

Annual Report and Financial Statements

LucasVarity

For the Year Ended 31 December 2013



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Strategic report

The company operates as a part of the TRW Automotive Holdings Corp. group of companies (the 'TRW Group'). TRW Automotive Holdings Corp. ranks among the world's largest and most diversified suppliers of automotive systems, modules and components to global automotive original equipment manufacturers ('OEMs') and related aftermarket. The operations of the TRW group primarily encompass the design, manufacture and sale of active and passive safety related products. The TRW group of companies are primarily 'Tier 1' suppliers, with a very large proportion of its end-customer sales made to major OEMs.

The company is an intermediate holding company within the TRW Automotive Holdings Corp. group of companies (the 'TRW group'), and will continue in this capacity for the foreseeable future.

Principal risks and uncertainties

The principal risk for the company are the uncertainties associated with the results of its direct and indirect subsidiary undertakings. These vary, but as with any trading business are principally affected by the prevailing automotive climate. For the year ended 31 December 2013 the following is a brief description of the current economic conditions that affect the United Kingdom subsidiaries of the TRW group.

The Automotive Industry Climate:

Throughout Europe, despite signs of stabilization, consumer demand remains weak. European vehicle sales and production levels, which declined in 2012, remained at historically low levels in 2013 and excess automotive manufacturing capacity continues to exist. This has negatively impacted the company's sales in this region, however, this has been offset by more favourable demand throughout 2013 in the United Kingdom. Sales to the rest of the world from UK subsidiaries have also marginally increased leading to an overall pick up in the UK group operating results.

General Industry Conditions:

Automotive sales and production are highly cyclical and depend on, among other things, general economic conditions and consumer spending and preferences. Consumer spending and preferences can be affected by a number of issues, including employment levels, changes in expendable income due to the pace of wage growth and changes in personal tax rates, fuel costs, real estate values, the availability of consumer financing and concerns about the economy. As the volume of automotive production fluctuates, the demand for the company's products also fluctuates. Overall, the global automotive industry has continued through a gradual recovery due to improved consumer demand, driven by North America, China, Brazil, and the United Kingdom.

Strategic report (continued)

For the company adverse economic conditions can materially affect the carrying value of the company's investment in its subsidiary undertaking. In the directors' opinion no impairment was considered necessary in the financial year just ended, the investment in its subsidiary undertaking Lucas Industry Limited and TRW Lucas Varity Limited is currently stated at £634.0 million. This investment value is considered the key performance indicator of the company.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'Jane Pegg', written in a cursive style.

J Pegg
Company Secretary
5 June 2014

Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2013.

Business review and results

On 23 November 2012 TRW Lucas Varity Limited (a United Kingdom legal entity) was incorporated being a wholly subsidiary undertaking of the company. The company has a 1 share investment of £1 in the subsidiary undertaking.

On 29 January 2013 as part of a restructuring of United Kingdom legal entities within the TRW group, the company received a distribution of the entire issued ordinary share capital of TRW UK Limited from its subsidiary undertaking Lucas Industries Limited. On the same date the company made a capital contribution of this investment to TRW Lucas Varity Limited.

On 6 June 2013, 3.35% of the company's share capital was sold, subject to consent by JP Morgan as agent, by TRW Automotive (LV) Corp. a fellow group undertaking to the company's immediate parent undertaking Automotive Holdings (UK) Limited. Following the purchase the company is now fully owned by the immediate parent undertaking.

On 23 October 2013 TRW Automotive Finance (Luxembourg) S.a.r.l. was dissolved, and the company's investment of 1 share of £75 (€100) was written off.

The loss for the year, after taxation, amounted to £70 (2012 – £30 loss).

Directors

The directors who served the company during the year and up to the date of approval of these financial statements were as follows:

A Bassett
MG Degen
MC Furber
R Lechner
PR Rapin
MJ Way (appointed 1 January 2013)

Directors' interests

None of the directors had any declarable interests in shares of any group companies in the United Kingdom at 31 December 2013.

Directors' indemnities

During the year an indemnity from the company was available to the directors against liabilities incurred by them in defending proceedings against them in relation to the affairs of the company. The indemnity is subject to the provisions of the Companies Act 2006 and is set out in the Articles of Association.

Report of the directors (continued)

Directors' statement as to disclosure of information to auditors

Each of the directors who were members of the board at the time of approving this directors' report confirm that:

- to the best of their knowledge and belief, there is no relevant audit information to the preparation of their report of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Going concern

The financial statements have been prepared on a going concern basis which assumes the company will continue in operational existence for the foreseeable future.

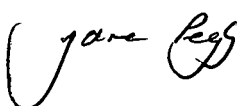
As of 31 December 2013, LucasVarity had no current assets or liabilities, and net assets of £634.0 million.

The business is an intermediate holding company with no trading activity. There are no cash transactions of any description.

Disclosure of requirement to appoint auditors

The auditors Ernst & Young LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

BY ORDER OF THE BOARD



J Pegg
Company Secretary
5 June 2014

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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;

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Report of the independent auditor to the members of LucasVarity

We have audited the financial statements of LucasVarity for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 9. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Report of the independent auditor to the members of LucasVarity (continued)

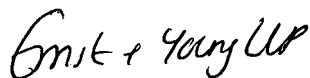
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report, and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Helen Hemming
(senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
Birmingham
5 June 2014

Profit and loss account

| | Note | 2013 £000 | 2012 £000 |
|--|------|--------------|--------------|
| Other operating expense | 4 | — | — |
| Loss on ordinary activities before taxation | | <u>—</u> | <u>—</u> |
| Taxation | 3 | — | — |
| Loss for the financial year | 8 | <u>—</u> | <u>—</u> |

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the periods as set out above.

Balance sheet

| | Note | 2013 £000 | 2012 £000 |
|--|------|----------------|----------------|
| Fixed assets | | | |
| Investments | 5 | 634,038 | 634,038 |
| Creditors: amounts falling due within one year | 6 | — | — |
| Net current liabilities | | — | — |
| Total assets less current liabilities | | <u>634,038</u> | <u>634,038</u> |
| Net assets | | <u>634,038</u> | <u>634,038</u> |
| Capital and reserves | | | |
| Called-up equity share capital | 7 | 1 | 1 |
| Other reserve | 8 | 634,037 | 634,037 |
| Equity shareholders' funds | 8 | <u>634,038</u> | <u>634,038</u> |

These financial statements were approved by the directors and authorised for issue on 5 June 2014, and are signed on their behalf by:



A Bassett
 Director

The accompanying notes form part of these financial statements

Notes to the financial statements

1 Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards.

Consolidated accounts have not been prepared because the company has taken advantage of section 401 of the Companies Act 2006 which exempts the company from the obligation to prepare and deliver group accounts as it is included in the consolidated accounts of TRW Automotive Holdings Corp., a company registered in the USA. These accounts present information about the company and not about its group.

Going concern

The financial statements have been prepared on a going concern basis which assumes the company will continue in operational existence for the foreseeable future.

As of 31 December 2013, LucasVarity had no current assets or liabilities, and net assets of £634.0 million.

The business is an intermediate holding company with no trading activity. There are no cash transactions of any description.

Cash flow statement

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking TRW Automotive Holdings Corp. includes the company in its own published consolidated financial statements.

Related parties transactions

As the company is a wholly owned subsidiary of TRW Automotive Holdings Corp., it has taken advantage of the exemption contained in Financial Reporting Standard 8 and therefore has not disclosed transactions or balances with other subsidiary undertakings that form part of the TRW group, and associated undertakings of the TRW group.

Fixed asset investments

Investments in subsidiary undertakings are stated at cost, less provision for any impairment in the value of those investments.

1 Accounting policies (continued)

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:

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- 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.

2 Information regarding the company, directors, employees and auditors

Directors emoluments are borne by other entities in the group. In any given year the directors do not spend a significant portion of their time on the activities of the company, and therefore the proportion of the charge that relates to the company in any given year is not considered to be significant.

The company had no employees during the year (2012 - nil).

The auditors' remuneration for 2013 was borne by another group undertaking (2012 - £ nil).

3 Taxation on profit on ordinary activities

There is no tax charge arising on ordinary activities during the year (2012 - £ nil).

Factors affecting current tax charge

| | 2013 £000 | 2012 £000 |
|---|--------------|--------------|
| Profit/loss on ordinary activities before taxation | — | — |
| Normal (tax credit)/charge at United Kingdom corporation tax rate 23.25% (2012 – 24.5%) | — | — |
| Income not taxable | — | — |
| Total current tax | — | — |

4 Other operating charges

| | 2013 £000 | 2012 £000 |
|------------------------|--------------|--------------|
| Administrative charges | <u>—</u> | <u>—</u> |

The company incurred a write off of its investment in £75 in TRW Automotive Finance (Luxembourg) S.a.r.l. when the subsidiary was dissolved in October 2013 (2012 – administrative charge of £30).

5 Investments

| | £000 |
|---|-------------------------|
| Shares in subsidiary undertakings at cost | |
| At 1 January 2013 | 1,602,116 |
| At 31 December 2013 | <u>1,602,116</u> |
| Amounts written off | |
| At 1 January and 31 December 2013 | <u>(968,078)</u> |
| Net book value | |
| At 31 December 2013 | <u>634,038</u> |
| At 31 December 2012 | <u>634,038</u> |

The company has a 1 share investment of £1 in TRW Lucas Varity Limited (a company incorporated in England).

With the exception of £1 the investment as at 31 December 2012 relates to a 100% equity investment of ordinary shares in Lucas Industries Limited, an intermediate holding company, incorporated in England and Wales. As disclosed within the Directors Report, on 29 January 2013 as part of a restructuring of United Kingdom legal entities within the TRW Group, the company received a distribution in specie from its subsidiary undertaking Lucas Industries Limited. The distribution received represented the investment Lucas Industries Limited held in TRW UK Limited. On the same date the company made a capital contribution of this investment in TRW UK Limited to TRW Lucas Varity Limited.

The directors are of the opinion that the appropriate allocation of the total investment value of £634m is as follows; TRW LucasVarity Limited £63m; Lucas Industries Limited £571m.

On 23 October 2013 TRW Automotive Finance (Luxembourg) S.a.r.l. was dissolved, and the company's investment of 1 share of £75 (€100) was written off.

6 Creditors: amounts falling due within one year

| | 2013 £000 | 2012 £000 |
|------------------------------------|--------------|--------------|
| Amounts owed to group undertakings | — | — |

At 31 December 2013 the company has an intercompany balance payable to a fellow group undertaking for £369 (2012 - £ 369).

7 Share capital

Authorised share capital:

| | 2013 £000 | 2012 £000 |
|---|--------------|--------------|
| 209,621,065 ordinary shares of £0.25 each | 52,405 | 52,405 |

Allotted, called up and fully paid:

| | 2013 £000 | 2012 £000 |
|-------------------------------------|--------------|--------------|
| 4,000 ordinary shares of £0.25 each | 1 | 1 |

On 6 June 2013, 3.35% of the company's share capital was sold, subject to consent by JP Morgan as agent, by TRW Automotive (LV) Corp. a fellow group undertaking to the company's immediate parent undertaking Automotive Holdings (UK) Limited. Following the purchase the company is now fully owned by the immediate parent undertaking.

8 Reconciliation of shareholders' funds and movement on reserves

| | Called-up equity share capital £000 | Other reserves £000 | Total share- holders' funds £000 |
|--|---|------------------------|--|
| At 1 January 2012 | 1 | 634,037 | 634,038 |
| Loss for the year | — | — | — |
| At 31 December 2012 and 1 January 2013 | 1 | 634,037 | 634,038 |
| Loss for the year | — | — | — |
| At 31 December 2013 | 1 | 634,037 | 634,038 |

9 Ultimate parent company

The company's immediate parent undertaking is Automotive Holdings (UK) Limited, a company registered in England and Wales.

In the directors' opinion, the company's ultimate parent undertaking and controlling party is TRW Automotive Holdings Corp., incorporated in Delaware in the USA. This is the smallest and largest group in which the results of the company are consolidated and copies of the consolidated accounts of the company may be obtained from 12001 Tech Centre Drive, Livonia, Michigan 48150, USA.