

Registered Number 2638489

SUN LIFE OLAC LIMITED

Directors' Report and Financial Statements

for the year ended 31 December 2007

Registered Office 5 Old Broad Street, London EC2N 1AD

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COMPANIES HOUSE

SUN LIFE OLAC LIMITED

DIRECTORS

J P Small
GRE Nominee Shareholdings Limited

SECRETARY

J P Small

AUDITORS

PricewaterhouseCoopers LLP

SUN LIFE OLAC LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2007

PRINCIPAL ACTIVITIES

The Company acted as a UK holding company for an offshore life assurance company, AXA Isle of Man Limited, which was sold on 1 January 2004

BUSINESS PERFORMANCE

	2007	2006
	£'000	£'000
Other interest receivable and similar income	3,926	3,129

Income varies with the interest receivable from amounts owed by group undertakings which then impacts on profit

PRINCIPAL RISK AND UNCERTAINTIES

The principal risk is the financial risk of its intergroup transactions which is discussed further in the "Financial risk management objectives & policies" section

FUTURE OUTLOOK

No change in activities of the Company is planned for the foreseeable future

DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 December 2007 (2006 nil)

DIRECTORS

The directors of the Company at the date of this report are shown on page 1

EXERCISE OF DIRECTORS' AXA SA OPTIONS

No directors of the Company exercised share options during the year (2006 nil)

INDEMNIFICATION OF DIRECTORS

The Company is party to a group-wide indemnity policy which benefits all of its current Directors and is a Qualifying Third Party Indemnity Provision for the purpose of the Companies Act 1985

SUN LIFE OLAC LIMITED
DIRECTORS' REPORT (CONTINUED)

FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Company is exposed to financial risk through its business operations affecting the financial assets and liabilities. The most important component of this risk for the Company is non-investment credit risk in respect of balances due.

The Company is part of the AXA UK Group which has established a group wide financial risk management framework and associated set of policies. These are designed primarily to ensure that financial risks are adequately controlled and monitored for the insurance group through Risk Committees advising the Group Chief Executive and individual business unit Chief Executives.

Hedge Accounting

There are no current or forecasted transactions for which hedge accounting is used.

Credit risk

Non-investment credit risk arises from the exposure of the Company to intra-group debts with other companies in the AXA UK Group. The risk in respect of intra-group debts is controlled through on-going monitoring of amounts due.

PAYMENT OF CREDITORS

All trade purchases are dealt with through AXA Sun Life Services plc.

DISCLOSURE OF INFORMATION TO THE AUDITORS

Each director in office at the date of approval of this report confirms that

- (a) so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

SUN LIFE OLAC LIMITED
DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements

The responsibilities of the auditors are set out in the auditors' report

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 these 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,
- 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 they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that 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 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

By Order of the Board



J. P. Small
Secretary
9 September 2008

SUN LIFE OLAC LIMITED

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUN LIFE OLAC LIMITED

We have audited the financial statements of Sun Life OLAC Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under 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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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.

SUN LIFE OLAC LIMITED
AUDITORS' REPORT (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 profit 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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
9 September 2008

SUN LIFE OLAC LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007	2006
		£	£
Income from other fixed asset investments	2	1,544	1,485
Other interest receivable and similar income	3	3,926,280	3,129,270
Realised loss on investments		(1,293)	-
Profit on ordinary activities before tax		3,926,531	3,130,755
Tax on profit on ordinary activities	6	(1,178,198)	(938,951)
Profit on ordinary activities after tax being retained profit for the year		2,748,333	2,191,804
Retained profit brought forward		40,290,456	38,098,652
Retained profit carried forward		43,038,789	40,290,456

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2007

	2007	2006
	£	£
Retained profit for the financial year	2,748,333	2,191,804
Gross movement on revaluation reserve	913	(919)
Total recognised gains for the year	2,749,246	2,190,885

All of the above amounts are in respect of continuing operations

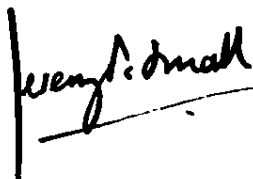
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

The information on pages 9 to 13 forms an integral part of these financial statements

SUN LIFE OLAC LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2007

	Notes	2007 £	2006 £
Fixed assets			
Fixed interest securities	7	-	24,222
		-	24,222
Current assets			
Amount owed by group undertakings due after more than one year		72,750,436	68,823,546
Prepayments and accrued income		496	497
Cash		24,776	-
		72,775,708	68,824,043
Creditors: amount falling due within one year			
Other creditors	8	(3,822,917)	(2,644,720)
Net current assets		68,952,791	66,179,323
Net assets		68,952,791	66,203,545
Equity capital and reserves			
Called up share capital	9	25,914,002	25,914,002
Revaluation reserve	10	-	(913)
Profit and loss account	10	43,038,789	40,290,456
Total shareholders' funds		68,952,791	66,203,545

The financial statements were approved by the Board of Directors on 9 September 2008 and signed on its behalf by



J. P. Small
Director

The information on pages 9 to 13 forms an integral part of these financial statements

SUN LIFE OLAC LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The principal accounting policies are set out below. The policies remain unchanged from the previous year.

(a) Basis of presentation

The financial statements are prepared under the historical cost convention, other than for the items noted in (b) below, and in accordance with applicable UK accounting standards. The accounts have been prepared in accordance with the formats set out in Schedule 4 to the Companies Act 1985.

(b) Investments

Investments in fixed interest securities are shown at market value. Unrealised gains and losses are taken to the revaluation reserve.

(c) Investment income

Investment income and interest is recognised when earned.

(d) Cash flow statement

Under Financial Reporting Standard 1 (Cashflow Statements), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a subsidiary undertaking of a parent undertaking which produces a consolidated cash flow statement. The cashflow of the Company is consolidated in the AXA Group financial statements, which can be obtained from 23, avenue Matignon, 75008 Paris, France.

(e) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax liabilities, using the incremental liability method, on material timing differences, including revaluation gains and losses on investments recognised in the profit and loss account. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax is calculated using rates substantively enacted at the balance sheet date. Deferred tax balances have not been discounted.

SUN LIFE OLAC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. INCOME FROM OTHER FIXED ASSET INVESTMENTS

	2007	2006
	£	£
Interest on fixed interest security	<u>1,544</u>	<u>1,485</u>

3. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2007	2006
	£	£
Interest on loans receivable from group companies	<u>3,926,280</u>	<u>3,129,270</u>

4. DIRECTORS' EMOLUMENTS

The directors are employed and paid by companies in the AXA Group and their directorships are held as part of that employment. No director has received any emoluments or other benefits from the Company or from any other company in the AXA Group in respect of services to the Company.

GRE Nominee Shareholdings Limited is a company within the AXA Group.

5. ADMINISTRATIVE EXPENSES

Staff costs have been borne by AXA Sun Life Services plc, a fellow subsidiary undertaking. The audit fees have been borne by AXA Sun Life Holdings plc, the immediate parent of the Company.

SUN LIFE OLAC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. TAXATION

	2007 £	2006 £
UK corporation tax:		
UK corporation tax at 30% (2006 30%)	1,177,959	938,951
Adjustments in respect of previous periods	239	-
Tax on profit on ordinary activities	<u>1,178,198</u>	<u>938,951</u>

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%) The differences are explained below

	2007 £	2006 £
Profit on ordinary activities before tax	<u>3,926,531</u>	<u>3,130,755</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	1,177,959	939,227
Taxable unrealised gain/(loss) recorded in revaluation reserve	-	(276)
Adjustment to tax charge in respect of previous periods	239	-
	<u>1,178,198</u>	<u>938,951</u>

7. FIXED INTEREST SECURITIES

	Cost		Market Value	
	2007 £	2006 £	2007 £	2006 £
Fixed interest security	<u>-</u>	<u>25,135</u>	<u>-</u>	<u>24,222</u>

The carrying value is in respect of a listed investment

SUN LIFE OLAC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	2007	2006
	£	£
Amounts owed to group undertakings	2,644,719	1,705,981
Corporation tax payable	1,178,198	938,739
	<u>3,822,917</u>	<u>2,644,720</u>

9. SHARE CAPITAL

	2007		2006	
	Authorised £	Paid-up £	Authorised £	Paid-up £
Authorised: 30,000,000 ordinary shares of £1 each	<u>30,000,000</u>		<u>30,000,000</u>	
Issued: 25,914,002 ordinary shares of £1 each		25,914,002		25,914,002

10. MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital	Revaluation Reserve	Profit and Loss Account	Total
	£	£	£	£
At 1 January 2007	25,914,002	(913)	40,290,456	66,203,545
Profit for the year	-	-	2,748,333	2,748,333
Movement on revaluation reserve	-	913	-	913
At 31 December 2007	<u>25,914,002</u>	<u>-</u>	<u>43,038,789</u>	<u>68,952,791</u>

SUN LIFE OLAC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. RELATED PARTIES

As the Company is a wholly-owned subsidiary it has taken advantage of the exemption granted under Financial Reporting Standard 8 (Related Party Disclosures) where subsidiary undertakings do not have to disclose transactions with Group companies qualifying as related parties provided that consolidated financial statements are publicly available

12. IMMEDIATE AND ULTIMATE PARENT COMPANIES

The Company is a subsidiary of Sun Life Assurance Society plc, a company incorporated in Great Britain and registered in England and Wales

In the opinion of the directors, the Company's ultimate parent and controlling company is AXA SA, a company incorporated in France. The parent undertaking of the largest and smallest group which includes the Company and for which group financial statements are prepared is AXA. Copies of the AXA Group financial statements can be obtained from 23, avenue Matignon, 75008 Paris, France.