

# INCOME STATEMENT

## Appendix I

### Interim financial report prepared under the PRC accounting standards

Unit: RMB

ITEM	Note	2006.1-6		2005.1-6	
		Holding Company	Group	Holding Company	Group
<b>Sales</b>	6,26	4,354,558,960.15	4,698,865,103.55	3,962,261,734.96	4,295,715,847.88
Less: sales allowance and discounts					
<b>Net Sales</b>		4,354,558,960.15	4,698,865,103.55	3,962,261,734.96	4,295,715,847.88
Less: Cost of sales		2,780,495,180.22	3,001,932,046.74	2,104,873,028.25	2,275,831,169.74
Sales Taxes	6,27	89,206,748.82	97,460,858.46	86,393,134.98	93,040,305.76
<b>Gross profit</b>		1,484,857,031.11	1,599,472,198.35	1,770,995,571.73	1,926,844,372.38
Add: Other operating income	6,28	15,318,092.03	19,869,464.91	11,308,902.67	18,845,752.97
Non-monetary transaction					
Less:					
Sales expense					
General and administration expense		99,228,736.70	110,041,934.99	103,051,153.72	110,962,877.45
Financial expenses	6,29	40,018,472.93	51,228,066.01	49,449,868.80	45,010,070.37
<b>Operating Profit</b>		1,360,927,913.51	1,458,071,662.25	1,629,803,451.88	1,789,717,177.53
Add: Income on investment	6,30	83,780,523.23	1,508,536.22	149,933,069.30	1,820,732.60
Subsidies		-	1,171,000.00	-	2,090,300.00
Non-operating income	6,31	53,150,241.26	53,457,347.26	80,505,580.23	80,507,180.23
Less: Non-operating expense	6,32	259,369.43	260,609.43	3,087,755.01	3,088,437.37
<b>Total Profit</b>	6,33	1,497,599,308.57	1,513,947,936.30	1,857,154,346.40	1,871,046,952.99
Less: Income tax		208,789,789.21	213,734,827.71	254,006,305.29	261,920,657.34
Less: Minority interest		-	1,596,476.77	-	1,569,671.80
<b>Net Profit</b>		1,288,809,519.36	1,298,616,631.83	1,603,148,041.11	1,607,556,623.85

## INCOME STATEMENT *(continued)*

ITEM	Note	2006.1-6		2005.1-6	
		Holding Company	Group	Holding Company	Group
Add: retained earnings carry forward from last year		3,977,691,443.59	3,940,370,036.15	2,323,718,629.10	2,280,204,670.37
Other adjusting factors					
Less: decrease of retained earning					
caused by decrease of registered capital					
Add: Transfer-in from surplus reserve					
Distributable profit		5,266,500,962.95	5,238,986,667.98	3,926,866,670.21	3,887,761,294.22
Deduct: transfer to statutory surplus reserve					
transfer to statutory public welfare reserve					
Staff welfare					
Distributable profit to shareholders		5,266,500,962.95	5,238,986,667.98	3,926,866,670.21	3,887,761,294.22
Deduct: dividends to preferred stock shareholders					
other general reserves					
dividends to common stock shareholders		997,800,000.00	997,800,000.00	498,900,000.00	498,900,000.00
Retained earnings at the end of accounting period		4,268,700,962.95	4,241,186,667.98	3,427,966,670.21	3,388,861,294.22