

**VIETNAM NATIONAL REINSURANCE JOINT STOCK
CORPORATION**

(Incorporated in the Socialist Republic of Vietnam)

**REVIEWED CONSOLIDATED
FINANCIAL STATEMENTS**

For the period from 01 January 2014 to 30 June 2014



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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 2014 to 30 June 2014.

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 (resigned on 01 April 2014)
Mr. Martyn Parker	Vice Chairman
Mr. Pham Cong Tu	Member
Mr. Le Song Lai	Member
Mr. Tran Vinh Duc	Member
Mr. Dao Nam Hai	Member

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

BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of General Directors of the Corporation is responsible for preparing the consolidated financial statements 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 accordance with Vietnamese accounting standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting. 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, 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 consolidated financial statements.

For and on behalf of the Board of General Directors,



Pham Cong Tu
General Director

Hanoi, 25 August 2014

No.: 315 /VN1A-HN-BC

REVIEW REPORT ON CONSOLIDATED FINANCIAL STATEMENTS


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 as at 30 June 2014, the related consolidated statements of income and cash flows for the period from 01 January 2014 to 30 June 2014 and the notes thereto (collectively referred to as the "consolidated financial statements") of Vietnam National Reinsurance Joint Stock Corporation (the "Corporation") prepared on 25 August 2014 as set out from page 3 to page 38. The preparation of these consolidated financial statements is the responsibility of the Corporation's management. Our responsibility is to issue a review 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 consolidated 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 consolidated financial statements do not give a true and fair view of, in all material respects, the financial position of the Corporation as at 30 June 2014, the results of its operations and its cash flows for the period from 01 January 2014 to 30 June 2014 in accordance with Vietnamese accounting standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting.




Vu Duc Nguyen
Deputy General Director
Audit Practising Registration Certificate
No. 0764-2013-001-1

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED

25 August 2014
Hanoi, S.R. Vietnam


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

CONSOLIDATED BALANCE SHEET

As at 30 June 2014

FORM B 01a-DNPNT

Unit: VND

ASSETS	Codes	Notes	30/6/2014	31/12/2013 (Restated)
A. CURRENT ASSETS (100=110+120+130+140+150+190)	100		5,326,830,677,911	5,187,257,895,404
I. Cash and cash equivalents	110	5	684,828,734,749	773,393,970,344
1. Cash	111		60,981,712,527	42,900,163,924
2. Cash equivalents	112		623,847,022,222	730,493,806,420
II. Short-term financial investments	120	6	1,462,627,149,700	1,152,034,657,763
1. Short-term investments	121		1,469,775,319,236	1,162,071,665,009
2. Provision for impairment of short-term investments	129		(7,148,169,536)	(10,037,007,246)
III. Short-term receivables	130		1,384,769,842,689	1,466,240,527,947
1. Trade accounts receivable	131	7	1,427,440,636,764	1,513,173,280,955
1.1. Receivables of insurance contracts	131.1		1,327,038,017,434	1,409,889,659,094
1.2. Other trade accounts receivable	131.2		100,402,619,330	103,283,621,861
2. Provision for short-term doubtful debts	139		(42,670,794,075)	(46,932,753,008)
IV. Inventories	140		82,296,408	54,311,517
1. Inventories	141		82,296,408	54,311,517
V. Other current assets	150		73,825,513,579	1,057,946,784
1. Advances	151	8	72,644,290,737	123,200,000
1.1. Unallocated commission expenses	151.1		72,644,290,737	-
1.2. Other short-term prepaid expenses	151.2		-	123,200,000
2. Value added tax deductibles	152		674,287,771	601,043,709
3. Other short-term assets	158		506,935,071	333,703,075
VI. Reinsurance assets	190		1,720,697,140,786	1,794,476,481,049
1. Unearned premium reserve for outward reinsurance	191		514,967,401,548	501,851,785,635
2. Claim reserve for outward reinsurance	192		1,205,729,739,238	1,292,624,695,414
B. NON-CURRENT ASSETS (200=210+220+240+250+260)	200		992,362,536,594	1,175,401,172,287
I. Long-term receivables	210		6,000,000,000	6,000,000,000
1. Other long-term receivables	218		6,000,000,000	6,000,000,000
1.1. Insurance deposit	218.1		6,000,000,000	6,000,000,000
II. Fixed assets	220		53,255,768,848	54,897,845,859
1. Tangible fixed assets	221	9	11,868,881,056	11,779,382,009
- Cost	222		25,904,953,826	24,737,860,826
- Accumulated depreciation	223		(14,036,072,770)	(12,958,478,817)
2. Intangible assets	227	10	18,880,779,239	21,114,792,752
- Cost	228		24,642,917,809	24,415,317,809
- Accumulated amortisation	229		(5,762,138,570)	(3,300,525,057)
3. Construction in progress	230	11	22,506,108,553	22,003,671,098
III. Investment property	240	12	15,943,629,622	16,652,235,383
- Cost	241		34,055,061,893	34,055,061,893
- Accumulated depreciation	242		(18,111,432,271)	(17,402,826,510)
IV. Long-term financial investments	250	13	854,604,583,448	1,033,157,693,626
1. Long-term investments in associates	252		213,939,962,586	331,383,330,134
2. Other long-term investments	258		717,821,476,063	790,821,476,063
3. Provision for impairment of long-term investments	259		(77,156,855,201)	(89,047,112,571)
V. Other non-current assets	260		62,558,554,676	64,693,397,419
1. Long-term prepaid expenses	261	14	3,929,466,083	6,022,177,067
2. Deferred tax assets	262		232,215,715	274,347,474
3. Other long-term assets	268	15	58,396,872,878	58,396,872,878
TOTAL ASSETS (270=100+200)	270		6,319,193,214,505	6,362,659,067,691

These notes set out on pages 10 to 38 are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2014

FORM B 01a-DNPNT

Unit: VND

RESOURCES	Codes	Notes	30/6/2014	31/12/2013 (Restated)
A. LIABILITIES (300=310+330)	300		3,767,681,015,420	3,899,520,947,711
I. Current liabilities	310		3,763,121,302,802	3,894,871,371,172
1. Trade accounts payable	312	16	1,110,687,398,066	1,259,495,964,550
1.1 Payables of insurance contracts	312.1		1,062,351,978,876	1,241,963,200,363
1.2. Other trade accounts payable	312.2		48,335,419,190	17,532,764,187
2. Advances from customers	313		285,640,375	206,429,422
3. Taxes and amounts payable to the State budget	314	17	8,964,087,668	12,325,352,658
4. Payables to employees	315		13,790,680,264	14,255,803,845
5. Accrual expenses	316		12,615,830,204	12,615,830,204
6. Other current payables	319	18	158,795,137,880	103,334,427,148
6.1. Unearned commission income	319.1		49,239,747,740	-
7. Bonus and welfare funds	323		10,285,140,891	8,868,805,103
8. Under-writing reserves	329	19	2,447,697,387,454	2,483,768,758,242
8.1. Unearned premium reserves for inward reinsurance	329.1		735,080,095,403	720,043,792,910
8.2. Claim reserves for inward reinsurance	329.2		1,571,637,245,075	1,631,000,265,956
8.3. Catastrophe reserve	329.3		140,980,046,976	132,724,699,376
II. Long-term liabilities	330		4,559,712,618	4,649,576,539
1. Other long-term payables	333		3,504,186,642	3,552,186,642
2. Provision for severance allowance	336		1,055,525,976	1,097,389,897
B. EQUITY (400=410)	400	20	2,519,986,777,791	2,431,132,289,571
I. Owners' equity	410		2,519,986,777,791	2,431,132,289,571
1. Owners' contributed capital	411		1,008,276,580,000	1,008,276,580,000
2. Share premium	412		768,023,850,642	768,023,850,642
3. Investment and development fund	417		33,759,895,049	30,042,903,393
4. Financial reserve fund	418		150,476,757,713	150,476,757,713
5. Compulsory reserve fund	419		84,399,737,622	75,107,258,481
6. Retained earnings	421		475,049,956,765	399,204,939,342
<i>In which: Gain from exchange differences revaluation at the period-end</i>			<i>46,600,516,880</i>	<i>45,645,814,460</i>
C. MINORITY INTERESTS	429		31,525,421,294	32,005,830,409
TOTAL RESOURCES (440=300+400+429)	440		6,319,193,214,505	6,362,659,067,691

These notes set out on pages 10 to 38 are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2014

FORM B 01a-DNPNT

OFF-BALANCE SHEET ITEMS	Currency	30/6/2014	31/12/2013 (Restated)
1. Foreign currencies			
United States Dollar	USD	5,593,087.51	10,190,330.46
Australian Dollar	AUD	426.91	435.67
Japanese Yen	JPY	35,993.00	36,719.00
Singapore Dollar	SGD	1,851.65	1,862.69
Great Britain Pound	GBP	204.31	986,654.83
Euro	EUR	95,941.05	137,079.73
2. Existing depreciation fund	VND	46,131,894,176	41,889,295,351

Nguyen Thanh Cong
Preparer

Hanoi, 25 August 2014

Luu Thi Viet Hoa
Chief Accountant



Pham Cong Tu
General Director

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CONSOLIDATED INCOME STATEMENT

For the period from 01 January 2014 to 30 June 2014

PART I - GERNERAL INCOME STATEMENT

FORM B 02a-DNPNT

Unit: VND

ITEMS	Codes	From 01/01/2014 to 30/6/2014	From 01/01/2013 to 30/6/2013
1. Net revenue from insurance activities	10	500,549,176,684	414,746,013,310
2. Financial income	12	202,547,684,739	129,630,531,599
3. Other income	13	7,872,170,479	6,971,105,053
4. Total expenses for insurance activities	20	443,652,145,154	310,400,075,154
5. Financial expenses	22	(3,417,914,022)	5,391,714,704
6. Greneral and administration expenses	23	31,851,882,549	34,158,007,025
7. Other expenses	24	4,210,862,384	2,354,884,906
8. Share of net profits of associate	25	13,748,428,006	47,281,532,548
9. Profit/(Loss) from pilot agricultural insurance	26	431,965,722	(17,444,159,206)
10. Total accounting profit before tax (50 = 10+12+13-20-22-23-24+25+26)	50	248,852,449,565	228,880,341,515
11. Income tax expense	51	48,401,080,412	42,214,966,556
12. Deferred corporate tax expense/(income)	52	42,131,759	(5,304,469)
13. Net profit after corporate income tax (60=50-51-52)	60	200,409,237,394	186,670,679,428
14. Basic earnings per share	70	1,992	1,855

These notes set out on pages 10 to 38 are an integral part of these consolidated financial statements

CONSOLIDATED INCOME STATEMENT (Continued)

For the period from 01 January 2014 to 30 June 2014

PART II: INCOME STATEMENT BY ACTIVITY

FORM B 02a-DNPNT
Unit: VND

ITEMS	Codes	Notes	From 01/01/2014 to 30/6/2014	From 01/01/2013 to 30/6/2013 (restated)
1. Insurance premium (01 = 01.2-01.3)	01	21	737,003,799,416	779,299,196,407
- Inward reinsurance premium	01.2		767,407,870,700	757,887,530,869
- Increase/(decrease) in unearned premium reserve for inward reinsurance	01.3		30,404,071,284	(21,411,665,538)
2. Outward reinsurance premium (02 = 02.1-02.2)	02	22	484,590,521,306	476,290,975,350
- Outward reinsurance premium	02.1		511,320,446,742	477,785,803,401
- Increase in unearned premium reserve for outward reinsurance	02.2		26,729,925,436	1,494,828,051
3. Net insurance premium (03 = 01-02)	03		252,413,278,110	303,008,221,057
4. Commission income from outward reinsurance and other income from insurance activities (04=04.1+04.2)	04		248,135,898,574	111,737,792,253
- Commission income from outward reinsurance	04.1		51,965,779,107	95,851,917,663
- Other income from insurance activities	04.2		196,170,119,467	15,885,874,590
5. Net revenue from insurance activities (10=03+04)	10		500,549,176,684	414,746,013,310
6. Claim settlement expenses (11=11.1)	11		662,286,259,789	458,933,183,492
- Total claim settlement expenses	11.1		662,286,259,789	458,933,183,492
7. Claim receipts from ceded policies	12		533,934,033,776	316,356,904,757
8. (Decrease) in claim reserve for inward reinsurance	13		(45,087,982,057)	(42,122,831,614)
9. (Decrease) in claim reserve for outward reinsurance	14		(74,771,996,743)	(14,195,561,530)
10. Total insurance claim settlement expenses (15=11-12+13-14)	15	24	158,036,240,699	114,649,008,651
11. Increase in catastrophe reserve	16		7,682,622,719	8,403,051,826
12. Other expenses for insurance activities (17=17.1+17.2)	17		277,933,281,736	187,348,014,677
- Insurance commission expenses	17.1		84,698,611,687	171,366,504,348
- Other expenses for insurance activities	17.2		193,234,670,049	15,981,510,329
13. Total expenses for insurance activities (18=15+16+17)	18		443,652,145,154	310,400,075,154
14. Gross profit from insurance activities (19=10-18)	19		56,897,031,530	104,345,938,156

These notes set out on pages 10 to 38 are an integral part of these consolidated financial statements

CONSOLIDATED INCOME STATEMENT (Continued)

For the period from 01 January 2014 to 30 June 2014

PART II: INCOME STATEMENT BY ACTIVITY (Continued)

FORM B 02a-DNPNT

Unit: VND

ITEMS	Codes	Notes	From 01/01/2014 to 30/6/2014	From 01/01/2013 to 30/6/2013 (restated)
15. Financial income	23	26	202,547,684,739	129,630,531,599
16. Financial expenses	24		(3,417,914,022)	5,391,714,704
17. Gross profit from financial activities (25=23-24)	25		205,965,598,761	124,238,816,895
18. General and Administration expenses	26		31,851,882,549	34,158,007,025
19. Net profit from operating activities (30=19+25-26)	30		231,010,747,742	194,426,748,026
20. Other incomes	31		7,872,170,479	6,971,105,053
21. Other expenses	32		4,210,862,384	2,354,884,906
22. Other profits (40=31-32)	40		3,661,308,095	4,616,220,147
23. Share of net profits of associate	40.1		13,748,428,006	47,281,532,548
24. Profit/(Loss) from pilot agricultural insurance	40.2	27	431,965,722	(17,444,159,206)
25. Accounting profit before tax (50=30+40+40.1+40.2)	50		248,852,449,565	228,880,341,515
26. Current corporate income tax expense	51	28	48,401,080,412	42,214,966,556
27. Deferred corporate tax expense/(income)	52		42,131,759	(5,304,469)
28. Profit after corporate income tax (60=50-51-52)	60		200,409,237,394	186,670,679,428
<i>Attributable to:</i>				
Equity holders of the Corporation			200,889,646,508	187,075,551,559
Minority interests			(480,409,114)	(404,872,131)
29. Basic earnings per share	70	29	1,992	1,855

Nguyen Thanh Cong
Preparer

Hanoi, 25 August 2014

Luu Thi Viet Hoa
Chief Accountant




Pham Cong Tu
General Director

CONSOLIDATED CASH FLOW STATEMENT
(Direct method)

For the period from 01 January 2014 to 30 June 2014

FORM B 03a-DNPNT
Unit: VND

ITEMS	Codes	From 01/01/2014 to 30/6/2014	From 01/01/2013 to 30/6/2013 (restated)
I. Cash flows from operating activities			
1. Receipts from inward and outward insurance activities	01	348,253,553,561	250,836,947,076
2. Payments for inward and outward insurance activities	02	(346,098,831,308)	(194,705,088,846)
3. Payments for employees	03	(23,382,304,363)	(21,089,132,237)
4. Payments for corporate income tax	05	(56,946,175,394)	(36,998,717,090)
5. Receipts from other activities	06	5,133,596,363	5,010,926,557
6. Payments from other activities	07	(3,881,819,496)	(3,384,083,579)
Net cash (used in) operating activities	20	(76,921,980,637)	(329,148,119)
II. Cash flows from investing activities			
1. Acquisition and construction of fixed assets and other long-term assets	21	(1,248,094,190)	(4,532,986,523)
2. Investments in other entities	25	(2,283,726,161,430)	(3,004,135,217,206)
3. Cash recovered from investments in other entities	26	2,167,089,699,282	3,069,104,119,433
4. Interest earned, dividends and profits received	27	206,976,611,066	62,863,337,664
Net cash from investing activities	30	89,092,054,728	123,299,253,368
III. Cash flows from financing activities			
1. Dividends and profits paid	36	(100,694,450,577)	(181,072,839,920)
Net cash (used in) financing activities	40	(100,694,450,577)	(181,072,839,920)
Net decrease in cash (50 = 20+30+40)	50	(88,524,376,486)	(58,102,734,671)
Cash and cash equivalents at the beginning of the period	60	773,393,970,344	771,395,912,978
Effect of changes in foreign exchange rates	61	(40,859,109)	53,343,515
Cash and cash equivalents at the end of the period (70 = 50+60+61)	70	684,828,734,749	713,346,521,822



Nguyen Thanh Cong
Preparer



Luu Thi Viet Hoa
Chief Accountant



Pham Cong Tu
General Director

Hanoi, 25 August 2014

These notes set out on pages 10 to 38 are an integral part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FORM B09-DNPNT

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

1. GENERAL INFORMATION

Structure of ownership

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

The number of employees as at 30 June 2014 was 91 (31 December 2013: 88).

Up to 30 June 2014, the Corporation has one subsidiary, which is Vinare Investment Joint Stock Company and one associate company, 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 associate in line with its contribution capital ratio as stipulated in the associate's Business Registration Certificate is 25%.

Operating industry and principal activities

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

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

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

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

Financial year

The financial year of the Corporation and its subsidiary begins on 01 January and ends on 31 December. These interim consolidated financial statements are prepared for the period from 01 January 2014 to 30 June 2014.

3. ADOPTION OF NEW ACCOUNTING GUIDANCE

On 28 June 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. The application of Circular 232 requires to disclose the information relating to insurance contracts, reinsurance contracts, claim status and other significant information. This Circular is effective from 01 January 2014 and applied from the fiscal year 2014. According to the Board of General Directors' assessment, Circular 232 has a material effect on the Corporation's consolidated financial statements for the period from 01 January 2014 to 30 June 2014.

The Corporation has made retrospective restatements of items on the consolidated balance sheet as at 31 December 2013 and on consolidated income statement for the period from 01 January 2013 to 30 June 2013 in order to comply with Circular 232 as stated in Note 35 of the Notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DNPNT

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

The preparation of the consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these accounting estimates are based on the management's best knowledge, actual results may differ from those estimates.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and enterprises controlled by the Corporation (its subsidiaries) for the period from 01 January 2014 to 30 June 2014. Control is achieved where the Corporation has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the 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 subsidiaries to bring the accounting policies used in line with those used by the Corporation.

All inter-company transactions and balances between the Corporation and its subsidiaries are eliminated on consolidation.

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

Business combinations

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

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

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, claim reserve for outward reinsurance and investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DNPNT

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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, claim reserve for inward reinsurance and deposits received.

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 06 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.

Since 2014, the Corporation has changed its accounting policy on making provision for doubtful debts. Accordingly, with regard to customers with total insurance-related receivables balance less than total insurance-related payables balance, no provision should be made. In the contrary case, the Corporation will offset the insurance-related payables balance with the insurance-related receivables balance based on the principle of offsetting with the ones that have been overdue for the longest time to the shortest time. The outstanding balance after offset will be subject to provision for doubtful debts on the following basis:

- No provision is made for accounts receivable (offset amount) over due for less than 06 months;
- For accounts receivable (after offset) over due from 06 to less than 12 months, the provision is made at the rate of 30%;
- For accounts receivable (after offset) over due from 12 to less than 24 months, the provision is made at the rate of 50%;
- For accounts receivable (after offset) over due from 24 to less than 36 months, the provision is made at the rate of 70%;
- For accounts receivable (after offset) over due for 36 months or more, the provision is made at the rate of 100%.

If the Corporation kept applying the 2013 policy, provision expense for doubtful debts for the period from 01 January 2014 to 30 June 2014 would increase by VND 34,635,307,291.

The Corporation believes that change in the provision-making account policy as above is more appropriately in line with the Company's business nature and Circular No. 228/2009/TT-BTC dated 07 December 2009 by the Ministry of Finance.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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>From 01/01/2014 to 30/6/2014</u> <u>Years</u>
Buildings, structures	25
Motor vehicles	6
Office equipment	4
Other fixed assets	4 - 5

Investments in associates

An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the Corporation. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Interests in associates are carried in the consolidated balance sheet at cost as adjusted by post-acquisition changes in the Company's share of the net assets of the associate. Losses of an associate in excess of the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate) are not recognised.

Where a group entity transactions with an associate of the Company, unrealised profits and losses are eliminated to the extent of the Company's interest in the relevant associate.

Investments in securities

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

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

Provision for 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 with Circular No. 89/2013/TT-BTC dated 28 June 2013 by the Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC and prevailing accounting regulations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DNPNT

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Construction in progress

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

Investment property

Investment properties, which are composed of land use rights and buildings and structures held by the Corporation to earn rentals, are stated at cost less accumulated depreciation. The costs of self-constructed investment properties are the finally accounted construction or directly attributable costs of the properties.

Investment properties are depreciated using the straight-line method over their estimated useful lives of 25 years.

Long-term prepayments

Under Circular No. 203/2009/TT-BTC dated 20 October 2009, Circular No. 45/2013/TT-BTC dated 25 April 2013 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 and Circular No. 138/2012/TT-BTC dated 20 August 2012 guiding on allocation of goodwill regard to joint stock companies transferd from State's companies, accordingly, if a wholly State - owned enterprise undergoes valuation by discounted cash flow method (DCF) 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 consolidated 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DNPNT

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Inward reinsurance premium is recognised following the statement of accounts agreed by the Corporation and the re-insurers. Outward reinsurance premium 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.

Commission income and other incomes from reinsurance activities are recorded on accrual basis. In the period, the entire outward reinsurance premium under outward reinsurance contracts signed in accordance with regulations of the financial regime is presented in the item "Commission income from outward reinsurance".

At the period end, the Corporation should determine unearned commission income from outward reinsurance corresponding to outward reinsurance premium not yet recognized in this period so as to allocate such commission income to the subsequent accounting periods under 25% rate method for cargo insurance and 50% rate method for other kinds of insurance.

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.

Expenditures

Claim settlement expenses for direct insurance are recorded as incurred, that is, when the Corporation accepts to settle the insured's claims following respective settlement notice.

Claim settlement expenses for inward reinsurance are recorded as incurred following the statement of accounts the reinsurers sent to the Corporation and the claim is accepted by the Corporation. Claim receipts from ceded policies are recognized based on the receivable amount incurred corresponding with the claim settlement expenses recorded in the period and the ceded ratios.

Commission expenses for inward reinsurance are recognized corresponding to inward reinsurance premium incurred in the period. In the period, the entire commission expenses for inward reinsurance under inward reinsurance contracts signed in accordance with regulations of the financial regime are presented in the items "Commission expenses for inward reinsurance"

At the period end, the Corporation should determine commission expenses for inward reinsurance which have not been recognized as expenses for the period yet corresponding to unearned inward reinsurance premium so as to allocate such commission expenses to the subsequent accounting periods under 25% rate method for cargo insurance and 50% rate method for other kinds of insurance.

Other income and expenses relating to insurance activities

With respect to deposits arising from reinsurance contracts, other income from insurance activities is recognized when the Corporation receives the deposits and other expenses for insurance activities is recognized when the deposits are returned.

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 consolidated financial statements at the end of each reporting period. The increase or decrease in the accrued amount shall be recorded in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DNPNT

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

- The Corporation applies an accounting exchange rate of VND to USD 21,000 in the period (in 2013 VND to USD 20,800) 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 VND to USD 21,300 (at 31 December 2013: 21,085 VND/USD).
- Liabilities and receivables relating to accounting for revenue and costs for the period denominated in currencies other than USD at the balance sheet date are translated into USD at the accounting exchange rate and then using the Vietcombank's buying exchange rate of VND to USD 21,300. (at 31 December 2013: 21,085 VND/USD).
- 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 consolidated 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 profit are used to pay dividends for shareholders, allocate to compulsory reserve fund, investment and development fund, financial reserve fund, bonus and welfare funds and bonus fund for the management. The allocation ratio shall be decided 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.

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 inward reinsurance premium and outward reinsurance premium for all types of cargo insurance (by land, seaway, waterway, railway and airway) and at 50% of the inward reinsurance premium and outward reinsurance premium for other types.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DNPNT

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under-writing reserves (Continued)

Claim reserves:

- For losses that have incurred and reported, the Corporation makes claim reserves for inward reinsurance and outward reinsurance by the method of each case based on the level of responsibility of losses that have incurred and reported.
- For claim reservers of inward reinsurance and outward reinsurance for losses that have incurred but have not been reported (IBNR), the Corporation applies the rate 5% of the inward reinsurance premium and outward reinsurance premium 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/QD-BTC (effective from 2006) attached thereto. Accordingly, at the reporting date, insurance enterprises are not allowed to make reserves provisions, including catastrophe reserve, for future claim compensation if claims do not incur on the balance sheet date. Currently, under Decree No. 46/2007/ND-CP dated 27 March 2007 issued by the Government, insurance enterprises are required to provide for catastrophe reserve. Since the Ministry of Finance has not yet issued any circular guiding the implementation of the aforesaid accounting standard, the fact that the Corporation still made provision for catastrophe reserve in the period from 01 January 2014 to 30 June 2014 should be more prudent than what is regulated in VAS 19. The effect of the standard on the Corporation's consolidated financial statements will be subject to the Ministry of Finance's subsequent guiding documents.

Reserves for the Corporation's outward/inward reinsurance are not offset. Such reserves should be presented under separate items in the balance sheet. Accordingly, unearned premium reserve and claim reserve for inward reinsurance and catastrophe reserve are recognized as payables while unearned premium reserve for outward reinsurance and claim reserve for outward reinsurance are recognized as reinsurance assets.

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 periods. Taxable profit differs from net profit reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods 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 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.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

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

5. CASH AND CASH EQUIVALENTS

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

6. SHORT-TERM FINANCIAL INVESTMENTS

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

(*) Represent term deposits at domestic commercial banks which will fall due from over 3 months to 12 months with interest rate of 7% to 11% per annum for local currency and of 0.25% to 4% for foreign currency.

(**) Represent corporate bonds, with maturity less than one year and coupon rates of 11.5% per annum.

7. TRADE ACCOUNTS RECEIVABLE

	30/6/2014	31/12/2013
	VND	VND
Receivables of insurance contracts	1,327,038,017,434	1,409,889,659,094
- Receivables from inward reinsurance	591,560,683,887	606,011,120,648
- Receivables from outward reinsurance	669,666,515,148	734,119,751,609
- Other receivables from reinsurance activities	65,810,818,399	69,758,786,837
Other trade accounts receivable	100,402,619,330	103,283,621,861
- Accrued gains on investments and loans	88,812,573,812	91,880,020,773
- Other receivables	11,590,045,518	11,403,601,088
	<u>1,427,440,636,764</u>	<u>1,513,173,280,955</u>

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

8. SHORT-TERM PREPAID EXPENSES

	30/6/2014	31/12/2013
	VND	VND
Unallocated commission expenses	72,644,290,737	-
- Opening balance	-	-
- Unallocated commission expenses incurred in the period	157,342,902,424	-
- Commission expenses allocated in the period	84,698,611,687	-
- Closing balance	72,644,290,737	-
Other prepaid expenses	-	123,200,000
	<u>72,644,290,737</u>	<u>123,200,000</u>

9. TANGIBLE FIXED ASSETS

	Buildings, structures	Motor vehicles	Office equipment	Other fixed assets	Total
COST	VND	VND	VND	VND	VND
As at 01/01/2014	15,170,997,037	3,977,377,071	5,371,836,264	217,650,454	24,737,860,826
Additions	-	-	1,099,203,000	67,890,000	1,167,093,000
As at 30/6/2014	<u>15,170,997,037</u>	<u>3,977,377,071</u>	<u>6,471,039,264</u>	<u>285,540,454</u>	<u>25,904,953,826</u>
ACCUMULATED DEPRECIATION					
As at 01/01/2014	8,007,441,821	2,639,583,508	2,101,437,450	210,016,038	12,958,478,817
Additions	317,129,641	210,097,750	539,130,460	11,236,102	1,077,593,953
As at 30/6/2014	<u>8,324,571,462</u>	<u>2,849,681,258</u>	<u>2,640,567,910</u>	<u>221,252,140</u>	<u>14,036,072,770</u>
NET BOOK VALUE					
As at 30/6/2014	<u>6,846,425,575</u>	<u>1,127,695,813</u>	<u>3,830,471,354</u>	<u>64,288,314</u>	<u>11,868,881,056</u>
As at 31/12/2013	<u>7,163,555,216</u>	<u>1,337,793,563</u>	<u>3,270,398,814</u>	<u>7,634,416</u>	<u>11,779,382,009</u>

As at 30 June 2014, the total cost of tangible fixed assets includes VND 2,179,103,565 (at 31 December 2013: VND 2,179,103,565) of assets that have been fully depreciated but are still in use.

10. INTANGIBLE ASSETS

The balance as at 30 June 2014 represents estimated cost and accumulated amortisation from 01 May to 2013 (the date when it was put into use) of reinsurance software.

11. CONSTRUCTION IN PROCESS

	30/6/2014	31/12/2013
	VND	VND
Purchasing fixed assets	-	419,650,500
WebXL professional software system	4,326,725,048	3,404,637,093
142 Dinh Cong Street Project (*)	13,179,383,505	13,179,383,505
No.1 Groceries Company Project (*)	5,000,000,000	5,000,000,000
	<u>22,506,108,553</u>	<u>22,003,671,098</u>

(*) Represent the investment value in real estate projects in which the Vinare Investment Join-Stock Company (a subsidiary of the Corporation) acts as an investor. The Board of General Directors has evaluated and believed the projects are being implemented according to schedule and there are no significant impairment of investments.

12. INVESTMENT PROPERTY

Present the value of the building No. 141 Le Duan Road corresponding to the lease area.

According to VAS No. 05 - *Investment Properties*, fair value of investment property as at 31 June 2014 is required to be disclosed. As assessed by the Company, the Company purchased investment property at the market price so the cost of investment property recorded in the accounting books represents its fair value.

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)

13. LONG-TERM FINANCIAL INVESTMENTS

	30/6/2014	31/12/2013
	VND	VND
<i>Investments in associates (a)</i>	213,939,962,586	331,383,330,134
<i>Long-term investments in securities</i>	717,821,476,063	790,821,476,063
Equity investments (b)	472,000,270,000	472,000,270,000
Bonds (c)	90,000,000,000	140,000,000,000
<i>Bank debentures issued by Joint Stock Commercial Bank for Investment and Development of Vietnam</i>	30,000,000,000	30,000,000,000
<i>Bonds issued by Song Da Group</i>	-	50,000,000,000
<i>Bonds issued by Ho Chi Minh City People's Committee</i>	60,000,000,000	60,000,000,000
Cash in bank (term of over 1 year)	70,000,000,000	123,000,000,000
Investment from Welfare fund	821,206,063	821,206,063
Entrusted investment - Vietcombank Fund Management Company	80,000,000,000	50,000,000,000
Entrusted investment - VietFund Management Company	5,000,000,000	5,000,000,000
<i>Provision for impairment of long-term investments (d)</i>	(77,156,855,201)	(89,047,112,571)
	<u>854,604,583,448</u>	<u>1,033,157,693,626</u>

(a) Investment in associates

During the period, the Company has transferred 25% out of its 50% of ownership interest in Samsung Vina Insurance Ltd to Samsung Fire & Marine Insurance Company valued at VND 215,817,958,089. The ownership interest of the Corporation in Samsung Vina Insurance Ltd after the transfer is 25%.

Details of the Corporation's associates as at 31 December 2013 are as follows:

Name of associates	Place of incorporation and operation	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
Samsung Vina Insurance Ltd.	Ho Chi Minh City, Vietnam	25%	25%	Non-life Insurance

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

	30/6/2014	31/12/2013
	VND	VND
Total assets	2,261,978,903,593	1,331,662,761,765
Total liabilities	1,544,218,531,302	668,896,101,498
Net assets	717,760,372,291	662,766,660,267
The Corporation's share of the associate's net assets	<u>213,939,962,586</u>	<u>331,383,330,134</u>
	From 01/01/2014 to 30/6/2014	From 01/01/2013 to 30/6/2013
	VND	VND
Revenue	853,439,640,618	567,825,014,200
Net profit	54,993,712,024	94,563,065,095
The Corporation's share of the associate's net profit	<u>13,748,428,006</u>	<u>47,281,532,548</u>

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)

13. LONG-TERM FINANCIAL INVESTMENTS (Continued)

(b) Equity investments

	Proportion of ownership	30/6/2014	31/12/2013
Equity investments in:		VND	VND
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 Joint Stock Company	4.40%	17,600,000,000	17,600,000,000
Bao Tin Insurance Joint Stock 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 Joint Stock Company	10.00%	30,000,000,000	30,000,000,000
Tien Phong Commercial Joint Stock Bank	5.41%	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 2014 and made a provision for impairment of such investments using the latest audited/reviewed financial statements of the investees. For those whose financial statements for the period from 01 January 2014 to 30 June 2014 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 the consolidated 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 consolidated financial statements.

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

	From 01/01/2014 to 30/6/2014	From 01/01/2013 to 30/6/2013
	VND	VND
Interest on investment in Petrolimex Joint Stock Insurance Company	4,989,862,400	7,484,793,600
Interest on investment in Post- Telecommunication	3,556,224,000	3,911,846,400
Interest on investment in Sai Gon - Ha Long Hotel	780,000,000	750,000,000
Interest on investment in Global Insurance Joint Stock Company	-	1,056,000,000
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 Joint Stock Company	900,000,000	900,000,000
Interest on investment in BIDV Insurance Corporation	-	129,054,000
	13,426,086,400	17,431,694,000

Bonus shares received from such investees as at 30 June 2014 were as follows:

	Par value	Number of shares
Petrolimex Joint Stock Insurance Company	10,000	353,056
Tien Phong Commercial Joint Stock Bank	10,000	2,542,857
Post- Telecommunication Joint Stock Insurance Company	10,000	381,024
Joint Stock Commercial Bank for Foreign Trade of Vietnam	10,000	11,806

(c) Other bonds

Represent corporate bonds and government bonds with above one to ten years to maturity and coupon rates in range from 10.1% to 10.325% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DNPNT

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

13. LONG-TERM FINANCIAL INVESTMENTS (Continued)

(d) Provision for impairment of long-term investments in securities

Include an amount of VND 75,677,635,105, representing provision for impairment of investment in Tien Phong Joint Commercial Stock Bank in accordance with the guidance on provision making stipulated in Circular No. 89/2013/TT-BTC ("Circular 89") dated 28 June 2013 amending and supplementing Circular No. 228/2009/TT-BTC dated 07 December 2009 by the Ministry of Finance guiding the appropriation and use of provisions for devaluation of inventories, losses of financial investment, bad debt and warranty for products, goods and construction and installation works at enterprises and on the basis of the 2013 audited financial statements of Tien Phong Commercial Joint Stock Bank.

14. LONG-TERM PREPAID EXPENSES

	30/6/2014	31/12/2013
	VND	VND
Added value after equitisation	1,464,022,196	2,928,044,393
Golf card expenses	1,297,548,132	1,326,051,612
Other long-term prepaid expenses	1,167,895,755	1,768,081,062
	<u>3,929,466,083</u>	<u>6,022,177,067</u>

15. OTHER LONG-TERM ASSETS

	30/6/2014	31/12/2013
	VND	VND
Paragon Tower Project	20,620,952,000	20,620,952,000
Tincom Plaza (360 Giai Phong road) Project	37,775,920,878	37,775,920,878
	<u>58,396,872,878</u>	<u>58,396,872,878</u>

Other long-term assets represent long-term deposits for contracts to purchase real estate. The Board of General Directors has evaluated and believed the projects are being implemented according to schedule and there is no significant decline in value of the deposits.

16. TRADE ACCOUNTS PAYABLE

	30/6/2014	31/12/2013
	VND	VND
Payables of insurance contracts	1,062,351,978,876	1,226,428,057,169
Payables to inward reinsurance activities	512,589,417,371	507,960,486,135
Payables to outward reinsurance activities	549,762,561,505	718,467,571,034
Other trade accounts payable	48,335,419,190	33,067,907,381
Payable due to payment not yet confirmed	38,362,437,788	15,535,143,194
Temporary Withholding Tax collection	9,972,981,402	9,796,201,319
Other payable	-	7,736,562,868
	<u>1,110,687,398,066</u>	<u>1,259,495,964,550</u>

17. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	30/6/2014	31/12/2013
	VND	VND
VAT on domestic sales	155,020,065	399,616,421
Corporate income tax	8,540,297,316	11,639,216,904
Other taxes	268,770,287	286,519,333
	<u>8,964,087,668</u>	<u>12,325,352,658</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DNPNT

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

18. OTHER CURRENT PAYABLES

	<u>30/6/2014</u>	<u>31/12/2013</u>
	<u>VND</u>	<u>VND</u>
Unearned commission income	49,239,747,740	-
- Opening balance	-	-
- Unearned commission income incurred in the period	101,205,526,847	-
- Commission income allocated in the period	51,965,779,107	-
- Closing balance	49,239,747,740	-
Other current payables	109,555,390,140	103,334,427,148
Dividends payable	100,847,718,000	100,827,658,000
Other payables	8,707,672,140	2,506,769,148
	<u>158,795,137,880</u>	<u>103,334,427,148</u>

19. UNDER-WRITING RESERVES

	<u>30/6/2014</u>		
Claim reserve and Unearned premium reserve	Inward reinsurance reserve	Outward reinsurance reserve	Net inward reinsurance reserve
	<u>VND</u>	<u>VND</u>	<u>VND</u>
I. Normal activities			
1. Claim reserve	1,429,660,428,776	1,074,916,851,966	354,743,576,810
Reserve for losses incurred and reported	1,391,290,035,241	1,049,350,829,628	341,939,205,613
Reserve for losses incurred but not reported	38,370,393,535	25,566,022,338	12,804,371,197
2. Unearned premium reserve	688,256,748,238	472,255,429,829	216,001,318,409
II. Pilot agricultural insurance activities			
1. Claim reserve	141,976,816,299	130,812,887,272	11,163,929,027
Reserve for losses incurred and reported	140,404,037,380	129,358,004,162	11,046,033,218
Reserve for losses incurred but not reported	1,572,778,919	1,454,883,110	117,895,809
2. Unearned premium reserve	46,823,347,165	42,711,971,719	4,111,375,446
	<u>2,306,717,340,478</u>	<u>1,720,697,140,786</u>	<u>586,020,199,692</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DNPNT

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

19. UNDER-WRITING RESERVES (Continued)

In detail:

Claim reserve	From 01/01/2014 to 30/6/2014		
	Inward reinsurance claim reserve	Outward reinsurance claim reserve	Net inward reinsurance claim reserve
	VND	VND	VND
I. Normal activities			
Opening balance	1,474,748,410,833	1,149,688,848,709	325,059,562,124
(Decrease) in the period	(45,087,982,057)	(74,771,996,743)	29,684,014,686
II. Pilot agricultural insurance activities			
Opening balance	156,251,855,123	142,935,846,705	13,316,008,418
(Decrease) in the period	(14,275,038,824)	(12,122,959,433)	(2,152,079,391)
Closing balance	1,571,637,245,075	1,205,729,739,238	365,907,505,837

Unearned premium reserve	From 01/01/2014 to 30/6/2014		
	Unearned inward reinsurance premium reserve	Unearned outward reinsurance premium reserve	premium reinsurance reserve
	VND	VND	VND
I. Normal activities			
Opening balance	657,852,676,954	445,525,504,393	212,327,172,561
Increase in the period	30,404,071,284	26,729,925,436	3,674,145,848
II. Pilot agricultural insurance activities			
Opening balance	62,191,115,956	56,326,281,242	5,864,834,714
(Decrease) in the period	(15,367,768,791)	(13,614,309,523)	(1,753,459,268)
Closing balance	735,080,095,403	514,967,401,548	220,112,693,855

Catastrophe reserve	From 01/01/2014 to 30/6/2014		2013
	VND		VND
I. Normal activities			
Opening balance	130,719,514,370	115,716,422,298	
Increase in the period	7,682,622,719	15,003,092,072	
II. Pilot agricultural insurance activities			
Opening balance	2,005,185,006	832,218,063	
Increase in the period	572,724,881	1,172,966,943	
Closing balance	140,980,046,976	132,724,699,376	

VIETNAM NATIONAL REINSURANCE JOINT STOCK CORPORATION

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

Consolidated financial statements
For the period from 01 January 2014 to 30 June 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DNBH

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

20. OWNERS' EQUITY

	Owners' contributed capital	Share premium	Investment and development fund	Financial reserve fund	Compulsory reserve fund	Retained earnings	Total
	VND	VND	VND	VND	VND	VND	VND
As at 01/01/2013	1,008,276,580,000	768,023,850,642	23,923,337,154	119,878,926,520	59,808,342,885	339,791,679,892	2,319,702,717,093
Profit for the year	-	-	-	-	-	300,535,646,947	300,535,646,947
Profit distribution to fund	-	-	6,119,566,239	30,597,831,193	15,298,915,596	(59,632,603,097)	(7,616,290,069)
Dividends declared	-	-	-	-	-	(181,489,784,400)	(181,489,784,400)
As at 01/01/2014	1,008,276,580,000	768,023,850,642	30,042,903,393	150,476,757,713	75,107,258,481	399,204,939,342	2,431,132,289,571
Profit for the period	-	-	-	-	-	200,889,646,508	200,889,646,508
Decrease due to change in ownership interest in associate	-	-	-	-	-	(6,144,795,554)	(6,144,795,554)
Profit distribution to fund (*)	-	-	3,716,991,656	-	9,292,479,141	(18,072,175,531)	(5,062,704,734)
Dividends declared (*)	-	-	-	-	-	(100,827,658,000)	(100,827,658,000)
As at 30/6/2014	1,008,276,580,000	768,023,850,642	33,759,895,049	150,476,757,713	84,399,737,622	475,049,956,765	2,519,986,777,791

(*) According to Resolution No. 09/2014/NQ-DHDCD dated 24 April 2014 passed at the Shareholders' Annual General Meeting of Vietnam National Reinsurance Joint Stock Corporation, the Board of Management declared the second dividend payment for 2013 at the rate of 10% from the retained earnings, which is equivalent to VND 100,827,658,000, simultaneously, made distribution of VND 18,072,175,531 to the funds from the profit for the period from 01 January 2014 to 30 June 2014. The final decision on 2014 profit distribution will be passed at the forth-coming Annual General Meeting of Shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DNPNT

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

20. OWNERS' EQUITY (Continued)

Owner's contributed capital

As at 30 June 2014, the total actual capital contributed by shareholders and share premium were as follows:

	Contributed capital as at			
	30/6/2014	Proportion	31/12/2013	Proportion
	VND		VND	
Owners' contributed 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	

Shares

	30/6/2014	31/12/2013
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.

According to Resolution No. 09/2014/NQ-DHDCD dated 24 April 2014 passed at the Shareholders' Annual General Meeting, the Corporation approved the plan to increase charter capital by issuing bonus shares to existing shareholders at the rate of 10:3 (the shareholders holding 10 existing shares are entitled to receive 03 new shares). The Corporation has finalized the list of shareholders for bonus shares on 02 July 2014 and are continuing to complete procedures to increase its charter capital.

21. INSURANCE PREMIUM

	From 01/01/2014 to 30/6/2014	From 01/01/2013 to 30/6/2013
	VND	VND
Inward reinsurance premium	777,362,247,377	767,071,322,774
<i>Energy insurance</i>	<i>13,879,428,496</i>	<i>31,327,275,405</i>
<i>Hull and P&I insurance</i>	<i>122,567,518,946</i>	<i>131,453,938,329</i>
<i>Cargo insurance</i>	<i>98,018,726,736</i>	<i>128,584,737,678</i>
<i>Engineering insurance</i>	<i>113,327,660,593</i>	<i>138,182,915,336</i>
<i>Fire & property insurance</i>	<i>236,934,042,107</i>	<i>247,192,031,998</i>
<i>Aviation insurance</i>	<i>28,540,075,071</i>	<i>29,738,440,818</i>
<i>Other insurance</i>	<i>164,094,795,428</i>	<i>60,591,983,210</i>
Deductions of inward reinsurance premium	(9,954,376,677)	(9,183,791,905)
Increase/(decrease) in unearned premium reserve for inward reinsurance	30,404,071,284	(21,411,665,538)
	737,003,799,416	779,299,196,407

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DNPNT

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

22. OUTWARD REINSURANCE PREMIUM

	From 01/01/2014 to 30/6/2014	From 01/01/2013 to 30/6/2013
	VND	VND
Total outward reinsurance premium	517,599,915,783	486,431,950,464
<i>Energy insurance</i>	10,136,678,205	25,813,245,218
<i>Hull and P&I insurance</i>	78,691,813,636	92,682,126,115
<i>Cargo insurance</i>	24,989,666,226	37,019,324,593
<i>Engineering insurance</i>	54,734,978,843	72,061,960,536
<i>Fire & property insurance</i>	202,446,501,117	202,832,711,455
<i>Aviation insurance</i>	27,025,590,594	27,502,914,197
<i>Other insurance</i>	119,574,687,162	28,519,668,350
Deductions of outward reinsurance premium	(6,279,469,041)	(8,646,147,063)
Increase in unearned premium reserve for outward reinsurance	26,729,925,436	1,494,828,051
	484,590,521,306	476,290,975,350

23. OTHER INCOME FROM INSURANCE ACTIVITIES

	From 01/01/2014 to 30/6/2014	From 01/01/2013 to 30/6/2013
	VND	VND
Other receipts from inward insurance activities	123,290,078,458	3,486,431,543
Deposits for clean cut contracts (*)	13,065,430,767	-
Claim reserved released (*)	47,522,363,741	-
Collect and pay on behalf regarding P&I contracts (*)	61,166,617,260	-
Other receives	1,535,666,690	3,486,431,543
Other receipts from outward insurance activities	72,880,041,009	12,399,443,047
Claim reserved retained (*)	59,691,035,510	-
Other receives	13,189,005,499	12,399,443,047
	196,170,119,467	15,885,874,590

(*) Before 01 January 2014, such receipts were presented in the inward/outward reinsurance premium items. Since 2014, they have been recognized as other income from reinsurance activities. The Corporation believes that such recognition is in conformity with prevailing regulations and the Corporation's operations.

24. TOTAL INSURANCE CLAIM SETTLEMENT EXPENSES

	From 01/01/2014 to 30/6/2014	From 01/01/2013 to 30/6/2013
	VND	VND
Claim settlement expenses	662,286,259,789	458,933,183,492
<i>Energy insurance</i>	1,803,279,486	429,160,590
<i>Hull and P&I insurance</i>	90,822,799,704	159,081,386,068
<i>Cargo insurance</i>	22,977,235,902	32,806,360,743
<i>Engineering insurance</i>	254,162,131,227	66,459,552,697
<i>Fire & property insurance</i>	234,736,608,213	179,676,547,347
<i>Aviation insurance</i>	2,944,816,396	2,214,424,618
<i>Other insurance</i>	54,839,388,861	18,265,751,429
Claim receipts from ceded policies	533,934,033,776	316,356,904,757
(Decrease) in inward reinsurance claim reserve	(45,087,982,057)	(42,122,831,614)
(Decrease) in outward reinsurance claim reserve	(74,771,996,743)	(14,195,561,530)
	158,036,240,699	114,649,008,651

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)

25. OTHER EXPENSES FROM INSURANCE ACTIVITIES

	From 01/01/2014 to 30/6/2014	From 01/01/2013 to 30/6/2013
	VND	VND
Other payments for inward insurance activities	94,038,099,169	16,514,190,956
Deposits for clean cut contracts (*)	13,065,430,767	-
Claim reserved retained (*)	59,776,541,619	-
Other receives	21,196,126,783	16,514,190,956
Other payments for outward insurance activities	99,196,570,880	(532,680,627)
Claim reserved released (*)	44,175,898,043	-
Collect and pay on behalf regarding P&I contracts (*)	53,947,273,918	-
Other receives	1,073,398,919	(532,680,627)
	193,234,670,049	15,981,510,329

(*) Before 01 January 2014, such payments were presented in the inward/outward reinsurance claim settlement expenses items. Since 2014, they have been recognized as other expenses for reinsurance activities. The Corporation believes that such recognition is in conformity with prevailing regulations and the Corporation's operations.

26. FINANCIAL INCOME

	From 01/01/2014 to 30/6/2014	From 01/01/2013 to 30/6/2013
	VND	VND
Interest on time deposits	82,004,056,792	99,509,635,579
Dividends and profits received	13,468,023,900	17,670,297,563
Interest on bonds, commercial bills	8,500,609,589	8,073,641,216
Interest on entrusted investments	6,512,978,301	1,012,768,301
Interest on exchange differences	954,702,420	2,836,715,977
Interest on securities trading	90,817,958,089	-
Interest on demand deposits	289,355,648	234,432,963
Other financial income	-	293,040,000
	202,547,684,739	129,630,531,599

27. PILOT PROVISION OF AGRICULTURAL INSURANCE

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

On 17 August 2011, the Ministry of Finance issued Circular No. 121/2011/TT-BTC providing guidance on several clauses of Decision No. 315/QĐ-TTg dated 01 March 2011 by the Prime Minister. Accordingly, insurance enterprises and the Corporation shall provide agricultural insurance activities in pilot for non-profit purposes. Insurance enterprises have responsibilities to account for revenue and costs incurred from pilot agricultural insurance activities separately from other activities and any existing agricultural insurance activities.

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)

27. PILOT PROVISION OF AGRICULTURAL INSURANCE (Continued)

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 2014 to 30 June 2014 only presented net income of VND 431,965,722 in 2012 from the pilot agricultural insurance activities. Accumulated loss as at 30 June 2014 of the pilot agricultural insurance activities is VND 42,015,277,691. The Board of General Directors believes that such presentation is in line with the provisions of the above decisions and circulars.

According to Decision No. 315/QĐ-TTg, pilot provision of agricultural insurance ended on 31 December 2013. The Corporation has been conducting procedures to finalize this activity with the Ministry of Finance. The final decision on the results of the Corporation's pilot provision of agricultural insurance will be made by the Ministry of Finance.

28. CORPORATE INCOME TAX

	From 01/01/2014 to 30/6/2014	From 01/01/2013 to 30/6/2013
	VND	VND
Profit before tax	248,852,449,565	228,880,341,515
Adjustments for taxable income		
Less: Non-taxable income	(30,079,970,926)	(64,883,586,748)
Add: Non-deductible expenses	752,023,211	3,947,354,632
Add: Loss of Vinare Invest	480,409,114	915,756,824
Assessable income	220,004,910,964	168,859,866,223
Normal tax rate	22%	25%
Corporate current income tax payable	48,401,080,412	42,214,966,556
Deferred tax	42,131,759	(5,304,469)

From 01 January 2014, the normal tax rate is 22% under Decree No. 218/2013/ND-CP issued by the Government on 26 December 2013.

The corporate income tax for the period from 01 January 2014 to 30 June 2014 is the estimated amount. The Corporation will determine the final corporate income tax when preparing the financial statements for the year ending 31 December 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DNPNT

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

29. BASIC EARNINGS PER SHARE

	From 01/01/2014 to 30/6/2014	From 01/01/2013 to 30/6/2013
Accounting profit after corporate income tax (VND)	200,409,237,394	186,670,679,428
Less (loss)/profit after corporate income tax distributable to minority shareholders (VND)	(480,409,114)	(404,872,131)
Earnings after corporate income tax distributable to ordinary shareholders (VND)	200,889,646,508	187,075,551,559
Weighted average number of ordinary shares in circulation in the period (share)	100,827,658	100,827,658
Basic earnings per share (VND)	1,992	1,855

30. FINANCIAL INSTRUMENTS

Capital risk management

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

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

Significant accounting policies

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

Categories of financial instruments

	Carrying amounts	
	30/6/2014	31/12/2013
	VND	VND
Financial assets		
Cash and cash equivalents	684,828,734,749	773,393,970,344
Trade receivables	1,384,769,842,689	1,466,240,527,947
Claim reserve for outward reinsurance	1,205,729,739,238	1,292,624,695,414
Short-term investments	1,462,627,149,700	1,152,034,657,763
Long-term investments	640,664,620,862	701,774,363,492
Total	5,378,620,087,238	5,386,068,214,960
Financial liabilities		
Trade and other payables	1,250,801,882,404	1,350,527,421,231
Claim reserve for inward reinsurance	1,571,637,245,075	1,631,000,265,956
Long-term deposits received	3,504,186,642	3,552,186,642
Total	2,825,943,314,121	2,985,079,873,829

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B09-DNPNT

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

30. FINANCIAL INSTRUMENTS (Continued)

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 exchange risk and price risk), credit risk and liquidity risk.

Market risk

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

Foreign currency risk management

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

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

	Assets		Liabilities	
	30/6/2014	31/12/2013	30/6/2014	31/12/2013
	VND	VND	VND	VND
United States Dollar (USD)	990,588,364,551	964,677,103,947	745,301,748,763	687,782,030,089
Euro (EUR)	3,026,369,769	3,988,303,226	106,529,300	12,110,180,435
Great Britain Pound (GBP)	369,958,014	31,964,113,592	15,404,054	17,336,051
Singapore Dollar (SGD)	31,351,156	42,750,781	-	-
Australian Dollar (AUD)	8,541,338	8,463,273	-	-
Japanese Yen (JPY)	653,726,229	663,711,757	81,300,077	94,002,091

Foreign currency sensitivity analysis

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

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 01/01/2014 to 30/6/2014	From 01/01/2013 to 30/6/2013
	VND	VND
United States Dollar (USD)	24,528,661,579	3,300,348,539
Euro (EUR)	291,984,047	2,469,738,842
Great Britain Pound (GBP)	35,455,396	8,012,876,277

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)

30. FINANCIAL INSTRUMENTS (Continued)

Market risk (Continued)

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. At the balance sheet date, the Corporation was exposed to credit risk from customer receivables. The Corporation has made a sufficient provision for such receivables.

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.

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

30. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk management (Continued)

	Less than 1 year	From 1 - 5 years	Over 5 years	Total
	VND	VND	VND	VND
30/6/2014				
Cash and cash equivalents	684,828,734,749	-	-	684,828,734,749
Trade receivables	1,384,769,842,689	-	-	1,384,769,842,689
Claim reserve for outward reinsurance	1,205,729,739,238	-	-	1,205,729,739,238
Short-term investments	1,462,627,149,700	-	-	1,462,627,149,700
Long-term investments	-	170,821,206,063	469,843,414,799	640,664,620,862
Total	4,737,955,466,376	170,821,206,063	469,843,414,799	5,378,620,087,238
30/6/2014				
Trade and other payables	1,250,801,882,404	-	-	1,250,801,882,404
Claim reserve for inward reinsurance	1,571,637,245,075	-	-	1,571,637,245,075
Long-term deposits received	-	3,504,186,642	-	3,504,186,642
Total	2,822,439,127,479	3,504,186,642	-	2,825,943,314,121
Net liquidity gap	1,915,516,338,897	167,317,019,421	469,843,414,799	2,552,676,773,117
	Less than 1 year	From 1 - 5 years	Over 5 years	Total
	VND	VND	VND	VND
31/12/2013				
Cash and cash equivalents	773,393,970,344	-	-	773,393,970,344
Trade receivables	1,466,240,527,947	-	-	1,466,240,527,947
Claim reserve for outward reinsurance	1,292,624,695,414	-	-	1,292,624,695,414
Short-term investments	1,152,034,657,763	-	-	1,152,034,657,763
Long-term investments	-	190,821,206,063	510,953,157,429	701,774,363,492
Total	4,684,293,851,468	190,821,206,063	510,953,157,429	5,386,068,214,960
31/12/2013				
Trade and other payables	1,350,527,421,231	-	-	1,350,527,421,231
Claim reserve for inward reinsurance	1,631,000,265,956	-	-	1,631,000,265,956
Long-term deposits received	-	3,552,186,642	-	3,552,186,642
Total	2,981,527,687,187	3,552,186,642	-	2,985,079,873,829
Net liquidity gap	1,702,766,164,281	187,269,019,421	510,953,157,429	2,400,988,341,131

The Board of General Directors assessed the liquidity risk 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.

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

31. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

List of related parties:

Related parties	Relationship
State Capital Investment Corporation	Owner
Swiss Re Group	Owner
Samsung-Vina Insurance Co., Ltd	Joint venture
Bao Minh Insurance Joint-Stock Corporation	Investee

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

	From 01/01/2014 to 30/6/2014	From 01/01/2013 to 30/6/2013
	VND	VND
<u>Swiss Re Group</u>		
Outward reinsurance premium	76,715,545,548	83,355,521,376
Outward reinsurance commission	23,637,537,795	23,911,236,612
Receipt from outward reinsurance claim	54,411,980,279	20,652,944,501
Dividends paid	25,206,915,000	45,372,447,000
<u>Bao Minh Insurance Joint-Stock Corporation</u>		
Outward reinsurance premium	64,797,245,667	38,571,123,613
Outward reinsurance commission	13,927,172,633	8,601,387,453
Receipt from outward reinsurance claim	52,553,886,236	25,107,279,275
Inward reinsurance premium	68,303,864,323	52,500,971,136
Inward reinsurance commission	15,995,584,663	11,554,359,370
Claim settlements of inward reinsurance	85,239,724,262	43,026,806,407
<u>Samsung-Vina Insurance Co., Ltd</u>		
Outward reinsurance premium	4,766,910,700	7,085,277,606
Outward reinsurance commission	662,436,288	1,618,178,583
Receipt from outward reinsurance claim	4,514,877,373	6,839,769,546
Inward reinsurance premium	190,965,759,713	178,099,885,107
Inward reinsurance commission	54,501,390,278	48,614,845,862
Claim settlements of inward reinsurance	211,838,069,712	61,946,710,834
<u>State Capital Investment Corporation</u>		
Dividends paid	40,696,950,000	73,254,510,000
<u>The Board of General Directors</u>		
Net remuneration of the Board of General Directors for the period	3,629,890,443	2,672,122,666

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

	30/6/2014	31/12/2013
	VND	VND
<u>Swiss Re Group</u>		
Receivables from outward reinsurance activities	18,715,573,418	108,837,152,579
Payables for outward reinsurance activities	50,341,428,807	190,211,824,213
Dividends payable for 2013	25,206,915,000	25,206,915,000
<u>Bao Minh Insurance Joint-Stock Corporation</u>		
Receivables from inward reinsurance activities	61,537,547,522	64,087,875,912
Receivables from outward reinsurance activities	29,603,998,730	23,932,799,853
Payables for inward reinsurance activities	53,777,463,165	67,037,700,344
Payables for outward reinsurance activities	44,520,331,205	29,229,230,792

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

31. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

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

	30/6/2014	31/12/2013
	VND	VND
<u>Samsung-Vina Insurance Co., Ltd</u>		
Receivables from inward reinsurance activities	50,544,819,278	32,328,221,916
Receivables from outward reinsurance activities	4,369,914,195	5,441,859,621
Payables for inward reinsurance activities	142,046,139,400	44,411,679,457
Payables for outward reinsurance activities	2,861,989,658	3,608,308,908
<u>State Capital Investment Corporation</u>		
Dividends paid for 2013	40,696,950,000	40,696,950,000

32. 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 recognised 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 "Accrued expenses" 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 on wards, 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. As for the withholding tax from 2012 to present, the Corporation declared and paid annually.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

33. FINANCIAL RATIOS

Items	Unit	From 01/01/2014 to 30/6/2014	From 01/01/2013 to 30/6/2013
1. Assets and resources structure arrangement			
1.1. Assets structure arrangement			
- Fixed assets and long-term investments/Total assets	%	15.70	18.47
- Current assets and short-term investments/Total assets	%	84.30	81.53
1.2. Resources structure arrangement			
- Liabilities/Total resources	%	59.62	61.29
- Owner's equity/Total resources	%	39.88	38.21
2. Liquidity			
2.1. Current liquidity	times	1.68	1.63
2.2. Short-term liability liquidity	times	1.42	1.33
2.3. Quick liquidity	times	0.57	0.49
3. Profit ratio			
3.1. Profit/Revenue ratio			
- Profit before tax/Revenue ratio	%	35.00	41.51
- Profit after tax/Revenue ratio	%	28.19	33.86
3.2. Profit/Total assets ratio			
- Profit before tax/Total assets ratio	%	3.94	4.90
- Profit after tax/Total assets ratio	%	3.17	3.99
3.3. Profit after tax/Owner's equity ratio	%	7.95	7.71

34. 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 failure to prepare business segment report is in line with the Company's current business operation.

35. COMPARATIVE FIGURES

Comparative figures presented in the consolidated balance sheet and respective notes are audited figures as at 31 December 2013.

Comparative figures presented in the consolidated income statement, consolidated cash flow statement and the respective notes are those of the reviewed consolidated financial statements for the period from 01 January 2013 to 30 June 2013.

Some opening balances are adjusted and restated to conform with the provisions of Circular No.232/2012/TT-BTC ("Circular 232") providing accounting guidance applicable to non-life insurers, reinsurers and branches of foreign non-life insurers, as follows:

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)

35. COMPARATIVE FIGURES (Continued)

Items in the consolidated balance sheet:

Item	As at 31/12/2013		
	Previously reported amount	Adjustment/ reclassification	After adjustment/ reclassification
	VND	VND	VND
1. Cash and cash equivalents	42,900,163,924	-	42,900,163,924
1. Cash	-	42,900,163,924	42,900,163,924
1.2 Cash on hand	2,101,653,161	(2,101,653,161)	-
1.3 Cash in bank	40,798,510,763	(40,798,510,763)	-
2. Short-term financial investments	1,162,071,665,009	-	1,162,071,665,009
2.1 Short-term investments	1,116,285,570,363	45,786,094,646	1,162,071,665,009
2.2 Short-term investments in securities	45,786,094,646	(45,786,094,646)	-
3. Reinsurance asstes	-	1,794,476,481,049	1,794,476,481,049
3.1. Unearned premium reserve for outward reinsurance	-	501,851,785,635	501,851,785,635
3.2. Claim reserve for outward reinsurance	-	1,292,624,695,414	1,292,624,695,414
4. Tangible Fixed Assets	28,431,617,392	(16,652,235,383)	11,779,382,009
4.1 Cost	58,792,922,719	(34,055,061,893)	24,737,860,826
4.2 Accumulated depreciation	(30,361,305,327)	17,402,826,510	(12,958,478,817)
5. Investment property	-	16,652,235,383	16,652,235,383
5.1 Cost	-	34,055,061,893	34,055,061,893
5.2 Accumulated depreciation	-	(17,402,826,510)	(17,402,826,510)
6. Long-term financial investments	1,122,204,806,197	-	1,122,204,806,197
6.1 Interests in joint ventures	331,383,330,134	(331,383,330,134)	-
6.2 Long-term investments in associates	-	331,383,330,134	331,383,330,134
6.3 Long-term investments in securities	612,000,270,000	(612,000,270,000)	-
6.4 Other long-term investments	178,821,206,063	612,000,270,000	790,821,476,063
7. Under-writing reserves	556,567,577,817	1,794,476,481,049	2,351,044,058,866
7.1. Unearned premium reserves for inward reinsurance	218,192,007,275	501,851,785,635	720,043,792,910
7.2. Claim reserve for inward reinsurance	338,375,570,542	1,292,624,695,414	1,631,000,265,956

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)

35. COMPARATIVE FIGURES (Continued)

Items in the consolidated income statement:

Item	From 01/01/2013 to 30/6/2013		
	Previously reported amount	Adjustment/ reclassification	After adjustment/ reclassification
	VND	VND	VND
1. (Decrease) in unearned premium reserve for inward reinsurance	(22,906,493,589)	1,494,828,051	(21,411,665,538)
2. Increase/(decrease) in unearned premium reserve for outward reinsurance	-	1,494,828,051	1,494,828,051
3. (Decrease) in claim reserve for inward reinsurance	(27,927,270,084)	(14,195,561,530)	(42,122,831,614)
4. Increase/(decrease) in claim reserve for outward reinsurance	-	(14,195,561,530)	(14,195,561,530)

Nguyen Thanh Cong
Preparer

Luu Thi Viet Hoa
Chief Accountant



Pham Cong Tu
General Director

Hanoi, 25 August 2014