AS Norma

Interim report for the period Q2 Y2008

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Beginning and end of the reporting period	01.01.2008 - 30.06.2008

Table of contents

MANAGEMENT REPORT

Field of activity

The main field of activity of AS Norma (the Parent) and its subsidiary (referred to together as the Group) is production and sale of car safety systems, including belts and their components. The Group also manufactures car components and 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

Markets

On one of AS Norma's biggest markets – Russia – changes that had begun already in previous years continued. The sales of new passenger cars rose 43% in H1 Y2008, compared to the same period of 2007. According to preliminary data 1455 thousand new passenger cars were sold in H1 Y2008 (H1 Y2007: 1015 thousand), of which 380 (H1 Y2007: 300) thousand were new Russian cars and 1075 (H1 Y2007: 715) thousand were foreign cars, of which 290 (H1 Y2007: 205) thousand were produced in Russia by foreign manufacturers. The market share of new foreign vehicles increased from 69% in H1 Y2007 to 74% during the same period in 2008.

AVTOVAZ, the biggest on the market, sold 333 (H1 Y2007: 295) thousand vehicles, which was 13% more than a year ago during the same period. The sales of Kalina and Priora new models have grown the fastest: their share from the AVTOVAZ's sales amounts to 32% this year (H1 Y2007: 14%).

723.8 thousand passenger cars were produced in H1 Y2008, i.e. nearly 20% more than a year ago. 41% (295.6 thousand) were of foreign origin, a 45% growth during the year. The major foreign carmakers are Avtotor (Chevrolet) with 55; TagAZ (Hyundai) with 55 and Avtoframos (Renault Logan) with 41 thousand cars.

GM-AvtoVAZ (a joint venture of AVTOVAZ and General Motors) produced and sold 30 thousand (H1 Y2007: 27) Chevrolet Nivas and Chevrolet Vivas.

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. The seatbelts produced in AS Norma are delivered to Volvo's Belgian and Swedish factories, to a smaller extent also to China. The seatbelts are also delivered to Saab Automobile and Volvo Group (Volvo Trucks, Volvo Buses). In Q2 Y2008, the amount of belts delivered through Autoliv dropped 5.2% to 601 thousand units.

Estonian economic environment

AS Norma exports 99% of its products. Our partners are automotive companies and their subcontractors. In this industry the price pressure is extremely high and the constant decline of sales prices is the norm. At the same time the price of most of the materials imported by Norma is very much dependent on the world market for raw material prices. In H1 Y2008, the stainless steel price increase soared once again. AS Norma suppliers raised the prices up to 30% as of July 1, 2008. The expenses on outsourced services as well as employee related expenses have also grown.

Seasonal nature of the business

Swedish car manufacturers are on a collective vacation in July and in December (between Christmas and New Year). The turnover of AS Norma, as the supplier, is thus considerably lower during these periods.

Highlights of the financial year

Development projects

Autoliv stopped providing the logistic services to Volvo Car and closed its logistic center in Belgium, due to that Volvo Car Gent began insourcing these services by itself as from May 1, 2008. For AS Norma this means direct deliveries to the carmakers assembly lines from May 1, 2008. In Q2 Y2008 several production, quality and logistic processes were restructured accordingly.

The research into materials essential for AS Norma production was conducted in collaboration with Tallinn Technical University.

Production

In Q2 Y2008, the volumes of safety belt production were continually high. Implementation of the next generation of safety belts continued in accordance with the introduction of new car models.

The production of safety belt components in Q2 Y2008 continued to grow. Capacity utilisation of some production equipment reached possible maximum level. Therefore additional investments were started to increase production capacity in component manufacturing.

Quality management

The Q2 Y2008 indicators on quality were:
1) the number of products returned from clients per million products (PPM) – 8.0
2) delivery precision on average 99.2%

Investments made in the financial year

In 2008 H1, the Group invested 20.7 million kroons (1.3 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 in 2008 H1 were distributed as follows:

Metal processing equipment	8.8 million kroons (0.56 million euros)
Assembly lines	5.5 million kroons (0.35 million euros)
Injection moulding machines	1.9 million kroons (0.12 million euros)
Reconstruction and facility repairs	3.0 million kroons (1.19 million euros)
Information technology	0.4 million kroons (0.03 million euros)
Other	1.1 million kroons (0.07 million euros)

Financial highlights of the Group

Economic activities	**Q2 2008 mil. EEK***	Q2 2007 mil. EEK*	Q2 2006 mil. EEK*	Q2 2005 mil. EEK*	**Q2 2008 milj. €***	Q2 2007 milj. €*	Q2 2006 milj. €*	Q2 2005 milj. €*
Revenue	**392.4**	311.6	270.3	270.7	**25.1**	19.9	17.3	17.3
Change to previous year %	**25.9**	15.3	-0.1					
Gross profit	**56.3**	45.1	37.4	45.9	**3.6**	2.9	2.4	2.9
Change to previous year %	**24.8**	20.6	-18.5					
Gross profit margin[1]	**14.4**	14.5	13.8	17.0				
Operating profit	**34.5**	26.3	20.2	25.9	**2.2**	1.7	1.3	1.7
Change to previous year %	**31.3**	30.3	-22.2					
Operating profit margin[2]	**8.8**	8.4	7.5	9.6				
EBITDA[3]	**48.0**	41.9	35.4	41.8	**3.1**	2.7	2.3	2.6
Change to previous year %	**14.7**	18.3	-13.7					
Profit before taxes	**43.0**	31.3	23.8	29.4	**2.7**	2.0	1.5	1.9
Change to previous year %	**37.2**	31.6	-19.2					
Pre-tax profit margin[4]	**10.9**	10.0	8.8	10.9				
Net profit	**25.4**	12.7	4.1	8.6	**1.6**	0.8	0.3	0.5
Change to previous year %	**100.4**	211.9	-52.6					
Net profit margin[5]	**6.5**	4.1	1.5	3.2				
Working capital[6]	**512.8**	438.2	298.1	265.0	**32.8**	28.0	19.1	16.9
Change to previous year %	**17.0**	47.0	12.5					
Average no of employees	**972**	981	884	909				
Change to previous year %	**-0.9**	11.0	-2.8					
Share related figures								
Number of shares (millions)	**13.2**	13.2	13.2	13.2				
Earnings per share[7]	**1.93**	0.96	0.31	0.65	**0.12**	0.06	0.02	0.04
Change to previous year %	**100.4**	211.9	-52.3					
Equity per share[8]	**68.0**	63.7	61.3	60.7	**4.3**	4.1	3.9	3.9
Change to previous year %	**6.7**	3.8	1.0					

* Excluding margins, change %, number of employees and shares related figures
[1] Gross profit margin –gross profit/revenue
[2] Operating profit margin – operating profit/revenue
[3] EBITDA- earnings before interest and taxes; depreciation and amortisation added
[4] Pre-tax profit margin – profit before tax/revenue
[5] Net profit margin – net profit/revenue
[6] Working capital – current assets except for cash and cash equivalents (deposits with maturity < 3 months; interest fund shares) less current liabilities

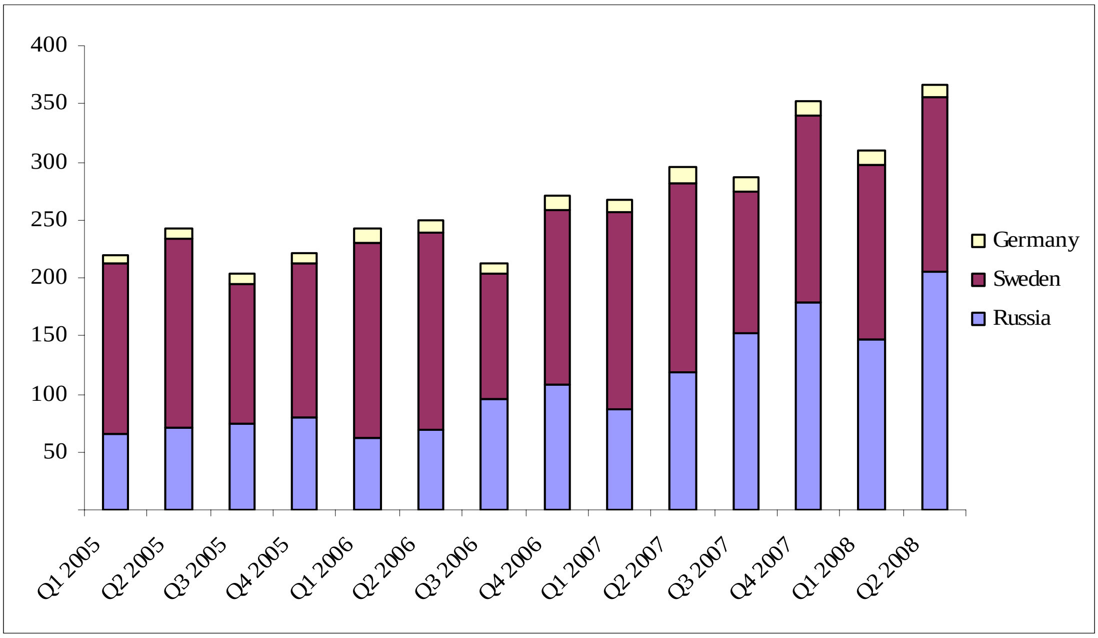
[7] Earnings per share – net profit per share in kroons (in euros): the company has no contingently issuable common shares, therefore diluted EPS equals to basic EPS
[8] Equity per share – total equity/number of shares in kroons (in euros)

Sales

The revenue of the Group amounted to 392 million kroons (25.1 mil. euros) in Q2 Y2008. This constitutes a 25.9% increase (81 million kroons; 5.2 mil. euros) compared to Q2 Y2007.

Sales to Russian and Ukrainian customers increased 71.7% (63.5% of this growth was achieved due to deliveries of car safety systems) and to other countries decreased 2.9%.

Quarterly export 2005-2008 (millions of kroons)



Sales to various sub-units of the parent company Autoliv decreased by 4.1% compared to the same period in 2007, amounting to 167.4 million kroons (10.7 million euros). The sale of seatbelts made up 76% (2007 Q2: 77%) of net sales to Autoliv, a 6% decrease compared with the year-earlier period.

Other major Western customers included Khimaira (Volvo buses), Karosa, Iris Bus-IVECO and Intersafe, who mostly require seatbelts for buses and trucks. Sales in the sector increased by 4% compared to 2007 Q2.

The H1 Y2008 revenue of the Group amounted to 723.2 million kroons (46.2 mil. euros). This constitutes a 21.6 % increase (128.5 million kroons; 8.2 mil. euros), compared to H1 Y2007. Sales to Russian and Ukrainian customers increased 70.7% and to other customers decreased 5.0%. Sales to various sub-units of the parent company Autoliv decreased by 5.7% compared to the same period in 2007, amounting to 335.6 million kroons (21.4 million euros).

Expenses

Cost of goods sold increased in 2008 Q2 by 26.1% compared to the same period in 2007, making up 85.6% (2007 Q2: 85.5%) of revenue. Cost of raw material increased 28.1%, i.e. 55 million kroons (3.5 mil. euros) amounting to 250 million kroons (16.0 mil. euros), making up 63.8% (2007 Q2: 62.7%) of revenue.

Personnel expenses in production departments amounted to 54 million kroons (3.5 million euros) in 2008 Q2, having grown by 27.2% compared to the same period in 2007. Personnel expenses in production departments made up 13.8% of revenue (2007 Q2: 13.7%).

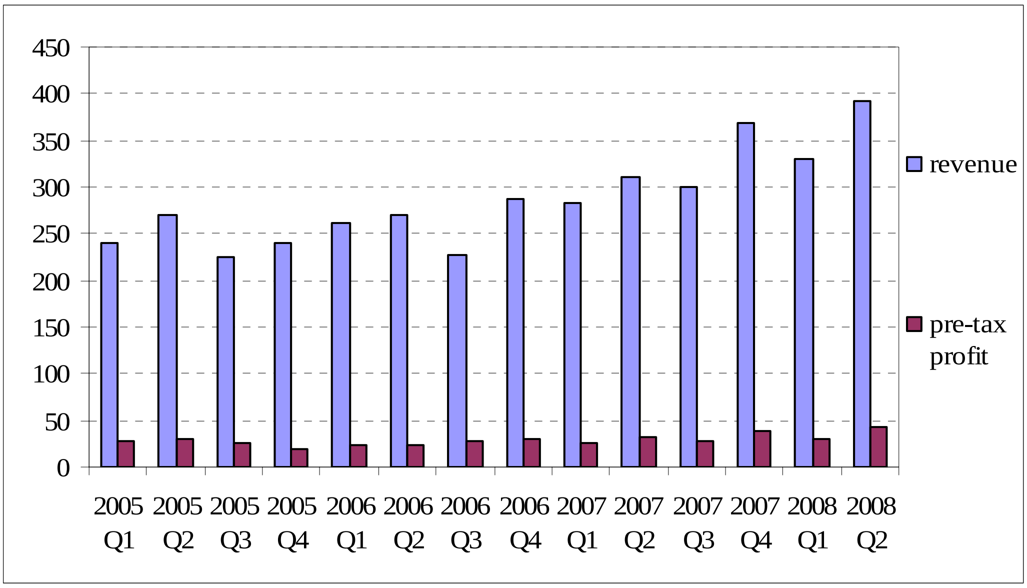
At the end of the accounting period the company employed 998 people, which was 12 employees more than in the previous year and 26 employees more than at the beginning of 2008. The company employed a monthly average of 977 people, which is 4 (0.4%) employees less than a year ago.

Marketing and administration costs increased in 2008 Q2 by 15.7% and 53.1% respectively, making up 1.9% and 2.8% (2007 Q2: 2.1% and 2.3% respectively) of revenue, and at the same time the research and development costs decreased 16.6% making up 1.1% (2007 Q2: 1.7%) of revenue.

Cost of goods sold amounted in 2008 H1 to 620 million kroons (39.7 mil. euros), a 21.6% increase compared to the same period in 2007, making up 85.8% (2007 H1: 85.8%) of revenue. 80% out of 110 million kroons (7.0 mil. euros) increase was due to the raw material cost increase. The latter was primarily due to the new high material cost products' (car safety systems) substantial sales growth in revenue.

Profit and profitability

The Group's revenue and profit dynamics by quarters: 2005 - 2008 (in millions of kroons)



The Group's gross profit for Q2 Y2008 was 56 (in Q2 Y2007: 45) million kroons or 3.6 (in Q2 Y2007: 2.9) million euros - i.e. 14.4% (in Q2 Y2007: 14.5%) of revenue, an increase 24.8%.

The operating profit for Q2 Y2008 rose by 8 million kroons (0.5 million euros) reaching 34 million kroons (2.2 million euros), making up 8.8% (Q2 Y2007: 8.4%) of revenue.

Profit before taxes increased by 37.2% - i.e. by 11.7 million kroons (0.7 mil. euros) to 43 million kroons (2.7 mil. euros) or 10.9% (in 2007 Q2: 10.0%) of revenue. Financial income increased by 66.2% to 8.5 million kroons (0.5 mil. euros).

The net profit for Q2 Y2008 amounted to 25 (in Q2 Y2007: 13) million kroons (1.6 and 0.8 million euros resp.), an increase of 13 million kroons (0.8 million euros), of which 1 million kroons (0.07 mil. euros) was due to lower income tax on dividends this year.

H1 Y2008 net profit amounted to 56 million kroons (3.6 mil. euros), an increase of 17 million kroons (1.1 mil. euros), compared with the same year-earlier period – i.e. 42.4%, making up 7.7% (2007 H1: 6.6%) of revenue.

Cash flows and capital appropriation

In 2008 H1, the Group's cash flow from operating activities amounted to 172 (2007 H1: 143) million kroons - i.e. 11.0 (2007 H1: 9.2) million euros. The 29-million kroon (1.8-million euro) increase compared to H1 Y2007 was, above all, due to the changes in current liabilities and profit growth. The company's investments in property, plant and equipment and intangible assets were 21 (2007 H1: 27) million kroons or 1.3 (2007 H1: 1.7) million euros, the balance of financial investments decreased by 20 million kroons or 1.3 million euros, the total cash flow from investments during the period was -25 (2007 H1: -5) million kroons or -1.6 (2007 H1: -0.3) million euros. In 2008 H1, the net cash flow was 63 (2007 H1: 54) million kroons, i.e. 4.0 (2007 H1: 3.4) million euros positive.

Cash and liquid securities at the end of June 2008 made up 53.8% (31.12.2007: 51.1%) of the total assets. As at the end of 2008 H1, the company's working capital (short-term investments, receivables, prepayments, inventories less current liabilities) amounted to 513 (31.12.2007: 579) million kroons or 32.8 (31.12.2007: 37.0) million euros.

AS Norma kept a traditionally conservative profile in managing liquidity and making financial investments in Q2 Y2008. 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 placed short-term resources in Autoliv AB Treasury, which allowed it to make short-term deposits to earn an interest higher that currently offered on the market. According to contracts between Autoliv AB and AS Norma interest rates are fixed at EURIBOR/TALIBOR +0.3%. As of 30.06.2008 the Company deposited euros in Autoliv AB in the amount of 18.1 MEUR (283.2 MEEK) and kroons in the amount of 23.0 MEEK (1.5 MEUR) for the term of maturity less than 3-month and 3-12-month. The transactions with Autoliv AB were made only when the deposit rates offered by commercial banks were lower than that of Autoliv's. Thus, 11.3 MEUR was deposited in Autoliv in Q2 Y2008 with average yield of 5.51%, which was 0.36% higher than the banks' top offer. When depositing 23 MEEK, the offered Autoliv's interest rate turned out to be 0.77% higher than rates obtainable by banks.

Non-current assets made up 20.3% (31.12.2007: 22.9%) of the assets, having dropped in half-year by 7 million kroons (0.5 million euros) due to a decrease in the value of property, plant and equipment and intangible assets.

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

The Group’s equity decreased by 10 million kroons (0.6 million euros), amounting to 897 (31.12.2007: 907) million kroons or 57.4 (31.12.2007: 58.0) million euros by the end of the accounting period. Equity made up 77.5% (31.12.2007: 85.8%) of the total assets. Available equity amounted to 752 (31.12.2007: 762) million kroons or 48.1 (31.12.2007: 48.7) million euros.

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 have not changed since the shares were first listed in 1997.

Considering the group’s plan to further expand the production of components, a rather capital-intensive field, AS Norma management made a proposal to the Supervisory Board to pay dividends at the same level in 2008: 50% of the nominal value of the shares, i.e. 5 kroons per share, in all 66.0 million kroons (4.2 mil. euros). It was decided by AS Norma shareholders' meeting, held on June 19, 2008, to pay out 66.0 million kroons (4.2 mil. euros) - i.e. 5 kroons (0.32 euros) per share, similarly to the previous five years. The dividends were paid out on August 8, 2008.

Both diluted EPS and basic EPS were 1.9 (2007 Q2: 1.0) kroons or 0.12 (2007 Q2: 0.06) euros, and equity per share was 68.0 (31.12.2007: 68.8) kroons or 4.3 (31.12.2007: 4.4) euros.

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

Stock price movement (in kroons) and transaction volume in the Tallinn Stock Exchange from January 1, 2008 onwards.

As of 30.06.2008, 1469 (31.03.2008: 1479) shareholders have been listed in AS Norma's share register. The following shareholders held over 5% of the shares:

Autoliv Ab	51.0%
ING Luxembourg S.A.	9.2%
Skandinaviska Enskilda Banken Ab clients	6.4%

The shareholders of AS Norma can be grouped as follows: 59.7% (31.03.2008: 59.8%) residents of Sweden, 19.9% (31.03.2008: 20.0%) residents of Estonia, 12.2% (31.03.2008: 12.2%) residents of Luxembourg and 8.2% (31.03.2008: 8.0%) residents of other countries. 7.7% (31.03.2008: 7.5%) of the shareholders are natural persons.

As of 30.06.2008, the members of the Supervisory Board of AS Norma and their family members 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 their family members 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 krona 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.

The company has a long position in the euro, to which the Estonian kroon exchange rate is pegged, and in the Russian rouble. The effect of the Russian rouble exchange rate fluctuations on the company's financial results is currently deemed insignificant by the management. The short position in the Swedish krona consists of current liabilities. The effect of the related exchange rate fluctuations is also deemed immaterial.

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 long-term credit rating is A- according to Standard & Poor's.

Consolidation group structure

In Q2 Y2008, AS Norma Group included AS Norma and one subsidiary in Russia fully owned by AS Norma.

The Parent is involved in the manufacturing and sales of car safety systems, including 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 2008 H1, the parent company's turnover amounted to 722 (2007 H1: 594) million kroons or 46.1 (2007 H1: 38.0) million euros, net profit to 56 (2007 H1: 40) million kroons or 3.5 (2007 H1: 2.5) million euros and equity as of 30.06.2008 to 898 (31.12.2007: 908) million kroons or 57.4 (31.12.2007: 58.1) million euros.

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 2008 H1, the revenue of Norma-Osvar ZAO amounted to 9.2 (2007 H1: 6.9) million kroons or 0.6 (2007 H1: 0.4) million euros, profit to 0.5 (2007 H1: -0.8) million kroons, i.e. 0.03 (2007 H1: -0,05) million euros and equity as of 30.06.2008 to 0.6

(31.12.2007: 0.1) million kroons or 0.04 (31.12.2007: 0.01) million euros. Sales to external customers amounted to 9.2 (2007 H1: 6.9) million kroons or 0.6 (2007 H1: 0.4) million euros. The goods to be sold by the subsidiary are supplied by the Parent.

Management structure

The highest management authority of AS Norma as a 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 June 19, 2008 following members were elected to Spervisiory Board: Pär Malmhagen, Senior Vice President Autoliv Europe Seatbelt Division; Leif Berntsson, Senior Director Global Airbags Development of Autoliv; Attorney-at-Law Aare Tark from Law Office Tark & Co, Toomas Tamsar, Chairman of the Management Board of Balti Juhtimiskonverents OÜ and Raivo Erik, Chairman of the Management Board of OÜ Someri Trade, and a new member Halvar Jonzon, Group Vice President of Autoliv. The Supervisory Board of AS Norma elected Halvar Jonzon as its Chairman.

Until 21st of February, 2008, the Management Board appointed by the Supervisory Board had 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. On February 21, 2008, the Supervisory Board of AS Norma elected two additional members to the Management Board. The term of appointment of Director of Component Division Peeter Tõniste and Development Director Sander Annus started February 22, 2008. On June 5, 2008 The Council of AS Norma granted the resignation petition of the Management Board members Kaido Salurand and Stig Carlson. Kaido Salurand left the company on June 8, 2008 and Stig Carlson will leave on September 27, 2008.

Corporate Governance Report

As from 1th of January 2006, AS Norma follows the rules of Estonian Corporate Governance Recommendations (the "**Recommendations**"). This Corporate Governance Report (the "**Report**") describes the management practices of AS Norma in Q2 2008 and their accordance with guidelines given in the Recommendations. During the second quarter in 2008, AS Norma to its knowledge complied with the Recommendations, except as otherwise stated in the Report.

AS Norma is a public limited company registered in Estonia under commercial register code 10043950, having its office located at Laki tn. 14, 10621 Tallinn, Estonia. In 2008, AS Norma had a share capital of EEK 132,000,000, divided into same class registered shares with the par value EEK 10 each. AS Norma's shares are listed on the main list of the Tallinn Stock Exchange under the code NRM1T. Estonian Central Register of Securities is the administer of AS Norma share register. AS Norma has about 1,500 shareholders. In addition, AS Norma's shares are also traded at the Frankfurt, Berlin and Munich stock exchanges. AS Norma is controlled by Autoliv AB, a Swedish car safety products manufacturer. Autoliv AB is also the single largest shareholder in AS Norma.

General Meeting

Exercise of shareholders' rights

The general meeting of shareholders is the highest governing body of AS Norma. Annual and extraordinary general meetings are held. Competence of the general meeting has been determined in the Estonian Commercial Code and the articles of association of AS Norma (the articles of association have been made available on AS Norma's website www.norma.ee). The general meeting is competent to consider, among other things, the annual report, distribution of profits, amendments to the articles of association and composition of the supervisory board. A shareholder may attend and vote at a general meeting of shareholders in person or by proxy. Each share entitles the shareholder to one vote.

AS Norma has one type of shares – registered common shares of the nominal value of ten Estonian kroons (EEK 10.00). Each share entitles its owner to one (1) vote at the general meeting of shareholders. AS Norma share capital is divided into thirteen million two hundred thousand (13,200,000) registered common shares. The shareholder has no right to demand the issuance of a share certificate in respect of a registered common share. The shareholder has no right to demand that a registered common share be exchanged for a bearer share. AS Norma registered common shares are freely transferable. No restrictions and settlements of right to vote exist. AS Norma has no knowledge of agreements between the shareholders in order to restrict the transfer of shares. In case of death of a shareholder, the share is transferred to the shareholder´ s successor. The share is considered transferred in respect of AS Norma upon entry of the acquirer of the share in the share register.

There has not been done takeover bids to AS Norma shares according to Securities Market Act Chapter 19.

Calling of general meeting of shareholders and information to be published

The management board will publish a notice to convene a general meeting of shareholders. The notice will be published in a national daily newspaper at least three weeks or one week prior to the meeting, depending on whether an annual or extraordinary general meeting will be held, respectively. The notice will specify the place where shareholders may examine the annual report, which will be made available at least two weeks prior to the meeting.

The management board of AS Norma published the notice of calling an annual general meeting of shareholders on the 18th of April 2008. The general meeting was called according to notified agenda on the 14th of May at 09:00. Agenda hold four articles: approval of the annual report of AS Norma for 2007; distribution of profits; recalling and electing the Council member; appointing an auditor and determining the procedure for remuneration.

On the 21st of April 2008 the proposal to amend the agenda of the general meeting was made by the shareholders of AS Norma whose shares represent at least one-tenth of Norma’s share capital. Consequently the shareholders general meeting of AS Norma was postponed and the agenda was amended pursuant to minority shareholders proposals. On the 08th of May 2008 the management board of AS Norma published in the daily Eesti Päevaleht the notice of postponement and supplemented agenda of the general meeting of AS Norma. Ordinary general meeting was held on the 19th of June 2008 at 9:00. The new article was included to agenda in accordance with minority shareholders proposal - acquisition of own shares, which was not seconded by the Council of AS Norma. The mentioned resolution was not approved by the shareholders general meeting.

The regular meeting of shareholders of AS Norma decided to approve the Annual Report of AS Norma for 2007 and the proposal of distribution of profits, pursuant to which the (regular) dividends in the amount of 50% of the nominal value of the share, i.e. EEK 5 per share (0.32 EUR/share), in the total amount of EEK 66,000,000 (EUR 4,218,169), were paid out to the shareholders, and the remaining net profit was kept as retained earnings. The list of shareholders entitled to dividends was fixed on 8 July, 2008 at 23:59 and the dividends were paid out on 8 August, 2008.
The proposal of minority shareholders to pay the shareholders dividend of EUR 1.25 per share (EEK 19.56 per share) was not approved by the general meeting.

In addition, the general meeting resolved resolutions regarding recalling and electing the Council members and appointing an auditor and determining the procedure for remuneration

Procedure of general meeting of shareholders

As a rule, the general meeting is competent to adopt resolutions if the represented votes represent over one-half of the shares. At the general meeting of shareholders, resolutions will be passed by the approval of a majority of the votes represented at the meeting, except certain resolutions, such as amending the articles of association, increasing or decreasing the share capital, merger, division, reorganisation or liquidation of AS Norma and removal of the supervisory board’s member before the expiry of the term of office, which require the approval of a majority of at least 2/3 of the votes represented at the meeting.

Management Board

Duties

The management board is the executive body of AS Norma, competent to represent AS Norma and manage its activities. Chairman of the management board may alone represent AS Norma and other members jointly with another member. To achieve the purposes of AS Norma, the management board analyses the risks connected to the purpose of the activities and financial objectives of AS Norma, oversees the system of control and reporting. The management board of AS Norma has by its resolution established the rules of maintaining inside information of AS Norma group. The management board must adhere to the lawful orders of the supervisory board. During the second quarter in 2008, there was constant information exchange between the management board and supervisory board of AS Norma wherein the management board regularly provided the supervisory board with an overview of economic activities and financial situation of AS Norma. Management Board members have no authority to issue new shares or repurchase its own shares.

The supervisory board will elect and remove the members of the management board and appoint the chairman of the board.. The management board comprises five to eight members who are elected for a term of three years. At the moment of compiling this report the management board composition of 7 members: chairman - Peep Siimon; members – Ülle Jõgi, Stig Carlson, Garri Krieger and since 22st of February 2008 joined Peeter Tõniste and Sander Annus. The Council of AS Norma granted the resignation petition of the Management Board members Kaido Salurand and Stig Carlson. Kaido Salurand left the company on June 8, 2008 and Stig Carlson will leave on September 27, 2008.

At least one-half of the management board members must be residents of member states of the European Economic Area or Switzerland. Members of the management board may not simultaneously serve on the supervisory board. Responsibilities of the management board members have been set out in the management agreement concluded with each management board member.

Conflicts of interest

A member of the management board is prohibited, without the consent of the supervisory board, to compete with AS Norma. No significant transactions concluded between AS Norma and a member of its management board or persons connected to a management board member nor situations related to a conflict of interest have been reported to the supervisory board till compiling this report in 2008.

Supervisory Board

Duties

The supervisory board engages in oversight and longer-term management activities of AS Norma, such as supervising the management board, devising business plans, approving annual budgets and budget of investments. The supervisory board reports to the general meeting of shareholders. Transactions beyond the scope of everyday economic activities of AS Norma, such as acquisition and disposal of holdings in other companies, establishment and liquidation of subsidiaries, transactions with immovables, investments above set limits etc., require the consent of the supervisory board. The supervisory board has formed no committees.

The supervisory board presently has six members, elected by the general meeting of shareholders on 19 Jun, 2008 for a term of three years. In accordance with the resolution of general meeting the Council of AS Norma was recalled in its entirety: Magnus Lindquist, Pär Malmhagen, Toomas Tamsar, Raivo Erik, Aare Tark and Leif Berntsson. The following persons were reelected to Council: Pär Malmhagen, Toomas Tamsar, Raivo Erik, Aare Tark and Leif Berntsson. In addition, Halvar Jonzon was elected as a new member of the Council.

According to the articles of association, the majority shareholder may, during the time between shareholders' general meetings, remove and appoint not more than three members of the supervisory board, should such need arise earlier than one month before the next shareholders' general meeting. Members of the supervisory board elect a chairman from among themselves, who will organise the activities of the supervisory board. The Council elected Halvar Johnzon as a chairman of the Council.

With electing the current composition of the Council, AS Norma has not complied for all of its Council members with the Recommendations appendix (h) suggestion set for an independent Council member, – has not been an independent member of the Council more than ten (10) years. Members of the Council have been very active elaborating the new company strategy and it is important that Council continues with present members even if it is in conflict with the Recommendations.

Conflicts of interest

A member of the supervisory board may not participate in voting in the supervisory board's meeting if approval of the conclusion of a transaction between such member and AS Norma is being decided, or if approval of the conclusion of any transaction through a person connected to such member or through a company where such member has significant holding is being decided. A member of the supervisory board is prohibited, without respective resolution of the general meeting of shareholders, to compete with AS Norma. No conflicts of interest have been reported to the management board by the supervisory board members till compiling this report in 2008.

Disclosure of Information

AS Norma has opened its website at www.norma.ee and discloses on its website directly or using links to the website of the Tallinn Stock Exchange the following data: articles of association (in Estonian), annual and interim reports, and financial calendar. Data on current membership of the management board, supervisory board and auditors is not available on the website (subsection 5.3. of the Recommendations), however, information of all changes in membership of the management board, supervisory board and auditors has been published via the information system of the Tallinn Stock Exchange according to the rules and regulations of the Tallinn Stock Exchange. No press conferences and meetings with investors took place during the second quarter in 2008. The meetings with investors took place during the first quarter in 2008 as follows - on 13th of February 2008, on 14th of February 2008, on 15th of Febrary 2008, on 28th of February 2008, on 29th of February 2008 and on 19th of March 2008 - the website of AS Norma contains such data.

Financial Reporting and Audit

Reporting

The consolidated financial statements of AS Norma have been prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the EU and on a historical cost basis, except as disclosed in the chapter of accounting policies and estimates in consolidated financial statements.

AS Norma is required to make public the quarterly interim tentative and final quarterly financial reports and the audited annual report immediately after its approval by the supervisory board.

Preliminary financial calendar of 2008:

Preliminary report	Audited report	Final report	Preliminary report	Final report	Preliminary report	Final report	Preliminary report	Final report
Q4 07	annual 2007	Q4 07	Q1 08	Q1 08	Q2 08	Q2 08	Q3 08	Q3 08
Jan.30, 08	Feb.22, 08	Feb. 29, 08	Apr.21, 08	May30, 08	July 21, 08	Aug.29, 08	Oct.20, 08	Nov.28, 08

Audit

Number and names of auditors of AS Norma will be determined by a resolution of the general meeting of shareholders. Ernst & Young Baltic AS has been the auditor of AS Norma since 2005. The general meeting of shareholders on 19th of June 2008 decided to appoint auditing company Ernst&Young AS as an auditor of AS Norma for a time period of 1 (one) year. Supervisory Board will decide the remuneration of the auditor and will conclude the agreement with auditor.

Peep Siimon

Chairman of the Management Board

Management Board's Confirmation on the Interim Financial Statements

The Management Board confirms the completeness and correctness of AS Norma Q2 Y2008 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

Stig Carlson

Member of the Management Board

Sander Annus

Member of the Management Board

Peeter Tõniste

Member of the Management Board

Tallinn, August 29, 2008

Consolidated balance sheet

	Thousands of kroons		Thousands of euros		
Assets					
	30.06.2008	31.12.2007	**30.06.2008**	31.12.2007	Lisa
Current assets					
Cash in hand and deposits	**149 428**	86 588	**9 550**	5 534	1
Financial assets	**473 585**	453 643	**30 268**	28 993	2
Receivables	**185 260**	167 331	**11 840**	10 694	
Prepaid expenses	**1 391**	1 371	**89**	88	
Inventories	**113 662**	105 970	**7 264**	6 773	3
Total current assets	**923 326**	814 903	**59 011**	52 082	
Non-current assets					
Long-term receivables	**310**	307	**20**	20	
Property, plant and equipment	**224 454**	230 304	**14 345**	14 719	4, 7
Intangible assets	**10 426**	11 666	**666**	745	5, 7
Total non-current assets	**235 191**	242 277	**15 031**	15 484	
Total assets	**1 158 518**	1 057 180	**74 042**	67 566	7
Liabilities and shareholders´ equity					
Liabilities					
Current liabilities					
Payables	**259 614**	148 885	**16 592**	9 516	
Deferred income	**1 517**	815	**97**	52	
Total current liabilities	**261 132**	149 700	**16 689**	9 568	
Total liabilities	**261 132**	149 700	**16 689**	9 568	
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	**696 280**	656 352	**44 500**	41 949	
Net profit	**55 905**	105 928	**3 573**	6 769	
Total owners´ equity	**897 386**	907 480	**57 353**	57 998	
Total liabilities and owners´ equity	**1 158 518**	1 057 180	**74 042**	67 566	

Consolidated income statement

Thousands of kroons

	01.04.08-30.06.08	01.01.08-30.06.08	01.04.07-30.06.07	01.01.07-30.06.07	Lisa
Revenue	**392 405**	**723 190**	311 593	594 732	7
Cost of sales	**-336 076**	**-620 449**	-266 472	-510 344	8
Gross profit	**56 329**	**102 741**	45 121	84 388	
Marketing and distribution costs	**-7 596**	**-13 192**	-6 567	-11 893	
Research and development expenses	**-4 509**	**-10 019**	-5 409	-11 554	
General administrative expenses	**-11 156**	**-22 905**	-7 288	-14 786	
Other operating income	**1 673**	**2 612**	933	2 754	
Other operating expenses	**-252**	**-687**	-530	-666	
Operating profit	**34 489**	**58 550**	26 260	48 243	7
Financial income	**8 499**	**14 997**	5 115	9 761	
Financial expenses	**-30**	**-98**	-75	-130	
Profit before taxes	**42 959**	**73 449**	31 300	57 874	
Invome tax expense	**-17 544**	**-17 544**	-18 615	-18 615	
Net profit	**25 415**	**55 905**	12 685	39 259	6
Basic and diluted earnings per share (in kroons)	**1,93**	**4,24**	0,96	2,97	**6**

Thousands of euros

	01.04.08-30.06.08	01.01.08-30.06.08	01.04.07-30.06.07	01.01.07-30.06.07	Lisa
Revenue	**25 079**	**46 220**	19 914	38 010	7
Cost of sales	**-21 479**	**-39 654**	-17 030	-32 617	8
Gross profit	**3 600**	**6 566**	2 884	5 393	
Marketing and distribution costs	**-485**	**-843**	-420	-760	
Research and development expenses	**-288**	**-640**	-346	-738	
General administrative expenses	**-713**	**-1 464**	-466	-945	
Other operating income	**107**	**167**	60	176	
Other operating expenses	**-16**	**-44**	-34	-43	
Operating profit	**2 204**	**3 742**	1 678	3 083	7
Financial income	**543**	**958**	327	624	
Financial expenses	**-2**	**-6**	-5	-8	
Profit before taxes	**2 746**	**4 694**	2 000	3 699	
Invome tax expense	**-1 121**	**-1 121**	-1 190	-1 190	
Net profit	**1 624**	**3 573**	811	2 509	6
Basic and diluted earnings per share (in kroons)	**0,12**	**0,27**	0,06	0,19	**6**

Consolidated Statement of Changes in Equity

Thousands of kroons

	Share capital (par value)	Statutory Reserve	Retained earnings	Total equity
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**
Net profit			12 684	12 684
Dividends			-66 000	-66 000
30.06.2007	**132 000**	**13 200**	**695 611**	**840 811**
Net profit			66 669	66 669
31.12.2007	**132 000**	**13 200**	**762 280**	**907 480**
Net profit			30 491	30 491
31.03.2008	**132 000**	**13 200**	**792 771**	**937 971**
Net profit			25 415	25 415
Dividends			-66 000	-66 000
30.06.2008	**132 000**	**13 200**	**752 186**	**897 386**

Thousands of euros

	Share capital (par value)	Statutory Reserve	Retained earnings	Total equity
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**
Net profit			811	811
Dividends			-4 218	-4 218
30.06.2007	**8 436**	**844**	**44 458**	**53 738**
Net profit			4 261	4 261
31.12.2007	**8 436**	**844**	**48 719**	**57 999**
Net profit			1 948	1 948
31.03.2008	**8 436**	**844**	**50 667**	**59 947**
Net profit			1 624	1 624
Dividends			-4 818	-4 218
30.06.2008	**8 436**	**844**	**47 473**	**57 353**

Consolidated Cash Flow Statement

	Thousands of kroons		Thousads of euros		Note
	01.01.08-30.06.08	01.01.07-30.06.07	01.01.08-30.06.08	01.01.07-30.06.07	
Cash flows from operating activities					
Net profit	**55 905**	39 259	**3 573**	2 509	
Adjustments of operating profit					
Depreciation and amortisation	**27 622**	30 861	**1 765**	1 972	4, 5
Income from interest	**-14 985**	-9 747	**-958**	-623	
Net exchange loss	**86**	116	**5**	7	
Invome tax expense	**17 544**	18 615	**1 121**	1 190	
Changes in assets related to operating activities, incl.:					
Short-term receivables and prepaid expenses, except loans and interests	**-18 055**	-27 105	**-1 153**	-1 732	
Inventories	**-7 692**	-13 682	**-491**	-874	3
Changes in liabilities, incl.:					
Payables	**110 729**	104 796	**7 077**	6 698	
Deferred income	**702**	113	**45**	7	
Total cash flows from operating activities	**171 856**	143 226	**10 984**	9 154	
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment	**146**	750	**9**	48	
Acquisition of property, plant and equipment and intangible assets	**-20 679**	-27 069	**-1 321**	-1 730	4, 5
Loans granted	**-25**	-41	**-2**	-3	
Loan repayments received	**127**	125	**8**	8	
Acquisition of short-term financial investments	**-604 401**	-274 948	**-38 628**	-17 572	
Proceeds from disposals of short-term financial investments	**584 356**	290 380	**37 347**	18 559	
Interest received	**15 090**	5 727	**964**	366	
Total cash flows from investing activities:	**-25 386**	-5 076	**-1 623**	-324	
Cash flows from financing activities					
Dividends paid	**-66 000**	-66 000	**-4 218**	-4 218	
Payment of income tax on dividends	**-17 544**	-18 615	**-1 121**	-1 190	
Total cash flows from finacting activities:	**-83 544**	-84 615	**-5 339**	-5 408	
Net cash flows	**62 926**	53 535	**4 022**	3 422	
Changes in cash and cash equivalents					
Balance at the beginning of the year	**86 588**	90 918	**5 534**	5 811	
Increase/decrease of cash and cash equivalents	**62 926**	53 535	**4 022**	3 422	
Foreign exchange effect	**-86**	-116	**-5**	-7	
Cash and cash equivalents at the end of the year, incl.:	**149 428**	144 337	**9 550**	9 225	1
Cash in hand and deposits with maturity up to 3 months	**141 744**	100 108	**9 059**	6 398	1
Shares of interest fund	**7 684**	44 229	**491**	2 827	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) and in thousands of euros.

In accordance with the revised and new standards additional disclosures were added to the financial statements.

Revised International Financial Reporting Standards (IFRS), new IFRS standards and interpretations of the International Financial Reporting Interpretations Committee

Since 1 January 2007, several amendments have been introduced in the valid IFRS standards. In addition, new IFRS standards and IFRIC interpretations have been issued – IFRS 7 Financial Instruments: Disclosures, IAS 1 Presentation of Financial Statements – disclosures about capital, IFRIC 7 Applying the Restatement Approach under IAS 29 “Financial Reporting in Hyperinflationary Economies", IFRIC 8 Scope of IFRS 2, IFRIC 9 Reassessment of Embedded Derivatives, IFRIC 10 Interim Financial Reporting and Impairment.

The group has implemented the abovementioned standards which entered into force during the financial year and has also restated the comparative data to bring it into line with the new presentation.

The implementation of new and revised standards has no effect on the group's owner's equity as of 30.06.2008.

New or revised standards and interpretations issued, but which are not yet effective

The Group has not opted for early adoption of the following standards and interpretations (already endorsed or in the process of being endorsed by the European Union):

- IFRS 8 “Operating Segments” applicable for financial years beginning after 1 January 2009,
- Revised IAS 23 “Borrowing costs” applicable for financial years beginning after 1 January 2009. This standard has not yet been endorsed by the European Union,
- Revised IAS 1 “Presentation of Financial Statements” applicable for financial years beginning after 1 January 2009. This standard has not yet been endorsed by the European Union,
- Revised IFRS 3 “Business Combinations” applicable for financial years beginning after 1 July 2009. This standard has not yet been endorsed by the European Union,
- Revised IAS 27 “Consolidated and Separate Financial Statements” applicable for financial years beginning after 1 July 2009. This standard has not yet been endorsed by the European Union.
- Amendments to IFRS 2 “Share Based Payments” “Vesting Conditions and Cancellations” applicable for financial years beginning after 1 January 2009. These amendments have not yet been endorsed by the European Union
- Amendments to IAS 32 “Financial Instruments: Presentation” and IAS 1 “Presentation of Financial Statements” – “Puttable Financial Instruments and Obligations Arising on Liquidation” applicable for financial years beginning after 1 January 2009. These amendments have not yet been endorsed by the European Union
- IFRIC 11 “IFRS 2 – Group and Treasury Share Transactions” applicable for financial years beginning after 1 March 2007.
- IFRIC 12 “Service Concession Arrangements” applicable for financial years beginning after 1 January 2008.
- IFRIC 13 “Customer Loyalty Programmes” applicable for financial years beginning after 1 July 2008.
- IFRIC 14 “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” applicable for financial years beginning after 1 January 2008.

The Group is currently analysing the practical consequences of these new standards and interpretations and the impact of their application on its financial statements.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of AS Norma and its subsidiary 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 subsidiary 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. Although many purchase and sales contracts are denominated in euros, as the Estonian kroon is pegged to the euro and no foreign exchange differences can arise, the Group considers the Estonian kroon as the functional and presentation currency.

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 the Estonian kroon is pegged to the euro with a 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 a known amount of cash and which are subject to an 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 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 with 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 the reporting and comparative period the Group did not have any such investments).

Financial assets at fair value through profit and loss are measured in their fair value on each balance sheet date. Fair value of listed securities is based on a 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 the fair value of investments held for trading are recognised under "Financial income" or "Financial expenses" in the income statement. Interests and dividends from investments held for trading are also recognised under "Financial income" or "Financial expenses" in the 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 the 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 the income statement.

Collection of receivables that have been previously expensed as impaired assets are recognised as an adjustment of allowance in the balance sheet and a reduction of expenses in the income statement.

Interests from investments held to maturity, loans and receivables are recognised under "Financial income" in the income statement.

The de-recognition 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.

Accounting for investments in subsidiaries in the parent company's standalone main statements as required by the Estonian Accounting Act

The parent company's standalone main statements (presented in Notes 26-29) represent supplemental information in line with the Estonian Accounting Act and they are not deemed to present separate financial statements of the parent in accordance with IAS 27.

In the Parent's non-consolidated financial statements investments in its subsidiary is 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 expenses" 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 a reversal is recognised as financial income in the 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 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 of depreciation 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 21/79 (the rate of 22/78 was effective for dividends paid out in 2007; 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.

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

<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 the Group's product lines the main product lines are car safety belts and safety systems. 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**	**30.06.2008**	31.12.2007	**30.06.2008**	31.12.2007
	Cash in hand and current deposits in banks	**2 990**	694	**191**	44
	Short-term time deposits with maturity up to 3 months	**138 754**	38 297	**8 868**	2 448
	Interest fund shares of Hansapank	**7 684**	47 597	**491**	3 042
		149 428	86 588	**9 550**	5 534

30.06.2008 the Group has deposits with maturity up to 3 months in the following amounts:

a) short-term kroons-deposits in commercial banks with interest rates of 4.95-6.8% (31.12.2007: 3.0-5.45%) in the amount of 95 100 thousand EEK or 6 078 thousands euros and euro-deposits with interest rates of 3,75-4,17% in the amount 18 619 thousands kroons or 1 190 thousand euros (31.12.2007: 4 430 thousands kroons or 283 thousands euros and euro-deposits in the amount 4 137 tousands kroons or 265 thousands euros); and
b) short-term euro-funds in the treasury of Autoliv with interest rates 5,050-5,250% (31.12.2007: 4,754-5,175%) in the amount of 25 035 thousand EEK or 1 600 thousands euros (31.12.2007: 29 729 thousands kroons or 1 900 thousands euros).

The shares are valued at their fair value through profit and loss, which has been determined using the market value for interest fund shares.

		Thousands of kroons		Thousands euros	
2.	**Financial assets**	**30.06.2008**	31.12.2007	**30.06.2008**	31.12.2007
	Short-term time deposits with maturity more than 3 months	**469 469**	449 422	**30 005**	28 723
	Accrued interest income	**4 116**	4 221	**263**	270
		473 585	453 643	**30 268**	28 993

As of the 30.06.2008 the Group has deposits with maturity more than 3 months in the following amounts:

a) short-term kroons-deposits in commercial banks with interest rates of 5.57-7.38% (31.12.2007: 4.4%) in the amount of 188 300 thousand EEK or 12 035 thousands euros (31.12.2007: euro-deposits in the amount of 17 013 thousands kroons or 1 087 thousands euros); and
b) short-term euro-funds in the treasury of Autoliv with interest rates 5,033-5,722% (31.12.2007: 5.018-5.327%) in the amount of 258 169 thousand EEK or 16 500 thousands euros (31.12.2007: 432 409 thousands kroons or 27 636 thousands euros) and short-term kroons-deposits with interes rates 7.070% in the amount of 23 000 thousands kroons or 1 470 thousands euros.

The short-term deposits with maturity more than 3 months are designated as fair value through profit and loss as they are used for earning short-term profits from favourable interest rate changes. Such a designation is in line with the entity's investment strategy of earning competitive yields on liquid assets; thus, a variable product mix is used, combining different deposits, bonds and interest fund shares. These products are treated as one group and are designated as fair value through profit and loss. The maximum exposure to credit risk at the reporting date is the total amount of the deposits and accrued interest (see table Categories of financial assets and financial liabilities).

			Thousands of kroons		Thousands euros	
Categories of financial assets and financial liabilities		**Note**	**30.06.2008**	31.12.2007	**30.06.2008**	31.12.2007
Interest fund shares	Fair value through profit & loss	1	**7 684**	47 597	**491**	3 042
Short-term deposits with maturity more than 3 months	Fair value through profit & loss	2	**469 469**	449 422	**30 005**	28 723
Accrued interest income	Fair value through profit & loss	2	**4 116**	4 221	**263**	270
Trade receivables and allowances	Loans and receivables		**181 627**	162 333	**11 608**	10 375
Other short-term receivables	Loans and receivables		**291**	420	**19**	27
Long-term loans	Loans and receivables		**310**	307	**20**	20
Financial liabilities	Amortised cost		**232 758**	138 761	**14 876**	8 869

3.	Inventories	Thousands of kroons 30.06.2008	Thousands of kroons 31.12.2007	Thousands euros 30.06.2008	Thousands euros 31.12.2007
	Raw materials	**64 394**	69 523	**4 115**	4 443
	Work in progress	**20 818**	17 476	**1 331**	1 117
	Finished goods	**28 232**	18 735	**1 804**	1 198
	Prepayments for goods	**218**	236	**14**	15
		113 662	105 970	**7 264**	6 773

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 31.12.2006	**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		6 574		-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**
Additions	99	844	120	4 470	5 533
Reclassifications	0	3 477	0	-3 477	0
Depreciation charge	-1 145	-13 619	-212	0	-14 976
Net book value as of 30.06.2007	**66 441**	**161 990**	**2 378**	**14 357**	**245 166**
Additions	738	20 955	112	-6 425	15 380
Disposals	0	-9	0	0	-9
Reclassifications	0	2 194	0	-2 194	0
Impairment loss	0	-66	0	0	-66
Depreciation charge	-2 290	-27449	-428	0	-30 167
Net book value as of 31.12.2007	**64 889**	**157 615**	**2 062**	**5 738**	**230 304**
Additions	0	2 238	10	4 423	6 671
Reclassifications	0	2572	0	-2 572	0
Depreciation charge	-1 132	-12 141	-200	0	-13 473
Net book value as of 31.03.2008	**63 757**	**150 284**	**1 872**	**7 589**	**223 502**
Additions	2 357	3 688	61	7 901	14 007
Disposals	0	-146	0	0	-146
Reclassifications	0	144	0	-144	0
Depreciation charge	-1 148	-11 571	-190	0	-12 909
Net book value as of 30.06.2008	**64 966**	**142 399**	**1 743**	**15 346**	**224 454**
As of 30.06.2006					
Acquisition cost	97 289	476 810	7 591	4 998	**586 688**
Accumulated depreciation and impairment losses	-27 341	-299 289	-4 820	0	**-331 450**
As of 30.06.2007					
Acquisition cost	98 336	503 429	8 162	14 357	**624 284**
Accumulated depreciation and impairment losses	-31 895	-341 439	-5 784	0	**-379 118**
As of 30.06.2008					
Acquisition cost	101 288	523 699	8 311	15 346	**648 644**
Accumulated depreciation and impairment losses	-36 322	-381 300	-6 568	0	**-424 190**

As of 30.06.2008, acquisition cost of fully depreciated property, plant and equipment amounts to 219 553 (30.06.2007: 189 146) thousand kroons.

As of 30.06.2008 additional investments needed for the completing unfinished projects (incl. uninstalled equipment) amount to 7 327 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 31.12.2006	**4 386**	**10 557**	**173**	**783**	**15 898**
Additions	0	866	0	492	1 358
Disposals	0	-48	0	0	-48
Reclassifications		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**
Additions	6	54	8	286	354
Reclassifications	0	222	0	-222	0
Depreciation charge	-73	-870	-14	0	-957
Net book value as of 30.06.2007	**4 246**	**10 353**	**152**	**918**	**15 669**
Additions	47	1339	7	-411	982
Disposals	0	-1	0	0	-1
Reclassifications	0	140	0	-140	0
Impairment loss	0	-4	0	0	-4
Depreciation charge	-146	-1754	-27	0	-1927
Net book value as of 31.12.2007	**4 147**	**10 073**	**132**	**367**	**14 719**
Additions	0	143	1	283	427
Reclassifications	0	164	0	-164	0
Depreciation charge	-72	-776	-13	0	-861
Net book value as of 31.03.2008	**4 075**	**9 604**	**120**	**486**	**14 285**
Additions	150	236	4	504	894
Disposals	0	-9	0	0	-9
Reclassifications	0	9	0	-9	0
Depreciation charge	-73	-739	-13	0	-825
Net book value as of 30.06.2008	**4 152**	**9 101**	**111**	**981**	**14 345**
As of 30.06.2006					
Acquisition cost	6 217	30 474	485	320	**37 496**
Accumulated depreciation and impairment losses	-1 747	-19 128	-308	0	**-21 183**
As of 30.06.2007					
Acquisition cost	6 284	32 175	522	918	**39 899**
Accumulated depreciation and impairment losses	-2 038	-21 822	-370	0	**-24 230**
As of 30.06.2008					
Acquisition cost	6 473	33 471	531	981	**41 456**
Accumulated depreciation and impairment losses	-2 321	-24 370	-420	0	**-27 111**

As of 30.06.2008, acquisition cost of fully depreciated property, plant and equipment amounts to 14 032 (30.06.2007: 12 089) thousand euros.

As of 30.06.2008 additional investments needed for the completing unfinished projects (incl. uninstalled equipment) amount to 468 thousand euros.

5. Intangible assets (thousands of kroons)

	Product and technology licences	Software licences	TOTAL
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**
Amortisation charge	-561	-64	**-625**
Net book value as of 30.06.2007	**12 321**	**546**	**12 867**
Additions	**0**	38	**38**
Amortisation charge	-1 120	-119	**-1 239**
Net book value as of 31.12.2007	**11 201**	**465**	**11 666**
Amortisation charge	-560	-61	**-621**
Net book value as of 31.03.2008	**10 641**	**404**	**11 045**
Amortisation charge	-560	-59	**-619**
Net book value as of 30.06.2008	**10 081**	**345**	**10 426**
As of 30.06.2006			
Acquisition cost	22 402	7 900	**30 302**
Accumulated amortisation and impairment losses	-7 840	-7 657	**-15 497**
As of 30.06.2007			
Acquisition cost	22 402	6 627	**29 029**
Accumulated amortisation and impairment losses	-10 081	-6 081	**-16 162**
As of 30.06.2008			
Acquisition cost	22 402	6 665	**29 067**
Accumulated amortisation and impairment losses	-12 321	-6 320	**-18 641**

Intangible assets (thousands of euros)

	Product and technology licences	Software licences	TOTAL
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**
Amortisation charge	-36	-4	**-40**
Net book value as of 30.06.2007	**787**	**35**	**822**
Additions	0	2	**2**
Amortisation charge	-72	-7	**-79**
Net book value as of 31.12.2007	**716**	**29**	**745**
Amortisation charge	-36	-4	**-40**
Net book value as of 31.03.2008	**680**	**25**	**705**
Amortisation charge	-36	-3	**-39**
Net book value as of 30.06.2008	**644**	**22**	**666**
As of 30.06.2006			
Acquisition cost	1 432	504	**1 936**
Accumulated amortisation and impairment losses	-501	-489	**-990**
As of 30.06.2007			
Acquisition cost	1 432	424	**1 856**
Accumulated amortisation and impairment losses	-645	-389	**-1 034**
As of 30.06.2008			
Acquisition cost	1 432	426	**1 858**
Accumulated amortisation and impairment losses	-788	-404	**-1 192**

6. Share capital

	Thousands of kroons		Thousands of euros	
	30.06.2008	31.12.2007	**36.06.2008**	31.12.2007
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 2006 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 2007.
The Parent can increase its share capital up to 528 000 thousand kroons (33 745 thousand euros) as maximum, without changing its Articles of Association.

Shareholders of AS Norma with participation over 5%, as of 30.06.2008:

Autoliv Ab	51,0%
ING LUXEMBOURG S.A.	9,2%
Skandinaviska Enskilda Banken Ab kliendid	6,4%

	Thousands of kroons		Thousands of euros	
Earnings per share	01.01.08-30.06.08	01.01.07-30.06.07	01.01.08-30.06.08	01.01.07-30.06.07
Net profit for the financial year	**55 905**	39 259	**3 573**	2 509
Average number of shares (in thousands)	**13 200**	13 200	**13 200**	13 200
Earnings per share in kroons	**4,24**	2,97	**0,27**	0,19

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

In thousands of Estonian kroons

	Safety belts H1 Y2008	**Safety systems H1 Y2008**	**Other products H1 Y2008**	**Unal-located**	**Total H1Y2008**	Safety belts H1 Y2007	Safety systems H1 Y2007	Other products H1 Y2007	Unal-located	Total H1 Y2007
Segment revenue	**489 072**	**136 293**	**97 825**	**0**	**723 190**	**482 600**	**30 559**	**81 573**	**0**	**594 732**
Segment expenses	**-397 509**	**-123 736**	**-76 993**	**-66 402**	**-664 640**	**-403 291**	**-27 601**	**-62 010**	**-53 587**	**-546 489**
Segment results	**91 563**	**12 557**	**20 832**	**-66 402**	**58 550**	**79 309**	**2 958**	**19 563**	**-53 587**	**48 243**
Total assets	**322 668**	**66302**	**60 374**	**709 173**	**1 158 517**	**342 099**	**26 213**	**66 071**	**641 398**	**1 075 781**
Financial assets (excl. receivables)	0	0	0	623 013	623 013		0	0	546 326	546 326
Receivables and prepaid expenses	121 926	49 012	10 206	5 817	186 961	129 913	8 388	11 764	13 756	163 821
Inventories	76 866	7 209	29 587		113 662	86 927	5 504	15 169		107 601
Property, plant and equipment and intangible assets	123 876	10 081	20 581	80 343	234 881	125 259	12 321	39 137	81 316	258 033
Segment liabilities	**156 178**	**15 455**	**30 250**	**59 249**	**261 132**	**173 400**	**33**	**38 496**	**23 040**	**234 970**
Investments in non-current assets	**5 363**	**0**	**900**	**14 416**	**20 679**	**20 576**		**4 969**	**1 524**	**27 069**
Depreciation and amortisation	**18 508**	**1 120**	**3 021**	**4 973**	**27 622**	**12 702**	**1 120**	**3 663**	**13 376**	**30 861**

Segment information

Primary reporting format – by product lines

In thousands of euros

	Safety belts H1 Y2008	**Safety systems H1 Y2008**	**Other products H1 Y2008**	**Unal-located**	**Total H1 Y2008**	Safety belts H1 Y2007	Safety systems H1 Y2007	Other products H1 Y2007	Unal-located	Total H1 Y2007
Segment revenue	**31 257**	**8 711**	**6 252**	**0**	**46 220**	**30 844**	**1 953**	**5 213**	**0**	**38 010**
Segment expenses	**-25 405**	**-7 908**	**-4 921**	**-4 244**	**-42 478**	**-25 775**	**-1 764**	**-3 963**	**-3 425**	**-34 927**
Segment results	**5 852**	**803**	**1 331**	**-4 244**	**3 742**	**5 069**	**189**	**1 250**	**-3 425**	**3 083**
Total assets	**20 622**	**4 237**	**3 859**	**45 325**	**74 043**	**21 864**	**1 675**	**4 223**	**40 993**	**68 755**
Financial assets (excl. receivables)	0	0	0	39 818	39 818	0	0	0	34 917	34 917
Receivables and prepaid expenses	7 792	3 132	653	372	11 949	8 302	536	753	879	10 470
Inventories	4 913	461	1 891	0	7 265	5 556	352	969	0	6 877
Property, plant and equipment and intangible assets	7 917	644	1 315	5 135	15 011	8 006	787	2 501	5 197	16 491
Segment liabilities	**9 981**	**988**	**1 933**	**3 787**	**16 689**	**11 082**	**2**	**2 460**	**1 473**	**15 017**
Investments in non-current assets	**343**	**0**	**58**	**921**	**1 322**	**1 315**	**0**	**318**	**97**	**1 730**
Depreciation and amortisation	**1 183**	**71**	**193**	**318**	**1 765**	**812**	**71**	**234**	**855**	**1 972**

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. By the end of 2007, share of safety systems rose above 10% of Group revenues and therefore it is presented as a separate segment. Other product lines (seat belt components, car parts, tooling, 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 amortisation 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	
	H1 Y2008	H1 Y2007	**H1 Y2008**	H1 Y2007
Russia	**351 314**	204 212	**22 453**	13 051
Sweden	**302 886**	332 592	**19 358**	21 256
Germany	**22 081**	25 612	**1 411**	1 637
Rumanian	**10 414**	0	**666**	0
Czech Republic	**7 370**	5 407	**471**	345
Estonia	**7 043**	6 300	**450**	403
Ukraine	**5 389**	4 694	**344**	300
Spain	**4 062**	621	**260**	40
Finland	**4 000**	4 189	**256**	268
France	**2 901**	2 532	**185**	162
Belgium	**1 521**	4 955	**97**	317
Poland	**1194**	2 268	**76**	145
Great Britain	**522**	557	**33**	35
Other countries	**2494**	793	**159**	51
Total:	**723 190**	594 732	**46 220**	38 010

The Group's (except Norma-Osvar ZAO's) inventories and property, plant and equipments are located in Estonia. Norma-Osvar ZAO's assets in the total amount of 7 850 (30.06.2007: 7 832) thousand kroons or 502 (30.06.2007: 501) thousands euros are located in Russian Federation, incl. property, plant and equipment in the amount of 631 (30.06.2007: 737) thousand kroons or 40 (30.06.2007: 47) thousands euros.

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

8.		Thousands of kroons		Thousands of euros	
	Cost of sales	**H1 Y2008**	H1 Y2007	**H1 Y2008**	H1 Y2007
	Raw materials	**-453 017**	-365 309	**-28 953**	-23 348
	Personnel expenses	**-101 877**	-83 087	**-6 511**	-5 310
	Depreciation and amortisation	**-25 843**	-28 882	**-1 652**	-1 846
	Utilities	**-9 817**	-8 800	**-627**	-562
	Repairs and maintenance	**-3 274**	-3 506	**-209**	-224
	Transportation	**-13 662**	-13 452	**-873**	-860
	Other services	**-4 887**	-4 447	**-313**	-284
	Others	**-8 072**	-2 861	**-516**	-183
		-620 449	-510 344	**-39 654**	32 617

	Thousands of kroons		Thousands of euros	
9. Transactions with related parties	**H1 Y2008**	H1 Y2007	**H1 Y2008**	H1 Y2007
Purchases from companies of Autoliv Group	**208 062**	119 534	**13 297**	7 640
incl. purchases of goods	**203 538**	113 481	**13 008**	7 253
receiving of services	**4 424**	5 585	**283**	357
receiving of services from the parent company Autoliv AB	**100**	468	**6**	30
Transfer of research and development	**4 386**	1 502	**280**	96
Sales to companies of Autoliv Group	**335 568**	355 907	**21 447**	22 747
incl. sales of goods	**332 199**	344 685	**21 231**	22 029
rendering of services	**3 369**	11 132	**215**	711
rendering of services to the parent company Autoliv AB	**0**	90	**0**	6
Sales to Norma by Law-office Tark & Co	**490**	134	**31**	9

	30.06.2008	31.12.2007	**30.06.2008**	31.12.2007
Receivables from companies of Autoliv Group	**54 609**	48 547	**3 490**	3 103
incl. Autoliv AB	**0**	0	**0**	0
Payables to companies of Autoliv Group	**74 282**	36 298	**4 747**	2 320
incl. Autoliv AB	**33 660**	559	**2 151**	36
Short-term deposits in treasury of Autoliv Group	**306 203**	462 138	**19 570**	29 536

10. Balance sheet of AS Norma (the Parent)

	Thousands of kroons		Thousands of euros	
A s s e t s	**30.06.2008**	31.12.2007	**30.06.2008**	31.12.2007
Current assets				
Cash in hand and deposits	**148 012**	86 244	**9 460**	5 512
Financial assets	**475 585**	453 643	**30 395**	28 993
Receivables	**187 412**	170 652	**11 978**	10 907
Prepaid expenses	**1 115**	1 087	**71**	70
Inventories	**112 061**	104 634	**7 162**	6 687
Total current assets	**924 185**	816 260	**59 066**	52 169
Non-current assets				
Long-term investments	**24**	24	**2**	2
Long-term receivables	**310**	307	**20**	20
Property, plant and equipment	**223 823**	229 618	**14 305**	14 675
Intangible assets	**10 426**	11 666	**666**	745
Total non-current assets	**234 583**	241 615	**14 993**	15 442
Total assets	**1 158 768**	1 057 875	**74 059**	67 611
L i a b i l i t i e s a n d e q u i t y				
Liabilities				
Current liabilities				
Payables	**259 423**	148 761	**16 580**	9 508
Deferred income	**1 510**	809	**97**	52
Total current liabilities	**260 933**	149 570	**16 677**	9 560
Total liabilities	**260 933**	149 570	**16 677**	9 560
Equity				
Share capital (par value)	**132 000**	132 000	**8 436**	8 436
Statutory reserve	**13 200**	13 200	**844**	844
Retained earnings	**697 105**	657 240	**44 553**	42 005
Net profit	**55 530**	105 865	**3 549**	6 766
Total equity	**897 835**	908 305	**57 382**	58 051
Total liabilities and equity	**1 158 768**	1 057 875	**74 059**	67 611

11. Income statement of AS Norma (the Parent)

	Thousands of kroons		Thousands of euros	
	H1 Y2008	H1 Y2007	**H1 Y2008**	H1 Y2007
Revenue	**721 584**	593 871	**46 118**	37 955
Cost of sales	**-620 496**	-509 832	**-39 657**	-32 584
Gross profit	**101 088**	84 039	**6 461**	5 371
Marketing and distribution costs	**-13 192**	-11 893	**-843**	-760
Research and development expenses	**-10 019**	-11 518	**-640**	-736
General administrative expenses	**-21 851**	-13 828	**-1 397**	-884
Other operating income	**2 428**	2 571	**155**	164
Other operating expenses	**-279**	-503	**-18**	-32
Operating profit	**58 175**	48 868	**3 718**	3 123
Financial income	**14 997**	9 761	**958**	624
Financial expenses	**-98**	-130	**-6**	-8
Profit before taxes	**73 074**	58 499	**4 670**	3 739
Income tax expense	**-17 544**	-18 615	**-1 121**	-1 190
Net profit	**55 530**	39 884	**3 549**	2 549

Sales classification in accordance with the Commercial Code (§ 4 section 6):

C Manufacturing industry (in thousands of euros)

Thousands kroons

NACE	Classification (EMTAK)	Sales H1 Y2008 (the Group)	Sales H1 Y2008 (the Parent)	Sales H1 Y2007 (the Group)	Sales H1 Y2007 (the Parent)
29.32	2932	723 190	721 584	594 732	593 871
	29321	723 190	721 584	594 732	593 871

Thousands euros

NACE	Classification (EMTAK)	Sales H1 Y2008 (the Group)	Sales H1 Y2008 (the Parent)	Sales H1 Y2007 (the Group)	Sales H1 Y2007 (the Parent)
29.32	2932	46 220	46 118	38 010	37 955
	29321	46 220	46 118	38 010	37 955

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

Thousands of kroons

	Share capital (par value)	Statutory Reserve	Retained earnings	Total equity
31.12.2006	**132 000**	**13 200**	**714 168**	**859 368**
Association with the subsidiary			9 072	9 072
Dividends			-66 000	-66 000
Net profit for the financial year	-	-	39 884	39 884
30.06.2007	**132 000**	**13 200**	**697 124**	**842 324**
Net profit for the financial year	-	-	65 981	65 981
31.12.2007	**132 000**	**13 200**	**763 105**	**908 305**
31.12.2007	**132 000**	**13 200**	**763 105**	**908 305**
Dividends			-66 000	-66 000
Net profit for the financial year			55 530	55 5360
30.06.2008	**132 000**	**13 200**	**752 635**	**897 835**

Thousands of euros

	Share capital (par value)	Statutory Reserve	Retained earnings	Total equity
31.12.2006	**8 436**	**844**	**45 643**	**54 923**
Association with the subsidiary			580	580
Dividends			-4 218	-4 218
Net profit for the financial year	-	-	2 549	2 549
30.06.2007	**8 436**	**844**	**44 554**	**53 834**
Net profit for the financial year	-	-	4 217	4 217
31.12.2007	**8 436**	**844**	**48 771**	**58 051**
31.12.2007	**8 436**	**844**	**48 771**	**58 051**
Dividends			-4 218	-4 218
Net profit for the financial year	-	-	3 549	3 549
30.06.2008	**8 436**	**844**	**48 102**	**57 382**

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

Signatures of the Management Board to the Q2 Y2008 Interim Report

The Management Board hereby states and confirms that to their best knowledge:

1) the consolidated financial statements, prepared in accordance with the International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of AS Norma and its subsidiary as a whole;
2) the Management report gives a true and fair view of the business developments and results of AS Norma and of its subsidiary as a whole and includes a description of the main risks and uncertainties.

The Management Board also confirms the correctness of information presented in the Q2 2008 Interim Report of consolidated group of AS Norma:

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

Stig Carlson
Member of the Management Board

Sander Annus
Member of the Management Board

Peeter Tõniste
Member of the Management Board