

22 August 2005

AXA ASIA PACIFIC HOLDINGS LIMITED Results for the six months ended 30 June 2005

AXA Asia Pacific Holdings (AXA APH) today announced an increase of 36 per cent in profit after tax and before non-recurring items to \$246.4 million for the six months ended 30 June 2005 (six months ended 30 June 2004 – \$181.5 million).

Operating Earnings, the key indicator of the underlying performance of the business, once again grew strongly, up 18 per cent to \$185.8 million (2004 - \$157.8 million).

Commenting on the results, Group Chief Executive Les Owen, said

“Following our very good performance over the last two years, I am pleased to say that we have delivered another strong set of results.

“Operating Earnings in Australia and New Zealand grew very strongly, up 32 per cent to \$99.8 million. Wealth management profits were helped by strong inflows and a buoyant domestic equity market. Financial protection also performed strongly, and the cost to income ratio improved further.

“Operating Earnings in Hong Kong grew 10 per cent in local currency to HK\$505.7 million, driven by continued profitable sales growth.

“In China and South East Asia, the value of new business grew 18 per cent to A\$31.8 million^{1,2}. Group share of new business value was A\$17.2 million, which now represents 8 per cent of total Group value of new business.

“These are our first results prepared under the Australian version of International Financial Reporting Standards. Although this has reduced opening shareholders equity by \$939.2 million, Operating Earnings and return on equity have increased. Capital in excess of our target surplus is \$632 million and our gearing ratio of 44% is in the middle of our target range³.”

The Directors have declared an interim dividend of 6.25 cents per share (30 per cent franked), up 19 per cent (2004 – 5.25 cents per share).

(All figures are reported in Australian Dollars unless otherwise stated. These results have been presented on the basis of the Australian equivalents of International Financial Reporting Standards (AIFRS). Comparative financial information for the six months ended 30 June 2004 has been restated to AIFRS)

¹ 100% share

² Translated at exchange rates at 30 June 2005

³ Range of total debt (debt + hybrid) / equity between 40% - 50%

Australia and New Zealand - key points

- Very strong growth in Operating Earnings, up 31.5% to \$99.8 million (2004 - \$75.9 million)
 - Wealth management products and platforms up 47.9% to \$46.0 million (2004 - \$31.1 million)
 - Advice businesses up 36.0% to \$15.5 million (2004 - \$11.4 million)
 - Financial protection up 14.7% to \$38.3 million (2004 - \$33.4 million)
- Gross retail inflows up 9.6% to \$4,342.0 million (2004 - \$3,961.1 million)
- Net retail inflows (excluding cash management trusts) of \$1,370.2 million (2004 - \$1,639.1 million); top five ranking for net retail flows (Plan for Life, ASSIRT ⁴)
- Value of new business up 17.2% to \$45.6 million (2004 - \$38.9 million)
- Funds under management, administration and advice up 9.0% to \$57.2 billion (31 December 2004 - \$52.5 billion)
- Funds under advice up 5.9% to \$5.4 billion (31 December 2004 - \$5.1 billion)
- Cost to income ratio down 3.7 percentage points to 77.7% (31 December 2004 - 81.4%)
- Progressing well against AXA 6 goals.

Hong Kong – key points

- Operating Earnings up 9.6% to HK\$505.7 million (2004 - HK\$461.6 million)
- Total new business index ⁵ up 13.7% to HK\$616.0 million (2004 - HK\$542.0 million); excluding general insurance, new business index grew 16.9%
- Value of new business up 6.3% to HK\$287.8 million (2004 - HK\$270.8 million)
- Net funds flow of HK\$1,845.3 million (2004 - HK\$1,899.1 million)
- Funds under management up 5.4% to HK\$47.2 billion (31 December 2004 - HK\$44.8 billion)
- Good early progress towards Hong Kong 6 aspirational goals.

China and South East Asia – key points

- New business index ⁵ up 97.8% to \$61.7 million ^{1,6} (2004 - \$31.2 million)
- Value of new business up 39.6% to \$18.7 million ^{1,2} (2004 - \$13.4 million)
- Total premium income up 72.5% to \$329.2 million ^{1,6} (2004 - \$190.8 million)
- Funds under management up 7.1% to \$1.5 billion ^{1,2} (31 December 2004 \$1.4 billion)
- Bancassurance joint venture in Indonesia with Bank Mandiri continues to achieve very strong results. AXA businesses in Indonesia ranked 2nd in new business market share (3 months to 31 March 2005), up from 4th in 2004
- Beijing branch commenced operations in March 2005
- Malaysia entry announced – plan to commence operations in Q1 2006
- Well advanced in plans for India entry
- Early progress towards Asia 6 aspirational goals on track.

⁴ For 12 months ended 31 March 2005

⁵ Regular premiums plus 10% of single premiums

⁶ Translated at average exchange rates for the six months ended 30 June 2005 of A\$/Rupiah = 0.000137; A\$/Baht = 0.032687; A\$/Sing\$ = 0.783748; A\$/Peso = 0.023552; A\$/Rmb = 0.156166A\$/Rmb

Group financials – key points

- Earnings per share (before non-recurring items) up 35.6% to 14.1 cents (2004 – 10.4 cents). On a normalised basis ⁷, earnings per share (before non-recurring items) up 15.2% to 15.1 cents (2004 – 13.1 cents)
- Return on average shareholders equity ⁸ (before non-recurring items) was 16.7% (31 December 2004 – 15.4%). On a normalised basis, return on average shareholders equity (before non-recurring items) was 15.7% (31 December 2004 – 15.0%)
- Group assets under management up 9.0% to \$66.7 billion (31 December 2004 - \$61.2 billion)
- Strong balance sheet – total debt (debt + hybrid) / equity at 44%
- \$1,267 million capital above regulatory requirements
- \$632 million capital above internal target surplus.

Future outlook

Commenting on prospects for the future, Group Chief Executive Les Owen, said

“We are well placed to continue the excellent performance we have delivered over the last three years.

“In Australia and New Zealand we have encouraging momentum and will continue to benefit from our strong market position and good strategy execution. I am pleased with the progress we are making towards our AXA 6 goals. Our priorities are to continue to capitalise on the excellent investment performance of our Global and Australian equity value products, growth in superannuation following the recent tax changes and the introduction of employee Choice, and to further increase market share of financial protection.

“In Hong Kong and Asia we are accelerating our growth.

“The Hong Kong life market remains very attractive and we will benefit from our strong distribution footprint. The retirement savings market is expected to more than double over the next five years, and we will continue to develop our wealth management capabilities.

“Our businesses in South East Asia are growing very strongly. We have recently announced our entry into Malaysia and we are well advanced with our plans to enter India. Our position in Asia offers exceptional growth prospects over the next few years.

“Our strong capital and financial position means we are able to pursue growth opportunities where we see value.”

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⁷ “Normalised” earnings are based on the average asset mix on average capital held over the period using assumed long term investment assumptions instead of actual returns

⁸ Rolling 12 months

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AXA APH Group result for six months ended 30 June 2005

(A\$ million)	6 months to 30 June 05	6 months to 30 June 04	Change
Operating Earnings			
Australia & New Zealand	99.8	75.9	31.5%
Hong Kong and Singapore	86.0	81.9	5.0%
Operating Earnings	185.8	157.8	17.7%
Investment Earnings	91.2	67.1	35.9%
Corporate expenses	(29.7)	(29.0)	(2.4)%
Interest expense	(0.9)	(14.4)	n/a
Profit after tax and before non-recurring items	246.4	181.5	35.8%
Non-recurring items	-	(117.1) ¹	n/a
Profit after tax and non-recurring items	246.4	64.4	282.6%

¹ Fair value of cross currency and interest rate swaps deemed to be ineffective hedges under AIFRS, whereas under AGAAP this was recorded in the foreign currency translation reserve

AXA Australia and New Zealand

(A\$ million)	6 months to 30 June 05	6 months to 30 June 04	Change
Wealth management	61.5	42.5	44.7%
Financial protection	38.3	33.4	14.7%
Operating Earnings (excluding Health)	99.8	75.9	31.5%
Investment Earnings	45.8	69.5	(34.1)%
Profit after tax and before non-recurring items	145.6	145.4	0.1%

AXA Hong Kong

(A\$ million)	6 months to 30 June 05	6 months to 30 June 04	Change
Operating Earnings	83.9	80.4	4.4%
Investment Earnings	45.0	(2.6)	n/a
Profit after tax and before non-recurring items	128.9	77.8	65.7%

(HK\$ million)	6 months to 30 June 05	6 months to 30 June 04	Change
Operating Earnings	505.7	461.6	9.6%
Investment Earnings	268.5	(15.2)	n/a
Profit after tax and before non-recurring items	774.2	446.4	73.4%

International Financial Reporting Standards

With effect from 1 January 2005, Australian companies are required to adopt the Australian equivalents of International Financial Reporting Standards (AIFRS). Accordingly, our results are presented on an AIFRS basis for the first time. Comparative financial information has been restated to AIFRS.

For the six months ended 30 June 2005, the adoption of AIFRS reduced Group profit after tax and before non-recurring items by \$16.3 million from what it would have been under Australian GAAP:

- increased Operating Earnings (+\$4.1 million)
- reduced Investment Earnings (-\$27.1 million)
- increased corporate expenses (-\$6.5 million)
- reduced interest expense (+\$13.2 million).