Registered No: 898822

Autoliv Spring Dynamics Limited

Report and Financial Statements

31 December 2008

Registered No: 898822

Directors

J Bentley
R Green
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 2008.

Results and dividends

The loss for the year amounted to £435,000 (2007: loss of £333,000). The directors do not recommend the payment of any dividends (2007: £nil).

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 and the provision of supply chain management services for other Autoliv group entities in Europe.

During the year, as part of a group reorganisation exercise, the company issued 1,000 £1 ordinary shares to its immediate parent undertaking for a cash consideration of £4,150,000.

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

	2008	*2007*	*Change*
	£'000	*£'000*	*%*
Turnover	12,793	13,252	(3)
Total operating profit before exceptionals	587	437	34
Loss after tax	(435)	(333)	31
Shareholders' (funds/(deficit)	(416)	(4,131)	(90)
Current assets as % current liabilities	78	34	44
Average number of employees	116	109	6

Due to the sharp drop in European vehicle production and the closure of the company's British steel supplier, Autoliv Spring Dynamics Limited announced in November 2008 the planned closure of the business and the transfer of its manufacturing assets to another Autoliv group entity in Romania. The transfer of production lines commenced in the first half of 2009, and manufacturing in the UK is expected to cease later in 2009 when the factory will be vacated. The company will cease to trade from this point. Accordingly the financial statements have been prepared on a break-up basis.

Directors

The directors who served the company during the year and subsequent to the year end were as follows:

L A Berntsson	(resigned 6 October 2009)
J-H Valkenburg	(resigned 6 October 2009)
B M O Wallin	(appointed 29 April 2008)
C M Lindquist	(resigned 30 April 2008)
J Bentley	(appointed 6 October 2009)
R Green	(appointed 6 October 2009)

Principal risks and uncertainties

The directors have evaluated the principal risks and uncertainties that faced the company during the year 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.

Directors' report

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.

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

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.

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

R Green
Director

Date: 27/10/09

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 judgments 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 that 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 financial statements of Autoliv Spring Dynamics Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 21. 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 the preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (UK 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 auditors' 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 2008 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

Date: 27/10/2009

Profit and loss account
for the year ended 31 December 2008

	Note	2008 £000	2007 £000
Turnover	3	12,793	13,252
Cost of sales		8,710	9,683
Gross profit		4,083	3,569
Distribution costs		474	302
Administrative expenses		3,022	2,830
Operating profit	4	587	437
Exceptional items	5	(1,038)	(413)
(Loss)/profit on ordinary activities before interest and similar charges		(451)	24
Interest receivable and similar income	8	187	16
Interest payable and similar charges	9	(171)	(373)
		16	(357)
Loss on ordinary activities before taxation		(435)	(333)
Tax on loss on ordinary activities	10	–	–
Loss for the financial year		(435)	(333)

All amounts relate to discontinuing operations.

Statement of total recognised gains and losses
for the year ended 31 December 2008

There are no recognised gains or losses other than the loss of (£435,000) attributable to the shareholders for the year ended 31 December 2008 (2007: loss of £333,000).

Balance sheet
at 31 December 2008

	Note	2008 £000	2007 £000
Fixed assets			
Tangible assets	11	1,273	1,519
		1,273	1,519
Current assets			
Stocks	12	677	494
Debtors	13	1,677	2,027
Cash at bank		8	336
		2,362	2,857
Creditors: amounts falling due within one year	14	3,013	8,507
Net current liabilities		(651)	(5,650)
Total assets less current liabilities		622	(4,131)
Provisions for liabilities	15	1,038	–
Total assets less current liabilities		(416)	(4,131)
Capital and reserves			
Called up share capital	19	26	25
Share premium account	20	4,149	–
Other reserves	20	3	3
Profit and loss account	20	(4,594)	(4,159)
Shareholder's deficit	20	(416)	(4,131)

Approved by the Board

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R Green
Director

Date: 27/10/07

Notes to the financial statements

at 31 December 2008

1. Fundamental accounting concept – going concern

The financial statements have been prepared on the break-up basis reflecting the announced closure of the business, and planned cessation of trade in 2009. Accordingly, adjustments have been made to reduce the carrying value of assets to their estimated realisable amount, and to provide for any further liabilities that will arise relating to the closure.

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 and machinery	-	over 3 to 10 years

Following the announced closure of the business, an impairment review was performed on the carrying value of the tangible fixed assets and net asset values adjusted accordingly.

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 2008

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.

Provision of services

Revenue from the provision of services is recognised in line with the performance of the related service.

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.

Notes to the financial statements
at 31 December 2008

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:

	2008	*2007*
	£000	*£000*
Europe	9,463	9,826
The Americas	1,496	1,256
Rest of the world	1,834	2,170
	12,793	13,252

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

		2008	*2007*
		£000	*£000*
Auditors' remuneration	- audit of the financial statements	27	27
	- non-audit services	–	–
Depreciation of owned fixed assets		287	240
Operating lease rentals	- land and buildings	348	348
	- plant and machinery	32	35
Net gain on foreign currency translation		(356)	(131)

Notes to the financial statements
at 31 December 2008

5. Exceptional items:

Loss on disposal of investments

	2008 £'000	2007 £'000
Carrying value of investment at disposal	–	954
Professional fees incurred	–	40
Disposal	–	994
Consideration received	–	(581)
Loss on disposal	–	413

Closure of manufacturing facility

	2008 £'000	2007 £'000
Redundancy cost	688	–
Onerous lease provision	350	–
	1,038	–

6. Staff costs

	2008 £000	2007 £000
Wages and salaries	2,600	2,338
Social security costs	260	234
Other pension costs	56	51
	2,916	2,623

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

	2008 No.	2007 No.
Production staff	106	99
Sales staff	-	1
Administrative staff	10	9
	116	109

The company made certain staff available to its former subsidiary undertaking, Spiroflex Limited until 30 September 2008 under a supply agreement. The company charged Spiroflex Limited £23,000 (2007: £649,000) under this agreement in the year.

Notes to the financial statements
at 31 December 2008

7. Directors' emoluments

	2008	*2007*
	£000	*£000*
Emoluments	134	140
Value of company pension contributions to money purchase schemes	12	22
	146	162

One director (2007: one) was a member of a group defined contribution pension scheme, and one director (2007: one) received contributions payable to a private defined contribution pension scheme.

8. Interest receivable and similar income

	2008	*2007*
	£000	*£000*
Other loan interest receivable	19	16
Foreign exchange gains	168	–
	187	16

9. Interest payable and similar charges

	2008	*2007*
	£000	*£000*
Bank interest payable	172	373

Notes to the financial statements
at 31 December 2008

10. Taxation on ordinary activities

(a) Factors affecting current tax charge

The tax credit assessed on the loss on ordinary activities for the year is lower (2007 - lower) than the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are reconciled below:

	2008 *£000*	*2007* *£000*
Loss on ordinary activities before taxation	(435)	(333)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.5% (2007: 30%)	(124)	(100)
Effects of:		
Expenses not deductible for tax purposes	–	8
Decelerated/(accelerated) capital allowances	(15)	(88)
Unrelieved capital loss	–	124
Group relief for no consideration	116	–
Other timing differences	23	–
Total current tax	–	–

b) Deferred tax

The deferred taxation asset not recognised in the financial statements is as follows:

	2008 *£000*	*2007* *£000*
Depreciation in advance of capital allowances	153	43
Other timing differences	3	4
Unrelieved trade losses	28	–
	184	47

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

Notes to the financial statements
at 31 December 2008

11. Tangible fixed assets

	Improvements to short term leasehold premises	*Plant and equipment*	*Total*
	£000	*£000*	*£000*
Cost:			
At 1 January 2008	465	4,252	4,717
Additions	–	48	48
Disposals	–	(33)	(33)
At 31 December 2008	465	4,267	4,732
Depreciation:			
At 1 January 2008	447	2,751	3,198
Provided during the year	4	283	287
Disposals	–	(26)	(26)
At 31 December 2008	451	3,008	3,459
Net book value:			
At 31 December 2008	14	1,259	1,273
At 1 January 2008	18	1,501	1,519

Plant and equipment includes £ nil assets in the course of construction at the year end date (31 December 2007: £785,000).

Following the announced closure of the business planned for 2009, an impairment review was performed on the carrying value of the tangible fixed asset values adjusted accordingly.

12. Stocks

	2008	*2007*
	£000	*£000*
Raw materials	406	199
Work in progress	134	240
Finished goods	137	55
	677	494

13. Debtors

	2008	*2007*
	£000	*£000*
Trade debtors	41	69
Amounts owed by group undertakings	1,351	1,472
Other debtors	90	346
Prepayments and other debtors	195	140
	1,677	2,027

Notes to the financial statements
at 31 December 2008

14. Creditors: amounts falling due within one year

	2008 *£000*	*2007* *£000*
Bank overdraft	1,548	5,810
Trade creditors	1,035	1,938
Amounts owed to group undertakings	189	407
Other taxation and social security	77	83
Other creditors	8	8
Accruals and deferred income	156	261
	3,013	8,507

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

15. Provisions for liabilities

	Closure of manufacturing facility *£000*
At 1 January 2008	–
Closure of manufacturing facility (note 5)	1,038
At 31 December 2008	1,038

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 £56,000 (2007: £51,000) for the year. There were outstanding contributions payable to the fund of £7,000 (2007: £8,000) at the year end.

17. Commitments under operating leases

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as set out below:

		2008		*2007*
	Land and buildings *£000*	*Other* *£000*	*Land and buildings* *£000*	*Other* *£000*
Operating leases which expire:				
Within one year	–	3	–	13
In two to five years	–	16	–	7
In over five years	348	–	348	–
	348	19	348	20

Notes to the financial statements
at 31 December 2008

18. Contingent liabilities
The company has issued guarantee's in the normal course of business to HM Customs and Excise of £30,000 (2007: £30,000) and other third parties of £19,467 (2007: £19,467).

19. Share capital

		Authorised
	2008	2007
	£000	£000
Ordinary shares of £1 each	30	30

		Allotted, called up and fully paid		
		2008		2007
	No.	£000	No.	£000
Ordinary shares of £1 each	26,000	26	25,000	25

On 11 March 2008 the company issued 1,000 £1 ordinary shares to its immediate parent undertaking for a cash consideration of £4,150,000.

20. Reconciliation of shareholders' funds and movement on reserves

	Share capital £000	Share premium £000	Capital redemption reserve £000	Profit and loss account £000	Total share-holders' funds £000
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)
Loss for the year	–	–	–	(435)	(435)
Issue of shares	1	4,149	–	–	4,150
At 31 December 2008	26	4,149	3	(4,594)	(416)

21. Ultimate parent company
The company is a subsidiary undertaking of Autoliv UK 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 Inc. and Autoliv AB are available to the public and may be obtained from:

PO Box 70381
SE-107 24
Stockholm
Sweden