

Consolidated Income Statement

For the year ended December 31, 2004

	Notes	2004 RMB Million	2003 RMB Million
Gross written premiums and policy fees	6	60,049	63,134
Less: Premiums ceded to reinsurers		(4,122)	(3,800)
Net written premiums and policy fees	6	55,927	59,334
Increase in unearned premium reserves, net	38	(1,191)	(485)
Net earned premiums		54,736	58,849
Reinsurance commission income		1,376	1,247
Net investment income	7(1)	7,261	5,948
Realized and unrealized gains/(losses)	7(2)	(773)	395
Other income	8	651	184
Total revenue		63,251	66,623
Change in deferred policy acquisition costs	25	2,261	2,885
Claims and policyholders' benefits	9, 50	(16,473)	(14,786)
Increase in policyholders' reserves	40	(33,967)	(40,417)
Commission expenses		(5,255)	(5,676)
General and administrative expenses	50	(5,922)	(5,505)
Finance costs		(42)	(224)
Provision for insurance guarantee fund		(106)	(84)
Total expenses		(59,504)	(63,807)
Operating profit	10	3,747	2,816
Share of profits of an associate		–	5
Income taxes	11	(601)	(494)
Net profit before minority interests		3,146	2,327
Minority interests		(30)	(7)
Net profit attributable to shareholders		3,116	2,320
Proposed dividends	12	867	592
		RMB	RMB
Earnings per share – basic	13	0.56	0.47

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