ASIA PACIFIC

news release

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24 February 2004

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

AXA ASIA PACIFIC HOLDINGS LIMITED
Results for the 12 months ended 31 December 2003

AXA Asia Pacific Holdings (AXA APH) today announced profit after tax (excluding Health) and before non-recurring items of $537 million for the 12 months to 31 December 2003, up 97 per cent on the result for the corresponding period last year (12 months to 31 December 2002 - $273 million).

Profit after tax and non-recurring items was $926 million, up 181 per cent (2002 - $330 million). Non-recurring items include significant one-off profits from the sale of AXA Health, the 50 per cent interest in Members Equity and our 3.7 per cent stake in AXA Investment Managers.

Commenting on the results, Group Chief Executive Les Owen said, "I am delighted to be able to report such strong financial performance."

“We have made major changes over the last 3½ years to reposition our businesses and it is gratifying to see this paying off.

“Our K5 programme in Australia and New Zealand ended in December and I am delighted to say that we achieved 4 out of the 5 tough, aspirational targets we set ourselves in April 2000. Net retail flows increased 123 per cent to $3.7 billion (2002 - $1.7b). AXA achieved a top 3 ranking for net retail funds flows (ASSIRT Market Share Report for 12 months ended 31 December 2003).

“Operating earnings in Australia and New Zealand (ex Health) were up 17% to $147 million (2002 - $126 million).

“We also saw strong performance in Hong Kong. Despite weak equity markets in the first half, and the impact of SARS, new business and, more importantly, the value of new business grew strongly and investment returns were favourable.

“Operating earnings in local currency were up 21% to HK$800 million (2002 - $662 million).

“Investment earnings for the Group for the 12 months were up 189 per cent to $322 million (2002 - $111 million) due to mainly improved equity markets, partially offset by the appreciation of the Australian dollar against the US dollar.

“We have a very strong capital position having halved our gearing ratio and with significant capital reserves above the regulatory requirements.”

The Directors have declared a final dividend of 5.50 cents per share (20% franked). An interim dividend of 4.75 cents per share (60 per cent franked) was declared on 26 August 2003.

We will continue to investigate capital management strategies to maximise returns for our shareholders, and expect that decisions on any change will be made prior to announcing our interim results.

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Australia and New Zealand - key points

- Operating Earnings (excluding Health) up 17 per cent to $147 million (2002 - $126 million)
- Achieved 4 out of 5 of our K5 aspirational goals
- Achieved top 3 ranking for net retail fund flows
- Net retail funds flow up 123 per cent to $3.7 billion (2002 - $1.7 billion)
- Funds under management and administration up 8 per cent to $44.2 billion (2002 - $41.0 billion)
- Funds under advice and administration up 28 per cent to $4.2 billion (2002 - $3.3 billion)
- Successful integration of ipac
- Business successfully repositioned for further growth

Hong Kong – key points

- New business up 14 per cent to HK$1,032 million (2002 - HK$909 million)
- Value of new business up 33 per cent to HK$519 million (2002 - HK$389 million)
- Over 9 per cent investment margin on participating business, well in excess of target 1 per cent per annum
- Aggregate discontinuance rate improved to 8.8 per cent, better than target of 9 per cent
- Funds under management up 23 per cent to HK$40.1 billion (2002 - HK$32.6 billion)
- Further repositioning of distribution channels

Group financials – key points

- Earnings per share (before non-recurring items) up 74 per cent to 31.4 cents (2002 – 18 cents)
- Return on average shareholders equity 16.2 per cent (2002 – 10.4 per cent)
- Strong balance sheet - ratio of senior debt to total capital resources of 13 per cent (2002 – 26 per cent); ratio of senior and hybrid debt to total capital resources of 30 per cent (2002 – 45 per cent)
- $883 million capital above regulatory requirements
- $268 million capital above internal target surplus

Future outlook

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

“The second half of 2003 saw more positive equity markets, signs of strong economic performance in the US and in our key markets of Australasia, Hong Kong and China, and some return of consumer confidence.“

“The strengthening and repositioning of the company means we are well placed to benefit from this and to grow market share in all areas of our operations.

“The focus and discipline brought to our Australia/New Zealand operations through the K5 programme has clearly paid off. We are now able to compete with the best. However we have more to do, we have no intention of standing still and will be setting new targets for the next 3-4 years which will be announced in early April.

“The last 12 months have seen a return to growth for AXA in Hong Kong and strong growth in China and I expect this to continue.

“Life insurance penetration in Hong Kong is still relatively low compared to other developed countries and there is significant growth potential through our agency distribution. The Closer Economic Partnership Agreement (CEPA) with China presents a major opportunity, and we are well placed in the growing retirement and long term savings markets through our broadened product range and distribution channels.

“Our priorities in China, with our joint venture AXA Minmetals, are to accelerate the growth in Shanghai and Guangzhou and to prepare for the opening up of new cities and new markets at the end of this year under the terms of China’s accession to the WTO.”

“We see no reason to change the clear, focused strategy that is delivering strong results.

“We would not have achieved the repositioning of the business and such strong financial results without the commitment of all of our people and I know that they are all proud of what we have achieved.”

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ATTACHMENT

AXA APH Group result for 12 months ended 31 December 2003

(A$ million)	12 months to 31 Dec 03	12 months to 31 Dec 02	% increase
Operating Earnings			
Australia & New Zealand (excluding Health)	147	126	17%
Hong Kong and Singapore	154	153	0%
Operating Earnings (excluding Health)	**301**	**279**	**8%**
Investment Earnings	322	111	189%
Corporate expenses	(42)	(39)	(7)%
Interest expense	(44)	(78)	44%
Profit after tax excluding Health and before non-recurring items	**537**	**273**	**97%**
AXA Australia Health[1]	10	43	
Non-recurring items	379	14	
Profit after tax and non-recurring Items	**926**	**330**	**181%**

[1]The sale of Health was completed on 28 February 2003. Earnings in 2003 are only in respect of the period 1 January 2003 – 28 February 2003.

AXA Australia and New Zealand

(A$ million)	12 months to 31 Dec 03	12 months to 31 Dec 02	Increase
Wealth Management	91	77	19%
Financial Protection	56	49	14%
Operating Earnings (excluding Health)	**147**	**126**	**17%**
Investment Earnings	45	44	2%
Profit after tax excluding Health and before non-recurring items	**192**	**170**	**13%**
AXA Australia Health	10	43	

AXA Hong Kong

(A$ million)	12 months to 31 Dec 03	12 months to 31 Dec 02	Increase
Operating Earnings	157	156	1%
Investment Earnings	275	67	311%
Profit after tax and before non-recurring items	**432**	**223**	**94%**

(HK$ million)	12 months to 31 Dec 03	12 months to 31 Dec 02	Increase
Operating Earnings	800	662	21%
Investment Earnings	1,403	297	373%
Profit after tax and before non-recurring items	**2,203**	**959**	**130%**