

Registered Number 2638607

SUN LIFE SMC LIMITED

**Directors' Report and Financial Statements for the
year ended 31 December 2000**



Registered Office: 107 Cheapside, London EC2V 6DU

SUN LIFE SMC LIMITED

DIRECTORS

K. R. Dean
N. G. Tarleton

SECRETARY

J. P. Small

AUDITORS

PricewaterhouseCoopers

SUN LIFE SMC LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2000.

REVIEW OF ACTIVITIES

The Company acts as a UK holding company for an offshore sales and marketing company, SLI Services Limited and an offshore trust company, Sun Life Trust Company Limited. No change of activities is planned for the foreseeable future.

DIRECTORS

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

Mr. I. Ackerley resigned as a director on 30 November 2000. Mr. K. R. Dean was appointed as a director on 15 February 2001. Mr. A. J. Taylor resigned as a director on 9 July 2001 on which date, Mr. N. G. Tarleton was appointed a director.

DIRECTORS' INTERESTS

According to the register of directors' interests, the interests of Directors in the share capital and debentures of the Company, its ultimate holding company (AXA) or subsidiaries of the ultimate holding company are as follows:

Interests in Shares and Units

	Shares of €9.15 each		AXA SA	
			Units in AXA Plan 2000 Global Fund	Units in AXA Actionnariat 2 Fund
	At 1 January 2000	At 31 December 2000	At 31 December 2000	At 31 December 2000
A. J. Taylor (resigned 9.7.2001)	512	412	19.6498	197.3338

The units in the AXA Plan 2000 Global Fund and the AXA Actionnariat 2 Fund were issued during the year. No units were in issue at 1 January 2000.

Interests in Debentures

	AXA SA	
	Loan Notes of £1 each At 31 December 2000	
A. J. Taylor (resigned 9.7.2001)	8,000	

AXA SA Loan Notes were issued during the year. No Loan Notes were in issue at 1 January 2000.

SUN LIFE SMC LIMITED

DIRECTORS' REPORT (cont)

DIRECTORS' INTERESTS (cont)

Interests in Options

	AXA SA			
	At 1 January 2000 Options to subscribe for Shares	During year Options granted	Options exercised	At 31 December 2000 Options to subscribe for Shares
A. J. Taylor (resigned 9.7.2001)	-	482	-	482
"	-	3.99*	-	3.99*

The options outstanding at 31 December 2000 are exercisable between 5 July 2002 and 11 July 2010 at a price of either €163.84 or €164.22 per share. Certain options (marked *) granted during the year, following a Scheme of Arrangement under which AXA UK plc became a wholly-owned subsidiary of AXA on 12 July 2000, are exercisable between 12 July 2002 and 12 August 2002 at an aggregate price of £1.

Interests in Options

	AXA UK plc			
	At 1 January 2000 Options to subscribe for Ordinary Shares	During year Options exercised	Options lapsed	At 31 December 2000 Options to subscribe for Ordinary Shares
A. J. Taylor (resigned 9.7.2001)	17,680	-	14,185	3,495

The options outstanding at 31 December 2000 are exercisable between 1 January 2001 and 28 October 2007 at a price of 375.5 pence per share.

Directors not referred to above had no disclosable interests.

PAYMENT OF CREDITORS

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

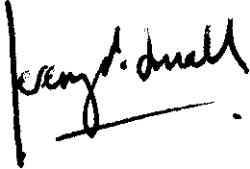
SUN LIFE SMC LIMITED
DIRECTORS' REPORT (cont)

AUDITORS

Under Section 379A of the Companies Act 1985, the Company has elected to dispense with the following obligations:

- to lay accounts and reports before general meetings;
- to hold annual general meetings; and
- to appoint auditors annually.

By Order of the Board

A handwritten signature in black ink, appearing to read 'J. P. Small', with a horizontal line underneath.

J. P. Small
Secretary

17 July 2001

SUN LIFE SMC LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 audit report on page 6.

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which show a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for the period.

The Directors consider that in preparing the financial statements on pages 7 to 11, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed. The Directors are required to be satisfied that it is appropriate to prepare financial statements on a going concern basis.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

SUN LIFE SMC LIMITED

AUDITORS' REPORT

AUDITORS' REPORT TO THE MEMBERS OF SUN LIFE SMC LIMITED

We have audited the financial statements on pages 7 to 11 which have been prepared in accordance with the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 5, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers
PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

London

17 July 2001

SUN LIFE SMC LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2000**

	Notes	2000 £	1999 £
Income from shares in group undertakings		297,184	-
Other interest receivable and similar income		272	372
Profit on ordinary activities before tax		297,456	372
Tax on profit on ordinary activities	4	(89,250)	(97)
Profit on ordinary activities after tax		208,206	275
Dividend		-	-
Retained profit for the financial year		208,206	275
Retained profit brought forward		2,380	2,105
Retained profit carried forward		210,586	2,380

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2000 £	1999 £
Retained profit for the financial year	208,206	275
Movement on revaluation reserve	301,615	295,380
Total recognised gains and losses for the year	509,821	295,655

All of the above amounts are in respect of continuing operations.

The accounting policies and notes on pages 9 to 11 form an integral part of these financial statements.

SUN LIFE SMC LIMITED

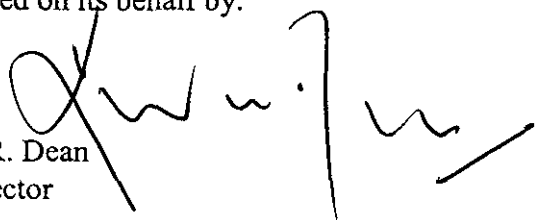
**BALANCE SHEET
AT 31 DECEMBER 2000**

	Notes	2000 £	1999 £
Fixed assets			
Fixed interest securities	7	4,903	4,857
Investment in subsidiary undertakings	6	1,698,039	1,396,533
		<u>1,702,942</u>	<u>1,401,390</u>
Current assets			
Amount owed by a fellow subsidiary undertaking		241,811	2,291
Income tax recoverable		-	86
Interest receivable		190	190
		<u>242,001</u>	<u>2,567</u>
Current liabilities			
Amounts due to a fellow subsidiary undertaking		11,012	141
Corporation tax payable		20,293	-
Other creditors		100	100
		<u>31,405</u>	<u>241</u>
Net current assets		210,596	2,326
Net assets		<u>1,913,538</u>	<u>1,403,716</u>
Equity capital and reserves			
Called up share capital	5	6,002	6,002
Revaluation reserve	8	1,696,950	1,395,334
Profit and loss account	8	210,586	2,380
Equity shareholders' funds		<u>1,913,538</u>	<u>1,403,716</u>

The accounting policies and notes on pages 9 to 11 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 17 July 2001 and signed on its behalf by:

K. R. Dean
Director



SUN LIFE SMC 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 Accounting

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 Company has taken advantage of section 228 of the Companies Act 1985 and has not produced consolidated financial statements on the basis that it is a subsidiary undertaking of AXA which prepares consolidated financial statements and is established under the laws of a member state of the European Community.

(b) Investments

Investments in fixed interest securities are shown at market value. Investments in subsidiary undertakings are shown at the underlying net asset value. Unrealised gains and losses on fixed interest securities and investments in subsidiary undertakings are taken to the revaluation reserve.

(c) Cash Flow Statement

Under Financial Reporting Standard 1, 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.

2. DIRECTORS' EMOLUMENTS

The directors received no remuneration for their services to the Company during the year (1999: nil). Directors were remunerated as employees of AXA Sun Life Services plc.

3. ADMINISTRATIVE EXPENSES

The remuneration of the auditors and staff costs have been borne by AXA Sun Life Services plc, a fellow subsidiary undertaking.

4. TAXATION

	2000	1999
	£	£
Corporation tax at 30% (1999 -30.25%)	89,250	97

SUN LIFE SMC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. SHARE CAPITAL

	2000	1999
	£	£
Authorised Share Capital:		
6,002 Ordinary shares of £1 each	6,002	6,002
Allotted, issued and fully paid:		
6,002 Ordinary shares of £1 each	6,002	6,002

6. SUBSIDIARY UNDERTAKINGS

The Company owns the whole of the ordinary share capital of the following companies:

Principal subsidiaries	Nature of business	Country of incorporation
SLI Services Limited	Investment sales and business development	Isle of Man
Sun Life Trust Company Limited	Offshore trust company	Guernsey

The cost of investments in subsidiary undertakings at 31 December 2000 was £1,100 (1999: £1,100).

7. INVESTMENTS

	Cost		Market Value	
	2000	1999	2000	1999
	£	£	£	£
Fixed interest security	4,939	4,939	4,903	4,857

The carrying value above is in respect of a listed investment.

8. MOVEMENTS IN TOTAL SHAREHOLDERS' FUNDS

	Share Capital	Revaluation Reserve	Profit and Loss Account	Total
	£	£	£	£
At 1 January 2000	6,002	1,395,334	2,380	1,403,716
Profit for the year	-	-	208,206	208,206
Movement on revaluation reserve	-	301,616	-	301,616
At 31 December 2000	6,002	1,696,950	210,586	1,913,538

SUN LIFE SMC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption conferred by FRS 8 not to disclose related party transactions with other group companies by virtue of the fact that over 90% of its voting rights are controlled within AXA for which consolidated financial statements are publicly available. There were no other related party transactions requiring disclosure under FRS 8 during the year.

10. IMMEDIATE AND ULTIMATE PARENT COMPANIES

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

The Company's ultimate parent and controlling company is AXA, 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 25 avenue Matignon, 75008 Paris, France.