

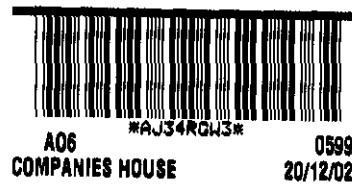
898822

AUTOLIV SPRING DYNAMICS LIMITED

(formerly Tensator Limited)

Report and Accounts

31 December 2001



Autoliv Spring Dynamics Limited (formally Tensator Limited)

Registered No. 898822

DIRECTORS

L Berntsson (Chairman)
E J Reading
M Lindquist

SECRETARY

J Bentley

AUDITORS

Ernst & Young LLP
Wessex House
19 Threefield Lane
Southampton
SO14 3QB

REGISTERED OFFICE

44 Welbeck Street
London
W1G 8DY

Autoliv Spring Dynamics Limited (formally Tensator Limited)

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2001.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £1,813,000 (2000: profit of £1,036,000) which has been transferred from reserves. The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year was the manufacture of constant force spring assemblies for the automotive and engineering industries. The company's involvement in the manufacture of 'end use' applications of constant force technology such as that applied to pedestrian guidance systems and associated retail display systems ceased on 29 September 2000 following the sale of this business and its business assets to a company, Tensabarrier Limited, controlled by part of its former management team.

FUTURE DEVELOPMENTS

The company plans to concentrate its spring production in the UK and establish assembly plants on each continent to better meet its customers needs. This will enable it to expand production capacity and improve profitability.

POST BALANCE SHEET EVENT

On 1 January 2002 the company transferred its business assets relating to non-core spring products to a 100% owned subsidiary, Spiroflex Limited, leaving the company to focus on its core spring products for automotive seatbelts. The sale was for a consideration of £1.1m and no profit or loss was generated on this transaction.

CHANGE OF NAME

With effect from 30 March 2001, the company changed its name from Tensator Limited to Autoliv Spring Dynamics Limited to both reflect its focus on the core spring product range and its membership of the Autoliv group.

DIRECTORS AND THEIR INTERESTS

The directors during the year to 31 December 2001, none of whom had any beneficial interests in the share capital of the company at any time during the year, were as follows:

E J Reading	
M Lindquist	(resident in Sweden) appointed 22 August 2001
L Berntsson	(Chairman) (resident in Sweden)

AUDITORS

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the board



E J Reading
Director
15 December 2002

Autoliv Spring Dynamics Limited (formally Tensator Limited)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the financial statements comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUTOLIV SPRING DYNAMICS LIMITED

We have audited the company's financial statements for the year ended 31 December 2001 which comprise the Profit and Loss Account, Statement of recognised Gains and Losses, Balance Sheet and the related notes 1 to 19. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

This report has been prepared for the members of the company pursuant to Section 235 of the Companies Act 1985 (the "Act") and for no other purpose.

No person is entitled to rely on this report unless such person;

- i) Is a person entitled to rely on this report by virtue of and for the purposes of the Act; or
- ii) Has been expressly authorised to do so by our prior written consent.

Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
Southampton
15 December 2002

Ernst & Young LLP

Autoliv Spring Dynamics Limited (formerly Tensator Limited)

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2001

	Notes	2001 £000	2000 £000
TURNOVER	3		
Continuing operations		7,263	7,206
Discontinued operations		1,359	5,602
		<u>8,622</u>	<u>12,808</u>
OPERATING (LOSS)/ PROFIT			
Continuing operations	4	(2,005)	(1,851)
Discontinued operations		318	1,170
		<u>(1,687)</u>	<u>(681)</u>
Profit on the sale of the Barrier business		-	1,678
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		<u>(1,687)</u>	<u>997</u>
Interest receivable	7	-	7
Interest payable and similar charges	8	(126)	(82)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(1,813)</u>	<u>922</u>
Taxation (credit)	9	-	(114)
RETAINED (LOSS) / PROFIT FOR THE YEAR	16	<u>(1,813)</u>	<u>1,036</u>

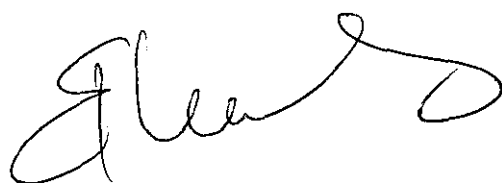
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2001

There are no recognised gains or losses other than the loss attributable to shareholders of the company of £1,813,000 in the year ended 31 December 2001 and the profit of £1,036,000 in the year ended 31 December 2000.

Autoliv Spring Dynamics Limited (formerly Tensator Limited)

BALANCE SHEET at 31 December 2001

	Notes	2001 £000	2000 £000
FIXED ASSETS			
Tangible assets	10	1,497	1,439
Investments	11	71	-
		<u>1,568</u>	<u>1,439</u>
CURRENT ASSETS			
Stock	12	1,361	1,156
Debtors	13	2,921	2,635
Cash and bank balances		2	44
		<u>4,284</u>	<u>3,835</u>
CREDITORS: amounts falling due within one year	14	4,821	2,430
		<u>(537)</u>	<u>1,405</u>
NET CURRENT (LIABILITIES) / ASSETS			
NET ASSETS		<u>1,031</u>	<u>2,844</u>
CAPITAL AND RESERVES			
Called up share capital	15	25	25
Capital reserve	16	3	3
Profit and loss account	16	1,003	2,816
		<u>1,031</u>	<u>2,844</u>
SHAREHOLDERS' FUNDS - equity interests		<u>1,031</u>	<u>2,844</u>



E J Reading
Director
15 December 2002

Autoliv Spring Dynamics Limited (formerly Tensator Limited)

NOTES TO THE ACCOUNTS at 31 December 2001

1. FUNDAMENTAL ACCOUNTING CONCEPT

The accounts have been prepared on the going concern basis as the parent company has confirmed that it will continue to give financial support to the company to allow it to pay its debts as they fall due for a period until at least 31 December 2004.

2. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

The accounts present information about the company as an individual undertaking and not about its group.

Cash flow statement

The company has utilised the exemptions provided under Financial Reporting Standard No. 1 as a wholly owned subsidiary undertaking of a parent undertaking within the European Union and has not presented a cash flow statement.

Tangible fixed assets and depreciation

Depreciation is provided on a straight line basis on all tangible fixed assets less any estimated residual value over their estimated useful life at rates as follows:

Plant and machinery	-	over 6 years
Fixtures and fittings	-	over 4 to 10 years
Tooling	-	over 3 years
Motor vehicles	-	over 4 years
Improvements to short term leasehold premises	-	over 10 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Investments

Fixed asset investments are shown at cost less amounts written off. Provisions for permanent diminution in value are made if material.

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value as follows:

Raw materials and goods for resale	-	purchase cost on a first in, first out basis
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on the normal level of activity.

Net realisable value is based on estimated selling price less further costs expected to be incurred on completion and disposal.

Deferred taxation

Deferred taxation is provided using the liability method on all material timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Autoliv Spring Dynamics Limited (formerly Tensator Limited)

NOTES TO THE ACCOUNTS at 31 December 2001

2. ACCOUNTING POLICIES (continued)

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Operating lease rentals are charged to the profit and loss account as incurred.

Pensions

The company operates a defined contribution pension scheme for its directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

3. TURNOVER

Turnover represents the amounts of goods and services invoiced during the period, exclusive of value added tax. An analysis of the turnover between the United Kingdom and overseas markets is set out below:

	<i>Continuing Operations</i>	<i>Discontinued Operations</i>	<i>Total</i>
	<i>2001</i>	<i>2001</i>	<i>2001</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
United Kingdom	897	963	1,860
Europe	5,956	281	6,237
The Americas	34	53	87
Others	376	62	438
	7,263	1,359	8,622
	<i>Continuing Operations</i>	<i>Discontinued Operations</i>	<i>Total</i>
	<i>2000</i>	<i>2000</i>	<i>2000</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
United Kingdom	1,275	2,481	3,756
Europe	5,205	1,936	7,141
The Americas	100	1,016	1,116
Others	626	169	795
	7,206	5,602	12,808

Discontinued operations in 2001 represent the non-core spring products business which was sold to Spiroflex Limited, a subsidiary company, on 1 January 2002. Discontinued operations in 2000 also include sales of pedestrian guidance systems and associated retail display systems which were sold to Tensabarrier Limited on 29 September 2000.

Autoliv Spring Dynamics Limited (formerly Tensator Limited)

NOTES TO THE ACCOUNTS at 31 December 2001

4. OPERATING LOSS

(a) This is stated after charging/(crediting):	2001	2000
	£000	£000
Auditors' remuneration	20	18
Depreciation	350	450
Operating lease rentals - land and buildings	330	553
- plant and machinery	70	121
Foreign exchange losses	32	23
Lease rental income	-	(223)
Rental and administrative services	(96)	(25)

b)	<i>Continuing Operations</i>	<i>Discontinued Operations</i>	<i>Total</i>
	2001	2001	2001
	£000	£000	£000
Cost of sales	6,054	691	6,745
Selling and distribution costs	268	74	342
Administration expenses	852	65	917
Other operating costs	2,094	211	2,305
	9,268	1,041	10,309

	<i>Continuing Operations</i>	<i>Discontinued Operations</i>	<i>Total</i>
	2000	2000	2000
	£000	£000	£000
Cost of sales	6,062	2,571	8,633
Selling and distribution costs	265	363	628
Administration expenses	908	730	1,638
Other operating costs	1,822	768	2,590
	9,057	4,432	13,489

5. DIRECTORS' REMUNERATION

	2001	2000
	£000	£000
Emoluments (excluding pension contributions)	88	96
Company contribution paid to money purchase pension scheme	21	22

One director (2000: one) was a member of the company's defined contribution pension scheme.

Autoliv Spring Dynamics Limited (formerly Tensator Limited)

NOTES TO THE ACCOUNTS at 31 December 2001

6. STAFF COSTS

	<i>Continuing Operations 2001 £000</i>	<i>Discontinued Operations 2001 £000</i>	<i>Total 2001 £000</i>
Wages and salaries	2,359	428	2,787
Social Security costs	202	40	242
Other pension costs	95	29	124
	<u>2,656</u>	<u>497</u>	<u>3,153</u>

	<i>Continuing Operations 2000 £000</i>	<i>Discontinued Operations 2000 £000</i>	<i>Total 2000 £000</i>
Wages and salaries	2,228	1,035	3,263
Social Security costs	235	102	337
Other pension costs	148	71	219
	<u>2,611</u>	<u>1,208</u>	<u>3,819</u>

The monthly average number of persons employed by the company during the year was as follows:

	<i>2001 No.</i>	<i>2000 No.</i>
Production	148	196
Sales	4	9
Administration	8	10
	<u>160</u>	<u>215</u>

Autoliv Spring Dynamics Limited (formerly Tensator Limited)

NOTES TO THE ACCOUNTS at 31 December 2001

7. INTEREST RECEIVABLE

	2001	2000
	£000	£000
Bank interest	-	7

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2001	2000
	£000	£000
Bank interest	126	82

9. TAXATION

	2001	2000
	£000	£000
Corporation tax:		
Current	-	(87)
Over provision prior year	-	(27)
	-	(114)

10. TANGIBLE FIXED ASSETS

	Improvements to leasehold premises	Plant and equipment	Total
	£000	£000	£000
Cost:			
At 1 January 2001	225	4,796	5,021
Additions	-	606	606
Disposals	-	(630)	(630)
At 31 December 2001	225	4,772	4,997
Depreciation:			
At 1 January 2001	58	3,524	3,582
Provided during the year	24	326	350
Disposals	-	(432)	(432)
At 31 December 2001	82	3,418	3,500
Net book value:			
At 31 December 2001	143	1,354	1,497
At 31 December 2000	167	1,272	1,439

Autoliv Spring Dynamics Limited (formerly Tensator Limited)

NOTES TO THE ACCOUNTS at 31 December 2001

11. INVESTMENTS

	2001 £000
Cost:	
At 1 January 2001	-
Additions	71
At 31 December 2001	71
Net book value:	
At 31 December 2001	71
At 31 December 2000	-

Details of the investments in which the company holds more than 10% of the nominal value of any class of share capital are as follows:

<i>Name of company</i>	<i>Holding</i>	<i>Proportion held</i>	<i>County of incorporation</i>	<i>Nature of business</i>
Autoliv Yay Dinamikleri Turkiye Ltd STI.	Capital share	100%	Turkey	Manufacturing
Spiroflex Limited	Ordinary share	100%	England	Manufacturing

In the opinion of the directors the value of the company's investments in subsidiary undertakings (including amounts owed by subsidiary undertakings) is not less than the amount at which they are stated in the accounts.

The company has not consolidated the results of its subsidiary undertakings within these accounts as it is a wholly owned subsidiary of Autoliv AB, a company registered in Sweden. Accordingly the accounts present information about the company as an individual undertaking and not about its group.

12. STOCK

	2001 £000	2000 £000
Raw materials	867	753
Work in progress	401	197
Finished goods for resale	93	206
	1,361	1,156

Autoliv Spring Dynamics Limited (formerly Tensator Limited)

NOTES TO THE ACCOUNTS at 31 December 2001

13. DEBTORS

	2001	2000
	£000	£000
Trade debtors	387	841
Balance due from sale of pedestrian guidance system business	300	1,000
Due from fellow subsidiary undertakings	1,990	523
Prepayments and other debtors	166	193
Taxation	78	78
	<u>2,921</u>	<u>2,635</u>

14. CREDITORS: amounts falling due within one year

	2001	2000
	£000	£000
Bank overdraft	3,324	136
Trade creditors	1,070	1,610
Due to group undertakings	151	79
Other taxes and social security costs	79	99
Hire purchase and finance leases	-	9
Accruals	197	497
	<u>4,821</u>	<u>2,430</u>

15. SHARE CAPITAL

	<i>Authorised</i>	
	2001	2000
	£000	£000
30,000 ordinary shares of £1 each	30	30
	<u>30</u>	<u>30</u>
	<i>Allotted, called up and fully paid</i>	
	2001	2000
	£000	£000
25,500 ordinary shares of £1 each	25	25
	<u>25</u>	<u>25</u>

Autoliv Spring Dynamics Limited (formerly Tensator Limited)

NOTES TO THE ACCOUNTS at 31 December 2001

16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £000	Capital reserve £000	Profit and loss account £000	Total share- holders' funds £000
At 1 January 2000	25	3	1,780	1,808
Retained profit for the year	-	-	1,036	1,036
At 1 January 2001	25	3	2,816	2,844
Retained loss for the year	-	-	(1,813)	(1,813)
At 31 December 2001	25	3	1,003	1,031

17. FINANCIAL COMMITMENTS

As at 31 December 2001 the company had annual commitments under non-cancellable operating leases as set out below:

	Land 2001 £000	and buildings 2000 £000	Other 2001 £000	2000 £000
Operating leases which expire:				
within one year	-	112	5	29
within two to five years	-	-	26	27
in over five years	330	330	-	-
	330	442	31	56

18. POST BALANCE SHEET EVENT

On 1 January 2002 the company transferred its business assets relating to non-core spring products to a 100% owned subsidiary, Spiroflex Limited, leaving the company to focus on its core spring products for automotive seatbelts. The sale was for a consideration of £1.1m and no profit or loss was generated on this transaction.

19. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking, which is also the parent for the largest and smallest group of undertakings for which group accounts are drawn up and of which the company is a member is Autoliv AB, incorporated in Sweden. Group accounts are available on request from Autoliv AB, Box 124, S447 83 Vargarda, Sweden.