

**VIETNAM NATIONAL REINSURANCE JOINT STOCK  
CORPORATION**

*(Incorporated in the Socialist Republic of Vietnam)*

**REVIEWED CONSOLIDATED  
FINANCIAL STATEMENTS**

**For the period from 01 January 2011  
to 30 June 2011**

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## STATEMENT OF THE BOARD OF GENERAL DIRECTORS

The Board of General Directors of Vietnam National Reinsurance Joint Stock Corporation ("the Corporation") presents this report together with the Corporation's consolidated financial statements for the period from 01 January 2011 to 30 June 2011.

### THE BOARDS OF MANAGEMENT AND GENERAL DIRECTORS

The members of the Boards of Management and General Directors of the Corporation who held office during the period and at the date of this report are as follows:

#### Board of Management

Mr. Trinh Quang Tuyen	Chairman
Mr. Tran Trong Phuc	Vice Chairman
Mr. Pham Cong Tu	Member
Mr. Le Song Lai	Member
Mr. Tran Vinh Duc	Member
Mr. Martyn Parker	Member
Mr. Nguyen Anh Dung	Member

#### Board of General Directors

Mr. Pham Cong Tu	General Director
Mr. Le Hoai Nam	Deputy General Director
Mr. Dang The Vinh	Deputy General Director

### BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of General Directors of the Corporation is responsible for preparing the consolidated financial statements of the period from 01 January 2011 to 30 June 2011 which give a true and fair view of the financial position of the Corporation and of its results and cash flows for the period. In preparing these consolidated financial statements, the Board of General Directors is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- Prepare the consolidated financial statements on the going-concern basis unless it is inappropriate to presume that the Corporation will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the consolidated financial statements so as to minimize errors and frauds.

The Board of General Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Corporation and to ensure that the consolidated financial statements comply with Vietnamese Accounting Standards, Vietnamese Accounting System applicable to insurance enterprises and prevailing relevant regulations in Vietnam. The Board of General Directors is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of General Directors confirms that the Corporation has complied with the above requirements in preparing these consolidated financial statements.

For and on behalf of the Board of General Directors,



Pham Cong Tu  
General Director

Hanoi, 20 August 2011

No.: 183 /Deloitte-AUDHN-RE

## REVIEW REPORT

**To: The Shareholders, Board of Management and General Directors of  
Vietnam National Reinsurance Joint Stock Corporation**

We have audited the accompanying consolidated balance sheet of Vietnam National Reinsurance Joint Stock Corporation ("the Corporation") as at 30 June 2011, the related consolidated statements of income and cash flows for the period from 01 January 2011 to 30 June 2011 then ended and the notes thereto (collectively referred to as "the consolidated financial statements"), as set out from page 4 to page 24. The accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to issue a report on these consolidated financial statements based on our review.

We conducted our review in accordance with Vietnamese Standard on Auditing No. 910 - Engagements to review financial statements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of, in all material respects, the financial position of the Corporation as at 30 June 2011 and the results of its operations and its cash flows for the period from 01 January 2011 to 30 June 2011 in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing relevant regulations in Vietnam.

As stated in Note 4 of the Notes to the consolidated financial statements, the Corporation decides to recognise foreign exchange differences in accordance with Circular No. 201/2009/TT-BTC dated 15 October 2009 issued by the Ministry of Finance ("Circular 201"). The recognition of foreign exchange differences arising from revaluation of monetary items denominated in foreign currencies at the balance sheet date in accordance with Circular 201 differs from that as regulated in Vietnamese Accounting Standard No 10 (VAS 10). The effect of the Company's adoption of Circular 201 on the consolidated financial statements for the period from 01 January 2011 to 30 June 2011 is presented in Note 4.



**Khúc Thị Lan Anh**  
Deputy General Director  
CPA Certificate No. D. 0036/KTV

*For and on behalf of*  
**DELOITTE VIETNAM COMPANY LIMITED**

20 August 2011  
Hanoi, S.R. Vietnam



**Tran Duy Cuong**  
Auditor  
CPA Certificate No. 0797/KTV



**CONSOLIDATED BALANCE SHEET**  
*As at 30 June 2011*

FORM B 01-DNBH  
Unit: VND

ASSETS	Codes	Notes	30/6/2011	31/12/2010
<b>A. CURRENT ASSETS AND SHORT-TERM INVESTMENTS</b>	<b>100</b>		<b>3,010,476,165,759</b>	<b>2,512,498,116,003</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>		<b>736,490,140,608</b>	<b>836,432,234,938</b>
1. Cash on hand	111		2,192,513,441	2,353,020,093
2. Cash in bank	112		38,883,400,225	14,961,928,119
3. Cash equivalents	114		695,414,226,942	819,117,286,726
<b>II. Short-term financial investments</b>	<b>120</b>	<b>5</b>	<b>1,011,220,967,632</b>	<b>791,181,715,317</b>
1. Short-term investments in securities	121		160,479,472,057	128,732,671,938
2. Other short-term investments	128		870,555,459,105	676,524,573,144
3. Provision of diminution in value of short-term investments	129		(19,813,963,530)	(14,075,529,765)
<b>III. Short-term receivables</b>	<b>130</b>		<b>1,261,569,146,409</b>	<b>884,621,130,260</b>
1. Trade accounts receivable	131	6	1,269,849,270,581	892,587,467,722
2. VAT deductibles	133		421,368,559	124,355,754
3. Provision of doubtful debts	139		(8,701,492,731)	(8,090,693,216)
<b>IV. Inventories</b>	<b>140</b>		<b>100,195,562</b>	<b>32,539,955</b>
1. Materials	142		100,195,562	32,539,955
<b>V. Other short-term assets</b>	<b>150</b>		<b>1,095,715,548</b>	<b>230,495,533</b>
1. Advances	151		1,033,108,747	158,313,091
2. Short-term prepayments	152		62,606,801	72,182,442
<b>B. FIXED ASSETS, LONG-TERM INVESTMENTS</b>	<b>200</b>		<b>1,146,609,688,452</b>	<b>1,155,265,113,897</b>
<b>I. Fixed assets</b>	<b>210</b>		<b>30,504,448,004</b>	<b>31,728,332,446</b>
1. Tangible fixed assets	211	7	30,504,448,004	31,728,332,446
- Cost	212		54,593,059,080	54,506,740,080
- Accumulated depreciation	213		(24,088,611,076)	(22,778,407,634)
<b>II. Long-term financial investments</b>	<b>220</b>	<b>8</b>	<b>1,090,839,044,345</b>	<b>1,099,512,591,295</b>
1. Long-term investments in securities	221		708,610,415,891	737,471,695,343
2. Interest in joint ventures	222		212,525,832,019	186,535,219,163
3. Other long-term investments	228		176,050,715,568	176,174,782,063
4. Provision for diminution in value of long-term financial investments	229		(6,347,919,133)	(669,105,274)
<b>III. Construction in progress</b>	<b>230</b>	<b>9</b>	<b>7,547,894,551</b>	<b>4,887,755,847</b>
<b>IV. Long-term collaterals and deposits</b>	<b>240</b>		<b>17,718,301,552</b>	<b>19,136,434,309</b>
1. Insurance deposits	241		6,000,000,000	6,000,000,000
2. Other long-term collaterals, pledges and deposits	242		-	61,704,000
3. Long-term prepayments	243	10	11,718,301,552	13,074,730,309
<b>TOTAL ASSETS</b>	<b>250</b>		<b>4,157,085,854,211</b>	<b>3,667,763,229,900</b>

*These notes set out on pages 09 to 24 are an integral part of these financial statements*

**CONSOLIDATED BALANCE SHEET (Continued)**  
*As at 30 June 2011*

**FORM B 01-DNBH**  
*Unit: VND*

RESOURCES	Codes	Notes	30/6/2011	31/12/2010
<b>A. LIABILITIES</b>	<b>300</b>		<b>1,912,374,920,265</b>	<b>1,512,953,139,541</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>1,260,422,966,137</b>	<b>920,169,742,390</b>
1. Short-term loans	311		425,880,000	-
2. Trade accounts payable	313	11	1,165,994,697,288	826,636,936,945
3. Advances from customers	314		16,859,299,847	4,077,065,931
4. Taxes and amounts payable to the State budget	315	12	11,826,614,468	36,118,970,695
5. Payables to employees	316		5,141,182,158	6,896,121,315
6. Other current payables	318		55,074,547,901	41,252,419,745
7. Bonus and welfare funds	319		5,100,744,475	5,188,227,759
<b>II. Long-term liabilities</b>	<b>320</b>		<b>1,206,887,542</b>	<b>1,535,432,384</b>
1. Provision for severance allowance			1,016,319,390	1,268,319,307
2. Deferred tax liabilities			190,568,152	267,113,077
<b>III. Underwriting reserves</b>	<b>330</b>	<b>14</b>	<b>627,968,659,246</b>	<b>573,059,727,645</b>
1. Premium reserve	331		214,740,662,538	191,583,232,390
2. Claim reserve	333		296,675,157,375	272,753,481,232
3. Catastrophe reserve	334		116,552,839,333	108,723,014,023
<b>IV. Other liabilities</b>	<b>340</b>		<b>22,776,407,340</b>	<b>18,188,237,122</b>
1. Long-term deposit received	343		2,752,559,169	2,544,388,951
2. Accrued expenses (Provision for withholding tax payable)	341		20,023,848,171	15,643,848,171
<b>B. RESOURCES</b>	<b>400</b>		<b>2,209,872,750,319</b>	<b>2,119,540,913,282</b>
<b>I. Resources and funds</b>	<b>410</b>	<b>15</b>	<b>2,209,872,750,319</b>	<b>2,119,540,913,282</b>
1. Operating capital	411		672,184,400,000	672,184,400,000
2. Share premium			1,104,116,030,642	1,104,116,030,642
3. Foreign exchange reserve	413		37,390,924,845	20,354,044,018
4. Investment and development fund	414		16,971,590,047	14,618,670,958
5. Financial reserve fund	415		85,124,561,663	73,359,966,219
6. Compulsory reserve fund	416		42,428,975,116	36,546,677,394
7. Retained earnings	418		251,656,268,006	198,361,124,051
<i>In which: Gain from exchange differences               revaluation at period end</i>			<i>8,433,141,804</i>	<i>8,433,141,804</i>
<b>C. Minority interest</b>	<b>430</b>		<b>34,838,183,627</b>	<b>35,269,177,077</b>
<b>TOTAL RESOURCES</b>			<b>4,157,085,854,211</b>	<b>3,667,763,229,900</b>

*These notes set out on pages 09 to 24 are an integral part of these financial statements*

**CONSOLIDATED BALANCE SHEET (Continued)**  
*As at 30 June 2011*

FORM B 01-DNBH

OFF-BALANCE SHEET ITEMS	Currency	30/6/2011	31/12/2010
<b>1. Foreign currencies</b>	<b>08</b>		
United States Dollar	USD	4,962,500.91	6,725,069.43
Australian Dollar	AUD	86,362.03	86,328.56
Japanese Yen	JPY	1,040,349.00	1,041,075.00
Singapore Dollar	SGD	717.89	728.93
British Pound	GBP	14,903.79	14,899.82
Euro	EUR	4,670,991.66	1,881,460.14
<b>2. Existing depreciation fund</b>	<b>10</b>	<b>VND</b>	<b>30,853,930,359.00</b>
			<b>29,551,808,313</b>



Phạm Công Tu  
General Director

*Hanoi, 20 August 2011*

Luu Thi Viet Hoa  
Chief accountant



**CONSOLIDATED INCOME STATEMENT**  
For the period from 01 January 2011 to 30 June 2011

FORM B 02-DNBH

Unit: VND

ITEMS	Codes	Notes	From 01/01/2011 to 30/6/2011	From 01/01/2010 to 30/6/2011
1. Premium from reinsurance inward	02		764,420,006,599	633,635,698,381
2. Deductions	03		503,425,829,621	413,736,464,228
Reinsurance outward premium	04		496,840,824,843	407,468,001,287
Returned premium	05		6,585,004,778	6,268,462,941
3. (Increase) in unearned premium reserve	08		23,157,430,148	25,322,614,662
4. Commission from reinsurance outward	09		89,047,346,126	74,693,500,249
5. Other income from insurance activities	10		18,351,869,623	13,064,284,637
Income from inward reinsurance	11		4,517,210,582	2,684,518,775
Income from outward reinsurance	12		13,834,659,041	10,379,765,862
6. Net revenue from insurance activities	14		345,235,962,579	282,334,404,377
7. Claims payment for inward reinsurance	16		408,333,057,425	228,743,271,069
8. Deductions	17		307,395,546,380	141,565,815,183
Claims receipt from outward reinsurance	18		307,395,546,380	141,565,815,183
9. Claim under retention	21		100,937,511,045	87,177,455,886
10. Increase in claim reserve	23		23,921,676,143	24,986,165,182
11. Allocation to catastrophe reserve	24		7,829,825,310	6,596,977,025
12. Other expenses for insurance business	25		180,872,824,873	136,027,966,094
- Other expenses for inward reinsurance	34		176,122,374,597	132,384,197,582
+ Commission	35		151,164,295,579	123,383,903,911
+ Others	38		24,958,079,018	9,000,293,671
- Other expenses for outward reinsurance	39		4,750,450,276	3,643,768,512
13. Total direct expenses for insurance activities	41		313,561,837,371	254,788,564,187
14. Gross profit from insurance activities	42		31,674,125,208	27,545,840,190
15. Administration expenses	44		19,632,724,354	24,866,183,000
16. Net profit from insurance activities	45		12,041,400,854	2,679,657,190
17. Revenue from financial activities	46	16	152,365,859,855	137,680,782,441
18. Expenses for financial activities	47		23,658,187,108	9,820,189,455
19. Profit from financial activities	51		128,707,672,747	127,860,592,986
20. Other income	52		7,423,931,096	7,397,165,974
21. Other expenses	53		1,934,752,602	1,808,516,700
22. Profit from other activities	54		5,489,178,494	5,588,649,274
23. Accounting profit before tax	55		146,238,252,095	136,128,899,450
24. Adjustments to taxable profit	56		(27,873,965,924)	(23,740,611,873)
In which: + Non-taxable profit			(28,524,081,800)	(23,860,430,851)
+ Undeductible expenses			650,115,876	119,818,978
25. Taxable profit	59		118,364,286,171	112,388,287,577
26. Corporate income tax payable	60	17	29,898,481,199	28,097,071,922
27. Deferred corporate income tax			76,544,925	(27,520,058)
28. Share of net profits of associates and joint ventures			25,990,612,856	11,305,183,713
29. Net profit after corporate income tax	61		142,406,928,677	119,309,491,183
Attributable to:				
Equity holders of the Holding Company			142,837,922,127	118,976,633,893
Minority interest			(430,993,450)	332,857,290

  
Phạm Công Tu  
General Director



Luu Thi Viet Hoa  
Chief accountant

Hanoi, 20 August 2011

These notes set out on pages 09 to 24 are an integral part of these financial statements



# CONSOLIDATED CASH FLOW STATEMENT

For the period from 01 January 2011 to 30 June 2011

FORM B 03-DNBH

Unit: VND

ITEMS	Codes	From 01/01/2011 to 30/6/2011	From 01/01/2010 to 30/6/2010
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Receipts from insurance premium and commission	01	180,903,223,058	165,392,741,031
2. Receipts from reduced cost of revenue	03	24,477,000	132,586,732
3. Receipts from other activities	04	21,706,877,223	90,748,858,781
4. Claims payments for insurance activities	05	(52,195,248,935)	3,560,057,895
5. Payments for commissions and other liabilities of insurance activities	06	(89,449,744,826)	(98,948,004,984)
6. Payments for suppliers	07	(4,041,118,830)	(1,956,405,491)
7. Payments for employees	08	(14,110,987,430)	(9,631,959,378)
8. Payments for taxes and payables to the State Budget	09	(54,781,193,201)	(22,245,028,018)
9. Payments for other liabilities	10	(42,753,928,910)	(100,846,232,466)
10. Advances for employees and suppliers	11	(1,231,975,766)	(407,355,801)
<i>Net cash used in/ from operating activities</i>	20	<i>(55,929,620,617)</i>	<i>25,799,258,301</i>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Receipts from investments on other entities	21	1,306,525,097,056	1,326,894,706,411
2. Receipts from investment interests	22	162,216,352,462	124,029,616,639
3. Payments for investment on other entities	25	(1,456,696,705,177)	(801,605,529,480)
4. Acquisitions of fixed assets	26	(2,294,850,327)	(1,010,277,027)
<i>Net cash from investing activities</i>	30	<i>9,749,894,014</i>	<i>648,308,516,543</i>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from borrowings	31	425,880,000	-
2. Proceeds from receiving capital from owners	32	-	14,798,500,000
3. Dividends paid	36	(55,058,254,000)	(53,774,752,000)
<i>Net cash (used in) financing activities</i>	40	<i>(54,632,374,000)</i>	<i>(38,976,252,000)</i>
<b>Net increase in cash</b>	50	<b>(100,812,100,603)</b>	<b>635,131,522,844</b>
<b>Cash and cash equivalents at the beginning of the period</b>	60	<b>836,432,234,938</b>	<b>557,524,876,302</b>
<b>Effect of changes in foreign exchange rates</b>	61	<b>870,006,273</b>	<b>423,142,864</b>
<b>Cash and cash equivalents at the end of the period</b>	70	<b>736,490,140,608</b>	<b>1,193,079,542,010</b>



Pham Cong Tu  
General Director

Hanoi, 20 August 2011

Luu Thi Viet Hoa  
Chief accountant

These notes set out on pages 09 to 24 are an integral part of these financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**      **FORM B09-DNBH**  
*(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)*

**1. GENERAL INFORMATION**

**Structure of ownership**

Vietnam National Reinsurance Joint Stock Corporation ("the Corporation") is incorporated under Establishment and Operation License No. 28/GP/KDBH dated 15 November 2004 issued by the Ministry of Finance and Amended License No. 28/GPDC2/KDBH dated 18 February 2008.

Up to 30 June 2011, the Corporation owns one subsidiary, Vinare Investment Joint Stock Company, and one joint-venture, Samsung-Vina Insurance Ltd. The voting right of the Corporation at the subsidiary is in line with its capital contribution portion at 60% as stipulated in the subsidiary's Business Registration Certificate. The voting right of the Corporation at the joint-venture is in line with its capital contribution portion at 50% as stipulated in the joint-venture's Business Registration Certificate.

**Operating industry and principal activities**

The principal activities of the Corporation are to provide reinsurance services, to make financial investments and other activities permitted by law.

**2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD**

**Accounting convention**

The accompanying consolidated financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System applicable to insurance enterprises and prevailing relevant regulations in Vietnam.

The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

**Accounting period**

The financial year of the Corporation and its subsidiary begins on 01 January and ends on 31 December. These interim consolidated financial statements are prepared for the period from 01 January 2011 to 30 June 2011.

**3. NEW ACCOUNTING GUIDANCE IN ISSUE NOT YET ADOPTED**

On 06 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC ("Circular 210") guiding the application of International Financial Reporting Standards on presentation of financial statements and disclosures of financial instruments. The adoption of Circular 210 requires disclosures of certain financial instruments as well as the effect thereof on the financial statements. This Circular is effective for the financial year ending on or after 31 December 2011. The Board of General Directors is considering the extent of impact of the adoption on the Corporation's consolidated financial statements for future accounting periods.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**FORM B09-DNBH**

*(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)*

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies, which have been adopted by the Corporation in the preparation of these consolidated financial statements, are as follows:

**Accounting estimates**

The preparation of consolidated financial statements in conformity with Vietnamese Accounting Standards, Vietnamese Accounting System applicable to insurance enterprises and prevailing relevant regulations in Vietnam requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Corporation and enterprises controlled by the Corporation (its subsidiaries) for the period from 01 January 2011 to 30 June 2011. Control is achieved where the Corporation has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Corporation.

All inter-company transactions and balances between group enterprises are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Corporation's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Corporation except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

**Business combinations**

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit and loss in the period of acquisition.

The interest of minority shareholders is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**FORM B09-DNBH**

*(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)*

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Interests in joint ventures**

A joint venture is a contractual arrangement whereby the Corporation and other parties undertake an economic activity that is subject to joint control, which is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Where a group entity undertakes its activities under joint venture arrangements directly, the Corporation's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognized in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Corporation's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Corporation and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Corporation reports its interests in Samsung-Vina Insurance Ltd. using the equity method of accounting.

Any goodwill arising on the acquisition of the Corporation's interest in a jointly controlled entity is accounted for in accordance with the Corporation's accounting policy for goodwill arising on the acquisition of a subsidiary.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Receivables and provision for doubtful debts**

Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

Owing to the nature of reinsurance business, liabilities are often settled on a quarterly or half-year basis. Therefore, although accounts receivable due at period-end include some overdue for over 06 months to under 01 year, the Corporation did not make provision for such debts. For accounts receivable due from 01 to under 02 years, the Corporation is making provision for such debts at the rate of 30%, which is lower than the rate of 50% as regulated in Circular No. 228/2009/TT-BTC dated 07 December 2009 by the Ministry of Finance guiding the appropriation and use of provisions for the devaluation of inventories, impairment of financial investments, bad debts and warranty for products, goods, construction works at enterprises. The Corporation believes that the aforesaid provision-making is in line with its business nature.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation. The costs of tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

Tangible fixed assets are depreciated using the straight-line method over the estimated useful lives as follows:

	<u>Years</u>
Buildings and structures	25
Motor vehicles	6
Office equipment	4
Other fixed assets	4 - 5

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**FORM B09-DNBH**

*(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)*

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Long-term prepayments**

Under Circular No. 203/2009/TT-BTC dated 20 October 2009 guiding regime on management, use and calculation of depreciation of fixed assets for enterprises incorporated and operate in Vietnam, accordingly, if a wholly State-owned enterprise undergoes valuation by discounted cash flow method for equitization purposes, an increase in the actual value of the State capital portion compared to the book value shall not be recognised as be an intangible fixed asset and gradually allocated to business expenses during a period not exceeding 10 years. The time commencing allocation to expenses shall be the time when the enterprise officially converts to a shareholding company (as per its business registration certificate). According to Circular No. 203/2009/TT-BTC effective from 01 January 2010, the Corporation has allocated the net book value at 31 December 2009 (VND 14,640,221,973) of the increase due to re-valuation at the time of equitization to long-term prepayments and allocated to expenses using the straight-line method over the duration of 5 years from 2010.

Other types of long-term prepayments comprise costs of tools, supplies and spare parts issued for consumption, which are expected to provide future economic benefits to the Corporation for one year or more. These expenditures have been capitalised as long-term prepayments, and are allocated to the income statement using the straight-line method.

**Investments in securities**

Investments in securities are recognised on a trade date basis and are initially measured at cost, including directly attributable transaction costs.

At the subsequent reporting dates, investments in securities are measured at cost, less the amount of diminution in value of investments in securities.

Provision for diminution in value of investments in security investments is made in accordance with current prevailing relevant regulations which allow provision to be made for freely traded securities whose book value is higher than market price as at the balance sheet date.

**Revenue recognition**

Reinsurance inward revenue is recognised following the statement of accounts agreed by the Corporation and the re-insurers. Reinsurance outward revenue is recognised when the Corporation receives an acceptance statement of the re-insurer following the respective reinsurance notices issued by the Corporation. Such recognition is in conformity with regulations of financial regime applicable for insurance enterprises.

Dividend income from investments is recognised upon a notification of profit-sharing released by the investee.

Interest income from deposits, public bonds and bank debenture, government bonds, and loans is recognised when incurred.

Income from office leasing is recognised when incurred.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DNBH

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

The Corporation applies an accounting exchange rate of USD/VND 20,500 in 2011 (in 2010 USD/VND 17,900). Transactions arising in foreign currencies during the period are initially translated into VND using the accounting exchange rate and then using actual rate applicable on the transaction date. Such exchange differences are recorded in the consolidated income statement.

Liabilities relating to accounting for revenue and costs for the year denominated in USD on the balance sheet date are translated using the State Bank's inter-bank average exchange rate of USD/VND 20,618. Currencies other than USD are translated into USD and then using the State Bank's inter-bank average exchange rate of USD/VND 20,618. Monetary short-term assets and liabilities denominated in foreign currencies that are not relating to accounting for revenue and costs are retranslated at the rates of exchange prevailing on the balance sheet date and are accounted for in accordance with Circular No. 201/2009/TT-BTC dated 15 October 2009 issued by the Ministry of Finance as follows:

- Foreign exchange differences arising from revaluation of monetary items, short-term receivables and payables denominated in foreign currencies at the balance sheet date are recorded in the balance sheet in the "foreign exchange reserve" item under "Resources and funds" item in the consolidated balance sheet.
- Foreign exchange differences arising from revaluation of long-term receivables and payables are recorded in the consolidated income statement for the period.

The recognition of foreign exchange differences in accordance with Circular No. 201/2009/TT-BTC differs from that as regulated in Vietnamese Accounting Standard No. 10 (VAS 10) "Effects of changes in foreign exchange rates". According to VAS 10, foreign exchange differences arising from revaluation of balances denominated in foreign currencies at the balance sheet date are recognized in the income statement. The Board of General Directors has decided to recognise foreign exchange differences as guided in Circular No. 201/2009/TT-BTC and believes that such application and disclosure of differences at the same time, in the case where the Company would apply VAS 10, may provide more information to users of the financial statements. Accordingly, the Corporation recognised foreign exchange gain due to revaluation of balances denominated in foreign currencies of VND 17,036,880,827 as at 30 June 2011 in the "Foreign exchange reserve" item under Owner's equity section in the balance sheet as at 30 June 2011 instead recording in the consolidated income statement in accordance with VAS 10. (The Corporation applied consistently this way last year and the accumulated amount of this item up to 31 December 2010 was VND 20,354,044,018).

Underwriting reserves

On 21 May 2008, the Ministry of Finance promulgated Official Letter No. 5910/BTC-BH approving the registration of the method to make reserves for insurance transactions of the Corporation. Accordingly, underwriting reserve of the Corporation for the period are made as follows:

**Premium reserve:** This reserve is provided at 25% of the premium retained for the period over all types of cargo insurance (by land, seaway, waterway, railway and airway) and at 50% for other types.

**Claim reserves:**

- The Corporation applies a claim estimation method based on the nature of each case when claim reserve is insured for losses reported or claimed but remained unsettled at the period-end.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**      **FORM B09-DNBH**  
*(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)*

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Claim reserves (Continued)*

- For losses that incurred but not reported (IBNR), the Corporation applies different reserve calculation methods based on the nature of each insurance type, as follows:
  - As for cargo, hull and marine and non-marine insurance: IBNR is estimated by compensated value within retention responsibility (for the losses of less than USD 100,000) of the Quarter IV of the previous fiscal year multiplied by the growth rate of retained premium of those transactions in the current period.
  - As for aviation insurance: IBNR is determined by estimating value of losses possible to be incurred but not to be reported at period-end.

Based on the Corporation's experiences for many years, other insurance transactions normally do not incur IBNR or if any, the case will not be material, accordingly, the Corporation decided not to make reserve for IBNR for other types of insurance.

The reserve calculation for IBNR of the Corporation differs from that stipulated in Decree No. 46/2007/ND-CP dated 27 March 2007 issued by the Government. This is because the Corporation did not have sufficient data under statistical method to calculate IBNR using the formula regulated in Circular No. 156/2007/TT-BTC dated 20 December 2007. The Corporation believes that the reserve for IBNR made as mentioned above is in line with its nature and business situation and is approved by Ministry of Finance in Document No. 5910/BTC-BH dated 21 May 2008.

**Catastrophe reserve:** This reserve is made annually under statistical method (at a rate of 3% of retention rate of all transactions) until it reaches 100% premium retained in the period in accordance with Decree No. 46/2007/ND-CP dated 27 March 2007 issued by the Government.

On 28 September 2005, the Ministry of Finance issued Vietnamese Accounting Standard No. 19 "Insurance Contract" and Decision No. 100/2005/QĐ-BTC (effective from 2006) attached thereto. Accordingly, at the reporting date, insurance enterprises are not allowed to record provisions, including catastrophe reserve, for future claim compensation if claims do not incur on the balance sheet date. Currently, under Decree No. 46/2007/ND-CP dated 27 March 2007 issued by the Government, insurance enterprises are required to provide for catastrophe reserve. Since the Ministry of Finance was yet to promulgate any circular guiding the implementation of the aforesaid accounting standard, the fact that the Corporation still made provision for catastrophe reserve in 2010 should be more prudent than what is regulated in Vietnamese Accounting Standard No. 19. The effect of the Standard on the Corporation's consolidated financial statements will depend on the Ministry of Finance's subsequent guiding documents.

**Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of taxable profit and accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)** **FORM B09-DNBH**  
(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Taxation (Continued)**

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

The determination of the corporate income tax is based on the prevailing regulation on tax. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

**5. SHORT-TERM FINANCIAL INVESTMENTS**

	30/6/2011	31/12/2010
	VND	VND
Cash in bank (term of under 1 year)	870,555,459,105	676,524,573,144
Short-term bonds	122,719,576,027	93,858,296,575
Stocks (short-term)	37,759,896,030	34,874,375,363
Provision for diminution in value of short-term investments	(19,813,963,530)	(14,075,529,765)
	<u>1,011,220,967,632</u>	<u>791,181,715,317</u>

**6. TRADE ACCOUNTS RECEIVABLE**

	30/6/2011	31/12/2010
	VND	VND
Receivables from inward reinsurance	669,628,077,595	455,739,738,878
Receivables from outward reinsurance	494,290,969,855	336,287,045,759
Estimated gains on investments and loans	81,402,004,067	91,656,153,471
Other receivables from reinsurance activities	23,831,757,025	8,274,163,161
Other receivables	696,462,039	630,366,453
	<u>1,269,849,270,581</u>	<u>892,587,467,722</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)** **FORM B09-DNBH**  
(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

**7. TANGIBLE FIXED ASSETS**

Unit: VND

	Buildings and structures	Motor vehicles	Office equipment	Other fixed assets	Total
	VND	VND	VND	VND	VND
<b>Cost</b>					
As at 01/01/2011	49,226,058,930	2,742,446,571	2,273,877,327	264,357,252	54,506,740,080
Additions	-	-	86,319,000	-	86,319,000
As at 30/6/2011	49,226,058,930	2,742,446,571	2,360,196,327	264,357,252	54,593,059,080
<b>Accumulated depreciation</b>					
As at 01/01/2011	19,470,601,868	1,482,590,479	1,560,858,035	264,357,252	22,778,407,634
Additions	1,060,700,309	89,360,566	160,142,567	-	1,310,203,442
As at 30/6/2011	20,531,302,177	1,571,951,045	1,721,000,602	264,357,252	24,088,611,076
<b>Net book value</b>					
As at 30/6/2011	28,694,756,753	1,170,495,526	639,195,725	-	30,504,448,004
As at 31/12/2010	29,755,457,062	1,259,856,092	713,019,292	-	31,728,332,446

As at 30 June 2011, the total cost of tangible fixed assets includes VND 2,138,300,586 (31 December 2010: VND 2,554,429,264) of assets that have been fully depreciated but are still in use.

**8. LONG-TERM FINANCIAL INVESTMENTS**

	30/6/2011	31/12/2010
	VND	VND
<i>Interests in joint ventures (a)</i>	212,525,832,019	186,535,219,163
<i>Long-term investments in securities</i>	708,610,415,891	737,471,695,343
Share capital contribution (b)	472,000,270,000	472,000,270,000
Public debts and government bonds	20,000,000,000	-
Bank debentures issued by Vietnam Development Bank	98,116,718,494	190,836,294,521
Other bonds	118,493,427,397	74,635,130,822
<i>Other long-term investments</i>	176,050,715,568	176,174,782,063
Investment from Welfare fund	821,206,063	821,206,063
Contrexim Complex Project	7,500,000,000	14,500,000,000
Paragon Tower Project	27,960,876,000	27,960,876,000
Tincom Plaza (360 Giai Phong) Project	60,149,250,000	60,149,250,000
142 Dinh Cong Project	12,619,383,505	7,743,450,000
No.1 Groceries Company Project	5,000,000,000	5,000,000,000
Investment co-operation contract with Anh Cuong Company Limited	2,000,000,000	-
Vietcombank Fund Management Company	30,000,000,000	30,000,000,000
VietFund Management Company	30,000,000,000	30,000,000,000
<i>Allowance for long-term investments</i>	(6,347,919,133)	(669,105,274)
	1,090,839,044,345	1,099,512,591,295

**(a) Interests in joint ventures**

The Corporation contributed 50% of the joint venture's value and enjoyed a part of profit from Samsung Vina Insurance Ltd.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DNBH

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

8. LONG-TERM FINANCIAL INVESTMENTS (Continued)

(a) Interests in joint ventures (Continued)

Below is financial information of Samsung Vina Insurance Ltd.:

	30/6/2011	31/12/2010
	VND	VND
Total assets	734,209,401,343	637,795,419,808
Total liabilities	309,157,737,305	264,724,981,483
Net assets	425,051,664,038	373,070,438,325
Net assets which the Corporation invests in the joint-venture	<u>212,525,832,019</u>	<u>186,535,219,163</u>
	From 01/01/2011 to 30/6/2011	From 01/01/2010 to 30/6/2010
	VND	VND
Revenue	257,138,377,960	152,061,971,263
Net profit	51,981,225,713	22,610,367,426
Net profit of Corporation in joint-venture	<u>25,990,612,856</u>	<u>11,305,183,713</u>

(b) Share capital contribution

	Portion of ownership interest	30/6/2011	31/12/2010
		VND	VND
Share capital contribution includes			
Contribution to Petrolimex Joint Stock Insurance Company	8.76%	59,289,270,000	59,289,270,000
Contribution to Post-Telecommunication Joint Stock Insurance Company	7.06%	38,416,000,000	38,416,000,000
Contribution to Sai Gon - Ha Long Hotel	6.00%	6,000,000,000	6,000,000,000
Contribution to Global Insurance Company	5.87%	17,600,000,000	17,600,000,000
Contribution to Bao Tin Insurance Company	2.67%	8,000,000,000	8,000,000,000
Contribution to Agriculture Bank Insurance Joint-Stock Corporation	8.42%	32,000,000,000	32,000,000,000
Contribution to Dai Nam Securities Company	3.59%	2,695,000,000	2,695,000,000
Contribution to HKI Insurance Company	10.00%	30,000,000,000	30,000,000,000
Contribution to Tien Phong Joint Stock Commercial Bank	10.00%	278,000,000,000	278,000,000,000
		<u>472,000,270,000</u>	<u>472,000,270,000</u>

The Corporation evaluated the fair value of capital contributed to such entities as at 30 June 2011 and believed that those investments will not be devaluated compared to their purchase prices.

During the period, the Corporation received profit-sharing notifications from these companies, as follows:

	From 01/01/2011 to 30/6/2011	From 01/01/2010 to 31/12/2010
	VND	VND
Interest on investment in Petrolimex Joint Stock Insurance Company	4,512,707,000	-
Interest on investment in Post-Telecommunication Joint Stock Insurance Company	4,762,800,000	2,540,160,000
Interest on investment in Sai Gon - Ha Long Hotel	-	480,000,000
Interest on investment in Global Insurance Company	1,510,400,000	1,321,600,000
Interest on investment in Tien Phong Joint Stock Commercial Bank	15,171,428,500	10,000,000,000
Interest on investment in Agriculture Bank Insurance Joint-Stock Corporation	2,560,000,000	640,000,000
Interest on investment in HKI Insurance Company	-	1,650,000,000
	<u>28,517,335,500</u>	<u>16,631,760,000</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**      **FORM B09-DNBH**  
(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

**9. CONSTRUCTION IN PROGRESS**

	30/6/2011	31/12/2010
	VND	VND
Reinsurance Software Implementation	7,547,894,551	4,887,755,847
	<u>7,547,894,551</u>	<u>4,887,755,847</u>

**10. LONG-TERM PREPAYMENTS**

	30/6/2011	31/12/2010
	VND	VND
Added value after equitisation	10,248,155,380	11,712,177,578
Golf card expenses	1,470,146,172	1,362,552,731
	<u>11,718,301,552</u>	<u>13,074,730,309</u>

**11. TRADE ACCOUNTS PAYABLE**

	30/6/2011	31/12/2010
	VND	VND
Payables to inward reinsurance activities	472,940,573,707	319,081,752,078
Payables to outward reinsurance activities	640,119,042,689	476,553,587,206
Payable due to payment not confirmed	46,097,931,172	25,558,690,266
Temporary Withholding Tax collection (2% Re-insurance fee)	4,549,544,274	2,658,546,995
Other payable	2,287,605,445	2,784,360,400
	<u>1,165,994,697,288</u>	<u>826,636,936,945</u>

**12. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET**

	30/6/2011	31/12/2010
	VND	VND
VAT on domestic sales	92,224,687	968,523,904
Corporate income tax	11,257,262,557	33,822,950,487
Personal income tax	477,127,224	961,852,442
Withholding tax	-	365,643,862
	<u>11,826,614,468</u>	<u>36,118,970,695</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)** **FORM B09-DNBH**  
(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

**13. OTHER CURRENT PAYABLES**

	30/6/2011	31/12/2010
	VND	VND
Trade union	1,901,523,446	1,565,736,585
Social insurance	525,366,912	501,849,601
Health insurance	15,506,657	10,875,101
Unemployment insurance	5,696,816	4,694,388
Dividends payable	13,443,688,000	-
Other payables	39,182,766,070	39,169,264,070
- <i>Nicotex Investment and Business Property JSC.</i> <i>(capital contribution to Paragon Tower Project)</i>	4,677,324,000	4,677,324,000
- <i>Pham Thanh Binh (capital contribution to Paragon</i> <i>Tower Project)</i>	4,662,600,000	4,662,600,000
- <i>Anh Cuong Company Ltd. (capital contribution to 360</i> <i>Giai Phong Project)</i>	23,584,062,645	23,584,062,645
- <i>Global Insurance JSC. (capital contribution to 360</i> <i>Giai Phong Project)</i>	6,242,842,920	6,242,842,920
- <i>Other payables</i>	15,936,505	2,434,505
	<u>55,074,547,901</u>	<u>41,252,419,745</u>

**14. UNDERWRITING RESERVES**

	31/12/2010	Increase	Decrease	30/6/2011
	VND	VND	VND	VND
Premium reserve	191,583,232,390	23,157,430,148	-	214,740,662,538
Claim reserve	272,753,481,232	23,921,676,143	-	296,675,157,375
Catastrophe reserve	108,723,014,023	7,829,825,310	-	116,552,839,333
<b>Total</b>	<u>573,059,727,645</u>	<u>54,908,931,601</u>	<u>-</u>	<u>627,968,659,246</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

## 15. RESOURCES AND FUNDS

	Operating capital	Share premium	Foreign exchange reserve	Investment and development fund	Financial reserve fund	Compulsory reserve fund	Retained earnings	Total
	VND	VND	VND	VND	VND	VND	VND	VND
As at 01/01/2010	672,184,400,000	1,104,116,030,642	8,009,310,605	10,458,867,357	52,294,336,782	26,147,168,392	126,059,030,973	1,999,269,144,751
Profit for the year	-	-	-	-	-	-	233,434,620,911	233,434,620,911
Allocated to funds	-	-	-	4,159,803,601	21,065,629,437	10,399,509,002	(40,139,335,833)	(4,514,393,793)
Dividends paid	-	-	-	-	-	-	(120,993,192,000)	(120,993,192,000)
Other increase	-	-	12,344,733,413	-	-	-	-	12,344,733,413
As at 01/01/2011	672,184,400,000	1,104,116,030,642	20,354,044,018	14,618,670,958	73,359,966,219	36,546,677,394	198,361,124,051	2,119,540,913,282
Profit for the period	-	-	-	-	-	-	142,837,922,127	142,837,922,127
Allocated to funds	-	-	-	2,352,919,089	11,764,595,444	5,882,297,722	(22,324,338,172)	(2,324,525,917)
Dividends paid (*)	-	-	-	-	-	-	(67,218,440,000)	(67,218,440,000)
Other increase	-	-	17,036,880,827	-	-	-	-	17,036,880,827
As at 30/6/2011	672,184,400,000	1,104,116,030,642	37,390,924,845	16,971,590,047	85,124,561,663	42,428,975,116	251,656,268,006	2,209,872,750,319

(\*) According to Resolution No. 04/2011/NQ-DHDCD dated 29 April 2011 at the General Shareholders' Annual Meeting of Vietnam National Reinsurance Joint Stock Corporation, the Board of Management declared the 2nd dividend distribution for 2010 equal to 10% of the retained earnings, which is equivalent to VND 67,218,440,000. Simultaneously, the Corporation's Board of Management declared temporary allocation of VND 22,324,338,172 to funds as at 30 June 2011. The final decisions on distribution of dividends for 2011 will be under the authority of the next General Assembly of Shareholders.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)** **FORM B09-DNBH**  
(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

**15. RESOURCES AND FUNDS (Continued)**

**Operating capital**

As at 30 June 2011, the total actual capital contributed by shareholders was VND 672,184,400,000 as follows:

Resources	Contributed capital as at			
	30/6/2011	Portion	31/12/2010	Portion
	VND		VND	
Operating capital	672,184,400,000	100%	672,184,400,000	100%
State Capital Investment Corporation	271,313,000,000	40.36%	271,313,000,000	40.36%
Swiss Re	168,046,100,000	25.00%	168,046,100,000	25.00%
Individual shareholders	232,825,300,000	34.64%	232,825,300,000	34.64%
Share premium	1,104,116,030,642		1,104,116,030,642	
	<u>1,776,300,430,642</u>		<u>1,776,300,430,642</u>	

**16. REVENUE FROM FINANCIAL ACTIVITIES**

	From 01/01/2011 to 30/6/2011	From 01/01/2010 to 30/6/2010
	VND	VND
Dividends and profits received	28,759,722,300	13,057,775,600
Interest from bonds, commercial bills	19,911,626,027	37,606,018,403
Interest from time deposits	102,241,066,123	84,605,161,671
Interest from demand deposits	459,812,072	435,669,144
Interest on loans for staff buying shares	-	154,828,771
Interest from securities business	-	1,821,328,852
Accrued interest from capital contribution agreements	876,833,333	-
Securities business and reversal	116,800,000	-
	<u>152,365,859,855</u>	<u>137,680,782,441</u>

**17. CORPORATE INCOME TAX**

	From 01/01/2011 to 30/6/2011	From 01/01/2010 to 30/6/2010
	VND	VND
Profit before tax	146,238,252,095	136,128,899,450
Adjustments for taxable income		
Less: Non-taxable income	(28,524,081,800)	(23,860,430,851)
Add: Non-deductible expenses	650,115,876	119,818,978
Add: Loss of Vinare Invest	1,229,638,623	-
Assessable income	119,593,924,794	112,388,287,577
Normal tax rate	25%	25%
Corporate income tax	29,898,481,199	28,097,071,922
Income tax payable for the current period	29,898,481,199	28,097,071,922
Deferred tax	76,544,925	(27,520,058)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)** **FORM B09-DNBH**  
(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

**18. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Transactions with related parties:

	From 01/01/2011 to 30/6/2011 VND	From 01/01/2010 to 30/6/2010 VND
<b><u>Swiss Re</u></b>		
Reinsurance outward premium	48,420,098,326	26,699,260,523
Reinsurance outward commission	8,872,495,926	6,020,032,686
Receipt from reinsurance outward claim	35,555,869,706	12,340,428,848
Dividends paid	13,443,688,000	13,443,688,000
<b><u>Bao Minh Insurance Joint-Stock Corporation</u></b>		
Reinsurance outward premium	25,644,849,023	20,426,559,546
Reinsurance outward commission	4,100,517,533	3,825,538,816
Receipt from reinsurance outward claim	15,775,840,954	10,855,997,776
Reinsurance inward premium	58,996,746,807	49,688,111,655
Reinsurance inward commission	4,118,634,396	833,505,356
Claim settlements of reinsurance inward	43,755,368,586	6,311,978,408
<b><u>Samsung-Vina Insurance Joint-Venture Co., Ltd</u></b>		
Reinsurance outward premium	10,998,983,536	7,816,372,005
Reinsurance outward commission	3,159,039,330	2,363,878,470
Receipt from reinsurance outward claim	12,222,280,422	5,929,808,111
Reinsurance inward premium	84,869,889,054	47,165,845,270
Reinsurance inward commission	23,514,703,561	14,541,836,189
Claim settlements of reinsurance inward	50,589,417,387	41,354,904,750
<b><u>State Capital Investment Corporation</u></b>		
Dividends paid	21,705,040,000	21,705,040,000
<b><u>The Board of General Directors</u></b>		
Net remuneration of the Board of General Directors	1,263,952,350	930,882,654



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)** **FORM B09-DNBH**  
(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

**18. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**

Balances with related parties as at 30 June 2011:

	30/6/2011	31/12/2010
	VND	VND
<b><u>Swiss Re</u></b>		
Receivables from reinsurance outward activities	43,470,049,410	34,376,194,977
Payables from reinsurance outward activities	38,318,493,357	17,749,418,355
Dividends for 2010 paid	3,360,922,000	-
<b><u>Bao Minh Insurance Joint-Stock Corporation</u></b>		
Receivables from reinsurance inward activities	35,007,840,943	12,791,446,799
Receivables from reinsurance outward activities	25,088,727,258	14,700,593,588
Payables from reinsurance inward activities	8,174,269,510	11,487,467,730
Payables from reinsurance outward activities	27,563,024,059	14,117,817,119
<b><u>Samsung-Vina Insurance Joint-Venture Co., Ltd</u></b>		
Receivables from reinsurance inward activities	53,516,164,371	34,514,354,268
Receivables from reinsurance outward activities	17,304,095,008	9,409,378,062
Payables from reinsurance inward activities	46,415,945,644	61,654,679,974
Payables from reinsurance outward activities	12,832,536,027	10,999,950,050
<b><u>State Capital Investment Corporation</u></b>		
Dividends payable	5,426,260,000	-

**19. CONTINGENT LIABILITIES**

According to Official Letter No. 15861/BTC-TCT dated 26 December 2008 of the Ministry of Finance and General Department of Taxation regarding tax policies on overseas outward reinsurance premium, where insurance enterprises in Vietnam make overseas outward reinsurance transactions relating to insurance services for organizations and individuals in Vietnam, reinsurers overseas are subject to withholding tax (corporate income tax) at a rate of 2% out of overseas outward reinsurance premium as stipulated in Circular No. 05/2005/TT-BTC dated 01 November 2005.

Since 01 January 2009, withholding tax applicable to overseas outward reinsurance activities have been amended in Circular No. 134/2008/TT-BTC dated 31 December 2008 issued by the Ministry of Finance, which stipulates that withholding tax is at a rate of 2% out of overseas outward reinsurance premium.

However, under Official Letter No. 8667/BTC-TCT dated 06 July 2010 by the Ministry of Finance and General Department of Taxation, reinsurance contracts signed with foreign resident or territory who signed agreement on avoidance of double taxation with Vietnam insurers will be exempted from withholding tax incurred during the years from 2005 to 2008 and during validity period of the Agreement.

Currently, the Corporation has completed the application for withholding tax exemption under the Guidance of Official Letter No. 8667/BTC-TCT as mentioned. Withholding tax of VND 365,643,862 payable for the period 2005-2008 was accounted for in business expenses in 2010. The determination of tax payable in 2008 and before of the Corporation (if any) will be based on the final decision of the Ministry of Finance and the General Department of Taxation.

Regarding withholding tax on costs incurred from retrocession fee from 2009 up to now, the Corporation has just recorded as a temporary provision of the tax paid by foreign contractors, as the majority are permanent establishment of income generation in countries that have signed agreements on avoidance of double taxation with Vietnam. These contractors are preparing procedures to be exempted from withholding tax under the provisions of Circular No. 60/2007/TT-BTC dated 14 June 2007 of the Ministry of Finance guiding the implementation of some articles of Law on Tax Administration and guide the implementation of Decree No. 85/2007/ND-CP dated 25 May 2007 of the Government detailing the implementation of some articles of Law on Tax Administration. The determination of tax payable for 2009, 2010 and 2011 of the Corporation (if any) will be based on the final decision of the Ministry of Finance and the General Department of Taxation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B09-DNBH  
(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

22. OVERALL ASSESSMENT OF FINANCIAL POSITION

Items	Unit	From 01/01/2011 to 30/6/2011	From 01/01/2010 to 30/6/2010
<b>1. Assets and resources structure arrangement</b>			
1.1. Assets structure arrangement			
- Fixed assets and long-term investments/Total assets	%	27.58	31.50
- Current assets and short-term investments/Total assets	%	72.42	68.50
1.2. Resources structure arrangement			
- Liabilities/Total resources	%	46.00	41.25
- Owner's equity/Total resources	%	53.16	57.79
<b>2. Liquidity</b>			
2.1. Current liquidity	times	2.17	2.42
2.2. Short-term liability liquidity	times	2.39	2.73
2.3. Quick liquidity	times	1.39	1.77
2.4. Long-term liability liquidity	times	-	-
<b>3. Profit ratio</b>			
3.1. Profit/Revenue ratio			
- Profit before tax/Revenue ratio	%	28.96	31.85
- Profit after tax/Revenue ratio	%	28.20	27.91
3.2. Profit/Total assets ratio			
- Profit before tax/Total assets ratio	%	3.52	3.71
- Profit after tax/Total assets ratio	%	3.43	3.25
3.3. Profit after tax/Owner's equity ratio	%	6.44	5.63

23. COMPARATIVE FIGURES

Comparative figures presented in the consolidated balance sheet are those of the audited consolidated financial statement for the year ended 31 December 2010. Comparative figures presented in the consolidated income statement and consolidated cash flow statement are those of the reviewed consolidated financial statements for the period from 01 January 2010 to 30 June 2010.



Phạm Công Tú  
General Director

Hanoi, 20 August 2011

Luu Thi Viet Hoa  
Chief accountant