

Registered Number 3479251

FRIENDS ASLH LIMITED
(formerly AXA Sun Life Holdings plc)

Directors' Report and Financial Statements

for the year ended 31 December 2010



Registered Office. Pixham End, Dorking, Surrey RH4 1QA

FRIENDS ASLH LIMITED

COMPANY INFORMATION

DIRECTORS

E B Bourke
D E Hynam
L C J'Afari-Pak
T J Matthews
A. M. Parsons

SECRETARY

Friends Life Secretarial Services Limited

AUDITORS

Ernst & Young LLP

FRIENDS ASLH LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2010. The Company re-registered as a private limited company on 28 May 2010 and changed its name to Friends ASLH Limited on 21 December 2010

PRINCIPAL ACTIVITIES

The Company is the parent company of the AXA Sun Life Group of companies ("ASLH Group") The principal activity of the ASLH Group is the transaction of long-term insurance business, namely life assurance, investment products and pensions Friends Life Services Limited (formerly AXA Sun Life Services plc) ("FLS"), a subsidiary undertaking of the Company, provides sales, marketing and administration services to the Group

REVIEW OF ACTIVITIES

On 15 September 2010, the ASLH Group of companies were acquired by Friends Provident Holdings (UK) plc ("FPH"), a subsidiary of Resolution Limited ("Resolution") As a result the Company's ultimate parent and controlling company at 31 December 2010 was Resolution

Prior to the acquisition being completed, the Company transferred its holdings in AXA Portfolio Services Limited ("APS"), AXA Sun Life Direct Limited ("ASLD") and Sun Life Corporation plc ("SLC") to AXA UK plc by way of a dividend in specie valued at £141.7m based on the net assets of the companies at the time of transfer The Company also sold its holdings in Winterthur UK Financial Services Group Limited ("WFS") to AXA UK plc for £450m

The Company increased its investment in FLS by £75m during the year, representing the purchase subscription for 75 million ordinary shares at £1 each issued at par for cash consideration The Company increased its investment in APS by £14.5m prior to this entity's disposal representing the purchase subscription for 14.5 million ordinary shares at £1 each issued at par for cash consideration

During the year a number of intra-group loan arrangements involving the Company were repaid to ensure that all counterparties remained in the same financial group as the Company following its acquisition by FPH

ATTRIBUTED INHERITED ESTATE IN FRIENDS LIFE COMPANY LIMITED

At 31 December 2010 the non-distributable reserves of Friends Life Company Limited (formerly AXA Sun Life plc) ("FLC"), a subsidiary of the Company were £770.2m (2009: £1,924.2m) These arose from the reattributed inherited estate and investment income associated with the financial re-organisation and transfer of business of Friends AELLAS Limited (formerly AXA Equity & Law Life Assurance Society Plc) ("AELLAS") to FLC on 1 April 2001

FRIENDS ASLH LIMITED**DIRECTORS' REPORT (CONTINUED)**

As set out in the scheme governing the financial re-organisation a five year test has been performed at 31 December 2010 to establish whether part of the attributed inherited estate held within the non-profit funds of FLC can be transferred to the shareholders' fund

Following the results of the five year test and in accordance with the Scheme the directors of FLC have declared that an amount of the reattributed inherited estate of £1,010m is available for transfer from the long term fund to the shareholder fund as at the end of 2010. The available amount is comprised of £843m of financial assets and £167m of loans to group holding companies

The directors have declared that a further amount of up to £928m may be transferred to the shareholders fund of the FLC in future years up until the end of 2015. This amount will only be released if certain other tests within the scheme are passed. The most onerous of these tests is the ability of the long term fund of FLC to continue to cover its mathematical reserves with admissible assets. These tests will be applied annually and further transfers made accordingly

BUSINESS PERFORMANCE

	2010	2009
	£'000	£'000
Income	1,320,439	13,123
Profit/(loss) after tax	819,447	(8,578)

Income is derived from dividends received from subsidiary undertakings and interest due on the remaining balance of £86.6m of contingent loan notes issued on 27 December 2007

The profit this year therefore results from £1,309m of dividends received from subsidiary companies during the year including £598m from FLC, £449.5m from Friends WUKH Limited (formerly Winterthur UK Holdings Limited) ("WUKH") and £232m from AELLAS

The cost of investment in subsidiaries has been written down by £473.2m during the year representing the remeasurement of the cost of investment in the WUKH to net asset value following the receipt of the dividend payment from this entity.

DIVIDENDS

During the year the Company paid interim dividends totaling £591.2m to AXA UK plc. On 23 June 2010, £141.7m was settled through the transfer of the share capital of SLC, APS and ASLD. The value of the dividend was considered to be equal to the net asset values of these companies which were £115.8m, £20.6m and £5.3m respectively. On 15 September 2010 the Company paid an additional dividend of £449.5m, the payment obligations in respect of which were offset against loan balances with AXA UK plc.

A further dividend of £341.7m was paid in cash to FPH on 17 December 2010.

The directors do not recommend the payment of a final dividend for the year ended 31 December 2010 (2009 interim: nil, final nil)

FRIENDS ASLH LIMITED

DIRECTORS' REPORT (CONTINUED)

SHARE CAPITAL

On 1 September 2010 the directors reduced the share capital of the Company from 2,190,440,900 issued shares at £1 each (of which 2,190,390,902 were fully paid up and 49,998 were £0.25 paid up) by making a solvency statement in accordance with section 643 of the Companies Act 2006.

Following the reduction, the share capital is £100m divided into 100 million ordinary shares at £1 each. In December the Company issued a further £20m of shares to FPH at par for cash consideration.

PRINCIPAL RISKS AND UNCERTAINTIES

Given the nature of the Company's operation, the principal risk is the financial risk of its intra-group transactions.

Financial risk

The Company is exposed to financial risk through its business operations affecting the financial assets and liabilities. The most important components of this risk given the nature of the Company's operations as a holding company are credit and liquidity risks.

The Company has a well-established financial risk management framework and associated set of policies. These are designed primarily to ensure that financial risks are adequately controlled and monitored through Risk Committees advising the Company's Chief Executive.

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 its subsidiary companies which is controlled through on-going monitoring of amounts due.

Liquidity and cashflow risk

Liquidity or cashflow risk is defined as the risk that the Company may not have sufficient available cash (or near cash assets or funding facilities) to pay obligations when due at reasonable cost.

A robust working capital management environment is encouraged by ensuring there are appropriate funding arrangements from other group companies and overdraft facilities, backed up by shorter-term, regular cashflow forecasting.

FRIENDS ASLH LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS & OFFICERS

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

Mr. I. Robinson resigned as a Director of the Company on 12 July 2010. Mr D. R. Cheeseman, Mr. P. J. Evans, Mr. M. J. Kellard, Mr A. J. Purvis, Mr N J -M D Moreau and Mr F de Méneval resigned as Directors of the Company on 15 September 2010

Mr. A M Parsons was appointed as a Director of the Company on 9 March 2010 Ms E B Bourke, Mr D. E Hynam and Mr T J Matthews were appointed as Directors of the Company on 15 September 2010

Mr J. P. Small was replaced as Company Secretary by Friends Life Secretarial Services Limited on 15 September 2010

INDEMNIFICATION OF DIRECTORS

FPH maintains insurance cover with respect to directors' and officers' liabilities. In addition, qualifying third party indemnity arrangements (as defined in section 234 of the Companies Act 2006) are in force for the benefit of directors within the FPH Group.

PAYMENT OF CREDITORS

All trade purchases are dealt with through FLS

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

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

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

FRIENDS ASLH LIMITED

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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

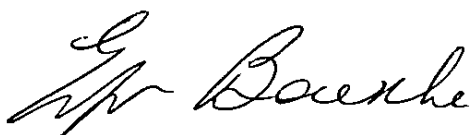
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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

AUDITORS

Following the sale of the Company to FPH PriceWaterhouseCoopers LLP resigned as auditors on 15 September 2010 and Ernst & Young LLP were appointed as auditors in their place.

By Order of the Board



E. B. Bourke

On behalf of Friends Provident Secretarial Services Limited

22 March 2011

FRIENDS ASLH LIMITED

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRIENDS ASLH LIMITED

We have audited the financial statements of Friends ASLH Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes on pages 12 to 21. 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 6, 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 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.

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 2010 and of its profit 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

FRIENDS ASLH LIMITED

AUDITORS' REPORT (CONTINUED)

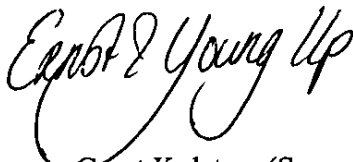
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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.



Jasper Geert Kolsters (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

22 March 2011

FRIENDS ASLH LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	2010 £'000	2009 £'000
Administrative expenses		(140)	(90)
Operating loss		(140)	(90)
Income from shares in group undertaking		1,309,479	-
Other interest receivable and similar income	3	10,960	13,123
Amounts written off investments		(473,200)	-
Interest payable and similar charges	4	(33,884)	(30,769)
Profit on ordinary activities before taxation	6	813,215	(17,736)
Tax on profit on ordinary activities	8	6,232	9,158
Profit on ordinary activities after taxation being retained profit for the financial year		819,447	(8,578)

The Company had no recognised gains or losses during the year to 31 December 2010 other than those recognised in the profit and loss account

The information on pages 12 to 21 forms an integral part of these financial statements

FRIENDS ASLH LIMITED**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2010**

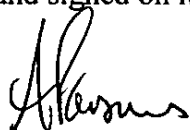
	Notes	2010 £'000	2009 £'000
Total recognised gains and losses		819,447	(8,578)
Shareholders' funds at 1 January		2,521,500	2,530,078
Dividends paid		(932,912)	-
Net proceeds of issue of ordinary share capital		20,000	-
Shareholders' funds at 31 December	13	2,428,035	2,521,500

The information on pages 12 to 21 forms an integral part of these financial statements

FRIENDS ASLH LIMITED**BALANCE SHEET AS AT 31 DECEMBER 2010**

	Notes	2010 £'000	2009 £'000
Fixed assets investments			
Shares in group undertakings	9	3,021,874	3,996,796
Current assets			
Debtors: amounts falling due within one year	10	48,190	77,746
Debtors: amounts falling due after more than one year	10	102,171	170,199
		<u>150,361</u>	<u>247,945</u>
Cash at bank and in hand		<u>65,854</u>	<u>877</u>
		<u>216,215</u>	<u>248,822</u>
Creditors: amounts falling due within one year			
Amount owed to group undertakings	11	(624,612)	(1,211,418)
Net current liabilities		<u>(408,397)</u>	<u>(962,596)</u>
Total assets less current liabilities		<u>2,613,477</u>	<u>3,034,200</u>
Creditors: amounts falling due after more than one year			
Amounts owed to group undertakings	11	(185,442)	(512,700)
Net assets		<u>2,428,035</u>	<u>2,521,500</u>
Capital and reserves			
Called up share capital	12	120,000	2,290,403
Profit and loss account	13	2,308,035	231,097
Shareholders' funds		<u>2,428,035</u>	<u>2,521,500</u>

The financial statements were approved by the Board of Directors on 22 March 2011 and signed on its behalf by:



A. M. Parsons
Director

The information on pages 12 to 21 forms an integral part of these financial statements

FRIENDS ASLH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. GOING CONCERN

The financial statements have been prepared on a going concern basis. In assessing whether the going concern basis is appropriate, the directors have considered the information contained in the financial statements and the current reorganisation plans for the Company

The directors have obtained assurances on the continued financial support of the Company from FPH in the form of a letter of support

The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. Key information in respect of the Company's business activities, financial performance (including financial strength), and risks is set out on page 4 of the financial statements.

2. ACCOUNTING POLICIES

The principal accounting policies are set out below

(a) Basis of Presentation

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards. The Company has taken advantage of section 400 of the Companies Act 2006 and has not produced consolidated financial statements on the basis that it is a subsidiary undertaking of Friends Provident Holdings (UK) plc which prepares consolidated financial statements

(b) Income and expense recognition

Investment income is recognised on an accruals basis. Expenses incurred and interest payable in the management of investments are recognised on an accruals basis

(c) Investments

Investments in subsidiary undertakings are included at cost, but are subject to reviews for impairment in value when considered necessary.

(d) Cash Flow Statement

Under Financial Reporting Standard 1 (Cash flow statements (revised 1996)), 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 Resolution Limited Group Report and Accounts, which can be viewed via the Resolution Limited website at www.resolution.gg

FRIENDS ASLH LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. ACCOUNTING POLICIES (CONTINUED)****(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 liability method, on all material timing differences, including revaluation gains and losses on investments recognised in the profit and loss account. Deferred tax is calculated using rates substantively enacted at the balance sheet date. Deferred tax balances have not been discounted.

3. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2010 £'000	2009 £'000
Interest on loans receivable from group companies	10,960	13,122
Bank interest receivable	-	1
	<u>10,960</u>	<u>13,123</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £'000	2009 £'000
Interest on loans payable to group companies	33,884	30,769

FRIENDS ASLH LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****5. AUDITOR'S REMUNERATION**

At the Annual General Meeting held on 29 March 2010 the shareholders approved the reappointment of PricewaterhouseCoopers as auditor to the Company. On 15 September 2010 the Company appointed Ernst and Young LLP as auditors to the Company.

The following table provides analysis of the total fees, excluding VAT, in respect of services provided to the Company during the year ended 31 December 2010

	2010 £'000	2009 £'000
Audit services		
Audit of the Company's statutory accounts	35	35
Non-audit services		
Other services pursuant to legislation	189	579
Other services – Non-regulatory reporting on internal controls	-	50
Total fees	<u>224</u>	<u>664</u>

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

Profit on ordinary activities before tax is stated after charging

	2010 £'000	2009 £'000
Auditor's remuneration – Audit services	35	35

The auditor's remuneration shown in Note 5 under non-audit services relates entirely to the subsidiaries of the Company and is therefore not disclosed in this note.

FRIENDS ASLH LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****7. REMUNERATION OF DIRECTORS AND EMPLOYEES**

Until 15 September 2010, the directors in office were employed and paid by companies in the AXA group and their directorships were held as part of that employment. As of 15 September 2010 the directors in office are employed and paid by the companies in the FP group. Other than as disclosed below, no director has received any emoluments or other benefits from the Company or from any other company in the AXA group or FP group in respect of services to the Company.

	2010	2009
	£'000	£'000
Aggregate emoluments	2,482	1,503

None of the directors exercised share options in the year (2009: nil). Retirement benefits are accruing to 3 directors (2009: 4) under a defined benefit pension scheme and to 2 directors (2009: 1) under a defined contribution scheme.

Amounts attributable to highest paid director	2010	2009
	£'000	£'000
Aggregated emoluments	689	560
Defined benefit pension scheme:		
Accrued pension at end of year	8	8

Directors' Interests in Transactions

No contract in which a director was interested and which was material to the Group or its subsidiaries or to the other transacting party existed during the year.

Loans to Directors and Connected Persons

No loans or quasi-loans exceeding £5,000 to directors and connected persons were made or subsisted during the year.

Mr P. J. Evans, Mr F. de Ménéval, Mr. N. J-M. D. Moreau and Mr I. Robinson were also directors of the former intermediate parent company, AXA UK plc, during the year and their emoluments, which relate to their services to the AXA group as a whole, are disclosed in the financial statements of that company.

Ms E. B. Bourke, Mr D. E. Hynam and Mr T. J. Matthews were also directors of the intermediate parent company, Friends Provident Holdings (UK) plc, during the year and their emoluments, which relate to their services to the FP group as a whole, are disclosed in the financial statements of that company.

FRIENDS ASLH LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****8. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2010 £'000	2009 £'000
Corporation tax at 28% (2009: 28.5%)	(4,502)	(7,493)
Adjustments in respect of previous periods	518	456
Total current tax	<u>(3,984)</u>	<u>(7,037)</u>
Origination and reversal of timing differences	(1,730)	(1,673)
Adjustments in respect of previous periods	(518)	(448)
Total deferred tax	<u>(2,248)</u>	<u>(2,121)</u>
Tax on profit on ordinary activities	<u>(6,232)</u>	<u>(9,158)</u>

Factors affecting the tax credit

The tax assessed for the year is lower (2009: higher) than the standard rate of corporation tax in the UK of 28% (2009: 28%). The differences are set out below

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	<u>813,215</u>	<u>(17,736)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009: 28%)	227,700	(4,966)
Expenses not deductible for tax purposes	132,144	-
Intra-group dividends	(366,654)	-
Other timing differences	2,308	1,673
Transfer pricing adjustment	-	(4,200)
Adjustment to tax credit in respect of previous periods	518	456
Current tax credit for the period	<u>(3,984)</u>	<u>(7,037)</u>

FRIENDS ASLH LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****Provision for deferred tax**

	2010 £'000	2009 £'000
Other timing differences	<u>(15,587)</u>	<u>(13,339)</u>
Provision at start of period	(13,339)	(11,218)
Deferred tax credit in profit and loss account for period	(2,248)	(2,121)
Deferred tax credit for the period	<u>(15,587)</u>	<u>(13,339)</u>

9. SUBSIDIARY COMPANIES

Principal subsidiaries of the Company are as follows

Shareholder Investments	Nature of Business
Friends Life Company Limited	Life assurance and pensions
Friends Life Services Limited	Provision of administration services and Principal for mortgage and general insurance business
Friends Life Assurance Society Limited	Life assurance and pensions
Friends Annuities Limited (formerly AXA Annuity Company Limited)	Insurance special purpose vehicle - Annuities

All principal subsidiaries are wholly owned and incorporated in Great Britain and registered in England and Wales. Each company has ordinary shares of one class. All companies operate principally in the country of incorporation.

As disclosed in the Directors' Report:

- During the period the Company increased its investment in FLS by £75m
- Prior to disposal the Company also increased its investment in APS by £14.5m
- During the period the Company declared a dividend in specie to transfer the ownership of APS, SLC and ASLD.
- During the period, the Company disposed of its holding in WFS.

During the period, the Company wrote down the value of its investment in WUKH to the remaining net asset value following the payment of a dividend to the Company.

A number of subsidiaries which do not materially affect the results or assets of the Company are omitted from the above table.

FRIENDS ASLH LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

In March 2011, as disclosed in the directors' report, the Company sold its holdings in FLC, FLS, FLAS and subsidiary companies as part of a group reorganisation

The amount in the Company's balance sheet for shares in group undertakings is

	2010	2009
	£'000	£'000
At 1 January	3,996,796	3,904,796
Additions in year	89,500	92,000
Disposals in year	(591,222)	-
Write off of investment in WUKH	(473,200)	-
At 31 December	3,021,874	3,996,796

10. DEBTORS

	2010	2009
	£'000	£'000
Amounts falling due within one year:		
Amounts owed by group undertakings	35,779	66,483
Corporation tax receivable	12,411	11,263
	48,190	77,746
Amounts falling due after more than one year:		
Amounts owed by group undertakings	86,584	156,860
Deferred tax	15,587	13,339
	102,171	170,199

Amounts falling due after more than one year relate to £86.6m of contingent loan notes that the Company advanced to FLC on 27 December 2007, at a rate of 5.7%. The repayment of these notes are contingent on surplus arising on business transferred into FLC from Friends SLUA Limited (formerly Sun Life Unit Assurance Ltd), Friends SLPM Limited (formerly Sun Life Pensions Management Limited) and Friends PPPLTC Limited (formerly PPP Lifetime Care plc) under the Part VII scheme implemented on 1 January 2007

FRIENDS ASLH LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****11. CREDITORS**

	2010 £'000	2009 £'000
Amounts falling due within one year:		
Amounts owed to group undertakings	<u>624,612</u>	<u>1,211,418</u>
	<u>624,612</u>	<u>1,211,418</u>
Amounts falling due after more than one year:		
Amounts owed to group undertakings	<u>185,442</u>	<u>512,700</u>
	<u>185,442</u>	<u>512,700</u>
Maturity of Debt		
In one year or less, or on demand	624,612	1,211,418
In more than two years, but not more than five years	-	-
In more than five years	<u>185,442</u>	<u>512,700</u>
	<u>810,054</u>	<u>1,724,118</u>

In December, the Company used cash from dividend income and borrowed £336m from FPH to repay intercompany loans. The Company repaid WUKH £449.5m, AELLAS £238.2m, FLC £598m and FLAS £30m.

12. SHARE CAPITAL

	2010	2009
	Paid-up £'000	Paid-up £'000
Allotted and Issued:		
49,998 part paid shares of £1 each	-	13
Fully paid shares of £1 each	<u>120,000</u>	<u>2,290,390</u>
	<u>120,000</u>	<u>2,290,403</u>

FRIENDS ASLH LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****13. MOVEMENTS IN SHAREHOLDERS' FUNDS**

	Share Capital £'000	Profit and Loss Account £'000	Total £'000
At 1 January 2010	2,290,403	231,097	2,521,500
Profit for the financial year	-	819,447	819,447
Dividends paid	-	(932,912)	(932,912)
Capital Reduction	(2,190,403)	2,190,403	-
Net proceeds of issue of ordinary share capital	20,000	-	20,000
At 31 December 2010	120,000	2,308,035	2,428,035

14. 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.

15. POST BALANCE SHEET EVENT

On 18 March 2011, a group reorganisation was approved by directors which is designed to simplify the group structure following the acquisition of the Company by FPH and achieve capital and funding efficiencies

On 18 March 2011, the Company sold its holding in FLC and its contingent loan asset to FPH for £2,907m. On 21 March 2011, the Company sold its holdings in FLS and Friends Life Assurance Society Limited (formerly Sun Life Assurance Society plc) ("FLAS") to FPH for £225m. The Company made a total profit on sale of these companies of £61.5m

Following the group restructure the Company will be the holding company for a number of non-regulated subsidiaries within which there is expected to be minimal ongoing operating or financial activity

FRIENDS ASLH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. IMMEDIATE AND ULTIMATE PARENT COMPANY

The Company is a subsidiary of Friends Provident Holdings (UK) 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 Resolution Limited, a company incorporated in Guernsey. The parent undertaking of the largest and smallest group which includes the Company and for which group financial statements are prepared is Resolution Limited. Copies of the Group Report and Accounts of Resolution Limited can be viewed via its website at www.resolution.gg