



# news release

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## **AXA ASIA PACIFIC HOLDINGS LIMITED NEW BUSINESS AND FUNDS FLOW**

AXA Asia Pacific Holdings today announced its new business and fund flows for the 6 months ended 30 June 2008.

Chief Executive Officer, Andrew Penn, said:

"The market in the first half of 2008 could not have been more different than the first half of 2007, when we saw continued strong growth in international and domestic equity markets and record flows from the transitional super arrangements in Australia. I am pleased with the performance of our business in the challenging conditions we have seen in the first half of 2008.

"In Australia, total AXA wealth management net flows remained positive at \$1.6 billion. Not surprisingly gross inflows were lower than last year's record flows.

"Australian individual life new business growth continued its recent positive momentum, up 25 percent to \$27 million. Total financial protection new business was up 18 percent to \$48 million.

"In New Zealand retail wealth management gross inflows were down 9 percent to NZ\$410 million reflecting the difficult market conditions. Financial protection grew, up 15 percent to NZ\$13 million.

"New business index for Hong Kong was up 7 percent to HK\$1.2 billion supported by the acquisition of Winterthur. Within financial protection we saw a bias back towards traditional life insurance business.

"In South East Asia we saw strong growth in Indonesia, Thailand and Malaysia. Sales in the Philippines and Singapore were lower reflecting the higher proportion of unit linked business in these markets. Total new business index for was up 12 percent to A\$154 million and up 250 percent to A\$49 million for India and China.

"Total group funds under management, administration and advice were down 13 percent to \$95.3 billion reflecting the first half reductions in the Australian S&P/ASX 300 and the MSCI world (excluding Australia) accumulation indices of 16 percent and 18 percent respectively.

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## Australia

- **Total Australia wealth management gross inflows** were down 18% to \$6.60bn (2007 - \$8.05bn). While net flows were down 63% to \$1.43bn (2007 - \$3.82bn), our net inflow position was maintained. The second quarter of 2008 saw a continuation of the challenging market conditions experienced in the first quarter, especially for the wealth management sector, with the S&P/ASX 300 and MSCI world excluding Australia (A\$) accumulation indices falling by 16% and 18% respectively. In addition, 2007 included one-off inflows resulting from the change in superannuation legislation.
- **Platform** gross inflows were down 29% to \$1.23bn (2007 - \$1.73bn) and net inflows were down 58% to \$494m (2007 - \$1.18bn).
- **Advice** gross inflows were down 31% to \$609m (2007 - \$886m) and net inflows were down 87% to \$62m (2007 - \$462m). The market downturn and volatility during the year has resulted in advisers focussing on existing clients. Besides market volatility, outflows have increased through growth in pension funds, which have grown 21% in the past 12 months.
- **Investment** gross inflows were down 13% to \$3.40bn (2007 - \$3.89bn). Net flows were down 51% to \$1.07bn (2007 - \$2.20bn). Net flows included an increase in outflows, notably in international equities and to a lesser extent property, as investor sentiment shifted toward more conservative asset classes.
- **AllianceBernstein** gross inflows were down 15% to \$3.70bn (2007 - \$4.34bn) and net flows were down 85% to \$266m (2007 - \$1.74bn). The increase in outflows reflects two institutional clients with large redemptions during the half year.
- **Total Australia financial protection new business** was up 18% to \$48.0m (2007 - \$40.7m) due to continuing strong sales in individual life.
- **Individual life** new business was up 25% to \$27.1m (2007 - \$21.6m) due to strong sales of new policies, which have been supported by increased sales and service support, product enhancements and targeted marketing campaigns.
- **Individual income protection** new business was up 8% to \$12.2m (2007 - \$11.3m).
- **Group risk** new business was up 12% to \$8.7m (2007 - \$7.8m).
- Net flows from our **mature business** showed a strong improvement on 2007 at \$(128.7)m (2007 - \$(421.7)m). This was largely the result of the attraction of one of our conservative saving account products with several large existing clients in the current market.
- Direct flows into AXA **superannuation and pension** products were down 28% to \$1.88bn (2007 - \$2.60bn) and net inflows were down 77% to \$260m (2007 - \$1.15bn).<sup>1</sup>
- **Total funds under management, administration and advice** in Australia were down 11% to \$75.45bn (31 December 2007 - \$85.21bn).

## New Zealand

- **New Zealand gross retail wealth management inflows** were down 9% to NZ\$410m (2007 - NZ\$453m). Solid inflows through the new KiwiSaver scheme were offset by lower mezzanine flows reflecting current market conditions. The combination of the 8.25% official cash rate in New Zealand and poor investor sentiment following recent finance company collapses has negatively impacted investor sentiment towards managed funds.
- **New Zealand gross wholesale wealth management inflows** were down 13% to \$519m (2007 - \$594m) reflecting the lower mezzanine flows that are managed by AllianceBernstein. Net outflows of NZ\$(598)m (2007 - NZ\$(288)m) were driven by a NZ\$(475)m outflow of AFM wholesale money, inherited through the acquisition of BNZ IM. This outflow was expected as the new tax regime made these passive indexed funds uncompetitive.
- **Total New Zealand financial protection new business** was up 15% to NZ\$12.9m (2007 - NZ\$11.2m) due to strong group life sales generated by the recent restructuring of the Group product offer. Individual life was up 5%.
- **Total funds under management, administration and advice** in New Zealand were down 18% to NZ\$8.06bn (31 December 2007 - NZ\$9.84bn) due to a combination of net outflows and equity market decreases.

<sup>1</sup> Indirectly sourced superannuation funds invested into AXA products are included within total inflows and are not separately identified.

## Hong Kong

- **Total new business index** was up 7% to HK\$1.17bn (2007 – HK\$1.09bn) due to the contribution from the acquisition of Winterthur.
- **Total premium income** was up 10% to HK\$6.86bn (2007 – HK\$6.21bn).
- **Total funds under management** were down 4% to HK\$72.79bn (31 December 2007 - HK\$75.69bn). Premium income and net inflows received were more than offset by the impact of the fall in local and international investment markets.
- New business index for **wealth management** was up 23% to HK\$603m (2007 – HK\$488m) mainly reflecting Winterthur sales offset by lower retirement sales through the broker channel. Contributions from our new Citibank bancassurance were less than anticipated reflecting market conditions.
- **Financial protection** new business index was down 6% to HK\$564m (2007 – HK\$602m). Growth in traditional life products was offset by reductions in both unit-linked, impacted by the current market environment, and group risk. Unit-linked sales were particularly impacted by the fall in salaried advisers following the restructure of this sales channel.
- **Mature** premium income was down 6% to HK\$1.29bn (2007 – HK\$1.38bn).

## South East Asia

- **Total new business index** was up 12% to A\$154m (2007 - A\$138m) driven primarily by growth in Indonesia and Thailand.
- **Total inforce premiums** were up 3% to A\$552m (31 December 2007 - A\$537m).
- **Philippines** new business index was down 53% mainly reflecting the impact of the downturn in investment markets on customer preference for single premium investment linked products. This was partially offset by an increase in regular premium new business.
- **Indonesia** new business index was up 56% due to an increase in the productivity of the bancassurance channel and a continued increase in agent numbers.
- **Thailand** new business index was up 51% due to strong sales growth from the bancassurance channel and an increase in agent numbers.
- **Singapore** new business index was down 11% driven by the impact of current market conditions on single premium unit linked sales.
- **Malaysia** new business index growth was driven by the launch of bancassurance products through direct marketing.

## India and China

- **India** new business index grew in line with the ongoing expansion of our operations across the country.
- **China** new business index was up 55% due to strong growth in our AXA Adviser, bancassurance and group channels. We are now operating in seven cities and hold five provincial licenses, including the recently awarded license for the Liaoning province.

## ipac Asia

- **Total gross inflows** were up 106% to A\$335m (2007 – A\$163m) due to the successful transition of an investment fund from AXA Life Singapore during January 2008 of A\$225m. Excluding this transaction, lower sales reflect the impact of a downturn in investment markets as well as one-off superannuation flows in 2007 from Australian expatriates.
- **Total funds under management and advice** were up 23% to A\$839m (31 December 2007 - A\$682m).

## Australia

### Australia Wealth Management

6 months to 30 June	Inflows			Netflows			Funds under management, administration and advice <sup>1</sup>		
	A\$m	2008	2007	Change	2008	2007	Change	30-Jun-08	31-Dec-07
Platforms	1,230.9	1,733.7	(29)%	493.5	1,184.1	(58)%	12,419.9	11,498.6	8%
Advice	609.1	885.6	(31)%	62.1	462.2	(87)%	7,862.5	8,812.1	(11)%
Investments <sup>2</sup>	3,400.0	3,891.5	(13)%	1,070.0	2,201.6	(51)%	23,930.2	25,473.6	(6)%
<b>Total AXA</b>	<b>5,240.0</b>	<b>6,510.8</b>	<b>(20)%</b>	<b>1,625.6</b>	<b>3,847.9</b>	<b>(58)%</b>	<b>44,212.6</b>	<b>45,784.3</b>	<b>(3)%</b>
AllianceBernstein	3,704.7	4,338.6	(15)%	266.4	1,744.3	(85)%	51,999.1	62,516.1	(17)%
Inter-segment <sup>3</sup>	(2,349.7)	(2,802.2)	16%	(460.9)	(1,773.2)	74%	(33,872.3)	(36,748.7)	8%
<b>Total Wealth Management</b>	<b>6,595.0</b>	<b>8,047.2</b>	<b>(18)%</b>	<b>1,431.1</b>	<b>3,819.0</b>	<b>(63)%</b>	<b>62,339.4</b>	<b>71,551.7</b>	<b>(13)%</b>

1. Synergy funds under administration acquired of \$1.9bn on 30 June 2008 are included in funds under management, administration and advice

2. Included in the flows disclosed above was A\$224.6m of funds originated from AXA Singapore but managed outside the group. These funds are now managed by ipac in Australia and an investment margin is earned

3. Inter-segment flows are single flows that reoccur across the value chain. Adjusting for these provides a single count view of Australia-wide funds under management, administration and advice and flows. 2007 inter-segment gross inflows have been restated to more accurately capture flows that occur more than once across the value chain. Quarterly comparatives are Q107 (\$1,215.5m), Q207 (\$1,586.7m), Q3 (\$2,292.6m), Q407 (\$1,283.8m), Q108 (\$1,075.7m) and Q208 (\$1,274.0m)

### Australia Financial Protection

6 months to 30 June	New business			Discontinuances			Inforce Premiums		
	A\$m	2008	2007	Change	2008	2007	Change	30-Jun-08	31-Dec-07
Individual Life	27.1	21.6	25%	(16.5)	(14.6)	(13)%	262.2	251.6	4%
Individual Income Protection	12.2	11.3	8%	(10.8)	(9.8)	(10)%	186.7	185.3	1%
<b>Total individual Financial Protection</b>	<b>39.3</b>	<b>32.9</b>	<b>19%</b>	<b>(27.3)</b>	<b>(24.4)</b>	<b>(12)%</b>	<b>448.9</b>	<b>436.9</b>	<b>3%</b>
Group	8.7	7.8	12%	(9.9)	(12.4)	20%	162.0	163.2	(1)%
<b>Total Financial Protection</b>	<b>48.0</b>	<b>40.7</b>	<b>18%</b>	<b>(37.2)</b>	<b>(36.8)</b>	<b>(1)%</b>	<b>610.9</b>	<b>600.1</b>	<b>2%</b>

### Australia Mature

6 months to 30 June	Inflows			Netflows			Funds under management		
	A\$m	2008	2007	Change	2008	2007	Change	30-Jun-08	31-Dec-07
Retirement Income	0.7	41.9	(98)%	(165.5)	(132.9)	(25)%	1,461.4	1,611.8	(9)%
Long Term Savings	756.8	489.7	55%	86.3	(230.2)	137%	9,774.2	9,955.8	(2)%
Long Term Risk	22.3	25.6	(13)%	(49.5)	(58.6)	16%	1,875.6	2,095.6	(10)%
<b>Total Mature</b>	<b>779.8</b>	<b>557.2</b>	<b>40%</b>	<b>(128.7)</b>	<b>(421.7)</b>	<b>69%</b>	<b>13,111.2</b>	<b>13,663.2</b>	<b>(4)%</b>

### Australia Superannuation and Pension (included in the tables above)

6 months to 30 June	Inflows			Netflows			
	A\$m	2008	2007	Change	2008	2007	Change
Wealth Management		1,481.9	2,074.1	(29)%	592.1	1,435.4	(59)%
Mature		399.8	521.7	(23)%	(332.6)	(283.6)	(17)%
<b>Total Superannuation and Pension <sup>1</sup></b>		<b>1,881.7</b>	<b>2,595.8</b>	<b>(28)%</b>	<b>259.5</b>	<b>1,151.8</b>	<b>(77)%</b>

## New Zealand

### New Zealand - Wealth Management

6 months to 30 June NZ\$m	Inflows			Netflows			Funds under management, administration and advice <sup>1</sup>		
	2008	2007	Change	2008	2007	Change	30-Jun-08	31-Dec-07	Change
Retail Wealth Management	410.3	452.7	(9)%	(154.2)	13.2	<<	4,229.7	4,638.3	(9)%
Wholesale Wealth Management	519.1	593.7	(13)%	(597.9)	(288.2)	(107)%	5,081.9	6,844.3	(26)%
Inter-segment	(24.6)	(110.5)	78%	82.7	(46.5)	(278)%	(1,247.9)	(1,641.6)	24%
<b>Total Wealth Management</b>	<b>904.8</b>	<b>935.9</b>	<b>(3)%</b>	<b>(669.4)</b>	<b>(321.5)</b>	<b>(108)%</b>	<b>8,063.7</b>	<b>9,841.0</b>	<b>(18)%</b>

1. Inter-segment flows are single flows that reoccur across retail and wholesale. Adjusting for these provides a single count view of New Zealand-wide funds under management, administration and advice and flows. 2007 inter-segment gross inflows have been restated to more accurately capture flows that occur more than once across the value chain. Quarterly comparatives are Q107 (\$96.7m), Q207 (\$13.8m), Q3 (\$9.3m), Q407 (\$58.3m), Q108 (\$11.0m) and Q208 (\$13.6m)

### New Zealand - Financial protection

6 months to 30 June NZ\$m	New business			Discontinuances			Inforce Premiums		
	2008	2007	Change	2008	2007	Change	30-Jun-08	31-Dec-07	Change
Individual	9.1	8.7	5%	(8.0)	(6.7)	(19)%	140.5	139.4	1%
Group	3.8	2.5	52%	(2.6)	(2.9)	10%	34.1	32.9	4%
<b>Financial protection</b>	<b>12.9</b>	<b>11.2</b>	<b>15%</b>	<b>(10.6)</b>	<b>(9.6)</b>	<b>(10)%</b>	<b>174.6</b>	<b>172.3</b>	<b>1%</b>

## Hong Kong

### Hong Kong - Total

6 months to 30 June HK\$m	New business index			Premium income			FUM <sup>1</sup>		
	2008	2007	Change	2008	2007	Change	30-Jun-08	31-Dec-07	Change
<b>Total Hong Kong</b>	<b>1,166.1</b>	<b>1,090.2</b>	<b>7%</b>	<b>6,858.1</b>	<b>6,213.4</b>	<b>10%</b>	<b>72,793.9</b>	<b>75,687.1</b>	<b>(4)%</b>

1. Included in the change in FUM from 31 December 2007 to 30 June 2008 were dividends paid of HK\$1.52bn

### Hong Kong - Wealth Management

6 months to 30 June HK\$m	New business index			Net flows			FUM <sup>1</sup>		
	2008	2007	Change	2008	2007	Change	30-Jun-08	31-Dec-07	Change
Investment	451.4	221.2	104%						
Group retirement and investment products	151.1	267.2	(43)%						
<b>Total wealth management</b>	<b>602.5</b>	<b>488.4</b>	<b>23%</b>	<b>773.5</b>	<b>612.2</b>	<b>26%</b>	<b>18,586.5</b>	<b>19,654.9</b>	<b>(5)%</b>

1. HK\$1.36bn of FUM as at 31 December 2007 has been restated from wealth management to mature, representing shareholder FUM of Winterthur

### Hong Kong - Financial Protection <sup>1</sup>

6 months to 30 June HK\$m	New business index			Premium income			Regular Inforce Premiums		
	2008	2007	Change	2008	2007	Change	30-Jun-08	31-Dec-07	Change
Traditional life	342.5	314.1	9%						
Unit linked	66.9	128.7	(48)%						
Group risk	85.2	91.7	(7)%						
General insurance	69.0	67.3	3%						
<b>Total financial protection</b>	<b>563.6</b>	<b>601.8</b>	<b>(6)%</b>	<b>3,271.8</b>	<b>3,494.1</b>	<b>(6)%</b>	<b>5,949.6</b>	<b>5,749.9</b>	<b>3%</b>

1. Financial protection FUM as at 30 June 2008 was HK\$11.78bn (31 December 2007 - HK\$11.09bn)

### Hong Kong - Mature

6 months to 30 June HK\$m	Premium income			Inforce premiums			FUM <sup>1,2</sup>		
	2008	2007	Change	2008	2007	Change	30-Jun-08	31-Dec-07	Change
<b>Mature</b>	<b>1,291.9</b>	<b>1,376.8</b>	<b>(6)%</b>	<b>3,098.9</b>	<b>3,151.6</b>	<b>(2)%</b>	<b>42,428.0</b>	<b>44,941.3</b>	<b>(6)%</b>

1. HK\$1.36bn of FUM as at 31 December 2007 has been restated from wealth management to mature, representing shareholder FUM of Winterthur

2. Included in the change in FUM from 31 December 2007 to 30 June 2008 were dividends paid of HK\$1.52bn

## South East Asia

### South East Asia

6 months to 30 June local currency	New business index			Premium income			Inforce premiums <sup>1</sup>		
	2008	2007	Change	2008	2007	Change	30-Jun-08	31-Dec-07	Change
Philippines (peso m)	568.4	1,211.3	(53)%	3,053.0	10,113.3	(70)%	1,773.7	1,676.6	6%
Indonesia (Rupiah bn) <sup>1</sup>	534.9	341.8	56%	1,836.1	1,061.2	73%	1,926.2	1,604.0	20%
Thailand (Baht m)	1,662.4	1,104.0	51%	4,203.5	2,435.5	73%	6,831.0	5,651.9	21%
Singapore (Sing\$ m) <sup>1</sup>	22.1	24.7	(11)%	174.4	209.9	(17)%	96.6	92.9	4%
Malaysia (Ringgit m)	7.9	1.3	508%	18.6	13.2	41%	26.0	22.0	18%

1. Inforce premiums for Indonesia and Singapore as at 31 December 2007 have been restated to exclude single premium business to ensure consistent disclosure across the region

6 months to 30 June A\$m	New business index			Premium income			Inforce premiums		
	2008	2007	Change	2008	2007	Change	30-Jun-08	31-Dec-07	Change
Philippines	14.6	31.3	(53)%	78.6	261.3	(70)%	41.0	46.3	(11)%
Indonesia	62.5	46.5	34%	214.5	144.3	49%	216.6	193.4	12%
Thailand	56.7	39.3	44%	143.4	86.6	66%	212.0	215.9	(2)%
Singapore	17.2	20.0	(14)%	135.9	169.9	(20)%	73.7	73.6	0%
Malaysia	2.7	0.5	440%	6.2	4.7	32%	8.3	7.6	9%
<b>Total South East Asia</b>	<b>153.7</b>	<b>137.6</b>	<b>12%</b>	<b>578.6</b>	<b>666.8</b>	<b>(13)%</b>	<b>551.6</b>	<b>536.8</b>	<b>3%</b>

## India and China

6 months to 30 June local currency	New business index			Premium income			Inforce premiums		
	2008	2007	Change	2008	2007	Change	30-Jun-08	31-Dec-07	Change
India (Rupee m)	1,353.1	179.6	>>	1,147.4	110.3	>>	1,973.8	844.6	134%
China (Rmb m)	85.4	55.2	55%	341.5	347.2	(2)%	266.0	213.5	25%

6 months to 30 June A\$m	New business index			Premium income			Inforce premiums		
	2008	2007	Change	2008	2007	Change	30-Jun-08	31-Dec-07	Change
India	35.9	5.2	>>	30.4	3.2	>>	47.6	24.4	95%
China	13.1	8.8	49%	52.3	55.5	(6)%	40.3	33.3	21%
<b>Total</b>	<b>49.0</b>	<b>14.0</b>	<b>250%</b>	<b>82.7</b>	<b>58.7</b>	<b>41%</b>	<b>87.9</b>	<b>57.7</b>	<b>52%</b>

## ipac Asia

6 months to 30 June A\$m	Inflows			Netflows			Funds under advice/ management		
	2008	2007	Change	2008	2007	Change	30-Jun-08	31-Dec-07	Change
<b>Total ipac</b>	<b>335.4</b>	<b>162.5</b>	<b>106%</b>	<b>297.0</b>	<b>142.8</b>	<b>108%</b>	<b>838.9</b>	<b>682.4</b>	<b>23%</b>

1. Included in the flows disclosed above was \$224.6m of funds originated from AXA Singapore. These funds are now administered on the ipac platform and an administration margin is earned

**Group funds under management, administration and advice**

	Local (m)			A\$ (bn)		
	30-Jun-08	31-Dec-07	Change	30-Jun-08	31-Dec-07	Change
Australia	75,450.6	85,214.9	(11)%	75.5	85.2	(11)%
New Zealand	8,063.7	9,841.0	(18)%	6.4	8.7	(26)%
Hong Kong	72,793.9	75,687.1	(4)%	9.7	11.0	(12)%
Asia ex Hong Kong	n/a	n/a	n/a	3.5	3.9	(11)%
ipac Asia	n/a	n/a	n/a	0.8	0.7	23%
Inter-segment <sup>1</sup>				(0.6)	(0.5)	(20)%
<b>Total</b>				<b>95.3</b>	<b>109.0</b>	<b>(13)%</b>

1. Inter-segment represents AXA Life Singapore funds administered on the ipac Dublin platform and investment managed by ipac Australia. The balance of funds administered on the ipac Dublin platform and investment managed by ipac Australia are also included. In total group FUM these funds are included once

**Exchange rates <sup>1</sup>**

		Average rate		Spot rate	
		30-Jun-08	30-Jun-07	30-Jun-08	31-Dec-07
New Zealand	NZ\$	1.18	1.13	1.26	1.13
Hong Kong	HK\$	7.21	6.33	7.51	6.86
Philippines	peso	38.84	38.70	43.29	36.18
Indonesia	rupiah	8,561.01	7,352.94	8,891.36	8,291.67
Thailand	baht	29.32	28.11	32.21	26.18
Singapore	sing\$	1.28	1.24	1.31	1.26
Malaysia	ringgit	2.98	2.81	3.15	2.91
India	rupee	37.71	34.44	41.43	34.61
China	rmb	6.53	6.26	6.60	6.42

1. Inflows, netflows, new business, discontinuances, new business index and premium income are translated using the respective average rate. Funds under management, administration and advice and inforce premiums are translated using the respective spot rate.