

Registered Number 2638607

SUN LIFE SMC LIMITED

**Directors' Report and Financial Statements for the
year ended 31 December 2001**

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 2001.

REVIEW OF ACTIVITIES

The Company acts as a UK holding company for an offshore sales and marketing company, AXA Isle of Man Services Limited and an offshore trust company, Sun Life Trust Company Limited.

DIRECTORS

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

Mr. A. J. Taylor resigned as a director on 9 July 2001. Mr. K. R. Dean and Mr. N. J. Tarleton were appointed as directors on 15 February 2001 and 9 July 2001 respectively.

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

AXA

	Shares of €2.29 each		Units in AXA Global Fund		Units in AXA Actionnariat 2 Fund	
	At 1 January 2001 (or date of appointment, if later)	At 31 December 2001	At 1 January 2001 (or date of appointment, if later)	At 31 December 2001	At 1 January 2001 (or date of appointment, if later)	At 31 December 2001
N. G. Tarleton (appointed 09.07.01)	4,000	4,000	-	467.16	-	-

SUN LIFE SMC LIMITED
DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS (CONTINUED)

Interests in Options

AXA				
	At 1 January 2001 (or date of appointment, if later)	During year		At 31 December 2001
	Options to subscribe for Shares	Options granted	Options exercised	Options to subscribe for Shares
K. R. Dean (appointed 15.02.01)	-	4,000	-	4,000
N. G. Tarleton (appointed 09.07.01)	14,000	-	-	14,000

The options outstanding at 31 December 2001 are exercisable at various times between 9 May 2003 and 8 May 2011 at a price of €32.32 per share.

PAYMENT OF CREDITORS

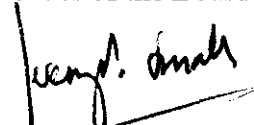
All trade purchases are dealt with through AXA Sun Life Services plc, a fellow subsidiary undertaking.

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


J. P. Small
 Secretary

2 May 2002

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 pages 5 and 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 which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 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. The other information comprises only the directors' report.

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.

SUN LIFE SMC LIMITED

AUDITORS' REPORT

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2001 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

2 May 2002

SUN LIFE SMC LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2001

	Notes	2001 £	2000 £
Income from shares in group undertakings		-	297,184
Other interest receivable and similar income		12,846	272
Profit on ordinary activities before tax		12,846	297,456
Tax on profit on ordinary activities	4□	(3,869)	(89,250)
Profit on ordinary activities after tax		8,977	208,206
Retained profit brought forward		210,586	2,380
Retained profit carried forward		219,563	210,586

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2001 £	2000 £
Retained profit for the financial year	8,977	208,206
Movement on revaluation reserve	900,887	301,615
Total recognised gains and losses for the year	909,864	509,821

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 2001**

	Notes	2001 £	2000 £
Fixed asset investments			
Shares in group undertakings	6	2,598,977	1,698,039
Other investments other than loans	7	4,852	4,903
		<u>2,603,829</u>	<u>1,702,942</u>
Current assets			
Amount owed by group undertakings		254,825	241,811
Prepayments and accrued income		22	190
		<u>254,847</u>	<u>242,001</u>
Creditors: amounts falling due within one year	8	<u>(35,274)</u>	<u>(31,405)</u>
Net current assets		<u>219,573</u>	<u>210,596</u>
Net assets		<u>2,823,402</u>	<u>1,913,538</u>
Equity capital and reserves			
Called up share capital	5	6,002	6,002
Revaluation reserve	9	2,597,837	1,696,950
Profit and loss account	9	219,563	210,586
Equity shareholders' funds		<u>2,823,402</u>	<u>1,913,538</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 2 May 2002 and signed on its behalf by:

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 (d) 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) Income

Income is accounted for when due.

(c) 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. Deferred taxation is calculated on the liability basis and is provided only where it is likely that the amount will become payable in the foreseeable future.

Deferred tax assets are only recognised to the extent that they are expected to be recoverable within the foreseeable future without replacement by equivalent debit balances.

(d) 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.

(e) 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.

SUN LIFE SMC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2. DIRECTORS' EMOLUMENTS

All 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 on the AXA group in respect of services to the Company.

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

	2001	2000
	£	£
Corporation tax at 30% (2000 -30%)	3,869	89,250

5. SHARE CAPITAL

	2001	2000
	£	£
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
AXA Isle of Man 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 2001 was £1,100 (2000: £1,100).

7. INVESTMENTS

	Cost		Market Value	
	2001	2000	2001	2000
	£	£	£	£
Fixed interest security	4,939	4,939	4,852	4,903

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

SUN LIFE SMC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

8. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Amounts due to a fellow subsidiary undertaking	33,066	11,012
Corporation tax payable	2,108	20,293
Other creditors	100	100
At 31 December 2001	35,274	31,405

9. MOVEMENTS IN TOTAL SHAREHOLDERS' FUNDS

	Share Capital £	Revaluation Reserve £	Profit and Loss Account £	Total £
At 1 January 2001	6,002	1,696,950	210,586	1,913,538
Profit for the year	-	-	8,977	8,977
Movement on revaluation reserve	-	900,887	-	900,887
At 31 December 2001	6,002	2,597,837	219,563	2,823,402

10. 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.

11. 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.

In the opinion of the directors, 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 23, avenue Matignon, 75008 Paris, France.