

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended June 30, (in RMB million)	(Unaudited) 2006	(Unaudited) 2005
Gross written premiums and policy fees	37,486	30,549
Less: Premiums ceded to reinsurers	(2,466)	(2,311)
Net written premiums and policy fees	35,020	28,238
Increase in unearned premium reserves, net	(2,264)	(1,292)
Net earned premiums	32,756	26,946
Reinsurance commission income	922	772
Net investment income	5,783	4,481
Realized gains/(losses)	2,090	(190)
Unrealized gains	1,781	209
Foreign currency losses, net	(130)	–
Other income	537	385
Total revenue	43,739	32,603
Change in deferred policy acquisition costs	2,611	1,734
Claims and policyholder benefits	(11,728)	(10,623)
Increase in policyholder reserves	(21,891)	(14,739)
Change in fair value of derivative financial liabilities	86	(137)
Commission expenses	(3,933)	(2,904)
General and administrative expenses	(4,025)	(3,155)
Provision for insurance guarantee fund	(141)	(106)
Total expenses	(39,021)	(29,930)
Operating profit	4,718	2,673
Income taxes	(556)	(423)
Net profit	4,162	2,250
Attributable to:		
– Equity holders of the parent	4,099	2,235
– Minority interests	63	15
	4,162	2,250
	RMB	RMB
Earnings per share for net profit attributable to equity holders of the parent – basic	0.66	0.36

CONDENSED CONSOLIDATED BALANCE SHEET

(in RMB million)	(Unaudited) As at June 30, 2006	(Audited) As at December 31, 2005
ASSETS		
Investments		
Fixed maturity investments		
Bonds	170,366	159,749
Term deposits	67,962	68,959
Policy loans	1,077	864
Securities purchased under agreements to resell	260	-
Loans and advances to customers	1,629	662
Equity investments		
Equity investment funds	11,868	10,058
Equity securities	15,211	5,183
Derivative financial assets	76	27
Investment in an associate	-	3
Investment properties	1,147	1,243
Total investments	269,596	246,748
Cash and cash equivalents	22,359	17,636
Premium receivables	3,680	749
Interest receivables	1,503	438
Policyholder account assets in respect of insurance contracts	16,483	12,820
Policyholder account assets in respect of investment contracts	3,397	3,078
Reinsurance assets	5,267	4,889
Deferred policy acquisition costs	29,084	26,428
Property, plant and equipment	2,849	2,918
Construction-in-progress	1,090	620
Land use rights	946	955
Goodwill	327	327
Statutory deposits	1,240	1,240
Other assets	897	860
Total assets	358,718	319,706

CONDENSED CONSOLIDATED BALANCE SHEET

(in RMB million)	(Unaudited) As at June 30, 2006	(Audited) As at December 31, 2005
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	6,195	6,195
Reserves	23,188	21,493
Retained profits	8,168	5,308
	37,551	32,996
Minority interests	553	526
Total equity	38,104	33,522
Liabilities		
Customer deposits	3,062	1,862
Securities sold under agreements to repurchase	1,056	7,095
Short term borrowing	1,015	–
Premiums received in advance	640	1,880
Commission payable	831	633
Due to reinsurers	1,017	533
Dividends payable to shareholders	82	76
Income tax payable	713	445
Insurance guarantee fund	83	60
Policyholder dividend payable and provisions	4,478	2,864
Insurance contract liabilities		
Policyholder reserves	246,241	223,538
Policyholder contract deposits	15,570	9,795
Policyholder account liabilities in respect of insurance contracts	16,483	12,820
Unearned premium reserves	13,687	11,048
Claim reserves	6,217	5,824
Annuity and other insurance balances payable	2,424	2,234
Investment contract liabilities		
Policyholder account liabilities in respect of investment contracts	3,397	3,078
Investment contract reserves	13	14
Derivative financial liabilities	171	133
Deferred income tax liabilities	589	49
Other liabilities	2,845	2,203
Total liabilities	320,614	286,184
Total equity and liabilities	358,718	319,706

COMPONENTS OF ECONOMIC VALUE

(in RMB million)	As at June 30, 2006	As at December 31, 2005
Adjusted net asset value	37,378	33,072
Value of in-force insurance business written prior to June 1999	(20,938)	(18,089)
Value of in-force insurance business written since June 1999	43,644	38,537
Cost of holding the required solvency margin	(5,599)	(5,157)
Embedded Value	54,485	48,363
Value of one year's new business	5,443	5,148
Cost of holding the required solvency margin	(569)	(609)
Value of one year's new business after cost of solvency	4,874	4,539

The adjusted net asset value is based on the audited shareholders net assets of the Group as measured on the PRC statutory basis. The values placed on certain assets have been adjusted to the market values. It should be noted that the adjusted net asset is for the whole Group, including Ping An Life and other business units, whilst the value of in-force insurance business and the value of one year's new business presented are in respect of Ping An Life only.