

7 August 2007

AXA ASIA PACIFIC HOLDINGS LIMITED Results for the six months ended 30 June 2007

AXA Asia Pacific Holdings (AXA APH) today announced an increase of 23 per cent in profit after tax and before non-recurring items to \$374.0 million for the six months ended 30 June 2007 ¹ (six months ended 30 June 2006 – \$303.8 million).

Operating Earnings again grew strongly, up 22 per cent to \$266.2 million (2006 – \$218.0 million).

The Directors have declared an interim dividend of 9.25 cents per share (35 per cent franked), up 23 per cent (2006 – 7.50 cents per share).

Commenting on the results, Group Chief Executive Andrew Penn said:

“These results reflect the strong underlying performance of our business.

“With profit after tax and before non recurring items up 23 per cent and operating earnings up 22 per cent we continue to deliver.

“In Australia and New Zealand, Operating Earnings were up 17 per cent benefiting from strong net inflows, buoyant equity markets and strong claims experience in financial protection. The value of new business ² grew 32 per cent due to strong inflows, which exceeded \$10 billion for the first time and our improved cost to income ratio.

“In July we have seen strong sales of investment products as the money invested in superannuation pre 30 June finds its way into underlying investment funds.

“We are well ahead of trajectory to deliver on the remaining AXA 6 goals for Australia and New Zealand by the end of this year.

“Hong Kong Operating Earnings were up 38 per cent, life new business index was up 37 per cent and the value of new business ³ was up 11 per cent. Following the successful integration of MLC Hong Kong, the integration of Winterthur Life Hong Kong (WLHK) is progressing well and on track to be completed by the end of the year.

“Growth in the rest of Asia continues to accelerate with new business index ⁴ up 86 per cent and the value of new business up 92 per cent.

“We remain on target to deliver our Asia 6 targets by the end of 2008.

“Notwithstanding our recent acquisitions, our balance sheet remains strong with \$785 million capital above our target surplus, and a gearing ratio ⁵ of 33%. In light of our strong capital position we will be increasing our 2007 on-market share buy-back by \$150 million ⁶ to \$400 million.

“Group return on equity increased to 19.8% (2006 – 17.2%).”

(All figures are reported in Australian Dollars unless otherwise stated)

Future outlook

Commenting on prospects for the future, Group Chief Executive Andrew Penn, said

“2007 has already been a very significant year, particularly in Australia.

“Whilst the June quarter saw strong inflows from the 2006 budget changes, these changes will also drive growth into the future. Superannuation has clearly become the preferred long term savings vehicle for Australians and we are well positioned to capitalise on it.

“We will continue to grow our distribution footprint through non-organic initiatives including our Equity Partner programme. For example we have completed 5 deals in the first six months of 2007 with funds under advice of more than \$800 million.

“We are also well positioned in New Zealand as one of the Government’s preferred suppliers for the state sector’s superannuation scheme and default providers for KiwiSaver, which was launched on 1 July. As New Zealand’s largest retail wealth management provider we are also well placed to benefit from the tax reforms to take effect from 1 October which will make mutual fund products more attractive.

“In Asia our growing footprint is a key strength and we are very well positioned in some of the world’s fastest growing insurance and wealth management markets.

“In Hong Kong we will continue to grow our distribution following the successful acquisition of Winterthur Hong Kong. The recently announced bancassurance agreement with Citibank also provides us with a significant growth opportunity.

“In our other Asian operations we continue to accelerate our growth including the expansion of our operations in India, with branches in 25 cities, and China where we have recently been granted two new licences.

“Our balance sheet is strong and we are well positioned to pursue capital management initiatives and acquisition opportunities as they arise.

“Seven years ago we started a journey of substantially improving the performance of AXA Asia Pacific Holdings. Through that process we have developed a culture and reputation as a company that sets clear and challenging targets, communicates them transparently and holds itself accountable for their delivery.

“Having already achieved our overarching AXA 6 goal, AXA 1 and AXA 3, I do not propose to wait until the end of the AXA 6 programme to announce what comes next for Australia and New Zealand. I will be announcing what comes after AXA 6 at our annual strategy briefing on 21 November.”

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Group financials – key points

- Profit after tax before non-recurring items up 23% to \$374.0m (2006 – \$303.8m)
- Operating Earnings up 22% to \$266.2m (2006 – \$218.0m)
- Investment Earnings up 13% to \$166.0m (2006 – \$146.8m)
- Earnings per share (before non-recurring items) up 24% to 21.5 cents (2006 – 17.4 cents). On a normalised basis ⁷, earnings per share (before non-recurring items) up 16% to 17.7 cents (2006 – 15.3 cents)
- Return on average shareholders equity (before non-recurring items) – 19.8% (2006 – 17.2%). On a normalised basis ⁷, return on average shareholders equity (before non-recurring items) – 15.8% (2006 – 14.8%)
- Group funds under management, administration and advice up 9% to \$106.4bn (31 December 2006 – \$97.7bn)
- Strong balance sheet – total debt / equity at 33%, below our target range of 40% - 50%
- \$1,380 million capital above regulatory requirements
- \$785 million capital above internal target surplus after the WLHK acquisition.
- 2007 on-market share buy-back increased by \$150m to \$400m.

Australia and New Zealand – key points

- Operating Earnings up 17% to \$142.8m (2006 - \$121.9m)
 - Wealth management up 18% to \$83.6m (2006 – \$70.8m)
 - Financial protection up 16% to \$59.2m (2006 – \$51.1m)
- Net AXA retail inflows ⁸ up 53% to \$2.2bn (2006 – \$1.5bn)
- Value of new business ⁹ up 32% to \$88.6m (2006 – \$66.9m)
- Funds under management, administration and advice up 10% to \$93.7bn (31 December 2006 – \$85.4bn)
- Funds under advice up 13% to \$9.4bn (31 December 2006 – \$8.3bn)
- Well ahead of required trajectory for AXA 6 goals.

Hong Kong – key points

- Operating Earnings up 38% to HK\$780.0m (2006 – HK\$564.4m)
 - Financial protection up 48% to HK\$690.9m (2006 – HK\$466.5m)
 - Wealth management flat at HK\$69.5m (2006 – HK\$69.8m)
- Total life new business index ^{10, 11, 12} up 37% to HK\$1.1bn (2006 – HK\$0.8bn)
- Value of new business ^{10, 13, 14} up 11% to HK\$469.4m (2006 – HK\$421.7m)
- Funds under management and administration up 9% to HK\$62.7bn (31 December 2006 – HK\$57.7bn)
- Integration of WLHK progressing as planned
- On track to achieve 2008 goals.

Asia (ex Hong Kong) – key points

- Operating Earnings ¹⁵ A\$0.2m (2006 – A\$(2.0)m)
 - South East Asia ¹⁶ A\$9.0m (2006 – A\$2.5m)
 - New Markets ¹⁷ A\$(6.0)m (2006 – A\$0.0m)
 - ipac Asia A\$(2.8)m (2006 – A\$(4.5)m)
- New business index up 86% to A\$161.0m ^{15, 18,} (2006 – A\$86.6m)
- Value of new business up 92% to A\$44.0m ^{15, 18, 19} (2006 – A\$22.9m)
- Funds under management, administration and advice up 19% to A\$3.6bn ^{18, 20} (31 December 2006 – A\$3.0bn).

(All figures are reported in Australian Dollars unless otherwise stated)

ATTACHMENT

AXA APH Group result for the six months ended 30 June 2007

(A\$ million)	6 months to 30 Jun 07	6 months to 30 Jun 06	Change
Operating Earnings			
Australia	116.3	100.6	16%
New Zealand	26.5	21.3	24%
Australia & New Zealand	142.8	121.9	17%
Hong Kong	123.2	98.1	26%
South East Asia ¹	9.0	2.5	>>
New Markets ²	(6.0)	0.0	<<
ipac Asia	(2.8)	(4.5)	38%
Asia	123.4	96.1	28%
Operating Earnings	266.2	218.0	22%
Investment Earnings	166.0	146.8	13%
Corporate expenses	(24.5)	(25.2)	3%
Interest expense	(22.8)	(31.6)	31%
Executive share plan expense	(7.0)	(4.2)	(67)%
Amortisation of value of businesses acquired	(3.9)	-	-
Profit after tax and before non-recurring items	374.0	303.8	23%
Non-recurring items	-	-	-
Profit after tax and non-recurring Items	374.0	303.8	23%

(1) Our share of earnings from Singapore, Indonesia, Philippines and Thailand

(2) Our share of earnings from China, India and Malaysia

AXA Australia and New Zealand

(A\$ million)	6 months to 30 Jun 07	6 months to 30 Jun 06	Change
Wealth management	83.6	70.8	18%
Financial protection	59.2	51.1	16%
Operating Earnings	142.8	121.9	17%
Investment Earnings	66.7	80.1	(17)%
Amortisation of value of businesses acquired	(1.5)	-	-
Profit after tax	208.0	202.0	3%

AXA Hong Kong

(A\$ million)	6 months to 30 Jun 07	6 months to 30 Jun 06	Change
Operating Earnings	123.2	98.1	26%
Investment Earnings	96.3	66.3	45%
Amortisation of value of businesses acquired	(2.4)	-	-
Profit after tax	217.1	164.4	32%

(HK\$ million)	6 months to 30 Jun 07	6 months to 30 Jun 06	Change
Operating Earnings	780.0	564.4	38%
Investment Earnings	609.9	381.6	60%
Amortisation of value of businesses acquired	(15.3)	-	-
Profit after tax	1,374.6	946.0	45%

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- 1 No profit has been taken into account for WLHK for the period between completion on 27 April 2007 and 30 June 2007. The Directors are of the opinion that any profit accrued would be immaterial to the results of AXA APH Group. Profits from the date of acquisition will be included in our full year results
 - 2 For the six months ended 30 June; based on 10.0% risk discount rate, equal to assumed equity return rate
 - 3 For the six months ended 30 June; based on 10.5% risk discount rate, equal to assumed equity return rate; 11.0% for ex WLHK and only includes WLHK since 27 April 2007
 - 4 100% share; regular premiums + 10% of single premiums
 - 5 Ratio of total debt / equity
 - 6 Subject to regulatory approval; to commence upon completion of current share buy-back
 - 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 Excluding flows into AllianceBernstein and cash management trusts
 - 9 For six months ended 30 June; based on 10% risk discount rate, equal to assumed equity return rate
 - 10 Includes ex WLHK since 27 April 2007
 - 11 New regular premiums plus 10% of single premiums (excluding general insurance)
 - 12 Up 26% ex WLHK
 - 13 For six months ended 30 June based on 10.5% risk discount rate, equal to assumed equity return rate; 11.0% for WLHK
 - 14 Up 7% ex WLHK
 - 15 Constant currency basis at average exchange rates over the period; includes ipac Asia
 - 16 Our share of Singapore, Indonesia, Philippines and Thailand
 - 17 Our share of China, India and Malaysia
 - 18 100% share
 - 19 For six months ended 30 June, based on risk discount rates of 11% for Singapore and 15% - 20% for other Asia (ex Hong Kong) operations
 - 20 Based on exchange rates as at 30 June 2007