

# **AS Norma**

## **Interim report for the period Q1 Y2009**

|   |                                     |
|---|-------------------------------------|
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| Beginning and end of the reporting period | 01.01.2009 -<br>31.03.2009          |

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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

The severe downturn in global automotive industry deepened in the first quarter of 2009. The sales of new cars declined in average 41% compared to a year-ago period. While the European manufacturers set limits on production already in the second half of 2008, then in Russia and Ukraine, the inventory accumulated considerably by the end of the year. Virtually all Russian car manufacturers had to halt their production in January, and due to severe liquidity difficulties, it was not possible to restart a steady production in February. Altogether in the first quarter, the Russian car production declined 68% compared to the same period a year earlier.

On one of AS Norma's biggest markets – Russia – the cars' sales dropped by 40% during the first quarter of 2009 compared to same period in 2008. The sales of AvtoVAZ in Russia declined by 39% to 89 thousand cars and the market share reached 23% (2008: 22%).

123 thousand passenger cars were produced in Russia in Q1 2009, a 64% less compared to a year-ago period. Assembling the foreign car models declined less (-49%) than the assembly of domestic cars (-72%). The share of foreign cars in production increased up to 53%. AvtoVAZ produced 52.9 thousand cars (-53%), Ford 12.7 thousand (-19%), Aftoframos 12.6 thousand Logans (-37%) and Volkswagen 12.5 thousand cars (+93%). GAZ's production dropped to 8.5 thousand cars and GM-AvtoVAZ made 2.2 thousand cars.

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 Q1 Y2009, the amount of belts delivered through Autoliv dropped 49% compared to Q1 Y2008.

### 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. 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

In January 2009, Russian and Ukrainian car plants virtually had to halt their production. Due to severe liquidity difficulties, it was not possible to restart a steady production in February. This year, it is more difficult to forecast customer' orders than previously.

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

## Highlights of the financial year

### Production

Low-volumes and jerky production were main concerns in seat belt assembly operation as well as in component manufacturing. Production was organised in 1 shift wherever technologically possible. Staff has been decreased not only in production, but also in support functions. The part-time working time was applied during Q1 Y2009.

### Quality management

The Q1 Y2009 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%

In March 2009, the Ford Motor Company informed that Norma's Seat Belt Division had met the requirements of Q1. Q1 puts the discipline in place to achieve consistent excellence and guides cooperation between Ford and its suppliers for superior quality execution. Q1 award is a recognition of our employees' over a year lasted exertions to achieve excellence in next key areas: capable systems, ongoing performance, manufacturing site assessment in performing up to customer expectations and continuous improvement.

## Investments made in the financial year

In 2008, the Group invested 7.3 million kroons (0.5 million euros) in the implementation of new technologies, expansion of production capacities, enhancement of the efficiency of the production processes and modernisation of the working environment.

The Group's investments were distributed as follows:

|                            |                    |                      |
|----------------------------|--------------------|----------------------|
| Metal processing equipment | 5.3 million kroons | (0.34 million euros) |
| Assembly lines             | 0.9 million kroons | (0.06 million euros) |
| Information technology     | 0.6 million kroons | (0.04 million euros) |
| Quality testing equipment  | 0.3 million kroons | (0.02 million euros) |
| Buildings and facilities   | 0.2 million kroons | (0.01 million euros) |

## Financial highlights of the Group

| Economic activities                  | Q1<br>2009<br>mil.<br>EEK* | Q1<br>2008<br>mil.<br>EEK* | Q2<br>2007<br>mil.<br>EEK* | Q3<br>2006<br>mil.<br>EEK* | Q4<br>2005<br>mil.<br>EEK* | Q1<br>2009<br>mil. €* | Q1<br>2008<br>mil. €* | Q2<br>2007<br>mil. €* | Q3<br>2006<br>mil. €* | Q4<br>2005<br>mil. €* |
|--------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Revenue                              | <b>147,9</b>               | 330,8                      | 283,1                      | 262,4                      | 240,2                      | <b>9,5</b>            | 21,1                  | 18,1                  | 16,8                  | 15,4                  |
| Change to previous year %            | <b>-55,3</b>               | 16,8                       | 7,9                        | 9,2                        |                            |                       |                       |                       |                       |                       |
| Gross profit                         | <b>-2,6</b>                | 46,4                       | 39,3                       | 41,8                       | 39,6                       | <b>-0,2</b>           | 3,0                   | 2,5                   | 2,7                   | 2,5                   |
| Change to previous year %            | <b>-105,5</b>              | 18,2                       | -6,2                       | 5,8                        |                            |                       |                       |                       |                       |                       |
| Gross profit margin <sup>1</sup>     | <b>-1,7</b>                | 14,0                       | 13,9                       | 15,9                       | 16,5                       |                       |                       |                       |                       |                       |
| Operating profit                     | <b>-20,1</b>               | 24,1                       | 22,0                       | 20,9                       | 25,9                       | <b>-1,3</b>           | 1,5                   | 1,4                   | 1,3                   | 1,7                   |
| Change to previous year %            | <b>-183,7</b>              | 9,5                        | 5,0                        | -19,1                      |                            |                       |                       |                       |                       |                       |
| Operating profit margin <sup>2</sup> | <b>-13,6</b>               | 7,3                        | 7,8                        | 8,0                        | 10,8                       |                       |                       |                       |                       |                       |
| EBITDA <sup>3</sup>                  | <b>-7,0</b>                | 38,2                       | 37,2                       | 36,1                       | 40,8                       | <b>-0,4</b>           | 2,4                   | 2,4                   | 2,3                   | 2,6                   |
| Change to previous year %            | <b>-118,3</b>              | 2,5                        | 3,1                        | -11,4                      |                            |                       |                       |                       |                       |                       |
| Profit before taxes                  | <b>-12,1</b>               | 30,5                       | 26,6                       | 23,8                       | 28,6                       | <b>-0,8</b>           | 1,9                   | 1,7                   | 1,5                   | 1,8                   |
| Change to previous year %            | <b>-139,7</b>              | 14,7                       | 11,5                       | -16,6                      |                            |                       |                       |                       |                       |                       |
| Pre-tax profit margin <sup>4</sup>   | <b>-8,2</b>                | 9,2                        | 9,4                        | 9,1                        | 11,9                       |                       |                       |                       |                       |                       |
| Net profit                           | <b>-12,1</b>               | 30,5                       | 26,6                       | 23,8                       | 28,6                       | <b>-0,8</b>           | 1,9                   | 1,7                   | 1,5                   | 1,8                   |
| Change to previous year %            | <b>-139,7</b>              | 14,7                       | 11,6                       | -16,7                      |                            |                       |                       |                       |                       |                       |
| Net profit margin <sup>5</sup>       | <b>-8,2</b>                | 9,2                        | 9,4                        | 9,1                        | 11,9                       |                       |                       |                       |                       |                       |
| Working capital <sup>6</sup>         | <b>660,2</b>               | 649,9                      | 551,7                      | 500,3                      | 366,0                      | <b>42,2</b>           | 41,5                  | 35,3                  | 32,0                  | 23,4                  |
| Change to previous year %            | <b>1,6</b>                 | 17,8                       | 7,4                        | 36,7                       |                            |                       |                       |                       |                       |                       |
| Average no of employees              | <b>855</b>                 | 966                        | 960                        | 906                        | 889                        |                       |                       |                       |                       |                       |
| Change to previous year %            | -11,5                      | 0,6                        | 6,0                        | 1,9                        |                            |                       |                       |                       |                       |                       |
| <b>Share related figures</b>         |                            |                            |                            |                            |                            |                       |                       |                       |                       |                       |
| Number of shares (millions)          | <b>13,2</b>                | 13,2                       | 13,2                       | 13,2                       | 13,2                       |                       |                       |                       |                       |                       |
| Earnings per share <sup>7</sup>      | <b>-0,9</b>                | 2,3                        | 2,0                        | 1,8                        | 2,2                        | <b>-0,1</b>           | 0,2                   | 0,1                   | 0,1                   | 0,1                   |
| Change to previous year %            | <b>-139,7</b>              | 14,7                       | 11,7                       | -17,1                      |                            |                       |                       |                       |                       |                       |
| Equity per share <sup>8</sup>        | <b>73,2</b>                | 71,1                       | 67,7                       | 66,0                       | 64,2                       | <b>4,7</b>            | 4,5                   | 4,3                   | 4,2                   | 4,1                   |
| Change to previous year %            | <b>3,0</b>                 | 4,9                        | 2,6                        | 2,8                        |                            |                       |                       |                       |                       |                       |

\* Excluding margins, change %, number of employees and shares related figures

<sup>1</sup> Gross profit margin – gross profit/revenue

<sup>2</sup> Operating profit margin – operating profit/revenue

<sup>3</sup> EBITDA- earnings before interest and taxes; depreciation and amortisation added

<sup>4</sup> Pre-tax profit margin – profit before tax/revenue

<sup>5</sup> Net profit margin – net profit/revenue

<sup>6</sup> Working capital – current assets except for cash and cash equivalents (deposits with maturity < 3 months; interest fund shares) less current liabilities

<sup>7</sup> 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

<sup>8</sup> Equity per share – total equity/number of shares in kroons (in euros)

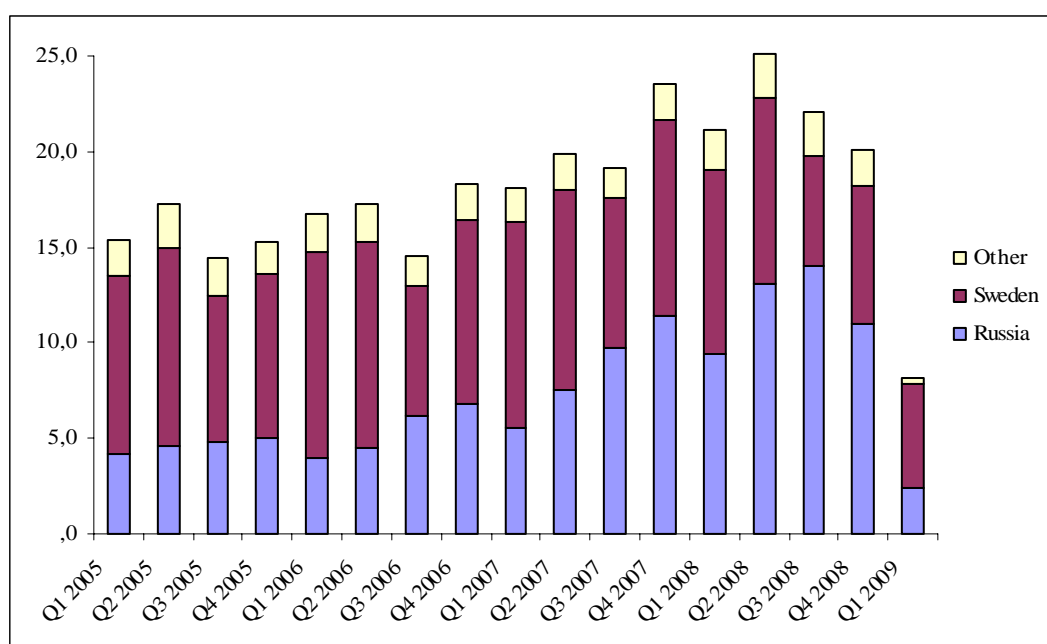
## Sales

In Q1 Y2009, consolidated net sales of AS Norma totalled 148 million kroons (9.5 million euros). This constitutes a 55% (183 million kroons, 11.7 million euros) decrease compared to Q1 Y2008. AS Norma exported 99.1% of its products (Q1 2008: 99.2%) - 58% to Sweden and 25% to Russian customers (Q1 2008: respectively 46% and 45%).

Sales to Russian and Ukrainian customers fell by 75% and sales to other customers decreased by 39%.

Sales to parent company Autoliv amounted to 96 million kroons (6.1 million euros), a decline 43% (72 million kroons; 4.6 million euros) compared to the same period in 2008.

### Quarterly export 2005-2009 (millions of euros)



Other major Western customers included Khimaira (Volvo buses), Karosa, Iris Bus-IVECO and Intersafe, who mostly require seatbelts for buses and trucks. Sales in the sector increased by 18% compared to the same quarter in 2008.

## Expenses

Cost of goods sold decreased during the first quarter 2009 by 47.1% compared to the same period in 2008, making up 101.7% (2008 Q1: 86%) of revenue. Cost for raw material decreased 55.4%, amounting to 90 million kroons (5.8 million euros), making up 61.1% (2008 Q1: 61.2%) of revenue.

Personnel expenses in production departments amounted to 32 million kroons (2.1 million euros) in 2009 Q1, the 32.1% drop compared to the same period in 2008. Personnel expenses in production departments made up 21.9% of revenue (2008 Q1: 14.4%).

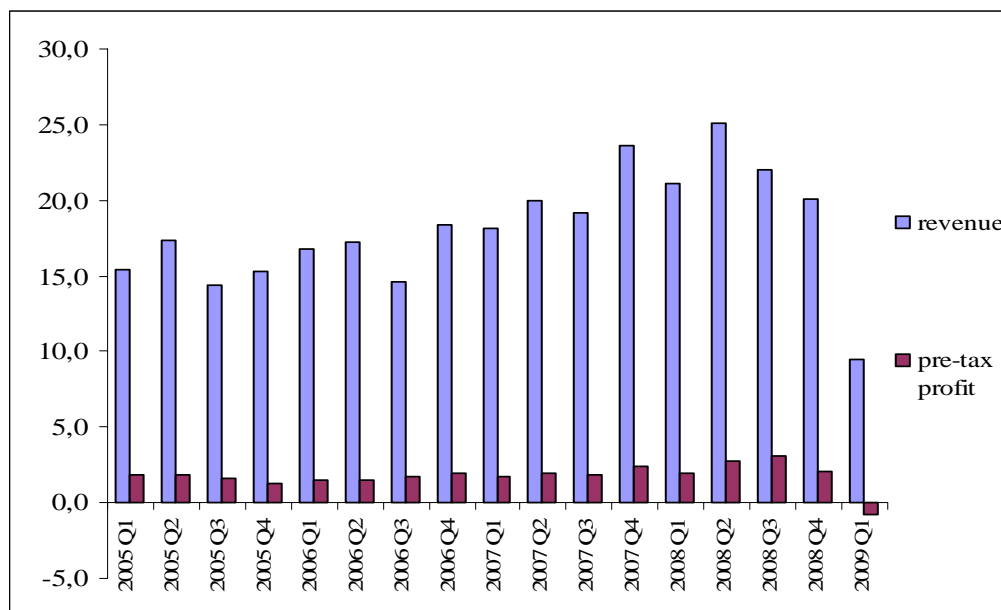
Norma has started necessary adjustments in production to address the new business environment. While the number of employees in August of 2008 was 1001, then by the end of the year it decreased to 918, and by the end of Q1 2009 further to 741 people. That was 223 employees less than in the same period a year earlier. The Group employed a monthly average of 855 people throughout the quarter. In addition, the company has announced the collective termination of employment contracts with 117 employees. Further, the vast majority of the Group has worked part-time during Q1 Y2009.

In Q1 Y2009, redundancy cost made up 10.3 million kroons i.e. 0.66 million euros reaching to 6.4% of revenue. 9.5 million kroons (0.6 million euros) from it was related to production and recorded as Cost of Goods Sold in Income Statement.

While marketing and development costs decreased in harmony with sales drop, respectively 56.9% and 53.9% compared to Q1 Y2008, then savings in general administration were only 11.1%. 4.4 million kroons (0.3 million euros) from general administration cost was caused by an increase in allowance for doubtful receivables, which did not appear in the comparable period of 2008.

## Profit and profitability

### The Group's revenue and profit dynamics by quarters: 2005 - 2009 (in millions of euros)



The Group's gross loss for the first quarter of 2009 was 2.6 million kroons or 0.2 million euros. Last year same time gross profit was earned in amount of 46 million kroons (3.0 million euros).

The operating loss amounted 20 million kroons (1.2 million euros) in Q1 Y2009. This made up -13.6% of revenue. In Q1 Y2008 24 million kroons (1.5 million euros) operating profit was earned. Operating loss consisted the redundancy cost in amount of 10.3 million kroons (0.7 million euros) and a 4.4 million kroons (0.7 million euros) increase of allowance for doubtful receivables.

The net loss for the first quarter of 2009 amounted to 12 million kroons (0.8 million euros), making up -8.2% of revenue), at the comparable period a year earlier 30 million kroons (1.9 million euros) net profit was received.

## Cash flows and capital appropriation

In Q1 Y2009, the Group's cash flow from operating activities amounted to 38 (2008 Q1: 55) million kroons - i.e. 2.4 (2008 Q1: 3.5) million euros. The 17-million kroons (1.1-million euros) decrease compared to last year was, due to the profit drop of 43 million kroons (2.7 million euros), decreased receivables by 59 million kroons (3.8 million euros) and decreased payables to suppliers by 39 million kroons (2.5 million euros). All above mentioned changes happened due to sales drop.

The company's investments in property, plant and equipment and intangible assets were 7 (2008 Q1: 7) million kroons or 0.5 (2008 Q1: 0.5) million euros, the balance of financial investments increased by 8 million kroons or 0.5 million euros, the total cash flow from investments during the period was 5 (2008 Q1: -88) million kroons or 0.3 (2008 Q1: -5.6) million euros. The net cash flow in Q1 Y2009 was 43 (2008 Q1: -33) million kroons or 2.7 (2008 Q1: -2.1) million euros positive.

At the end of 2009 Q1, the cash and liquid securities made up 59.2% (31.12.2008: 54.0%) of the total assets. As of March 31, 2009, the company's working capital (short-term investments, receivables, prepayments, inventories less current liabilities) amounted to 660 (31.12.2008: 709) million kroons or 42.2 (31.12.2008: 45.3) million euros, and the working capital used for main activities (receivables, prepayments, inventories less current liabilities) to 111 (31.12.2008: 156)

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million kroons or 7.1 (31.12.2008: 9.9) million euros. The current liabilities decreased during 2009 Q1 by 19 million kroons (1.2 mil. euros).

AS Norma kept a traditionally conservative profile in managing liquidity and making financial investments in 2009 Q1. In addition to the Estonian kroons and euro 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 31.03.2009 the Group deposited at Autoliv AB euros in the amount of 8.1 million euros (127 million kroons) for the term of maturity 3-12-month with a 5.5%-5.7% interest rate. The Group made no additional transaction with Autoliv AB in the first quarter 2009.

Non-current assets made up 22% (31.12.2008: 22%) of the assets, having dropped in a quarter by 6 million kroons (0.4 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 decreased by 12 million kroons (0.8 mil. euros), amounting to 967 (31.12.2008: 979) million kroons or 61.8 (31.12.2008: 62.6) mil. euros by the end of the accounting period. Equity made up 92.1% (31.12.2008: 90.5%) of the total assets. At the end of the quarter, available equity amounted to 821 (31.12.2008: 833) million kroons or 52.5 (31.12.2008: 53.3) million euros.

### Stock market and dividends

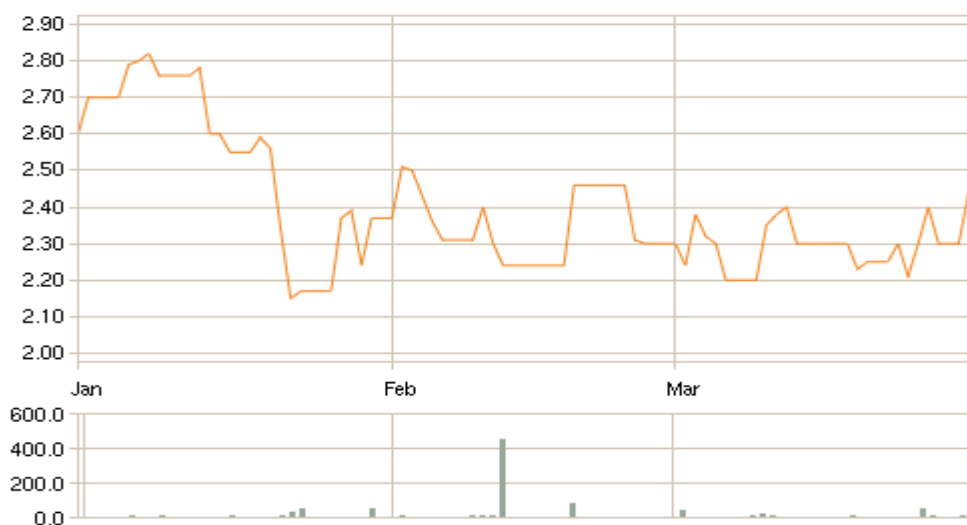
AS Norma has issued 13.2 million common shares. The share has a nominal value of 10 kroons, and grants its owner one vote at the general shareholders' meeting. The number of the shares and their nominal value have not changed since the shares were first listed in 1997.

When considering a reduction in AS Norma's dividend to shareholders, the Management and the Supervisory Board have also considered the fact that the conservative and prudent dividend policy AS Norma has applied during previous years has enabled the Company to establish a strong financial position. This will enable the Company to pursue its strategic program also during the recession. Therefore, when taking all facts into account (including a loss made in Q1 Y2009), the Management and the Supervisory Boards of AS Norma have concluded that it is acceptable to maintain the same dividend as for the previous years despite the fact that the automotive industry is presently undergoing its most challenging period since the 1930s. On the balance, the Management and the Supervisory Board have therefore decided to recommend to AGM an unchanged dividend for 2008 of 5 kroons (0.32 euro) per share, total 66 million kroons (4.2 million euros). It was decided by AS Norma shareholders' meeting, held on May 12, 2009, to pay out 66.0 million kroons (4.2 mil. euros) - i.e. 5 kroons (0.32 euros) per share, similarly to the previous six years. The dividends will be paid out at latest on July 3, 2009.

Both diluted EPS and basic EPS in the first quarter 2009 were -0.92 (2008 Q1: 2.31) kroons or -0.06 (2008 Q1: 0.15) euros, and equity per share was 73.2 (31.12.2008: 74.1) kroons or 4.7 (31.12.2008: 4.7) 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 January 1, 2009 onwards.





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As of 31.03.2009, 1492 (31.12.2008: 1458) 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 | 6.1%  |
| Marfin Pank Eesti AS Repokonto           | 3.8%  |

The shareholders of AS Norma can be grouped as follows: 58.9% (2008: 59.1%) residents of Sweden, 19.2% (2008: 20.0%) residents of Estonia, 12.9% (2008: 13.0%) residents of Luxembourg, and 9.0% (2008: 7.9%) residents of other countries. 7.9% (2008: 7.5%) of the shareholders are natural persons.

As of 31.03.2009, 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 Q1 Y2009, 99.1% (2008 Q1: 99.2%) 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 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.

Accounts receivable at the end of Q1 Y2009 totalled 97 million kroons (6.2 million euros), of which 51% related to the Russian, Ukrainian and Belorussian customers. 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 March 31, 2009 amounts to 50 (31.12.2008: 102) million kroons or 3.2 (31.12.2008: 6.5) million euros. In April and May 2009, 39 million kroons (2.5 million 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 19.3 million kroons (1.2 million euros). In April and May 2009, 8.5 million kroons (0.5 million euros) was received from this amount. Allowance for doubtful receivables amounts to 5.8 (31.12.2008: 1.4) million kroons or 0.4 (31.12.2008: 0.3) million 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 March 31, 2009, 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 cyclicality, 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 first quarter 2009, 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 first quarter 2009, the parent company's turnover amounted to 148 (2008 Q1: 331) million kroons or 9.5 (2008 Q1: 21.1) million euros, net loss to 11.4 (2008 Q1: net profit 30.3) million kroons or 0.7 (2008 Q1: net profit 1.9) million euros, and equity as of 31.03.2009 to 968 (31.12.2008: 979) million kroons or 61.8 (31.12.2008: 62.6) 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 first quarter 2009, the revenue of Norma-Osvar ZAO amounted to 0.9 (2008 Q1: 4.0) million kroons or 0.1 (2008 Q1: 0.3) million euros, loss to 0.5 (2008 Q1: profit 0.4) million kroons or 0.03 (2008 Q1: profit 0.03) million euros, and equity as of 31.03.2009 to -0.4 (31.12.2008: 1.0) million kroons or -0.03 (31.12.2008: 0.06) million euros. Sales to external customers amounted to 0.9 (2008 Q1: 4.0) million kroons or 0.1 (2008 Q1: 0.3) million euros. The goods to be sold by the subsidiary are supplied by the Parent.

## **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 customers 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 with 62 employees in April to file a request to terminate AS Norma has filed a request with Labor Inspectorate to apply in April. As the production capacity of the Russian and Ukrainian manufacturers most probably will not be restored in Q2 Y2009, AS Norma has filed a request with Labor Inspectorate to terminate the employment contracts with more 65 employees and apply holiday with partial pay for 7 days in April and May.

The Management and the Supervisory Board continue to monitor the development very carefully to adjust capacity and operating cost as needed. 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.

## **Corporate Governance Report**

As from 1<sup>st</sup> 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 Q1 2009 and their accordance with guidelines given in the Recommendations. During the first quarter 2009 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 Str 14, 10621 Tallinn, Estonia. In 2009, 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 administrator of AS Norma share register. AS Norma has 1 492 shareholders on the 31<sup>st</sup> of March 2009. 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](http://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.

Management Board of AS Norma announced via Stock Exchange on the 25<sup>th</sup> of March 2009 the call that general shareholders meeting will take place on the 12<sup>th</sup> of May 2009 at 9:00. Agenda of ordinary general meeting of AS Norma consist of three items: approval of the annual report of AS Norma for 2008; distribution of profits and appointing an auditor and determining the procedure for remuneration.

The net profit for 2008 amounted to EEK 137,218,728 (EUR 8,769,875). The Supervisory Board proposed to pay the shareholders (regular) dividends in the amount of 50 % of the nominal value of the share, i.e. 5 kroons per share (0,32

EUR/share), in the total amount of EEK 66 000 000 (EUR 4 218 169), and keep the remaining net profits as retained earnings. The Supervisory Board seconded the proposal.

The Management Board proposed to the general meeting of the shareholders to fix the list of the shareholders entitled to dividends on 26 May 2009 at 23:59. The dividends are paid at the latest on 03<sup>rd</sup> of July 2009. The Supervisory Board seconds the proposal.

Hence in 2009 IQ the general meeting of shareholders of AS Norma was published in accordance with the Recommendations.

### **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.

Due to absence of technical means AS Norma decided not to transfer general meeting by internet or by other means of communications. Hereby the general meeting of shareholders of AS Norma will be held in accordance with the Recommendations, excl. the article 1.3.3. due to absence of technical means it will be impossible to watch the general meeting of AS Norma by means of communication.

### **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 first quarter 2009, 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.

#### **Composition and compensation**

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 (Director Finance), Garri Krieger (Director Quality), Peeter Tõniste (Director Production) and Sander Annus (Director Research and Development).

The chairman and 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 at the same time not members of the supervisory board of AS Norma. The functions of the members of the management board are provided for in the contract of service entered into with each member of the management board.

#### **Remunerations**

The remuneration, severance pay paid to the members of the management board and the bonus system has been agreed in the contract of services entered into by and between the management board and the supervisory board. No stock options and other executive incentives have been issued to the members of the Management Board of the company. Pursuant to the management board member contract, compensation in the amount of the remuneration for 0-12 months is payable for termination of the employment relationship with a member of the Management Board, depending on the termination conditions. The maximum possible compensation payable under the management board member contracts 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.

The chairman and the members of the management board are not at the same time in the management board or supervisory board of any other issuer. Peep Siimon, chairman of the management board of AS Norma, and Ülle Jõgi and Ivar Aas, members of the management board, are members of the supervisory board of ZAO Norma Osvar, a 100% subsidiary in the AS Norma Group.

Hence in 2009 IQ the activities of the management board were in compliance with the Recommendations.

## **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.

### **Composition and compensation**

The supervisory board presently has six members, elected by the general meeting of shareholders on 19 June, 2008 for a term of three years. The composition of Supervisory Board is as follows: chairman Halvar Jonzon and the members - Pär Malmhagen, Toomas Tamsar, Raivo Erik, Aare Tark and Leif Bertsson. 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.

In 2009 I Q in total 3 meetings of the supervisory board were held – on 28 January 2009, 04 February 2009 and 24 March 2009. One meeting of the supervisory board were not attended by all the members of the supervisory board – on 04 February 2009 mr Leif Bertsson did not attend.

On 24 March 2009 the supervisory board approved at the meeting of the supervisory board the annual report of AS Norma for 2008. The auditor mr Hanno Lindpere from the firm of auditors Ernst & Young Baltic AS was took part in.

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.

The amount of the remuneration of the members of the supervisory board was decided at the general meeting held on 25 April 2004, according to which the monthly remuneration of a member of the supervisory board is 10 000 kroons and the remuneration of the chairman of the supervisory board is 12 000 kroons. No stock options and other executive incentives have been issued to the members of the Supervisory Board of the company. No compensation is payable for termination of the employment relationship with a member of the Supervisory Board of the company.

### **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.

The members of the supervisory board have not approved any transaction in 2009 IQ that would have been entered into by and between any member of the management board, person close to him or her, or any member of the supervisory board itself and the issuer.

Hence in 2009 IQ the activities of the supervisory board were in compliance with the Recommendations excl. the criteria stipulated in Recommendations appendix (h)

### Disclosure of Information

AS Norma has opened its website at [www.norma.ee](http://www.norma.ee) and discloses on its website directly or using links to the website of the Tallinn Stock Exchange the following data: articles of association (in Estonian), annual and interim reports, and financial calendar. Data on current membership of the management board, supervisory board and auditors is not available on the website (subsection 5.3. of the Recommendations), however, information of all changes in membership of the management board, supervisory board and auditors has been published via the information system of the Tallinn Stock Exchange according to the rules and regulations of the Tallinn Stock Exchange. No press conferences and meetings with investors took place during the first quarter in 2009.

Thus the activities of AS Norma regarding disclosure of information in 2009 IQ were in accordance with the Recommendations, except for the requirement established in section 5.3. that was partially complied with.

### 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 |
|------------------|--------------------|--------------|----------------|
| annual 08        |                    |              | March 06, 2009 |
| Q4 08            | Jan.28, 2009       | Feb.27, 2009 |                |
| Q1 09            | Apr.20, 2009       | May 29,2009  |                |
| Q2 09            | July 20,2009       | Aug.28, 2009 |                |
| Q3 09            | Oct.19, 2009       | Nov.27, 2010 |                |
| Q4 09            | Jan.27, 2010       | Feb.26, 2010 |                |


#### 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 19<sup>th</sup> 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. The contract between AS Norma and the auditor Ernst & Young Baltic AS is confidential and therefore the auditor's fee is not public.

#### Confirmation

The Group's management board confirms that the management report presents fairly the development, performance and financial position of the Company and the Group and provides an overview of the main risks and uncertainties.

  
Peep Siimon  
Chairman of Management Board

  
Ivar Aas  
Member of Management Board

  
Ülle Jõgi  
Member of Management Board

  
Garri Krieger  
Member of Management Board

  
Peeter Tõniste  
Member of Management Board

  
Sander Annus  
Member of Management Board

## Management Board's Confirmation on the Interim Financial Statements

The Management Board confirms the completeness and correctness of AS Norma Q1 Y2009 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, May 29, 2009

## Consolidated Statement of Financial Position

| Assets                                      | Thousands of kroons |                  | Thousands of euros |               | Lisa     |
|---|---------------------|------------------|--------------------|---------------|----------|
|   | 31.03.2009          | 31.12.2008       | 31.03.2009         | 31.12.2008    |          |
| Current assets                              |                     |                  |                    |               |          |
| Cash in hand and deposits                   | 72 694              | 29 943           | 4 646              | 1 914         | 1        |
| Financial assets                            | 549 150             | 553 576          | 35 097             | 35 380        | 2        |
| Receivables                                 | 93 443              | 155 647          | 5 972              | 9 948         | 3        |
| Prepaid expenses                            | 1 292               | 1 542            | 83                 | 98            |          |
| Inventories                                 | 99 710              | 101 291          | 6 373              | 6 474         | 4        |
| <b>Total current assets</b>                 | <b>816 289</b>      | <b>841 999</b>   | <b>52 170</b>      | <b>53 814</b> |          |
| Non-current assets                          |                     |                  |                    |               |          |
| Long-term receivables                       | 336                 | 329 313          | 21                 | 21            |          |
| Property, plant and equipment               | 224 148             | 229 938          | 14 326             | 14 696        | 5, 8     |
| Intangible assets                           | 9 173               | 9 252            | 586                | 591           | 6, 8     |
| <b>Total non-current assets</b>             | <b>233 657</b>      | <b>239 519</b>   | <b>14 933</b>      | <b>15 308</b> |          |
| <b>Total assets</b>                         | <b>1 049 946</b>    | <b>1 081 518</b> | <b>67 104</b>      | <b>69 122</b> | <b>8</b> |
| Liabilities and shareholders' equity        |                     |                  |                    |               |          |
| Liabilities                                 |                     |                  |                    |               |          |
| Current liabilities                         |                     |                  |                    |               |          |
| Payables                                    | 79 541              | 99 609           | 5 084              | 6 367         |          |
| Deferred income                             | 829                 | 40 803           | 53                 | 26            |          |
| Provision                                   | 2 988               | 2 803            | 191                | 179           |          |
| <b>Total current liabilities</b>            | <b>83 358</b>       | <b>102 820</b>   | <b>5 328</b>       | <b>6 572</b>  |          |
| <b>Total liabilities</b>                    | <b>83 358</b>       | <b>102 820</b>   | <b>5 328</b>       | <b>6 572</b>  |          |
| Owners' equity                              |                     |                  |                    |               |          |
| Share capital (par value)                   | 132 000             | 132 000          | 8 436              | 8 436         | 7        |
| Statutory reserves                          | 13 200              | 13 200           | 844                | 844           |          |
| Retained earnings                           | 821 387             | 833 498          | 52 496             | 53 270        |          |
| <b>Total owners' equity</b>                 | <b>966 587</b>      | <b>978 698</b>   | <b>61 776</b>      | <b>62 550</b> |          |
| <b>Total liabilities and owners' equity</b> | <b>1 049 946</b>    | <b>1 081 518</b> | <b>67 104</b>      | <b>69 122</b> |          |



## Consolidated Statement of Comprehensive Income

|  | Thousands of kroons   |                       | Thousands of euros    |                       | Lisa |
|--|-----------------------|-----------------------|-----------------------|-----------------------|------|
|  | 01.01.09-<br>31.03.09 | 01.01.08-<br>31.03.08 | 01.01.09-<br>31.03.09 | 01.01.08-<br>31.03.08 |      |
| Revenue  | 147 943               | 330 785               | 9 455                 | 21 141                | 8    |
| Cost of sales                                    | -150 515              | -284 373              | -9 619                | -18 175               | 9    |
| <b>Gross profit</b>                              | <b>-2 572</b>         | 46 412                | <b>-164</b>           | 2 966                 |      |
| Marketing and distribution costs                 | -2 414                | -5 596                | -154                  | -358                  |      |
| Research and development expenses                | -2 538                | -5 510                | -162                  | -352                  |      |
| General administrative expenses                  | -10 446               | -11 749               | -668                  | -751                  |      |
| Other operating income                           | 1 687                 | 939                   | 108                   | 60                    |      |
| Other operating expenses                         | -3 849                | -435                  | -246                  | -27                   |      |
| <b>Operating profit</b>                          | <b>-20 132</b>        | 24 061                | <b>-1 286</b>         | 1 538                 | 8    |
| Financial income                                 | 8 079                 | 6 498                 | 516                   | 415                   |      |
| Financial expenses                               | -58                   | -68                   | -4                    | -4                    |      |
| <b>Profit before taxes</b>                       | <b>-12 111</b>        | 30 491                | <b>-774</b>           | 1 949                 |      |
| <b>Net profit</b>                                | <b>-12 111</b>        | 30 491                | <b>-774</b>           | 1 949                 | 7    |
| Basic and diluted earnings per share (in kroons) | -0,92                 | 2,31                  | -0,06                 | 0,15                  | 7    |

## Consolidated Statement of Changes in Equity

Thousands of kroons

|                   | Share capital (par value) | Statutory Reserve | Retained earnings | Total equity   |
|-------------------|---------------------------|-------------------|-------------------|----------------|
| <b>31.12.2007</b> | <b>132 000</b>            | <b>13 200</b>     | <b>762 280</b>    | <b>907 480</b> |
| Net profit        |                           |                   | 30 491            | 30 491         |
| <b>31.03.2008</b> | <b>132 000</b>            | <b>13 200</b>     | <b>792 771</b>    | <b>937 971</b> |
| Net profit        |                           |                   | 106 727           | 106 727        |
| Dividends         |                           |                   | -66 000           | -66 000        |
| <b>31.12.2008</b> | <b>132 000</b>            | <b>13 200</b>     | <b>833 498</b>    | <b>978 698</b> |
| Net profit        |                           |                   | -12 111           | -12 111        |
| <b>31.03.2009</b> | <b>132 000</b>            | <b>13 200</b>     | <b>821 387</b>    | <b>966 587</b> |

Thousands of euros

|                   | Share capital (par value) | Statutory Reserve | Retained earnings | Total equity  |
|-------------------|---------------------------|-------------------|-------------------|---------------|
| <b>31.12.2007</b> | <b>8 436</b>              | <b>844</b>        | <b>48 719</b>     | <b>57 999</b> |
| Net profit        |                           |                   | 1 949             | 1 949         |
| <b>31.03.2008</b> | <b>8 436</b>              | <b>844</b>        | <b>50 667</b>     | <b>59 947</b> |
| Net profit        |                           |                   | 6 821             | 6 821         |
| Dividends         |                           |                   | -4 218            | -4 218        |
| <b>31.12.2008</b> | <b>8 436</b>              | <b>844</b>        | <b>53 270</b>     | <b>62 550</b> |
| Net profit        |                           |                   | -774              | -774          |
| <b>31.03.2009</b> | <b>8 436</b>              | <b>844</b>        | <b>52 496</b>     | <b>61 776</b> |

## Consolidated Cash Flow Statement

|   | Thousands of kroons   |                       | Thousands of euros    |                       | Note |
|---|-----------------------|-----------------------|-----------------------|-----------------------|------|
|   | 01.01.09-<br>31.03.09 | 01.01.08-<br>31.03.08 | 01.01.09-<br>31.03.09 | 01.01.08-<br>31.03.08 |      |
| <b>Cash flows from operating activities</b>                             |                       |                       |                       |                       |      |
| Net profit  | -12 111               | 30 491                | -774                  | 1 949                 |      |
| Adjustments of operating profit   |                       |                       |                       |                       |      |
| Depreciation and amortisation   | 13 147                | 14 094                | 840                   | 901                   | 5,6  |
| Income from interest  | -8 067                | -6 498                | -516                  | -415                  |      |
| Net exchange loss   | 46                    | 68                    | 3                     | 4                     |      |
| Changes in assets related to operating activities, incl.:               |                       |                       |                       |                       |      |
| Short-term receivables and prepaid expenses, except loans and interests | 62 492                | 3 707                 | 3 994                 | 237                   |      |
| Inventories   | 1 581                 | -5 368                | 101                   | -343                  | 4    |
| Changes in liabilities, incl.:  |                       |                       |                       |                       |      |
| Payables  | -20 068               | 18 612                | -1 283                | 1 190                 |      |
| Deferred income   | 421                   | -269                  | 27                    | -17                   |      |
| Provision   | 185                   | 0                     | 12                    | 0                     |      |
| <b>Total cash flows from operating activities</b>                       | <b>37 626</b>         | <b>54 837</b>         | <b>2 405</b>          | <b>3 505</b>          |      |
| <b>Cash flows from investing activities</b>                             |                       |                       |                       |                       |      |
| Proceeds from disposal of property, plant and equipment                 | 4                     | 0                     | 0                     | 0                     |      |
| Acquisition of property, plant and equipment and intangible assets      | -7 281                | -6 671                | -465                  | -426                  | 5,6  |
| Loans granted   | -53                   | -25                   | -3                    | -2                    |      |
| Loan repayments received  | 9                     | 16                    | 0                     | 1                     |      |
| Acquisition of short-term financial investments                         | -93 880               | -386 630              | -6 000                | -24 710               |      |
| Proceeds from disposals of short-term financial investments             | 101 811               | 298 652               | 6 506                 | 19 087                |      |
| Interest received   | 4 561                 | 6 504                 | 292                   | 416                   |      |
| <b>Total cash flows from investing activities:</b>                      | <b>5 171</b>          | <b>-88 154</b>        | <b>330</b>            | <b>-5 634</b>         |      |
| <b>Net cash flows</b>   | <b>42 797</b>         | <b>-33 317</b>        | <b>2 735</b>          | <b>-2 129</b>         |      |
| <b>Changes in cash and cash equivalents</b>                             |                       |                       |                       |                       |      |
| Balance at the beginning of the year                                    | 29 943                | 86 588                | 1 914                 | 5 534                 |      |
| Increase/decrease of cash and cash equivalents                          | 42 797                | -33 317               | 2 735                 | -2 129                |      |
| Foreign exchange effect   | -46                   | -68                   | -3                    | -4                    |      |
| <b>Cash and cash equivalents at the end of the year, incl.:</b>         | <b>72 694</b>         | <b>53 203</b>         | <b>4 646</b>          | <b>3 400</b>          | 1    |
| <i>Cash in hand and deposits with maturity up to 3 months</i>           | <b>72 694</b>         | 45 599                | <b>4 646</b>          | 2 914                 | 1    |
| <i>Shares of interest fund</i>  | <b>0</b>              | 7 604                 | <b>0</b>              | 486                   | 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:

- 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. These standards and interpretations will be applied starting from their effective date and are as follows:

- a) IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements, effective for financial years beginning on or after 1 July 2009;
- b) IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items, effective for financial years beginning on or after 1 July 2009;

#### ***Changes in the presentation of information in 2009***

In connection with changes in IAS I “Presentation of Financial Statements”, which will come into force as of 1 January 2009, the Group’s first quarter 2009 interim report was replaced of the consolidated income statement by a consolidated statement of comprehensive income. The comprehensive income statement also includes all non-owner changes previously recognized in equity. In connection with the compilation of the consolidated comprehensive income statement, the presentation of the report on changes in equity also changed. The report on changes in equity does not recognize statement of comprehensive income elements as separate changes. Pursuant to IAS I, the term “balance sheet” used previously is replaced by the term “statement of financial position”. The presentation of basic reports and the new terms do not affect the recognition of transactions and balances or the accounting principles.

#### **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 depreciation of tooling.

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

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

Non-current assets held for sale are valued at the lower of net carrying amount and fair value less costs to sell. Non-current assets held for sale are not depreciated.

#### **Intangible Assets**

Initially, intangible assets are recognised at cost, consisting of the purchase price and expenditures directly related to the acquisition. Subsequent measurement depends on whether an intangible asset has a finite or indefinite life. Intangible assets with finite lives are stated at cost less accumulated amortisation and any accumulated impairment in losses. Such intangible assets are amortised over the useful economic life on a straight-line basis as follows:

- Licences 3-10 years.

When the recoverable amount of intangible assets with finite lives is lower than its carrying amount, the asset is considered impaired and is written down to its recoverable amount, which is the higher of the value in use and fair value less costs to sell. The Group assesses at each reporting date whether there is an indication that an asset may be impaired and if any such indication exists, the Group makes an estimate of the asset's recoverable amount. Impairment losses are recognised under "Other operating expenses" in the income statement.

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

Intangible assets with indefinite useful lives (incl. goodwill) are tested for impairment annually. Such intangibles are not amortised. In the reporting period and comparative period the Group did not have any intangible assets with indefinite useful lives.

Development expenses are expenditures incurred as a result of the application of research findings to a plan or design for new products and services. Development expenditure is capitalised only when the Group can demonstrate the technical feasibility of completing the intangible asset, its intention to complete the intangible asset and use or sell it, its ability to use or sell it, the availability of resources to complete the project, how the asset will generate future economic benefits and the ability to measure reliably the expenditure during the development.

Expenditures related to the establishing a new entity, research costs and training expenses are not capitalised.

### **Financial Liabilities**

Borrowings are recognised initially at cost, being the fair value of proceeds received. In subsequent periods, borrowings are stated at amortised cost using the effective interest method. Transaction costs are taken into consideration upon calculating the effective interest rate, and charged to expenses over the term of the financial liability. Borrowing costs (incl. interest expenses) related to the financial liability are recognised as an expense when incurred.

Borrowings are derecognised when the obligation under the liability is discharged or cancelled or expired.

### **Provisions and Contingent Liabilities**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made, but the date of the settlement and the final amount of it are not certain. Value of provisions is based on the assessment and experiences of the Group's management, and opinion of independent experts, if necessary.

Promises, guarantees and other commitments that in certain circumstances may become liabilities, but in the opinion of the Group's management an outflow to settle these liabilities is not probable, are disclosed in the notes to the consolidated financial statements as contingent liabilities.

### **Income tax**

#### 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 21/79 was effective for dividends paid out in 2008). 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

| 1. <b>Cash and cash equivalents</b>                   | Thousands of kroons |            | Thousands of euros |            |
|---|---------------------|------------|--------------------|------------|
|   | 31.03.2009          | 31.12.2008 | 31.03.2009         | 31.12.2008 |
| Cash in hand and current deposits in banks            | 1 249               | 845        | 80                 | 54         |
| Short-term time deposits with maturity up to 3 months | 71 445              | 29 098     | 4 566              | 1 860      |
|   | <b>72 694</b>       | 29 943     | <b>4 646</b>       | 1 914      |

31.03.2009 the Group has deposits with maturity up to 3 months in the following amounts:

- a) short-term kroons-deposits in commercial banks with interest rates of 4.40-6.65% (31.12.2008: 5.70-6.25%) in the amount of 50 251 (31.12.2008: 2 927) thousand kroons or 3 212 (31.12.2008:187) thousands euros and euro-deposits with interest rates of 0,519-1,47% (31.12.2008: 2.51-6.0%) in the amount 21 194 (31.12.2008: 26 171) thousand kroons or 1 354 (31.12.2008: 1 673) 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.

| 2. <b>Financial assets</b>                                | Thousands of kroons |            | Thousands of euros |            |
|---|---------------------|------------|--------------------|------------|
|   | 31.03.2009          | 31.12.2008 | 31.03.2009         | 31.12.2008 |
| Short-term time deposits with maturity more than 3 months | 536 710             | 544 641    | 34 302             | 34 809     |
| Accrued interest income                                   | 12 440              | 8 935      | 795                | 571        |
|   | <b>549 150</b>      | 553 576    | <b>35 097</b>      | 35 380     |

31.03.2009 the Group has deposits with maturity more than 3 months in the following amounts:

- a) short-term kroons-deposits in commercial banks with interest rates of 5.75-7.30% (31.12.2008:7.05-7.30%) in the amount of 20 000 (31.12.2008: 55 000) thousand kroons or 1 278 (31.12.2008: 3 515) thousands euros and euro-deposits with interest rates of 1.74-6.00% (31.12.2008: 5.49%-6.0%) in the amount 389 973 (31.12.2008: 311 740) thousand kroons or 24 924 (31.12.2008: 19 924) thousands euros; and
- b) short-term euro-funds in the treasury of Autoliv with interest rates 5.544-5.722% (31.12.2008: 5.529-5.722%) in the amount of 126 737 (31.12.2008: 154 901) thousand kroons or 8 100 (31.12.2008: 9 900) thousands euros and short-term kroons-deposits with interest rates 0 (31.12.2008: 7.070%) in the amount of 0 (31.12.2008:23 000 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).

| <b>Categories of financial assets and financial liabilities</b> |                                  | Note | Thousands of kroons |            | Thousands of euros |            |
|---|----------------------------------|------|---------------------|------------|--------------------|------------|
|   |                                  |      | 31.03.2009          | 31.12.2008 | 31.03.2009         | 31.12.2008 |
| Short-term deposits with maturity more than 3 months            | Fair value through profit & loss | 2    | 536 710             | 544 641    | 34 302             | 34 809     |
| Accrued interest income   | Fair value through profit & loss | 2    | 12 440              | 8 935      | 795                | 571        |
| Trade receivables and allowances                                | Loans and receivables            |      | 91 690              | 154 173    | 5 860              | 9 853      |
| Other short-term receivables                                    | Loans and receivables            |      | 1 650               | 271        | 105                | 17         |
| Long-term loans   | Loans and receivables            |      | 336                 | 329        | 21                 | 21         |
| Financial liabilities   | Amortised cost                   |      | 70 849              | 89 256     | 4 528              | 5 704      |

| 3. <b>Receivables</b>                                     | Thousands of kroons |                | Thousands of euros |              |
|---|---------------------|----------------|--------------------|--------------|
|   | 31.03.2009          | 31.12.2008     | 31.03.2009         | 31.12.2008   |
| Trade receivable from non-related parties                 | 58 513              | 108 176        | 3 740              | 6 914        |
| Receivables from companies of Autoliv Group (see Note 11) | 38 974              | 47 366         | 2 491              | 3 027        |
| Allowance for doubtful receivables                        | -5 797              | -1 369         | -370               | -87          |
| Other short-term receivables                              | 103                 | 271            | 6                  | 17           |
| VAT refundable  | 1 650               | 1 203          | 105                | 77           |
|   | <b>93 443</b>       | <b>155 647</b> | <b>5 972</b>       | <b>9 948</b> |

As at March 31, 2009, 100% of doubtful receivables were related to the Russian company OOO „TZK-GAZ“.

| Trade receivables    | Thousands of kroons |                | Thousands of euros |              |
|----------------------|---------------------|----------------|--------------------|--------------|
|                      | 31.03.2009          | 31.12.2008     | 31.03.2009         | 31.12.2008   |
| Not due              | 76 053              | 136 110        | 4 861              | 8 699        |
| Overdue 30 days      | 4 792               | 10 904         | 306                | 697          |
| Overdue 60 days      | 891                 | 3 951          | 57                 | 253          |
| Overdue 90 days      | 3 057               | 1 836          | 196                | 117          |
| Overdue over 90 days | 12 694              | 2 741          | 811                | 175          |
|                      | <b>97 487</b>       | <b>155 542</b> | <b>6 231</b>       | <b>9 941</b> |

|   | Thousands of kroons |            | Thousands of euros |            |
|---|---------------------|------------|--------------------|------------|
|   | 31.03.2009          | 31.12.2008 | 31.03.2009         | 31.12.2008 |
| Allowance as of January 1                 | -1 369              | 0          | -87                | 0          |
| Reversal of allowance                     | -4 428              | -1 369     | -283               | -87        |
| Write off of allowance from balance sheet | -5 797              | -1 369     | -370               | -87        |

| 4. <b>Inventories</b> | Thousands of kroons |                | Thousands of euros |              |
|-----------------------|---------------------|----------------|--------------------|--------------|
|                       | 31.03.2009          | 31.12.2008     | 31.03.2009         | 31.12.2008   |
| Raw materials         | 54 597              | 64 462         | 4 120              | 4 120        |
| Work in progress      | 20 941              | 18 136         | 1 159              | 1 159        |
| Finished goods        | 22 947              | 17 870         | 1 142              | 1 142        |
| Prepayments for goods | 1 225               | 823            | 53                 | 53           |
|                       | <b>99 710</b>       | <b>101 291</b> | <b>6 373</b>       | <b>6 474</b> |

#### 5. Property, plant and equipment (thousands of kroons)

|  | Land and      | Machinery      | Other        | Unfinished               | TOTAL          |
|--|---------------|----------------|--------------|--------------------------|----------------|
|  | buildings     | and equipment  | items        | projects and prepayments |                |
| <b>Net book value as of 31.12.2007</b> | <b>64 889</b> | <b>157 615</b> | <b>2 062</b> | <b>5 738</b>             | <b>230 304</b> |
| Additions                              | 0             | 2 238          | 10           | 4 423                    | 6 671          |
| Reclassifications                      | 0             | 2 572          | 0            | -2 572                   | 0              |
| Depreciation charge                    | -1 132        | -12 141        | -200         | 0                        | -13 473        |
| <b>Net book value as of 31.03.2008</b> | <b>63 757</b> | <b>150 284</b> | <b>1 872</b> | <b>7 589</b>             | <b>223 502</b> |
| Additions                              | 3 081         | 33 772         | 1 357        | 5 936                    | 44 146         |
| Disposals                              | 0             | -146           | 0            | 0                        | -146           |
| Reclassifications                      | 0             | 3 166          | 0            | -3 166                   | 0              |
| Depreciation charge                    | -3 527        | -33 458        | -578         | 0                        | -37 563        |
| <b>Net book value as of 31.12.2008</b> | <b>63 311</b> | <b>153 617</b> | <b>2 651</b> | <b>10 359</b>            | <b>229 938</b> |
| Additions                              | 0             | 2 804          | 0            | 3 913                    | 6 717          |
| Disposals                              | 0             | -3             | 0            | 0                        | -3             |
| Reclassifications                      | 0             | 5 100          | 0            | -5 100                   | 0              |
| Depreciation charge                    | -1 194        | -11 105        | -205         | 0                        | -12 504        |
| <b>Net book value as of 31.03.2009</b> | <b>62 117</b> | <b>150 413</b> | <b>2 446</b> | <b>9 172</b>             | <b>224 148</b> |

AS Norma  
Consolidated Interim Report for the period Q1 Y2009

**As of 31.03.2007**

|  |         |          |       |        |                 |
|--|---------|----------|-------|--------|-----------------|
| Acquisition cost                               | 98 237  | 500 154  | 8 042 | 13 364 | <b>619 797</b>  |
| Accumulated depreciation and impairment losses | -30 750 | -328 866 | -5572 | 0      | <b>-365 188</b> |

**As of 31.03.2008**

|  |         |          |       |       |                 |
|--|---------|----------|-------|-------|-----------------|
| Acquisition cost                               | 98 931  | 521 422  | 8 250 | 7 589 | <b>636 192</b>  |
| Accumulated depreciation and impairment losses | -35 174 | -371 138 | -6378 | 0     | <b>-412 690</b> |

**As of 31.03.2009**

|  |         |          |        |       |                 |
|--|---------|----------|--------|-------|-----------------|
| Acquisition cost                               | 102 012 | 557 072  | 9 606  | 9 172 | <b>677 862</b>  |
| Accumulated depreciation and impairment losses | -39 895 | -406 659 | -7 160 | 0     | <b>-453 714</b> |

As of 31.03.2009, acquisition cost of fully depreciated property, plant and equipment amounts to 227 102 (31.03.2008: 211 761) thousand kroons.

As of 31.03.2009 additional investments needed for the completing unfinished projects (incl. uninstalled equipment) amount to 36 494 thousand kroons.

**Property, plant and equipment (thousands of euros)**

|  | Land and buildings | Machinery and equipment | Other items | Unfinished projects and prepayments | TOTAL         |
|--|--------------------|-------------------------|-------------|-------------------------------------|---------------|
| <b>Net book value as of 31.12.2007</b> | <b>4 147</b>       | <b>10 073</b>           | <b>132</b>  | <b>367</b>                          | <b>14 719</b> |
| Additions                              | 0                  | 143                     | 1           | 283                                 | 426           |
| Reclassifications                      | 0                  | 164                     | 0           | -164                                | 0             |
| Depreciation charge                    | -72                | -775                    | -13         | 0                                   | -860          |
| <b>Net book value as of 31.03.2008</b> | <b>4 075</b>       | <b>9 605</b>            | <b>120</b>  | <b>485</b>                          | <b>14 285</b> |
| Additions                              | 197                | 2 158                   | 87          | 379                                 | 2 821         |
| Disposals                              | 0                  | -9                      | 0           | 0                                   | -9            |
| Reclassifications                      | 0                  | 202                     | 0           | -202                                | 0             |
| Depreciation charge                    | -225               | -2 138                  | -37         | 0                                   | -2 401        |
| <b>Net book value as of 31.12.2008</b> | <b>4 046</b>       | <b>9 818</b>            | <b>170</b>  | <b>662</b>                          | <b>14 696</b> |
| Additions                              | 0                  | 179                     | 0           | 250                                 | 429           |
| Disposals                              | 0                  | 0                       | 0           | 0                                   | 0             |
| Reclassifications                      | 0                  | 326                     | 0           | -326                                | 0             |
| Depreciation charge                    | -76                | -710                    | -13         | 0                                   | -799          |
| <b>Net book value as of 31.03.2009</b> | <b>3 970</b>       | <b>9 613</b>            | <b>157</b>  | <b>586</b>                          | <b>14 326</b> |

**As of 31.03.2007**

|  |        |         |      |     |                |
|--|--------|---------|------|-----|----------------|
| Acquisition cost                               | 6 278  | 31 966  | 514  | 854 | <b>39 612</b>  |
| Accumulated depreciation and impairment losses | -1 965 | -21 018 | -356 | 0   | <b>-23 340</b> |

**As of 31.03.2008**

|  |        |         |      |     |                |
|--|--------|---------|------|-----|----------------|
| Acquisition cost                               | 6 323  | 33 325  | 527  | 485 | <b>40 660</b>  |
| Accumulated depreciation and impairment losses | -2 248 | -23 720 | -407 | 0   | <b>-26 375</b> |

**As of 31.03.2009**

|  |        |         |      |     |                |
|--|--------|---------|------|-----|----------------|
| Acquisition cost                               | 6 520  | 35 603  | 614  | 586 | <b>43 323</b>  |
| Accumulated depreciation and impairment losses | -2 550 | -25 990 | -457 | 0   | <b>-28 997</b> |

As of 31.03.2009, acquisition cost of fully depreciated property, plant and equipment amounts to 14 515 (31.03.2008: 13 534) thousand euros.

As of 31.03.2009 additional investments needed for the completing unfinished projects (incl. uninstalled equipment) amount to 2 332 thousand euros.

**6. Intangible assets (thousands of kroons)**

|  | <b>Product and technology licences</b> | <b>Software licences</b> | <b>TOTAL</b>  |
|--|--|--------------------------|---------------|
| <b>Net book value as of 31.12.2007</b> | <b>11 201</b>                          | <b>465</b>               | <b>11 666</b> |
| Amortisation charge                    | -560                                   | -61                      | -621          |
| <b>Net book value as of 31.03.2008</b> | <b>10 641</b>                          | <b>404</b>               | <b>11 045</b> |
| Additions                              | 0                                      | 78                       | 78            |
| Amortisation charge                    | -1 680                                 | -191                     | -1 871        |
| <b>Net book value as of 31.12.2008</b> | <b>8 961</b>                           | <b>291</b>               | <b>9 252</b>  |
| Additions                              | 0                                      | 564                      | 564           |
| Amortisation charge                    | -560                                   | -83                      | -643          |
| <b>Net book value as of 31.03.2009</b> | <b>8 401</b>                           | <b>772</b>               | <b>9 173</b>  |

**As of 31.03.2007**

|  |        |        |         |
|--|--------|--------|---------|
| Acquisition cost                               | 22 402 | 6 627  | 29 029  |
| Accumulated amortisation and impairment losses | -9 520 | -6 017 | -15 537 |

**As of 31.03.2008**

|  |         |        |         |
|--|---------|--------|---------|
| Acquisition cost                               | 22 402  | 6 665  | 29 067  |
| Accumulated amortisation and impairment losses | -11 761 | -6 261 | -18 022 |

**As of 31.03.2009**

|  |         |        |         |
|--|---------|--------|---------|
| Acquisition cost                               | 22 402  | 7 307  | 29 709  |
| Accumulated amortisation and impairment losses | -14 001 | -6 535 | -20 536 |

**Intangible assets (thousands of euros)**

|  | <b>Product and technology licences</b> | <b>Software licences</b> | <b>TOTAL</b> |
|--|--|--------------------------|--------------|
| <b>Net book value as of 31.12.2007</b> | <b>716</b>                             | <b>30</b>                | <b>746</b>   |
| Amortisation charge                    | -36                                    | -4                       | -40          |
| <b>Net book value as of 31.03.2008</b> | <b>680</b>                             | <b>26</b>                | <b>706</b>   |
| Additions                              | 0                                      | 5                        | 5            |
| Amortisation charge                    | -107                                   | -12                      | -120         |
| <b>Net book value as of 31.12.2008</b> | <b>573</b>                             | <b>19</b>                | <b>591</b>   |
| Additions                              | 0                                      | 36                       | 36           |
| Amortisation charge                    | -36                                    | -5                       | -41          |
| <b>Net book value as of 31.03.2009</b> | <b>537</b>                             | <b>49</b>                | <b>586</b>   |

**As of 31.03.2007**

|  |       |      |       |
|--|-------|------|-------|
| Acquisition cost                               | 1 432 | 424  | 1 855 |
| Accumulated amortisation and impairment losses | -608  | -385 | -993  |

**As of 31.03.2008**

|  |       |      |        |
|--|-------|------|--------|
| Acquisition cost                               | 1 432 | 426  | 1 858  |
| Accumulated amortisation and impairment losses | -752  | -400 | -1 152 |

**As of 31.03.2009**

|  |       |      |        |
|--|-------|------|--------|
| Acquisition cost                               | 1 432 | 467  | 1 899  |
| Accumulated amortisation and impairment losses | -895  | -418 | -1 313 |

## 7. Share capital

|                         | Thousands of kroons |            | Thousands of euros |            |
|-------------------------|---------------------|------------|--------------------|------------|
|                         | 31.03.2009          | 31.12.2008 | 31.03.2009         | 31.12.2008 |
| Share capital par value | <b>132 000</b>      | 132 000    | <b>8 436</b>       | 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 31.03.2009:

|   |       |
|---|-------|
| Autoliv Ab                                | 51.0% |
| ING LUXEMBOURG S.A.                       | 10.0% |
| Skandinaviska Enskilda Banken Ab klientid | 6.1%  |

| Earnings per share                      | Thousands of kroons |          | Thousands of euros |          |
|---|---------------------|----------|--------------------|----------|
|   | Q1 Y2009            | Q1 Y2008 | Q1 Y2009           | Q1 Y2008 |
| Net profit for the financial year       | <b>-12 111</b>      | 30 491   | <b>-774</b>        | 1 949    |
| Average number of shares (in thousands) | <b>13 200</b>       | 13 200   | <b>13 200</b>      | 13 200   |
| Earnings per share in kroons/euros      | <b>-0,92</b>        | 2,31     | <b>-0,06</b>       | 0,15     |

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

## 8. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

The report provides information about the Group's segments, and this information is organised by both business segments (the primary format for segment reporting) and geographic segments (the secondary format for segment reporting).

### Primary reporting format – by product lines

|   | Thousands of kroons   |                         |                         |                |                  |                       |                         |                         |              |                |
|---|-----------------------|-------------------------|-------------------------|----------------|------------------|-----------------------|-------------------------|-------------------------|--------------|----------------|
|   | Safety belts Q1 Y2009 | Safety systems Q1 Y2009 | Other products Q1 Y2009 | Unal-located   | Total Q1 Y2009   | Safety belts Q1 Y2008 | Safety systems Q1 Y2008 | Other products Q1 Y2008 | Unal-located | Total Q1 Y2008 |
| Revenue from third parties                          | <b>101 541</b>        | <b>14 272</b>           | <b>32 130</b>           | <b>0</b>       | <b>147 943</b>   | 231 027               | 53 340                  | 46 418                  | 0            | 330 785        |
| Segment expenses                                    | <b>-89 816</b>        | <b>-12 152</b>          | <b>-22 570</b>          | <b>-3 273</b>  | <b>-127 811</b>  | -189 793              | -47 811                 | -37 338                 | -31 782      | -306 724       |
| Segment results                                     | <b>11 725</b>         | <b>2 120</b>            | <b>9 560</b>            | <b>-3 273</b>  | <b>20 132</b>    | 41 234                | 5 529                   | 9 080                   | -31 782      | 24 061         |
| <b>Total assets</b>                                 | <b>267 654</b>        | <b>28 948</b>           | <b>56 028</b>           | <b>697 316</b> | <b>1 049 946</b> | 322 625               | 53 838                  | 54 051                  | 675 501      | 1 106 015      |
| Financial assets (excl. receivables)                | 0                     | 0                       | 0                       | 621 844        | 621 844          | 0                     | 0                       | 0                       | 594 819      | 594 819        |
| Receivables and prepaid expenses                    | 71 529                | 13 758                  | 7 696                   | 2 088          | 95 071           | 116 900               | 31 516                  | 9 275                   | 7 619        | 165 310        |
| Inventories   | 71 826                | 6 229                   | 21 655                  | 0              | 99 710           | 77 761                | 11 681                  | 21 897                  | 0            | 111 339        |
| Property, plant and equipment and intangible assets | 124 299               | 8 961                   | 26 677                  | 73 384         | 233 321          | 127 964               | 10 641                  | 22 879                  | 73 063       | 234 547        |
| Segment liabilities                                 | <b>59 581</b>         | <b>6 633</b>            | <b>14 973</b>           | <b>2 171</b>   | <b>83 358</b>    | 103 981               | 25 009                  | 20 456                  | 18 598       | 168 044        |
| Investments in non-current assets                   | <b>5 450</b>          | <b>0</b>                | <b>1 267</b>            | <b>564</b>     | <b>7 281</b>     | 5 728                 | 0                       | 900                     | 43           | 6 671          |
| Depreciation and amortisation                       | <b>6 956</b>          | <b>560</b>              | <b>1 274</b>            | <b>4 357</b>   | <b>13 147</b>    | 9 763                 | 560                     | 1 725                   | 2 046        | 14 094         |

## Segment information

### Primary reporting format – by product lines

|   | Thousands of euros    |                         |                         |               |                |                       |                         |                         |              |                |
|---|-----------------------|-------------------------|-------------------------|---------------|----------------|-----------------------|-------------------------|-------------------------|--------------|----------------|
|   | Safety belts Q1 Y2009 | Safety systems Q1 Y2009 | Other products Q1 Y2009 | Unal-located  | Total Q1 Y2009 | Safety belts Q1 Y2008 | Safety systems Q1 Y2008 | Other products Q1 Y2008 | Unal-located | Total Q1 Y2008 |
| <b>Revenue from third parties</b>                   | <b>6 490</b>          | <b>912</b>              | <b>2 053</b>            | <b>0</b>      | <b>9 455</b>   | 14 765                | 3 409                   | 2 967                   | 0            | 21 141         |
| <b>Segment expenses</b>                             | <b>-5 740</b>         | <b>-777</b>             | <b>-1 442</b>           | <b>-209</b>   | <b>-8 169</b>  | -12 130               | -3 056                  | -2 386                  | -2 031       | -19 603        |
| <b>Segment results</b>                              | <b>749</b>            | <b>135</b>              | <b>611</b>              | <b>-209</b>   | <b>1 287</b>   | 2 635                 | 353                     | 581                     | -2 031       | 1 538          |
| <b>Total assets</b>                                 | <b>17 106</b>         | <b>1 850</b>            | <b>3 581</b>            | <b>44 567</b> | <b>67 104</b>  | 20 619                | 3 441                   | 3 454                   | 43 173       | 70 687         |
| Financial assets (excl. receivables)                | 0                     | 0                       | 0                       | 39 743        | 39 743         | 0                     | 0                       | 0                       | 38 016       | 38 016         |
| Receivables and prepaid expenses                    | 4 572                 | 879                     | 492                     | 133           | 6 076          | 7 471                 | 2 014                   | 593                     | 487          | 10 565         |
| Inventories   | 4 591                 | 398                     | 1 384                   | 0             | 6 373          | 4 970                 | 747                     | 1 399                   | 0            | 7 116          |
| Property, plant and equipment and intangible assets | 7 944                 | 573                     | 1 705                   | 4 690         | 14 912         | 8 178                 | 680                     | 1 462                   | 4 670        | 14 990         |
| <b>Segment liabilities</b>                          | <b>3 808</b>          | <b>424</b>              | <b>957</b>              | <b>139</b>    | <b>5 328</b>   | 6 646                 | 1 598                   | 1 307                   | 1 190        | 10 741         |
| <b>Investments in non-current assets</b>            | <b>348</b>            | <b>0</b>                | <b>81</b>               | <b>36</b>     | <b>465</b>     | 366                   | 0                       | 57                      | 3            | 426            |
| <b>Depreciation and amortisation</b>                | <b>445</b>            | <b>36</b>               | <b>81</b>               | <b>278</b>    | <b>840</b>     | 624                   | 36                      | 110                     | 131          | 901            |

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 depreciation 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 |               |
|-----------------|---------------------|----------------|--------------------|---------------|
|                 | Q1 Y2009            | Q1 Y2008       | Q1 Y2009           | Q1 Y2008      |
| Sweden          | 85 536              | 151 543        | 5 467              | 9 685         |
| Russia          | 37 057              | 146 669        | 2 368              | 9 374         |
| Germany         | 4 827               | 11 821         | 308                | 755           |
| Romania         | 3 329               | 5 001          | 213                | 320           |
| Czech Republic  | 3 517               | 3 625          | 225                | 232           |
| Finland         | 2 627               | 2 016          | 168                | 129           |
| Spain           | 1 916               | 2 071          | 122                | 132           |
| Belgium         | 1 409               | 0              | 90                 | 0             |
| Estonia         | 1 311               | 2 539          | 84                 | 162           |
| Ukraine         | 1 085               | 3 256          | 69                 | 208           |
| France          | 979                 | 1 191          | 63                 | 76            |
| Poland          | 987                 | 511            | 63                 | 33            |
| Great Britain   | 76                  | 214            | 5                  | 14            |
| Other countries | 3 287               | 328            | 210                | 21            |
| <b>Total:</b>   | <b>147 943</b>      | <b>330 785</b> | <b>9 455</b>       | <b>21 141</b> |

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 3 189 (31.03.2008: 8 895) thousand kroons or 204 (31.03.2008: 568) thousands euros are located in Russian Federation, incl. property, plant and equipment in the amount of 577 (31.03.2008: 665) thousand kroons or 37 (31.03.2008: 43) thousands euros.

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

| 9. Cost of sales              | Thousands of kroons |                 | Thousands of euros |                |
|-------------------------------|---------------------|-----------------|--------------------|----------------|
|                               | Q1 Y2009            | Q1 Y2008        | Q1 Y2009           | Q1 Y2008       |
| Raw materials                 | -90 359             | -202 591        | -5 775             | -12 948        |
| Personnel expenses            | -32 384             | -47 679         | -2 070             | -3 047         |
| Depreciation and amortisation | -12 164             | -13 093         | -777               | -837           |
| Utilities                     | -5 176              | -5 166          | -331               | -330           |
| Repairs and maintenance       | -768                | -1 595          | -49                | -102           |
| Transportation                | -3 228              | -6 611          | -206               | -423           |
| Other services                | -2 173              | -1 237          | -139               | -79            |
| Others                        | -4 264              | -6 401          | -272               | -409           |
|                               | <b>-150 515</b>     | <b>-284 373</b> | <b>-9 619</b>      | <b>-18 175</b> |

### 10. Short-term provisions

AS Norma has filed a request to the Labor Inspectorate for applying the collective termination of employment contracts with 52 AS Norma employees at the beginning of 2009.

To cover the expenses arising from this redundancy, a restructuring provision in the amount of 2 803 thousand kroons was recognised as at 31.12.2008.

AS Norma has filed a request to the Labor Inspectorate for applying the collective termination of employment contracts with 111 AS Norma employees as at 19.01.2009. AS Norma has filed requests with the Labor Inspectorate in order to apply the collective termination of employment contracts with 52 employees as at 17.02.2009. The employment termination is a result of deepening global crisis in the automotive industry.

To cover the expenses arising from this redundancy as at Q2 Y2009, a restructuring provision in the amount of 2 988 thousand kroons was recognised as at 31.03.2009.

Q1 Y2009 a restructuring provision in the amount of 10 445 thousand kroons and a total of 10 260 thousand kroons of redundancy remuneration was paid to 51 employees from the previously mentioned reserve and has been recognised as follows: 9 684 thousand kroons as cost of sales, 196 thousand kroons as research and development expenses, 184 thousand kroons as general administrative expenses and 196 thousand kroons as marketing and distribution costs .

| 11. <b>Transactions with related parties</b>             | Thousands of kroons |            | Thousands of euros |            |
|--|---------------------|------------|--------------------|------------|
|  | Q1 Y2009            | Q1 Y2008   | Q1 Y2009           | Q1 Y2008   |
| Purchases from companies of Autoliv Group                | <b>37 697</b>       | 93 687     | <b>2 409</b>       | 5 988      |
| incl. purchases of goods                                 | 36 860              | 86 449     | 2 356              | 5 525      |
| receiving of services                                    | 837                 | 7 186      | 53                 | 459        |
| receiving of services from the parent company Autoliv AB | 0                   | 52         | 0                  | 4          |
| transfer of research and development                     | <b>0</b>            | 2 734      | <b>0</b>           | 175        |
| Sales to companies of Autoliv Group                      | <b>95 851</b>       | 168 125    | <b>6 126</b>       | 10 745     |
| incl. sales of goods                                     | 95 104              | 166 401    | 6 078              | 10 635     |
| rendering of services                                    | 747                 | 1 724      | 48                 | 110        |
| rendering of services to the parent company Autoliv AB   | 0                   | 0          | 0                  | 0          |
| Sales to Norma by Law-office Tark & Co                   | <b>52</b>           | 386        | <b>53</b>          | 25         |
|  | <b>31.03.2009</b>   | 31.12.2008 | <b>31.03.2009</b>  | 31.12.2008 |
| Receivables from companies of Autoliv Group              | <b>38 974</b>       | 47 366     | <b>2 491</b>       | 3 027      |
| incl. Autoliv AB   | <b>0</b>            | 0          | <b>0</b>           | 0          |
| Payables to companies of Autoliv Group                   | <b>13 391</b>       | 12 411     | <b>856</b>         | 793        |
| incl. Autoliv AB   | <b>0</b>            | 36         | <b>0</b>           | 2          |
| Short-term deposits in treasury of Autoliv Group         | <b>126 737</b>      | 177 901    | <b>8 100</b>       | 11 370     |

### 11. Statement of Financial Position of AS Norma (the Parent)

|                                     | Thousands of kroons |            | Thousands of euros |            |
|-------------------------------------|---------------------|------------|--------------------|------------|
|                                     | 31.03.2009          | 31.12.2008 | 31.03.2009         | 31.12.2008 |
| <b>Assets</b>                       |                     |            |                    |            |
| <b>Current assets</b>               |                     |            |                    |            |
| Cash in hand and deposits           | <b>72 273</b>       | 29 857     | <b>4 619</b>       | 1 908      |
| Financial assets                    | <b>549 150</b>      | 553 576    | <b>35 097</b>      | 35 380     |
| Receivables                         | <b>96 236</b>       | 157 902    | <b>6 150</b>       | 10 092     |
| Prepaid expenses                    | <b>873</b>          | 1 332      | <b>56</b>          | 85         |
| Inventories                         | <b>99 210</b>       | 100 899    | <b>6 341</b>       | 6 449      |
| <b>Total current assets</b>         | <b>817 742</b>      | 843 566    | <b>52 263</b>      | 53 914     |
| <b>Non-current assets</b>           |                     |            |                    |            |
| Long-term investments               | <b>24</b>           | 24         | <b>2</b>           | 2          |
| Long-term receivables               | <b>336</b>          | 329        | <b>21</b>          | 21         |
| Property, plant and equipment       | <b>223 571</b>      | 229 335    | <b>14 289</b>      | 14 675     |
| Intangible assets                   | <b>9 173</b>        | 9 252      | <b>586</b>         | 591        |
| <b>Total non-current assets</b>     | <b>233 104</b>      | 238 940    | <b>14 898</b>      | 15 271     |
| <b>Total assets</b>                 | <b>1 050 846</b>    | 1 082 506  | <b>67 161</b>      | 69 185     |
| <b>Liabilities and equity</b>       |                     |            |                    |            |
| <b>Liabilities</b>                  |                     |            |                    |            |
| <b>Current liabilities</b>          |                     |            |                    |            |
| Payables                            | <b>79 430</b>       | 100 326    | <b>5 076</b>       | 6 412      |
| Deferred income                     | <b>824</b>          | 402        | <b>53</b>          | 26         |
| Provision                           | <b>2 988</b>        | 2 803      | <b>191</b>         | 176        |
| <b>Total current liabilities</b>    | <b>83 242</b>       | 103 531    | <b>5 320</b>       | 6 617      |
| <b>Total liabilities</b>            | <b>83 242</b>       | 103 531    | <b>5 320</b>       | 6 617      |
| <b>Equity</b>                       |                     |            |                    |            |
| Share capital (par value)           | <b>132 000</b>      | 132 000    | <b>8 436</b>       | 8 436      |
| Statutory reserve                   | <b>13 200</b>       | 13 200     | <b>844</b>         | 844        |
| Retained earnings                   | <b>822 404</b>      | 833 775    | <b>52 561</b>      | 53 288     |
| <b>Total equity</b>                 | <b>967 604</b>      | 978 975    | <b>61 841</b>      | 62 568     |
| <b>Total liabilities and equity</b> | <b>1 050 846</b>    | 1 082 506  | <b>67 161</b>      | 69 185     |



### 13. Income statement of AS Norma (the Parent)

|                                   | Thousands of kroons   |                       | Thousands of euros    |                       |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                   | 01.01.09-<br>31.03.09 | 01.01.08-<br>31.03.08 | 01.01.09-<br>31.03.09 | 01.01.08-<br>31.03.08 |
| Revenue                           | 148 075               | 330 610               | 9 464                 | 21 130                |
| Cost of sales                     | -150 774              | -284 857              | -9 636                | -18 206               |
| <b>Gross profit</b>               | <b>-2 699</b>         | 45 753                | <b>-172</b>           | 2 924                 |
| Marketing and distribution costs  | -2 414                | -5 596                | -154                  | -358                  |
| Research and development expenses | -2 538                | -5 510                | -162                  | -352                  |
| General administrative expenses   | -10 023               | -11 236               | -641                  | -718                  |
| Other operating income            | 1 568                 | 836                   | 100                   | 53                    |
| Other operating expenses          | -3 286                | -330                  | -210                  | -21                   |
| <b>Operating profit</b>           | <b>-19 392</b>        | 23 917                | <b>-1 239</b>         | 1 528                 |
| Financial income                  | 8 079                 | 6 497                 | 516                   | 416                   |
| Financial expenses                | -58                   | -67                   | -4                    | -4                    |
| <b>Profit before taxes</b>        | <b>-11 371</b>        | 30 347                | <b>-727</b>           | 1 940                 |
| <b>Net profit</b>                 | <b>-11 371</b>        | 30 347                | <b>-727</b>           | 1 940                 |

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

C Manufacturing industry (in thousands of euros)

| NACE  | Classification<br>(EMTAK) | Sales Q1 Y 2009<br>(the Group) | Sales Q1 Y 2009<br>(the Parent) | Sales Q1 Y 2008<br>(the Group) | Thousands of kroons             |
|-------|---------------------------|--------------------------------|---------------------------------|--------------------------------|---------------------------------|
|       |                           |                                |                                 |                                | Sales Q1 Y 2008<br>(the Parent) |
| 29.32 | 2932                      | 147 943                        | 148 075                         | 330 785                        | 330 610                         |
|       | 29321                     | 147 943                        | 148 075                         | 330 785                        | 330 610                         |

| NACE  | Classification<br>(EMTAK) | Sales Q1 Y 2009<br>(the Group) | Sales Q1 Y 2009<br>(the Parent) | Sales Q1 Y 2008<br>(the Group) | Thousands of euros              |
|-------|---------------------------|--------------------------------|---------------------------------|--------------------------------|---------------------------------|
|       |                           |                                |                                 |                                | Sales Q1 Y 2008<br>(the Parent) |
| 29.32 | 2932                      | 9 455                          | 9 464                           | 21 141                         | 21 130                          |
|       | 29321                     | 9 455                          | 9 464                           | 21 141                         | 21 130                          |

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

|                                   | Share capital (par<br>value) | Statutory<br>Reserve | Thousands of kroons  |                |
|-----------------------------------|------------------------------|----------------------|----------------------|----------------|
|                                   |                              |                      | Retained<br>earnings | Total equity   |
| <b>31.12.2007</b>                 | <b>132 000</b>               | <b>13 200</b>        | <b>763 105</b>       | <b>908 305</b> |
| Net profit for the financial year | -                            | -                    | 30 347               | 30 347         |
| <b>31.03.2008</b>                 | <b>132 000</b>               | <b>13 200</b>        | <b>793 452</b>       | <b>938 652</b> |
| Dividends                         | -                            | -                    | -66 000              | -66 000        |
| Net profit for the financial year | -                            | -                    | 106 323              | 106 323        |
| <b>31.12.2008</b>                 | <b>132 000</b>               | <b>13 200</b>        | <b>833 775</b>       | <b>978 975</b> |
| <b>31.12.2008</b>                 | <b>132 000</b>               | <b>13 200</b>        | <b>833 775</b>       | <b>978 975</b> |
| Net profit for the financial year | -                            | -                    | -11 371              | -11 371        |
| <b>31.03.2009</b>                 | <b>132 000</b>               | <b>13 200</b>        | <b>822 404</b>       | <b>967 604</b> |

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|                                   | Share capital (par value) | Statutory Reserve | Retained earnings | Thousands of euros<br>Total equity |
|-----------------------------------|---------------------------|-------------------|-------------------|------------------------------------|
| <b>31.12.2007</b>                 | <b>8 436</b>              | <b>844</b>        | <b>48 771</b>     | <b>58 051</b>                      |
| Net profit for the financial year | -                         | -                 | 1 940             | 1 940                              |
| <b>31.03.2008</b>                 |                           |                   | <b>50 711</b>     | <b>59 991</b>                      |
| Dividends                         | -                         | -                 | -4 218            | -4 218                             |
| Net profit for the financial year | -                         | -                 | 6 795             | 6 795                              |
| <b>31.12.2008</b>                 | <b>8 436</b>              | <b>844</b>        | <b>53 288</b>     | <b>62 568</b>                      |
| <b>31.12.2008</b>                 | <b>8 436</b>              | <b>844</b>        | <b>53 288</b>     | <b>62 568</b>                      |
| Net profit for the financial year | -                         | -                 | -727              | -727                               |
| <b>31.03.2009</b>                 | <b>8 436</b>              | <b>844</b>        | <b>52 561</b>     | <b>61 841</b>                      |

Pursuant to the Commercial Code the statutory reserve amounts to 10% of the share capital.

The statutory reserve can be used for covering the loss or increasing the share capital. The Statutory reserve cannot be paid out as dividends.

## Signatures of the Management Board to the Q1 Y2009 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 Q1 2009 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