

Registered Number 2638607

SUN LIFE SMC LIMITED

**Directors' Report and Financial Statements for the
year ended 31 December 2002**

Registered Office: 107 Cheapside, London EC2V 6DU



SUN LIFE SMC LIMITED

DIRECTORS

K. R. Dean
N. G. Tarleton

SECRETARY

J. P. Small

AUDITORS

PricewaterhouseCoopers LLP

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 2002.

REVIEW OF ACTIVITIES

The Company acts as a UK holding company for a number of offshore companies. No changes in the activities of the company are anticipated in the foreseeable future.

DIRECTORS

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

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

	At 1 January 2002	At 31 December 2002
N. G. Tarleton	4,000	4,000

AXA

	Units in AXA Global Fund		Units in AXA Actionnariat II Fund	
	At 1 January 2002	At 31 December 2002	At 1 January 2002	At 31 December 2002
N. G. Tarleton	467.1583	1,598.2004	-	-

Interests in Options

AXA

	At 1 January 2002 Options to subscribe for Shares	Options granted	During Year Options exercised	Options lapsed	At 31 December 2002 Options to sub- scribe for Shares
K. R. Dean	4,000	2,000	-	-	6,000
N. G. Tarleton	14,000	12,500	-	-	26,500

SUN LIFE SMC LIMITED

DIRECTORS' REPORT

DIRECTORS' INTERESTS (continued)

The options outstanding at 31 December 2002 are exercisable at various times between 9 May 2003 and 26 February 2012 at prices between €20.98 and €32.32 per share.

PAYMENT OF CREDITORS

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

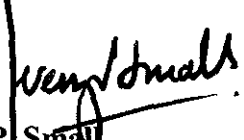
AUDITORS

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.

Following the conversion of the Company's auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on the 10th February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors.

By Order of the Board


J. P. Small
Secretary

 August 2003

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 12, 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

INDEPENDENT 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, the statement of total recognised gains and losses and the related notes which have been prepared under 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. 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 in to 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 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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

18 August 2003

SUN LIFE SMC LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £	2001 £
Income from shares in group undertakings		88,335	-
Other interest receivable and similar income		10,461	12,846
Profit on ordinary activities before tax		98,796	12,846
Tax on profit on ordinary activities	4	(275,530)	(3,869)
(Loss)/Profit on ordinary activities after tax		(176,734)	8,977
Retained profit brought forward		219,563	210,586
Retained profit carried forward		42,829	219,563

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2002 £	2001 £
Retained (loss)/profit for the financial year	(176,734)	8,977
Movement on revaluation reserve	520,469	900,887
Total recognised gains and losses for the year	343,735	909,864

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

The accounting policies and notes on pages 9 to 12 form an integral part of these financial statements.

SUN LIFE SMC LIMITED

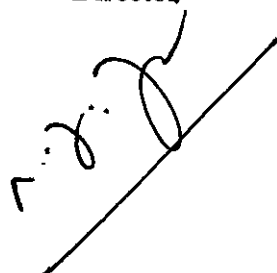
**BALANCE SHEET
AT 31 DECEMBER 2002**

	Notes	2002 £	2001 £
Fixed asset investments			
Shares in group undertakings	6	3,194,383	2,598,977
Other investments	7	4,947	4,852
		<u>3,199,330</u>	<u>2,603,829</u>
Current assets			
Amount owed by group undertakings		265,352	254,825
Prepayments and accrued income		24	22
		<u>265,376</u>	<u>254,847</u>
Creditors: amounts falling due within one year	8	(297,569)	(35,274)
Net current assets		<u>(286,948)</u>	<u>219,573</u>
Net assets		<u>3,167,137</u>	<u>2,823,402</u>
Equity capital and reserves			
Called up share capital	5	6,002	6,002
Revaluation reserve	9	3,118,306	2,597,837
Profit and loss account	9	42,829	219,563
Equity shareholders' funds		<u>3,167,137</u>	<u>2,823,402</u>

The accounting policies and notes on pages 9 to 12 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 8 August 2003 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 from fixed asset investments is recognised when due including any relevant withholding taxes.

(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. 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 at the rates at which it is expected that the tax will arise.

(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. The cashflow of the Company is consolidated in the AXA group financial statements, which can be obtained from 23, avenue Matignon, 75008 Paris, France.

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

	2002	2001
	£	£
Corporation tax at 30% (2001: 30%)	275,530	3,869

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.

	2002	2001
	£	£
Profit on ordinary activities before tax	98,796	12,846
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001:30%)	29,639	3,854
Controlled Foreign Company charge –current year	116,838	-
Controlled Foreign Company charge- adjustment in respect of prior year	142,252	-
Intra-group dividends	(26,501)	
Isle of Man withholding tax	13,253	
Unprovided deferred tax	23	15
Other timing differences	26	
Current tax charge for the period	275,530	3,869

5. SHARE CAPITAL

	2002	2001
	£	£
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

SUN LIFE SMC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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, business development and provision of administration services	Isle of Man
AXA Isle of Man Administration Limited (formerly Sun Life Trust Company Limited)	Offshore trust company	Isle of Man
AXA Isle of Man Management Limited	Dormant	Isle of Man

	£
At 1 January 2002	2,598,977
Additions	75,100
Revaluation	520,306
At 31 December 2002	3,194,383

The cost of investments in subsidiary undertakings at 31 December 2002 was £76,200 (2001: £1,100).

On the 18 October 2002 the Company acquired the entire share capital of AXA Isle of Man Management Limited for cash consideration of £100 from AXA Isle of Man Limited, a fellow group company.

On 8 April 2002 the Company increased its shareholding in AXA Isle of Man Administration Limited by £75,000, settled for cash consideration of £75,000.

7. OTHER INVESTMENTS

	Cost		Market Value	
	2002	2001	2002	2001
	£	£	£	£
Fixed interest security	4,871	4,939	4,947	4,852

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

	2002	2001 £
Amounts due to group undertakings	36,785	33,066
Corporation tax payable	260,684	2,108
Other creditors	100	100
At 31 December 2002	297,569	35,274

9. MOVEMENTS IN TOTAL SHAREHOLDERS' FUNDS

	Share Capital £	Revaluation Reserve £	Profit and Loss Account £	Total £
At 1 January 2002	6,002	2,597,837	219,563	2,823,402
Profit for the year	-	-	(176,734)	(176,734)
Movement on revaluation reserve	-	520,469	-	520,469
At 31 December 2002	6,002	3,118,306	42,829	3,167,137

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.