

CONSOLIDATED INCOME STATEMENT

For the six months ended June 30, 2008

For the six months ended June 30, (in RMB million)	2008	2007
Gross written premiums and policy fees	54,192	43,840
Less: Premiums ceded to reinsurers	(3,344)	(2,600)
Net written premiums and policy fees	50,848	41,240
Change in unearned premium reserves	(2,734)	(2,191)
Net earned premiums	48,114	39,049
Reinsurance commission income	760	675
Interest income of banking operations	3,369	2,257
Fees and commission income of non-insurance operations	1,282	1,357
Investment income	9,275	25,737
Share of profits of associates	41	–
Other income	792	744
Total income	63,633	69,819
Change in deferred policy acquisition costs	5,316	4,136
Claims and policyholders' benefits	(40,619)	(47,849)
Commission expenses of insurance operations	(7,257)	(5,673)
Interest expenses of banking operations	(1,265)	(689)
Fees and commission expenses of non-insurance operations	(118)	(213)
Loan loss provisions, net of reversals	(16)	105
Foreign exchange losses	(525)	(335)
General and administrative expenses	(8,805)	(8,485)
Total expenses	(53,289)	(59,003)
Profit before tax	10,344	10,816
Income taxes	(625)	(847)
Net profit	9,719	9,969
Attributable to:		
– Equity holders of the parent	9,487	9,690
– Minority interests	232	279
	9,719	9,969
	RMB	RMB
Earnings per share attributable to equity holders of the parent:		
– basic	1.29	1.39
– diluted	1.29	1.39

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at June 30, 2008

(in RMB million)	June 30, 2008	December 31, 2007
ASSETS		
Balances with central bank and statutory deposits	19,781	20,794
Cash and amounts due from banks and other financial institutions	93,384	87,859
Fixed maturity investments	284,469	274,241
Equity investments	83,673	128,931
Derivative financial assets	121	177
Loans and advances to customers	70,806	63,125
Investments in associates	3,401	1,472
Premium receivables	6,172	4,434
Reinsurers' share of insurance liabilities	7,077	4,880
Policyholder account assets in respect of insurance contracts	32,554	34,871
Policyholder account assets in respect of investment contracts	4,120	4,622
Deferred policy acquisition costs	46,621	41,305
Investment properties	3,677	3,882
Property and equipment	8,516	8,165
Intangible assets	10,583	4,400
Deferred tax assets	1,985	87
Other assets	11,833	8,977
Total assets	688,773	692,222

The accompanying notes form an integral part of these financial statements.

(in RMB million)	June 30, 2008	December 31, 2007
EQUITY AND LIABILITIES		
Equity		
Share capital	7,345	7,345
Reserves	52,324	81,322
Retained profits	28,259	23,155
Equity attributable to equity holders of the parent	87,928	111,822
Minority interests	2,492	2,029
Total equity	90,420	113,851
Liabilities		
Due to banks and other financial institutions	13,784	14,644
Assets sold under agreements to repurchase	16,356	13,556
Derivative financial liabilities	120	189
Customer deposits and payables to brokerage customers	90,090	91,925
Insurance contract liabilities	433,658	416,474
Investment contract liabilities for policyholders	6,936	5,421
Policyholder dividend payable	10,635	7,006
Income tax payable	725	807
Deferred tax liabilities	967	6,369
Other liabilities	25,082	21,980
Total liabilities	598,353	578,371
Total equity and liabilities	688,773	692,222

The accompanying notes form an integral part of these financial statements.

MA Mingzhe
Director

CHEUNG Chi Yan Louis
Director

SUN Jianyi
Director

COMPONENTS OF ECONOMIC VALUE

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

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