

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim condensed financial statements of the Company are unaudited, but have been reviewed by Ernst & Young in accordance with Hong Kong Statement of Auditing Standard 700 issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young's independent review report to the Board of Directors is set out on page 24.

The interim condensed financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2005.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2005, except for the adoption of the following accounting policy in respect of the Company's interests in subsidiaries:

Interests in subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Consolidated financial statements are not prepared as the operating results, financial position and cash flows of these subsidiaries are immaterial.

3. SEGMENT INFORMATION

Segment information is presented by way of the Company's primary reporting basis, by business segment.

Summary details of the business segments are as follows:

- (a) the motor vehicle segment provides insurance products covering motor vehicles;
- (b) the commercial property segment provides insurance products covering commercial properties;
- (c) the homeowners segment provides insurance products covering homes and their contents;
- (d) the cargo segment provides insurance products covering vessels, crafts and conveyances;
- (e) the liability segment provides insurance products covering policyholders' liability;
- (f) the accidental injury segment provides insurance products covering accidental injuries; and
- (g) the "other" segment mainly represents insurance products related to marine hull, aviation and oil and gas.

3. SEGMENT INFORMATION (continued)

Information on the Company's reportable business segments is as follows:

	Unaudited Six months ended 30 June 2006 RMB million	Unaudited Six months ended 30 June 2005 RMB million (Restated)
Turnover		
Motor vehicle	24,739	22,872
Commercial property	5,164	5,330
Homeowners	492	585
Cargo	1,488	1,578
Liability	1,645	1,377
Accidental injury	1,193	1,070
Other	2,262	2,070
	36,983	34,882
Net premiums earned		
Motor vehicle	18,494	18,384
Commercial property	2,642	2,712
Homeowners	237	397
Cargo	986	1,147
Liability	942	848
Accidental injury	805	789
Other	686	662
	24,792	24,939
Net investment income		
Homeowners	130	126
Net realised and unrealised gains/(losses) on investments		
Homeowners	66	(132)

NOTES TO UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

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3. SEGMENT INFORMATION (continued)

	Unaudited Six months ended 30 June 2006 <i>RMB million</i>	Unaudited Six months ended 30 June 2005 <i>RMB million</i> (Restated)
Net claims incurred		
Motor vehicle	(15,036)	(14,423)
Commercial property	(1,702)	(1,604)
Homeowners	(101)	(72)
Cargo	(206)	(579)
Liability	(571)	(611)
Accidental injury	(474)	(314)
Other	(336)	(447)
	(18,426)	(18,050)
Amortisation of deferred acquisition costs, net		
Motor vehicle	(1,979)	(2,007)
Commercial property	(214)	(170)
Homeowners	(85)	(140)
Cargo	(84)	(108)
Liability	(81)	(95)
Accidental injury	(65)	(77)
Other	(15)	419
	(2,523)	(2,178)
Insurance protection expense		
Motor vehicle	(243)	(211)
Commercial property	(38)	(41)
Homeowners	(5)	(5)
Cargo	(12)	(13)
Liability	(14)	(11)
Accidental injury	(9)	(9)
Other	(17)	(12)
	(338)	(302)
Interest expense credited to policyholders' deposits		
Homeowners	(63)	(67)

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3. SEGMENT INFORMATION (continued)

	Unaudited Six months ended 30 June 2006 RMB million	Unaudited Six months ended 30 June 2005 RMB million (Restated)
Segment profit before unallocated income and expenses		
Motor vehicle	1,236	1,743
Commercial property	688	897
Homeowners	179	107
Cargo	684	447
Liability	276	131
Accidental injury	257	389
Other	318	622
	3,638	4,336
Unallocated operating income and expenses		
Net investment income	651	565
Net realised and unrealised gains/(losses) on investments	819	(595)
General and administrative expenses	(2,970)	(2,844)
Exchange losses, net	(178)	(3)
Sundry income	12	9
Sundry expenses	(44)	(26)
Finance costs	(75)	(68)
	(1,785)	(2,962)
Profit before tax	1,853	1,374
Tax	(744)	(485)
Net profit attributable to shareholders	1,109	889

Net investment income and net realised and unrealised gains/(losses) on investments attributable to homeowners' insurance products, which can be separately identified based on the results of its designated pool of investments, are separately disclosed. Depreciation and capital expenses, which are not attributable to particular insurance products, are not allocated and are included under unallocated operating income and expenses.

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4. TURNOVER AND NET PREMIUMS EARNED

Turnover represents direct premiums written and reinsurance premiums assumed, net of government levies and surcharges.

	Unaudited Six months ended 30 June 2006 <i>RMB million</i>	Unaudited Six months ended 30 June 2005 <i>RMB million</i>
Turnover		
Direct premiums written	39,073	36,875
Reinsurance premiums assumed	16	4
	39,089	36,879
Less: Government levies and surcharges	(2,106)	(1,997)
	36,983	34,882
Net premiums earned		
Turnover	36,983	34,882
Less: Reinsurance premiums ceded	(5,923)	(6,670)
Net premiums written	31,060	28,212
Less: Changes in net unearned premium reserves	(6,268)	(3,273)
Net premiums earned	24,792	24,939

5. NET CLAIMS INCURRED

	Unaudited Six months ended 30 June 2006 <i>RMB million</i>	Unaudited Six months ended 30 June 2005 <i>RMB million</i>
Gross claims paid	20,262	19,416
Less: Paid losses recoverable from reinsurers	(3,032)	(3,115)
Net claims paid	17,230	16,301
Add: Change in net loss and loss adjustment expense reserves	1,196	1,749
Net claims incurred	18,426	18,050

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6. NET INVESTMENT INCOME

	Unaudited Six months ended 30 June 2006 RMB million	Unaudited Six months ended 30 June 2005 RMB million (Restated)
Interest income from cash and cash equivalents and term deposits	354	318
Interest income from debt securities	303	259
Interest income from subordinated debts	70	70
Dividend income from equity securities	42	33
Rental income from investment properties	12	11
	781	691

7. NET REALISED AND UNREALISED GAINS/(LOSSES) ON INVESTMENTS

	Unaudited Six months ended 30 June 2006 RMB million	Unaudited Six months ended 30 June 2005 RMB million (Restated)
Debt securities:		
Realised gains	76	123
Unrealised gains/(losses)	(44)	25
Equity securities:		
Realised losses	(447)	(25)
Unrealised gains/(losses)	1,373	(589)
Structured deposits:		
Unrealised losses	(51)	–
Impairment loss on available-for-sale securities	–	(245)
	907	(711)
Less: investment management expenses	(22)	(16)
	885	(727)

NOTES TO UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

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8. FINANCE COSTS

	Unaudited Six months ended 30 June 2006 RMB million	Unaudited Six months ended 30 June 2005 RMB million (Restated)
Interest on a subordinated loan	55	55
Interest on securities sold under sale and repurchase agreements	20	12
Other finance costs	–	1
	75	68

9. PROFIT BEFORE TAX

The Company's profit before tax is arrived at after charging:

	Unaudited Six months ended 30 June 2006 RMB million	Unaudited Six months ended 30 June 2005 RMB million (Restated)
Depreciation for property, plant and equipment	485	568
Depreciation for investment properties	7	3
Amortisation for prepaid land premiums	46	48
Impairment loss on premiums receivable	414	301

10. TAX

	Unaudited Six months ended 30 June 2006 RMB million	Unaudited Six months ended 30 June 2005 RMB million
Current – Mainland China		
Charge for the period	680	1,035
Deferred	64	(550)
Total tax charge for the period	744	485

The provision for PRC income tax is calculated based on the statutory rate of 33% in accordance with the relevant PRC income tax rules and regulations.

11. PROPOSED INTERIM DIVIDEND

During the period, the Board of Directors did not propose any interim dividend (six months ended 30 June 2005: RMB7.2 cents per ordinary share).

12. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to shareholders of RMB1,109 million for the six months ended 30 June 2006 (six months ended 30 June 2005: RMB889 million) and the 11,142 million ordinary shares during the period (six months ended 30 June 2005: 11,142 million ordinary shares) in issue.

Diluted earnings per share for the six months ended 30 June 2006 and 2005 have not been disclosed as no diluting events existed during these periods.

13. CASH AND CASH EQUIVALENTS

	Unaudited 30 June 2006 RMB million	Audited 31 December 2005 RMB million
Cash on hand	66	25
Demand deposits	14,933	13,116
Securities purchased under resale agreements with original maturity of less than three months	600	–
Deposits with PRC banks and other financial institutions with original maturity of less than three months	4,394	2,754
	19,993	15,895

14. TERM DEPOSITS

	Unaudited 30 June 2006 RMB million	Audited 31 December 2005 RMB million
Structured deposits with banks and other financial institutions:		
At fair value	2,409	3,107
At amortised cost	1,585	838
Deposits with banks and other financial institutions with original maturity of more than three months:		
At amortised cost	7,141	7,696
	11,135	11,641

Certain structured deposits maintained with PRC banks and other financial institutions are designated as fair value through profit or loss financial instruments. The returns of certain structured deposits are linked to certain US dollar-denominated debt instruments or the London inter-bank offered rate. Embedded in some of these structured deposits are options to enter into new and different structured deposit arrangements at their maturity dates. Their fair values are estimated by certain interest option pricing models.

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14. TERM DEPOSITS (continued)

Certain structured deposits maintained with PRC banks and other financial institutions are designated as loans and receivables and therefore stated at amortised cost. Derivatives embedded in these structured deposits are separated from host contracts and accounted for as standalone derivatives, if their economic characteristics and risks are not closely related to the host contracts.

15. DEBT SECURITIES

	Unaudited 30 June 2006 RMB million	Audited 31 December 2005 RMB million
Listed debt securities, at fair value:		
Debt securities issued by the PRC central government	12,043	9,630
Debt securities issued by corporate entities	698	544
	12,741	10,174
Unlisted debt securities, at fair value:		
Debt securities issued by the PRC central government	3,703	4,053
Debt securities issued by banks and other financial institutions	1,878	1,889
Debt securities issued by corporate entities	3,646	2,408
	9,227	8,350
	21,968	18,524
Classification of debt securities:		
Fair value through profit or loss – held for trading	1,582	3,398
Available-for-sale	20,386	15,126
	21,968	18,524

As at 30 June 2006, certain debt securities of the Company were registered under the exchange trading seats of a PRC securities company. The total amounts of debt securities at fair value through profit or loss and available-for-sale securities at 30 June 2006 were RMB533 million (31 December 2005: RMB508 million) and RMB55 million (31 December 2005: RMB55 million), respectively. Since 2004, the Company and the Company's investment manager, PICC Asset Management Company Limited ("PICC AMC"), a fellow subsidiary of the Company, have instructed the securities company to either dispose of the debt securities, or to transfer the registration of the debt securities to the exchange trading seats of PICC AMC. The securities company has confirmed in writing to the Company that it would execute the said transactions. The Company's management has been liaising with the securities company and the relevant regulatory authorities to ensure that the Company's assets are protected.

The Company's management has assessed the fair values and impairment of the above-mentioned debt securities, together with their accrued interests, by taking into account the restriction on withdrawing proceeds arising from the disposals of these financial assets and the restructuring plan of the securities company.

16. EQUITY SECURITIES

	Unaudited 30 June 2006 RMB million	Audited 31 December 2005 RMB million
Listed investments, at fair value:		
Mutual funds	2,211	2,262
Shares	856	189
	3,067	2,451
Unlisted investments, at fair value:		
Mutual funds	584	389
Shares	374	–
	958	389
	4,025	2,840
Classification of equity securities:		
Fair value through profit or loss – held for trading	3,316	2,840
Available-for-sale	709	–
	4,025	2,840

17. SUBORDINATED DEBTS

	Unaudited 30 June 2006 RMB million	Audited 31 December 2005 RMB million
Unlisted subordinated debts issued by banks and other financial institutions, at amortised cost	2,910	2,910

18. CAPITAL SECURITY FUND

In accordance with the PRC Insurance Law, the Company is required to maintain a deposit equivalent to 20% of its registered capital with banks designated by the China Insurance Regulatory Commission (the “CIRC”) as a security fund. The use of the security fund is subject to the approval of the CIRC.

NOTES TO UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

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19. PREMIUMS RECEIVABLE AND AGENTS' BALANCES, NET

	Unaudited 30 June 2006 <i>RMB million</i>	Audited 31 December 2005 <i>RMB million</i>
Premiums receivable and agents' balances	8,384	4,064
Less: Impairment loss on premiums receivable	(711)	(297)
	7,673	3,767

An aged analysis of the premiums receivable and agents' balances as at the balance sheet date, based on the payment due date and net of impairment, is as follows:

	Unaudited 30 June 2006 <i>RMB million</i>	Audited 31 December 2005 <i>RMB million</i>
Within 3 months	6,442	3,163
Over 3 months but less than 6 months	996	457
Over 6 months	235	147
	7,673	3,767

A policyholder usually has a maximum credit period of three months but a longer period can be granted on a discretionary basis.

20. RECEIVABLES FROM REINSURERS

An aged analysis of the receivables from reinsurers as at the balance sheet date, based on invoice dates, is as follows:

	Unaudited 30 June 2006 <i>RMB million</i>	Audited 31 December 2005 <i>RMB million</i>
Within 3 months	3,463	2,316
Over 3 months but less than 6 months	94	31
Over 6 months	178	153
	3,735	2,500

21. PREPAYMENTS AND OTHER RECEIVABLES

In September 2004, a PRC securities company engaged by PICC AMC was placed under operational control by a special manager as instructed by the China Securities Regulatory Commission. As the securities company went into liquidation in September 2005, the balance of RMB116 million (31 December 2005: RMB120 million), net of impairment, was accounted for as an other receivable as at 30 June 2006.

22. INTERESTS IN SUBSIDIARIES

Particulars of the principal subsidiaries are as follows:

Name	Place of registration and operations	Nominal value of registered share capital <i>RMB million</i>	Percentage of equity directly attributable to the Company
PICC Hebi Insurance Agency Company Limited	Mainland China	0.5	100%
PICC Qingdao Insurance Agency Company Limited	Mainland China	0.5	90%
PICC Hebei Insurance Agency Company Limited	Mainland China	1.0	100%

The principal activity of these subsidiaries is the provision of insurance agency services to the Company.

23. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2006, the Company acquired assets with a cost of RMB46 million (six months ended 30 June 2005: RMB110 million).

Assets with a net book value of RMB44 million were disposed of by the Company during the six months ended 30 June 2006 (six months ended 30 June 2005: RMB4 million), resulting in a net loss on disposal of RMB6 million (six months ended 30 June 2005: RMB3 million).

During the six months ended 30 June 2006, construction in progress with an aggregate amount of RMB403 million (six months ended 30 June 2005: RMB24 million) was transferred to property, plant and equipment.

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24. PAYABLES TO REINSURERS

The payables to reinsurers are analysed as follows:

	Unaudited 30 June 2006 <i>RMB million</i>	Audited 31 December 2005 <i>RMB million</i>
Reinsurance payables	5,368	3,169
Reinsurance funds withheld	138	362
	5,506	3,531

The reinsurance payables are non-interest-bearing and are due within three months from the balance sheet date or are repayable on demand. The reinsurance funds withheld as at 30 June 2006 and 31 December 2005 are repayable upon the expiration of the related reinsurance contracts.

25. POLICYHOLDERS' DEPOSITS

An analysis of the interest-bearing and non-interest-bearing deposits is set out below:

	Unaudited 30 June 2006 <i>RMB million</i>	Audited 31 December 2005 <i>RMB million</i>
Interest-bearing deposits	5,963	6,158
Non-interest-bearing deposits	2,213	2,291
	8,176	8,449

26. ISSUED SHARE CAPITAL

	Unaudited 30 June 2006 <i>RMB million</i>	Audited 31 December 2005 <i>RMB million</i>
Shares		
Registered, issued and fully paid:		
7,685,820,000 domestic shares of RMB1.00 each	7,686	7,686
3,455,980,000 H shares of RMB1.00 each	3,456	3,456
	11,142	11,142

27. MATURITY PROFILE OF FINANCIAL INSTRUMENTS

The following tables set out the carrying amounts, by maturity, of the Company's financial instruments that are exposed to interest rate risk:

30 June 2006 (Unaudited)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Fixed rate							
Assets:							
Cash and cash equivalents	4,394	–	–	–	–	–	4,394
Term deposits	6,541	300	–	–	300	–	7,141
Debt securities	2,569	3,145	1,957	4,669	438	5,985	18,763
Capital security fund	2,228	–	–	–	–	–	2,228
Liabilities:							
Payables to reinsurers – reinsurance funds withheld	(138)	–	–	–	–	–	(138)
Policyholders' deposits – interest-bearing	(5,963)	–	–	–	–	–	(5,963)
Floating rate							
Assets:							
Cash and cash equivalents	15,599	–	–	–	–	–	15,599
Term deposits	576	–	40	–	223	3,155	3,994
Debt securities	–	969	–	1,378	340	518	3,205
Subordinated debts	–	–	600	1,120	1,190	–	2,910
Liabilities:							
Subordinated loan	–	–	–	–	–	(2,000)	(2,000)

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27. MATURITY PROFILE OF FINANCIAL INSTRUMENTS (continued)

31 December 2005 (Audited)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Fixed rate							
Assets:							
Cash and cash equivalents	2,754	–	–	–	–	–	2,754
Term deposits	7,076	300	20	–	300	–	7,696
Debt securities	1,248	2,087	3,081	3,891	1,162	4,011	15,480
Capital security fund	2,228	–	–	–	–	–	2,228
Liabilities:							
Payables to reinsurers – reinsurance funds withheld	(362)	–	–	–	–	–	(362)
Policyholders' deposits – interest-bearing	(2,275)	(3,883)	–	–	–	–	(6,158)
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Floating rate							
Assets:							
Cash and cash equivalents	13,141	–	–	–	–	–	13,141
Term deposits	923	241	40	320	173	2,248	3,945
Debt securities	–	1,204	–	24	1,127	689	3,044
Subordinated debts	–	–	–	1,220	1,690	–	2,910
Liabilities:							
Subordinated loan	–	–	–	–	–	(2,000)	(2,000)

28. CONTINGENT LIABILITIES

- (a) Pursuant to the reorganisation of the People's Insurance Company of China as at 30 September 2002, except for the liabilities constituting or arising out of or relating to business undertaken by the Company after the reorganisation, no other liabilities were assumed by the Company and the Company is not liable, whether severally or jointly and severally, for debts and obligations incurred prior to the reorganisation. PICC Holding Company (the "Holding Company") has also undertaken to indemnify the Company in respect of any loss or damage incurred in connection with or arising from the transfer of the assets and liabilities to the Company in the reorganisation, any loss or damage suffered or incurred by the Company in relation to the novation of insurance contracts and reinsurance contracts from the Holding Company to the Company, and as a result of any breach by the Holding Company of any provision of the reorganisation.

28. CONTINGENT LIABILITIES (continued)

- (b) Owing to the nature of insurance business, the Company is involved in legal proceedings in the ordinary course of business, including being the plaintiff or the defendant in litigation and arbitration. Such legal proceedings mostly involve claims on the Company's insurance policies and any losses arising therefrom will probably be indemnified by reinsurers or other recoveries including salvages and subrogation. While the outcome of such contingencies, lawsuits or other proceedings cannot be determined at present, the management believes that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Company.

29. OPERATING LEASE COMMITMENTS

The Company leases certain of its land and buildings and motor vehicles under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to twenty years, and those for motor vehicles are negotiated for terms ranging from one to three years.

At 30 June 2006, the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Unaudited 30 June 2006 <i>RMB million</i>	Audited 31 December 2005 <i>RMB million</i>
Within one year	346	310
In the second to fifth years, inclusive	131	292
After five years	57	46
	534	648

30. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 29 above, the Company had the following capital commitments at the balance sheet date:

	Unaudited 30 June 2006 <i>RMB million</i>	Audited 31 December 2005 <i>RMB million</i>
Contracted, but not provided for:		
Property, plant and equipment	560	835
Authorised, but not contracted for:		
Property, plant and equipment	46	44
Acquisition of an investment	160	160
	766	1,039

31. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

	Unaudited Six months ended 30 June 2006 RMB million	Unaudited Six months ended 30 June 2005 RMB million
Transactions with the Holding Company:		
Property rental expenses	105	105
Property rental income	5	5
Motor vehicle rental expenses	11	11
Motor vehicle rental income	2	2
Services fee income	2	2
Management fee	2	2
Transaction with a fellow subsidiary:		
Management fee	18	17
Transactions with a major shareholder:		
Reinsurance premiums ceded	273	222
Claims recoverable	95	95
Reinsurance commission received/receivables	90	87

(b) Transactions with other state-owned enterprises in the PRC

The Company operates in an economic environment predominated by enterprises directly or indirectly owned or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively “State-owned Enterprises”). During the period, the Company had transactions with State-owned Enterprises including but not limited to the sale of insurance policies. The directors consider that transactions with other State-owned Enterprises are activities in the ordinary course of the Company’s business, and that the dealings of the Company have not been significantly or unduly affected by the fact that the Company and the other State-owned Enterprises are ultimately controlled or owned by the PRC government. The Company has also established pricing policies for insurance products, and such pricing policies do not depend on whether or not the customers are State-owned Enterprises. Having due regard to the substance of the relationships, the directors are of the opinion that none of these transactions are material related party transactions that require separate disclosure.

31. RELATED PARTY TRANSACTIONS (continued)

(c) Outstanding balances with related parties

	Due from related parties		Due to related parties	
	Unaudited 30 June 2006 RMB million	Audited 31 December 2005 RMB million	Unaudited 30 June 2006 RMB million	Audited 31 December 2005 RMB million
The Holding Company	288	155	128	116
A fellow subsidiary	–	–	10	9
A major shareholder	95	12	147	46
	383	167	285	171

32. POST BALANCE SHEET EVENT

On 25 July 2006, the Company entered into an agreement with the Holding Company, certain fellow subsidiaries and an independent third party to contribute to the enlarged registered capital of PICC AMC. After a capital contribution of RMB160 million, the Company will hold a 20% interest in PICC AMC. This transaction falls into the definition of a connected transaction according to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

33. COMPARATIVE FIGURES

The presentation of the condensed income statement was revised for the current interim period to bring it in line with that adopted for the annual financial statements. Certain comparative amounts have been reclassified or restated to conform with the current period's presentation.

The effect of these reclassifications on the income statement during the period from 1 January 2005 to 30 June 2005 is set out below:

	<i>RMB million</i>
Increase in net investment income	12
Increase in net realised and unrealised losses on investments	(16)
Increase in exchange losses, net	(3)
Increase in sundry income	9
Increase in sundry expenses	(26)
Decrease in general and administrative expenses	36
Increase in finance costs	(12)
Total effect in profit	–

34. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved and authorised for issue by the Board of Directors on 18 August 2006.