

**VIETNAM NATIONAL REINSURANCE JOINT STOCK
CORPORATION**

(Incorporated in the Socialist Republic of Vietnam)

**REVIEWED CONSOLIDATED
FINANCIAL STATEMENTS**

For the period from 01 January 2012 to 30 June 2012

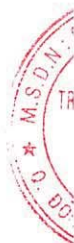


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STATEMENT OF THE BOARD OF GENERAL DIRECTORS

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 period from 01 January 2012 to 30 June 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 period 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 for the period from 01 January 2012 to 30 June 2012 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 period. In preparing these consolidated financial statements, the Board of General Directors is required to:

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

The Board of General Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the 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. The Board of General Directors is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

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

For and on behalf of the Board of General Directors,



Pham Cong Tu
General Director

Hanoi, 23 August 2012

No.: 284 / Deloitte-AUDHN-RE

REVIEW REPORT

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

We have reviewed the accompanying consolidated balance sheet of Vietnam National Reinsurance Joint Stock Corporation ("the Corporation") as at 30 June 2012, the related consolidated statements of income and cash flows for the period from 01 January 2012 to 30 June 2012 and the notes thereto (collectively referred to as "the consolidated financial statements"), as set out from page 4 to page 29. The accompanying consolidated financial statements are not intended to present the consolidated financial position, results of operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to issue a report on these consolidated financial statements based on our review.

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

As stated in Note 7 of the Notes to the Consolidated financial statements, at the balance sheet date, the Corporation made a provision for diminution in value of equity investments using the latest financial statements of the investees, some of which have not been audited/ reviewed or prepared yet for the first six months of 2012. We were unable to obtain sufficient information on such entities' financial position to evaluate whether the Corporation's investments are impaired. Accordingly, we were unable to satisfy ourselves as to the "Provision for diminution in value of long-term investments" item in the consolidated balance sheet as at 30 June 2012 as well as its effects on relevant items presented in the Corporation's consolidated financial statements.

Based on our review, except for influences (if any) of the above mentioned matter, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of, in all material respects, the consolidated financial position of the Corporation as at 30 June 2012 and the consolidated results of its operations and its cash flows for the period from 01 January 2012 to 30 June 2012 in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System applicable to insurance enterprises and prevailing relevant regulations in Vietnam.

As stated in Note 3 of the Notes to the consolidated financial statements, the Corporation decides to recognise foreign exchange differences in accordance with Circular No. 201/2009/TT-BTC dated 15 October 2009 issued by the Ministry of Finance ("Circular 201"). The recognition of foreign exchange differences arising from revaluation of monetary items denominated in foreign currencies at the balance sheet date in accordance with Circular 201 differs from that as regulated in Vietnamese Accounting Standard No 10 (VAS 10) - Effects of changes in foreign exchange rates. The effect of the Company's adoption of Circular 201 on the financial statements for the period from 01 January 2012 to 30 June 2012 is presented in Note 3.

Khuc Thi Lan Anh
Deputy General Director
CPA Certificate No. D.0036/KTV

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED

23 August 2012
Hanoi, S.R. Vietnam

Tran Duy Cuong
Auditor
CPA Certificate No. 0797/KTV

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CONSOLIDATED BALANCE SHEET

As at 30 June 2012

FORM B 01-DNBH

Unit: VND

ASSETS	Codes	Notes	30/6/2012	31/12/2011
A. CURRENT ASSETS AND SHORT-TERM INVESTMENT	100		3,340,977,988,776	2,953,556,581,083
I. Cash and cash equivalents	110		1,086,631,753,075	1,477,184,661,700
1. Cash on hand	111		2,891,069,504	2,564,874,597
2. Cash in bank	112		8,910,149,905	7,830,746,701
3. Cash equivalents	114		1,074,830,533,666	1,466,789,040,402
II. Short-term financial investments	120	4	794,283,479,239	441,730,446,507
1. Short-term investments in securities	121		76,163,132,357	114,470,701,918
2. Other short-term investments	128		730,118,739,253	351,300,000,000
3. Provision of diminution in value of short-term investments	129		(11,998,392,371)	(24,040,255,411)
III. Short-term receivables	130		1,459,497,725,988	1,034,304,053,791
1. Trade accounts receivable	131	5	1,477,054,671,032	1,049,439,547,612
2. VAT deductibles	133		492,321,515	431,088,134
3. Provision of doubtful debts	139		(18,049,266,559)	(15,566,581,955)
IV. Inventories	140		108,653,128	69,217,203
1. Materials	142		108,653,128	69,217,203
V. Other short-term assets	150		456,377,346	268,201,882
1. Advances	151		456,377,346	268,201,882
B. FIXED ASSETS, LONG-TERM INVESTMENTS	200		1,176,733,789,188	1,122,429,104,564
I. Fixed assets	210		29,823,841,923	29,310,144,445
1. Tangible fixed assets	211	6	29,790,817,393	29,271,905,513
- Cost	212		56,029,040,088	54,181,487,588
- Accumulated depreciation	213		(26,238,222,695)	(24,909,582,075)
2. Intangible fixed assets	217		33,024,530	38,238,932
- Cost	218		41,715,200	41,715,200
- Accumulated amortisation	219		(8,690,670)	(3,476,268)
II. Long-term financial investments	220	7	1,114,332,578,234	1,060,834,546,690
1. Long-term investments in securities	221		641,643,184,384	641,643,184,384
2. Interests in joint ventures	222		277,520,028,179	251,554,078,304
3. Other long-term investments	228		204,610,715,568	174,610,715,568
4. Provision for diminution in value of long-term investments	229		(9,441,349,897)	(6,973,431,566)
III. Construction in progress	230	8	17,845,065,784	16,059,270,965
IV. Long-term collaterals and deposits	240		14,732,303,247	16,225,142,464
1. Insurance deposits	241		6,000,000,000	6,000,000,000
2. Long-term prepayments	243	9	8,732,303,247	10,225,142,464
TOTAL ASSETS	250		4,517,711,777,964	4,075,985,685,647

These notes set out on pages 9 to 29 are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2012

FORM B 01-DNBH

Unit: VND

RESOURCES	Codes	Notes	30/6/2012	31/12/2011
A. LIABILITIES	300		2,140,158,047,913	1,788,570,294,459
I. Current liabilities	310		1,375,523,570,915	1,081,061,212,735
1. Trade accounts payable	313	10	1,301,372,323,076	904,348,100,875
2. Advances from customers	314		475,472,862	4,490,085,157
3. Taxes and amounts payable to the State budget	315	11	19,098,928,005	18,227,650,886
4. Payables to employees	316		7,790,010,821	7,704,872,128
5. Other current payables	318	12	41,226,058,639	41,616,527,840
6. Bonus and welfare funds	319		5,560,777,512	5,565,363,969
7. Government bond repurchase agreement	327		-	99,108,611,880
II. Long-term liabilities	320		1,369,006,428	1,261,695,815
1. Provision for severance allowance			1,163,153,888	1,069,422,211
2. Deferred tax liabilities			205,852,540	192,273,604
III. Technical reserves	330	13	748,132,102,087	690,779,786,751
1. Premium reserve	331		248,220,456,305	222,837,562,427
2. Claim reserve	333		367,342,712,393	344,628,112,228
3. Catastrophe reserve	334		132,568,933,389	123,314,112,096
IV. Other liabilities	340		15,133,368,483	15,467,599,158
1. Accrued expenses (Provision for withholding tax payable)	341	20	12,720,247,374	12,720,247,374
2. Long-term deposit received	343		2,413,121,109	2,747,351,784
B. EQUITY	400	14	2,342,473,421,651	2,252,785,242,919
I. Resources and funds	410		2,342,473,421,651	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		21,687,604,883	32,370,699,318
4. Investment and development fund	414		21,768,223,156	19,232,357,227
5. Financial reserve fund	415		109,103,356,527	96,424,026,884
6. Compulsory reserve fund	416		54,420,557,889	48,080,893,067
7. Retained earnings	418		359,193,248,554	280,376,835,781
<i>In which: Gain from exchange differences revaluation at the period-end</i>			8,433,141,804	8,433,141,804
C. MINORITY INTEREST			35,080,308,400	34,630,148,269
TOTAL RESOURCES	430		4,517,711,777,964	4,075,985,685,647

These notes set out on pages 9 to 29 are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2012

FORM B 01-DNBH

OFF-BALANCE SHEET ITEMS	Code	Currency	30/6/2012	31/12/2011
1. Foreign currencies	08			
United States Dollar		USD	796,495.78	9,135,975.90
Australian Dollar		AUD	86,432.35	86,398.63
Japanese Yen		JPY	1,038,897.00	1,039,623.00
Singapore Dollar		SGD	695.81	706.85
British Pound		GBP	14,912.32	14,908.30
Euro		EUR	8,387,678.86	2,580,184.86
2. Existing depreciation fund	10	VND	32,987,546,962	31,666,903,850



Pham Cong Tu
General Director

23 August 2012

Luu Thi Viet Hoa
Chief Accountant

CONSOLIDATED INCOME STATEMENT

For the period from 01 January 2012 to 30 June 2012

FORM B 02-DNBH

Unit: VND

ITEMS	Codes	Notes	From 01/01/2012 to 30/06/2012	From 01/01/2011 to 30/06/2011
1. Premium from reinsurance inward	02		806,842,626,162	764,420,006,599
2. Deductions	03		498,348,583,050	503,425,829,621
Reinsurance outward premium	04		488,775,334,524	496,840,824,843
Returned premium	06		9,573,248,526	6,585,004,778
3. (Decrease) in unearned premium reserve	08		(25,382,893,878)	(23,157,430,148)
4. Commission from reinsurance outward	09		81,190,714,983	89,047,346,126
5. Other income from insurance activities	10		26,749,348,225	18,351,869,623
Income from inward reinsurance	11		8,468,233,433	4,517,210,582
Income from outward reinsurance	12		18,281,114,792	13,834,659,041
6. Net revenue from insurance activities	14		391,051,212,442	345,235,962,579
7. Claims payment for inward reinsurance	16		454,988,185,433	408,333,057,425
8. Deductions	17		314,062,973,986	307,395,546,380
Claims recovered from outward reinsurance	18		314,062,973,986	307,395,546,380
9. Net claim paid	21		140,925,211,447	100,937,511,045
10. Increase in claim reserve	23		22,714,600,165	23,921,676,143
11. Allocation to catastrophe reserve	24		9,254,821,293	7,829,825,310
12. Other expenses for insurance business	25		184,247,140,066	180,872,824,873
- Other expenses for inward reinsurance	34		181,256,253,906	176,122,374,597
+ Commission	35		163,348,625,787	151,164,295,579
+ Others	38		17,907,628,119	24,958,079,018
- Other expenses for outward reinsurance	39		2,990,886,160	4,750,450,276
13. Total direct expenses for insurance activities	41		357,141,772,971	313,561,837,371
14. Gross profit from insurance activities	42		33,909,439,471	31,674,125,208
15. Administration expenses	44		26,556,154,645	19,632,724,354
16. Net profit from insurance activities	45		7,353,284,826	12,041,400,854
17. Revenue from financial activities	46	15	153,968,653,047	152,365,859,855
18. Expenses for financial activities	47		650,131,146	23,658,187,108
19. Profit from financial activities	51		153,318,521,901	128,707,672,747
20. Other income	52		5,914,830,070	7,423,931,096
21. Other expenses	53		2,161,404,039	1,934,752,602
22. Profit from other activities	54		3,753,426,031	5,489,178,494
23. Share of net profits of associates and joint ventures			25,965,949,875	25,990,612,856
24. Accounting profit before tax	55		190,391,182,633	172,228,864,951
25. Adjustments to taxable profit	56		(44,903,582,769)	(52,634,940,157)
In which: + Non-taxable profit			(44,444,411,875)	(54,514,694,656)
+ Tax losses carried forward last year of Vinare Invest			(1,246,457,423)	-
+ Non-deductible expenses			787,286,529	1,879,754,499
26. Taxable profit	59		145,487,599,864	119,593,924,794
27. Corporate income tax payable	60	16	36,371,899,966	29,898,481,199
28. Deferred corporate income tax			(13,578,936)	76,544,925
29. Net profit after corporate income tax	61		154,005,703,731	142,406,928,677
Attributable to:				
Equity holders of the Corporation			153,555,543,600	142,837,922,127
Minority interest			450,160,131	(430,993,450)
30. Basic earnings per share	17		1,523	1,417



Phạm Công Tu
General Director

23 August 2012

Luu Thi Viet Hoa
Chief Accountant

These notes set out on pages 9 to 29 are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT

(Direct method)

For the period from 01 January 2012 to 30 June 2012

FORM B 03-DNBH

Unit: VND

ITEMS	Codes	From 01/01/2012 to 30/6/2012	From 01/01/2011 to 30/6/2011
I. CASH FLOW FROM OPERATING ACTIVITIES			
1. Receipts from insurance premium and commission	01	147,089,634,794	180,903,223,058
2. Receipts from reduced cost of revenue	03	23,262,681,142	24,477,000
3. Receipts from other activities	04	5,138,791,697	21,706,877,223
4. Claims payments for insurance activities	05	(41,940,482,689)	(52,195,248,935)
5. Payments for commissions and other liabilities of insurance activities	06	(80,332,195,156)	(89,449,744,826)
6. Payments for suppliers	07	(3,176,467,236)	(4,041,118,830)
7. Payments for employees	08	(16,185,456,071)	(14,110,987,430)
8. Payments for taxes and payables to the State Budget	09	(37,665,222,688)	(54,781,193,201)
9. Payments for other liabilities	10	(7,637,158,960)	(42,753,928,910)
10. Advances for employees and suppliers	11	(659,082,737)	(1,231,975,766)
Net cash (used in) operating activities	20	(12,104,957,904)	(55,929,620,617)
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Receipts from investments on other entities	21	3,850,847,367,570	1,306,525,097,056
2. Receipts from investment interests	22	137,067,950,930	162,216,352,462
3. Payments for investment on other entities	24	(4,312,104,211,928)	(1,456,696,705,177)
4. Acquisitions of fixed assets and other long-term assets	25	(3,352,308,716)	(2,294,850,327)
Net cash (used in)/from investing activities	30	(327,541,202,144)	9,749,894,014
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	31	-	425,880,000
2. Dividends paid to investors	36	(50,703,456,500)	(55,058,254,000)
Net cash (used in) financing activities	40	(50,703,456,500)	(54,632,374,000)
Net decrease in cash	50	(390,349,616,548)	(100,812,100,603)
Cash and cash equivalents at the beginning of the period	60	1,477,184,661,700	836,432,234,938
Effect of changes in foreign exchange rates	61	(203,292,077)	870,006,273
Cash and cash equivalents at the end of the period	70	1,086,631,753,075	736,490,140,608



Pham Cong Tu
General Director

23 August 2012

Luu Thi Viet Hoa
Chief Accountant

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 Licence No. 28/GPDC3/KDBH dated 11 August 2011.

Up to 30 June 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 the contribution capital ratio as stipulated in the joint-venture's Business Registration Certificate is 50%.

The number of employees as at 30 June 2012 was 84 (31 December 2011: 84).

Operating industry and principal activities

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

2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD

Accounting convention

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

Accounting period

The Corporation and its subsidiary's financial year begins on 01 January and ends on 31 December. These interim consolidated financial statements are prepared for the period from 01 January 2012 to 30 June 2012.

3. 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 reporting period. Actual results could differ from those estimates.

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)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and enterprise controlled by the Corporation (its subsidiary) for the period from 01 January 2012 to 30 June 2012. 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 the subsidiary acquired or disposed of during the period 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 the subsidiary 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 subsidiary are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiary 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.

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.

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)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 accounts receivable 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.

Provision for doubtful debts

Provision for doubtful debts is made for receivables that are overdue 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 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, as follows:

- No provision is made for accounts receivable over due for 09 months or less.
- 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.

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)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. (if any)

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.

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 prepayment, and are allocated to the consolidated income statement using the straight-line method for the period over which the expected future economic benefits flow to the Corporation.

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)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Dividend 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.

Foreign currencies

The Corporation applies an accounting exchange rate of USD/VND 20,800 in 2012 (in 2011 USD/VND 20,500). Transactions arising in foreign currencies during the period are initially translated into VND using the accounting exchange rate and then using actual rate applicable on the transaction date. Such exchange differences are recorded in the consolidated income statement.

Liabilities and receivables relating to accounting for revenue and costs for the period denominated in USD on the balance sheet date are translated using the State Bank's inter-bank average exchange rate of USD/VND 20,828. Currencies other than USD are translated into USD using the accounting exchange rate and then using the State Bank's inter-bank average exchange rate of USD/VND 20,828. Foreign exchange differences arising from revaluation of monetary items, receivables and payables denominated in foreign currencies that are not related to accounting for revenue and costs at the at the period end are accounted for in accordance with Circular No. 201/2009/TT-BTC dated 15 October 2009 issued by the Ministry of Finance guiding the handling of exchange rate differences in enterprises, as follows:

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

The recognition of foreign exchange differences in accordance with Circular No. 201/2009/TT-BTC differs from that as regulated in Vietnamese Accounting Standard No. 10 (VAS 10) "Effects of changes in foreign exchange rates". According to VAS 10, foreign exchange differences arising from revaluation of balances denominated in foreign currencies at the balance sheet date are recognized in the income statement. The Board of General Directors has decided to recognise foreign exchange differences as guided in Circular No. 201/2009/TT-BTC and believes that such application and disclosure of differences at the same time, in the case where the Corporation would apply VAS 10, may provide more information to users of the financial statements. Accordingly, the Corporation recognised foreign exchange loss due to revaluation of balances denominated in foreign currencies of VND 10.683.094.435 as at 30 June 2012 in the "Foreign exchange reserve" item under "Resources and funds" section in the consolidated balance sheet as at 30 June 2012 instead of recording in the income statement in accordance with VAS 10. (The Corporation has consistently applied the above accounting treatment since previous years and the accumulated balance of the "Foreign exchange reserve" item up to 31 December 2011 was VND 32,370,699,318).

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)

3. 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 is 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 21 May 2008, the Ministry of Finance promulgated Official Letter No. 5910/BTC-BH approving the registration of the method to make reserves for insurance transactions of the Corporation. Accordingly, technical reserve of the Corporation in 2011 was made as follows:

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

Claim reserves:

- The Corporation applies a claim estimation method based on the nature of each case when claim reserve is insured for losses reported or claimed but remained unsettled at period-end.
- For losses that have incurred but have not been reported (IBNR) from previous years, the Corporation applies different reserve calculation methods based on the nature of each insurance type, as follows:
 - As for cargo, hull and marine and non-marine insurance: IBNR is estimated by compensated value within retention responsibility (for the losses of less than USD 100,000) of Quarter IV of the previous fiscal year multiplied by the growth rate of retained premium of those transactions in the current period.
 - As for aviation insurance: IBNR is determined by estimating the value of losses possible to incur but not to be reported of at period-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, in previous years, differs from that stipulated in Decree No.46/2007/ND-CP dated 27 March 2007 issued by the Government. This is because the Corporation did not have sufficient data under statistical method to calculate IBNR using the formula regulated in Circular No.156/2007/TT-BTC dated 20 December 2007. The Corporation believes that the reserve for IBNR made as mentioned above is in accordance with its nature and business situation, which was approved by the Ministry of Finance in its Official Letter No. 5910/BTC-BH dated 21 May 2008.

From 2012, the Corporation changes the method of claim reserve calculation, i.e. IBNR provision is made at 5% of retained premium of all transactions according to Official Letter No. 5297/BTC-QLBH dated 19 April 2012 by the Ministry of Finance on registration of the Corporation's technical reserve making method from 2012. The adoption of new IBNR provision method makes the Corporation's provision expenses for the period from 01 January 2012 to 30 June 2012 increase by VND 3.3 million compared to the same period 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)

3. 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% 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/QĐ-BTC (effective from 2006) attached thereto. Accordingly, at the reporting date, insurance enterprises are not allowed to record provisions, including catastrophe reserve, for future claim compensation if claims do not incur on the balance sheet date. Currently, under Decree No. 46/2007/ND-CP dated 27 March 2007 issued by the Government, insurance enterprises are required to provide for catastrophe reserve. Since the Ministry of Finance was yet to promulgate any circular guiding the implementation of the aforesaid accounting standard, the fact that the Corporation still made provision for catastrophe reserve for this period should be more prudent than what is regulated in VAS 19. The effect of the standard on the Corporation's 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 period. Taxable profit differs from net profit reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible.

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

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)

4. SHORT-TERM FINANCIAL INVESTMENTS

	30/6/2012	31/12/2011
	VND	VND
Bank deposits under one year (*)	723,518,739,253	345,300,000,000
Short-term bonds (**)	57,377,236,986	77,017,231,507
Stocks (short-term)	18,785,895,371	37,453,470,411
Provision for diminution in value of short-term investments	(11,998,392,371)	(24,040,255,411)
Other short-term investments	6,600,000,000	6,000,000,000
	794,283,479,239	441,730,446,507

(*) Represent term deposits at commercial banks which will fall due from over 3 months to 12 months with interest rate of 9 % to 14 % per annum for local currency and of 0.5% to 5 % for foreign currency.

(**) Represent corporate bonds, with maturity less than one year and coupon rates in range from 7.85 % to 10.4 % per annum.

5. TRADE ACCOUNTS RECEIVABLE

	30/6/2012	31/12/2011
	VND	VND
Receivables from inward reinsurance	715,917,523,190	478,892,516,172
Receivables from outward reinsurance	650,614,744,168	450,582,721,528
Accrued gains on investments and loans	66,772,935,252	81,596,225,321
Dividends and profit receivable	4,127,760,000	-
Other receivables from reinsurance activities	37,500,714,850	35,625,393,002
Other receivables	2,120,993,572	2,742,691,589
	1,477,054,671,032	1,049,439,547,612

6. 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	612,622,000	-	1,847,552,500
Decrease	-	-	-	-	-
As at 30/6/2012	49,226,058,930	3,977,377,071	2,561,246,835	264,357,252	56,029,040,088
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	1,207,172,751	67,253,135	54,214,734	-	1,328,640,620
Decrease	-	-	-	-	-
As at 30/6/2012	22,799,175,237	1,728,564,746	1,446,125,460	264,357,252	26,238,222,695
NET BOOK VALUE					
As at 30/6/2012	26,426,883,693	2,248,812,325	1,115,121,375	-	29,790,817,393
As at 31/12/2011	27,634,056,444	1,081,134,960	556,714,109	-	29,271,905,513

As at 30 June 2012, the total cost of tangible fixed assets includes VND 2,138,300,586 (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)

7. LONG-TERM FINANCIAL INVESTMENTS

	30/6/2012	31/12/2011
	VND	VND
<i>Interests in joint ventures (a)</i>	277,520,028,179	251,554,078,304
<i>Long-term investments in securities</i>	641,643,184,384	641,643,184,384
Equity investments (b)	472,000,270,000	472,000,270,000
Bonds (c)	169,642,914,384	169,642,914,384
Bank debentures issued by Vietnam Development Bank	39,642,914,384	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	30,000,000,000
<i>Other long-term investments</i>	204,610,715,568	174,610,715,568
Cash in bank (term of over 1 year)	30,000,000,000	-
Long-term loans	-	-
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	30,000,000,000	30,000,000,000
Entrusted investment - VietFund Management Company	30,000,000,000	30,000,000,000
<i>Provision for diminution in value of long-term investments</i>	(9,441,349,897)	(6,973,431,566)
	1,114,332,578,234	1,060,834,546,690

(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:

	30/6/2012	31/12/2011
	VND	VND
Total assets	1,041,701,186,365	885,733,505,303
Total liabilities	486,661,130,008	382,625,348,696
Net assets	555,040,056,357	503,108,156,607
The Corporation's share of the joint-venture's net assets	277,520,028,179	251,554,078,304

	From 01/01/2012 to 30/6/2012	From 01/01/2011 to 30/6/2011
	VND	VND
Revenue	467,210,081,093	296,304,014,452
Net profit	51,931,899,750	51,981,225,712
The Corporation's share of the joint-venture's net profit	25,965,949,875	25,990,612,856

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DNBH

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

7. LONG-TERM FINANCIAL INVESTMENTS (Continued)

(b) Equity investments

	Portion of ownership	30/6/2012	31/12/2011
		VND	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
HKI Insurance Company	10.00%	30,000,000,000	30,000,000,000
Tien Phong Commercial Joint Stock Bank	10.00%	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 30 June 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 the first six months of 2012 have not been audited/reviewed or prepared 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 period, the Corporation received profit-sharing notifications from its investees, as follows:

	From 01/01/2012 to 30/6/2012	From 01/01/2011 to 30/6/2011
	VND	VND
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 Sai Gon - Ha Long Hotel	720,000,000	-
Interest on investment in Global Insurance Company	1,699,200,000	1,510,400,000
Interest on investment in Agriculture Bank Insurance Joint-Stock Corporation	-	2,560,000,000
Interest on investment in Tien Phong Commercial Joint Stock Bank	3,200,000,000	15,171,428,500
	17,855,486,400	28,517,335,500

Bonus shares received from its investees as at 30 June 2012 were as follows:

	Par value (VND)	Number of share
Petrolimex Joint Stock Insurance Company	10,000	353,056
Tien Phong Joint Stock Commercial Bank	10,000	2,542,857
Joint Stock Commercial Bank for Foreign Trade of Vietnam	10,000	11,806
Ha Do Group Joint Stock Corporation	10,000	30,500

(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. CONSTRUCTION IN PROGRESS

The balance as at 30 June 2012 represents Reinsurance Software Implementation expenses.

9. LONG-TERM PREPAYMENTS

	<u>30/6/2012</u>	<u>31/12/2011</u>
	VND	VND
Added value after equitization	7,320,110,985	8,784,133,183
Golf card expenses	1,412,192,262	1,441,009,281
	<u>8,732,303,247</u>	<u>10,225,142,464</u>

10. TRADE ACCOUNTS PAYABLE

	<u>30/6/2012</u>	<u>31/12/2011</u>
	VND	VND
Payables to inward reinsurance activities	519,154,142,632	306,586,840,509
Payables to outward reinsurance activities	756,506,861,206	563,382,645,076
Payable due to payment not confirmed	11,492,344,125	22,036,840,233
Temporary Withholding Tax collection (2% Re-insurance fee)	10,847,591,719	9,044,192,909
Dividends payable	49,947,500	339,575,000
Other payables	3,321,435,895	2,958,007,148
	<u>1,301,372,323,076</u>	<u>904,348,100,875</u>

11. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	<u>30/6/2012</u>	<u>31/12/2011</u>
	VND	VND
VAT on domestic sales	170,563,206	199,584,707
Corporate income tax	18,693,962,239	16,318,487,350
Personal income tax	234,402,560	1,709,578,829
	<u>19,098,928,005</u>	<u>18,227,650,886</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)

12. OTHER CURRENT PAYABLES

	30/6/2012	31/12/2011
	VND	VND
Trade union	1,396,585,487	1,359,752,482
Social insurance	442,027,156	513,554,112
Health insurance	1,433,363	12,479,690
Unemployment insurance	1,876,771	7,030,694
Dividends payable	-	339,575,000
Other payables	39,384,135,862	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)	4,662,600,000	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	217,306,297	217,306,297
	41,226,058,639	41,616,527,840

13. TECHNICAL RESERVES

	31/12/2011	Increase	Decrease	30/6/2012
	VND	VND	VND	VND
Premium reserve	222,837,562,427	25,382,893,878	-	248,220,456,305
Claim reserve	344,628,112,228	22,714,600,165	-	367,342,712,393
Catastrophe reserve	123,314,112,096	9,254,821,293	-	132,568,933,389
Total	690,779,786,751	57,352,315,336	-	748,132,102,087

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

FORM B09-DNBH

14. RESOURCES AND FUNDS

	Operating capital	Share premium	Foreign exchange reserve	Investment and development fund	Financial reserve fund	Compulsory reserve fund	Retained earnings	Total
	VND	VND	VND	VND	VND	VND	VND	VND
As at 01/01/2011	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
Deffer tax	336,092,180,000	(336,092,180,000)	-	-	-	-	-	-
Allocated 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 period	-	-	-	-	-	-	153,555,543,600	153,555,543,600
Allocated to funds (*)	-	-	-	2,535,865,929	12,679,329,643	6,339,664,822	(24,325,301,827)	(2,770,441,433)
Dividends declared (*)	-	-	-	-	-	-	(50,413,829,000)	(50,413,829,000)
Other increase/(decrease)	-	-	(10,683,094,435)	-	-	-	-	(10,683,094,435)
As at 30/6/2012	1,008,276,580,000	768,023,850,642	21,687,604,883	21,768,223,156	109,103,356,527	54,420,557,889	359,193,248,554	2,342,473,421,651

(*) According to Resolution No. 08/2012/NQ-DHDCD dated 27 April 2012 passed at the General Shareholders' Annual Meeting of Vietnam National Reinsurance Joint Stock Corporation, the Board of Management declared the 2nd dividend distribution for 2011 equal to 5% of the retained earnings, which is equivalent to VND 50,413,829,000 and allocated VND 24,325,301,827 to funds.

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. RESOURCES AND FUNDS (Continued)

Operating capital

As at 30 June 2012, the total actual capital contributed by shareholders and share premium were as follows:

	Contributed capital as at			
	30/6/2012	Portion	31/12/2011	Portion
	VND		VND	
Operating capital	1,008,276,580,000	100%	1,008,276,580,000	100%
State Capital Investment Corporation	406,969,500,000	40.36%	406,969,500,000	40.36%
Swiss Re	252,069,150,000	25.00%	252,069,150,000	25.00%
Other shareholders	349,237,930,000	34.64%	349,237,930,000	34.64%
Share premium	768,023,850,642		768,023,850,642	
	1,776,300,430,642		1,776,300,430,642	

Stock

	30/6/2012	31/12/2011
Number of shares issued registration	100,827,658	100,827,658
Number of shares sold to the public	100,827,658	100,827,658
<i>Common Stock</i>	<i>100,827,658</i>	<i>100,827,658</i>
Number of shares outstanding	100,827,658	100,827,658
<i>Common Stock</i>	<i>100,827,658</i>	<i>100,827,658</i>

15. REVENUE FROM FINANCIAL ACTIVITIES

	From 01/01/2012 to 30/6/2012	From 01/01/2011 to 30/6/2011
	VND	VND
Dividends and profits received	18,572,988,100	28,759,722,300
Interest from bonds, commercial bills	14,813,302,740	19,911,626,027
Interest from time deposits	110,509,295,950	102,241,066,123
Interest from demand deposits	79,038,785	459,812,072
Interest from securities business	2,156,487,125	
Accrued interest from capital contribution agreements	-	876,833,333
Securities business and reversal	-	116,800,000
Foreign exchange gain	6,541,636,013	-
Other financial income	1,295,904,334	-
	153,968,653,047	152,365,859,855

16. CORPORATE INCOME TAX

	From 01/01/2012 to 30/6/2012	From 01/01/2011 to 30/6/2011
	VND	VND
Profit before tax	190,391,182,633	172,228,864,951
Ajustments for taxable income		
Less: Non-taxable income	(44,444,411,875)	(54,514,694,656)
Add: Loss carry forward of Vinare Invest	(1,246,457,423)	-
Add: Non-deductible expenses	787,286,529	1,879,754,499
Assessable income	145,487,599,864	119,593,924,794
Normal tax rate	25%	25%
Corporate income tax	36,371,899,966	29,898,481,199
Income tax payable for the current period	36,371,899,966	29,898,481,199
Deferred tax	13,578,936	(76,544,925)

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)

17. BASIC EARNINGS PER SHARE

	From 01/01/2012 to 30/6/2012	From 01/01/2011 to 30/6/2011
Accounting profit after corporate income tax (VND)	154,005,703,731	142,406,928,677
Less: (loss)/profit after corporate income tax distributable to minority shareholders (VND)	450,160,131	(430,993,450)
Earnings after corporate income tax distributable to ordinary shareholders (VND)	153,555,543,600	142,837,922,127
Weighted average number of ordinary shares in circulation in the period (share)	100,827,658	100,827,658
Basic earnings per share (VND)	1,523	1,417

18. 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 its 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 and financial liability are disclosed in Note 3.

Categories of financial instruments

	Carrying amounts	
	30/6/2012	31/12/2011
	VND	VND
Financial assets		
Cash and cash equivalents	1,086,631,753,075	1,477,184,661,700
Trade receivables	1,459,005,404,473	1,033,872,965,657
Short term investments	794,283,479,239	441,730,446,507
Long-term investments	836,812,550,055	809,280,468,386
Total	4,176,733,186,842	3,762,068,542,250
Financial liabilities		
Trade and other payables	1,331,750,789,996	1,036,029,047,686
Claim reserve	367,342,712,393	344,628,112,228
Deposits received	2,413,121,109	2,747,351,784
Total	1,701,506,623,498	1,383,404,511,698

The Corporation has not assessed fair value of its financial assets and liabilities as at the balance date since there are no comprehensive guidance under 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 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.

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)

18. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives

Financial risks include market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Corporation does not hedge these risk exposures due to the lack of a market to purchase financial instruments.

Market risk

The Corporation's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

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 settlement of reinsurance premium, the Corporation undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Corporation does not hedge this risk due to the lack of any market to purchase such instruments.

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

	Assets (VND equivalent)		Liabilities (VND equivalent)	
	30/6/2012	31/12/2011	30/6/2012	31/12/2011
United States Dollar (USD)	828,527,408,921	725,142,812,572	771,061,186,958	557,577,194,729
Australian Dollar (AUD)	1,844,661,686	1,880,667,491	-	-
Japanese Yen (JPY)	275,723,264	286,447,325	-	-
Singapore Dollar (SGD)	11,520,561	11,677,374	-	-
British Pound (GBP)	489,413,395	491,292,591	-	-
Euro (EUR)	222,030,750,364	71,470,269,161	-	-

Price risks

The Corporation is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Corporation does not actively trade these investments.

Commodity price risk management

The Corporation is not exposed to any risk relating to the changes in commodity prices.

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 risk mainly exposed to its clients operating in direct insurance business.

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 period is kept to manageable levels relative to the amount of funds that the Corporation believes can generate within that period. 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.

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)

18. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk management (Continued)

The following table details the Corporation's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Corporation can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Corporation may be required to pay.

	<u>30/6/2012</u>	<u>31/12/2011</u>
	VND	VND
Less than one year		
Trade and other payables	1,331,750,789,996	1,036,029,047,686
Claim reserve	367,342,712,393	344,628,112,228
From one to five years		
Deposits received	2,413,121,109	2,747,351,784

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.

The following table details the Corporation's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets, if any. The inclusion of information on non-derivative financial assets is necessary in order to understand the Corporation's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	<u>30/6/2012</u>	<u>31/12/2011</u>
	VND	VND
Less than one year		
Cash and cash equivalents	1,086,631,753,075	1,477,184,661,700
Trade receivables	1,459,005,404,473	1,033,872,965,657
Short term investments	794,283,479,239	441,730,446,507
From one to five years		
Long-term investments	210,464,120,447	210,464,120,447
Over five years		
Long-term investments	626,348,429,608	598,816,347,939
Total		
Cash and cash equivalents	1,086,631,753,075	1,477,184,661,700
Trade receivables	1,459,005,404,473	1,033,872,965,657
Short term investments	794,283,479,239	441,730,446,507
Long-term investments	836,812,550,055	809,280,468,386

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)

19. RELATED PARTY TRANSACTIONS AND BALANCES

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

	From 01/01/2012 to 30/6/2012 VND	From 01/01/2011 to 30/6/2011 VND
<u>Swiss Re</u>		
Reinsurance outward premium	43,379,802,181	48,420,098,326
Reinsurance outward commission	8,777,872,894	8,872,495,926
Receipt from reinsurance outward claim	39,370,733,013	35,555,869,706
Dividends paid	12,603,457,500	13,443,688,000
<u>Bao Minh Insurance Joint-Stock Corporation</u>		
Reinsurance outward premium	29,428,514,195	25,644,849,023
Reinsurance outward commission	4,490,222,995	4,100,517,533
Receipt from reinsurance outward claim	17,143,723,325	15,775,840,954
Reinsurance inward premium	41,194,206,939	58,996,746,807
Reinsurance inward commission	2,354,323,615	4,118,634,396
Claim settlements of reinsurance inward	58,246,180,984	43,755,368,586
<u>Samsung-Vina Insurance Joint-Venture Co.,Ltd</u>		
Reinsurance outward premium	12,728,428,968	10,998,983,536
Reinsurance outward commission	3,548,240,549	3,159,039,330
Receipt from reinsurance outward claim	12,679,075,765	12,222,280,422
Reinsurance inward premium	143,661,500,466	84,869,889,054
Reinsurance inward commission	33,526,716,218	23,514,703,561
Claim settlements of reinsurance inward	34,224,500,676	50,589,417,387
<u>State Capital Investment Corporation</u>		
Dividends paid	20,348,475,000	21,705,040,000
<u>The Board of General Directors</u>		
Net remuneration of the Board of General Directors	2,234,593,906	1,263,952,350

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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)

19. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

	<u>30/6/2012</u>	<u>31/12/2011</u>
	VND	VND
<u>Swiss Re</u>		
Receivables from reinsurance outward activities	59,757,186,155	15,934,714,103
Payables for reinsurance outward activities	57,148,045,583	33,106,333,665
<u>Bao Minh Insurance Joint-Stock Corporation</u>		
Receivables from reinsurance inward activities	10,332,641,567	9,021,558,423
Receivables from reinsurance outward activities	14,179,672,785	26,857,414,940
Payables for reinsurance inward activities	42,580,093,415	8,778,067,700
Payables for reinsurance outward activities	22,588,091,904	33,774,592,441
<u>Samsung-Vina Insurance Joint-Venture Co.,Ltd</u>		
Receivables from reinsurance inward activities	124,624,920,339	24,086,873,361
Receivables from reinsurance outward activities	18,860,832,518	8,016,744,275
Payables for reinsurance inward activities	63,317,283,577	16,448,557,291
Payables for reinsurance outward activities	12,974,178,043	5,366,042,243

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. CONTINGENT LIABILITIES

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

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

However, under Official Letter No. 8667/BTC-TCT dated 06 July 2010 by the Ministry of Finance, 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.

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 12,720,247,374. 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 for 2011 and the first six months of 2012 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. 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.

21. FINANCIAL RATIOS

Items	Unit	From 01/01/2012 to 30/6/2012	From 01/01/2011 to 30/6/2011
1. Assets and resources structure arrangement			
1.1. Assets structure arrangement			
- Fixed assets and long-term investments/Total assets	%	26.05	27.58
- Current assets and short-term investments/Total assets	%	73.95	72.42
1.2. Resources structure arrangement			
- Liabilities/Total resources	%	47.37	46.00
- Owner's equity/Total resources	%	52.63	53.16
2. Liquidity			
2.1. Current liquidity	times	2.11	2.17
2.2. Short-term liability liquidity	times	2.43	2.39
2.3. Quick liquidity	times	1.37	1.39
2.4. Long-term liability liquidity	times	-	-
3. Profit ratio			
3.1. Profit/Revenue ratio			
- Profit before tax/Revenue ratio	%	34.56	28.96
- Profit after tax/Revenue ratio	%	27.95	28.20
3.2. Profit/Total assets ratio			
- Profit before tax/Total assets ratio	%	4.21	3.52
- Profit after tax/Total assets ratio	%	3.41	3.43
3.3. Profit after tax/Owner's equity ratio	%	6.57	6.44

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)

22. COMPARATIVE FIGURES

Comparative figures presented in the consolidated balance sheet are those of the audited consolidated financial statement for the year ended 31 December 2011. Comparative figures presented in the consolidated income statement and consolidated cash flow statement are those of the reviewed consolidated financial statements for the period from 01 January 2011 to 30 June 2011.



Pham Cong Tu
General Director

23 August 2012

A blue ink signature, likely of Luu Thi Viet Hoa, written in a cursive style.

Luu Thi Viet Hoa
Chief Accountant