AXA ASIA PACIFIC HOLDINGS LIMITED

2010 HALF YEAR RESULTS SPEECH

4 AUGUST 2010

Good morning and thank you for joining us here today.

My name is Andrew Penn and this is the results presentation for AXA Asia Pacific Holdings for the six months ended 30th June 2010.

In addition to those present here today in Sydney we have a number of people hooked in by telephone. Welcome also to those listening via our webcast.

Joining me here in person is Geoff Roberts our Group Chief Financial Officer, Mike Thornton our Group Chief Actuary and other members of the senior management team.

Joining us by telephone from Melbourne is Warren Lee the Chief Executive of our Australian and New Zealand businesses and his team.

In Hong Kong we have Mike Bishop the Regional Chief Executive of our Asian businesses and Alistair Brown the Regional Chief Financial Officer.

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On 21st of July the Directors advised that it was their intention to declare an interim dividend of 9.25 cents per share in conjunction with these results. As background to this the Directors also provided the market with a summary of our expected results for the six months.

In this morning's presentation Geoff and I will be taking you through the results from which you will see there are no surprises from those which were released on 21 July.

I will provide you with a brief overview and Geoff will take you through the numbers in more detail and I will finish with a review of our activities and some comments on the future.

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Group Operating Earnings for the six months were up 6 percent to A$270.3 million.

Profit after tax before investment experience and non recurring items was up 7 percent to A$286.7 million.

Investment earnings of A$16.5 million were A$63.5 million lower than our expected normalised investment earnings of A$80 million due to the reduction in equity markets in the first six months of 2010.

Non recurring items were A$(4) million.

Profit after tax and non-recurring items was down 19 percent to A$219.2 million as a consequence of the lower than normalised investment earnings.

Funds under management, administration and advice were down 3 percent to A$78.44 billion also impacted by the reduction in equity markets.

As I have already mentioned, the Directors have declared an interim dividend of 9.25 cents per share which will be franked at 10 percent.

Finally at a group level we ended the period with total Assets above Regulatory Capital of A$1.71 billion and a gearing ratio of 28 percent.

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In Hong Kong Operating Earnings were up 1 percent to HK$977.7 million Hong Kong dollars. This reflected underlying growth in the business offset by investments to support future growth.

New business index was up 20 percent to HK$1.30billion continuing the strong trend in the second half of 2009.

The value of new business margin for the period was 48 percent down from 51 percent in the first half of 2009 also reflecting the business investments and some changes to strategic asset allocations last year.

As a result value of new business was up 13 percent to HK$629.5 million while funds under management and administration were up 4 percent to HK$84.06 billion.

Turning to the rest of Asia

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In South East Asia our share of Operating Earnings was up 90 percent to A$32.6 million Australian dollars reflecting the growth in the profitability of these businesses as we increasingly benefit from our growing scale.

In India and China the impact of our investment in these markets was A$(9.4) million, a A$10 million improvement on 2009 reflecting mainly our lower economic interest in India.

In ipac Asia Operating Earnings were A$(3.3) million.

New business index and the value of new business across Asia excluding Hong Kong continued to grow strongly with NBI up 52 percent to A$408 million, up 74 percent on a constant currency basis.

The value of new business was up 37 percent to A$121.4 million, up 56 percent on a constant currency basis.

Funds under management, administration and advice were up 16 percent to A$6.01 billion.

Turning to Australia.

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Operating Earnings in Australia for the six months were up 25 percent to A$93.6 million. Whilst equity markets fell over the first six months of 2010 average funds under management during the period were higher than the same period last year.

AXA retail inflows were down 9 percent to A$3.37 billion reflecting cautious investor sentiment.

Total financial protection new business was up 9 percent to A$59.7 million.

Value of new business was down 8 percent to A$58.3 million as a result of the lower wealth management sales.

Funds under management, administration and advice were down 7 percent to A$54.96 billion.

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In New Zealand Operating Earnings were up 24 percent to NZ$20.3 million New Zealand dollars.

Total wealth management retail inflows were down 8 percent to NZ$280.9 million whilst net retail flows were positive at NZ$11.6 million.

Total financial protection new business was up 9 percent to NZ$13.9 million and the value of new business was up 112 percent to NZ$10.8 million.

Funds under management, administration and advice were down 10 percent to NZ$5.77 billion.

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In summary our results show a strong performance against a background of what has continued to be a difficult and uncertain environment.

The Australian share market was down 12 percent over the six months, similar to falls in global markets, while the Australian dollar appreciated significantly, impacting our Asian earnings.

Against this background Operating Earnings were up 6 percent to A$270.3 million with Operating Earnings on a constant currency basis up 19 percent in Asia, 25 percent in Australia and 24 percent in New Zealand.

Whilst the volatile investment markets have been challenging for our industry they nonetheless highlight the importance of our sector for consumers and will continue to underpin strong growth into the future. This is particularly the case in our part of the world where in Asia we are experiencing very strong growth and where our franchise positions us well for the future.

In Australia regardless of the outcome of the election campaign there will inevitably be a number of changes affecting our industry. In this regard we are extremely well positioned with our quality advice businesses and innovative wealth.net platform.

Finally while there has been considerable focus externally on the potential acquisition of our businesses by the National Australia Bank and AXA SA, management has remained firmly focused on business as usual. Our results today demonstrate this and it is where we will continue to focus our efforts in the future.

Let me now hand over to Geoff who will take you through the numbers in more detail.

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Thanks Andy and good morning.

Our combined Operating Earnings across the ten countries in our Group were up 6 percent to $270.3 million. On a constant currency basis Operating Earnings were up 21 percent represented by a 24 percent increase in Australia and New Zealand and a 19 percent increase in Asia.

The largest items affecting operating earnings include:

- for Hong Kong, whilst earnings were flat in Hong Kong dollar terms, as we invest for future growth, earnings in Australian dollar terms were negatively impacted by $37 million due to the depreciation in the Hong Kong dollar relative to last year
- for South East Asia, earnings increased particularly in Indonesia and Thailand where significant growth is now generating scale benefits
- for India and China; losses have reduced due to our lower economic ownership in India
- for Australia, wealth management earnings increased due to fees from higher average funds under management.

Normalised investment earnings increased 7 percent to $80 million due to a higher asset base.

Corporate costs and interest have remained stable at $63.6 million as increased costs from our upgrade of the Regional Asian IT and operational infrastructure were offset by lower interest due to a lower level of debt.

Our investment experience was $63.5 million lower than normalised investment earnings due to lower equity returns.

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Investment earnings were $17 million, represented by normalised investment earnings of $80 million and negative investment experience of $63 million primarily due to lower equity returns of $70 million.

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Earnings per share before non-recurring items were 10.8 cents and return on equity before non-recurring items was 13.6 percent.

Using normalised investment earnings and excluding non-recurring items, earnings per share were 13.9 cents and return on equity was 13.9 percent.

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The Board has declared an interim dividend of 9.25 cents per share; the same level as the interim and final dividends for 2009. This interim dividend will be franked to a level of 10 percent.

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Total capital resources increased by 3 percent to $5.85 billion over the six months primarily as a result of profit and foreign exchange movements, partially offset by the 2009 final dividend paid of $191 million.

Total debt increased by $96 million due to $47 million of new debt and $49 million of foreign exchange movements.

Our debt to equity ratio increased marginally to 28 percent.

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A breakdown of our capital resources of $5.85 billion is shown in the pie chart.

Our total regulatory capital requirements at 30 June 2010 remained unchanged from December 2009 at $1.8 billion, with benefits from capital initiatives being offset by exchange rate and market movements.

Total assets above regulatory capital at 30 June 2010, after the provision for the interim dividend, were $1.71 billion representing:

- $660 million of target surplus and
- $1.05 billion of excess assets above target surplus.

The balance of our capital resources represents $2.15 billion of purchased goodwill and value of business inforce and a provision for an interim dividend of $191 million.

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This chart shows the movement in assets above regulatory capital for the six months to 30 June 2010.

The movements relate to:

- profit for the six months of $219 million
- a decrease in regulatory capital of $45 million resulting from capital initiatives mainly in Hong Kong
- a strengthening of the Hong Kong dollar of $30 million
- an increase in corporate debt of $47 million, partially offset by
- negative investment experience in our defined benefit superannuation plan of $48 million, and
- the provision of a 2010 interim dividend of $191 million.

As a result, we enter a period of regulatory change with a strong capital position.

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In Australia, one proposed regulatory change relates to the supervision of financial conglomerates.

This change formalises:

- the establishment of a Group Capital management plan
- the determination of capital for non-regulated entities, and
- the definition of what constitutes eligible capital.

With respect to the first two items, AXA already has a Group Capital Management plan in place and has already established additional capital for non-regulated entities.

With respect to eligible capital, a change over time will be required. Under the proposed change any debt used to support capital will be limited to debt that ranks behind payments to policyholders. As you can see from the waterfall chart, had these proposals been in place at 30 June 2010, our regulatory capital of $1.8 billion would be more than covered by eligible equity of $2.41 billion. We do however estimate that $50 million of debt (the difference between $2.41 billion and $2.46 billion which includes target surplus of $660 million) would be needed to support capital requirements.

Accordingly, over a transitionary period which is expected to extend to around 2014, we will refinance some debt to ensure capital eligibility.

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This slide provides an update on our excess assets and investment earnings sensitivities.

As a reminder, the derivative protection we still have in place is in our long term risk book in Australia and New Zealand. This protection includes deep equity puts on 75 percent of our equity portfolio and interest rate swaps on our fixed interest portfolio.

The sensitivity of excess assets and investment earnings to a 50 basis point increase in bond yields is $128 million and $36 million respectively.

The sensitivity of excess assets and investment earnings to a 10 percent decrease in equities is $224 million and $53 million respectively.

And finally, the sensitivity of a 50 basis point increase in corporate spreads is $124 million and $50 million respectively.

These sensitivities are not linear and therefore as markets move, many of the sensitivities will vary, particularly with respect to large reductions in US bond yields.

For the purpose of these sensitivities, we have used indices at 30 June 2010 as a starting point.

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Turning now to our illustrative value metrics and their movements over the first 6 months of the year.

Before transfers to group net worth, our value of inforce increased by 16 percent on an actual currency basis to $7.08 billion, and increased 12 percent on a constant currency basis.

The actual illustrative inforce value increased due to:

- profitable new business written over the 6 month period, and
- a 5 percent appreciation of the Hong Kong dollar against the Australian dollar.

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Our Group value of new business decreased by 4 percent over the 6 month period to $458 million on an actual currency basis but increased by 2 percent on a constant currency basis. While the Hong Kong dollar spot exchange rate has appreciated since 31 December 2009, the average Hong Kong dollar exchange rate used to determine value of new business has depreciated since last year.

Our Hong Kong value of new business was up 7 percent to $179 million reflecting an increase in new business volumes, offset partially by investment into our distribution network to support future growth.

For Asia ex Hong Kong, growth in Indonesia and Thailand was offset by decreases in Singapore due to higher lapses of broker business, leading to our Group share of value of new business remaining flat at $116 million.

The Australian value of new business decreased by 5 percent to $144 million. Whilst financial protection sales were at a similar level, lower volumes of wealth management sales reflected investor caution and uncertainty over superannuation changes.

The New Zealand value of new business increased by 46 percent to $19 million due to improved individual life sales and lower unit costs in wealth management.

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In summary;

- Operating Earnings were up 6 percent to $270.3 million on an actual currency basis and were up 21 percent on a constant currency basis
- illustrative value of inforce and illustrative value of new business, often used as a proxy for company valuation, were up 12 percent and 2 percent respectively on a constant currency basis while
- our interim dividend was maintained at the same level as our final 2009 dividend of 9.25 cents per share.

At the same time, our capital position representing assets above regulatory capital of $1.71 billion at 30 June 2010 remains strong.

We believe these results reflect the benefits of our geographic and product diverse business model.

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I will now hand back to Andy to take you through a more detailed review of key activities for the 6 month period.

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Thanks Geoff.

With Asian economies generally growing faster than the average for the rest of the world our exposure to the region is driving an increased contribution to value and earnings.

At the 30th June 2010 Asia represented 57 percent of the value of inforce. For the rolling 12 months to 30th June 2010 Asia represented 64 percent of the value of new business and for the half year Asia represented 59 percent of Operating Earnings.

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NBI has grown 27 percent per annum compound in the region over the last five years.

Whilst we have seen strong growth in all of the markets in Asia in which we operate, in the first half of 2010 the exceptional growth in South East Asia led to this region contributing more than 50 percent of NBI compared to 32 percent from Hong Kong and 16 percent from China, India and ipac Asia.

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There is no doubt that our focus on developing a strong multi distribution footprint has been a very significant contributing factor to this success. We have experienced growth in most distribution channels.

In the last period growth has been particularly strong in bancassurance where we have maximised the benefit of our joint venture partnerships. In new distribution channels such as Telemarketing we have also seen strong growth.

Turning then to Hong Kong

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In Hong Kong Operating Earnings reflected our continued investment in new business with growth up 1 percent to HK977.7 million Hong Kong dollars.

Wealth management Operating Earnings were down 7 percent to HK$156.3 million. Excluding the reversal of a tax expense provision of HK$37 million in 2009 Operating Earnings were up 19 percent. This was mainly due to higher fees from increases in funds under management.

In financial protection Operating Earnings were up 4 percent to HK$538.7 million. This was due to growth in our portfolio along with improved claims experience.

Mature Operating Earnings were stable at HK$282.7 million.

Wealth management, financial protection and mature Operating Earnings were all negatively affected by approximately HK$100 million of other experience items predominantly relating to improved persistency and therefore lower surrender value profits. While this impacts earnings in the short term it is obviously good news for value and future profitability.

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One of our challenges over recent times has been to achieve new business growth in our Hong Kong business. To address this we have made a number of investments which are reflected in our expenses that were up 13 percent in the half year to HK$440 million. This slide also shows our expense evolution in Hong Kong over the last five years.

In 2006 and 2007 we acquired MLC and Winterthur respectively. As you can see from the slide we successfully delivered on the synergies from these businesses and held expenses flat through the period 2006 to 2008.

We have increased expenses since then to support future growth including investments into areas such as new product development, MPF customer service, the Experienced Hire programme and the new Integrity distribution channel.

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These investments are paying off and new business index was up 20 percent in the six months to 30th June 2010 to HK$1.3 billion.

We saw strong performance from agency up 30 percent to HK$609 million including stronger sales of traditional life business.

We also saw strong growth from brokers up 20 percent to HK$291 million and bancassurance up 19 percent to HK$226 million.

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Value of new business was up 13 percent to $629.5 million.

Value of new business for financial protection was up 16 percent to HK$458.8 million due to a 30 percent increase in NBI partially offset by the increase in investments and the reduction in the equity backing ratio for Smart Series.

VNB for wealth management was up 6 percent to HK$170.7 million consistent with a 7 percent increase in NBI.

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In agency the number of agents was up 4 percent to 3,187 reflecting active recruitment including our Experienced Hire Programme and the new Integrity distribution channel.

NBI was up 30 percent to HK$609 million reflecting high traditional life sales driven by the successful launch of a new critical illness product and improved productivity.

VNB was up 16 percent to HK$390 million.

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The restructuring of our Privilege channels has led to a decrease in the number of advisers as we have implemented higher validation standards leading to an increase in terminations.

Adviser numbers were down 24 percent to 462 over the half year although NBI was down by only 5 percent to HK$177 million and VNB was down 11 percent to HK$58 million reflecting an improvement in productivity.

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Bancassurance NBI was up 19 percent to HK$226 million with continued strong support from Citibank. We also saw some margin improvement in bancassurance due to a change in the product mix.

Broker NBI was up 20 percent to HK$291 million reflecting higher group medical and traditional life sales.

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Our value of new business margin was 48 percent compared to 51 percent for the same period last year and 50 percent for the full year of 2009.

The VNB margin has been impacted by the increase in investments to support future growth and the change in asset allocation for the Smart Series.

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Turning to South East Asia.

Operating Earnings were up 90 percent to A$32.6 million Australian dollars and the value of new business was up 43 percent to A$98.1 million.

Operating Earnings were up driven by continued strong growth in sales and an increase in fee revenue on higher funds under management, particularly in Indonesia and Thailand.

The value of new business reflected the strong increase in NBI partially offset by higher lapses in broker business in Singapore and a product mix change in Indonesia.

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Our presence in this high growth region remains very strong and is leading to material gains in market share which I will comment on again in a moment.

Our joint venture partners have continued to expand their distribution networks to over 2,800 bank branches. This includes the additional 200 Bank Syariah Mandiri branches which we reported last year and through which we are now distributing Takaful products.

The number of bancassurance advisers also increased 5 percent to 2,850 giving us deep penetration throughout these networks.

On the agency side recruitment activity in the Philippines has been very successful and our operations in Malaysia also continue to grow. In Indonesia and Thailand our focus in the first half of 2010 has been to consolidate agency networks after a period of significant growth.

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NBI was up 75 percent across the region to A$311.1 million. In local currency NBI grew in every market across South East Asia with strong contributions from both bancassurance and agency. We also saw growing success in telemarketing.

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Turning specifically to Thailand. We saw strong growth in NBI in Thailand notwithstanding the political uncertainty up 44 percent in the six months to more than 3 billion Baht.   This brings our aggregate growth in Thailand over the last five years to 47 percent per annum.

We have clearly gained market share with new business growth in the last 12 months of 72 percent compared to 20 percent across the industry. As a consequence we are now ranked number five in terms of new business market share.

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In Indonesia, NBI growth has been 64 percent per annum over the last five years with strong growth in all channels.

Growth in premium income in the first quarter of 2010 of 102 percent compares very favourably to 32 percent for the Indonesian market overall and we are now ranked number two in terms of new business market share.

Turning to India and China.

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In India and China the value of new business was up 19 percent to $22.1 million and Operating Earnings were A$(9.4) million reflecting our ongoing investment in these markets.

Losses were approximately A$10 million lower than 2009 mainly due to the reduction in the ownership of the Indian operations.

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In India NBI was up 21 percent to INR2,358 million Indian Rupees driven by growth in all channels particularly corporate brokers.

AXA weighted new business premium grew 65 percent for the five months to May compared to 31 percent for the other private sector players in the market.

In distribution we increased agent and adviser numbers to over 37,000 whilst branch numbers reduced slightly to 200. Our focus over the coming period is to continue to concentrate on distribution efficiency and we anticipate closing further branches in the second half of the year. This is against the background of recent regulatory changes on unit linked policies that will pose margin challenges for all players.

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In China NBI was up 73 percent to RMB212.9 million. This was mainly driven by strong growth in group and bancassurance channels.

Growth in premium income of 73 percent for the four months to April 2010 compares favourably to an increase of 49 percent for the joint venture players in China.

Agent and adviser numbers were down 15 percent to 2,297 due to slower recruitment.

Whilst we anticipate that branch expansion will continue to be constrained by the regulatory environment we were recently successful in achieving approval for a further branch licence in Zhejiang extending our presence to 13 major cities.

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Before commenting on our Ambition 2012 goals for Asia a few words about our RTOM project for the region.

Under this project we are planning to move all of our businesses onto a single operating and technology platform to achieve faster time to market, greater economies of scale, uniformity of administration activities and increased customer focus.

The programme has been underway now for more than 12 months and good progress is being made. We recently launched a product development tool which has made it far more efficient and quicker for us to share products across the region.

We have completed the enhancement of our core life administration system and are rolling this out to all countries. This marks a major milestone to standardise our administration procedures across all businesses.

We are also working on the strategy to converge our legacy systems to maximise the benefits of the overall transformation effort.

Whilst the RTOM project is leading to an increase in corporate and some country level expenses in the short term, the long term operational efficiencies will be material for our business.

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Finally in relation to Asia a few comments on our Ambition 2012 programme.

We continue to make solid progress in Asia against our Ambition 2012 aspirational goals.

In the six months to June 2010 our illustrative enterprise value on a 100 percent share basis increased 12 percent to A$12.4 billion Australian dollars.

The value of new business increased 16 percent to A$558 million whilst for Ambition 2 annualised premium income increased 10 percent to A$3.6 billion supported by 22 percent growth in the rolling twelve months NBI to A$1.2 billion.

Let me now turn to Australia and New Zealand.

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Firstly Australia.

Australia Operating Earnings were up 25 percent to $93.6 million. Wealth management Operating Earnings were up 73 percent to $30 million reflecting higher fee revenues driven by higher average funds under management and a positive contribution from North.

Financial protection Operating Earnings were up 12 percent to $41.3 million reflecting improved claims experience and growth in the portfolio partly offset by the reversal of the remaining capitalised losses in income protection in 2009.

Mature Operating Earnings were up 7 percent to $22.3 million due to higher average funds under management partially offset by the maturity of a corporate annuity.

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Value of new business in Australia was down 8 percent to $58.3 million reflecting the softer market for wealth management sales where value of new business was down 19 percent.

Financial protection value of new business was broadly the same as 2009 at $22.3 million on similar sales volumes.

Mature value of new business was up to $4.8 million due to an improvement in expenses.

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Adviser numbers across AXA in Australia have been relatively stable at 1,634. This is against a background of considerable uncertainty for financial planners in Australia given the extent of proposed regulatory change and we are seeing some slow down in recruitment particularly into our branded dealership.

A small number of practices left Genesys in 2010 however most of the turn over in Genesys was from advisers within practices not replaced.

We continued to expand our ipac equity partner programme with growth in other ipac advisers of 14 percent.

The strength of AXA's adviser networks was further reinforced last week when we took out five of the top six positions in the recent Money Management Dealer Group of the year awards. ipac was ranked number one for the third time.

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AXA wealth management inflows for the half year were down 9 percent to A$3.37 billion as investor confidence remained fragile with uncertainties created by the various different regulatory reviews and the superannuation tax environment in conjunction with equity market falls.

Against this background our gross inflows into platforms was down 6 percent to A$1.06 billion reflecting lower sales of North partially offset by growth in Summit and Generations.

Advice gross inflows were up 5 percent to A$1.07 billion while investment gross inflows were down 19 percent to A$1.24 billion due to lower mezzanine and wholesale flows.

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Against the background of this difficult wealth management environment we have continued our focus on product development.

Recent developments in our investment offering include the expansion of our North offer with the launch of a protected retirement guarantee in May. We also launched an emerging markets fund and have broadened our multi manager offering with three index funds and the Income Generator Fund targeted at the post retirement sector.

In our mortgage funds, which are currently not open to new clients and operating under a structured withdrawal regime, clients have been able to redeem up to 36 percent of their investment.

Whilst the property fund continues to be closed to redemptions we are reviewing our strategic options against a background of an improving property market and very good underlying performance from the assets in this fund.

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Turning specifically to North, sales in the first half of 2010 were A$283 million and FUM at 30th June was A$1.36 billion.

Whilst sales for protected growth and non guaranteed products have remained stable we saw a significant decline in the protected investment guarantee which is our shorter term proposition and which was very successful in the first half of 2009 when investor confidence was at its most fragile. We have recently upgraded this offer in conjunction with the launch of the North protected retirement guarantee and July North sales have shown an improvement on the run rate compared to the half year to 30th June.

The structured product rating by Standard & Poor's of "very strong" was extended to the new North product leading to the full range being at this highest industry rating.

Finally in relation to North, during the first half of 2010, as we had predicted, we reached scale to break even and North contributed positively to Operating Earnings.

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In financial protection individual life business continued to grow.

Individual life new business was up 6 percent to $34.2 million reflecting increases in our inforce book and similar sales to that of 2009.

Slower applications in the first quarter of 2010 recovered in the second quarter following the enhancement of our AXA elevate offering in May.

As anticipated we are starting to see some signs of the financial protection market slowing.

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Profitability continues to be our main focus for individual income protection and group insurance.

Price increases have led to an increase in profit margins in income protection. Experience losses were down slightly when compared to last year but still reflect some slower closure of open claims.

Excluding capitalised loss reversals of A$2.9 million in 2009, group insurance Operating Earnings were up 33 percent due to planned profit margins being maintained and positive claims experience.

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Turning to the regulatory environment I would like to make a few comments in relation to potential changes in financial advice and superannuation.

Notwithstanding the considerable external debate, intermediated financial advice through qualified and professional financial planners will continue to be crucially important for Australians.

Demographic changes will lead to more retirees with more funds to invest and an increased need for more sophisticated personal advice. We do not subscribe to the view that financial advice either should or will reduce in Australia.

Our financial advice networks and corporatised advice businesses are focussed on individual clients with a need to insure personal risk, with average annual premiums of approximately A$2,000, and with larger fund balances to invest, on average A$130,000.

AXA advisers operate to a very high professional standard. The quality of our advice networks is demonstrated by the Money Management rankings and awards that I mentioned earlier and in addition four of our licensees ranked within the top seven in a recent independent adviser satisfaction survey by Brand Management.

In anticipation of the introduction of a fiduciary responsibility we have recently introduced new procedures and from the 1st July our business shifted to a full fee for service model.

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The Australian superannuation sector is also subject to considerable attention.

Superannuation represents approximately 15 percent of our Group Operating Earnings. Therefore whilst important it is not the most material part of our business.

The Cooper report classified the market into four segments with 86 percent of AXA's FUM currently in what Cooper defined as the Choice segment, 9 percent in the Universal segment and 4 percent in SMSFs.

The Cooper report also included analysis from Treasury on the impact of its My Super recommendation on fees. If this model were applied to our business it would result in a reduction in annual after tax revenues of approximately $4 million in the short term and $15 million in the long term. However, this does not take into account any mitigating initiatives AXA is implementing such as our wealth.net platform that would more than offset this revenue reduction.

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wealth.net is central to improving the operational efficiency of our superannuation businesses and we are developing the full functionality of this platform for launch early next year and the migration of our existing offers to it over the next three years.

The operating costs of this platform are estimated to be 40 percent lower than on the current technology and operating platform due to considerable savings through on line and straight through processing.

Demographically the post retirement market will become critically important as demonstrated by the Cooper recommendation for My Super to be a whole of life proposition. Whilst this recommendation has not yet been adopted by Government in its initial response, as Jeremy Cooper pointed out yesterday we do need to shift the focus to income in retirement solutions. The recently launched North protected retirement guarantee and Income Generator Fund are both aimed squarely at this market which we believe will grow substantially in importance.

Finally in the SMSF sector we have recently acquired 100 percent of Multiport which provides a corporatised administration capability for self managed super operators which will be attractive given the recommended increase in governance requirements for this sector. Our proposition has been repackaged and we are targeting growth through both accountants and advisers.

Let me finally turn to New Zealand before wrapping up.

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Operating Earnings in New Zealand were up 24 percent to NZ$20.3 million New Zealand dollars due to higher average retail funds under management, up 2 percent and growth in individual life sales.

Value of new business was up 112 percent to NZ$10.8 million with wealth management value of new business up to NZ$3.8 million due to reduced expenses and a successful entry into the wholesale market by AXA Global Investors our investment management arm in New Zealand.

Financial protection value of new business was up 75 percent to NZ$7 million due to higher individual financial protection sales particularly in the second quarter as well as improved mortality experience.

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As with Australia, in the retail wealth management sector investors continue to be cautious and retail wealth management inflows were down 8 percent. Kiwi Saver sales were up 14 percent and advice flows were stable offset by reduced mezzanine inflows.

Net retail flows were NZ$11.6 million.

As with previous periods we maintained our number one ranking in retail funds management with a market share of 18.8 percent reflecting a 7.2 percent market share in Kiwi Saver and 22 percent across the rest of the wealth management sector.

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In financial protection new business was up 9 percent to NZ$13.9 million.

Individual new business was up 26 percent to NZ$12.1 million with improved penetration of the non aligned sector and support for product changes from the aligned channels.

Individual new business was also positively impacted by sales prior to local tax changes for life insurance that became effective from 1st July 2010.

Group new business was down 42 percent to NZ$1.8 million reflecting a difficult market that has seen strong price competition on new and existing business.

Inforce premiums have grown 1 percent to NZ184.5 million reflecting growth in the individual life insurance sales.

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Finally on Australia and New Zealand our Ambition 2012 programme.

Clearly the further downturns in the market in the first half of 2010 have negatively impacted our progress against these targets.

Nonetheless we will continue to focus on the initiatives in our Ambition 2012 programme as they are the right things to drive our business forward.

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Before closing I would like to make some comments about the future.

Firstly in relation to Asia.

In Asia the projected economic growth for the region remains well ahead of the rest of the world. According to the IMF, Asia is expected to grow by 7 percent in both 2010 and 2011 over twice as fast as the global average.

As GDP per capita increases in developing markets the marginal dollar that is allocated to life insurance, savings and investments – the products we sell – increases significantly. That is why in out sector these markets are expected to grow faster than GDP as they become wealthier.

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In responding to these favourable dynamics, in Hong Kong we will continue to invest in the second half of the year to support growth in agency numbers and productivity. We are also planning to launch an expanded range of investment products and to continue to strengthen our Citibank relationship.

In South East Asia we will continue to focus on penetrating our exclusive bank partnerships and increasing the productivity and quality of our agency distribution.

We will also further broaden our distribution footprint through group, brokers, telemarketing and other distribution options.

In India the focus will be on agent quality and productivity over pure scale and to reengineer our branch network to improve operational and expense efficiency.

In China the focus will also be on quality and productivity in agency distribution whilst exploring opportunities to further expand our bancassurance relationships.

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In Australia and New Zealand the market growth projections are also strong.

In Australia superannuation assets are expected to grow by around 12 percent per annum over the next five years and inforce life insurance premiums by about 13 percent.

In New Zealand wealth management FUM and financial protection inforce premiums are expected to grow at 15 percent and 10 percent per annum respectively between now and 2015.

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In Australia we will continue to develop our wealth.net platform which will offer full functionality by the end of 2010 for Choice members and a product solution for Universal members. We also plan to increase our involvement in the SMSF market through Multiport.

In post retirement our focus will be to extend the distribution of our new North protected retirement product and the Income Generator Fund.

Finally on Australia we will continue to support our highly qualified advisers in providing financial advice to their clients and transitioning through the changing regulatory environment with business support, training, mandatory minimum education standards and simplifying of advice documentation.

In New Zealand our key priorities are to leverage the new adviser regulations to grow our distribution footprint and increase penetration in the broker market whilst improving our financial protection product ratings though a range of changes to product features and benefits.

We will also expand our successful multi manager investment proposition into the wholesale market leveraging the recent success of AXA Global Investors.

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In summary our 2010 interim results represent a strong performance.

Group Operating Earnings were up 6%.

On a constant currency basis Operating Earnings were up 19% in Asia, 25% in Australia and 24% in New Zealand.

With our wealth.net platform and the quality of our advice networks we are well positioned for regulatory changes in Australia and with two thirds of our value in the fast growing Asian region we are positioned for further strong growth.

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That concludes my comments and Geoff and I would now be happy to take questions.