

**VIETNAM NATIONAL REINSURANCE
JOINT STOCK CORPORATION**

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

For the year ended 31 December 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 year ended 31 December 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 year and to the date of this report are as follows:

Board of Management

Mr. Trinh Quang Tuyen	Chairman
Mr. Tran Trong Phuc	Vice Chairman (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 cash flows for the year 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, 12 March 2015

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of Vietnam National Reinsurance Joint Stock Corporation (the "Corporation") prepared on 12 March 2015 as set out from page 3 to page 39, which comprise the consolidated balance sheet as at 31 December 2014, and the consolidated statement of income and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of, in all material respects, the consolidated financial position of the Corporation as at 31 December 2014, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting.



Vũ Đình Nguyên
Deputy General Director
Audit Practising Registration Certificate
No. 0764-2013-001-1

For and on behalf of

DELOITTE VIETNAM COMPANY LIMITED

12 March 2015

Hanoi, S.R. Vietnam

Trần Quang Huy
Auditor
Audit Practising Registration Certificate
No. 1675-2013-001-1

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

FORM B 01-DNPNT

Unit: VND

ASSETS	Codes	Notes	31/12/2014	31/12/2013 (Restated)
A. CURRENT ASSETS (100=110+120+130+140+150+190)	100		4,907,419,601,474	5,187,257,895,404
I. Cash and cash equivalents	110	6	904,587,919,060	773,393,970,344
1. Cash	111		147,927,919,060	42,900,163,924
2. Cash equivalents	112		756,660,000,000	730,493,806,420
II. Short-term financial investments	120	7	1,135,095,935,326	1,152,034,657,763
1. Short-term investments	121		1,138,024,683,685	1,162,071,665,009
2. Provision for impairment of short-term investments	129		(2,928,748,359)	(10,037,007,246)
III. Short-term receivables	130		1,025,961,430,829	1,466,240,527,947
1. Trade accounts receivable	131	8	1,078,308,021,619	1,513,173,280,955
1.1. Receivables of insurance contracts	131.1		970,662,445,328	1,409,889,659,094
1.2. Other trade accounts receivable	131.2		107,645,576,291	103,283,621,861
2. Provision for short-term doubtful debts	139		(52,346,590,790)	(46,932,753,008)
IV. Inventories	140		135,670,390	54,311,517
1. Inventories	141		135,670,390	54,311,517
V. Other current assets	150		145,820,613,032	1,057,946,784
1. Short-term prepaid expenses	151	9	144,750,901,483	123,200,000
1.1. Unallocated commission expenses	151.1		144,750,901,483	-
1.2. Other short-term prepaid expenses	151.2		-	123,200,000
2. Value added tax deductibles	152		659,955,532	601,043,709
3. Other short-term assets	158		409,756,017	333,703,075
VI. Reinsurance assets	190	20	1,695,818,032,837	1,794,476,481,049
1. Unearned premium reserve for outward reinsurance	191		500,955,574,666	501,851,785,635
2. Claim reserve for outward reinsurance	192		1,194,862,458,171	1,292,624,695,414
B. NON-CURRENT ASSETS (200=210+220+240+250+260)	200		1,127,090,437,485	1,175,401,172,287
I. Long-term receivables	210		22,000,000,000	6,000,000,000
1. Other long-term receivables	218		22,000,000,000	6,000,000,000
1.1. Insurance deposit	218.1		22,000,000,000	6,000,000,000
II. Fixed assets	220		47,856,148,267	54,897,845,859
1. Tangible fixed assets	221	10	10,701,654,498	11,779,382,009
- Cost	222		24,940,283,036	24,737,860,826
- Accumulated depreciation	223		(14,238,628,538)	(12,958,478,817)
2. Intangible assets	227	11	23,831,129,786	21,114,792,752
- Cost	228		32,434,195,934	24,415,317,809
- Accumulated amortisation	229		(8,603,066,148)	(3,300,525,057)
3. Construction in progress	230	12	13,323,363,983	22,003,671,098
III. Investment property	240	13	15,235,023,861	16,652,235,383
- Cost	241		34,055,061,893	34,055,061,893
- Accumulated depreciation	242		(18,820,038,032)	(17,402,826,510)
IV. Long-term financial investments	250	14	981,534,666,404	1,033,157,693,626
1. Long-term investments in associates	252		167,306,051,992	331,383,330,134
2. Other long-term investments	258		861,588,602,054	790,821,476,063
3. Provision for impairment of long-term investments	259		(47,359,987,642)	(89,047,112,571)
V. Other non-current assets	260		60,464,598,953	64,693,397,419
1. Long-term prepaid expenses	261	15	1,836,755,101	6,022,177,067
2. Deferred tax assets	262		230,970,974	274,347,474
3. Other long-term assets	268	16	58,396,872,878	58,396,872,878
TOTAL ASSETS (270=100+200)	270		6,034,510,038,959	6,362,659,067,691

These notes set out on pages 10 to 39 are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2014

FORM B 01-DNPNT
Unit: VND

RESOURCES	Codes	Notes	31/12/2014	31/12/2013 (Restated)
A. LIABILITIES (300=310+330)	300		3,355,473,837,652	3,899,520,947,711
I. Current liabilities	310		3,352,128,401,641	3,894,871,371,172
1. Trade accounts payable	312	17	735,751,584,171	1,259,495,964,550
1.1 Payables of insurance contracts	312.1		723,221,578,477	1,241,963,200,363
1.2. Other trade accounts payable	312.2		12,530,005,694	17,532,764,187
2. Advances from customers	313		980,218,989	206,429,422
3. Taxes and amounts payable to the State budget	314	18	7,744,878,106	12,325,352,658
4. Payables to employees	315		14,593,455,287	14,255,803,845
5. Accrual expenses	316		-	12,615,830,204
6. Other current payables	319	19	9,389,622,657	103,334,427,148
7. Unearned commission income	319.1	19	97,838,561,942	-
8. Bonus and welfare funds	323		12,717,559,202	8,868,805,103
9. Under-writing reserves	329	20	2,473,112,521,287	2,483,768,758,242
9.1. Unearned premium reserves for inward reinsurance	329.1		736,789,100,483	720,043,792,910
9.2. Claim reserves for inward reinsurance	329.2		1,582,390,623,540	1,631,000,265,956
9.3. Catastrophe reserve	329.3		153,932,797,264	132,724,699,376
II. Long-term liabilities	330		3,345,436,011	4,649,576,539
1. Other long-term payables	333		2,295,567,947	3,552,186,642
2. Provision for severance allowance	336		1,049,868,064	1,097,389,897
B. EQUITY (400=410)	400	21	2,647,289,205,447	2,431,132,289,571
I. Owners' equity	410		2,647,289,205,447	2,431,132,289,571
1. Owners' contributed capital	411		1,310,759,370,000	1,008,276,580,000
2. Share premium	412		566,368,537,309	768,023,850,642
3. Investment and development fund	417		37,302,323,446	30,042,903,393
4. Financial reserve fund	418		150,476,757,713	150,476,757,713
5. Compulsory reserve fund	419		93,255,808,614	75,107,258,481
6. Retained earnings	421		489,126,408,365	399,204,939,342
C. MINORITY INTERESTS	429		31,746,995,860	32,005,830,409
TOTAL RESOURCES (440=300+400+429)	440		6,034,510,038,959	6,362,659,067,691

These notes set out on pages 10 to 39 are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2014

FORM B 01-DNPNT

OFF-BALANCE SHEET ITEMS	Currency	31/12/2014	31/12/2013 (Restated)
1. Foreign currencies			
United States Dollar	USD	10,449,604.08	10,190,330.46
Australian Dollar	AUD	418.15	435.67
Japanese Yen	JPY	35,267.00	36,719.00
Singapore Dollar	SGD	522.37	1,862.69
Great Britain Pound	GBP	201.01	986,654.83
Euro	EUR	268,706.16	137,079.73
2. Existing depreciation fund	VND	50,886,297,685	41,889,295,351


Nguyen Thanh Cong
 Preparer
Hanoi, 12 March 2015


Luu Thi Viet Hoa
 Chief Accountant


Pham Cong Tu
 General Director

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

PART I - GERNERAL INCOME STATEMENT

FORM B 02-DNPNT

Unit: VND

ITEMS	Codes	2014	2013
1. Net revenue from insurance activities	10	1,053,238,145,015	773,269,559,204
2. Financial income	12	300,699,029,599	230,666,235,600
3. Other income	13	28,093,716,323	14,558,704,287
4. Total expenses for insurance activities	20	926,165,725,870	597,966,593,445
5. Financial expenses	22	(13,723,227,330)	14,973,582,804
6. General and administration expenses	23	75,521,992,650	82,553,996,393
7. Other expenses	24	11,213,957,626	5,675,682,932
8. Share of net profits of associate	25	33,234,599,904	72,631,304,237
9. Profit/(Loss) from pilot agricultural insurance	26	-	(22,315,259,264)
10. Total accounting profit before tax (50 = 10+12+13-20-22-23-24+25+26)	50	416,087,042,025	367,640,688,490
11. Income tax expense	51	81,493,607,887	69,345,034,237
12. Deferred corporate tax expense/(income)	52	43,376,500	(38,011,470)
13. Net profit after corporate income tax (60=50-51-52)	60	334,550,057,638	298,333,665,723
14. Basic earnings per share	70	2,974	2,981

These notes set out on pages 10 to 39 are an integral part of these consolidated financial statements

CONSOLIDATED INCOME STATEMENT (Continued)

For the year ended 31 December 2014

PART II: INCOME STATEMENT BY ACTIVITY

FORM B 02-DNPNT

Unit: VND

ITEMS	Codes	Notes	2014	2013
1. Insurance premium (01 = 01.2-01.3)	01	22	1,473,671,063,509	1,504,582,796,044
- Inward reinsurance premium	01.2		1,512,456,200,118	1,424,959,104,546
- Increase/(Decrease) in unearned premium reserve for inward reinsurance	01.3		38,785,136,609	(79,623,691,498)
2. Outward reinsurance premium (02 = 02.1-02.2)	02	23	935,774,298,078	936,210,667,399
- Outward reinsurance premium	02.1		954,209,712,719	924,856,035,481
- Increase/(Decrease) in unearned premium reserve for outward reinsurance	02.2		18,435,414,641	(11,354,631,918)
3. Net insurance premium (03 = 01-02)	03		537,896,765,431	568,372,128,645
4. Commission income from outward reinsurance and other income from insurance activities (04=04.1+04.2)	04		515,341,379,584	204,897,430,559
- Commission income from outward reinsurance	04.1		103,273,380,221	185,842,572,795
- Other income from insurance activities	04.2	24	412,067,999,363	19,054,857,764
5. Net revenue from insurance activities (10=03+04)	10		1,053,238,145,015	773,269,559,204
6. Claim settlement expenses (11=11.1)	11		1,054,419,773,432	1,044,425,581,434
- Total claim settlement expenses	11.1		1,054,419,773,432	1,044,425,581,434
7. Claim receipts from ceded policies	12		793,735,449,206	756,096,510,792
8. Increase/(Decrease) in claim reserve for inward reinsurance	13		84,334,319,791	(268,390,597,171)
9. Increase/(Decrease) in claim reserve for outward reinsurance	14		23,834,007,661	(212,029,690,892)
10. Total insurance claim settlement expenses (15=11-12+13-14)	15	25	321,184,636,356	231,968,164,363
11. Increase in catastrophe reserve	16		16,753,113,940	15,003,092,072
12. Other expenses for insurance activities (17=17.1+17.2)	17		588,227,975,574	350,995,337,010
- Insurance commission expenses	17.1		174,364,485,568	323,721,380,518
- Other expenses for insurance activities	17.2	26	413,863,490,006	27,273,956,492
13. Total expenses for insurance activities (18=15+16+17)	18		926,165,725,870	597,966,593,445
14. Gross profit from insurance activities (19=10-18)	19		127,072,419,145	175,302,965,759

These notes set out on pages 10 to 39 are an integral part of these consolidated financial statements

CONSOLIDATED INCOME STATEMENT (Continued)

For the year ended 31 December 2014

PART II: INCOME STATEMENT BY ACTIVITY (Continued)

FORM B 02-DNPNT

Unit: VND

ITEMS	Codes	Notes	2014	2013
15. Financial income	23	27	300,699,029,599	230,666,235,600
16. Financial expenses	24	28	(13,723,227,330)	14,973,582,804
17. Gross profit from financial activities (25=23-24)	25		314,422,256,929	215,692,652,796
18. General and administration expenses	26		75,521,992,650	82,553,996,393
19. Net profit from operating activities (30=19+25-26)	30		365,972,683,424	308,441,622,162
20. Other incomes	31		28,093,716,323	14,558,704,287
21. Other expenses	32		11,213,957,626	5,675,682,932
22. Other profits (40=31-32)	40		16,879,758,697	8,883,021,355
23. Share of net profits of associate	40.1		33,234,599,904	72,631,304,237
24. Profit/(Loss) from pilot agricultural insurance	40.2	29	-	(22,315,259,264)
25. Accounting profit before tax (50=30+40+40.1+40.2)	50		416,087,042,025	367,640,688,490
26. Current corporate income tax expense	51	30	81,493,607,887	69,345,034,237
27. Deferred corporate tax expense/(income)	52		43,376,500	(38,011,470)
28. Profit after corporate income tax (60=50-51-52)	60		334,550,057,638	298,333,665,723
<i>Attributable to:</i>				
Equity holders of the Corporation			334,808,892,187	300,535,646,947
Minority interests			(258,834,549)	(2,201,981,224)
29. Basic earnings per share	70	31	2,974	2,981



Nguyen Thanh Cong
Preparer



Luu Thi Viet Hoa
Chief Accountant



Pham Cong Tu
General Director

Hanoi, 12 March 2015

CONSOLIDATED CASH FLOW STATEMENT

(Direct method)

For the year ended 31 December 2014

FORM B 03-DNPNT

Unit: VND

ITEMS	Codes	2014	2013 (Restated)
I. Cash flows from operating activities			
1. Receipts from inward and outward insurance activities	01	702,479,278,419	712,681,631,225
2. Payments for inward and outward insurance activities	02	(669,377,001,202)	(731,933,109,544)
3. Payments for employees	03	(41,588,100,066)	(36,031,848,649)
4. Payments for corporate income tax	05	(93,582,479,534)	(76,356,874,767)
5. Other receipts from operating activities	06	6,456,622,036	12,618,267,592
6. Payments for other activities	07	(6,453,846,874)	(14,258,418,181)
Net cash (used in) operating activities	20	(102,065,527,221)	(133,280,352,324)
II. Cash flows from investing activities			
1. Acquisition and construction of fixed assets and other long-term assets	21	(2,167,816,660)	(6,863,156,497)
2. Investments in other entities	25	(2,389,691,937,033)	(2,023,641,251,910)
3. Cash recovered from investments in other entities	26	2,485,938,725,310	2,078,857,706,400
4. Interest earned, dividends and profits received	27	339,003,738,671	267,649,808,336
Net cash from investing activities	30	433,082,710,288	316,003,106,329
III. Cash flows from financing activities			
1. Dividends and profits paid	36	(200,197,958,800)	(181,072,839,920)
Net cash (used in) financing activities	40	(200,197,958,800)	(181,072,839,920)
Net decrease in cash (50 = 20+30+40)	50	130,819,224,267	1,649,914,085
Cash and cash equivalents at the beginning of the year	60	773,393,970,344	771,395,912,978
Effect of changes in foreign exchange rates	61	374,724,449	348,143,281
Cash and cash equivalents at the end of the year (70 = 50+60+61)	70	904,587,919,060	773,393,970,344



Nguyen Thanh Cong
Preparer

Hanoi, 12 March 2015



Luu Thi Viet Hoa
Chief Accountant



Pham Cong Tu
General Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FORM B 09-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/GP/DC4/KDBH dated 12 August 2014.

The number of employees as at 31 December 2014 was 94 (31 December 2013: 88).

As at 31 December 2014, the Corporation has one subsidiary, which is Vinare Investment Joint Stock Company and one associate, which is Samsung Vina Insurance. 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 the 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 the Corporation are to provide reinsurance services, to make financial investments and other activities permitted by law.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying 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 Corporation's financial year begins on 01 January and ends on 31 December.

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 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 year ended 31 December 2014.

The Corporation has made retrospective restatements of some items in the consolidated balance sheet as at 31 December 2013 and in the consolidated income statement for the year ended 31 December 2013 in order to comply with Circular 232 as stated in Note 37 of the Notes to the consolidated financial statements.

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

4. NEW ACCOUNTING GUIDANCE IN ISSUE NOT YET ADOPTED

On 17 December 2014, the Ministry of Finance issued Circular No. 194/2014/TT-BTC ("Circular 194") amending and supplementing a number of articles of Circular No. 124/2012/TT-BTC dated 30 July 2012 of the Ministry of Finance guiding the implementation of a number of articles of Decree No. 45/2007/ND-CP dated 27 March 2007 of the Government specifying the implementation of a number of articles of the Law on insurance business and Decree No. 123/2011/ND-CP dated 28 December 2011 of the Government specifying the implementation of a number of articles of the Law amending and supplementing a number of articles of the Law on Insurance Business and Circular No. 125/2012/TT-BTC dated 30 July 2012 of the Ministry of Finance guiding the financial regulation for insurance enterprises, re-insurance enterprises, insurance brokerage enterprises and branches of foreign non-life insurance enterprises. Circular 194 is effective from 01 February 2015 and is applied from financial year 2015 onwards. The Board of General Directors is considering the extent of impact of the adoption on the Corporation's consolidated financial statements for future accounting periods.

On 22 December 2014, the Ministry of Finance issued Circular No. 200/2014/TT-BTC ("Circular 200") guiding the application of accounting regime for enterprises and Circular No. 202/2014/TT-BTC (Circular 202) guiding the preparation and presentation of consolidated financial statements. These circulars are effective for financial years beginning on or after 01 January 2015. Circular 200 will supersede the regulations for accounting regime promulgated under Decision No. 15/2006/QĐ-BTC dated 20 March 2006 issued by the Ministry of Finance and Circular No. 244/2009/TT-BTC dated 31 December 2009 issued by the Ministry of Finance. Circular 202 will supersede section XIII in Circular No. 161/2007/TT-BTC dated 31 December 2007 of the Ministry of Finance guiding the preparation and presentation of consolidated financial statements in accordance with Vietnamese Accounting Standard No. 25 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries". The Board of General Directors is considering the extent of impact of the adoption of these circulars on the Corporation's consolidated financial statements for future accounting periods.

5. 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 year. Although these accounting estimates are based on the management's best knowledge, actual results could differ from these estimates.

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and enterprises controlled by the Corporation (its subsidiaries) for the year ended 31 December 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 year 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DNPNT

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 six 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 the ones that have been overdue for the longest time to the shortest time. The outstanding balance after offset, according to Circular No. 228/2009/TT-BTC dated 07 December 2009, 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%.

The Board of General Directors has considered the affect of changing accounting policy on making provision for doubtful debts compared to the application in 2013 and evaluated such change does not have any material effect on the financial statements for the year ended 31 December 2014.

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

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:

	2014 Years
Buildings, structures	25
Motor vehicles	6
Office equipment	4
Other fixed assets	4 - 5

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates

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

The results and assets and liabilities of associates are incorporated in these 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 Corporation's share of the net assets of the associate. Losses of an associate in excess of the Corporation's interest in that associate (which includes any long-term interests that, in substance, form part of the Corporation's net investment in the associate) are not recognised.

Where a group entity transacts with an associate of the Corporation, unrealised profits and losses are eliminated to the extent of the Corporation'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 impairment of investments in securities.

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

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.

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 operating in Vietnam and Circular No. 138/2012/TT-BTC dated 20 August 2012 guiding on allocation of goodwill regarding to joint stock companies transformed from State's companies, accordingly, if a wholly State-owned enterprise undergoes valuation by discounted cash flow method for equitization purposes, an increase in the actual value of the State capital portion compared to the book value, shall not be recognized as an intangible 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. As at 31 December 2014, the Corporation has fully allocated such difference.

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

Insurance deposits

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

Revenue recognition

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 year, 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 year end, the Corporation should determine unearned commission income from outward reinsurance corresponding to outward reinsurance premium not yet recognized in this year so as to allocate such commission income to the subsequent accounting years 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.

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 year and the ceded ratios.

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

At the year end, the Corporation should determine commission expenses for inward reinsurance which have not been recognized as expenses for the year yet corresponding to unearned inward reinsurance premium so as to allocate such commission expenses to the subsequent accounting years 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 year for all employees having worked at the Corporation for more than 12 months up to 31 December 2008 with the allowance made for each year of service up to 31 December 2008 equalling 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 year. The increase or decrease in the accrued amount shall be recorded in the consolidated income statement.

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

- The Corporation applies an accounting exchange rate of 21,000 VND to USD in the year (in 2013: 20,800 VND to USD) to transactions arising in foreign currencies during the year. Such transactions are initially translated into VND using the accounting exchange rate and then using actual rate applicable on the transaction date. Such exchange differences are recorded in the income statement.
- Liabilities and receivables relating to accounting for revenues and costs for the year denominated in USD at the balance sheet date are translated using the Vietcombank's buying exchange rate of 21,380 VND to USD (at 31 December 2013: 21,085 VND to USD).
- Liabilities and receivables relating to accounting for revenue and costs for the year denominated in currencies other than USD at the balance sheet are translated into USD at the accounting exchange rate and then using the Vietcombank's buying exchange rate of 21,380 VND to USD (at 31 December 2013: 21,085 VND to 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 year, the Corporation applies the method of recording foreign exchange differences in accordance with Vietnamese Accounting Standard No. 10 (VAS 10) "Effects of changes in foreign exchange rates" and Circular No. 179/2012/TT-BTC dated 24 October 2012 providing guidance on recognition, measurement and treatment of foreign exchanges differences in enterprises. Accordingly, transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the income statement. Unrealised exchange gains as at the balance sheet date are not treated as part of distributable profit to shareholders.

Provisions

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

Enterprise funds

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

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

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under-writing reserves

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

Premium reserve: This reserve is provided for at 25% of the inward reinsurance premium and outward reinsurance premium for the year 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.

Claim reserves:

- For losses that have incurred and reported, the Corporation makes compensation 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 been reported.
- For claim reserve for 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 the retained premium rate of all transactions) until it reaches 100% of the premium retained in the year in accordance with Decree No. 46/2007/ND-CP dated 27 March 2007 issued by the Government.

On 28 September 2005, the Ministry of Finance issued Vietnamese Accounting Standard (VAS) No. 19 "Insurance Contract" and Decision No. 100/2005/QĐ-BTC (effective from 2006) attached thereto. Accordingly, at the reporting date, insurance enterprises are not allowed to make reserves, including catastrophe reserve, for future claim compensation if claims are not incurred on the balance sheet date. Currently, under Decree No. 46/2007/ND-CP dated 27 March 2007 issued by the Government, insurance enterprises are required to provide for catastrophe reserve. Since the Ministry of Finance has not yet issued any circular guiding the implementation of the aforesaid accounting standard, the fact that the Corporation still made catastrophe reserve in the year ended 31 December 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DNPNT

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and are 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 year when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

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

6. CASH AND CASH EQUIVALENTS

	31/12/2014	31/12/2013
	VND	VND
Cash on hand	2,343,232,568	2,101,653,161
Cash in bank	145,584,686,492	40,798,510,763
Cash equivalents	756,660,000,000	730,493,806,420
	<u>904,587,919,060</u>	<u>773,393,970,344</u>

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

7. SHORT-TERM FINANCIAL INVESTMENTS

	31/12/2014	31/12/2013
	VND	VND
Bank term deposits under one year (i)	1,057,500,000,000	1,116,285,570,363
Short-term bonds (ii)	50,050,000,000	30,050,000,000
Stocks (short-term)	30,474,683,685	15,736,094,646
Provision for impairment of short-term investments	(2,928,748,359)	(10,037,007,246)
	<u>1,135,095,935,326</u>	<u>1,152,034,657,763</u>

(i) Represent term deposits at commercial banks which will fall due from over 3 months to 12 months with interest rate of 6.5% to 8.5% per annum.

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

8. TRADE ACCOUNTS RECEIVABLE

	31/12/2014	31/12/2013
	VND	VND
Receivables of insurance contracts	970,662,445,328	1,409,889,659,094
- Receivables from inward reinsurance	452,936,394,776	606,011,120,648
- Receivables from outward reinsurance	454,836,247,074	734,119,751,609
- Other receivables from reinsurance activities	62,889,803,478	69,758,786,837
Other trade accounts receivable	107,645,576,291	103,283,621,861
- Accrued gains on investments and loans	97,066,595,670	91,880,020,773
- Other receivables	10,578,980,621	11,403,601,088
	<u>1,078,308,021,619</u>	<u>1,513,173,280,955</u>

9. SHORT-TERM PREPAID EXPENSES

	31/12/2014	31/12/2013
	VND	VND
Unallocated commission expenses	144,750,901,483	-
- Opening balance	-	-
- Unallocated commission expenses incurred in the year	319,115,387,051	-
- Commission expenses allocated in the year	174,364,485,568	-
- Closing balance	144,750,901,483	-
Other prepaid expenses	-	123,200,000
	<u>144,750,901,483</u>	<u>123,200,000</u>

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

10. 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	-	-	1,131,632,210	67,890,000	1,199,522,210
Disposal	-	(997,100,000)	-	-	(997,100,000)
As at 31/12/2014	<u>15,170,997,037</u>	<u>2,980,277,071</u>	<u>6,503,468,474</u>	<u>285,540,454</u>	<u>24,940,283,036</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	634,259,276	420,195,501	1,199,602,403	23,192,541	2,277,249,721
Disposal	-	(997,100,000)	-	-	(997,100,000)
As at 31/12/2014	<u>8,641,701,097</u>	<u>2,062,679,009</u>	<u>3,301,039,853</u>	<u>233,208,579</u>	<u>14,238,628,538</u>
NET BOOK VALUE					
As at 31/12/2014	<u>6,529,295,940</u>	<u>917,598,062</u>	<u>3,202,428,621</u>	<u>52,331,875</u>	<u>10,701,654,498</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 31 December 2014, the total cost of tangible fixed assets includes VND 1,800,092,259 (as at 31 December 2013: VND 2,179,103,565) of assets that have been fully depreciated but are still in use.

11. INTANGIBLE ASSETS

The balance as at 31 December 2014 represents cost and accumulated amortisation from 01 May 2013 (the date when it was put into use) of reinsurance software.

12. CONSTRUCTION IN PROGRESS

	31/12/2014 VND	31/12/2013 VND
Purchasing fixed assets	-	419,650,500
WebXL professional software system	-	3,404,637,093
142 Dinh Cong Street Project (i)	13,312,178,105	13,179,383,505
No.1 Groceries Company Project	-	5,000,000,000
Other construction in progress	11,185,878	-
	<u>13,323,363,983</u>	<u>22,003,671,098</u>

(i) Represent the investment value in real estate projects in which the Vinare Investment Joint-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 under schedule and there is no significant impairment of investments.

13. INVESTMENT PROPERTY

Represent 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 December 2014 is required to be disclosed. As assessed by the Corporation, the Corporation 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) **FORM B 09-DNPNT**
(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

14. LONG-TERM FINANCIAL INVESTMENTS

	31/12/2014	31/12/2013
	VND	VND
<i>Investments in associates (a)</i>	167,306,051,992	331,383,330,134
<i>Long-term investments in securities</i>	562,000,270,000	612,000,270,000
Equity investments (b)	472,000,270,000	472,000,270,000
Bonds (c)	90,000,000,000	140,000,000,000
<i>Other long-term investments</i>	299,588,332,054	178,821,206,063
Cash in bank (term of over 1 year)	168,000,000,000	123,000,000,000
Investment co-operation contract	7,858,333,333	-
Entrusted investments (d)	117,908,792,658	55,000,000,000
Other long-term investments	5,821,206,063	821,206,063
<i>Provision for impairment of long-term investment (e)</i>	(47,359,987,642)	(89,047,112,571)
	981,534,666,404	1,033,157,693,626

(a) Investment in associates

During the year, the Corporation 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 proportion of ownership interest of the Corporation in Samsung Vina Insurance Ltd after the transfer is 25%.

Details of the Corporation's associate as at 31 December 2014 are as follows:

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

Details of Samsung Vina Insurance are as follows:

	31/12/2014	31/12/2013
	VND	VND
Total assets	1,737,704,629,274	1,331,662,761,765
Total liabilities	1,068,480,421,306	668,896,101,498
Net assets	669,224,207,968	662,766,660,267
The Corporation's share of the associate's net assets	167,306,051,992	331,383,330,134
	2014	2013
	VND	VND
Revenue	341,004,043,703	400,252,353,542
Net profit	132,938,399,615	145,262,608,474
The Corporation's share of the associate's net profit	33,234,599,904	72,631,304,237

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DNPNT

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

14. LONG-TERM FINANCIAL INVESTMENTS (Continued)

(b) Equity investments

	Proportion of ownership	31/12/2014 VND	31/12/2013 VND
Equity investments in:			
Petrolimex Joint Stock Insurance Company	8.76%	59,289,270,000	59,289,270,000
Post- Telecommunication Joint Stock Insurance Corporation	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
Phu Hung Insurance Joint Stock Company	2.41%	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	5.47%	278,000,000,000	278,000,000,000
		472,000,270,000	472,000,270,000

At the date of the consolidated financial statements, the Corporation evaluated the fair value of equity investments as at 31 December 2014 and made a provision for impairment of such investments using the financial statements as at 31 December 2014 of the investees.

Bonus shares received from its investees as at 31 December 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 Corporation	10,000	381,024
BIDV Insurance Corporation	10,000	12,905

(c) Bonds

Represent corporate bonds and government bonds with above 1 year to 6 years to maturity and coupon rates in range from 10.1% to 10.325% per annum.

(d) Entrusted investments

Represent entrusted investment contracts signed with Vietcombank Fund Management Company, MB Capital Management Joint Stock Company and Baoviet Fund Management Limited Company, the Corporation bears all risks related to these entrusted investments.

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

Include amounts provided for impairment of long-term investments 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.

15. LONG-TERM PREPAID EXPENSES

	31/12/2014 VND	31/12/2013 VND
Added value after equitisation	-	2,928,044,393
Golf card expenses	1,269,044,651	1,326,051,612
Other long-term prepaid expenses	567,710,450	1,768,081,062
	1,836,755,101	6,022,177,067

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)

16. OTHER LONG-TERM ASSETS

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

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.

17. TRADE ACCOUNTS PAYABLE

	31/12/2014	31/12/2013
	VND	VND
Payables of insurance contracts	723,221,578,477	1,241,963,200,363
- Payables to inward reinsurance activities	224,643,886,044	507,960,486,135
- Payables to outward reinsurance activities	471,785,842,323	718,467,571,034
- Other payables from reinsurance activities	26,791,850,110	15,535,143,194
Other trade accounts payable	12,530,005,694	17,532,764,187
- Temporarily collected Withholding Tax of 2% of reinsurance premiums ceded abroad	10,037,227,032	9,796,201,319
- Other payables	2,492,778,662	7,736,562,868
	735,751,584,171	1,259,495,964,550

18. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	31/12/2014	31/12/2013
	VND	VND
VAT on domestic sales	447,764,259	399,616,421
Corporate income tax	7,100,282,651	11,639,216,904
Other taxes	196,831,156	286,519,333
	7,744,878,106	12,325,352,658

19. OTHER CURRENT PAYABLES

	31/12/2014	31/12/2013
	VND	VND
Unearned commission income	97,838,561,942	-
- Opening balance	-	-
- Unearned commission income incurred in the year	201,111,942,163	-
- Commission income allocated in the year	103,273,380,221	-
- Closing balance	97,838,561,942	-
Other current payables	9,389,622,657	103,334,427,148
Dividends payable	-	100,827,658,000
Other payables	9,389,622,657	2,506,769,148
	107,228,184,599	103,334,427,148

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

20. UNDER-WRITING RESERVES

Claim reserve and Unearned premium reserve	31/12/2014		
	Inward reinsurance reserve	Outward reinsurance reserve	Net inward reinsurance reserve
	VND	VND	VND
I. Normal activities			
1. Claim reserve	1,559,082,730,624	1,173,522,856,370	385,559,874,254
Reserve for losses incurred and reported	1,483,459,920,618	1,125,821,962,930	357,638,017,688
Reserve for losses incurred but not reported	75,622,810,006	47,700,953,440	27,921,856,566
2. Unearned premium reserve	696,637,813,563	463,960,919,034	232,676,894,529
II. Pilot agricultural insurance activities			
1. Claim reserve	23,307,892,916	21,339,601,801	1,968,291,115
Reserve for losses incurred and reported	19,292,764,224	17,640,136,238	1,652,627,986
Reserve for losses incurred but not reported	4,015,128,692	3,699,465,563	315,663,129
2. Unearned premium reserve	40,151,286,920	36,994,655,632	3,156,631,288
	<u>2,319,179,724,023</u>	<u>1,695,818,032,837</u>	<u>623,361,691,186</u>

In details:

Claim reserve	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
Increase in the year	84,334,319,791	23,834,007,661	60,500,312,130
II. Pilot agricultural insurance activities			
Opening balance	156,251,855,123	142,935,846,705	13,316,008,418
(Decrease) in the year	(132,943,962,207)	(121,596,244,904)	(11,347,717,303)
Closing balance	<u>1,582,390,623,540</u>	<u>1,194,862,458,171</u>	<u>387,528,165,369</u>

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

20. UNDER-WRITING RESERVES (Continued)

	2014		
	Unearned inward reinsurance premium reserve VND	Unearned outward reinsurance premium reserve VND	premium reinsurance reserve VND
Unearned premium reserve			
I. Normal activities			
Opening balance	657,852,676,954	445,525,504,393	212,327,172,561
Increase in the year	38,785,136,609	18,435,414,641	20,349,721,968
II. Pilot agricultural insurance activities			
Opening balance	62,191,115,956	56,326,281,242	5,864,834,714
(Decrease) in the year	(22,039,829,036)	(19,331,625,610)	(2,708,203,426)
Closing balance	736,789,100,483	500,955,574,666	235,833,525,817
Catastrophe reserve		2014 VND	2013 VND
I. Normal activities			
Opening balance		130,719,514,370	115,716,422,298
Increase in the year		16,753,113,940	15,003,092,072
II. Pilot agricultural insurance activities			
Opening balance		2,005,185,006	832,218,063
Increase in the year		4,454,983,948	1,172,966,943
Closing balance		153,932,797,264	132,724,699,376

VIETNAM NATIONAL REINSURANCE JOINT STOCK CORPORATION

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

Consolidated financial statements
For the year ended 31 December 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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21. 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 funds	-	-	-	-	-	(59,632,003,097)	(59,632,003,097)
Dividends declared	-	-	6,119,566,239	30,597,831,193	15,298,915,596	(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	-	-	-	-	-	334,808,892,187	334,808,892,187
Increase in charter capital (i)	302,482,790,000	(201,655,313,333)	-	-	-	(100,827,476,667)	-
Decrease due to change in ownership interest in associate	-	-	-	-	-	(9,024,452,090)	(9,024,452,090)
Profit distribution to funds (ii)	-	-	7,259,420,053	-	18,148,550,133	(34,207,836,407)	(8,799,866,221)
Dividends declared (ii)	-	-	-	-	-	(100,827,658,000)	(100,827,658,000)
As at 31/12/2014	1,310,759,370,000	566,368,537,309	37,302,323,446	150,476,757,713	93,255,808,614	489,126,408,365	2,647,289,205,447

(i) According to Resolution No. 09/2014/NQ-DHDCD dated 24 April 2014 passed at the Shareholders' Annual General Meeting, the Corporation has increased charter capital by issuing bonus shares to existing shareholders at the rate of 10%, the source of charter capital increase is from share premium and retained earnings. The charter capital has been increased under the Amended license No. 28/GPDC4/KDBH dated 12 August 2014 issued by the Ministry of Finance.

(ii) According to Resolution No. 09/2014/NQ-DHDCD dated 24 April 2014 passed at the Shareholders' Annual General Meeting, 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, and simultaneously made distribution of VND 34,207,836,407 to the funds from the profit for the year ended 31 December 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)

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

21. EQUITY (Continued)

Owners' contributed capital

As at 31 December 2014, the total capital actually contributed by shareholders and share premium were as follows:

	Contributed capital as at			
	31/12/2014	Proportion	31/12/2013	Proportion
	VND		VND	
Owners' contributed capital	1,310,759,370,000	100%	1,008,276,580,000	100%
State Capital Investment Corporation	529,060,350,000	40.36%	406,969,500,000	40.36%
Swiss Re	327,689,890,000	25.00%	252,069,150,000	25.00%
Other shareholders	454,009,130,000	34.64%	349,237,930,000	34.64%
Share premium	566,368,537,309		768,023,850,642	
	<u>1,877,127,907,309</u>		<u>1,776,300,430,642</u>	

Shares

	31/12/2014	31/12/2013
Number of shares registered to issue	131,075,937	100,827,658
Number of shares issued to public	131,075,937	100,827,658
<i>Common shares</i>	<i>131,075,937</i>	<i>100,827,658</i>
Number of outstanding shares in circulation	131,075,937	100,827,658
<i>Common shares</i>	<i>131,075,937</i>	<i>100,827,658</i>

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

22. INSURANCE PREMIUM

	2014	2013
	VND	VND
Inward reinsurance premium	1,537,367,694,005	1,450,054,039,586
<i>Energy insurance</i>	<i>28,521,117,521</i>	<i>52,669,873,387</i>
<i>Hull and P&I insurance</i>	<i>254,128,271,474</i>	<i>267,988,958,448</i>
<i>Cargo insurance</i>	<i>240,000,769,062</i>	<i>220,798,913,504</i>
<i>Engineering insurance</i>	<i>248,397,836,050</i>	<i>269,880,860,750</i>
<i>Fire & property insurance</i>	<i>483,141,587,288</i>	<i>492,546,858,860</i>
<i>Aviation insurance</i>	<i>38,442,839,871</i>	<i>42,848,933,505</i>
<i>Other insurance</i>	<i>244,735,272,739</i>	<i>103,319,641,132</i>
Deductions of inward reinsurance premium	(24,911,493,887)	(25,094,935,040)
Increase/(decrease) in unearned premium reserve for	38,785,136,609	(79,623,691,498)
	<u>1,473,671,063,509</u>	<u>1,504,582,796,044</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)

23. OUTWARD REINSURANCE PREMIUM

	2014	2013
	VND	VND
Total outward reinsurance premium	965,242,353,514	944,419,849,307
<i>Energy insurance</i>	21,424,912,409	42,940,768,466
<i>Hull and P&I insurance</i>	173,164,794,162	196,467,245,569
<i>Cargo insurance</i>	52,973,838,911	68,901,517,072
<i>Engineering insurance</i>	134,543,636,938	142,674,223,880
<i>Fire & property insurance</i>	378,294,171,810	402,698,999,458
<i>Aviation insurance</i>	36,054,154,488	39,416,705,481
<i>Other insurance</i>	168,786,844,776	51,320,389,381
Deductions of outward reinsurance premium	(11,032,640,795)	(19,563,813,826)
Increase/(Decrease) in unearned premium reserve for outward reinsurance	18,435,414,641	(11,354,631,918)
	935,774,298,078	936,210,667,399

24. OTHER INCOME FROM INSURANCE ACTIVITIES

	2014	2013
	VND	VND
Other receipts from inward reinsurance activities	281,629,629,597	(4,804,072,243)
Deposits for clean cut contracts (i)	13,065,430,767	-
Claim reserve released (i)	108,291,462,344	-
Collect and pay on behalf regarding P&I contracts (i)	160,155,251,042	-
Other receives	117,485,444	(4,804,072,243)
Other receipts from outward reinsurance activities	130,438,369,766	23,858,930,007
Claim reserved retained (i)	125,717,405,993	-
Other receives	4,720,963,773	23,858,930,007
	412,067,999,363	19,054,857,764

- (i) 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.

25. TOTAL INSURANCE CLAIM SETTLEMENT EXPENSES

	2014	2013
	VND	VND
Claim settlement expenses	1,054,419,773,432	1,044,425,581,434
<i>Energy insurance</i>	18,844,476,671	2,102,716,336
<i>Hull and P&I insurance</i>	255,768,003,701	485,099,430,672
<i>Cargo insurance</i>	64,419,781,128	68,554,000,000
<i>Engineering insurance</i>	281,431,183,869	119,569,350,168
<i>Fire & property insurance</i>	319,464,165,686	337,921,705,262
<i>Aviation insurance</i>	3,966,168,956	8,188,603,332
<i>Other insurance</i>	110,525,993,421	22,989,775,764
Claim receipts from ceded policies	793,735,449,206	756,096,510,792
Increase/(Decrease) in inward reinsurance claim reserve	84,334,319,791	(268,390,597,171)
Increase/(Decrease) in outward reinsurance claim reserve	23,834,007,661	(212,029,690,892)
	321,184,636,356	231,968,164,363

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

26. OTHER EXPENSES FOR INSURANCE ACTIVITIES

	2014	2013
	VND	VND
Other payments for inward reinsurance activities	158,382,162,283	31,914,213,129
Deposits for clean out contracts (i)	13,065,430,767	-
Claim reserve retained (i)	135,807,204,960	-
Other payables	9,509,526,556	31,914,213,129
Other payments for outward reinsurance activities	255,481,327,723	(4,640,256,637)
Claim reserve released (i)	100,942,185,923	-
Collect and pay on behalf regarding P&L contracts (i)	154,513,216,661	-
Other payables	25,925,139	(4,640,256,637)
	<u>413,863,490,006</u>	<u>27,273,956,492</u>

- (i) 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.

27. FINANCIAL INCOME

	2014	2013
	VND	VND
Interest on time deposits	161,728,185,899	188,521,587,958
Dividends and profits received	16,442,124,006	17,795,778,600
Interest on bonds, commercial bills	15,740,883,561	16,719,017,123
Interest on entrusted investments	10,297,023,078	2,070,774,000
Interest on exchange differences	1,843,715,573	4,238,547,181
Interest on securities trading	461,282,417	-
Profit from transfer investments	90,817,958,089	712,800,000
Interest on demand deposits	509,523,643	607,730,738
Other financial income	2,858,333,333	-
	<u>300,699,029,599</u>	<u>230,666,235,600</u>

28. FINANCIAL EXPENSES

	2014	2013
	VND	VND
Loss on exchange differences	19,585,795,590	9,117,526,605
Loss on securities trading	5,339,629,662	2,097,634,600
Reversal of impairment of investments	(48,795,383,816)	(5,506,011,872)
Others	10,146,731,234	9,264,433,471
	<u>(13,723,227,330)</u>	<u>14,973,582,804</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)

29. 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. The retained insurance premium for the year, after deducting valid expenses, is supplemented to catastrophe reserve.

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

From 2012, the Corporation started undertaking pilot agricultural insurance activities. Accumulated loss as at 31 December 2013 of the pilot agricultural insurance activities is VND 42,015,277,691. The retained insurance premium of VND 3,823,657,690, after deducting valid expense of the pilot agricultural insurance activities is transferred to catastrophe reserve. The Board of General Directors believes that such presentation and recognition 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.

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. CORPORATE INCOME TAX

	2014	2013
	VND	VND
Profit before tax	416,087,042,025	367,640,688,490
Adjustments for taxable income:		
Less: Non-taxable income	(70,308,477,040)	(97,981,849,714)
Add: Non-deductible expenses	4,691,405,322	1,624,188,160
Add: Loss of Vinare Invest	716,692,179	6,097,110,013
Assessable income	351,186,662,486	277,380,136,949
Normal tax rate	22%	25%
Corporate current income tax payable	77,261,065,747	69,345,034,237
Corporate current income tax payable according to tax audit minutes (i)	4,232,542,140	-
Deferred tax	43,376,500	(38,011,470)

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.

- (i) In the Fourth Quarter of 2014, the Corporation worked with the Hanoi Tax Department on tax audit for the period from 2009 to 2013. The additional corporate income tax according to tax audit minutes is VND 4,232,542,140.

31. BASIC EARNINGS PER SHARE

	2014	2013
Accounting profit after corporate income tax (VND)	334,550,057,638	298,333,665,723
Less (loss) after corporate income tax attributable to minority shareholders (VND)	(258,834,549)	(2,201,981,224)
Earnings after corporate income tax attributable to ordinary shareholders (VND)	334,808,892,187	300,535,646,947
Weighted average number of ordinary shares in circulation in the year (share)	112,595,482	100,827,658
Basic earnings per share (VND)	2,974	2,981

32. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2014, interest on the Corporation's capital contributed to Tincorn Plaza and Paragon Tower projects, which the Corporation may receive from capital partners, is VND 66,782,729,151. According to the assessment of the Board of General Directors, whether or not the Corporation may receive such interest depends on the payment schedule of the partners in the future. Therefore, the Corporation has not decided to recognize such interest as income in the year.

In addition, also as at 31 December 2014, the Corporation has contingent interest payable to the co-partners in Tincorn Plaza and Paragon Tower projects amounting to VND 27,415,043,168. Due to uncertainty of interest collectable from the capital partners, the Corporation is not sure about the interest payable to the partners.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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33. FINANCIAL INSTRUMENTS

Capital risk management

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

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

Significant accounting policies

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

Categories of financial instruments

	Carrying amounts	
	31/12/2014	31/12/2013
	VND	VND
Financial assets		
Cash and cash equivalents	904,587,919,060	773,393,970,344
Trade receivables	1,025,961,430,829	1,466,240,527,947
Claim reserve for outward reinsurance	1,194,862,458,171	1,292,624,695,414
Short-term investments	1,135,095,935,326	1,152,034,657,763
Long-term investments	814,228,614,412	701,774,363,492
Total	5,074,736,357,798	5,386,068,214,960
Financial liabilities		
Trade and other payables	725,714,357,139	1,351,053,284,038
Claim reserve for inward reinsurance	1,582,390,623,540	1,631,000,265,956
Long-term deposits received	2,295,567,947	3,552,186,642
Total	2,310,400,548,626	2,985,605,736,636

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

Financial risk management objectives

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

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

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 INSTRUMENTS (Continued)

Market risk

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

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

Foreign currency risk management

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

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

	Assets		Liabilities	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	VND	VND	VND	VND
United States Dollar (USD)	776,124,137,120	964,677,103,947	458,476,321,915	687,782,030,089
Euro (EUR)	8,609,392,151	3,988,303,226	949,274,913	2,818,227,135
Great Britain Pound (GBP)	6,581,530	31,964,113,592	13,947,892	17,336,051
Singapore Dollar (SGD)	8,277,465	42,750,781	25,517,415	-
Australian Dollar (AUD)	7,197,984	8,463,273	-	-
Japanese Yen (JPY)	569,415,065	663,711,757	95,059,301	94,002,091

Foreign currency sensitivity analysis

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

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 year-end for a 10% change in foreign currency rates. For a 10% increase/decrease in the following foreign currencies against Vietnam Dong, the profit before tax in the year would increase/decrease by the respective amounts as follows:

	2014	2013
	VND	VND
United States Dollar (USD)	31,764,781,521	27,689,507,386
Euro (EUR)	766,011,724	117,007,609

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 associates. The Corporation's Board of Management assesses and approves decisions on investments in associates such as operating industry, investees, etc. Investments in 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.

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 INSTRUMENTS (Continued)

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's business operation is reinsurance, accordingly, the Corporation's credit risk mainly focuses on clients operating in direct insurance. As at the balance sheet date, there is a concentration of credit risk arising on the amounts due 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 year is kept to manageable levels relative to the amount of funds that the Corporation believes can generate within that year. The Corporation policy is to regularly monitor current and expected liquidity requirements to ensure that the Corporation maintains sufficient reserves of cash, borrowings and adequate committed funding from its owners to meet its liquidity requirements in the short and longer term.

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

	Less than 1 year	From 1 - 5 years	Over 5 years	Total
	VND	VND	VND	VND
31/12/2014				
Cash and cash equivalents	904,587,919,060	-	-	904,587,919,060
Trade receivables	1,025,961,430,829	-	-	1,025,961,430,829
Claim reserve for outward reinsurance	1,194,862,458,171	-	-	1,194,862,458,171
Short-term investments	1,135,095,935,326	-	-	1,135,095,935,326
Long-term investments	-	561,729,998,721	452,498,615,691	814,228,614,412
Total	4,260,507,743,386	561,729,998,721	452,498,615,691	5,074,736,357,798
31/12/2014				
Trade and other payables	725,714,357,139	-	-	725,714,357,139
Claim reserve for inward reinsurance	1,582,390,623,540	-	-	1,582,390,623,540
Long-term deposits received	-	2,295,567,947	-	2,295,567,947
Total	2,308,104,980,679	2,295,567,947	-	2,310,400,548,626
Net liquidity gap	1,952,402,762,707	359,434,430,774	452,498,615,691	2,764,335,809,172

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 INSTRUMENTS (Continued)

Liquidity risk management (Continued)

	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	1,351,053,284,038	-	-	1,351,053,284,038
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	2,982,053,549,994	3,552,186,642	-	2,985,605,736,636
Net liquidity gap	1,702,240,301,474	187,269,019,421	510,953,157,429	2,400,462,478,324

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.

34. 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	Joint venture
Bao Minh Insurance Joint-Stock Corporation	Investor

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

34. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

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

	2014 VND	2013 VND
<u>Swiss Re Group</u>		
Outward reinsurance premium	169,128,157,859	172,681,296,542
Outward reinsurance commission	51,740,268,248	51,508,698,621
Receipt from outward reinsurance claim	79,299,373,171	34,524,583,908
Dividends paid	50,413,830,000	45,372,447,000
<u>Bao Minh Insurance Joint-Stock Corporation</u>		
Outward reinsurance premium	108,275,753,028	95,515,682,206
Outward reinsurance commission	24,284,163,417	21,475,731,162
Receipt from outward reinsurance claim	90,514,915,026	69,665,200,764
Inward reinsurance premium	153,258,997,156	152,686,187,014
Inward reinsurance commission	36,222,147,875	34,811,131,528
Claim settlements of inward reinsurance	218,181,264,085	126,393,916,016
<u>Samsung Vina Insurance</u>		
Outward reinsurance premium	6,579,468,972	5,676,409,590
Outward reinsurance commission	936,429,459	544,728,538
Receipt from outward reinsurance claim	6,207,698,235	10,786,597,392
Inward reinsurance premium	283,470,614,194	279,751,236,641
Inward reinsurance commission	93,870,438,334	75,344,044,910
Claim settlements of inward reinsurance	259,794,332,878	119,853,355,856
<u>State Capital Investment Corporation</u>		
Dividends paid	81,393,900,000	73,254,510,000
<u>The Board of General Directors</u>		
Net remuneration of the Board of General Directors for the year	4,399,079,788	4,042,927,992

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

	31/12/2014 VND	31/12/2013 VND
<u>Swiss Re Group</u>		
Receivables from outward reinsurance activities	30,599,749,265	108,837,152,579
Payables for outward reinsurance activities	69,488,291,729	190,211,824,213
Dividends payable for 2013	-	25,206,915,000
<u>Bao Minh Insurance Joint-Stock Corporation</u>		
Receivables from inward reinsurance activities	38,307,186,557	64,087,875,912
Receivables from outward reinsurance activities	21,496,109,395	23,932,799,853
Payables for inward reinsurance activities	46,198,207,626	67,037,700,344
Payables for outward reinsurance activities	12,858,087,145	29,229,230,792
<u>Samsung Vina Insurance</u>		
Receivables from inward reinsurance activities	9,423,131,897	32,328,221,916
Receivables from outward reinsurance activities	1,722,370,206	5,441,859,621
Payables for inward reinsurance activities	36,792,620,207	44,411,679,457
Payables for outward reinsurance activities	346,011,852	3,608,308,908
<u>State Capital Investment Corporation</u>		
Dividends paid for 2013	-	40,696,950,000

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. FINANCIAL RATIOS

Items	Unit	2014	2013
1. Assets and resources structure arrangement			
1.1. Assets structure arrangement			
- Fixed assets and long-term investments/Total assets	%	18.68	18.47
- Current assets and short-term investments/Total assets	%	81.32	81.53
1.2. Resources structure arrangement			
- Liabilities/Total resources	%	55.60	61.29
- Owner's equity/Total resources	%	44.40	38.71
2. Liquidity			
2.1. Current liquidity	times	1.80	1.63
2.2. Short-term liability liquidity	times	1.46	1.33
2.3. Quick liquidity	times	0.61	0.49
3. Profit ratio			
3.1. Profit/Revenue ratio			
- Profit before tax/Revenue ratio	%	30.11	36.10
- Profit after tax/Revenue ratio	%	24.21	29.29
3.2. Profit/Total assets ratio			
- Profit before tax/Total assets ratio	%	6.90	7.86
- Profit after tax/Total assets ratio	%	5.54	6.38
3.3. Profit after tax/Owner's equity ratio	%	12.64	12.32

36. BUSINESS SEGMENT REPORT

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

37. COMPARATIVE FIGURES

Comparative figures are figures of the Corporation consolidated audited financial statements for the year ended 31 December 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) **FORM B 09-DNPNT**
(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

37. 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	773,393,970,344	-	773,393,970,344
1.1 Cash	-	42,900,163,924	42,900,163,924
1.2 Cash on hand	2,101,633,161	(2,101,633,161)	-
1.3 Cash in bank	40,798,310,763	(40,798,310,763)	-
1.4 Cash equivalents	730,493,806,420	-	730,493,806,420
2. Short-term financial investments	1,152,034,657,763	-	1,152,034,657,763
2.1 Short-term investments	1,116,383,330,134	45,786,094,646	1,162,071,665,069
2.2 Short-term investments in securities	45,786,094,646	(45,786,094,646)	-
2.3 Provision for impairment of short-term investments	(10,037,007,246)	-	(10,037,007,246)
3. Reinsurance assets	-	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	1,033,157,693,626	-	1,033,157,693,626
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
6.5 Provision for impairment of long-term investments	(89,047,112,571)	-	(89,047,112,571)
7. Under-writing reserves	689,292,277,193	1,794,476,481,049	2,483,768,758,242
7.1 Unearned premium reserves for inward reinsurance	218,192,907,273	501,851,785,635	720,043,792,910
7.2 Claim reserve for inward reinsurance	338,375,570,342	1,292,624,695,414	1,631,000,265,936
7.3 Catastrophe reserve	132,724,699,376	-	132,724,699,376

Items in the consolidated income statement:

Item	2013		
	Previously reported amount	Adjustment/ reclassification	After adjustment/ reclassification
	VND	VND	VND
1. Increase/(decrease) in unearned premium reserve for inward reinsurance	(68,269,059,580)	(11,354,631,918)	(79,623,691,498)
2. Increase/(decrease) in unearned premium reserve for outward reinsurance	-	(11,354,631,918)	(11,354,631,918)
3. Increase/(decrease) in claim reserve for inward reinsurance	(56,360,906,279)	(212,029,690,892)	(268,390,597,171)
4. Increase/(decrease) in claim reserve for outward reinsurance	-	(212,029,690,892)	(212,029,690,892)

Nguyen Thanh Cong
Preparer
Hanoi, 12 March 2015

Luu Thi Viet Hoa
Chief Accountant

Pham Cong Tu
General Director