

Registered Number 2638607

SUN LIFE SMC LIMITED

Directors' Report and Financial Statements

for the year ended 31 December 2007

THURSDAY



LJBNF1VD

LD7

31/07/2008

151

COMPANIES HOUSE

Registered Office 5 Old Broad Street, London EC2N 1AD

SUN LIFE SMC LIMITED

DIRECTORS

K R Dean
I Robinson

SECRETARY

J P Small

AUDITORS

PricewaterhouseCoopers LLP

o

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 2007

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.

The loss for the year of £2.5m (2006: £2.2m) results primarily from interest payable on inter-group loans

DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 December 2007 (2006: nil)

DIRECTORS

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

Mr P L H Maso y Guell Rivet resigned as a director of the Company on 11 April 2008

Mr I Robinson was appointed as a director of the Company on 14 July 2008

Mr G Harvey resigned as a director of the Company on 17 July 2008

EXERCISE OF DIRECTORS' AXA SA OPTIONS

No directors of the Company exercised share options during the year (2006: Nil)

INDEMNIFICATION OF DIRECTORS

The Company is party to a group-wide indemnity policy which benefits all of its current Directors and is a Qualifying Third Party Indemnity Provision for the purpose of the Companies Act 1985

PAYMENT OF CREDITORS

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

SUN LIFE SMC LIMITED
DIRECTORS' REPORT (CONTINUED)

FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

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 that the Company operates as a holding company is non-investment credit risk in respect of balances due

The Company is part of the AXA UK Group which has established a group wide financial risk management framework and associated set of policies. These are designed primarily to ensure that financial risks are adequately controlled and monitored for the insurance group through Risk Committees advising the Group Chief Executive and individual business unit Chief Executives

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 other companies in the AXA UK Group. The risk in respect of intra-group debts is controlled through on-going monitoring of amounts due

AUDIT DISCLOSURE

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

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

STATEMENT OF 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 auditors' report.

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

SUN LIFE SMC LIMITED

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)

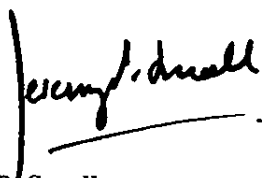
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently with the exception of changes arising on the adoption of new accounting standards in the year,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 confirm they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that 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 1985. 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

By Order of the Board



J. P. Small
Secretary

29 July 2008

SUN LIFE SMC LIMITED

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUN LIFE SMC LIMITED

We have audited the financial statements of Sun Life SMC Limited for the year ended 31 December 2007 which comprises the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains & Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). 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 into 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

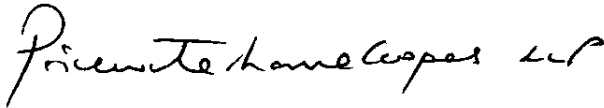
SUN LIFE SMC LIMITED

AUDITORS' REPORT (CONTINUED)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

29 July 2008

SUN LIFE SMC LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £	2006 £
Interest receivable and similar income		17,172	14,237
Interest payable and similar charges		(3,623,862)	(3,015,640)
Realised loss on investments		(326)	-
(Loss) on ordinary activities before tax		(3,607,016)	(3,001,403)
Tax on (loss) on ordinary activities	5	1,090,984	831,344
(Loss) on ordinary activities after tax		(2,516,032)	(2,170,059)
Retained loss brought forward		(6,926,714)	(4,756,655)
Retained loss carried forward		(9,442,746)	(6,926,714)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2007 £	2006 £
Retained (loss) for the financial year	(2,516,032)	(2,170,059)
Movement on revaluation reserve	543,097	379,977
Total recognised losses for the year	(1,972,935)	(1,790,082)

All of the above amounts are in respect of continuing operations

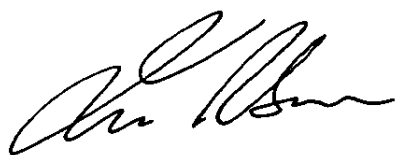
The accounting policies and notes on pages 9 to 13 form an integral part of these financial statements.

SUN LIFE SMC LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2007**

	Notes	2007 £	2006 £
Fixed asset investments			
Shares in group undertakings	7	66,062,565	65,519,702
Other investments	8	-	6,208
		<u>66,062,565</u>	<u>65,525,910</u>
Current assets			
Debtors	9	2,832,322	2,310,668
Cash		5,587	-
Creditors: amounts falling due within one year	10	<u>(72,500,806)</u>	<u>(69,463,975)</u>
Net current assets/(liabilities)		<u>(69,662,897)</u>	<u>(67,153,307)</u>
Net (liabilities)/assets		<u>(3,600,322)</u>	<u>(1,627,397)</u>
Equity capital and reserves			
Called up share capital	6	6,002	6,002
Revaluation reserve	11	5,836,412	5,293,315
Profit and loss account	11	(9,442,746)	(6,926,714)
Equity shareholders' funds		<u>(3,600,332)</u>	<u>(1,627,397)</u>

The financial statements were approved by the Board of Directors on 29 July 2008 and signed on its behalf by



I. Robinson
Director

The accounting policies and notes on pages 9 to 13 form an integral part of these financial statements

SUN LIFE SMC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. GOING CONCERN

The Company acts as a UK holding company for a number of offshore companies

Subsequent to the year end, the directors have obtained assurances from Sun Life Assurance Society plc, the provider of the £60 million loan, that they will not recall this loan or the interest accrued on it within a year of the signing of these accounts

Accordingly, the directors are satisfied that it is appropriate to prepare financial statements on a going concern basis

2. ACCOUNTING POLICIES

The principal accounting policies are set out below

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of fixed asset investments, 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 an EEA state

(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

The investments in subsidiaries are valued at the underlying net asset value. Movements in carrying value are taken to the revaluation reserve

(d) 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

SUN LIFE SMC 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. REMUNERATION OF DIRECTORS AND EMPLOYEES

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.

Mr P L H Maso y Guell Rivet was also a director of the intermediate parent company, AXA UK plc, during the year and his emoluments, which relate to their services to the AXA Group as a whole, are disclosed in the financial statements of that company.

4. ADMINISTRATIVE EXPENSES

Staff costs have been borne by AXA Sun Life Services plc, a fellow subsidiary undertaking. The audit fees have been borne by AXA Sun Life Holdings PLC, the immediate parent of the Company.

5. TAXATION

	2007 £	2006 £
Corporation tax at 30% (2006: 30%)	(1,017,105)	(766,488)
Adjustments in respect of prior periods	(73,879)	(64,856)
	<u>(1,090,984)</u>	<u>(831,344)</u>

SUN LIFE SMC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. TAXATION (CONTINUED)

Factors affecting the tax charge

The tax credit for the year is lower than that calculated using the standard rate of corporation tax in the UK (30%) The differences are explained below

	2007 £	2006 £
Loss on ordinary activities before tax	(3,607,016)	(3,001,403)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	(1,082,105)	(900,421)
Controlled Foreign Company charge – current year	65,000	133,933
Adjustment to tax credit in respect of prior periods	(73,879)	(64,856)
Current tax credit for the period	(1,090,984)	(831,344)

6. SHARE CAPITAL

	2007 Authorised £	2007 Paid-up £	2006 Authorised £	2006 Paid-up £
Authorised:				
6,002 ordinary shares of £1 each	6,002		6,002	
Allotted and Issued:				
6,002 ordinary shares of £1 each, fully paid		6,002		6,002

7. 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 Insurance Management Limited	Administration company	Isle of Man

SUN LIFE SMC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. SUBSIDIARY UNDERTAKINGS (CONTINUED)

	£
At 1 January 2007	65,519,702
Revaluation	542,863
At 31 December 2007	66,062,565

The cost of investments in subsidiary undertakings at 31 December 2007 was £60,226,200 (2006 £60,226,200)

8. OTHER INVESTMENTS

	Cost		Market Value	
	2007	2006	2007	2006
	£	£	£	£
Fixed interest security	-	6,442	-	6,208

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

9. DEBTORS

	2007	2006
	£	£
Amounts owed by group undertakings	1,942,782	1,488,839
Corporation tax receivable	889,540	821,358
Prepayments and accrued income	-	471
	<u>2,832,322</u>	<u>2,310,668</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£	£
Amounts owed to group undertakings	<u>72,500,806</u>	<u>69,463,975</u>

Amounts owed to group undertakings includes an unsecured loan of £60 million plus interest accruing on the loan at a commercial rate of interest, which is repayable to Sun Life Assurance Society plc on demand

SUN LIFE SMC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital £	Revaluation Reserve £	Profit And Loss Account £	Total £
At 1 January 2007	6,002	5,293,315	(6,926,714)	(1,627,397)
Loss for the year	-	-	(2,516,032)	(2,516,032)
Movement on revaluation reserve	-	543,097	-	543,097
At 31 December 2007	<u>6,002</u>	<u>5,836,412</u>	<u>(9,442,746)</u>	<u>(3,600,332)</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

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 SA, 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