Registered No: 898822

Autoliv Spring Dynamics Limited

Report and Financial Statements

31 December 2007

Registered No: 898822

Directors
L A Berntsson (Chairman)
J-H Valkenberg
B M O Wallin

Secretary
J Bentley

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

Bankers
Skandinaviska Enskilda Banken
Scandinavian House
2 Cannon Street
London
EC4M 6XX

Registered office
44 Welbeck Street
London
W1G 8DY

Directors' report

The directors present their report and financial statements for the year ended 31 December 2007.

Results and dividends

The loss for the year amounted to £333,000 (2006 £279,000) The directors do not recommend the payment of any dividends

Principal activities and review of the business

The company's principal activity during the year was the manufacture of constant force spring assemblies for the automotive industry

There has been growth in the automotive market for the company's products and the company's share has improved resulting in increased volumes delivered

The company's key financial and other performance indicators during the year were as follows

	2007 £'000	2006 £'000	Change %
Turnover	13,252	12,994	2%
Total operating profit before exceptionals	437	34	1,185%
Loss after tax	(333)	(279)	(19)%
Shareholders' funds / (deficit)	(4,131)	(3,798)	(9)%
Current assets as % Current Liabilities	34%	41%	(7)%
Average number of employees	109	99	10%

Future developments

Further growth in demand for the company's products is expected requiring expansion of capacity This, together with cost reduction initiatives, is expected to improve profitability

Directors

The directors who served the company during the year were as follows

L A Berntsson	
E J Reading	(resigned 1 December 2007)
C M Lindquist	(resigned 30 April 2008)
J-H Valkenburg	(appointed 1 December 2007)
B M O Wallin	(appointed 29 April 2008)

Principal Risks and Uncertainties

The directors have evaluated the principal risks and uncertainties that face the company and consider these to be competitive risk and financial risk

Competitive risk

The company is reliant on its fellow group subsidiaries for its turnover but it is not the sole supplier of these products The continuation of its supply share is uncertain and based on financial and performance criteria together with an assessment by the group of the risks to its supply chain arising from its selection of suppliers

Financial risk

The company is exposed to fluctuations in interest rates and exchange rates The company utilises overdraft facilities as part of a 'pool' arrangement with other UK members of the group The 'pool' uses intercompany loans to manage liquidity, cash flow and interest rate risk

Directors' report

The company utilises a group 'netting' service which matches currency inflows and outflows to achieve natural hedging and manage exchange rate risk

Derivatives and other financial instruments

The company's principal financial instruments, other than derivatives, comprise banks borrowings, the purpose of which is to raise finance for the company's operations The company has various other financial instruments such as trade debtors and trade creditors that arise directly from its operations

A high proportion of the business' sales are denominated in euros The company utilises a group 'netting' service which matches currency inflows and outflows to achieve natural hedging and manage exchange rate risk

Directors' liabilities

The company has indemnified one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985 Such qualifying third party indemnity provision was in force during the year

Events Since the Balance Sheet Date

The Company issued 1000 £1 Ordinary Shares to its immediate parent undertaking Autoliv Holding Limited on 11 March 2008 for a cash consideration of £4,150,000

Disclosure of Information to the Auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

On behalf of the board

Jan-Huibert Valkenburg
Director
11.04.2008

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to 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 UK 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 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 AUDITOR'S REPORT TO THE MEMBERS OF AUTOLIV SPRING DYNAMICS LIMITED

We have audited the company's financial statements for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 22 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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 whether in our opinion the information given in the directors' report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUTOLIV SPRING DYNAMICS LIMITED (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Ernst + Young LLP

Ernst & Young LLP
Registered Auditor
Southampton

15/ 9/ 2008

Profit and loss account
for the year ended 31 December 2007

	Notes	2007 £000	2006 £000
Turnover	3	13,252	12,994
Cost of sales		9,683	9,745
Gross profit		3,569	3,249
Distribution costs		302	356
Administrative expenses		2,830	2,859
Operating Profit	4	437	34
Exceptional item loss on disposal of investments	5	(413)	-
Profit on ordinary activities before interest and similar charges		24	34
Interest receivable	8	16	12
Interest payable and similar charges	9	(373)	(325)
		(357)	(313)
Loss on ordinary activities before taxation		(333)	(279)
Tax on loss on ordinary activities	10	-	-
Loss for the financial year		(333)	(279)

All amounts relate to continuing operations

Statement of total recognised gains and losses
There are no recognised gains or losses other than the loss of £333,000 attributable to the shareholders for the year ended 31 December 2007 (2006 - loss of £279,000)

Balance sheet
at 31 December 2007

	Notes	2007 £000	2006 £000
Fixed assets			
Tangible assets	11	1,519	820
Investments	12	-	-
		1,519	820
Current assets			
Stocks	13	494	905
Debtors	14	2,027	1,923
Cash at bank		336	350
		2,857	3,178
Creditors: amounts falling due within one year	15	8,507	7,796
Net current liabilities		(5,650)	(4,618)
Total assets less current liabilities		(4,131)	(3,798)
Capital and reserves			
Called up share capital	19	25	25
Other reserves	20	3	3
Profit and loss account	20	(4,159)	(3,826)
Shareholder's deficit	20	(4,131)	(3,798)

Jan-Huibert Valkenburg
Director

11.09.2008

Notes to the financial statements
at 31 December 2007

1. Fundamental accounting concept – going concern
The financial statements have been prepared on the going concern basis as a parent undertaking 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 2009

2. Accounting policies
Basis of preparation
The financial statements of Autoliv Spring Dynamics Limited were approved for issue by the board of directors on the date noted on the balance sheet

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards

Basis of consolidation
The company is exempt from the obligation to prepare and deliver group financial statements by virtue of Companies Act 1985 Section 228, as the company's ultimate parent company publishes group financial statements in which this company is included Accordingly, the financial statements present information about the company as an individual undertaking and not about its group

Cash flow statement
The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements

Related parties transactions
The company's ultimate parent company is Autoliv AB, the consolidated accounts of which are publicly available Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the Autoliv AB group

Fixed assets
All fixed assets are initially recorded at cost The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable

Depreciation
Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows

Improvements to Short Term Leasehold Premises	-	over 10 years
Plant & Machinery	-	over 3 to 10 years

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

Raw materials, consumables 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 a normal level of activity.

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

Notes to the financial statements
at 31 December 2007

2. Accounting policies (continued)

Revenue Recognition
Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty The following criteria must also be met before revenue is recognised

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on dispatch of the goods

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

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

Operating lease agreements
Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Pension costs
The company operates a defined contribution pension scheme Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme

Share based payments
In 2004, a small number of share options in the company's ultimate parent were issued to a company director As the number of unexercised share options granted in the year and in existence at the balance sheet date was minimal, further disclosure has not been included within the financial statements as the related FRS 20 fair value is considered not to be material

Notes to the financial statements
at 31 December 2007

3. Turnover
Turnover represents the amounts of goods and services invoiced during the period and is stated net of value added tax

An analysis of turnover by geographical market is given below

	2007 £000	2006 £000
Europe	9,826	9,511
The Americas	1,256	1,578
Rest of the world	2,170	1,905
	13,252	12,994

4. Operating profit
This is stated after charging/(crediting)

		2007 £000	2006 £000
Auditors' remuneration	- audit of the financial statements	27	27
	- non-audit services	-	-
Depreciation of owned fixed assets		240	260
Operating lease rentals	- land and buildings	348	348
	- plant and machinery	35	35
Net (gain)/loss on foreign currency translation		(131)	36

5. Exceptional items: loss on disposal of investments

	2007 £'000	2006 £'000
Carrying value of investment at disposal (note 12)	954	-
Professional fees incurred	40	-
Disposal	994	-
Consideration received	(581)	-
Loss on disposal	413	-

Notes to the financial statements
at 31 December 2007

6. Staff costs

	2007 £000	2006 £000
Wages and salaries	2,338	2,107
Social security costs	234	280
Other pension costs	51	92
	2,623	2,479

The monthly average number of employees during the year was as follows

	2007 No	2006 No
Production staff	99	90
Sales staff	1	1
Administrative staff	9	8
	109	99

The company made certain staff available to its former subsidiary undertaking, Spiroflex Limited until 30 September 2007 under a supply agreement The company charged Spiroflex Limited £649,000 (2006 £717,000) under this agreement in the year

7. Directors' emoluments

	2007 £000	2006 £000
Emoluments	140	121
Value of company pension contributions to money purchase schemes	22	21
	162	142

One director (2006 one) was a member of the company's defined contribution pension scheme, and one director (2006 one) received contributions payable to a private defined contribution pension scheme

8. Interest receivable

	2007 £000	2006 £000
Other loan interest receivable	16	12

9. Interest payable and similar charges

	2007 £000	2006 £000
Bank interest payable	373	325

Notes to the financial statements
at 31 December 2007

10. Taxation on ordinary activities

There is no charge for taxation in the current or previous year

(a) Factors affecting current tax charge

The tax credit assessed on the loss on ordinary activities for the year is lower (2006 - lower) than the standard rate of corporation tax in the UK of 30% (2006 - 30%) The differences are reconciled below

	2007 *£000*	*2006* *£000*
Loss on ordinary activities before taxation	(333)	(279)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	(100)	(84)
Expenses not deductible for tax purposes	8	8
Decelerated / (accelerated) capital allowances	(88)	(7)
Unrelieved capital loss	124	–
Group relief not paid for	56	83
Total current tax	–	–

b) Deferred tax
The deferred taxation asset not recognised in the financial statements is as follows

	2007 *£000*	*2006* *£000*
Depreciation in advance of capital allowances	72	68
Other timing differences	4	7
	76	75

The deferred tax asset for the company has not been recognised due to the uncertainty of recovery in the foreseeable future

c) Factors that may affect future tax charges

The UK corporation tax rate will decrease from 30% to 28% from 1 April 2008 This rate change will affect the amount of future cash tax payments to be made by the Company The deferred tax balances have been adjusted in the current year to reflect this change Changes to the UK capital allowance regime will also impact the capital allowances the Company can claim. The full impact of these changes is still being assessed

Notes to the financial statements
at 31 December 2007

11. Tangible fixed assets

	Improvements to short term leasehold premises £000	*Plant & equipment £000*	*Total £000*
Cost			
At 1 January 2007	455	3,323	3,778
Additions	10	971	981
Disposals	-	(42)	(42)
At 31 December 2007	465	4,252	4,717
Depreciation			
At 1 January 2007	439	2,519	2,958
Provided during the year	8	232	240
Disposals	-	-	-
At 31 December 2007	447	2,751	3,198
Net book value			
At 31 December 2007	18	1,501	1,519
At 1 January 2007	16	804	820

Plant and equipment includes £785,000 of assets in the course of construction at the year end date (31 December 2006 £ nil)

12. Investments

	Shares in group companies £000
Cost	
At 1 January 2007	1
Additional capital contribution	954
Disposal	(955)
At 31 December 2007	-
Amounts provided	
At 1 January 2007	1
Disposal	(1)
At 31 December 2007	-
Net book value	
At 31 December 2007	-
At 1 January 2007	-

The company sold its 100% shareholding in Spiroflex Limited, a company incorporated in England, on 1 October 2007 (Note 5)

Notes to the financial statements
at 31 December 2007

13. Stocks

	2007 £000	2006 £000
Raw materials	199	438
Work in progress	240	418
Finished goods	55	49
	494	905

14. Debtors

	2007 £000	2006 £000
Trade debtors	69	57
Amounts owed by group undertakings	1,472	1,472
Other debtors	346	216
Prepayments and other debtors	140	178
	2,027	1,923

15. Creditors: amounts falling due within one year

	2007 £000	2006 £000
Bank overdraft	5,810	5,653
Trade creditors	1,938	1,649
Amounts owed to group undertakings	407	201
Other taxation and social security	83	115
Other creditors	8	10
Accruals and deferred income	261	168
	8,507	7,796

The bank overdraft forms part of a 'cash pool' arrangement and is secured by group undertakings

16. Pensions

The company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund The pension cost charge represents contributions payable by the company to the fund and amounted to £51,000 (2006 £92,000) for the year There were outstanding contributions payable to the fund of £8,000 (2006 £10,000) at the year end

Notes to the financial statements
at 31 December 2007

17. Commitments under operating leases

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as set out below

		2007		*2006*
	Land and buildings	*Other*	*Land and buildings*	*Other*
	£000	*£000*	*£000*	*£000*
Operating leases which expire				
Within one year	–	13	–	5
In two to five years		7	–	33
In over five years	348	–	348	–
	348	20	348	38

18. Contingent liabilities

The company has issued guarantee's in the normal course of business to HM Customs and Excise of £30,000 (2006 £30,000) and other third parties of £19,467 (2006 £19,467)

19. Share capital

		Authorised
	2007	*2006*
	£000	*£000*
Ordinary shares of £1 each	30	30

		Allotted, called up and fully paid		
		2007		*2006*
	No	*£000*	*No*	*£000*
Ordinary shares of £1 each	25,000	25	25,000	25

20. Reconciliation of shareholders' funds and movement on reserves

	Share capital	*Capital redemption reserve*	*Profit and loss account*	*Total share-holders' funds*
	£000	*£000*	*£000*	*£000*
At 1 January 2006	25	3	(3,547)	(3,519)
Loss for the year	–	–	(279)	(279)
At 31 December 2006	25	3	(3,826)	(3,798)
Loss for the year	–	–	(333)	(333)
At 31 December 2007	25	3	(4,159)	(4,131)

Notes to the financial statements
at 31 December 2007

21. Ultimate parent company

The company is a subsidiary undertaking of Autoliv Holding Limited, a company incorporated in United Kingdom

The ultimate parent undertaking and controlling party is Autoliv, Inc , a company incorporated in Delaware in the United States of America

The largest group undertakings for which group financial statements are drawn up and of which the company is a member is Autoliv, Inc The smallest group of undertakings for which group financial statements is drawn up and of which the company is a member is Autoliv AB, a company incorporated in Sweden The consolidated financial statements of Autoliv AB are available to the public and may be obtained from

PO Box 70381
SE-107 24
Stockholm
Sweden

22. Events Since the Balance Sheet Date

The Company issued 1000 £1 Ordinary Shares to its immediate parent undertaking Autoliv Holding Limited on 11 March 2008 for a cash consideration of £4,150,000