

**VIETNAM NATIONAL REINSURANCE JOINT  
STOCK CORPORATION**

*(Incorporated in the Socialist Republic of Vietnam)*

**REVIEWED SEPARATE  
FINANCIAL STATEMENTS**

**For the period from 01 January 2013  
to 30 June 2013**



**TABLE OF CONTENTS**

<b><u>CONTENTS</u></b>	<b><u>PAGE(S)</u></b>
STATEMENT OF THE BOARD OF GENERAL DIRECTORS	1
REVIEW REPORT ON SEPARATE FINANCIAL STATEMENTS	2
BALANCE SHEET	3 - 5
INCOME STATEMENT	6
CASH FLOW STATEMENT	7
NOTES TO THE SEPARATE FINANCIAL STATEMENTS	8 - 26



## 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 separate financial statements for the period from 01 January 2013 to 30 June 2013.

### 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	(resigned on 25 April 2013)
Mr. Dao Nam Hai	Member	(appointed on 25 April 2013)

#### Board of General Directors

Mr. Pham Cong Tu	General Director	
Mr. Dang The Vinh	Deputy General Director	
Mr. Thomas Kessler	Deputy General Director	
Mr. Mai Xuan Dung	Deputy General Director	(appointed on 27 March 2013)

### BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of General Directors of the Corporation is responsible for preparing the separate financial statements for the period from 01 January 2013 to 30 June 2013, which give a true and fair view of the financial position of the Corporation and of its results and cash flows for the period in accordance with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting. In preparing these separate 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 separate financial statements;
- prepare the separate 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 separate financial statements so as to minimize errors and frauds.

The Board of General Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Corporation and that the separate financial statements comply with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting. 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 separate financial statements.

For and on behalf of the Board of General Directors,



Pham Cong Tu  
General Director

Hanoi, 14 August 2013



No.: 311 /VNIA-HN-BC

## REVIEW REPORT ON SEPARATE FINANCIAL STATEMENTS

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

We have reviewed the accompanying balance sheet as at 30 June 2013, the related statements of income and cash flows for the period from 01 January 2013 to 30 June 2013 and the notes thereto (collectively referred to as the "separate financial statements") of Vietnam National Reinsurance Joint Stock Corporation ("the Corporation") prepared on 14 August 2013 as set out from page 3 to page 26. The preparation of these separate financial statements is the responsibility of the Corporation's management. Our responsibility is to issue a review report on these separate 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 misstatements. A review is limited primarily to inquiries of the Corporation's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate financial statements do not give a true and fair view of, in all material respects, the financial position of the Corporation as at 30 June 2013, the results of its operations and its cash flows for the period from 01 January 2013 to 30 June 2013 in accordance with Vietnamese Accounting Standards, accounting regime applicable to insurance enterprises and legal regulations relating to financial reporting.



**Khúc Thị Lan Anh**  
Deputy General Director  
Audit Practising Registration Certificate  
No. 0036-2013-001-1

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

14 August 2013  
Hanoi, S.R. Vietnam

**Hoang Van Kien**  
Auditor  
Audit Practising Registration Certificate  
No. 1130-2013-001-1

**BALANCE SHEET**

*As at 30 June 2013*

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

ASSETS	Codes	Notes	30/6/2013	31/12/2012
<b>A. CURRENT ASSETS AND SHORT-TERM INVESTMENTS (100=110+120+130+140+150)</b>	<b>100</b>		<b>3,597,277,241,631</b>	<b>3,130,799,731,004</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>		<b>707,179,907,213</b>	<b>764,104,782,233</b>
1. Cash on hand	111		622,088,252	405,872,056
2. Cash in bank	112		41,427,970,234	20,648,221,759
3. Cash equivalents	114		665,129,848,727	743,050,688,418
<b>II. Short-term financial investments</b>	<b>120</b>	<b>6</b>	<b>1,318,258,164,011</b>	<b>1,328,330,408,465</b>
1. Short-term investments in securities	121		94,641,246,935	54,641,246,935
2. Other short-term investments	128		1,233,635,895,027	1,283,829,621,081
3. Provision for impairment of short-term investments	129		(10,018,977,951)	(10,140,459,551)
<b>III. Short-term receivables</b>	<b>130</b>		<b>1,571,381,173,745</b>	<b>1,038,048,458,184</b>
1. Trade accounts receivable	131	7	1,594,887,910,648	1,056,382,402,484
2. VAT deductibles	133		89,104,651	55,956,291
3. Provision for doubtful debts	139		(23,595,841,554)	(18,389,900,591)
<b>IV. Inventories</b>	<b>140</b>		<b>123,347,910</b>	<b>62,956,710</b>
1. Materials	142		123,347,910	62,956,710
<b>V. Other short-term assets</b>	<b>150</b>		<b>334,648,752</b>	<b>253,125,412</b>
1. Advances	151		334,648,752	253,125,412
<b>B. FIXED ASSETS, LONG-TERM INVESTMENTS (200=210+220+230+240)</b>	<b>200</b>		<b>867,926,653,453</b>	<b>918,253,752,926</b>
<b>I. Fixed assets</b>	<b>210</b>		<b>53,076,482,486</b>	<b>32,819,963,452</b>
1. Tangible fixed assets	211	8	29,515,333,297	32,819,963,452
- Cost	212		58,370,879,800	61,153,198,606
- Accumulated depreciation	213		(28,855,546,503)	(28,333,235,154)
2. Intangible assets	217	9	23,561,149,189	-
- Cost	218		24,373,602,609	-
- Accumulated amortisation	219		(812,453,420)	-
<b>II. Long-term financial investments</b>	<b>220</b>	<b>10</b>	<b>801,181,231,801</b>	<b>851,075,203,889</b>
1. Investment in subsidiaries	223		60,000,000,000	60,000,000,000
2. Long-term investments in securities	221		549,000,270,000	599,000,270,000
3. Interests in joint ventures	222		225,046,999,999	225,046,999,999
4. Other long-term investments	228		57,955,880,958	57,955,880,958
5. Provision for impairment of long-term investments	229		(90,821,919,156)	(90,927,947,068)
<b>III. Construction in progress</b>	<b>230</b>		<b>1,600,432,214</b>	<b>20,883,102,220</b>
<b>IV. Long-term collaterals and deposits</b>	<b>240</b>		<b>12,068,506,952</b>	<b>13,475,483,365</b>
1. Insurance deposits	241		6,000,000,000	6,000,000,000
2. Long-term prepayments	242	11	5,826,866,479	7,239,147,361
3. Deferred tax assets	243		241,640,473	236,336,004
<b>TOTAL ASSETS (250=100+200)</b>	<b>250</b>		<b>4,465,203,895,084</b>	<b>4,049,053,483,930</b>

*These notes set out on pages 08 to 26 are an integral part of these separate financial statements*



**BALANCE SHEET<sup>(1)</sup> (Continued)**

*As at 30 June 2013*

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

RESOURCES	Codes	Notes	30/6/2013	31/12/2012
<b>A. LIABILITIES (300=310+320+330+340)</b>	<b>300</b>		<b>2,180,674,849,671</b>	<b>1,820,368,309,135</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>1,402,347,234,829</b>	<b>1,003,535,380,393</b>
1. Trade accounts payable	313	12	1,358,257,656,181	869,134,283,758
2. Advances from customers	314		875,819,297	659,532,743
3. Taxes and amounts payable to the State budget	315	13	22,233,206,106	12,181,549,947
4. Payables to employees	316		12,207,757,583	12,403,904,167
5. Other current payables	318	14	1,779,382,609	102,675,064,813
6. Bonus and welfare funds	319		6,993,413,053	6,481,044,965
<b>II. Long-term liabilities</b>	<b>320</b>		<b>966,561,890</b>	<b>945,344,014</b>
1. Provision for severance allowance			966,561,890	945,344,014
<b>III. Under-writing reserves</b>	<b>330</b>	<b>15</b>	<b>761,103,658,246</b>	<b>801,019,523,858</b>
1. Premium reserve	331		263,737,379,587	284,757,322,454
2. Claim reserve	333		371,621,167,296	399,713,561,043
3. Catastrophe reserve	334		125,745,111,363	116,548,640,361
<b>IV. Other liabilities</b>	<b>340</b>		<b>16,257,394,706</b>	<b>14,868,060,870</b>
1. Accrued expenses (Provision for withholding tax payable)	341		12,615,830,204	12,615,830,204
2. Long-term deposits received	343		3,641,564,502	2,252,230,666
<b>B. EQUITY (400=410)</b>	<b>400</b>	<b>16</b>	<b>2,284,529,045,413</b>	<b>2,228,685,174,795</b>
<b>I. Resources and funds</b>	<b>410</b>		<b>2,284,529,045,413</b>	<b>2,228,685,174,795</b>
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. Investment and development fund	414		26,729,435,228	23,923,337,154
4. Financial reserve fund	415		133,647,176,137	119,616,685,767
5. Compulsory reserve fund	416		66,823,588,070	59,808,342,885
6. Retained earnings	418		281,028,415,336	249,036,378,347
<i>In which: Gain from exchange differences revaluation at the year-end</i>			<i>38,199,212,173</i>	<i>41,407,267,279</i>
<b>TOTAL RESOURCES (430=300+400)</b>	<b>430</b>		<b>4,465,203,895,084</b>	<b>4,049,053,483,930</b>

*These notes set out on pages 08 to 26 are an integral part of these separate financial statements*

**BALANCE SHEET (Continued)**

*As at 30 June 2013*

**FORM B 01-DNBH**

OFF-BALANCE SHEET ITEMS	Codes	Currency	30/6/2013	31/12/2012
<b>1. Foreign currencies</b>	<b>08</b>			
United States Dollar		USD	747,783.54	291,936.86
Australian Dollar		AUD	444.43	452.96
Japanese Yen		JPY	37,445.00	38,171.00
Singapore Dollar		SGD	1,873.73	1,884.77
Great Britain Pound		GBP	2,498,516.17	2,201,692.32
Euro		EUR	901,683.75	4,877,597.09
<b>2. Existing depreciation fund</b>	<b>10</b>	<b>VND</b>	<b>36,450,679,951</b>	<b>35,115,915,182</b>

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**Nguyen Thanh Cong**  
 Preparer

*Hanoi, 14 August 2013*

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**Luu Thi Viet Hoa**  
 Chief Accountant

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**Pham Cong Tu**  
 General Director





# INCOME STATEMENT

For the period from 01 January 2013 to 30 June 2013

FORM B 02-DNBH

Unit: VND

ITEMS	Codes	Notes	From 01/01/2013 to 30/6/2013	From 01/01/2012 to 30/6/2012
1. Premium from reinsurance inward	02		767,071,322,774	806,842,626,162
2. Deductions (03=04+06)	03		486,969,595,306	498,348,583,050
Reinsurance outward premium	04		477,785,803,401	488,775,334,524
Returned premium	06		9,183,791,905	9,573,248,526
3. Increase/(Decrease) in unearned premium reserve	08	15	22,906,493,589	(25,382,893,878)
4. Commission from reinsurance outward	09		95,851,917,663	81,190,714,983
5. Other income from insurance activities (10=11+12)	10		15,885,874,590	26,749,348,225
Income from inward reinsurance	11		3,486,431,543	8,468,233,433
Income from outward reinsurance	12		12,399,443,047	18,281,114,792
6. Net revenue from insurance business (14=02-03+08+09+10)	14		414,746,013,310	391,051,212,442
7. Claims payment for inward reinsurance	16		458,933,183,492	454,988,185,433
8. Deductions (17=18)	17		316,356,904,757	314,062,973,986
Claims recovered from outward reinsurance	18		316,356,904,757	314,062,973,986
9. Net claim paid (21=16-17)	21		142,576,278,735	140,925,211,447
10. (Decrease)/Increase in claim reserve	23	15	(27,927,270,084)	22,714,600,165
11. Allocation to catastrophe reserve	24	15	8,403,051,826	9,254,821,293
12. Other expenses for insurance business (25=34+39)	25		187,348,014,677	184,247,140,066
- Other expenses for inward reinsurance (34=35+38)	34		187,880,695,304	181,256,253,906
+ Commission	35		171,366,504,348	163,348,625,787
+ Others	38		16,514,190,956	17,907,628,119
- Other expenses for outward reinsurance	39		(532,680,627)	2,990,886,160
13. Total direct expenses for insurance activities (41=21-22+23+24+25)	41		310,400,075,154	357,141,772,971
14. Gross profit from insurance activities (42=14-41)	42		104,345,938,156	33,909,439,471
15. Administration expenses	44		34,158,007,025	26,556,154,645
16. Net profit from insurance business (45=42-44)	45		70,187,931,131	7,353,284,826
17. Revenue from financial activities	46	17	128,868,122,061	151,718,600,926
18. Expenses for financial activities	47		3,713,548,342	(353,463,552)
19. Profit from financial activities (51=46-47)	51		125,154,573,719	152,072,064,478
20. Other income	52		6,971,105,053	5,914,830,070
21. Other expenses	53		2,354,884,906	2,161,404,039
22. Profit from other activities (54=52-53)	54		4,616,220,147	3,753,426,031
23. (Loss) from pilot agricultural insurance	54.1	18	(17,444,159,206)	-
24. Accounting profit before tax (55=45+51+54+54.1)	55		182,514,565,791	163,178,775,335
25. Adjustments to taxable profit (56=56.1+56.2)	56		(13,654,699,568)	(17,691,175,471)
In which: + Non-taxable profit	56.1		(17,602,054,200)	(18,478,462,000)
+ Non-deductible expenses	56.2		3,947,354,632	787,286,529
26. Taxable profit (59=55-56)	59		168,859,866,223	145,487,599,864
27. Corporate income tax payable	60	19	42,214,966,556	36,371,899,966
28. Deferred corporate income tax	60.1		(5,304,469)	(13,578,936)
29. Net profit after corporate income tax (61=55-60-60.1)	61		140,304,903,704	126,793,296,433

Nguyen Thanh Cong  
Preparer  
Hanoi, 14 August 2013

Luu Thi Viet Hoa  
Chief Accountant

Pham Cong Tu  
General Director

These notes set out on pages 08 to 26 are an integral part of these separate financial statements



**CASH FLOW STATEMENT**  
*(Direct method)*

*For the period from 01 January 2013 to 30 June 2013*

**FORM B 03-DNBH**  
 Unit: VND

ITEMS	Codes	From 01/01/2013 to 30/6/2013	From 01/01/2012 to 30/6/2012
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Receipts from insurance premium and commission	01	157,222,051,943	147,089,634,794
2. Receipts from reduced cost of revenue	03	93,614,895,133	23,262,681,142
3. Receipts from other activities	04	4,900,176,557	3,120,666,870
4. Claims payments for insurance activities	05	(122,664,013,869)	(41,940,482,689)
5. Payments for commissions and other liabilities of insurance activities	06	(65,131,156,230)	(80,332,195,156)
6. Payments for suppliers	07	(6,909,918,747)	(3,176,467,236)
7. Payments for employees	08	(20,264,787,207)	(15,371,417,721)
8. Payments for taxes and payables to the State Budget	09	(36,998,717,090)	(37,665,222,688)
9. Payments for other liabilities	10	(1,621,057,423)	(6,206,949,292)
10. Advances for employees and suppliers	11	(609,177,179)	(659,082,737)
<i>Net cash from/(used in) operating activities</i>	<i>20</i>	<i>1,538,295,888</i>	<i>(11,878,834,713)</i>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Receipts from investments on other entities	21	3,055,104,119,433	3,817,447,367,570
2. Receipts from investment interests	22	62,420,409,793	136,161,767,699
3. Payments for investments in other entities	24	(2,990,435,217,206)	(4,278,104,211,928)
4. Acquisitions of fixed assets and other long-term assets	25	(4,532,986,523)	(3,352,308,716)
<i>Net cash from/(used in) investing activities</i>	<i>30</i>	<i>122,556,325,497</i>	<i>(327,847,385,375)</i>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Dividends paid to investors	36	(181,072,839,920)	(50,703,456,500)
<i>Net cash (used in) financing activities</i>	<i>40</i>	<i>(181,072,839,920)</i>	<i>(50,703,456,500)</i>
<i>Net decrease in cash (50=20+30+40)</i>	<i>50</i>	<i>(56,978,218,535)</i>	<i>(390,429,676,588)</i>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>	<b>764,104,782,233</b>	<b>1,461,418,167,254</b>
Effect of changes in foreign exchange rates	61	53,343,515	(203,292,077)
<b>Cash and cash equivalents at the end of the period (70=50+60+61)</b>	<b>70</b>	<b>707,179,907,213</b>	<b>1,070,785,198,589</b>

Nguyen Thanh Cong  
 Preparer

Luu Thi Viet Hoa  
 Chief Accountant

Pham Cong Tu  
 General Director

Hanoi, 14 August 2013

*These notes set out on pages 08 to 26 are an integral part of these separate financial statements*



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

**FORM B 09-DNBH**

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

**1. GENERAL INFORMATION**

**Structure of ownership**

Vietnam National Reinsurance Joint Stock Corporation ("the Corporation") is incorporated under Establishment and Operation License No. 28/GP/KDBH dated 15 November 2004 issued by the Ministry of Finance and Amended License No. 28/GPDC3/KDBH dated 11 August 2011.

The number of employees as at 30 June 2013 was 89 (31 December 2012: 90).

**Operating industry and principal activities**

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

**2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**

**Accounting convention**

The accompanying separate financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting.

**Financial year**

The Corporation's financial year begins on 01 January and ends on 31 December. These interim separate financial statements are prepared for the period from 01 January 2013 to 30 June 2013.

**3. ADOPTION OF NEW ACCOUNTING GUIDANCE**

**New guidance on management, usage and depreciation of fixed assets**

On 25 April 2013, the Ministry of Finance issued Circular No. 45/2013/TT-BTC ("Circular 45") guiding the regime of management, usage and depreciation of fixed assets. This Circular supersedes Circular No. 203/2009/TT-BTC ("Circular 203") dated 20 October 2009 of the Ministry of Finance guiding the regime of management, usage and depreciation of fixed assets. Circular 45 is effective from 10 June 2013 and is applied from financial year 2013 onwards. According to the Board of Directors' assessment, Circular 45 does not have material effect on the Corporation's separate financial statements for the 6-month period ended 30 June 2013.

**New guidance on provision for impairment of long-term investments into other entities**

On 28 June 2013, the Ministry of Finance issued Circular No. 89/2013/TT-BTC ("Circular 89") amending and supplementing Circular No. 228/2009/TT-BTC ("Circular 228") dated 07 December 2009 of the Ministry of Finance guiding the appropriation and use of provisions for devaluation of inventories, losses of financial investments, bad debts and warranty for products, goods and construction and installation works at enterprises. Circular 89 shall be effective starting from 26 July 2013. The Board of Directors of the Corporation is considering the extent of impact of adopting Circular 89 on the Corporation's separate financial statements for future accounting periods.

**4. ADOPTION OF NEW ACCOUNTING REGIME**

**Accounting guidance applicable to insurance enterprises**

On 28 December 2012, the Ministry of Finance issued Circular No. 232/2012/TT-BTC ("Circular 232") providing accounting guidance applicable to non-life insurers, reinsurers and branches of foreign non-life insurers. Circular 232 regulates some compulsory accounts, accounting method, form of financial statements applicable to non-life insurers, health insurers, reinsurers and branches of foreign non-life insurers. Circular 232 is effective from 01 January 2014 and applied from the fiscal year 2014. The Board of General Directors is considering the extent of impact of the adoption on the Corporation's separate financial statements for future accounting periods.



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

**FORM B 09-DNBH**

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

**5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Estimates**

The preparation of separate financial statements in conformity with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting 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 separate financial statements and the reported amounts of revenues and expenses during the financial period. Although these accounting estimates are based on the management's best knowledge, actual results could differ from those estimates.

**Financial instruments**

***Initial recognition***

***Financial assets***

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

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

***Financial liabilities***

At the date of initial recognition financial liabilities are recognized at cost plus 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.

***Subsequent measurement after initial recognition***

Currently, there are no requirements for the subsequent 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 over due for nine months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

Owing to the nature of reinsurance business, liabilities are often settled on a quarterly or half-year basis. Therefore, the Corporation makes provision for doubtful debts on the basis different from regulations in Circular No.228/2009/TT-BTC dated 07 December 2009 by the Ministry of Finance guiding the appropriation and use of provisions for the devaluation of inventories, impairment losses of financial investments, bad debts and warranty for products, goods, construction works at enterprises, as follows:

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**      **FORM B 09-DNBH**  
*(These notes are an integral part of and should be read in conjunction with the accompanying financial statements)*

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

**Provision for doubtful debts (Continued)**

- For accounts receivable over due from 27 to less than 39 months, the provision is made at the rate of 70%.

- For accounts receivable over due for 39 months or more, the provision is made at the rate of 100%.

The Corporation believes that aforesaid provision-making is in line with its business nature.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

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

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

**Investments in subsidiaries**

A subsidiary is an entity controlled by the Corporation. Control is the power to govern the financial and operating policies of the investee to take benefits from its operation.

The investment is presented in the balance sheet at the net amount of the cost and provision for impairment (if any). Provision for impairment of the investment in subsidiaries is made in accordance with the prevailing accounting standards and regulations in Circular No. 228/2009/TT-BTC dated 07 December 2009 by the Ministry of Finance guiding the appropriation and use of provisions for the devaluation of inventories, impairment losses of financial investments, bad debts and warranty for products, goods, construction works at enterprises and prevailing accounting regulations.

**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, i.e, the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

The investment is presented on the balance sheet at the net amount of the cost and provision for impairment (if any). Provision for impairment of the investment in joint venture is made in accordance with the prevailing accounting standards and regulations in Circular No. 228/2009/TT-BTC dated 07 December 2009 by the Ministry of Finance guiding the appropriation and use of provisions for the devaluation of inventories, impairment losses of financial investments, bad debts and warranty for products, goods, construction works at enterprises and prevailing accounting regulations.



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**      **FORM B 09-DNBH**  
*(These notes are an integral part of and should be read in conjunction with the accompanying financial statements)*

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

**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 impairment of investments in securities.

Provision for impairment 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 losses 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, Circular No. 45/2013/TT-BTC dated 25 April 2013 and Circular No. 138/2012/TT-BTC dated 20 August 2012 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, 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). Circular No. 203/2009/TT-BTC effective from 01 January 2010 was applied by the corporation to allocate the remaining difference of VND 14,640,221,973 as at 31 December 2009, representing the increase due to re-valuation at the time of equitization, to long-term prepayments and allocated it evenly to expenses using the straight-line method over the duration of 5 years from 2010.

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

**Insurance deposits**

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

**Revenue recognition**

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

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

Interest income from deposits, public bonds, bank debentures, Government bonds, and loans is recognised when incurred.

Income from office leasing is recognised when incurred.



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**      **FORM B 09-DNBH**  
*(These notes are an integral part of and should be read in conjunction with the accompanying financial statements)*

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

**Severance allowance payable**

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

**Foreign currencies**

- The Corporation applies an accounting exchange rate of 20,800 VND to USD in the period (in 2012 20,800 VND to USD) to transactions arising in foreign currencies during the period. Such transactions are initially translated into VND using the accounting exchange rate and then using actual rate applicable on the transaction date. Such exchange differences are recorded in the income statement.
- Liabilities and receivables relating to accounting for revenues and costs for the period denominated in USD at the balance sheet date are translated using the Vietcombank's buying exchange rate of 21,130 VND to USD (in previous years, using the State Bank's interbank average exchange rate).
- Liabilities and receivables relating to accounting for revenue and costs for the period denominated in currencies other than USD at the balance sheet are translated into USD at the accounting exchange rate and then using the Vietcombank's buying exchange rate of 21,130 VND to USD (in previous years, using the State Bank's interbank average exchange rate).
- With regard to monetary assets, receivables and liabilities denominated in foreign currencies that are not related to accounting for revenue and costs for the period, the Corporation applies the method of recording foreign exchange differences in accordance with Vietnamese Accounting Standard No. 10 (VAS 10) "Effects of changes in foreign exchange rates" and Circular No. 179/2012/TT-BTC dated 24 October 2012 providing guidance on recognition, measurement and treatment of foreign exchanges differences in enterprises. Accordingly, transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the income statement. Unrealised exchange gains as at the balance sheet date are not treated as part of distributable profit to shareholders.

**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 profits are used to pay dividends for shareholders, allocate to compulsory reserve fund, investment and development fund, financial reserve fund, bonus and welfare funds and bonus fund for the management. The allocation ratio shall be decided by the Shareholders at the 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.



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

**FORM B 09-DNBH**

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

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

**Under-writing 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, under-writing reserves of the Corporation in the period were 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 fiscal period-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 period in accordance with Decree No. 46/2007/ND-CP dated 27 March 2007 issued by the Government.

On 28 September 2005, the Ministry of Finance issued Vietnamese Accounting Standard (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 make reserves, including catastrophe reserve, for future claim compensation if claims are not incurred on the balance sheet date. Currently, under Decree No. 46/2007/ND-CP dated 27 March 2007 issued by the Government, insurance enterprises are required to provide for catastrophe reserve. Since the Ministry of Finance has not yet issued any circular guiding the implementation of the aforesaid accounting standard, the fact that the Corporation still made catastrophe reserve in the period should be more prudent than what is regulated in VAS 19. The effect of the standard on the Corporation's separate 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 as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit and is 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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**      **FORM B 09-DNBH**  
(These notes are an integral part of and should be read in conjunction with the accompanying financial statements)

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

**Taxation (Continued)**

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 tax currently payable is based on the current interpretation of tax regulations. 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.

**6. SHORT-TERM FINANCIAL INVESTMENTS**

	30/6/2013	31/12/2012
	VND	VND
Bank deposits under one year (*)	1,233,635,895,027	1,283,829,621,081
Short-term bonds (**)	79,642,914,384	39,642,914,384
Stocks (short-term)	14,998,332,551	14,998,332,551
Provision for impairment of short-term investments	(10,018,977,951)	(10,140,459,551)
	<u>1,318,258,164,011</u>	<u>1,328,330,408,465</u>

(\*) Represent term deposits at commercial banks which will fall due from over 3 months to 12 months with interest rate of 7% to 12% per annum for local currency and of 0.25% to 4.7% for foreign currency.

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

**7. TRADE ACCOUNTS RECEIVABLE**

	30/6/2013	31/12/2012
	VND	VND
Receivables from inward reinsurance	634,843,631,373	434,496,560,326
Receivables from outward reinsurance	744,715,013,763	471,830,292,388
Accrued gains on investments and loans	119,531,434,883	63,670,453,958
Other receivables from reinsurance activities	88,453,117,610	85,903,343,537
Dividends and profits receivable	6,617,846,400	-
Other receivables	726,866,619	481,752,275
	<u>1,594,887,910,648</u>	<u>1,056,382,402,484</u>



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)** **FORM B 09-DNBH**  
(These notes are an integral part of and should be read in conjunction with the accompanying financial statements)

**8. TANGIBLE FIXED ASSETS**

	Buildings, structures	Motor vehicles	Office equipment	Other fixed assets	Total
COST	VND	VND	VND	VND	VND
As at 01/01/2013	49,226,058,930	3,977,377,071	7,685,405,353	264,357,252	61,153,198,606
Additions	-	-	34,078,000	-	34,078,000
Transfer to tools and supplies	-	-	2,615,026,160	201,370,646	2,816,396,806
As at 30/6/2013	<u>49,226,058,930</u>	<u>3,977,377,071</u>	<u>5,104,457,193</u>	<u>62,986,606</u>	<u>58,370,879,800</u>
<b>ACCUMULATED DEPRECIATION</b>					
As at 01/01/2013	23,713,403,104	1,995,748,050	2,359,726,748	264,357,252	28,333,235,154
Additions	1,012,293,944	210,097,750	625,113,662	-	1,847,505,356
Transfer to tools and supplies	-	-	1,123,823,361	201,370,646	1,325,194,007
As at 30/6/2013	<u>24,725,697,048</u>	<u>2,205,845,800</u>	<u>1,861,017,049</u>	<u>62,986,606</u>	<u>28,855,546,503</u>
<b>NET BOOK VALUE</b>					
As at 30/6/2013	<u>24,500,361,882</u>	<u>1,771,531,271</u>	<u>3,243,440,144</u>	<u>-</u>	<u>29,515,333,297</u>
As at 31/12/2012	<u>25,512,655,826</u>	<u>1,981,629,021</u>	<u>5,325,678,605</u>	<u>-</u>	<u>32,819,963,452</u>

As at 30 June 2013, the total cost of tangible fixed assets includes VND 2,287,319,201 (31/12/2012: VND 3,106,169,462) of assets that have been fully depreciated but are still in use.

**9. INTANGIBLE ASSETS**

The balance as at 30 June 2013 represent estimated cost and accumulated amortisation from 01 May 2013 (the date that it was put into use to 30 June 2013) of Reinsurance Software

**10. LONG-TERM FINANCIAL INVESTMENTS**

	30/6/2013	31/12/2012
	VND	VND
<i>Investments in subsidiaries (a)</i>	<u>60,000,000,000</u>	<u>60,000,000,000</u>
<i>Interests in joint ventures (b)</i>	<u>225,046,999,999</u>	<u>225,046,999,999</u>
<i>Long-term investments in securities</i>	<u>549,000,270,000</u>	<u>599,000,270,000</u>
Equity investments (c)	469,000,270,000	469,000,270,000
Bonds (d)	80,000,000,000	130,000,000,000
Bank debentures issued by Vietnam Development Bank	30,000,000,000	30,000,000,000
Bonds issued by Song Da Group	50,000,000,000	50,000,000,000
Bonds issued by Electricity of Vietnam	-	50,000,000,000
<i>Other long-term investments</i>	<u>57,955,880,958</u>	<u>57,955,880,958</u>
Investment from Welfare fund	821,206,063	821,206,063
Investment co-operation contract with VINARE Invest (e)	7,134,674,895	7,134,674,895
Entrusted investment - Vietcombank Fund Management Company	50,000,000,000	50,000,000,000
<i>Provision for impairment of long-term investments (f)</i>	<u>(90,821,919,156)</u>	<u>(90,927,947,068)</u>
	<u>801,181,231,801</u>	<u>851,075,203,889</u>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**      **FORM B 09-DNBH**  
(These notes are an integral part of and should be read in conjunction with the accompanying financial statements)

**10. LONG-TERM FINANCIAL INVESTMENTS (Continued)**

*(a) Investment in subsidiaries*

Details of the Corporation's subsidiary as at 30 June 2013 are as follows:

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
VINARE Investment Joint Stock Company (Vinare Invest)	Hanoi, Vietnam	63.9	60	Property investment and construction

*(b) Interests in joint ventures*

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

*(c) Equity investments*

	Portion of ownership interest	30/6/2013	31/12/2012
		VND	VND
<b>Equity investments in:</b>			
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	4.40%	17,600,000,000	17,600,000,000
Bao Tin Insurance Company	2.67%	8,000,000,000	8,000,000,000
Agriculture Bank Insurance Joint-Stock Corporation	8.42%	32,000,000,000	32,000,000,000
Dai Nam Securities Joint Stock Company	3.59%	2,695,000,000	2,695,000,000
Hung Vuong Insurance Company	10.00%	30,000,000,000	30,000,000,000
Tien Phong Commercial Joint Stock Bank	5.41%	275,000,000,000	275,000,000,000
		<b>469,000,270,000</b>	<b>469,000,270,000</b>

At the date of the separate financial statements, the Corporation evaluated the fair value of equity investments as at 30 June 2013 and made a provision for impairment of such investments using the latest financial statements of the investees. For those whose financial statements for the period from 01 January 2013 to 30 June 2013 have not been reviewed or finalized yet, the Corporation used financial statements for the latest reporting period and obtained more updated financial information of such entities so as to estimate impairment value (if any) to make provision. With obtainable information at the date of separate financial statements, the Board of General Directors believes that using such information to determine the provision for impairment of the investments has no material effects on the Corporation's separate financial statements.

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

	From 01/01/2013 to 30/6/2013	From 01/01/2012 to 30/6/2012
	VND	VND
Interest on investment in Petrolimex Joint Stock Insurance Company	7,484,793,600	8,108,526,400
Interest on investment in Post- Telecommunication	3,911,846,400	4,127,760,000
Interest on investment in Sai Gon - Ha Long Hotel	750,000,000	720,000,000
Interest on investment in Global Insurance Company	1,056,000,000	1,699,200,000
Interest on investment in Agriculture Bank Insurance Joint-Stock Corporation	3,200,000,000	3,200,000,000
Interest on investment in Hung Vuong Insurance Company	900,000,000	-
Interest on investment in BIDV Insurance Corporation	129,054,000	-
	<b>17,431,694,000</b>	<b>17,855,486,400</b>



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**      **FORM B 09-DNBH**  
(These notes are an integral part of and should be read in conjunction with the accompanying financial statements)

**10. LONG-TERM FINANCIAL INVESTMENTS (Continued)**

*(c) Equity Investments (Continued)*

Bonus shares received from its investees as at 30 June 2013 were as follows:

	Par value	Number of shares
Petrolimex Joint Stock Insurance Company	10,000	353,056
Tien Phong Joint Stock Commercial Bank	10,000	2,500,000
Post- Telecommunication Joint Stock Insurance Company	10,000	381,024
Vietnam Commercial Bank Joint Stock Company	10,000	11,806
Ha Do Group Joint Stock Company	10,000	45,750

*(d) Other bonds*

Represent corporate bonds with above one to ten years to maturity and coupon rates in range from 10.1% to 13.38% per annum.

*(e) Investment co-operation contract with VINARE Investment Joint Stock Company:*

Represent contributions in the business cooperation and production sharing contract signed with the project investment owner.

*(f) Provision for impairment of long-term investments in securities:*

Include an amount of VND 89,638,824,636, representing provision for impairment of investment in Tien Phong Joint Stock Commercial Bank in accordance with the guidance on provision making stipulated in Circular No. 228/2009/TT-BTC dated 07 December 2009 by the Ministry of Finance and on the basis of reviewed financial statements for the period from 01 January 2013 to 31 March 2013 of Tien Phong Joint Stock Commercial Bank.

**11. LONG-TERM PREPAYMENTS**

	30/6/2013	31/12/2012
	VND	VND
Added value after equitisation	4,392,066,590	5,856,088,788
Other long-term prepaid expenses	1,434,799,889	1,383,058,573
	<u>5,826,866,479</u>	<u>7,239,147,361</u>

**12. TRADE ACCOUNTS PAYABLE**

	30/6/2013	31/12/2012
	VND	VND
Payables to inward reinsurance activities	577,128,888,834	280,563,317,396
Payables to outward reinsurance activities	729,437,297,691	551,395,233,769
Payable due to payment not yet confirmed	36,530,614,406	19,190,004,569
Temporary Withholding Tax collection (2% of foreign Re-insurance fee)	10,057,752,630	10,666,822,553
Other payable	5,103,102,620	7,318,905,471
	<u>1,358,257,656,181</u>	<u>869,134,283,758</u>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**      **FORM B 09-DNBH**  
(These notes are an integral part of and should be read in conjunction with the accompanying financial statements)

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

	<u>30/6/2013</u>	<u>31/12/2012</u>
	<u>VND</u>	<u>VND</u>
VAT on domestic sales	332,302,964	230,864,066
Corporate income tax	21,402,809,297	9,959,923,205
Personal income tax	498,093,845	1,990,762,676
	<u>22,233,206,106</u>	<u>12,181,549,947</u>

**14. OTHER CURRENT PAYABLES**

	<u>30/6/2013</u>	<u>31/12/2012</u>
	<u>VND</u>	<u>VND</u>
Dividends payable	-	100,864,338,000
Trade union fee, and insurances payable	1,779,382,609	1,810,726,813
	<u>1,779,382,609</u>	<u>102,675,064,813</u>

**15. UNDER-WRITING RESERVES**

	<u>31/12/2012</u>	<u>Increase</u>	<u>Decrease</u>	<u>30/6/2013</u>
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
<b>I. Normal activities</b>				
Premium reserve	280,596,232,141	-	22,906,493,589	257,689,738,552
Claim reserve	381,420,468,403	-	27,927,270,084	353,493,198,319
Catastrophe reserve	115,716,422,298	8,403,051,826	-	124,119,474,124
<b>II. Pilot agricultural insurance activities</b>				
Premium reserve	4,161,090,313	1,886,550,722	-	6,047,641,035
Claim reserve	18,293,092,640	-	165,123,663	18,127,968,977
Catastrophe reserve	832,218,063	793,419,176	-	1,625,637,239
	<u>801,019,523,858</u>	<u>11,083,021,724</u>	<u>50,998,887,336</u>	<u>761,103,658,246</u>

Reserves are reserved when the reserve amount required in the period is less than the balance provided in accordance with prevailing regulations.



## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

## 16. EQUITY

	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 01/01/2012	1,008,276,580,000	768,023,850,642	32,370,699,318	19,232,357,227	96,161,786,131	48,080,893,067	177,874,033,781	2,150,020,200,166
Profit for the year	-	-	-	-	-	-	267,523,121,833	267,523,121,833
Profit distribution	-	-	-	4,690,979,927	23,454,899,636	11,727,449,818	(45,119,290,267)	(5,245,960,886)
Dividends declared	-	-	-	-	-	-	(151,241,487,000)	(151,241,487,000)
Other increase/(decrease)	-	-	(32,370,699,318)	-	-	-	-	(32,370,699,318)
As at 01/01/2013	1,008,276,580,000	768,023,850,642	-	23,923,337,154	119,616,685,767	59,808,342,885	249,036,378,347	2,228,685,174,795
Profit for the period	-	-	-	-	-	-	140,304,903,704	140,304,903,704
Allocated to funds (*)	-	-	-	2,806,098,074	14,030,490,370	7,015,245,185	(27,650,740,315)	(3,798,906,686)
Dividends declared (*)	-	-	-	-	-	-	(80,662,126,400)	(80,662,126,400)
As at 30/06/2013	1,008,276,580,000	768,023,850,642	-	26,729,435,228	133,647,176,137	66,823,588,070	281,028,415,336	2,284,529,045,413

(\*) According to Resolution No. 06/2013/NQ-DHDCD dated 25 April 2013 passed at the Shareholders' Annual General Meeting of Vietnam National Reinsurance Joint Stock Corporation, the Board of Management declared the second dividend payment for 2011 at 8% of the retained earnings, which is equivalent to VND 80,662,126,400 and made interim profit distribution for the first 6 months of 2013 to funds with the amount of VND 27,650,740,315. Final decision on the 2013 profit distribution will be passed at the forth-coming general meeting of shareholders.

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

**FORM B 09-DNBH**

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

**16. EQUITY (Continued)**

**Operating capital**

As at 30 June 2013, the total actual capital contributed by shareholders and share premium were as follows:

	Contributed capital as at			
	30/6/2013		31/12/2012	
	VND	Portion	VND	Portion
<b>Operating capital</b>	<b>1,008,276,580,000</b>	<b>100%</b>	<b>1,008,276,580,000</b>	<b>100%</b>
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%
<b>Share premium</b>	<b>768,023,850,642</b>		<b>768,023,850,642</b>	
	<b><u>1,776,300,430,642</u></b>		<b><u>1,776,300,430,642</u></b>	

**Shares:**

	30/6/2013	31/12/2012
Number of shares registered to issue	100,827,658	100,827,658
Number of shares issued to public	100,827,658	100,827,658
<i>Common shares</i>	<i>100,827,658</i>	<i>100,827,658</i>
Number of outstanding shares in circulation	100,827,658	100,827,658
<i>Common shares</i>	<i>100,827,658</i>	<i>100,827,658</i>

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

**17. REVENUE FROM FINANCIAL ACTIVITIES**

	From 01/01/2013 to 30/6/2013	From 01/01/2012 to 30/6/2012
	VND	VND
Interest on time deposits	99,112,916,134	109,664,535,738
Dividends and profits received	17,602,054,200	18,478,462,000
Interest on bonds, commercial bills	8,073,641,216	14,813,302,740
Interest on entrusted investments	1,012,768,301	-
Interest on exchange differences	2,836,715,977	6,541,636,013
Interest on securities trading	-	2,156,487,125
Interest on demand deposits	230,026,233	64,177,310
	<b><u>128,868,122,061</u></b>	<b><u>151,718,600,926</u></b>

**18. PILOT PROVISION OF AGRICULTURAL INSURANCE**

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



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)** **FORM B 09-DNBH**  
*(These notes are an integral part of and should be read in conjunction with the accompanying financial statements)*

**18. PILOT PROVISION OF AGRICULTURAL INSURANCE (Continued)**

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

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

From 2012, the Corporation started undertaking pilot agricultural insurance activities. The Corporation's income statement for the period from 01 January 2013 to 30 June 2013 only presented net loss of VND 17,444,159,206 in the period from the pilot agricultural insurance activities. Accumulated loss as at 30 June 2013 of the pilot agricultural insurance activities is 37,144,177,633 VND. The Board of General Directors believes that such presentation is in line with the provisions of the above decisions and circulars.

**19. CORPORATE INCOME TAX PAYABLE**

	<b>From 01/01/2013 to 30/6/2013</b>	<b>From 01/01/2012 to 30/6/2012</b>
	<b>VND</b>	<b>VND</b>
<b>Profit before tax</b>	<b>182,514,565,791</b>	<b>163,178,775,335</b>
<b>Adjustments for taxable income</b>		
Less: Non-taxable income	(17,602,054,200)	(18,478,462,000)
Add: Non-deductible expenses	3,947,354,632	787,286,529
<b>Assessable income</b>	<b>168,859,866,223</b>	<b>145,487,599,864</b>
Normal tax rate	25%	25%
<b>Corporate current income tax payable</b>	<b>42,214,966,556</b>	<b>36,371,899,966</b>
<b>Deferred tax</b>	<b>(5,304,469)</b>	<b>(13,578,936)</b>

**20. FINANCIAL INSTRUMENTS**

**Capital risk management**

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

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

**Significant accounting policies**

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 5.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)** **FORM B 09-DNBH**  
*(These notes are an integral part of and should be read in conjunction with the accompanying financial statements)*

**20. FINANCIAL INSTRUMENTS (Continued)**

**Categories of financial instruments**

	Carrying amounts	
	30/6/2013	31/12/2012
	VND	VND
<b>Financial assets</b>		
Cash and cash equivalents	707,179,907,213	764,104,782,233
Trade receivables	1,571,292,069,094	1,037,992,501,893
Short-term investments	1,318,258,164,011	1,328,330,408,465
Long-term investments	516,134,231,802	566,028,203,890
<b>Total</b>	<b>4,112,864,372,120</b>	<b>3,696,455,896,481</b>
<b>Financial liabilities</b>		
Trade and other payables	1,348,199,903,551	959,331,799,205
Claim reserve	371,621,167,296	399,713,561,043
Long-term deposits received	3,641,564,502	2,252,230,666
<b>Total</b>	<b>1,723,462,635,349</b>	<b>1,361,297,590,914</b>

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 No. 210/2009/TT-BTC issued by the Ministry of Finance on 06 November 2009 ("Circular 210") and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards ("IFRS") on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

**Financial risk management objectives**

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

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

**Market risk**

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

The Corporation does not hedge these risk exposures due to the lack of any market to purchase financial instruments.

*Foreign currency risk management*

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



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)** **FORM B 09-DNBH**  
*(These notes are an integral part of and should be read in conjunction with the accompanying financial statements)*

**20. FINANCIAL INSTRUMENTS (Continued)**

*Foreign currency risk management (Continued)*

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

	Assets		Liabilities	
	30/6/2013	31/12/2012	30/6/2013	31/12/2012
	VND	VND	VND	VND
United States Dollar (USD)	768,985,416,119	517,660,748,145	735,981,930,726	504,600,368,278
Euro (EUR)	24,697,388,418	133,504,709,950	-	-
Great Britain Pound (GBP)	80,128,762,771	73,688,440,258	-	-
Singapore Dollar (SGD)	31,103,656	31,845,074	-	-
Australian Dollar (AUD)	8,633,444	9,747,600	-	-
Japanese Yen (JPY)	7,961,181	9,199,211	-	-

*Foreign currency sensitivity analysis*

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

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

	From 01/01/2013 to 30/6/2013	From 01/01/2012 to 30/6/2012
	VND	VND
United States Dollar (USD)	3,300,348,539	1,306,037,987
Euro (EUR)	2,469,738,842	13,350,470,995
Great Britain Pound (GBP)	8,012,876,277	7,368,844,026

*Share price risk management*

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

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

**Credit risk**

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



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 09-DNBH

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

20. FINANCIAL INSTRUMENTS (Continued)

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.

The following table details the Corporation's remaining contractual maturity for its non-derivative financial liabilities and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets and financial liabilities based on the earliest date on which the Corporation can be required to pay. The 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:

	Less than 1 year	From 1 - 5 years	Over five years	Total
	VND	VND	VND	VND
<b>30/6/2013</b>				
Cash and cash equivalents	707,179,907,213	-	-	707,179,907,213
Trade receivables	1,571,292,069,094	-	-	1,571,292,069,094
Short-term investments	1,318,258,164,011	-	-	1,318,258,164,011
Long-term investments	-	130,821,206,063	385,313,025,739	516,134,231,802
<b>Total</b>	<b>3,596,730,140,318</b>	<b>130,821,206,063</b>	<b>385,313,025,739</b>	<b>4,112,864,372,120</b>
<b>30/6/2013</b>				
Trade and other payables	1,348,199,903,551	-	-	1,348,199,903,551
Claim reserve	371,621,167,296	-	-	371,621,167,296
Long-term deposits received	-	3,641,564,502	-	3,641,564,502
<b>Total</b>	<b>1,719,821,070,847</b>	<b>3,641,564,502</b>	<b>-</b>	<b>1,723,462,635,349</b>
<b>Net liquidity gap</b>	<b>1,876,909,069,471</b>	<b>127,179,641,561</b>	<b>385,313,025,739</b>	<b>2,389,401,736,771</b>
	Less than 1 year	From 1 - 5 years	Over five years	Total
	VND	VND	VND	VND
<b>31/12/2012</b>				
Cash and cash equivalents	764,104,782,233	-	-	764,104,782,233
Trade receivables	1,037,992,501,893	-	-	1,037,992,501,893
Short-term investments	1,328,330,408,465	-	-	1,328,330,408,465
Long-term investments	-	180,821,206,063	385,206,997,827	566,028,203,890
<b>Total</b>	<b>3,130,427,692,591</b>	<b>180,821,206,063</b>	<b>385,206,997,827</b>	<b>3,696,455,896,481</b>
<b>31/12/2012</b>				
Trade and other payables	959,331,799,205	-	-	959,331,799,205
Claim reserve	399,713,561,043	-	-	399,713,561,043
Long-term deposits received	-	2,252,230,666	-	2,252,230,666
<b>Total</b>	<b>1,359,045,360,248</b>	<b>2,252,230,666</b>	<b>-</b>	<b>1,361,297,590,914</b>
<b>Net liquidity gap</b>	<b>1,771,382,332,343</b>	<b>178,568,975,397</b>	<b>385,206,997,827</b>	<b>2,335,158,305,567</b>

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



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

**FORM B 09-DNBH**

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

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

Transactions and balances with related parties are presented in the consolidated financial statements for the period from 01 January 2013 to 30 June 2013.

**22. CONTINGENT LIABILITIES**

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

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

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

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

To withholding tax on costs incurred from retrocession fee in 2009 and 2010, the Corporation has just recorded a temporary provision of the tax payable by foreign contractors of VND 12,615,830,204. To withholding tax on costs incurred from retrocession fee in 2011, the Corporation withheld the withholding tax on remittance of retrocession fee. The withheld amount is presented as part of "Trade accounts payable" as most of foreign contractors have permanent residence with income incurred in countries that have signed agreements on avoidance of double taxation with Vietnam. These contractors are preparing procedures to be exempted from withholding tax under the provisions of Circular No. 60/2007/TT-BTC dated 14 June 2007 of the Ministry of Finance guiding the implementation of some articles of Law on Tax Administration and guide the implementation of Decree No. 85/2007/ND-CP dated 25 May 2007 of the Government detailing the implementation of some articles of Law on Tax Administration.

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

The determination of withholding tax payable (if any) will be based on the final decision of the Ministry of Finance and the General Department of Taxation.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)** **FORM B 09-DNBH**  
*(These notes are an integral part of and should be read in conjunction with the accompanying financial statements)*

**23. FINANCIAL RATIOS**

Items	Unit	From 01/01/2013 to 30/6/2013	From 01/01/2012 to 30/6/2012
<b>1. Assets and resources structure arrangement</b>			
1.1. Assets structure arrangement			
- Fixed assets and long-term investments/Total assets	%	19.44	23.18
- Current assets and short-term investments/Total assets	%	80.56	76.82
1.2. Resources structure arrangement			
- Liabilities/Total resources	%	48.84	48.70
- Owner's equity/Total resources	%	51.16	51.30
<b>2. Liquidity</b>			
2.1. Current liquidity	times	2.05	2.05
2.2. Short-term liability liquidity	times	2.57	2.48
2.3. Quick liquidity	times	1.44	1.39
2.4. Long-term liability liquidity	times	-	-
<b>3. Profit ratio</b>			
3.1. Profit/Revenue ratio			
- Profit before tax/Revenue ratio	%	33.15	29.74
- Profit after tax/Revenue ratio	%	25.48	23.11
3.2. Profit/Total assets ratio			
- Profit before tax/Total assets ratio	%	4.09	3.78
- Profit after tax/Total assets ratio	%	3.14	2.94
3.3. Profit after tax/Owner's equity ratio	%	6.14	5.73

**24. BUSINESS SEGMENT REPORT**

The Company's principal activities are reinsurance business and investments funded from reinsurance capital resources, which is a part of reinsurance business cycle. Investments in other business activities are insignificant. Therefore, the Board of General Directors made an assessment and believes that the fact that no report on segment information is made is in line with the Company's current business operation.

**25. COMPARATIVE FIGURES**

Comparative figures presented in the balance sheet and the notes thereto are those of the audited separate financial statements for the year ended 31 December 2012. Comparative figures presented in the income statement, cash flow statement and the notes thereto are those of the reviewed separate financial statements for the period from 01 January 2012 to 30 June 2012.

\_\_\_\_\_  
 Nguyen Thanh Cong  
 Preparer

\_\_\_\_\_  
 Luu Thi Viet Hoa  
 Chief Accountant

\_\_\_\_\_  
 Pham Cong Tu  
 General Director

Hanoi, 14 August 2013