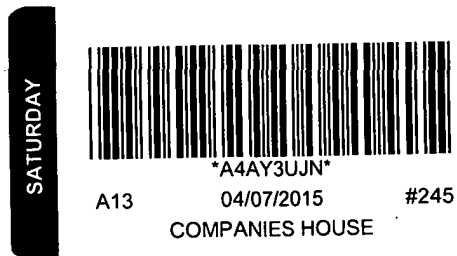


SUN LIFE SMC LIMITED

Financial Statements

for the year ended 31 December 2014



Registered Office: 5 Old Broad Street, London EC2N 1AD

SUN LIFE SMC LIMITED
COMPANY INFORMATION

DIRECTORS

D. R. Cheeseman
B. Poupart-Lafarge
A. J. Purvis

COMPANY SECRETARY

J. P. Small

INDEPENDENT AUDITORS

Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

SUN LIFE SMC LIMITED

STRATEGIC REPORT

The directors present their Strategic Report on Sun Life SMC Limited (“the Company”) for the year ended 31 December 2014.

REVIEW OF THE BUSINESS

The Company acts as a UK holding company for a number of offshore companies, based in the Isle of Man.

AXA IOM Limited writes long term assurance business.

AXA IOM Administration Limited provides trustee services.

AXA IOM Services Limited provides administration and marketing services to fellow subsidiaries.

Results

The Company received a dividend during the financial year from AXA Isle of Man Limited (“AXAIOM”) amounting to £25 million (2013: £50.0 million), being 106.93 pence per share on the 23,380,000 shares in issue, held by the Company. The Company primarily used these same proceeds to repay loans from AXA UK plc and settle intercompany positions.

Business performance

The profit for the year of £25.1 million (2013 £50.0 million profit) results primarily from the dividend received from AXAIOM.

Strategy

The AXA UK strategy is based on a number of building blocks, used to further develop existing competitive advantage in order to achieve the goals within each business area. This has been mapped with the AXA Group global strategy, of being the preferred company for customers, employees and shareholders.

Key performance indicators (“KPI’s”)

The Board monitors the Company by reference to the profit and loss account, which discloses the profit for the current year after taxation at £25.1 million (2013: £50.0 million profit).

SUN LIFE SMC LIMITED

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES

The AXA UK group has an established process for risk acceptance and risk management, which is addressed through a framework of policies, procedures and internal controls. All policies are subject to ongoing review by management, risk management and group internal audit. Compliance with regulation, legal and ethical standards is a high priority for the Company and the compliance and finance teams take on an important oversight role in this regard. Line management is responsible for maintaining an internal control framework to manage financial and operational risks, which is monitored regularly to ensure the completeness, accuracy and integrity of the Company's financial information.

Financial risk management, including the impact of risk on economic capital, is discussed in the note on management of financial risk on page 11.

FUTURE OUTLOOK

No change in the activities of the Company is planned in the foreseeable future.

Signed on behalf of the board by



D. R. Cheeseman

Director

1 July 2015

SUN LIFE SMC LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2014.

FUTURE OUTLOOK

Future developments are discussed in the Strategic Report.

DIVIDENDS

The Company paid an interim dividend of £25.0 million to AXA UK plc, on 23 April 2014. (2013: £63.2 million).

DIRECTORS

The directors of the Company who were in office during the year and up to the date of approval of the financial statements are shown on page 1, with the following exceptions:

Mr N. J. Elphick resigned as a director of the Company on 30 September 2014.

Directors' qualifying third party and pension scheme indemnity provisions

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 2006.

The indemnification was in force during the year and at the date of signing.

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out above. The ability to cope with unexpected risks to the financial position is shown within the Management of Financial Risk note on page 11.

Detailed budgets, plans and forecasts have been prepared and reviewed setting out the continued financial position of the AXA Wealth business as a whole for the next 12 months and a strategic plan to 2020. As a consequence, the director believes sufficient contingencies have been put in place that will enable the Company to manage its business risks. In order to support the current position of the Company and ensure its continued operation, the directors have obtained assurances on the continued financial support of the Company from AXA UK plc in the form of a letter of support.

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

BRANCHES OUTSIDE THE UK

The Company does not operate branches outside the UK.

RESEARCH AND DEVELOPMENT

The AXA UK Group has a significant in-house IT function and in line with the Group strategy a key focus is on design and development of new and improved IT processes and platforms, elements of this work constitute research and development.

SUN LIFE SMC LIMITED

DIRECTORS' REPORT (CONTINUED)

POLITICAL DONATIONS

The Company made no donations for political purposes.

POST BALANCE SHEET EVENTS

The Company has no post balance sheet events which require disclosure.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

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

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

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

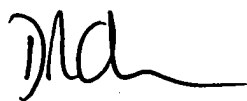
The directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, 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 2006. 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.

Signed on behalf of the Board by



D. R. Cheeseman

Director

1 July 2015

SUN LIFE SMC LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SUN LIFE SMC LIMITED

We have audited the financial statements of Sun Life SMC Limited ("the Company") for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the Company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

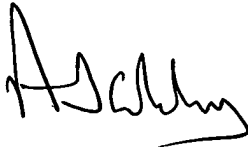
SUN LIFE SMC LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SUN LIFE SMC
LIMITED (Continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Andrew Goldsworthy (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD
1 July 2015

SUN LIFE SMC LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £	2013 £
Income from investments in group undertakings		25,000,000	50,000,000
Interest receivable and similar income		<u>-</u>	<u>11,873</u>
Profit on ordinary activities before taxation		25,000,000	50,011,873
Tax credit/(charge) on ordinary activities	6	<u>60,046</u>	<u>(49,966)</u>
Profit for the financial year		<u>25,060,046</u>	<u>49,961,907</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2014

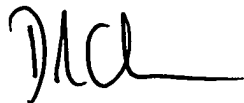
	Note	2014 £	2013 £
Retained profit for the financial year		25,060,046	49,961,907
Movement on revaluation reserve	11	<u>(2,579,322)</u>	<u>(31,650,438)</u>
Total recognised gains for the year		<u>22,480,724</u>	<u>18,311,469</u>

The notes on pages 10 to 15 form an integral part of these financial statements.

SUN LIFE SMC LIMITED**BALANCE SHEET AS AT 31 DECEMBER 2014**

	Note	2014 £	2013 £
Fixed assets			
Investments in group undertakings	7	<u>91,090,431</u>	<u>93,669,753</u>
		91,090,431	93,669,753
Current assets			
Debtors	8	<u>55,780</u>	<u>55,780</u>
		55,780	55,780
Creditors: amounts falling due within one year	9	<u>(55,043)</u>	<u>(115,089)</u>
Net current assets/(liabilities)		737	(59,309)
Net assets		<u>91,091,168</u>	<u>93,610,444</u>
Equity capital and reserves			
Called up share capital	10	6,002	6,002
Revaluation reserve	11	30,864,231	33,443,553
Profit and loss account	11	<u>60,220,935</u>	<u>60,160,889</u>
Total shareholders' funds		<u>91,091,168</u>	<u>93,610,444</u>

The financial statements on pages 8 to 15 were approved by the Board of Directors on 1 July 2015 and signed on its behalf by:



D. R. Cheeseman
Director

SUN LIFE SMC LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of presentation

The financial statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of investment in subsidiaries and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards.

The Company has taken advantage of section 400 of the Companies Act 2006 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.

Under Financial Reporting Standard ("FRS") 1 (Cash flow statements (revised 1996)) the Company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary of AXA and is included in the consolidated financial statements of AXA, which can be obtained from 25, avenue Matignon, 75008 Paris, France.

The Company has applied all applicable accounting standards and interpretations effective at 31 December 2014. There have been no new standards, changes to standards and interpretations which are effective for accounting periods beginning on or after 1 January 2014 that have a material impact on these financial statements.

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.

Fixed asset investments

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

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.

Deferred tax assets are only recognised to the extent they are expected to be recoverable.

SUN LIFE SMC LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. MANAGEMENT OF FINANCIAL RISK

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 Group forms part of the AXA UK Group which has an established risk management framework on how each risk profile is identified, measured, monitored and controlled through Risk Committees advising the individual business unit Chief Executives.

A dedicated risk management function supports the individual business units by ensuring that a full understanding and control of risks is incorporated into management decision making and procedures.

The risk policies are documented in adherence to the AXA Group Standards issued by AXA Group Risk Management ("GRM"). The AXA UK Board is responsible for governance and the AXA UK Executive Committee for approving all new policies.

The note to follow address's the main component of financial risk affecting the Company.

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.

3. DIRECTORS' EMOLUMENTS

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. B. Poupart-Lafarge was also a director of the intermediate parent company, AXA UK plc, during the year and his emoluments, which relate to his services to the AXA group as a whole, are disclosed in the financial statements of that company.

Mr. D. R. Cheeseman, Mr. N. J. Elphick and Mr. A Purvis were also directors of AXA Portfolio Services Limited during the year and their emoluments, which relate to their services to the AXA group as a whole, are disclosed in the financial statements of that company.

Two directors exercised share options or employee sharesave options in AXA UK plc during the year (2013: Three).

4. EMPLOYEE NUMBER AND COSTS

The Company does not directly employ any staff (2013: none). All staff are employed by Winterthur Financial Services UK Limited ("WFS"). Staff costs are borne by WFS and disclosed in the accounts of that company.

SUN LIFE SMC LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. AUDITORS' REMUNERATION

Auditors' remuneration in respect of audit fees for 2014 of £3,000 (2013: £2,663) was borne by WFS, a fellow group company.

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2014 £	2013 £
Current tax:		
UK corporation tax charge for the current year	-	53,463
Adjustments in respect of prior periods	<u>(60,046)</u>	<u>(3,497)</u>
Tax (credit)/charge on profit on ordinary activities	<u>(60,046)</u>	<u>49,966</u>

Factors affecting the tax charge

The tax (credit)/charge for the year is lower (2013: lower) than the effective standard rate of UK corporation tax for 2014, being 23% for the period 1 January to 31 March and 21% thereafter, equating to a hybrid rate of 21.5% (2013: 23.25%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	25,000,000	50,011,873
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	5,375,000	11,627,760
Controlled Foreign Company charge – current year	-	50,703
Income not taxable – intra group dividends	(5,375,000)	(11,625,000)
Adjustment in respect of prior periods	<u>(60,046)</u>	<u>(3,497)</u>
Current tax (credit)/charge for the year	<u>(60,046)</u>	<u>49,966</u>

There is no deferred tax, either recognised or unrecognised, at the end of the current or preceding financial year.

During the previous year deferred tax balances were re-measured as a result of the changes to the UK corporation tax rate that were enacted in the Finance Act 2013. The UK corporation tax rate was reduced from 23% to 21% with effect from 1 April 2014 and will be further reduced from 21% to 20% with effect from 1 April 2015.

SUN LIFE SMC LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. INVESTMENT IN GROUP 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	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
AXA Global Partnerships Limited	Dormant company	Isle of Man
		£
At 1 January 2014		93,669,753
Revaluation		(2,579,322)
At 31 December 2014		91,090,431

The director believes that the carrying value of the investments is supported by their underlying net assets.

The cost of investments in subsidiary undertakings at 31 December 2014 was £60.2m (2013: £60.2m).

On 1 May 2014 AXA Isle of Man Management Limited changed its name to AXA Global Partnerships Limited.

8. DEBTORS

	2014	2013
	£	£
Amounts owed by fellow subsidiary undertakings	55,780	55,780

Amounts owed by group undertakings are non-interest bearing, repayable on demand and unsecured.

SUN LIFE SMC LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Amounts owed to immediate parent undertaking	50,708	12,103
Amounts owed to fellow subsidiary undertaking	1,412	1,412
Current Tax	2,923	101,574
	55,043	115,089

Amounts due to group undertakings are non-interest bearing, repayable on demand and unsecured.

10. CALLED UP SHARE CAPITAL

	2014	2013
	£	£
Allotted, called up and fully paid:		
6,002 Ordinary Shares of £1 each	6,002	6,002

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2014	6,002	33,443,553	60,160,889	93,610,444
Profit for the year	-	-	25,060,046	25,060,046
Movement on revaluation reserve	-	(2,579,322)	-	(2,579,322)
Dividend paid	-	-	(25,000,000)	(25,000,000)
At 31 December 2014	6,002	30,864,231	60,220,935	91,091,168

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 wholly owned Group companies.

SUN LIFE SMC LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. IMMEDIATE AND ULTIMATE PARENT COMPANIES

The Company's immediate parent is AXA UK plc, a company incorporated in Great Britain and registered in England and Wales.

In the opinion of the director, 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.