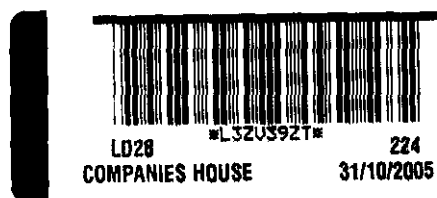


Registered Number 2638607

SUN LIFE SMC LIMITED

Directors' Report and Financial Statements

for the year ended 31 December 2004



Registered Office: 107 Cheapside, London EC2V 6DU

SUN LIFE SMC LIMITED

DIRECTORS

K. R. Dean

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 2004.

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.

With effect from 1 January 2004 the Company purchased AXA Isle of Man Ltd ("AXA IoM") for a total consideration of £60 million from Sun Life OLAC Ltd, a fellow subsidiary of AXA Sun Life Holdings plc, at which time AXA IoM had net assets of £13.8 million. AXA IoM's sole activity is the writing of long-term assurance business and it principally operates in the Isle of Man.

In order to finance the acquisition, the Company entered into an interest-bearing loan agreement for £60 million from the shareholders' funds of Sun Life Assurance Society plc, a fellow subsidiary of AXA Sun Life Holdings plc, on 1 January 2004.

DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 December 2004 (2003: nil).

DIRECTORS

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

Mr. D. J. Whitaker was appointed a director on 27 July 2004 and resigned as a director on 28 April 2005. Mr. N. G. Tarleton resigned as a director on 30 June 2004.

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 Options

	AXA			
	At 1 January 2004 Options to subscribe for Shares	Options granted	During Year Options exercised	At 31 December 2004 Options to subscribe for Shares
K. R. Dean	8,542	1,700	-	-
				10,242

The options outstanding at 31 December 2004 are exercisable at various times between 1 January 2005 and 25 March 2014 at prices between €10.96 and €32.16 per share.

SUN LIFE SMC LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS (continued)

Save as stated above, none of the directors at 31 December 2004 had interests in the share capital of the Company, its ultimate holding company (AXA) or subsidiaries of the ultimate holding company.

PAYMENT OF CREDITORS

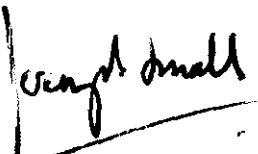
All trade purchases are dealt with through AXA Sun Life Services plc.

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.

By Order of the Board



J. P. Small

Secretary

25 October 2005

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.

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 statement, 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 2004 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

25 October 2005

SUN LIFE SMC LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Notes	2004 £	2003 £
Income from shares in group undertakings		88,236	88,236
Interest receivable and similar income		23,288	10,695
Interest payable and similar charges		(2,860,025)	-
(Loss)/profit on ordinary activities before tax		(2,748,501)	98,931
Tax on (loss)/profit on ordinary activities	4	298,260	(95,182)
(Loss)/profit on ordinary activities after tax		(2,450,241)	3,749
Retained profit brought forward		46,578	42,829
Retained (loss)/profit carried forward		(2,403,663)	46,578

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2004 £	2003 £
Retained (loss)/profit for the financial year	(2,450,241)	3,749
Movement on revaluation reserve	614,528	300,667
Total recognised gains and losses for the year	(1,835,713)	304,416

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

The accounting policies and notes on pages 9 to 14 form an integral part of these financial statements.

SUN LIFE SMC LIMITED

**BALANCE SHEET
AT 31 DECEMBER 2004**

	Notes	2004 £	2003 £
Fixed asset investments			
Shares in group undertakings	6	64,259,960	3,570,285
Other investments	7	4,565	4,812
		<u>64,264,525</u>	<u>3,575,097</u>
Current assets			
Debtors	8	1,136,792	508,987
Creditors: amounts falling due within one year	9	(905,453)	(612,531)
Net current assets/(liabilities)		<u>231,339</u>	<u>(103,544)</u>
Creditors: amounts falling due after more than one year	10	(62,860,024)	-
Net assets		<u>1,635,840</u>	<u>3,471,553</u>
Equity capital and reserves			
Called up share capital	5	6,002	6,002
Revaluation reserve	11	4,033,501	3,418,973
Profit and loss account	11	(2,403,663)	46,578
Equity shareholders' funds		<u>1,635,840</u>	<u>3,471,553</u>

The accounting policies and notes on pages 9 to 14 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 25 October 2005 and signed on its behalf by:

Director 

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 (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.

The accounts have been prepared in accordance with the formats set out in Schedule 4 to the Companies Act 1985.

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.

(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 is it expected that the tax will arise.

(d) Investments

Investments in fixed interest securities are shown at market value. Investments in other subsidiary undertakings are shown at a valuation determined by the directors. In the case of AXA Isle of Man Limited, this is at cost subject to review for impairment in value when considered necessary with reference to the embedded value of the business. Other subsidiary undertakings are valued at underlying net asset value consistent with prior periods. Unrealised gains and losses on fixed interest securities and investments in subsidiary undertakings other than AXA Isle of Man Limited are taken to the revaluation reserve.

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 in 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

	2004	2003
	£	£
Corporation tax at 30% (2003: 30%)	(591,021)	81,947
Adjustments in respect of prior periods	279,525	-
Foreign Tax	13,236	13,235
	<u>(298,260)</u>	<u>95,182</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:

	2004	2003
	£	£
(Loss)/profit on ordinary activities before tax	<u>(2,748,501)</u>	<u>98,931</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	(824,550)	29,679
Controlled Foreign Company charge – current year	260,000	78,800
Intra-group dividends	(26,471)	(26,470)
Isle of Man withholding tax	13,236	13,235
Unprovided deferred tax	-	(62)
Adjustment to tax charge in respect of prior periods	279,525	-
Current tax charge for the period	<u>(298,260)</u>	<u>95,182</u>

SUN LIFE SMC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5. SHARE CAPITAL

	2004		2003	
	Authorised £	Paid-up £	Authorised £	Paid-up £
Authorised:				
6,002 ordinary shares of £1 each	<u>6,002</u>		<u>6,002</u>	
Allotted and Issued:				
6,002 ordinary shares of £1 each, fully paid		<u>6,002</u>		<u>6,002</u>

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 Limited	Offshore life assurance	Isle of Man
AXA Isle of Man Services Limited	Investment sales, business development and provision of administration services	Isle of Man
AXA Isle of Man Administration Limited	Offshore trust company	Isle of Man
AXA Isle of Man Management Limited	Dormant	Isle of Man
AXA Isle of Man Insurance Management Limited	Administration company	Isle of Man

	£
At 1 January 2004	3,570,285
Additions	60,074,900
Revaluation	614,775
At 31 December 2004	<u>64,259,960</u>

The cost of investments in subsidiary undertakings at 31 December 2004 was £60,226,300 (2003: £151,300).

SUN LIFE SMC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

6. SUBSIDIARY UNDERTAKINGS (continued)

With effect from 1 January 2004 the Company purchased AXA Isle of Man Ltd ("AXA IoM") for a total consideration of £60 million from Sun Life OLAC Ltd, a fellow subsidiary of AXA Sun Life Holdings plc, at which time AXA IoM had net assets of £13.8 million. AXA IoM's sole activity is the writing of long-term assurance business and it principally operates in the Isle of Man.

In order to finance the acquisition, the Company entered into an interest-bearing loan agreement for £60 million from the shareholders' funds of Sun Life Assurance Society plc, a fellow subsidiary of AXA Sun Life Holdings plc, on 1 January 2004.

On 11 September 2003 the Company subscribed for the entire share capital of AXA Isle of Man Insurance Management Limited. This was originally funded by a cash consideration of £100, paid on behalf of the Company by AXA Isle of Man Services Limited, a wholly-owned subsidiary. On 21 January 2004 the authorised share capital of AXA Isle of Man Insurance Management Limited was increased to £75,000. The Company settled the initial payment and subscribed for the entire share capital through the receipt of an interim dividend from AXA Isle of Man Services Limited of £75,000.

7. OTHER INVESTMENTS

	Cost		Market Value	
	2004	2003	2004	2003
	£	£	£	£
Fixed interest security	4,871	4,871	4,565	4,812

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

8. DEBTORS

	2004	2003
	£	£
Amounts owed by group undertakings	570,847	275,557
Corporation tax receivable	565,920	232,915
Prepayments and accrued income	25	515
	<u>1,136,792</u>	<u>508,987</u>

SUN LIFE SMC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
	£	£
Amounts owed to group undertakings	905,353	612,431
Corporation tax payable	-	-
Other creditors	100	100
	<u>905,453</u>	<u>612,531</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004	2003
	£	£
Amounts owed to group undertakings	62,860,024	-
	<u>62,860,024</u>	<u>-</u>

Amounts owed to group undertakings include an unsecured loan of £60 million, repayable to Sun Life Assurance Society plc after more than five years. Interest is accruing on the loan at a commercial rate of interest, also payable after more than five years.

11. MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital	Revaluation Reserve	Profit And Loss Account	Total
	£	£	£	£
At 1 January 2004	6,002	3,418,973	46,578	3,471,553
Loss for the year	-	-	(2,450,241)	(2,450,241)
Movement on revaluation reserve	-	614,528	-	614,528
At 31 December 2004	<u>6,002</u>	<u>4,033,501</u>	<u>(2,403,663)</u>	<u>1,635,840</u>

12. 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.

NOTES TO THE FINANCIAL STATEMENTS

13. 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.