



news release

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AXA ASIA PACIFIC HOLDINGS LIMITED NEW BUSINESS AND FUND FLOWS

AXA Asia Pacific Holdings today announced details of new business and fund flows for the three months ended 31 March 2005.

Group Chief Executive, Les Owen, said:

“It has been an encouraging start to 2005, with new business sales and gross fund flows up strongly on the same period last year for most areas of the business.

“In Australia and New Zealand total **gross** inflows were up 27% to A\$3.75bn and **gross** retail inflows were up 13% to A\$2.01bn. Total **net** inflows were up by 50% to A\$1.46bn, although **net** retail inflows were down 25% to A\$0.59bn. The reduction is mainly due to a large retail mandate win for Alliance Capital in Q1 2004 which was not repeated in Q1 2005, and reduced sales of the Australian Monthly Income Fund. Financial protection new business was up 14%.

“New business in Hong Kong grew strongly with total life new business index up 14% with particularly strong performance from new unit linked regular premiums.

“In China and South East Asia new business was up very strongly by 86% to A\$29.5m on a constant currency basis.”

Australia and New Zealand – key points

- Total *gross* inflows (retail and wholesale) up 27% to \$3.75bn (three months ended 31 March 2004 - \$2.96bn)
- Gross *retail* inflows up 13% to \$2.01bn (2004 - \$1.78bn)
- Gross inflows to *platforms* up 52% to \$656.1m (2004 - \$430.4m)
- Total net funds flow (retail and wholesale) up 50% to \$1.46bn (2004 - \$0.97bn)
- Net *retail* funds flow of \$589.7m, down 25% (2004 - \$782.5m). The reduction is mainly due to a large retail mandate win for Alliance Capital in Q1 2004 which was not repeated in Q1 2005, and reduced sales of the Australian Monthly Income Fund through a third party distribution channel
- Net Alliance Capital *wholesale* funds flow up 296% to \$871.0m (2004 - \$219.9m)
- *Advice* net flows were down 10% due to reduced net flows in our New Zealand advice business (Spicers) where the market environment remains difficult

- *Individual life* new business up 14% to \$11.5m (2004 - \$10.1m) assisted by our campaign to target the 45+ year old market
- *Individual income protection* new business up 11% to \$5.1m (2004 - \$4.6m) as a result of the relaunch and repositioning of the product in the second half of 2004.

Hong Kong – key points

- Total life new business index up 14% to HK\$259.4m (2004 – HK\$227.6m) and total new business index (including general insurance) up 10% to HK\$288.5m (2004 – HK\$261.1m)
- New *regular* premiums up 16% to HK\$250.2m (2004 – HK\$216.0m) reflecting marketing and productivity initiatives which have driven growth across agency and adviser channels. There was a change in mix towards unit linked business with new unit linked regular premium business increasing by 75% following the launch of 'Dimensions' in November 2004. This product features a combination of traditional life insurance with upside potential through unit linked funds
- New *regular* premiums for group retirement up 356%, with strong increases through all distribution channels. Increased Mandatory Provident Fund (MPF) sales reflect heightened scheme member interest in MPF due to the improved economic outlook in Hong Kong and a resulting increase in member contributions
- *Single* premiums down 20% to HK\$92.4m (2004 – HK\$116.2m). This mainly reflects timing differences. The Q1 2004 results benefited from a targeted campaign on single premiums which will take place in Q2 this year.

China and South East Asia – key points

- Total new business index up 86% to A\$29.5m (2004 – A\$15.9m). Total premium income up 88% to A\$171.0m (2004 – A\$91.0m)
- Continuing strong growth in Indonesia with new business up 287% mainly driven by our joint venture with Bank Mandiri and improved agent productivity
- New business in Singapore up 69% aided by a successful campaign to rollover maturing guaranteed products into single premium investment linked plans, and higher sales of regular premium protection products
- New business in Thailand up 58% as a result of improving agent productivity under the new agency model together with further expansion of the bank channel
- New business index in Philippines up 30%, mainly due to growth in single premium investment linked products
- New business index in China down 36% due to the overall slowdown in the Chinese market and intense competition for agents in Shanghai. However total premium income was up 43% reflecting some early success in single premium sales through banks. Our new branch in Beijing commenced operations in March.

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Australia/New Zealand

(A\$ million)	Gross inflows (3 months ended)			Net flows (3 months ended)		
	31 Mar 2005	31 Mar 2004	Change	31 Mar 2005	31 Mar 2004	Change
Wealth management						
Superannuation	612.1	492.8	24%	212.0	140.2	51%
Retirement income	137.1	117.4	17%	(54.7)	(34.2)	(60)%
Investment products	554.5	636.3	(13)%	129.3	262.5	(51)%
Alliance Capital – retail mandates	704.6	530.1	33%	303.1	414.0	(27)%
Total A&NZ retail flows (excluding cash management trusts)	2,008.3	1,776.6	13%	589.7	782.5	(25)%
Cash management trusts	20.8	18.3	14%	2.6	(29.5)	n/a
Alliance Capital – wholesale mandates	1,720.2	1,164.1	48%	871.0	219.9	296%
Total A&NZ flows	3,749.3	2,959.0	27%	1,463.3	972.9	50%

Included in the above:

Platforms	656.1	430.4	52%	271.5	151.3	79%
Advice	304.7	237.0	29%	96.2	106.9	(10)%

Included in the figures above are flows that arise when AXA clients switch from one product structure to another, such as from a traditional superannuation product to a platform based superannuation product. This is the standard method used in industry reporting of fund flows. Intra-group flows included in the gross inflows and outflows above are as follows:

(A\$ million)	Intra-group flows (3 months ended)		
	31 Mar 2005	31 Mar 2004	Change
Superannuation	83.0	41.9	98%
Retirement income	30.7	14.0	119%
Investment products	17.3	9.6	80%
Alliance Capital – retail mandates	200.0	-	n/a
Platforms	39.7	-	n/a
Advice	83.0	44.0	89%

Note: These flows are both inflows and outflows into the same product line, therefore netting to zero on a net flows basis

Total funds under management, administration and advice was \$53.69bn, up 2% (31 December 2004 - \$52.49bn).

(A\$ million)	New business (3 months ended)			In-force (as at)		
	31 Mar 2005	31 Mar 2004	Change	31 Mar 2005	31 Mar 2004	Change
Financial protection						
New regular premiums						
Individual life	11.5	10.1	14%	248.5	225.3	10%
Individual income protection	5.1	4.6	11%	196.4	195.5	0%
Group insurance	7.6	6.4	19%	137.2	127.3	8%
Long term risk	0.7	0.7	0%	93.6	97.0	(4)%
Total	24.9	21.8	14%	675.7	645.1	5%
Single premiums	7.3	6.4	14%			

Note: Group 2004 in-force has been adjusted upwards by \$9.6m for master trust business not previously counted

Hong Kong

(HK\$ million)	New business (3 months ended)			In-force (as at)		
	31 Mar 2005	31 Mar 2004	Change	31 Mar 2005	31 Mar 2004	Change
New regular premiums						
Individual life – non-linked	102.5	134.2	(24)%	4,831.7	4,699.4	3%
Individual life – unit linked	78.1	44.6	75%	532.4	366.9	45%
Total individual life	180.6	178.8	1%	5,364.1	5,066.3	6%
Group retirement – incl MPF	39.2	8.6	356%	1,209.4	1,095.0	10%
Group risk	30.4	28.6	6%	391.0	321.5	22%
Total new regular premiums	250.2	216.0	16%	6,964.5	6,482.8	7%
Single premiums						
Individual life – incl unit linked	56.0	73.7	(24)%			
Group retirement	36.4	42.5	(14)%			
Total single premiums	92.4	116.2	(20)%			
Total life new business index (“NBI”)¹	259.4	227.6	14%			
General insurance (P&C) ²	29.1	33.5	(13)%			
Total new business index	288.5	261.1	10%			

Note:

- (1) New business index = regular premium sales + 10% of single premium sales
(2) Gross written premium

Total funds under management, administration and advice was HK\$45.31bn, up 1% (31 December 2004 - HK\$44.82bn).

China and South East Asia

(million)	New business index ¹ (3 months ended)			Total premium income (3 months ended)		
	31 Mar 2005	31 Mar 2004	Change	31 Mar 2005	31 Mar 2004	Change
Indonesia (Rupiah)	80,078.0	20,669.3	287%	403,562.0	102,062.0	295%
Singapore (Sing\$)	8.6	5.1	69%	81.5	54.8	49%
Thailand (Baht)	201.6	127.3	58%	584.0	324.0	80%
Philippines (Peso)	166.8	128.4	30%	1,048.9	768.4	37%
China (Rmb)	7.5	11.8	(36)%	49.6	34.6	43%
Total (AUD) ²	29.5	15.9	86%	171.0	91.0	88%

Note:

- (1) New business index = regular premium sales + 10% of single premium sales
(2) On a constant currency basis, translated at average exchange rates for the 3 months ended 31 March 2005 of A\$/Rmb = 0.15477; A\$/Sing\$ = 0.782577; A\$/Peso = 0.023335; A\$/Baht = 0.033143; A\$/Rupiah = 0.000138. Figures represent 100% share of the businesses