

Registered Number 545887

SUN LIFE FINANCIAL SERVICES LIMITED

Directors' Report and Financial Statements for the

year ended 31 December 2004



Registered Office: 107 Cheapside, London EC2V 6DU

SUN LIFE FINANCIAL SERVICES LIMITED

DIRECTORS

D. E. Hynam
J. P. Small

SECRETARY

J. P. Small

AUDITORS

PricewaterhouseCoopers LLP

SUN LIFE FINANCIAL SERVICES 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 provided mortgage finance to individuals holding certain classes of pension or life assurance policies with the AXA Sun Life Group. Since 2001 the Company has no longer granted new loans. No change in activities is planned for the foreseeable future.

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. J. P. Small was appointed a director on 16 November 2004, on which date Mr. I. D. Richardson resigned as a director. Mr. S. W. Lowther resigned as a director on 2 September 2005. Mr. D. E. Hynam was appointed as a director on 28 September 2005.

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 2004 (or date of appointment, if later)	At 31 December 2004
J. P. Small (appointed 16.11.2004)	40	40

AXA

Units in AXA Global Fund

	At 1 January 2004 (or date of appointment, if later)	At 31 December 2004
J. P. Small (appointed 16.11.2004)	84.5625	138.6425

SUN LIFE FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS (continued)

Interests in Options

	AXA				
	At 1 January 2004 (or date of appointment, if later)	During Year			At 31 December 2004
	Options to subscribe for Shares	Options granted	Options exercised	Options lapsed	Options to subscribe for Shares
J. P. Small (appointed 16.11.2004)	12,513	-	-	-	12,513

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 €40.86 per share.

	AXA UK plc			
	At 1 January 2004 (or date of appointment, if later)	During Year		At 31 December 2004
	Options to subscribe for Shares	Options exercised	Options lapsed	Options to subscribe for Shares
J. P. Small (appointed 16.11.2004)	497	-	-	497

The options outstanding at 31 December 2004 are exercisable at various times between 1 January 2005 and 1 July 2005 at £4.07 per share.

As permitted by Statutory Instrument, the register of directors' interests does not include the interests of the following director in the share capital and debentures of the Company, its ultimate holding company (AXA) or subsidiaries of the ultimate holding company as such interests are disclosed in the Directors' Report of the following company, which is a parent company of the Company.

- S. W. Lowther reported by AXA Sun Life Holdings plc

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.

SUN LIFE FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

PAYMENT OF CREDITORS

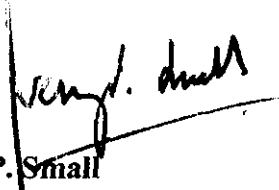
All trade purchases are dealt with through AXA Sun Life Services plc.

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

A handwritten signature in black ink, appearing to read 'J. P. Small', is written over a horizontal line.

J. P. Small

Secretary

25 October 2005

SUN LIFE FINANCIAL SERVICES 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 year and of the profit and loss for that period.

The directors consider that in preparing the financial statements, 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 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 FINANCIAL SERVICES LIMITED

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUN LIFE FINANCIAL SERVICES 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 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 FINANCIAL SERVICES 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 result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script, appearing to read "PricewaterhouseCoopers LLP", is written over the printed name of the firm.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

25 October 2005

SUN LIFE FINANCIAL SERVICES LIMITED

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

	2004 £	2003 £
Income from fixed asset investment	115,547	128,698
Interest payable and similar charges	(115,547)	(128,698)
Profit on ordinary activities before tax	-	-
Tax on profit on ordinary activities	-	-
Profit on ordinary activities after tax being retained profit for the year	-	-

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

The Company had no recognised gains or losses during the year other than those recognised in the profit and loss account.

The information on pages 10 to 12 forms an integral part of these financial statements.

SUN LIFE FINANCIAL SERVICES LIMITED

**BALANCE SHEET
AT 31 DECEMBER 2004**

	Notes	2004 £	2003 £
Fixed assets			
Investments – Loans secured on properties	2	1,308,296	1,797,124
Current assets			
Prepayments and accrued income		184,860	169,571
Cash at bank and in hand		100	100
		<u>184,960</u>	<u>169,671</u>
Creditors: amounts falling due within one year			
Amount owed to group undertakings		(1,493,156)	(1,966,695)
Net current liabilities		<u>(1,308,196)</u>	<u>(1,797,024)</u>
Net assets		<u>100</u>	<u>100</u>
Equity shareholders' funds			
Called up share capital	5	100	100

The information on pages 10 to 12 forms 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

SUN LIFE FINANCIAL SERVICES 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 presentation

The financial statements are prepared under the historical cost convention, and in accordance with applicable UK accounting standards.

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 from fixed asset investments

Interest charged on the loans advanced is recognised when receivable.

(c) Loans secured on properties

Loans are capitalised at the amount advanced less provision for diminution in value due to irrecoverability.

(d) Interest payable and similar charges

Interest payable to Sun Life Assurance Society plc, the Company's immediate parent undertaking, is recognised when due.

2. FIXED ASSET INVESTMENTS

	2004 £	2003 £
At 1 January	1,797,124	2,259,490
Realisations	(488,828)	(462,366)
At 31 December	<u>1,308,296</u>	<u>1,797,124</u>

All loans are repayable on demand and are secured against properties.

SUN LIFE FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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. I. D. Richardson 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. S. W. Lowther was also director of AXA Sun Life Holdings 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.

4. ADMINISTRATIVE EXPENSES

The remuneration of the auditors and staff costs have been borne by AXA Sun Life Services plc, a fellow subsidiary undertaking.

5. SHARE CAPITAL

	2004		2003	
	Authorised £	Paid-up £	Authorised £	Paid-up £
Authorised:				
100 ordinary shares of £1 each	<u>100</u>		<u>100</u>	
Issued:				
100 ordinary shares of £1 each		<u>100</u>		<u>100</u>

6. 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.

SUN LIFE FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7. IMMEDIATE AND ULTIMATE PARENT COMPANIES

The Company is a subsidiary of Sun Life Assurance Society 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.