**714 168**	694 262	**45 643**	44 371
Total equity	**859 368**	839 462	**54 923**	53 651
Total liabilities and equity	**990 933**	936 463	**63 332**	59 851

11. Income statement of AS Norma (the Parent)

	Thousands of kroons		Thousands of euros	
	2006	2005	**2006**	2005
Revenue	**1 030 392**	954 982	**65 854**	61 035
Cost of sales	**-869 962**	-796 535	**-55 601**	-50 908
Gross profit	**160 430**	158 447	**10 253**	10 127
Marketing and distribution costs	**-16 820**	-13 440	**-1 075**	-859
Research and development expenses	**-34 971**	-38 875	**-2 235**	-2 485
General administrative expenses	**-21 961**	-18 247	**-1 403**	-1 166
Other operating income	**7 963**	8 144	**509**	521
Other operating expenses	**-2 907**	-5 063	**-186**	-324
Operating profit	**91 734**	90 966	**5 863**	5 814
Financial items	**13 886**	10 677	**887**	682
Profit before taxes	**105 620**	101 643	**6 750**	6 496
Income tax expense	**-19 715**	-20 842	**-1 260**	-1 332
Net profit	**85 905**	80 801	**5 490**	5 164

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 for the financial year	-	-	80 801	80 801
31.12.2005	**132 000**	**13 200**	**694 262**	**839 462**
31.12.2005	**132 000**	**13 200**	**694 262**	**839 462**
Dividends	-	-	-66 000	-66 000
Net profit for the financial year	-	-	85 905	85 905
31.12.2006	**132 000**	**13 200**	**714 168**	**859 368**

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 for the financial year	-	-	5 164	5 164
31.12.2005	**8 436**	**844**	**44 371**	**53 651**
31.12.2005	**8 436**	**844**	**44 371**	**53 651**
Dividends	-	-	-4 218	-4 218
Net profit for the financial year	-	-	5 490	5 490
31.12.2006	**8 436**	**844**	**45 643**	**54 923**

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 Q4 Y2006 Interim Report

Q4 Y2006 Interim Report of AS Norma which is approved by the Management Board, signed on February 26, 2007:

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