

**VIETNAM NATIONAL REINSURANCE
JOINT STOCK CORPORATION**
(Incorporated in the Socialist Republic of Vietnam)

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

For the year ended 31 December 2012

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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 year ended 31 December 2012.

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 year and to the date of this report are as follows:

Board of Management

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

Board of General Directors

Mr. Pham Cong Tu	General Director
Mr. Dang The Vinh	Deputy General Director
Mr. Thomas Kessler	Deputy General Director (appointed on 20 March 2012)

BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of General Directors of the Corporation is responsible for preparing the consolidated financial statements of each year which give a true and fair view of the consolidated financial position of the Corporation and of its consolidated results and consolidated cash flows for the year. 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 consolidated financial position of the Corporation and that the consolidated financial statements comply with Vietnamese Accounting Standards, Vietnamese Accounting System applicable to insurance enterprises and prevailing relevant regulations in Vietnam. It 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

14 March 2013

No.: 6/K /Deloitte-AUDHN-RE

INDEPENDENT AUDITORS' REPORT

**To: The Shareholders, the Boards 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 31 December 2012, the related consolidated statements of income and cash flows for the year then ended and the notes thereto (collectively referred to as "the financial statements") prepared on 14 March 2013, as set out from page 4 to page 30. The accompanying consolidated financial statements are not intended to present the consolidated financial position, consolidated results of operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Respective Responsibilities of the Board of General Directors and Auditors

As stated in the Statement of the Board of General Directors on page 1, these consolidated financial statements are the responsibility of the Corporation's Board of General Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Basis of opinion

We have conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of, in all material respects, the consolidated financial position of the Corporation as at 31 December 2012 and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System applicable to insurance enterprises and prevailing relevant regulations in Vietnam.

As stated in Note 3, in the year, the Company prospectively adopted Circular No. 179/2012/TT-BTC dated 24 October 2012 ("Circular 179") replacing Circular No. 201/2009/TT-BTC dated 15 October 2009 by the Ministry of Finance ("Circular 201"). The guidance under Circular 179 on recognition, measurement and treatment of foreign exchange differences arising from transactions and balances of monetary items denominated in foreign currencies arising from 1 January 2012 is basically the same as that under VAS 10. The effect of the Company's adoption of Circular 179 on its consolidated financial statements for the year ended 31 December 2012 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**

14 March 2013
Hanoi, S.R. Vietnam

Tran Duy Cuong
Auditor
CPA Certificate No.0797/KTV

CONSOLIDATED BALANCE SHEET

As at 31 December 2012

FORM B 01-DNBH

Unit: VND

ASSETS	Codes	Notes	31/12/2012	31/12/2011
A. CURRENT ASSETS AND SHORT-TERM INVESTMENTS				
(100=110+120+130+140+150)	100		3,154,609,032,597	2,953,556,581,083
I. Cash and cash equivalents	110		771,395,912,978	1,477,184,661,700
1. Cash on hand	111		2,716,582,394	2,564,874,597
2. Cash in bank	112		21,628,642,166	7,830,746,701
3. Cash equivalents	114		747,050,688,418	1,466,789,040,402
II. Short-term financial investments	120	5	1,335,989,182,165	441,730,446,507
1. Short-term investments in securities	121		58,478,809,755	114,470,701,918
2. Other short-term investments	128		1,290,429,621,081	351,300,000,000
3. Provision of diminution in value of short-term investments	129		(12,919,248,671)	(24,040,255,411)
III. Short-term receivables	130		1,040,343,666,132	1,034,304,053,791
1. Trade accounts receivable	131	6	1,059,221,348,207	1,049,439,547,612
2. VAT deductibles	133		509,156,016	431,088,134
3. Provision of doubtful debts	139		(19,386,838,091)	(15,566,581,955)
IV. Inventories	140		62,956,710	69,217,203
1. Materials	142		62,956,710	69,217,203
V. Other short-term assets	150		6,817,314,612	268,201,882
1. Advances	151		317,314,612	268,201,882
2. Short-term prepayments	152		6,500,000,000	-
B. FIXED ASSETS, LONG-TERM INVESTMENTS				
(200=210+220+230+240)	200		1,057,581,058,079	1,122,429,104,564
I. Fixed assets	210		32,870,400,311	29,310,144,445
1. Tangible fixed assets	211	7	32,842,590,183	29,271,905,513
- Cost	212		61,217,178,606	54,181,487,588
- Accumulated depreciation	213		(28,374,588,423)	(24,909,582,075)
2. Intangible fixed assets	217		27,810,128	38,238,932
- Cost	218		41,715,200	41,715,200
- Accumulated amortisation	219		(13,905,072)	(3,476,268)
II. Long-term financial investments	220	8	990,352,072,183	1,060,834,546,690
1. Long-term investments in securities	221		602,000,270,000	641,643,184,384
2. Interest in joint ventures	222		315,553,657,604	251,554,078,304
3. Other long-term investments	228		164,610,715,568	174,610,715,568
4. Provision for diminution in value of long-term financial investments	229		(91,812,570,989)	(6,973,431,566)
III. Construction in progress	230	9	20,883,102,220	16,059,270,965
IV. Long-term collaterals and deposits	240		13,475,483,365	16,225,142,464
1. Insurance deposits	241		6,000,000,000	6,000,000,000
2. Long-term prepayments	242	10	7,239,147,361	10,225,142,464
3. Deffer tax assets	243		236,336,004	-
TOTAL ASSETS (250=100+200)	250		4,212,190,090,676	4,075,985,685,647

These notes set out on pages 9 to 30 are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2012

FORM B 01-DNBH

Unit: VND

RESOURCES	Codes	Notes	31/12/2012	31/12/2011
A. LIABILITIES (300=310+320+330+340)	300		1,858,279,561,951	1,788,570,294,459
I. Current liabilities	310		1,041,446,633,209	1,081,061,212,735
1. Trade accounts payable	313	11	869,134,283,758	904,348,100,875
2. Advances from customers	314		659,532,743	4,490,085,157
3. Taxes and amounts payable to the State budget	315	12	12,229,464,472	18,227,650,886
4. Payables to employees	316		12,535,744,167	7,704,872,128
5. Other current payables	318	13	140,406,063,104	41,616,527,840
6. Bonus and welfare funds	319		6,481,544,965	5,565,363,969
7. Government bond repurchase agreement	327		-	99,108,611,880
II. Long-term liabilities	320		945,344,014	1,261,695,815
1. Provision for severance allowance			945,344,014	1,069,422,211
2. Deferred tax liabilities			-	192,273,604
III. Technical reserves	330	14	801,019,523,858	690,779,786,751
1. Premium reserve	331		284,757,322,454	222,837,562,427
2. Claim reserve	333		399,713,561,043	344,628,112,228
3. Catastrophe reserve	334		116,548,640,361	123,314,112,096
IV. Other liabilities	340		14,868,060,870	15,467,599,158
1. Accrued expenses (Provision for withholding tax payable)	341	22	12,615,830,204	12,720,247,374
2. Long-term deposits received	343		2,252,230,666	2,747,351,784
B. EQUITY (400=410)	400	15	2,319,702,717,093	2,252,785,242,919
I. Resources and funds	410		2,319,702,717,093	2,252,785,242,919
1. Operating capital	411		1,008,276,580,000	1,008,276,580,000
2. Share premium			768,023,850,642	768,023,850,642
3. Foreign exchange reserve	413		-	32,370,699,318
4. Investment and development fund	414		23,923,337,154	19,232,357,227
5. Financial reserve fund	415		119,878,926,520	96,424,026,884
6. Compulsory reserve fund	416		59,808,342,885	48,080,893,067
7. Retained earnings	418		339,791,679,892	280,376,835,781
<i>In which: Gain from foreign exchange differences revaluation at the year-end</i>			<i>41,407,267,279</i>	<i>8,433,141,804</i>
C. MINORITY INTERESTS	420		34,207,811,632	34,630,148,269
TOTAL RESOURCES (430=300+400+420)	430		4,212,190,090,676	4,075,985,685,647

These notes set out on pages 9 to 30 are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2012

FORM B 01-DNBH

OFF-BALANCE SHEET ITEMS	Code	Currency	31/12/2012	31/12/2011
1. Foreign currencies	08			
United States Dollar		USD	291,936.86	9,135,975.90
Australian Dollar		AUD	452.96	86,398.63
Japanese Yen		JPY	38,171.00	1,039,623.00
Singapore Dollar		SGD	1,884.77	706.85
Great Britain Pound		GBP	2,201,692.32	14,908.30
Euro		EUR	4,877,597.09	2,580,184.86
2. Existing depreciation fund	10	VND	35,115,915,182	31,666,903,850



Nguyen Thanh Cong
Preparer



Luu Thi Viet Hoa
Chief Accountant



Pham Cong Tu
General Director

14 March 2013

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

FORM B 02-DNBH

Unit: VND

ITEMS	Codes	Notes	2012	2011
1. Premium from reinsurance inward	02		1,625,113,379,098	1,433,956,406,776
2. Deductions (03=04+06)	03		978,369,705,701	947,586,470,995
Reinsurance outward premium	04		961,702,290,345	933,611,986,583
Returned premium	06		16,667,415,356	13,974,484,412
3. (Decrease) in unearned premium reserve	08		(57,758,669,714)	(31,254,330,037)
4. Commission from reinsurance outward	09		157,858,035,012	164,400,356,627
5. Other income from insurance activities (10=11+12)	10		61,967,014,192	38,118,275,234
Income from inward reinsurance	11		23,515,580,340	10,169,420,069
Income from outward reinsurance	12		38,451,433,852	27,948,855,165
6. Net revenue from insurance business (14=02-03+08+09+10)	14		808,810,052,887	657,634,237,605
7. Claims payment for inward reinsurance	16		901,440,270,348	682,833,214,604
8. Deductions (17=18)	17		598,771,436,368	504,854,055,123
Claims recovered from outward reinsurance	18		598,771,436,368	504,854,055,123
9. Net claim paid (21=16-17)	21		302,668,833,980	177,979,159,481
10. Claims payment from catastrophe reserve	22	14	27,000,000,000	-
11. Increase in claim reserve	23	14	36,792,356,175	71,874,630,996
12. Allocation to catastrophe reserve	24	14	19,402,310,202	14,591,098,073
13. Other expenses for insurance business (25=34+39)	25		387,313,738,696	313,749,386,219
- Other expenses for inward reinsurance (34=35+38)	34		374,372,668,852	314,895,141,048
+ Commission	35		329,399,727,920	275,710,789,313
+ Others	38		44,972,940,932	39,184,351,735
- Other expenses for outward reinsurance	39		12,941,069,844	(1,145,754,829)
14. Total direct expenses for insurance activities (41=21-22+23+24+25)	41		719,177,239,053	578,194,274,769
15. Gross profit from insurance activities (42=14-41)	42		89,632,813,834	79,439,962,836
16. Administration expenses	44		51,580,309,481	49,146,674,861
17. Net profit from insurance activities (45=42-44)	45		38,052,504,353	30,293,287,975
18. Revenue from financial activities	46	16	304,361,947,006	292,074,906,967
19. Expenses for financial activities	47		89,988,073,202	37,278,264,410
20. Profit from financial activities (51=46-47)	51		214,373,873,804	254,796,642,557
21. Other income	52		11,963,399,048	14,776,036,907
22. Other expenses	53		7,240,566,170	3,954,335,293
23. Profit from other activities (54=52-53)	54		4,722,832,878	10,821,701,614
24. (Loss) from pilot agricultural insurance	54.1	17	(19,700,018,427)	-
25. Share of net profits of joint ventures	54.2		63,999,579,301	65,018,859,141
26. Accounting profit before tax (55=45+51+54+54.1+54.2)	55		301,448,771,909	360,930,491,287
27. Adjustments to taxable profit	56		(116,121,479,226)	(92,189,909,364)
In which: + Non-taxable profit			(117,920,773,588)	(93,672,371,627)
+ Non-deductible expenses			1,799,294,362	1,482,462,263
28. Taxable profit (59=55-56)	59		185,327,292,683	268,740,581,923
29. Corporate income tax payable	60	18	46,331,823,171	67,185,145,481
30. Deferred corporate income tax	60.1		(236,336,004)	74,839,473
31. Net profit after corporate income tax (61=55-60-60.1)	61		255,353,284,742	293,820,185,279
Attributable to:				
Equity holders of the Corporation			255,353,284,742	294,500,229,218
Minority interests			(422,326,637)	(680,043,939)
32. Basic earnings per share			-2,537	2,921

Nguyen Thanh Cong
Preparer

14 March 2013

Luu Thi Viet Hoa
Chief Accountant

Pham Cong Tu
General Director

These notes set out on pages 9 to 30 are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT

(Direct method)

For the year ended 31 December 2012

FORM B 03-DNBH

Unit: VND

ITEMS	Codes	2012	2011
I. CASH FLOW FROM OPERATING ACTIVITIES			
1. Receipts from insurance premium and commission	01	370,476,941,900	392,085,911,134
2. Receipts from reduced cost of revenue	03	65,146,010,163	73,292,953,010
3. Receipts from other activities	04	8,013,885,044	28,288,893,184
4. Claims payments for insurance activities	05	(110,768,966,684)	(147,994,349,176)
5. Payments for commissions and other liabilities of insurance activities	06	(203,256,315,646)	(443,069,233,429)
6. Payments for suppliers	07	(6,172,938,413)	(4,787,289,470)
7. Payments for employees	08	(30,251,947,988)	(24,896,588,396)
8. Payments for taxes and payables to the State Budget	09	(62,093,921,515)	(91,337,359,809)
9. Payments for other liabilities	10	(13,931,957,213)	(11,610,032,110)
10. Advances for employees and suppliers	11	(1,062,828,856)	(2,316,414,700)
<i>Net cash from / (used in) operating activities</i>	20	16,097,960,792	(232,343,509,762)
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Receipts from investments on other entities	21	5,446,809,380,133	4,357,362,662,810
2. Receipts from investment interests	22	266,483,301,281	288,143,433,170
3. Payments for investment on other entities	25	(6,374,026,728,820)	(3,592,629,497,655)
4. Acquisitions of fixed assets and other long-term assets	26	(10,344,814,260)	(10,099,655,437)
<i>Net cash (used in) / from investing activities</i>	30	(671,078,861,666)	1,042,776,942,888
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	31	-	425,880,000
2. Repayment of borrowings	34	-	(425,880,000)
3. Dividends paid to investors	36	(50,716,724,000)	(169,026,203,000)
<i>Net cash (used in) financing activities</i>	40	(50,716,724,000)	(169,026,203,000)
Net increase in cash	50	(705,697,624,874)	641,407,230,126
Cash and cash equivalents at the beginning of the year	60	1,477,184,661,700	836,432,234,938
Effect of changes in foreign exchange rates	61	(91,123,848)	(654,803,364)
Cash and cash equivalents at the end of the year	70	771,395,912,978	1,477,184,661,700

Nguyen Thanh Cong
Preparer

14 March 2013

Luu Thi Viet Hoa
Chief Accountant



Pham Cong Tu
General Director

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/GPDC3/KDBH dated 11 August 2011.

The number of employees as at 31 December 2012 was 90 (31 December 2011: 84).

Up to 31 December 2012, the Corporation owns one subsidiary, which is Vinare Investment Joint Stock Company and one joint-venture, which is Samsung-Vina Insurance Co., Ltd. The voting right of the Corporation at the subsidiary in line with its capital contribution ratio as stipulated in the subsidiary's Business Registration Certificate is 60%. The voting right of the Corporation at the joint-venture in line with its contribution capital ratio as stipulated in the joint-venture's Business Registration Certificate is 50%.

Operating industry and principal activities

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

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

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 companies and prevailing relevant regulations in Vietnam.

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

Financial year

The financial year of Corporation and its subsidiary begins on 01 January and ends on 31 December.

3. ADOPTION OF NEW ACCOUNTING GUIDANCE

On 30 July 2012, the Ministry of Finance issued Circular No. 125/2012/TT-BTC ("Circular 125") providing guidance of financial regime applicable to insurers, reinsurers, insurance brokers and branches of foreign non-life insurers, replacing Circular No. 156/2007/TT-BTC dated 20 December 2007 by the Ministry of Finance ("Circular 156"). Circular 125 came into effect from 01 October 2012. The guidance under Circular 125 on financial regime including capital regulations, technical reserves, financial investments, revenue - expenses, and management information is basically the same as that under Circular 156. The effect of the Corporation's adoption of Circular 125 on its consolidated financial statements for the year ended 31 December 2012 is immaterial.

On 24 October 2012, the Ministry of Finance issued Circular No. 179/2012/TT-BTC ("Circular 179") providing guidance on recognition, measurement and treatment of foreign exchange differences in enterprises replacing Circular No. 201/2009/TT-BTC dated 15 October 2009 by the Ministry of Finance ("Circular 201"). Circular 179 came into effect from 10 December 2012 and is applied from financial year 2012. The guidance under Circular 179 on recognition, measurement and treatment of foreign exchange differences arising from transactions and balances of monetary items denominated in foreign currencies arising from 01 January 2012 is basically the same as that under VAS 10. The effect of the Corporation's adoption of Circular 179 on its consolidated financial statements for the year ended 31 December 2012 is presented in Note 4.

On 28 December 2012, the Ministry of Finance issued Circular No. 232/2012/TT-BTC ("Circular 232") providing accounting guidance applicable to non-life insurers, reinsurers and branches of foreign non-life insurers. Circular 232 regulates some compulsory accounts, accounting method, form of financial statements applicable to non-life insurers, health insurers, reinsurers and branches of foreign non-life insurers. Circular 232 is effective from 01 January 2014 and applied from the fiscal year 2014. 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:

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 financial year. Although these accounting estimates are based on the management's best knowledge, actual results may 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) up to 31 December each year. 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 the Corporation and its subsidiaries 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 Co., 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.

Financial instruments

Initial recognition

Financial assets: At the date of initial recognition, financial assets are recognized at cost plus transaction costs that are directly attributable to the acquisition of the financial assets.

Financial assets of the Corporation comprise cash, cash equivalents, trade receivables, and investments.

Financial liabilities: At the date of initial recognition, financial liabilities are recognized at cost net of transaction costs that are directly attributable to the issue of the financial liabilities.

Financial liabilities of the Corporation comprise trade payables, other payables, deposits received and claim reserve.

Re-measurement after initial recognition

Currently, there are no requirements for the re-measurement of the financial instruments after initial recognition.

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.

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)

Provision for doubtful debts

Provision for doubtful debts is made for receivables that are over due for nine 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, the Corporation makes provision for doubtful debts on the basis different from regulations 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, as follows:

- No provision is made for accounts receivable over due for less than 09 months.
- For accounts receivable over due from 09 to less than 15 months, the provision is made at the rate of 30%.
- For accounts receivable over due from 15 to less than 27 months, the provision is made at the rate of 50%.
- For accounts receivable over due from 27 to less than 39 months, the provision is made at the rate of 70%.
- For accounts receivable over due for 39 months or more, the provision is made at the rate of 100%.

The Corporation believes that 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 purchased 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 following estimated useful lives:

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

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 securities is made in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 of the Ministry of Finance guiding the appropriation and use of provisions for devaluation of inventories, impairment of financial investments, bad debts and warranty for products, goods and construction works at enterprises and prevailing accounting regulations.

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)

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for the purposes not yet determined, are carried at cost. Cost includes professional fees, and for qualifying assets, borrowing costs dealt with in accordance with the Corporation's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Long-term prepayments

Under Circular No. 203/2009/TT-BTC dated 20 October 2009 issued by the Ministry of Finance 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 recognized as 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 as 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 for the period over which the expected future economic benefits flow to the Corporation.

Insurance deposits

The Corporation is obliged to pay a deposit equal to 2% of the legal capital, the deposit shall bear interest in accordance with the agreement reached with the bank into which it is paid and the Corporation may withdraw the whole amount of their deposit upon termination of its operation. The Corporation may only use its insurance deposit to meet undertakings to purchasers of insurance when its solvency is inadequate and upon written approval of the Ministry of Finance.

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 to insurance enterprises.

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

Interest income from deposits, public bonds, bank debentures, 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)

Severance allowance payable

The severance allowance for employees is accrued at the end of each reporting period for all employees having worked at the Corporation for more than 12 months as of 31 December 2008 with the allowance made for each year of service up to 31 December 2008 equaling to a half of an average monthly salary level for basis of social insurance. From 01 January 2009, the average monthly salary used for calculation of severance allowance shall be adjusted to be the average salary level for basis of social insurance of the 6 consecutive months nearest to the date of the financial statements at the end of each reporting period. The increase or decrease in the accrued amount shall be recorded in the consolidated income statement.

Foreign currencies

The Corporation applies an accounting exchange rate of USD/VND 20,800 in 2012 (in 2011 USD/VND 20,500) to transactions arising in foreign currencies during the year. Such transactions 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 income statement.

Liabilities and receivables relating to accounting for revenues and costs for the year denominated in USD at the balance sheet date are translated using the Vietcombank's buying exchange rate of USD/VND 20,815 (in previous years, using the State Bank's interbank average exchange rate).

Liabilities and receivables relating to accounting for revenue and costs for the year denominated in currencies other than USD at the balance sheet are translated into USD at the accounting exchange rate and then using the Vietcombank's buying exchange rate of USD/VND 20,815. (in previous years, using the State Bank's interbank average exchange rate).

With regard to monetary assets, receivables and liabilities denominated in foreign currencies that are not related to accounting for revenue and costs:

- In previous years, as at the year end, monetary items denominated in foreign currencies were translated into VND at the interbank average exchange rate at this date, arising foreign exchange differences were recorded under regulations of Circular No. 201/2009/TT-BTC dated 15 October 2009 by the Ministry of Finance.
- In 2012, the Corporation prospectively adopted Circular 179 providing guidance on recognition, measurement and treatment of foreign exchange differences in enterprises and replacing Circular 201. Accordingly, balances of monetary assets, receivables and liabilities that are not related to accounting for revenue and costs denominated in foreign currencies as at the balance sheet date are retranslated at the buying exchange rate announced on the same date by the commercial bank where the Corporation opens its bank account. Foreign exchange differences arising from revaluation of such balances are recognized as financial profit/loss in the income statement. Unrealized foreign exchange gains from the revaluation are not treated as part of distributable profit to shareholders. The guidance under Circular 179 on recognition, measurement and treatment of foreign exchange differences arising from transactions and balances of monetary items denominated in foreign currencies arising from 01 January 2012 is basically the same as that under VAS 10.

If the Corporation had adopted VAS 10, the balance of retained earnings as at 01 January 2012 would have increased by VND 32,370,669,318 and the Company's profit before tax for the year ended 31 December 2012 would have decreased by VND 32,370,669,318 and the balance of "Foreign exchange reserve" item under the "Owner's equity" section in the consolidated balance sheet as at 01 January 2012 would have been nil. The Board of General Directors has decided to recognise foreign exchange differences as guided in Circular 179 and believes that such application and disclosure of differences at the same time, in the case where the Corporation would apply VAS 10, may provide more information to users of the consolidated financial statements.

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)

Provisions

Provisions are recognised when the Corporation has a present obligation as a result of a past event, and it is probable that the Corporation will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date.

Enterprise funds

The compulsory reserve fund is made up at the rate of 5% of the Corporation's profit after tax until it is equal to 10% of the Corporation's charter capital.

All profit are used to pay dividends for shareholders, allocate to compulsory reserve fund, investment and development fund, financial reserve fund, bonus and welfare funds and bonus fund for the management. The allocation ratio shall be decided at the Shareholders' General Meeting as per the request of the Board of Management. However, according to the Corporation's Charter, the Board of Management may pay mid-year dividends if they are certain about the profit of the Corporation.

Technical reserves

On 19 April 2012, the Ministry of Finance issued Official Letter No. 5297/BTC-QLBH on the registration of the method to make reserves for insurance transactions of the Corporation since 2012. Accordingly, technical reserves of the Corporation in 2012 were made as follows:

Premium reserve: This reserve is provided for at 25% of the premium retained for the year 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 fiscal year-end.
- For losses that have incurred but have not been reported (IBNR), the Corporation applies 5% of the premium retained over all types of insurance.

From 2011 backwards, the Corporation applied 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 Quarter IV of the previous fiscal year multiplied by the growth rate of retained premium of those transactions in the current year.
- As for aviation insurance: IBNR is determined by estimating the value of losses possible to incur but not to be reported of at the fiscal year-end.
- Based on the Corporation's experiences for many years, other insurance types normally do not incur IBNR or if any, the case will not be material. Thus, the Corporation decided not to make reserve for IBNR for other types of insurance.

The Corporation's reserve calculation for IBNR was approved by the Ministry of Finance in its Official Letter No. 5910/BTC-BH dated 21 May 2008.

The adoption of new IBNR reserve-making method makes the Corporation's provision expenses for the year ended at 31 December 2012 increase by VND 20.4 million compared to last year.

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)

Technical reserves (Continued)

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% of premium retained in the year 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 (VAS) No. 19 "Insurance Contract" and Decision No. 100/2005/QD-BTC (effective from 2006) attached thereto. Accordingly, at the reporting date, insurance enterprises are not allowed to make reserves 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 has not yet issued any circular guiding the implementation of the aforesaid accounting standard, the fact that the Corporation still made provision for catastrophe reserve in 2011 should be more prudent than what is regulated in VAS 19. The effect of the standard on the Corporation's consolidated financial statements will be subject to 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 year. 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 years 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.

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.

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)

5. SHORT-TERM FINANCIAL INVESTMENTS

	31/12/2012	31/12/2011
	VND	VND
Bank deposits under one year (*)	1,283,829,621,081	345,300,000,000
Short-term bonds (**)	39,692,914,384	77,017,231,507
Stocks (short-term)	18,785,895,371	37,453,470,411
Provision for diminution in value of short-term investments	(12,919,248,671)	(24,040,255,411)
Other short-term investments	6,600,000,000	6,000,000,000
	<u>1,335,989,182,165</u>	<u>441,730,446,507</u>

(*) Represent term deposits at commercial banks which will fall due from over 3 months to 12 months with interest rate of 9.4% to 12% per annum for local currency and of 4.5% to 5% for foreign currency.

(**) Represent corporate bonds, with maturity less than one year and coupon rates in range from 9.2% to 15% per annum.

6. TRADE ACCOUNTS RECEIVABLE

	31/12/2012	31/12/2011
	VND	VND
Receivables from inward reinsurance	434,496,560,326	478,892,516,172
Receivables from outward reinsurance	471,830,292,388	450,582,721,528
Other receivables from reinsurance activities	85,903,343,537	35,625,393,002
Accrued gains on investments and loans	63,670,453,958	81,596,225,321
Other receivables	3,320,697,998	2,742,691,589
	<u>1,059,221,348,207</u>	<u>1,049,439,547,612</u>

7. TANGIBLE FIXED ASSETS

	Buildings, structures	Motor vehicles	Office equipment	Other fixed assets	Total
	VND	VND	VND	VND	VND
COST					
As at 01/01/2012	49,226,058,930	2,742,446,571	1,948,624,835	264,357,252	54,181,487,588
Additions	-	1,234,930,500	5,800,760,518	-	7,035,691,018
As at 31/12/2012	<u>49,226,058,930</u>	<u>3,977,377,071</u>	<u>7,749,385,353</u>	<u>264,357,252</u>	<u>61,217,178,606</u>
ACCUMULATED DEPRECIATION					
As at 01/01/2012	21,592,002,486	1,661,311,611	1,391,910,726	264,357,252	24,909,582,075
Additions	2,121,400,618	334,436,439	1,009,169,291	-	3,465,006,348
As at 31/12/2012	<u>23,713,403,104</u>	<u>1,995,748,050</u>	<u>2,401,080,017</u>	<u>264,357,252</u>	<u>28,374,588,423</u>
NET BOOK VALUE					
As at 31/12/2012	<u>25,512,655,826</u>	<u>1,981,629,021</u>	<u>5,348,305,336</u>	<u>-</u>	<u>32,842,590,183</u>
As at 31/12/2011	<u>27,634,056,444</u>	<u>1,081,134,960</u>	<u>556,714,109</u>	<u>-</u>	<u>29,271,905,513</u>

As at 31 December 2012, the total cost of tangible fixed assets includes VND 3,106,169,462 (31/12/2011: VND 2,224,080,204) of assets that have been fully depreciated but are still in use.

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

	31/12/2012	31/12/2011
	VND	VND
<i>Interests in joint ventures (a)</i>	315,553,657,604	251,554,078,304
<i>Long-term investments in securities</i>	602,000,270,000	641,643,184,384
Equity investments (b)	472,000,270,000	472,000,270,000
Bonds (c)	130,000,000,000	169,642,914,384
Bank debentures issued by Vietnam Development Bank	30,000,000,000	39,642,914,384
Bonds issued by Song Da Group	50,000,000,000	50,000,000,000
Bonds issued by Electricity of Vietnam	50,000,000,000	50,000,000,000
Other bonds	-	30,000,000,000
<i>Other long-term investments</i>	164,610,715,568	174,610,715,568
Investment from Welfare fund	821,206,063	821,206,063
Contrexim Complex Project	7,500,000,000	7,500,000,000
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	13,179,383,505	13,179,383,505
No.1 Groceries Company Project	5,000,000,000	5,000,000,000
Entrusted investment - Vietcombank Fund Management Company	50,000,000,000	30,000,000,000
Entrusted investment - VietFund Management Company	-	30,000,000,000
<i>Provision for diminution in value of long-term investments (d)</i>	(91,812,570,989)	(6,973,431,566)
	<u>990,352,072,183</u>	<u>1,060,834,546,690</u>

(a) Interests in joint ventures

The Corporation contributes 50% of the joint venture's value and enjoys a part of profit from Samsung Vina Insurance Co., Ltd.

Details of Samsung Vina Insurance Co., Ltd. are as follows:

	31/12/2012	31/12/2011
	VND	VND
Total assets	1,054,500,174,216	885,733,505,303
Total liabilities	423,392,859,008	382,625,348,696
Net assets	631,107,315,208	503,108,156,607
The Corporation's share of the joint-venture's net assets	<u>315,553,657,604</u>	<u>251,554,078,304</u>

	2012	2011
	VND	VND
Revenue	343,473,903,940	304,917,376,232
Net profit	127,999,158,601	130,037,718,282
The Corporation's share of the joint-venture's net profit	<u>63,999,579,301</u>	<u>65,018,859,141</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)

8. LONG-TERM FINANCIAL INVESTMENTS (Continued)

(b) Equity investments

	Portion of ownership interest	31/12/2012 VND	31/12/2011 VND
Equity investments in:			
Petrolimex Joint Stock Insurance Company	8.76%	59,289,270,000	59,289,270,000
Post-Telecommunication Joint Stock Insurance Company	7.06%	38,416,000,000	38,416,000,000
Sai Gon - Ha Long Hotel	6.00%	6,000,000,000	6,000,000,000
Global Insurance Company	5.87%	17,600,000,000	17,600,000,000
Bao Tin Insurance Company	2.67%	8,000,000,000	8,000,000,000
Agriculture Bank Insurance Joint-Stock Corporation	8.42%	32,000,000,000	32,000,000,000
Dai Nam Securities Joint Stock Company	3.59%	2,695,000,000	2,695,000,000
Hung Vuong Insurance Company	10.00%	30,000,000,000	30,000,000,000
Tien Phong Commercial Joint Stock Bank	5.47%	278,000,000,000	278,000,000,000
		472,000,270,000	472,000,270,000

At the date of the consolidated financial statements, the Corporation evaluated the fair value of equity investments as at 31 December 2012 and made a provision for diminution in value of such investments using the latest financial statements of the investees. For those whose financial statements for 2012 have not been audited or finalized yet, the Corporation used financial statements for the latest reporting period and obtained more updated financial information of such entities so as to estimate impairment value (if any) to make provision. With obtainable information at the date of the consolidated financial statements, the Board of General Directors believes that using such information to determine the provision for diminution in value of the investments has no material effects on the Corporation's consolidated financial statements.

During the year, the Corporation received profit-sharing notifications from its investees, as follows:

	2012 VND	2011 VND
Interest on investment in Samsung Vina Insurance Company	75,000,000,000	-
Interest on investment in Petrolimex Joint Stock Insurance Company	8,108,526,400	4,512,707,000
Interest on investment in Post-Telecommunication Joint Stock Insurance Company	4,127,760,000	4,762,800,000
Interest on investment in Agriculture Bank Insurance Joint-Stock Corporation	3,200,000,000	2,560,000,000
Interest on investment in Vietcombank Fund Management Company	2,635,749,600	-
Interest on investment in Global Insurance Company	1,699,200,000	1,510,400,000
Interest on investment in Sai Gon - Ha Long Hotel	720,000,000	600,000,000
Interest on investment in Hung Vuong Insurance Company	810,000,000	450,000,000
Interest on investment in Tien Phong Commercial Joint Stock Bank	-	15,000,000,000
	96,301,236,000	29,395,907,000

Bonus shares received from its investees as at 31 December 2012 were as follows:

	Par value (VND)	Number of shares
Petrolimex Joint Stock Insurance Company	10.000	353,056
Tien Phong Commercial Joint Stock Bank	10.000	2,542,857

(c) Other bonds

Represent corporate bonds with above one to ten years to maturity and coupon rates in range from 9.2% to 16.63% per annum.

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)

(d) Provision for diminution in value of long-term investments in securities:

Include an amount of VND 90,789,139,874, representing provision for diminution in value of investment in Tien Phong Commercial Joint Stock Bank in accordance with the guidance on provision making stipulated in Circular No. 228/2009/TT-BTC dated 07 December 2009 by the Ministry of Finance and on the basis of reviewed financial statements for the period from 01 January 2012 to 30 June 2012 of Tien Phong Commercial Joint Stock Bank.

9. CONTRUCTION IN PROGRESS

The balance as at 31 December 2012 mainly represents Reinsurance Software Implementation expenses.

10. LONG-TERM PREPAYMENTS

	31/12/2012	31/12/2011
	VND	VND
Added value after equitisation	5,856,088,788	8,784,133,183
Golf card expenses	1,383,058,573	1,441,009,281
	7,239,147,361	10,225,142,464

11. TRADE ACCOUNTS PAYABLE

	31/12/2012	31/12/2011
	VND	VND
Payables to inward reinsurance activities	280,563,317,396	306,586,840,509
Payables to outward reinsurance activities	551,395,233,769	563,382,645,076
Payable due to payment not confirmed	19,190,004,569	22,036,840,233
Temporary Withholding Tax collection (2% of Re-insurance fee)	10,666,822,553	9,044,192,909
Other payable	7,318,905,471	3,297,582,148
	869,134,283,758	904,348,100,875

12. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	31/12/2012	31/12/2011
	VND	VND
VAT on domestic sales	230,864,066	199,584,707
Corporate income tax	9,959,923,205	16,318,487,350
Personal income tax	2,038,677,201	1,709,578,829
	12,229,464,472	18,227,650,886

13. OTHER CURRENT PAYABLES

	31/12/2012	31/12/2011
	VND	VND
Trade union	1,410,112,839	1,359,752,482
Social insurance	511,188,854	513,554,112
Health insurance	11,549,246	12,479,690
Unemployment insurance	7,181,793	7,030,694
Dividends payable	100,864,338,000	339,575,000
Other payables	37,601,692,372	39,384,135,862
- Nicotex Investment and Business Property JSC. (capital contribution to Paragon Tower Project)	4,677,324,000	4,677,324,000
- Pham Thanh Binh (capital contribution to Paragon Tower Project)	2,662,600,000	4,662,600,000
- Anh Cuong Company Ltd. (capital contribution to 360 Giai Phong Project)	23,584,062,645	23,584,062,645
- Global Insurance JSC. (capital contribution to 360 Giai Phong Project)	6,242,842,920	6,242,842,920
- Other payables	434,862,807	217,306,297
	140,406,063,104	41,616,527,840

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)

14. TECHNICAL RESERVES

	31/12/2011	Increase	Decrease	31/12/2012
	VND	VND	VND	VND
I. Normal activities				
Premium reserve	222,837,562,427	57,758,669,714	-	280,596,232,141
Claim reserve	344,628,112,228	36,792,356,175	-	381,420,468,403
Catastrophe reserve	123,314,112,096	19,402,310,202	27,000,000,000	115,716,422,298
II. Pilot agricultural insurance activities				
Premium reserve	-	4,161,090,313	-	4,161,090,313
Claim reserve	-	18,293,092,640	-	18,293,092,640
Catastrophe reserve	-	832,218,063	-	832,218,063
	690,779,786,751	137,239,737,107	27,000,000,000	801,019,523,858

Catastrophe reserve is used during the year to offset the deficit in the case that losses belonging to retained responsibilities exceed the retained premium minus unrealised premium reserve and claim reserve for unresolved claims.

15. EQUITY

Operating capital

As at 31 December 2012, the total actual capital contributed by shareholders and share premium were as follows:

	Contributed capital as at			
	31/12/2012	Portion	31/12/2011	Portion
	VND		VND	
Operating capital	1,008,276,580,000	100%	1,008,276,580,000	150%
State Capital Investment Corporation	406,969,500,000	40.36%	406,969,500,000	60.54%
Swiss Re	252,069,150,000	25.00%	252,069,150,000	37.50%
Other shareholders	349,237,930,000	34.64%	349,237,930,000	51.96%
Share premium	768,023,850,642		768,023,850,642	
	1,776,300,430,642		1,776,300,430,642	

Shares:

	31/12/2012	31/12/2011
Number of shares registered to issue	100,827,658	100,827,658
Number of shares issued to public	100,827,658	100,827,658
<i>Common shares</i>	<i>100,827,658</i>	<i>100,827,658</i>
Number of outstanding shares in circulation	100,827,658	100,827,658
<i>Common shares</i>	<i>100,827,658</i>	<i>100,827,658</i>

A common share has par value of VND 10,000 per share.

VIETNAM NATIONAL REINSURANCE JOINT STOCK CORPORATION

No. 141, Le Duan, Hanoi, S.R. Vietnam

Consolidated financial statements
For the year ended 31 December 2012

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. EQUITY (Continued)

	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 01/01/2011	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 year	-	-	-	-	-	-	294,500,229,218	294,500,229,218
Charter capital supplemented from share premium	336,092,180,000	(336,092,180,000)	-	-	-	-	-	-
Profit distribution to funds	-	-	-	4,613,686,269	23,064,060,665	11,534,215,673	(44,138,419,488)	(4,926,456,881)
Dividends declared	-	-	-	-	-	-	(168,046,098,000)	(168,046,098,000)
Other increase/(decrease)	-	-	12,016,655,300	-	-	-	(300,000,000)	11,716,655,300
As at 01/01/2012	1,008,276,580,000	768,023,850,642	32,370,699,318	19,232,357,227	96,424,026,884	48,080,893,067	280,376,835,781	2,252,785,242,919
Profit for the year	-	-	-	-	-	-	255,775,621,379	255,775,621,379
Profit distribution to funds (*)	-	-	-	4,690,979,927	23,454,899,636	11,727,449,818	(45,119,290,268)	(5,245,960,887)
Dividends declared (*)	-	-	-	-	-	-	(151,241,487,000)	(151,241,487,000)
Other decrease (**)	-	-	(32,370,699,318)	-	-	-	-	(32,370,699,318)
As at 31/12/2012	1,008,276,580,000	768,023,850,642	-	23,923,337,154	119,878,926,520	59,808,342,885	339,791,679,892	2,319,702,717,093

(*) According to Resolution No. 08/2012/NQ-DHDCD dated 27 April 2012 passed at the Shareholders' Annual General Meeting of Vietnam National Reinsurance Joint Stock Corporation, the Board of Management declared the second dividend payment for 2011 at 5% of the retained earnings, which is equivalent to VND 50,413,829,000. Simultaneously, the Board of Management declared the first interim dividend payment for 2012 at 10% of the retained earnings, which is equivalent to VND 100,827,658,000 and made distribution of VND 45,119,290,267 to the funds. The final decision on profit distribution of 2012 will be passed at the forth-coming Annual General Meeting of Shareholders.

(**) See in Note 4 - Foreign currencies.

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)

16. REVENUE FROM FINANCIAL ACTIVITIES

	2012	2011
	VND	VND
Interest from time deposits	211,421,819,869	216,598,359,010
Dividends and profits received	22,018,737,700	30,814,285,300
Interest from foreign exchange differences	34,361,450,647	-
Interest from bonds, commercial bills	28,521,953,138	40,679,823,287
Interest from securities business	7,201,769,728	1,258,870,056
Accrued interest from capital contribution agreements	554,520,548	2,173,125,000
Interest from demand deposits	281,695,376	550,444,314
	304,361,947,006	292,074,906,967

17. PILOT PROVISION OF AGRICULTURAL INSURANCE

On 01 March 2011, the Prime Minister issued Decision No. 315/QĐ-TTg on the pilot provision of agricultural insurance during 2011-2013 with objectives to help agricultural producers take the initiative in remedying and recovering from financial losses caused by natural disasters or epidemics, contributing to assuring social welfare in rural areas and promoting agricultural production. According to the Decision, the Corporation has responsibilities to undertake agricultural reinsurance under the guidance of the Ministry of Finance.

On 17 August 2011, the Ministry of Finance issued Circular No. 121/2011/TT-BTC providing guidance on several clauses of Decision No. 315/QĐ-TTg dated 01 March 2011 by the Prime Minister. Accordingly, insurance enterprises and the Corporation shall provide agricultural insurance activities in pilot for non-profit purposes. Insurance enterprises have responsibilities to account for revenue and costs incurred from pilot agricultural insurance activities separately from other activities and any existing agricultural insurance activities. Until 31 December 2013, if the Corporation makes a loss from pilot agricultural insurance which exceeds 10% of equity from pilot agricultural insurance activities, the Ministry of Finance will issue guidance scheme under the authority or report to the Prime Minister for consideration and supports.

On 20 June 2012, the Ministry of Finance continued to issue Circular No. 101/2012/TT-BTC stipulating several financial issues for insurance enterprises and reinsurance enterprises who provide agricultural insurance activities in pilot under Decision No. 315/QĐ-TTg dated 01 March 2011 by the Prime Minister. Accordingly, insurance enterprises and reinsurance enterprises have responsibilities to separately record the annual losses from pilot provision of their agricultural insurance activities. Insurance enterprises and reinsurance enterprises shall account for losses from pilot agricultural insurance activities for the financial year in their income statements. In the case of losses from pilot agricultural insurance activities, such losses will be carried forward to the following year as regulated by law.

In 2012, the Corporation started undertaking pilot agricultural insurance activities. The Corporation's income statement for the year ended at 31 December 2012 only presented net loss of VND 19,700,018,427 in 2012 from the pilot agricultural insurance activities. The Board of General Directors believes that such presentation is in line with the provisions of the above decisions and circulars

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. CORPORATE INCOME TAX

	<u>31/12/2012</u>	<u>31/12/2011</u>
	VND	VND
Profit before tax	301,448,771,909	360,930,491,287
Adjustments for taxable income		
Less: Non-taxable income	(119,090,189,980)	(95,555,358,941)
Add: Non-deductible expenses	1,799,294,362	1,482,462,263
Add: Loss of Vinare Invest	1,169,416,392	1,882,987,314
Assessable income	185,327,292,683	268,740,581,923
Normal tax rate	25%	25%
Income tax payable for the current year	46,331,823,171	67,185,145,481
Deferred tax	(236,336,004)	74,839,473

19. BASIC EARNINGS PER SHARE

	<u>31/12/2012</u>	<u>31/12/2011</u>
Accounting profit after corporate income tax (VND)	255,353,284,742	293,820,185,279
Less (loss) after corporate income tax distributable to minority shareholders (VND)	(422,336,637)	(680,043,939)
Earnings after corporate income tax distributable to ordinary shareholders (VND)	255,775,621,379	294,500,229,218
Weighted average number of ordinary shares in circulation in the year (share)	100,827,658	100,827,658
Basic earnings per share (VND)	2,537	2,921

20. FINANCIAL INSTRUMENTS

Capital risk management

The Corporation manages its capital to ensure that the Corporation will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Corporation only consists of equity attributable to shareholders (comprising capital, reserves and retained earnings).

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 4.

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)

20. FINANCIAL INSTRUMENTS (Continued)

Categories of financial instruments

	Carrying amounts	
	31/12/2012	31/12/2011
	VND	VND
Financial assets		
Cash and cash equivalents	771,395,912,978	1,477,184,661,700
Trade receivables	1,039,834,510,116	1,033,872,965,657
Short-term investments	1,335,989,182,165	441,730,446,507
Long-term investments	674,798,414,579	809,280,468,386
Total	3,822,018,019,838	3,762,068,542,250
Financial liabilities		
Trade and other payables	998,873,524,309	1,036,029,047,686
Claim reserve	399,713,561,043	344,628,112,228
Long-term deposits received	2,252,230,666	2,747,351,784
Total	1,400,839,316,018	1,383,404,511,698

The Company has not assessed fair value of its financial assets and liabilities as at the balance date since there are no comprehensive guidance under Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 06 November 2009 ("Circular 210") and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards ("IFRS") on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

Financial risk management objectives

The Company has set up risk management system to identify and assess the risks exposed by the Company and designed control policies and procedures to manage those risks at an acceptable level. Risk management system is reviewed on a regular basis to reflect changes in market conditions and the Company's operations.

Financial risks include market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Market risk

The Corporation's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and prices. The Corporation does not hedge these risk exposures due to the lack of any market to purchase financial instruments.

Foreign currency risk management

To manage foreign currencies for reinsurance settlement, the Corporation undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the financial year are as follows:

	Assets		Liabilities	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	VND	VND	VND	VND
United States Dollar (USD)	517,660,748,145	725,142,812,572	504,600,368,278	557,577,194,729
Euro (EUR)	133,504,709,950	71,470,269,161	-	-
Great Britain Pound (GBP)	73,688,440,258	491,292,591	-	-
Singapore Dollar (SGD)	31,845,074	11,677,374	-	-
Australian Dollar (AUD)	9,747,600	1,880,667,491	-	-
Japanese Yen (JPY)	9,199,211	286,447,325	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

20. FINANCIAL INSTRUMENTS (Continued)

Foreign currency sensitivity analysis

The Corporation is mainly exposed to United States Dollar, Euro and Great Britain Pound.

The following table details the Corporation's sensitivity to a 10% increase and decrease in Vietnam Dong against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represent management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. For a 10% increase/decrease in the following foreign currencies against Vietnam Dong, the profit before tax in the year would increase/decrease by the same amount as follows:

	2012	2011
	VND	VND
United States Dollar (USD)	1,306,037,987	16,756,561,784
Euro (EUR)	13,350,470,995	7,147,026,916
Great Britain Pound (GBP)	7,368,844,026	49,129,259

Share price risk management

Shares held by the Corporation are affected by market risks arising from the uncertainty about future prices of such shares. The Corporation manages this risk exposure by setting up investment limits. The Corporation's Board of Management also assesses and approves decisions on share investments such as operating industry, investees, etc. The Corporation assesses the share price risk to be immaterial.

The Corporation is also exposed to equity price risks arising from investments in subsidiaries and associates. The Corporation's Board of Management assesses and approves decisions on investments in subsidiaries and associates such as operating industry, investees, etc. Investments in subsidiaries and associates are held for long-term strategic investments rather than trading purposes. The Corporation does not have intention to trade these investments in the foreseeable future.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Corporation business operation is reinsurance; accordingly, the Corporation's credit risk mainly focuses on clients operating in direct insurance. The Corporation does not have any significant credit risk exposure to any counterparty because receivables consist of a large number of customers operating in insurance industry, spread across geographical areas.

Liquidity risk management

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any year is kept to manageable levels relative to the amount of funds that the Corporation believes can generate within that year. The Corporation policy is to regularly monitor current and expected liquidity requirements to ensure that the Corporation maintains sufficient reserves of cash, borrowings and adequate committed funding from its owners to meet its liquidity requirements in the short and longer term.

The following table details the Corporation's remaining contractual maturity for its non-derivative financial liabilities and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets and financial liabilities based on the earliest date on which the Corporation can be required to pay. The table includes principal cash flows. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

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)

20. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk management (Continued)

	Less than 1 year	From 1 - 5 years	Over 5 years	Total
	VND	VND	VND	VND
31/12/2012				
Cash and cash equivalents	771,395,912,978	-	-	771,395,912,978
Trade receivables	1,039,834,510,116	-	-	1,039,834,510,116
Short-term investments	1,335,989,182,165	-	-	1,335,989,182,165
Long-term investments	-	180,821,206,063	493,977,208,516	674,798,414,579
Total	3,147,219,605,259	180,821,206,063	493,977,208,516	3,822,018,019,838
31/12/2012				
Trade and other payables	998,873,524,309	-	-	998,873,524,309
Claim reserve	399,713,561,043	-	-	399,713,561,043
Long-term deposits received	-	2,252,230,666	-	2,252,230,666
Total	1,398,587,085,352	2,252,230,666	-	1,400,839,316,018
Net liquidity gap	1,748,632,519,907	178,568,975,397	493,977,208,516	2,421,178,703,820
	Less than 1 year	From 1 - 5 years	Over 5 years	Total
	VND	VND	VND	VND
31/12/2011				
Cash and cash equivalents	1,477,184,661,700	-	-	1,477,184,661,700
Trade receivables	1,033,872,965,657	-	-	1,033,872,965,657
Short-term investments	441,730,446,507	-	-	441,730,446,507
Long-term investments	-	230,464,120,447	578,816,347,939	809,280,468,386
Total	2,952,788,073,864	230,464,120,447	578,816,347,939	3,762,068,542,250
31/12/2011				
Trade and other payables	1,036,029,047,686	-	-	1,036,029,047,686
Claim reserve	344,628,112,228	-	-	344,628,112,228
Long-term deposits received	-	2,747,351,784	-	2,747,351,784
Total	1,380,657,159,914	2,747,351,784	-	1,383,404,511,698
Net liquidity gap	1,572,130,913,950	227,716,768,663	578,816,347,939	2,378,664,030,552

The Board of General Directors assessed the liquidity risk concentration at low level. The Board of General Directors believes that the Corporation will be able to generate sufficient funds to meet its financial obligations as and when they fall due.

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)

21. RELATED PARTY TRANSACTIONS AND BALANCES

During the year, the Corporation entered into the following significant transactions with related parties:

	<u>2012</u>	<u>2011</u>
	VND	VND
<u>Swiss Re</u>		
Reinsurance outward premium	128,088,530,260	83,254,412,007
Reinsurance outward commission	17,715,445,343	16,951,328,094
Receipt from reinsurance outward claim	59,646,034,033	57,712,522,961
Dividends paid	12,603,457,500	42,011,525,000
Bonus shares	-	84,023,050,000
<u>Bao Minh Insurance Joint-Stock Corporation</u>		
Reinsurance outward premium	62,372,434,154	49,851,182,867
Reinsurance outward commission	10,395,586,425	8,127,460,133
Receipt from reinsurance outward claim	39,540,549,197	26,949,386,628
Reinsurance inward premium	109,411,301,177	114,028,683,354
Reinsurance inward commission	13,377,364,644	9,409,878,202
Claim settlements of reinsurance inward	125,479,140,682	67,845,516,124
<u>Samsung-Vina Insurance Co.,Ltd</u>		
Reinsurance outward premium	23,674,813,676	21,257,815,873
Reinsurance outward commission	6,478,974,559	6,137,405,844
Receipt from reinsurance outward claim	18,333,923,054	18,611,760,311
Reinsurance inward premium	337,786,365,812	146,589,913,662
Reinsurance inward commission	78,810,177,683	41,421,563,276
Claim settlements of reinsurance inward	59,054,126,688	72,044,535,519
<u>State Capital Investment Corporation</u>		
Dividends paid	20,348,475,000	67,828,250,000
Bonus shares	-	135,656,500,000
<u>The Board of General Directors</u>		
Net remuneration of the Board of General Directors	5,313,083,787	4,412,478,977

Related party balances at the balance sheet date were as follows:

	<u>31/12/2012</u>	<u>31/12/2011</u>
	VND	VND
<u>Swiss Re</u>		
Receivables from reinsurance outward activities	26,700,452,856	15,934,714,103
Payables for reinsurance outward activities	59,526,567,010	33,106,333,665
Dividends payable for 2012 paid	10,174,237,702	-
<u>Bao Minh Insurance Joint-Stock Corporation</u>		
Receivables from reinsurance inward activities	20,407,817,273	9,021,558,423
Receivables from reinsurance outward activities	20,687,434,782	26,857,414,940
Payables for reinsurance inward activities	20,944,221,934	8,778,067,700
Payables for reinsurance outward activities	20,321,135,896	33,774,592,441
<u>Samsung-Vina Insurance Co.,Ltd</u>		
Receivables from reinsurance inward activities	49,998,162,345	24,086,873,361
Receivables from reinsurance outward activities	7,573,424,726	8,016,744,275
Payables for reinsurance inward activities	26,756,344,395	16,448,557,291
Payables for reinsurance outward activities	6,810,246,857	5,366,042,243
<u>State Capital Investment Corporation</u>		
Dividends paid	40,696,950,000	-

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. 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.

However, under Official Letter No. 8667/BTC-TCT dated 06 July 2010, 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 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.

On 20 September 2012, the inspectors of the Ministry of Finance examined declaration and payment relating to withholding tax at the Corporation for the period from 2009 to 2011 and made conclusion of withholding tax arising on reinsurers resided in countries or territories who signed a double taxation avoidance agreement with Vietnam at VND 24,442,754,232. However, due to problems in the declaration, exemption from withholding tax from 2009 to 2011, the inspectors have not given specific instructions for these taxes.

To withholding tax on costs incurred from retrocession fee in 2009 and 2010, the Corporation has just recorded a temporary provision of the tax payable by foreign contractors of VND 12,615,830,204. To withholding tax on costs incurred from retrocession fee in 2011, the Corporation withheld the withholding tax on remittance of retrocession fee. The withheld amount is presented as part of "Trade accounts payable" as most of foreign contractors have permanent residence with income incurred 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.

In 2012, withholding tax applicable to overseas outward reinsurance activities have been amended in Circular No. 60/2012/TT-BTC dated 12 April 2012 issued by the Ministry of Finance, which stipulates that withholding tax is at a rate of 0.1% out of overseas outward reinsurance premium. The Corporation declared and paid the 2012 withholding tax in the year.

The determination of withholding tax payable (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)

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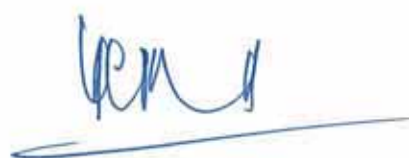
(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

23. FINANCIAL RATIOS

Items	Unit	2012	2011
1. Assets and resources structure arrangement			
1.1. Assets structure arrangement			
- Fixed assets and long-term investments/Total assets	%	25.11	27.54
- Current assets and short-term investments/Total assets	%	74.89	72.46
1.2. Resources structure arrangement			
- Liabilities/Total resources	%	44.12	43.88
- Owner's equity/Total resources	%	55.88	56.12
2. Liquidity			
2.1. Current liquidity	times	2.27	2.28
2.2. Short-term liability liquidity	times	3.03	2.73
2.3. Quick liquidity	times	2.02	1.78
3. Profit ratio			
3.1. Profit/Revenue ratio			
- Profit before tax/Revenue ratio	%	26.79	37.42
- Profit after tax/Revenue ratio	%	22.70	30.46
3.2. Profit/Total assets ratio			
- Profit before tax/Total assets ratio	%	7.16	8.86
- Profit after tax/Total assets ratio	%	6.06	7.21
3.3. Profit after tax/Owner's equity ratio	%	11.01	13.04

24. COMPARATIVE FIGURES

Comparative figures are figures of the audited consolidated financial statements for the year ended 31 December 2011. Certain reclassifications have been made to the prior year's figures to enhance their comparability with the current year's presentation.



Nguyen Thanh Cong
Preparer



Luu Thi Viet Hoa
Chief Accountant



Pham Cong Tu
General Director

14 March 2013