

NOTES TO THE FINANCIAL STATEMENT

Quarter II/2014

I. General information

1. Structure of ownership: State Capital Investment Corporation – SCIC: 40.36%, Swiss Re Group: 25%, other shareholders: 34.64%

2. Operating industry: Insurance

3. Lines of business: Inward and outward reinsurance and financial investment.

4. Total number of subsidiaries: 01

Total number of consolidated subsidiaries: 01

- + Company name: VINARE Invest Joint Stock Company

- + Address: 6th Floor, VINARE building, 141 Le Duan - Hoan Kiem - Ha Noi.

- + Parent company's equity ownership: 63.88%

- + Voting rights of parent company: 63.88%

5. Joint venture is reflected in consolidated financial statements according to method of owner's equity

Samsung Vina Joint-Venture Insurance Company

- + Head office address: 9th Floor, Diamond Plaza, 34 Le Duan, District 1, Ho Chi Minh City

- + Equity ownership: 25%

- + Voting rights: 25%

II. Accounting period and accounting currency

1. Accounting period:

Parent company: Begins on 01 January 2014 and ends on 31 December 2014

Subsidiary: Begins on 01 January 2014 and ends on 31 December 2014

2. Accounting currency: Vietnam Dong

III. Accounting standards and system

1. Accounting system: Decision No 232/2012/TT-BTC dated 28th December 2012 of Ministry of Finance guided the accounting system applied for insurance enterprises. Decision No 15/2006/QD-BTC dated 20th March 2006 of Ministry of Finance was on the issuance of enterprise accounting system.

2. Statement on compliance with accounting standards and accounting system:

The Board of Directors ensures that the company's Financial Statements comply with Vietnamese accounting standards and the Vietnamese accounting system applicable to insurance enterprises and other current accounting regulation in Vietnam.

3. Accounting form: Receipts recorded to books.

IV. Accounting policies

The Board of Directors ensures that the company's half-yearly financial statements and the latest yearly financial statements apply the same accounting policies.

Consolidated financial statements are prepared based on accounting policies applied uniformly for similar transactions and events in similar circumstances between parent company and subsidiary.

1. 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.

Conversion of other currencies to accounting currency: Corporation applies an exchange rate of USD/VND 21,000. On 24 October 2012 the Ministry of Finance issued Circular 179/2012/TT-BTC to replace Circular 201/2009/TT-BTC dated 15 October 2012 providing guidance on recognition, assessment and handling of foreign

exchange difference with effect from 10 December 2012 and applicable for financial year 2012. Accordingly, recognition of foreign exchange difference is conducted in the following manner:

Transactions initially denominated in foreign currencies are translated into USD using the accounting exchange rate and later on translated using the actual exchange rate of Vietcombank on the payment date. The differences resulting from such translations are recorded in the income statement.

Payables and receivables relating to revenues and costs accounting for the quarter; sums, payables and receivables denominated in USD not relating to revenues and costs accounting at the end of the accounting period are translated using the buying rate of Vietcombank as at 30 June 2014 of USD/VND 21,300. Foreign currencies other than USD are translated into VND using the buying rate of Vietcombank as at 30/6/2014. The differences resulting from such translations are recorded in the income statement.

Exchange differences from revaluation of balances of monetary assets, liabilities, receivables denominated in foreign currencies that are not related to accounting for revenue and costs as at the balance sheet date are not used for dividend payment.

2. Tangible fixed assets and depreciation

Tangible fixed assets:

Tangible fixed assets are stated at cost less accumulated depreciation.

Tangible fixed assets are depreciated using the straight-line method over the following estimated useful lives.

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

3. Balance of cash and financial investments:

3.1 Cash and cash equivalents

	<u>6/30/2014</u>	<u>12/31/2013</u>
Cash on hand	2,375,640,774	2,101,653,161
Bank deposits	58,606,071,753	40,798,510,763
Cash equivalents	623,847,022,222	730,493,806,420
	<u>684,828,734,749</u>	<u>773,393,970,344</u>

3.2 Short-term financial investments

	<u>6/30/2014</u>	<u>12/31/2013</u>
	<u>VND</u>	<u>VND</u>
Bank deposits under one year	1,407,000,000,000	1,116,285,570,363
Short-term bonds	50,050,000,000	30,050,000,000
Stocks (short-term)	12,725,319,236	15,736,094,646
Other short-term investments		
Provision for diminution in value of short-term investments	(7,148,169,536)	(10,037,007,246)
	<u>1,462,627,149,700</u>	<u>1,152,034,657,763</u>

3.3 Long-term financial investments	6/30/2014	12/31/2013
	VND	VND
Investments in subsidiaries (a)	213,939,962,586	331,383,330,134
Other long-term investments	640,664,620,862	701,774,363,492
+ Equity investments (b)	472,000,270,000	472,000,270,000
+ Long-term bonds	90,000,000,000	140,000,000,000
+ Long-term deposits	70,000,000,000	123,000,000,000
+ Entrusted investment (c)	85,000,000,000	55,000,000,000
+ Other long-term investments (d)	821,206,063	821,206,063
+ Provision for diminution in value of long-term investments (e)	(77,156,855,201)	(89,047,112,571)
	854,604,583,448	1,033,157,693,626

(a) *Investment in joint venture*: is the equity investment in Samsung Vina Insurance Company (SVI) with the original amount of VND250,046,999,999 representing a stake of 50% in SVI. VINARE's BOM had a resolution on the sale of 25% out of 50% stake of VINARE in SVI for SFMI. On 17 January 2014, the Ministry of Finance issued revised business license No 70/GF/KDBH to SVI, current equity ownership of Corporation in SVI is 25%. Finalizing the transaction is being completed by the two parties.

SVI's equity	6/30/2014	12/31/2013
Charter capital	500,000,000,000	500,000,000,000
Funds	27,694,392,347	24,767,182,216
Retained earnings	190,065,979,944	137,999,478,051
- Retained earnings of 6 months of 2014	52,066,501,893	
- Accumulated retained earnings as at 31/12/2013	137,999,478,051	
Total	717,760,372,291	662,766,660,267
VINARE's stake	25%	50%
VINARE's ownership according to its stake	213,939,962,586	331,383,330,134

According to agreement between VINARE and SFMI (purchasing party) on the sale of equity holding in SVI, before the transaction, interests of parties in SVI are divided by equity ownership ratio of 50/50, and when the transaction is completed, interests of parties will be divided by equity ownership ratio between VNR and SFMI of 25%/75%. In Quarter I/2014, SFMI has made payment to VINARE for the 25% stake in SVI. As at 30 June 2014, all parties have not finalized the transaction therefore, Corporation preliminarily calculates VINARE's interests in SVI as follows:

- Retained earnings as at 31/12/2013 of VND137,999,999,478,051 will be allocated according to 50/50 ratio for the joint venture parties.
- Net profit of VINARE in SVI from Quarter II of 2014 will be allocated according to ownership ratio of 25%.
- Equity and other funds of VNR under owners' equity of SVI will be allocated according to ownership ratio of 25%.

Official figures of parties' interests in joint venture company will be determined when the transaction is finalized.

(b) Equity investment	ownership	6/30/2014	6/30/2014	12/31/2013
		Shares	VND	VND
Petrolimex Joint Stock Insurance	8.76%	6,237,328	59,289,270,000	59,289,270,000
PTI Insurance Company	7.06%	3,175,200	38,416,000,000	38,416,000,000
Saigon - Halong Hotel	6.00%	600,000	6,000,000,000	6,000,000,000
Global Insurance Company	4.40%	1,760,000	17,600,000,000	17,600,000,000
Phu Hung Insurance Company	2.67%	800,000	8,000,000,000	8,000,000,000
Agriculture Bank Insurance Join	8.42%	3,200,000	32,000,000,000	32,000,000,000
Dai Nam Securities Joint Stock C	3.59%	269,500	2,695,000,000	2,695,000,000
Hung Vuong Insurance Compan	10.00%	3,000,000	30,000,000,000	30,000,000,000
Tien Phong Commercial Joint St	5.47%	30,000,000	278,000,000,000	278,000,000,000
			472,000,270,000	472,000,270,000

Additional information of bonus shares as at 30 June 2014 were as follows:

NO	Stock name	Stock code	Number of shares
1	Petrolimex Joint Stock Insurance Company	PGI	353,056
2	Post-Telecommunication Joint Stock Insurance Comp	PTI	381,024
3	Tien Phong Commercial Joint Stock Bank		2,542,857
4	Joint Stock Commercial Bank for Foreign Trade of Vi	VCB	11,806

c) **Entrusted investment:** are funds entrusted to Vietcombank Fund Management Company and Baoviet Equity Dynamic Open Ended Fund.

d) **Other long-term investments:** are the investments from welfare funds of the parent company.

e) **Provision for diminution in value of long-term investments:**

- Parent Company: is the provision for the impairment in equity investment in Tien Phong Bank, Phu Hung Insurance Company and Dai Nam Securities Company
- Vinare Invest: is the provision for the investment in Tien Phong Bank

4. Principles and methods of making technical reserves:

a. 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 quarter over all types of cargo insurance (by land, seaway, waterway, railway and airway) and at 50% for other types.

- **Claim reserve:**

- 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 quarter-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.

- **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.

*** Underwriting reserve situation:**

- *Premium reserve, claim reserve for inward reinsurance*

	Beginning of quarter	Increase	Decrease	End of quarter
Normal reinsurance activities	2,263,320,602,157	38,086,694,003	45,087,982,057	2,256,319,314,103
+ Inward unearned premium reserve	657,852,676,954	30,404,071,284		688,256,748,238
+ Inward claim reserve	1,474,748,410,833		45,087,982,057	1,429,660,428,776
+ Catastrophe reserve	130,719,514,370	7,682,622,719		138,402,137,089
Pilot Agriculture insurance activities	220,448,156,085	572,724,881	29,642,807,615	191,378,073,351
+ Inward unearned premium reserve	62,191,115,956		15,367,768,791	46,823,347,165
+ Inward claim reserve	156,251,855,123		14,275,038,824	141,976,816,299
+ Catastrophe reserve	2,005,185,006	572,724,881		2,577,909,887
TOTAL	2,483,768,758,242	38,659,418,884	74,730,789,672	2,447,697,387,454

- *Premium reserve, claim reserve for outward business*

	Beginning of quarter	Increase	Decrease	End of quarter
Normal reinsurance activities	1,595,214,353,102	26,729,925,436	74,771,996,743	1,547,172,281,795
+ Retroceded premium reserve	445,525,504,393	26,729,925,436		472,255,429,829
+ Outward claim reserve	1,149,688,848,709		74,771,996,743	1,074,916,851,966
Pilot Agriculture insurance activities	199,262,127,947	-	25,737,268,956	173,524,858,991
+ Retroceded premium reserve	56,326,281,242		13,614,309,523	42,711,971,719
+ Outward claim reserve	142,935,846,705		12,122,959,433	130,812,887,272
TOTAL	1,794,476,481,049	26,729,925,436	100,509,265,699	1,720,697,140,786

Making underwriting reserve is in accordance with methods of making reserve registered and approved by the Ministry of Finance in official document no 5297/BTC-QLBH dated 19 April 2012. Following the Circular No 232/2012 regulating on accounting regime for insurance enterprises effective since 1 January 2014, the allocation of technical reserve is re-presented as follows:

- Inward unearned premium reserve, retroceded premium reserve: these reserves are provided for at 25% of cargo insurance and 50% for other lines of business.
- Claim reserve: re-presented according to Circular 232/2012 for inward and outward claims criteria based on the nature of each case.

b. Provision for diminution in value of securities investment:

According to Circular No 228/2009/TT-BTC of Ministry of Finance issued on 7 December 2009, Corporation is allowed to make provision for investments in freely traded securities with book value higher than market value at the end of accounting period.

c. Provision for doubtful debts:

Before 2013, owing to the nature of reinsurance business, payment between cedants and reinsurers of treaties are normally settled late by 1-3 months from the date of issuing statement of accounts. To make it suitable with the payment practice in reinsurance, the Corporation apply the following practice for making provision for doubtful debts:

No provision is made for accounts receivable over due for less than 9 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, 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%.

Since 2014, Corporation makes provision for doubtful debts based on the term of debt as regulated in Circular No 228/2009/TT-BTC dated 7 December 2009 of Ministry of Finance as follows:

No provision is made for accounts receivable over due for less than 6 months. For accounts receivable over due from 06 to less than 12 months, the provision is made at the rate of 30%. For accounts receivable over due from 1 to less than 2 years, the provision is made at the rate of 50%. For accounts receivable over due from 2 to less than 3 years, provision is made at the rate of 70%. For accounts receivable over due for 3 years or more, the provision is made at the rate of 100%.

d. Provision for severance allowance

This provision is made according to Resolution No 44/2003/ND-CP of Government issued on 9 May 2003 and internal regulations of Corporation.

5. Recognition of equity capital:

a. Parent company

Owners' equity: is the paid-up capital of the shareholders, which is monitored by each shareholder;

Share premium: the amount of money received from the share issuance in 2007 which is larger than the value of shares issued plus the costs of the issuance;

Retained profit: is the profit retained after allocating to various funds and dividend payment.

b. Subsidiary

Owners' equity: is the paid-up capital of shareholders. Charter capital as at 30/06/2014 of Vinare Invest was: VND93,919,000,000. The number of shares that shareholders have registered to purchase but have not implemented the capital contribution will be handled according to decisions of the BOM.

c. Joint-venture company

Owners' equity: is the paid-up capital of joint-venture parties. Charter capital as at 30 June 2014 of Samsung-Vina Insurance Company was VND500,000,000,000.

6. Revenue recognition:

Reinsurance inward revenue is recognised following the statement of accounts agreed by the Corporation and the reinsurers. Reinsurance outward revenue is recognised when the Corporation receives an acceptance statement of the reinsurer 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.

7. Taxation:

Calculation of tax duties is based on current taxation regulation.

According to Circular 134/2008/TT-BTC dated 31/12/2008 of the Ministry of Finance providing guidance of tax duties of overseas organisations and individuals having business operation in Vietnam or revenue from Vietnam, overseas retroceded premiums are subject to contractors' tax (corporate income tax) at the rate of 2%. Insurance enterprises have been discussing with the Ministry of Finance and the General Authority of Taxation in order to clarify some problems in complying with Circular 134/2008/TT-BTC and other tax agreements. According to Letter 8667/BTC-TCT dated 06/07/2010 of the Ministry of Finance providing guidance on contractors' tax levied on reinsurance business retroceded overseas, reinsurance contracts signed with overseas reinsurers who are residents of nations or territories which have signed Double Taxation Avoidance Agreements with Vietnam will be exempted from contractors' tax liabilities for the years 2005 – 2008 and within the period of such agreements on the basis of completing all the procedures provided for in the Letter. In January 2011, the Company sent a set of document for tax exemption as required in Letter 8667/BTC-TCT.

Based on the conclusion of the Ministry of Finance Inspection on contractors' tax duties of VINARE in the period 2009-2011 and the first six months of 2012, in September 2012 the Company completed the contractors' tax declaration and paid contractors' tax for the overseas reinsurers who are not residents in countries and territories which have signed Double Taxation Avoidance Agreements with Vietnam with the amount of VND104,417,170. For contractor's tax in 2012, the Company makes declaration and payment according to Circular 28/2011/TT-BTC dated 28 February 2011 and Circular 60/2012/TT-BTC dated 12 April 2012 of the Ministry of Finance.

Other types of tax are subject to current taxation regulation in Vietnam.

V. Other information

1. According to regulations in Circular 203/2009/TT-BTC issued on 20 October 2009 effective from 1 January 2010, in replacement of Decision No 206/2003/QĐ-BTC dated 12 December 2003 of the Minister of Ministry of Finance on the issuance of Regulations for management, use and depreciation of fixed assets: “When 100% state-owned enterprises do valuation of Enterprise to equitise according to discounted cashflow method, the difference of state capital between actual value and book value is not recognized as intangible fixed assets and is allocated to business expenses in the period but not exceeding 10 years. The starting time for allocation to business expenses is the time the enterprise officially becomes a joint-stock company”. Before 2009, the difference was monitored and depreciated as intangible fixed assets, duration for allocation was 20 years; currently the Corporation has done allocation for 5 years. Pursuant to the above regulations, the remaining value of this difference amount (VND 14,640,221,973) is monitored as an expense waiting to be allocated on the Balance Sheet, Corporation allocate this amount to business expense for 5 years since 2010.

2. Following Decision 315/QĐ-TTg dated 1st March 2011 of the Prime Minister on the implementation of pilot agriculture insurance in the period of 2011-2013 with the principle that the insurance enterprises and VINARE underwrite agriculture insurance not for profit, the Corporation started to deploy pilot agriculture insurance in Quarter 3 of 2012. Corporation’s financial regime, accounting method for pilot agriculture insurance follow guidance from Circular No 121/2011/TT-BTC dated 17 August 2011 and Circular No 101/2012/TT-BTC dated 20 June 2012 of the Ministry of Finance.

3. As mentioned in the part “Recognition of equity capital”: As at 30 June 2014, the paid-up capital was VND93,919,000,000. The number of shares that shareholders have registered to purchase but have not implemented the capital contribution will be handled according to decisions of the BOM. Interests of shareholders will be calculated based on the ratio of capital contribution as at 30 June 2014 (In which: Interest of parent company is 63.88%, interest of minority shareholders is: 36.12%).

4. Equity

	Operating capital	Share premium	Foreign exchange reserve	Investment and development fund	Financial reserve fund	Compulsory reserve fund	Retained earnings	Total
As at 01/01/2013	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
Profit for the period							300,535,646,947	300,535,646,947
Profit distribution to funds				6,119,566,239	30,597,831,193	15,298,915,596	(59,632,603,097)	(7,616,290,069)
Dividends declared							(181,489,784,400)	(181,489,784,400)
Other increase/(decrease)								-
As at 31/12/2013	1,008,276,580,000	768,023,850,642	-	30,042,903,393	150,476,757,713	75,107,258,481	399,204,939,342	2,431,132,289,571
Profit for the period							200,552,713,246	200,552,713,246
Profit distribution to funds				3,716,991,656		9,292,479,141	(17,735,242,268)	(4,725,771,471)
Dividends declared (*)							(100,827,658,000)	(100,827,658,000)
Other increase/(decrease) (**)							(6,144,795,555)	(6,144,795,555)
As at 30/06/2014	1,008,276,580,000	768,023,850,642	-	33,759,895,049	150,476,757,713	84,399,737,622	475,049,956,765	2,519,986,777,791

(*) According to Decision 09/2014/NQ-DHDCD dated 24th April 2014 of VINARE, the Board of Management declared the second dividend payment at the rate of 10%.

(**) Decrease in retained earnings at the beginning of the period after SVI transaction, VNR's current capital contribution in SVI is 25%.

5. Income and business results:

a/ Consolidated income statements (including pilot agricultura insurance)

NO	Criteria	Quarter 2/2014 (VND)	Quarter 2/2013 (VND)
1	Premium from reinsurance inward	221,450,942,741	194,622,158,680
2	Income from real estate investments		0
3	Net income from financial activities	65,436,366,048	62,685,809,190
4	Other incomes	3,986,694,967	3,826,568,677
5	Total expenses for insurance activities	206,225,798,250	138,402,278,167
6	Capital value of real estate investments		0
7	Expenses for financial activities	2,665,613,410	(1,137,803,683)
8	Administration expenses	8,720,320,796	14,048,523,382
9	Other expenses	2,994,975,017	982,485,443
10	Profit (Loss) from pilot agriculture insurance activities	1,868,625,647	(17,444,159,206)
11	Share of net profits from joint ventures	2,583,068,312	32,611,647,348
12	Accounting profit before tax (12=1+2+3+4-5-6-7-8-9+10+11)	74,718,990,242	124,006,541,380
13	Corporate income tax payable	12,298,969,740	21,402,809,297
14	Deferred corporate income tax	10,778,010	
15	Net profit after corporate income tax (15=12-13-14)	62,409,242,492	102,603,732,083

b/ Consolidated income statements (excluding pilot agriculture insurance)

NO	Criteria	Quarter 2/2014 (VND)	Quarter 2/2013 (VND)
1	Income from reinsurance business	221,450,942,741	194,622,158,680
2	Income from real estate investments		0
3	Net income from financial activities	65,436,366,048	62,685,809,190
4	Other incomes	3,986,694,967	3,826,568,677
5	Total expenses for insurance activities	206,225,798,250	138,402,278,167
6	Capital value of real estate investments		0
7	Expenses for financial activities	2,665,613,410	(1,137,803,683)
8	Administration expenses	8,720,320,796	14,048,523,382
9	Other expenses	2,994,975,017	982,485,443
10	Share of net profits of joint ventures	2,583,068,312	32,611,647,348
11	Accounting profit before tax (11=1+2+3+4-5-6-7-8-9+10)	72,850,364,595	141,450,700,586

c/ Results of pilot agriculture insurance

NO	Criteria	Quarter 2/2014 (VND)	Quarter 2/2013 (VND)
1	Income from pilot agriculture insurance	(252,150)	109,531,537,925
2	Deductions	0	74,656,165,452
3	Net income from pilot agriculture insurance activities (3=1-2)	(252,150)	34,875,372,473
4	Direct expenses for pilot agriculture insurance	(1,868,868,972)	49,428,869,177
5	Gross profit from pilot agriculture insurance (5= 3-4)	1,868,616,822	(14,553,496,704)
6	Administration expenses	(8,825)	2,890,662,502
7	Net profit from pilot agriculture insurance (7=5-6)	1,868,625,647	(17,444,159,206)

6. Comparative figures: Conforming with provisions of Circular No 232/2012/TT-BTC providing accounting guidance applicable to non-life insurers, reinsurers and branches of foreign non-life insurers, Corporation adjusted and restated some criteria in the Income statement of the same period of last year and Balance sheet as at 31 December 2013 of Parent company to suit with the figures comparison for this year, as follows:

a/ Income statement

Criteria	Reported amount (30/06/2013)	Adjustment/reclassification n	After adjustment/reclassification
1. Gross written premium	396,842,242,372	(3,642,343,426)	393,199,898,946
2. Increase(decrease) in unearned premium reserve	7,222,331,864		-
- For inward reinsurance		(4,823,669,786)	(4,823,669,786)
- For outward reinsurance		2,398,662,078	2,398,662,078
3. Increase (decrease) in claim reserve	(10,027,068,998)		
- For inward reinsurance		(47,164,642,210)	(47,164,642,210)
- For outward reinsurance		(37,137,573,212)	(37,137,573,212)

b/ Balance sheet

Criteria	Reported amount (30/12/2013)	Adjustment/reclassification n	After adjustment/reclassification
1. Reinsurance assets			
- Unearned premium reserve for outward reinsurance		501,851,785,635	501,851,785,635
- Claim reserve for outward reinsurance		1,292,624,695,414	1,292,624,695,414
2. Underwriting reserves			
- Unearned premium reserve for inward reinsurance	218,192,007,275	501,851,785,635	720,043,792,910
- Claim reserve for inward reinsurance	338,375,570,542	1,292,624,695,414	1,631,000,265,956

Preparer

Chief Accountant

August 11th 2014
Chief Executive Officer

Nguyen Thanh Cong

Luu Thi Viet Hoa

Pham Cong Tu

BALANCE SHEET

Quarter 2/2014

BH - CONSOLIDATED BALANCE SHEET- Q.2/2014

Unit: VND

Items	Codes	Notes	As at 30/06/2014	As at 01/01/2014 (Restated)
ASSETS				
A- CURRENT ASSETS (100=110+120+130+140+150+190)	100		5,326,830,677,911	5,187,257,895,404
I. Cash and cash equivalents	110	IV.3.1	684,828,734,749	773,393,970,344
1. Cash on hand	111		60,981,712,527	42,900,163,924
2. Cash equivalents	112		623,847,022,222	730,493,806,420
II. Short-term financial investments	120	IV.3.2	1,462,627,149,700	1,152,034,657,763
1. Short-term investments	121		1,469,775,319,236	1,162,071,665,009
2. Provisions for impairment of short-term investments	129		(7,148,169,536)	(10,037,007,246)
III. Short-term receivables	130		1,384,769,842,689	1,466,363,727,947
1. Trade accounts receivable	131		1,427,440,636,764	1,513,173,280,955
1.1. Receivables from insurance contracts	131.1		1,327,038,017,434	1,409,389,659,094
1.2. Other receivables	131.2		100,402,619,330	103,783,621,861
2. Advancement to suppliers	132		-	123,200,000
5. Provision for doubtful debts	139		(42,670,794,075)	(46,932,753,008)
IV. Inventories	140		82,296,408	54,311,517
1. Inventories	141		82,296,408	54,311,517
V. Other short-term assets	150		73,825,513,579	934,746,784
1. Advances	151		72,644,290,737	-
1.1. Deferred commission costs	151.1		72,644,290,737	-
2. VAT deductibles	152		674,287,771	601,043,709
5. Other short-term assets	158		506,935,071	333,703,075
VI. Reinsurance assets	190	IV.4	1,720,697,140,786	1,794,476,481,049
1. Retroceded premium reserve	191		514,967,401,548	501,851,785,635
2. Outward claim reserve	192		1,205,729,739,238	1,292,624,695,414
(200=210+220+240+250+260)	200		992,362,536,594	1,175,401,172,287
I. Long-term receivables	210		6,000,000,000	6,000,000,000
4. Other long-term receivables	218		6,000,000,000	6,000,000,000
4.1. Insurance deposit	218.1		6,000,000,000	6,000,000,000
II. Fixed assets	220		47,086,394,915	54,897,845,859
1. Tangible fixed assets	221		11,868,881,056	11,779,382,009
- Cost	222		25,904,953,826	24,737,860,826
- Accumulated depreciation	223		(14,036,072,770)	(12,958,478,817)
3. Intangible fixed assets	227		18,880,779,239	21,114,792,752
- Cost	228		24,642,917,809	24,415,317,809
- Accumulated amortisation	229		(5,762,138,570)	(3,300,525,057)
4. Construction in progress	230		16,336,734,620	22,003,671,098
III. Investment real estates	240		15,943,629,622	16,652,235,383
- Cost	241		34,055,061,893	34,055,061,893
- Accumulated depreciation	242		(18,111,432,271)	(17,402,826,510)
IV. Long-term financial investments	250	IV.3.3	854,604,583,448	1,033,157,693,626
2. Investment in joint ventures	252		213,939,962,586	331,383,330,134
3. Other long-term investments	258		717,821,476,063	790,821,476,063
4. Provision for diminution in value of long-term financial investm	259		(77,156,855,201)	(89,047,112,571)
V. Other long-term assets	260		68,727,928,609	64,693,397,419
1. Long-term prepayments	261		3,929,466,083	6,022,177,067
2. Deferred tax assets	262		232,215,715	274,347,474
3. Other long-term assets	268		64,566,246,811	58,396,872,878
TOTAL ASSETS (270=100+200)	270		6,319,193,214,505	6,362,659,067,691

	Codes	Notes	As at 30/06/2014	As at 01/01/2014 (Restated)
RESOURCES				
A. LIABILITIES (300=310+330)	300		3,767,681,015,420	3,899,520,947,711
I. Current liabilities	310		3,761,397,465,033	3,894,871,371,172

2. Trade accounts payable	312		1,110,687,398,066	1,259,495,964,550
2.1. Payables to insurance contracts	312.1		1,062,351,978,876	1,226,428,057,169
2.2. Other payables	312.2		48,335,419,190	33,067,907,381
3. Advances from customers	313		285,640,375	206,429,422
4. Taxes and amounts payable to the State budget	314		8,964,087,668	12,325,352,658
5. Payables to employees	315		13,790,680,264	14,255,803,845
6. Other payables	316		12,615,830,204	12,615,830,204
8. Current payables	319		107,831,552,371	103,334,427,148
9. Unearned commissions	319.1		49,239,747,740	-
11. Bonus and welfare funds	323		10,285,140,891	8,868,805,103
13. Underwriting reserves	329		2,447,697,387,454	2,483,768,758,242
13.1. Premium reserve	329.1	IV.4	735,080,095,403	720,043,792,910
13.2. Claim reserve	329.2		1,571,637,245,075	1,631,000,265,956
13.3. Catastrophe reserve	329.3		140,980,046,976	132,724,699,376
II. Long-term liabilities	330		6,283,550,387	4,649,576,539
3. Other long-term liabilities	333		5,228,024,411	3,552,186,642
6. Provision for severance allowance	336		1,055,525,976	1,097,389,897
B.EQUITY (400=400)	400	V.4	2,519,986,777,791	2,431,132,289,571
Equity	410		2,519,986,777,791	2,431,132,289,571
1. Operating capital	411		1,008,276,580,000	1,008,276,580,000
2. Share premium	412		768,023,850,642	768,023,850,642
7. Investment and development funds	417		33,759,895,049	30,042,903,393
8. Financial reserve fund	418		150,476,757,713	150,476,757,713
9. Compulsory reserve fund	419		84,399,737,622	75,107,258,481
11. Retained earnings	421		475,049,956,765	399,204,939,342
C. Minority interests	429		31,525,421,294	32,005,830,409
TOTAL RESOURCES (440=300+400+429)	440		6,319,193,214,505	6,362,659,067,691

Hanoi August 11th, 2014

PREPARER

CHIEF ACCOUNTANT

CHIEF EXECUTIVE OFFICER

Nguyen Thanh Cong

Luu Thi Viet Hoa

Pham Cong Tu

VIETNAM NATIONAL REINSURANCE CORPORATION

Address: 141 Le Duan, Hoan Kiem, Ha Noi

Tel: 0439422354 Fax: 0439422351

INCOME STATEMENT

Quarter 2/2014

BH -CONSOLIDATED INCOME STATEMENT - Q.2/2014

Unit: Vietnamese Dong

ITEMS	Code s	Quarter 2		From 01/01 to the end of the period	
		2014	2013 (Restated)	2014	2013 (Restated)
1. Premium from reinsurance inward (01=01.1+01.2)	01	389,099,780,373	381,275,627,675	737,003,799,416	779,299,196,407
In which:					
- Reinsurance inward premium	01.2	429,717,716,844	364,687,631,923	767,407,870,700	757,887,530,869
- Increase (decrease) in inward unearned premium reserve	01.3	40,617,936,471	(16,587,995,752)	30,404,071,284	(21,411,665,538)
2. Retroceded premium (02=02.1-02.2)	02	267,221,937,436	237,617,199,258	484,590,521,306	476,290,975,350
In which:					
- Reinsurance outward premium	02.1	306,764,261,223	236,713,365,231	511,320,446,742	477,785,803,401
- Increase (decrease) in retroceded premium reserve	02.2	39,542,323,787	(903,834,027)	26,729,925,436	1,494,828,051
3. Net premium income (03=01-02)	03	121,877,842,937	143,658,428,417	252,413,278,110	303,008,221,057
4. Commission and other income from reinsurance activities (04=04.1+04.2)	04	99,573,099,804	50,963,730,263	235,070,467,807	111,737,792,253
In which:					
- Commission from reinsurance outward	04.1	30,701,650,558	47,002,721,305	51,965,779,107	95,851,917,663
- Other receipts from insurance business	04.2	68,871,449,246	3,961,008,958	183,104,688,700	15,885,874,590
5. Net income from insurance business (10=03+04)	10	221,450,942,741	194,622,158,680	487,483,745,917	414,746,013,310
6. Payment for inward reinsurance claims (11=11.1-11.2)	11	488,131,997,440	281,195,066,984	662,286,259,789	458,933,183,492
In which:					
- Total claims paid	11.1	488,131,997,440	281,195,066,984	662,286,259,789	458,933,183,492
7. Recoverables from outward reinsurance	12	439,555,905,537	208,532,136,621	533,934,033,776	316,356,904,757
8. Increase (decrease) in inward claim reserve	13	(77,252,849,212)	5,041,810,596	(186,732,980,992)	(42,122,831,614)
9. Increase (decrease) in outward claim reserve	14	(114,542,734,040)	22,942,011,682	(216,416,995,678)	(14,195,561,530)
10. Total claims payment (15=11-12+13-14)	15	85,865,976,731	54,762,729,277	158,036,240,699	114,649,008,651
11. Increase (decrease) in catastrophe reserve	16	3,688,603,668	3,839,512,102	7,682,622,719	8,403,051,826
12. Other expenses for insurance business (17=17.1+17.2)	17	116,671,217,851	79,800,036,788	264,867,850,969	187,348,014,677
In which:					
- Commission	17.1	45,984,862,271	76,335,235,769	84,698,611,687	171,366,504,348
- Other expenses for insurance business	17.2	70,686,355,580	3,464,801,019	180,169,239,282	15,981,510,329
13. Total costs for insurance business (18=15+16+17)	18	206,225,798,250	138,402,278,167	430,586,714,387	310,400,075,154
14. Gross profit from insurance business (19=10-18)	19	15,225,144,491	56,219,880,513	56,897,031,530	104,345,938,156
18. Revenue from financial activities	23	65,436,366,048	62,685,809,190	202,547,684,739	129,630,531,599
19. Expenses for financial activities	24	2,665,613,410	(1,137,803,683)	(3,417,914,022)	5,391,714,704
20. Gross profit from financial activities (25=23-24)	25	62,770,752,638	63,823,612,873	205,965,598,761	124,238,816,895

21. Administration expenses	26	8,720,320,796	14,048,523,382	31,851,882,549	34,158,007,025
22. Net profit from insurance business (30=19+22+25-26)	30	69,275,576,333	105,994,970,004	231,010,747,742	194,426,748,026
23. Other incomes	31	3,986,694,967	3,826,568,677	7,872,170,479	6,971,105,053
24. Other expenses	32	2,994,975,017	982,485,443	4,210,862,384	2,354,884,906
25. Profit from other activities (40=31-32)	40	991,719,950	2,844,083,234	3,661,308,095	4,616,220,147
Share of net profits of joint ventures	40.1	2,583,068,312	32,611,647,348	13,748,428,006	47,281,532,548
(Loss) from pilot agriculture insurance	40.2	1,868,625,647	(17,444,159,206)	431,965,722	(17,444,159,206)
26. Accounting profit (50=30+40+40.1+40.2)	50	74,718,990,242	124,006,541,380	248,852,449,565	228,880,341,515
27. Corporate income tax payable	51	12,298,969,740	21,402,809,297	48,401,080,412	42,214,966,556
28. Deferred corporate income tax payable	52	10,778,010	-	42,131,759	(5,304,469)
29. Net profit after corporate income tax (60=50-51-52)	60	62,409,242,492	102,603,732,083	200,409,237,394	186,670,679,428
Minority interests		(358,271,728)	(92,297,234)	(480,409,114)	(404,872,131)
Equity holders of the Corporation		62,767,514,221	102,696,029,317	200,889,646,508	187,075,551,559
30. Earnings per share	70	625	1,018	1,992	1,855

Hanoi, August 11th 2014

PREPARER

CHIEF ACCOUNTANT

CHIEF EXECUTIVE OFFICER

Nguyen Thanh Cong

Luu Thi Viet Hoa

Pham Cong Tu

VIETNAM NATIONAL REINSURANCE CORPORATION

Address: 141 Le Duan, Hoan Kiem, Ha Noi

CONSOLIDATED CASHFLOW STATEMENT - Q2/2014

(Direct method)

ITEMS	Codes	Notes		
			Quarter II/2014	Quarter II/2013 (Restated)
I. CASH FLOW FROM OPERATING ACTIVITIES				
1. Receipts from insurance premium and commission	01		348,253,553,561	251,086,274,469
2. Payments for commission and other liabilities of insurance activities	02		(346,098,831,308)	(195,206,121,705)
3. Payments for employees	03		(23,382,304,363)	(21,972,250,835)
5. Payments for taxes and payables to the State Budget	05		(56,946,175,394)	(35,924,209,466)
6. Receipts from other activities	06		11,302,970,296	2,369,435,559
7. Payments for other liabilities	07		(3,881,819,496)	(1,967,932,413)
<i>Net cash (used in)/from operating activities</i>	20		(70,752,606,704)	(1,614,804,391)
II. CASH FLOWS FROM INVESTING ACTIVITIES				
1. Acquisitions of fixed assets & other long-term assets	21		(1,248,094,190)	(4,532,986,523)
5. Payments for investment in other entities	25		(2,289,895,535,363)	(2,925,941,489,544)
6. Receipts from investment in other entities	26		2,167,089,699,282	3,063,510,460,640
7. Receipts from investment interests	27		206,976,611,066	69,469,764,758
<i>Net cash from/(used in) investing activities</i>	30		82,922,680,795	202,505,749,331
III. CASH FLOWS FROM FINANCING ACTIVITIES				
6. Dividends paid to investors	36		(100,694,450,577)	(181,072,839,920)
<i>Net cash (used in) financing activities</i>	40		(100,694,450,577)	(181,072,839,920)
Net increase (decrease) in cash (50 = 20+30+40)	50		(88,524,376,486)	19,818,105,020
Cash and cash equivalents at the beginning of the quarter	60		773,393,970,344	693,475,073,287
Effect of changes in foreign exchange rates	61		(40,859,109)	53,343,515
Cash and cash equivalents at the end of the year (70 = 50+60+61)	70		684,828,734,749	713,346,521,822

Hanoi, August 11th 2014

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