

# **AXA ASIA PACIFIC HOLDINGS LIMITED**

**ABN 78 069 123 011**

## **Half Year Directors' Report and**

## **Financial Report**

**30 June 2009**

# AXA ASIA PACIFIC HOLDINGS LIMITED

## Contents

<b>Directors' Report</b>	1-2
<b>Auditor's Independence Declaration</b>	3
<b>Consolidated Balance Sheet</b>	4
<b>Consolidated Income Statement</b>	5
<b>Consolidated Statement of Comprehensive Income</b>	6
<b>Consolidated Statement of Changes in Equity</b>	7
<b>Consolidated Cash Flow Statement</b>	8
<b>Notes to the Consolidated Financial Statements</b>	
1 Basis of preparation	9
2 Revenue and expense	10
3 Dividends	11
4 Changes in the composition of the consolidated entity	12
5 Financial liabilities	14
6 Subordinated debt and redeemable preference shares	14
7 Issued capital	15
8 Notes to the Cash Flow Statement	16
9 Segment information	17
10 Contingencies	18
11 Subsequent events	18
<b>Directors' Declaration</b>	19
<b>Independent Review Report to the Members of AXA Asia Pacific Holdings Limited</b>	20

# AXA ASIA PACIFIC HOLDING LIMITED

## Directors' Report

For the half-year ended 30 June 2009

Your Directors present their report on the consolidated entity consisting of AXA Asia Pacific Holdings Limited and its controlled entities ('AXA APH') for the half year ended 30 June 2009.

### Directors

The Directors of AXA Asia Pacific Holdings Limited during the half year and up to the date of this report were:

Richard Allert, AO	Chairman
Andrew Penn	Group Chief Executive
Patricia Akopiantz	
Michael Butler	
Paul Cooper	
John Dacey	
Anthony Froggatt	
Paul Sampson	
Peter Sullivan	

All Directors were in office from 1 January 2009 until the date of this report unless otherwise stated.

### Review of Operations and Results

Profit after income tax and before non-recurring items for the 6 months ended 30 June 2009 was \$270.4 million (2008: \$94.2 million).

\$Am	6 months to 30 June 2009	6 months to 30 June 2008
Operating earnings	255.5	295.0
Normalised investment earnings	75.0	90.0
Corporate expenses	(27.0)	(22.0)
Interest expense	(18.3)	(24.7)
Executive share plan expense	(4.6)	(6.6)
Amortisation of value of business acquired	(13.6)	(7.1)
<b>Profit after tax and before investment experience and non-recurring items</b>	<b>267.0</b>	<b>324.6</b>
Investment experience	(19.6)	(230.4)
Non-recurring items after tax	23.0	-
<b>Profit after tax attributable to shareholders</b>	<b>270.4</b>	<b>94.2</b>

Operating earnings were down 13 per cent to \$255.5 million (2008: \$295.0 million).

In Australia and New Zealand, operating earnings fell 46 per cent to \$88.1 million (2008: \$163.9 million), affected by lower funds under management due to falling investment markets and less favourable claims experience in our income protection business.

In Hong Kong, operating earnings grew 32 per cent to \$175.8 million (2008: \$133.5 million), benefiting from favourable currency movements. In Hong Kong dollars, operating earnings were up 1 per cent to HK\$969 million (2008: HK\$963 million).

In South East Asia, operating earnings grew 10 per cent to \$17.2 million (2008: \$15.6 million) due primarily to growth in the Thailand operations.

In India, China and ipac Asia, operating losses increased 42 per cent to negative \$25.6 million (2008: negative \$18.0 million), reflecting our ongoing investment in these operations.

A positive investment result of \$55.4 million (2008: \$140.4 million loss), resulted from improved equity markets and reduced credit spreads.

- Normalised investment earnings were \$75.0 million (2008: \$90.0 million).

- Investment experience was negative \$19.6 million (2008: negative \$230.4 million).

# AXA ASIA PACIFIC HOLDINGS LIMITED

## Directors' Report

For the half-year ended 30 June 2009

### Significant changes in the state of affairs

During the half year, AXA APH raised additional capital of \$872 million (net of transaction costs) to strengthen the Balance sheet. Further details of the capital raising are contained in Note 7 to the financial report, "Issued capital".

AXA APH also reintroduced a Dividend Reinvestment Plan ('DRP') for the final 2008 dividend payment. Of the \$156 million 2008 final dividend, \$51 million was paid in cash and \$105 million participated in the DRP, resulting in the issuance of 35,766,786 ordinary shares. The DRP will also be available for the 2009 interim dividend.

During the first half of 2009, non-recurring items of \$23.0m (2008: \$nil) were recognised. These items included a \$39 million profit on the sale of half of our interest in our life insurance joint venture in India. This was partially offset by \$(16.0) million of expense items, substantially relating to a restructuring charge recognised in Australia and New Zealand.

### Events occurring after reporting date

There has not been any matter or circumstance that has arisen since the end of the half year that has significantly affected, or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

### Auditor's independence declaration

The auditor's independence declaration as required by section 307C of the Corporations Act 2001 is set out on page 3.

### Rounding

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with the Class Order amounts in the Directors' Report and the Financial Report are rounded off to the nearest million dollars unless otherwise stated.

This Report is made in accordance with a resolution of the Directors.



R. H. Allert, AO  
Chairman



A. Penn  
Group Chief Executive

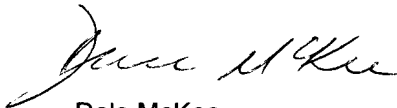
Melbourne, 5 August 2009

### Auditor's Independence Declaration

As lead auditor for the review of AXA Asia Pacific Holdings Limited for the half year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review, and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of AXA Asia Pacific Holdings Limited and the entities it controlled during the period.



Dale McKee  
Partner  
PricewaterhouseCoopers

Melbourne  
5 August 2009

**AXA ASIA PACIFIC HOLDINGS LIMITED**

# Consolidated Balance Sheet

As at 30 June 2009

	Note	30 June 2009 \$m	31 December 2008 \$m
<b>Assets</b>			
Cash at bank and deposits on call		3,817	3,193
Receivables		1,134	1,253
Current tax receivable		58	-
Equity securities		10,797	10,989
Debt securities		10,214	11,663
Property investments		1,057	1,220
Other financial assets		14	69
Investments accounted for using the equity method		253	215
Plant and equipment		51	47
Deferred tax assets		735	881
Goodwill		1,745	1,785
Intangible assets		500	564
Deferred acquisition costs		244	254
<b>Total Assets</b>		<b>30,619</b>	<b>32,133</b>
<b>Liabilities</b>			
Payables		1,258	1,505
Current tax liabilities		-	15
Provisions		150	162
Deferred tax liabilities		168	220
Retirement benefit obligations		141	232
Financial liabilities	5	429	901
Subordinated debt and redeemable preference shares	6	848	933
Minority interest in controlled unit trusts		360	1,007
Policy liabilities		23,056	23,891
<b>Total Liabilities</b>		<b>26,410</b>	<b>28,866</b>
<b>Net Assets</b>		<b>4,209</b>	<b>3,267</b>
<b>Equity</b>			
Issued capital	7	1,699	720
Reserves		(138)	75
Shareholders' retained profits		2,641	2,472
<b>Equity attributable to shareholders of the parent entity</b>		<b>4,202</b>	<b>3,267</b>
Minority interests		7	-
<b>Total Equity</b>		<b>4,209</b>	<b>3,267</b>

The accompanying notes form part of this Financial Report.

# AXA ASIA PACIFIC HOLDINGS LIMITED

## Consolidated Income Statement

For the half-year ended 30 June 2009

	Note	30 June 2009 \$m	30 June 2008 \$m
Net premiums, fees and other revenue	2	1,542	1,376
Investment income		437	(2,333)
<b>Revenue</b>		<b>1,979</b>	<b>(957)</b>
Net claims expense	2	(576)	(522)
Changes in net policy liabilities and policyowner retained profits		(329)	2,086
Commission and investment management expenses		(396)	(352)
Operating expenses		(436)	(360)
Loss attributable to minority interests in controlled unit trusts		24	190
<b>Expenses</b>		<b>(1,713)</b>	<b>1,042</b>
Share of net profits / (losses) of associates and joint ventures accounted for using the equity method		(1)	6
Finance costs		(32)	(35)
<b>Profit before income tax</b>		<b>233</b>	<b>56</b>
Income tax benefit from continuing operations		38	38
<b>Profit for the half-year</b>		<b>271</b>	<b>94</b>
Profit attributable to:			
Owners of AXA APH Limited		270	94
Non-controlling interest		1	-
		<b>271</b>	<b>94</b>

The accompanying notes form part of this Financial Report.

**AXA ASIA PACIFIC HOLDINGS LIMITED**

# Consolidated Statement of Comprehensive Income

For the half-year ended 30 June 2009

	<b>30 June 2009</b>	<b>30 June 2008</b>
	<b>\$m</b>	<b>\$m</b>
<b>Profit for the half year</b>	<b>271</b>	<b>94</b>
<b>Other comprehensive income</b>		
Recognition of actuarial gains/(losses) of defined benefit superannuation plan	54	(45)
Movement in hedging reserve	2	1
Currency translation differences	(221)	(171)
<b>Other comprehensive income for the half-year, net of tax</b>	<b>(165)</b>	<b>(215)</b>
<b>Total comprehensive income/(loss) for the half-year</b>	<b>106</b>	<b>(121)</b>
Total comprehensive income for the half-year attributable to:		
Owners of AXA APH Limited	105	(121)
Non-controlling interest	1	-
	<b>106</b>	<b>(121)</b>

	<b>Cents per share</b>	<b>Cents per share</b>
<b>Basic earnings per share</b>	<b>14.7</b>	<b>5.6</b>
<b>Diluted earnings per share</b>	<b>14.6</b>	<b>5.6</b>

The accompanying notes form part of this Financial Report.

## AXA ASIA PACIFIC HOLDINGS LIMITED

# Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2009

	Note	Attributable to owners of AXA APH Limited			Total \$m	Non- controlling interest \$m	Total equity \$m
		Contributed equity \$m	Reserves \$m	Retained earnings \$m			
Balance at beginning of the half-year: 1 January 2009		720	75	2,472	3,267	-	3,267
Total comprehensive income for the half-year		-	(219)	324	105	1	106
<b>Transactions with owners in their capacity as owners:</b>							
Contributions of equity, net of transaction costs	7	977	-	-	977	-	977
Dividends	3	-	-	(156)	(156)	-	(156)
Dividends paid to AXA APH Executive Share Plan		-	-	1	1	-	1
Sale of treasury shares held by AXA APH Executive Share Plan		2	-	-	2	-	2
Increase in allocation rights reserve		-	6	-	6	-	6
Non-controlling interest arising on first time consolidation		-	-	-	-	6	6
<b>Balance at 30 June 2009</b>		<b>1,699</b>	<b>(138)</b>	<b>2,641</b>	<b>4,202</b>	<b>7</b>	<b>4,209</b>

	Note	Attributable to owners of AXA APH Limited			Total \$m	Non- controlling interest \$m	Total equity \$m
		Contributed equity \$m	Reserves \$m	Retained earnings \$m			
Balance at beginning of the half-year: 1 January 2008		672	(203)	3,257	3,726	-	3,726
Total comprehensive income for the half-year		-	(170)	49	(121)	-	(121)
<b>Transactions with owners in their capacity as owners:</b>							
Share buy back, net of tax		(27)	-	-	(27)	-	(27)
Dividends paid	3	-	-	(220)	(220)	-	(220)
Dividends paid to AXA APH Executive Share Plan		-	-	4	4	-	4
Sale of treasury shares held by AXA APH Executive Share Plan		8	-	-	8	-	8
Increase in allocation rights reserve		-	6	-	6	-	6
<b>Balance at 30 June 2008</b>		<b>653</b>	<b>(367)</b>	<b>3,090</b>	<b>3,376</b>	<b>-</b>	<b>3,376</b>

The accompanying notes form part of this Financial Report.

# AXA ASIA PACIFIC HOLDINGS LIMITED

## Consolidated Cash Flow Statement

For the half-year ended 30 June 2009

	Note	30 June 2009 \$m	30 June 2008 \$m
<b>Cash flows from Operating Activities</b>			
Premiums received		2,505	2,312
Interest received		307	357
Dividends/ trust distributions received		179	300
Fees, rents and other cash received		361	331
Policy payments		(1,808)	(1,797)
Interest and other finance costs paid		(31)	(38)
Income tax paid		(21)	(295)
Fees and commissions paid		(404)	(353)
Payment to suppliers and employees		(411)	(342)
Funding contributions to defined benefit superannuation plans		(15)	-
<b>Net cash provided by Operating Activities</b>		<b>662</b>	<b>475</b>
<b>Cash flows from Investing Activities</b>			
Payments for operating assets		(11)	(16)
Payments for investment in controlled entities, net of cash acquired	4	(12)	(141)
Proceeds from sale of / (payments for) investments in associated entities		24	(20)
Net proceeds from sale of / (investment in) equity securities		92	(5)
Net payments for investment in debt securities		(374)	(139)
Net proceeds from sale of / (investment in) property investments		13	(47)
Net proceeds from sale of other financial assets		-	9
<b>Net cash provided by / (used in) Investing Activities</b>		<b>(268)</b>	<b>(359)</b>
<b>Cash flows from Financing Activities</b>			
Dividends paid during the year	3	(51)	(220)
Proceeds from exercise of allocation and performance rights		2	8
Proceeds from / (repayment of) borrowings		(430)	50
Proceeds from issuance of shares, net of transaction costs	7	872	-
Payments for shares bought back		-	(27)
<b>Net cash provided by / (used in) Financing Activities</b>		<b>393</b>	<b>(189)</b>
<b>Net increase / (decrease) in cash held</b>		<b>787</b>	<b>(73)</b>
<b>Cash at beginning of the financial period</b>		<b>3,193</b>	<b>1,730</b>
Effect of exchange rate changes on the balance of cash held in foreign currencies at the beginning of the financial period		(163)	(54)
<b>Cash at the end of the Financial Period</b>		<b>3,817</b>	<b>1,603</b>

The accompanying notes form part of this Financial Report.

# AXA ASIA PACIFIC HOLDINGS LIMITED

## Notes

to the consolidated financial statements for the half-year ended 30 June 2009

### 1. Basis of preparation

The AXA Group comprises AXA Asia Pacific Holdings Limited ('the Company') and its controlled entities ('AXA APH'). This general purpose financial report has been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This half year financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report should be read in conjunction with the Financial Report of the Company for the year ended 31 December 2008 and any public announcements made by AXA APH during the period in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the ASX Listing Rules.

Accounting policies adopted in this report are consistent with those adopted and disclosed in the 2008 Financial Report and corresponding half year reporting period, except as set out below.

AASB 101 *Presentation of Financial Statements* has introduced the notion of a 'complete set of financial statements' which comprises:

- a balance sheet
- an income statement
- a statement of comprehensive income for the period
- a statement of changes in equity for the period
- a statement of cash flow for the period, and
- notes.

Following these presentational changes, AXA APH no longer presents a Consolidated Statement of Recognised Income and Expense, but rather presents a Statement of Comprehensive Income and a Statement of Changes in Equity.

Except where indicated otherwise, all amounts are presented in Australian dollars.

# AXA ASIA PACIFIC HOLDINGS LIMITED

## Notes

to the consolidated financial statements for the half-year ended 30 June 2009

	30 June 2009 \$m	30 June 2008 \$m
--	------------------------	------------------------

### 2. Revenue and expense

(a) Included in the profit before income tax are the following items of revenue:

#### Revenue

##### Net premium revenue

Gross premium revenue received and receivable	2,669	2,362
Less deposits recognised as an increase in policy liabilities	(1,401)	(1,268)
Outward reinsurance expense	(75)	(55)
<b>Total net premium revenue</b>	<b>1,193</b>	<b>1,039</b>

##### Fees and other revenue

Fees	264	259
Other operating income	85	78
<b>Total fees and other revenue</b>	<b>349</b>	<b>337</b>
<b>Net premium, fees and other revenue</b>	<b>1,542</b>	<b>1,376</b>

(b) Included in the profit before income tax are the following items of expense:

#### Expense

##### Net claims expense

Gross claims expense paid and payable	(1,459)	(1,703)
Less withdrawals recognised as a reduction in policy liabilities	833	1,135
Reinsurance recoveries revenue	50	46
<b>Total net claims expense</b>	<b>(576)</b>	<b>(522)</b>

(c) During the current and comparative reporting period the following individually significant non-recurring items have been recognised in the half year financial report:

Profit on sale of interest in associate	39	-
Organisational restructure costs	(14)	-
Goodwill impairment	(2)	-
<b>Total non-recurring items</b>	<b>23</b>	<b>-</b>

# AXA ASIA PACIFIC HOLDINGS LIMITED

## Notes

to the consolidated financial statements for the half-year ended 30 June 2009

---

	<b>30 June 2009 \$m</b>	30 June 2008 \$m
--	---------------------------------	------------------------

---

### 3. Dividends

#### Dividends paid during the half-year<sup>1</sup>

2008 final dividend of 9.25 cents per share (2007: 13.00 cents) paid on 9 April 2009 franked to 40% (2007: franked to 40%).	<b>156</b>	220
--	------------	-----

#### Dividends not recognised at the end of the half-year

2009 interim dividend of 9.25 cents per share (2008: 9.25 cents) payable on 24 September 2009 franked to 30% (2008: franked to 40%).	<b>188</b>	156
--	------------	-----

<sup>1</sup> Of the \$156 million dividend, \$51 million was paid in cash and \$105 million participated in the dividend reinvestment plan resulting in the issuance of 35,766,786 ordinary shares.

# AXA ASIA PACIFIC HOLDINGS LIMITED

## Notes

to the consolidated financial statements for the half-year ended 30 June 2009

### 4. Changes in the composition of the consolidated entity

#### BUSINESS COMBINATIONS

Business combinations made during the half year are detailed below.

In October 2008, the Group acquired 60% of Pajoda Investments Pty Ltd ("Pajoda") for consideration of \$5.6 million. The acquisition accounting and decision to treat Pajoda as a subsidiary was not finalised until 2009.

In March 2009, the Group acquired 100% of Gould Wealth Management Limited ("Gould") for consideration of \$2.0 million, with further possible adjustments to this price subject to company performance.

In April 2009, the Group acquired the remaining 70% of Multiport Pty Ltd ("Multiport") for consideration of \$4.0 million. The original 30% ownership was acquired in 2006 for \$1.7 million, including transaction costs eligible for capitalisation.

The accounting for the acquisitions includes fair values assigned to the identifiable net assets acquired, including intangibles, that are only provisionally determined at acquisition date. In accordance with the requirements of AASB 3 "Business Combinations", AXA APH has twelve months from the date of acquisition to finalise its purchase accounting, and therefore the information presented should be considered provisional.

Gould contributed \$(0.1) million to operating earnings and \$0.6 million to total revenue of the Group for the half year.

Multiport contributed \$0.2 million to operating earnings and \$0.8 million to total revenue of the Group for the half year.

Pajoda contributed \$0.1 million to operating earnings and \$1.0 million to total revenue of the Group for the half year.

The net assets acquired, at acquisition date, were as follows:

	PAJODA		MULTIPORT		GOULD	
	Fair Value \$m	Book Value \$m	Fair Value \$m	Book Value \$m	Fair Value NZ\$m	Book Value NZ\$m
<b>Assets</b>						
Cash and cash equivalents	-	-	1	1	-	-
Other assets	-	-	1	1	-	-
Intangible assets	4	4	-	-	2	2
<b>Liabilities</b>						
	<u>4</u>	<u>4</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
<b>Purchase consideration</b>						
Consideration - cash	6		6		1	
Consideration - payable					2	
Acquisition costs	<u>-</u>	<u>6</u>	<u>-</u>	<u>6</u>	<u>-</u>	<u>3</u>
Goodwill on acquisition <sup>1</sup>	<u>2</u>		<u>4</u>		<u>1</u>	

<sup>1</sup> Goodwill and intangible assets on acquisition represent the excess of purchase consideration over the net tangible assets acquired. Further valuation work is ongoing to quantify any separately identifiable intangibles and attribute a value to these customer relationships. These will be disclosed, if applicable, separately from goodwill in the 2009 full year financial report.

# AXA ASIA PACIFIC HOLDINGS LIMITED

## Notes

to the consolidated financial statements for the half-year ended 30 June 2009

### BUSINESS COMBINATIONS (continued)

Business combinations made during the previous half-year are detailed below.

In January 2008, the Group acquired 100% of Sinopro Investment Consulting Enterprise ("Sinopro Taiwan") for consideration of \$5 million. The company has since been renamed ipac Financial Planning Taiwan ("ipac Taiwan"). As part of the acquisition, earn out payments of up to US\$8 million may be payable between 2009 and 2013 which were not recognised in 2008 as they could not be reliably measured.

A \$0.6 million loss was recognised for the results of ipac Taiwan for the period from 22 January 2008 to 31 December 2008.

On 30 June 2008, the Group completed its 100% acquisition of Genesys Group Holdings Pty Ltd ("Genesys") for a total consideration of \$145 million.

Genesys contributed \$2.1 million to operating earnings of the Group for the financial year ended 31 December 2008. If the acquisition had occurred on 1 January 2008, consolidated premiums, fees and other revenue and operating earnings for AXA APH for the year ended 31 December 2008 would have been \$2,898 million and \$558 million respectively.

The accounting for the acquisitions includes fair values assigned to the identifiable net assets acquired, including intangibles, that were provisionally determined at 30 June 2008. Since then, the purchase accounting was finalised with no adjustment to the values provisionally determined.

The net assets acquired, at acquisition date, were as follows:

	GENESYS		SINOPRO TAIWAN	
	Fair Value A\$m	Book Value A\$m	Fair Value TWD\$m	Book Value TWD\$m
<b>Assets</b>				
Cash and cash equivalents	13	13	22	22
Receivables	16	16	13	13
Deferred tax assets	3	3	-	-
Investment in associates	2	2	-	-
Investment assets	9	9	31	31
Plant and equipment	1	1	-	-
Other assets	-	-	8	8
Value of business inforce	48	-	-	-
Intangible assets	1	1	-	-
<b>Liabilities</b>				
Payables	18	18	1	1
Provisions	3	3	-	-
Deferred tax liabilities	14	-	-	-
	<u>58</u>	<u>24</u>	<u>73</u>	<u>73</u>
<b>Purchase consideration</b>				
Consideration - cash	145		66	
Consideration - loan forgiveness	-		66	
Acquisition costs	<u>1</u>	<u>146</u>	<u>-</u>	<u>132</u>
Goodwill on acquisition <sup>1</sup>		<u>88</u>		<u>59</u>

<sup>1</sup> Goodwill and intangible assets on acquisition represent the excess of purchase consideration over the net tangible assets acquired.

# Notes

to the consolidated financial statements for the half-year ended 30 June 2009

	<b>30 June</b>	December
	<b>2009</b>	2008
	<b>\$m</b>	<b>\$m</b>
<b>5. Financial liabilities</b>		
<b>Unsecured</b>		
Loans from Parent entity	429	901
<b>Total financial liabilities</b>	<b>429</b>	<b>901</b>

## Repayment of financial liabilities

During the period, \$430 million of A\$ denominated unsecured loans were repaid to AXA APH's ultimate parent entity, AXA SA.

## 6. Subordinated debt and redeemable preference shares

Subordinated debt	316	321
Redeemable preference shares	532	612
<b>Total subordinated debt and redeemable preference shares</b>	<b>848</b>	<b>933</b>

All subordinated debt and redeemable preference shares are provided by the ultimate parent entity, AXA SA.

AXA ASIA PACIFIC HOLDINGS LIMITED

# Notes

to the consolidated financial statements for the half-year ended 30 June 2009

	<b>30 June 2009 \$m</b>	31 December 2008 \$m
<b>7. Issued capital</b>		
Issued share capital		
2,035,278,992 ordinary shares (2008: 1,691,386,257)	<b>1,725</b>	748
Treasury shares held	<b>(26)</b>	(28)
<b>Total issued capital</b>	<b>1,699</b>	720

	<b>2009 No.</b>	2008 No.
<b>Movements of ordinary shares on issue</b>		
Balance at the beginning	<b>1,691,386,257</b>	1,696,040,776
Shares issued	<b>308,125,949</b>	142,601
Dividend reinvestment plan	<b>35,766,786</b>	-
Share buy back	-	(4,797,120)
<b>Balance at the end</b>	<b>2,035,278,992</b>	1,691,386,257

	<b>No.</b>	No.
<b>Movements of treasury shares</b>		
Balance at the beginning	<b>8,890,653</b>	27,136,402
Unallocated treasury shares sold	<b>(551,496)</b>	(14,096,912)
Treasury shares sold upon rights exercise	<b>(221,661)</b>	(4,148,837)
<b>Balance at the end</b>	<b>8,117,496</b>	8,890,653

## Treasury shares

Treasury shares represent shares held by the AXA APH Executive Share Plan which are included in the consolidated figures.

## Shares issued

During the period, AXA APH raised additional capital of \$872 million (net of transaction costs) to strengthen its regulatory capital position and reduce borrowings. The raising consisted of:

- \$500 million institutional placement (175,438,597 new shares)
- \$165 million share purchase plan (58,068,994 new shares)
- \$213 million top up offer (74,618,358 new shares)
- \$6 million of transaction expenses incurred in raising the capital.

In 2008, the company issued 142,601 ordinary shares as part of the acquisition of ipac Securities Limited (acquired in 2002). The shares issued represent deferred consideration payable following the achievement of specified performance targets as at 30 June 2008. The value of the shares issued are determined with reference to the fair value of the shares at the original date of acquisition. No shares have been issued during 2009 as part of the acquisition of ipac Securities Limited.

## Dividend Reinvestment Plan ('DRP')

AXA APH also reintroduced a DRP for the final 2008 dividend payment. Of the \$156 million final dividend, \$51 million was paid in cash and \$105 million participated in the DRP resulting in the issuance of 35,766,786 ordinary shares. The DRP will be available for the 2009 interim dividend.

## Share buy-back

During 2008, AXA APH completed an on-market share buy-back that commenced in 2007. For the year ended 31 December 2008, a total of 4,797,120 shares had been bought back for a total consideration of \$27 million. No shares have been bought back in 2009.

# Notes

to the consolidated financial statements for the half-year ended 30 June 2009

	<b>30 June 2009</b>	30 June 2008
	<b>\$m</b>	<b>\$m</b>

**8. Notes to the Cash Flow Statement**

**Non-cash financing and investing activities**

**New share issue**

Dividend reinvestment plan	105	-
----------------------------	-----	---

Details of the dividend reinvestment plan are contained in Note 3 "Dividends" and Note 7 "Issued Capital".

# AXA ASIA PACIFIC HOLDINGS LIMITED

## Notes

to the consolidated financial statements for the half-year ended 30 June 2009

### 9. Segment Information

The revenue, result, assets and liabilities of each segment includes items directly attributable to the segment and also those items that can be allocated on a reasonable basis. Inter-segment pricing is determined on an arm's length basis. The presentation of these results is the same as that provided to the chief operating decision maker as required under AASB 8.

The Group is organised geographically (primary segment reporting) into three operating divisions as follows:

Australia and New Zealand: life insurance and wealth management

Hong Kong: life insurance and wealth management

Asia ex Hong Kong: life insurance and wealth management in China, Singapore and other Asian regions

The Group operates in the life and wealth management segments which includes life, term, trauma, and income protection insurance, retail funds, wealth management and superannuation.

Income Statement										
6 months ended 30 June \$ million	Australia and New Zealand		Hong Kong		Asia ex Hong Kong		Other		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Premium revenue	408	385	687	536	98	118	-	-	1,193	1,039
Fees and other revenue	344	319	(2)	11	7	7	-	-	349	337
Premium, fees and other revenue	752	704	685	547	105	125	-	-	1,542	1,376
Operating earnings										
Financial protection	47	83	94	61	(8)	(3)	-	-	133	141
Wealth management	20	45	30	18	-	-	-	-	50	63
Mature	21	36	52	55	-	-	-	-	73	91
Total operating earnings	88	164	176	134	(8)	(3)	-	-	256	295
Normalised investment earnings	24	41	45	42	6	7	-	-	75	90
Corporate expenses	(12)	(12)	(15)	(10)	-	-	-	-	(27)	(22)
Executive share plan expenses	-	-	-	-	-	-	(5)	(7)	(5)	(7)
Interest expense	-	-	-	-	-	-	(18)	(25)	(18)	(25)
Amortisation of VBI	(5)	(1)	(9)	(6)	-	-	-	-	(14)	(7)
<b>Profit / (loss) after tax and before investment experience and non-recurring items</b>	<b>95</b>	<b>192</b>	<b>197</b>	<b>160</b>	<b>(2)</b>	<b>4</b>	<b>(23)</b>	<b>(32)</b>	<b>267</b>	<b>324</b>
Investment experience	(74)	(145)	48	(78)	6	(7)	-	-	(20)	(230)
Non recurring items after tax	(14)	-	-	-	37	-	-	-	23	-
<b>Profit / (loss) after tax and non-recurring items attributable to shareholders</b>	<b>7</b>	<b>47</b>	<b>245</b>	<b>82</b>	<b>41</b>	<b>(3)</b>	<b>(23)</b>	<b>(32)</b>	<b>270</b>	<b>94</b>

Balance Sheet								
\$ million	Australia and New Zealand		Hong Kong		Asia ex Hong Kong		Consolidated total	
	June 2009	December 2008	June 2009	December 2008	June 2009	December 2008	June 2009	December 2008
Segment assets	20,635	23,962	12,935	16,336	1,594	1,954	35,164	42,252
Investment in associates	35	35	34	22	184	158	253	215
Consolidation adjustments - assets	(4,258)	(6,841)	(424)	(3,129)	(116)	(364)	(4,798)	(10,334)
<b>Total assets</b>	<b>16,412</b>	<b>17,156</b>	<b>12,545</b>	<b>13,229</b>	<b>1,662</b>	<b>1,748</b>	<b>30,619</b>	<b>32,133</b>
Segment liabilities	15,651	22,009	10,570	10,989	1,365	1,446	27,586	34,444
Consolidation adjustments - liabilities	(754)	(5,153)	(424)	(424)	2	(1)	(1,176)	(5,578)
<b>Total liabilities</b>	<b>14,897</b>	<b>16,856</b>	<b>10,146</b>	<b>10,565</b>	<b>1,367</b>	<b>1,445</b>	<b>26,410</b>	<b>28,866</b>

Operating earnings represents the planned profit margins, including investment earnings (based on long term assumptions) on assets backing policy liabilities. Any non-investment experience items, where actual results differ to best estimate, are recognised in operating earnings.

Normalised investment earnings relate to earnings (based on long term assumptions) on assets in excess of policy liabilities.

Investment experience represents the actual experience under or over normalised investment earnings on both assets backing policy liabilities, to which the shareholder has exposure and on assets in excess of policy liabilities.

## **Notes**

to the consolidated financial statements for the half-year ended 30 June 2009

### **10. Contingencies**

As at the date of this report there have been no material changes to the contingencies reported in the 2008 Financial Report.

### **11. Subsequent events**

There has not been any matter or circumstance that has arisen since the end of the half year that has significantly affected, or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

# Directors' Declaration

For the half-year ended 30 June 2009

The Directors declare that:

- (a) the financial statements and notes set out on pages 4 to 18 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2009 and of the performance for the period ended on that date; and
- (b) there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable;

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



R. H. Allert, AO  
Chairman



A. R. Penn  
Group Chief Executive

Melbourne, 5 August 2009

**Independent auditor's review report to the members of  
AXA Asia Pacific Holdings Limited**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of AXA Asia Pacific Holdings Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the AXA Asia Pacific Holdings Limited Group (the consolidated entity). The consolidated entity comprises both AXA Asia Pacific Holdings Limited (the company) and the entities it controlled during that half-year.

*Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of AXA Asia Pacific Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

**Independent auditor's review report to the members of  
AXA Asia Pacific Holdings Limited (continued)**

*Matters relating to the electronic presentation of the reviewed financial report*

This review report relates to the financial report of the company for the half-year ended 30 June 2009 included on AXA Asia Pacific Holdings Limited's web site. The company's directors are responsible for the integrity of the AXA Asia Pacific Holdings Limited's web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

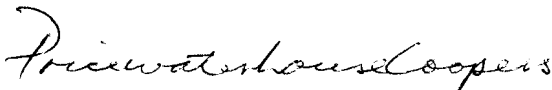
*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

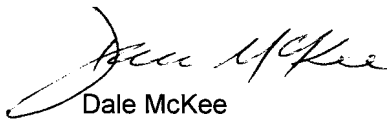
*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of AXA Asia Pacific Holdings Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PricewaterhouseCoopers



Dale McKee  
Partner

Melbourne  
5 August 2009