Milena Penca
Company Secretary

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22 August 2005

Australian Stock Exchange Limited
Company Announcements Office
20 Bridge Street
SYDNEY NSW 2000

Market Information Services
New Zealand Stock Exchange
ASB Bank Tower
Level 9, 2 Hunter Street
Wellington
New Zealand

Dear Sir/Madam

AXA Asia Pacific Holdings Limited

Attached are materials in relation to the results of AXA Asia Pacific Holdings Limited for the half year ended 30 June 2005, consisting of:

- Appendix 4D
- Financial report and Directors' report for half year ended 30 June 2005 together with the auditor's report
- Investor compendium providing detailed information concerning the results
- Press release
- Presentation slides and speaker notes that will be used in presenting the results today.

This information should be read in conjunction with the most recent Annual Report for the financial year ended 31 December 2004.

Yours faithfully

Milena Penca
Group General Counsel & Company Secretary

Page 1 of 240 pages.

Rule 4.2a.3

Appendix 4D
Half year report

Name of entity:

AXA ASIA PACIFIC HOLDINGS LIMITED

ABN:

78 069 123 011

1 Reporting Period

Half year ended ('reporting period'):

30 June 2005

Previous Half year ended ('previous corresponding period'):

30 June 2004

2 Results for announcement to the market

Overview of results for the 6 month period ended 30 June 2005

Profit after income tax and before non-recurring items for the 6 months ended 30 June 2005 was $246 million (2004 - $181 million).

$m	**6 months June 2005**	**6 months June 2004**
Operating Earnings	**186**	**158**
Investment Earnings	91	67
Corporate expenses	(30)	(29)
Interest expense[1]	(1)	(15)
Profit after tax before non recurring items	**246**	**181**
Fair value movement of derivatives	-	(117)
Profit after tax after non recurring items	**246**	**64**

(1) Net of interest income from cross-currency swaps and other derivatives

Operating Earnings for the Group were 18% higher than last year. Fees from higher funds under management in the Australian wealth management business and growth in the Australian, New Zealand and Hong Kong financial protection portfolios have been the main drivers of this increase.

Investment Earnings for the Group were $91 million, a significant increase from last year. The increase has primarily been driven by a decrease in the US 10 year bond yield of 30 basis points this year compared to a 36 basis point increase last year and a decrease in the Australian 10 year bond rate by 16 basis points this year compared to a 36 basis point increase last year. This has been partially offset by lower growth in international equities this year.

Corporate expenses of $30 million are $1 million higher than last year due to increased development costs in Asia.

The underlying interest expense on corporate debt for 2005 is $37 million. With the transition to the Australian Equivalents to International Financial Reporting Standards (AIFRS) new requirements arise when accounting for derivative financial instruments. All instruments are valued at fair value and booked to the financial statements. There are also rigorous requirements around the documentation of derivative instruments and how each instrument is designated to manage risk. Where all of these requirements are met, the movement in fair value of the derivatives may be booked to reserves. When some of these requirements are not met, the movement in fair values must be booked to the profit and loss account. The underlying interest expense of $37 million is reduced to $1m when the net interest income and fair value movement in the cross currency interest rate swaps hedging our net investment in AXA China Region are included.

For the half year ended 30 June 2004 some fair value movements have been charged to the profit and loss account. This is a non-recurring item as all requirements to enable the movement in fair values to be booked to reserves were met in 2005.

		6 months June 2005 $m	**6 months June 2004 $m**
2.1	Revenue from ordinary activities	2,139	1,741
2.2	Profit (loss) from ordinary activities after tax attributable to members	246	64
2.3	Net profit (loss) for the period attributable to members	246	64
	Dividends (distributions)	Amount per Security	Franked amount Per security
2.4	Interim dividend (proposed)	6.25¢	1.88¢
2.5	Record date for determining entitlements to the dividend	9 September 2005	
2.6	Refer Investor Compendium and Half Year Financial Report for analysis of figures disclosed above.		

3 Net tangible assets per security

	Current period	Previous corresponding Period
Net tangible assets per ordinary security	$1.15	$1.01

4 Entities over which control has been gained or lost

		Control gained	**Control lost**
4.1	Name of entity (or group of entities)	Not applicable	Not applicable
4.2	Date from which control was gained/lost	Not applicable	Not applicable
4.3	Profit (loss) from ordinary activities after tax of the controlled entity (or a group of entities) for the current period on which control was acquired (control gained) or for the current period to date of loss of control (control lost)	Not applicable	Not applicable
4.4	Profit (loss) from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	Not applicable	Not applicable

5 Interim dividends

Date the dividend (distribution) is payable	3 October 2005

		Amount Per Security	Franked amount per security at 30% tax	Amount per Security of foreign Source dividend
Interim dividend:	Current half year	6.25 ¢	1.88 ¢	N/A
	Previous half year	5.25 ¢	0.79 ¢	N/A

	Current Period $A'm	Previous Corresponding $A'm
Ordinary securities *(each class separately)*	109	91
Preference +securities *(each class separately)*	-	-
Other equity instruments *(each class separately)*	-	-
Totals	**109**	**91**

6 Dividend reinvestment plans

Dividend reinvestment plans in operation	Not applicable
The last date(s) for receipt of election notices for participation in any dividend or distribution reinvestment plans	Not applicable

7 Details of associates and joint venture entities

	Percentage of ownership interest held at the end of period or date of disposal		Contribution to net profit / (loss)	
Equity accounted associates and joint venture entities	Current period %	Previous corresponding period %	Current period $A'm	Previous corresponding period $A'm
Alliance Capital Management Australia Ltd and Alliance Capital Management New Zealand Ltd	50%	50%	3	2
Totals	**Not applicable**	**Not applicable**	**3**	**2**
Other material interests	Not applicable	Not applicable	-	-
Totals	**Not applicable**	**Not applicable**	**3**	**2**

Disclosure of the adoption of Australian equivalents to International Financial Reporting Standards

This is the first half year report prepared based on Australian Equivalents to International Financial Reporting Standards (AIFRS). AASB 1 'First Time Adoption of Australian Equivalents to International Financial Reporting Standards' has been applied in preparing this half year report.

Prior to 1 January 2005 financial reports of the Group had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the report for the half-year ended 30 June 2005, management has amended certain accounting, valuation and consolidation methods applied in the previous AGAAP financial reports to comply with AIFRS.

Reconciliations and descriptions of the effects of transition from AGAAP to AIFRS on the Group's equity and profit are detailed below.

Reconciliation of profit under previous AGAAP to AIFRS net of income tax

	31 December 2004 $m	30 June 2004 $m
Total profit under previous AGAAP	**540**	**194**
Gains and losses on derivative instruments taken to the Income Statement as requirements under AIFRS were not in place at transition	74	(124)
Adjustment to record differences in valuation of policy liabilities under AIFRS	(64)	(4)
Recognition of defined benefit pension plan liability using a risk free discount rate	(15)	(2)
Removal of appreciation on property	(11)	(7)
Recognition of fair value of floating to fixed interest rate swaps	9	7
Reclassification of foreign exchange gains on consolidation of the New Zealand statutory fund business previously booked to profit now taken to the foreign currency translation reserve	(9)	(7)
De-recognition of internally generated goodwill	(8)	7
Adjustment to consolidate the AXA APH Executive Share Plan, and record the amortisation of allocation rights issued	(6)	(2)
De-recognition of internally generated franking credits included in market value of subsidiaries	5	3
Other adjustments including de-recognition of selling costs for assets, removal of deferred tax discounting and adjustments to provisions	(1)	(1)
Total profit under AIFRS	**514**	**64**

Reconciliation of equity under previous AGAAP to AIFRS net of income tax

	31 December 2004	30 June 2004	1 January 2004
	$m	$m	$m
Total equity under previous AGAAP	**4,115**	**3,909**	**4,118**
De-recognition of internally generated goodwill	(396)	(381)	(388)
Adjustment to record differences in valuation of policy liabilities under AIFRS	(335)	(275)	(271)
Elimination of cost of Treasury shares held by AXA APH Executive Share Plan	(136)	(136)	(93)
Recognition of defined benefit pension plan liability using a risk free discount rate	(75)	(46)	(64)
Reclassification of minority interest to liabilities	(64)	(64)	(430)
Recognition of fair value of floating to fixed interest rate swaps previously held at cost	(13)	(12)	(19)
Other adjustments	14	2	6
Total equity under AIFRS	**3,110**	**2,997**	**2,859**

Outlined below are the major differences between AGAAP and AIFRS.

1. Goodwill and Excess of Market Value Over Net Assets of controlled entities

Under AGAAP, all assets of a life insurer were held at market value, including investments in subsidiaries. On consolidation this led to the recognition of a separate asset, Excess of Market Value Over Net Assets (EMVONA), where the market value of the subsidiary exceeded the underlying net assets. EMVONA was not amortised but subject to recoverable amount testing. The balance of EMVONA at 31 December 2003 effectively represented acquired goodwill and increments in the value of goodwill since acquisition/establishment.

On transition to AIFRS, the internally generated portion of goodwill has been eliminated, which resulted in a reduction in this asset of $388 million at 1 January 2004 with the remainder classified as goodwill. At 30 June 2004 the reduction was $381 million, being the original amount less an additional $7 million of amortisation, and at 31 December 2004 it was $396 million. Most of the internally generated goodwill was in respect of the investment in AXA China Region.

2. Life insurance policy liabilities

Under AGAAP, policy liabilities of a life insurer were accounted for under AASB 1038 using the Margin on Services methodology. With the introduction of AIFRS, life insurers are required to classify products as either insurance, policies with discretionary participating features, or investment.

Products classified as either insurance or discretionary participating continue to be accounted for under AASB 1038. AASB 1038 has been amended to align with the limited guidance provided in AASB 4 ‘Insurance Contracts’. The most significant modification is the mandated use of a risk free rate to discount policy liabilities whose value is not directly linked to the value of identifiable assets (e.g. annuities, income protection, etc). Previously the expected long term rate of return based on the relevant asset pool to discount these liabilities was used. A liability adequacy test was also introduced to set a minimum level of liabilities for each specific product group.

For those products classified as investment, policy liabilities are accounted for in accordance with AASB 139. When valuing financial liabilities, AASB 139 allows the choice of amortised cost or fair value, with changes in fair value reflected in the Income Statement. The AASB have mandated, through a separate accounting standard, the use of fair value for policy liabilities arising under an investment contract.

In addition deferred acquisition costs are separately identified as an asset, and deferred tax assets have increased reflecting the tax effect of the adjustments to policy liabilities.

3. Share based payments

When allocation rights were issued as part of the AXA APH executive share plan, shares were purchased on market by AXA APH through a trust to ensure a matching of assets and liabilities. Consequently no new shares are issued when allocation rights options are exercised. AGAAP recognised the funding cost on any borrowings to purchase these shares.

Under AIFRS, an expense is recorded for both the AXA APH and AXA SA options granted to employees. This expense will be recognised over the vesting period and is based on the fair value of the options at grant date. This is an accounting entry only and does not represent an economic cost to the company. Net assets remain unchanged as there is a corresponding entry to equity.

The trust that holds these shares for the benefit of employees has been consolidated for the first time under AIFRS. The shares owned by the trust are considered “treasury shares” and are recognised as a reduction in equity. Dividends earned by the trust on shares held are used to fund interest payments on the loan. On consolidation, these intra-group transactions are eliminated.

To avoid future funding costs, some of the 2005 allocation rights and any future allocation rights will be satisfied by options over unissued shares.

4. Pension plan liabilities

Under AGAAP, accounting for defined benefit plans was on a cash basis, recognising expenses when contributions were actually paid or where there was a legal obligation to pay.

With the introduction of AIFRS there have been two main changes. The first is the recognition of the obligation as it accrues, irrespective of the funding arrangements, and the second relates to a requirement that plan liabilities are discounted at a risk free rate. The use of a risk free rate to discount plan liabilities rather than a rate based on expected returns on plan assets significantly increases the calculated liability.

The net liability recorded on transition at 1 January 2004 of $64 million represents the difference between assets, which are valued at fair value, and liabilities of the defined benefit schemes discounted at a risk free rate.

Each period the charge to profit comprises the following components:

- the service cost which is the increase in the final expected settlement an employee expects to receive from an additional period of service.
- the difference between the unwinding of the discount rate used in the liability calculation at the risk free rate and the assumed earning rate

Actuarial gains and losses incurred, when the estimates used in the fair value calculation differ to the actual outcome, are booked directly to reserves.

5. Minority Interest

Under AIFRS the definitions of liabilities and equity are such that where an instrument is redeemable at the holder's option, as is the case with holdings in some unit trusts, the instrument should be classified as a liability. Consequently minority interests have been reclassified as liabilities.

6. Derivative instruments

The Group holds a number of cross currency interest rate swaps as a hedge of its investment in AXA China Region. Under AGAAP, these swaps were recorded at market value with changes being reflected in the foreign currency translation reserve (FCTR) on consolidation. The cash flow interest rate differentials were taken directly to the Income Statement.

Under AIFRS all derivative instruments are recognised at fair value with hedge accounting allowed only where prescribed documentation is in place and effectiveness tests are met. The stringent requirements to enable hedge accounting were not met in 2004. Consequently the movement in fair value of these swaps was booked to the Income Statement.

From 1 January 2005 swaps hedging on the basis of the forward rate are recorded in the Balance Sheet at fair value with any movement taken through the FCTR. Swaps hedging on the basis of the spot rate are recorded in the Balance Sheet at fair value with any movement in the foreign currency component taken to the FCTR, and any movement in the interest rate component taken to the Income Statement.

The Group also holds a series of interest rate swaps (paying fixed US$ and receiving floating US$) to hedge borrowing costs. Under AGAAP, these swaps were accounted for on an accruals basis with no recognition of market value. Under AIFRS, these are cash flow hedges and the fair value of these instruments is recognised with movements taken directly to reserves to the extent they are effective.

7. Investment assets

Under AGAAP, AASB 1038 'Life Insurance Business' required AXA APH to hold all assets related to life insurance business at net market value (with changes in net market value reflected in the Income Statement) while for non-life insurance entities all investments were carried at cost.

Under AIFRS, AXA APH holds all assets at fair value (primarily through the Income Statement) wherever that option is available for those assets that back policy liabilities.

The difference between the two valuation bases is that net market value based on mid price (AGAAP) requires an allowance for anticipated costs on sale, while fair value based on bid price (AIFRS) prohibits this.

8. Foreign currency translation reserve (FCTR)

The Group has taken the exemption offered by AASB 1 'First Time Adoption of Australian Equivalents to International Financial Reporting Standards' not to apply AASB 121 'The Effects of Changes in Foreign Exchange Rates'. Accordingly all cumulative translation differences are set to zero at the date of transition. At the date of transition to AIFRS retained earnings were reduced by $274 million.

Under AIFRS, the foreign currency translation of the Group's New Zealand branch is recorded in the FCTR whereas under AGAAP it was recorded in the Income Statement.

9. Income tax

Under AGAAP, an Income Statement approach was used to calculate deferred taxes. Under AIFRS, a balance sheet approach has been adopted, whereby deferred tax balances are recognised for all temporary differences subject to limited exceptions.

On moving to AIFRS for life insurance entities, deferred tax balances are no longer discounted. This has had a minimal effect.

There are also a number of individual adjustments with associated tax impacts. Deferred tax assets have increased due to the increase in life insurance policy liabilities and the pension plan liability. A reduction in deferred tax liabilities has occurred due to the write-off of EMVONA.

10. Explanation of material adjustments in the cash flow statement

The cash flow statement has been adjusted to reflect differences in the scope of entities included in the consolidated financial statements.

AXA Asia Pacific Holdings Limited

ABN 78 069 123 011

Half Year Directors' Report and
Financial Report
30 June 2005

Contents

Directors' Report

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 2005.

Directors

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

Richard Hugh Allert, AM	Chairman
Arthur Leslie Owen	Group Chief Executive
Paul Ashley Cooper	
Thomas Brian Finn, AO	
Peter Hanbury Masfen	Resigned 13 April 2005
Michael Roy Butler	
Lin Xizhong	
Bruno Jantet	
Anthony Robin Dominic Monro-Davies	

All Directors were in office from 1 January 2005 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 2005 was $246 million (2004 - $64 million).

$Am	**6 months June 2005**	**6 months June 2004**
Operating Earnings	186	158
Investment Earnings	91	67
Corporate expenses	(30)	(29)
Interest expense[1]	(1)	(15)
Profit before non-recurring items	**246**	**181**
Fair value movement of derivatives	-	(117)
Profit after non-recurring items	**246**	**64**

(1) Net of interest income from cross currency swaps and other derivatives.

Operating Earnings for the Group were 18% higher than last year. Fees from higher funds under management in the Australian wealth management business and growth in the Australian, New Zealand and Hong Kong financial protection portfolios have been the main drivers of this increase.

Investment Earnings for the Group were $91 million, a significant increase from last year. The increase has primarily been driven by a decrease in the US 10 year bond yield of 30 basis points this year compared to a 36 basis point increase last year and a decrease in the Australian 10 year bond rate by 16 basis points this year compared to a 36 basis point increase last year. This has been partially offset by lower growth in international equities this year.

Corporate expenses of $30 million are $1 million higher than last year due to increased development costs in Asia.

The underlying interest expense on corporate debt for 2005 is $37 million. With the transition to the Australian Equivalents to International Financial Reporting Standards (AIFRS) new requirements arise when accounting for derivative financial instruments. All instruments are valued at fair value and booked to the financial statements. There are also rigorous requirements around the documentation of derivative instruments and how each instrument is designated to manage risk. Where all of these requirements are met, the movement in fair value of the derivatives may be booked to reserves. When some of these requirements are not met, the movement in fair values must be booked to the profit and loss account. The underlying interest expense of $37 million is reduced to $1m when the net interest income and fair value movement in the cross currency interest rate swaps hedging our net investment in AXA China Region are included.

For the half year ended 30 June 2004 some fair value movements have been charged to the profit and loss account. This is a non-recurring item as all requirements to enable the movement in fair values to be booked to reserves were met in 2005.

Significant changes in the state of affairs

Other than the transitional adjustments required to adopt the Australian Equivalents to International Financial Reporting Standards, there have not been any significant changes in the state of affairs of the consolidated entity during the half year ended 30 June 2005.

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 independence declaration as required by section 307C of the Corporations Act 2001 is set out on page 5.

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.

Signed in accordance with a resolution of the Directors.

R H Allert.   Les Owen

R. H. Allert
Chairman

A.L. Owen
Group Chief Executive

Melbourne, 19 August 2005

Deloitte

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Auditor's Independence Declaration
For the half-year ended 30 June 2005

19 August 2005

Dear Board Members

AXA Asia Pacific Holdings Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of AXA Asia Pacific Holdings Limited.

As lead audit partner for the review of the financial statements of AXA Asia Pacific Holdings Limited for the half-year ended 30 June 2005 I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Peter Caldwell
Partner
Chartered Accountants
Melbourne, 19 August 2005

Consolidated Income Statement

For the half-year ended 30 June 2005

	Note	30 June 2005 $m	30 June 2004 $m
Premiums, fees and other revenue	2	1,149	925
Investment revenue		990	816
Revenues from ordinary activities		2,139	1,741
Claims expense	3	(518)	(345)
Changes in net policy liabilities and policy owner retained profits		(790)	(815)
Commission		(226)	(214)
Operating expenses		(299)	(309)
Expenses from ordinary activities		(1,833)	(1,683)
Share of net profits of associates and joint ventures accounted for using the equity method		3	2
Finance costs		(27)	(22)
Profit before income tax		**282**	**38**
Income tax (expense)/benefit		(36)	26
Profit from continuing operations		246	64
Profit attributable to minority interest		-	-
Net profit after tax attributable to shareholders of AXA		**246**	**64**

Earnings per share	**Cents per share**	**Cents per share**
Basic earnings per ordinary share	14.15	3.68
Diluted earnings per ordinary share	14.03	3.67

The accompanying notes form part of this Financial Report.

Consolidated Balance Sheet

As at 30 June 2005	30 June 2005 $m	31 December 2004 $m
Assets		
Cash at bank and deposits on call	1,644	1,593
Outstanding premiums	109	115
Receivables	308	291
Equity securities	11,347	10,961
Debt securities	12,391	11,935
Property investments	1,274	1,387
Other investments	100	118
Property plant & equipment	61	68
Deferred tax assets	180	215
Intangible assets	1,266	1,266
Deferred acquisition costs	105	106
Other assets	14	7
Total Assets	**28,799**	**28,062**
Liabilities		
Payables	808	812
Current tax liabilities	179	282
Borrowings	566	550
Provisions	96	111
Deferred tax liabilities	349	239
Other liabilities	74	60
Retirement benefit obligations	117	117
Subordinated debt	888	873
Gross policy liabilities	22,089	21,482
Policy owner retained profits	356	426
Total liabilities	**25,522**	**24,952**
Net Assets	**3,277**	**3,110**
Equity attributable to shareholders of the parent entity		
Contributed equity	1,004	1,004
Reserves	(21)	(54)
Shareholders' retained profits	2,294	2,160
Total equity	**3,277**	**3,110**

The accompanying notes form part of this Financial Report.

Consolidated Statement of Recognised Income and Expense

For the half-year ended 30 June 2005

	30 June 2005 $m	30 June 2004 $m
Recognition of actuarial gains and losses of defined benefit superannuation plan	1	20
Revaluation of property	7	7
Increase in fair value of interest rate swaps	8	-
Currency translation differences	15	185
Net income recognised directly in equity	**31**	**212**
Profit for the period	246	64
Total recognised income and expense for the half year	**277**	**276**
Attributable to:		
Members of AXA APH	277	276
Minority interests	-	-
	277	**276**

Reconciliation to movement in total equity

	30 June 2005 $m	30 June 2004 $m
Total equity at beginning of the half year	**3,110**	**2,859**
Total recognised income and expense for the half year	277	276
Dividends paid	(113)	(96)
Elimination of Treasury shares held by AXA APH	-	(43)
Increase in allocation rights reserve	3	1
Total equity at the end of the half year	**3,277**	**2,997**

The accompanying notes form part of this Financial Report.

Consolidated Statement of Cash Flows

For the half-year ended 30 June 2005	30 June 2005 $m	30 June 2004 $m
Cash flows from operating activities		
Premiums received	2,157	1,879
Interest received	373	406
Dividends/trust distributions received	358	171
Fees, rents and other cash received	205	254
Policy payments	(1,928)	(1,490)
Interest and other finance costs paid	(23)	(27)
Income tax (paid)/received	(81)	(18)
Fees and commissions paid	(233)	(213)
Payment to suppliers and employees	(291)	(335)
Net cash provided by/(used in) operating activities	**537**	**627**
Cash flows from investing activities		
Proceeds from sale of/(investment in) operating assets	1	(4)
Net proceeds from sale of/(investment in) equity securities	(248)	192
Net proceeds from sale of/(investment in) debt securities	(323)	(1,836)
Net proceeds from sale of/(investment in) property investments	166	554
Net proceeds from sale of/(investment in) other investments	21	215
Net cash provided by/(used in) investing activities	**(383)**	**(879)**
Cash flows from financing activities		
Dividends paid	(113)	(97)
Repayment of borrowings	-	(25)
Net cash provided by/(used in) financing activities	**(113)**	**(122)**
Net increase/(decrease) in cash held	**41**	**(374)**
Cash at beginning of the half-year	**1,593**	**1,884**
Effect of exchange rate changes on the balance of cash held in foreign currencies at the beginning of the financial half-year	10	47
Cash at the End of the Half-Year	**1,644**	**1,557**

The accompanying notes form part of this Financial Report.

Notes to the Consolidated Financial Statements

For the half-year ended 30 June 2005

1. Summary of significant accounting policies

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

This 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 AXA Asia Pacific Holdings Limited for the year ended 31 December 2004 and any public announcements made by AXA Asia Pacific Holdings Limited and its controlled entities during the period in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the ASX Listing Rules.

Financial reporting framework

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

This is the first interim financial report prepared based on Australian Equivalents to International Financial Reporting Standards (AIFRS). AASB 1 'First Time Adoption of Australian Equivalents to International Financial Reporting Standards' has been applied in preparing this financial report.

Prior to 1 January 2005 financial reports of the Group had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the financial report for the half-year ended 30 June 2005, management has amended certain accounting, valuation and consolidation methods applied in the previous AGAAP financial reports to comply with AIFRS. With the following exemptions taken under AASB 1, comparative figures have been restated to reflect the AGAAP to AIFRS adjustments:

- The Group has taken the exemption available not to apply AASB 3 'Business Combinations' to business combinations prior to the date of transition
- The Group has taken the exemption not to apply AASB 121 'The Effects of Changes in Foreign Exchange Rates' to reset all cumulative translation differences to zero at the date of transition
- The Group has elected not to apply AASB 2 'Share-based Payment' to equity instruments granted on or before 7 November 2002

Reconciliations and descriptions of the effects of transition from AGAAP to AIFRS on the Group's equity and profit are detailed in note 10.

The Group has chosen to apply the revised AASB 119 'Employee Benefits' to the reporting period beginning 1 January 2005. This includes applying AASB 119 to the comparatives in accordance with AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Unless otherwise indicated, all amounts are shown in $million and are expressed in Australian currency.

Principles of consolidation

The consolidated financial report has been prepared so as to reflect the financial position of the AXA Group as a single economic entity. The consolidated financial report comprises the financial statements of AXA APH as the parent entity and the financial statements of all entities which AXA APH has the capacity to control. The financial statements of controlled life insurance entities, comprising policy owner funds and shareholder funds, are also included in the consolidated financial report and are consolidated on a line by line basis. The retained earnings and other reserves attributable to policy owners have been disclosed as part of "Policy owner retained profits" in the consolidated Balance Sheet and profits attributable to policy owners have been disclosed as an operating expense (within "Changes in net policy liabilities" and "Changes in policy owner retained profits") in the consolidated Income Statement. This recognises the separate entitlements of policy owners and shareholders in the life funds of controlled life insurance entities under life insurance legislation. Assets held in life funds are subject to the distribution and transfer restrictions and other requirements of the various life insurance regulators.

Where an entity either began or ceased to be controlled during the financial year, the results are included only from the date control commenced or up to the date control ceased.

Where accounting policies adopted by controlled entities differ from those of AXA APH, the financial reports of those controlled entities have been restated to ensure consistency with the policies adopted by AXA APH, unless the differences are required to comply with other accounting standards or regulations, or the differences are not considered material.

The balances and financial impact of transactions between controlled entities included in the consolidated financial report have been eliminated.

Classification of assets and liabilities
The AXA APH Group operates predominantly in the financial services industry. As such, the assets and liabilities disclosed in the consolidated Balance Sheet are grouped by nature and listed in an order that reflects their relative liquidity.

Tax consolidation

The directors have elected for those entities within the group that are wholly owned Australian resident entities to be taxed as a single entity from 1 July 2003. The adoption of the tax consolidation system has been formally notified to the Australian Taxation Office. The head entity within the tax consolidated group for the purposes of the tax consolidation system is AXA APH.

Accounting for life insurance business
The consolidated group complies with Accounting Standard AASB 1038 'Life Insurance Contracts'. Under AASB 1038 the financial statements must include all assets, liabilities, revenues, expenses, and equity, irrespective of whether they are designated as relating to shareholders or policyowners. Therefore the Group's financial report includes total (combined) statutory and shareholder's funds of any life insurance subsidiaries.

Principles underlying conduct of the life insurance business
The life insurance operations of the consolidated group comprise the selling and administration of life insurance and life investment contracts.

The insurance operations of the consolidated entity are conducted within separate Funds as required by the relevant local laws and regulations, and are reported in aggregate within the Income Statement, Balance Sheet, and Statement of Cashflows.

Life Insurance Contracts
A life insurance contract is defined as a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

Life insurance contracts involve the acceptance of significant insurance risk. Insurance risk is defined as significant if, and only if, an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction).

Life Investment Contracts
Any life insurance products sold that do not meet the definition of a life insurance contract are classified as life investment contracts.

Bundled Contracts
Insurance policy contracts that include both investment and insurance elements are

separated into these two elements and reported accordingly unless the two separated elements cannot individually be measured reliably.

Assets backing policy liabilities
All assets backing policy liabilities are held in statutory funds. Where available in the relevant standard assets backing life insurance business liabilities are recorded at fair value, with any resultant gains or losses recognised in the Income Statement.

Premiums
Premium revenue comprises the revenue component of premium receipts from customers. Premiums relating to life insurance contracts are recognised as premium income in the Income Statement. Other premiums are recognised as income when due from policyholders, except that unpaid premiums are recognised only during the days of grace or where secured by the surrender value of the policy.

All deposit components of life insurance contracts are recognised as changes in policy liabilities.

Premiums for investment account business are recognised on a cash basis.

Claims
Claims expense comprises the expense component of claims payments to customers and relates to life insurance contracts.

Claims in respect of policies remaining in force at balance date are included in policy liabilities.

All withdrawal components of life insurance claims are recognised as changes in policy liabilities.

Investment income
Interest, dividends, distributions and rent are taken to income on a due and receivable basis.

Net realised and unrealised gains and losses are recognised in the Income Statement in the period in which they occur.

Income tax
Income tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect to previous years.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Goods and services tax
Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of GST included.

Derivative financial instruments
Derivatives are valued on a fair value basis, which involves the calculation and recognition of unrealised gains and losses on all current positions. Accordingly the consolidated Balance Sheet reflects all unrealised gains and losses on derivatives.

Derivatives are principally used
(1) as part of investment operations,
(2) to hedge the net investment of AXA China Region, and
(3) to hedge interest rate risk on debt.

Investment operations
The Group uses derivatives as part of its normal investment management procedures. Derivatives are principally used as an alternative to physical assets in

order to achieve a desired level of exposure to various asset classes and as a means to hedge against market movements. Fair value movements of derivatives used in investment operations are taken to the Income Statement.

Net investment hedges
The Group has entered into a series of cross currency swaps to hedge its investment in AXA China Region, and to hedge its borrowings.

For swaps that are hedging on the basis of the spot rate, the movement in the fair value of the currency component of the swap is taken through the foreign currency translation reserve, while the movement in the fair value of the interest component of the swap is taken through the Income Statement.

For swaps that are hedging on the basis of the forward rate the movement in fair value is taken through the foreign currency translation reserve.

Interest rate hedges
The Group has also entered into a series of interest rate swaps to hedge its borrowing costs. These swaps are cash flow hedges with fair value movements recognised in reserves to the extent they are effective..

Non-qualifying hedges
For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the Income Statement.

Cash at bank and deposits on call
Cash at bank and deposits on call includes currency notes, investments in cash management trusts, and other short term money market deposits. They are brought to account at the face value of the outstanding balance. Interest is recognised in the consolidated Income Statement when earned.

Receivables
Receivables include insurance premiums billed but not yet collected, accrued investment income receivable, and reinsurance receivables. These assets are recorded at the cash value to be realised when settled, less any provisions for doubtful debts.

Investments
Investments in associated entities by non life insurance entities are accounted for using the equity method of accounting in the consolidated financial report. Associates are all entities over which the consolidating entity has significant influence but not control, generally accompanying a shareholding of between 20% to 50% of the voting rights.

The investment in the associate is carried in the consolidated Balance Sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The consolidated Income Statement reflects the share of the results of operations of the associate.

The consolidated entity's share of losses in the associate is limited to the investment in the associate unless it has incurred obligations or made payments on behalf of the associate.

Loans to controlled entities, loans to related parties and loans to other parties are recorded at principal amounts outstanding less, where applicable, a provision for doubtful debts.

The investments of life insurance entities and their subsidiaries have been valued as follows:

Equity securities
Ordinary and preference shares, equity options, futures contracts and investments in unit trusts are recorded at their latest available bid price as quoted on stock exchanges or, where the investment is unlisted, with reference to the estimated fair value of the net assets of the respective entity, the most recent published unit prices, or on the advice of suitably qualified valuers.

Associates
Investments in associated entities are recorded at fair value with reference to the life insurance entity's proportionate interest in the market value of each associated entity.

Debt securities
Interest bearing securities and convertible notes listed on stock exchanges are shown at quoted bid prices at balance date. Unlisted fixed interest securities, interest rate swaps, forward rate agreements and

variable interest securities are recorded at valuations based on pricing formulas using rates of interest equivalent to the yields obtainable on comparable investments.

Property
Freehold and leasehold properties, including owner occupied properties, are carried at fair value. Properties are valued on an annual basis by external valuers in accordance with a regular policy of revaluation.

Other investments

Other investments are recorded at fair value at balance date. Depending on the nature of the investment, fair value movements will be taken through either the Income Statement or through the Statement of Changes in Shareholder's Equity.

Plant and equipment
Plant and equipment is carried at cost less accumulated depreciation.

Depreciation is calculated on a straight-line basis so as to write off the net cost of each asset over its expected useful life. The following estimated useful lives are used in the calculation of depreciation:

- computer equipment 3 years
- furniture and fittings 10 years
- office equipment 4 years

Software development costs are capitalised where it is expected that future economic benefits will be derived and are amortised over a period not exceeding three years. Software maintenance costs are expensed as incurred.

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets at acquisition date. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill acquired in business combinations is not amortised, and is tested for impairment. Goodwill is carried at cost less accumulated impairment.

Goodwill is allocated to cash-generating units (CGU) for the purpose of impairment testing. A CGU represents the lowest level for which there are separately identifiable operational cash flows.

Other intangible assets
Other intangible assets are measured initially at cost, being the fair value of the consideration paid plus incidental costs. Intangible assets are amortised on a straight-line basis over the period during which economic benefits are expected to arise, but not exceeding five years.

Impairment of Assets
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

An impairment loss is the amount by which the asset's carrying amount exceeds its recoverable amount. It is recognised as an expense in the reporting period in which it occurs. If the asset had previously been revalued, the previous revaluation is written back, with any excess being expensed.

Borrowings
The carrying value of borrowings represents the amount of outstanding principal and interest. Interest is recognised in the consolidated Income Statement on an accrual basis.

Employee entitlements
Provisions are made for benefits accruing to employees when it is probable that settlement will be required and benefits are capable of being reliably measured. Provisions expected to be settled within twelve months are measured at their nominal value, which is not materially different from the net present value. Provisions which are not expected to be settled within twelve months are measured at the present value of the estimated future cash outflows to be made by the consolidated group.

Superannuation
The consolidated entity has defined benefit and defined contribution superannuation plans. A defined benefit plan defines the amount of benefit that an employee will receive on retirement. A defined contribution plan is a plan under which the consolidated entity pays fixed contributions into a separate entity.

The liability recognised in the balance sheet in respect of defined benefit superannuation plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for past service costs. Independent actuaries calculate the defined benefit obligation annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Australian government bonds (the risk free rate).

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged through the Statement of Changes in Shareholder's Equity as incurred.

For defined contribution plans, contributions are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction on the future payments is available.

Share Based Compensation
The Group operates several share-based compensation plans. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer. The net charge to the Income Statement reflects the probability of achieving market based hurdles and expected lapses.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

No expense is recognised for share options granted before 7 November 2002 and for share options granted after 7 November 2002 that have vested before the date of transition to IFRS. The shares are recognised when the options are exercised and the proceeds received are booked to share capital.

Other Provisions
A provision is recognised when:

- the consolidated entity has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- the amount can be reliably estimated.

Provisions are estimated by discounting expected future payments using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Policy liabilities – Insurance contracts and discretionary participating investment contracts
Policy liabilities relating to contracts where the insured benefit is not directly linked to the market value of the investments are measured at the net present value of future receipts from and payments to policyholders. Measurements are made on the basis of best estimate assumptions using an appropriate discount rate.

Policy liabilities relating to contracts where the policyholder benefit is directly linked to the market value of the investments are measured at the accumulated benefits to policyholders after allowing for the portion of acquisition costs expected to be recouped.

Benefits vested in the policy owner (policy owner's bonus) are treated as an expense and any amount payable at the reporting date is included as a component of policy liabilities.

Policy owner retained profits are amounts that have been allocated to holders of policies with participatory features generally but that have not vested in specific policy owner entitlements as at the reporting date. These amounts are recognised as a separate liability entitled "policy owner retained profits" in the consolidated Balance Sheet.

Policy liabilities – life investment contracts
Policy liabilities relating to life investment contracts are measured at fair value. This represents the value of future contractual payments to policyholders and related expenses adjusted for various risk factors.

Reinsurance and other recoveries
Reinsurance and other recoveries receivable on paid claims, reported claims

not yet paid, IBNR (Incurred But Not Reported), and unexpired risk liabilities are recognised as revenue. Recoveries receivable are assessed in a manner similar to the assessment of outstanding claims. Recoveries receivable are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims.

Outward reinsurance
Premiums ceded to reinsurers are recognised as an expense in accordance with the pattern of reinsurance service received.

Foreign currency translation
Foreign currency transactions are initially translated into the functional currency in the primary economic environment in which that entity operates. The transactions are recorded at the rate of exchange at the date of the transactions. At reporting date amounts payable and receivable in foreign currencies are translated to the presentation currency, being Australian dollars, at rates of exchange current at that date. Resulting exchange differences are brought to account in determining the profit or loss for the year.

Assets and liabilities of foreign controlled entities, whose functional currency is not the Australian dollar, are translated into Australian dollars at rates of exchange current at balance date. Revenues and expenses are translated at the average rate for the year. Exchange differences arising on translation are recognised in the foreign currency translation reserve in the Consolidated Statement of Changes in Equity.

Contributed equity
Ordinary share capital is recognised at the fair value of consideration received by the Company.

Earnings per share
Basic earnings per share is determined by dividing net profit from ordinary activities after tax attributable to shareholders of AXA APH by the weighted average number of shares outstanding during the financial period.

Diluted earnings per share is determined by dividing net profit from ordinary activities after tax attributable to shareholders of AXA APH by the weighted average number of shares outstanding during the financial period, adjusted for the dilutive potential of ordinary shares outstanding during the period.

Segment reporting
A business segment is a group of assets or operations engaged in providing products or services that are subject to risks and returns different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment, and is subject to risks and returns that are different from those of segments operating in other economic environments.

Fiduciary activities
Certain of AXA APH's controlled entities act as trustees or managers for a number of wholesale, superannuation and investment funds and trusts.

The assets and liabilities of these trusts and funds are not included in the consolidated financial report as AXA APH does not have direct or indirect control of the trusts and funds. Commissions and fees earned in respect of the activities are included in the consolidated Income Statement.

Materiality
The materiality of the underlying balances and transactions drives the level of disclosure of information.

Rounding
The financial report is presented in Australian dollars and all values are rounded to the nearest million dollars ($m) unless otherwise stated under the option available to the company under ASIC Class Order 98/100.

2. Analysis of premiums, fees and other revenue

	30 June 2005 $m	30 June 2004 $m
Premium and related revenue		
Premium and related revenue received and receivable	2,171	1,838
Less deposits recognised as an increase in policy liabilities	(1,263)	(1,113)
Premium and related revenue – recognised as revenue	908	725
Fees and other revenue	241	200
Premiums, fees and other revenue	1,149	925

Life insurance premiums are split between their revenue and deposit components. A similar split has been applied to the expense and withdrawal components of life insurance claims (see note 3). The corresponding adjustment to premiums and claims is made to "Changes in net policy liabilities and policy owner retained profits". These adjustments have no profit impact.

3. Analysis of claims expense

	30 June 2005 $m	30 June 2004 $m
Claims		
Claims expense	2,220	1,485
Less withdrawals recognised as a decrease in policy liabilities	(1,702)	(1,140)
Claims – recognised as expense	518	345

4. Dividends

	30 June 2005 $m	30 June 2004 $m
Dividends paid during the half year		
2004 Final dividend of 6.5 cents per share (2003 – 5.5 cents) paid on 4 April 2005 franked to 30% based on a tax rate of 30% (2003 – franked to 20% based on a tax rate of 30%)	113	96
Dividends not recognised at the end of the half year		
2005 Interim dividend of 6.25 cents per share (2004 – 5.25 cents) declared on 22 August 2005 is to be paid on 3 October 2005 franked to 30% based on a tax rate of 30% (2004 – franked to 15% based on a tax rate of 30%)	109	91

5. Segment information

6 Months ended 30 June 2005	Australia and New Zealand	Hong Kong	Singapore	Consolidation adjustments	Consolidated Total
	$m	$m	$m	$m	$m
Revenue					
External segment revenue	1,466	610	63	-	2,139
Inter-segment revenue	412	1	1	(414)	-
Share of net profit of equity accounted associates	5	(2)	-	-	3
Total revenue	1,883	609	64	(414)	2,142
Result					
Profit from ordinary activities before income tax expense	159	123	-	-	282
Income tax (expense) / benefit	(34)	(2)	-	-	(36)
Profit from ordinary activities after income tax expense	125	121	-	-	246

6 Months ended 30 June 2004	Australia and New Zealand	Hong Kong	Singapore	Consolidation adjustments	Consolidated Total
	$m	$m	$m	$m	$m
Revenue					
External segment revenue	1,349	492	74	-	1,915
Non-recurring fair value movement of derivatives (gross of tax)	-	(174)	-	-	(174)
Inter-segment revenue	222	1	4	(227)	-
Share of net profit of equity accounted associates	2	-	-	-	2
Total revenue	1,573	319	78	(227)	1,743
Result					
Profit from ordinary activities before income tax expense	61	93	1	-	155
Non-recurring fair value movement of derivatives (net of tax)	-	(117)	-	-	(117)
Income tax (expense) / benefit	31	(4)	(1)	-	26
Profit from ordinary activities after income tax expense	92	(28)	-	-	64

6. Contingent liabilities and contingent assets

As at the date of this report, there have been no material changes to the contingent liabilities and contingent assets reported in the 2004 Financial Report.

7. Significant items

The following individually significant items have been recognised in the Consolidated Income Statement for the period, net of tax:

	30 June 2005 $m	30 June 2004 $m
Fair value movement of derivatives not deemed to be an effective hedge	-	(117)
Total Significant Items after Income Tax Expense	-	(117)

8. Outside equity interest in controlled entities

	30 June 2005 $m	30 June 2004 $m
Balance at the beginning of the period	-	430
Loss of control in previously controlled entity	-	(427)
Profit attributable to outside equity interest	-	5
Decrease in outside equity interest in other investments	-	(8)
Balance at the end of the period	-	-

During the comparative period, AXA APH sold down units in The Deutsche Wholesale Property Fund (the fund). As a result of the reduced ownership percentage within the fund, AXA APH no longer holds a controlling interest. This has resulted in a $430m reduction in outside equity interest as the Group no longer recognises any outside equity interest in the fund.

Outside equity interest has been reclassified as a liability under AIFRS. Refer to note 10 for further details.

9. 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.

10. Disclosure of the adoption of Australian equivalents to International Financial Reporting Standards

Reconciliation of equity under previous AGAAP to AIFRS net of income tax

	31 December 2004	30 June 2004	1 January 2004
	$m	$m	$m
Total equity under previous AGAAP	**4,115**	**3,909**	**4,118**
De-recognition of internally generated goodwill	(396)	(381)	(388)
Adjustment to record differences in valuation of policy liabilities under AIFRS	(335)	(275)	(271)
Elimination of cost of Treasury shares held by AXA APH Executive Share Plan	(136)	(136)	(93)
Recognition of defined benefit pension plan liability using a risk free discount rate	(75)	(46)	(64)
Reclassification of minority interest to liabilities	(64)	(64)	(430)
Recognition of fair value of floating to fixed interest rate swaps previously held at cost	(13)	(12)	(19)
Other adjustments	14	2	6
Total equity under AIFRS	**3,110**	**2,997**	**2,859**

10. Disclosure of the adoption of Australian equivalents to International Financial Reporting Standards (continued)

Reconciliation of profit under previous AGAAP to AIFRS net of income tax

	31 December 2004 $m	30 June 2004 $m
Total profit under previous AGAAP	**540**	**194**
Gains and losses on derivative instruments taken to the Income Statement as requirements under AIFRS were not in place at transition	74	(124)
Adjustment to record differences in valuation of policy liabilities under AIFRS	(64)	(4)
Recognition of defined benefit pension plan liability using a risk free discount rate	(15)	(2)
Removal of appreciation on property	(11)	(7)
Recognition of fair value of floating to fixed interest rate swaps	9	7
Reclassification of foreign exchange gains on consolidation of the New Zealand statutory fund business previously booked to profit now taken to the foreign currency translation reserve	(9)	(7)
De-recognition of internally generated goodwill	(8)	7
Adjustment to consolidate the AXA APH Executive Share Plan, and record the amortisation of allocation rights issued	(6)	(2)
De-recognition of internally generated franking credits included in market value of subsidiaries	5	3
Other adjustments including de-recognition of selling costs for assets, removal of deferred tax discounting and adjustments to provisions	(1)	(1)
Total profit under AIFRS	**514**	**64**

10. Disclosure of the adoption of Australian equivalents to International Financial Reporting Standards (continued)

Outlined below are the major differences between AGAAP and AIFRS.

1. Goodwill and Excess of Market Value Over Net Assets of controlled entities

Under AGAAP, all assets of a life insurer were held at market value, including investments in subsidiaries. On consolidation this led to the recognition of a separate asset, Excess of Market Value Over Net Assets (EMVONA), where the market value of the subsidiary exceeded the underlying net assets. EMVONA was not amortised but subject to recoverable amount testing. The balance of EMVONA at 31 December 2003 effectively represented acquired goodwill and increments in the value of goodwill since acquisition/establishment.

On transition to AIFRS, the internally generated portion of goodwill has been eliminated, which resulted in a reduction in this asset of $388 million at 1 January 2004 with the remainder classified as goodwill. At 30 June 2004 the reduction was $381 million, being the original amount less an additional $7 million of amortisation, and at 31 December 2004 it was $396 million. Most of the internally generated goodwill was in respect of the investment in AXA China Region.

2. Life insurance policy liabilities

Under AGAAP, policy liabilities of a life insurer were accounted for under AASB 1038 using the Margin on Services methodology. With the introduction of AIFRS, life insurers are required to classify products as either insurance, policies with discretionary participating features, or investment.

Products classified as either insurance or discretionary participating continue to be accounted for under AASB 1038. AASB 1038 has been amended to align with the limited guidance provided in AASB 4 'Insurance Contracts'. The most significant modification is the mandated use of a risk free rate to discount policy liabilities whose value is not directly linked to the value of identifiable assets (e.g. annuities, income protection, etc). Previously the expected long term rate of return based on the relevant asset pool to discount these liabilities was used. A liability adequacy test was also introduced to set a minimum level of liabilities for each specific product group.

For those products classified as investment, policy liabilities are accounted for in accordance with AASB 139. When valuing financial liabilities, AASB 139 allows the choice of amortised cost or fair value, with changes in fair value reflected in the Income Statement. The AASB have mandated, through a separate accounting standard, the use of fair value for policy liabilities arising under an investment contract.

In addition deferred acquisition costs are separately identified as an asset, and deferred tax assets have increased reflecting the tax effect of the adjustments to policy liabilities.

3. Share based payments

When allocation rights were issued as part of the AXA APH executive share plan, shares were purchased on market by AXA APH through a trust to ensure a matching of assets and liabilities. Consequently no new shares are issued when allocation rights options are exercised. AGAAP recognised the funding cost on any borrowings to purchase these shares.

Under AIFRS, an expense is recorded for both the AXA APH and AXA SA options granted to employees. This expense will be recognised over the vesting period and is based on the fair value of the options at grant date. This is an accounting entry only and does not represent an economic cost to the company. Net assets remain unchanged as there is a corresponding entry to equity.

10. Disclosure of the adoption of Australian equivalents to International Financial Reporting Standards (continued)

The trust that holds these shares for the benefit of employees has been consolidated for the first time under AIFRS. The shares owned by the trust are considered "treasury shares" and are recognised as a reduction in equity. Dividends earned by the trust on shares held are used to fund interest payments on the loan. On consolidation, these intra-group transactions are eliminated.

To avoid future funding costs, some of the 2005 allocation rights and any future allocation rights will be satisfied by options over unissued shares.

4. Pension plan liabilities

Under AGAAP, accounting for defined benefit plans was on a cash basis, recognising expenses when contributions were actually paid or where there was a legal obligation to pay.

With the introduction of AIFRS there have been two main changes. The first is the recognition of the obligation as it accrues, irrespective of the funding arrangements, and the second relates to a requirement that plan liabilities are discounted at a risk free rate. The use of a risk free rate to discount plan liabilities rather than a rate based on expected returns on plan assets significantly increases the calculated liability.

The net liability recorded on transition at 1 January 2004 of $64 million represents the difference between assets, which are valued at fair value, and liabilities of the defined benefit schemes discounted at a risk free rate.

Each period the charge to profit comprises the following components:

- the service cost which is the increase in the final expected settlement an employee expects to receive from an additional period of service.
- the difference between the unwinding of the discount rate used in the liability calculation at the risk free rate and the assumed earning rate

Actuarial gains and losses incurred, when the estimates used in the fair value calculation differ to the actual outcome, are booked directly to reserves.

5. Minority Interest

Under AIFRS the definitions of liabilities and equity are such that where an instrument is redeemable at the holder's option, as is the case with holdings in some unit trusts, the instrument should be classified as a liability. Consequently minority interests have been reclassified as liabilities.

6. Derivative instruments

The Group holds a number of cross currency interest rate swaps as a hedge of its investment in AXA China Region. Under AGAAP, these swaps were recorded at market value with changes being reflected in the foreign currency translation reserve (FCTR) on consolidation. The cash flow interest rate differentials were taken directly to the Income Statement.

Under AIFRS all derivative instruments are recognised at fair value with hedge accounting allowed only where prescribed documentation is in place and effectiveness tests are met. The stringent requirements to enable hedge accounting were not met in 2004. Consequently the movement in fair value of these swaps was booked to the Income Statement.

10. Disclosure of the adoption of Australian equivalents to International Financial Reporting Standards (continued)

From 1 January 2005 swaps hedging on the basis of the forward rate are recorded in the Balance Sheet at fair value with any movement taken through the FCTR. Swaps hedging on the basis of the spot rate are recorded in the Balance Sheet at fair value with any movement in the foreign currency component taken to the FCTR, and any movement in the interest rate component taken to the Income Statement.

The Group also holds a series of interest rate swaps (paying fixed US$ and receiving floating US$) to hedge borrowing costs. Under AGAAP, these swaps were accounted for on an accruals basis with no recognition of market value. Under AIFRS, these are cash flow hedges and the fair value of these instruments is recognised with movements taken directly to reserves to the extent they are effective.

7. Investment assets

Under AGAAP, AASB 1038 'Life Insurance Business' required AXA APH to hold all assets related to life insurance business at net market value (with changes in net market value reflected in the Income Statement) while for non-life insurance entities all investments were carried at cost.

Under AIFRS, AXA APH holds all assets at fair value (primarily through the Income Statement) wherever that option is available for those assets that back policy liabilities.

The difference between the two valuation bases is that net market value based on mid price (AGAAP) requires an allowance for anticipated costs on sale, while fair value based on bid price (AIFRS) prohibits this.

8. Foreign currency translation reserve (FCTR)

The Group has taken the exemption offered by AASB 1 'First Time Adoption of Australian Equivalents to International Financial Reporting Standards' not to apply AASB 121 'The Effects of Changes in Foreign Exchange Rates'. Accordingly all cumulative translation differences are set to zero at the date of transition. At the date of transition to AIFRS retained earnings were reduced by $274 million.

Under AIFRS, the foreign currency translation of the Group's New Zealand branch is recorded in the FCTR whereas under AGAAP it was recorded in the Income Statement.

9. Income tax

Under AGAAP, an Income Statement approach was used to calculate deferred taxes. Under AIFRS, a balance sheet approach has been adopted, whereby deferred tax balances are recognised for all temporary differences subject to limited exceptions.

On moving to AIFRS for life insurance entities, deferred tax balances are no longer discounted. This has had a minimal effect.

There are also a number of individual adjustments with associated tax impacts. Deferred tax assets have increased due to the increase in life insurance policy liabilities and the pension plan liability. A reduction in deferred tax liabilities has occurred due to the write-off of EMVONA.

10. Explanation of material adjustments in the cash flow statement

The cash flow statement has been adjusted to reflect differences in the scope of entities included in the consolidated financial statements.

Directors' declaration

The Directors declare that:

a) The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 and comply with applicable Accounting Standards, and having regard to the Accounting Standards, give a true and fair view.

b) In the Directors opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

R. H. Allert
Chairman

A. L. Owen
Group Chief Executive

Melbourne, 19 August 2005

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Independent review report to the members of AXA Asia Pacific Holdings Limited

Scope

The financial report and directors' responsibility
The financial report comprises the balance sheet, income statement, cash flow statement, statement of recognised income and expense, accompanying notes to the financial statements and the directors' declaration for the consolidated entity for the half-year ended 30 June 2005 as set out on pages 6 to 25. The consolidated entity comprises both AXA Asia Pacific Holdings Limited (the company) and the entities it controlled at the end of the half-year or from time to time during the half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review Approach
We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standards AASB 134 'Interim Financial Reporting' and AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards" and other mandatory professional reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Deloitte.

Statement

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:

(a) the Corporations Act 2001, including:

 (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2005 and of its performance for the half-year ended on that date; and

 (ii) complying with Accounting Standards AASB 134 'Interim Financial Reporting' and AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards" and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter A. Caldwell
Partner
Chartered Accountants
Melbourne, 19 August 2005

AXA Asia Pacific Holdings

Investor Compendium

For the six months ended 30 June 2005

ASIA PACIFIC

Be Life Confident

Contents

1.1 Key highlights

AXA Asia Pacific Holdings' profit after tax and before non-recurring items was up 35.8% 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 17.7% to $185.8 million (2004 – $157.8 million).

Following our very good performance over the last two years, we have delivered another strong set of results, further evidence that the repositioning of the business has been successful and that we can sustain attractive growth in shareholder value.

Operating Earnings in Australia and New Zealand grew very strongly, up 31.5% to $99.8 million (2004 – $75.9 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 9.6% in local currency to HK$505.7 million (2004 – HK$461.6 million), driven by continued profitable sales growth.

In China and South East Asia, the value of new business[1] grew 17.8% to A$31.8 million[2]. Group share of new business value was A$17.2 million, which now represents 8% 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 has increased to $632 million and our gearing ratio of 44% is in the middle of our target range[3].

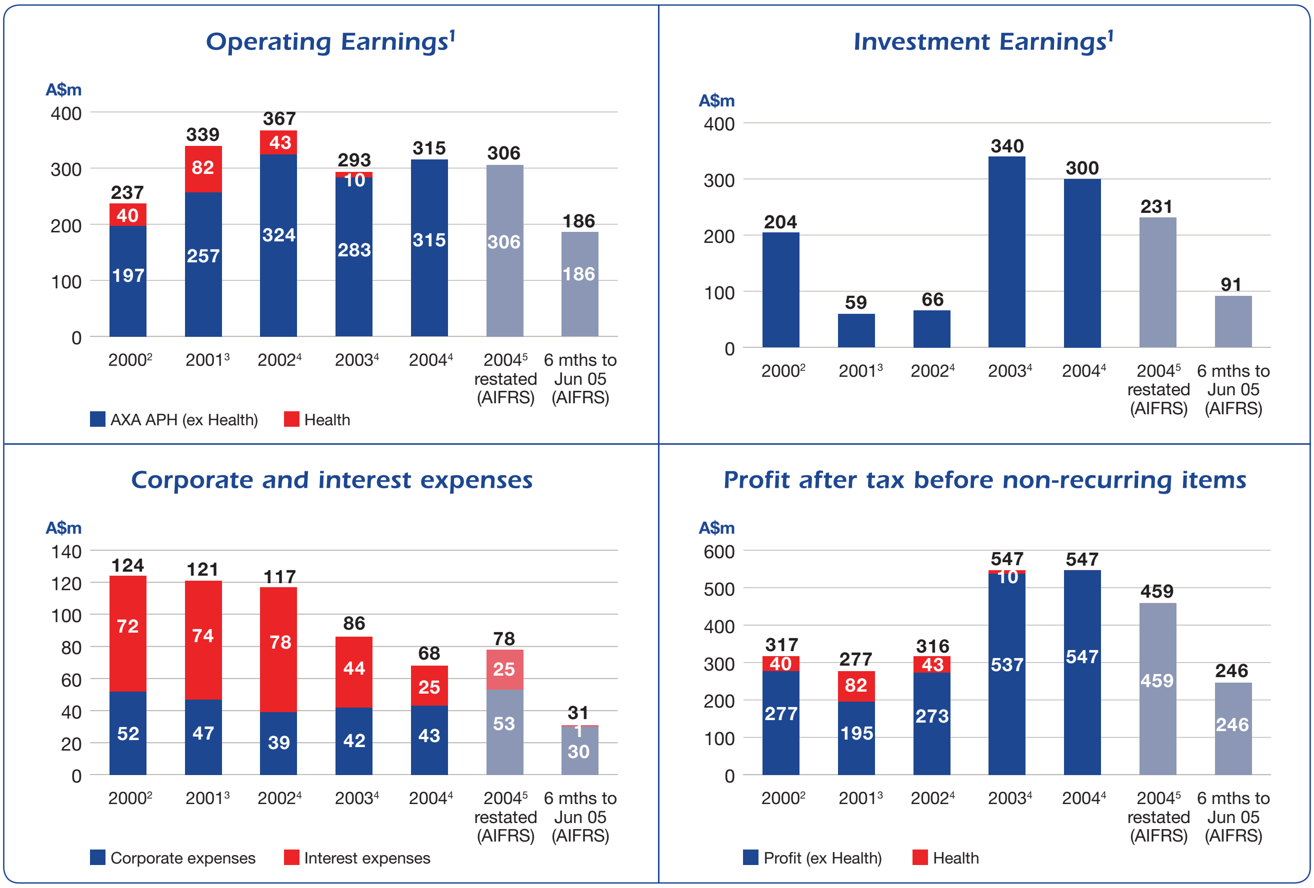
The Directors have declared an interim dividend of 6.25 cents per share (30% franked), up 19% (2004 – 5.25 cents per share).

1 100% share

2 Based on exchange rates 30 June 2005

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

Financial performance 2000 to 2005



1 Investment experience profit / loss on assets backing policy liabilities included in Investment Earnings rather than Operating Earnings. 2003 and 2004 results restated accordingly

2 12 months ended 30 September (audited); investment experience on assets backing policy liabilities included in Operating Earnings rather than Investment Earnings

3 12 months ended 31 December (AGAAP restated, but not audited for 2001); investment experience on assets backing policy liabilities included in Operating Earnings rather than Investment Earnings

4 12 months ended 31 December (AGAAP, audited)

5 12 months ended 31 December (AIFRS, audited)

1 Overview

1.2 The period at a glance

- Profit after tax and before non-recurring items up 35.8% to $246.4 million (2004 – $181.5 million)[4]
- Operating Earnings[5] up 17.7% to $185.8 million (2004 – $157.8 million)
  - Australia and New Zealand up 31.5% to $99.8 million (2004 – $75.9 million)
  - in local currency, Hong Kong up 9.6% to HK$505.7 million (2004 – HK$461.6 million)
  - in Australian dollars ("A$"), Hong Kong and Singapore Operating Earnings up 5.0% to $86.0 million (2004 – $81.9 million)
- Investment Earnings[5] up 35.9% to $91.2 million (2004 – $67.1 million)
  - Australia and New Zealand down 34.1% to $45.8 million (2004 – $69.5 million)
  - Hong Kong and Singapore up to $45.4 million (2004 – $2.4 million loss)
- Corporate expenses up 2.4% to $29.7 million (2004 – $29.0 million)
- Interest expense on net debt up 29.6% to $26.7 million (2004 – $20.6 million)
- Interest and fair value movement on derivatives up 316.1% to $25.8 million (2004 – $6.2 million)
- Group gearing ratio, measured by total debt (debt + hybrid) to equity down to 44.4% (2004 – 45.8%)
- Total Group assets under management, administration and advice up 9.0% to $66.7 billion (31 December 2004 – $61.2 billion).

Australia and New Zealand

- Very strong growth in Operating Earnings
  - 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)
- Net retail inflows (ex cash management trusts) of $1,370.2 million (2004 – $1,639.1 million); Top 5 ranking for net retail flows (based on Plan for Life and ASSIRT data for the 12 months ended 31 March 2005)
- Value of new business[6] 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

- Operating Earnings up 9.6% to HK$505.7 million (2004 – HK$461.6 million)
- New business index[7] 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[8] up 6.3% to HK$287.8 million (2004 – HK$270.8 million)
- Net funds flow of HK$1,845.3 million (2004 – HK$1,889.1 million)
- Funds under management up 5.4% to HK$47.2 billion (31 December 2004 – HK$44.8 billion)
- Aggregate discontinuance rate maintained at 7.9% (2004 – 7.9%), below aggregate long term assumptions in product pricing and illustrative value assumptions
- Continued improvements in productivity with agent average monthly sales up 11.3% to HK$31,940 (2004 – HK$28,702), and AXA Adviser average monthly sales up 8.3% to HK$65,017 (2004 – HK$60,052)
- Good early progress towards Hong Kong 6 aspirational goals.

China and South East Asia

- AXA Life Singapore Operating Earnings up 40.0% to A$2.1 million (2004 – A$1.5 million)
- New business index[8] up 97.8% to A$61.7 million[9,10] (2004 – A$31.2 million)
- Value of new business[11] up 39.6% to A$18.7 million[9,10] (2004 – A$13.4 million)
- Total premium income up 72.5% to A$329.2 million[9,10] (2004 – A$190.8 million)

4 Comparative financial information has been restated to AIFRS for June 2004 (reviewed) and December 2004 (audited)

5 Investment experience profit / loss on assets backing policy liabilities now included in Investment Earnings as "Investment experience – assets backing policy liabilities" rather than Operating Earnings. Prior period results adjusted accordingly

6 Based on 11.0% risk discount rate; 100 basis points above assumed equity return rate

7 Regular premiums plus 10% of single premiums

8 Based on 11.5% risk discount rate, 100 basis points above assumed equity return rate

9 On a constant currency basis, 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 = 0.156166.

10 100% share

11 Based on risk discount rates ranging from 11% – 20% for relevant countries

- Funds under management up 7.3% to A$1.47 billion[9,12] (31 December 2004 – A$1.37 billion)
- Bancassurance joint venture in Indonesia with Bank Mandiri continues to achieve very strong results. We now have financial advisers in 568 bank branches. AXA businesses ranked second in new business market share (three months ended 31 March 2005), up from fourth in 2004
- Very strong growth in Thailand across both agency and bancassurance channels with new business index up 115.0%
- In China, Beijing branch commenced operations in March 2005. New business index in the second quarter of 2005 was up 25.9% compared to the corresponding period last year reflecting success in single premium sales from banks and broker channels, together with early growth in Beijing
- 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.

1.3 Financial summary

Adoption of Australian equivalents of 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 from AGAAP to AIFRS for June 2004 (reviewed) and December 2004 (audited).

A reconciliation between published 2004 AGAAP results and restated 2004 AIFRS results, and between the actual results of the six months ended 30 June 2005 and how the results would have been reported under AGAAP, is provided in section 7.

The key effects of the transition to AIFRS include a reduction in shareholders equity, a small increase to Operating Earnings and a reduction in Investment Earnings due to some items that used to be reported in profit now being booked directly to reserves, and an increase in corporate expenses because of the expense of Executive Share options.

The reduction in net assets primarily relates to the de-recognition of internally generated goodwill and an increase in policy liabilities, the elimination of shares held by the Executive Share Plan, and the discounting of our defined benefit plan obligations at the risk free rate.

In the main, the adjustments do not affect value as they do not change cash flows. However the increase in policy liabilities will increase future profits.

The liability increases occur for three reasons:

- an increase to account balance or surrender value for unit linked business
- the use of a risk free rate being mandated for the valuation of products where the benefits do not depend on future investment returns
- the application of a liability adequacy test to set a minimum level of liability.

As liabilities have increased, the assets earmarked to back these liabilities increased and the assets earmarked to back assets in excess of policy liabilities decreased by the same amount. As a result, future Operating Earnings will increase by the normalised investment return applied to this higher level of assets. Investment Earnings will reduce by the equivalent amount. Investment Earnings will also be affected by some items which are now booked directly to reserves and not profit.

The use of this risk free rate to value products, where the benefits do not depend on future investment returns, at each reporting period will lead to investment volatility. When the bond rate moves, the discount rate to value liabilities changes. If these liabilities are not fully backed by fixed interest assets, investment experience results.

Changes in earnings disclosure

To improve the investment market's understanding of our Operating Earnings, as foreshadowed at this year's strategy presentation we are now reflecting variations from long term assumed investment returns on assets backing policy liabilities (that is, investment experience) in Investment Earnings rather than Operating Earnings. Investment Earnings are split into:

- normalised
- investment experience – assets in excess of policy liabilities
- investment experience – assets backing policy liabilities.

Planned profit margins in Operating Earnings continue to be based on assumed long term investment earning rates.

This change in presentation is designed to:

- more clearly show underlying operating results and trends
- incorporate all volatility arising from fluctuations in investment markets in Investment Earnings.

A detailed financial summary of the last three half-year periods is provided on the following page.

12 Based on exchange rates at 30 June 2005

1.3 Financial summary (continued)

(A$ million, unless otherwise stated)		6 months to / as at 30 Jun 05	6 months to / as at 30 Jun 04	Change	6 months to / as at 31 Dec 04
Financial performance					
Operating Earnings		185.8	157.8	17.7%	148.2
Investment Earnings	▪ normalised	107.7	109.8	(1.9)%	110.1
	▪ investment experience – assets in excess of policy liabilities	(9.0)	(54.9)	83.6%	61.8
	– assets backing policy liabilities	(7.5)	12.2	n/a	(7.8)
Corporate expenses	▪ A&NZ & Group centre	(15.4)	(21.0)	26.7%	(16.0)
	▪ Executive share plan	(2.9)	(2.5)	(16.0)%	(1.6)
	▪ Asian regional costs	(11.4)	(5.5)	(107.3)%	(6.5)
Interest expense	▪ net debt	(26.7)	(20.6)	(29.6)%	(31.3)
	▪ cross currency interest rate swaps	12.6	6.2	103.2%	20.7
	▪ fair value of derivatives	13.2	0.0	n/a	0.0
Profit after income tax and before non-recurring items		**246.4**	181.5	35.8%	277.6
Non-recurring items		0.0	(117.1)	n/a	171.6
Profit after income tax and non-recurring items		**246.4**	64.4	282.6%	449.2
Shareholder returns					
Earnings per share before non-recurring items (cents)		14.1	10.4	35.6%	15.9
Normalised earnings per share before non-recurring items (cents)[1]		15.1	13.1	18.3%	13.0
Earnings per share after non-recurring items (cents)		14.1	3.7	281.1%	25.8
Dividend per share (cents)		6.25[2]	5.25[2]	19.0%	6.50[3]
Dividend franking level		30%	15%		30%
Ordinary shares (million)		1,742	1,740		1,742[4]
Weighted average number of ordinary shares (million)		1,742	1,740		1,741
Return on equity before non-recurring items[5]		16.7%	n/a		15.4%
Normalised return on equity before non-recurring items[1,5]		15.7%	n/a		15.0%
Financial position					
Shareholders' equity (excluding outside equity interests)		3,276.7	2,997.0	228.7%	3,110.3
Subordinated debt and hybrid capital		888.0	944.4	(6.0)%	873.0
Senior debt		565.7	733.2	(22.8)%	555.0
Capital resources (ex outside equity interests)		4,730.4	4,674.6	1.2%	4,533.3
(Debt + hybrid) / equity		44.4%	56.0%		45.8%
Capital					
Solvency reserve		1,177	877	30.6%	971
Additional capital adequacy requirement		942	1,580	(40.4)%	996
Excess assets (including target surplus)		1,267	884	46.9%	1,219
Funds under management, administration and advice					
Funds under management and administration[6]		66,651	57,339	16.2%	61,223
Funds under advice		5,422	4,577	18.5%	5,129

1 Calculated after replacing Investment Earnings with "normalised Investment Earnings" of $108m (1H2005), $110m (1H2004) and $110m (2H2004), adjusted for capital and currency impacts

2 Interim dividend

3 Final dividend

4 Issue of shares to ipac as deferred contingent consideration, in accordance with the sale and purchase agreement dated 19 July 2002

5 On a rolling 12 month basis

6 Those funds double-counted (eg. ACM joint venture funds under management and funds in ipac's multi manager portfolio's that are managed by ACM) are backed out. Hong Kong and South East Asian funds under management and administration are translated at the spot rate as at 30 June 2005

Financial performance

Profit after tax and before non-recurring items was up 35.8% to $246.4 million (2004 – $181.5 million).

The strong growth in Operating Earnings during 2004 continued in the first half of 2005, with Operating Earnings up 17.7% to $185.8 million (2004 – $157.8 million).

Operating Earnings (A$ million)	6 months 30 Jun 05	6 months 30 Jun 04	Change	6 months 31 Dec 04
Australia & New Zealand	99.8	75.9	31.5%	67.2
Hong Kong	83.9	80.4	4.4%	79.3
Singapore	2.1	1.5	40.0%	1.7
Operating Earnings	**185.8**	157.8	17.7%	148.2

Operating Earnings in Australia and New Zealand continued to grow strongly, up 31.5% to $99.8 million (2004 – $75.9 million). Strong gross inflows into our superannuation, advice and platform businesses, and strong investment performance in the second half of 2004 and the first half of 2005 have driven FUM balances higher and generated additional fee income in our wealth management business. Financial protection profits benefited from higher planned profit margins in our individual life business, largely due to growth in the size of the portfolio and favourable revision to mortality assumptions at December 2004. Favourable underwriting experience in our group risk book also contributed to the strong result.

Hong Kong (HK$ million)	6 months 30 Jun 05	6 months 30 Jun 04	Change	6 months 31 Dec 04
Operating Earnings	505.7	461.6	9.6%	455.9

In Hong Kong, Operating Earnings in local currency was up 9.6% to HK$505.7 million (2004 – HK$461.6 million). The key driver for this increase was continued profitable sales growth and a strong focus on expense control, partially offset by higher than normal mortality losses in the first quarter of 2005 due to a severe and more extended winter period than normal in Hong Kong. A 5% increase in average A$/HK$ exchange rates partially offset the increase in local currency profits. When translated into A$, Hong Kong Operating Earnings were 4.4% higher than last year.

Operating Earnings for Singapore were up 40.0% to $2.1 million (2004 – $1.5 million) driven by efficiency gains in our reinsurance arrangements and a reduction of lapse overruns for our investment linked products.

Investment Earnings for the Group were up 35.9% to $91.2 million (2004 – $67.1 million). The main driver of the change from last year is higher Investment Earnings in Hong Kong due to a 30 basis point decrease in US 10 year Treasury yields and 16 basis point decrease in the Australian 10 year bond rates in the first half, compared to a 36 basis point increase in the corresponding period last year in both the Australian and US bond rates. This was partially offset by lower investment experience for assets backing policy liabilities in Australia and New Zealand due to the lower risk free rate being used to value product liabilities under AIFRS. The lower bond rate increases the level of liabilities, and because the asset portfolios for products are not perfectly matched, a decrease in Investment Earnings results.

Investment Earnings (A$ million)	6 months 30 Jun 05	6 months 30 Jun 04	Change	6 months 31 Dec 04
Normalised				
Australia & New Zealand	35.2	34.1	3.2%	33.8
Hong Kong	72.3	75.4	(4.1)%	76.0
Singapore	0.2	0.3	(33.3)%	0.3
Sub-total	**107.7**	109.8	(1.9%)	110.1
Investment experience – assets in excess of policy liabilities				
Australia & New Zealand	9.8	12.3	(20.3)%	14.1
Hong Kong	(18.8)	(67.2)	72.0%	45.0
Singapore	0.0	0.0	0.0%	2.7
Sub-total	**(9.0)**	(54.9)	83.6%	61.8
Investment experience – assets backing policy liabilities				
Australia & New Zealand	0.8	23.1	(96.5)%	6.8
Hong Kong	(8.5)	(10.8)	21.3%	(15.7)
Singapore	0.2	(0.1)	n/a	1.1
Sub-total	**(7.5)**	12.2	n/a	(7.8)
Total Investment Earnings	**91.2**	67.1	35.9%	164.1

Hong Kong (HK$ million)	6 months 30 Jun 05	6 months 30 Jun 04	Change	6 months 31 Dec 04
Investment Earnings	268.5	(15.2)	n/a	605.4

1.3 **Financial summary** (continued)

"Normalised" Investment 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. The decrease in normalised Investment Earnings relative to last year is largely due to a 5% increase in the average A$/HK$ exchange rate.

The long term investment assumptions are:

	Equities	Fixed interest[1]	Property	Cash
Australia & New Zealand	10.00%	5.50%	7.75%	5.50%
Hong Kong	9.50%	5.20%	n/a	2.50%

1 These rates relate to the entire portfolio (US 10 year bonds and corporate bonds)

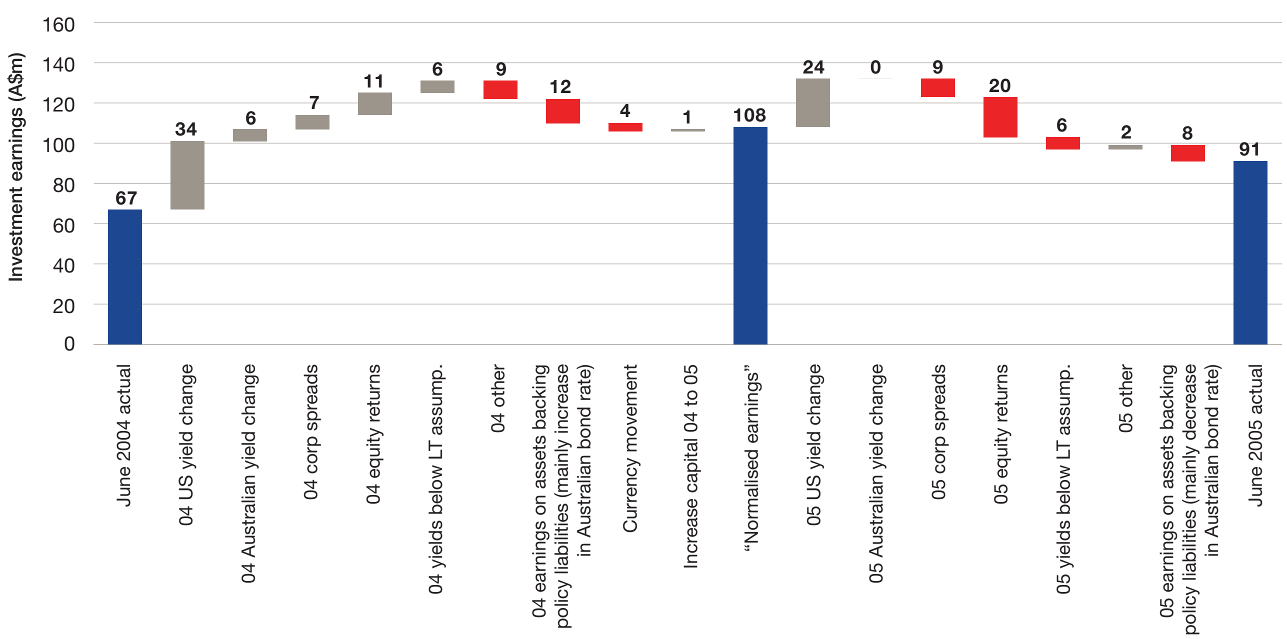
These investment assumptions are consistent with the long term assumptions used in the illustrative value calculations for 30 June 2005. For Hong Kong, the equity return reflects the weighted average of the long term assumption across a number of countries, as shareholder capital is invested in the US, Hong Kong and other countries.

The following graph compares the total reported Investment Earnings for the six months ended 30 June 2004 and 2005 with the "normalised" Investment Earnings.

The key drivers behind Investment Earnings this period being below "normalised" returns were:

- US 10 year Treasury yields remaining below long term constant investment assumption of 5.2%, although this was more than offset by a 30 basis point decrease in US 10 year bond yields (2004 – yields increased by 36 basis points)
- lower growth in international equities compared to long term assumptions. The MSCI World Index (US$) decreased by 0.4% (2004 – 3.8% growth) compared to long term assumed growth of 4.75%
- an 18 basis point increase in corporate spread to 0.98%, leading to a decrease in the market value of AXA Hong Kong's US$ bond portfolio (2004 – increase of 10 basis points). Long term assumed growth is constant
- the decrease in the Australian 10 year bond yield by 16 basis points compared to last years 36 basis point increase which as it is used for the discounting of liabilities at the risk free rate has resulted in variations on assets backing policy liabilities between this year and last year.

AXA APH: Analysis of change in Investment Earnings



Corporate expenses of $29.7 million were $0.7 million higher than 2004.

Corporate expenses for the A&NZ and Group centre are $5.6 million lower than last year due to lower development spend in the first half of the year.

Under AIFRS an additional expense is recorded for the AXA Asia Pacific Holdings (AXA APH) and AXA SA allocation rights granted to employees. This is not an economic cost to the company. This expense is recognised over the vesting period and is based on the fair value of the options at grant date. The executive share plan expense is $0.4 million higher than last year due to the issue of additional options in early 2005.

Asian regional costs are up $5.9 million. These costs predominantly relate to running the Asian regional head office and development costs associated with China, India and our wealth management operations in Singapore and Hong Kong.

Total interest expense of $0.9 million was $13.5 million lower than 2004. Interest paid on net debt was $6.1 million higher than last year reflecting higher US short term interest rates on our US$ floating debt.

Income from our A$/HK$ cross currency interest rate swaps (CCIRS) of $12.6 million, held to hedge our investment in AXA Hong Kong, is $6.4 million higher than last year reflecting favourable interest rate differentials between Australia and Hong Kong. Income also increased compared to last year due to the $13.2 million gain in the fair value movement of derivatives reflecting an $11.1 million gain on our A$/HK$ CCIRS and a $2.1 million gain on other hedges.

The income on the CCIRS of $11.1 million relates to the fair value movement on the CCIRS. This income remains in AIFRS profit if the spot rate is hedged through the CCIRS, which we did until July 2005 when we restructured our CCIRS. Following the restructuring to hedge the forward rate on a fixed HK$ payment, fixed A$ receipt basis, all future movements will go through reserves, not profit. This means items of a similar nature to the $12.6 million and $11.1 million will not be recognised through future profits.

The $2.1 million gain on other derivatives represents the fair value movement on derivative instruments that are not intended to be deemed effective hedges under AIFRS (previously under AGAAP these movements were taken through reserves or held off-balance sheet).

Tax

As previously advised, assessments totalling $127 million have been received from the Australian Tax Office (ATO) in respect of the profit on the sale of AXA Health in 2003. These assessments remain in dispute. The ATO are yet to determine our objections against the assessment. No provision for this amount has been made in the half year accounts based on Senior Counsel's opinion that payment of the tax is unlikely.

The benefit from transitional tax treatment for our non-risk business within National Mutual Life Association (NMLA) ceased on 30 June 2005. Without any mitigating action, Operating Earnings would reduce by $9 million – $10 million for the 2005 year and $18 million – $20 million for 2006 and subsequent years. We have initiatives to fully mitigate the loss of transitional tax relief in 2005 and subsequent years. There will be no noticeable impact on Operating Earnings in 2005. Around 50% of the profit replacement of $18 million – $20 million will come through Operating Earnings in 2006 and beyond. The balance will come through normalised Investment Earnings.

2 Australia and New Zealand

2.1 Operational review

Our strategy in Australia and New Zealand is to be a leader in all parts of the wealth management and financial protection value chain:

- in product manufacturing
- as a provider of services to advisers
- as a direct provider of financial advice

and where possible to integrate those activities over more than one part of the value chain.

Asset management

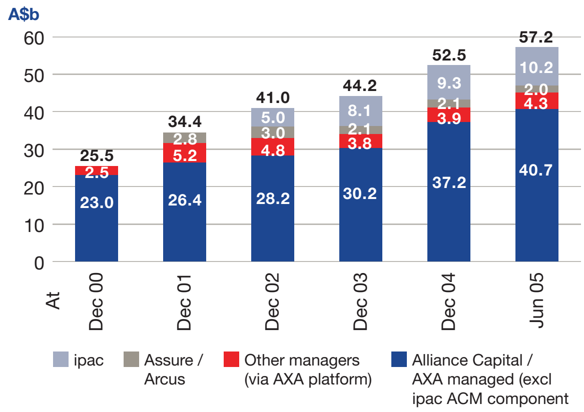
We compete in asset management predominantly through our joint venture with Alliance Capital/Bernstein and have multi-management capabilities through ipac in Australia and Spicers in New Zealand (Arcus).

We have delivered strong investment performance across most of our portfolios, including Australian and global equities (growth and value), direct property, listed property, mortgages and fixed interest (see table below).

Alliance Bernstein was recently awarded Money Management's 2005 "International Equity Fund Manager of the Year" and overall "Fund Manager of the Year". AXA was named Money Management's 2005 "Mortgage Fund Manager of the Year". In addition we received an award for Excellence in Financial Services 2005 for Mortgage Fund of the Year from Personal Investor Magazine.

We have made further strong progress in growing total funds under management and administration (FUM), up 9.0% to $57.2 billion (2004 – $52.5 billion). There has been strong organic growth from both retail and institutional segments.

Funds under management and administration



Notes:

1 ipac December 2003 FUM includes $2.0 billion transferred from AXA retail ($0.8 billion managed by Alliance Capital and $1.2 billion managed by other fund managers)

2 ipac December 2004 FUM includes $2.0 billion managed by Alliance Capital (through ipac multi-manager offer)

3 Assure/Arcus includes $0.5 billion managed by Alliance Capital (through Arcus multi-manager offer)

4 Alliance Capital /AXA managed excludes FUM managed via ipac and Arcus multi-manager offers outlined in (2)

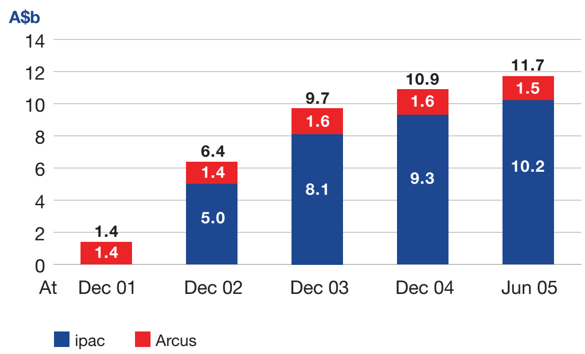
Alliance Capital/Bernstein won tenders for large institutional mandates totalling $2.1 billion. The highly rated Global Equity Growth and Global Equity Value strategies represent 43% of these mandates. We have been successful with the Global Blend investment strategy, with new mandates totalling $907.8 million. The Australian Value fund generated $29 million of institutional inflows with wins in July 2005 of $40 million. We are expecting to launch Alliance's Global Property Securities offer later this year.

	6 months Jun 05		12 months Jun 05		3 years Jun 05		
Fund	Return	Quartile	Return	Quartile	Return	Quartile	Research rating (van Eyk/ASSIRT)
Global Equity – Growth	3.5%	2	0.9%	3	(3.1)%	4	A/4 stars
Global Equity – Value	4.5%	1	7.5%	1	4.1%	1	AA/5 stars
Aust. Equity – Growth	9.4%	1	29.0%	1	13.9%	3	Not rated/3 stars
Aust. Equity – Value	11.7%	1	32.4%	1	n/a	n/a	A/3 stars
Aust. Monthly Income	3.1%	1	6.1%	1	5.9%	1	A/5 stars
Aust. Property Fund	6.4%	2	14.1%	1	12.4%	1	A/4 stars
Selected Equities Trust (NZ)	4.8%	3	21.9%	3	18.6%	2	5 stars (Morningstar)

Source: Morningstar and AXA APH. Returns are before tax and after management fees for Australia, before management fees for New Zealand

In multi-management, we manage approximately $11.7 billion of FUM through ipac investment management in Australia and Arcus in New Zealand.

Multi-manager funds under management



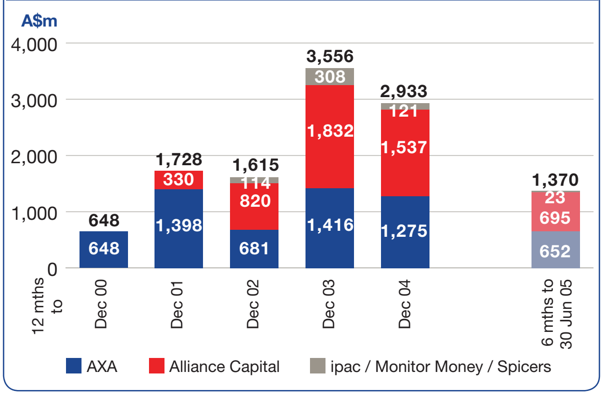
ipac has shown strong growth and is one of the largest retail multi-managers in Australia. ipac's investment management business is well positioned to support the growing demand for multi-manager solutions. In recent years, ipac has built its capabilities to deliver multi-manager products to internal clients such as ipac's retail business, AXA investors in Australia, and AXA businesses throughout Asia. Citigroup Asset Management appointed ipac Investment Services in June 2005 to manage its multi-manager investment portfolios leading to an additional $311 million in funds under management. ipac's FUM includes ipac retail funds and FUM for AXA's Super Directions, Summit Select and Generations products as well as funds managed for institutional investors.

Products

Wealth management – Australia and New Zealand

Net retail funds flow remains strong. By their very nature, large mezzanine investments and mandates won by Alliance Capital tend to be lumpy and hence there will always be some volatility in these flows from one period to another. The recent mandate win from MLC means that there will be significant growth in net funds flow in the second half of 2005, that are not reflected in the results below.

Wealth management – net retail funds flow



Note:

1 Net inflows of $254 million and net outflows of $277 million in relation to terminated Assure third party contracts have been excluded from the 12 months ended 31 December 2002 and 2003 respectively

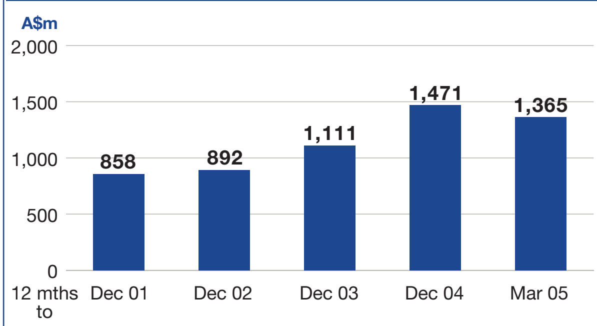
2 Cash management trusts excluded

In New Zealand we are one of three parties to provide services to public employees through the State Sector Retirement Savings Scheme. At 30 June 2005 we had more than 7,800 members with $17.7 million in funds under management. Our market position in personal and business superannuation continues to be 4th[13]. The New Zealand managed retail funds market experienced significant funds outflow in the first quarter of 2005 (NZ$(149.8) million[13]), continuing the trend from 2004.

Market ranking – Australia

We primarily use Plan for Life data as the closest market measure to our AXA 2 definition. The latest Plan for Life data ranked AXA fifth for net retail funds flow for the 12 months ended March 2005. AXA was ranked number one in the ASSIRT survey for the same period.

Plan for Life – AXA Australia net retail funds flow – administrator view



	Dec 01	Dec 02	Dec 03	Dec 04	Mar 05
Rank	10	7	3	5	5
Share of market net flow	3.4%	5.5%	14.9%	9.2%	8.5%

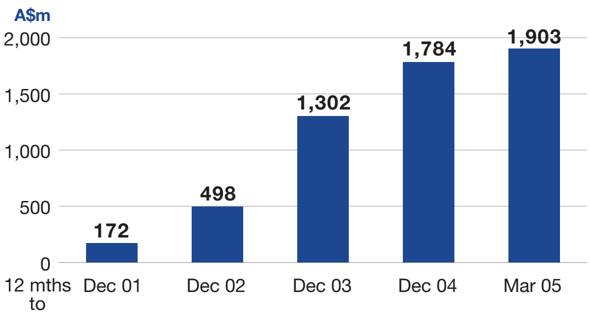
Plan For Life have amended their historical data to include Assure and ipac. The above data excludes Assure and ipac for periods up to 1 January 2002 and 1 October 2002 respectively.

13 Source: Morningstar March 2005

2 Australia and New Zealand

2.1 Operational review (continued)

ASSIRT – AXA Australia net retail funds flow



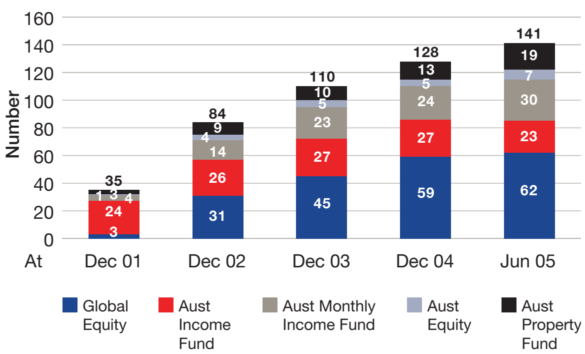
	Dec 01	Dec 02	Dec 03	Dec 04	Mar 05
Rank	19	8	2	2	1
Share of market net flow	1.0%	4.5%	16.2%	11.5%	12.7%

In the September quarter 2003, ASSIRT added AXA's platforms (Summit, Assure and ipac iselect) to the retail section of their report. This is in line with competitors such as ING/ANZ, Commonwealth/Colonial and Skandia

Listings on approved product lists in Australia

Growth in international equity managed funds remained strong with greater penetration of approved product lists and platform investment menus, and strong research house ratings. We now have 62 global equity product entries on the top 50 external dealer group approved product lists and 47 global equity product entries on the top 10 external master trust product lists.

AXA managed fund entries in top 50 external dealer group product lists in Australia



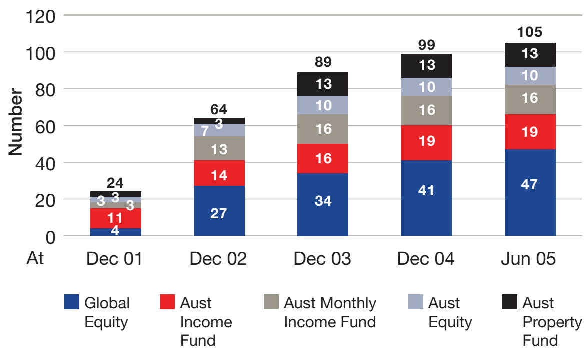
Note: Top 50 dealer groups at December 2004 per Rainmaker/Money Management information, excluding AXA networks (AXA Financial Planning, Charter and ipac).

The improved penetration of the Australian Property Fund reflects the 4 star ASSIRT rating and the 'A' rating from van Eyk together with our introduction of daily processing in November 2004. The two new listings for our Australian Equity product in June 2005 are attributable to the performance (returns of 30.2% for the 12 months to 31 May 2005, 6.7 basis points above the benchmark) and van Eyk upgrade to an 'A' rating for the Bernstein Australian Value Fund.

The Australian Income Fund has been replaced with the Australian Monthly Income Fund on the product list of five dealer groups.

We have a significant opportunity, given our recent strong performance in Australian Equities, to increase our penetration of external dealer group and master trust product lists and grow sales.

AXA managed fund entries in the top 10 external trust product lists in Australia



Note: Top 10 external master trusts excluding Summit as at 30 June 2005

Financial protection – Australia and New Zealand

In July 2005 AXA Australia launched a new product offer, a dual branded single suite of products. We have completely reviewed our premium rates structure with the aim of our products being in the top quartile of the market for our targeted market segment. In addition, we have improved both our claims and underwriting processes. We expect that this will further strengthen our financial protection sales.

AXA New Zealand is continuing repricing activities in line with the market offer launched at the end of 2004. Our focus is on profitability and sales growth via the broker channel. We are considering further product enhancements in 2006.

Platforms

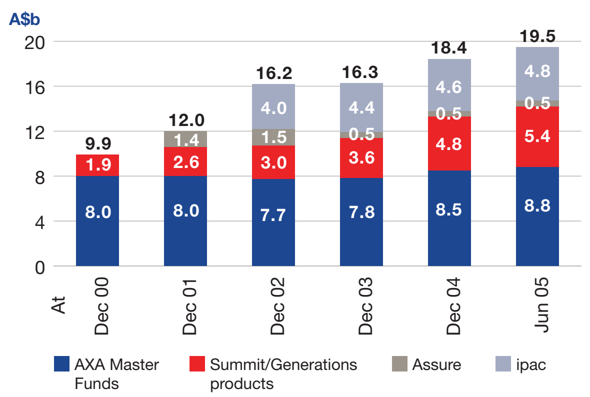
Our major initiative of 2004, the launch of AXA Generations, has been very successful with inflows of $313 million for the first half of 2005. Our positioning of a 'light' functionality master trust platform on the same technology platform as our full service portfolio administration service has been very well received and supported by financial advisers. Most of these flows are new business to AXA, and do not represent funds moved from other AXA products.

To further build on this successful approach we have introduced a 'nil commission' version of Generations, allowing advisers the flexibility to charge a fee for service. Very importantly we continued to experience strong gross flows into Summit during the first half of 2005 of $515 million (2004 – $493 million).

Work will also be done to further improve the advisers' platform experience, in particular adding margin lending capability to Generations and improving the share trading experience within Summit.

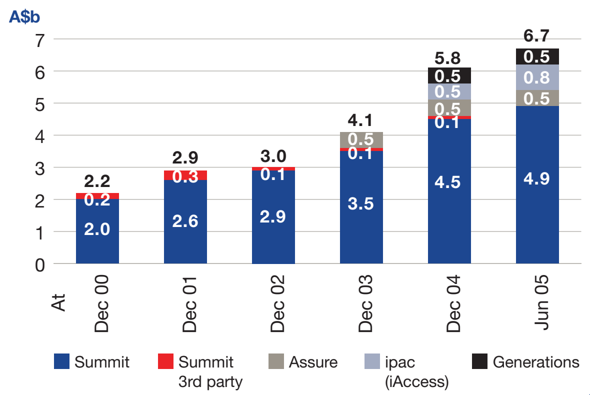
Platform funds under administration continued to grow, up 6.0% to $19.5 billion (31 December 2004 – $18.4 billion).

Master trusts, platforms and wraps – funds under administration



Funds under administration on the Summit platform totalled $6.7 billion as at 30 June 2005, with 35% of funds under administration now on Summit (31 December 2004 – 32%).

Summit platform – funds under administration



The total Summit funds under administration of $6.7b differs to the chart "Master trusts, platforms and wraps" showing Summit product as $5.4b. This is due to $0.8b of ipac funds and $0.5b of Monitor Money funds, which are administered on Summit, being shown as part of ipac and Monitor Money respectively in the "Master trusts, platforms and wraps" chart, rather than as part of Summit.

Adviser services

We provide services and distribute our products through three main channels, AXA aligned advisers, advisers aligned to other manufacturers, and self-licensed financial advisers.

Our strategy includes growing sales by offering advisers products and support services. Advisers aligned to the AXA network in Australia through Charter Financial Planning and AXA Financial Planning are offered support services including compliance, training, practice management, technical advice, research and technology. Self-licensed advisers can also utilise these services through our Jigsaw offer.

The quality of our adviser services is demonstrated by the fact that 93% of the Australian aligned network rated our dealer services 'satisfactory', 'very satisfactory' or 'excellent' in the 2004 Cognitive survey, an independent survey commissioned by us.

We deliver support in the field through our business development managers (BDMs), who focus on product and marketing support, and our practice development managers, who support the adviser in developing their professional practices. Telephone-based BDMs complement the activity of the field sales force.

Reflecting the strength and quality of our field and sales support staff, we had the largest number of finalists placed in the 2005 Money Management/Tribeca BDM of the Year Award with 6 of the 24 finalists. Two AXA BDMs were state winners (Victoria and Queensland).

In 2005, we launched the AXA Institute of Learning. We have packaged various learning modules for advisers to provide a clear pathway to meet their development needs. Our expanded learning offer of 133 modules has seen a sharp uptake in enrolments, with approximately 3,690 attendances in the first half of the year. The formal learning modules are also supplemented by a wide range of professional development sessions conducted three times a year for our aligned advisers.

In September 2005 we are rolling-out an interactive computer disk that allows clients access to an adviser Internet site managed by us. This allows the client direct access to, among other things, our Financial Services Guide, client questionnaires, the Quality Advice booklet and various calculators. An extremely successful pilot was run earlier this year with 100% take-up by all clients who were offered this facility. We have introduced the concept of a Certified Quality Advice Practice award to recognise practices that provide outstanding quality advice.

2 Australia and New Zealand

2.1 Operational review (continued)

In June 2005, AXA New Zealand launched the Advancing Business Change (ABC) adviser support and services package. As part of ABC, we apply a consistent set of criteria across our aligned practices. Resources and support are allocated to practices in accordance with the value they represent to us. This programme also serves to prepare practices for the likely implementation of a compliance regime in New Zealand.

AXA adviser networks

Australia

At 30 June 2005 we had 917 advisers (2004 – 928) in our financial advice network across Australia. A network of this size and quality provides AXA with a significant strategic advantage. We continue to see strong growth in sales generated by our aligned network. Sales were 38% above the same period last year.

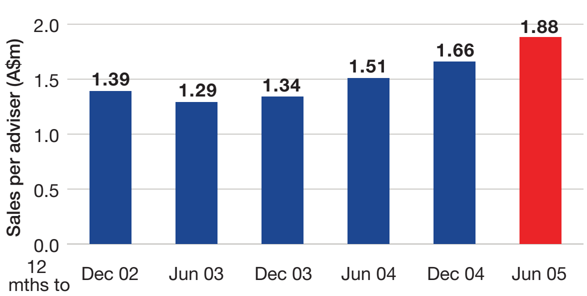
Australia Number of advisers at	30 Jun 05	31 Dec 04	30 Jun 04	Change June to June
Charter	425	419	403	5.5%
AXA Financial Planning	452	486	486	(7.0)%
Jigsaw[1]	40	40	39	2.6%
Total AXA Australia advice networks	917	945	928	(1.2)%

1 Advisers operating in self licensed practices under their own brand and using the licensee services provided by AXA Financial Planning under contractual agreements

As a result of our strategy to improve the quality of our financial advice network, we have seen a reduction in the number of advisers in the first half of the year. We recruited 69 new advisers, and 97 advisers left our network, of which 39 joined competing dealer groups.

The productivity of the remaining aligned advisers was up 24.5% to $1.88 million new business sales (excluding transitions from external platforms) per adviser per month (2004 – $1.51 million). The advisers that left our network had an average productivity 50% below our network average.

Wealth management sales productivity in Australia



A key component of our strategy to recruit high quality advisers into our financial advice network is the Discovery programme under which we package client registers to provide initial cash flow, and a leads base for new advisers. Since its launch in 2003, the Discovery programme has attracted 92 advisers producing total wealth management sales of $418 million including $193 million for the six months ended 30 June 2005. This amounts to 21% of total wealth management sales through our aligned channel for the first half of 2005. The programme continues to attract high calibre advisers with 10 additional advisers recruited in July.

Activities over the next 6 to 18 months are focussed on our offer to advisers. We are in the process of reviewing standard terms, in particular to comply with stage nine of the Federal Government's Corporate Law Economic Reform Program (CLERP 9) and the IFSA/FPA voluntary code of conduct. We plan to increase support for succession planning and growth initiatives across our adviser network.

New Zealand

At 30 June 2005 AXA New Zealand had 340 advisers and agents, up 9.3% (2004 – 311).

Number of advisers at	30 Jun 05	31 Dec 04	30 Jun 04	Change June to June
Aligned advisers and agents[1]	340	325	311	9.3%

1 2004 restated

We have continued our campaign to increase sales from independent risk brokers. As a consequence, the number of registered brokers dealing with us in New Zealand has increased from 757 at the end of 2004 to 843 at 30 June 2005. We also have relationships with 155 independent financial planners.

Services to other adviser networks and self-licensed financial advisers

In Australia we provide a range of value-added services to the advisers of external networks as a way of building loyal and enduring commercial relationships, including:

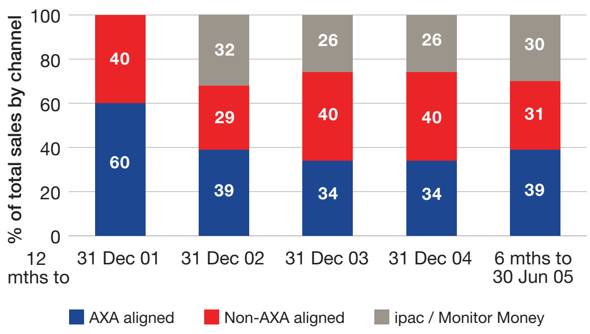
- adviser sales training
- business and practice management coaching
- partnership programmes
- professional development and technical training events.

Our offer of business and practice management coaching to self-licensed advisers includes a business diagnostic review programme. This programme involves a review of the business strategy and business management, provides peer benchmarking and recommendations on improvement of the client experience. At 30 June 2005 there were 12 diagnostic reviews for self-licensed advisers in progress.

By offering individual coaching as well as scheduled courses, we have been able to strengthen relationships with external advisers as they recognise the value of sustaining long-term business partnerships that are mutually beneficial to both parties.

Our increased penetration of external adviser networks, together with the growth of our advice business, has resulted in a diversified and balanced distribution footprint in Australia.

Australia – sales by channel (single premium wealth products)



The non-AXA aligned channel represents a lower proportion of sales in part due to high growth in sales from our aligned network. In addition there was a reduction in the level of non-aligned sales. This was primarily attributable to a third party distribution channel ending their support of one of our mortgage funds (Australian Monthly Income Fund) in favour of their in-house product. After adjusting the 2004 comparative for the discontinued Australian Mortgage Income Fund sales, sales from our non-aligned network were up 9% against the six months to 30 June.

Advice businesses

A key part of our wealth management strategy is to be a leading participant in the advice segment of the value chain. Through direct involvement in advice, AXA can:

- be a leader in this growing part of the value chain
- access the advice margin
- protect upstream product margins by being in a strong position as power shifts toward the end customer
- participate and influence the commercialisation of the advice market from its cottage industry positioning.

As at (A$ million)	30 Jun 05	31 Dec 04	30 Jun 04	Change June to June
Funds under advice				
ipac	**3,724.1**	3,400.0	2,954.5	26.0%
Monitor Money	**571.7**	572.7	503.5	13.6%
Spicers	**1,125.7**	1,155.9	1,119.4	0.6%
Total	**5,421.5**	5,128.6	4,557.4	19.0%

Funds under advice growth has been assisted by the strong performance of investment markets.

The AXA advice business has been built up over recent years through the purchase of large, national advisory networks in Australia and New Zealand – ipac, Spicers and Monitor Money – and will expand further when we move to full ownership of Tynan Mackenzie in 2006.

The Equity Partnering acquisition programme at ipac is providing immediate benefits with this group of businesses delivering strong inflows for the six months ended 30 June 2005. ipac works with these businesses to improve their operations and embed the ipac advisory process before moving to full ownership when the principals retire.

In May, ipac finalised the integration of its Chatswood based equity partner into ipac's Sydney office. Integration into an ipac office, where appropriate, is the final stage of an equity partner deal. This business has around $300 million in funds under advice. ipac also made two small acquisitions in the first half of 2005. Growing market awareness of ipac's succession planning solutions for smaller planning practices is creating a pipeline of future opportunities.

At Monitor Money, inflows have improved year on year. To complement Monitor Money's existing range of products, advisers have begun using AXA's Summit platform, and AXA Generations for clients who need a low cost solution. A new advice package for Self Managed Superannuation Funds was launched in the first half of 2005 giving Monitor Money advisers a strong offer to capitalise on this growing market need following the introduction of Superannuation Choice. The package has proved popular with accountants and trustees who work closely with Monitor Money advisers providing new business opportunities.

Relocation and amalgamation of Monitor Money Adelaide and the practice acquired at the end of 2004 has commenced. The result will be a business of greater scale ($210 million in funds under advice) in one office enabling costs to be better managed and presents opportunities for expansion.

Spicers inflows fell year on year and outflows remain high. The market environment remains difficult in New Zealand. To combat this difficult environment, Spicers is developing high yield and tax effective products for launch in the second half of 2005 as well as expanding its advice offerings beyond investment products. Recent proposed changes to New Zealand's savings and tax regimes should improve the market environment over the medium term.

Spicers plan to increase the rate of migration of funds from acquired advice businesses in 2004 to help offset 2005 fund outflows. There are significant projects under way to address adviser sales and remuneration structure issues that have inhibited new sales growth. Improvements to product and platform offerings will increase client services and investment flexibility to help retain more business.

2 Australia and New Zealand

2.1 Operational review (continued)

Number of advisers at	30 Jun 05	31 Dec 04	30 Jun 04	Change June to June
Australia				
ipac – salaried advisers	35	34	37	(5.4)%
ipac – other advisers[1]	52	56	56	(7.1)%
Monitor Money	21	21	21	0.0%
Total Australia	108	111	114	(5.2)%
New Zealand	53	61	63	(15.9)%
Total Australia & New Zealand	161	172	177	(9.0)%

1 Includes advisers employed by businesses operating under a partnering agreement with ipac

Adviser numbers are lower but recruitment strategies have now been accelerated to improve the situation.

At ipac, the number of salaried advisers is ahead of the December 2004 total but down slightly year on year. In a competitive market, ipac is having some success with its recruitment strategies and will continue to focus on attracting quality advisers. ipac has introduced a technology solution that enables faster production of financial advice (Statements of Advice). This increases adviser productivity.

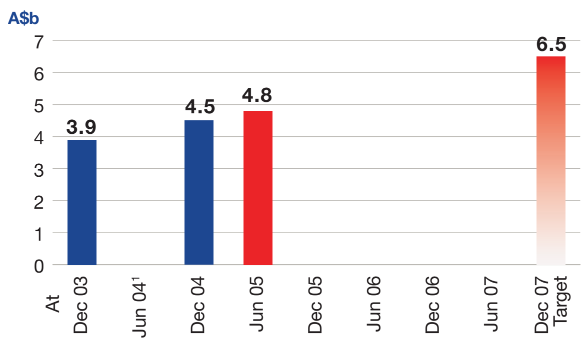
Adviser numbers are flat at Monitor Money as the business consolidates. Spicers adviser numbers are down due to a number of retirements. In these instances, clients have been transitioned to other advisers.

AXA 6 progress

Illustrative enterprise value up 6.9%[14]

The over-arching goal of our AXA 6 programme is to increase enterprise value by 65% by the end of 2007. Progress to date has been encouraging.

Illustrative enterprise value



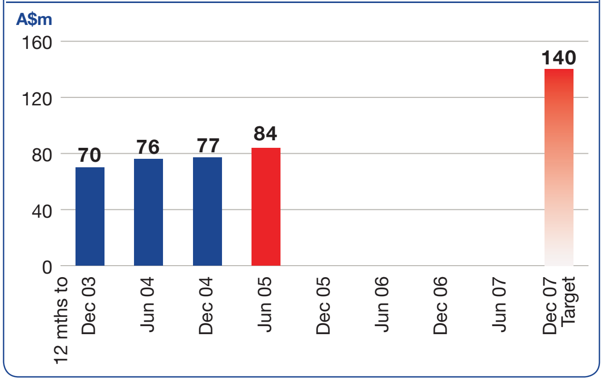
Note: this chart is illustrative only for tracking progress

1 This was not released to the market

AXA 1 – To double the value of new business

AXA 1 is measured as the present value of future profits generated from the new business that we write, including additional sales on existing policies. The factors used to calculate AXA 1 are updated at least every half year to reflect any changes in price, cost performance, etc. AXA 1 excludes the value of automatic policy increases as this does not represent "new" business activity. These are included in the embedded value.

AXA 1 Value of new business[1]



1 Based on constant assumed risk discount rate of 11.0% as outlined at start of AXA 6

AXA 1 for the 12 months to June 2005 was up 8.9% to $84 million (31 December 2004 – $77 million). This was driven by strong growth in the platform and investment management business.

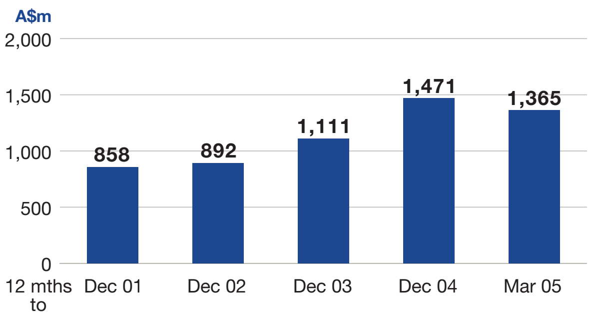
AXA 2 – To be consistently in the top 5 in net retail fund flows

AXA 2 is a measure of net funds flow generated from retail customers into our products and platforms where we receive a profit margin. AXA 2 excludes cash management trusts but includes Alliance Capital mandates sourced from retail fund of fund and multi-manager arrangements. We primarily use Plan for Life data as the closest market measure to our internal AXA 2 definition.

The latest Plan for Life data ranked AXA fifth for net funds flow for the 12 months ended March 2005. AXA was ranked number one in the ASSIRT survey for the same period.

14 Illustrative only for tracking progress. Before dividends and transfers to net worth. Mid-point of range based on 11% discount rate, 7x FP VNB, 15x WM VNB; and 10% discount rate, 12x VNB, 20x WM VNB

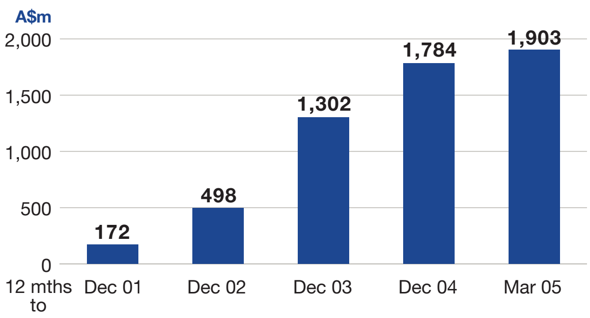
Plan for Life – AXA Australia net retail funds flow – administrator view



Rank	10	7	3	5	5
Share of market net flow	3.4%	5.5%	14.9%	9.2%	8.5%

Plan For Life have amended their historical data to include Assure and ipac. The above data excludes Assure and ipac for periods up to 1 January 2002 and 1 October 2002 respectively.

ASSIRT – AXA Australia net retail funds flow



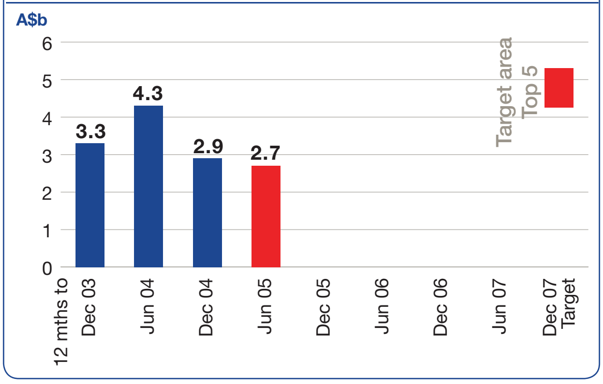
Rank	19	8	2	2	1
Share of market net flow	1.0%	4.5%	16.2%	11.5%	12.7%

In the September quarter 2003, ASSIRT added AXA's platforms (Summit, Assure and ipac iselect) to the retail section of their report. This is in line with competitors such as ING/ANZ, Commonwealth/Colonial and Skandia.

AXA 2 net flows for the 12 months ended 30 June 2005 were $2.7 billion. The major difference between our internal measure and the definition used by ASSIRT and Plan for Life is that we include retail mandates managed by Alliance Capital.

AXA 2 net flows are a little down on the previous period mainly because large "one off" retail mandate wins for Alliance Capital, which are lumpy in nature, in the previous period were not repeated to the same extent. 2004 also benefited from strong inflows into the Australian Monthly Income Fund through a third party distribution channel, which ceased in 2005. Excluding these flows, our net retail inflows would be up 5.1%.

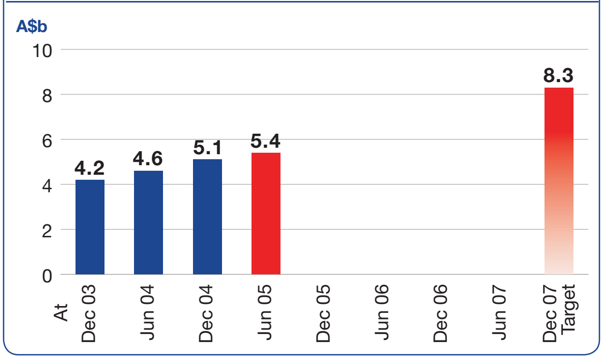
AXA 2 Net retail funds flow



AXA 3 – To double funds under advice

AXA 3 measures the growth from our advice businesses, where we obtain the advice margin. A key part of our wealth management strategy is to operate in all elements of the retail wealth management value chain including equity ownership of firms.

AXA 3 Funds under advice

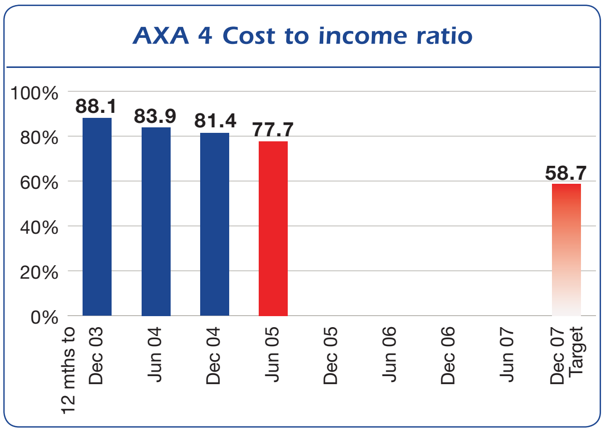


AXA 3 funds under advice was up 5.9% to $5.4 billion (31 December 2004 – $5.1 billion) driven by strong growth in ipac.

AXA 4 – To reduce the cost to income ratio by one third

The cost to income ratio (on a rolling 12 month basis) reduced to 77.7% (31 December 2004 – 81.4%) due to a 4.4% increase in income whilst overall expenses decreased by 1.0%. Wealth management FUM, particularly business and personal super FUM, increased considerably as a result of strong net fund flows and positive market conditions. Group risk and individual life income have also exhibited strong increases in income.

2.1 Operational review (continued)

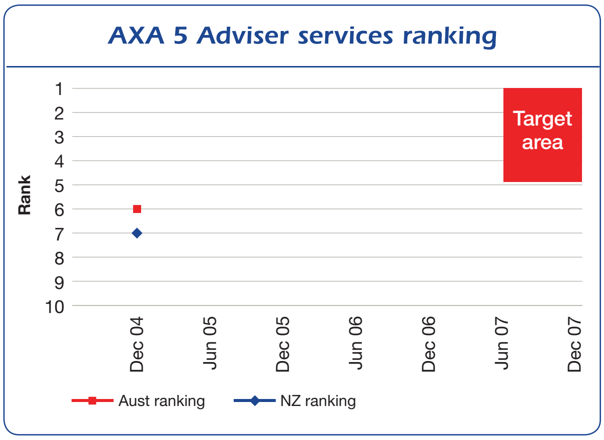


It is important to note that AXA 4 is not directly comparable to the published cost to income ratios of many other financial services companies. There are some differences between how we measure cost to income and how many others look at this measure:

- our definition of income **excludes** Investment Earnings, as these are volatile, not directly under management control, distort the underlying trend in cost performance and depend on the amount of capital held. Investment Earnings have little to do with cost management
- our definition of costs **excludes** commission to advisers but includes all other costs (ie. recurring management expenses, development expenses, GST, commission related expenses and investment management fees)
- our income is on an **after** tax basis. Some companies use income **before** tax. Others gross up net income to a before tax basis using a notional rate of tax.

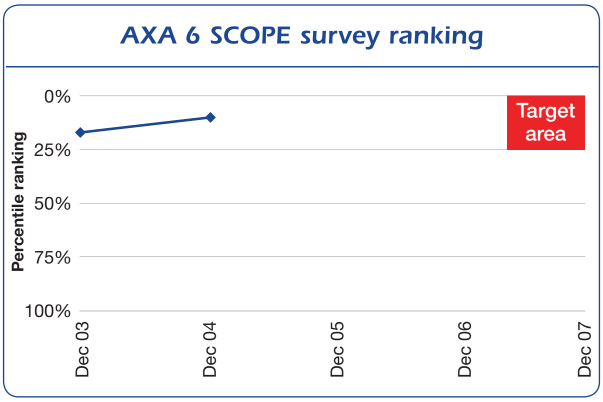
AXA 5 – To be consistently in the top 5 in service to advisers

AXA 5 measures our service levels to advisers, and is based on a survey undertaken by the research firm WA Taylor. The results for 2005 will not be released until the end of this year.



AXA 6 – Be consistently in the top quartile in the AXA Group SCOPE Survey

AXA 6 is based on the AXA Group SCOPE Survey and measures the level of employee engagement compared with other global AXA Group companies. Our objective of achieving a top quartile ranking among the global AXA Group for overall employee engagement was achieved in 2004. The 2005 AXA Group SCOPE Survey will be conducted later this year.



Looking forward

Both financial protection and wealth management continue to offer attractive opportunities for growth. More people will look for advice in the future as well as effective ways of implementing that advice. We are well positioned to meet these needs and participate in all parts of the value chain.

Member Choice

The introduction of choice in superannuation is both a threat and an opportunity for AXA. We have a large book of business superannuation. Some employees are no longer locked into these products and are free to move their current accumulation to the fund of their choice. It is expected that members with larger balances are most likely to have an active interest in their superannuation and exercise their choice. Our activities will continue to focus on retention of high value members through promotion of the benefits that members of business superannuation plans enjoy. These benefits include reduced asset management fees and access to automatic acceptance levels for insurance.

We have worked on easing the administrative burden that the legislation is likely to cause employers by implementing a 'clearing house' service that allows employers to make contributions to multiple superannuation funds in one on-line transaction. This is now considered a basic requirement for business superannuation providers. We are actively targeting our larger business superannuation plan employers to encourage them to sign up to our on-line service. This has benefits for both the employer and AXA. Firstly it is a more efficient manner for employers to submit their contributions and secondly our previous experience suggests that we have higher retention rates for employers utilising our on-line service.

We will also target our personal superannuation members who currently do not have their compulsory employer Super Guarantee contributions directed to AXA. The legislation now allows these members to instruct their employer to direct their compulsory employer contributions to their personal superannuation product.

We have developed a range of initiatives to manage the impact of the Choice legislation. These include a new market-leading self-managed superannuation offer, an enhanced group insurance offer, a version of Generations that has no in-built trail commission, and an improved superannuation fund rollover process for members leaving an employer plan. These initiatives are on track for launch later this year.

Whilst there is not a consistent view across the industry on the impact of Choice, we estimate that about 10% of members eligible for Choice will switch funds over the next 12 to 24 months. This switching will lead to some attrition from corporate superannuation, with flows into personal retail and self managed superannuation funds. Over the same period, we expect a significant number of in-house corporate superannuation funds to outsource to public offer funds due to licensing requirements of the Financial Services Reform Act. Both of these dynamics create opportunities for both business superannuation and personal superannuation sales.

Managed funds

In Wealth management our single biggest opportunity is in Australian equities. Whilst sales of our international equities products have been strong, we are yet to really penetrate the Australian equities sector. Our recent Australian equities investment performance has been strong, with the growth fund rating in the first quartile and the value fund rating in the first quartile over the past twelve months. Following van Eyk's decision to award the value fund an 'A' rating, we expect to see an improvement in Australian equities flows.

We continue to see growth opportunities for the ipac multi-manager business, with sales sourced through SUMMIT, Generations, AXA advice businesses and retail mandates.

In July, MLC announced that it had awarded a mandate for an additional 23% of its global equity funds to Alliance Bernstein. These inflows will be included in our third quarter flows.

Financial protection

We are focussing our efforts on addressing the large underinsurance gap identified through our marketing and development research. This research concluded that Australians are approximately 75% underinsured, translating into a potential industry opportunity of about $3.5 billion in income protection premiums and more than $4 billion in life premiums.

In July we launched our new Individual Insurance Market Offer 2005 which offers a more competitive product at a more consistent price position. We are not aiming to be the cheapest, just make sure that our offers are in the top five consistently. This will make AXA financial products an attractive package for advisers to offer clients. We are confident that the Market Offer 2005 will grow our financial protection market share on a profitable basis.

Platforms

Platforms are already our fastest growing retail product. We expect this growth to continue and for AXA to benefit from the scale benefits this growth will bring. Growth in platform sales also make a significant contribution to our managed fund flows, in particular to multi-manager products.

Advice

While we are already achieving rapid growth, we will continue to look to build scale in our advice businesses. We have a successful model for acquiring and integrating adviser practices into our existing advice businesses and will continue to explore inorganic growth opportunities as they arise.

New Zealand

Workplace Superannuation continues as a key strategic theme for AXA New Zealand; a strategy that is supported by recent New Zealand government moves to invigorate employee retirement savings through the KiwiSaver proposal.

Spicers is developing new tactical high yield and tax effective products for launch in the second half of 2005 as well as expanded advice offerings to clients. Plans are under way to continue to increase the rate of migration of client funds acquired from practices in 2004 to help offset 2005 funds outflows.

2 Australia and New Zealand

2.2 Financial summary

Operating Earnings were up 31.5% driven by growth in both our wealth management and financial protection businesses.

(A$ million)	6 months 30 Jun 05	6 months 30 Jun 04	Change	6 months 31 Dec 04
Operating Earnings				
Wealth management	61.5	42.5	44.7%	43.1
Financial protection	38.3	33.4	14.7%	24.1
Operating Earnings	**99.8**	75.9	31.5%	67.2
Investment Earnings				
▪ normalised	35.2	34.1	3.2%	33.8
▪ investment experience				
– assets in excess of policy liabilities	9.8	12.3	2.2%	14.1
– assets backing policy liabilities	0.8	23.1	(96.5)%	6.8
Investment Earnings	**45.8**	69.5		54.7
Profit after income tax and before non-recurring items	**145.6**	145.4	0.1%	121.9
Non-recurring items	0.0	0.0	n/a	0.0
Profit after income tax and non-recurring items	**145.6**	145.4	0.1%	121.9

Wealth management Operating Earnings were up 44.7% to $61.5 million (2004 – $42.5 million). Higher funds under management and advice in our investment management, advice and superannuation businesses increased fee revenue relative to last year. Last year's result for retirement income included capitalised losses following the strengthening of annuitant mortality assumptions.

Financial protection Operating Earnings were up 14.7% to $38.3 million (2004 – $33.4 million). This increase was predominantly due to higher planned profit margins in individual life reflecting growth in the size of the portfolio, a favourable revision to mortality assumptions in December 2004, and favourable underwriting experience in group risk.

Investment Earnings were down 34.1% to $45.8 million (2004 – $69.5 million) primarily due to a reduction in the discount rates used to value product liabilities driven by falling Australian bond yields. This reduced investment returns from assets backing policy liabilities.

(A$ million)	6 months 30 Jun 05	6 month return[1]	6 months 30 Jun 04	6 month return[1]
Assets backing shareholder funds				
Equities	14.3	5.2%	16.2	5.9%
Fixed interest	12.3	2.5%	7.8	1.6%
Property	0.5	5.9%	1.5	3.7%
Cash	3.1	2.6%	3.3	1.8%
Sub-total portfolio assets	**30.2**	**3.2%**	28.8	2.9%
Other assets	14.8		19.1	
Foreign currency translation	0.0		(1.5)	
Investment Earnings on assets in excess of policy liabilities	**45.0**		46.4	
Investment experience – assets backing policy liabilities	0.8		23.1	
Total Investment Earnings	**45.8**		69.5	

1 Weighted percentage return based on average portfolio mix as at 30 June 2005 and 30 June 2004 respectively

Investment Earnings on portfolio assets increased largely due to a 16 basis point decrease in Australian 10 year bond rates (2004 – 36 basis point increase). Earnings on "other assets" primarily relates to after tax investment earnings following the recapitalisation of New Zealand. Foreign currency translation was $1.5 million higher than last year resulting from a realised loss in 2004 on the value of proceeds from the sale of our interest in AXA Investment Managers.

Profits from assets backing policy liabilities of $0.8 million were $22.3 million lower than last year. The key driver of the decrease compared to last year is lower investment experience in our income protection business due to changes made to the discount rate used to value product liabilities.

Under AIFRS we are required to value certain product liabilities at the risk free rate. Where assets are not perfectly matched to liabilities this results in profit volatility. Bond rates fell 16 basis points in the six months to 30 June 2005, meaning a reduction in the discount rate and an increase in the liability resulting in a reduction in Investment Earnings. This compares to a 36 basis points increase in bond rates for the six months to 30 June 2004, which had an opposite impact.

Management expenses

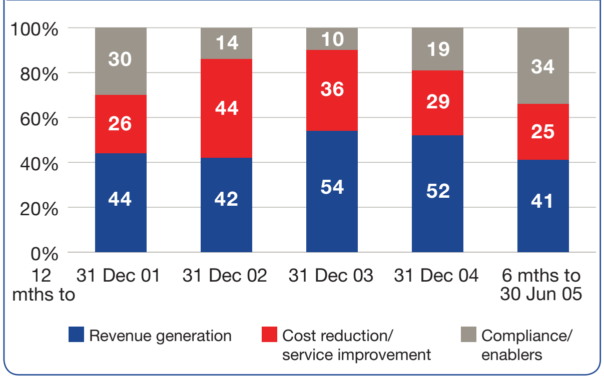
(A$ million)	6 months 30 Jun 05	6 months 30 Jun 04	Change	6 months 31 Dec 04
Recurring management expenses[1]	165.7	164.5	(0.7)%	167.6
Development expenses[1]	37.3	39.8	6.3%	49.7
Total management expenses	**203.0**	**204.3**	**0.6%**	**217.3**
Total commission and related expenses	124.4	115.8	(7.4)%	155.0
Total expenses	**327.4**	**320.1**	**(2.3)%**	**372.3**

1 $3 million of client retention expenditure has been transferred from development to recurring management expenses in 2005. The 2004 numbers have been restated to also reflect this.

Total expenses of $327.4 million were 2.3% higher (2004 – $320.1 million), whilst recurring management expenses of $165.7 million were 0.7% higher (2004 – $164.5 million).

Development spend was 6.3% lower in the first half. We do not expect this percentage reduction to continue through the second half. Total commission and related expenses were 7.4% higher reflecting increased new business.

Development expenditure by initiative



The adoption of International Financial Reporting Standards and legislation such as Member Choice, Government Co-contribution, and Safety in Super have led to an increase in compliance related projects. Consequently the proportion of our development spend on both revenue generation and cost reduction initiatives have reduced.

2.3 Financial performance – Wealth management

General market conditions

There is conflicting evidence of how the industry is performing compared to the same period last year. Some of the data and reports in the media suggest that net funds flow for the last year are well up on the previous year. However, we believe that much of this is due to a reduction of outflows for some fund managers.

Looking at the top 10 fund managers in ASSIRT reports shows that net funds flow in the March 2005 quarter was down on the March 2004 quarter.

One of the reasons for this is the reduction in retirement income product sales. Large inflows into annuities occurred before the September 2004 deadline to enable people to benefit from the asset means test benefits.

The removal of the superannuation surcharge has resulted in people on larger incomes delaying pre-tax lump sum payments until the start of the 2005 / 2006 financial year.

Member Choice in Superannuation has also resulted in reduced sales across the industry as people have held off making any changes to corporate super funds until the new legislation is in effect and its impacts better understood.

The growth in funds under management, administration and advice for the industry has most likely been driven by reduced outflows (after allowing for transfers between old and new products) for some fund managers and strong investment returns over the last 18 months.

Financial performance

The following analysis shows profits from within the life company environment and those from products written outside the life company environment.

It should be noted that funds under management of $6.2 billion for superannuation and $1.3 billion for retirement income policies are no longer accounted for under Margin on Services (MoS) but under AASB139 and AASB118. The profits relating to these superannuation policies are included in planned profit margins released of $19.1 million. For retirement income policies the profit margins released, of $5.5 million, represent the margin between the best estimate investment return and the risk-free rate.

(A$ million)	Wealth management (life company)	Wealth management (other)	Wealth management total
Operating Earnings (6 months to 30 June 2005)	37.7	23.8	**61.5**
Operating Earnings (6 months to 30 June 2004)	26.1	16.4	42.5

2.3 Financial performance – Wealth management (continued)

Wealth management (life company environment)

The table below analyses the financial performance from wealth management products within the life company statutory funds. This shows the planned profit margins for retirement income, superannuation and ordinary savings products as well as the key elements of experience profits and losses.

(A$ million)	Retirement income	Super-annuation	Ordinary savings	Total (life company)
Planned profit margins released	5.5	19.1	4.8	**29.4**
Experience profit (loss)				
Expenses	0.4	(0.2)	(0.8)	(0.6)
Other (incl. underwriting and surrenders)	0.1	5.8	3.0	8.9
Capitalised (losses) and reversals	0.1	(0.1)	0.0	0.0
Operating Earnings (6 months to 30 June 2005)	6.1	24.6	7.0	**37.7**
Operating Earnings (6 months to 30 June 2004)	(2.7)	25.7	3.1	26.1

Retirement income includes fixed term and lifetime annuities. The increase against last year is mainly due to the recognition in 2004 of $8.4 million of capitalised losses following the strengthening of annuitant mortality assumptions. An additional reserve strengthening was not required this year. Profit margins also now reflect the difference between the unwind of liabilities at the risk free rate and long term assumed earnings growth.

Superannuation includes increased fees from a higher opening FUM, which increased planned profit margins released this year. The positive experience in other items mainly relates to favourable underwriting and surrender experience. Last year benefited from a one-off release of a provision.

Ordinary savings includes traditional life savings products, which generally include a financial protection component, and insurance bonds. These products are no longer available for sale and the portfolio is in run off. A one-off tax rebate, categorised as "other", which arose due to the clarification of the treatment of tax on certain fee income, increased the result relative to last year.

Wealth management (non-life company environment)

The Operating Earnings of our wealth management operations outside the life company environment have been reported in the core product groupings of platform, advice and investments.

(A$ million)	Platform	Advice	Investments/ other[1]	Total (non-life company)
Gross fees/ revenues	43.4	71.6	31.3	146.3
Operating Earnings (6 months to 30 June 2005)	3.0	15.5	5.3	**23.8**
Operating Earnings (6 months to 30 June 2004)	2.9	11.4	2.1	16.4

1 Investments / other results include profits but not fees derived by the Alliance Capital joint venture

We are continuing to develop our wealth management products and advice capability and have experienced strong growth in our non-life wealth management businesses, with Operating Earnings of $23.8 million being 45% higher than last year.

Platform earnings were up a little on last year. Gross fee revenues were up 23% driven by higher average funds under administration on Summit due to strong superannuation sales in 2005 and also due to strong flows into Generations. Management expenses are higher than last year as a result of continued development spend. We are close to achieving scale on the one technology platform. Once achieved, profits should increase at a faster rate.

Advice Operating Earnings include profits from ipac, Monitor Money and Spicers (New Zealand). The main drivers of the increase over last year were higher net fees in ipac as a result of higher average funds under advice and growth in ipac Investment Services.

Higher Operating Earnings for both Alliance Capital and internally managed mortgage funds drove the increase in Investments/other. The Operating Earnings of Alliance Capital (in which we have a 50% interest) benefited from a strong increase in FUM with consequent benefits of scale coming through. Higher net fees from growth in FUM have increased mortgage fund earnings relative to last year.

2.4 *Financial performance – Financial protection*

The table below analyses the profit from our Financial protection products. All Financial protection products are written within the life company statutory funds and are reported using MoS accounting. The table shows the planned profit margins released for long term risk, individual life, and individual income protection as well as the key elements of experience profit or loss.

(A$ million)	Long term risk	Individual life	Group life & group salary continuance[1]	Individual income protection	Financial protection total
Planned profit margins released	8.2	20.0	n/a	0.1	**28.3**
Experience profit (loss)					
Expenses	0.0	(1.1)	n/a	0.3	(0.8)
Other (incl. underwriting and surrenders)	(0.3)	0.2	n/a	6.2	6.1
Capitalised losses and reversals	0.0	0.0	n/a	0.1	0.1
Operating Earnings (6 months to 30 June 2005)	7.9	19.1	4.6	6.7	**38.3**
Operating Earnings (6 months to 30 June 2004)	7.6	15.3	0.8	9.7	33.4

1 Group life & Group salary continuance, being short term contracts, use an accumulation method of accounting and this type of experience analysis is not applicable

Profits on long term risk products increased largely due to higher planned profit margins, as a result of lower than anticipated lapses last year. Going forward, future profit margins are expected to decline in line with the anticipated run-off of this business. The "other" experience item is largely driven by lower lapses. As policy surrender value is less than liabilities, under MoS lower than assumed lapses reduce short term profits but increase shareholder value in the long term.

Individual life profits were higher than last year due to growth in the size of the portfolio and a revision to mortality assumptions in late 2004, which increases planned profit margins. The unfavourable expense margin was due to additional development and project spend.

The increase in group life and group salary continuance profit was driven by favourable underwriting experience for group life.

Whilst income protection underwriting experience was broadly in line with best estimate experience, it was lower than last year's very strong experience.

2.5 New business and fund flows

Wealth management fund flows

Total **gross** retail inflows in Australia and New Zealand (excluding cash management trusts) were up 9.7% to $4,305.1 million (2004 – $3,923.6 million). **Net** retail flows (excluding cash management trusts) were down 16.4% to $1,370.2 million (2004 – $1,639.1 million).

Net retail inflows in the second quarter were $780.5 million, up 32.4% on the first quarter (three months ended 31 March 2005 – $589.7 million). Market statistics for the first quarter of 2005 showed that we retained a top five position in Australia for net retail fund flows, and the second quarter growth is encouraging.

Product flows

(A$ million)	Inflows			Outflows			Net flows		
Product view	6 mths 30 Jun 05	6 mths 30 Jun 04	Change	6 mths 30 Jun 05	6 mths 30 Jun 04	Change	6 mths 30 Jun 05	6 mths 30 Jun 04	Change
Superannuation	1,398.3	1,122.0	24.6%	902.8	738.1	(22.3)%	495.5	383.9	29.1%
Retirement income	297.7	252.3	18.0%	393.7	322.9	(21.9)%	(96.0)	(70.6)	(36.0)%
Investment products	1,241.2	1,442.2	(13.9)%	965.6	784.1	(23.1%)	275.6	658.1	(58.1)%
Alliance Capital – retail mandates[1]	1,367.9	1,107.1	23.6%	672.8	439.4	(53.1)%	695.1	667.7	4.1%
Total retail flows (excluding cash management trusts)[2]	**4,305.1**	3,923.6	9.7%	**2,934.9**	2,284.5	(28.5)%	**1,370.2**	1,639.1	(16.4)%
Cash management trusts	36.9	37.5	(1.6)%	36.2	90.5	60%	0.7	(53.0)	n/a
Alliance Capital – wholesale mandates	3,084.5	2,666.4	15.7%	1,432.1	1,495.5	4.2%	1,652.4	1,170.9	41.1%
Total flows	**7,426.5**	6,627.5	12.1%	**4,403.2**	3,870.5	(13.8)%	**3,023.3**	2,757.0	9.7%
Included in the above:									
Platforms	1,479.5	1,030.9	43.5%	864.8	654.2	(32.2%)	614.7	376.7	63.2%
Advice	685.2	570.6	20.1%	504.1	321.6	(56.8)%	181.1	249.0	(27.3)%

1 All of these mandates are from retail providers. However, some flows may be institutionally sourced. As the flows are via mandates, we do not have a split.
2 Cash management trusts are taken out for the purpose of AXA 2 net funds flow methodology

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.

	Intra-group flows (6 months ended)		
(A$ million)	30 Jun 05	30 Jun 04	Change
Superannuation	208.2	79.8	160.9%
Retirement income	82.0	28.0	192.9%
Investment products	44.8	19.2	133.3%
Alliance Capital – retail mandates	200.0	0.0	n/a
Included in the above:			
Platforms	303.0	88.0	244.3%
Advice	210.0	88.0	138.6%

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

In addition to the fund flows analysis set out on the previous page, we set out below a further analysis of product flows. On the previous page, the fund flows represented flows into:

- AXA products using AXA / Alliance Capital as single manager
- AXA platforms
- Alliance Capital asset management services.

Set out below is an analysis which captures flows at product level at the point of sale. This view recognises that when selling platform products, AXA has the opportunity to capture additional revenue and value if investors select an AXA-managed fund or an ipac-managed multi-manager fund. This view recognises our multi-manager funds as a separate product line.

In this view we include 100% of sales of multi-manager funds via platforms (instead of only the portion managed by Alliance Capital in the previous view), as well as retail sources and institutional multi-manager mandates awarded to ipac.

This view provides a more comprehensive view of our fee-generating flows and is more representative of our sales activity.

(A$ million)	Gross inflows			Net flows		
Product view	6 mths 30 Jun 05	6 mths 30 Jun 04	Change	6 mths 30 Jun 05	6 mths 30 Jun 04	Change
Superannuation	1,398.3	1,122.0	24.6%	495.5	383.9	29.1%
Retirement income	297.7	252.3	18.0%	(96.0)	(70.6)	36.0%
Investment, including:	2,340.3	2,245.8	4.2%	714.4	1,017.0	(29.8)%
▪ investment – products and platforms	1,102.6	1,356.9	(18.7)%	219.1	629.7	(65.2)%
▪ investment in single manager unit trusts via AXA platforms	138.6	85.3	62.5%	56.5	28.4	98.9%
▪ investment in multi-manager unit trusts via AXA platforms	1,099.1	803.6	36.8%	438.8	358.9	22.3%
Retail mandates – Alliance Capital[1]	786.0	961.6	(18.3)%	435.1	726.4	(40.1)%
Retail mandates for multi-manager funds – ipac[2]	302.0	0.0	n/a	298.0	0.0	n/a
Total retail flows (excl. cash management trusts)	**5,124.3**	4,581.7	11.8%	**1,847.0**	2,056.7	(10.2)%
Cash management trusts	36.9	37.5	(1.5)%	0.7	(53.0)	n/a
Wholesale mandates – Alliance Capital	3,084.5	2,666.4	15.7%	1,652.4	1,170.9	41.1%
Wholesale mandates for multi-manager funds – ipac	15.1	81.2	(81.4)%	(229.8)	(51.9)	n/a
Total flows	**8,260.8**	7,366.8	12.1%	**3,270.3**	3,122.7	4.7%

1 Excluding funds managed by Alliance Capital sourced through ipac multi-manager
2 Including funds managed by Alliance Capital sourced through ipac multi-manager

The table below provides a reconciliation between the two views.

(A$ million)	Gross inflows			Net flows		
Product view	6 mths 30 Jun 05	6 mths 30 Jun 04	Change	6 mths 30 Jun 05	6 mths 30 Jun 04	Change
Total flows (previous page)	7,426.5	6,627.5	12.1%	3,023.3	2,757.0	9.7%
Add multi-manager funds sold via AXA platforms	1,099.1	803.6	36.8%	438.8	358.9	22.3%
Remove portion of multi-managed funds managed by Alliance Capital	(581.8)	(145.5)	n/a	(259.9)	58.7	n/a
Add ipac retail mandates	301.9	0.0	n/a	297.9	0.0	n/a
Add ipac wholesale mandates	15.1	81.2	(81.4)%	(229.8)	(51.9)	n/a
Total flows including multi-manager	**8,260.8**	7,366.8	12.1%	**3,270.3**	3,122.7	4.7%

2.5 New business and fund flows (continued)

Superannuation

Superannuation gross inflows were up 24.6% to $1,398.3 million (2004 – $1,122.0 million) primarily due to inflows from the Generations superannuation offer, launched in August 2004. Net inflows increased 29.1% to $495.5 million (2004 – $383.9 million). As expected there has been some redirection from our existing "retail" personal superannuation product (PSD) to Generations, resulting in a reduction of PSD inflows. Transfers from the existing PSD book to Generations represents only 6% of the total inflows to Generations.

Retirement income

Retirement income gross inflows were up 18.0% to $297.7 million (2004 – $252.3 million). This increase is again attributable largely to Generations inflows, and includes a newly launched term allocated pension.

(A$ million)	Inflows			Outflows			Net flows		
AXA annuities	6 mths 30 Jun 05	6 mths 30 Jun 04	Change	6 mths 30 Jun 05	6 mths 30 Jun 04	Change	6 mths 30 Jun 05	6 mths 30 Jun 04	Change
Guaranteed annuities									
Short term	35.8	30.1	18.9%	86.5	99.8	13.3%	(50.7)	(69.7)	27.3%
Long term	18.6	45.2	(58.9)%	43.1	35.5	(21.4)%	(24.5)	9.7	n/a
Lifetime	1.7	9.6	(82.3)%	22.0	21.1	(4.3)%	(20.3)	(11.5)	(76.5)%
Subtotal	**56.1**	84.9	(33.9)%	**151.6**	156.4	3.1%	**(95.5)**	(71.5)	(33.6)%
Allocated pensions	241.6	167.4	44.3%	242.1	166.5	(45.4)%	(0.5)	0.9	n/a
Total	**297.7**	252.3	18.0%	**393.7**	322.9	(21.9)%	**(96.0)**	(70.6)	(36.0)%

Guaranteed annuity inflows have reduced from $84.9 million in 2004 to $56.1 million mainly due to a fall in sales of complying annuities. The market for long-term annuities has reduced due to changes in asset testing for social security benefits, effective from 20 September 2004. An alternative product, term allocated pensions, has been launched for both our Summit and Generations platforms on 20 September 2004. Inflows for the six months to June 2005 were relatively small, representing 12.7% of the total retirement income gross inflows into Summit and Generations. We expect the impact of this product to grow over the medium to longer-term.

The increased allocated pension net outflows are largely the result of a higher level of pension payments consistent with business growth.

Investment products

Investment product inflows were down 13.9% to $1,241.2 million (2004 – $1,442.2 million) and outflows up 23.1% resulting in reduced net inflows of $275.6 million (2004 – $658.1 million). Both the reduction in inflows and increase in outflows are primarily attributable to a third party distribution channel ending their support of one of our mortgage funds (Australian Monthly Income Fund) in September 2004 in favour of their in-house product. As a result, net funds flows into the Australian Monthly Income Fund were $350.0 million lower than in the corresponding period last year.

Net inflows to our Global Equity Value Fund increased 50.9% to $210.6 million and the investment portfolio of the Generations product generated $49.0 million of net inflows since January 2005.

In May 2005, Alliance Bernstein, our joint venture asset management business, was awarded Money Management's "Fund Manager of the Year". We also received the Money Management 2005 "Mortgage Fund Manager of the Year" award and Alliance Bernstein was awarded Money Management's "Fund Manager of the Year for International Equities". In addition we received an award for Excellence in Financial Services 2005 for Mortgage Fund of the Year by Personal Investor Magazine.

AXA New Zealand contributed gross inflows of $115.0 million (2004 – $78.0 million) an increase of 48%. Growth largely came from mezzanine unit trusts including strong support for the Global Equity Growth fund. Our mortgage backed bond product launched in the fourth quarter of 2004 received solid support with $53.0 million in retail funds under management after only relatively recent promotion in the market.

Mortgage funds

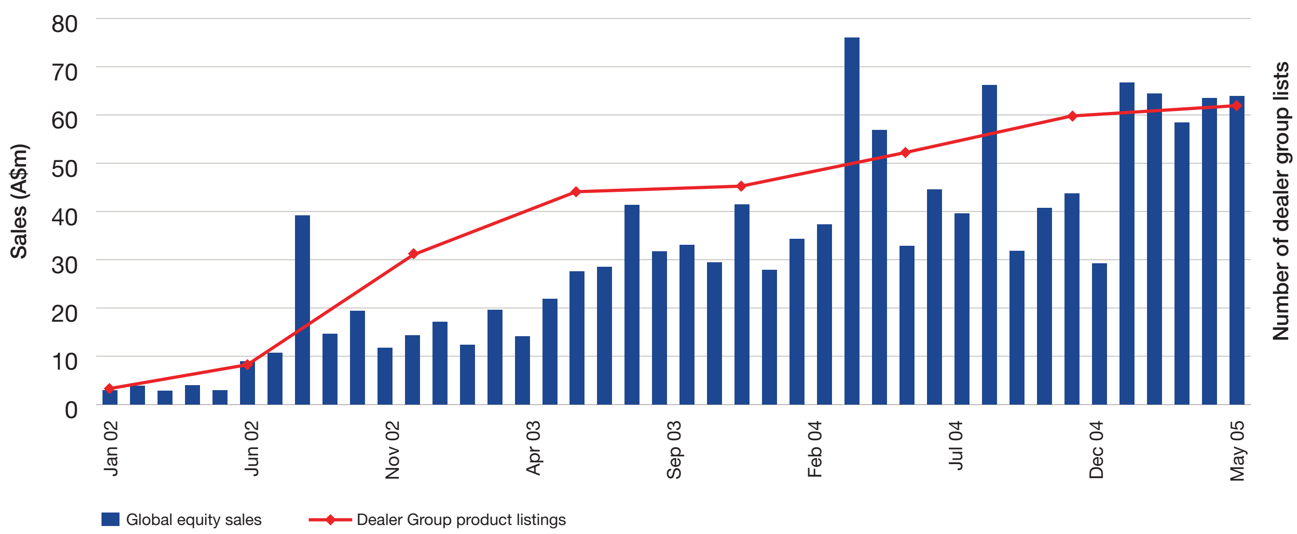
We continue to hold a strong position with our mortgage backed income funds, maintaining good ratings and high penetration of third party approved product lists and platform investment menus.

Inflows to our mortgage trusts were down 60% as a result of the third party distribution channel ending their support in favour of their in-house product as explained in the previous section. Excluding this, mortgage trust inflows were 23.6% lower at $215.5 million (2004 – $282.1 million) due to investor sentiment favouring equity funds.

Global Equity Value Fund

In late 2004 our Global Equity Value Fund (GEV) received an 'AA' rating from van Eyk. We expect the Money Management awards, together with consistent top quartile investment performance, will lead to continued strong sales due to our high penetration of third party dealer group and master trust product lists. GEV attracted around 37% of unit trust gross inflows in the first half. Gross inflows were up 43.7% to $258.3 million (2004 – $179.7 million) and net inflows increased by 50.9% to $210.6 million (2004 – $139.6 million).

Monthly Global Equity sales (via mezzanine, retail and PAS)



Global Equity Growth Fund

Despite the Global Equity Growth Fund (GEG) receiving an improved 'A' rating in 2004 and strong investment performance over the last 18 months, less strong investment performance relative to benchmark over the important 3 – 5 year period has resulted in a reduction in net fund flows of 22.1% to $47.8 million (2004 – $61.5 million). We expect the favourable ratings and recent performance to lead to an increase in dealer group and master trust listings, and as a result, growth in sales of GEG.

Australian Equity Value Fund

In August 2003 Bernstein launched the Australian Equity Value Fund, building on the success of the Bernstein Global Equity Value Fund. The fund returned 32.4% for the 12 months ended 30 June 2005, outperforming its market benchmark by 6.4%, a top quartile performance. In May 2005 van Eyk upgraded the fund to an 'A' rating. The combination of performance and the van Eyk upgrade have resulted in listings with two additional dealer groups in June, and we expect further penetration of approved lists will lead to improved inflows. Early results are encouraging with net fund flows of $8.3 million (2004 – $1.1 million). We anticipate strong growth in sales in the second half of 2005.

Australian Equity Growth Fund

The changes to the management and investment process for the Australian Equity Growth Fund over the past 18 months continue to have a positive impact on investment performance. This fund is rated 3 stars by ASSIRT. The investment return for the 12 months ended 30 June 2005 was 29.0%, compared to the benchmark of 26.0%. Going forward we expect that continuation of this performance will increase our market penetration, and lead to improved inflows.

2.5 New business and fund flows (continued)

Australian Property fund

The Australian Property Fund is rated 4 stars by ASSIRT and is 'A' rated by van Eyk. Penetration of dealer group product lists is increasing. We are now represented on 19 of the top 50 dealer groups compared to 10 at 30 June 2004. This is reflected in strong inflows which grew by 180.8% to $89.0 million (2004 – $31.7 million).

New Funds

In April 2005 we launched the Wholesale Global Equity – Core Fund managed by AXA Rosenberg. AXA Rosenberg is an active, bottom-up manager, combining fundamental research with quantitative techniques. The 'core' (or style neutral) approach produces a portfolio of international stocks that has neither a growth or value bias over the medium to long term. van Eyk has rated this fund 'A'.

Alliance Capital retail mandates

The trend through retail master trust platforms and multi-manager products away from pooled 'mezzanine' mutual funds to individual investment mandates continued. Gross inflows increased 23.6%. MLC announced in July 2005 that Alliance Capital had been awarded the mandate to manage an additional 23% of MLC's global equity funds. These flows will be included in our third quarter flows.

Alliance Capital wholesale mandates

Gross inflows were up 15.7% to $3.1 billion. Alliance Capital/Bernstein won tenders for institutional mandates from wholesale sources totalling $2.0 billion. Existing clients contributed $1.1 billion to these inflows. The majority of gross inflows were directed to global equities such as the global research growth, global value and global blend.

Platforms

The table below summarises retail product flows on our platforms.

	Inflows			Outflows			Net flows		
(A$ million)	6 mths 30 Jun 05	6 mths 30 Jun 04	Change	6 mths 30 Jun 05	6 mths 30 Jun 04	Change	6 mths 30 Jun 05	6 mths 30 Jun 04	Change
Summit (incl 3rd party)	515.2	493.3	4.4%	292.7	250.4	(16.9)%	222.5	242.9	(8.4)%
Assure	15.8	18.0	(12.2)%	34.7	61.4	43.5%	(18.9)	(43.4)	(56.5)%
Generations[1]	313.2	0.0	n/a	15.6	0.0	n/a	297.6	0.0	n/a
ipac	635.3	519.6	22.3%	521.8	342.4	(52.4)%	113.5	177.2	(35.9)%
Total	**1,479.5**	1,030.9	43.5%	**864.8**	654.2	(32.2)%	**614.7**	376.7	63.2%

1 Generations was launched in August 2004, with fund inflows from September 2004

The major driver for the increase in gross inflows has been the Generations offer, recording $313.2 million of gross inflows. Summit gross inflows remain strong at $515.2 million, up 4.4% (2004 – $493.3 million).

The 63.2% increase in net funds flow is primarily due to the success of Generations. The decrease in net flows at ipac is mainly due to the run-off of low margin legacy relationships.

Advice

	Inflows			Outflows			Net flows		
(A$ million)	6 mths 30 Jun 05	6 mths 30 Jun 04	Change	6 mths 30 Jun 05	6 mths 30 Jun 04	Change	6 mths 30 Jun 05	6 mths 30 Jun 04	Change
ipac	594.3	473.5	25.5%	359.9	218.6	(64.6)%	234.5	254.9	(8.0)%
Monitor Money	31.8	13.6	125.5%	37.7	34.0	10.9%	(6.0)	(20.4)	70.6%
Spicers	59.1	83.5	(29.2)%	106.5	69.0	(54.3)%	(47.4)	14.5	n/a
Total	**685.2**	570.6	20.1%	**504.1**	321.6	(56.7)%	**181.1**	249.0	(27.3)%

Net flows into the advice businesses were down 27.3% to $181.1 million (2004 – $249.0 million). 2004 figures for ipac financial planning benefited from a number of purchased client registers.

In New Zealand, in common with the market as a whole, Spicers' inflows and outflows have been affected by market factors, including strong investor preference for direct property and direct equity due to the uneven playing field in relation to capital gains tax and high yielding, often high risk finance company debentures. Whilst we do not expect a change in the short term, the Government in New Zealand has announced several initiatives which we expect will lead to growth in funds flows over the medium term.

Financial protection

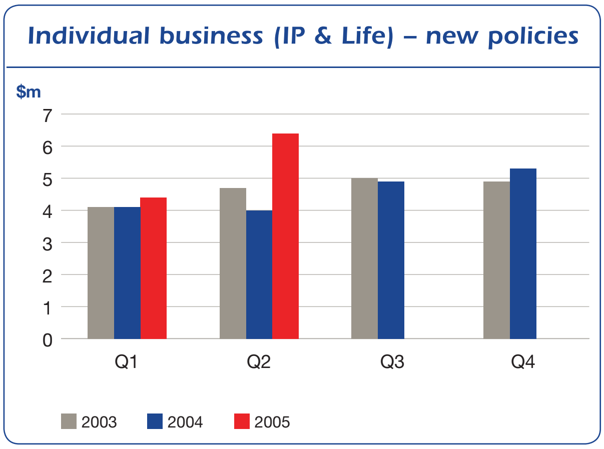
We have made good progress in a very competitive market. New business momentum continues to build following the product improvements introduced in the third quarter last year. We expect our business and market share to continue to grow following the recent launch of an improved product and service offer.

Financial protection new business

(A$ million)	New business 6 mths 30 Jun 05	New business 6 mths 30 Jun 04	New business Change	Discontinuances 6 mths 30 Jun 05	Discontinuances 6 mths 30 Jun 04	Discontinuances Change	Inforce 6 mths 30 Jun 05	Inforce 6 mths 30 Jun 04	Inforce Change
Regular premium									
Individual life	25.6	21.9	16.9%	13.5	13.1	(3.1)%	254.1	230.6	10.2%
Individual IP	11.9	10.0	19.0%	10.6	11.6	10.0%	197.5	195.3	1.1%
Group insurance	12.7	14.6	(13.0)%	8.6	8.6	0.0%	139.4	130.1[1]	7.1%
Long term risk	1.5	1.5	(0.0)%	4.0	4.5	14.0%	91.8	95.9	(4.3)%
Total	**51.7**	48.0	7.7%	**36.7**	37.8	2.9%	**682.8**	651.9	4.7%
Single premiums	16.1	12.9	24.8%						

1 Group insurance 2004 in-force has been adjusted upwards by $8.5 million for master trust business not previously counted

Individual life and income protection



The life insurance campaign for over-45's launched in July last year has been very successful and is the primary driver behind the increased level of new business in Q4 2004 and in the first two quarters of this year.

New Zealand contributed $2.1 million (2004 – $1.3 million) of new business premiums.

Group life and salary continuance (Income protection)

In-force premiums for our Group life and Group income protection portfolio were up by 7.1% to $139.4 million (2004 – $130.1 million). Our policy is to only focus on those segments of the market where we believe we can secure profitable business, such as master trust business. During the period a number of existing plans were re-rated upwards, which should lead to future profit growth from this segment.

Long term risk

The long-term risk new business premiums are low, reflecting market experience that this is a niche, but diminishing market.

2.6 Funds under management, administration and advice

We continue to build our position and capabilities across the wealth management value chain in owned advice businesses, dealer services, distribution, product manufacture, administration, platforms and asset management. This strategy enables us to extract greater value and scale, and benefit from margins right across the value chain.

The following table sets out gross inflows and provides a reconciliation to inflows of $4,305.1 million.

Gross inflows by source

$A million		Product view[1] >					AXA 2	AXA / ACM asset management		
Distribution channel	Type of flow	Super	Ret Income	Invest	Sub-total	Advice[2] >	Product[3]/ Platform administration	Retail mandates[4]	Other retail[5]	External Managers[6]
ipac	Advice	289	163	142	**594**	594	594	170		466
	Platform	25	5	11	**41**		41			
Sterling Grace[7]	Advice	10	0	80	**91**	91	91			91
	Platform	0	0	21	**21**		21			21
Aligned and non-aligned advisers	Administration	932	72	208	**1,211**		1,211	340	129	743
	Investment	142	58	649	**850**				850	
Alliance Capital institutional	Investment							858		
AXA Inflows		1,398	298	1,113	2,809	685	1,959	1,368	978	1,321
Platform flows into AXA mezzanine funds[8]				129	129					
Reconciliation excl retail mandates		1,398	298	1,241	2,937		Subtotal inflows	4,305		

Net retail funds flows by source

$A million		Product view[1] >					AXA 2	AXA / ACM asset management		
Distribution channel	Type of flow	Super	Ret Income	Invest	Sub-total	Advice[2] >	Product[3]/ Platform administration	Retail mandates[4]	Other retail[5]	External Managers[6]
ipac	Advice	141	53	40	**234**	234	234	136		(22)
	Administration	(48)	(34)	(40)	**(121)**		(121)			
Sterling Grace[7]	Advice	(2)	(7)	(45)	**(53)**	(53)	(53)			(53)
	Administration	0	0	(24)	**(24)**		(24)			(24)
Aligned and non-aligned advisers	Administration	490	(2)	121	**609**		609	124	50	435
	Investment	(87)	(107)	173	**(20)**				(20)	
Alliance Capital institutional	Investment							435		
AXA net funds flow		496	(96)	226	625	181	645	695	30	336
Platform flows into AXA mezzanine funds[8]				50	50					
Reconciliation excl retail mandates		496	(96)	276	675		Subtotal net flows	1,370		

1 Sourced directly from retail customers; $858m gross, $435m net, comes from retail-sourced institutional funds but is not included under this heading
2 Advice flows included once only in AXA 2 methodology
3 Although we make a product margin, we do not specifically count funds flows for the product part of the value chain
4 ipac ACM mandates include some institutional outflows which we are unable to differentiate from retail
5 "Other retail" represents flows into ACM / AXA managed unit trusts and life company assets
6 Flows to 'external managers' achieved mainly via platform investor selection and via multi manager (ipac and Arcus)
7 Platform business flowing into AXA mezzanine trusts which is double counted to reflect the dual administrative and investment management margins
8 Includes Spicers & Monitor Money

The above tables illustrate the component flows of AXA 2 gross inflows of $4,305 million and net retail funds flow of $1,370 million. The "Product view" illustrates product category flows by adviser distribution channel that reconcile to the table at the beginning of section 2.5. We have split flows that include an advice margin from ipac and Sterling Grace from other platform administration flows, and administration only flows from AXA aligned and non-AXA aligned advisers together with investment only business. These are a subset of the "Product view" flows.

Product / platform administration flows come from AXA aligned and non-AXA aligned advisers (gross – $1,211 million; net – $609 million) part of which pass into Alliance Capital asset management via ipac multi managers (gross – $340 million; net – $124 million) and AXA Mezzanine funds (gross – $129 million; net – $50 million), with the balance going to external managers (gross – $743 million; net – $435 million).

Additional non-platform investment-only flows of $850 million (gross) and $20 million (net) are all sourced from AXA aligned and non-AXA aligned advisers. This consists mainly of traditional retirement income and legacy superannuation business.

Alliance Capital secured further retail mandate flows of $858 million (gross) and $435 million (net) from external retail providers (eg. master funds and other retail 'fund of fund' arrangements).

Reconciliation of funds flow into management, administration and advice

From an economic standpoint, we collect the following fees:

- an advice fee on 100% of fund flows into our advice businesses (ie $685 million gross flows and $181 million net flows)
- an administration fee on 100% of the total fund flows into our administration platforms (ie $1,959 million gross flows and $645 million net flows)
- an asset management fee on funds flowing from our administration platforms to AXA/Alliance Capital asset management including the $340 million (gross) and $124 million (net) flowing to Alliance Capital via retail mandates and $743 million (gross) and $50 million (net) flows into AXA mezzanine funds
- an asset management fee on the $858 million (gross) and $435 million (net) from the Alliance Capital retail mandates flowing to AXA / Alliance Capital asset management.

Funds under management and administration (institutional and retail)

Funds under management and administration relates to funds that we administer on an AXA platform, irrespective of whether the fund is managed by AXA (through Alliance Capital / Bernstein) or other fund managers selected by the client or by AXA. Overall funds under management and administration was up 9% to $57.2 billion (31 December 2004 – $52.5 billion). All categories of funds under management and administration were up except for Deutsche property funds where we have been progressively selling our non-core direct property assets.

(A$ million)	Funds under management & administration				Net funds flows		
Manager view	At 30 Jun 05	At 30 Jun 04	Change	At 31 Dec 04	6 mths 30 Jun 05	6 mths 30 Jun 04	Change
AXA	1,967.0	1,696.1	16.0%	1,725.6	(74.7)	40.0	n/a
Alliance Capital joint venture	41,594.3	35,012.8	18.8%	37,516.8	2,472.0	2,289.1	8.0%
Deutsche property funds	828.3	1,082.7	(23.5)%	1,070.2	(281.5)	(422.1)	33.3%
ipac	10,183.0	8,896.0	14.5%	9,349.0	507.0	307.0	65.1%
External managers	5,022.9	4,579.0	9.7%	4,841.4	660.4	484.0	36.5%
Subtotal	**59,595.5**	51,266.6	16.2%	54,503.0	**3,283.2**	2,698.0	21.7%
Internal double count (ipac / Alliance Capital)	(2,387.5)	(1,620.4)	47.3%	(2,018.0)	(259.9)	59.0	n/a
Total	**57,208.0**	49,646.2	15.2%	52,485.0	**3,023.3**	2,757.0	9.7%

In aggregating funds under management and administration, some funds are counted twice (eg. Alliance Capital joint venture funds under management and funds in ipac's multi manager portfolios that are managed by Alliance Capital) to reflect that we receive a separate revenue stream for each service. We have backed out the double count to provide our total funds under advice, administration and management of $57.2 billion.

Retail funds under administration grew 15.3% and overall funds under management and administration grew by 15.2%.

(A$ million)	Funds under management & administration				Net funds flows		
Source of funds	At 30 Jun 05	At 30 Jun 04	Change	At 31 Dec 04	6 mths 30 Jun 05	6 mths 30 Jun 04	Change
Retail funds	28,582.7	24,797.6	15.3%	27,432.0	675.8	988.7	(31.6)%
Retail mandates	8,323.6	6,403.9	30.0%	7,299.4	695.1	667.7	4.1%
Institutional funds	20,301.7	18,444.7	10.1%	17,753.6	1,652.4	1,100.6	50.1%
Total	**57,208.0**	49,646.2	15.2%	52,485.0	**3,023.3**	2,757.0	9.7%

3 Asia

3.1 Introduction

Our exposure to the long term growth prospects in Asia, and the breadth of our footprint across the region, is a clear strength and differentiates us from a number of our domestic competitors.

Our strategy in Asia is to achieve a leader position in each of our markets by the time they enter the growth phase, where life insurance growth prospects are historically strong. As these markets mature we are drawing on our expertise in Australia to gain early mover advantage in meeting the need of Asian consumers for enhanced wealth management and financial planning advice services.

We compete by offering a comprehensive range of financial protection and wealth management products to mass market, mass affluent and corporate customers. We aim to deliver superior performance by applying AXA's global best practices to multiple agency, adviser, bancassurance, broker and direct distribution channels.

The AXA Asia Life Regional Centre in Hong Kong oversees our Asian businesses through a single regional platform. In addition to Hong Kong, we operate through wholly owned subsidiaries in Singapore and joint venture operations in China, Philippines, Thailand and Indonesia. In each of the joint venture businesses, we have operational management responsibility.

3.2 Asia 6 aspirational goals

Under M6 we established six key performance measures. They remain in our view the key benchmarks to measure the progress of our business and we have retained them in the Asia 6 "accelerated growth" programme. However, we have extended the measures across all our Asian operations and have set the bar higher, aiming for accelerated growth over the next four years.

Our Asia 6 goals are by the end of 2008 to:

Asia 1	More than double the value of new business to A$300 million[15]
Asia 2	Grow total inflows 2.5 times to A$4 billion[16]
Asia 3	Grow new business index 2.5 times to A$700 million[16]
Asia 4	Reduce management expense ratio: Hong Kong below 5%; SEA and China below 20%
Asia 5	Improve 13 month persistency ratio to 80%
Asia 6	Achieve top quartile SCOPE score for staff

The overarching goal under Asia 6 is to double the enterprise value[17] of our Asian businesses to $8 billion by the end of 2008. This target focusses on shareholder value, and is the appropriate overarching measure as it takes into account all of the key value drivers.

The Asia 6 aspirational goals are supported by eight strategic imperatives:

- maximise the value of existing distribution channels
- maximise the value of bancassurance distribution
- gain significance in wealth management
- grow the value of existing client relationships
- deliver investment and technical margins
- improve operational efficiency
- seek attractive non-organic growth opportunities
- build top class management teams throughout the region

Early progress on track

Early progress towards Asia 6 aspirational goals is on track.

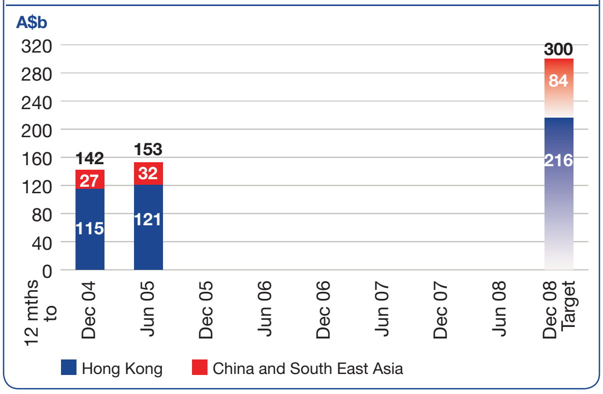
Asia 1 – More than double the value of new business to A$300 million[15]

Asia 1 measures the value of one year's new business. This is the present value of expected future profits on sales made in the previous 12 months, based on best estimate assumptions of unit costs, investment returns and mortality risk.

For emerging businesses this is probably the most significant metric and recognises that profitable new business is more important than "growth at any cost". For management it ensures continued focus on proper pricing, product design and risk management controls.

The value of one year's new business for the 12 months ended 31 December 2004 was A$142.4 million[15]. Our aspirational goal is to more than double this to A$300.0 million[15] by the end of 2008. Included in both the opening and target figures are the value of indexation riders on existing policies.

Value of new business



15 Illustrative only, 100% of joint venture operations, based on constant currency exchange rates at 31 December 2004 and constant assumed risk discount rates (11% for HK, 11-20% for China and SE Asia) and equity return rates

16 100% of joint venture operations

17 Illustrative only – assuming midpoint valuation metrics of 10.5%-11.5% HK risk discount rate, 10.0%-11.0% Singapore risk discount rate, 16-20% for China and other South East Asian businesses, and VNB multiples for HK of 7x-20x Financial protection, 15x-20x Wealth management, and 4x-7x Group medical and general insurance, based on constant currency exchange rates at 31 December 2004

We are targeting growth of 88% from Hong Kong and a three-fold increase from our smaller, younger China and South East Asian businesses. Together, this will see a doubling of the overall Asian value of new business.

On a rolling 12 month basis to 30 June 2005, the value of new business was A$153.2 million, mainly driven by strong sales growth in South East Asia.

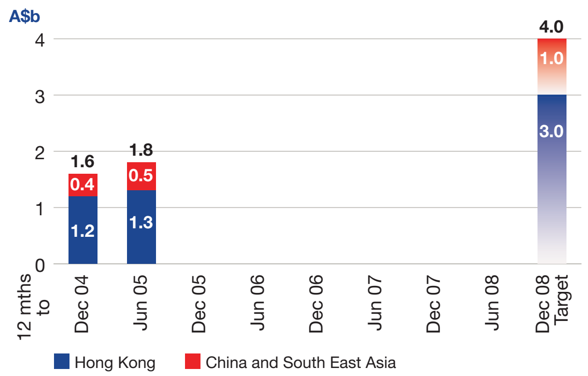
Asia 2 – Grow total inflows 2.5 times to A$4 billion[18]

Asia 2 measures gross inflows. As most market statistics in Asia are based on total premium income this will be a good indicator of market share performance. Gross inflows is also a good yardstick of our ability to penetrate the single premium and wealth management markets.

The Asia 2 gross inflows measure includes total premium income for all product lines, total inflows into wealth management products and, consistent with Australia & New Zealand, gross inflows into Asian advice businesses where we derive an advice margin.

Actual gross inflows for all businesses in Asia were A$1.6 billion at the end of 2004. Our target is to grow the total inflows 2.5 times to A$4.0 billion by end of 2008.

Gross total inflows



We are targeting a nearly three fold increase in Hong Kong inflows to A$3.0 billion. For China and South East Asia, we are targeting A$1 billion in gross inflows – approximately the same as we obtain from our Hong Kong operations today.

For the rolling 12 months to 30 June 2005, gross total inflows were A$1.8 billion, driven by strong single premium unit-linked inflows in China and South East Asia as well as increased sales of retirement business in Hong Kong.

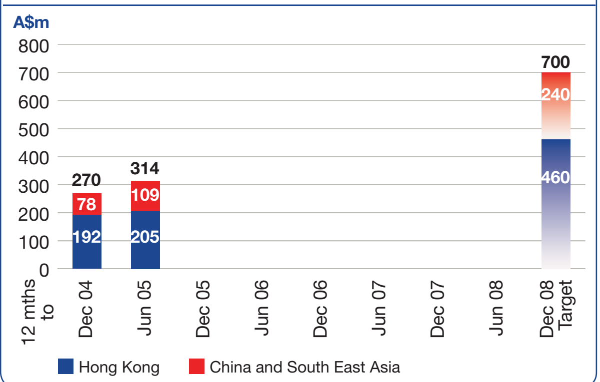
Asia 3 – Grow new business index 2.5 times to A$700 million[17]

New business index is the main benchmark used to measure sales effectiveness and is based on annualised new regular premium sales plus 10% of new single premium sales.

Asia 3 recognises that growth in sales is essential if we are to reach scale across the high growth markets in Asia. Sales are the key measure of success in developing distribution capability.

In 2004 total new business index was A$270.4 million[17]. Our Asia 3 aspirational target is to grow sales more than 2.5 times to A$700.0 million[17] by 2008.

New business index



Sales are expected to grow faster than the value of new business over the next four years. This does not reflect margin squeeze on our individual life portfolio, rather the emergence of new wealth management sales which have a lower margin than individual life sales. Importantly these wealth management inflows are not substituting life product sales.

New business index was up 16% to A$314.0 million on a rolling 12 months basis to 30 June 2005. Performing particularly well was Indonesia as a result of our bancassurance joint venture with Bank Mandiri, and Thailand due to improvements in agent productivity and expansion of our bancassurance channel.

Asia 4 – Reduce management expense ratio: Hong Kong below 5%; SEA and China below 20%

Asia 4 recognises that as well as accelerated growth, operational efficiency is an important focus for delivery of value targets. Lower unit costs enable us to reinvest in the business and, of course, are a source of improved shareholder value. Also, delivery of both value of new business and embedded value targets depends on the ability of management to operate within expense assumptions.

17 Illustrative only – assuming midpoint valuation metrics of 10.5%-11.5% HK risk discount rate, 10.0%-11.0% Singapore risk discount rate, 16-20% for China and other South East Asian businesses, and VNB multiples for HK of 7x-20x Financial protection, 15x-20x Wealth management, and 4x-7x Group medical and general insurance, based on constant currency exchange rates at 31 December 2004

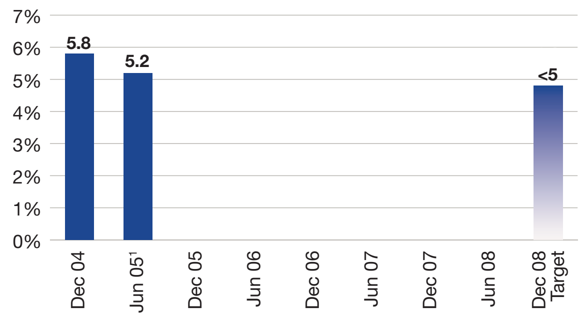
18 100% of joint venture operations, based on constant currency exchange rates at 31 December 2004

3.2 Asia 6 aspirational goals (continued)

The management expense ratio is determined by dividing management expenses (excluding commissions paid to advisers) by new business index. Although the management expense ratio used in Asia 6 is a crude measure (and cannot be compared to the AXA 4 cost to income ratio used for Australia & New Zealand) it will enable us to track our efficiency against competitors in Asia and against product pricing assumptions.

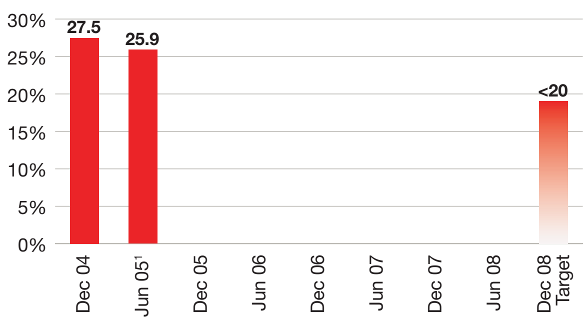
Our aspirational goals are to reduce the management expense ratio at December 2008 to below 5% for our established business in Hong Kong and below 20% for our developing businesses in China and South East Asia.

Management expense ratio – Hong Kong



The Hong Kong business operates within a reasonably low management expense ratio, reflecting its scale, operational efficiencies and a relatively simple business model. Our goal is to reduce the ratio to below 5% whilst also funding development spend to grow the business.

Management expense ratio – China and South East Asia



1 Six months to June 05. The June 2005 ratio was a large reduction due to the deferral of some expenditure to offset unusually high death claims in the first quarter of 2005 from the severe and extended winter.

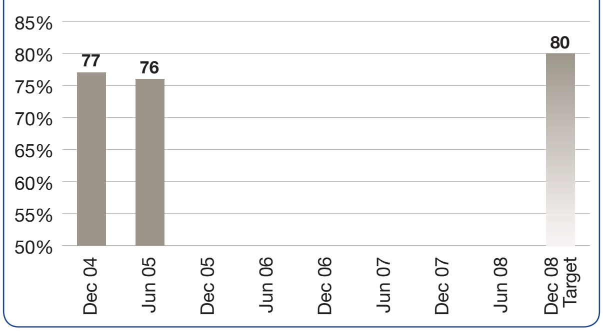
Our businesses in China and South East Asia do not currently have the scale of Hong Kong. Accelerated revenue growth and the economies of operating through a standardised business model will drive efficiencies and our goal is to operate China and South East Asia within a 20% management expense ratio by the end of 2008.

Asia 5 – Improve 13 month persistency ratio to 80%

Critical to growing enterprise value is customer retention. Asia 5 aims to measure customer satisfaction and is based on 13 month persistency – a key measure of the quality of the sales process. Asia 5 recognises the importance of retaining inforce business for shareholder value generation.

13 month persistency measures the percentage of regular premium sales that pay at least 13 months of premiums or, in the case of annual premiums, payment of at least the second annual renewal. It is widely used within the industry as a measure of salesforce quality and, as such, will enable us to benchmark against other competitors.

13 month persistency



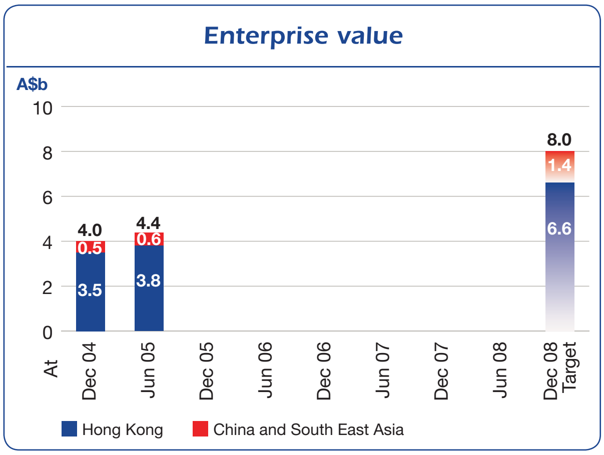
Our aspirational goal is to improve the 13 month persistency of regular premium sales to 80% at the same time as growing sales more than 2.5 times over the four year period. At 30 June 2005, 13 month persistency was better than pricing assumptions although slightly below December 2004, affected by broker discontinuance rates on 2004 sales in Hong Kong offsetting improvements in South East Asia.

Asia 6 – Achieve top quartile SCOPE score for staff

Our final Asia 6 measure recognises that there is a clear link between staff engagement and satisfaction, and the delivery of shareholder value. We aim to be in the top quartile of the internal SCOPE survey of global AXA Group companies. We will also regularly measure ourselves against other leading Asian companies by participating in local surveys. The 2005 global AXA Group SCOPE survey will be conducted at the end of this year.

Illustrative enterprise value up 9.5%[19]

Our overarching goal recognises that the most important business objective must be shareholder value. This enterprise value measure also has the advantage of being based on the key value drivers under management control and widely accepted in the market.



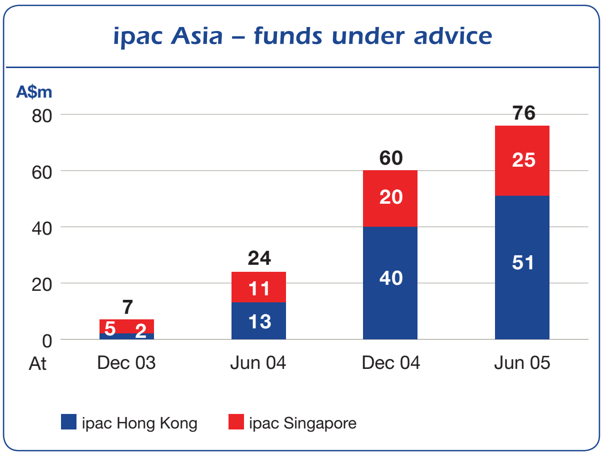
It is important to note that this enterprise value calculation is illustrative only and does not necessarily reflect the value that Directors would place on the Asian businesses. This illustrative enterprise value is calculated at the mid-point of a high and low range of embedded value and value of new business plus net worth on a minimum local regulatory capital basis.

For the purpose of tracking progress against the illustrative enterprise value target, assumptions such as risk discount rate and new business multiples as well as foreign exchange rates will remain consistent with those used in the Investor Compendium for the 12 months ended 31 December 2004.

Consistent with our practice to manage surplus capital at the Group level, target surplus above regulatory capital and excess over target surplus will continue to be shown at Group level in Group net worth and not in Hong Kong as Asia net worth.

3.3 Wealth management

In June 2005, we established a new Asian wealth management division to improve and reinforce the focus and drive on building scale in the emerging wealth management markets in Asia. Leveraging our experience in Australasia, particularly ipac, we are looking to gain early mover advantage in the emerging Asian wealth management markets. ipac Asia funds under advice was up 27.8% to $76 million (31 December 2004 – $60 million).



Hong Kong

ipac Financial Planning is starting to build its funds under advice. ipac's ongoing service offer and fee transparency are attracting considerable interest from professional accountants, lawyers and corporations – important sources of client referrals.

Although it normally takes some years to build momentum in client referrals, we have already attracted strong support for our investment platform from expatriates. Awareness amongst, and inflows from, the local population is also steadily growing.

At 30 June 2005, total funds under advice was up 28.2% to A$51.3 million (31 December 2004 – A$40.0 million).

Singapore

ipac Financial Planning is also growing in Singapore. The market currently has very few true financial planning advice services being offered despite increasing demand for such services from the affluent population. ipac is building a media profile and growing brand awareness through strong editorials.

Total funds under advice was up 27.3% to S$32.2 million at 30 June 2005 (31 December 2004 – S$25.3 million).

Other Asian markets

ipac Portfolio Management (Dublin) Limited ("ipac Dublin") was acquired in July 2003 and is the platform for managing the Strategic Investment Services Dublin umbrella unit trust ("the Fund").

The Fund is the current investment platform for the ipac businesses in Asia and is distributed through a network of financial planners in Asia and South Africa (through a presence established by ipac before being acquired by AXA APH). At 30 June 2005, ipac Dublin had total funds under management of US$153.9 million (31 December 2004 – US$151.8 million).

19 Illustrative only; 100% of joint venture operations; based on constant currency exchange rates as at 31 December 2004; assumes midpoint valuation metrics of 10.5%-11.5% HK risk discount rate, 10.0%-11.0% Singapore risk discount rate, 16-20% for China and other South East Asian businesses, and VNB multiples for HK of 7x-20x Financial protection, 15x-20x Wealth management, and 4x-7x Group medical and general insurance

4 Hong Kong

4.1 Operational review

Market developments

Hong Kong is a very profitable life market with strong growth potential. Our strategy is to continue to focus on profitable growth in our established market segments while growing in new emerging segments (eg. Mainland Chinese visitors and wealth management).

The Hong Kong life insurance market has grown strongly over the past few years. Although, the first quarter of 2004 was quite exceptional with market statistics indicating 60% period on period growth (much of it conversions of bank deposits and internal policy switching), market statistics indicated a decline of 9.2% in new business period on period for the three months ended 31 March 2005.

The Closer Economic Partnership Agreement (CEPA) continues to act as an important catalyst for economic growth in Hong Kong. CEPA has enhanced the Hong Kong insurance market's potential as a greater number of individuals can cross the border and legally purchase products in Hong Kong, including life insurance policies. 12 million Mainland Chinese visited Hong Kong in 2004[20] and with the opening of Disneyland in September 2005, it is expected that the number of Mainland Chinese visitors to Hong Kong will increase to 21 million by 2010[21].

Our research has shown that wealth management attitudes in Hong Kong are changing from a property focussed, "do it yourself" approach, to a more balanced, rational long term approach. As investor sophistication increases, advice is increasingly being sought on wealth management and savings products.

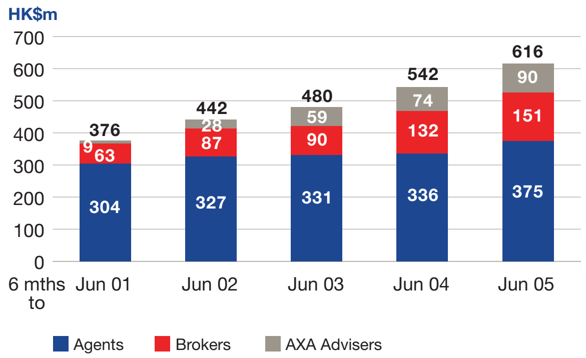
Mandatory Provident Fund (MPF) retirement assets continue to grow. Now in its fifth year, MPF is becoming increasingly important to Hong Kong residents and there is growing awareness that MPF alone will not provide sufficient assets to fund post-retirement lifestyles. This is driving a broadening of the investment fund range offered to customers as well as providing additional opportunities for other long term savings and investment products. Our new multi-manager MPF offering, leveraging ipac Australia's capabilities, specifically addresses such developments.

Progress on strategic imperatives

Maximise the value of existing channels

All distribution channels grew this period. Reflecting our focus on multi channel distribution, non-agency sales represented 39% of sales (2004 – 38%).

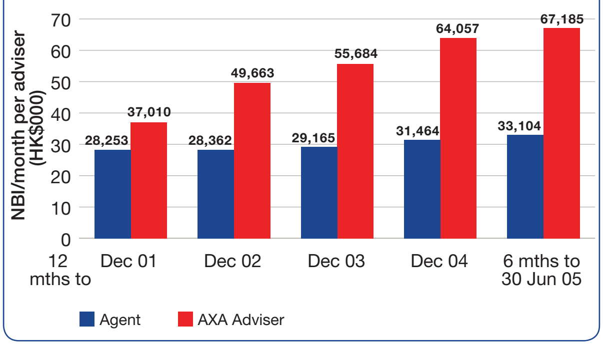
Total new business index (regular premium +10% single premium)



Agency will remain the dominant channel over the next few years but the drivers for our success continue to change as the market evolves. In the 1990's sales were driven by the number of agents, with a simple sales track, selling traditional products to friends and family. Today, our agency force is much more sophisticated with a broader product range, increased use of technology and sophisticated campaign management. Our agency strategy is to maximise the benefits of the best practice procedures contained in our Hong Kong Agency Blueprint.

Productivity

Average productivity of tied agency / salaried adviser channels



Productivity, rather than number of agents, has become more important. Our broader product offering, and the changes implemented under the Hong Kong Agency Blueprint increased agent productivity by 5.2% to HK$33,104 per month (31 December 2004 – HK$31,464).

AXA Advisers (salaried sales channel) continues to be very successful, now representing 14.6% of sales (2004 – 13.7%). Productivity has continued to increase, up 4.8% to HK$67,185 per month (31 December 2004 – HK$64,057). AXA Advisers' success lies in its process driven approach where everything is measured and controlled. It requires good lead sources and we have a number of relationships

20 Hong Kong Tourist Board

21 Management projection based on total visitor numbers from the World Tourism Organisation

that generate leads as well as utilising our large orphan client base. We are exploring further opportunities by broadening the product offer to include retirement and wealth management and building specialist Financial Planning salaried teams alongside our existing AXA Advisers teams.

Agents and advisers

Overall agent and adviser numbers are broadly in line with June 2004.

	At 30 Jun 05	At 31 Dec 04	Change	At 30 Jun 04
Commissioned agents managed by agency leaders	1,171	1,267	(8)%	1,249
Commissioned agents managed by salaried staff	807	870	(7)%	754
Total commissioned agents	**1,978**	2,137	(7)%	2,003
Salaried advisers (including managers and trainees)	295	282	5%	276
Total advisers	**2,273**	2,419	(6)%	2,279

The lower agent numbers since December 2004 reflects tightened controls on minimum production levels put in place under the Hong Kong Agency Blueprint, coupled with slower growth than expected in recruitment.

Salaried adviser numbers continued to grow whilst maintaining high levels of productivity.

Other channels

The broker channel is a growth area and our strategy is to target profitable segments. We have been strong for a numbers of years in employee benefits and general insurance while our expansion into individual business and investment products is showing some encouraging early results. We have recently introduced a new single premium wealth management product.

The Mainland Chinese visitor market accounted for 4% of total sales mostly through regular premium traditional life insurance products. With our strong international brand we believe we are well placed to grow sales in this area, as the number of Mainland visitors is forecast to increase to 21 million per annum by 2010[22].

Maximise the value of bancassurance distribution

AXA has 1 million customers in Hong Kong, more than many of the banks, and therefore bancassurance is more of an opportunity than a strategic necessity. Nevertheless the opportunity is significant given Hong Kong's propensity to save and the resulting high levels of bank deposits. We do have a number of competitive advantages including our regional blueprint and track record in bancassurance in South East Asia. We have put in place a small dedicated specialist team to investigate options available.

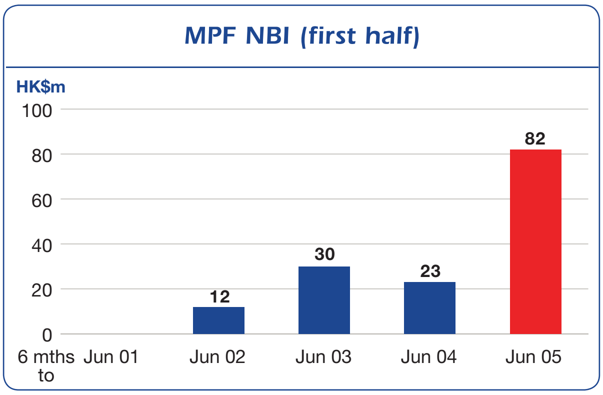
Gain significance in wealth management

We have achieved strong investment performance across our MPF portfolios, with our four key portfolios performing in the second quartile or above over three years.

	12 months Jun 05		3 years Jun 05	
Fund	Return	Quartile	Return (pa)	Quartile
Growth	17.11%	2	13.27%	1
Balanced	14.88%	3	12.01%	2
Stable	10.47%	1	9.85%	2
Cash	1.04%	2	1.01%	2

Source: Lipper Asia Limited / AXA Hong Kong / AXA Rosenberg Investment Management Asia Pacific Ltd

MPF new business index grew very strongly, up 256.5% to HK$82 million (2004 – HK$23 million).



MPF has seen heightened Scheme member interest following its four year anniversary and Hong Kong's improved economic outlook. Going forward we expect that this heightened interest combined with a continuation of our investment performance will increase our market penetration and lead to a growth in sales.

Utilising the experience of ipac in Australia, in January 2005 we launched a multi manager investment platform, MPF Elite, as part of our MPF retirement offer. We are the first company to launch a true multi-manager platform in Hong Kong. The platform features a range of equity and bond funds with world class investment managers supporting individual markets. MPF Elite is unique in the Hong Kong market. The product has been generating significant interest from our target corporate client segment and initial inflows are encouraging with HK$84 million inflows in July 2005.

Product and platform is a key area of development where we have put in place a project team, leveraging heavily on the experience and infrastructure in Australia and AXA globally.

22 Management projection based on total visitor numbers from the World Tourism Organisation

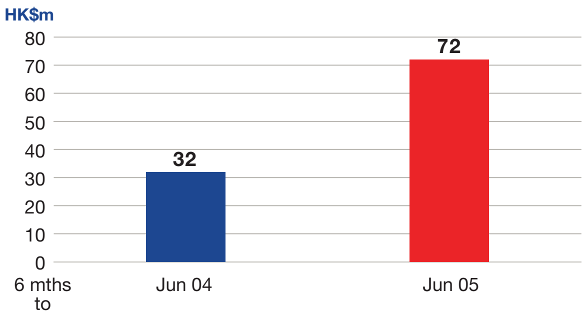
4.1 Operational review (continued)

Distribution in Hong Kong will be key to developing the wealth management market. Our strategy is not to transform our agency into financial planners, rather to build new capability alongside our existing agency channels. Non-aligned channels, such as independent financial advisers and bancassurance, are another potential source of growth in addition to the ipac Financial Planning model currently in place.

Grow the value of our existing client relationships

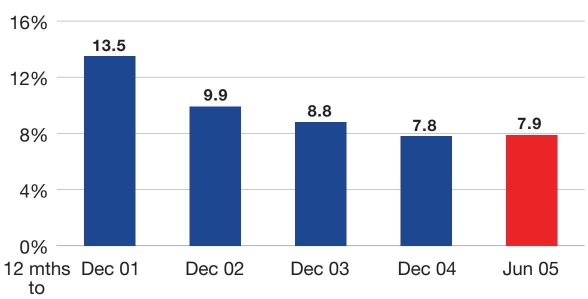
We have developed a database capturing a range of information on our inforce life insurance policyholders. This allows us to readily determine a true measure of customer value, provides analytical capability on customer interactions, and daily detailed analysis on key retention, cross-sell, and value drivers across all inforce policies from all product lines. With this capacity, 12 targeted cross sell campaigns have been launched and together with new product initiatives produced HK$72 million in new business sales.

NBI sales to existing clients from targeted campaigns and new initiatives



Aggregate discontinuance rates continued to be below our long term assumptions. The Customer Retention Team and the orphan management initiatives through the Customer Care Centre continue to perform well. There has also been an increased focus on retention from the agency force following the closer alignment of agent compensation with persistency as part of the Hong Kong Agency Blueprint.

Aggregate life discontinuance rate (annualised)

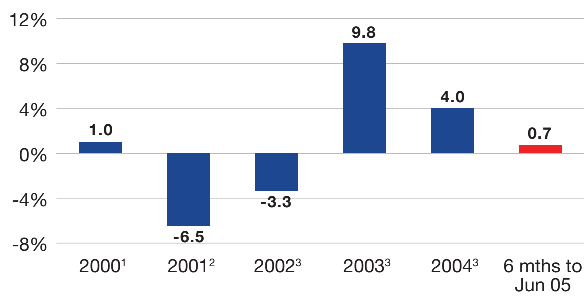


Deliver investment and technical margins

A key financial target for our traditional participating business is to earn, over the medium to long term, an average return on the assets backing those policies of at least 1% pa higher than the return we credit to policyholders.

As a result of adverse investment markets this target "1% spread" was not earned in 2001 or 2002.

Investment margin on participating business



1 12 months ended 30 September
2 15 months ended 31 December
3 12 months ended 31 December

However, following strong equity returns over the past two and a half years, outperformance against benchmarks from our investment managers, and reductions in 2001 and 2002 in policyholder dividends on our inforce portfolio, the investment margin in 2003 and 2004 was significantly in excess of the 1% target. We recovered (on both a market value and economic basis) all of the earlier shortfalls. Despite volatile global financial and equity markets we have on average achieved our targeted 1% investment margin on participating business.

Our investment margin this period was 0.7%, higher than the 0.5% target for a half year.

Earning rates for assets supporting policy liabilities in 2005	%
Investment / interest income	2.1%
Capital gain on fixed interest portfolio	0.4%
Capital gain on equities and property	0.5%
Total	3.0%
Credited to policyholders	(2.3)%
Investment margin	0.7%

The table below summarises the fund sizes, and long term investment assumptions for the main participating product groupings.

	Fund size[1] (HK$ billion)	Investment guarantee to policyholder	Investment strategy (bond/equity)	Target long term investment return	Total policyholder return on current crediting rates (gtees+ cash div+bonus)
"NL" closed Life fund	19.1	4.25% pa[2]	70/30 (Global)	6.50%	4.75% pa
"Smart" open Life fund	2.6	<1.00% pa	50/50 (Global)	7.50%	4.00% pa + TB[3]
"DA" Retirement fund (closed to all new contributions)	3.6	5.00% pa	80/20 (HK)	6.25%	5.00% pa
"Retirement" 0% guarantee funds (incl. MPF guarantee)	1,5	0.00%	80/20 (HK)	6.25%	1.00% pa – 5.00% pa

1 Fund size is based on AIFRS liability for life insurance and retirement business and account balance for unit linked

2 Before offsetting effect of expense and mortality profits (equivalent to approximately 1% pa)

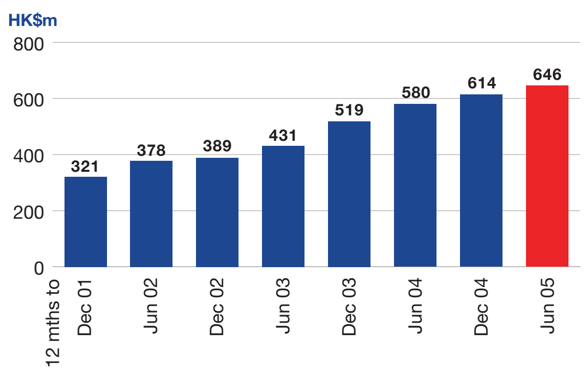
3 Terminal bonuses determined at the end of the policy life

The assumptions for prospective long term investment in the US 10 year Treasury, US corporate bonds and US equities are 5.2% pa, 5.9% pa and 9.2% pa respectively.

Technical margins and product profitability

New business profitability continues to be strong. On a rolling 12 month basis, the value of new business was up 11.4% to HK$646 million (2004 – HK$580 million).

Value of new business (rolling 12 months)



Dimensions has been a key driver of sales and value this period. We have also restructured and relaunched our Smart series participating products, including a broader range of payment period options to meet the changing needs of customers.

Although VNB growth has been a little lower than the rate of growth of new business (NBI up 13.7%), this is the result of a change in product mix rather than any margin reduction and reflects faster growth in retirement savings, which have lower unit profitability than life insurance. This change in mix is consistent with our Hong Kong 6 programme where the rate of growth of sales is higher than the targeted rate of growth in value of one year's new business.

Six months to 30 June (HK$ million)	2005 NBI	2005 VNB	2005 VNB %	2004 NBI	2004 VNB	2004 VNB %
Traditional life[1]	226	160	71%	258	186	72%
Unit linked	154	82	53%	97	55	57%
Unit linked single premium	12	4	38%	12	6	48%
Retirement	93	22	24%	28	5	17%
Group medical and general insurance	94	19	20%	102	20	19%
Total	579	288	50%	497	271	54%

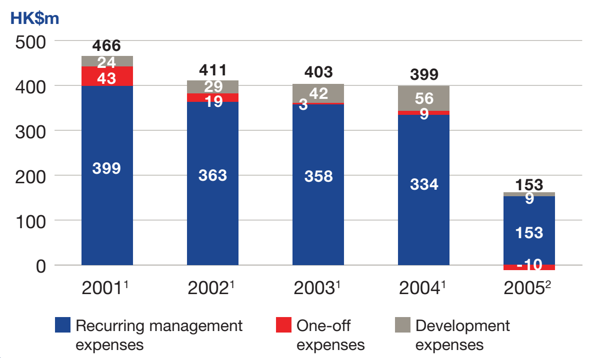
1 Excluding indexation

We expect margins to remain strong for traditional participating and unit linked life insurance. Although the wealth management products have lower unit profitability than life insurance, this is expected to be compensated by higher volumes. This does not reflect margin squeeze on our individual life portfolio (which has very high margins), but rather the emergence of new wealth management sales. Importantly these wealth management inflows are not substituting for life product sales.

Improve operational efficiency

Management expenses remain well controlled. We continue to challenge and review operational processes to improve their quality and reduce recurring management costs. Our regional blueprints continue to provide scale benefits. These improved efficiencies provide funding for reinvestment to support new development projects to accelerate growth.

4.1 Operational review (continued)



1 12 months to 31 December
2 6 months to 30 June

Leveraging our approach of moving to a regional structure for Asia, we are now benefiting from the operation of regional shared services including information technology, finance and human resources.

Recognising our focus on innovation and efficiency, AXA Asia Life was recognised by CIO Asia magazine as one of Asia's top performing users of IT[23]. The recognition was for our innovative, pragmatic and value added AXA Planner and Customer Database projects. AXA Planner is a point of sale technology solution implemented as part of the Hong Kong Agency Blueprint, and Customer Database is a key tool used to manage marketing campaigns and cross sell initiatives.

Hong Kong 6 – Targets and early progress

The table below summarises our position at the start of the Hong Kong 6 programme. It also provides an indication of the early progress against them as at 30 June 2005.

	Aspirational goal	Dec 2004	June 2005	Target Dec 2008
HK1	Increase the value of one year's new business by 88%[1,2]	HK$ 700.0m	HK$ 739.1m	HK$ 1,316.0m
HK2	Grow gross inflows to HK$18b[2]	HK$7.3b	HK$7.5b	HK$18.0b
HK3	Grow new business index to HK$2.8b[2]	HK$1.17b	HK$1.25b	HK$2.80b
HK4	Reduce management expense ratio to below 5%	5.8%	5.2%	<5%
HK5	Improve customer satisfaction index by 28%	110	n/a	141
HK6	Consistently in the top quartile in the AXA Group SCOPE survey	Top quartile	n/a	Top quartile
Over-arching target	Increase the enterprise value[3] by 88%	HK$21.4b	HK$22.9b	HK$40.3b

1 Illustrative only, based on assumed risk discount rate of 11.0%
2 Rolling 12 months
3 Illustrative only. Assumes constant currency exchange rates as at 31 December 2004, and mid-point valuation metrics of 10.5%-11.5% risk discount rate, and VNB multiples for HK of 7x-20x Financial protection, 15x-20x Wealth management, and 4x-7x Group medical and general insurance

Looking forward

The life insurance market in Hong Kong continues to show strong growth due to a high propensity to save, moderate life insurance penetration by the standards of developed countries, an emerging need for financial advice, and the significant boost to the economy as a result of the increase in Mainland Chinese visitors.

Traditional agency and salaried adviser sales will remain the most important channel and we are well placed here. We will continue to put significant management attention into growing this channel.

As distribution models become more sophisticated, we are well placed to leverage our Australasian experience and ipac experience. The broker market in Hong Kong is growing providing opportunities for value creation in selected areas.

There are also growing opportunities in the emerging wealth management market. We have early mover advantage with our market leading multi-manager capability now in place. The retirement savings market is expected to double over the next five years.

We have made good early progress and are on track towards our Hong Kong 6 aspirational goals.

23 CIO Asia lists the top 100 Asian companies that have used technology, IT projects and systems to derive the highest strategic value and yield the greatest returns for their businesses.

4.2 Financial summary

Profit after tax and before non-recurring items was up 73.4% to HK$774.2 million (2004 – HK$446.4 million) driven by:

- profitable sales growth
- higher earnings on net assets as a result of the decrease in bond yields and corporate spread
- partially offset by the fall in global equity markets.

(HK$ million)	6 months 30 Jun 05	6 months 30 Jun 04	Change	6 months 31 Dec 04
Operating Earnings	505.7	461.6	9.6%	455.9
Investment Earnings				
▪ normalised	436.2	433.2	0.7%	437.0
▪ investment experience				
– assets in excess of policy liabilities	(116.6)	(386.3)	69.8%	258.6
– assets backing policy liabilities	(51.1)	(62.1)	17.7%	(90.2)
Profit after income tax and before non-recurring items	**774.2**	446.4	73.4%	1,061.3
Non-recurring items	–	–	–	–
Profit after income tax and non-recurring items	**774.2**	446.4	73.4%	1,061.3

(A$ million)	6 months 30 Jun 05	6 months 30 Jun 04	Change	6 months 31 Dec 04
Operating Earnings	83.9	80.4	4.4%	79.3
Investment Earnings				
▪ normalised	72.3	75.4	(4.1)%	76.0
▪ investment experience				
– assets in excess of policy liabilities	(18.8)	(67.2)	72.0%	45.0
– assets backing policy liabilities	(8.5)	(10.8)	21.3%	(15.7)
Profit after income tax and before non-recurring items	**128.9**	77.8	65.7%	184.6
Non-recurring items	–	–	–	–
Profit after income tax and non-recurring items	**128.9**	77.8	65.7%	184.6

Operating Earnings

Operating Earnings in local currency was up 9.6% to HK$505.7 million (2004 – HK$461.6 million).

Operating Earnings in A$ were 4.4% higher than last year – a 5% increase in average A$/HK$ exchange rates partially offset the increase in local currency profits.

(HK$ million)	6 months 30 Jun 05	6 months 30 Jun 04
Expected profit margins released	500.6	431.0
Experience profit (loss)		
▪ Expenses	18.9	(6.4)
▪ Persistency	(8.1)	1.7
▪ Other (incl. underwriting and mortality)	(5.7)	35.3
Capitalised losses and reversals	–	–
Operating Earnings	**505.7**	461.6

Note: Investment experience is no longer included within Operating Earnings. They are included within Investment Earnings

Profit margins released benefited from profitable sales growth and assumption changes at December 2004, primarily relating to future mortality (reflecting improvements in experience in recent years).

The favourable **expense contribution** reflects continued focus on cost control.

Persistency experience losses are small and mainly reflect higher than expected surrenders from our closed ORSO DA retirement fund. The aggregate discontinuance rate for our life insurance business was maintained at 7.9% (better than our long term assumption).

Other includes mortality experience losses together with some other small miscellaneous gains. The lower underwriting contribution reflects the change to mortality assumptions at December 2004 (which increased planned profit margins) together with a larger than expected number of death claims from individual life business in the first quarter of 2005 due to a severe and more extended winter period than normal in Hong Kong. We understand this experience to be industry wide and not just specific to AXA. Claims experience returned to more normal levels in May and June. Mortality experience in the six months to June 2004 was particularly favourable.

4.2 Financial summary (continued)

Investment Earnings

(HK$ million)	6 months 30 Jun 05	6 month return[1]	6 months 30 Jun 04	6 month return[1]
Assets backing shareholder funds				
Equities	46.2	1.2%	61.3	1.6%
Fixed interest	272.2	3.6%	(18.4)	(0.2)%
Property	5.2	2.0%	4.9	2.5%
Cash	8.1	0.7%	3.6	0.5%
Sub-total portfolio assets	**331.7**	**2.6%**	51.4	0.4%
Other assets	(12.1)	n/a	(4.5)	n/a
Investment Earnings on assets in excess of policy liabilities	**319.6**	**2.5%**	46.9	0.4%
Investment experience – assets backing policy liabilities	(51.1)		(62.1)	
Total Investment Earnings	**268.5**		(15.2)	

1 Weighted percentage return based on average portfolio mix for 2004 and 2005 respectively.

Investment Earnings were significantly higher than the same period last year reflecting a 30 basis point decrease in US 10 year bond yields[24] (2004 – yields increased by 36 basis points) offset by:

- lower growth in international equities[25] – the MSCI World Index (US$) decreased by 0.4% (2004 – grew by 3.8%)
- an 18 basis point increase in the corporate spread[26] to 0.98%, leading to a decrease in the market value of our US$ bond portfolio (2004 – 10 basis point increase).

The property component reflects rental received on our AXA Centre building in Hong Kong. It represents approximately 2% of our total assets at 30 June 2005.

Under AIFRS, any capital appreciation on this property is recorded directly in reserves.

The investment experience loss on assets backing policy liabilities of HK$51.1 million mainly arose from the retirement and general insurance businesses, reflecting an increase in HK$ bond yields of 158 basis points (2004 – 87 basis point increase). Assets supporting the retirement business are 80% fixed interest (mainly HK$) and 20% equities (mainly Hong Kong).

Under AIFRS, policy reserves for the Deposit Administration (DA) retirement fund (closed to all new contributions) are calculated using a risk free interest rate, being the yield on Hong Kong government bonds appropriate to the cash flows of future liabilities. Changes in policy liabilities directly linked to a movement in the prevailing risk free rate are included within this investment experience.

Management expenses

With a focus on cost control, management expenses, and total expenses, continued to decrease.

Expenses (HK$ million)	6 months 30 Jun 05	6 months 30 Jun 04	Change	6 months 31 Dec 04
Recurring management expenses	153.4	166.9	8.1%	167.3
Development expenses	9.4	10.1	6.9%	46.2
One-off expenses	(10.2)	7.0	n/a	1.5
Total management expenses	**152.6**	184.0	17.1%	215.0
Total commission and related expenses	360.7	369.9	2.5%	397.2
Total expenses	**513.3**	553.9	7.3%	612.2

Recurring management expenses decreased by 8.1%.

Development expenses of HK$9.4 million, reflecting HK 6 programme initiatives to accelerate growth, were broadly in line with last year.

One-off expenses of HK$(10.2) million reflect the release of some accruals which are no longer required.

24 US bonds dominate the fixed interest portfolio and have a benchmark duration of approximately eight years

25 The overall equity benchmark is a blend of two international indices produced by Morgan Stanley Capital International (MSCI). The portfolio benchmark is similar to 90% of the MSCI World Free Asia excluding Japan Index, plus 10% of the MSCI All Countries Far East Free excluding Japan Index

26 The benchmark for corporate bonds is similar to the Lehman Brothers Credit index and for government and agency bonds is similar to the Salomon Brothers government and agency indices

Persistency

(12 months to)	Period	30 Jun 05	31 Dec 04	30 Jun 04	31 Dec 03	30 Jun 03	31 Dec 02
By premiums							
Aggregate discontinuance[1]		7.9%	7.8%	7.9%	8.8%	9.7%	9.9%
Persistency[1]							
Individual life – non-linked (Smart series)	13	72.6%	76.0%	83.5%	79.6%	76.8%	75.0%
	25	70.2%	72.3%	77.4%	72.0%	69.2%	67.5%
	61	59.2%	59.2%	58.2%	54.9%	50.9%	48.2%
Individual life – unit linked	13	82.3%	79.6%	71.5%	68.3%	75.7%	87.6%
	25	62.5%	70.2%	62.9%	60.7%	68.1%	80.2%

1 Rolling 12 months

The aggregate discontinuance rate on individual life policies was maintained at 7.9% and continues to be better than our long term assumption.

Persistency rates for non linked individual life at short durations were impacted by one-off lapses from certain sales through a couple of local brokers in 2004. We no longer write new business from these brokers. Unit linked persistency over 13 months has improved further in the first half of 2005.

4.3 New business

New business continued to grow with total life new business index[27] up 16.9% to HK$561.2 million (2004 – HK$480.1 million) and total new business index up 13.7% to HK$616.0 million (2004 – HK$542.0 million).

(HK$ million)	New business			Discontinuance			Inforce		
Annual premium products	6 mths 30 Jun 05	6 mths 30 Jun 04	Change	6 mths 30 Jun 05	6 mths 30 Jun 04	Change	At 30 Jun 05	At 30 Jun 04	Change
Individual life (non-linked)	258.0	289.4	(10.9)%	226.2	169.6	(33.4)%	4,868.0	4,760.2	2.3%
Individual life (unit linked)	152.6	97.2	57.0%	52.2	60.8	14.1%	582.4	398.2	46.3%
Total individual life	**410.6**	386.6	6.2%	**278.4**	230.4	(20.8)%	**5,450.4**	5,158.4	5.7%
Group retirement (incl. MPF)	78.1	21.2	268.4%	84.8	78.6	(7.9)%	1,268.2	1,139.3	11.3%
Group risk	44.2	46.4	(4.7)%	9.1	2.3	(301.1)%	402.8	340.3	18.4%
Total	**532.9**	454.2	17.3%	**372.3**	311.3	(19.6)%	**7,121.4**	6,638.0	7.3%
General insurance (P&C)[1]	54.8	61.9	(11.5)%						

1 Gross written premium

(HK$ million)	Inflows			Outflows			Net flow			FUM		
Single premium products	6 mths 30 Jun 05	6 mths 30 Jun 04	Change	6 mths 30 Jun 05	6 mths 30 Jun 04	Change	6 mths 30 Jun 05	6 mths 30 Jun 04	Change	At 30 Jun 05	At 31 Dec 04	At 30 Jun 04
Individual Life (incl. unit linked)	135.0	132.5	1.9%	68.9	8.6	(701.2)%	66.1	123.9	(46.7)%	1,267.3	1,170.3	1,036.1
Group Retirement[1]	147.5	126.9	16.2%	135.5	60.7	(123.2)%	12.0	66.2	(81.9)%			
Total	**282.5**	259.4	8.9%	**204.4**	69.3	(195.0)%	**78.1**	190.1	(58.9)%	**1,267.3**	1,170.3	1,036.1

1 FUM for retirement is not split between regular and single contributions and excludes internal ORSO conversions

New **regular premiums** grew 17.3% to HK$532.9 million (2004 – HK$454.2 million) reflecting further improvements in productivity for both agency and adviser channels, as well as better leveraging of our customer database.

New **unit linked regular premium business** was up 57.0% following the launch of 'Dimensions' in November 2004. Dimensions is a hybrid product featuring participating traditional life insurance benefits together with upside potential through investment linked funds. More specifically, policy dividends, periodic endowments and any supplementary client contributions over and above the basic policy premiums are invested into unit linked funds chosen by the policyholder.

27 Regular premiums plus 10% of single premiums

4.3 New business (continued)

New **regular premiums for group retirement** grew very strongly, up 268.4% to HK$78.1 million (2004 – HK$21.2 million), with strong increases in MPF sales through broker, direct and agency channels. The increase in MPF sales reflects heightened scheme member interest, following its four year anniversary together with increasing levels of member contributions driven by Hong Kong's improved economic outlook.

New **regular premiums for group risk** decreased 4.7% to HK$44.2 million (2004 – HK$46.4 million) and for **general insurance** were down 11.5% to HK$54.8 million (2004 – HK$61.9 million), reflecting increased competition and our focus on profitable growth in these markets.

Single premiums were up 8.9% to HK$282.5 million (2004 – HK$259.4 million), with encouraging initial inflows to our new multi manager investment platform.

4.4 Funds under management

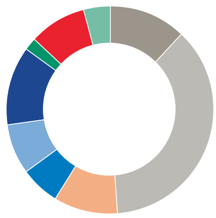
Funds under management continued to grow driven by net funds flow of HK$1,845.3 million (2004 – HK$1,899.1 million).

Breakdown of major funds[1] (HK$ billion)	As at 30 Jun 05	As at 31 Dec 04	As at 30 Jun 04
"NL" closed life fund	19.1	18.5	16.9
"Smart" open life fund	2.6	2.1	1.5
"DA" retirement fund (closed to all new contributions)	3.6	3.7	3.8
"Retirement" 0% guarantee fund (incl. MPF guarantee)	1.5	1.3	1.1
"Honey" unit linked life	1.2	1.1	1.0
"MPF" non-guaranteed	3.5	3.3	2.8
Other (including Shareholder)	15.7	14.8	14.7
Funds under management	47.2	44.8	41.8

1 Fund size is based on AIFRS liability for life insurance and retirement business and account balance for unit linked business. This more accurately ties asset shares to respective crediting rates

Portfolio composition

The chart below shows our investment portfolio mix at 30 June 2005 for the non-linked asset portfolio, together with additional details on the credit quality of our US corporate bond portfolio.



A breakdown of the US Bond portfolio by rating is outlined below.

US Bonds	Rating	Proportion
Government and Agency	AAA	34%
Corporate	AAA	5%
Corporate	AA	8%
Corporate	A	31%
Corporate	BBB	22%
Average	A	

On a weighted basis, our average credit rating for the US bond portfolio is in line with our target. Our policy is to maintain a weighted average rating of A, with a minimum of A-.

5.1 Introduction

Our strategy

Our strategy is to achieve a top five position in each of our chosen Asian markets when they enter the growth phase through a multi-channel, multi-product approach, and to deliver high levels of shareholder return.

Country	Entity name	Ownership interest	Partner(s)
China	AXA-Minmetals Assurance Co Ltd	25%	Minmetals (49%), AXA SA (26%)
Singapore	AXA Financial Services (Singapore) Pte Ltd	100%	
	AXA Life Insurance Singapore Pte Ltd	100%	
	AXA Wealth Management Singapore Pte Ltd	100%	
	ipac Financial Planning	100%	
Philippines	Philippine AXA Life Insurance Corporation	45%	Metrobank
Thailand	Krungthai AXA Life Insurance Co Ltd	50%	Krung Thai Bank
Indonesia	P.T. AXA Life Indonesia	80%	Tempo Group
	P.T. AXA Mandiri Financial Services	51%	Bank Mandiri
	P.T. AXA Services Indonesia	100%	

Our approach

Our approach is to operate a regional standardised business model to provide a sound platform for profitable growth. Regional best practice blueprints have been implemented across our Asian operations in areas including agency management, bancassurance operations, wealth management, pricing, product development, IT systems, compliance and risk management.

The regional office provides strong support in terms of both operational expertise and overall governance of processes. In particular, we pay constant attention to shareholder value creation by focussing on product profitability together with comprehensive risk management practices.

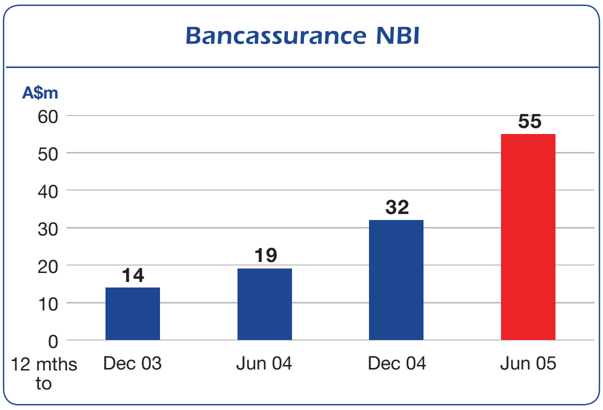
5.2 New business and fund flows

New business index

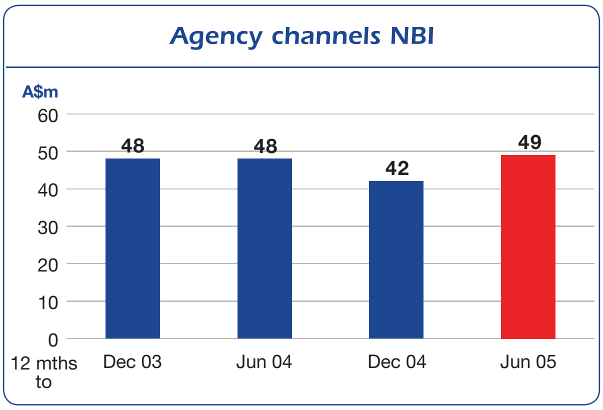
New business index[28] continued to grow very strongly, up 97.8% to A$61.7 million[29] (2004 – A$31.2 million). Performing particularly well were Indonesia as a result of our bancassurance joint venture with Bank Mandiri, and Thailand due to improvements in agent productivity and expansion of our bancassurance channel.

New business index[28]	Currency	6 months 30 Jun 05	6 months 30 Jun 04	Change
Indonesia	IDR	179,476.6	47,564.6	277.3%
Thailand	THB	485.9	226.0	115.0%
Singapore	SGD	13.5	9.7	39.2%
Philippines	PHP	334.6	278.0	20.4%
China	RMB	17.7	19.9	(11.1)%
Total (A$)[29]		61.7	31.2	97.8%

Sales from our bancassurance channels accelerated as we expanded our presence to 1,435 bank branches across South East Asia.



Sales from agency channels returned to growth after the adoption of Agency Blueprints across all our operations. Sales growth was mainly driven by improved agent productivity.



28 Regular premiums plus 10% of single premiums.

29 100% of joint venture operations, based on constant currency exchange rates at 31 December 2004, translated at average exchange rates for the 6 months ended 30 June 2005 of A$/Rupiah = 0.000137; A$/Baht = 0.032687; A$/Sing$ = 0.783748; A$/Peso = 0.023552; A$/Rmb = 0.156166.

5.2 New business and fund flows (continued)

We saw very strong growth in **Indonesia** with new business up 277.3% driven by continuing expansion of our bancassurance joint venture with Bank Mandiri and improving agent productivity.

New business in **Thailand** was up 115.0% reflecting strong improvements in agent productivity, as well as further expansion of, and higher productivity in, our bancassurance channel.

Singapore achieved strong growth in new business, up 39.2% as a result of higher sales of regular premium products from our agency channel, together with the successful campaign in the first quarter to rollover maturing guaranteed products into single premium investment linked plans. An encouraging trend was the continuing increase in new regular premium business, up 41.4%, including regular investment linked business as well as regular premium term and critical illness products.

New business in **Philippines** was up 20.4%, mainly due to continuing growth in single premium investment linked products through our bancassurance channel together with an increase in sales of regular premium products by agents.

New business in **China** was down 11.1% due primarily to competition for agents and market slow down in Shanghai. However, sales in the second quarter of 2005 improved, up 25.9% compared to the corresponding period last year, reflecting success in single premium sales from banks and broker channels together with early growth in the recently launched Beijing branch and group business.

Further information regarding the breakdown of new business index between regular premium and single premium sales is outlined below.

Regular premiums	Currency	6 months 30 Jun 05	6 months 30 Jun 04	Change
Indonesia	IDR	117,423.0	34,532.0	240.0%
Thailand	THB	452.2	220.0	105.5%
Singapore	SGD	4.1	2.9	41.4%
Philippines	PHP	189.3	166.8	13.5%
China	RMB	12.1	18.0	(32.8)%
Total (A$)		40.4	20.9	93.3%

Single premiums	Currency	6 months 30 Jun 05	6 months 30 Jun 04	Change
Indonesia	IDR	620,536.0	130,333.0	376.1%
Thailand	THB	336.3	55.0	511.5%
Singapore	SGD	94.1	68.4	37.6%
Philippines	PHP	1,452.9	1,111.3	30.7%
China	RMB	56.6	19.3	193.3%
Total (A$)		212.8	102.4	107.8%

Total premium income

All of our businesses continued to grow very strongly with total premium income up 72.5% to A$329.2 million reflecting strong sales growth and continuing increase in sales of single premium products.

(A$ million)[1]	6 months 30 Jun 05	6 months 30 Jun 04	Change	6 months 31 Dec 04
Indonesia	114.5	33.2	244.3%	61.4
Thailand	40.0	19.6	104.4%	27.6
Singapore	106.4	85.0	25.2%	84.6
Philippines	51.7	42.1	22.9%	55.7
China	16.6	11.0	51.6%	16.4
Total	329.2	190.8	72.5%	245.7

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

(millions)	Currency	6 mths 30 Jun 05	6 mths 30 Jun 04	Change	6 mths 31 Dec 04
Indonesia	IDR	835,497.9	242,676.0	244.3%	447,828
Thailand	THB	1,224.2	599.0	104.4%	845.4
Singapore	SGD	135.7	108.4	25.2%	108.0
Philippines	PHP	2,195.7	1,787.0	22.9%	2,364.2
China	RMB	106.4	70.2	51.6%	104.8

Total premium income in **Indonesia** was up 244.3%. Sales of single premium products have been particularly strong, partially due to the conversion of bank mutual funds products into insurance unit-linked plans.

In **Thailand**, total premium income more than doubled driven by strong sales growth from both agency and bancassurance channels, together with improvements in persistency.

Singapore was up 25.2%, in part reflecting a very successful retention campaign for a maturing product. Our presence in the independent financial adviser market continued to grow, with 67% growth of sales through this channel.

Philippines was up 22.9%, with investment linked products representing 56% of new sales.

Total premium income in **China** was up 51.6% driven by strong growth in sales of single premiums products via banks.

5.3 Advisers and agents

Adviser and agent numbers	At 30 Jun 05	At 31 Dec 04	Change	At 30 Jun 04
Indonesia	1,346	1,316	2.3%	1,100
Thailand	1,743	2,085	(16.4)%	2,368
Singapore	223	229	(2.6)%	228
Philippines	1,275	940	35.6%	898
China	1,459	1,687	(13.5)%	1,383
Total	**6,046**	6,257	(3.4)%	5,977

The total number of advisers and agents decreased over the past six months as we continued to focus on the development and training of our advisers and agents to boost productivity, whilst removing non-performing advisers and agents through the regional agency blueprint. The aim of the blueprint is to enhance agent productivity and align our agent and adviser compensation more closely with the profitability of business sold. The change reflects a deliberate move away from a part time agency force to a professional, dedicated salesforce.

Included in the total number of advisers and agents above are 1,344 bank-based bancassurance advisers, up 85.9% since 30 June 2004, driven by continuing expansion of our bancassurance operations, particularly in Indonesia and Thailand.

5.4 Singapore

Singapore is a very attractive market with GDP per capita over US$24,000, amongst the highest in the world. Penetration of life insurance is among the highest in the region, yet the population is still significantly underinsured.

Recognising the significant growth opportunities in the wealth management market due to large bank deposits and unlocked Central Provident Fund monies, we continue to focus on the wealth management and financial protection markets. Our approach of concentrating on unbundled insurance and investment products is unique in Singapore.

AXA's Assure platform is one of the most comprehensive protection offers in the market. It includes our term insurance (the only stand alone trauma product in Singapore), and health insurance products.

We launched our first unit trust in the first half of 2005. The AXA Talents Fund is a product from the global AXA range, focussing on investments in entrepreneur-led companies. We intend to launch a range of other unit trusts over the next 18 months, including a multi-manager offer leveraging our ipac business.

We have strengthened our distribution capability by signing two new distribution agreements, complementing our two existing channels of aligned advisers and independent financial advisers (IFA):

- United Overseas Bank (Singapore's largest local bank) – for distribution of AXA's Assure platform of protection products, after a best-of-breed product selection process across the industry. Our term insurance and trauma products went on sale through UOB on 1 July 2005 and our health products will go on sale in September. UOB has approximately 400 personal bankers able to promote AXA products
- iFAST (a local portfolio administration system used predominantly by the growing IFA channel) – to distribute the new AXA Talents fund.

New business and funds flow have continued to grow, with profitability of our life operation up 40.0% as a result of our focus on pure risk protection and investment linked products, together with continued expense reductions.

(A$ million)	6 months 30 Jun 05	6 months 30 Jun 04	Change	6 months 31 Dec 04
AXA Life Insurance Singapore ("AXA LS"):				
Operating Earnings of life operation	2.1	1.5	40.0%	1.7
Investment Earnings				
▪ normalised	0.2	0.3	33.3%	0.3
▪ investment experience				
– assets in excess of policy liabilities	0.0	0.0	0.0%	2.7
– assets backing policy liabilities	0.2	(0.1)	n/a	1.1
Asian development costs – other Singapore operations	(2.8)	(1.1)	(154.5)%	(1.8)
Profit after income tax before non-recurring items	**(0.3)**	0.6	n/a	4.0

"Asian development costs – other Singapore operations" include the ipac financial planning and wealth management businesses that are in early stages of development. Development costs are being fully expensed.

Looking forward, we will continue to focus on recruiting and expanding our adviser force while at the same time gaining scale through other channels in the emerging wealth management market.

5.5 China

China is now Asia's third largest life insurance market and will become one of the world's largest in the next 20 years with its population (1.3 billion), strong GDP growth (9.5% in 2004, averaging 8% pa. over the past two decades) and low life insurance penetration[30] (2.5%, compared with 10% in other mature markets). China Insurance Regulatory Commission predicts a compound average growth rate of 20% in insurance premiums over the next three years fuelled by an emerging middle class, strong underlying economic growth and an ageing population.

The long-term prospects for China's life insurance sector are for continued strong growth, although in the short term we still expect volatility in market growth. The regulatory environment is liberalising and providing an opportunity for foreign insurers to offer more flexible and attractive products to customers including a broad range of investment options. Reform of China's social security system will also provide extensive pension opportunities.

The Beijing branch commenced operations in March 2005, and the joint venture also started selling group business. We now operate in three locations – Shanghai, Guangzhou and Beijing.

The difficult market environment in China has adversely impacted results, although in Shanghai, the joint venture's total premium income was up 40%, despite a market decline of 10%. Our business in Shanghai is now ranked 7th, measured by individual life total premiums.

Looking forward, we will focus on the recruitment of agents and improvement of productivity, as well as continuing to examine opportunities for further growth into new cities and market segments.

5.6 Other South East Asian countries

Other South East Asian countries, with low insurance penetration, large and rapidly ageing populations and growth in GDP per capita, are poised to enter a new phase of rapid growth in financial protection and wealth management.

If we can successfully develop sustainable, competitive and profitable distribution channels, high margins should be available. This provides a very attractive opportunity for long term growth and shareholder value creation.

Our strategy is to grow in these markets through a multi-distribution approach, in particular through our bancassurance joint ventures in the Philippines, Thailand and Indonesia, where we are in partnership with the leading local retail banks. This provides us access to almost 1,900 branches and more than 16 million banking customers. At 30 June 2005, we were present in 1,435 branches and have further increased the size of our bank based adviser network by 85.9%.

Leveraging our experience in bancassurance, our entry into Malaysia was recently announced (plan to commence operations in the first quarter of 2006) and we are well advanced in plans for entering India (plan to commence operations in the first half of 2006).

The strength of our single regional platform approach is evident in the increasing proportion of unit linked sales. Excluding Thailand (where regulations do not permit unit linked products) unit linked products accounted for 86.3% of new sales (2004 – 71.3%). This was achieved by re-using successful products and adviser training from Hong Kong. This has significantly reduced the level of sales of products with guarantees and improved the value of new business.

Indonesia

We have continued to develop AXA Mandiri Financial Services, our joint venture with Bank Mandiri, Indonesia's largest bank with 700 branches and over seven million customers. We now have financial advisers in 568 bank branches (31 December 2004 – 437; 30 June 2004 – 215).

The number of financial consultants located in bank branches was up 21% (compared with 31 December 2004) and 121% (compared with 30 June 2004) as we complete the roll out through Bank Mandiri's network. Productivity of bank based financial consultants is extremely strong and much higher than the productivity of an average agent in the Indonesian market.

AXA Life Indonesia, our other joint venture with the Tempo Group, continues to grow following the implementation of our regional agency blueprint last year. While, as a result of termination of non-performing agents, agent numbers are down 13% (compared with 31 December 2004) and 21% (compared with 30 June 2004), our focus on productivity improvement has resulted in strong growth in sales.

On a combined basis, our businesses in Indonesia are now ranked 2nd with 15% new business market share for the first quarter of 2005 (2004 – 4th).

Looking forward, our focus for Indonesia will be the ongoing expansion of our bancassurance channel and improved agent productivity as a result of rolling out the agency blueprint.

Thailand

We operate a joint venture with Krung Thai Bank, Thailand's largest government owned bank, with an extensive network of 617 branches nationwide and over six million customers. With relatively low life insurance penetration of 1.9%[31] and expected strong growth in GDP, the insurance market is very attractive for long term sustainable growth.

We continued to expand our bancassurance channel, which now operates in 340 branches. We have 238 financial advisers, up 49% (31 December 2004) and up 61% (30 June 2004). Since 30 June 2004, adviser productivity has risen 115%.

30 Source: CIRC

31 Source: Swiss Re, World Insurance in 2004

The implementation of the new agency model a year ago with a strong focus on quality and support of agents has shown very positive results. Whilst agency manpower has declined by 36% from June 2004 due to termination of non-performing agents, sales and productivity have increased sharply.

Our new business market share was 8th for the five months ended May 2005 (2004 – 9th).

Continuing strong growth of the business is expected as we leverage our multi distribution channels including agency, bancassurance and alternate distribution by utilising the strong business alliances of our joint venture partner.

Philippines

Our partnership with the largest banking group in the Philippines, Metrobank Group, positions Philippine AXA Life as one of the largest life insurers in the country. Metrobank has a total of 564 branches and almost 3 million bank customers.

The bancassurance model has helped drive strong growth since its inception, providing a leading example of a successful bancassurance operation in Asia. We now have financial advisers in 527 bank branches (31 December 2004 – 522), and 375 financial executives, up 13% since 31 December 2004 and 37% since 30 June 2004. Philippine AXA Life writes the most single premium business in the market.

Agency distribution has been further strengthened, following the implementation of the regional agency blueprint in 2004, and agency manpower has grown by 48% over the past six months.

Based on the latest market statistics available, the joint venture ranked 4th in terms of new business and has total premium income market share of 13%.

Moving forward, our focus will be to continue increase bancassurance and agency productivity levels.

5.7 Growth opportunities

Although our operations in China and South East Asia remain small, and not material to the financial results of the Group, these operations offer significant potential for growth in the medium to long term. Our geographical spread provides an opportunity to leverage the skills and capabilities we have built in Australia, New Zealand and Hong Kong.

Our planned organic growth can be funded from internal capital resources. Our strategic plans, if they all come to fruition, require additional capital of between A$150 million and A$300 million over the next three to four years.

We have increased our capability in the regional office and our China development team, and anticipate additional corporate expenses of between A$9 million and A$13 million pa over the next three years. Whilst it is clear we are adding value with strong growth in the value of new business, we are unlikely to see a positive contribution to earnings for at least five years.

There are opportunities to expand into new markets through start-ups and acquisitions. We recently announced our intention to enter Malaysia, and are currently quite well advanced in looking at entry into India.

Malaysia

On 18 August, we announced that non-binding indicative term sheets had been signed for the proposed formation of a joint venture with AFFIN Holdings Berhad (AHB), and the proposed acquisition by the joint venture of the life insurance business of Tahan Insurance Malaysia Berhad.

It is intended that the life insurance joint venture with AHB will enter into an exclusive distribution agreement with Affin Bank and other relevant subsidiaries of AHB. Affin Bank already has a joint venture with the AXA Group for general insurance business in Malaysia.

It is intended that definitive agreements will be executed no later than 30 September 2005, with the transaction completed by 31 December 2005 (as soon as practicable after all relevant regulatory approvals have been obtained), with operations to commence in the first quarter of 2006.

The proposed transaction provides an opportunity to enter the Malaysian life insurance market, a market with very attractive fundamentals:

- one of the largest life insurance markets in Asia with around US$4.2 billion in total premiums[33]
- one of the fastest growing life insurance markets in Asia with premium growth of around 20% pa.

The expected capital commitment is not material relative to the $632 million of capital held in excess of regulatory capital requirements and our internal target surplus.

India

We are well advanced in plans to enter the Indian life insurance market. Like Malaysia, the Indian life insurance market has very attractive fundamentals:

- fifth largest life insurance market in Asia with US$16.9 billion in total premiums[32]
- foreign joint ventures, permitted since 2001, now account for 33% of new business.

We are looking to develop a business model utilising our salaried adviser, bancassurance, agency and product blueprints. The expected capital commitment is in the range of A$35 million – A$65 million over the first three years. Commencement is expected in the first half of 2006.

32 Source: Swiss Re, World Insurance 2004

6 Value and capital management

6.1 Value

This section contains an assessment of long-term Group shareholder value based on discounted shareholder cash flows from inforce business and future new business.

The value information provided in this section is illustrative only. It does not necessarily reflect the value that the Directors would place on AXA APH, or on any part of AXA APH.

The illustrative value analysis presented includes:

- the value of inforce, being the present value of future profits expected to be derived from all current inforce policies, plus the regulatory capital and franking credits expected to be released to shareholders over time
- adjusted Group net worth, being the economic value of net assets held in excess of the regulatory capital included in the value of inforce. This is shown net of a provision for the interim dividend and excludes AIFRS changes that do not have a value effect
- Group debt
- capitalised value of corporate expenses
- capitalised value of expense overruns for South East Asian businesses
- the value of new business, being the present value of future profits from one year's new business written in the 12 months ended 30 June 2005.

The value of inforce and the value of one year's new business have been calculated on two risk discount rates:

- the assumed local equity return (10.0% for Australia and New Zealand, 10.5% for Hong Kong), and
- 100 basis points above the assumed local equity return (11.0% for Australia and New Zealand, 11.5% for Hong Kong).

Using the information provided in sections 6.1 – 6.5, an enterprise value per share can be determined using the following steps:

- determine the value of inforce taking a view on the appropriate risk discount rate and other assumptions. The sensitivities outlined on page 56 allow differing views to be taken on key assumptions
- take the adjusted Group net worth (including an amount for the interim 2005 dividend of $109 million for a cum dividend view), less Group debt and an allowance for the capitalised value of corporate expenses and expense overruns in South East Asia
- take the value of one year's new business, taking a view on the appropriate risk discount rate, and multiply this by an appropriate new business multiple to arrive at the total value of future new business. Factors to be taken into consideration when deciding on suitable new business multiples include the assumed risk discount rate, assumed future market growth rates, management and distribution capability, and assumed current and future profitability margins
- sum the total of the above and divide by the total number of shares on issue (1,742 million) to arrive at a value per share.

Group value of inforce

The following table compares the illustrative value of inforce as at 31 December 2004 and 30 June 2005 on an actual and constant exchange rate basis. The actual basis uses an HK$/A$ exchange rate of 5.93, consistent with rounded balance sheet rates used at 30 June 2005. The constant basis uses an HK$/A$ exchange rate of 6.09, the exchange rate that applied at 31 December 2004.

The illustrative value of inforce at 30 June 2005 is shown before and after transfers to Group net worth of $322 million over the period.

	Risk discount rate Equity return + 100 bps[1]			Risk discount rate Equity return[2]		
(A$ million)	30 Jun 05	31 Dec 04	Change	30 Jun 05	31 Dec 04	Change
Value of inforce						
Australia and New Zealand	2,813	2,637	6.7%	2,949	2,782	6.0%
Hong Kong	1,973	1,781	10.8%	2,108	1,896	11.2%
South East Asia[3]	62	53	17.0%	62	53	17.0%
Total value of inforce (before 2005 transfers to net worth and on constant FX)[4]	**4,848**	4,471	8.4%	**5,119**	4,731	8.2%
Total value of inforce (before 2005 transfers to net worth and on actual FX)[5]	**4,898**	4,471	9.5%	**5,174**	4,731	9.4%
2005 transfers to Group net worth[6]	(322)			(322)		
Total value of inforce (after 2005 transfers to net worth and on actual FX)	**4,576**	4,471	2.3%	**4,852**	4,731	2.6%

1 Risk discount rate is 11.0% for Australia and New Zealand, and 11.5% for Hong Kong

2 Risk discount rate is 10.0% for Australia and New Zealand, and 10.5% for Hong Kong

3 Inforce value for South East Asia is shown before an allowance for expense overruns and is presented on a single set of risk discount rates (11.0% for Singapore and 16% to 20% for the other South East Asian businesses)

4 Based on HK$/A$ exchange rate of 6.09 (31 Dec 2004)

5 Based on HK$/A$ exchange rate of 5.93 (30 Jun 2005)

6 Total transfers to Group net worth of A$322 million consists of A$128 million for Australia and New Zealand, A$195 million for Hong Kong, offset by A$1 million capital injection for South East Asian business

On constant exchange rates and before transfers to net worth, the illustrative value of inforce based on a risk discount rate of 100 basis points above the assumed local equity return was up 8.4% to $4,848 million (31 December 2004 – $4,471 million). On actual exchange rates the illustrative value of inforce was up 9.5% to $4,898 million. Growth in the value of inforce was in excess of the risk discount rate due to the contribution made by profitable new business written over the period and expense improvements, along with growth in South East Asia.

The change in value of inforce is explained in more detail in section 6.2.

Group net worth, debt and corporate expenses

A$ million	30 Jun 05	31 Dec 04
Group net worth[1,2]	1,267	1,275
Adjustment to exclude AIFRS "non-economic" impacts	147	–
Adjusted Group net worth for value reporting purposes	**1,414**	1,275
Group debt[3]	(1,454)	(1,420)
Capitalised corporate expenses[4]	(312)	(312)
Capitalised value of South East Asian expense overruns[5]	(17)	(18)
Total dividend payments for 2005[6]	109	

1 The Group net worth is presented net of dividend provision of $109 million at 30 June 2005 and $113 million at 31 December 2004

2 Group net worth represents target surplus of $635 million and excess capital of $632 million, and includes the 2005 transfers from value of inforce of $322 million

3 Excludes potential additional corporate expenses of $9 million to $13 million pa over the next three years should planned organic growth come to fruition

4 31 December 2004 Group debt shown as per page 68 of December 2004 Investor Compendium and excludes $3 million increase on transition to AIFRS.

5 Value of South East Asian expenses being in excess of assumed long-term product expense loadings

6 Provision for the interim 2005 dividend

For value purposes, Group net worth, which is now on an AIFRS basis has been adjusted to exclude the impact of AIFRS changes that do not reflect the economic reality of the business. The key adjustments relate to the effect of pension obligations determined at the risk free rate and the Share Trust consolidation impacts. These items, along with the analysis of the change in the Group net worth, are covered in more detail in section 6.3.

Group value of inforce (after transfers to net worth)

The illustrative value of inforce at 30 June 2005 by region, after net transfers to Group net worth of $322 million, is summarised below. These represent the final value position shown in the charts in section 6.2, where the growth of the value of inforce is explained in more detail.

	Risk discount rate	
	Equity return + 100 bps[1]	Equity return[2]
(A$ million)	At 30 Jun 05	At 30 Jun 05
Australia & New Zealand		
Financial protection	1,405	1,479
Wealth management	1,275	1,339
Total A&NZ value of inforce	2,680	2,818
Hong Kong[3]		
Financial protection	1,662	1,788
Wealth management	140	151
Health	32	33
Total Hong Kong value of inforce	1,834	1,972
South East Asia[4]	62	62
Total Group value of inforce (after 2005 transfers to net worth and on actual FX)	4,576	4,852

1 Risk discount rate is 11.0% for Australia and New Zealand, and 11.5% for Hong Kong

2 Risk discount rate is 10.0% for Australia and New Zealand, and 10.5% for Hong Kong

3 The split of Hong Kong value of inforce shown on page 68 of the December 2004 Investor Compendium included A$30 million of individual non-health business in the Financial Protection total rather than the Wealth Management total. The following restatement of the December 2004 value, at the equity + 100 bps risk discount rate of 11.5%, is provided to enable comparison to the numbers shown above. The restatement does not impact the total inforce value reported

At 31 December 2004 (A$ million)	Risk discount rate 11.5%
Financial protection	1,605
Wealth management	148
Health	28
Total Hong Kong value of inforce	1,781

4 Inforce value for South East Asia is shown before an allowance for the value of expenses being in excess of assumed long-term product expense loadings. The value is presented on a single set of risk discount rates (11.0% for Singapore and 16% to 20% for the other South East Asian businesses)

6.1 Value (continued)

Value of one year's new business

	Risk discount rate Equity return + 100 bps[1]			Risk discount rate Equity return[2]		
(A$ million)	30 Jun 05	31 Dec 04	Change	30 Jun 05	31 Dec 04	Change
Australia & New Zealand						
Financial protection	13	12	5.6%	16	16	5.1%
Wealth management	71	65	9.6%	80	73	8.9%
Total A&NZ value of new business	**84**	77	9.1%	**96**	89	7.9%
Hong Kong						
Financial protection	92	89	3.9%	99	95	4.1%
Wealth management	8	6	30.8%	10	8	33.1%
Health	6	6	(2.9)%	6	6	(2.8)%
Total Hong Kong	**106**	101	5.2%	**115**	109	5.5%
South East Asia[3]	17	14	23.4%	17	14	23.4%
Group VNB on constant FX rates[4]	**207**	192	8.0%	**228**	212	7.7%
Group VNB on actual FX rates[5]	**210**		9.4%	**231**		9.0%

1 Risk discount rate is 11.0% for Australia and New Zealand, and 11.5% for Hong Kong
2 Risk discount rate is 10.0% for Australia and New Zealand, and 10.5% for Hong Kong
3 South East Asia is presented on a single set of risk discount rates (11.0% for Singapore and 16% to 20% for the other South East Asian businesses)
4 Based on HK$/A$ exchange rate of 6.09 as at 31 Dec 2004
5 Based on HK$/A$ exchange rate of 5.93 as at 30 June 2005

On constant exchange rates the illustrative value of new business ("VNB") based on a risk discount rate 100 basis points above the assumed local equity return was up 8.0% to $207 million (31 December 2004 – $192 million). On actual exchange rates the illustrative VNB was up 9.4% to $210 million.

The depreciation of the A$ favourably impacts the value of new business by $3 million (1.4%).

The change in the value of new business is explained in more detail in section 6.4.

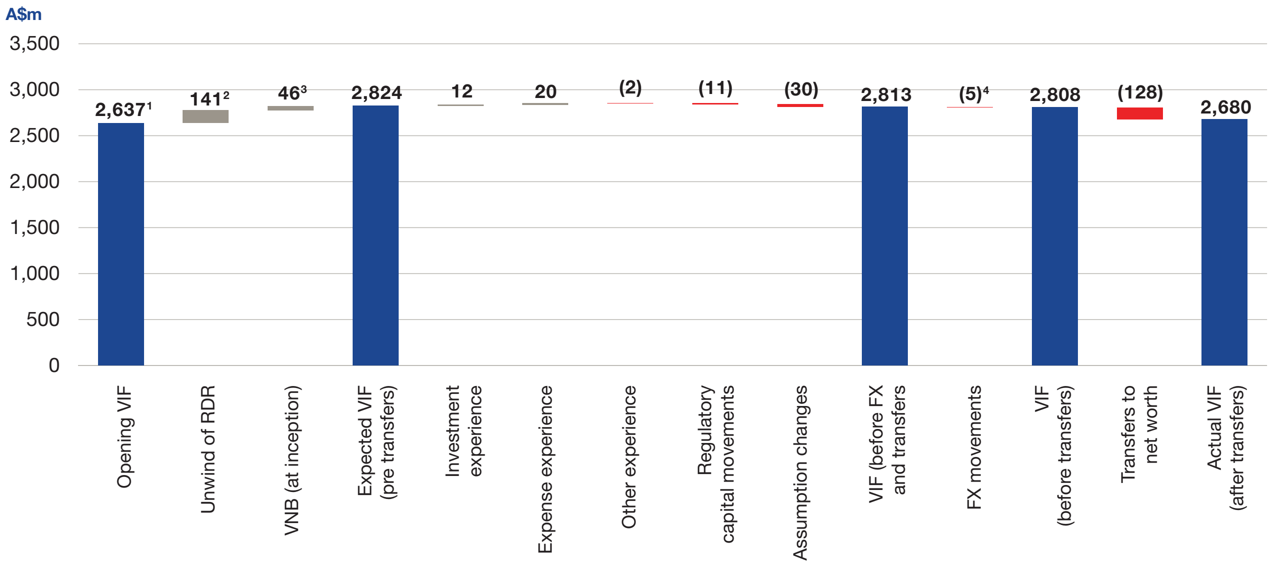
6.2 *Value of inforce*

The following charts analyse the growth of the value of inforce based on a risk discount rate 100 basis points above the assumed equity return.

Australia and New Zealand

Based on a risk discount rate 100 basis points above the assumed equity return (ie. 11%), the value of inforce for Australia and New Zealand was up 6.7% to $2,813 million (31 December 2004 – $2,637 million) before foreign currency movements and transfers to Group net worth. The major movements over the past six months are outlined below.

Analysis of change in value of inforce



1 Represents closing value at 31 December 2004 as per page 70 of December 2004 Investor Compendium

2 Represents six months unwind at the compound annualised risk discount rate of 11% on the opening VIF

3 Represents the value of new business for the six months ended 30 June 2005

4 Reflects the movement of A$/NZ$ exchange rate from 0.92 at 31 December 2004 to 0.91 at 30 June 2005, on VIF of NZ$490 million for New Zealand business before transfers to Group net worth

VNB contributes to the overall growth in the value of inforce, and reflects strong platform inflows into Generations and Summit, coupled with Alliance Capital mandate wins.

Investment market performance during the period, in particular Australian equities, increased funds under management and fee revenue to higher levels than assumed at the beginning of the year. This, combined with favourable investment experience on regulatory capital, increased the value of inforce by $12 million.

Expense efficiency improvements contributed $20 million to the increase in the value of inforce. As stated in the 2004 Investor Compendium, the fact that aggregate expense experience had moved into line with the assumption used in the value calculation means that any efficiency gains now result in an increase in the value of inforce as they are realised.

The amount of regulatory capital held since 31 December 2004 increased by $32 million. This reduces the value of inforce by $11 million due to the higher locked-in cost of capital.

A strengthening of lapse assumptions for certain business lines led to the $30 million reduction due to assumption changes.

The movement in the A$/NZ$ exchange rate decreased the value of the New Zealand business in A$ terms by $5 million.

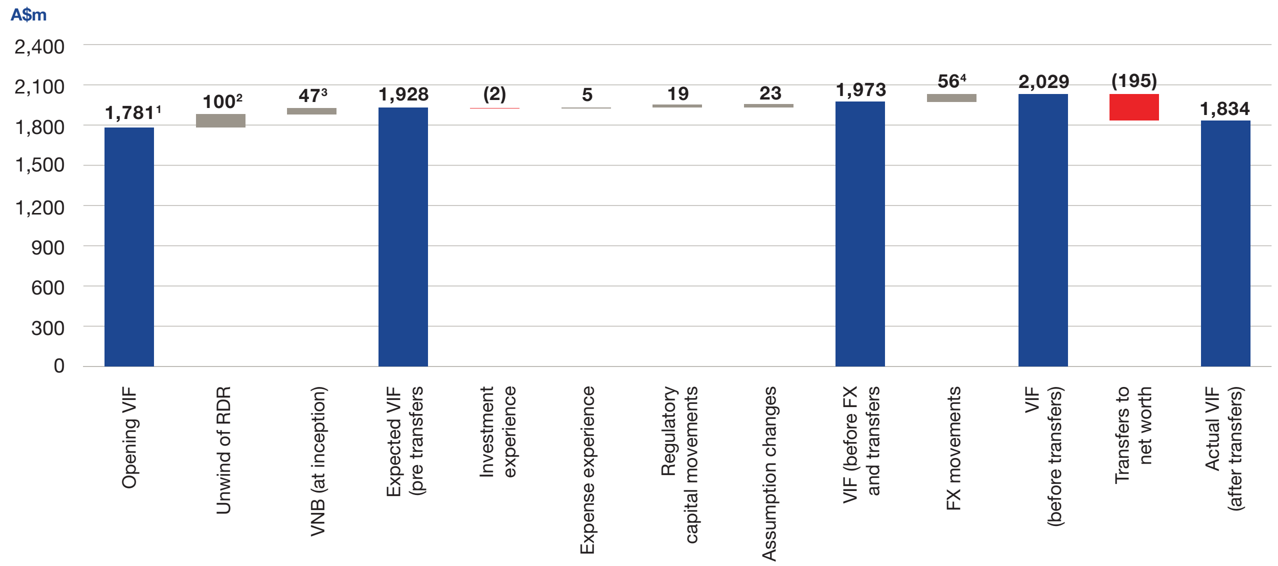
The transfers of $128 million to Group net worth include a release of profit of $146 million, franking credits of $14 million, less a $32 million increase in regulatory capital.

6.2 *Value of inforce* (continued)

Hong Kong

Based on a risk discount rate 100 basis points above the assumed equity return (ie. 11.5%), the value of inforce in Hong Kong was up 10.8% to $1,973 million (31 December 2004 – $1,781 million) before foreign currency movements and transfers to Group net worth.

Analysis of change in value of inforce



1 Represents closing value at 31 December 2004 as per page 71 of December 2004 Investor Compendium

2 Represents 6 months unwind at the compound annualised risk discount rate of 11.5% on opening VIF

3 Represents value of new business of HK$288 million (excluding indexation sales) at 31 December 2004 HK$/A$ exchange rate of 6.09

4 Reflects the movement of the HK$/A$ exchange rate from 6.09 at 31 December 2004 to 5.93 at 30 June 2005 on VIF of HK$12,021 million, before distributions to Group net worth

VNB contributed to the overall growth in the value of inforce and reflects increased sales volumes across most business lines.

Investment returns were lower than assumed over the period, mainly due to international equity returns, with the MSCI World index decreasing by 0.4%, resulting in a small adverse variation of A$2 million in the value of inforce.

Expense efficiency improvements increased the value of inforce by A$5 million.

Movements in regulatory capital contributed A$19 million to the increase in the value of inforce. This increase reflects lower regulatory capital requirements as a result of managing risk more efficiently across the Group.

A significant proportion of inforce Hong Kong life business is subject to annual indexation increases. Actual indexations are not included in the value of new business, but expected future indexations are allowed for within the value of inforce business. Modelling changes, to more accurately reflect the value of future indexation, have increased value by A$23 million during the period.

The appreciation of the US$ and HK$, increased the value of inforce Hong Kong business in A$ terms by $56 million. This increase in value of inforce is partly offset by a decrease in the value of hedges held at the Group level, consisting of US$ debt and A$/HK$ cross currency swaps. The movement in the value of these hedges is reflected in the Group net worth.

The transfers of A$195 million to Group net worth represents the release of Operating Earnings, Investment Earnings on regulatory capital, along with capital released from the inforce business in excess of that required to finance new business due to capital efficiencies such as the more efficient management of risk across the Group.

South East Asia

The aggregate illustrative value of inforce for the South East Asian businesses (AXA Group share, excluding China) is A$62 million. This is the value of inforce determined using long-term best estimate expense assumptions, excluding any allowance for current expenses being in excess of product expense loadings. The excess expenses relate to both acquisition and maintenance expenses and are assumed to be eliminated in most cases over the next three to five years.

A$ million	AXA Life Singapore	Other SEA businesses (excluding China)	Total
Value of inforce (before allowance for current expense overrun)	32	30	62

The value of inforce of the South East Asian business, excluding any allowance for expenses in excess of product expense loadings and before transfers to net worth was up 17.0% to $62 million (31 December 2004 – $53 million). This increase is the result of our continuing focus on product profitability and growth in new business. In particular, rapid growth in sales volumes through bancassurance channels in South East Asia has contributed to the larger base and thus the value of inforce.

China

The value of inforce for China is not material at present and is not included in the illustrative inforce value shown in this report.

6.3 Group net worth

The Group net worth is equal to total capital resources less regulatory capital requirements and goodwill.

For value purposes, and consistent with the December 2004 results, the Group net worth shown below has been adjusted to exclude the impact of AIFRS changes that do not affect the value of the business. These adjustments are summarised below:

A$ million 30 June 2005				
AIFRS Group net worth	Add back Share Trust assets	Exclude impact of pension liabilities at the risk free rate	Exclude impact of policy/other liability movements	Adjusted Group net worth for value reporting[1]
1,376	135	76	(64)	1,523

1 Gross of the 2005 interim dividend provision of $109 million

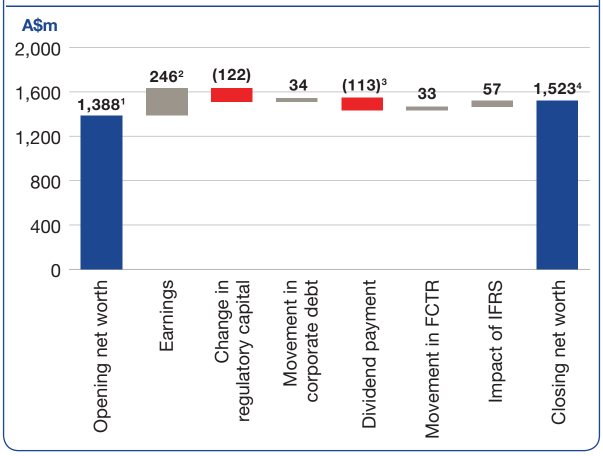
Share Plan Trust: The detail of this consolidation adjustment is explained in section 7. It relates to an accounting adjustment reducing equity (and therefore excess assets) for the cost price of shares owned by the Executive Share Plan. These shares exist for value and can be sold on the market.

Pension liability at the risk free rate: This net liability represents the difference between assets, which are valued at fair value, and liabilities discounted at a risk free rate. It does not represent the true funding cost on best estimate assumptions, which is already allowed for in the expenses base used in the value projections.

Policy/other liability adjustments: Changes to excess assets due to the restatement of tax assets on moving to AIFRS have been excluded for value reporting purposes to the extent these do not give rise to a change in the underlying discounted cashflows for value.

Excluding dividends paid over the period, adjusted Group net worth was up 19.4% to $1,523 million (31 December 2004 – $1,275 million) representing the 31 December 2004 closing net worth of $1,388 million less December 2004 final dividend of $113 million.

The major movements are outlined below.



1 As per page 73 of December 2004 Investor Compendium

2 As per profit after tax in the financial statements for six months to June 2005

3 Represents December 2004 final dividend of $113 million

4 Once allowance for the interim 2005 dividend of $109 million is excluded, net worth equals $1,414 million in illustrative value table

The opening net worth position is $1,388 million, equal to the sum of the target surplus of $635 million, the provision for the 2004 final dividend of $113 million and the capital above target surplus of $640 million.

Profit after tax, including non-recurring items over the period was $246 million.

6.3 Group net worth (continued)

Total regulatory capital increased $122 million. This increase reflects higher resilience reserves for Australia and New Zealand, an increase in the Management Capital requirement largely as a result of outstanding loans and associated currency exposure, and an increase in Hong Kong regulatory capital. The increase for Hong Kong reflects the movement in the regulatory capital required to provide for the impact of a rise in bond yields to the long-term yields assumed in the value of inforce, along with an increase in regulatory capital due to the depreciation of the A$ against the HK$. These increases are partly offset by the reduction in Hong Kong regulatory capital due to the more efficient management of risk across the Group.

The $122 million increase in total regulatory capital excludes the impact of the change in the accounting basis from AGAAP to AIFRS. The increase in policy liabilities under AIFRS gives rise to the overall decrease in regulatory capital of $270 million set out in section 6.7, which represents the movement in regulatory capital from the 31 December AGAAP position to the 30 June 2005 AIFRS position. The movement in regulatory capital is explained in more detail in section 6.7.

The depreciation of the A$/US$ exchange rate increased the A$ equivalent of our US$ denominated debt by $34 million.

There was a reduction in the Foreign Currency Translation Reserve (FCTR) of $33 million. This movement relates to the translation gains on our investments in foreign operations, offset by the foreign exchange movement on the hedges we have on our investment in Hong Kong.

The move to AIFRS has resulted in a $57 million increase to Group net worth for value reporting purposes. This reflects a reduction in deferred tax liabilities as a result of the elimination of internally generated goodwill under AIFRS.

As described above, net worth increased by $147 million for value reporting purposes in order to exclude AIFRS impacts which do not affect the value of the business. Reducing the closing Group net worth shown of $1,523 million by this $147 million gives an unadjusted AIFRS net worth of $1,376 million, which supports the target surplus of $635 million plus the capital over target surplus of $632 million and the dividend provision of $109 million.

6.4 Value of new business

	Risk discount rate Equity return + 100 bps[1]		
(million)	At 31 Dec 03	At 31 Dec 04	At 30 Jun 05
Australia & New Zealand (A$)			
Financial protection	15	12	13
Wealth management	55	65	71
Total A&NZ value of new business (A$)	70	77	**84**
Hong Kong (HK$)			
Financial protection	477	540	561
Wealth management	19	39	51
Health	22	35	34
Total Hong Kong (HK$)	518	614	**646**
Total Hong Kong (A$)[2]	89	101	109
South East Asia (A$)[3]	11	14	17
Total Group	170	192	**210**

1 Risk discount rate is 11.0% for Australia and New Zealand, and 11.5% for Hong Kong

2 Based on HK$/A$ exchange rate of 5.93 as at 30 June 2005, 6.09 as at 31 December 2004

3 The value of new business for South East Asia of A$17 million (Singapore $4 million, Other SEA business including China $13 million) is based on AXA Group share

The value of one year's new business is the discounted present value of future profits from policies written over the 12 months preceding the date of valuation.

Australia and New Zealand

The value of one year's new business was up 9.1% to $84 million (31 December 2004 – $77 million) based on a risk discount rate 100 basis points above assumed equity return (ie. 11.0%).

This result is driven by strong growth in gross retail inflows for our investment management businesses. Platform inflows were up 25% following strong growth in the Generations and Summit products. These higher levels of inflows have increased the value of new business across platform and the multi-manager components of the value chain.

Alliance Capital wholesale inflows of $6.9 billion for the 12 months ended 30 June 2005 were more than double those for the 12 months to December 2004, increasing the value of one year's new business by $4.9 million. A significant amount of these inflows were due to a number of overseas equities wholesale mandate wins reflecting continued good performance.

These improvements were partially offset by reduced inflows from the Australian Monthly Income Fund, the strengthening of the lapse assumptions on some lines of business, and lower sales of annuities following changes to the age pension eligibility test effective September 2004.

Financial protection increased slightly following the positive impact of higher prices in New Zealand.

Hong Kong

The value of one year's new business in local currency terms was up 5.2% to HK$646 million (31 December 2004 – HK$614 million) based on a risk discount rate 100 basis points above assumed equity return (ie. 11.5%).

This increase reflects growth in sales volumes across most business lines, with the new business index increasing by 8% from 31 December 2004. However, the growth rate of sales was highest for retirement business, which has lower profit margins than traditional life business but is still highly profitable. This change in mix is consistent with targets under HK 6 where the rate of growth of sales is higher than the target growth in value of one year's new business. Our growth into the retirement market is new business and is not a substitute for traditional life sales.

There were no material changes to product profit margins. The hybrid individual life product series, Dimensions, launched in late 2004, has similar profit margins to the traditional life Smart Series product.

The appreciation of the HK$ increased growth in A$ terms to 7.9%.

For Hong Kong, the basis used above differs from that used in the value of new business HK 1 measure, as this latter measure includes indexation increases to policies, whereas in this analysis such increases are included in the value of inforce to A$17 million (31 December 2004 – A$14 million).

South East Asia

The value of one year's new business was up by 23.4% in constant currency terms, driven by strong sales growth particularly through our bancassurance distribution channels in Indonesia, and through both our bancassurance and agency distribution channels in Thailand.

The combined South East Asia new business index has increased by 39% from 31 December 2004. Exchange rate movements across the region have reduced the growth in value in A$ terms to 22.0%.

The value of new business has been determined on assumed best estimate of long-term expense levels.

6.5 Value of inforce – assumptions and sensitivities

The following tables show the assumption bases used for valuing inforce and the value of one year's new business. There were no material changes to assumptions.

Economic assumptions

The economic assumptions used at 30 June 2005 are summarised below.

Assumptions	CPI	Cash rate	Fixed interest	Equities	Property	Risk discount rate (100 bps above long term equity return)
Australia	2.50%	5.50%	5.50%	10.00%	7.75%	11.00%
New Zealand	2.50%	6.75%	6.00%	10.00%	7.25%	11.00%
Hong Kong	2.50%	2.50%	5.50%	10.50%	7.50%	11.50%
US		2.50%	5.20%	9.20%		
Asia excluding Japan				10.50%		Singapore 11.00%
Other international				9.25%		Other South East Asia 16% to 20%

The changes for Australia and New Zealand are a 0.25% increase to the cash rate and fixed interest return assumption. There were no changes made to the economic assumptions for Hong Kong.

Discontinuances, mortality and morbidity

These are based on best estimate assumptions consistent with profit reporting and recent company experience.

Expenses

Expense assumptions are based on the actual 12 months ended 30 June 2005 expenses, consistent with profit reporting.

Sensitivity of value of inforce to changes in assumptions

The table below shows the sensitivity of the illustrative value of inforce as at 30 June 2005 to variations in key economic and business assumptions.

The sensitivities are indicative only as they assume that the movement in a particular variable is independent of other variables. In addition, the impact on the value of inforce from a movement of a variable is not always symmetrical. In other words, the impact of an increase in assumptions is not necessarily the same as an equivalent fall.

	Australia and New Zealand		Hong Kong		
% change in value inforce	Financial protection	Wealth management	Financial protection	Wealth management	Health
Increase risk discount rate					
plus 1%	(4.8)%	(5.1)%	(6.2)%	(7.4)%	(2.7)%
plus 2%	(9.2)%	(9.4)%	(11.6)%	(14.0)%	(5.2)%
Decrease risk discount rate					
minus 1%	5.4%	5.1%	7.6%	8.5%	2.8%
minus 2%	11.5%	11.3%	15.4%	18.2%	5.9%
Change in earnings rate and risk discount rate[1]	1.7%	1.8%	1.8%	2.8%	0.3%
Expenses decrease by 10%	2.3%	6.3%	0.7%	2.2%	6.4%
Discontinuance rates decrease by 10%	4.5%	3.9%	3.8%	5.0%	0.7%
Mortality rates decrease by 10%	10.1%	(1.2)%	2.3%	n/a	0.0%
Morbidity incidence rates decrease by 10%	4.7%	n/a	0.6%	n/a	0.0%
Morbidity termination rates increase by 10%	8.8%	n/a	n/a	n/a	n/a

1 Represents equity rate minus 1%, cash/fixed interest rate minus 0.5%, and risk discount rate minus 1%

6.6 Capital structure and performance

(A$ million)	As at 30 Jun 05	As at 31 Dec 04
Capital resources		
Equity excluding outside equity interests	3,276.7	3,110.3
Subordinated debt and hybrid capital	888.0	873.0
Senior debt	565.7	550.0
Total capital resources excluding outside equity interests	**4,730.4**	4,533.3
Gearing ratios		
(Debt + hybrid) / equity	44.4%	45.8%
Senior debt / capital resources	12.0%	12.1%

From 1 January 2005, our gearing policy changed, with the primary ratio of total debt (debt + hybrid) to equity to be maintained in a target range of 40%-50%.

Movement of net assets	A$ million
Net assets at 31 December 2004	3,110.3
Net profit after tax	246.4
Dividends paid	(113.2)
Foreign currency translation reserve	33.2
Net assets at 30 June 2005	3,276.7

Net assets (excluding outside equity interests) increased $166.4 million due to earnings of $246.4 million, offset by the payment of the 2004 final dividend of $113.2 million on 4 April 2005.

There was a reduction in the FCTR of $33.2 million that increased net assets. This movement related to the gains on our investment in foreign operations, offset by the foreign exchange movements on the hedges we have against our investment in Hong Kong and the increase in debt from the depreciation of the A$/US$ exchange rate.

Movement of capital	A$ million
Net profit after tax	246.4
Dividends paid	(113.2)
Change in hybrid capital (foreign exchange movement only)	15.0
Change in senior debt (foreign exchange movement only)	15.7
Foreign currency translation reserve	33.2
Total increase in capital	197.1

Debt

At 30 June 2005 (A$ million)	Committed	Drawn
Senior debt		
Loan from AXA SA (US$ denominated)	615.7	565.7
Loan from AXA SA (net of offsetting deposits)	180.0	0.0
Total senior debt	795.7	565.7
Subordinated debt		
Hong Kong – Non-cumulative Redeemable Preference Shares (US$ denominated US$462.6 million)	608.0	608.0
Loan from AXA SA (A$ denominated)	280.0	280.0
Total subordinated debt	888.0	888.0
Total debt	1,683.7	1,453.7

Senior long term debt with the global AXA Group is drawn in either A$ or US$. Currently, the proportion drawn in US$ represents 81% of the total drawn debt. However all A$ drawn debt has been swapped to US$ using cross-currency swaps. The average after-tax interest rate for interest bearing debt for the period 1 January 2005 to 30 June 2005 was 3.73% pa.

Currency exposure

Our policy is to not generally hedge the exposure of balance sheet, economic value or earnings to movements in currency, except:

- debt will normally be denominated in the appropriate currency as a natural hedge against material exposures, up to a maximum level equal to the economic value of Group assets held in each currency
- where a specifically identified risk exists, such as transaction exposure or political risk, hedges may be taken to protect earnings and/or value on a case by case basis.

	A$ equivalent (A$ million)
Position as at 30 June 2005:	
US$ denominated debt (including cross-currency swaps)	1,453.7
HK$ hedged through cross currency interest rate swaps	983.9
Total hedged	2,437.6

Cross currency interest rate swaps have been entered into to protect the value of the Hong Kong operations from the potential negative operational consequences of a break in the US$/HK$ peg followed by a depreciation of the HK$ against the US$.

Capital performance

Allowing for actual Investment Earnings, both return on equity and return on capital increased compared to the 12 months to 31 December 2004 due to higher Investment Earnings, which were 10% higher over the 12 months to 30 June 2005.

On a "normalised" basis, the June 2005 return on equity and return on capital are higher than the 31 December 2004 results. When compared to the June 2005 actual results, the June 2005 "normalised" return on equity and return on capital are lower demonstrating the positive investment experience over the period.

	12 months 30 Jun 05	12 months 31 Dec 04[1]
Return on equity[1]	16.7%	15.4%
Return on equity (adjusted for "normalised" Investment Earnings)[2]	15.7%	15.0%
Return on capital[3]	11.4%	10.8%
Return on capital (adjusted for "normalised" Investment Earnings)[2]	10.7%	10.5%
Estimated weighted average cost of capital	7.9% – 8.8%	7.6% – 8.6%

1 Calculated as profit after tax and before non-recurring items for the 12 months to 30 June as a percentage of average shareholders' equity excluding outside equity interests

2 Calculated after replacing Investment Earnings with "normalised" Investment Earnings of $220.5 million (2005) and $219.7 million (2004), adjusted for capital and currency impacts

3 Calculated as profit after tax and before non-recurring items and interest expenses for the 12 month period as a percentage of average total capital resources.

The weighted average cost of capital ("WACC") takes into account the after tax cost of debt, the estimated cost of equity and the average gearing ratio over the period. The estimated cost of equity is assumed to be the same as our long term return for Australian equities (10%). The annualised WACC for the 12 months ended 30 June 2005 is estimated at between 7.9% and 8.8%. The lower end of the range uses the gearing ratio calculated based on reported shareholder capital. The upper end of the range uses a gearing ratio calculated using market capitalisation. The increase in WACC since December 2004 is due to an increase in our market capitalisation between December 2004 and June 2005.

6.7 *Capital allocation*

At 30 June 2005 we had total capital resources, being shareholders' equity, senior and subordinated debt and hybrid capital, of $4,730.4 million.

(A$ million)	Notional net assets	Goodwill	Total
Australia and New Zealand	1,065.5	381.0	1,446.5
Hong Kong	1,486.1	809.0	2,295.1
South East Asia	144.9	45.0	189.9
Unallocated corporate net assets	798.9	0.0	798.9
Total capital	3,495.4	1,235.0	4,730.4
Senior debt			(565.7)
Subordinated debt and hybrid capital			(888.0)
Shareholders' equity (excluding outside equity interests)			3,276.7

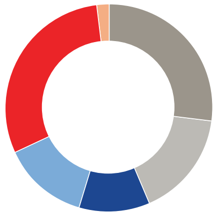
We target a level of assets in excess of regulatory capital requirements (target surplus) such that, in normal market conditions, at all times over the following two year period, and using statistical techniques based on accepted models of market scenarios, there is a 96% probability of meeting regulatory capital requirements.

This is a test based upon normal market conditions. In adverse market conditions, actual surplus may be below the target. In strong market conditions, actual surplus could be above the target.

Target surplus is managed at the Group level allowing for diversification benefits between entities.

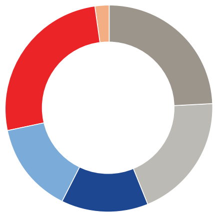
One of the key tools used to determine the target surplus level is an asset-liability model that projects 1,000 scenarios of future capital requirements. This model takes into account a whole range of asset simulations and then calculates the impacts on cashflows and capital requirements for each simulation, taking into account management policies and policyholder reactions.

Target capital AGAAP ($5,669 million)



Solvency reserve	1,575
Capital adequacy reserve	942
Target surplus over regulatory capital requirements	635
Excess over target surplus	716
Excess of Market Value over Net Assets	1,692
Provision for interim dividend	109

Target capital AIFRS ($4,730 million)



Solvency reserve	1,177
Capital adequacy reserve	942
Target surplus over regulatory capital requirements	635
Excess over target surplus	632
Goodwill	1,235
Provision for interim dividend	109

Regulatory capital is determined as the excess of regulatory reserves (which are required on a prudential basis) over the policy liability.

These results are based on current capital adequacy standards, which are expected to be revised with effect from 1 January 2006, in light of AIFRS. Whilst the proposed standards are available in draft form, these are the subject of discussion in the industry. Although capital requirements are likely to increase following a strengthening in reserves required for annuity business and credit risk, excess assets are likely to remain strong.

Total regulatory capital requirements, including the solvency and capital adequacy reserves, decreased by $270 million over the six months ended 30 June 2005. Much of this reduction is the result of higher policy liabilities on the transition to AIFRS.

On an AIFRS basis, regulatory capital requirements increased by $122 million over the period. This increase reflects higher resilience reserves for Australia and New Zealand, an increase in the management capital requirement and an increase in Hong Kong regulatory capital due to the depreciation of the A$ against the HK$.

Regulatory capital requirements within the Hong Kong business decreased by A$133 million. The change of accounting basis from AGAAP to AIFRS was the primary cause, reducing capital requirements by A$169 million due to an increase in policy liabilities, mainly as result of DA business being valued using a risk free discount rate.

In addition, an internal reinsurance contract with NMLA reduced Hong Kong regulatory capital requirements by A$45 million, while having a negligible effect on NMLA. This is a positive impact of managing risks more effectively across the Group.

We have adopted a process called Active Dividend Management ("ADM") to reflect the smoothing of policyholder bonus rates on the participating business in Hong Kong. Our long term asset models assume US bond yields of 5.20%, 126 basis points above US 10 year bond rates as at 30 June 2005. The regulatory capital held reflects the "economic" ADM balance if asset values were restated to be consistent with long term assumed yields. The increase in assets due to a 30 basis point drop in US bond yields over the half year, increased capital by A$48 million. The depreciation of the A$ against the HK$ increased regulatory capital by A$33 million since December 2004.

For Australia and New Zealand, the regulatory capital at 30 June 2005 was $143 million lower compared to December 2004. The change of accounting basis from AGAAP to AIFRS reduced capital requirements due to an increase in policy liabilities under AIFRS. This was offset by an increase of A$38 million due to expected increases in income protection reserves and higher resilience reserves, and an increase in management capital requirements, largely as a result of outstanding loans and associated currency exposure.

There has been a A$6 million increase in regulatory capital requirements for other Asian businesses.

The target surplus is reviewed annually and at June 2005 remains at the December 2004 level of $635 million. It will be reviewed again in late 2005.

6.8 Investment of assets supporting shareholder capital

Our policy for investing assets supporting shareholder capital is 20%-40% in growth assets (equity and property) and 60%-80% in fixed income, with the remainder invested in cash.

At 30 June 2005, the asset mix was:

(A$ million)	Shareholder capital	Cash	Fixed interest	Loans	Equities	Property
Australia & New Zealand	1,070.2	0.0	769.3	0.0	291.1	9.8
Hong Kong	2,193.1	234.0	1,226.7	85.7	598.8	47.9
South East Asia	62.3	31.7	30.6	0.0	0.0	0.0
Total	**3,325.6**	**265.7**	**2,026.6**	**85.7**	**889.9**	**57.7**
% of total shareholder assets		**8.0%**	**60.9%**	**2.6%**	**26.8%**	**1.7%**
Subsidiary assets and other provisions	169.8					
Goodwill	1,235.0					
Total capital	**4,730.4**					

6.8 Investment of assets supporting shareholder capital (continued)

Australia & New Zealand

The following table shows the breakdown of the current shareholder invested capital by regional market for equities and fixed interest.

	Equities	Fixed interest
Australia	69%	84%
New Zealand	13%	16%
Other	18%	0%
Total	100%	100%

The benchmark for equities is the S&P/ASX 300 All Ordinaries in Australia and the NZSE40 Gross Index in New Zealand. The approximate duration of the fixed interest portfolio is three years. Investment Earnings are taxed at the local corporate rates (Australia 30%, New Zealand 33%).

The following table shows the immediate after tax impact of a change in financial markets on the Investment Earnings on assets in excess of policy liabilities, which is experienced through the Investment Earnings line of the profit and loss account.

Sensitivity of Australia and New Zealand Investment Earnings	(A$ million)
500 basis point increase in local equities	8.3
500 basis point increase in world equities	1.8
100 basis point increase in bond yields	(16.1)

Hong Kong

The following table shows the breakdown of the current Hong Kong shareholder invested capital by regional market for equities and fixed interest.

	Equities	Fixed interest
US Corporate	n/a	68%
US Government	n/a	25%
US	55%	93%
Hong Kong	9%	6%
Other	36%	1%
Total	100%	100%

The overall equity benchmark is a blend of two international indices produced by Morgan Stanley Capital International (MSCI). The portfolio benchmark is similar to 90% of the MSCI World Free Asia excluding Japan Index plus 10% of the MSCI All Countries Far East Free excluding Japan Index. The "other" equities include 12% Asian equities, 9% European equities, 7% United Kingdom equities and 8% other markets, although the relative weightings will change over time. Foreign sourced income is not taxable in Hong Kong.

US bonds dominate the Hong Kong fixed interest portfolio leaving the value of the portfolio sensitive to changes in US yields. Consequently we sold 6,000 US Treasury futures in order to reduce the impact of possible increases in US bond yields. This strategy has effectively reduced the benchmark duration of the total US bond portfolios by 1.2 years to 6.3 years and the overall bond portfolio, including US Government, US corporates, Hong Kong and all other bonds, by 1.0 year to 6.4 years.

The following table shows the immediate after tax profit impact of a change in financial markets on the Investment Earnings on assets in excess of policy liabilities, which is experienced through the Investment Earnings line of the profit and loss account.

Sensitivity of Hong Kong Investment Earnings	(A$ million)
500 basis point increase in world equities	29.9
100 basis point increase in US bond yields	(72.8)
100 basis point increase in US, Hong Kong and all other bond yields	(77.3)
100 basis point increase in corporate spread	(45.0)

7.1 Group consolidated balance sheet

The table below outlines the balance sheet as at 30 June 2005, as well as the adjustments made to the opening balance sheet (31 December 2004) in moving from AGAAP to AIFRS.

(A$ million)	31 Dec 2004 (AGAAP)	AIFRS adjustments	31 Dec 2004 (AIFRS)	30 Jun 2005 (AIFRS)
Assets				
Receivables	663.4	(257.5)	405.9	442.4
Investment assets	25,968.8	25.2	25,994.0	26,730.7
Operating assets	64.0	3.6	67.6	60.9
Deferred tax assets	280.7	(65.3)	215.4	179.9
Intangibles	32.4	(1.6)	30.8	30.8
Deferred acquisition costs	–	105.9	105.9	104.6
Goodwill	–	1,235.5	1,235.5	1,235.0
Excess of market value over net assets of controlled entities (EMVONA)	1,692.0	(1,692.0)	–	–
Other assets	73.5	(66.2)	7.3	14.4
Total assets	28,774.8	(712.4)	28,062.4	**28,798.7**
Liabilities				
Payables	890.4	(78.4)	812.0	808.2
Current tax liabilities	316.2	(34.1)	282.1	178.9
Borrowings	549.8	0.2	550.0	565.7
Provisions	107.4	3.8	111.2	96.0
Deferred tax liabilities	399.8	(161.2)	238.6	349.3
Other liabilities	116.8	(56.7)	60.1	74.2
Subordinated debt and hybrid capital	870.1	2.9	873.0	888.0
Life insurance policy liabilities	21,409.8	498.4	21,908.2	22,444.5
Pension plan liabilities	–	116.9	116.9	117.2
Total liabilities	24,660.3	291.8	24,952.1	**25,522.0**
Net assets	4,114.5	(1,004.2)	3,110.3	**3,276.7**
Equity attributable to shareholders of the parent entity				
Contributed equity	1,138.5	(134.7)	1,003.8	1,003.8
Other reserves	(273.5)	219.6	(53.9)	(20.7)
Shareholders' retained profits	3,184.5	(1,024.1)	2,160.4	2,293.6
Total equity attributable to shareholders of the parent entity	4,049.5	(939.2)	3,110.3	**3,276.7**
Outside equity interests in controlled entities	65.0	(65.0)	–	–
Total equity	4,114.5	(1,004.2)	3,110.3	**3,276.7**

The balance sheet presented above is extracted from the first interim financial report prepared based on AIFRS. AASB 1 'First Time Adoption of Australian Equivalents to International Financial Reporting Standards' has been applied in preparing this financial report.

Prior to 1 January 2005, financial reports of the Group were prepared in accordance with previous AGAAP. AGAAP differs in certain respects from AIFRS. When preparing the financial report for the half year ended 30 June 2005, management has applied these new accounting, valuation and consolidation methods as required by AIFRS.

7.1 Group consolidated balance sheet (continued)

Key material differences to the balance sheet from the adoption of AIFRS in 2005 are outlined below.

Receivables and other assets

Receivables have decreased as a result of the consolidation of the employee share plan trust.

In the past when allocation rights were issued as part of the Australian executive plan, shares were purchased on market through a trust to ensure a matching of assets and liabilities. Consequently no new shares are issued when allocation rights are exercised. To reduce future funding costs, some of the 2005 and any future allocation rights will be satisfied by issuing options over unissued shares.

The trust that holds these shares for the benefit of employees has under AIFRS been consolidated for the first time. Consolidation is required as AXA APH is able to govern the financial and operating policies of the trust to obtain benefits from its activities. Whilst AXA APH cannot economically benefit from the operations of the trust, it can direct which employees will benefit and as such receive intangible benefits through the retention and improved performance of key staff. Currently the loan to the trust is recognised as an asset on our balance sheet. When the trust is consolidated this intra-group loan is eliminated and replaced by an investment in the underlying shares held in AXA APH. As consolidation principles dictate that you can only record shares held outside the AXA APH Group, they are eliminated on consolidation against equity resulting in a decrease in both receivables and equity of approximately $135 million.

The remaining decrease of $123 million in receivables and $66 million in other assets represents changes in the method in which investments in controlled unit trusts are consolidated within the AXA APH balance sheet. Under AGAAP, these investments were consolidated on a line by line basis whereas under AIFRS the investments are consolidated as a one line sector specific investment within investment assets. There is no change to net assets.

Investment assets

Under AGAAP, AASB 1038 'Life Insurance Business' required AXA APH to hold all assets related to life insurance business at net market value (with changes in net market value reflected in the Income Statement) while for non-life insurance entities all investments were carried at cost.

Under AIFRS, AXA APH holds all assets at fair value (primarily through the Income Statement) wherever that option is available for those assets backing policy liabilities.

The difference between the two valuation bases is that net market value based on last sale price (AGAAP) requires an allowance for anticipated costs on sale, while fair value based on bid price (AIFRS) prohibits this. This has increased investment assets by $7 million under AIFRS.

The remaining increase in investment assets results from changes in the method in which investments in controlled unit trusts are consolidated within the AXA APH balance sheet, as mentioned in "receivables and other assets" and "payables and other liabilities".

Deferred tax assets and liabilities and current tax liabilities

Deferred tax assets of $115 million have been recognised reflecting the tax effect of the increase in policy liabilities ($75 million) and the pension plan liability ($40 million). Offsetting this increase in deferred tax assets is a decrease of $180 million driven by a reclassification between deferred tax assets and liabilities and current tax liabilities which is due to changes in the method of consolidating the controlled unit trusts in the AXA APH balance sheet.

Deferred tax liabilities have decreased by $161 million as a result of a reclassification of $133 million to deferred tax assets (described above) and a further $57 million reduction in deferred tax liabilities, largely reflecting the tax effect of the write-off of the internally generated component of the Excess of Market Value Over Net Assets (EMVONA). These decreases are partially offset by the tax effect of the recognition of deferred origination costs of $29 million.

Current tax liabilities have decreased by $34 million as a result of the reallocation between deferred tax assets and liabilities described above.

Goodwill and EMVONA of controlled entities

Under AGAAP, all assets of a life insurer were held at market value, including investments in subsidiaries. On consolidation this led to the recognition of a separate asset, EMVONA, if the market value of the subsidiary exceeded the underlying net assets. EMVONA was not amortised but subject to recoverable amount testing. The balance of EMVONA at 31 December 2004 effectively represented acquired goodwill and increments in the value of goodwill since acquisition/establishment.

At 31 December 2004, $457 million of internally generated goodwill has been eliminated. This predominantly related to the internally generated goodwill in respect of the investment in AXA Hong Kong.

Payables and other liabilities

Payables and other liabilities have decreased by $78 million and $57 million respectively between AGAAP and AIFRS at 31 December 2004. This movement is driven by a change in the method whereby investments in controlled unit trusts are consolidated within the AXA APH balance sheet as discussed in the "receivables and other assets" and "investment assets".

Partially offsetting the adjustment within payables of $143 million is a $65 million reallocation of outside equity interests in controlled unit trusts which has been reclassified as liabilities under AIFRS rather than equity.

Life insurance policy liabilities and deferred acquisition costs

Policy liabilities increased by $498 million from AGAAP to AIFRS at 31 December 2004; $479 million in liability increases and $19 million in reclassifications from other liabilities to policyholder liabilities.

Under AGAAP, policy liabilities of a life insurer were accounted for under AASB 1038 using the Margin on Services methodology. With the introduction of AIFRS, life insurers are required to classify products written as either insurance, policies with discretionary participating features, or investment.

Products classified as either insurance or discretionary participating continue to be accounted for under AASB 1038. AASB 1038 has been amended to align with the limited guidance provided in AASB 4 'Insurance Contracts'. The most significant modification is the mandated use of a risk free rate to discount policy liabilities whose value is not directly linked to the value of identifiable assets (eg. annuities, income protection, etc). Previously the expected long term rate of return based on the relevant asset pool to discount these liabilities was used.

For those products classified as investment, policy liabilities are accounted for in accordance with AASB 139. When valuing financial liabilities, AASB 139 allows the choice of amortised cost or fair value, with changes in fair value reflected in the Income Statement. The AASB have mandated, through a separate accounting standard, the use of fair value for policy liabilities arising under an investment contract. Policy liabilities for investment contracts accounted for under AASB 139 have increased by $233 million.

In addition deferred origination costs of $106 million have been separately identified as an asset with a corresponding increase to deferred tax liabilities. Deferred tax assets have increased reflecting the tax effect of the adjustments to policy liabilities.

Pension plan liabilities

Under AGAAP, accounting for defined benefit plans was on a cash basis, recognising expenses when contributions were actually paid or where a legal obligation arose to make contributions.

With the introduction of AIFRS there have been two main changes:

1 the recognition of the obligation as it accrues, irrespective of the funding arrangements

2 a requirement that plan liabilities are discounted at a risk free rate. The use of a risk free rate rather than a rate based on expected returns on plan assets to discount plan liabilities significantly increases the liability recognised under AIFRS accounts.

The liability recorded at 31 December 2004 of $117 million represents the difference between assets, which are valued at fair value, and liabilities of the defined benefit schemes, discounted at a risk free rate. Each period the charge to profit comprises the following components:

- the service cost which is the increase in the final expected settlement an employee expects to receive from an additional period of service
- the difference between the unwinding of the discount rate used in the liability calculation at the risk free rate and the assumed earning rate.

Actuarial gains and losses, when the estimates used in the fair value calculation differ to the actual outcome, are booked directly to reserves.

Contributed equity

As noted within "receivables and other assets", contributed equity decreases by $135 million due to the consolidation of the Executive Share Plan Trust.

Other reserves

Other reserves, which predominantly comprise the FCTR, have increased by $220 million.

There are a number of impacts on other reserves when moving from AGAAP to AIFRS:

- FCTR set to zero on transition with a corresponding entry in retained earnings (+$274 million)
- 2004 gain on our cross currency interest rate swaps (CCIRS) reported in profit not FCTR (-$77 million)
- foreign currency translation of our New Zealand branch now recorded in FCTR (+$9 million) instead of profit
- FCTR impacts of transitional adjustments from AXA Hong Kong balance sheet (+$3 million)
- Other Hong Kong property gains (+$11 million).

7.1 Group consolidated balance sheet (continued)

The Group holds a number of CCIRS and US$ denominated debt as a hedge against its investment in AXA Hong Kong. Under AGAAP, these items were recorded at market value with changes in market value being reflected in the FCTR on consolidation. The accounting for the US$ denominated debt remains broadly unchanged under AIFRS.

For our CCIRS a fair value gain of $77 million was taken to profit and loss in 2004 on the basis the stringent documentation requirements of AASB 139 were not met. As noted above, this gain was recognised in the FCTR under AGAAP.

Under AIFRS there is a choice between hedging the spot rate or the forward rate (the spot rate adjusted for an interest rate differential between the currencies) at the inception of the hedge. This choice results in different accounting treatments.

We have historically hedged the HK$/A$ spot rate. Consequently, translation to the foreign currency spot rate is booked directly to equity if the hedge is deemed effective with the remaining fair value adjustment (the interest rate component) booked to profit and loss.

The Group holds a series of interest rate swaps (paying fixed US$ and receiving floating US$). Under AGAAP, these swaps were accounted for on an accruals basis with no recognition of market value. Under AIFRS the swaps will continue to be accounted for on an accruals basis. However, the fair value of these instruments will be recognised. This translates to a net $19 million reduction in reserves at 31 December 2004. The market gain in 2004 will be recorded in the profit and loss account.

Outside equity interests in controlled entities

As noted within "payables" outside equity interests in controlled unit trusts have been classified as liabilities under AIFRS.

7.2 Group consolidated profit and loss analysis

The following section highlights the key differences between profit reported under AIFRS for the six months ended 30 June 2005 and the corresponding period for AGAAP. Also provided is a summary of the material restatements made to the AGAAP 30 June 2004 results, as reported in last year's compendium, to arrive at the 30 June 2004 AIFRS comparatives.

Actual profit/loss for six months ended 30 June 2005 as reported under AIFRS

(A$ million)		A&NZ	Hong Kong	Singapore	AXA APH	Consol. AXA APH
Operating Earnings		**99.8**	**83.9**	**2.1**	**0.0**	**185.8**
Investment Earnings	▪ assets in excess of policy liabilities	45.0	53.5	0.2	0.0	98.7
	▪ investment experience – assets backing policy liabilities	0.8	(8.5)	0.2	0.0	(7.5)
Investment Earnings		**45.8**	**45.0**	**0.4**	**0.0**	**91.2**
Corporate expenses	▪ A&NZ and Group centre	0.0	0.0	0.0	(15.4)	(15.4)
	▪ Executive share plan expense	0.0	0.0	0.0	(2.9)	(2.9)
	▪ Asian regional costs	0.0	0.0	0.0	(11.4)	(11.4)
Interest expense	▪ net debt	0.0	0.0	0.0	(26.7)	(26.7)
	▪ cross currency interest rate swaps	0.0	0.0	0.0	12.6	12.6
	▪ fair value of other swaps	0.0	0.0	0.0	13.2	13.2
Profit after income tax before non-recurring items		**145.6**	**128.9**	**2.5**	**(30.6)**	**246.4**
Non-recurring items		0.0	0.0	0.0	0.0	0.0
Profit after income tax and non-recurring items		**145.6**	**128.9**	**2.5**	**(30.6)**	**246.4**

Pro forma unaudited profit/loss for six months ended 30 June 2005 under AGAAP

(A$ million)		A&NZ	Hong Kong	Singapore	AXA APH	Consol. AXA APH
Operating Earnings		**99.3**	**80.3**	**2.1**	**0.0**	**181.7**
Investment Earnings	▪ assets in excess of policy liabilities	52.0	61.9	0.2	0.0	114.1
	▪ investment experience – assets backing policy liabilities	6.3	(2.2)	0.2	0.0	4.3
Investment Earnings		**58.3**	**59.7**	**0.4**	**0.0**	**118.4**
Corporate expenses	▪ A&NZ and Group centre	0.0	0.0	0.0	(11.8)	(11.8)
	▪ Executive share plan expense	0.0	0.0	0.0	0.0	0.0
	▪ Asian regional costs	0.0	0.0	0.0	(11.4)	(11.4)
Interest expense	▪ net debt	0.0	0.0	0.0	(26.7)	(26.7)
	▪ cross currency interest rate swaps	0.0	0.0	0.0	12.6	12.6
	▪ fair value of other swaps	0.0	0.0	0.0	0.0	0.0
Profit after income tax before non-recurring items		**157.6**	**140.0**	**2.5**	**(37.3)**	**262.8**
Non-recurring items		0.0	0.0	0.0	0.0	0.0
Profit after income tax and non-recurring items		**157.6**	**140.0**	**2.5**	**(37.3)**	**262.8**

7.2 Group consolidated profit and loss analysis (continued)

Pro forma restated profit/loss for six months ended 30 June 2004 under AIFRS

(A$ million)		A&NZ	Hong Kong	Singapore	AXA APH	Consol. AXA APH
Operating Earnings		75.9	80.4	1.5	0.0	157.8
Investment Earnings	▪ assets in excess of policy liabilities	46.4	8.2	0.3	0.0	54.9
	▪ investment experience – assets backing policy liabilities	23.1	(10.8)	(0.1)	0.0	12.2
Investment Earnings		69.5	(2.6)	0.2	0.0	67.1
Corporate expenses	▪ A&NZ and Group centre	0.0	0.0	0.0	(21.0)	(21.0)
	▪ Executive share plan expense	0.0	0.0	0.0	(2.5)	(2.5)
	▪ Asian regional costs	0.0	0.0	0.0	(5.5)	(5.5)
Interest expense	▪ net debt	0.0	0.0	0.0	(20.6)	(20.6)
	▪ cross currency interest rate swaps	0.0	0.0	0.0	6.2	6.2
	▪ fair value of other swaps	0.0	0.0	0.0	0.0	0.0
Profit after income tax before non-recurring items		145.4	77.8	1.7	(43.4)	181.5
Non-recurring items		0.0	0.0	0.0	(117.1)	(117.1)
Profit after income tax and non-recurring items		145.4	77.8	1.7	(160.5)	64.4

Actual profit/loss for six months ended 30 June 2004 as reported under AGAAP

(A$ million)		A&NZ	Hong Kong	Singapore	AXA APH	Consol. AXA APH
Operating Earnings		78.4	77.7	1.5	0.0	157.6
Investment Earnings	▪ assets in excess of policy liabilities	53.5	15.5	0.3	0.0	69.3
	▪ investment experience – assets backing policy liabilities	9.0	(2.7)	(0.1)	0.0	6.2
Investment Earnings		62.5	12.8	0.2	0.0	75.5
Corporate expenses	▪ A&NZ and Group centre	0.0	0.0	0.0	(19.7)	(19.7)
	▪ Executive share plan expense	0.0	0.0	0.0	0.0	0.0
	▪ Asian regional costs	0.0	0.0	0.0	(5.5)	(5.5)
Interest expense	▪ net debt	0.0	0.0	0.0	(20.6)	(20.6)
	▪ cross currency interest rate swaps	0.0	0.0	0.0	6.2	6.2
	▪ fair value of other swaps	0.0	0.0	0.0	0.0	0.0
Profit after income tax before non-recurring items		140.9	90.5	1.7	(39.6)	193.5
Non-recurring items		0.0	0.0	0.0	0.0	0.0
Profit after income tax and non-recurring items		140.9	90.5	1.7	(39.6)	193.5

The AXA APH Group AIFRS profit after income tax and before non-recurring items for the six months ended 30 June 2005 was $16.4 million (7%) lower than AGAAP. Key material differences to the profit and loss from the adoption of AIFRS in 2005 are outlined below.

Operating Earnings

- higher policy liabilities under AIFRS result in more assets being allocated to back policy liabilities. Margins on these additional assets were $9.1 million (2004 – $9.5 million). This has no effect on total earnings as there is an equal and offsetting decrease in Investment Earnings
- the change in valuation methodology adopted under AIFRS to value the DA business in Hong Kong under the liability adequacy test at the risk free rate increased AIFRS Operating Earnings by $4.4 million (2004 – $2.8 million)
- stronger reserving for new business reduced AIFRS Operating Earnings by $4.0 million (2004 – $5.2 million)
- a narrower definition of deferred acquisition costs under AIFRS for certain unit linked business reduced Operating Earnings by $3.5 million (2004 – $5.5 million)
- AIFRS requires the recognition of our defined benefit superannuation plan assets at fair value and liabilities discounted at a risk free rate. The additional expense in AIFRS is a result of the calculated charge (AIFRS) exceeding the cash contribution (AGAAP) for the period. This reduced AIFRS Operating Earnings by $1.5 million (2004 – $1.5 million).

Investment Earnings

Assets in excess of policy liabilities

- as noted above, the increase in assets backing policy liabilities resulted in a reallocation of income to Operating Earnings, and therefore reduced AIFRS Investment Earnings by $9.1 million (2004 – $9.5 million)
- while our building in Hong Kong continues to be held at fair value, AGAAP requires any movement in fair value to be recorded in the profit and loss account. Under AIFRS the building is still held at fair value. However any market movements are recognised in reserves, thus reducing AIFRS Investment Earnings by $8.7 million (2004 – $7.3 million)
- loss of $2.1 million on the translation of our New Zealand branch is recognised in the profit and loss account under AGAAP. Under AIFRS this profit is recorded in the FCTR reducing Investment Earnings volatility. In 2004 this resulted in the transfer of gains of $5.5 million reported under AGAAP to reserves under AIFRS
- a profit of $7.8 million was recognised under AIFRS in 2004 due to the release of franking credits from wholly owned subsidiaries held at cost. Under AGAAP these subsidiaries were held at market value and as such the value of these franking credits were already recorded within the carrying value. The majority of franked dividends were paid in the prior year and as such only a minimal impact is expected in the future.

Assets backing policy liabilities

- a reduction in the risk free discount rate (the Australian 10-year bond yield) by 16 basis points this year increased AIFRS liabilities. A corresponding increase in assets would occur unless we have mismatched assets and liabilities. In income protection and retirement income we are intentionally mismatched. Accordingly AIFRS results reduce by $5.5 million for Australia and New Zealand. The opposite impact occurred last year due to the increase in the risk free rate, increasing AIFRS profits by $14.1 million
- Hong Kong Investment Earnings under AIFRS are $6.0 million lower than AGAAP (2004 – $8.1 million) following the application of the liability adequacy test under AIFRS used to value the DA business at the risk free rate. The decrease in earnings reflects the lower US bond rate.

Corporate expenses

As the executive share plan is consolidated under AIFRS, the interest expense that was recognised under AGAAP, of $3.6 million has been eliminated (2004 – $1.3 million).

Under AIFRS an additional expense of $2.9 million is recorded for the AXA APH and AXA SA share plan allocation rights granted to employees (2004 – $2.5 million). This expense will be recognised over the vesting period and is based on the fair value of the options at grant date. This is not an economic cost to the company.

Interest expense

There is no change in the recognition of net debt interest expense. However, there is a change with respect to interest recorded on derivatives.

Interest income on the CCIRS of $12.6 million and the market value of the interest component of this swap of $11.1 million is included in profit under AIFRS if the spot rate is hedged, which we did until July 2005 when we restructured our CCIRS. Under AGAAP the interest income went through profit but the fair value of the swap went through reserves.

Following the restructuring of our CCIRS in July 2005 to hedge the forward rate on a fixed HK$ payment, fixed A$ receipt basis, all future movements will go through reserves, not profit.

Also included is a $2.1 million gain on other derivatives representing the market movement on derivative instruments not deemed effective hedges under AIFRS. Previously under AGAAP these market movements were taken through reserves or held off-balance sheet.

Non-recurring items

Non-recurring items of $117.1 million in 2004 relates to the market value movement of our US dollar debt and the fair value movement of cross currency and interest rate swaps deemed to be ineffective hedges under the strict AIFRS definition and documentation requirements supporting effective hedging. This amount was recorded directly in the foreign currency translation reserve under AGAAP. This figure becomes a non-recurring gain of $83 million for the 12 months ended 31 December 2004.

7.3 Australia & New Zealand profit and loss analysis (AIFRS)

Six months ended 30 June 2005 (A$ million)			Wealth Management	Financial Protection	Investment Earnings/other	A&NZ
Earnings			23.8	0.0	0.0	23.8
Expected margins released[1]			29.4	32.9	0.0	62.3
Experience profit/(loss)			8.3	5.4	0.0	13.7
Operating Earnings			**61.5**	**38.3**	**0.0**	**99.8**
Capitalised losses and reversals			0.0	0.0	0.0	0.0
Operating Earnings and capitalised losses and reversals			**61.5**	**38.3**	**0.0**	**99.8**
Investment Earnings	▪ normalised		0.0	0.0	35.2	35.2
	▪ investment experience	– assets in excess of policy liabilities	0.0	0.0	9.8	9.8
		– assets backing policy liabilities	0.0	0.0	0.8	0.8
Profit after income tax before non-recurring items			**61.5**	**38.3**	**45.8**	**145.6**
Non-recurring items			0.0	0.0	0.0	0.0
Profit after income tax and non-recurring items			**61.5**	**38.3**	**45.8**	**145.6**

1 Includes profit from group life and income protection

Six months ended 30 June 2005 (Pro forma under AIFRS) (A$ million)			Wealth Management	Financial Protection	Investment Earnings/other	A&NZ
Earnings			16.4	0.0	0.0	16.4
Expected margins released[1]			29.6	24.5	0.0	54.1
Experience profit/(loss)			4.9	8.7	0.0	13.6
Operating Earnings			**50.9**	**33.2**	**0.0**	**84.1**
Capitalised losses and reversals			(8.4)	0.2	0.0	(8.2)
Operating Earnings and capitalised losses and reversals			**42.5**	**33.4**	**0.0**	**75.9**
Investment Earnings	▪ normalised		0.0	0.0	34.1	34.1
	▪ investment experience	– assets in excess of policy liabilities	0.0	0.0	12.3	12.3
		– assets backing policy liabilities	0.0	0.0	23.1	23.1
Profit after income tax before non-recurring items			**42.5**	**33.4**	**69.5**	**145.4**
Non-recurring items			0.0	0.0	0.0	0.0
Profit after income tax and non-recurring items			**42.5**	**33.4**	**69.5**	**145.4**

1 Includes profit from group life and income protection

7.4 Hong Kong profit and loss analysis (AIFRS)

(HK$ million)			6 months to 30 Jun 05	6 months to 30 Jun 04 (Pro forma)
Expected margins released			500.6	431.0
Experience profit/(loss)			5.1	30.6
Operating Earnings			**505.7**	**461.6**
Investment Earnings	▪ normalised		436.2	433.2
	▪ investment experience	– assets in excess of policy liabilities	(116.6)	(386.3)
		– assets backing policy liabilities	(51.1)	(62.1)
Profit after income tax before non-recurring items			**774.2**	**446.4**
Non-recurring items			–	–
Profit after income tax and non-recurring items			**774.2**	**446.4**

7.5 Sensitivity analysis

The table below outlines Operating and Investment Earnings sensitivities under AIFRS to changes in investment markets and exchange rates and operational metrics. Consistent with recent Investor Compendiums, the table indicates the impact on earnings in the period, of changes over the period in equity markets or yields.

The sensitivities are indicative only as they assume that the movement in a particular variable is independent of other variables. These sensitivities do not attempt to quantify the impact of changes in the discount rate for valuing liabilities for those products where there is a mismatch between assets and liabilities.

Profit after tax for six months ended 30 June 2005 (A$ million)	Australia/New Zealand		Hong Kong/Singapore		Holding company interest on debt	Total profit
	Operating Earnings	Investment Earnings[1]	Operating Earnings	Investment Earnings[1]		
+/- 500 bps in Australian equities	+/-1.9	+/-15.8	0.0	0.0	0.0	+/-17.7
+/- 500 bps in international equities	+/-1.0	+/-3.1	0.0	+/-36.1	0.0	+/-40.2
+/- 50 bps in bond yields	0.0	-/+8.5	0.0	-/+8.4	0.0	-/+16.9
+/- 50 bps in corporate spread	0.0	-/+ 11.3	0.0	-/+27.0	0.0	-/+38.3
+/- 5% move in A$/US$[2]	0.0	0.0	-/+4.1	-/+2.2	+/-1.4	-/+4.9
+/- 100 bps move in interest rates[3]	0.0	0.0	0.0	0.0	+/-3.6	+/-3.6
+/-5% change in assets under management[4]	+/-5.9	0.0	+/-0.2	0.0	0.0	+/-12.0
+/-5% change in sales volumes[4]	+/-5.1	0.0	+/-0.2	0.0	0.0	+/-6.1
+/-1% change in discontinuance rates[4]	-/+2.2	0.0	+/-1.0	0.0	0.0	-/+1.2

1 Total Investment Earnings being normalised, and investment experience on assets in excess of policy liabilities and assets backing policy liabilities

2 This is a 5% move in the average A$/US$ exchange rates over the period. Profits are translated using the YTD average exchange rate, mitigating some of the volatility in spot rates

3 The interest rate impact on Investment Earnings has been included within the movement in bond yields and corporate spread

4 Assuming product mix does not alter

Operating Earnings are not sensitive to changes in investment markets for three reasons:

- we now only include long term assumed earning rates in Operating Earnings
- we use asset matching techniques to ensure that asset movements are largely offset by a similar movement in policy liabilities
- in relation to Hong Kong, we use a technique called "Active Dividend Management" to smooth the impact of investment markets on policyholder benefits and shareholder profits.

Investment Earnings reflect the impact of investment returns on assets in excess of policy liabilities and investment experience on assets backing policy liabilities. Assets in excess of policy liabilities are invested in accordance with the investment allocations set out on page 59.

We use a natural hedge to reduce our exposure to US$ currency movements. The value of Hong Kong profits falls when the US$ weakens, but the value of interest payments on US$ denominated debt also falls. However, the hedge is only partial.

Movements in the HK$ spot rate relative to the A$ has the potential to significantly impact the value of assets held overseas. However, the accounting convention is to translate earnings at average rates over the year and as a result, the value of our earnings in Hong Kong are partially "cushioned" from a significant change in spot rates.

7.6 Exchange rate table

	6 months 30 Jun 05	6 months 30 Jun 04	6 months 31 Dec 04
Profit and loss			
A$/US$	0.773695	0.736969	0.738197
A$/HK$	6.027847	5.741578	5.749656
A$/S$	1.275920	1.252796	1.237195
A$/NZ$	1.082969	1.132160	1.085413
Balance sheet			
A$/US$	0.76225	0.69660	0.78390
A$/HK$	5.92520	5.43334	6.09303
A$/S$	1.28614	1.19986	1.27964
A$/NZ$	1.09550	1.09692	1.08528

The profit and loss rate is an average of the exchange rate for the period being reported. The balance sheet rate is the exchange rate as at close of business on the last day of the reporting period.

8 Corporate governance and responsibility

AXA APH is committed to maintaining the highest standards of corporate governance. Consistent with this commitment, we have since 2003 fully complied with the ASX Principles of Good Corporate Governance and Best Practice Recommendations.

AXA APH has also taken into account the Australian Government's amendments to the Corporations Act 2001 (Cth) known as the CLERP 9 initiatives. We fully comply with the requirements that came into effect on 1 July 2004. Whilst for December balance date companies like AXA APH, most CLERP 9 initiatives are not required to be adopted until the financial year ending 31 December 2005. AXA APH is already complying with many of these disclosure requirements.

We continue to be recognised by the investment community for our high level of transparency and disclosure.

Date

This information reflects the corporate governance policies and procedures of AXA APH as at 30 June 2005.

8.1 Corporate governance

The Board has overall responsibility for:

- governance of the Group, including its strategic direction
- reviewing and approving plans established by management
- monitoring of performance against agreed plans
- establishment and monitoring of internal controls
- appointing, assessing the performance of, approving the remuneration of and, where appropriate, terminating the contract of the Group Chief Executive
- ensuring the adequacy of succession planning.

The matters reserved to the Board are documented in a form approved by the Board and are reviewed annually. A copy of the Board Charter is available on www.axaasiapacific.com.au. There is a set of management delegations in place to allow management to carry on the business of the Company.

Composition of the Board

The composition of the Board is set having regard to:

- a condition of the Australian Government's approval of the global AXA Group's investment in AXA APH that the Chairman and the majority of the Board should be Australian citizens
- the constitution of AXA APH which requires that there be no less than 3 Directors and no more than 20
- the requirement for the Chairman to be an independent non-executive Director and Australian citizen
- the policy that the Board should comprise a majority of independent non-executive Directors and Australian citizens
- the need for a broad range of skills, expertise and qualifications
- appropriate representation for the global AXA Group, which had a 51.6% shareholding as at the date of this statement.

The Board comprises seven non-executive Directors and the Group Chief Executive. Five Directors – a majority – are independent of the company and of the global AXA Group.

Non-executive Directors are required to retire by rotation at least every three years and are eligible for re-election. In accordance with AXA APH's Constitution and the ASX Listing Rules, P A Cooper and M Butler, retired, stood for re-election, and were re-elected at the Annual General Meeting held on 13 April 2005. P Masfen retired at this meeting and did not seek re-election. A new non-executive Director will be appointed in due course.

Directors' independence

Directors are considered independent of management if they are free of any business or management relationship that could be perceived to materially interfere with the exercise of their judgment.

The Directors who are not considered independent are A L Owen (Group Chief Executive), B Jantet (who is an executive with AXA APH's largest shareholder, AXA SA) and A R D Monro-Davies (who was proposed by the global AXA Group and is a Director of various AXA UK companies).

Directors are, after consultation with the Chairman, able to seek independent professional advice at the Company's expense. Following its receipt, such advice may, with the approval of the Chairman, be made available to all Directors.

Conflicts of interest

Directors are required to disclose any conflicts of interest and to abstain from participating in any discussion or voting on any matter in which they have a material personal interest, unless the Directors who do not have a material personal interest in the matter resolve that they are satisfied that the interest should not disqualify the Director from being present or voting.

Board structure and effectiveness

The Board periodically reviews its structure and this includes identifying suitable candidates for appointment as Directors. It considers personal qualities and the professional and business experience of potential new Directors, having regard to the mix of skills, experience and qualities of existing Directors.

To enhance Board effectiveness, the Board regularly evaluates its performance including the performance of the Chairman, Board Committees and individual Directors. During the financial year ended 31 December 2004, the Board carried out a formal review of its performance and effectiveness with the assistance of an external consultant.

AXA APH has an induction process for new Directors and encourages Directors to update and enhance their skills and knowledge.

The Board of Directors

The Board has a broad range of skills, experience and expertise. The Board considers that between them, the non-executive Directors have an appropriate range of skills, knowledge and experience.

Committees of the Board

The Board has established a number of standing Committees to assist in its effective operation.

The main Committees are the Audit and Compliance Committee, the Remuneration and Nominations Committee, the Insurance and Operating Subsidiaries Committee, and the Investment Committee.

Board and Committee composition[1]

Director	Board membership	Committee membership			
		Audit and Compliance	Remuneration and Nominations	Insurance and Operating Subsidiaries	Investment
R H Allert appointed 08/09/95	Non-executive Chairman Independent	Member	Chairman	Acting Chairman	Chairman
M Butler appointed 25/08/03	Non-executive Independent	Chairman		Member	
P A Cooper appointed 08/09/95	Non-executive Independent	Member	Member		
T B Finn appointed 08/09/95	Non-executive Independent		Member	Member	
B Jantet[2] appointed 28/11/03	Non-executive	Member	Member		Member
Lin Xizhong appointed 30/07/03	Non-executive Independent				Member
A R D Monro-Davies appointed 18/02/04	Non-executive		Member		
A L Owen appointed 28/04/98	Executive Group Chief Executive				

1 As at 30 June 2005

2 B Jantet became a member of the Remuneration and Nominations Committee on 25 January 2005

Non-executive Directors who are not members of a Committee may attend Committee meetings, after giving notice to the Committee Chairman.

The table below outlines the number of meetings held, and Director attendance, from 1 January 2005 to 30 June 2005.

	Board		Audit & Compliance Committee		Remuneration & Nominations Committee		Investment Committee		Insurance & Operating Subsidiaries Committee	
	Meetings held while a Director	No. of meetings attended	Meetings held while a Director	No. of meetings attended	Meetings held while a Director	No. of meetings attended	Meetings held while a Director	No. of meetings attended	Meetings held while a Director	No. of meetings attended
R H Allert	4	4	3	3	3	3	2	2	3	3
M Butler	4	4	3	3	–	–	–	–	3	3
P A Cooper	4	4	3	3	3	3	–	–		
T B Finn	4	4			3	3	–	–	3	3
B Jantet[1]	4	3	3	3	2	2	2	2		
Lin Xizhong	4	4	–	–	–	–	2	2		
P H Masfen[2]	2	2	–	–	–	–	1	0	3	2
A R D Monro-Davies	4	3	–	–	3	2	–	–	–	–
A L Owen	4	4	–	–	–	–	–	–	–	–

1 B Jantet became a member of the Remuneration and Nominations Committee on 25 January 2005

2 P Masfen retired at the Annual General Meeting held on 13 April 2005

8.1 Corporate governance (continued)

Audit and Compliance Committee

The purpose of the Committee is to assist the Board in fulfilling its responsibilities in respect of:

- financial reporting processes
- internal controls and risk management
- external audit processes
- monitoring business conduct and compliance with laws, regulations and relevant codes of conduct.

The Committee met three times between 1 January 2005 and 30 June 2005. Additional meetings are convened as required. The Committee regularly meets without management and also meets with the external auditor without management present.

M Butler is the Chairman of the Audit & Compliance Committee. The Committee has four members. All members of the Committee are non-executive Directors and a majority of the Committee is independent. The Group Chief Executive, Group Chief Financial Officer, and other members of management may attend Committee meetings at the discretion of the Committee. The external auditor attends Committee meetings at the discretion of the Chairman and has direct access to the Chairman. The heads of Internal Audit and Group Compliance also have direct access to the Chairman.

The Chairman of the Committee reports to the Board after each Committee meeting and minutes of Committee meetings are tabled at the following meeting of the Board.

A copy of the Terms of Reference of the Audit and Compliance Committee is available on the Company's website, www.axaasiapacific.com.au.

External auditor

As part of his engagement, the external auditor attends the Annual General Meeting and is available to answer shareholder questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the company in relation to the preparation of the financial statements, and the independence of the auditor in relation to the conduct of the audit.

CLERP 9 introduced a mandatory rotation requirement for lead and review auditors for listed companies. AXA APH requires that the external audit and review partners change at least every five years, and that these partners not be involved again in the audit of AXA APH for a period of two years subsequent to rotation.

Non-audit services

The Board has in place an auditor independence policy. This policy governs the nature of non-audit services that can be undertaken by the Group's auditor. The auditor can provide:

- statutory audit
- other services, specifically:
  - improvement of accounts closing processes
  - assignments relating to accounting methods, accounting for quarterly financial statements and implementation of new GAAP
  - audit for the purposes of the issue of debt or shares
  - tax related advice
  - due diligence performed on prospective acquisitions or services in relation to the disposal of existing operations
  - accounting advice
  - assistance and attest services for documents for filing with ASIC, APRA and other Regulators
  - internal control reviews and assessments including documenting process maps to identify internal control strengths and weaknesses and recommendations for improvement.

An exception can be made to the above policy if the variation is in the interests of the AXA APH Group and arrangements are put in place to preserve the integrity and independence of audit activities. Any exception must be approved by the Group Chief Executive and at least one of the Chairman of the AXA APH Board or the Chairman of the Board Audit and Compliance Committee.

A log of all non-audit services is maintained.

Remuneration and Nominations Committee

The purpose of the Committee is to assist the Board in:

- developing and implementing remuneration strategies which:
  - attract, motivate and retain high performing senior executives
  - align remuneration with business performance
  - motivate Directors and management to pursue the long term growth and success of the Company within an appropriate control framework
- ensuring that non-executive Directors have an appropriate mix of skills, expertise and experience and operate effectively
- ensuring the highest standards of governance and disclosure in relation to remuneration and performance.

The Committee has responsibility for:

- strategy and policy for remuneration within the AXA APH Group

- making recommendations to the Board on the selection and appointment of non-executive Directors of AXA APH, the Group Chief Executive, and confirming the appointment of direct reports to the Group Chief Executive
- assisting the Board in reviewing the performance of the Board, the Chairman, Board Committees and the Group Chief Executive
- reviewing the performance of key executives (those reporting directly to the Group Chief Executive, the Regional Chief Executive, Life and the Chief Executive, Australia & New Zealand), and ensuring appropriate succession plans are in place
- appropriate governance and disclosure policies in respect of remuneration and performance.

R Allert is the Chairman of the Remuneration and Nominations Committee. The Committee has five members and a majority of the Committee is independent. The Group Chief Executive and other members of management may attend Committee meetings at the discretion of the Committee. The Committee normally meets three times per year and additional meetings are convened as required.

The Chairman of the Committee reports to the Board after each Committee meeting and minutes of Committee meetings are tabled at the following meeting of the Board.

A copy of the Terms of Reference of the Remuneration and Nominations Committee is available on www.axaasiapacific.com.au.

Insurance and Operating Subsidiaries Committee

The purpose of the Committee is to assist the Board in fulfilling its responsibilities in respect of:

- reviewing periodic financial condition reports on the insurance subsidiaries of AXA APH
- reviewing periodic reports on the financial and capital position of non-insurance subsidiaries of AXA APH
- reviewing, at least annually, the policy and principles in use from time to time by management for product pricing, including the value of new business, and noting significant pricing decisions made
- reviewing, at least annually, the principles in use from time to time by management for determining crediting and bonus rates on participating business
- reviewing, at least annually, the adequacy of asset/liability management and financial models used in the actuarial and financial management
- reviewing and approving reinsurance arrangements
- reviewing and approving policy and principles used in setting target surplus.

R Allert is the Acting Chairman of the Insurance and Operating Subsidiaries Committee. The Committee has three members. A majority of the Committee are independent non-executive Directors. The Group Chief Executive, Group Chief Financial Officer and Group Chief Actuary normally attend meetings. The Group Chief Financial Officer, Group Chief Actuary, Chief Actuary for AXA Hong Kong and Asian Regional Chief Financial Officer have direct access to the Chairman of the Committee.

The Committee normally meets twice per year and additional meetings are convened as required.

The Chairman of the Committee reports to the Board after each Committee meeting and minutes of Committee meetings are tabled at the following meeting of the Board.

A copy of the Terms of Reference of the Insurance and Operating Subsidiaries Committee is available on www.axaasiapacific.com.au.

Investment Committee

The purpose of the Committee is to assist the Board in fulfilling its responsibilities in relation to investment strategy and performance for the AXA APH Group.

The Committee approves and reviews strategy and policy with respect to the portfolio investments of policyholder, unitholder and shareholder funds for AXA APH and its subsidiaries.

The Committee has responsibility for:

- approving investment strategy and policies
- approving investment mandates including allowable investments, policy ranges, benchmarks and risk control limits
- reviewing investment performance of key products
- approving risk management statements
- approving a schedule of delegations to management
- approving large and/or non-standard transactions.

R Allert is the Chairman of the Investment Committee. The Committee has three non-executive members and a majority of the Committee is independent.

The Committee normally meets four times per year and additional meetings are convened as required.

The Chairman of the Committee reports to the Board after each Committee meeting and minutes of Committee meetings are tabled at the following meeting of the Board.

A copy of the Terms of Reference of the Investment Committee is available for inspection on www.axaasiapacific.com.au.

8.2 Promoting ethical and responsible behaviour

AXA APH's Code of Conduct

AXA APH's Code of Conduct applies to all Directors, executives and management. The Directors, executives and management of the AXA APH Group are committed to the highest standards of ethical behaviour and the minimum standards of behaviour are set out in the Code of Conduct.

A copy of the Code of Conduct is available on www.axaasiapacific.com.au.

Internal policies and procedures

AXA APH complies with a range of external industry codes through the operation of a series of internal policies including:

- a Risk Management Policy
- Complaints Handling Guidelines
- a policy on Trading in Shares or Options
- a Continuous Disclosure Policy and Market Disclosure Guidelines
- an Anti Money Laundering Policy
- a Privacy Policy
- an Occupational Health and Safety Policy and other human resource policies such as Eliminating Discrimination and Harassment, Confidential Information, Performance Management, Leave, Recruitment, Selection and Induction, Email, and Internet.

Insider trading policy and trading in AXA APH shares

Directors and employees are subject to restrictions under the law relating to dealing in certain financial products encompassing company securities (including AXA APH) and related derivatives or other financial products, if they are in possession of inside information.

To ensure compliance with these legal requirements and to ensure high standards of conduct, AXA APH's Trading in Shares or Options Policy restricts the periods in which Directors and employees can trade in AXA APH's securities to a 30 day period immediately following the release of substantial information to the public, eg the annual or half year results and the Annual General Meeting.

The policy on Trading in Shares or Options is available for inspection on www.axaasiapacific.com.au.

Social, economic and environment policies

An important element of our commitment to being a responsible corporate citizen is recognition of the importance of social, economic and environmental factors in the formulation of our strategy, execution of our plans and in our business operations.

We are committed to incorporating environmental considerations into our decision-making process:

- promoting an environmentally responsible approach to our operations
- endeavouring to increase our participation in environmental initiatives
- developing comprehensive policies on sustainability in conjunction with the global AXA Group.

We are very clear about our responsibilities to the communities in which we operate. Our commitment to the community is driven by our belief that we have a responsibility to support the local communities in which we conduct business and where our staff live and work.

We fully recognise the skill, time and energy volunteered by our employees. In support of our staff's contribution to the community, we:

- encourage employees to engage in voluntary community and charitable activities
- promote activities which provide the opportunity for our staff to develop both professional and personal skills
- provide financial and logistical assistance to projects supported by the AXA Hearts in Action programme
- allow up to one full day of paid leave for each staff member to participate in approved community activities
- support a minimum number of hours per annum of volunteer work to the local communities.

On 22 July 2005, at a preview performance of The Lion King, we announced the launch of the AXA Charitable Trust, under which a fund of $40 million will be available to strengthen the support for the AXA Hearts in Action programme, enabling us to significantly expand our contribution to the community.

Initially the main focus of the Trust is to support disadvantaged or seriously ill children and those affected by poverty and homelessness. We announced significant financial donations to six community charity partners with whom AXA Hearts in Action has developed a strong relationship – Very Special Kids, Starlight Children's Foundation, Ronald McDonald House, The Salvation Army, Brotherhood of St Laurence and The Smith Family.

Transparency and disclosure

AXA APH is committed to:

- *providing the market full and timely information about our activities*
- *fully complying with the continuous disclosure obligations contained in the applicable Listing Rules and the Corporations Acts in Australia and New Zealand*
- *ensuring that all stakeholders can access externally available information issued by AXA APH.*

To achieve this, AXA APH maintains a Continuous Disclosure Policy and a set of Market Disclosure Guidelines. Copies are available on www.axaasiapacific.com.au.

Communication with shareholders

AXA APH is committed to:

- *communicating effectively with shareholders*
- *giving shareholders ready access to accurate and understandable information about the Group*
- *making it easy for them to attend General Meetings or to have access to the proceedings of General Meetings.*

The Annual General Meeting is broadcast live via web-cam on www.axaasiapacific.com.au*, giving shareholders unable to physically attend the meeting an opportunity to hear the proceedings.*

Information regarding policies referred to in this report are all available on www.axaasiapacific.com.au*. AXA APH places all ASX and NZX announcements on its website, including analyst briefing papers, presentations and results announcements. All material sent to shareholders is also posted on the website including the Notice of Annual General Meeting, explanatory material and the Annual Report. Press releases issued in the last two years are also available on the website.*

ASX corporate governance recommendations

The ASX Listing Rules require listed entities to include in their annual report a statement disclosing the extent to which they have followed the 28 ASX corporate governance recommendations during that reporting period, identifying the recommendations that have not been followed and providing reasons for that variance.

AXA APH complies with all of the ASX corporate governance recommendations as outlined in the 2004 Annual Report.

9 Miscellaneous

9.1 Financial calendar for remainder of 2005

Event	Date
2005 interim dividend:	
Ex date	5 September 2005
Record date	9 September 2005
Paid to shareholders	3 October 2005
2005 half-year report sent to shareholders	3 October 2005
September quarter new business and funds flow release	8 November 2005[1]
End of 2005 full year	31 December 2005

1 Likely date, subject to confirmation

9.2 Key ASX releases

This schedule contains only a summary of the announcements made to the ASX in the first half of 2005. It does not include announcements of changes in Directors' interests. Reference should be made to a copy of the ASX announcements should further information be required. These are available on www.axaasiapacific.com.au.

15 June	Warning to AXA APH shareholders	Media release warning AXA APH shareholders of unsolicited offers made by National Share Purchasing Corporation, a company associated with David Tweed
15 June	US roadshow materials	Copy of US roadshow materials
12 & 13 May	AXA APH Strategy Briefing	Copies of presentations made at 2005 Strategy Briefing
28 April	New business and fund flows	Details of new business and fund flows for the three months ended 30 March 2005
13 April	Annual General Meeting	The total number of votes exercisable by all validly appointed proxies provided in respect of each motion to re-elect Directors and to approve the Group Chief Executive's participation in the share plan
11 March	Notice of Annual General Meeting – shareholder pack	Copy of Notice of Annual General Meeting and 2004 Annual Report
9 March	Presentation pack for citigroup Australia & New Zealand conference	Copy of presentation made at the 2005 citigroup Australia & New Zealand investment conference
21 February	Announcement of 2004 full year results (12 months ended 31 December 2004)	
28 January	Director retirement	Retirement of Peter Masfen as a Director of AXA APH
27 January	New business and fund flows	Details of new business and fund flows for the 12 months ended 31 December 2004

9.3 Top 20 shareholders at 30 June 2005

	Shareholder	Number of shares held	% of issued capital
1	AXA SA	742,063,178	42.59
2	JP Morgan Nominees Australia	115,303,261	6.62
3	National Nominees Limited	113,381,298	6.51
4	AXA <No 2 A/C>	97,653,005	5.61
5	Westpac Custodian Nominees Limited	73,028,852	4.19
6	AXA Sun Life PLC	59,125,101	3.39
7	AXA APH Executive Plan (Australia) Pty Limited	46,185,547	2.65
8	Citicorp Nominees Pty Ltd	30,334,531	1.74
9	Cogent Nominees Pty Limited	17,026,140	0.98
10	AMP Life Limited	13,323,936	0.76
11	ANZ Nominees Limited	13,163,645	0.76
12	Queensland Investment Corporation	12,369,423	0.71
13	ANZ Nominees Limited	8,296,707	0.48
14	HSBC Custody Nominees (Australia) Limited	7,972,074	0.46
15	Citicorp Nominees Pty Limited	6,597,809	0.38
16	Cogent Nominees Pty Limited	5,799,189	0.33
17	Australian Foundation Investment Company Limited	5,597,808	0.32
18	Tasman Asset Management Ltd	5,484,476	0.31
19	Suncorp Custodian Services Pty Limited	4,153,179	0.24
20	Argo Investments Limited	4,131,109	0.24
Total top 20		1,380,990,268	79.27
Remainder		361,177,987	20.73
Total issued shares		1,742,168,255	100.00

Corporate directory

Stock exchange details

Stock exchange listings	Australia ("ASX") and New Zealand ("NZX")
ASX code	AXA
NZX code	AXA

Registered office

Address	AXA Asia Pacific Holdings Limited 447 Collins Street Melbourne, Victoria, 3000, Australia
Telephone	+61-3 9287 3333
Facsimile	+61-3 9614 2240
Website	www.axaasiapacific.com.au

Share registry

	Computershare Investor Services
Address	GPO Box 2975EE Melbourne, Victoria, 3001, Australia
Telephone	1300 367 373 (Australia) 0800 669 955 (New Zealand)
Facsimile	+61-3 9611 5710
Email	melbourne.services@computershare.com.au

Investor Relations contact

	Ronn Bechler – Group Manager, Investor Relations
Telephone	+61-3 9616 3322
Facsimile	+61-3 9618 4661
Email	investor.relations@axa.com.au

www.axaasiapacific.com.au

AXA ASIA PACIFIC

AXA Asia Pacific Holdings Limited ABN 78 069 123 011

Be Life Confident

06450-07-05P

news release

www.axaasiapacific.com.au

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 range [3]."

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%

AXA Asia Pacific Holdings Limited ABN 72 069123011
447 Collins Street Melbourne Victoria 3000 Australia
Phone 61 3 9618 4985 Facsimile 61 3 9618 4661
www.axaasiapacific.com.au

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.

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[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.”

Contact

Media: Francine McMullen, Manager Media & Government Relations
03 9618 4985
0412 223 485

Investors: Ronn Bechler, Group Manager Investor Relations
03 9616 3322
0400 009 774

[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

ATTACHMENT

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).

THE AXA
"we've just come into a lot of money"
PLAN.

AXA Asia Pacific Holdings Limited
Results for the six months ended 30 June 2005

Les Owen, Group Chief Executive
Geoff Roberts, Group Chief Financial Officer

AXA ASIA PACIFIC

22 August 2005

Be Life Confident

Today's agenda

• Overview	Les Owen
• Half year results	Geoff Roberts
• Review of activities	Les Owen

AXA Asia Pacific Group
Highlights

- Strong growth in Operating Earnings, up 17.7% to $185.8m (six months ended 30 June 2004 - $157.8m)
  - Australia & NZ — up 31.5% to $99.8m (2004 - $75.9m)
  - Hong Kong — up 4.4% to $83.9m (2004 - $80.4m)
    - local currency — up 9.6% to HK$505.7m (2004 - HK$461.6m)
- Investment Earnings — up 35.9% to $91.2m (2004 - $67.1m)
  - Australia & NZ — down 34.1% to $45.8m (2004 - $69.5m)
  - Hong Kong — $45.0m (2004 - $(2.6)m)
- Total profit after tax before non-recurring items up 35.8% to $246.4m (2004 - $181.5m)
- Group funds under management, administration and advice up 9.0% to $66.7bn (31 December 2004 - $61.2bn)

(1) 2004 results restated from AGAAP to AIFRS for comparative purposes
(2) Investment experience profit / loss on assets backing policy liabilities now included in Investment Earnings as "Investment experience - assets backing policy liabilities" rather than in Operating Earnings. Prior period results restated accordingly

Australia and New Zealand
Highlights

- Very strong growth in Operating Earnings
  - Wealth management products and platforms up 47.9% to $46.0m (2004 - $31.1m)
  - Advice businesses up 36.0% to $15.5m (2004 - $11.4m)
  - Financial protection up 14.7% to $38.3m (2004 - $33.4m)
- Net retail inflows of $1,370.2m (2004 - $1,639.1m); Top 5 ranking for net retail funds flow (Plan for Life, ASSIRT) [1]
- Value of new business [2] up 17.2% to $45.6m (2004 - $38.9m)
- Funds under management, administration and advice up 9.0% to $57.2bn (31 December 2004 - $52.5bn)
- Funds under advice up 5.9% to $5.4bn (31 December 2004 - $5.1bn)
- Progressing well against AXA 6 goals

(1) 12 months ended 31 March 2005

(2) Based on 11% risk discount rate, 100 basis points above assumed equity return rate

Hong Kong
Highlights

- Operating Earnings up 9.6% to HK$505.7m (2004 - HK$461.6m)
- New business index [1] up 13.7% to HK$616.0m (2004 - HK$542.0m)
- Value of new business [2] up 6.3% to HK$287.8m (2004 - HK$270.8m)
- Net funds flow of HK$1,845.3m (2004 - HK$1,899.1m)
- Funds under management up 5.4% to HK$47.2bn (31 December 2004 - HK$44.8bn)
- Good early progress towards Hong Kong 6 aspirational goals

(1) New regular premiums plus 10% of single premiums

(2) Based on 11.5% risk discount rate, 100 basis points above assumed equity return rate

China & South East Asia
Highlights

- New business index [1] up 97.8% to A$61.7m [2, 3] (2004 - A$31.2m)
- Value of new business [4] up 39.6% to A$18.7m [3, 5] (2004 - A$13.4m)
- Total premium income up 72.5% to A$329.2m [2, 3] (2004 - A$190.8m)
- Funds under management up 7.3% to A$1.47bn [3, 5] (31 December 2004 - A$1.37bn)
- Very strong growth in Indonesia and Thailand
- 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

(1) New regular premiums plus 10% of single premiums
(2) Constant currency basis at average exchange rates over the period
(3) 100% share
(4) Based on risk discount rates ranging from 11% – 20% for relevant countries
(5) Based on exchange rates at 30 June 2005

THE AXA
"Now for the numbers behind the plan"
PLAN.

AXA Asia Pacific Holdings Limited
Results for the six months ended 30 June 2005

Geoff Roberts, Group Chief Financial Officer

AXA ASIA PACIFIC

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AXA Asia Pacific Group
Profit & loss analysis

(A$ million)

Six months to 30 June	**2005**	**2004**	**Change**
Australia & New Zealand	99.8	75.9	31.5%
Hong Kong	83.9	80.4	4.4%
Singapore	2.1	1.5	40.0%
Operating Earnings	**185.8**	**157.8**	**17.7%**
Investment Earnings			
- normalised	107.7	109.8	(1.9)%
- investment experience - assets in excess of policy liabilities	(9.0)	(54.9)	83.6%
- assets backing policy liabilities [1]	(7.5)	12.2	n/a
Investment Earnings	**91.2**	**67.1**	**35.9%**
Corporate expenses	(29.7)	(29.0)	(2.4)%
Interest expense [2]	(0.9)	(14.4)	93.8%
Profit after tax and before non-recurring items	**246.4**	**181.5**	**35.8%**
Non-recurring items	0.0	(117.1) [3]	n/a
Profit after tax and non-recurring items	**246.4**	**64.4**	**282.6%**

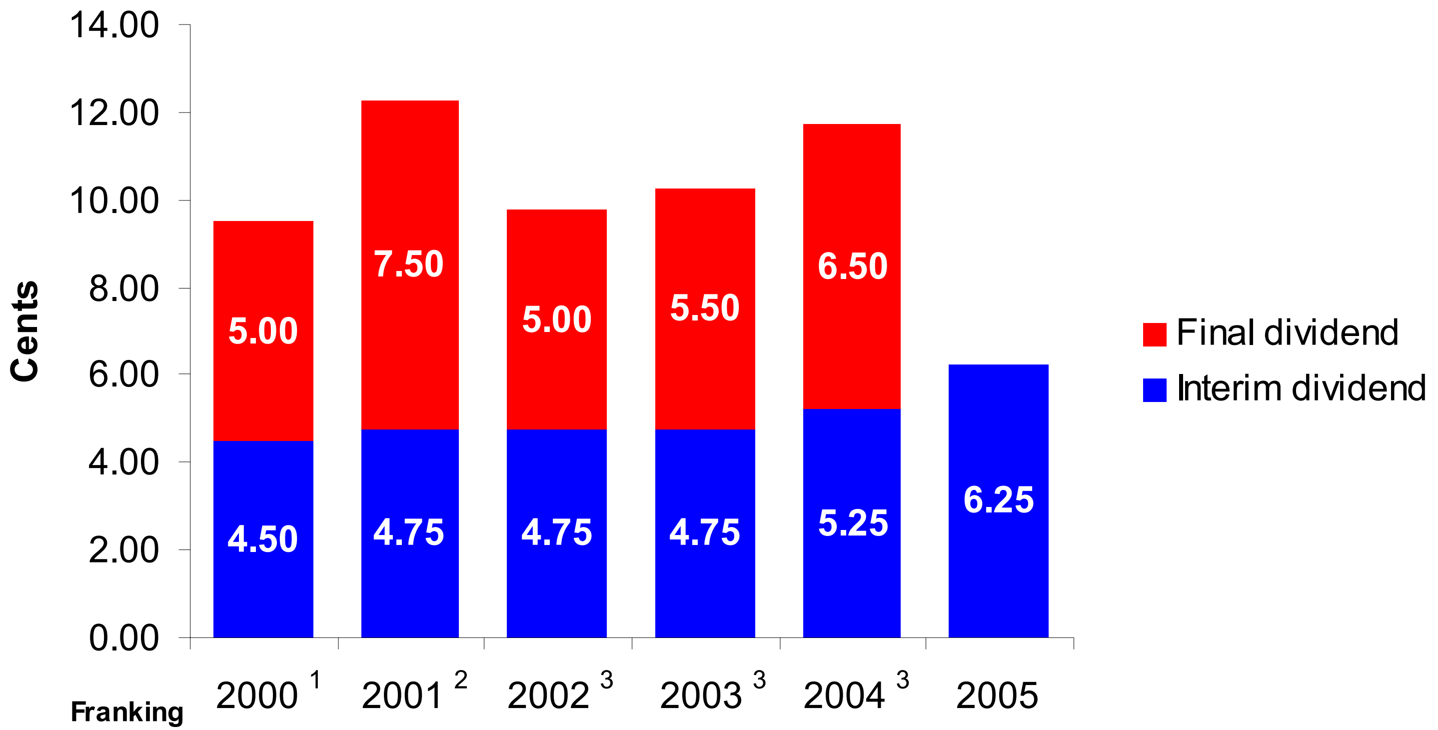
(1) Excess / (deficit) over assumed long term investment earnings rates on assets backing policy liabilities

(2) Net of interest income from cross currency swaps and other derivatives

(3) Fair value of cross currency and interest rate swaps deemed to be ineffective hedges under AIFRS; under AGAAP this was recorded in the foreign currency translation reserve, not through profit and loss

AXA Asia Pacific Group
Dividend

Interim dividend up 19% to 6.25 cents per share



Franking	2000	2001	2002	2003	2004	2005
Interim	60%	0%	60%	60%	15%	30%
Final	30%	100%	60%	20%	30%	

(1) 12 months ended 30 September
(2) 15 months ended 31 December
(3) 12 months ended 31 December

AXA Asia Pacific Group
Key changes under AIFRS

Balance sheet

- De-recognition of internally generated goodwill
- Liabilities increase due to a move to account balance / surrender value for Phase 1 investment products, use of risk free rate for Phase 2 insurance products, and the application of the liability adequacy test
- Elimination of AXA APH shares held in Executive Share Plan, and use of risk free rate to value liabilities of the defined benefit pension plan

Profit & loss

- Operating Earnings increase due to normalised return on higher assets allocated to policy liabilities, offset by some new business strain on higher liabilities established at the risk free rate and lower acquisition costs capitalised
- Investment Earnings
  - decrease due to re-allocation of assets to Operating Earnings
  - decrease as some items are booked directly to reserves, not profit
  - increased volatility as impact of period to period change in risk free discount rate results in experience gain / loss on assets backing policy liabilities

AXA Asia Pacific Group
AGAAP / AIFRS profit & loss reconciliation

(A$ million)

Six months to 30 June 2005	**AGAAP**	**AIFRS**	**Variance**
Australia & New Zealand	99.3	99.8	0.5
Hong Kong	80.3	83.9	3.6
Singapore	2.1	2.1	0.0
Operating Earnings	**181.7**	**185.8**	**4.1**
Investment Earnings			
- normalised	114.1	107.7	(15.4)
- investment experience - assets in excess of policy liabilities		(9.0)	
- assets backing policy liabilities	4.3	(7.5)	(11.8)
Investment Earnings	**118.4**	**91.2**	**(27.1)**
Corporate expenses	(23.2)	(29.7)	(6.5)
Interest expense - net debt	(26.7)	(26.7)	0.0
- derivatives	12.6	25.8	13.2
Profit after tax and before non-recurring items	**262.8**	**246.4**	**(16.4)**
Non-recurring items	0.0	0.0	0.0
Profit after tax and non-recurring items	**262.8**	**246.4**	**(16.4)**

Higher normalised investment return on assets backing policy liabilities resulting from liability increases offset by a reduced scope of deferral of acquisition costs

Lower normalised investment return on assets in excess of policy liabilities following reallocation to Operating Earnings referred to above; some items go directly to reserves

Increased volatility due to changes in Phase 2 insurance product liabilities reflecting changes in risk free rates

The fair value movement on derivatives recognised in the P&L under AIFRS. Any volatility going forward is likely to be minimal following a restructure of our derivative portfolio

Recognition of the accounting charge relating to our executive share plan

AXA Asia Pacific Group

AGAAP / AIFRS shareholders equity reconciliation

31 December 2004	(A$ million)
Shareholders equity – AGAAP	**4,049.5**
Derecognition of internally generated goodwill	(399.5)
Valuation of policy liabilities	(327.1)
Consolidation of Executive Share Plan	(134.7)
Recognition of defined benefit pension plan	(75.7)
Other	(2.2)
Shareholders equity – AIFRS	**3,110.3**

Note: Adjustments shown net of tax

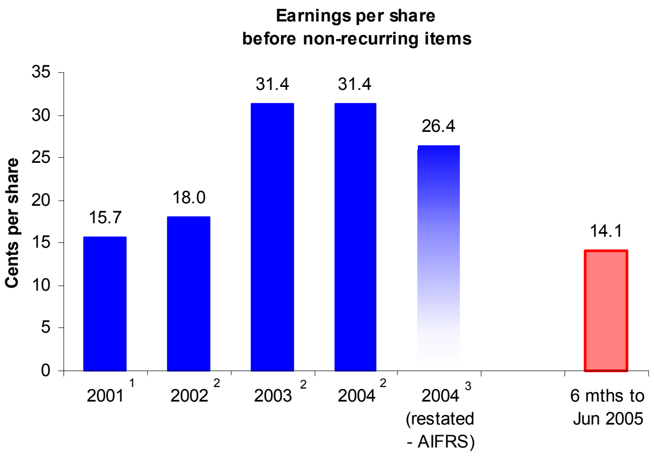
Internally generated component of goodwill not recognised under AIFRS

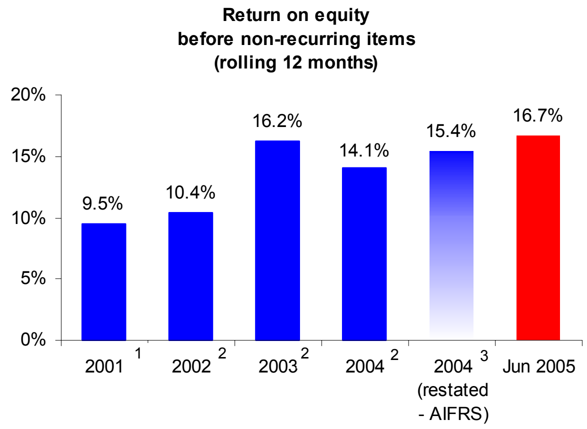
Phase 1 products recorded at fair value. Phase 2 insurance products valued using risk free rate. Impact of liability adequacy test

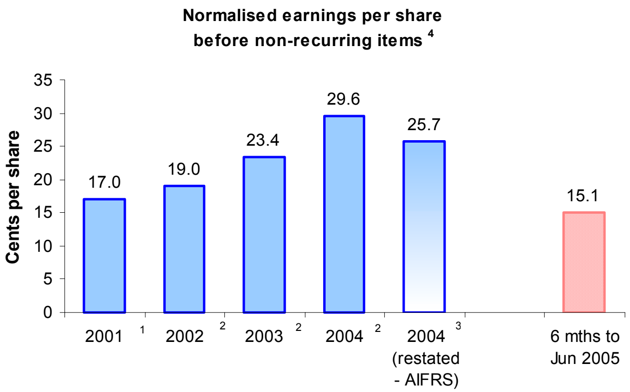
Executive Share Plan trust consolidated under AIFRS. Shares in AXA APH held by trust are eliminated against equity

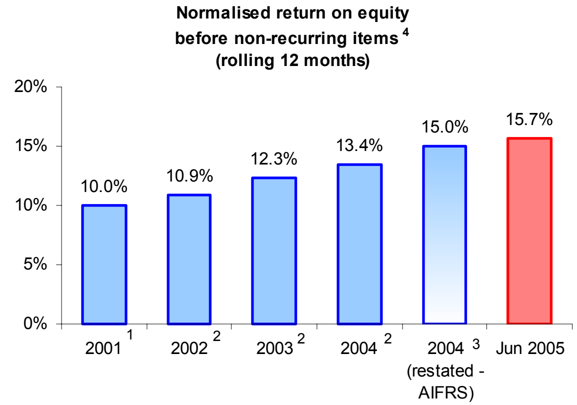
Liabilities of defined benefit pension plan discounted at risk free rate

AXA Asia Pacific Group
Earnings per share and return on equity





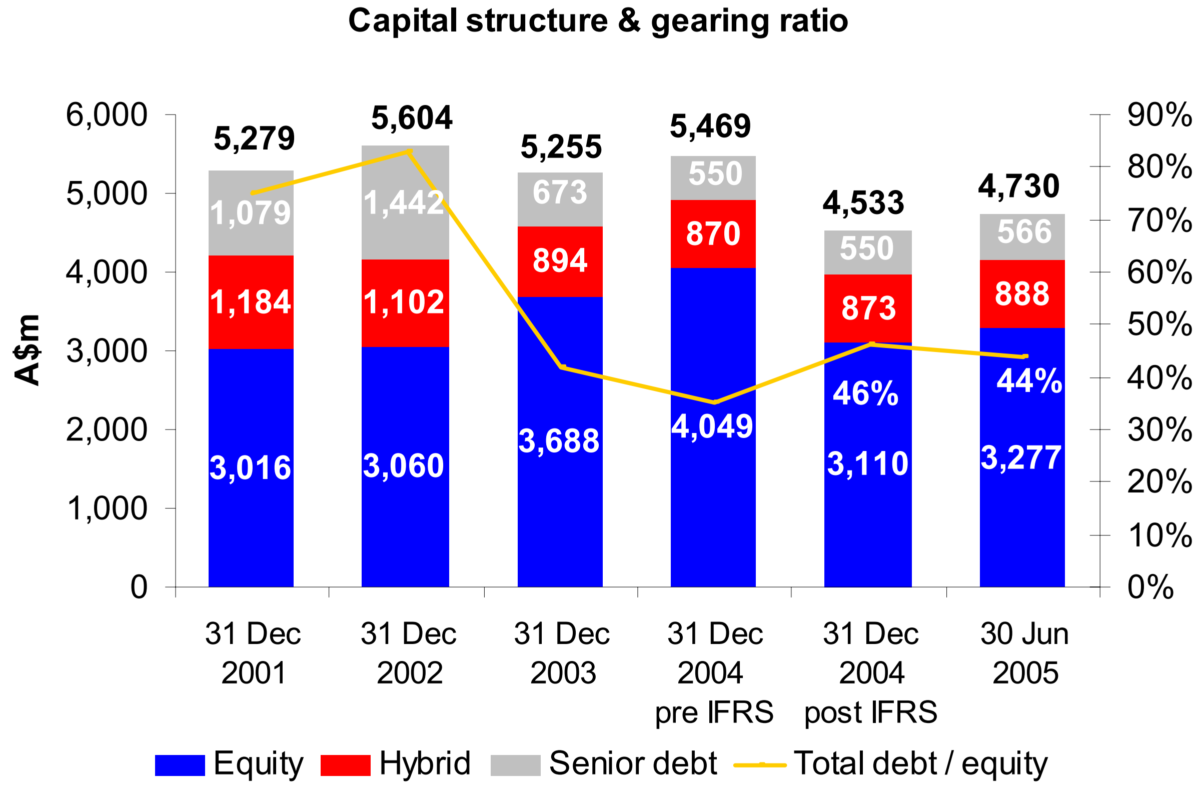




(1) 12 months ended 31 December (restated, but not audited)
(2) 12 months ended 31 December (audited)
(3) 12 months ended 31 December (restated for AIFRS, audited)
(4) Calculated after deducting Health Operating Earnings (2003: $9.8m, 2002: $43.1m, 2001: $82.0m), and replacing Investment Earnings with "normalised Investment Earnings" of $221m (rolling 12 months to 30 June 2005), $108m (1H05), $229m (2004), $193m (2003), $171m (2002), $163m (2001) and $147m (2000)

AXA Asia Pacific Group
Capital structure

Strong balance sheet - gearing ratio [1] in target range of 40% - 50%



(1) Measured on the basis of total debt (debt + hybrid) to equity

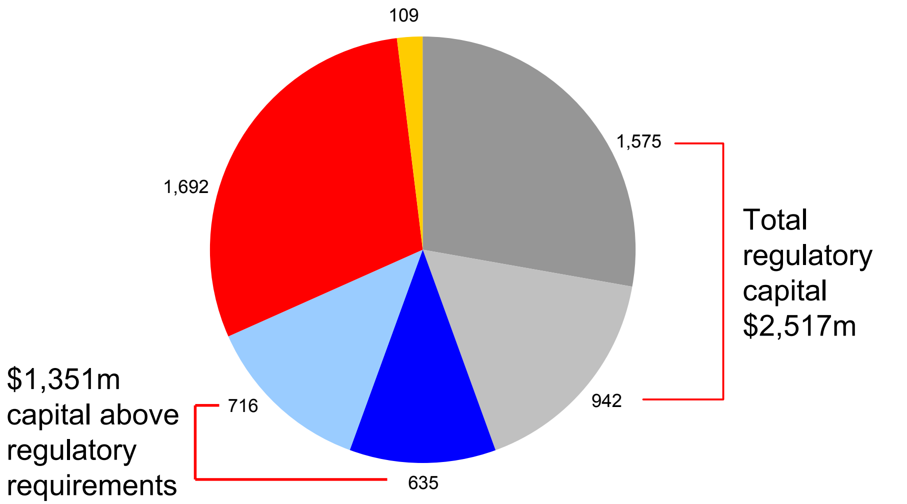
(2) 2003 senior debt restated in accordance with changes to AASB 1044

Financial strength rating **AA- / AA**

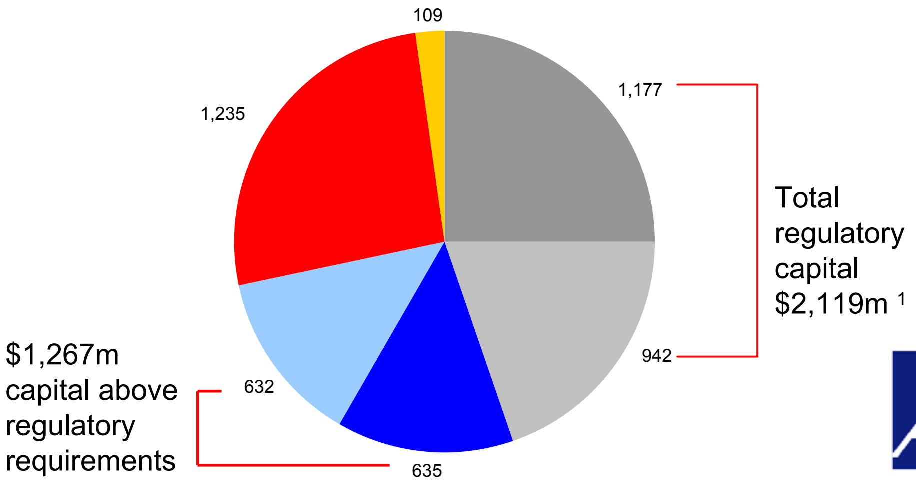
(S&P / Fitch respectively)

AXA Asia Pacific Group
Capital usage at 30 June 2005

Total capital AGAAP ($5,669 million)



Total capital AIFRS ($4,730 million)



- **Total regulatory capital requirements** over policy liabilities reduced by $398m due to a re-apportionment of total capital from regulatory capital to policy liabilities
- **Target surplus over the regulatory capital requirements** reviewed annually
- **Capital above target surplus** reduced by $84m on transition to AIFRS due to consolidation of the Executive Share Plan, and superannuation plan liabilities discounted at the risk free rate, offset by impact on deferred tax assets
- **Goodwill (EMVONA - AGAAP)** reduced by $457m due to write-off of internally generated goodwill
- **Provision for interim dividend**

(1) Before any changes which may result from current APRA review of regulatory capital requirements. Based on consultation document, additional regulatory capital could be in range of $0m - $200m on 1 January 2006

AXA Asia Pacific Group
Illustrative value of inforce

Illustrative Group value of inforce up 9.5% [1]

(A$ million)	Risk discount rate: Equity return + 100 bps [1]			Risk discount rate: Equity return [2]		
	30 June 2005	31 Dec 2004	Change	30 June 2005	31 Dec 2004	Change
Value of inforce						
Australia and New Zealand	2,813	2,637	6.7%	2,949	2,782	6.0%
Hong Kong	1,973	1,781	10.8%	2,108	1,896	11.2%
South East Asia [3]	62	53	17.0%	62	53	17.0%
Total value of inforce (before 2005 transfers to net worth and on constant FX) [4]	**4,848**	**4,471**	**8.4%**	**5,119**	**4,731**	**8.2%**
Total value of inforce (before 2005 transfers to net worth and on actual FX)	**4,898**	**4,471**	**9.5%**	**5,174**	**4,731**	**9.4%**
2005 transfers to Group net worth	(322)			(322)		
Total value of inforce (after 2005 transfers to net worth and on actual FX)	**4,576**	**4,471**	**2.3%**	**4,852**	**4,731**	**2.6%**
Adjusted Group net worth	1,414	1,275		1,414	1,275	
Debt	(1,454)	(1,420)		(1,454)	(1,420)	
Capitalised corporate expenses [5]	(312)	(312)		(312)	(312)	
China / South East Asia expense overruns [6]	(17)	(18)		(17)	(18)	
Total dividend payments for 2005 [7]	109			109		

(1) Risk discount rate = 11.0% for A&NZ and 11.5% for HK
(2) Risk discount rate = 10.0% for A&NZ, and 10.5% for HK
(3) Based on risk discount rates ranging from 11% – 20% for relevant countries, the same in both illustrative values
(4) Based on A$/US$ exchange rate at 31 December 2004

(5) Excludes potential additional corporate expenses of $9m-$13m pa over next three years should planned organic growth come to fruition
(6) Value of South East Asia development expenses being in excess of assumed long-term product expense loadings
(7) Provision for 2005 interim dividend

AXA Asia Pacific Group
Illustrative value of new business

Illustrative Group value of new business up 9.4% [1]

(A$ million)	Risk discount rate: Equity return + 100 bps [1]			Risk discount rate: Equity return [2]		
12 months to	30 June 2005	31 Dec 2004	Change	30 June 2005	31 Dec 2004	Change
Australia & New Zealand						
Financial protection	13	12	5.6%	16	16	5.1%
Wealth management	71	65	9.6%	80	73	8.9%
Total A&NZ value of new business ("VNB")	**84**	**77**	**9.1%**	**96**	**89**	**7.9%**
Hong Kong						
Financial protection	92	89	3.9%	99	95	4.1%
Wealth management	8	6	30.8%	10	8	33.1%
Health	6	6	(2.9)%	6	6	(2.8)%
Total Hong Kong VNB	**106**	**101**	**5.2%**	**115**	**109**	**5.5%**
China and South East Asia VNB [3]	17	14	23.4%	17	14	23.4%
Total Group VNB on constant FX rates [4]	**207**	**192**	**8.0%**	**228**	**212**	**7.7%**
Group VNB on actual FX rates	**210**		**9.4%**	**231**		**9.0%**

(1) Risk discount rate = 11.0% for A&NZ and 11.5% for HK
(2) Risk discount rate = 10.0% for A&NZ, and 10.5% for HK
(3) Based on risk discount rates ranging from 11% – 20% for relevant countries, the same in all illustrative values
(4) Based on A$ / US$ exchange rate at 31 December 2004

Australia and New Zealand
Profit after tax

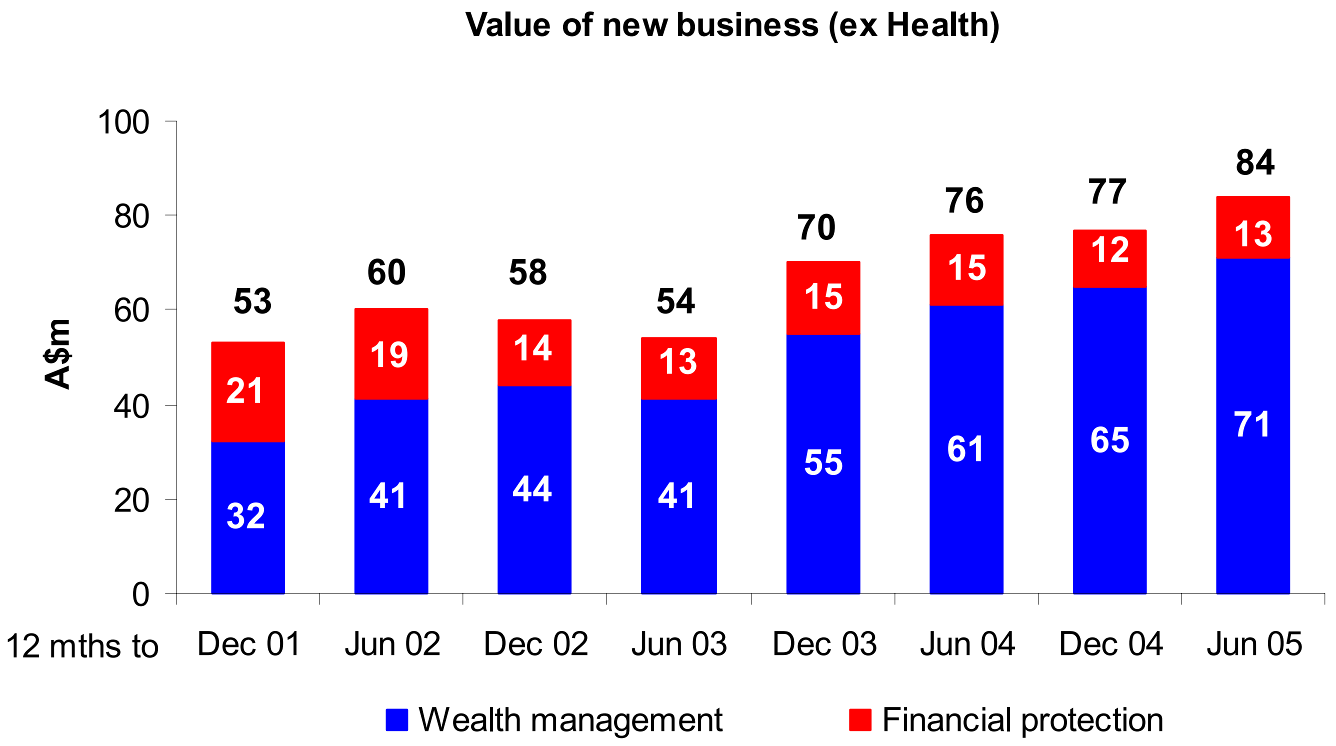
(A$ million) Six months to 30 June	2005	2004	Change
Wealth management products and platforms	46.0	31.1	47.9%
Advice	15.5	11.4	36.0%
Total Wealth management	61.5	42.5	44.7%
Financial protection	38.3	33.4	14.7%
Operating Earnings	**99.8**	**75.9**	**31.5%**
Investment Earnings			
- normalised	35.2	34.1	3.2%
- investment experience - assets in excess of policy liabilities	9.8	12.3	(20.3)%
- assets backing policy liabilities	0.8	23.1	(96.5)%
Investment Earnings	**45.8**	**69.5**	**(34.1)%**
Profit after tax and before non-recurring items	**145.6**	**145.4**	**0.1%**

Australia and New Zealand
New business / gross inflows

(A$ million) Six months to 30 June	2005	2004	Change
Wealth management (gross inflows)			
Superannuation	1,398.3	1,122.0	24.6%
Retirement income	297.7	252.3	18.0%
Investment products	1,241.2	1,442.2	(13.9)%
Alliance Capital retail mandates	1,367.9	1,107.1	23.6%
Total retail flows	**4,305.1**	**3,923.6**	**9.7%**
Cash management trusts	36.9	37.5	(1.6)%
ACM wholesale mandates	3,084.5	2,666.4	15.7%
Total	**7,426.5**	**6,627.5**	**12.1%**
Included in the above:			
Platforms	1,479.5	1,030.9	43.5%
Advice	685.2	570.6	20.1%
Financial protection (new annual premiums)			
Individual life	25.6	21.9	16.9%
Individual income protection	11.9	10.0	19.0%
Group insurance	12.7	14.6	(13.0)%
Long term risk	1.5	1.5	0.0%
Total	**51.7**	**48.0**	**7.7%**

Australia and New Zealand
Value of new business

Rolling 12 months value of new business [1] up 9% since 31 December 2004 to $84m



(1) Based on 11.0% risk discount rate, 100 basis points above assumed equity return

AXA Asia Pacific Group
Transitional tax ceased on 30 June 2005

- The benefit from transitional tax treatment for non-risk business within NMLA ceased on 30 June 2005
- Without any mitigating action, Operating Earnings would be $9m-$10m lower in the 2005 year and $18m-$20m lower in 2006 and subsequent years
- We have initiatives to fully mitigate the loss of transitional tax relief in 2005 and subsequent years
- No noticeable impact on Operating Earnings trends in 2005
- Around 50% of profit replacement of $18m-$20m will come through Operating Earnings in 2006 and beyond. The balance will come through normalised Investment Earnings

Hong Kong
Profit after tax

Six months to 30 June	(HK$ million) 2005	2004	Change	(A$ million) 2005	2004	Change
Operating Earnings	505.7	461.6	9.6%	83.9	80.4	4.4%
Investment Earnings						
- normalised	436.2	433.2	0.7%	72.3	75.4	(4.1)%
- inv. exp. - assets in excess of policy liabilities	(116.6)	(386.3)	69.8%	(18.8)	(67.2)	72.0%
- assets backing policy liabilities	(51.1)	(62.1)	17.7%	(8.5)	(10.8)	21.3%
Investment Earnings	268.5	(15.2)	n/a	45.0	(2.6)	n/a
Profit after tax and before non-recurring items	**774.2**	**446.4**	**73.4%**	**128.9**	**77.8**	**65.7%**

Hong Kong
New business

(HK$ million)

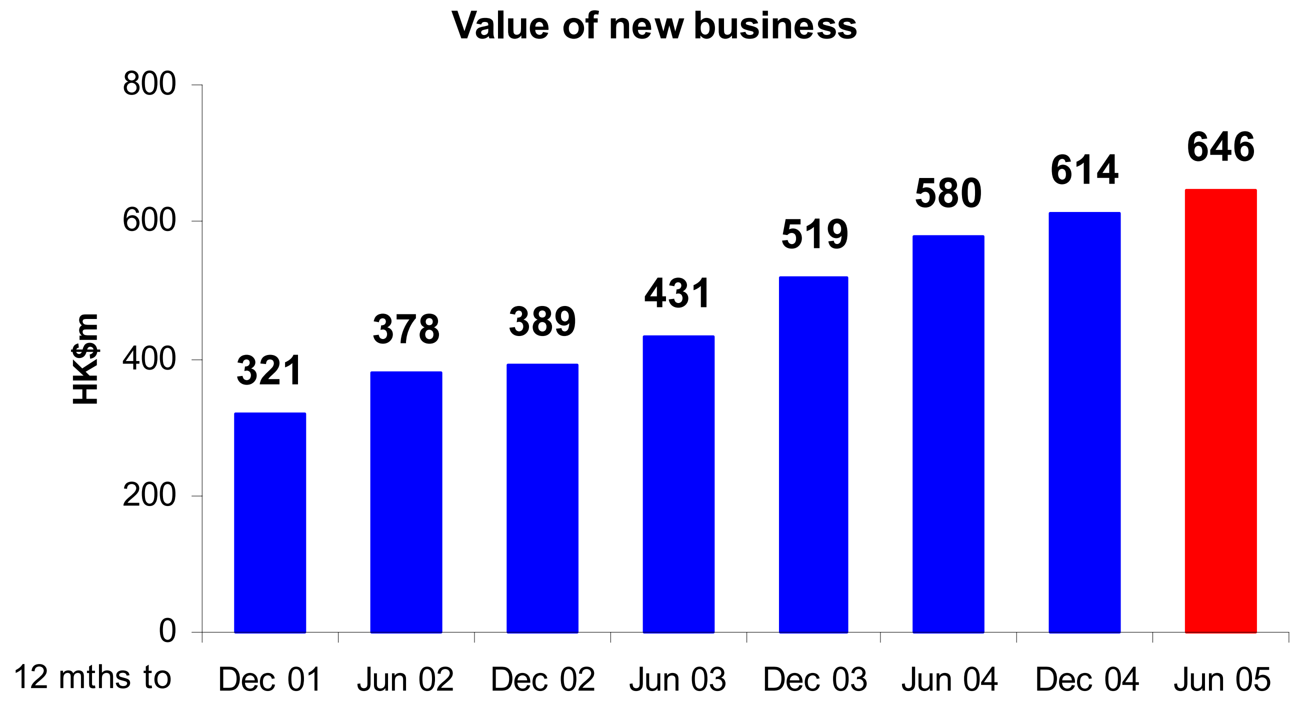
Six months to 30 June	2005	2004	Change
New regular premiums			
Individual life (non-linked)	258.0	289.4	(10.9)%
Individual life (unit linked)	152.6	97.2	57.0%
Total individual life	**410.6**	**386.6**	**6.2%**
Group retirement (incl MPF)	78.1	21.2	268.4%
Group risk	44.2	46.4	(4.7)%
Total	**532.9**	**454.2**	**17.3%**
Single premiums			
Individual life – incl unit linked	135.0	132.5	1.9%
Group retirement	147.5	126.9	16.2%
Total	**282.5**	**259.4**	**8.9%**
Total life new business index [1]	561.2	480.1	16.9%
General insurance [2]	54.8	61.9	(11.5)%
Total new business index	**616.0**	**542.0**	**13.7%**

(1) New regular premiums plus 10% single premiums

(2) Gross written premium

Hong Kong
Value of new business

Rolling 12 months value of new business [1] up 5% since 31 December 2004 to HK$646m



(1) Based on 11.5% risk discount rate, 100 basis points above assumed equity return

China & South East Asia
New business

New business index [1] up 98% [2]

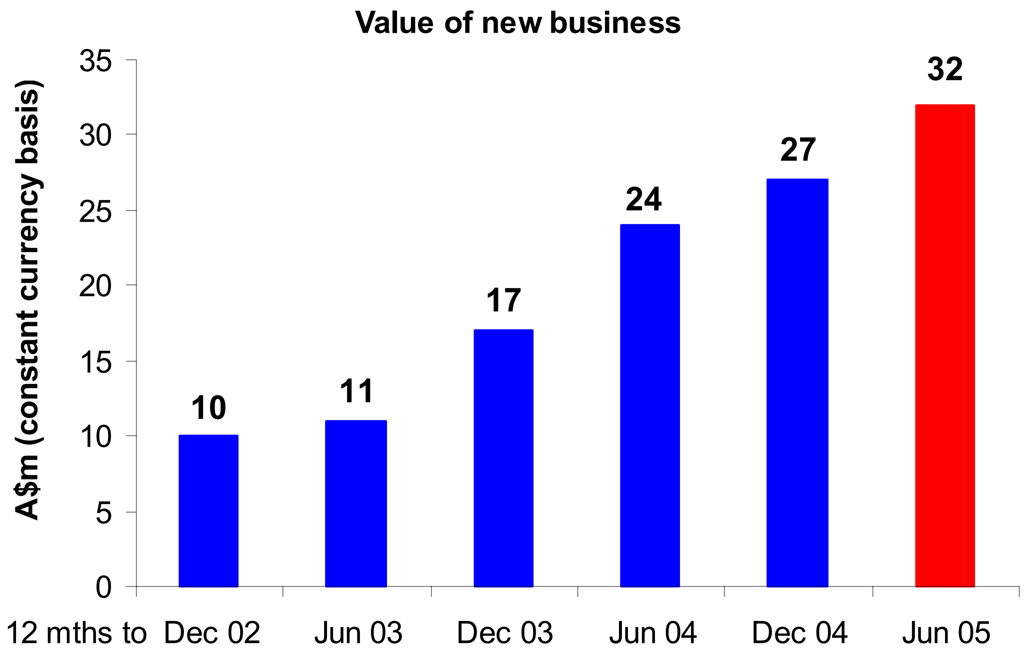
(million) Six months to 30 June	2005	2004	Change
Indonesia (Rupiah)	179,476.6	47,564.6	277.3%
Thailand (Baht)	485.9	226.0	115.0%
Singapore (Sing$)	13.5	9.7	39.2%
Philippines (Peso)	334.6	278.0	20.4%
China (Rmb)	17.7	19.9	(11.1)%
Total (AUD) [2]	**61.7**	**31.2**	**97.8%**

(1) New regular premiums plus 10% single premiums

(2) On constant currency basis at average exchange rates over the period, representing 100% share of the businesses

China & South East Asia
Value of new business

Product repositioning and growth in bank distribution driving strong new business value



- Value of new business [1] up 17.8% [2] on a rolling 12 months basis to $31.8m
- AXA APH share of value of new business is $17.2m, representing 8% of total Group value of new business

(1) 100% share

(2) Based on constant currency exchange rates at 30 June 2005

Summary

Excellent financial performance across all areas of our business

- Strong growth in Operating Earnings
- AIFRS slightly positive for Operating Earnings and negative for Investment Earnings
- Group value of new business [1] up 9.4% and value of inforce [1] up 9.5% over the past six months
- Capital position remains very strong
- Interim dividend up 19%

(1) Based on risk discount rate 100 basis points above assumed equity returns, ie. 11.0% for A&NZ, 11.5% for HK

THE AXA "we already have a great plan" PLAN.

AXA Asia Pacific Holdings Limited
Review of activities

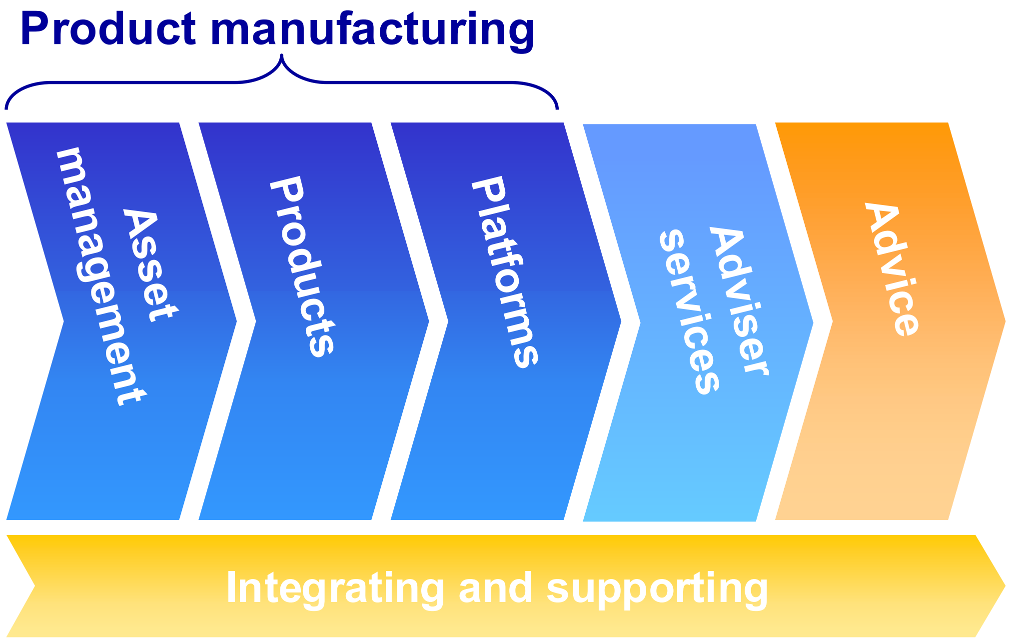
Les Owen, Group Chief Executive

AXA
ASIA PACIFIC

Be Life Confident

Australia and New Zealand
Our strategy

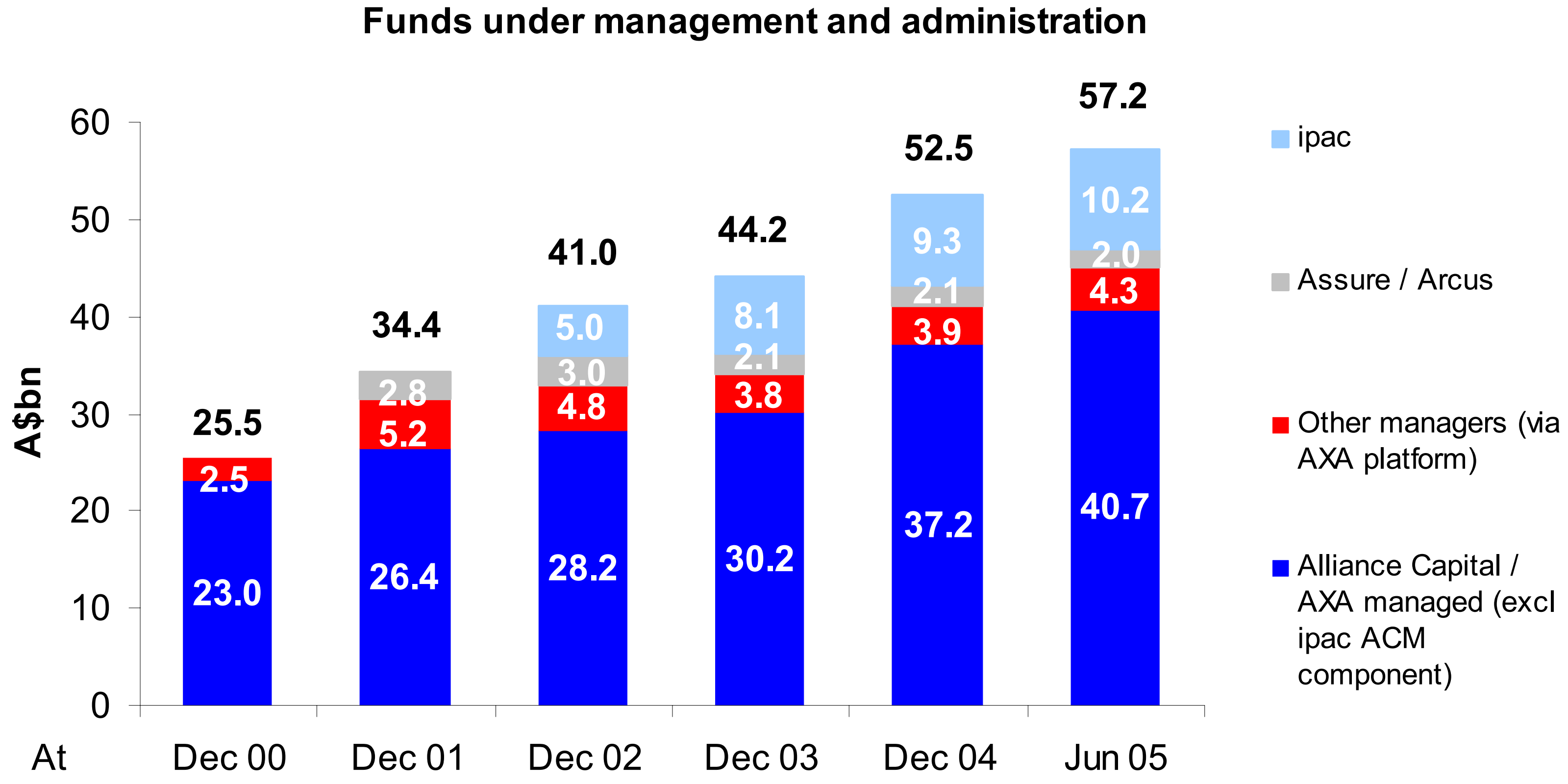
Our strategy is to be a leader in all parts of the financial protection and wealth management value chain…



…and where possible to integrate activities over more than one part of the value chain

Australia and New Zealand
Asset management

Strong growth in funds under management and administration



Australia and New Zealand
Asset management

Strong investment performance across most of our portfolios

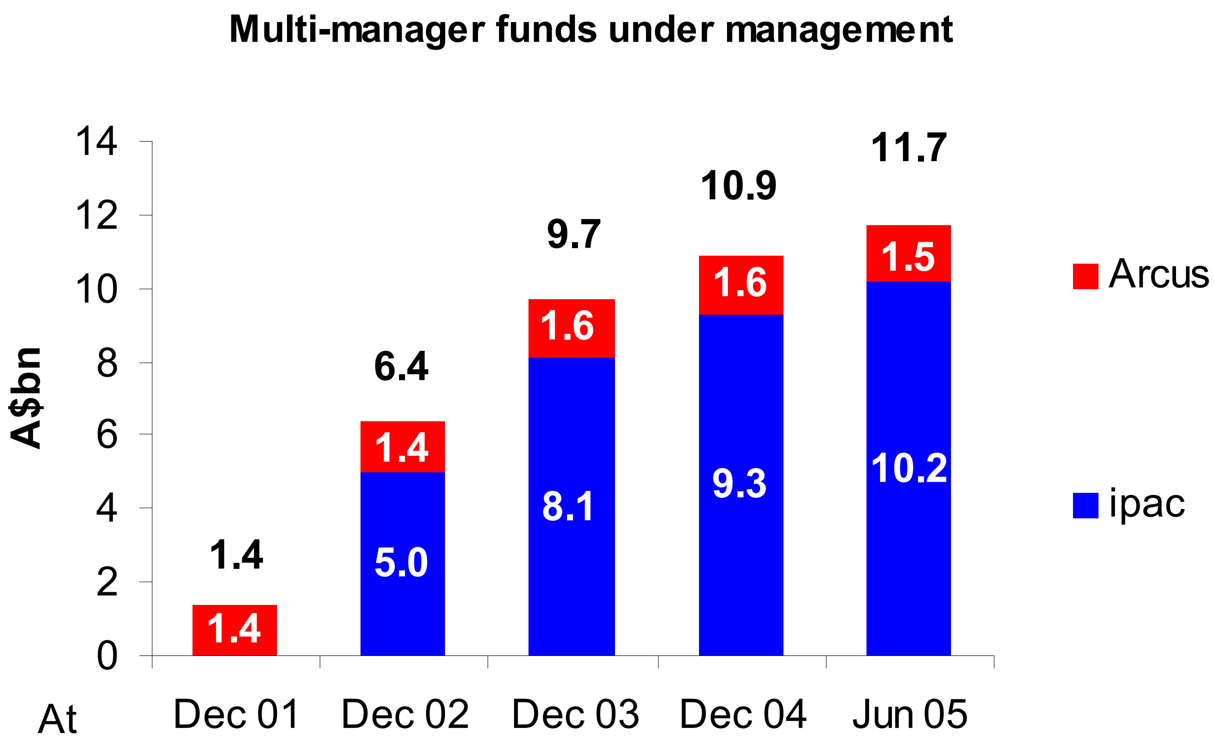
Fund	6 months Return	6 months Quartile	12 months Return	12 months Quartile	3 years Return (pa)	3 years Quartile	Research rating (Van Eyk / ASSIRT)
Global Equity – Growth	3.5%	2	0.9%	3	-3.1%	4	A/4 stars
Global Equity – Value	4.5%	1	7.5%	1	4.1%	1	AA/5 stars
Aust. Equity – Growth	9.4%	1	29.0%	1	13.9%	3	Not rated/3 stars
Aust. Equity – Value	11.7%	1	32.4%	1	n/a	n/a	A/3 stars
Aust. Monthly Income	3.1%	1	6.1%	1	5.9%	1	A/5 stars
Aust. Property Fund	6.4%	2	14.1%	1	12.4%	1	A/4 stars
Selected Equities Trust (NZ)	4.8%	3	21.9%	3	18.6%	2	5 stars (Morningstar)

Source: Morningstar and AXA APH. Returns are before tax and after management fees for Australia, before management fees for New Zealand

- Alliance Bernstein was recently awarded Money Management's 2005 overall "Fund Manager of the Year" and "International Equity Fund Manager of the Year"
- AXA was named Money Management's 2005 "Mortgage Fund Manager of the Year" and received the Personal Investor Magazine Award for Excellence in Financial Services 2005 for "Mortgage Fund of the Year"

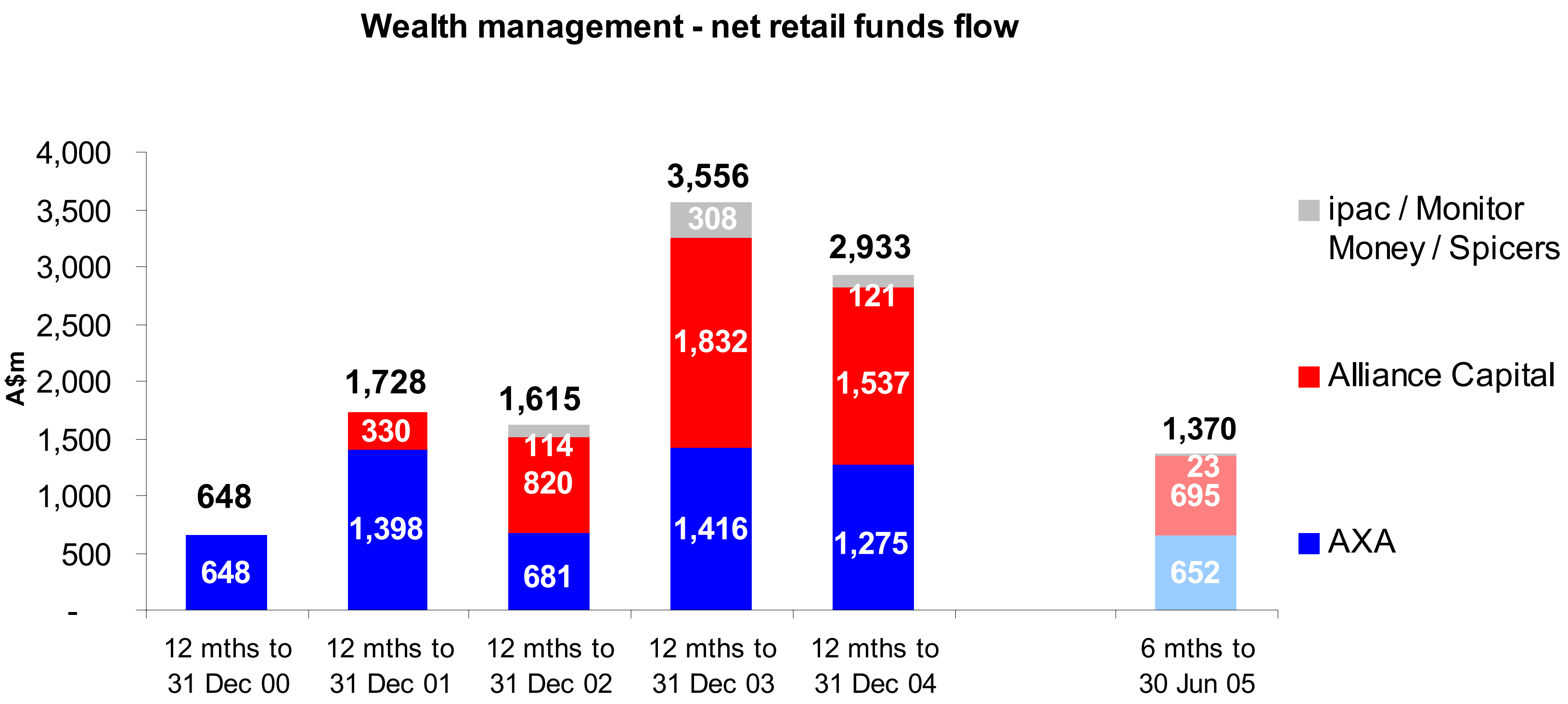
Australia and New Zealand
Asset management

Strong growth in multi-manager funds under management



Australia and New Zealand
Products - Wealth management

Net retail funds flow remains strong



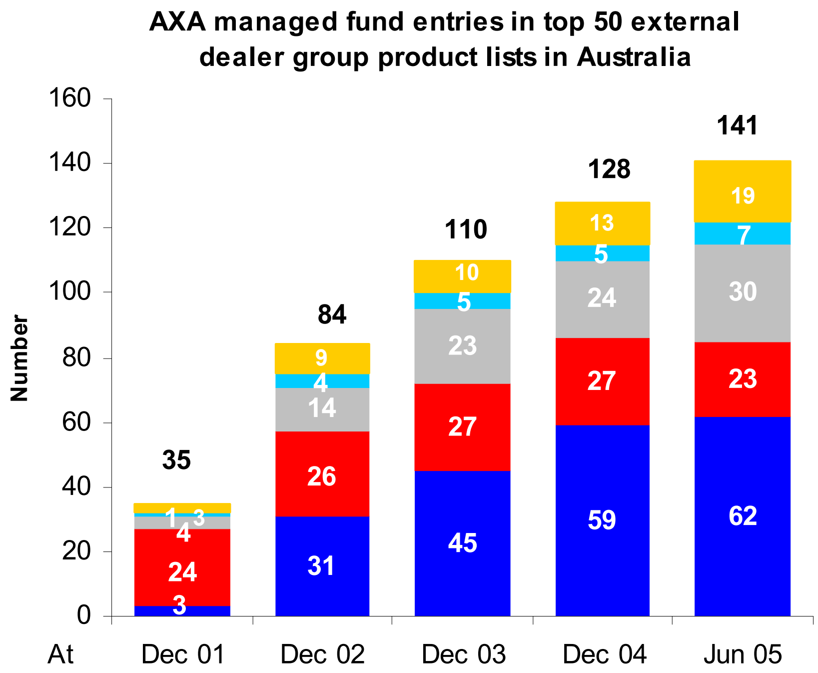
Note:

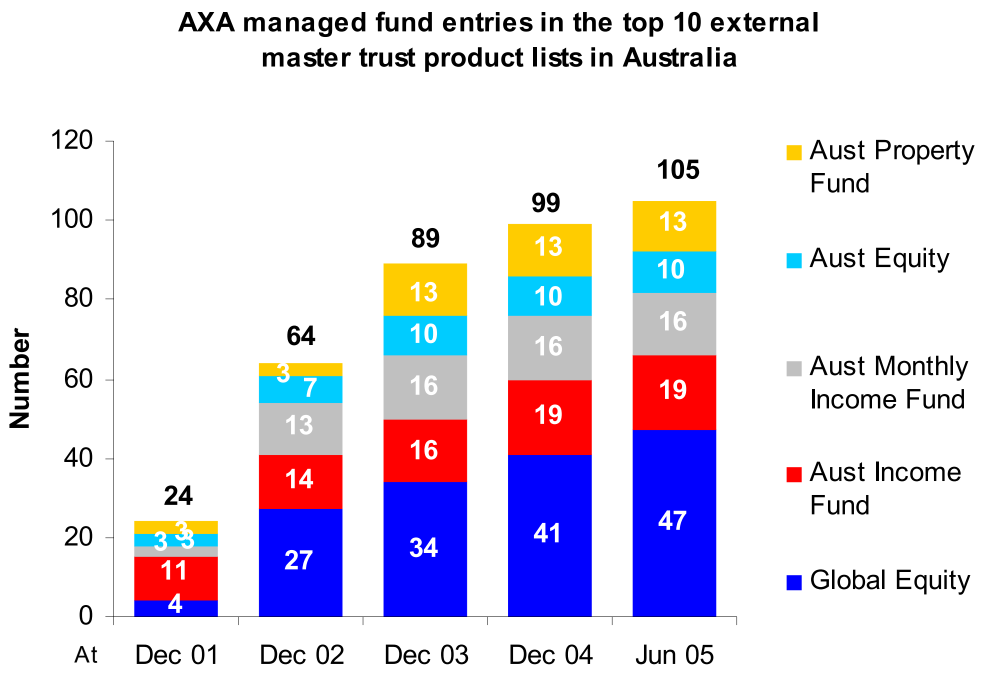
(1) Net inflow of $254 million and net outflow of $277 million in relation to terminated Assure third party contracts have been excluded from the 12 months ended 31 December 2002 and 2003 respectively

(2) Cash management trusts excluded

Australia
Products - Wealth management

Penetration of approved product lists and external master trusts continues to increase



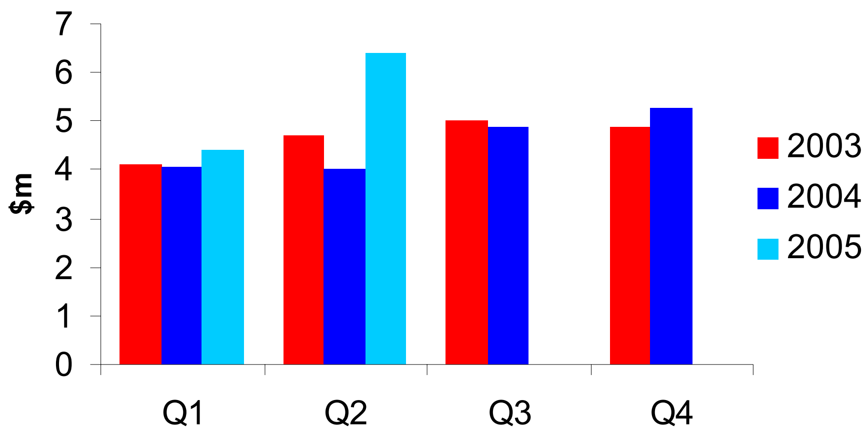


Australia
Products - Financial protection

Increasing market share since Q3 2004

- Encouraging trend in new business volumes following income protection product upgrades in August 2004

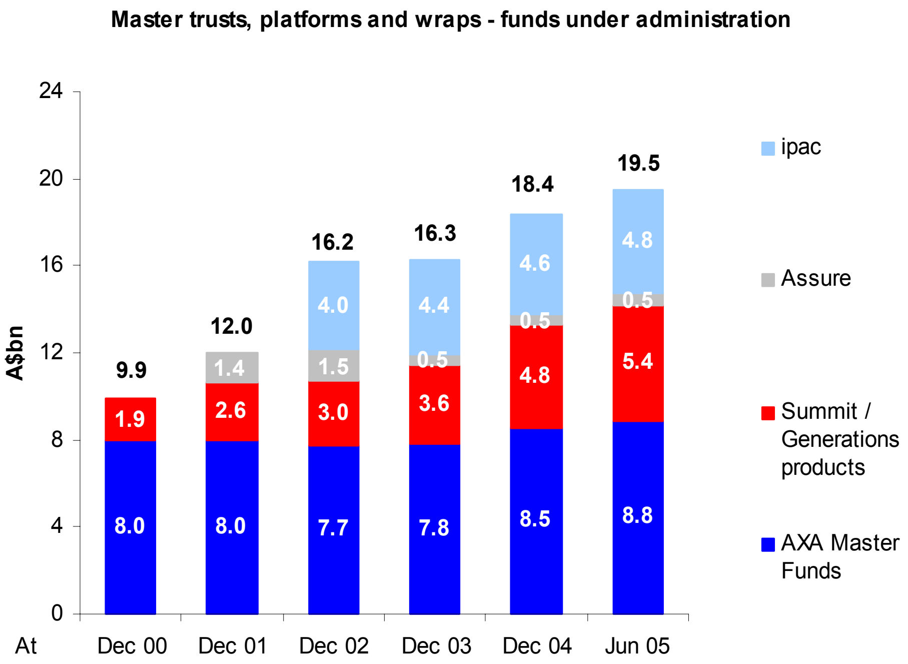
Individual business (IP & Life) - new policies

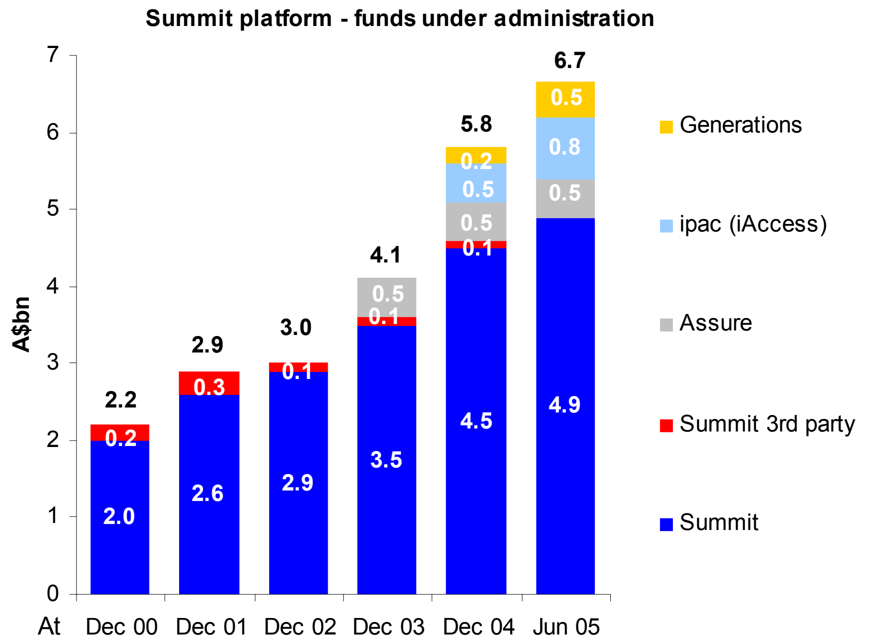


- Product upgrades launched in July 2005
- Feedback from launch has been excellent

Australia
Platforms

Further growth in platform and Summit funds under administration with 35% of funds now on Summit (December 2004 – 32%)

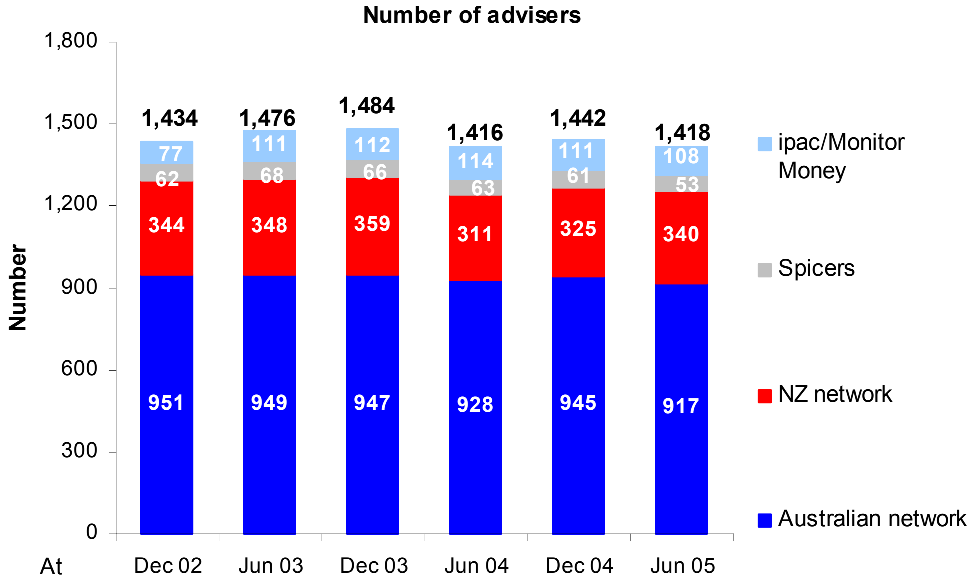


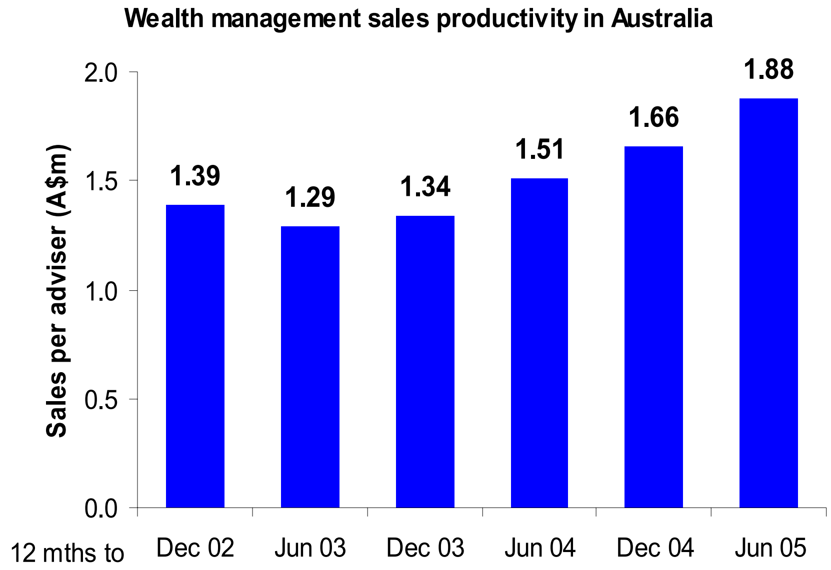


The total Summit funds under administration of $6.7bn differs to the chart "Master trusts, platforms and wraps" showing Summit product as $5.4bn. This is due to $0.8bn of ipac funds and $0.5bn of Monitor Money funds, which are administered on Summit, being shown as part of ipac and Monitor Money respectively in the "Master trusts, platforms and wraps" chart, rather than as part of Summit.

Australia and New Zealand
Adviser services

Strong growth in productivity of AXA aligned advisers

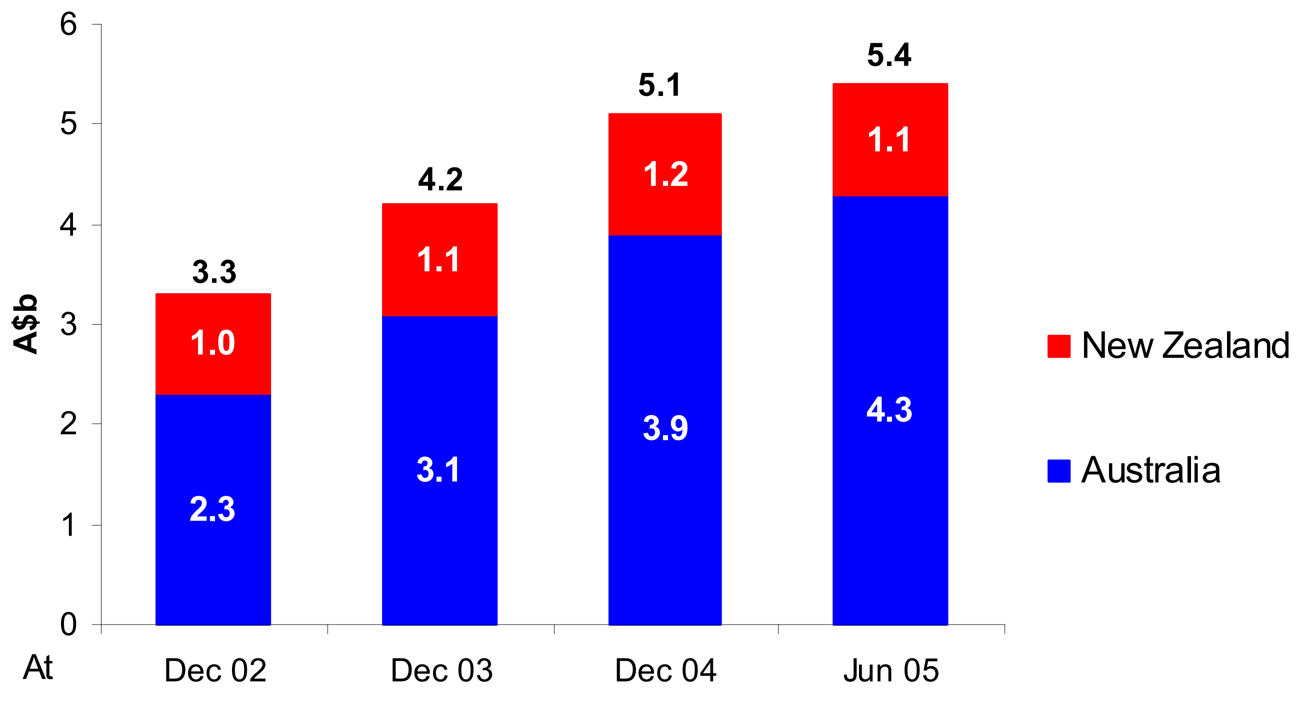




Note: Number of 'NZ network' advisers restated for 2004

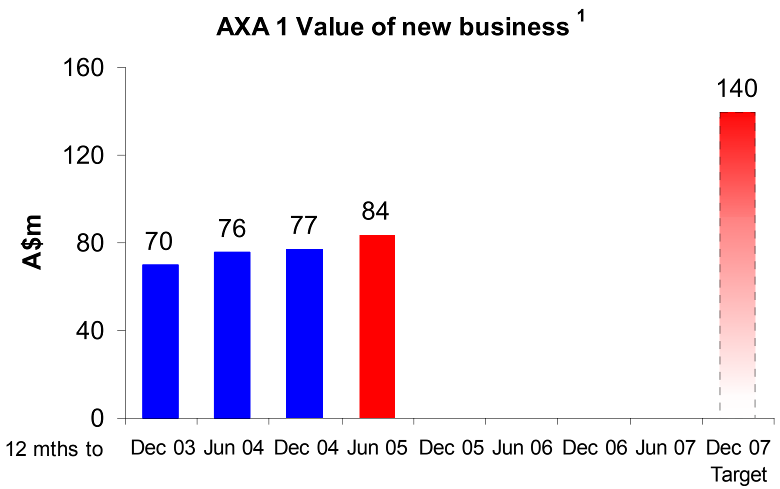
Australia and New Zealand
Advice

Continued growth in funds under advice



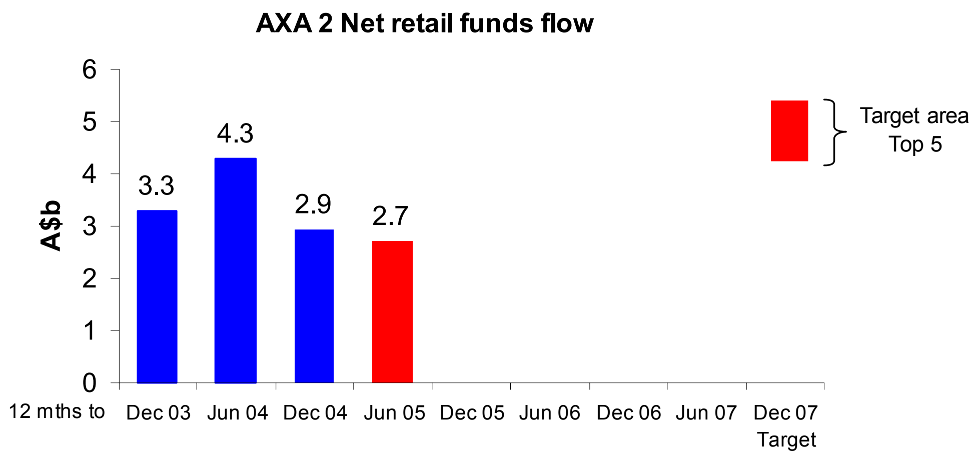
Australia and New Zealand
AXA 6 progress

AXA1 - Double value of new business



- Performance driven by strong growth in platform and investment management businesses

AXA2 - Consistently in top 5 for net funds flow

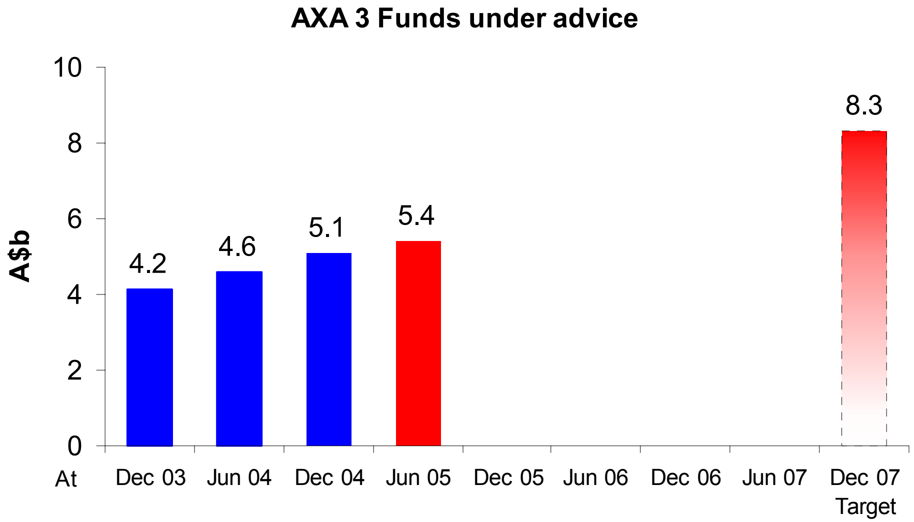


- Ranked fifth (Plan for Life) and first (ASSIRT) as at 31 March 2005

(1) Based on constant assumed risk discount rate of 11.0%

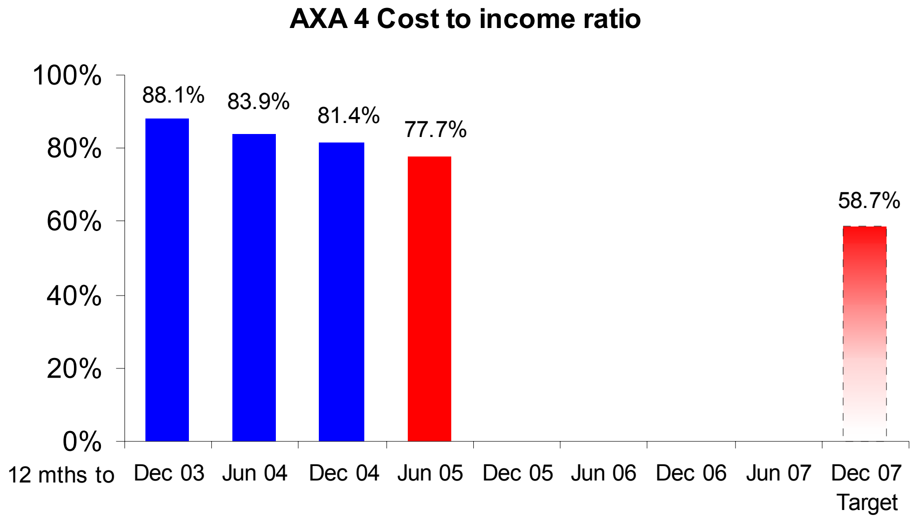
Australia and New Zealand
AXA 6 progress

AXA3 - Double funds under advice



- Strong growth in ipac and Monitor Money funds under advice, assisted by investment market growth
- Spicers performance still suffering from difficult market environment in NZ. Recent proposed changes to NZ's savings and tax regimes should improve market environment in due course

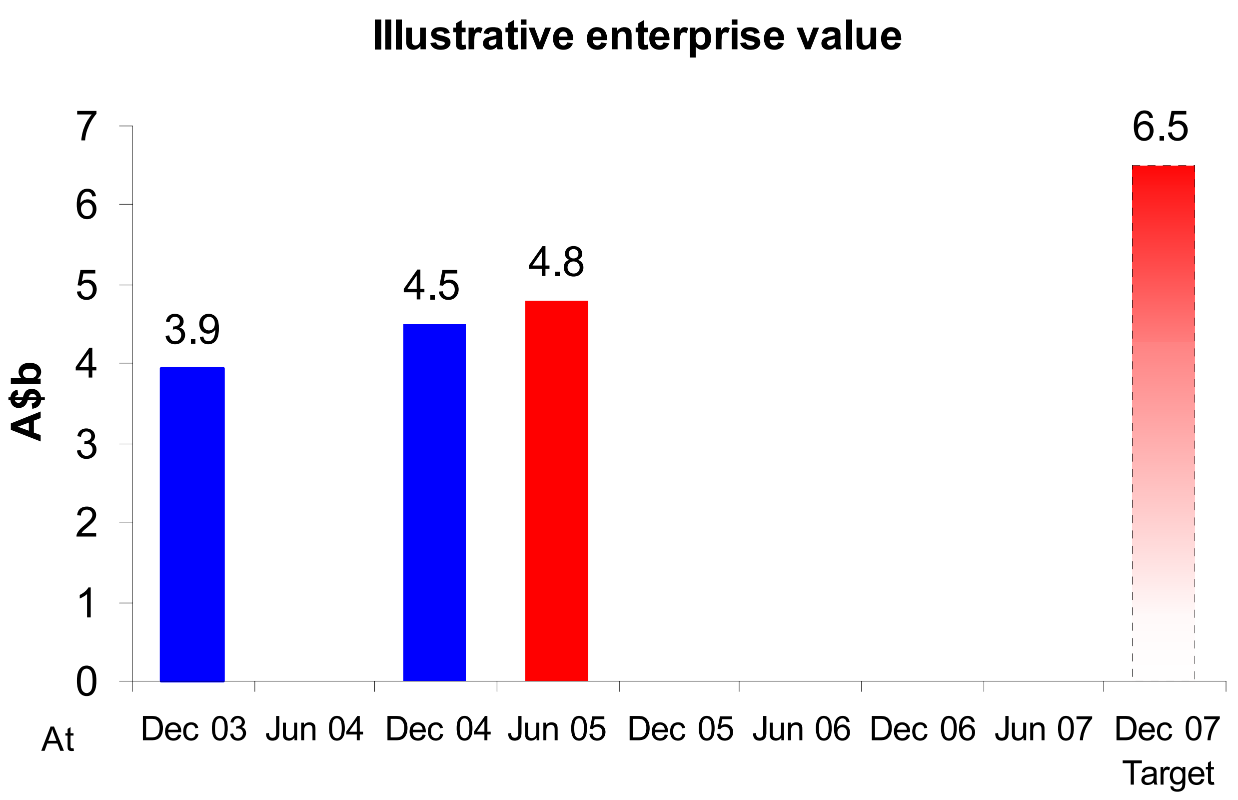
AXA4 - Reduce cost to income ratio by one-third



- Decrease driven by 4.4% increase in income and 1.0% decrease in overall expenses

Australia and New Zealand
AXA 6 progress

Illustrative enterprise value [1] up 6.9%



(1) Illustrative only for tracking progress. Before dividends and transfers to net worth. Mid-point of range based on 11% discount rate, 7x FP VNB, 15x WM VNB; and 10% discount rate, 12x FP VNB, 20x WM VNB

Australia and New Zealand
Looking forward

- Strong market position and strategy execution
- Continued momentum in all business segments
- Attractive earnings growth
- Priorities in Australia:
  - continue to capitalise on excellent performance for Global Equity Value
  - turn good investment performance in Australian equities into funds flows
  - grow superannuation gross inflows following tax changes
  - continue to build scale in platforms and advice
  - launch self-managed super offer
  - continue to grow financial protection market share following recent product revamp
- Priorities in New Zealand:
  - continue to develop superannuation presence through appointment to State Sector Retirement Savings Scheme
  - build on leading multi-manager investment performance
  - continue to develop new adviser support programme - Activating Business Change

Asia

Asia 6 - “accelerated growth” strategy

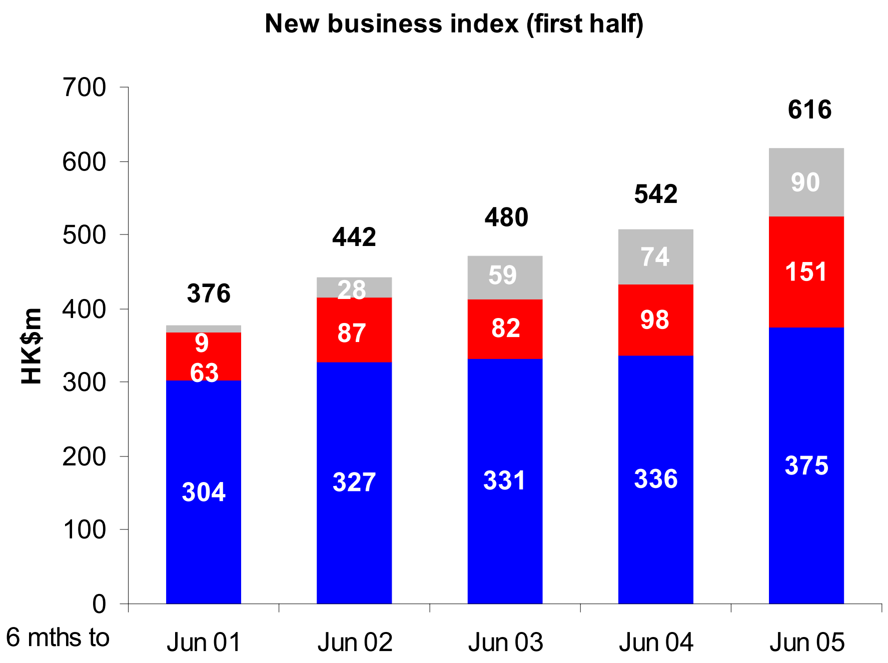
Overarching goal: To double enterprise value of Asian operations to A$8bn[1] by 2008

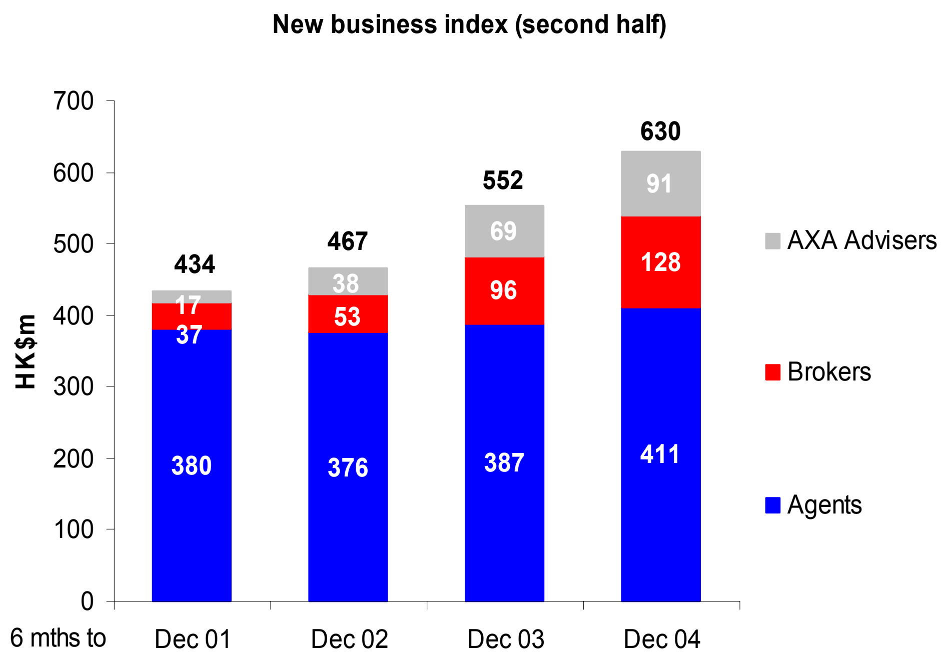
Asia 1	Asia 2	Asia 3	Asia 4	Asia 5	Asia 6
Value of new business	**Gross inflows**	**Sales**	**Cost efficiency**	**Customer satisfaction**	**People**
More than double the value of new business to A$300m[1]	Grow total inflows 2.5 times to A$4bn[1]	Grow new business index 2.5 times to A$700m[1]	Management expense ratio: Hong Kong below 5% SEA and China below 20%	Improve / maintain 13 month persistency ratio to 80%	Achieve top quartile SCOPE score for staff

(1) 100% of joint venture operations, based on constant currency exchange rates at December 2004, and constant assumed risk discount rates and equity return rates

Hong Kong
Maximise value of existing distribution channels

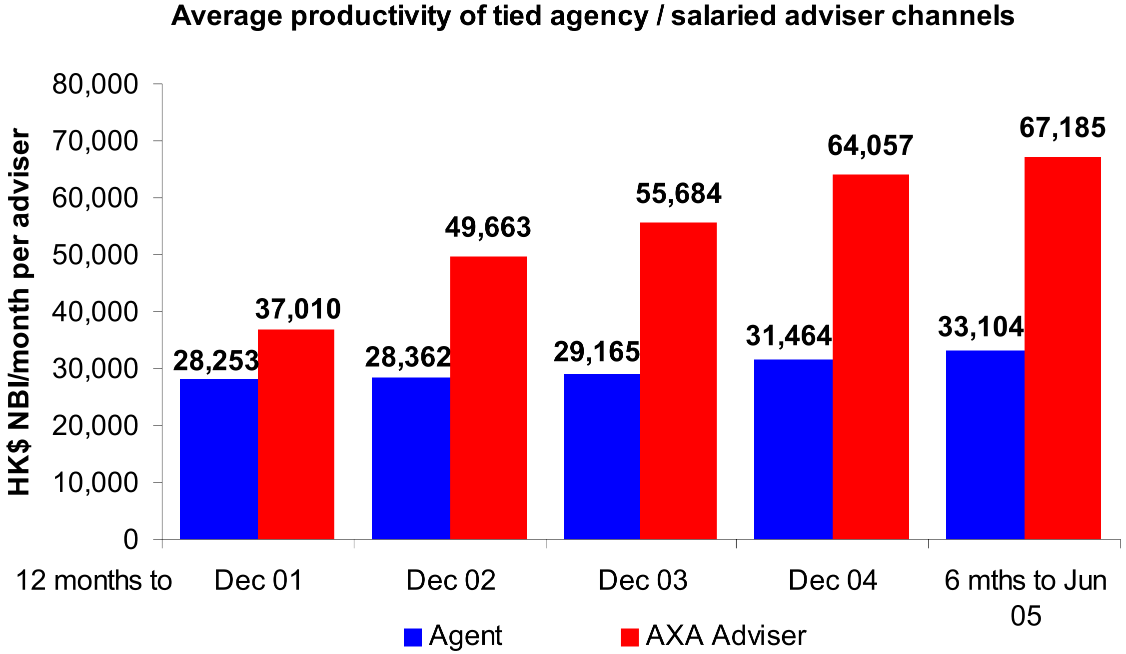
All channels growing; non-agency now accounts for 39% of sales





Hong Kong
Maximise value of existing distribution channels

Further improvement in agent and AXA Adviser productivity



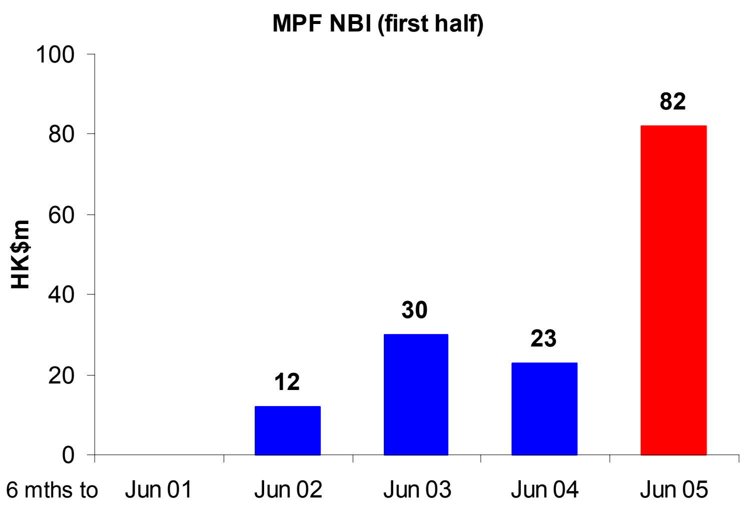
- 48% of advisers managed by salaried managers
- Total adviser numbers of 2,273 broadly in line with June 2004

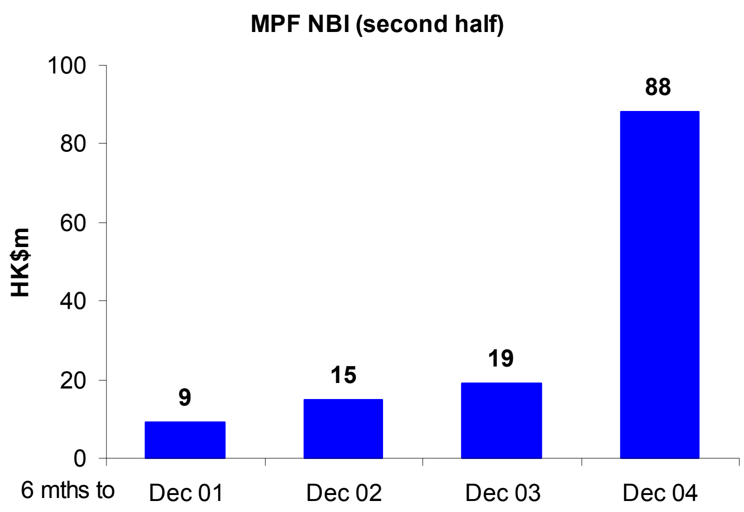
Hong Kong
Gain significance in wealth management

Strong performance on MPF funds

Fund	12 months Return	12 months Quartile	3 years Return (pa)	3 years Quartile
Growth	17.11%	2	13.27%	1
Balanced	14.88%	3	12.01%	2
Stable	10.47%	1	9.85%	2
Cash	1.04%	2	1.01%	2

Source: Lipper Asia Limited / AXA Hong Kong / AXA Rosenberg Investment Management Asia Pacific Ltd





Hong Kong
Gain significance in wealth management

Well advanced on product and investment platform

- First to launch true multi-manager platform in Hong Kong
- Leveraging ipac investment management capabilities
- Market offer expanded – now able to provide advice, administration, retirement product and investment platform
- Bancassurance/institutional sales team established
- Early signs promising with HK$84m of inflows into multi-manager in July 2005

Hong Kong
Deliver investment and technical margins

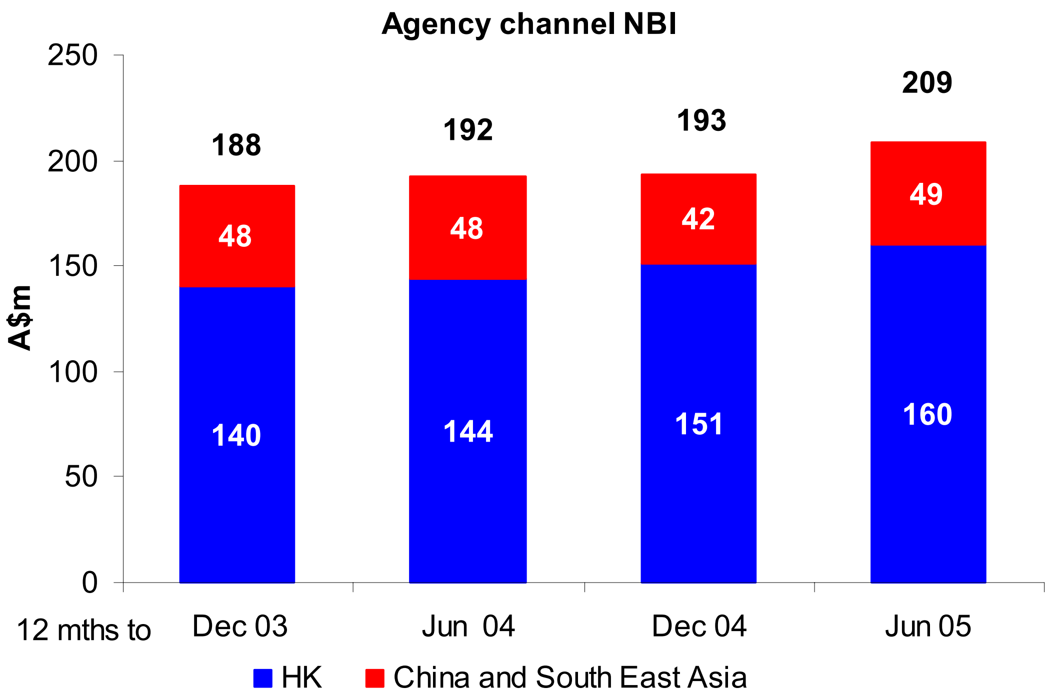
Product margins maintained

Six months to 30 June (HK$ million)	2005 NBI	2005 VNB	2005 VNB%	2004 NBI	2004 VNB	2004 VNB%
Traditional life [1]	226	160	71%	258	186	72%
Unit linked	154	82	53%	97	55	57%
Unit linked single premium	12	4	38%	12	6	48%
Retirement	93	22	24%	28	5	17%
Group medical and general insurance	94	19	20%	102	20	19%
Total	**579**	**288**	**50%**	**497**	**271**	**54%**

(1) Excluding indexation

Asia
Maximise value of existing channels

Tied agency / salaried adviser channels growing after adoption of best practice models

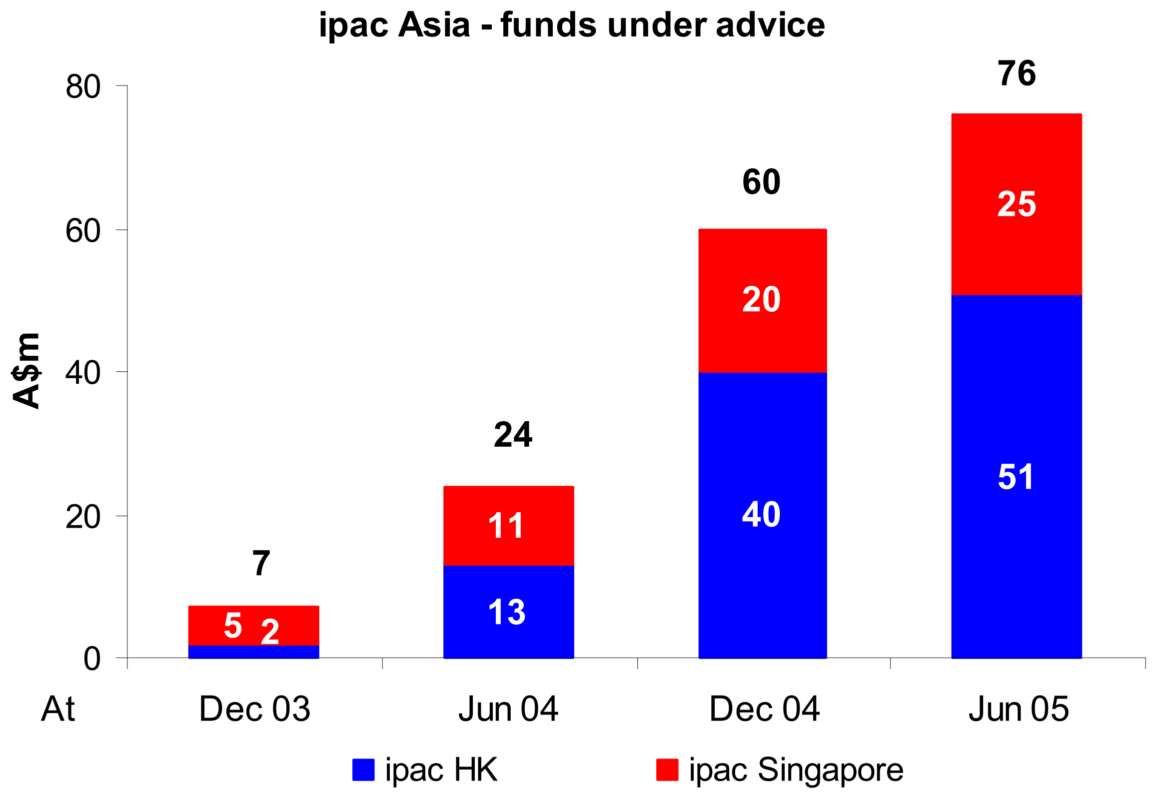


- Agency Blueprint implemented in all operations during 2004
- On a rolling 12 month basis, agency premium productivity in China and South East Asia up 35% whilst average agent numbers down 13%

Note: 100% of joint venture operations, based on constant currency average exchange rates for the six months ended 30 June 2005

Asia
Gain significance in wealth management market

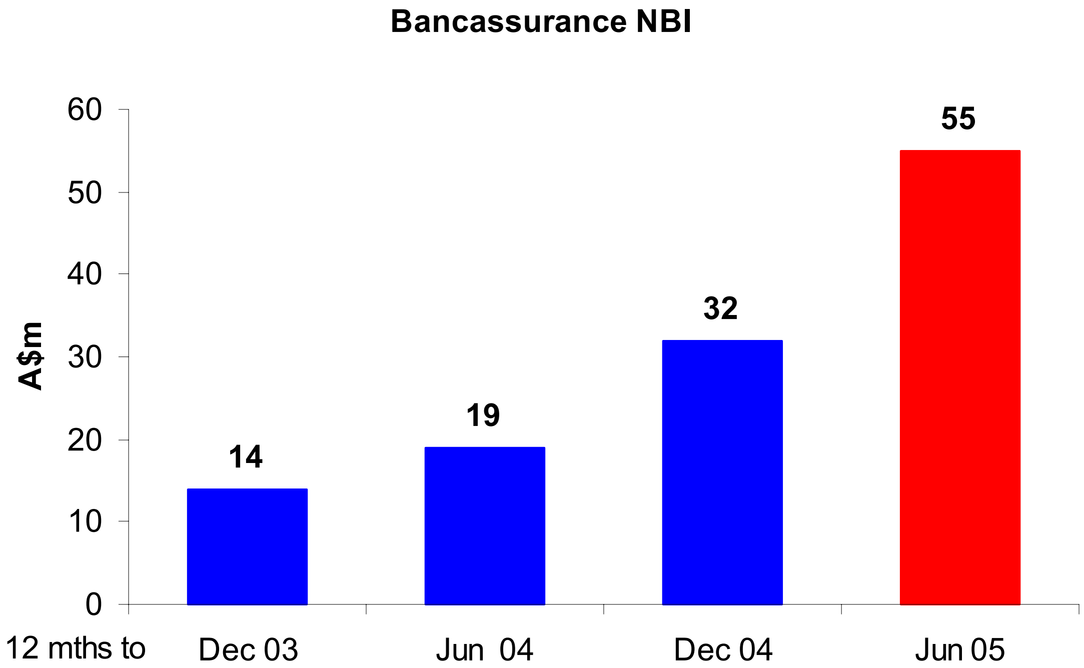
27% growth in funds under advice through ipac businesses



Note: Based on constant currency exchange rates at 30 June 2005

China and South East Asia
Maximise value of bancassurance distribution

Bancassurance growth accelerating



- Now operating in 1,435 bank branches across South East Asia (31 Dec 2004 – 1,267)
- AXA Mandiri success in achieving number 2 market share in Indonesia after 18 months of operation

Note: 100% of joint venture operations, based on constant currency average exchange rates for the six months ended 30 June 2005

South East Asia
Seek attractive non-organic growth opportunities

Malaysia joint venture with Affin Bank announced

- US$4.2bn life insurance market [1]
- Market premium growth of around 20% pa
- Entry via acquisition of life portfolio of Tahan Insurance
- Partnership with Affin Bank (AXA's general insurance partner)
- Bancassurance and agency distribution
- AXA APH expected capital commitment not material relative to $632m capital held in excess of regulatory capital requirements and target surplus
- Plan to commence operations in first quarter 2006

(1) Total life premium income; source: Swiss Re, World Insurance 2004

South East Asia
Seek attractive non-organic growth opportunities

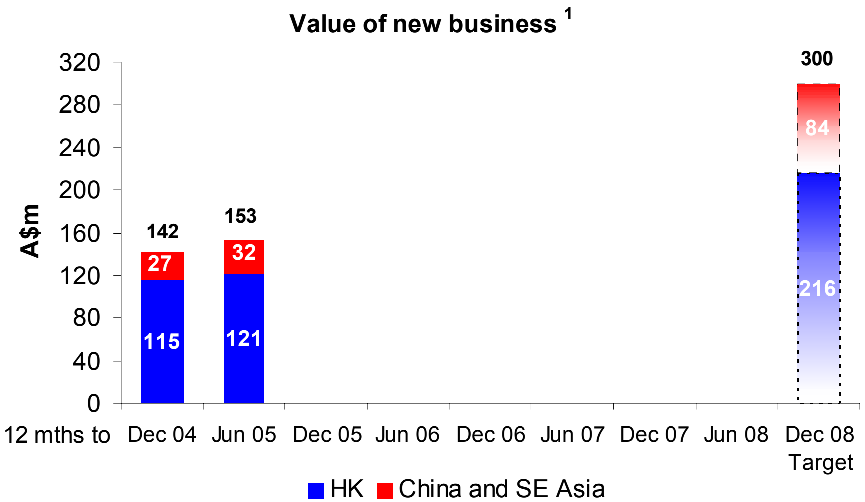
Well advanced in plans to enter India

- US$16.9bn life insurance market [1] - 5th largest in Asia
- Foreign JVs permitted since 2001, now accounting for 33% of new business
- Business model will utilise AXA's salaried Adviser, Bancassurance, Agency and Product Blueprints
- AXA APH expected capital commitment in the range of A$35m-A$65m over the next three years

(1) Total life premium income; source: Swiss Re, World Insurance 2004

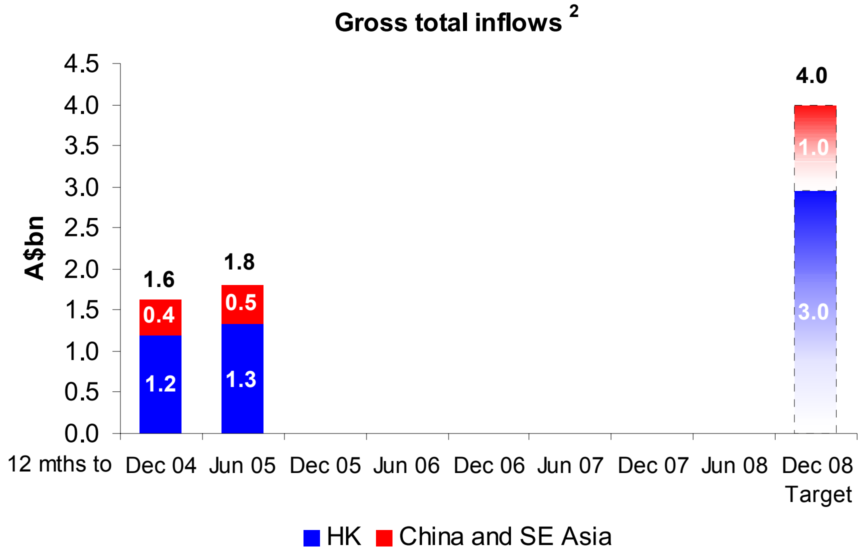
Asia
Asia 6 progress

Asia 1 - More than double value of new business



- Mainly driven by strong sales growth in South East Asia

Asia 2 - Grow total inflows 2.5 times



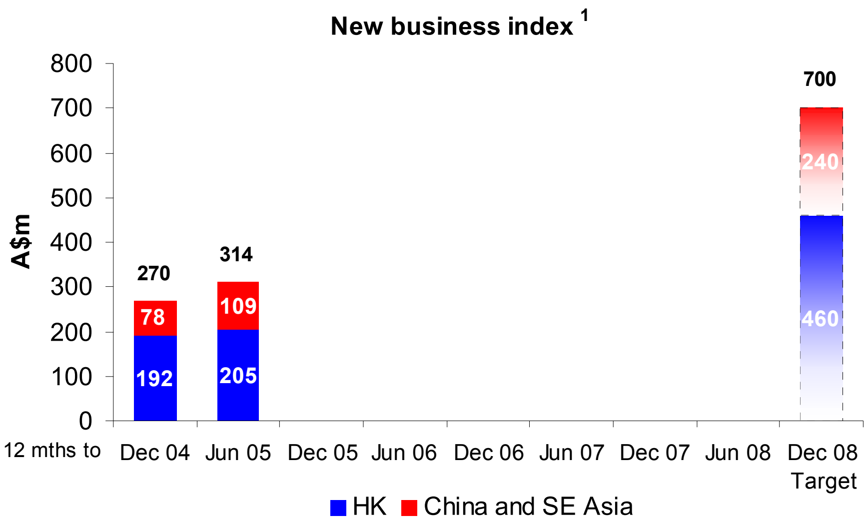
- Strong single premium unit linked flows in China and South East Asia
- Increased sales of retirement business in Hong Kong

(1) 100% share; constant assumed risk discount rates and exchange rates at 31 December 2004

(2) 100% share; constant exchange rates at 31 December 2004

Asia
Asia 6 progress

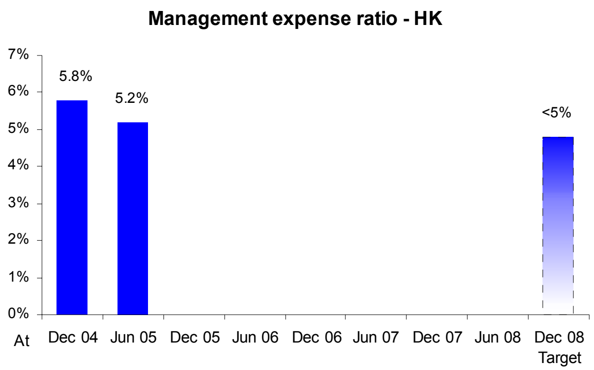
Asia 3 - Grow new business index 2.5 times

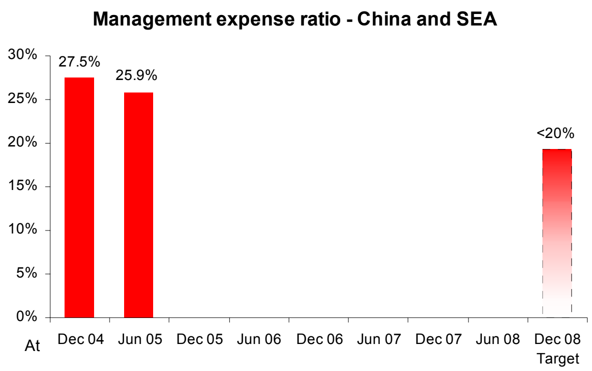


- Performing particularly well were Indonesia and Thailand

(1) 100% share; constant exchange rates at 31 December 2004

Asia 4 - Reduce management expense ratio

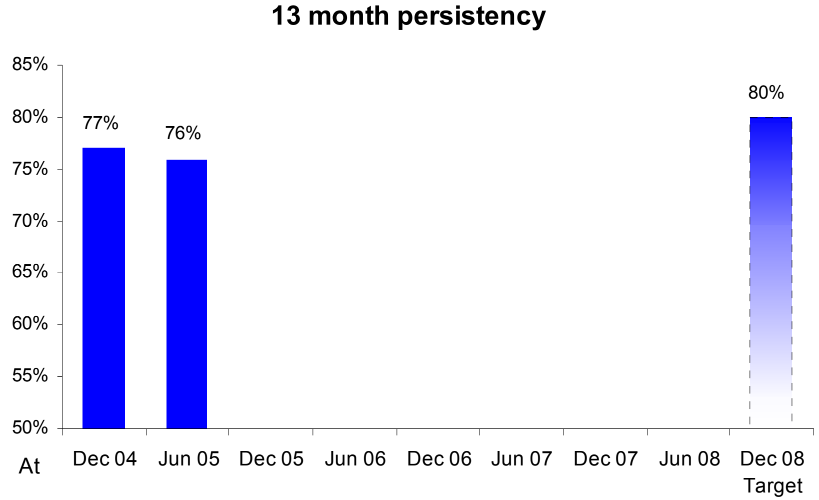




- Hong Kong operates within reasonably low management expense ratio
- Accelerated growth and economies of regional business platform assisted China and South East Asia

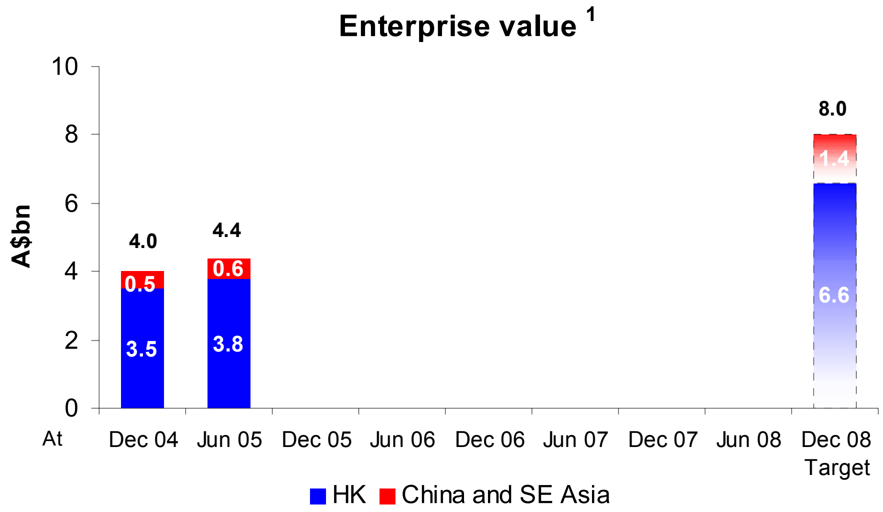
Asia
Asia 6 progress

Asia 5 - Improve 13 month persistency ratio to 80%



- Persistency better than pricing assumptions although slightly below December 2004
- Affected by broker discontinuance rates on 2004 sales in Hong Kong, offsetting improvements in South East Asia

Illustrative enterprise value up 9.5%



- Illustrative enterprise value in Hong Kong up 8.1%
- Strong growth in South East Asia

(1) 100% share; constant assumed risk discount rates and exchange rates at 31 December 2004

Asia
Looking forward

- Maintain early momentum of *“accelerated growth”* strategy
- Leverage Australasian expertise as distribution models become more sophisticated and markets evolve towards wealth management
- Priorities in Hong Kong:
  - grow core life insurance market through tied agency / salaried adviser channels
  - grow sales to brokers - opportunities for value creation in select areas
  - capitalise on early mover advantage in emerging wealth management market - multi-manager capability now in place
- Priorities in China and South East Asia:
  - grow bancassurance and agency channels
  - increase scale and eliminate expense overrun
  - enter attractive markets - Malaysia and India

Summary

- An excellent set of results
- Momentum continuing to build in Australia / New Zealand
- Accelerating growth in Asia
- Good progress against AXA 6 and Asia 6 aspirational goals
- Strong capital and financial position
- Well positioned for further growth in value and earnings

Disclaimer

The material in this presentation is a summary of the results of the AXA APH Group for the six months ended 30 June 2005 and an update on Group activities and is current at the date of preparation, 22 August 2005. Further details are provided in the Company's half year accounts, Investor Compendium and results announcement released on 22 August 2005. This presentation provides information in summary form and is not intended to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. Further information including historical results and a description of the activities of the Group is available on our website, www.axaasiapacific.com.au.

THE AXA
"we've just come into a lot of money"
PLAN.

AXA Asia Pacific Holdings Limited
Results for the six months ended 30 June 2005

Les Owen, Group Chief Executive
Geoff Roberts, Group Chief Financial Officer

ASIA PACIFIC

22 August 2005

Be Life Confident

Good morning everybody and welcome to the presentation of our interim results for the six months ended 30 June 2005.

Today's agenda

- Overview — Les Owen
- Half year results — Geoff Roberts
- Review of activities — Les Owen

2

I will start with a brief overview, Geoff Roberts will take you through the results in a little more detail and I will finish with a review of our activities and prospects. This is the first occasion on which we are reporting under the Australian equivalents of the new International Financial Reporting Standards.   We have restated the 2004 comparatives on a consistent basis and Geoff will be taking you through the main impacts of IFRS in a few minutes.

AXA Asia Pacific Group
Highlights

- Strong growth in Operating Earnings, up 17.7% to $185.8m (six months ended 30 June 2004 - $157.8m)
  - Australia & NZ up 31.5% to $99.8m (2004 - $75.9m)
  - Hong Kong up 4.4% to $83.9m (2004 - $80.4m)
    - local currency up 9.6% to HK$505.7m (2004 - HK$461.6m)
- Investment Earnings up 35.9% to $91.2m (2004 - $67.1m)
  - Australia & NZ down 34.1% to $45.8m (2004 - $69.5m)
  - Hong Kong $45.0m (2004 - $(2.6)m)
- Total profit after tax before non-recurring items up 35.8% to $246.4m (2004 - $181.5m)
- Group funds under management, administration and advice up 9.0% to $66.7bn (31 December 2004 - $61.2bn)

(1) 2004 results restated from AGAAP to AIFRS for comparative purposes
(2) Investment experience profit / loss on assets backing policy liabilities now included in Investment Earnings as "Investment experience - assets backing policy liabilities" rather than in Operating Earnings. Prior period results restated accordingly

3

Firstly the Group highlights.

Once again we have produced strong growth in Operating Earnings which were up 17.7% to $185.8 million.

Within this, Operating Earnings in Australia and New Zealand increased by 31.5% to $99.8 million, and in Hong Kong Operating Earnings were up 4.4% to $83.9 million.

In local currency the Hong Kong Operating Earnings were up 9.6% to HK$505.7 million.

Group Investment Earnings were up 35.9% to $91.2 million. In Australia and New Zealand, Investment Earnings were down 34.1% to $45.8 million and in Hong Kong Investment Earnings were $45 million against a small negative in the same period last year.

Total profit after tax and before non recurring items is up 35.8% to $246.4 million, and Group funds under management, administration and advice were up 9% to $66.7 billion as at 30 June 2005.

Australia and New Zealand
Highlights

- Very strong growth in Operating Earnings
  - Wealth management products and platforms up 47.9% to $46.0m (2004 - $31.1m)
  - Advice businesses up 36.0% to $15.5m (2004 - $11.4m)
  - Financial protection up 14.7% to $38.3m (2004 - $33.4m)
- Net retail inflows of $1,370.2m (2004 - $1,639.1m); Top 5 ranking for net retail funds flow (Plan for Life, ASSIRT) [1]
- Value of new business [2] up 17.2% to $45.6m (2004 - $38.9m)
- Funds under management, administration and advice up 9.0% to $57.2bn (31 December 2004 - $52.5bn)
- Funds under advice up 5.9% to $5.4bn (31 December 2004 - $5.1bn)
- Progressing well against AXA 6 goals

(1) 12 months ended 31 March 2005

(2) Based on 11% risk discount rate, 100 basis points above assumed equity return rate

4

In Australia and New Zealand, all our major business lines – wealth management products and platforms, advice and financial protection – posted strong increases in Operating Earnings.

Although net retail fund flows of $1.37 billion were down a little on a very strong first half in 2004, we have maintained a top 5 ranking in both the Plan for Life and Assirt surveys.

The value of new business in the 6 months increased by 17.2% to $45.6 million, and funds under management, administration and advice were up 9% to $57.2 billion.

We have seen continuing growth in our advice businesses where funds under advice grew 5.9% to $5.4 billion.

Overall we are progressing well against the AXA 6 goals .

Hong Kong Highlights

- Operating Earnings up 9.6% to HK$505.7m (2004 - HK$461.6m)
- New business index [1] up 13.7% to HK$616.0m (2004 - HK$542.0m)
- Value of new business [2] up 6.3% to HK$287.8m (2004 - HK$270.8m)
- Net funds flow of HK$1,845.3m (2004 - HK$1,899.1m)
- Funds under management up 5.4% to HK$47.2bn (31 December 2004 - HK$44.8bn)
- Good early progress towards Hong Kong 6 aspirational goals

(1) New regular premiums plus 10% of single premiums

(2) Based on 11.5% risk discount rate, 100 basis points above assumed equity return rate

5

In Hong Kong, Operating Earnings increased 9.6% to HK$505.7 million.

New business index, defined as new regular premiums plus 10% of single premiums, was up 13.7% and the value of new business in the 6 months was up 6.3% to $287.8 million. The fact that the value of new business has grown at a slower rate than the volume of new business is due to changes in product mix and does not reflect any reduction in margins as we will explain later on.

Funds under management were up 5.4% to $47.2 billion. These results show that we have made good early progress towards the Hong Kong 6 aspirational goals.

China & South East Asia
Highlights

- New business index [1] up 97.8% to A$61.7m [2, 3] (2004 - A$31.2m)
- Value of new business [4] up 39.6% to A$18.7m [3, 5] (2004 - A$13.4m)
- Total premium income up 72.5% to A$329.2m [2, 3] (2004 - A$190.8m)
- Funds under management up 7.3% to A$1.47bn [3, 5] (31 December 2004 - A$1.37bn)
- Very strong growth in Indonesia and Thailand
- 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

(1) New regular premiums plus 10% of single premiums
(2) Constant currency basis at average exchange rates over the period
(3) 100% share
(4) Based on risk discount rates ranging from 11% – 20% for relevant countries
(5) Based on exchange rates at 30 June 2005

6

Finally the highlights for China and South East Asia.

We are continuing to see strong growth in most of our operations and in terms of new business volume and new business value the region is starting to become a material part of the Group's operations.

New business index was up 97.8% to $61.7 million and the value of new business was up 39.6% to $18.7 million.

Total premium income was up 72.5% to $329.2 million with funds under management growing 7.3% to $1.47 billion.

We have seen very strong growth in Indonesia and Thailand driven by our partnerships with Bank Mandiri and Krungthai Bank.

Last week we announced our entry into Malaysia through the acquisition of the life portfolio of Tahan where we expect to commence operations in Q1 2006, and we are well advanced in our plans for entry into India. Overall, early progress towards the Asia 6 aspirational goals is on track.

I will now hand over to Geoff Roberts who will take you through the results in a little more detail.

THE AXA
"Now for the numbers behind the plan"
PLAN.

AXA Asia Pacific Holdings Limited
Results for the six months ended 30 June 2005

Geoff Roberts, Group Chief Financial Officer

AXA
ASIA PACIFIC

Be Life Confident

AXA Asia Pacific Group
Profit & loss analysis

(A$ million)

Six months to 30 June	**2005**	**2004**	**Change**
Australia & New Zealand	99.8	75.9	31.5%
Hong Kong	83.9	80.4	4.4%
Singapore	2.1	1.5	40.0%
Operating Earnings	**185.8**	**157.8**	**17.7%**
Investment Earnings			
- normalised	107.7	109.8	(1.9)%
- investment experience - assets in excess of policy liabilities	(9.0)	(54.9)	83.6%
- assets backing policy liabilities [1]	(7.5)	12.2	n/a
Investment Earnings	**91.2**	**67.1**	**35.9%**
Corporate expenses	(29.7)	(29.0)	(2.4)%
Interest expense [2]	(0.9)	(14.4)	93.8%
Profit after tax and before non-recurring items	**246.4**	**181.5**	**35.8%**
Non-recurring items	0.0	(117.1) [3]	n/a
Profit after tax and non-recurring items	**246.4**	**64.4**	**282.6%**

(1) Excess / (deficit) over assumed long term investment earnings rates on assets backing policy liabilities

(2) Net of interest income from cross currency swaps and other derivatives

(3) Fair value of cross currency and interest rate swaps deemed to be ineffective hedges under AIFRS; under AGAAP this was recorded in the foreign currency translation reserve, not through profit and loss

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Thanks Les and **good morning**.

I am pleased to have the opportunity to be able to report **another strong** set of results.

Operating earnings are $185.8m, **up 17.7%** from last year.

Operating Earnings increased **by 31.5%** in Australia and New Zealand to $99.8 million and by 4.4% in Hong Kong to $83.9 million. On a local currency basis Hong Kong earnings grew **9.6%**. A **very good performance** from **both** of our major businesses.

Investment earnings were **strong** at $91.2m. To provide additional information we have split investment earnings into **3 categories** this year. The normalised earnings on shareholder funds represents assumed long term earnings on average shareholder capital **held**. As we explained at our May strategy briefing, **normalised** investment earnings on assets backing policy liabilities are included in **operating earnings**. Any **variations** from normalised earnings on assets backing policy liabilities are shown as **investment experience**. The increase in investment earnings compared to last year was due mainly to a **30** and **16 basis point decrease** in the US and Australian 10 year bond rates respectively, compared to both bond rates **increasing** 36 basis points in the first half of 2004.

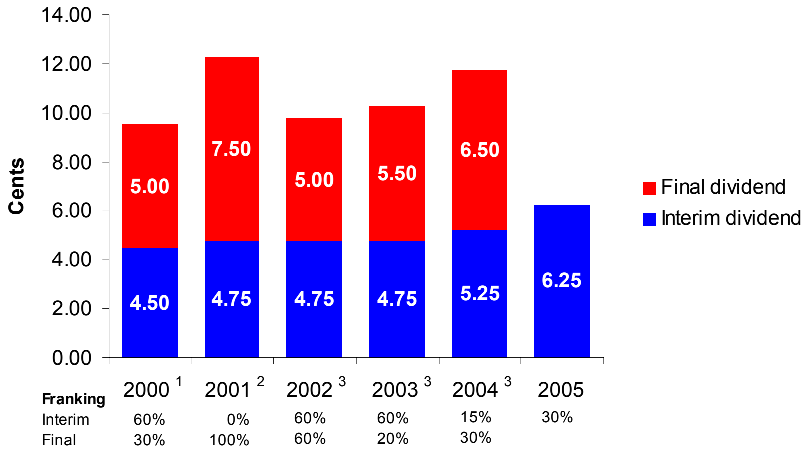
Corporate expenses have remained roughly **constant** although, as advised in May, Asian development costs have increased as we expand into new markets.

Our interest expense **reduced** by $13.5m. This is due to the **market value gain** on the cross currency interest rate swaps being recorded **in profit** under AIFRS . These cross currency swaps were restructured in July, so **future** interest expense will **exclude** these items.

Our **total** profit after tax and non-recurring items was $246.4m. The non-recurring item in 2004 was an AIFRS adjustment to profit with respect to the fair value of our hedges.

AXA Asia Pacific Group
Dividend

Interim dividend up 19% to 6.25 cents per share



(1) 12 months ended 30 September
(2) 15 months ended 31 December
(3) 12 months ended 31 December

9

Reflecting the **strong growth in earnings**, the Board has declared an interim dividend for 2005 of **6.25 cents** per share, **up 19%** on the 2004 interim dividend.

This interim dividend will be **franked** to a level of 30%.

AXA Asia Pacific Group
Key changes under AIFRS

Balance sheet

- De-recognition of internally generated goodwill
- Liabilities increase due to a move to account balance / surrender value for Phase 1 investment products, use of risk free rate for Phase 2 insurance products, and the application of the liability adequacy test
- Elimination of AXA APH shares held in Executive Share Plan, and use of risk free rate to value liabilities of the defined benefit pension plan

Profit & loss

- Operating Earnings increase due to normalised return on higher assets allocated to policy liabilities, offset by some new business strain on higher liabilities established at the risk free rate and lower acquisition costs capitalised
- Investment Earnings
  - decrease due to re-allocation of assets to Operating Earnings
  - decrease as some items are booked directly to reserves, not profit
  - increased volatility as impact of period to period change in risk free discount rate results in experience gain / loss on assets backing policy liabilities

10

A reminder of the **key changes** to both the **Balance Sheet** and the **Profit and Loss** under AIFRS.

Firstly the **Balance Sheet**. The reduction in net assets primarily relates to the combination of the **derecognition** of internally generated goodwill, an **increase** in policy liabilities, **the elimination** of shares held by the Executive Share Plan and the **discounting** of our defined benefit plan obligations at the **risk free rate**.

In the main, the adjustments **do not affect value** as they do not change cash flow. However this accounting **increase** in policy liabilities will be **released** over time and **will increase future operating earnings**.

These liability increases occur for **3 reasons**:

an increase to **account balance** or surrender value for unit linked business

the use of a **risk free rate** being mandated for the valuation of products where the benefits **do not** depend on future investment returns and

the application of a **liability adequacy test** to set a minimum level liability

As liabilities have increased, the assets earmarked to back these liabilities **increased** and the assets earmarked to back assets in excess of policy liabilities **decreased** by the same amount.

In the **profit and loss**, **future operating earnings** will increase by the normalised investment return applied to this **higher level of assets** offset by some new business strain.

Investment earnings will **go down** by an equivalent amount and will also be affected by some items which are now booked **directly to reserves and not profit**.

Finally, the use of the **risk free rate** to value Phase 2 insurance products at each reporting period, will lead to increased investment volatility. When the **bond rate moves**, the **discount rate** to value liabilities changes with a **related effect on investment earnings.**

AXA Asia Pacific Group
AGAAP / AIFRS profit & loss reconciliation

(A$ million)

Six months to 30 June 2005	AGAAP	AIFRS	Variance
Australia & New Zealand	99.3	99.8	0.5
Hong Kong	80.3	83.9	3.6
Singapore	2.1	2.1	0.0
Operating Earnings	**181.7**	**185.8**	**4.1**
Investment Earnings			
- normalised	114.1	107.7	(15.4)
- investment experience - assets in excess of policy liabilities		(9.0)	
- assets backing policy liabilities	4.3	(7.5)	(11.8)
Investment Earnings	**118.4**	**91.2**	**(27.1)**
Corporate expenses	(23.2)	(29.7)	(6.5)
Interest expense - net debt	(26.7)	(26.7)	0.0
- derivatives	12.6	25.8	13.2
Profit after tax and before non-recurring items	**262.8**	**246.4**	**(16.4)**
Non-recurring items	0.0	0.0	0.0
Profit after tax and non-recurring items	**262.8**	**246.4**	**(16.4)**

Higher normalised investment return on assets backing policy liabilities resulting from liability increases offset by a reduced scope of deferral of acquisition costs

Lower normalised investment return on assets in excess of policy liabilities following reallocation to Operating Earnings referred to above; some items go directly to reserves

Increased volatility due to changes in Phase 2 insurance product liabilities reflecting changes in risk free rates

The fair value movement on derivatives recognised in the P&L under AIFRS. Any volatility going forward is likely to be minimal following a restructure of our derivative portfolio

Recognition of the accounting charge relating to our executive share plan

11

So in practice, what is the effect of these changes?

Operating earnings have **increased** by **$4.1m** under AIFRS due to normalised investment returns on **higher assets** backing policy liabilities which, together with profits from the **run-off** of these higher liabilities, is partially offset by the **new business strain** of higher liabilities being established, and the reduced scope for deferral of acquisition costs.

The decrease in investment earnings backing assets in excess of policy liabilities **of $15.4m** was due to the **above reallocation** and also due to some profits being recorded **directly in reserves** under AIFRS.

The **decrease of $11.8m** in investment experience on assets backing product liabilities was due to the **bond rate decrease** in the 6 months to June 2005 which **increased liabilities** and resulted in **lower investment income.**

Corporate expenses have **increased by $6.5m** because of an increase in the funding costs of shares in the Share Plan trust and the need to **additionally** expense the value of executive options over the vesting period.

The fair value movement of the interest derivative has **decreased** interest by **$13.2m** as the market gain on our AUD/HKD cross currency interest rate swaps was booked to **profit** under AIFRS.

Ignoring the **reallocation** between investment and operating earnings and **investment market fluctuations**, **going forward** under AIFRS

–**operating earnings should increase** due to the release of higher policy liabilities

–**investment earnings should decrease but only if** there is a revaluation increment on owner occupied property

–**corporate expenses should increase** because of the amortisation of executive share options and

–**our interest expense**, now we have restructured our cross currency interest rate swaps in July, **will** exclude derivative interest income effects and **become a more normalised interest on net debt.**

AXA Asia Pacific Group
AGAAP / AIFRS shareholders equity reconciliation

31 December 2004	(A$ million)
Shareholders equity – AGAAP	**4,049.5**
Derecognition of internally generated goodwill	(399.5)
Valuation of policy liabilities	(327.1)
Consolidation of Executive Share Plan	(134.7)
Recognition of defined benefit pension plan	(75.7)
Other	(2.2)
Shareholders equity – AIFRS	**3,110.3**

Note: Adjustments shown net of tax

Internally generated component of goodwill not recognised under AIFRS

Phase 1 products recorded at fair value. Phase 2 insurance products valued using risk free rate. Impact of liability adequacy test

Executive Share Plan trust consolidated under AIFRS. Shares in AXA APH held by trust are eliminated against equity

Liabilities of defined benefit pension plan discounted at risk free rate

12

This represents the **main changes to the Balance Sheet** at 31 December 2004 on transition to AIFRS.

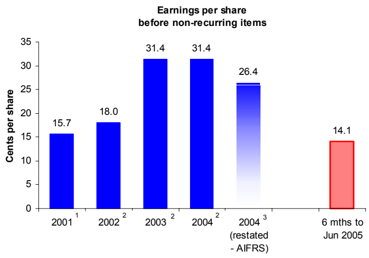
The adjustment of **$399.5m** relates to the **derecognition** of internally generated goodwill of $457m partially offset by a release of a deferred tax liability of $57m.

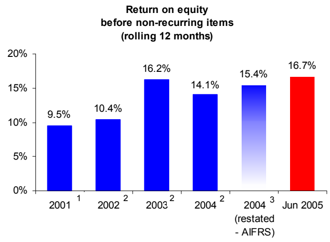
The **$327.1m** represents the net impact of an increase in policy liabilities of $479m and a related deferred tax asset increase of $75m, being partially offset by an increase in Deferred Origination costs of $106m and a deferred tax liability increase of $29m.

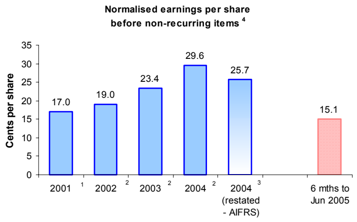
Shares in AAPH held by The Executive Share Plan Trust **of $134.7m** are consolidated and then **eliminated** under AIFRS and

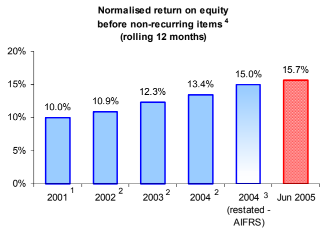
The **defined benefit pension plan net of tax adjustment of $75.7m** relates to the plan's liabilities for AIFRS reporting, now being discounted at the **risk free** rate.

AXA Asia Pacific Group
Earnings per share and return on equity









(1) 12 months ended 31 December (restated, but not audited)
(2) 12 months ended 31 December (audited)
(3) 12 months ended 31 December (restated for AIFRS, audited)
(4) Calculated after deducting Health Operating Earnings (2003: $9.8m, 2002: $43.1m, 2001: $82.0m), and replacing Investment Earnings with "normalised Investment Earnings" of $221m (rolling 12 months to 30 June 2005), $108m (1H05), $229m (2004), $193m (2003), $171m (2002), $163m (2001) and $147m (2000)

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Earnings per share before non-recurring items was **14.1** cents, up 36% from June 2004.

The rolling 12 months return on equity was **16.7%.** You will note the reduction in shareholder equity we discussed on the previous slide has **improved** return on equity.

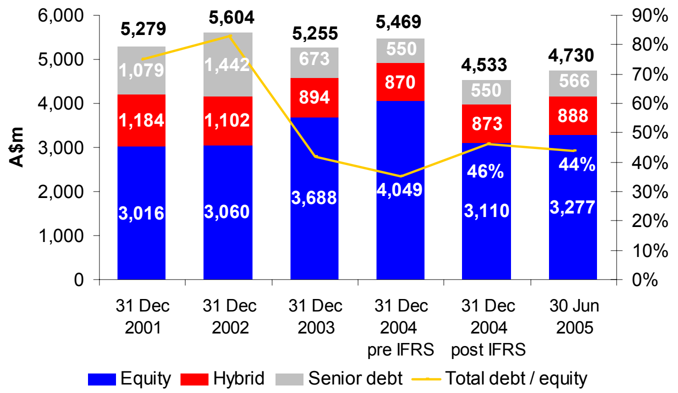
Earnings per share and return on equity are both affected by **volatile** investment earnings.

When we **include normalised** Investment Earnings in the calculation, earnings per share are **up 18%** to **15.1 cents** whilst the return on equity increases to **15.7%.**

AXA Asia Pacific Group
Capital structure

Strong balance sheet - gearing ratio [1] in target range of 40% - 50%

Capital structure & gearing ratio



(1) Measured on the basis of total debt (debt + hybrid) to equity

(2) 2003 senior debt restated in accordance with changes to AASB 1044

Financial strength rating **AA- / AA**

(S&P / Fitch respectively)

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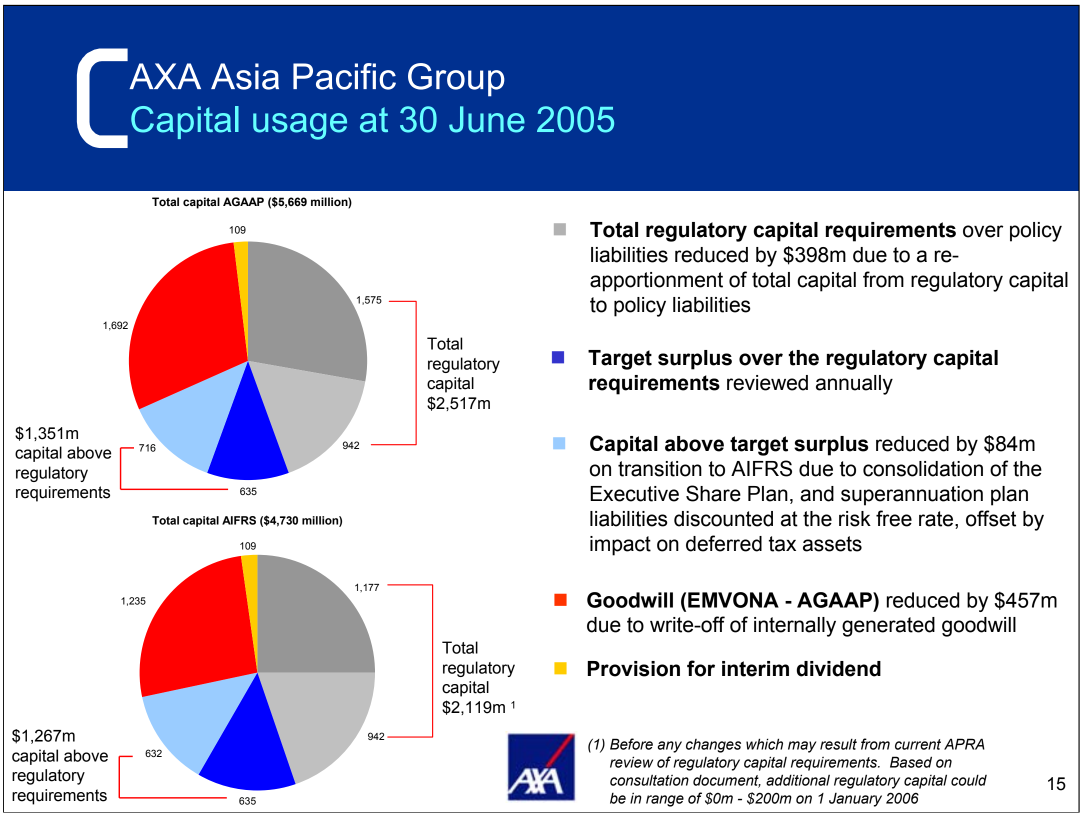
Our **capital position** has further **strengthened**.

In the slide we show our capital structure on a pre and post AIFRS basis at 31 December 2004.

After AIFRS adjustments, our debt to equity ratio has **reduced** from 46% to 44%. Debt has increased due to a $31m foreign currency gain on our $US denominated debt and equity has increased due to the retention of profits in excess of dividends.

At 30 June 2005, we had **total** capital resources of $4.73bn. This comprises $3.28bn of ordinary equity, up $167 million from last year, $888 million of subordinated and hybrid debt, and $566 million of senior debt.



A few comments on our **strong capital position**. The pie chart represents **shareholder equity plus debt**. You will note shareholder equity **reduced by $939m** from June 2005 on transition to AIFRS.

Our **total regulatory** capital requirement at 30 June 2005 was $2.12bn, representing $1.18bn for our solvency requirement and $942m for capital adequacy. The decrease in regulatory capital on transition from AGAAP to AIFRS of **$398m** was due to a **reapportionment** of capital to policy liabilities representing the **increase in policy liabilities less deferred origination costs**.

In addition to this regulatory capital, $1.23bn of our capital resources represents purchased goodwill. This has been reduced by the **derecognition** of internally generated goodwill of **$457m**.

Target surplus at **$635m** is reviewed annually and has not changed.

The **capital above target surplus** of **$632m** has reduced by **$84m** from AGAAP. This was due to adjustments for the **Executive Share Plan** and the **defined benefit pension plan** less **deferred tax benefits** on all AIFRS adjustments.

With respect to our **intentions** with this **$632m capital above target surplus**, the following factors are relevant:

–uncertainty on the extent of changes to regulatory capital requirements from 1 January 2006 **remains.** When these changes are finally implemented, we **expect** that **regulatory capital requirements** could **impact capital above target surplus** in the **range of $0-$200m**

–we are **actively** looking for **growth in Asia**. You will hear our comments with respect to **Malaysia and India** from Les today and, should all our plans come to fruition, **capital requirements of $150m-$300m** will be needed over the next 3 years

–we are continuing to look at advice business acquisitions including the minorities of Tynan & McKenzie in 2006 and

senior debt of $225m is due to **mature** in September 2005.

So, in summary we are holding **$1,267m above** regulatory capital requirements, **a very strong capital position**.

AXA Asia Pacific Group
Illustrative value of inforce

Illustrative Group value of inforce up 9.5% [1]

(A$ million)	Risk discount rate: Equity return + 100 bps [1] 30 June 2005	31 Dec 2004	Change	Equity return [2] 30 June 2005	31 Dec 2004	Change
Value of inforce						
Australia and New Zealand	2,813	2,637	6.7%	2,949	2,782	6.0%
Hong Kong	1,973	1,781	10.8%	2,108	1,896	11.2%
South East Asia [3]	62	53	17.0%	62	53	17.0%
Total value of inforce (before 2005 transfers to net worth and on constant FX) [4]	**4,848**	**4,471**	**8.4%**	**5,119**	**4,731**	**8.2%**
Total value of inforce (before 2005 transfers to net worth and on actual FX)	**4,898**	**4,471**	**9.5%**	**5,174**	**4,731**	**9.4%**
2005 transfers to Group net worth	(322)			(322)		
Total value of inforce (after 2005 transfers to net worth and on actual FX)	**4,576**	**4,471**	**2.3%**	**4,852**	**4,731**	**2.6%**
Adjusted Group net worth	1,414	1,275		1,414	1,275	
Debt	(1,454)	(1,420)		(1,454)	(1,420)	
Capitalised corporate expenses [5]	(312)	(312)		(312)	(312)	
China / South East Asia expense overruns [6]	(17)	(18)		(17)	(18)	
Total dividend payments for 2005 [7]	109			109		

(1) Risk discount rate = 11.0% for A&NZ and 11.5% for HK
(2) Risk discount rate = 10.0% for A&NZ, and 10.5% for HK
(3) Based on risk discount rates ranging from 11% – 20% for relevant countries, the same in both illustrative values
(4) Based on A$/US$ exchange rate at 31 December 2004
(5) Excludes potential additional corporate expenses of $9m-$13m pa over next three years should planned organic growth come to fruition
(6) Value of South East Asia development expenses being in excess of assumed long-term product expense loadings
(7) Provision for 2005 interim dividend

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Turning now to our **illustrative value numbers.**

Illustrative enterprise value represents inforce value **plus** a multiple applied to the value of one year's new business, **plus** group net worth, **less** debt and capitalised corporate expenses **less** the value of expense overruns in our South East Asian businesses.

In our view illustrative value is the most **robust measure** of performance for the year. In particular, **the increase** in inforce value and **the increase** in the value of new business are the most **meaningful measures** of **shareholder value creation.**

With respect to AIFRS, in the main, value is **not affected**. The change in recognition of profits does not change cash flows and consequently does not change value.

Total illustrative **inforce** value using discount rates of **11%** for Australia and New Zealand, **11.5%** for Hong Kong and **11%-20%** for South East Asia, **before** distributions to group net worth, has increased by **9.5%** over the **six month period** or **8.4%** on a **constant currency** basis.

This illustrative inforce value has increased by in excess of the discount rate due to:

–**profitable new business** written over the six month period and

–**improvements in expense experience** in Australia and New Zealand. As unit cost assumptions are **now reflective of actual expense experience**, efficiency gains, for **the first time**, are **reflected in value**.

Group net worth of $1,267m represents $635m of target surplus and $632m of capital in excess of target surplus. It is increased to $1,414m by adjustments to **neutralise** AIFRS accounting entries that **do not affect value**. These adjustments, which total $147m, include the share plan trust elimination, the use of the risk free rate for the defined pension plan and the deferred tax assets associated with policy liability increases.

AXA Asia Pacific Group
Illustrative value of new business

Illustrative Group value of new business up 9.4% [1]

(A$ million)	Risk discount rate: Equity return + 100 bps [1]			Equity return [2]		
12 months to	30 June 2005	31 Dec 2004	Change	30 June 2005	31 Dec 2004	Change
Australia & New Zealand						
Financial protection	13	12	5.6%	16	16	5.1%
Wealth management	71	65	9.6%	80	73	8.9%
Total A&NZ value of new business ("VNB")	**84**	**77**	**9.1%**	**96**	**89**	**7.9%**
Hong Kong						
Financial protection	92	89	3.9%	99	95	4.1%
Wealth management	8	6	30.8%	10	8	33.1%
Health	6	6	(2.9)%	6	6	(2.8)%
Total Hong Kong VNB	**106**	**101**	**5.2%**	**115**	**109**	**5.5%**
China and South East Asia VNB [3]	17	14	23.4%	17	14	23.4%
Total Group VNB on constant FX rates [4]	**207**	**192**	**8.0%**	**228**	**212**	**7.7%**
Group VNB on actual FX rates	**210**		**9.4%**	**231**		**9.0%**

(1) Risk discount rate = 11.0% for A&NZ and 11.5% for HK
(2) Risk discount rate = 10.0% for A&NZ, and 10.5% for HK
(3) Based on risk discount rates ranging from 11% – 20% for relevant countries, the same in all illustrative values
(4) Based on A$ / US$ exchange rate at 31 December 2004

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Value of new business represents the value created from new business **written** over the past 12 months.

Using a discount rate of 11% for A&NZ and 11.5% for Hong Kong, Group value of new business was **up by 9.4%** since December 2004 or **8%** on a **constant currency basis**.

Our Australia and New Zealand business was **up 9.1%** primarily due to growth in the investment management and platform businesses.

Our Hong Kong business was **up 5.2%** at constant currency due to growth in all areas, but primarily in the lower margin retirement income businesses.

Our South East Asian businesses have **grown 23.4% in $A** mainly due to strong sales growth in **Indonesia and Thailand.**

This represents a **strong growth in value.**

Australia and New Zealand
Profit after tax

(A$ million) Six months to 30 June	2005	2004	Change
Wealth management products and platforms	46.0	31.1	47.9%
Advice	15.5	11.4	36.0%
Total Wealth management	61.5	42.5	44.7%
Financial protection	38.3	33.4	14.7%
Operating Earnings	**99.8**	**75.9**	**31.5%**
Investment Earnings			
- normalised	35.2	34.1	3.2%
- investment experience - assets in excess of policy liabilities	9.8	12.3	(20.3)%
- assets backing policy liabilities	0.8	23.1	(96.5)%
Investment Earnings	**45.8**	**69.5**	**(34.1)%**
Profit after tax and before non-recurring items	**145.6**	**145.4**	**0.1%**

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So that is the picture at the Group level, now I will focus on **Australia and New Zealand.**

Encouragingly, we saw growth in profit from **all major** product groups.

Wealth management products grew **47.9%** to $46m due to positive net funds flow **increasing fees** from funds under management, together with the **absence** of the need this year to strengthen annuitant mortality.

Advice grew **36%** to $15.5m due to a combination of **positive** net funds flow and **strong performance of Australian equity markets** which has driven funds under management and advice balances higher, and generated **additional fee revenue.**

Financial protection grew **14.7%** to $38.3m driven by growth in our Australian individual life products and favourable underwriting experience in group life.

Reductions in expenses over the last four years continue to **underpin** improved profits.

Investment earnings were **strong**, being $10.6m above normalised returns. They **decreased** 34.1% from last year primarily as a result of a 16 **basis point decrease** in the bond market compared with last year's 36 basis point increase.

Although this has a **positive** effect on investment experience backing assets in excess of policy liabilities as the value of the fixed interest bonds **rise**, it has a **negative** effect on assets backing product liabilities.

The **decrease** in bond rate results in a **lower** discount rate and **higher** liabilities for income protection and lifetime annuities in particular. Consequently, **negative** investment experience results.

Australia and New Zealand
New business / gross inflows

(A$ million) Six months to 30 June	2005	2004	Change
Wealth management (gross inflows)			
Superannuation	1,398.3	1,122.0	24.6%
Retirement income	297.7	252.3	18.0%
Investment products	1,241.2	1,442.2	(13.9)%
Alliance Capital retail mandates	1,367.9	1,107.1	23.6%
Total retail flows	**4,305.1**	**3,923.6**	**9.7%**
Cash management trusts	36.9	37.5	(1.6)%
ACM wholesale mandates	3,084.5	2,666.4	15.7%
Total	**7,426.5**	**6,627.5**	**12.1%**
Included in the above:			
Platforms	1,479.5	1,030.9	43.5%
Advice	685.2	570.6	20.1%
Financial protection (new annual premiums)			
Individual life	25.6	21.9	16.9%
Individual income protection	11.9	10.0	19.0%
Group insurance	12.7	14.6	(13.0)%
Long term risk	1.5	1.5	0.0%
Total	**51.7**	**48.0**	**7.7%**

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Turning now to our strong growth in gross inflows and new annual premiums. This is **not new** information as we released these new business results to the market **last month**.

In summary, we had a **12.1%** increase in total inflows.

Superannuation flows increased **markedly** due to the success of our Generations offer.

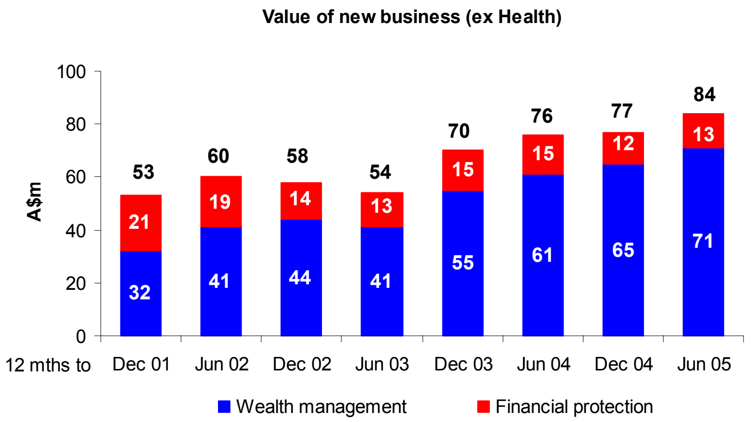
Retail and wholesale mandate inflows increased substantially due to increasing demand for **international equity mandates.**

Encouragingly, our flows into our platforms and advice businesses both increased by **43.5%** and **20.1%** respectively.

With respect to financial protection, we had a **16.9%** increase in new annual premiums in our individual life business and a **19%** increase in individual income protection business. We are confident in our ability to grow this business, having recently launched our revised product range.

Australia and New Zealand
Value of new business

Rolling 12 months value of new business [1] up 9% since 31 December 2004 to $84m



(1) Based on 11.0% risk discount rate, 100 basis points above assumed equity return

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On a rolling 12 month basis the value of new business increased **9%** from December 2004 to $84m based on a risk discount rate of 11%.

Wealth management business grew **10%**, driven by strong flows into Generations and Summit and our multi-manager offering, together with strong institutional flows into our Alliance Capital joint venture.

The value of new business for financial protection **increased 5%** since 31 December. This was mainly due to **price increases** in our New Zealand business and **higher Australian sales** in the second quarter of 2005. You will recall in August last year we made a number of pricing changes and other improvements to these products which we believe will lead to higher future new business growth in the longer term.

AXA Asia Pacific Group
Transitional tax ceased on 30 June 2005

- The benefit from transitional tax treatment for non-risk business within NMLA ceased on 30 June 2005
- Without any mitigating action, Operating Earnings would be $9m-$10m lower in the 2005 year and $18m-$20m lower in 2006 and subsequent years
- We have initiatives to fully mitigate the loss of transitional tax relief in 2005 and subsequent years
- No noticeable impact on Operating Earnings trends in 2005
- Around 50% of profit replacement of $18m-$20m will come through Operating Earnings in 2006 and beyond. The balance will come through normalised Investment Earnings

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Transitional tax on our non-risk business written **within** the Australian life company **ceased on 1 July 2005**.

If we **take no mitigating action**, our operating earnings would decrease by **$9-$10 million** for the remainder of this financial year and **$18-$20 million** for the full year 2006, and beyond.

We have developed initiatives to **replace** the operating earnings in **2005** and to **replace overall profits in 2006** and **subsequent years**.

Up to **50%** of the **profit replacement of $18m-$20m will come through operating earnings in 2006 and beyond**. The balance will come through normalised investment earnings.

Hong Kong
Profit after tax

Six months to 30 June	(HK$ million) 2005	2004	Change	(A$ million) 2005	2004	Change
Operating Earnings	505.7	461.6	9.6%	83.9	80.4	4.4%
Investment Earnings						
- normalised	436.2	433.2	0.7%	72.3	75.4	(4.1)%
- inv. exp. - assets in excess of policy liabilities	(116.6)	(386.3)	69.8%	(18.8)	(67.2)	72.0%
- assets backing policy liabilities	(51.1)	(62.1)	17.7%	(8.5)	(10.8)	21.3%
Investment Earnings	268.5	(15.2)	n/a	45.0	(2.6)	n/a
Profit after tax and before non-recurring items	**774.2**	**446.4**	**73.4%**	**128.9**	**77.8**	**65.7%**

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Now turning to **Hong Kong**.

Underlying our result was a **9.6% improvement in Operating Earnings** to HK$505.7m driven by continued profitable sales growth and a strong focus on expense control.

The **increase** in operating earnings was **dampened by higher death claims than expected resulting from a severe and extended winter** in the first quarter of 2005; reflective of industry wide experience.

Investment earnings in 2005 were **HK$268.5m**, **considerably higher than 2004**. The increase from last year was due to a **30 bp decrease** in US 10 year bond yields compared to a **36 bp increase** last year.

The **negative** investment experience **from normalised earnings** on assets in excess of policy liabilities was primarily due to **lower equity returns** this year with the MSCI World Index returning negative 0.4% in the 6 months to June 2005 compared to a 3.7% increase in the prior period.

Hong Kong
New business

(HK$ million)

Six months to 30 June	2005	2004	Change
New regular premiums			
Individual life (non-linked)	258.0	289.4	(10.9)%
Individual life (unit linked)	152.6	97.2	57.0%
Total individual life	**410.6**	**386.6**	**6.2%**
Group retirement (incl MPF)	78.1	21.2	268.4%
Group risk	44.2	46.4	(4.7)%
Total	**532.9**	**454.2**	**17.3%**
Single premiums			
Individual life – incl unit linked	135.0	132.5	1.9%
Group retirement	147.5	126.9	16.2%
Total	**282.5**	**259.4**	**8.9%**
Total life new business index [1]	561.2	480.1	16.9%
General insurance [2]	54.8	61.9	(11.5)%
Total new business index	**616.0**	**542.0**	**13.7%**

(1) New regular premiums plus 10% single premiums

(2) Gross written premium

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As announced in our new business release last month, new business in Hong Kong showed **strong growth**.

New business index, which includes regular premiums and 10% of single premiums, was **up 13.7%** to **HK$616m.**

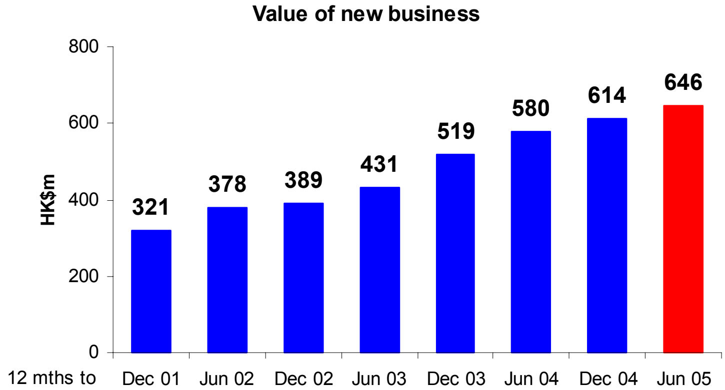
Individual life regular premium sales continued to grow, up **6.2%.**

Our unit linked product sales as a percentage of total sales remains one of the **highest** in Hong Kong.

Regular premium retirement business was **up 268.4%** due to the **broadening of our distribution channels,** some success in the broker channel and a sustained **strong MPF investment performance.**

Hong Kong
Value of new business

Rolling 12 months value of new business [1] up 5% since 31 December 2004 to HK$646m



(1) Based on 11.5% risk discount rate, 100 basis points above assumed equity return

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Value of new business represents a rolling 12 month view.

Our Hong Kong sales performance has flowed through into the rolling 12 month value of new business, which was **up 11%** from June 2004 and up **5%** from December 2004 to **HK$646m**.

Our value of new business has increased at a **slower rate than sales** due to a change in mix of the new business to the lower margin, **but still highly profitable**, retirement business. This change in mix is consistent with our targets under HK6 where the **rate of growth of sales is higher** than the **targeted rate of growth in value of one year's new business.**

I should point out that **our growth into the retirement market** is new business for us and **is not a substitute** for our traditional life sales.

China & South East Asia
New business

New business index [1] up 98% [2]

(million) Six months to 30 June	2005	2004	Change
Indonesia (Rupiah)	179,476.6	47,564.6	277.3%
Thailand (Baht)	485.9	226.0	115.0%
Singapore (Sing$)	13.5	9.7	39.2%
Philippines (Peso)	334.6	278.0	20.4%
China (Rmb)	17.7	19.9	(11.1)%
Total (AUD) [2]	**61.7**	**31.2**	**97.8%**

(1) New regular premiums plus 10% single premiums
(2) On constant currency basis at average exchange rates over the period, representing 100% share of the businesses

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Finally a few words on our other Asian businesses.

The new business index on a 100% share and constant currency basis, increased **97.8%** to A$61.7m.

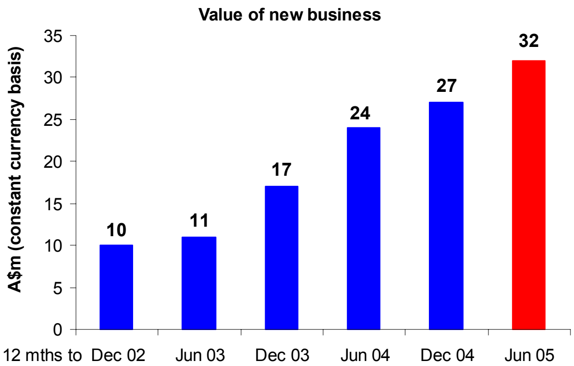
New business increased particularly **strongly** in **Indonesia and Thailand.**

Our bank assurance joint venture in **Indonesia** continues to perform strongly with growth in the new business index of **277.3%.** This has moved AXA's business in Indonesia to **number two** in new business market share.

Thailand growth of 115% was due to improvements in agent productivity and the expansion of our bancassurance channel.

China & South East Asia
Value of new business

Product repositioning and growth in bank distribution driving strong new business value



- Value of new business [1] up 17.8% [2] on a rolling 12 months basis to $31.8m
- AXA APH share of value of new business is $17.2m, representing 8% of total Group value of new business

(1) 100% share

(2) Based on constant currency exchange rates at 30 June 2005

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Value of new business has increased **33%** on June 2004 and **17.8%** on December 2004 on a rolling 12 month view.

Across the region, there has been a constant focus on improving product profitability, with initiatives such as re-pricing, changes to contract terms and conditions, and the introduction of unit-linked products now completed.

Value of new business has been strong, **although slower than growth in the new business index due to changes in product mix**. Profit margins in 2005 are **in line** with our expectations, whereas margins in 2004 were **above** expectations.

Strong growth in Indonesia with Bank Mandiri, and Thailand with the Krungthai Bank, has **contributed strongly** to the value of new business increase.

Our share of this value of new business at current rates was **$17.2m** representing **8%** of the Group's total value of new business.

Summary

Excellent financial performance across all areas of our business

- Strong growth in Operating Earnings
- AIFRS slightly positive for Operating Earnings and negative for Investment Earnings
- Group value of new business [1] up 9.4% and value of inforce [1] up 9.5% over the past six months
- Capital position remains very strong
- Interim dividend up 19%

(1) Based on risk discount rate 100 basis points above assumed equity returns, ie. 11.0% for A&NZ, 11.5% for HK

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So, in summary, we have again seen very **strong growth** in operating earnings in Australia, New Zealand and Hong Kong, demonstrating the **success of our business** and the **strength and breadth of our footprint.**

The introduction of AIFRS **does not change this message**, although it does affect investment earnings due to the use of the risk free rate to discount liabilities.

We have also continued our **growth in value** of new business in these markets.

At the same time as strengthening our operating performance, our already **strong capital position has strengthened further**. Our capital resources are **well in excess** of current regulatory capital requirements.

Our interim dividend has **increased by 19%.**

We are well placed to **continue to grow profitability** and provide **attractive returns** for our shareholders.

I will now hand back to Les to take you through a **more detailed** review of the year's activities.

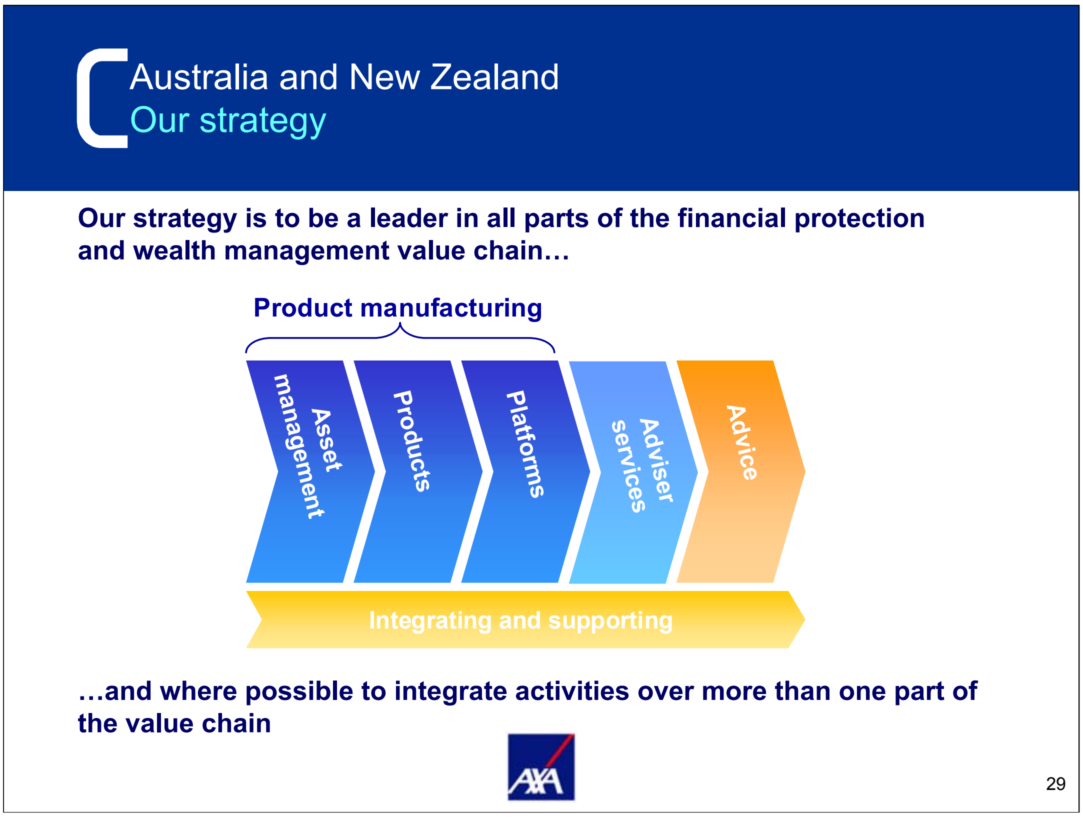
THE AXA
"We already have a great plan"
PLAN.

AXA Asia Pacific Holdings Limited
Review of activities

Les Owen, Group Chief Executive

AXA ASIA PACIFIC

Be Life Confident



Thank you Geoff. Let me turn first to Australia and New Zealand.

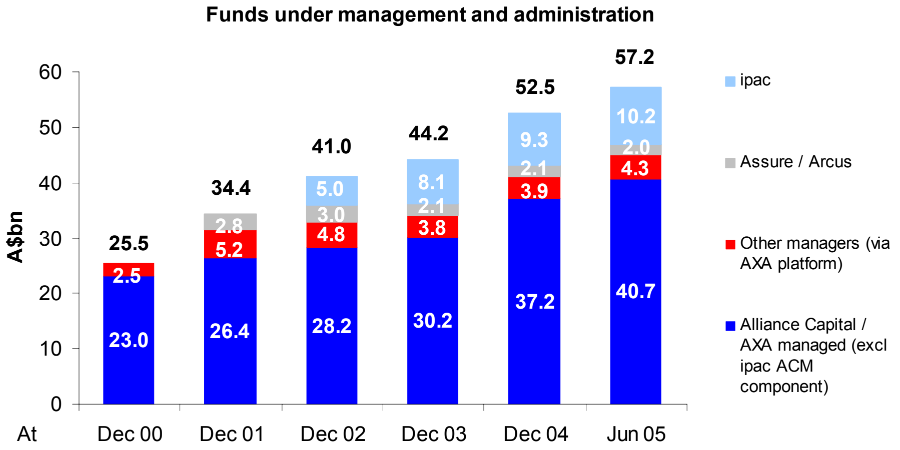
Our strategy is working well and is delivering strong results. We aim to be a leader in all parts of the financial protection and wealth management value chain:

- Asset management
- Financial protection, investment, superannuation and savings products
- Mastertrust, wrap and administration platforms
- Adviser services and
- Advice through ipac in Australia and Spicers in New Zealand

The last 6 months have seen us make further progress in each of these segments.

Australia and New Zealand
Asset management

Strong growth in funds under management and administration



AXA

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In asset management total funds under management and administration were up 9% over the period to $57.2 billion.

Within this, the inhouse managed assets – that is assets managed by the Alliance Capital JV and through AXA itself – grew nearly 10% to $40.7 billion. Externally managed assets grew 10% to $4.3 billion and assets under ipac and Spicers platforms grew 7% to $12.2 billion.

Australia and New Zealand
Asset management

Strong investment performance across most of our portfolios

Fund	6 months Return	6 months Quartile	12 months Return	12 months Quartile	3 years Return (pa)	3 years Quartile	Research rating (Van Eyk / ASSIRT)
Global Equity – Growth	3.5%	2	0.9%	3	-3.1%	4	A/4 stars
Global Equity – Value	4.5%	1	7.5%	1	4.1%	1	AA/5 stars
Aust. Equity – Growth	9.4%	1	29.0%	1	13.9%	3	Not rated/3 stars
Aust. Equity – Value	11.7%	1	32.4%	1	n/a	n/a	A/3 stars
Aust. Monthly Income	3.1%	1	6.1%	1	5.9%	1	A/5 stars
Aust. Property Fund	6.4%	2	14.1%	1	12.4%	1	A/4 stars
Selected Equities Trust (NZ)	4.8%	3	21.9%	3	18.6%	2	5 stars (Morningstar)

Source: Morningstar and AXA APH. Returns are before tax and after management fees for Australia, before management fees for New Zealand

- Alliance Bernstein was recently awarded Money Management's 2005 overall "Fund Manager of the Year" and "International Equity Fund Manager of the Year"
- AXA was named Money Management's 2005 "Mortgage Fund Manager of the Year" and received the Personal Investor Magazine Award for Excellence in Financial Services 2005 for "Mortgage Fund of the Year"

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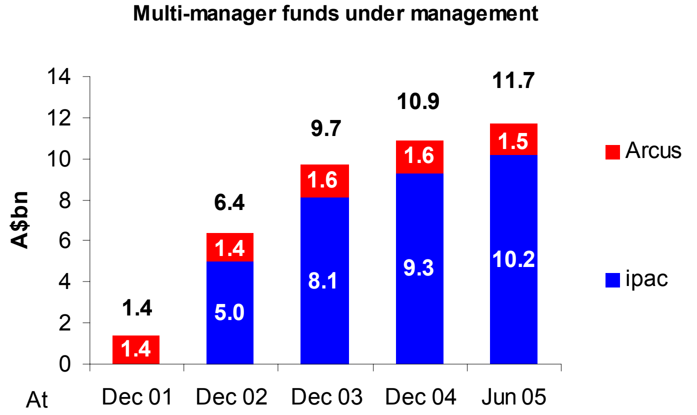
We have seen further improvement in our investment performance. Most of our core investment offerings are now in the top quartile of their comparative groups over 6 months and 1 year and, in particular, the investment performance in both Australian Equity Value and Australian Equity Growth is now looking very good.

Alliance Bernstein was recently awarded both the overall "Fund manager of the Year" and the "International Equity Fund Manager of the Year" for 2005 by Money Management, and AXA won the "Mortgage Fund Manager of the Year".

This strong position is driving continuing growth in our fund flows and we confidently expect an increasing flow into Australian equity funds over the next 12 months.

Australia and New Zealand
Asset management

Strong growth in multi-manager funds under management



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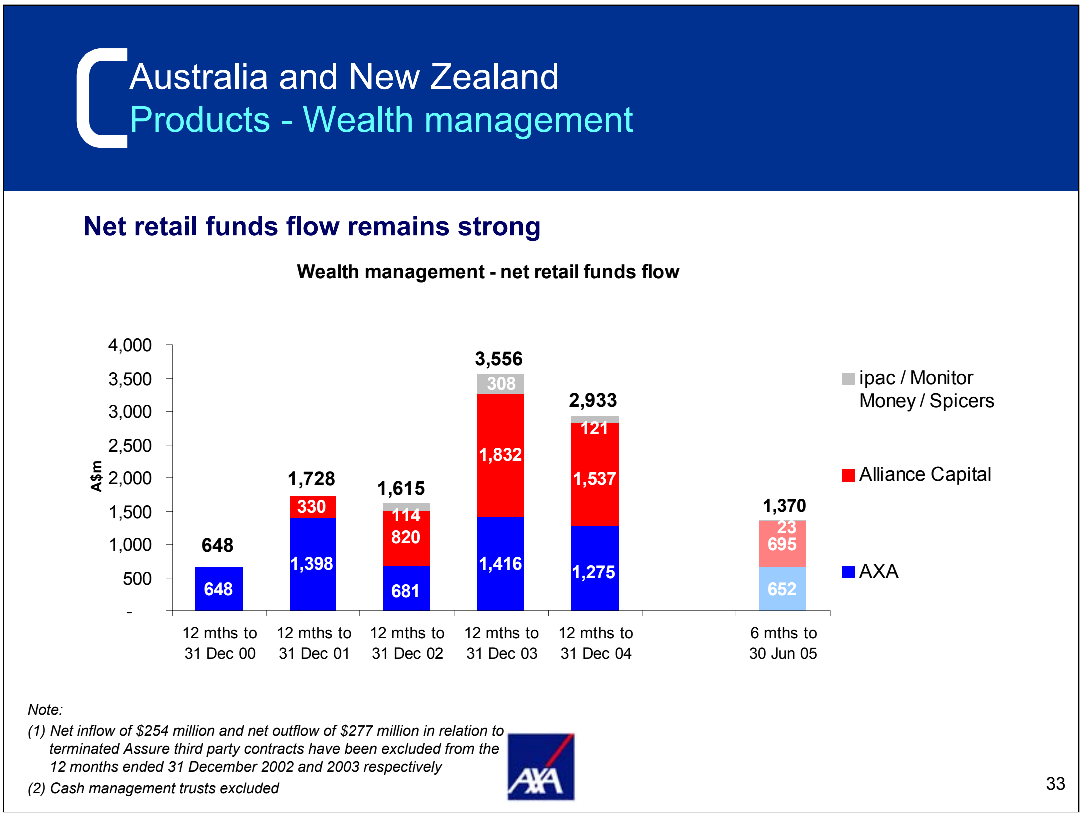
We are a leading multi manager, in Australia through ipac, and in New Zealand through Arcus. Total multi manager funds under management grew by 7% over the period with particular growth in ipac which is now managing over $10 billion.

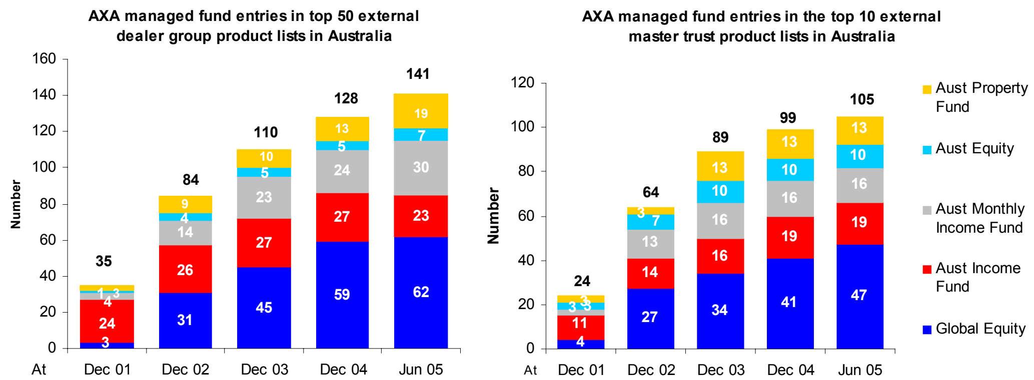


Let me turn now to the second element of the value chain – products.

Net retail fund flows in the first 6 months of the year were $1.37 billion. Although this was a little down on the same period last year we retained our position in the top 5 in both the Plan for Life and the Assirt market share surveys. The reduction in net flows compared to the first 6 months of 2004 can be almost entirely explained by the move by one of the major banks to start using its inhouse product rather than our Australian Income Fund. In other segments we saw good growth in net flows in superannuation, into Alliance Capital retail and wholesale mandates, and into our platforms.

Australia
Products - Wealth management

Penetration of approved product lists and external master trusts continues to increase



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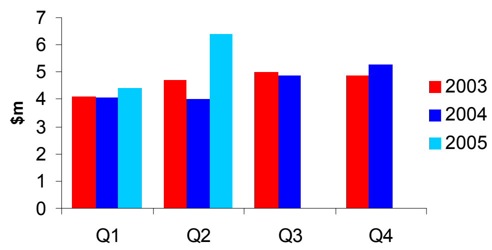
I am confident that we can continue to grow our sales and gross inflows not least because we are continuing to increase our penetration of the major external Master trust and dealer group approved product lists. Global equities remains our star performer but we are starting to gain penetration in Australian equities. This is starting to produce new business and this will be reflected in our third quarter numbers.

Australia
Products - Financial protection

Increasing market share since Q3 2004

- Encouraging trend in new business volumes following income protection product upgrades in August 2004

Individual business (IP & Life) - new policies



- Product upgrades launched in July 2005
- Feedback from launch has been excellent

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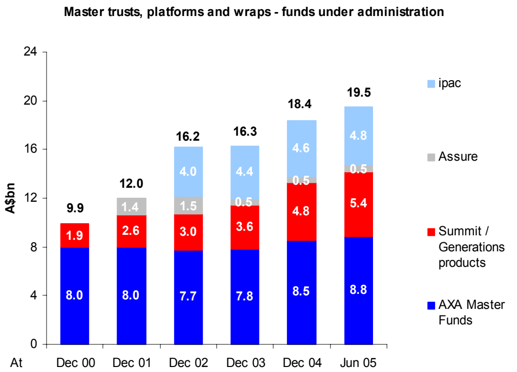
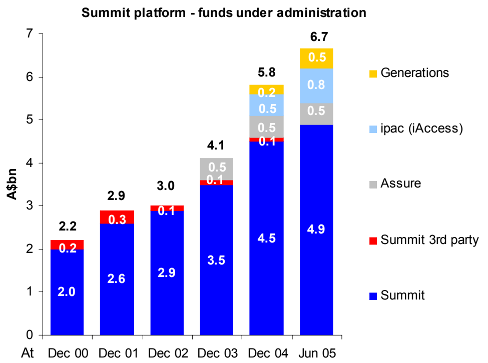
A brief look at financial protection. Having improved the profitability of our financial protection book over the last 3 years, we have over the last 12 months turned our attention to starting to regrow our market share but not at the expense of shareholder value. I am pleased to say that the encouraging trend that started in the 4th quarter of last year has continued into the first half of this year. As you can see from this slide, new business volumes picked up in the first quarter this year and picked up very substantially in the second quarter where we were more than 40% up on the second quarter performance in 2003 and 2004. We have recently launched major product upgrades at a roadshow around Australia which was attended by over 2000 advisers. We have had positive feedback and I am confident that, in the second half and into next year, we will see a continuation of the trend of increased market share.

Australia
Platforms

Further growth in platform and Summit funds under administration with 35% of funds now on Summit (December 2004 – 32%)





The total Summit funds under administration of $6.7bn differs to the chart "Master trusts, platforms and wraps" showing Summit product as $5.4bn. This is due to $0.8bn of ipac funds and $0.5bn of Monitor Money funds, which are administered on Summit, being shown as part of ipac and Monitor Money respectively in the "Master trusts, platforms and wraps" chart, rather than as part of Summit.

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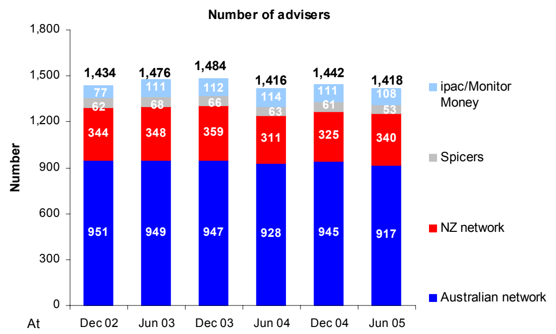
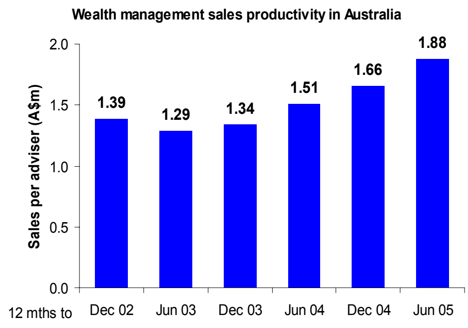
Building a scale administration platform is an important part of our strategy and we have seen further progress over the last 6 months. Total funds on our Master trust, administration and Wrap platforms are now just under $20 billion and we have successfully consolidated about 35% of this onto the Summit technology platform, up from 32% at the end of last year. The lighter functionality platform – Generations – that we launched in the third quarter last year has been particularly successful and we now have around $500 million under Generations.

Australia and New Zealand
Adviser services

Strong growth in productivity of AXA aligned advisers





Note: Number of 'NZ network' advisers restated for 2004

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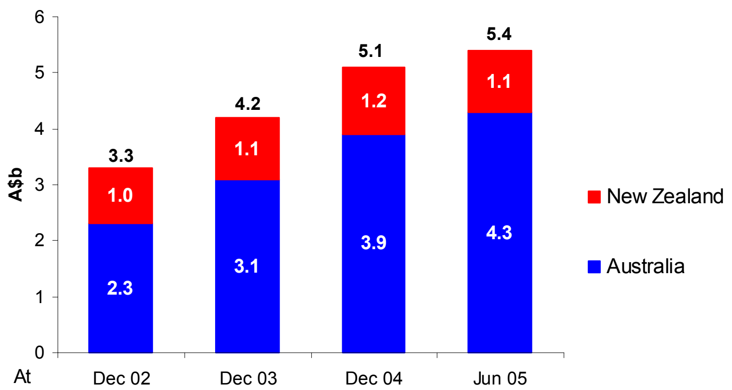
Turning now to adviser services. Adviser numbers have fallen a little over the period. This is mainly due to normal turnover with some further overall reduction in industry numbers following the introduction of the new licensing and disclosure regime. In Australia the Discovery programme is continuing to work well and we expect growth in adviser numbers during the second half of the year.

Encouragingly productivity continues to improve and, as you can see from the chart on the right, wealth management sales per adviser over the last 12 months are up to $1.88 million, up 25% over the last 12 months.

Australia and New Zealand
Advice

Continued growth in funds under advice



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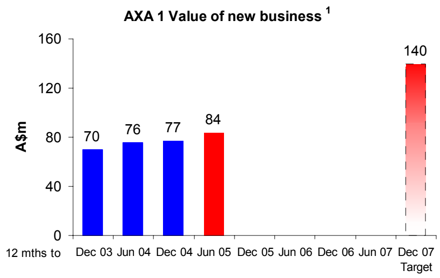
We have also seen continued growth in our advice businesses.

In ipac funds under advice grew by 10% to $4.3 billion. There was a small decline in New Zealand where the market as a whole is still not growing, largely as a result of the disadvantageous tax structure for pooled and mutual funds. The New Zealand Government has announced a change to create a level playing field and plans to grow private superannuation savings. We are confident that over the medium term our strong position in professional advice will lead to a return to growth.

Australia and New Zealand
AXA 6 progress

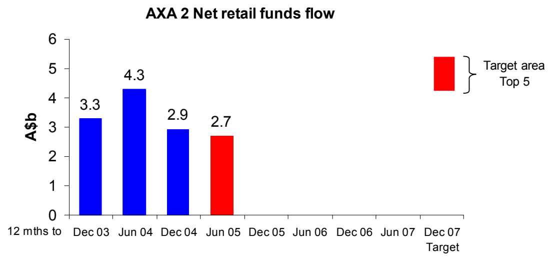
AXA1 - Double value of new business



- Performance driven by strong growth in platform and investment management businesses

(1) *Based on constant assumed risk discount rate of 11.0%*

AXA2 - Consistently in top 5 for net funds flow



- Ranked fifth (Plan for Life) and first (ASSIRT) as at 31 March 2005

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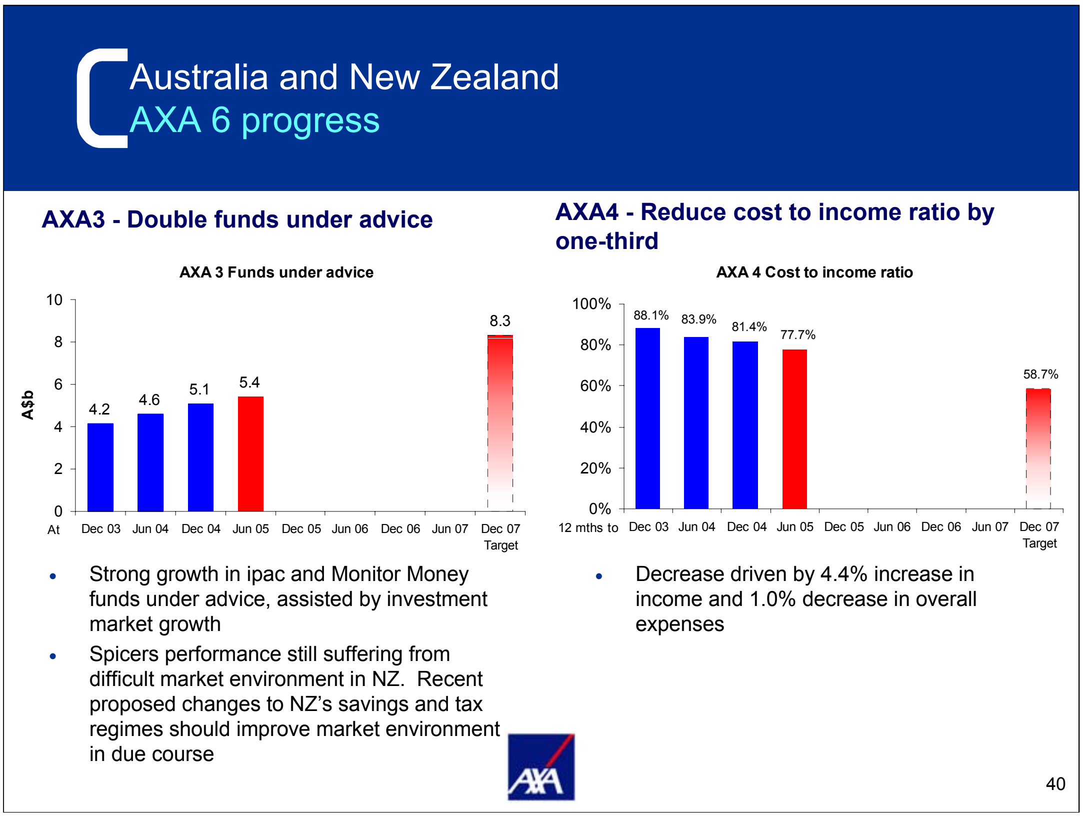
So how are we tracking against the AXA 6 aspirational objectives that we set out in April 2004.

Firstly AXA 1 – to double the value of new business. As you can see we are making reasonable progress here. However we will have to increase the rate of growth if we are to reach our objective of $140 million by the end of 2007.

AXA 2 – to consistently be in the top 5 for net retail funds flow. Although we have seen a small decline in retail fund flows for the reasons I explained earlier, we remain in the top 5 and if we can increase our traction in Australian equities then there is no reason why we should not remain on target.



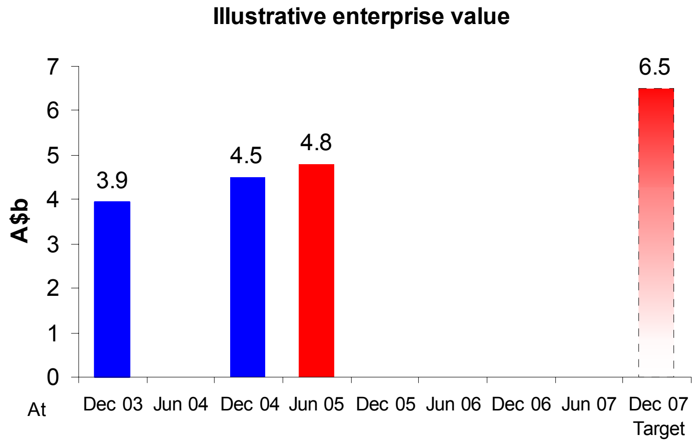
The third objective is to double funds under advice. We have seen good growth in ipac and Monitor Money in Australia and we are on track to meet this objective.

Next AXA 4 – to reduce the cost to income ratio by one-third. In the first half the ratio reduced by 440 basis points to 77% so, again, we are on track.

AXA 5 and AXA 6 were about adviser and staff attitudes respectively and we will not have the results of the 2005 surveys until later this year.

Australia and New Zealand
AXA 6 progress

Illustrative enterprise value [1] up 6.9%



(1) Illustrative only for tracking progress. Before dividends and transfers to net worth. Mid-point of range based on 11% discount rate, 7x FP VNB, 15x WM VNB; and 10% discount rate, 12x FP VNB, 20x WM VNB

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Our overarching objective, of course, is to increase the enterprise value - that is the embedded value of inforce business plus the value of future new business - by 65% by the end of 2007.

On the illustrative basis that we are using, the enterprise value at 30 June 2005 was $4.8 billion, a 6.9% increase on the position at the end of 2004. So again we are making reasonably good progress towards this objective.

Australia and New Zealand
Looking forward

- Strong market position and strategy execution
- Continued momentum in all business segments
- Attractive earnings growth
- Priorities in Australia:
  - continue to capitalise on excellent performance for Global Equity Value
  - turn good investment performance in Australian equities into funds flows
  - grow superannuation gross inflows following tax changes
  - continue to build scale in platforms and advice
  - launch self-managed super offer
  - continue to grow financial protection market share following recent product revamp
- Priorities in New Zealand:
  - continue to develop superannuation presence through appointment to State Sector Retirement Savings Scheme
  - build on leading multi-manager investment performance
  - continue to develop new adviser support programme - Activating Business Change

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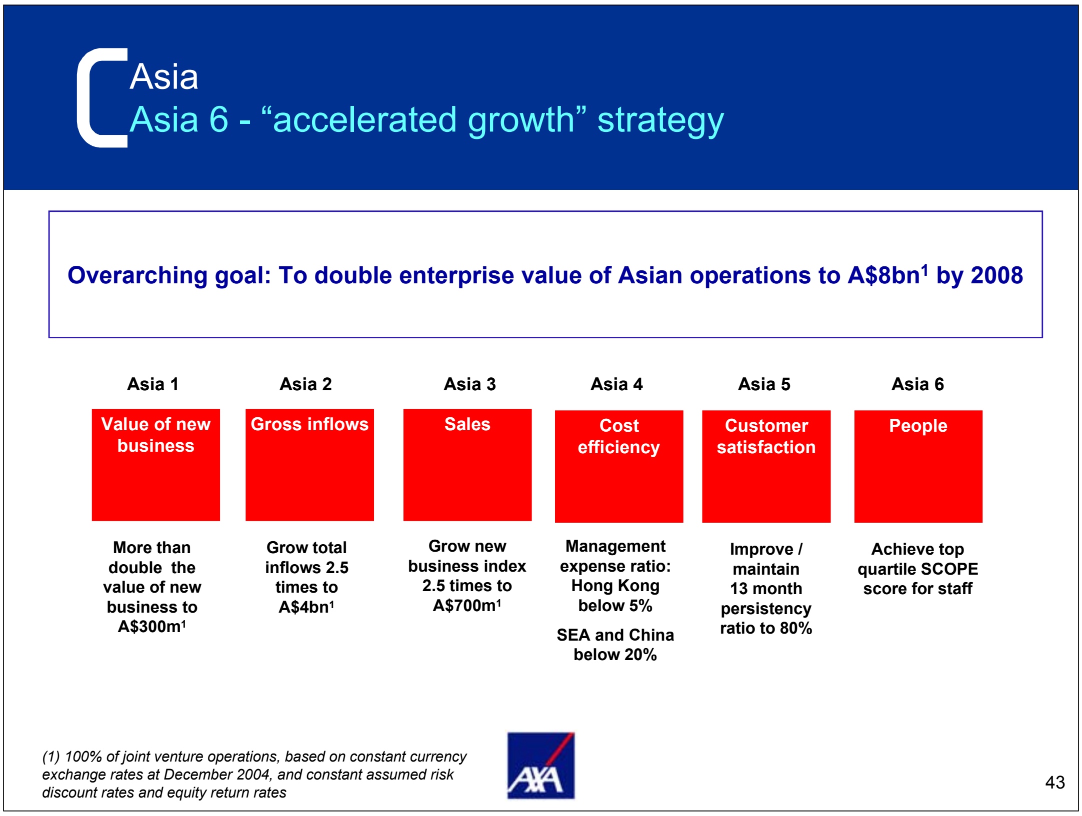
Looking forward I believe that we have a strong market position. We have executed our strategy well in Australia and New Zealand. We have built good momentum in all our business segments and we have delivered attractive earnings growth over the last 2 years.

Our priorities over the next 12 months are to continue to capitalise on the excellent performance of our Global Equity Value Fund and to turn the significantly improved investment performance in Australian equities into strong positive fundflows.

We have an opportunity to grow our superannuation business following the recent tax changes and we must continue our strategy of building scale in our platform and advice businesses.

Later this year we will be launching our self managed superannuation offer as part of our response to the Choice environment and we expect to continue to grow our market share, of new financial protection business, and to increase the rate of growth, following our very successful recent product relaunch.

In New Zealand we must maximise the opportunity in superannuation through our appointment as one of three providers to the State Sector Retirement Savings Scheme, build on our strong position in multi manager, and develop our adviser support services, as the regulatory model in New Zealand starts to move towards the Australian model.



Let me turn now to Hong Kong and Asia.

In May we announced a further set of aspirational goals for our operations in Asia – Asia 6.

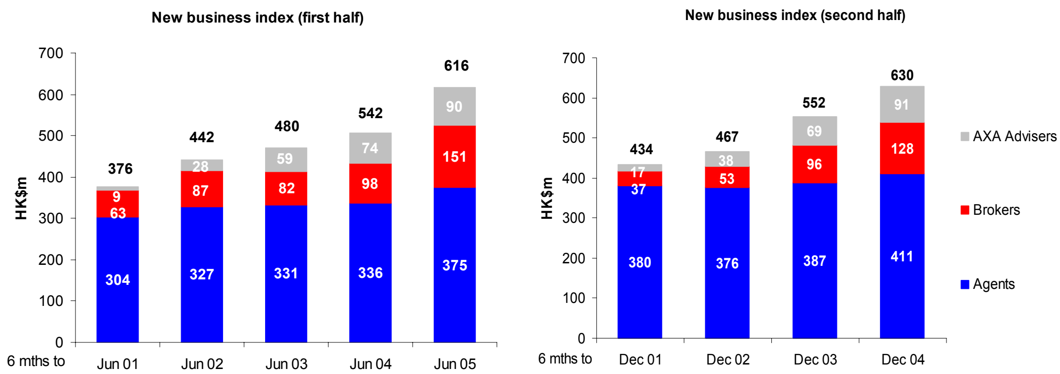
- Firstly to more than double the value of new business to A$300 million by the end of 2008.
- Secondly to grow total inflows 2.5 times to A$4 billion
- Thirdly to grow new business index – that is new regular premiums plus 10% of single premiums – 2.5 times to A$700 million
- Next to improve the management expense ratio to below 5% in Hong Kong - and in aggregate to below 20% in South East Asia and China
- To improve or maintain our 13 month persistency – a key measure of the quality of the quality of our sales operations – to better than 80% and
- finally to achieve a top quartile scope score for staff satisfaction

The overarching goal was to double the enterprise value – that is the value of inforce plus the value of new business of our Asian operations to A$8 billion by the end of 2008.

We set out a number of strategic imperatives that we would need to meet to deliver these goals and I will cover progress on some of these this morning.

Hong Kong
Maximise value of existing distribution channels

All channels growing; non-agency now accounts for 39% of sales



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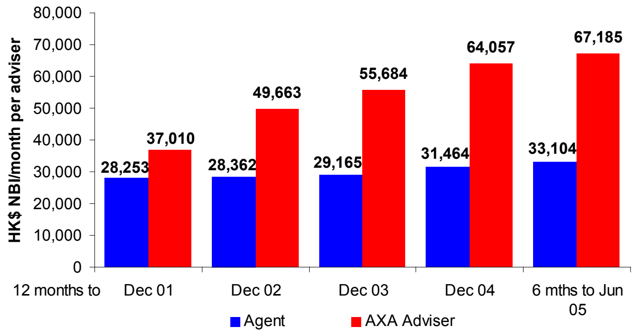
Firstly to maximise the value of existing distribution channels.

All channels have been growing strongly. Particularly in Hong Kong, new business is impacted by seasonal factors but the strong growth we showed in the second half of 2004 has continued into the first half this year with new business index up 14% up on the corresponding period last year. And we are continuing to diversify our distribution with sales through AXA advisers and through brokers now accounting for 39% of total sales.

Hong Kong
Maximise value of existing distribution channels

Further improvement in agent and AXA Adviser productivity

Average productivity of tied agency / salaried adviser channels



- 48% of advisers managed by salaried managers
- Total adviser numbers of 2,273 broadly in line with June 2004

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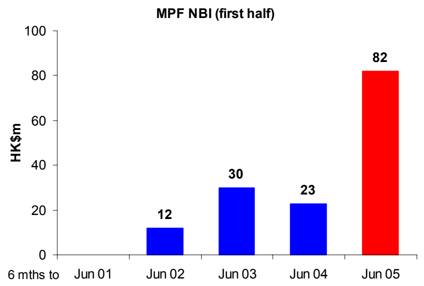
We have also seen further improvement in agent and AXA adviser productivity. Agent numbers are broadly flat compared to June last year but the number of advisers managed by salaried managers has continued to increase and now represents 48% of our total agency and adviser force. Productivity of both AXA advisers and traditional agents increased by 5% in the first half.

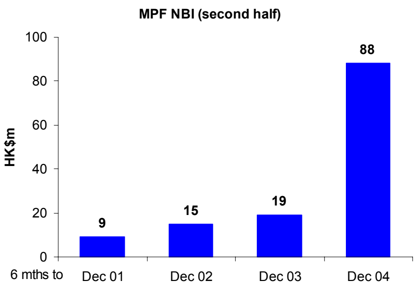
Hong Kong
Gain significance in wealth management

Strong performance on MPF funds

Fund	12 months Return	12 months Quartile	3 years Return (pa)	3 years Quartile
Growth	17.11%	2	13.27%	1
Balanced	14.88%	3	12.01%	2
Stable	10.47%	1	9.85%	2
Cash	1.04%	2	1.01%	2

Source: Lipper Asia Limited / AXA Hong Kong / AXA Rosenberg Investment Management Asia Pacific Ltd





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One of our strategic imperatives is to gain significance in wealth management as the Hong Kong and Asian markets start to mature. In Hong Kong we have a strong investment performance record on our MPF funds and, as you can see over 3 years, all our major funds are in the first or second quartile.

This, together with the fact that many companies are now starting to review their MPF provider, has led to very strong increases in new business which has quadrupled over the last 12 months.

Hong Kong
Gain significance in wealth management

Well advanced on product and investment platform

- First to launch true multi-manager platform in Hong Kong
- Leveraging ipac investment management capabilities
- Market offer expanded – now able to provide advice, administration, retirement product and investment platform
- Bancassurance/institutional sales team established
- Early signs promising with HK$84m of inflows into multi-manager in July 2005

We are also developing our product and investment platform offers in Hong Kong.

Earlier this year we were the first to launch a true multi manager platform in Hong Kong leveraging off the capabilities we have with ipac in Australia.

We have expanded our market offer and are now able to provide advice through ipac in Hong Kong and Singapore, administration and retirement and investment product platform.

We have recently established a dedicated bancassurance and institutional sales team and there are promising early signs with HK$84 million of inflows into the new multi manager product in July.

Hong Kong
Deliver investment and technical margins

Product margins maintained

Six months to 30 June (HK$ million)	2005 NBI	2005 VNB	2005 VNB%	2004 NBI	2004 VNB	2004 VNB%
Traditional life [1]	226	160	71%	258	186	72%
Unit linked	154	82	53%	97	55	57%
Unit linked single premium	12	4	38%	12	6	48%
Retirement	93	22	24%	28	5	17%
Group medical and general insurance	94	19	20%	102	20	19%
Total	**579**	**288**	**50%**	**497**	**271**	**54%**

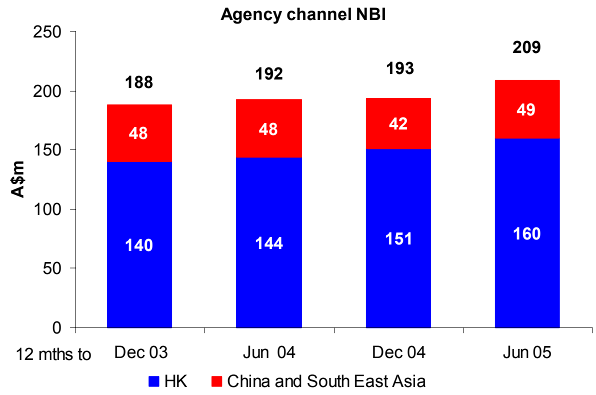
(1) Excluding indexation

As you saw earlier in the presentation the value of new business in Hong Kong grew 6.3% whereas new business index grew at 13.7%. However this is not because of price reductions or margin reductions in the market but rather because of a change in product mix of sales with retirement and wealth management products growing at a faster rate than traditional life and unit linked.

As you can see from this table there have only been small changes in the unit margins for the major product classes compared to the same period in 2004 and these are explained by minor variations in, for example, age or the precise structure of rider taken out. Premium rates have not reduced. Although the margins on wealth management products in Hong Kong are high by the standards of most developed countries, they are lower than those in traditional life. Hence as we grow in wealth management we can expect to see new business value grow at a lower rate than overall new business index. However our strategy is to grow both – and importantly wealth management is not a substitute for sales of life product, but will represent additional sales.

Asia
Maximise value of existing channels

Tied agency / salaried adviser channels growing after adoption of best practice models



- Agency Blueprint implemented in all operations during 2004
- On a rolling 12 month basis, agency premium productivity in China and South East Asia up 35% whilst average agent numbers down 13%

Note: 100% of joint venture operations, based on constant currency average exchange rates for the six months ended 30 June 2005

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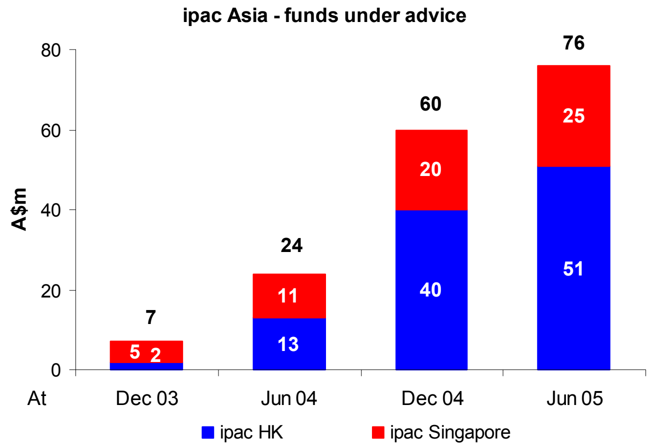
We have over the last 18 months implemented the agency blueprint model in Hong Kong and throughout China and South East Asia. As you can see from this slide new business from our agency channels across the region is increasing. On a rolling 12 month basis agency productivity in China and South East Asia was up 35%.

Asia
Gain significance in wealth management market

27% growth in funds under advice through ipac businesses



Note: Based on constant currency exchange rates at 30 June 2005

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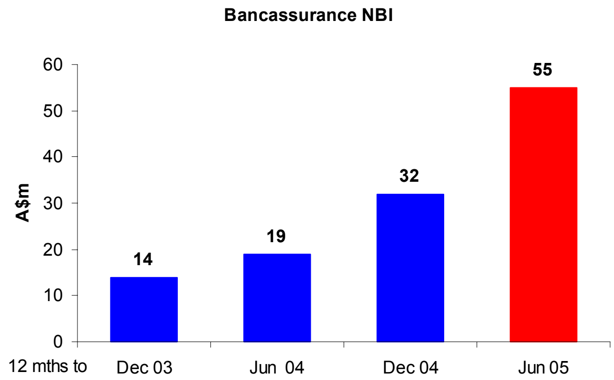
And we are seeing strong growth in the ipac businesses in Hong Kong and Singapore. Funds under advice were $A76 million at the end of June, up 27% over 6 months. Although still small in overall terms this growth is a clear sign that our strategy of being a leader in the emerging advice and wealth management markets in Asia is the right one.

China and South East Asia
Maximise value of bancassurance distribution

Bancassurance growth accelerating



- Now operating in 1,435 bank branches across South East Asia (31 Dec 2004 – 1,267)
- AXA Mandiri success in achieving number 2 market share in Indonesia after 18 months of operation

Note: 100% of joint venture operations, based on constant currency average exchange rates for the six months ended 30 June 2005

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We have successful joint venture partnerships with the leading banks in Indonesia, Thailand and the Philippines and we also have distribution agreements with a number of the banks in China. New business index on a rolling 12 month basis was A$55 million over the last 6 months.

Across the region, new business index from sales to bank customers is growing very strongly indeed.

We are now selling through over 1400 bank branches across South East Asia.

South East Asia
Seek attractive non-organic growth opportunities

Malaysia joint venture with Affin Bank announced

- US$4.2bn life insurance market [1]
- Market premium growth of around 20% pa
- Entry via acquisition of life portfolio of Tahan Insurance
- Partnership with Affin Bank (AXA's general insurance partner)
- Bancassurance and agency distribution
- AXA APH expected capital commitment not material relative to $632m capital held in excess of regulatory capital requirements and target surplus
- Plan to commence operations in first quarter 2006

(1) Total life premium income; source: Swiss Re, World Insurance 2004

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And our bancassurance distribution relationships are growing. Last week we announced a joint venture with Affin Bank in Malaysia. Malaysia is one of the larger markets in South East Asia with total premiums of US$4.2 billion in 2004 and premium growth of around 20% per year. Entry to the market can only be via acquisition and we announced last week that we have signed non-binding term sheets in partnership with Affin Bank to acquire the life portfolio of a small existing life insurer, Tahan.

Affin Bank is very familiar to us. AXA SA has a strong relationship with them through the existing general insurance joint venture in Malaysia.

At present the purchase price remains confidential but I can say that the AXA APH share of this together with our share of any additional capital required to support the business will not be material relative to the $632 million of capital, after AIFRS adjustments, that we currently hold in excess of our regulatory capital requirements and target surplus. We initially intend operating through bancassurance and agency distribution and we plan to commence operations in the first quarter of next year.

South East Asia
Seek attractive non-organic growth opportunities

Well advanced in plans to enter India

- US$16.9bn life insurance market [1] - 5th largest in Asia
- Foreign JVs permitted since 2001, now accounting for 33% of new business
- Business model will utilise AXA's salaried Adviser, Bancassurance, Agency and Product Blueprints
- AXA APH expected capital commitment in the range of A$35m-A$65m over the next three years

(1) Total life premium income; source: Swiss Re, World Insurance 2004

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We are also well advanced in our plans to enter India.

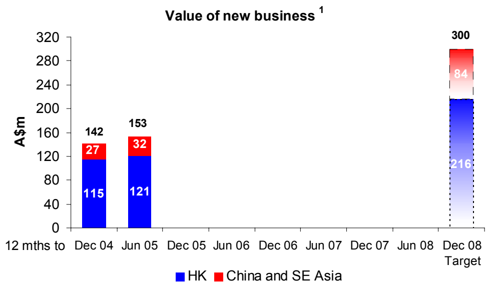
India is a US$16.9 billion life insurance market, the 5th largest in Asia. Foreign players have been permitted to operate in the market through joint ventures since 2001 and the foreign JV's last year accounted for around a third of total new business.

We are in advanced discussions with potential partners on a business model which will utilise AXA's blueprints for bancassurance, traditional agency and salaried adviser distribution.

This operation will be a start up and our expected capital commitment will be in the range of $35 to $65 million over the next 3 years.

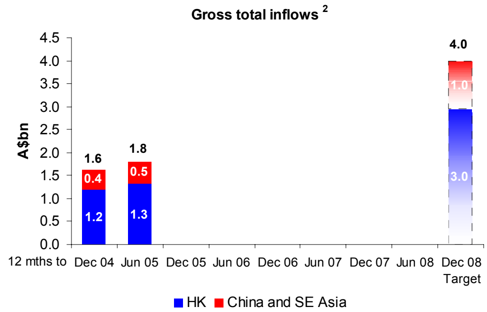
Asia
Asia 6 progress

Asia 1 - More than double value of new business



- Mainly driven by strong sales growth in South East Asia

Asia 2 - Grow total inflows 2.5 times



- Strong single premium unit linked flows in China and South East Asia
- Increased sales of retirement business in Hong Kong

(1) 100% share; constant assumed risk discount rates and exchange rates at 31 December 2004

(2) 100% share; constant exchange rates at 31 December 2004

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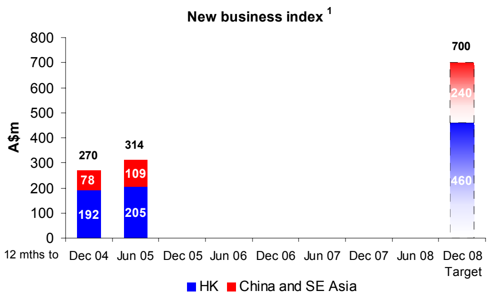
So overall how are we progressing against our Asia 6 aspirational goals? Well it is still very early days and there is a long way to go but I think we have made an encouraging early start.

Value of new business is tracking in the right direction with increases in Hong Kong and strong increases in South East Asia.

Total gross inflows are growing driven by increased sales of retirement business in Hong Kong and strong single premium unit linked sales in China and South East Asia.

Asia
Asia 6 progress

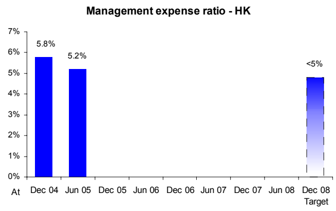
Asia 3 - Grow new business index 2.5 times

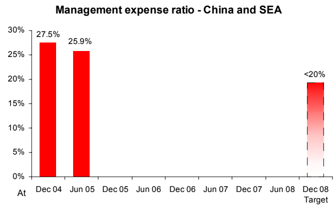


- Performing particularly well were Indonesia and Thailand

(1) 100% share; constant exchange rates at 31 December 2004

Asia 4 - Reduce management expense ratio





- Hong Kong operates within reasonably low management expense ratio
- Accelerated growth and economies of regional business platform assisted China and South East Asia

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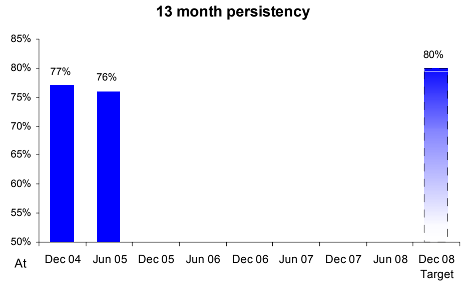
New business index is growing with particularly strong performance from our bancassurance operations in Indonesia and Thailand.

And we have also made a good start to meeting our management expense ratio targets.

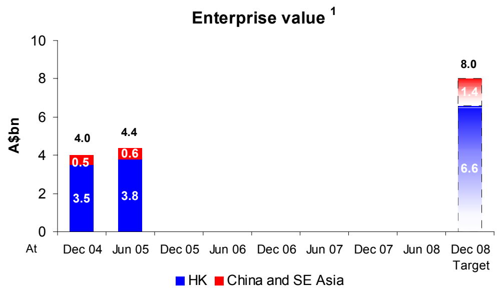
Asia
Asia 6 progress

Asia 5 - Improve 13 month persistency ratio to 80%



- Persistency better than pricing assumptions although slightly below December 2004
- Affected by broker discontinuance rates on 2004 sales in Hong Kong, offsetting improvements in South East Asia

Illustrative enterprise value up 9.5%



- Illustrative enterprise value in Hong Kong up 8.1%
- Strong growth in South East Asia

(1) 100% share; constant assumed risk discount rates and exchange rates at 31 December 2004

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Our 13 month aggregate persistency at 76% is a bit below where we want it to be although this is almost entirely due to some one off broker discontinuances on 2004 sales. Persistency is still better than the aggregate pricing assumptions.

And finally on our overarching goal of doubling the enterprise value to A$8 billion, we have started quite well with an 8.1% increase in the first half of this year.

So overall our early progress is on track.

Asia
Looking forward

- Maintain early momentum of *"accelerated growth"* strategy
- Leverage Australasian expertise as distribution models become more sophisticated and markets evolve towards wealth management
- Priorities in Hong Kong:
  - grow core life insurance market through tied agency / salaried adviser channels
  - grow sales to brokers - opportunities for value creation in select areas
  - capitalise on early mover advantage in emerging wealth management market - multi-manager capability now in place
- Priorities in China and South East Asia:
  - grow bancassurance and agency channels
  - increase scale and eliminate expense overrun
  - enter attractive markets - Malaysia and India

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Looking forward we need to maintain the early momentum of the accelerated growth strategy.

We have the opportunity to leverage our Australasian expertise as distribution models in Hong Kong and Singapore particularly become more sophisticated, and as markets evolve towards wealth management.

In Hong Kong our priorities are

- to continue to grow our core life insurance business through our tied agency and salaried adviser channels.
- to grow our broker market share focused on profitable, quality segments, and
- to capitalise on our early mover advantage in the emerging wealth management market through our ipac advice businesses and through our multi manager products

Our priorities in China and South East Asia are to grow bancassurance and agency channels, to increase scale, eliminate our expense overruns in the next 3 to 4 years, and starting delivering statutory profits and to successfully enter the attractive markets of Malaysia and India.

Summary

- An excellent set of results
- Momentum continuing to build in Australia / New Zealand
- Accelerating growth in Asia
- Good progress against AXA 6 and Asia 6 aspirational goals
- Strong capital and financial position
- Well positioned for further growth in value and earnings

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In summary, I believe this is another excellent set of results. Our momentum continues to build in Australia and New Zealand and we are seeing accelerating growth in Asia.

Although it is early days I believe we have made good progress against both the AXA 6 and the Asia 6 aspirational goals.

Our capital and financial position remains very strong and we are well positioned for further growth in value and in earnings.

I am happy to take questions

Disclaimer

The material in this presentation is a summary of the results of the AXA APH Group for the six months ended 30 June 2005 and an update on Group activities and is current at the date of preparation, 22 August 2005. Further details are provided in the Company's half year accounts, Investor Compendium and results announcement released on 22 August 2005. This presentation provides information in summary form and is not intended to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. Further information including historical results and a description of the activities of the Group is available on our website, www.axaasiapacific.com.au.

THE AXA "We've just come into a lot of money" PLAN.

AXA Asia Pacific Holdings Limited
Results for the six months ended 30 June 2005

Les Owen, Group Chief Executive
Geoff Roberts, Group Chief Financial Officer

ASIA PACIFIC

22 August 2005

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