

3 August 2006

AXA ASIA PACIFIC HOLDINGS LIMITED Results for the six months ended 30 June 2006

AXA Asia Pacific Holdings (AXA APH) today announced an increase of 23.3 per cent in profit after tax and before non-recurring items to \$303.8 million for the six months ended 30 June 2006 ¹ (six months ended 30 June 2005 – \$246.4 million).

Operating Earnings, a key indicator of the underlying performance of the business, again grew strongly, up 20.0 per cent to \$223.0 million (2005 – \$185.8 million).

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

“I am very pleased with another excellent set of results.

“In Australia and New Zealand, the very strong performance over the last few years continued with Operating Earnings up 22.1 per cent to \$121.9 million (2005 – \$99.8 million). We are continuing to benefit from strong fund flows, competitive investment returns, further reductions in our cost to income ratio, and focus on profitable growth. In financial protection we have benefited from good claims experience, particularly from our group life portfolio.

“The value of new business ² was up 32.7 per cent to \$66.9 million (2005 – \$50.4 million), driven by strong flows into platform, superannuation and investment products, and our lower cost to income ratio.

“Hong Kong Operating Earnings grew 16.9% to A\$98.1 million (2005 – A\$83.9 million), benefiting from continued strong sales growth and good inforce persistency. In Hong Kong Dollars, Operating Earnings were up 11.6% to HK\$564.4 million (2005 – HK\$505.7 million). The value of new business ³ was up 34.7 per cent to HK\$421.7 million (2005 – HK\$313.0 million) and excluding the ex MLC Hong Kong business, was up 29.0 per cent.

“The integration of MLC Hong Kong is progressing well and on track to be completed by the end of this year.

“We continued to see strong growth in the rest of Asia. New business index ⁴ was up 26.1 per cent to A\$83.7 million ⁵, and the value of new business grew 19.2 per cent to A\$24.2 million ⁵.

“Group return on equity increased to 17.2% (2005 – 16.7%). We have a strong balance sheet with capital above target surplus of \$623 million, and gearing ⁶ of 32.6% (31 December 2005 – 35.8%).”

The Directors have declared an interim dividend of 7.50 cents per share (30 per cent franked), up 20.0 per cent (2005 – 6.25 cents per share).

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

¹ No profit has been taken into account for MLC Hong Kong Group for the period between completion on 8 May 2006 and 30 June 2006. 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 Based on 10.0% risk discount rate, equal to assumed equity return rate

³ Based on 10.5% risk discount rate, equal to assumed equity return rate; 12.0% for ex MLC HK and only includes MLC HK since 8 May

⁴ 100% share; regular premiums + 10% of single premiums; only includes ex MLC Indonesia since 8 May

⁵ 100% share; translated at average exchange rates for the six months ended 30 June 2006; only includes ex MLC Indonesia since 8 May

⁶ Ratio of total debt / equity

Australia and New Zealand – key points

- Strong growth in Operating Earnings, up 22.1% to \$121.9 million (2005 – \$99.8 million)
 - Wealth management products and platforms up 14.4% to \$50.9 million (2005 – \$44.5 million)
 - Advice businesses up 28.4% to \$19.9 million (2005 – \$15.5 million)
 - Financial protection up 28.4% to \$51.1 million (2004 – \$39.8 million)
- Net retail inflows (excluding AllianceBernstein retail mandates and ex Bank of New Zealand business) up 122.9% to \$1.50 billion (2005 – \$0.68 billion)
- Value of new business ² up 32.7% to \$66.9 million (2005 – \$50.4 million)
- Rolling 12 month value of new business ² up 37.3% to \$131.9 million (2005 – \$96.1 million)
- Funds under management and administration up 8.7% to \$76.5 billion (31 December 2005 – \$70.3 billion)
- Funds under advice up 8.8% to \$6.8 billion (31 December 2005 – \$6.3 billion)
- Continuing to progress well towards AXA 6 goals.

Hong Kong – key points

- Good growth in Operating Earnings, up 11.6% to HK\$564.4 million (2005 – HK\$505.7 million). This does not include any allowance for Operating Earnings from ex MLC Hong Kong business
 - Financial protection up 8.2% to HK\$473.6 million (2005 – HK\$437.9 million)
 - Wealth management up 81.7% to HK\$74.3 million (2005 – HK\$40.9 million)
- Total life new business index ⁷ up 39.2% to HK\$781.2 million (2005 – HK\$561.2 million); up 31.2% ex MLC Hong Kong agents
- Value of new business ³ up 34.7% to HK\$421.7 million (2005 – HK\$313.0 million). Excluding the ex MLC Hong Kong business, the value of new business was up 29.0%
- Rolling 12 month value of new business ³ up 20.0% to HK\$840.8 million (2005 – HK\$700.8 million). Excluding the ex MLC Hong Kong business, the value of new business was up 17.4%
- Funds under management up 7.5% to HK\$51.6 billion ⁸ (31 December 2005 – HK\$48.0 billion)
- Integration of MLC Hong Kong on track
- Progressing well towards Hong Kong 6 goals.

Asia (ex Hong Kong) – key points

- New business index ⁴ up 26.1% to \$83.7 million ⁵ (2005 – \$66.4 million)
- Value of new business ⁹ up 19.2% to \$24.2 million (2005 – \$20.3 million)
- Rolling 12 month value of new business ⁹ up 26.6% to \$43.8 million ^{4, 9} (2005 – \$34.6 million)
- Total premium income up 13.5% to \$402.3 million ⁵ (2005 – \$354.6 million)
- Funds under management up 20.1% to \$2.2 billion ¹⁰ (31 December 2005 – \$1.8 billion)
- Very strong growth in Singapore and China
- Integration of MLC Indonesia on track
- Final regulatory approvals obtained for India and Malaysia – sales expected to start by September
- Progressing well towards Asia 6 goals.

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

⁷ Regular premiums + 10% of single premiums

⁸ After HK\$3.2 billion investment in MLC Hong Kong and HK\$0.2 billion dividend paid to AXA APH

⁹ Based on 11.0% risk discount rate for Singapore, and 16%-20% for other Asia (ex HK) operations; includes ex MLC Indonesia since 8 May

¹⁰ 100% share, translated at exchange rate on 30 June 2006; includes A\$0.2bn funds under management from ex MLC Indonesia

Group financials – key points

- Earnings per share (before non-recurring items) up 23.3% to 17.4 cents (2005 – 14.1 cents). On a normalised basis ¹¹, earnings per share (before non-recurring items) up 1.3% to 15.3 cents (2005 – 15.1 cents)
- Return on average shareholders equity (before non-recurring items) – 17.2% (2005 – 16.7%). On a normalised basis ¹¹, return on average shareholders equity (before non-recurring items) – 14.8% (2005 – 15.7%)
- Group funds under management, administration and advice up 8.8% to \$87.6 billion (31 December 2005 – \$80.6 billion)
- Strong balance sheet – total debt / equity at 32.6%, below our target range of 40% - 50%
- \$1,198 million capital above regulatory requirements
- \$623 million capital above internal target surplus after the MLC Hong Kong / Indonesia acquisition.

Future outlook

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

“Another set of excellent financial results is tangible evidence of the continued progress we are making in our core business of wealth management and financial protection.

“In Australia we are strongly positioned in asset management, product manufacture, platform and adviser services, and in our financial advice business. Market conditions are buoyant and the attractiveness of superannuation for long term savings has been enhanced following the Federal Budget.

“We are also strongly positioned in New Zealand and are optimistic that the forthcoming tax changes and introduction of KiwiSaver in 2007 will return the New Zealand market to growth.

“Our position in Asia is a key differentiator for AXA compared to most of our Australian peers. We are now seeing an acceleration in the rate of our growth organically, through acquisition, and through new business start ups.

“Our balance sheet is very strong and we are well positioned to take advantage of attractive acquisition opportunities should they arise.

“We have a strong platform, we have established a track record of strong performance, and I am confident that we can continue to deliver profitable growth in all our businesses – and continue to produce attractive returns for our shareholders.”

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¹¹ “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

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AXA APH Group result for the six months ended 30 June 2006

(A\$ million)	6 months to 30 Jun 06	6 months to 30 Jun 05	Change
Operating Earnings			
Australia & New Zealand	121.9	99.8	22.1%
Hong Kong and Singapore	101.1	86.0	17.6%
Operating Earnings	223.0	185.8	20.0%
Investment Earnings	146.8	91.2	61.0%
Corporate expenses	(34.4)	(29.7)	(15.8)%
Interest expense ¹	(31.6)	(0.9)	<<
Profit after tax and before non-recurring items	303.8	246.4	23.3%
Non-recurring items	-	-	-
Profit after tax and non-recurring items	303.8	246.4	23.3%

(1) Due to a restructuring of our cross currency interest rate swaps (CCIRS) last year, all profit (and loss) from July 2005 is recorded in reserves, not in the profit & loss account. During the six months ended 30 June 2005, \$25.8 million from these CCIRS was recorded as interest income.

AXA Australia and New Zealand

(A\$ million)	6 months to 30 Jun 06	6 months to 30 Jun 05	Change
Wealth management	70.8	60.0	18.0%
Financial protection	51.1	39.8	28.4%
Operating Earnings	121.9	99.8	22.1%
Investment Earnings	80.1	45.8	74.9%
Profit after tax and before non-recurring items	202.0	145.6	38.7%

AXA Hong Kong

(A\$ million)	6 months to 30 Jun 06	6 months to 30 Jun 05	Change
Operating Earnings	98.1	83.9	16.9%
Investment Earnings	66.3	45.0	47.3%
Profit after tax and before non-recurring items	164.4	128.9	27.5%

(HK\$ million)	6 months to 30 Jun 06	6 months to 30 Jun 05	Change
Operating Earnings	564.4	505.7	11.6%
Investment Earnings	381.6	268.5	42.1%
Profit after tax and before non-recurring items	946.0	774.2	22.2%