

# CONSOLIDATED BALANCE SHEET

As at June 30, 2008  
(in RMB million)

	June 30, 2008	December 31, 2007
<b>ASSETS</b>		
Cash on hand and at bank	69,127	72,740
Balances with clearing companies	3,648	2,027
Placements with banks and other financial institutions	532	1,192
Held-for-trading financial assets	76,070	84,938
Derivative financial assets	127	177
Financial assets purchased under agreements to resell	8,911	36,457
Interest receivables	6,011	4,187
Premium receivables	6,377	4,568
Due from reinsurers	1,967	2,452
Reinsurers' share of insurance liabilities	7,077	4,931
Policy loans	2,946	2,411
Loans and advances to customers	70,806	63,125
Refundable deposits	167	887
Term deposits	49,178	41,731
Available-for-sale financial assets	177,647	178,539
Held-to-maturity investments	126,397	127,736
Long-term equity investments	3,554	2,207
Goodwill	722	610
Statutory deposits	1,560	1,560
Investment properties	3,843	4,051
Fixed assets	8,223	7,894
Intangible assets	9,695	3,621
Deferred tax assets	4,022	87
Other assets	4,999	3,216
<b>Total assets</b>	<b>643,606</b>	<b>651,344</b>

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	June 30, 2008	December 31, 2007
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## LIABILITIES AND EQUITY

### LIABILITIES

Short-term borrowings	3,819	3,719
Due to banks and other financial institutions	5,883	7,532
Guarantee deposits	6,320	5,398
Placements from banks and other financial institutions	128	175
Derivative financial liabilities	120	189
Financial assets sold under agreements to repurchase	16,936	13,980
Customer deposits	72,949	72,133
Payables to brokerage customers	10,821	14,394
Premiums received in advance	996	2,981
Commission payable	1,387	1,104
Due to reinsurers	3,392	2,656
Salaries and welfare payable	3,486	4,732
Taxes payable	1,431	1,907
Interest payable	644	574
Claims payable	6,005	5,161
Policyholder dividends payable	10,635	7,006
Investment contract liabilities for policyholders	6,856	5,287
Insurance contract liabilities	396,274	380,947
Long-term borrowings	3,954	3,218
Deferred tax liabilities	641	4,822
Other liabilities	7,551	4,211

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<b>Total liabilities</b>	<b>560,228</b>	<b>542,126</b>
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	June 30, 2008	December 31, 2007
<b>LIABILITIES AND EQUITY</b> <i>(continued)</i>		
<b>EQUITY</b>		
Share capital	7,345	7,345
Capital reserve	42,431	72,111
Surplus reserve fund	8,339	7,629
General reserve	1,939	1,939
Retained profits	20,971	18,252
Foreign currency translation differences	(70)	(42)
<b>Equity attributable to equityholders of the parent</b>	<b>80,955</b>	107,234
<b>Minority interests</b>	<b>2,423</b>	1,984
<b>Total equity</b>	<b>83,378</b>	109,218
<b>Total liabilities and equity</b>	<b>643,606</b>	651,344

The financial statements on pages 180 to 324 have been signed by:

**MA Mingzhe**  
*Legal Representative*

**YAO Jason Bo**  
*Chief Financial Officer*

**MAK, Wai Lam William**  
*Deputy  
Chief Financial Officer*

# CONSOLIDATED INCOME STATEMENT

For the six months ended June 30, 2008  
(in RMB million)

	For the six months ended June 30, 2008	For the six months ended June 30, 2007
<b>Operating income</b>		
Premium income	69,228	53,885
Including: reinsurance premium income	59	47
Less: Premium ceded to reinsurers	(3,344)	(2,600)
Change in unearned premium reserves	(2,535)	(2,105)
<b>Net earned premiums</b>	<b>63,349</b>	<b>49,180</b>
Interest income of banking operations	3,369	2,257
Interest expense of banking operations	(1,265)	(689)
<b>Net interest income from banking operations</b>	<b>2,104</b>	<b>1,568</b>
Fees and commission income of non-insurance operations	1,282	1,357
Fees and commission expense of non-insurance operations	(118)	(213)
<b>Net fees and commission income of non-insurance operations</b>	<b>1,164</b>	<b>1,144</b>
Investment income	23,445	29,108
Fair value gains and losses	(18,759)	3,094
Foreign exchange losses	(525)	(335)
Other income	707	292
<b>Total operating income</b>	<b>71,485</b>	<b>84,051</b>
<b>Operating expenses</b>		
Surrenders	(6,840)	(5,919)
Claims paid	(17,505)	(11,791)
Less: Reinsurers' share of claims paid	1,106	1,167
Change in insurance contract liabilities	(21,776)	(44,949)
Less: Reinsurers' share of insurance contract liabilities	1,311	348
Policyholder dividends	(4,162)	(897)
Expenses for reinsurance accepted	(11)	(7)
Commission expenses of insurance operations	(7,246)	(5,666)
Business tax and surcharges	(1,702)	(1,742)
General and administrative expenses	(6,013)	(6,571)
Less: Reinsurers' share of expenses	760	675
Other expenses	(696)	(195)
Impairment losses	(1,539)	(17)
<b>Total operating expenses</b>	<b>(64,313)</b>	<b>(75,564)</b>

	<b>For the six months ended June 30, 2008</b>	For the six months ended June 30, 2007
<b>Operating profit</b>	<b>7,172</b>	8,487
Add: Non-operating income	27	435
Less: Non-operating expenses	<b>(80)</b>	(50)
<b>Profit before tax</b>	<b>7,119</b>	8,872
Less: Income taxes	191	(546)
<b>Net profit</b>	<b>7,310</b>	8,326
Attributable to:		
Equityholders of the parent	<b>7,102</b>	8,063
Minority interests	<b>208</b>	263
	<b>7,310</b>	8,326
	<b>RMB</b>	<b>RMB</b>
<b>Earnings per share</b>		
Basic earnings per share	<b>0.97</b>	1.16
Diluted earnings per share	<b>0.97</b>	1.16

## COMPONENTS OF ECONOMIC VALUE

(in RMB million)	June 30, 2008	December 31, 2007
Risk discount rate	<b>Earned Rate/ 11.5%</b>	Earned Rate/ 11.5%
Adjusted net asset value	<b>80,938</b>	107,032
Adjusted net asset value of life insurance business	<b>6,201</b>	30,128
Value of in-force insurance business written prior to June 1999	<b>(5,997)</b>	(9,058)
Value of in-force insurance business written since June 1999	<b>66,255</b>	61,921
Cost of holding the required solvency margin	<b>(11,207)</b>	(9,585)
<b>Embedded value</b>	<b>129,989</b>	150,311
Embedded value of life insurance business	<b>55,252</b>	73,407

(in RMB million)	June 30, 2008	December 31, 2007
Risk discount rate	<b>11.5%</b>	11.5%
Value of one year's new business	<b>9,465</b>	8,254
Cost of holding the required solvency margin	<b>(1,262)</b>	(1,067)
<b>Value of one year's new business after     cost of solvency</b>	<b>8,202</b>	7,187
<b>Value of first half year's new business after     cost of solvency</b>	<b>4,911</b>	3,896

Note: Figures may not be additive due to rounding.

The adjusted net asset value is based on the audited shareholders net assets of the Company and the relative life insurance business as measured on the PRC statutory basis. The relative life insurance business includes business conducted through Ping An Life, Ping An Annuity and Ping An Health. The values placed on certain assets have been adjusted to the market value.