AS Norma

Interim report for the period Q4 Y2008

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Beginning and end of the reporting period	01.01.2008 - 31.12.2008

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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

2008 turned out to be subversive for the automotive industry. The cars´ sales growth, which lasted for years, began to decline. In Europe and USA, the sales dropped already in the first half of the year, and by the end of the year the sales declined altogether –8,4% and –18% respectively. The car manufacturers were forced to reduce their production volumes. The global automotive production declined by 4%. In Western-European countries, the production dropped by 9%, and although 6% more vehicles were produced, the production decreased altogether by 5%. In North-America, the decline reached 16%, thereby the output of the three largest (GM, Ford and Chrysler) was lower by 21% compared to a year-ago period. The crisis reached its peak in the fourth quarter, when the global production declined by 20% compared to 2007. The volumes´ decrease in Europe is estimated to be 30%, in North-America 26%.

On one of AS Norma's biggest markets – Russia – the cars´ sales growth continued during the first seven months of 2008. First drawback on the market appeared in August and the downfall merely declined from there on. Altogether in 2008, a 15% more new passenger cars were sold in Russia compared to 2007. Thereby, the sales of domestic cars declined by 8% to 700 thousand cars, the sales of foreign car models produced in Russia grew by 32% to 580 thousand cars, and the sales of imported cars grew by 24% to 1500 thousand vehicles. Thus, the market share of new imported cars increased from 50% to 54%, the markets share of car models developed in Russia dropped from 32% to 25%, and the market share of foreign cars assembled in Russia grew from 3% to 21%. 27% increase in car sales during first 9 months of 2008 year-over-year, was followed by 13% drop in last quarter.

The sales of AvtoVAZ in Russia declined by 6% to 622 thousand cars, but at the same time, the volume of exports (106 thousand) was maintained at the same level as in 2007. During first nine months AvtoVAZ sales increased by 1% compared to same period in 2007, but in forth quarter, there was 13% less cars sold. 10 thousand cars were exported in Q4, addition to 96 thousand cars exported during 9 months 2008.

According to "ACM-Holding", 1 457 thousand passenger cars were produced in Russia in 2008, a 14% more compared to a year-ago period. This was due to increase in assembling the foreign car models, the share of which reached 40%, and the share of domestic cars grew only 5%. 1126 thousand passenger cars were produced within 9 months 2008 in Russia, i.e. 20.5% more than a year before, during last three months, production dropped by 6%. The production of domestic vehicles rose 9.4% during 9 months and decreased after that 11% in last quarter compared to 2007.

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 Q4 Y2008, the amount of belts delivered through Autoliv dropped 45% compared to Q4 Y2007.

Estonian economic environment

AS Norma exports 98-99% 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. The downfall which started in 2008, further toughens the competition. At the same time, AS Norma imports most of the materials, the prices of which are very much dependent on the world market for raw material prices. The company's production costs have increased significantly due to a last years´ high inflation. In 2008, the unfavourable impact of the rise in prices of electricity, water, gas, transport, purchased services, and grown salary expectations had an adverse impact on company's competitiveness. The constraints on subcontracting possibilities for different production technologies in Estonia will slow down the development of the group's in the long run.

Seasonal nature of the business

The tradition of a low sales period on the Russian car market in January is further enhanced by the establishment of the long New Year's holidays in 2005. 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.

In the second half of 2008, due to overproduction the automotive industry reached the situation where the temporary production halts begun; in Western-Europe already in September, in Russia in November.

Highlights of the financial year

Production

While in 2007, the volumes of safety belt production were stable without major fluctuations within the months, then in 2008 the situation was quite different. In the second and third quarter the orders from clients grew and the company was short of production capacity. Temporary employment contracts were concluded, overwork was used, and due to full utilization of some machinery it was not possible to accept the orders for new components. Since October, the orders decreased and production-limiting measures were set. The temporary employment contracts were not prolonged, the number of employees decreased from 1001 in August to 918 by the end of the year. As from October 20, the part-time working time was applied at first in Autoliv seatbelt division, and then for the whole group.

Quality management

The Q4 Y2008 indicators on quality were:
1) the number of products returned from clients per million products (PPM) – 6.5
2) delivery precision on average 99.3%

AS Norma received an award 'Best Supplier' from AVTOVAZ for the results of 2007. The award acknowledges quality and customer-friendly policy. The award was received by Norma's Chairman of the Management Board
Mr Peep Siimon from Mr Yann Vincent (Vice President, AVTOVAZ) and Mr Christian Muller (Vice President, Purchasing, AVTOVAZ) during the ceremony at AVTOVAZ's Suppliers' Convention on the 15th of October, 2008. Four suppliers were recognised for their extra performance in 2007 from 300 of AVTOVAZ's automobile components suppliers.

Investments made in the financial year

In 2008, the Group invested 50.9 million kroons (3.3 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 within 2008 were distributed as follows:

Metal processing equipment	19.1 million kroons (1.2 million euros)
Assembly lines	10.0 million kroons (0.7 million euros)
Injection moulding machines	9.2 million kroons (0.6 million euros)
Tooling	1.5 million kroons (0.1 million euros)
Information technology	1.7 million kroons (0.1 million euros)
Reconstruction and facility repairs	4.8 million kroons (0.3 million euros)
Quality testing equipment	4.6 million kroons (0.3 million euros)

Financial highlights of the Group

Economic activities	**Q4 2008 mil. EEK***	Q4 2007 mil. EEK*	Q4 2006 mil. EEK*	Q4 2005 mil. EEK*	**Q4 2008 mil. €***	Q4 2007 mil. €*	Q4 2006 mil. €*	Q4 2005 mil. €*
Revenue	**314.0**	369.0	286.9	239.0	**20.1**	23.6	18.3	15.3
Change to previous year %	**-14.9**	28.6	20.0					
Gross profit	**40.9**	62.9	47.0	40.9	**2.6**	4.0	3.0	2.6
Change to previous year %	**-35.0**	33.8	14.9					
Gross profit margin[1]	**13.0**	17.1	16.4	17.1				
Operating profit	**24.8**	32.4	26.6	17.9	**1.6**	2.1	1.7	1.1
Change to previous year %	**-23.5**	21.6	48.6					
Operating profit margin[2]	**7.9**	8.8	9.3	7.5				
EBITDA[3]	**37.5**	48.3	42.3	34.3	**2.4**	3.1	2.7	2.2
Change to previous year %	**-22.2**	14.2	23.3					
Profit before taxes	**32.4**	38.4	30.0	20.2	**2.1**	2.5	1.9	1.3
Change to previous year %	**-15.6**	27.7	48.5					
Pre-tax profit margin[4]	**10.3**	10.4	10.5	8.5				
Net profit	**32.4**	38.4	30.0	20.2	**2.1**	2.5	1.9	1.3
Change to previous year %	**-15.6**	27.6	48.5					
Net profit margin[5]	**10.3**	10.4	10.5	8.5				
Working capital[6]	**709.2**	578.6	513.7	366.0	**45.3**	37.0	32.8	23.4
Change to previous year %	**22.6**	12.6	40.4					
Average no of employees	**948**	972	941	935				
Change to previous year %	**-2.5**	3.3	0.6					
Share related figures								
Number of shares (millions)	**13.2**	13.2	13.2	13.2				
Earnings per share[7]	**2.5**	2.9	2.3	1.5	**0.2**	0.2	0.2	0.1
Change to previous year %	**-15.8**	27.6	48.8					
Equity per share[8]	**74.1**	68.7	65.7	64.2	**4.7**	4.4	4.2	4.1
Change to previous year %	**7.8**	4.6	2.3					

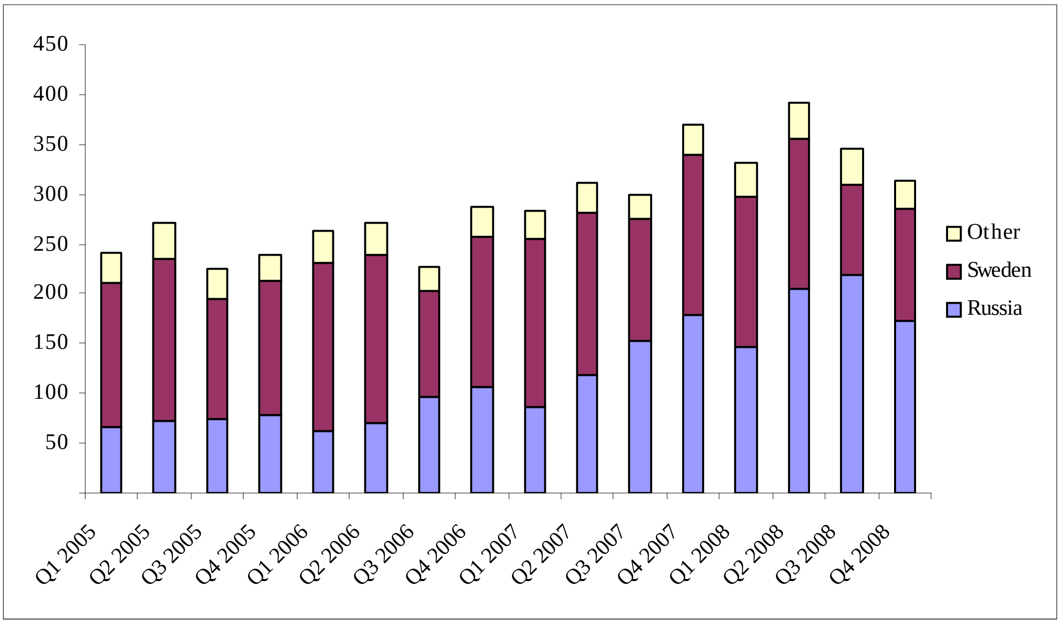
* Excluding margins, change %, number of employees and shares related figures
[1] Gross profit margin –gross profit/revenue
[2] Operating profit margin – operating profit/revenue
[3] EBITDA- earnings before interest and taxes; depreciation and amortisation added
[4] Pre-tax profit margin – profit before 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 314 million kroons (20.1 mil. euros) in Q4 of 2008. This constitutes a 14.9% decrease (55 million kroons; 3.5 mil. euros) compared to Q4 of 2007. Sales to Russian and Ukrainian customers decreased by 4% and to other countries decreased by 25%. Sales to various sub-units of the parent company Autoliv decreased by 27% (47 million kroons; 3.0 mil. euros) compared to the same period in 2007, amounting to 126.4 million kroons (8.1 million euros).

Export amounted to 99.1% from revenue (Q4 of 2007: 98.8%), of which 36% went to Sweden and 55% to Russia (Q4 of 2007: 44% and 49% respectively).

Quarterly export 2005-2008 (millions of kroons)



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 declined by 6% compared to the same quarter in 2007.

The 12 months of 2008 revenue of the Group amounted to 1 382 million kroons (88.3 mil. euros). This constitutes a 9% increase (1 264 million kroons; 80.8 mil. euros) compared to 2007. AS Norma's export amounted to 99.0% (2007: 98.9%). Once again, Russia became the most important export market amounting to 54% of turnover (2007: 43%), export to Sweden amounted to 37% (2007: 49%), and to Germany to 3% (2007: 4%).

Sales to various sub-units of the parent company Autoliv decreased by 14% compared to 2007, amounting to 566 (2007: 661) million kroons (2008: 36.2; 2007; 42.3 mil. euros). The sale of seatbelts made up 74% (2007: 79%) of net sales to Autoliv. The amount of belts delivered declined by 22% to 1.88 (2007: 2.41) million units.

Expenses

Cost of goods sold decreased during the fourth quarter 2008 by 10.8% compared to the same period in 2007, making up 87.0% (2007 Q4: 82.9%) of revenue. Cost for raw material decreased 5.9%, amounting to 198 million kroons (12.6 mil. euros), making up 62.9% (2007 Q4: 56.9%) of revenue.

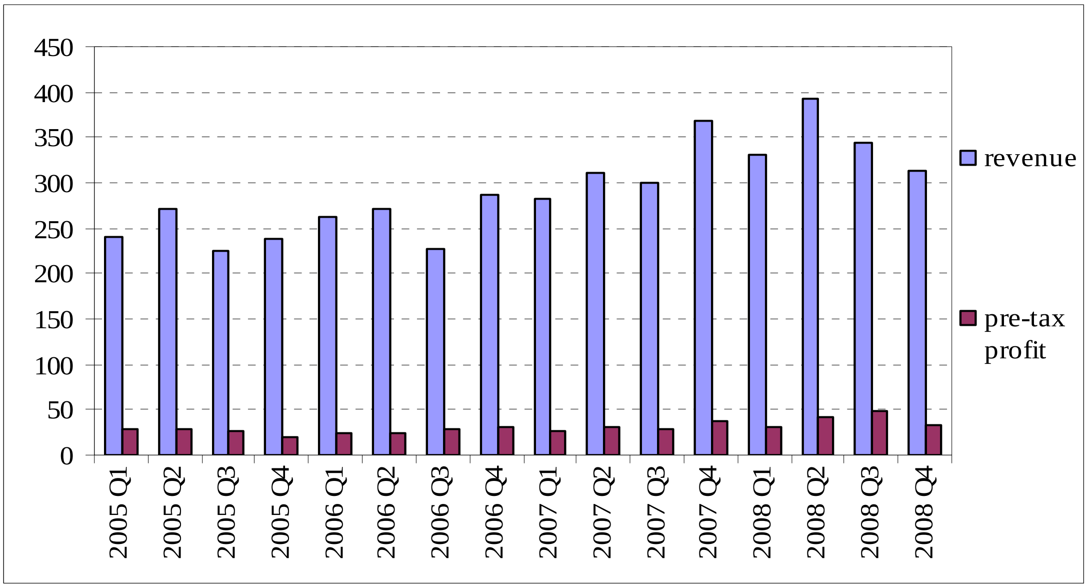
Personnel expenses in production departments amounted to 44 million kroons (2.8 million euros) in 2008 Q4, the 13.9% drop compared to the same period in 2007. Personnel expenses in production departments made up 13.9% of revenue (2007 Q4: 13.8%).

At the end of the accounting period the company employed 918 people, which was 54 employees less than in the previous year and 68 employees less than at the beginning of the fourth quarter. The company employed a monthly average of 948 people, which is 24 employees (2.5%) less than a year ago.
Marketing costs decreased in 2008 Q4 by 41.4%, making up 1.4% (2007 Q4: 2.0%) of revenue; the administration costs decreased 8.2%, making up 2.8% (2007 Q4: 2.6%) of revenue, and the research and development costs decreased 79.5%, making up 1.0% (2007 Q4: 4.2%) of revenue.

Cost of goods sold amounted within 12 months of 2008 to 1182.1 million kroons (75.6 mil. euros), a 10.2% increase compared to the same period in 2007, making up 85.5% (2007: 84.9%) of revenue. 94.6% out of 109 million kroons (7.0 mil. euros) increase was due to increased cost for the raw material. 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 the fourth quarter of 2008 was 41 (Q4 Y2007: 63) million kroons or 2.6 (Q4 Y2007: 4.0) million euros - i.e. 13.0% (Q4 Y2007: 17.1%) of revenue. The gross profit dropped by 35% compared to the same period last year.

In the fourth quarter 2008, the operating profit decreased by 7.6 million kroons (0.5 million euros) reaching 25 million kroons (1.6 million euros), making up 7.9% (Q4 Y2007: 8.8%) of revenue.

The net profit for the fourth quarter of 2008 amounted to 32 (Q4 Y2007: 38) million kroons (2.1 and 2.5 million euros respectively).

The net profit for 12 months of 2008 amounted to 137 million kroons (8.8 mil. euros), an increase of 31 million kroons (2.0 mil. euros), compared with the year-earlier period – i.e. 29.5%, making up 9.9% (2007: 8.4%) of revenue.

Cash flows and capital appropriation

In 2008, the Group's cash flow from operating activities amounted to 146 (2007: 136) million kroons - i.e. 9.4 (2007: 8.7) million euros. The 10-million kroon (0.7-million euro) increase compared to 2007 was, above all, due to the profit growth. The company's investments in property, plant and equipment and intangible assets were 51 (2007: 42) million kroons or 3.3 (2007: 2.7) million euros, the balance of financial investments increased by 95 (2007: 34) million kroons or 6.1 (2007: 2.2) million euros, the total cash flow from investments during the period was -119 (2007: -55) million kroons or -7.6 (2007: -3.5) million euros; the cash flow from financing -84 (2007: -85) million kroons or -5.3 (2007: -5.4) million euros. The net cash flow in 2008 was 56 (2007: 4) million kroons or 3.6 (2007: 0.3) million euros negative.

At the end of 2008, the cash and liquid securities made up 54% (2007: 51%) of the total assets. As of December 31, 2008, the company's working capital (short-term investments, receivables, prepayments, inventories less current liabilities) amounted to 709 (2007: 579) million kroons or 45.3 (2007: 37.0) million euros, and the working capital used for main activities (receivables, prepayments, inventories less current liabilities) to 156 (in 2007: 125) million kroons or 9.9 (2007: 8.0) million euros. The current liabilities decreased during 2008 by 47 million kroons (3.0 mil. euros) due to the drop in production volumes of car manufacturers, suppliers, and subcontractors by the end of 2008.

AS Norma kept a traditionally conservative profile in managing liquidity and making financial investments in 2008. 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 than currently offered on the market. As of 31.12.2008 the Group deposited at Autoliv

AB euros in the amount of 9.9 MEUR (155 MEEK) for the term of maturity less than 3-month and 3-12-month with a 5.5%-5.7% interest rate, and kroons in the amount of 23.0 MEEK (1.5 MEUR) with a 7% interest rate. The Group made no additional transaction with Autoliv AB in the fourth quarter 2008.

Non-current assets made up 22% (2007: 23%) of the assets, having dropped in a year by 3 million kroons (0.2 mil. 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 increased by 71 million kroons (4.6 mil. euros), amounting to 979 (in 2007: 907) million kroons or 62.6 (2007: 58.0) mil. euros by the end of the reporting year. Equity made up 90.5% (in 2007: 85.8%) of the total assets. At the end of the year, available equity amounted to 833 (in 2007: 762) million kroons or 53.3 (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 (0.32 euros) 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 in the fourth quarter 2008 were 2.45 (2007 Q4: 2.91) kroons or 0.16 (2007 Q4: 0.19) euros, and equity per share was 74.1 (31.12.2007: 68.8) kroons or 4.7 (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 euros) and transaction volume in the Tallinn Stock Exchange from October 1, 2008 onwards.

As of 31.12.2008, 1458 (31.12.2007: 1434) shareholders have been listed in AS Norma's share register. The following shareholders held over 3% of the shares:

Autoliv Ab	51.0%
ING Luxembourg S.A.	10.0%
Skandinaviska Enskilda Banken Ab clients	6.3%
Marfin Pank Eesti AS Repokonto	3.8%

The shareholders of AS Norma can be grouped as follows: 59.1% (2007: 60.0%) residents of Sweden, 20.0% (2007:

20.7%) residents of Estonia, 13.0% (2007: 11.3%) residents of Luxembourg, and 7.9% (2007: 8.0%) residents of other countries. 7.5% (2007: 7.2%) of the shareholders are natural persons.

As of 31.12.2008, 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

The Group's principal financial instruments are cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The Group's liabilities are limited to debts to contractors and other short-term liabilities; there are no loan commitments or any other financial instruments among the liabilities.

The Group is exposed to the market, credit and liquidity risks. The Management Board of AS Norma is accountable to managing these risks, following the decisions and declared principles set by the Supervisory Board of AS Norma.

Market risk

Market prices comprise three types of risk: interest rate risk, currency risk and equity price risk.

Interest rate risk

AS Norma does not use debt financing and therefore has no interest bearing liabilities, whereof the future cash flow's fair value could be influenced because of changes in market interest rates.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiary.

In 2008, 99.0% (2007: 98.9%) of the Group's revenue was export sales, made mainly in euros. The Group's expenses were primarily in Estonian kroons, euros, Swedish crowns and Russian roubles. Main sales and purchase contracts are denominated in euros in order to spread the currency risk. The risks related to other currencies than euro were monitored either by matching the incoming and outgoing cash flows of the same currency, or fixing contractual payments at euro exchange rate.

The net assets of the Russian subsidiary are low (2008: 157.6; 2007: 108.1 thousand kroons or 10.1 and 6.9 thousand euros respectively) and the currency risk-spreading of these assets is not economical.

Short-term investments are diversified between Estonian kroons and euros. No hedge accounting instruments were used for covering currency risks.

Credit risk

The Group is exposed to credit risk primarily from its operating activities (for trade receivables) and from its financing activities (for deposits).

Trade receivables risk
This is particularly important regarding the ability of the Group's major customers to pay for goods supplied. Credit is primarily extended only to long-term partners. In order to ensure the payments from its long-term clients, the Group is constantly monitoring and analysing their financial position and liquidity. If necessary, the Group requests bank guarantees to ensure payments. Prepayment or a letter of credit is required for single transactions or from new clients.

An allowance has been recorded to cover doubtful receivables. This allowance encompasses all accounts receivables, which are the object of dispute with the other party, and receivables, which the Management Board has reason to believe are not collectible.
For many years, the largest concentration of credit risk is related to our Russian and Ukrainian customers. The accounts receivable balances from the Russian and Ukrainian clients as of December 31, 2008 amounts to 101 822 (31.12.2007: 92 006) thousand kroons or 6 507.6 (31.12.2007: 5 880.3) thousand euros. In January 2009, 54 838 thousand kroons (3 504.8 thousand euros) was received from this amount. As of the end of the accounting period, the overdue invoices of the Russian and Ukrainian customers amounted to 17 691 thousand kroons (1 130.7 thousand euros), of that 2 738

thousand kroons (175.0 thousand euros) were invoices overdue more than over 90 days. In January 2009, 1 547 thousand kroons (98.9 thousand euros) was received form this amount. Allowance for these receivables amounts to 1369 (31.12.2007: 0) thousand kroons or 87.5 (31.12.2007: 0) thousand euros at the end of the accounting period.

Credit risk related to financial instruments and cash deposits
Credit risk from balances with banks and Autoliv AB Treasury is managed in accordance with the financial principles approved by the Supervisory Board: investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty (each party's credit limit does not exceed the 1/3 of all deposited resources). The limits are set to minimise the concentration of risk and therefore mitigate financial loss through potential counterparty failure.

Liquidity risk

The maturity of financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flow from operations are taken into consideration in the process of monitoring liquidity. As of December 31, 2008, the Group had no liabilities (except for vacation reserve) maturing later than 2 months after the year-end. As the share of cash and other short-term financial assets exceeds 50% of the Group's total assets, the management of the Group does not assess the liquidity risk as significant.

Capital management

The objective of the Group's capital management is to ensure that it maintains a strong statement of balance in order to support its day-to-day businesses and the company's strategic development. Due to the automotive industry's cyclicity, only financially capable and independent subcontractor can succeed. The unique market position of AS Norma, the bulk of sales of which is related to Russian and Ukrainian market with fluctuating liquidity, needs extra attention in capital management. The components' production, the development of which is one of the Group's strategic goals, is a capital-intensive field. The Group does not use external financing in its operations. Investments into production and research and development are done from the Group's own funds.
AS Norma annually pays its shareholders the dividends to dispense the earned capital, the share buyout has not been used due to its scarce trading.

The decision regarding dividend payments is taken by the management based on the Group's financial results, plans for development, and also considering the general macroeconomic developments in Estonia and in the markets for the Group's products.

Fair value

In the opinion of the Group's management there are no significant differences between the carrying value and the fair value of financial assets and liabilities of the Group, which has been determined using market value for interest fund shares and discounted cash flow method for cash (incl. deposits), bonds, other receivables and payables.

Consolidation group structure

In the fourth quarter 2008, 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 the fourth quarter 2008, the parent company's turnover amounted to 313 (in Q4 of 2007: 367) million kroons or 20.0 (in Q4 of 200/: 23.5) million euros, net profit to 32.5 (in Q4 of 2007: 37.5) million kroons or 2.1 (Q4 of 2007: 2.4) million euros, and equity as of 31.12.2008 to 979.0 (31.12.2007: 908) million kroons or 62.6 (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 the fourths quarter 2008, the revenue of Norma-Osvar ZAO amounted to 4.4 (Q4 of 2007: 15.0) million kroons or 0.3 (Q4 of 2007: 1.0) million euros, loss to 0.9 (Q4 of 2007: profit 0.7) million kroons or 0.05 (Q4 of 2007: profit 0.04) million euros, and equity as of 31.12.2008 to 1.0 (31.12.2007: 0.1) million kroons or 0.06 (31.12.2007: 0.01) million euros. Sales to external customers amounted to 3.7 (Q4 of 2007: 15.0) million kroons or 0.2 (Q4 of 2007: 1.0) 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, the following members were elected to the Supervisory Board (were previously the Supervisory Board members): Pär Malmhagen, Senior Vice President Autoliv Europe Seatbelt Division; Leif Berntsson, Senior Director Global Airbags Development of Autoliv; Aare Tark, Attorney-at-Law from Law Office Tark & Co; Toomas Tamsar, Chairman of the Management Board of Balti Juhtimiskonverents OÜ; Raivo Erik, Chairman of the Management Board of OÜ Someri Trade. A new member Halvar Jonzon, Group Vice President of Autoliv, was elected. 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 of the Management Board members Kaido Salurand and Stig Carlson. Pursuant to the decision of the Supervisory Board, the last day of appointment of Kaido Salurand was June 6, 2008, and of Stig Carlson – September 27, 2008.

Relevant facts since the end of the accounting period

The crisis in the automotive industry deepened in 2009, the stock reserves have grown and all car manufacturers have reduced their production volumes. The clients of AS Norma are not an exception in this situation. Pursuant to this, the Management Board of AS Norma decided to terminate the employment contracts with 162 employees in February and to file a request to terminate the employment contracts with additionally 52 employees in May.

As the production capacity of the Russian and Ukrainian manufacturers has not restored without any stoppages in the beginning of 2009 due to a liquidity problems and low sales orders, and AS Norma's Western clients have notified of the production halts in the first quarter of 2009, AS Norma has filed a request with Labor Inspectorate to apply a part-time working time from February 28 to March 31.

The Management and the Supervisory Board continue to monitor the development very carefully to adjust capacity and operating cost as needed. Under the current circumstances, it is not likely that the first quarter 2009 will reach break-even.

AS Norma has since many years followed a careful financial strategy. As a result the company enters this crisis in the industry with no debts and a strong balance sheet. This provides AS Norma with a backbone to continue to develop the company and pursue its longer term strategic direction through this severe downturn in the industry.

Corporate Governance Report

As from 1st 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 Q4 2008 and their accordance with guidelines given in the Recommendations. During the fourth quarter 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 1 458 shareholders. 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 have 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 8th 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.

All the members of the supervisory board and management board; Hanno Lindpere, an auditor from Ernst & Young Baltic AS, the firm of auditors of AS Norma; notary Annika Kuimet attended the general meeting. Toomas Taube, a lawyer from the Law Office Tark&Co, was elected the chairman of the meeting, and Risto Hübner, a lawyer from the Law Office Tark&Co, was elected the minutes' secretary. Due to absence of technical means it was impossible to watch the general meeting of AS Norma by means of communication, including Internet.

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.

18 shareholders attended the annual general meeting held on 19 June 2008, whereas the shares held by them represent in total 8 628 716 votes, which comprises in total 65.37% of all the votes. Thus the meeting was competent to adopt resolutions in the issues included in the agenda.

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 fourth quarter 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 composed of 6 members: chairman - Peep Siimon; members – Ülle Jõgi, Ivar Aas, Garri Krieger and since 22st of February 2008 - 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 6, 2008 and Stig Carlson on September 27, 2008.

The chairman and the members of the management board of AS Norma are residents of the member states of the European Economic Area. The members of the management board are not simultaneously members on the supervisory board of AS Norma. Responsibilities of the management board members have been set out in the management agreement concluded with each management board member.

The fee paid to the members of the management board, severance payment and premium system has been agreed to by the contract of service concluded between the management and supervisory board. The fee of the member of management board was 11 326 thousand kroons in 2008. Stock options or other bonuses have not been allocated to the members of management board. Based on the contract of the member of management board, the payment in case of termination of the contract is from 0 to 12 monthly salaries depending on the conditions of termination of the contract. The maximum possible payment, considering all the contracts of the members of management board, is 4 754 thousand kroons.

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 2009.

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 immovable, 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 June, 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 re-elected 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.

In 2008 there were 6 supervisory board meetings all in all – on 21st of February 2008; on 28th of April 2008; on 19th of June 2008; on 16th of September 2008; on 1st of October 2008 and on 13th of November 2008. The total membership was not represented on two meetings - on 21st of February 2008 Aare Tark did not participate and on 19th of June 2008 Toomas Tamsar did not participate.On the meeting of 21st of February 2008 the supervisory board approved the annual report of AS Norma for the year 2007. The auditor from audit firm Ernst & Young Baltic AS was not invited to the meeting as the co-operation between supervisory board and auditor is tight and questions arising from auditing are solved on the daily bases and the supervisory board is convinced that auditing is independent and not influenced by the management board.

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 the Council continues with present members even if it is in conflict with the Recommendations.

A decision on the fees of the supervisory board was made on the regular general meeting of 25th of April 2004, according to which the fee of the member of supervisory board is 10 000 kroons per month and the fee of the chairman of the board is 12 000 kroons per month. Stock options or other bonuses have not been allocated to the members of supervisory board. In case of termination of the contract with the member of supervisory board, bonuses are not prescribed.

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 2009.

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 took place during the fourth 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; no meetings with investors took place during the second quarter in 2008; the meetings with investors took place during the third quarter – 19th of September 2008, 22nd of October 2008, and 30th of October 2008, the meeting with investors took place during the fourth quarter – 16th of December 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 tentative and final interim financial reports and the audited annual report immediately after its approval by the supervisory board.

Preliminary financial calendar of 2008:

Reporting period	Preliminary report	Final report	Audited report
Q4 07	Jan.30, 08	Feb. 29, 08	
annual 07			Feb. 22, 08
Q1 08	Apr. 21, 08	May 30, 08	
Q2 08	July 21, 08	Aug.29, 08	
Q3 08	Oct.20, 08	Nov.28, 08	
Q4 08	Jan.28, 09	Feb. 27, 09	

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 the 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 Q4 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

Sander Annus

Member of the Management Board

Peeter Tõniste

Member of the Management Board

Tallinn, February 27, 2009

Consolidated balance sheet

	Thousands of kroons		Thousands of euros		
A s s e t s					
	31.12.2008	31.12.2007	**31.12.2008**	31.12.2007	Lisa
Current assets					
Cash in hand and deposits	**29 943**	86 588	**1 914**	5 534	1
Financial assets	**553 576**	453 643	**35 380**	28 993	2
Receivables	**155 647**	167 331	**9 948**	10 694	
Prepaid expenses	**1 542**	1 371	**98**	88	
Inventories	**101 291**	105 970	**6 474**	6 773	3
Total current assets	**841 999**	814 903	**53 814**	52 082	
Non-current assets					
Long-term receivables	**329**	307	**21**	20	
Property, plant and equipment	**229 938**	230 304	**14 696**	14 719	4, 7
Intangible assets	**9 252**	11 666	**591**	745	5, 7
Total non-current assets	**239 519**	242 277	**15 308**	15 484	
Total assets	**1 081 518**	1 057 180	**69 122**	67 566	7
L i a b i l i t i e s and s h a r e h o l d e r s´ e q u i t y					
Liabilities					
Current liabilities					
Payables	**99 609**	148 885	**6 367**	9 516	
Deferred income	**408**	815	**26**	52	
Provision	**2 803**	0	**179**	0	
Total current liabilities	**102 820**	149 700	**6 572**	9 568	
Total liabilities	**102 820**	149 700	**6 572**	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	**833 498**	762 280	**53 270**	48 718	
Total owners´ equity	**978 698**	907 480	**62 550**	59 998	
Total liabilities and owners´ equity	**1 081 518**	1 057 180	**69 122**	67 566	

Consolidated income statement

Thousands of kroons

	01.10.08-31.12.08	**01.01.08-31.12.08**	01.10.07-31.12.07	01.01.07-31.12.07	Lisa
Revenue	**313 992**	**1 382 140**	369 010	1 263 942	7
Cost of sales	**-273 091**	**-1 182 147**	-306 083	-1 072 997	8
Gross profit	**40 901**	**199 993**	62 927	190 945	
Marketing and distribution costs	**-4 362**	**-24 072**	-7 441	-28 567	
Research and development expenses	**-3 145**	**-16 244**	-15 339	-30 461	
General administrative expenses	**-8 651**	**-38 869**	-9 427	-31 861	
Other operating income	**2 327**	**6 480**	1 692	5 447	
Other operating expenses	**-2 294**	**-3 332**	-37	-1 281	
Operating profit	**24 776**	**123 956**	32 375	104 222	7
Financial income	**7 619**	**31 014**	6 110	20 645	
Financial expenses	**-40**	**-208**	-130	-324	
Profit before taxes	**32 355**	**154 762**	38 355	124 543	
Income tax expense	**0**	**-17 544**	0	-18 615	6
Net profit	**32 355**	**137 218**	38 355	105 928	
Basic and diluted earnings per share (in kroons)	**2,45**	**10,40**	2,91	8,02	**6**

Consolidated income statement

Thousands of euros

	01.10.08-31.12.08	**01.01.08-31.12.08**	01.10.07-31.12.07	01.01.07-31.12.07	Lisa
Revenue	**20 068**	**88 335**	23 584	80 781	7
Cost of sales	**-17 454**	**-75 553**	-19 562	-68 577	8
Gross profit	**2 614**	**12 782**	4 022	12 204	
Marketing and distribution costs	**-279**	**-1 539**	-476	-1 826	
Research and development expenses	**-201**	**-1 038**	-980	-1 947	
General administrative expenses	**-553**	**-2 484**	-603	-2 036	
Other operating income	**149**	**414**	108	348	
Other operating expenses	**-147**	**-213**	-2	-82	
Operating profit	**1 583**	**7 922**	2 069	6 661	7
Financial income	**487**	**1 982**	390	1 320	
Financial expenses	**-2**	**-13**	-8	-21	
Profit before taxes	**2 068**	**9 891**	2 451	7 960	
Income tax expense	**0**	**-1 121**	0	-1 190	
Net profit	**2 068**	**8 770**	2 451	6 770	6
Basic and diluted earnings per share (in euros)	**0,16**	**0,66**	0,19	0,51	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			67 573	67 573
Dividends			-66 000	-66 000
30.09.2007	**132 000**	**13 200**	**723 925**	**869 125**
Net profit			38 355	38 355
31.12.2007	**132 000**	**13 200**	**762 280**	**907 480**
Net profit			104 863	104 863
Dividends			-66 000	-66 000
30.09.2008	**132 000**	**13 200**	**801 143**	**946 343**
Net profit			32 355	32 355
31.12.2008	**132 000**	**13 200**	**833 498**	**978 698**

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			4 318	4 318
Dividends			-4 218	-4 218
30.09.2007	**8 436**	**844**	**46 267**	**55 547**
Net profit			2 451	2 451
31.12.2007	**8 436**	**844**	**48 718**	**57 998**
Net profit			6 702	6 702
Dividends			-4 218	-4 218
30.09.2008	**8 436**	**844**	**51 202**	**60 482**
Net profit			2 068	2 068
31.12.2008	**8 436**	**844**	**53 270**	**62 550**

Consolidated Cash Flow Statement

	Thousands of kroons		Thousads of euros		Note
	2008	2007	**2008**	2007	
Cash flows from operating activities					
Net profit	**137 218**	105 928	**8 770**	6 770	
Adjustments of operating profit					
Gain from disposals of property, plant and equipment	**-195**	-455	**-12**	-29	
Depreciation and amortisation	**53 529**	62 267	**3 421**	3 980	4, 5
Impairment loss of property, plant and equipment	**0**	66	**0**	4	4, 5
Income from interest	**-31 014**	-20 613	**-1 982**	-1 317	
Net exchange loss	**208**	292	**13**	19	
Net unrealised exchange gain	**-485**	-114	**-31**	-7	
Income tax expense	**17 544**	18 615	**1 121**	1 190	4
Changes in assets related to operating activities, incl.:					
Short-term receivables and prepaid expenses, except loans and interests	**11 262**	-37 691	**729**	-2 409	
Inventories	**4 679**	-12 051	**299**	-770	3
Changes in liabilities, incl.:					
Payables	**-48 643**	20 078	**-3 109**	1 283	
Deferred income	**-407**	-323	**-26**	-21	
Provision	**2 803**	0	**179**	0	
Total cash flows from operating activities	**146 499**	135 999	**9 363**	8 692	
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment	**342**	1 214	**22**	78	
Acquisition of property, plant and equipment and intangible assets	**-50 896**	-42 487	**-3 253**	-2 715	4, 5
Loans granted	**-67**	-90	**-4**	-6	
Loan repayments received	**149**	184	**9**	12	
Acquisition of short-term financial investments	**-1 070 763**	-724 370	**-68 434**	-46 296	
Proceeds from disposals of short-term financial investments	**975 544**	690 501	**62 348**	44 131	
Interest received	**26 299**	19 626	**1 681**	1 254	
Total cash flows from investing activities:	**-119 392**	-55 422	**-7 631**	-3 542	
Cash flows from financing activities					
Payment of income tax on dividends	**-17 544**	-18 615	**-1 121**	-1 190	
Dividends paid	**-66 000**	-66 000	**-4 218**	-4 218	6
Total cash flows from financing activities:	**-83 544**	-84 615	**-5 339**	-5 408	
Net cash flows	**-56 437**	-4 038	**-3 607**	-258	
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	**-56 437**	-4 038	**-3 607**	-258	
Foreign exchange effect	**-208**	-292	**-13**	-19	
Cash and cash equivalents at the end of the year, incl.:	**29 943**	86 588	**1 914**	5 534	1
Cash in hand and deposits with maturity up to 3 months	**29 943**	38 990	**1 914**	2 492	1
Shares of interest fund	**0**	47 598	**0**	3 042	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).

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

Changes in accounting policies

The consolidated financial report is composed based on consistency and comparability principles, which means that the Group continually applies same accounting principles and presentation. Changes in accounting policies and presentation take place only if these are required by new or revised IFRS standards and interpretations or if new accounting policy and / or presentation gives a more objective overview of financial position, financial results and cash flows of the Group.

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

The accounting policies and presentation adopted in preparation of the current financial statements are consistent with those of the previous financial year. In addition, the following new/revised standards have been adopted, which had no material effect on the financial results and disclosures of 2008:

a) IFRIC 11 IFRS 2 – Group and Treasury Share Transactions;

b) IFRIC 12 Service Concession Agreements;

c) IFRIC 13 Customer Loyalty Programmes;

d) IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction;

e) IFRIC 16 Hedges of a Net Investment in a Foreign Operation;

f) Amendments to IAS 39 and IFRS 7 Reclassification of Financial Assets.

b) New IFRS standards and interpretations issued but not yet effective

In the opinion of the management of the Group the new or revised IFRS standards and their interpretations issued by the time of preparing the current consolidated financial statements, but not effective yet, and not applied early by the Group, do not have any effect on the value of the assets and liabilities of the Group as of 31 December 2008. These standards and interpretations will be applied starting from their effective date and are as follows:

a) IAS 23 Borrowing costs (revised), effective for annual periods beginning on or after 1 January 2009;
b) IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements, effective for financial years beginning on or after 1 January 2009;
c) IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements, effective for financial years beginning on or after 1 July 2009;
d) IAS 1 Revised Presentation of Financial Statements, effective for financial years beginning on or after 1 January 2009;
e) IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation, effective for financial years beginning on or after 1 January 2009;
f) IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items, effective for financial years beginning on or after 1 July 2009;
g) IFRS 2 Share-Based Payment (Amendments), effective for financial years beginning on or after 1 January 2009;
h) IFRS 8 Operating Segments, effective for financial years beginning on or after 1 January 2009;
i) IFRIC 15 Agreement for the Construction of Real Estate, effective for financial years beginning on or after 1 January 2009.

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 - 12 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.

Based on the historical experience, expertise and market evolved practices for components quotations, it appears as follows: the depreciation rates employed by AS Norma are excessively aggressive for specific type of equipment, they do not reflect the actual lifetime and value of the equipment and therefore, the revenue and expenditure copmliance principle is not adequately reflected. It was decided to change the depreciation rates of 55 pieces of equipment. (see Note 4).

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

Estonian companies of the Group:
According to the Estonian Income Tax Law the company's net profit is not subject to income tax; thus there are no temporary differences between the tax bases and carrying values of assets and liabilities that may cause the deferred income tax. Instead of taxing net profit, all dividends paid by the company are subject to income tax with the rate of 21/79 (the rate of 22/78 was effective for dividends paid out in 2007). Income tax from the payment of dividends is recorded as income tax expense at the moment of declaring the dividends, regardless of the actual payment date or the period for which the dividends are paid out.

The potential tax liability related to the distribution of the Group's retained earnings as dividends is not recorded in the balance sheet. The amount of potential tax liability related to the distribution of dividends is disclosed in Note 22.

Russian company of the Group:
In accordance with the local income tax acts, the company's net profit adjusted by temporary and permanent differences determined in income tax acts is subject to income tax in Russia (the tax rate is 24%).

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised only when it is probable that profit will be available against which the deferred tax assets can be utilised.

Tax to be paid is reported under current liabilities and deferred tax under non-current assets or liabilities.

Related Parties

Entities and individuals are considered to be related parties if one of the parties can exercise control over the other party or has significant influence over economic decisions made by the other party. The following entities and individuals are considered as related parties of the Group, which itself belongs to the Autoliv Group:
a) the parent and the ultimate parent of AS Norma;
b) other companies of the Autoliv Group;
c) key management personnel of the Group and the parent of the Group; and
d) the close relatives of and the entities controlled by the parties specified above.

Revenue Recognition

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the revenue and the cost of the transactions can reliably be measured. Revenue is recognised at the fair value of the received/receivable income. If the credit terms are longer than usual terms in the business of the Group, the revenue is determined based on the present value of proceeds.

Revenue from the sales of services is recorded upon rendering of the service. Income from services mediated is recognised as net of related expenses in the income statement.

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

Finance and Operating Leases

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

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

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

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

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

Segment Reporting

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

Across 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.

Notes to the Consolidated Financial Statements

		Thousands of kroons		Thousands of euros	
1.	**Cash and cash equivalents**	**31.12.2008**	31.12.2007	**31.12.2008**	31.12.2007
	Cash in hand and current deposits in banks	**845**	694	**54**	44
	Short-term time deposits with maturity up to 3 months	**29 098**	38 297	**1 860**	2 448
	Interest fund shares of Hansapank	**0**	47 597	**0**	3 042
		29 943	86 588	**1 914**	5 534

As of the end of 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 5.70-6.25% (31.12.2007: 3.0-5.45%) in the amount of 2 927 (31.12.2007: 4 430) thousand kroons or 187 (31.12.2007:283) thousands euros and euro-deposits with interest rates of 2.51-6.0% in the amount 26 171 (31.12.2007: 4 137) thousand kroons or 1 673 (31.12.2007: 265) thousands euros; and

b) there were no short-term deposits in the treasury of Autoliv as of the end of 2008. As of the end of 2007, there were short-term deposits in the treasury of Autoliv with interest rate 4.754-5.175% in the amount of 29 729 thousand 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 of euros	
2.	**Financial assets**	**31.12.2008**	31.12.2007	**31.12.2008**	31.12.2007
	Short-term time deposits with maturity more than 3 months	**544 641**	449 422	**34 809**	28 723
	Accrued interest income	**8 935**	4 221	**571**	270
		553 576	453 643	**35 380**	28 993

As of the end of 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 7.05-7.30% in the amount of 55000 (31.12.2007: 0) thousand kroons or 3 515 (31.12.2007: 0) thousands euros and euro-deposits with interest rates of 5.49%-6.0% (31.12.2007: 4.4%) in the amount 311 740 (31.12.2007: 17 013) thousand kroons or 19 924 (31.12.2007: 1 087) thousands euros; and

b) short-term euro-funds in the treasury of Autoliv with interest rates 5.529-5.722% (31.12.2007: 5.018-5.327%) in the amount of 154 901 (31.12.2007: 432 409) thousand kroons or 9 900 (31.12.2007: 27 636) thousands euros and short-term kroons-deposits with interes rates 7.070% in the amount of 23 000 (31.12.2007:0) thousand 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 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 of euros	
Categories of financial assets and financial liabilities		**Note**	**31.12.2008**	31.12.2007	**31.12.2008**	31.12.2007
Interest fund shares	Fair value through profit & loss	1	**0**	47 597	**0**	3 042
Short-term deposits with maturity more than 3 months	Fair value through profit & loss	2	**544 641**	449 422	**34 809**	28 723
Accrued interest income	Fair value through profit & loss	2	**8 935**	4 221	**571**	270
Trade receivables and allowances	Loans and receivables		**154 173**	162 333	**9 853**	10 375
Other short-term receivables	Loans and receivables		**271**	420	**17**	27
Long-term loans	Loans and receivables		**329**	307	**21**	20
Financial liabilities	Amortised cost		**89 256**	138 761	**5 704**	8 869

3. Inventories	Thousands of kroons 31.12.2008	Thousands of kroons 31.12.2007	Thousands of euros 31.12.2008	Thousands of euros 31.12.2007
Raw materials	**64 462**	69 523	**4 120**	4 443
Work in progress	**18136**	17 476	**1 159**	1 117
Finished goods	**17870**	18 735	**1 142**	1 198
Prepayments for goods	**823**	236	**53**	15
	101 291	105 970	**6 474**	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	837	22 034	214	14 344	37 429
Disposals	0	-750	0	0	-750
Reclassifications		12 245		-12 245	0
Impairment loss		-66			-66
Depreciation charge	-3 438	-40 358	-660	0	-44 456
Net book value as of 30.09.2007	**66 030**	**158 282**	**2 258**	**14 344**	**240 914**
Additions	0	13 313	18	-8 606	4 725
Disposals	0	-9	0	0	-9
Depreciation charge	-1 141	-13 971	-214	0	-15 326
Net book value as of 31.12.2007	**64 889**	**157 615**	**2 062**	**5 738**	**230 304**
Additions	2 697	9 308	1 306	16 693	30 004
Disposals	0	-147	0	0	-147
Reclassifications	0	5 094	0	-5 094	0
Depreciation charge	-3 470	-34 858	-588	0	-38 916
Net book value as of 30.09.2008	**64 116**	**137 012**	**2 780**	**17 337**	**221 245**
Additions	384	26 702	61	-6 334	20 813
Disposals	0	1	0	0	1
Reclassifications	0	644	0	-644	0
Depreciation charge	-1 189	-10 742	-190	0	-12 121
Net book value as of 31.12.2008	**63 311**	**153 617**	**2 651**	**10 359**	**229 938**
As of 31.12.2006					
Acquisition cost	98 237	485 530	8 042	12 245	**604 054**
Accumulated depreciation and impairment losses	-29 606	-320 353	-5 338	0	**-355 297**
As of 31.12.2007					
Acquisition cost	98 931	517 523	8 239	5 738	**630 431**
Accumulated depreciation and impairment losses	-34 042	-359 908	-6 177	0	**-400 127**
As of 31.12.2008					
Acquisition cost	102 012	551 663	9 607	10 359	**673 641**
Accumulated depreciation and impairment losses	-38 701	-398 046	-6 956	0	**-443 703**

Based on the historical experience, expertise and market evolved practices for components quotations, it appears as follows: the depreciation rates employed by AS Norma are excessively aggressive for specific type of equipment, they do not reflect the actual lifetime and value of the equipment and therefore, the revenue and expenditure copmliance principle is not adequately reflected. It was decided to change the depreciation rates of 55 pieces of equipment. All of the mentioned equipment is multi-usable, i.e. it is not product-specific. In 2008, the impact from the change of the depreciation rate is 6.2 million kroons.

As of 31.12.2008, acquisition cost of fully depreciated property, plant and equipment amounts to 228 568 (2007: 192 347) thousand kroons.

As of 31.12.2008 additional investments needed for the completing unfinished projects (incl. uninstalled equipment) amount to 2 588 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**	**782**	**15 898**
Additions	53	1 408	15	916	2 392
Disposals	0	-48	0	0	-48
Reclassifications	0	783	0	-783	0
Impairment loss	0	-4	0	0	-4
Depreciation charge	-219	-2 580	-42	0	-2 841
Net book value as of 30.09.2007	**4 220**	**10 116**	**144**	**917**	**15 397**
Additions	0	851	1	-550	302
Disposals	0	-1	0	0	-1
Depreciation charge	-73	-893	-13	0	-979
Net book value as of 31.12.2007	**4 147**	**10 073**	**132**	**367**	**14 719**
Additions	173	595	83	1 067	1 918
Disposals	0	-9	0	0	-9
Reclassifications	0	326	0	-326	0
Depreciation charge	-222	-2 228	-38	0	-2 488
Net book value as of 30.09.2008	**4 098**	**8 757**	**177**	**1 108**	**14 140**
Additions	25	1 707	4	-405	1 331
Disposals	0	0	0	0	0
Reclassifications	0	41	0	-41	0
Depreciation charge	-76	-687	-12	0	-775
Net book value as of 31.12.2008	**4 046**	**9 818**	**169**	**662**	**14 696**
As of 31.12.2006					
Acquisition cost	6 278	31 031	514	783	**38 606**
Accumulated depreciation and impairment losses	-1 892	-20 474	-341	0	**-22 708**
As of 31.12.2007					
Acquisition cost	6 323	33 076	527	367	**40 292**
Accumulated depreciation and impairment losses	-2 176	-23 002	-395	0	**-25 573**
As of 31.12.2008					
Acquisition cost	6 520	35 258	614	662	**43 054**
Accumulated depreciation and impairment losses	-2 473	-25 440	-445	0	**-28 358**

As of 31.12.2008, acquisition cost of fully depreciated property, plant and equipment amounts to 14 608 (2007: 12 293) thousand euros.

As of 31.12.2008 additional investments needed for the completing unfinished projects (incl. uninstalled equipment) amount to 165 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	-1 681	-184	**-1 865**
Net book value as of 30.09.2007	**11 761**	**487**	**12 248**
Additions	0	38	**38**
Amortisation charge	-560	-60	**-620**
Net book value as of 31.12.2007	**11 201**	**465**	**11 666**
Additions	0	38	**38**
Amortisation charge	-1 680	-176	**-1 856**
Net book value as of 30.09.2008	**9 521**	**327**	**9 848**
Additions	0	40	**40**
Amortisation charge	-560	-76	**-636**
Net book value as of 31.12.2008	**8 961**	**291**	**9 252**
As of 31.12.2006			
Acquisition cost	22 402	6 551	**28 953**
Accumulated amortisation and impairment losses	-8 960	-6 175	**-15 135**
As of 31.12.2007			
Acquisition cost	22 402	6 665	**29 067**
Accumulated amortisation and impairment losses	-11 201	-6 200	**-17 401**
As of 31.12.2008			
Acquisition cost	22 402	6 743	**29 145**
Accumulated amortisation and impairment losses	-13 441	-6 452	**-19 893**

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	-107	-12	**-119**
Net book value as of 30.09.2007	**752**	**31**	**783**
Additions	0	2	**2**
Amortisation charge	-36	-4	**-40**
Net book value as of 31.12.2007	**716**	**29**	**745**
Additions	0	2	**2**
Amortisation charge	-107	-12	**-119**
Net book value as of 30.09.2008	**609**	**20**	**629**
Additions	0	3	**3**
Amortisation charge	-36	-5	**-41**
Net book value as of 31.12.2008	**573**	**18**	**591**
As of 31.12.2006			
Acquisition cost	1 432	419	**1 851**
Accumulated amortisation and impairment losses	-573	-395	**-968**
As of 31.12.2007			
Acquisition cost	1 432	426	**1 858**
Accumulated amortisation and impairment losses	-716	-397	**-1 113**

As of 31.12.2008			
Acquisition cost	1 432	431	**1 863**
Accumulated amortisation and impairment losses	-859	-413	**-1 272**

6. Share capital

	Thousands of kroons		Thousands of euros	
	31.12.2008	31.12.2007	**31.12.2008**	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 2007 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 2008.

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

Shareholders of AS Norma with participation over 5%, as of 31.12.2008:

Autoliv Ab	51.0%
ING LUXEMBOURG S.A.	10.0%
Skandinaviska Enskilda Banken Ab kliendid	6.3%

	Thousands of kroons		Thousands of euros	
Earnings per share	**2008**	2007	**2008**	2007
Net profit for the financial year	**137 218**	105 928	**8 770**	6 770
Average number of shares (in thousands)	**13 200**	13 200	**13 200**	13 200
Earnings per share in kroons/euros	**10.40**	8.02	**0.66**	0.51

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

7. Segment information

Primary reporting format – by product lines

Thousands of kroons

	Safety belts 2008	**Safety systems 2008**	**Other products 2008**	**Unal-located**	**Total 2008**	Safety belts 2007	Safety systems 2007	Other products 2007	Unal-located	Total 2007
Revenue from third parties	**890 760**	**316 086**	**175 294**	**0**	**1 382 140**	948 481	147 491	167 970	0	1 263 942
Segment expenses	**-716 108**	**-286 434**	**-110 168**	**-145 474**	**-1 258 184**	-781 731	-133 715	-139 023	-105 252	-1 159 720
Segment results	**174 652**	**29 652**	**65 126**	**-145 474**	**123 956**	166 750	13 776	28 947	-105 252	104 222
Total assets	**328 450**	**53 952**	**36 056**	**663 060**	**1 081 518**	326 663	57 310	56 962	616 245	1 057 180
Financial assets (excl. receivables)	0	0	0	583 519	583 519	0	0	0	540 231	540 231
Receivables and prepaid expenses	104 191	40 881	9 372	3 074	157 518	115 229	40 016	7 736	6 028	169 009
Inventories	84 334	4 110	12 847	0	101 291	79 521	6 093	20 356	0	105 970
Property, plant and equipment and intangible assets	139 925	8 961	13 837	76 467	239 190	127 692	11 201	28 870	74 207	241 970
Segment liabilities	**61 931**	**18 780**	**9 528**	**12 581**	**102 820**	93 328	27 209	16 597	12 566	149 700
Investments in non-current assets	**41 059**	**0**	**3 949**	**5 888**	**50 896**	36 230	0	4 445	1 812	42 487
Depreciation and amortisation	**35 436**	**2 240**	**4 129**	**11 724**	**53 529**	36 043	2 240	7 258	16 726	62 267
Impairment loss of non-current assets	**0**	**0**	**0**	**0**	**0**	58	0	8	0	66

Segment information

Primary reporting format – by product lines

Thousands of euros

	Safety belts 2008	**Safety systems 2008**	**Other products 2008**	**Unal-located**	**Total 2008**	Safety belts 2007	Safety systems 2007	Other products 2007	Unal-located	Total 2007
Revenue from third parties	**56 930**	**20 202**	**11 203**	**0**	**88 335**	60 619	9 427	10 735	0	80 781
Segment expenses	**-45 768**	**-18 307**	**-7 041**	**-9 297**	**-80 413**	-49 962	-8 546	-8 885	-6 727	-74 120
Segment results	**11 162**	**1 895**	**4 162**	**-9 297**	**7 922**	10 657	881	1 850	-6 727	6 661
Total assets	**20 992**	**3 449**	**2 304**	**42 377**	**69 122**	20 877	3 664	3 640	39 385	67 566
Financial assets (excl. receivables)	0	0	0	37 294	37 294	0	0	0	34 527	34 527
Receivables and prepaid expenses	6 659	2 613	599	196	10 067	7 364	2 558	494	386	10 802
Inventories	5 390	263	821	0	6 474	5 082	390	1 301	0	6 773
Property, plant and equipment and intangible assets	8 943	573	884	4 887	15 287	8 161	716	1 845	4 742	15 464
Segment liabilities	**3 958**	**1 200**	**609**	**804**	**6 571**	5 965	1 739	1 061	803	9 568
Investments in non-current assets	**2 624**	**0**	**253**	**376**	**3 253**	2 315	0	284	116	2 715
Depreciation and amortisation	**2 265**	**143**	**264**	**749**	**3 421**	2 304	143	464	1 069	3 980
Impairment loss of non-current assets	**0**	**0**	**0**	**0**	**0**	4	0	0	0	4

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	
	2008	2007	**2008**	2007
Russia	**743 035**	536 310	**47 489**	34 276
Sweden	**506 207**	613 889	**32 352**	39 235
Germany	**42 234**	52 271	**2 699**	3 341
Romania	**18 366**	0	**1 174**	0
Estonia	**13 662**	13 607	**873**	870
Czech Republic	**13192**	11 785	**843**	753
Ukraine	**10524**	9 285	**673**	593
Spain	**6 961**	1 931	**445**	124
Finland	**6 397**	6 511	**409**	416
Belgium	**4 867**	8 199	**311**	524
France	**4 685**	4 486	**299**	287
Poland	**3 518**	3 613	**225**	231
Great Britain	**935**	956	**60**	61
Other countries	**7 557**	1 099	**483**	70
Total:	**1 382 140**	1 263 942	**88 335**	80 781

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 5 144 (2007: 7 350) thousand kroons or 329 (2007: 470) thousands euros are located in Russian Federation, incl. property, plant and equipment in the amount of 602 (2007: 686) thousand kroons or 38 (2007: 44) thousands euros.
In the opinion of the management the pricing used in transactions between segments does not differ significantly market prices.

	Thousands of kroons		Thousands of euros	
8. Cost of sales	**2008**	2007	**2008**	2007
Raw materials	**-865 552**	-762 296	**-55 319**	-48 720
Personnel expenses	**-188 980**	-171 226	**-12 078**	-10 943
Depreciation and amortisation	**-49 596**	-58 290	**-3 170**	-3 725
Utilities	**-19 236**	-16 859	**-1 229**	-1 078
Repairs and maintenance	**-6 905**	-6 432	**-441**	-411
Transportation	**-24 831**	-26 241	**-1 587**	-1 677
Other services	**-10 329**	-9 175	**-660**	-586
Others	**-16 718**	-22 479	**-1 069**	-1 437
	-1 182 147	-1 072 997	**-75 553**	-68 577

	Thousands of kroons		Thousands of euros	
9. Transactions with related parties	**2008**	2007	**2008**	2007
Purchases from companies of Autoliv Group	**411 616**	**279 892**	**26 307**	**17 888**
incl. purchases of goods	402 033	270 405	25 695	17 282
receiving of services	8 964	8 377	573	535
receiving of services from the parent company Autoliv AB	619	1 110	39	71
transfer of research and development	**6 414**	**7 785**	**410**	**498**
Sales to companies of Autoliv Group	**565 641**	**661 113**	**36 151**	**42 253**
incl. sales of goods	552 572	648 524	35 316	41 448
rendering of services	13 069	12 499	835	799
rendering of services to the parent company Autoliv AB	0	90	0	6
Sales to Norma by Law-office Tark & Co	**833**	**265**	**53**	**17**

	31.12.2008	31.12.2007	**31.12.2008**	31.12.2007
Receivables from companies of Autoliv Group	**47 366**	48 547	**3 027**	3 103
incl. Autoliv AB	**0**	0	**0**	0
Payables to companies of Autoliv Group	**12 411**	36 298	**793**	2 320
incl. Autoliv AB	**36**	559	**2**	36
Short-term deposits in treasury of Autoliv Group	**177 901**	462 138	**11 370**	29 536
Payables to Law-office Tark & Co	**0**	136	**0**	9

10. Balance sheet of AS Norma (the Parent)

	Thousands of kroons		Thousands of euros	
	31.12.2008	31.12.2007	**31.12.2008**	31.12.2007
A s s e t s				
Current assets				
Cash in hand and deposits	**29 857**	86 244	**1 908**	5 512
Financial assets	**553 576**	453 643	**35 380**	28 993
Receivables	**157 902**	170 652	**10 092**	10 907
Prepaid expenses	**1 332**	1 087	**85**	70
Inventories	**100 899**	104 634	**6 449**	6 687
Total current assets	**843 566**	816 260	**53 914**	52 169
Non-current assets				
Long-term investments	**24**	24	**2**	2
Long-term receivables	**329**	307	**21**	20
Property, plant and equipment	**229 335**	229 618	**14 675**	14 675
Intangible assets	**9 252**	11 666	**591**	745
Total non-current assets	**238 940**	241 615	**15 271**	15 442
Total assets	**1 082 506**	1 057 875	**69 185**	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	**100 326**	148 761	**6 412**	9 508
Deferred income	**402**	809	**26**	52
Provision	**2 803**	0	**176**	0
Total current liabilities	**103 531**	149 570	**6 617**	9 560
Total liabilities	**103 531**	149 570	**6 617**	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	**833 775**	763 105	**53 288**	48 771
Total equity	**978 975**	908 305	**62 568**	58 051
Total liabilities and equity	**1 082 506**	1 057 875	**69 185**	67 611

11. Income statement of AS Norma (the Parent)

	Thousands of kroons		Thousands of euros	
	2008	2007	**2008**	2007
Revenue	**1 378 560**	1 261 155	**88 106**	80 603
Cost of sales	**-1 181 028**	-1 071 784	**-75 481**	-68 500
Gross profit	**197 532**	189 371	**12 625**	12 103
Marketing and distribution costs	**-24 378**	-29 001	**-1 558**	-1 854
Research and development expenses	**-16 243**	-30 427	**-1 038**	-1 945
General administrative expenses	**-36 461**	-29 800	**-2 331**	-1 904
Other operating income	**6 291**	5 071	**402**	324
Other operating expenses	**-3 332**	-1 055	**-213**	-67
Operating profit	**123 409**	104 159	**7 887**	6 657
Financial income	**31 014**	20 645	**1 982**	1 319
Financial expenses	**-208**	-324	**-13**	-20
Profit before taxes	**154 215**	124 480	**9 856**	7 956
Income tax expense	**-17 544**	-18 615	**-1 121**	-1 190
Net profit	**136 670**	105 865	**8 735**	6 766

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

C Manufacturing industry (in thousands of euros)

Thousands of kroons

NACE	Classification (EMTAK)	Sales 2008 (the Group)	Sales 2008 (the Parent)	Sales 2007 (the Group)	Sales 2007 (the Parent)
29.32	2932	1 382 140	1 378 560	1 263 942	1 261 155
	29321	1 382 140	1 378 560	1 263 942	1 261 155

Thousands of euros

NACE	Classification (EMTAK)	Sales 2008 (the Group)	Sales 2008 (the Parent)	Sales 2007 (the Group)	Sales 2007 (the Parent)
29.32	2932	88 335	88 106	80 781	80 603
	29321	88 335	88 106	80 781	80 603

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	-	-	105 865	105 865
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	-	-	136 670	136 670
31.12.2008	**132 000**	**13 200**	**833 775**	**978 975**

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	-	-	6 766	6 766
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	-	-	8 735	8 735
31.12.2008	**8 436**	**844**	**53 288**	**62 568**

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

Signatures of the Management Board to the Q4 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 Q4 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

Sander Annus
Member of the Management Board

Peeter Tõniste
Member of the Management Board