AS Norma

Interim report for the period Q1 Y2007

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Beginning and end of the reporting period	01.01.2007 - 31.03.2007

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MANAGEMENT REPORT

Field of activity

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

Developments in the operating environment

In the Russian market, one of the most important for AS Norma, 440 th. passanger cars were sold in Q1 2007. 68% (Q1 2006: 49%) of which were foreign cars. Forecast for full year 2007 is 2 million passanger cars.

Over same period, 289 thousand passanger cars were produced in Russia, 14% more than at the same period a year before. Production of foreign car manufacturers in Russia grew by 98% up to 95,5 th. cars (biggest manufacturers Ford, Avtotor, Avtoframos, GM-AVTOVAZ), market share of which increased from 19% to 33%.

The biggest client of AS Norma - AVTOVAZ produced 0,1% more (171 th. cars) in Q1 2007 compared to the Q1 2006. GAZ increased production 6,5% up to 43 th. vehicles. ZAZ assembled 56,4 th. cars in Ukraina.

AS Norma participates in the global car market mainly in co-operation with its parent company Autoliv AB.

The biggest end-customer for seatbelt sales is Volvo Car Corporation; smaller deliveries are also made to Saab Automobile, Volvo Group (Volvo Trucks, Volvo Buses) and other makers. In Q1 2007 AS Norma delivered to this market 706 thousand safety belts.

Seasonal nature of the business

Swedish car manufacturers are on a collective vacation in December (between Christmas and New Year). The tradition of low sales period on the Russian car market in January is further enhanced by the establishment of long New Year's holidays in 2006.

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 continued to develop the car safety system for AVTOVAZ's next development project Lada Priora, upgrade of currently produced Lada 2110 to Lada 2170, which is supposed to reach production lines in 2008.

Production

In January - March 2007 the Group continued to implement new generation products to the new Volvo platforms. The growth of safety belts production volumes for the Russian market, which started already in the second half of 2006, did not descend and the work was intensive in the component divisions as well as in the assembly unit.

Quality insurance

In Q1 2007 AS Norma met main quality objectives as follows:
1) the number of products returned by customers (ppm) - 10
2) average on-time-delivery – 97.5%.

Investments made in the financial year

In Q1 2007, the Group invested 21.5 million kroons (1.4 million euros) in the implementation of new technologies, expansion of production capacities, enhancement of the efficiency of the production processes and modernisation of the working environment.

The Group's investments were as follows:

Metal processing equipment	16.6 million kroons (1.1 million euros)
Assembly lines	2.2 million kroons (0.1 million euros)
Injection molding machines	1.6 million kroons (0.1 million euros)
Other investments	1.1 million kroons (0.1 million euros)

Financial highlights of the Group

Economic activities	**Q1 2007 mil. EEK***	Q1 2006 mil. EEK*	Q1 2005 mil. EEK*	**Q1 2007 mil. euros***	Q1 2006 mil. euros*	Q1 2005 mil. euros*
Revenue	**283.1**	262.4	240.2	**18.1**	16.8	15.4
Change to previous year %	**7.9**	9.2				
Gross profit	**39.3**	41.8	39.6	**2.5**	2.7	2.5
Change to previous year %	**-6.2**	5.8				
Gross profit margin[1]	**13.9**	15.9	16.5			
Operating profit	**22.0**	20.9	25.9	**1.4**	1.3	1.7
Change to previous year %	**5.0**	-19.1				
Operating profit margin[2]	**7.8**	8.0	10.8			
EBITDA (profit before financial items, taxes; depreciation and amortisation added)	**37.2**	36.1	40.8	**2.4**	2.3	2.6
Change to previous year %	**3.1**	-11.4				
Profit before taxes	**26.6**	23.8	28.6	**1.7**	1.5	1.8
Change to previous year %	**11.5**	-16.6				
Pre-tax profit margin[3]	**9.4**	9.1	11.9			
Net profit	**26.6**	23.8	28.6	**1.7**	1.5	1.8
Change to previous year %	**11.6**	-16.7				
Net profit margin[4]	**9.4**	9.1	11.9			
Working capital[5]	**551.7**	500.3	366.0	**35.3**	32.0	23.4
Change to previous year %	**7.4**	36.7				
Average number of employees	**960**	906	889			
Change to previous year %	**6.0**	1.9				

Share and dividend related figures

Number of shares (millions)	**13.2**	13.2	13.2			
Earnings per share[6]	**2.0**	1.8	2.2	**0.1**	0.1	0.1
Change to previous year %	**11.7**	-17.1				
Equity per share[7]	**67.7**	66.0	64.2	**4.3**	4.2	4.1
Change to previous year %	**2.6**	2. 8				

* unit not valid for margins, variation %, average number of employees and number of shares

[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

[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

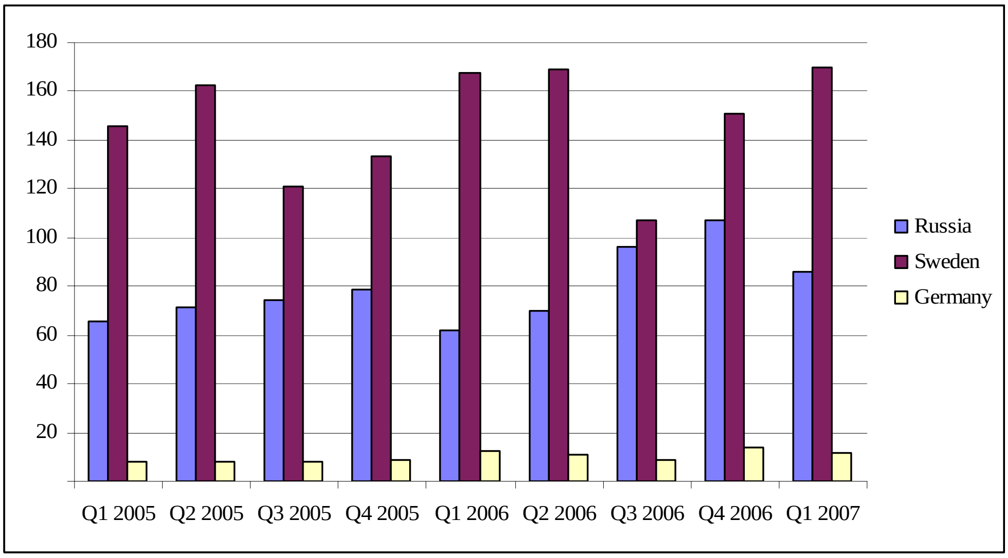
[7] Equity per share – total equity / number of shares

Sales

The revenue of the Group amounted to 283.1 million kroons (18.1 mil. euros) in Q1 2007. This constitutes a 7.9% increase, compared to Q1 2006. Seatbelts made up 86.3% (in Q1 2006: 81.2%) of revenue. The most important other products and services included sales of seatbelt components to other Autoliv group companies, sales of dies and molds, and provision of safety system-related engineering services.

In Q1 2007, AS Norma exported 98.8% (in Q1 2006: 98.3%) of its products - 61% (in Q1 2006: 65%) to Sweden, 31% (in Q1 2006: 24%) to Russia and 4% (in Q1 2006: 5%) to Germany. Russian sales increased by 38% compared to the same period last year, primarily due to increased orders from AVTOVAZ and GAZ.

Major export markets 2005-2007 (million kroons)



Sales to various sub-units of the parent company Autoliv increased by 1.1%, compared to Q1 2006, amounting to 181.3 (in Q1 2006: 179.4) million kroons, i.e.11.6 (in Q1 2006: 11,5) million euros. Seatbelt sales made up 82% (in Q1 2006: 81%) of the sales to Autoliv, and sales of seatbelt components the remaining 18% (in Q1 2006:19%).

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 increased by 30%, compared to the same period in 2006.

Expenses

Cost of goods sold increased by 11% in first 3 months of 2007, which constitutes 86% of revenue (in Q1 2006: 84%). Cost of raw material increased by 11% to 16.9 mil. kroons (1 million euros), which constitutes 60% (Q1 2006 : 58%) of revenue. The increase of zinc and chromium prices this year grew the expenses on raw materials. At the same time, local manufacturing of the most important components of seatbelts - retractors - reduced expenses on the components procured for local assembly of seatbelts for Autoliv. Retractor assembly increased by 6% in Q1 2007, compared to the same period last year.

Personnel expenses in production amounted to 44.5 million kroons (2.6 million euros) in Q1 2007, having grown by 19%, compared to the Q1 2006. Personnel expenses in production made up 14% of revenue in Q1 2007 (in Q1 2006: 13%).

At the end of the period, there was 976 employees in Group, which was 90 persons more than a year before and 29 more compared to the beginning of this year. The company employed a monthly average of 960 people - 54 employees (6%) more than in the previous year.

Expenses on transport of materials and goods made up 2.3% of revenue, compared to 2.1 % in Q1 2006, a growth 17%.

Sales and administration costs increased in Q1 2007 respectively 53% and 22%, amounting to 1.9% and 2.6% (in Q1 2006 resp.: 1.3% and 2,3%) of revenue, at the same time the research and development costs decreased 47%, amounting to 2.2% (Q1 2006: 4,4%) of revenue.

Profit and profitability

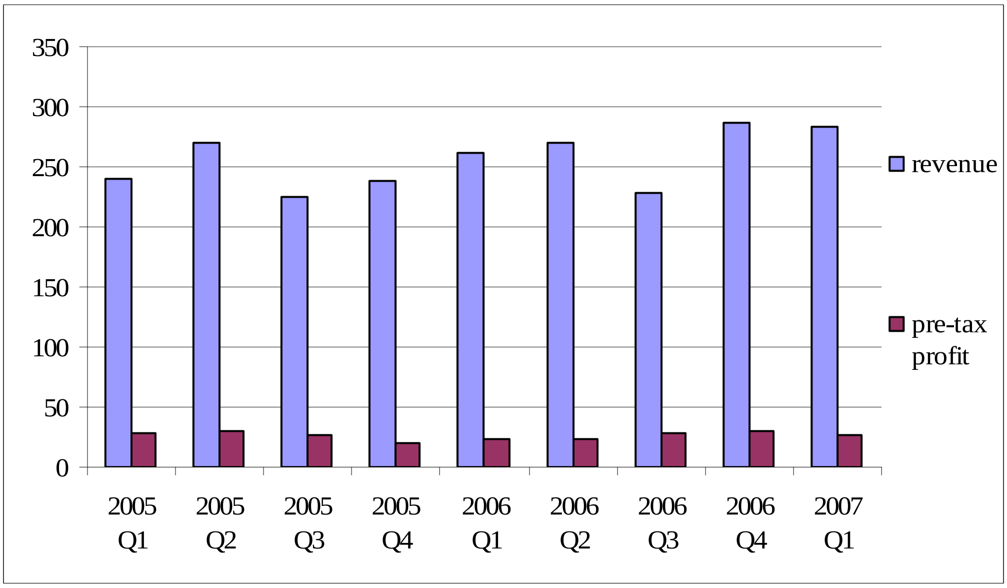
The Group's gross profit for Q1 2007 was 39.3 (in Q1 2006: 41.8) million kroons or 2.5 (in Q1 2006: 2.7) million euros - i.e. 14% (in Q1 2006: 16%) of revenue. The 6% drop in gross profit was caused by 11% increase of sold production expenses.

The net profit for Q1 2007 increased 1.0 million kroons (0,07 million euros), amounting to 22.0 million kroons (1.4 million euros) i.e.8% (Q 2006: 8%) of revenue.

Profit before taxes increased 11% (i.e. by 2.7 million kroons or 0.2 million euros) to 26.6 million kroons (1.7 million euros) or 9% (in Q1 2006: 9%) of revenue. Financial income increased by 58% up to 4.6 million kroons (0.3 million euros).

The net profit for Q1 2007 amounted to 26.6 (in Q1 2006: 23.8) million kroons (1.7 and 1.5 million euros resp.). Net profit has increased by 12%, compared to the same period in 2006.

The Group's revenue and pre-tax profit quarterly dynamics: 2005-2007 (million kroons)



Cash flows and capital appropriation

The Group's cash flow from operating activities amounted to 30.8 (in Q1 2006: 24.9) million kroons (2.0 and 1.6 million euros resp.). The 5.9 million-kroon increase (0.4 million euros) was, above all, due to the increase in current liabilities. The company's investments in property, plant and equipment, and intangible assets were higher by 12.6 million kroons (0.8 million euros), compared to the Q1 2006, while the balance of financial investments increased by 28.1 million kroons (1.8 million euros). Total cash flow from investments amounted to -47.8 (in Q1 2006: -127.5) million kroons (resp. -3.0 and - 8.2 million euros).

As at the end of March 2007, cash and liquid securities made up 50% (31.12.2006: 51%) of the balance of assets. As of 31 March 2007, the Group working capital (short-term investments, receivables, prepayments, inventories less current liabilities) amounted to 551.7 (31.12.2006: 513.7) million kroons (35.3 and 32.8 million euros resp.), and the working capital appropriated for main activities (receivables, prepayments, inventories less current liabilities) to 108.0 (31.12.2006: 98.1) million kroons (6.9 and 6.3 million euros resp.).

AS Norma kept a traditionally conservative profile upon managing liquidity and making financial investments in 1Q 2007. 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% of the assets, having increased by 5.5 million kroons (0.4 million euros), at the expense of increase in PPE.

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

The owner's equity of the Group increased by 26.6 million kroons (1.7 million euros), amounting to 894.1 million kroons (57.1 million euros) by the end of the period. Owner's equity made up 86% (31.12.2006: 87%) of the balance sheet. At the end of the March, available equity amounted to 748.9 (31.12.2006: 722.4) million kroons (47.9 an 46.2 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.

On May 15, 2007, 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 2007, as it has been done four last years.

Both diluted EPS and basic EPS was 2.0 (in Q1 2006: 1.8) kroons (0.1 euros).

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

Stock statistics for 2007 (in euros).at the Tallinn Stock Exchange

List of AS Norma shareholders holding over 5% of the shares (as of 31.03.2007):

Autoliv Ab	51.0%
Skandinaviska Enskilda Banken Ab clients	7.5%
ING LUXEMBOURG S.A.	7.4%
HANSA IDA-EUROOPA AKTSIAFOND	5.6%

As of 31.03.2007, the members of the Supervisory Board of AS Norma, and people close to them, held no shares in AS Norma. Member of the Management Board Garri Krieger (owner of 205 shares) is the only person among the members of the Management Board of AS Norma, and persons close to them, who holds any shares in AS Norma. No stock options have been issued to the members of the Supervisory Board and Management Board of the company.

Financial risks

Currency risks

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

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

Interest risks

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

Financial market credit risk

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

Consolidation group structure

In Q1 2007, AS Norma Group included AS Norma and two subsidiaries fully owned by AS Norma.

The Parent is involved in the manufacturing and sales of car safety seatbelts and their components, as well as provision of engineering services related to the development and adaptation of car safety systems and seatbelt components. In Q1 2007, the parent company's turnover amounted to 281.5 (in Q1 2006: 255.0) million kroons (18.0 and 16.3 million euros resp.), net profit to 27.3 (in Q1 2006: 23.0) million kroons (1.7 and 1.5 million euros resp.), and owner's equity to 886.7 (31.12.2006: 862.4) million kroons (56.7 and 55.1 million euros resp.).

The subsidiary AS Tööriistavabrik is involved in tool (i.e. dies and plastic molds) design, manufacturing and repair. On February 20, 2007 the Supervisory Board of AS Norma made the resolution to merge the AS Tööriistavabrik with AS Norma. The goal is to increase the efficiency and to reduce the administration expenses within Norma Group. Starting from March 1, 2007 the employees of AS Tööriistavabrik, under the agreement with the employer, begun to work at Parent company - AS Norma.

In Q1 2007, the company's revenue amounted to 4.2 (in Q1 2006: 12.0) million kroons (0.3 and 0.8 million euros resp.), net profit to -0.3 (in Q1 2006: 1.3) million kroons (-0.02 and 0.1 million euros resp.) and owner's equity to 20.8 (in Q1 2006: 21.9) million kroons (1.3 and 1.4 million euros resp.). Sales to external customers amounted to 1.6 (in Q1 2006: 8.3) million kroons (0.1 and 0.5 million euros resp.), sales to Parent 3.0 (in Q1 2006: 3.7) million kroons (0.2 million euros) and purchase of services from the Parent to 0.9 (in Q1 2006: 0.8) million kroons (0.1 million euros) as a year before.

The Russian-based subsidiary Norma-Osvar ZAO is involved in the sale and storage of AS Norma's products, organisation of the related customs procedures and, if necessary, representation of AS Norma in Russia. In Q1 2007, the revenue of Norma-Osvar ZAO amounted to 3.6 (in Q1 2006: 3.1) million kroons (0.2 and 0.2 million euros resp.), loss to

346.7 (in Q1 2006: 18.5) thousand kroons (22.2 and 1.2 thousand euros resp.) and owner's equity to 0.1 (in Q1 2006: 0.9) million kroons (0.1 million euros). All revenues came from external customers and the goods sold by the subsidiary were supplied by the Parent.

Management structure

The highest management authority of AS Norma, as the legal person, is the general shareholders' meeting, which appoints the members of the Supervisory Board. The Supervisory Board of AS Norma has 6 members, with 3 representatives of the majority shareholder Autoliv AB. On March 1, 2007 the Chairman of Supervisory Board and Vice President Legal Affairs of Autoliv, Mr Jörgen Svensson, passed away and the Supervisory Board proceeded with 5 members: Rolf Henke, Senior Vice President SB Division, Europe, and Leif Berntsson, Senior Vice President AB Division, Europe, 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 General meeting of the shareholders of AS Norma decided to recall the Supervisory Board member Rolf Henke and elect, related to sudden death of Supervisory Board member Jörgen Svensson - Pär Malmhagen and Magnus Lindquist as the new Supervisory Board members of AS Norma for a term commencing May 15, 2007.

On May 15, 2007, the Supervisory Board of AS Norma decided to elect Magnus Lindquist - Chairman.

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 Carlson, 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 Q1 Y2007 interim statements:

1) the accounting principles used in preparing the consolidated financial statements are in compliance with International Financial Reporting Standards as adopted by EU;
1) the interim financial statements give a true and fair view of the financial position and the results of operations of AS Norma parent company and the group;
2) AS Norma and its group companies are going concerns.

Peep Siimon

Chairman of the Management Board

Ivar Aas

Member of the Management Board

Ülle Jõgi

Member of the Management Board

Garri Krieger

Member of the Management Board

Kaido Salurand

Member of the Management Board

Stig Carlson

Member of the Management Board

Tallinn, 31. May 2007

Consolidated balance sheet
Unaudited

	Thousands of kroons		Thousands of euros		
A s s e t s					
	31.03.2007	31.12.2006	**31.03.2007**	31.12.2006	Note
Current assets					
Cash in hand and deposits	**73 903**	90 918	**4 723**	5 811	1
Short-term financial investments	**443 716**	415 553	**28 359**	26 559	2
Receivables	**152 441**	133 028	**9 743**	8 502	
Prepaid expenses	**1 786**	1 242	**114**	79	
Inventories	**99 865**	93 919	**6 383**	6 002	3
Total current assets	**771 711**	734 660	**49 322**	46 953	
Non-current assets					
Long-term receivables	**384**	378	**25**	25	
Property, plant and equipment	**254 609**	248 757	**16 272**	15 898	4, 7
Intangible assets	**13 492**	13 818	**862**	883	5, 7
Total non-current assets	**268 485**	262 953	**17 159**	16 806	
Total assets	**1 040 196**	997 613	**66 481**	63 759	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	**144 813**	128 923	**9 256**	8 239	
Deferred income	**1 256**	1 138	**80**	73	
Total current liabilities	**146 069**	130 061	**9 336**	8 312	7
Total liabilities	**146 069**	130 061	**9 336**	8 312	
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**	636 620	**46 167**	40 687	
Net profit	**26 575**	85 732	**1 698**	5 479	
Total owners´ equity	**894 127**	867 552	**57 145**	55 447	
Total liabilities and owners´ equity	**1 040 196**	997 613	**66 481**	63 759	

Consolidated income statement

Unaudited

	Thousands of kroons		Thousands of euros		
	01.01.07-31.03.07	01.01.06-31.03.06	**01.01.07-31.03.07**	01.01.06-31.03.06	Note
Revenue	**283 139**	262 350	**18 096**	16 767	7
Cost of goods sold	**-243 872**	-220 507	**-15 586**	-14 093	8
Gross profit	**39 267**	41 843	**2 510**	2 674	
Marketing and distribution costs	**-5 326**	-3 479	**-340**	-222	
Research and development expenses	**-6 145**	-11 562	**-393**	-739	
General administrative expenses	**-7 498**	-6 159	**-479**	-394	
Other operating income	**1 821**	731	**116**	47	
Other opetating expenses	**-136**	-438	**-9**	-28	
Operating profit	**21 983**	20 936	**1 405**	1 338	7
Financial items	**4 592**	2 903	**293**	185	
Profit before taxes	**26 575**	23 839	**1 698**	1 523	
Income tax expense	**0**	-33	**0**	-2	
Net profit	**26 575**	23 806	**1 698**	1 521	6
Basic and diluted earnings per share (in kroons)	**2,01**	1,80	**0,13**	0,12	6

Consolidated Statement of Changes in Equity

Unaudited

Thousands of kroons

	Share capital (par value)	Statutory Reserve	Retained earnings	Total equity
31.12.2005	132 000	13 200	702 620	847 820
Net profit			23 806	23 806
31.03.2006	**132 000**	**13 200**	**726 426**	**871 626**
Dividends			-66 000	-66 000
Net profit			61 926	61 926
31.12.2006	132 000	13 200	722 352	867 552
Net profit			26 575	26 575
31.03.2007	**132 000**	**13 200**	**748 927**	**894 127**

Thousands of euros

	Share capital (par value)	Statutory Reserve	Retained earnings	Total equity
31.12.2005	8 436	844	44 906	54 186
Net profit			1 521	1 521
31.03.2006	**8 436**	**844**	**46 427**	**55 707**
Dividends			-4 218	-4 218
Net profit			3 958	3 958
31.12.2006	8 436	844	46 167	55 447
Net profit			1 698	1 698
31.03.2007	**8 436**	**844**	**47 865**	**57 145**

Consolidated Cash Flow Statement

Unaudited

	Thousands of kroons		Thousands of euros		Note
Cash flows from operating activities	**1Q 2007**	1Q 2006	**1Q 2007**	1Q 2006	
Operating profit	**21 983**	20 936	**1 405**	1 338	
Adjustments of operating profit					
Gain from disposals of property, plant and equipment	**0**	-1	**0**	0	
Depreciation and amortisation	**15 260**	15 195	**975**	971	4, 5, 7
Changes in assets related to operating activities, incl.:					
Short-term receivables and prepaid expenses, except loans and interests	**-16 499**	-21 982	**-1 054**	-1 405	
Inventories	**-5 946**	-1 820	**-380**	-116	3
Changes in liabilities, incl.:			0	0	
Payables	**15 890**	16 681	**1 015**	1 066	
Deferred income	**118**	-1 987	**8**	-127	
Provision	**0**	-2 055	**0**	-131	
Income tax paid		-33		-2	
Total cash flows from operating activities	**30 806**	24 934	**1 969**	1 594	
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment	**750**	1 735	**48**	111	
Acquisition of property, plant and equipment and intangible assets	**-21 536**	-8 956	**-1 376**	-572	4, 5, 7
Loans granted	**-18**	-18	**-1**	-1	
Loan repayments received	**18**	23	**1**	1	
Acquisition of short-term financial investments	**-86 056**	-123 362	**-5 500**	-7 884	
Proceeds from disposals of short-term financial investments	**57 893**	2 063	**3 700**	132	
Interest received	**1 199**	1 001	**76**	64	
Total cash flows from investing activities:	**-47 750**	-127 514	**-3 052**	-8 150	
Net cash flows	**-16 944**	-102 580	**-1 083**	-6 556	
Changes in cash and cash equivalents					
Balance at the beginning of the year	**90 918**	183 029	**5 811**	11 698	
Increase/decrease of cash and cash equivalents	**-16 944**	-102 580	**-1 083**	-6 556	
Foreign exchange effect	**-71**	49	**-5**	3	
Cash and cash equivalents at the end of the year, incl.:	**73 903**	80 498	**4 723**	5 145	
Cash in hand and deposits with maturity up to 3 months	**31 726**	56 445	**2 028**	3 607	
Shares of interest fund	**42 177**	24 053	**2 696**	1 537	

Accounting Policies and Estimates

The consolidated financial statements of the Group 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 consolidated 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 consolidated 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 arising from impairment in value.

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

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

Inventories

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

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

Property, Plant and Equipment

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

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

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

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

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

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

- Buildings 8 - 20 years
- Machinery and equipment 4 - 11 years
- IT equipment 3 - 7 years
- Other items 5 - 7 years

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

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

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

Non-current assets held for sale are valued at the lower of net carrying amount and fair value less costs to sell. Non-current assets held for sale 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 company 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.

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

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

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

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

Segment Reporting

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

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

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

Significant accounting judgements and estimates

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

Notes to the Consolidated Financial Statements Unaudited

		Thousands of kroons		Thousands of euros	
1.	**Cash and cash equivalents**	**31.03.2007**	31.12.2006	**31.03.2007**	31.12.2006
	Cash in hand and current deposits in banks	**1 892**	3 000	**121**	192
	Short-term time deposits with maturity up to 3 months	**29 834**	26 120	**1 906**	1 669
	Interest fund shares of Hansapank	**42 177**	61 798	**2 696**	3 950
		73 903	90 918	**4 723**	5 811

		Thousands of kroons		Thousands of euros	
2.	**Short-term financial investments**	**31.03.2007**	31.12.2006	**31.03.2007**	31.12.2006
	Short-term time deposits with maturity more than 3 months	**443 716**	404 600	**28 359**	25 859
	Bonds	**0**	10 953	**0**	700
		443 716	415 553	**28 359**	26 559

		Thousands of kroons		Thousands of euros	
3.	**Inventories**	**31.03.2007**	31.12.2006	**31.03.2007**	31.12.2006
	Raw materials	**55 750**	63 296	**3 563**	4 045
	Work in progress	**21 607**	18 237	**1 381**	1 165
	Finished goods	**22 212**	12 249	**1 420**	783
	Prepayments for goods	**296**	137	**19**	9
		99 865	93 919	**6 383**	6 002

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 31.12.2005	**71 377**	**181 194**	**2 492**	**16 157**	**271 220**
Additions	425	4 163	817	3 551	**8 956**
Disposals	0	0	0	-1 734	**-1 734**
Reclassifications	0	11 023	0	-11 023	**0**
Depreciation charge	-1 121	-13 124	-286	0	**-14 531**
Net book value as of 31.03.2006	**70 681**	**183 256**	**3 023**	**6 951**	**263 911**
Additions	1 343	16 764	510	10 428	29 045
Disposals	0	-16	0	0	**-16**
Reclassifications	0	5 134	0	-5 134	**0**
Depreciation charge	-3 393	-39 961	-829	0	**-44 183**
Net book value as of 31.12.2006	**68 631**	**165 177**	**2 704**	**12 245**	**248 757**
Additions	0	13 548	0	7 693	**21 241**
Disposals	0	-750	0	0	**-750**
Reclassifications	0	6 574	0	-6 574	**0**
Depreciation charge	-1 144	-13 261	-234	0	**-14 639**
Net book value as of 31.03.2007	**67 487**	**171 288**	**2 470**	**13 364**	**254 609**

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

As of 31.03.2007					
Acquisition cost	98 237	500 154	8 042	13 364	**619 797**
Accumulated depreciation and impairment losses	-30 750	-328 866	-5 572	0	**-365 188**

As of 31.03.2007, acquisition cost of fully depreciated property, plant and equipment amounts to 183 374 (31.03.2006: 150 498) thousand kroons.

As of 31.03.2007 additional investments needed for the completing unfinished projects (incl. uninstalled equipment) amount to 10 012 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 31.12.2005	**4 562**	**11 580**	**159**	**1 033**	**17 334**
Additions	27	266	52	227	**572**
Disposals	0	0	0	-111	**-111**
Reclassifications	0	704	0	-704	**0**
Depreciation charge	-72	-839	-18	0	**-929**
Net book value as of 31.03.2006	**4 517**	**11 712**	**193**	**445**	**16 867**
Additions	86	1 071	33	666	**1 856**
Disposals	0	-1	0	0	**-1**
Reclassifications	0	328	0	-328	**0**
Depreciation charge	-217	-2 554	-53	0	**-2 824**
Net book value as of 31.12.2006	**4 386**	**10 557**	**173**	**783**	**15 898**
Additions	0	866	0	492	**1 358**
Disposals	0	-48	0	0	**-48**
Reclassifications	0	420	0	-420	**0**
Depreciation charge	-73	-848	-15	0	**-936**
Net book value as of 31.03.2007	**4 313**	**10 947**	**158**	**854**	**16 272**

As of 31.03.2006					
Acquisition cost	6 193	30 020	481	445	**37 139**
Accumulated depreciation and impairment losses	-1 675	-18 308	-288	0	**20 271**
As of 31.03.2007					
Acquisition cost	6 278	31 966	514	854	**39 612**
Accumulated depreciation and impairment losses	-1 965	-21 019	-356	0	**-23 340**

As of 31.03.2007, acquisition cost of fully depreciated property, plant and equipment amounts to 11 720 (31.03.2006 : 9 619) thousand euros.

As of 31.03.2007 additional investments needed for the completing unfinished projects (incl. uninstalled equipment) amount to 640 thousand euros.

5. Intangible assets (thousands of kroons)

	Product and technology licences	Software licences	TOTAL
Net book value as of 31.12.2005	**15 682**	**452**	**16 134**
Amortisation charge	-560	-104	**-664**
Net book value as of 31.03.2006	**15 122**	**348**	**15 470**
Additions	0	349	**349**
Amortisation charge	-1 680	-321	**-2 001**
Net book value as of 31.12.2006	**13 442**	**376**	**13 818**
Additions	0	295	**295**
Amortisation charge	-560	-61	**-621**
Net book value as of 31.03.2007	**12 882**	**610**	**13 492**
As of 31.03.2006			
Acquisition cost	22 402	7 900	**30 302**
Accumulated amortisation and impairment losses	-7 280	-7 552	**-14 832**
As of 31.03.2007			
Acquisition cost	22 402	6 627	**29 029**
Accumulated amortisation and impairment losses	-9 520	-6 017	**-15 537**

Intangible assets (thousands of euros)

	Product and technology licences	Software licences	TOTAL
Net book value as of 31.12.2005	**1 002**	**29**	**1 031**
Amortisation charge	-36	-6	**-42**
Net book value as of 31.03.2006	**966**	**23**	**989**
Additions	0	22	**22**
Amortisation charge	-107	-21	**-128**
Net book value as of 31.12.2006	**859**	**24**	**883**
Additions	0	19	**19**
Amortisation charge	**-36**	**-4**	**-40**
Net book value as of 31.03.2007	**823**	**39**	**862**
As of 31.03.2006			
Acquisition cost	1 432	505	**1 937**
Accumulated amortisation and impairment losses	-466	-482	**-948**
As of 31.03.2007			
Acquisition cost	1 432	424	**1 855**
Accumulated amortisation and impairment losses	-609	-385	**-993**

6. Share capital

	Thousands of kroons		Thousands of euros	
	31.03.2007	31.12.2006	**31.03.2007**	31.12.2006
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 kroons (0.32 euro) 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 31.03.2007:

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	**31.03.2007**	31.03.2006	**31.03.2007**	31.03.2006
Net profit for the financial year	**26 575**	23 806	**1 698**	1 521
Average number of shares (in thousands)	**13 200**	13 200	**13 200**	13 200
Earnings per share in kroons	**2.01**	1.80	**0.13**	0.12

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

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

	Safety belts Q1 2007	**Other products Q1 2007**	**Unallocated Q1 2007**	**Total Q1 2007**	Safety belts Q1 2006	Other products Q1 2006	Unallocated Q1 2006	Total Q1 2006
Segment revenue	246 529	39 254		285 783	213 146	57 466		270 612
Incl. revenue form other segments		-2 644		-2 644		-8 262		-8 262
Revenue from third parties	**246 529**	**36 610**		**283 139**	**213 146**	**49 204**		**262 350**
Segment expenses	**-208 120**	**-33 594**	**-19 443**	**-261 156**	-182 109	-42 598	-16 707	-241 414
Segment results	**38 409**	**3 017**	**-19 443**	**21 983**	**31 037**	**6 606**	**-16 707**	**20 936**
Total assets	**356 504**	**56 291**	**627 401**	**1 040 196**	**332 603**	**66 895**	**584 734**	**984 232**
Financial assets (excl. receivables)			519 789	519 789			479 122	479 122
Receivables and prepaid expenses	129 036	9 649	13 756	152 441	117 129	10 156	6 842	134 127
Inventories	86 148	13 717		99 865	72 150	19 452		91 602
Property, plant and equipment	141 320	32 925	93 856	268 101	143 324	37 287	98 770	279 381
Segment liabilities	**116 405**	**18 790**	**10 875**	**146 069**	**84 944**	**19 870**	**7 792**	**112 606**
Investments in non-current assets	**16 019**	**4 462**	**1 055**	**21 536**	**5 924**	**2 377**	**655**	**8 956**
Depreciation and amortisation	**7 064**	**2 031**	**6 164**	**15 260**	**9 880**	**2 527**	**2 788**	**15 195**

Segment information

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

	Safety belts Q1 2007	**Other products Q1 2007**	**Unallocated Q1 2007**	**Total Q1 2007**	Safety belts Q1 2006	Other products Q1 2006	Unallocated Q1 2006	Total Q1 2006
Segment revenue	15 756	2 509		18 265	13 623	3 673		17 295
Incl. revenue form other segments		-169		-169		-528		-528
Revenue from third parties	**15 756**	**2 340**		**18 096**	**13 623**	**3 145**		**16 767**
Segment expenses	-13 301	-2 147	-1 243	-16 691	-11 639	-2 723	-1 068	-15 429
Segment results	**2 455**	**193**	**-1 243**	**1 405**	**1 984**	**422**	**-1 068**	**1 338**
Total assets	**22 785**	**3 598**	**40 098**	**66 481**	**21 257**	**4 275**	**37 371**	**62 904**
Financial assets (excl. receivables)			33 221	33 221			30 621	30 621
Receivables and prepaid expenses	8 247	617	879	9 743	7 486	649	437	8 572
Inventories	5 506	877		6 383	4 611	1 243		5 854
Property, plant and equipment	9 032	2 104	5 998	17 134	9 160	2 383	6 313	17 856
Segment liabilities	**7 440**	**1 201**	**695**	**9 336**	**5 429**	**1 270**	**498**	**7 197**
Investments in non-current assets	**1 024**	**285**	**67**	**1 376**	**379**	**152**	**42**	**572**
Depreciation and amortisation	**451**	**130**	**394**	**975**	**631**	**162**	**178**	**971**

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

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

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

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

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

Segment result is segment revenue less segment expenses.

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

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

Secondary reporting format – Revenue by geographical markets

	Thousands of kroons		Thousands of euros	
	01.01.2007-31.03.2007	01.01.2006-31.03.2006	**01.01.2007-31.03.2007**	01.01.2006-31.03.2006
Sweden	**169 756**	167 896	**10 849**	10 730
Russia	**86 140**	62 294	**5 505**	3 981
Germany	**11 634**	12 704	**744**	812
Estonia	**3 504**	4 421	**224**	283
Ukraine	**2 368**	3 723	**151**	238
Czech Republic	**2 472**	2 115	**158**	135
Belgium	**2 426**	1 355	**155**	87
Poland	**1 463**	1 004	**94**	64
Finland	**1 292**	1 154	**83**	74
France	**1 272**	1 152	**81**	74
Spain	**306**	397	**20**	25
Great Britain	**263**	3 361	**17**	215
Other countries	**243**	774	**15**	49
Total:	**283 139**	262 350	**18 096**	16 767

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 10 293 thousand kroons or 658 thousands euros (31.03.2006: 10 051 thousands kroons or 642 thousands euros) are located in Russian Federation, incl. property, plant and equipment in the amount of 762 thousand kroons or 49 thousands euros (31.03.2006: 388 thousands kroons or 25 thousands euros).

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

8. Cost of sales	Thousands of kroons		Thousands of euros	
	01.01.2007-31.03.2007	01.01.2006-31.03.2006	**01.01.2007-31.03.2007**	01.01.2006-31.03.2006
Raw materials	**-169 802**	-152 907	**-10 852**	-9 772
Personnel expenses	**-40 466**	-34 028	**-2 586**	-2 175
Depreciation and amortisation	**-14 283**	-14 068	**-913**	-899
Utilities	**-4 956**	-4 500	**-317**	-288
Repairs and maintenance	**-1 997**	-1 527	**-128**	-97
Transportation	**-6 555**	-5 613	**-419**	-359
Others	**-5 813**	-7 864	**-371**	-503
	-243 872	-220 507	**-15 586**	-14 093

9. Transactions with related parties	Thousands of kroons		Thousands of euros	
	01.01.2007-31.03.2007	01.01.2006-31.03.2006	**01.01.2007-31.03.2007**	01.01.2006-31.03.2006
Purchases from companies of Autoliv Group	**45 632**	48 150	**2 916**	3 077
incl. Autoliv AB	**420**	135	**27**	9
Sales to companies of Autoliv Group	**181 321**	179 388	**11 588**	11 465
incl. Autoliv AB	**90**	0	**6**	0

	31.03.2007	31.03.2006	**31.03.2007**	31.03.2006
Receivables from companies of Autoliv Group	**69 561**	73 484	**4 446**	4 696
incl. Autoliv AB	**90**	0	**6**	0
Payables to companies of Autoliv Group	**21 471**	14 296	**1 372**	914
incl. Autoliv AB	**387**	46	**25**	3
Short-term deposits in treasury of Autoliv Group	**427 152**	311 768	**27 300**	19 926

10. Balance sheet of AS Norma (the Parent)

	Thousands of kroons		Thousands of euros	
A s s e t s	**31.03.2007**	31.12.2006	**31.03.2007**	31.12.2006
Current assets				
Cash in hand and deposits	**72 525**	88 853	**4 635**	5 679
Short-term investments	**443 716**	415 553	**28 359**	26 559
Receivables	**160 687**	138 991	**10 269**	8 883
Prepaid expenses	**1 297**	773	**83**	49
Inventories	**97 665**	85 604	**6 242**	5 471
Total current assets	**775 890**	729 774	**49 588**	46 641
Non-current assets				
Long-term investments	**12 116**	12 116	**774**	774
Long-term receivables	**384**	378	**25**	24
Property, plant and equipment	**239 472**	235 076	**15 305**	15 024
Intangible assets	**13 300**	13 589	**850**	869
Total non-current assets	**265 272**	261 159	**16 954**	16 691
Total assets	**1 041 162**	990 933	**66 542**	63 332

L i a b i l i t i e s a n d e q u i t y				
Liabilities				
Current liabilities				
Payables	**153 950**	131 019	**9 839**	8 374
Deferred income	**521**	546	**33**	35
Total current liabilities	**154 471**	131 565	**9 872**	8 409
Total liabilities	**154 471**	131 565	**9 872**	8 409
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**	628 263	**45 644**	40 153
Net profit	**27 323**	85 905	**1 746**	5 490
Total equity	**886 691**	859 368	**56 670**	54 923
Total liabilities and equity	**1 041 162**	990 933	**66 542**	63 332

11. Income statement of AS Norma (the Parent)

	Thousands of kroons		Thousands of euros	
	01.01.2007-31.03.2007	01.01.2006-31.03.2006	**01.01.2007-31.03.2007**	01.01.2006-31.03.2006
Revenue	**281 525**	255 027	**17 993**	16 299
Cost of sales	**-243 454**	-215 893	**-15 560**	-13 798
Gross profit	**38 071**	39 134	**2 433**	2 501
Marketing and distribution costs	**-5 326**	-3 479	**-340**	-222
Research and development expenses	**-6 110**	-11 553	**-390**	-738
General administrative expenses	**-6 375**	-5 051	**-407**	-323
Other operating income	**2 564**	1 346	**164**	86
Other operating expenses	**-83**	-327	**-5**	-21
Operating profit	**22 741**	20 070	**1 453**	1 283
Financial items	**4 582**	2 887	**293**	185
Profit before taxes	**27 323**	22 957	**1 746**	1 468
Net profit	**27 323**	22 957	**1 746**	1 468

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

Thousands of kroons

	Share capital (par value)	Statutory Reserve	Retained earnings	Total equity
31.12.2005	**132 000**	**13 200**	**694 262**	**839 462**
Net profit	-	-	22 957	22 957
31.03.2006	**132 000**	**13 200**	**717 219**	**862 419**
Dividends			-66 000	-66 000
Net profit	-	-	62 949	62 949
31.12.2006	**132 000**	**13 200**	**714 168**	**859 368**
Net profit	-	-	27 323	27 323
31.03.2007	**132 000**	**13 200**	**741 531**	**886 691**

Thousands of euros

	Share capital (par value)	Statutory Reserve	Retained earnings	Total equity
31.12.2005	**8 436**	**844**	**44 371**	**53 651**
Net profit	-	-	1 468	1 468
31.03.2006			**45 839**	**55 119**
Dividends			-4 218	-4 218
Net profit	-	-	4 023	4 023
31.12.2006	**8 436**	**844**	**45 644**	**54 924**
Net profit	-	-	1 746	1 746
31.03.2007	**8 436**	**844**	**47 390**	**56 670**

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

Signatures of the Management Board to the Q1 Y2007 Interim Report

Q1 Y2007 Interim Report of AS Norma which is approved by the Management Board, signed on 31. mai 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