

Registered Number 3479251

AXA SUN LIFE HOLDINGS PLC

Directors' Report and Financial Statements

for the year ended 31 December 2004



Registered Office: 107 Cheapside, London EC2V 6DU

AXA SUN LIFE HOLDINGS PLC

DIRECTORS

D. Holt (Chairman)
P. J. Evans (Chief Executive)
R. E. Lee
S. W. Lowther
P. L. H. Maso y Guell Rivet
F. de Méneval
A. J. Purvis
I. D. Richardson

SECRETARY

J. P. Small

AUDITORS

PricewaterhouseCoopers LLP

AXA SUN LIFE HOLDINGS PLC

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 is the parent company of the AXA Sun Life Group of companies. The principal activity of the Group is the transaction of long-term insurance business, namely life assurance, investment products and pensions. AXA Sun Life Services plc, a subsidiary undertaking of the Company, provides sales, marketing and administration services to the Group.

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

With effect from 1 January 2004 Sun Life OLAC Ltd, a subsidiary of the long-term fund of Sun Life Assurance Society plc, sold AXA Isle of Man Ltd ("AXA IoM") for a total consideration of £60 million to Sun Life SMC 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 principal activity is the writing of long term assurance business and it principally operates in the Isle of Man. On 1 January 2004 the shareholders' funds of Sun Life Assurance Society plc granted an interest-bearing loan of £60 million to Sun Life SMC Ltd to facilitate its acquisition of AXA IoM.

On 30 September 2004, the authorised share capital of AXA Sun Life Services plc was increased from 0.05m to 800m shares of £1 each. On 30 September 2004 323m ordinary shares of £1 each were issued to AXA Sun Life Holdings plc. The purchase of this share capital was funded by a loan of £222m from AXA UK plc and other borrowings within the AXA Sun Life Holdings plc Group.

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. A. J. Purvis was appointed a director on 1 January 2004. Mr. I. D. Richardson was appointed a director on 13 September 2004. Mr. A. G. P. de Warengnien resigned as a director on 12 November 2004. Mr. F. de Ménéval was appointed a director on 14 December 2004. Mr. P. J. Shelley resigned as a director on 30 December 2004.

AXA SUN LIFE HOLDINGS PLC
DIRECTORS' REPORT (CONTINUED)

APPOINTMENT OF DIRECTORS

In accordance with Article 85 of the Articles of Association of the Company, Mr. P. J. Evans and Mr. S. W. Lowther, will retire by rotation at the forthcoming Annual General Meeting. Being eligible, they offer themselves for re-appointment.

In accordance with Article 71 of the Articles of Association of the Company, Mr. F. de Méneval and Mr. I. D. Richardson will retire at the forthcoming Annual General Meeting having been appointed by the directors since the last Annual General Meeting. Being eligible, they offer themselves for re-appointment.

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	At 31 December 2004
R. E. Lee	2,276	2,276
A. J. Purvis	880	708

AXA

	Units in AXA Global Fund		Units in AXA Actionnariat II Fund	
	At 1 January 2004	At 31 December 2004	At 1 January 2004	At 31 December 2004
R. E. Lee	240.1192	526.7414	13,267.2566	16,313.0085
S. W. Lowther	1,085.8312	1,807.1023	-	-
A. J. Purvis	25.3977	25.3977	-	-

Interest in Debentures

AXA

Loan Notes of £1 each

	At 1 January 2004	At 31 December 2004
R. E. Lee	21,100	-

AXA SUN LIFE HOLDINGS PLC
DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS (Continued)

Interests in Options

	At 1 January 2004 Options to subscribe for Shares	Options granted	AXA During Year Options exercised		Options lapsed	At 31 December 2004 Options to subscribe for Shares
R. E. Lee	63,215	6,375	-	-	-	69,590
S. W. Lowther	58,792	11,050	-	-	-	69,842
A. J. Purvis	19,199	-	-	-	-	19,199

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.

	At 1 January 2004 Options to subscribe for Shares	AXA UK plc During Year Options exercised		Options lapsed	At 31 December 2004 Options to subscribe for Shares
R. E. Lee	4,146	-	-	-	4,146
A. J. Purvis	9,320	-	-	-	9,320

The options outstanding at 31 December 2004 are exercisable at various times between 1 January 2005 and 28 October 2007 at £3.755 or £4.07 per share.

As permitted by Statutory Instrument, the register of directors' interests does not include the interests of the following directors 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 the parent company of the Company.

- D. Holt)
- P. J. Evans)
- P. L. H. Maso y Guell Rivet) reported by AXA UK plc
- F. de Méneval)
- I. D. Richardson)

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.

AXA SUN LIFE HOLDINGS PLC
DIRECTORS' REPORT (CONTINUED)

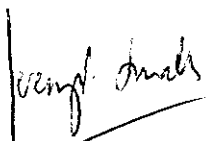
PAYMENT OF CREDITORS

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

AUDITORS

A resolution to reappoint the auditors, PricewaterhouseCoopers LLP, and to authorise the directors to determine their remuneration will be proposed at the Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to read 'J. P. Small', with a long horizontal flourish extending to the right.

J. P. Small
Secretary

30 March 2005

AXA SUN LIFE HOLDINGS PLC

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 auditors' 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 or 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 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.

AXA SUN LIFE HOLDINGS PLC

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AXA SUN LIFE HOLDINGS PLC

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.

AXA SUN LIFE HOLDINGS PLC

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 profit 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
30 March 2005

AXA SUN LIFE HOLDINGS PLC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	2004 £'000	2003 £'000
Administrative expenses		(1,138)	(25)
Operating loss		(1,138)	(25)
Income from shares in group undertakings		80,000	5,500
Other interest receivable and similar income	2	2,499	2,054
Interest payable and similar charges	3	(3,491)	(2,314)
Profit on ordinary activities before taxation	4	77,870	5,215
Tax on profit on ordinary activities	6	639	86
Profit on ordinary activities after taxation being retained profit for the financial year		78,509	5,301
Retained profit brought forward		40,210	34,909
Retained profit carried forward		118,719	40,210

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

The Company had no recognised gains or losses during the year to 31 December 2004 other than those recognised in the profit and loss account.

The accounting policies and notes on pages 11 to 17 form part of these financial statements.

AXA SUN LIFE HOLDINGS PLC

**BALANCE SHEET
AT 31 DECEMBER 2004**

	Note	2004 £'000	2003 £'000
Fixed assets investments			
Shares in group undertakings	7	2,634,246	2,311,246
Current assets			
Debtors	8	39,144	59,483
Cash at bank and in hand		3	2,240
		39,147	61,723
Creditors: amounts falling due within one year			
Amount owed to group undertakings	9	(2,731)	(2,356)
Net current assets		36,416	59,367
Total assets less current liabilities		2,670,662	2,370,613
Creditors: amounts falling due after more than one year			
Amounts owed to group undertakings	9	(261,540)	(40,000)
Net assets		2,409,122	2,330,613
Equity capital and reserves			
Called up share capital	10	2,290,403	2,290,403
Profit and loss account	11	118,719	40,210
Equity shareholders' funds		2,409,122	2,330,613

The financial statements were approved by the Board of Directors on 30 March 2005 and signed on its behalf by:

Director

Philippe Meunier Gu Rint

The accounting policies and notes on pages 11 to 17 form part of these financial statements.

AXA SUN LIFE HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The principal accounting policies are set out below.

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention 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 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

Investments in subsidiary undertakings are included at cost, but are subject to reviews for impairment in value when considered necessary.

(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.

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

AXA SUN LIFE HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENTS

2. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2004 £'000	2003 £'000
Interest on deposits	11	26
Interest on loans receivable from group companies	2,488	2,028
	<u>2,499</u>	<u>2,054</u>

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £'000	2003 £'000
Interest on loans payable to group companies	<u>3,491</u>	<u>2,314</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

Profit on ordinary activities before tax is stated after charging:

	2004 £'000	2003 £'000
Auditors' remuneration – Audit services	53	25

5. REMUNERATION OF DIRECTORS AND EMPLOYEES

The directors are employed and paid by companies in AXA group and their directorships are held as part of that employment. Other than as disclosed below, 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.

	2004 £'000	2003 £'000
Aggregate emoluments	900	964

Retirement benefits are accruing to 4 directors (2002: 5) under a defined benefit pension scheme.

	2004 £'000	2003 £'000
Amounts attributable to highest paid director		
Aggregated emoluments	319	298
Defined benefit pension scheme:		
Accrued pension at end of year	2	2

AXA SUN LIFE HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENTS

5. REMUNERATION OF DIRECTORS AND EMPLOYEES (continued)

Directors' Interests in Transactions

No contract in which a director was interested and which was material to the Group or its subsidiaries or to the other transacting party existed during the year.

Loans to Directors and Connected Persons

No loans or quasi-loans exceeding £5,000 to directors and connected persons were made or subsisted during the year.

None of the directors exercised any share options or employee sharesave options in AXA UK plc during the year.

Mr. P. J. Evans, Mr. D. Holt, Mr. F. de Ménéval, Mr. P. L. H. Maso y Guell Rivet, Mr. I. D. Richardson and Mr. A. G. P. de Wareghien were also directors of the intermediate parent company, AXA UK plc, 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.

6. TAXATION

	2004 £'000	2003 £'000
Corporation tax at 30% (2003: 30%)	(639)	(86)

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below.

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	77,870	5,215
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	23,361	1,564
Inter-group dividends	(24,000)	(1,650)
Current tax charge for the period	(639)	(86)

AXA SUN LIFE HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENTS

7. SUBSIDIARY COMPANIES

Principal subsidiaries of the Company are as follows:

Shareholder Investments	Nature of Business
AXA Sun Life plc	Life assurance and pensions
AXA Sun Life Services plc	Provision of administration services and Principal for mortgage and general insurance business
Sun Life Assurance Society plc	Life assurance and pensions
Sun Life Pensions Management Limited	Unit Linked pensions
Sun Life Unit Assurance Limited	Unit Linked life assurance
AXA Sun Life Direct Limited	Marketing company
AXA Portfolio Services Limited	PEP, ISA and discretionary management services
AXA Isle of Man Limited	Offshore life assurance

All principal subsidiaries are wholly owned and incorporated in Great Britain and registered in England and Wales with the exception of AXA Isle of Man Limited which is registered in the Isle of Man. Each company has ordinary shares of one class with the exception of AXA Portfolio Services Limited which has ordinary and redeemable preference shares. All companies operate principally in the country of incorporation.

On 30 September 2004 the company increased its investment in AXA Sun Life Services plc by £323 million, representing the purchase of 323 million ordinary shares of £1 each issued at par for cash consideration.

A number of subsidiaries which do not materially affect the results or assets of the Company are omitted from the above table.

	2004 £'000	2003 £'000
At 1 January	2,311,246	2,311,246
Additions in year	323,000	-
At 31 December	<u>2,634,246</u>	<u>2,311,246</u>

AXA SUN LIFE HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENTS

8. DEBTORS

	2004 £'000	2003 £'000
Amount owed by group undertakings	38,548	59,442
Corporation tax receivable	596	41
	<u>39,144</u>	<u>59,483</u>

Included within amounts owed by group undertakings is an amount of £38.5 million due from Sun Life Assurance Society plc ('SLAS'), a subsidiary of the Company. Repayment of the balance is contingent on SLAS receiving repayments from a fellow subsidiary in respect of reinsurance arrangements. A commercial rate of interest has been charged on the outstanding balance.

9. CREDITORS

	2004 £'000	2003 £'000
Amounts falling due within one year:		
Amounts owed to group undertakings	2,731	2,356
	<u>2,731</u>	<u>2,356</u>
Amounts falling due after more than one year:		
Amounts owed to group undertakings	261,540	40,000
	<u>261,540</u>	<u>40,000</u>
Maturity of Debt		
In one year or less, or on demand	2,731	2,356
In more than two years, but not more than five years	129,540	40,000
In more than five years	132,000	-
	<u>264,271</u>	<u>42,356</u>

AXA SUN LIFE HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

10. SHARE CAPITAL

	2004		2003	
	Authorised £'000	Paid-up £'000	Authorised £'000	Paid-up £'000
Authorised: 2,500,000,000 ordinary shares of £1 each	2,500,000		2,500,000	
Allotted and Issued: 49,998 part paid shares of 25p each		13		13
2,290,390,902 fully paid shares of £1 each		2,290,390		2,290,390
		2,290,403		2,290,403

25p per share has been called up on part paid shares for a total cash consideration of £12,499.50. The non-cash consideration received for the issue of the fully paid shares consisted of subsidiaries acquired at fair value.

11. MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital £'000	Profit and Loss Account £'000	Total £'000
At 1 January 2004	2,290,403	40,210	2,330,613
Profit for the year	-	78,509	78,509
At 31 December 2004	2,290,403	118,719	2,409,122

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.

AXA SUN LIFE HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENTS

13. IMMEDIATE AND ULTIMATE PARENT COMPANY

The Company is a subsidiary of AXA UK 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.