

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2005

For the year ended December 31, (in RMB million)	2005	2004 (Restated)
Gross written premiums and policy fees	59,021	60,033
Less: Premiums ceded to reinsurers	(4,241)	(4,122)
Net written premiums and policy fees	54,780	55,911
Increase in unearned premium reserves, net	(1,581)	(1,191)
Net earned premiums	53,199	54,720
Reinsurance commission income	1,371	1,376
Net investment income	9,338	7,219
Realized gains/(losses)	(505)	(56)
Unrealized gains/(losses)	822	(717)
Foreign currency gains/(losses)	(405)	3
Other income	770	648
Total revenue	64,590	63,193
Change in deferred policy acquisition costs	3,830	2,261
Claims and policyholders' benefits	(20,818)	(16,472)
Increase in policyholders' reserves	(29,557)	(33,872)
Changes in fair value of derivative financial liabilities	(6)	(80)
Commission expenses	(5,928)	(5,255)
General and administrative expenses	(7,090)	(5,922)
Provision for insurance guarantee fund	(209)	(106)
Total expenses	(59,778)	(59,446)
Operating profit	4,812	3,747
Income taxes	(547)	(601)
Net profit	4,265	3,146
Attributable to:		
– Equity holders of the parent	4,226	3,116
– Minority interests	39	30
	4,265	3,146
	RMB	RMB
Earnings per share for net profit attributable to equity holders of the parent – basic	0.68	0.56

CONSOLIDATED BALANCE SHEET

As at December 31, 2005

As at December 31, (in RMB million)	2005	2004
		(Restated)
ASSETS		
Investments		
Fixed maturity investments		
Bonds	159,749	112,798
Term deposits	68,959	80,320
Policy loans	864	545
Loans and advances to customers	662	130
Equity investments		
Equity investment funds	10,058	5,497
Equity securities	5,183	266
Derivative financial assets	27	62
Investment in an associate	3	3
Investment properties	1,243	1,504
Total investments	246,748	201,125
Cash and cash equivalents	17,636	15,945
Premium receivables	749	617
Interest receivables	438	382
Policyholder account assets in respect of insurance contracts	12,820	9,758
Policyholder account assets in respect of investment contracts	3,078	3,145
Reinsurance assets	4,889	4,356
Deferred policy acquisition costs	26,428	22,622
Property, plant and equipment	2,918	2,735
Construction-in-progress	620	204
Land use rights	955	928
Goodwill	327	322
Deferred income tax assets	-	362
Statutory deposits	1,240	1,200
Other assets	860	738
Total assets	319,706	264,439

As at December 31, (in RMB million)	2005	2004 (Restated)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	6,195	6,195
Reserves	21,493	19,517
Retained profits	5,308	2,485
	32,996	28,197
Minority interests	526	430
Total equity	33,522	28,627
Liabilities		
Customers' deposits	1,862	1,849
Securities sold under agreements to repurchase	7,095	601
Premiums received in advance	1,880	1,627
Commission payable	633	556
Due to reinsurers	533	209
Dividends payable to shareholders	76	74
Income tax payable	445	490
Insurance guarantee fund	60	827
Policyholder dividend payable and provisions	2,864	1,977
Insurance contract liabilities		
Policyholders' reserves	223,538	193,770
Policyholder contract deposits	9,795	1,411
Policyholder account liabilities in respect of insurance contracts	12,820	9,758
Unearned premium reserves	11,048	9,472
Claim reserves	7,933	6,642
Investment contract liabilities		
Policyholder account liabilities in respect of investment contracts	3,078	3,145
Investment contract reserves	14	15
Derivative financial liabilities	133	127
Deferred income tax liabilities	49	–
Other liabilities	2,328	3,262
Total liabilities	286,184	235,812
Total equity and liabilities	319,706	264,439

Components of Economic Value

As at December 31, (in RMB million)	2005	2004
Adjusted net asset value	33,072	25,161
Value of in-force insurance business written prior to June 1999	(18,089)	(16,743)
Value of in-force insurance business written since June 1999	38,537	33,127
Cost of holding the required solvency margin	(5,157)	(4,297)
Embedded Value	48,363	37,248
Value of one year's new business	5,148	4,331
Cost of holding the required solvency margin	(609)	(418)
Value of one year's new business after cost of solvency	4,539	3,913

The adjusted net asset value is based on the audited shareholders net assets of the Group as measured on a 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 only in respect of Ping An Life and not the other business units.