BIDV Insurance Joint Stock Corporation

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BIDV Insurance Joint Stock Corporation

GENERAL INFORMATION

CORPORATION

BIDV Insurance Joint Stock Corporation was established on 1 October 2010 under the Business Licence No.11/GPDC7/KDBH dated 1 October 2010, issued by the Ministry of Finance.

BIDV Insurance Joint Stock Corporation ("the Corporation") was transformed from equitization of BIDV Insurance Company, which was a wholly–owned subsidiary of the Bank for Investment and Development of Vietnam ("BIDV") – a state owned commercial bank incorporated in the Socialist Republic of Vietnam and established under Business License No 11GP/KDBH dated 10 April 2006 granted by the Ministry of Finance. On 5 August 2010, the Company successfully completed the Initial Public Offering of 11,682,491 shares, equivalent to 17.7% of its chartered capital.

The following summarizes some key information about the entity:

Registered Company name:	BIDV Insurance Joint Stock Corporation
Address:	16th Floor, A Tower, Vincom, 191 BaTrieu street, Hai Ba Trung District, Hanoi
Operating activities:	to provide general insurance products, reinsurance, loss survey, investing activities and other business operations that are in line with prevailing laws and regulations.

The Corporation has an investment in a joint venture contract with partners in Lao PRD following Foreign Investment Certificate No. 146/BKH/DTRNN granted by the Ministry of Investment and Planning on 19 June 2008 to set up a joint venture company named Lao-Viet Insurance Joint Venture Company, of which the Corporation owned 51% of chartered capital equivalent to USD 1,530,000. This joint venture investment was made by the former BIDV Insurance Company and that was inherited by BIDV Insurance Joint Stock Corporation as a part of transformation.

Chartered Capital

The initial chartered capital of the company was 660 billions VND. As at 31 December 2011, it was 660 billions VND (31/12/2010: 660 billions VND).

Location and branch network

The Corporation has its Head office located at 16th floor, Tower A, Vincom City Towers, 191 Ba Trieu street, Hai Ba Trung district, Hanoi. As at 31 December 2011, the Corporation has twenty-one (21) branches nationwide.

Employee

Total employees of the Corporation as at 31 December 2011 was 550 persons (31 December 2010:521 persons).

OPERATING RESULTS

The net profit for the year ended 31 December 2011, after taxation, was VND 79,065,512,609 (for the period from 01 October 2010 to 31 December 2010, net profit after tax was VND 18,001,878,909).

GENERAL INFORMATION (continued)

BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are:

Name	*Position*	*Date of appointment*
Mr Pham Quang Tung	Chairman	1 October 2010
Mr Tran Xuan Hoang	Deputy Chairman	1 October 2010
Ms Nguyen Thi Thanh Van	Member	1 October 2010
Mr Trinh Minh Tam	Member	1 October 2010
Mr Dang Quang Vinh	Member	1 October 2010

BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of this report are:

Name	*Position*	*Date of appointment*
Mr Cao Cu Tri	Head of Board of Supervisor	1 October 2010
Mr Nguyen Trung Kien	Member	1 October 2010
Mr Dao Manh Duong	Member	1 October 2010

BOARD OF MANAGEMENT

Members of the Board of Management during the year and at the date of this report are:

Name	*Position*	*Date of appointment*
Mr Pham Quang Tung	General Director	1 October 2010 and resigned since 28 April 2011
Mr Ton Lam Tung	Acting General Director	28 April 2011
Ms Nguyen Thi Thanh Van	Deputy General Director	1 October 2010
Mr Tran Trung Tinh	Deputy General Director	1 October 2010
Mr Mai Nguyen Dong	Deputy General Director	1 October 2010
Mr Dao Chi Cuong	Deputy General Director	1 October 2010

LEGAL REPRESENTATIVE

The legal representative of the Corporation during the year and at the date of this report is Mr Ton Lam Tung – Title: Acting General Director.

AUDITORS

The auditors of the Corporation are Ernst & Young Vietnam Limited.

BIDV Insurance Joint Stock Corporation

REPORT OF BOARD OF MANAGEMENT

The Management of BIDV Insurance Joint Stock Corporation ("the Corporation") presents its report and the Corporation's financial statements for the year ended 31 December 2011.

STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Management is responsible for the financial statements of each financial year which give a true and fair view of the state of affairs of the Corporation and of its results and cash flow for the year. In preparing these financial statements, the Management is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Corporation will continue in business.

Management of the Corporation is responsible for ensuring that proper accounting records are kept, which disclose with reasonable accuracy at any time, and reflect truly the financial position of the Corporation and for ensuring that the accounting records comply with the registered accounting system. It is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying financial statements for the year ended 31 December 2011.

STATEMENT BY BOARD OF MANAGEMENT

Board of Management does hereby state that, in its opinion, the accompanying financial statements give a true and fair view of the financial position of the Corporation as at 31 December 2011 and of the results of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System applicable for insurance companies, and comply with relevant statutory requirements.

For and on behalf of the Board of Management:

Mr. Ton Lam Tung
Acting General Director

Hanoi, Vietnam

24 February 2012

ERNST & YOUNG

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Reference: 60755012/15037548

INDEPENDENT AUDITORS' REPORT

To: Shareholders of BIDV Insurance Joint Stock Corporation

We have audited the financial statements of BIDV Insurance Joint Stock Corporation ("the Corporation") as set out on pages 5 to 52 which comprise the balance sheet as at 31 December 2011, the income statement and cash flow statement for the year then ended and the notes thereto.

The preparation and presentation of these financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

Basis of Opinion

We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements, give a true and fair view of the financial position of the Corporation as at 31 December 2011 and of the results of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and the Vietnamese Accounting System applicable for insurance companies and comply with the relevant statutory requirements.

CHI NHÁNH CÔNG TY TRÁCH NHIỆM HỮU HẠN ERNST & YOUNG VIỆT NAM

Ernst & Young Vietnam Limited

Vo Tan Hoang Van
Deputy General Director
Certificate No. 0264/KTV

Tran Thi Minh Tien
Auditor
Certificate No. 1331/KTV

Hanoi, Vietnam

24 February 2012

BALANCE SHEET
as at 31 December 2011

Currency: VND

Code	*ASSETS*	*Notes*	*31 December 2011*	*31 December 2010*
100	**A. CURRENT ASSETS**		**1,733,798,447,811**	**2,280,558,095,044**
110	***I. Cash***	***4***	***17,800,852,232***	***21,421,465,480***
111	1. Cash on hand		605,026,144	614,750,726
112	2. Cash at banks		17,056,226,088	11,601,165,386
113	3. Cash in transit		139,600,000	9,205,549,368
120	***II. Short-term investments***	***5***	***1,400,608,746,540***	***1,842,075,027,576***
121	1. Short-term investments in securities		143,889,012,493	145,167,824,886
128	2. Other short-term investments		1,279,073,200,000	1,708,733,000,000
129	3. Provision for impairment of short-term investment		(22,353,465,953)	(11,825,797,310)
130	***III. Account receivables***	***6***	***311,241,196,420***	***413,415,882,274***
131	1. Trade receivables		276,526,039,044	252,599,611,682
132	2. Advances to suppliers		678,042,882	2,140,789,225
133	3. Deductible VAT		7,994,634,946	2,605,917,369
138	4. Other receivables		32,375,581,984	161,213,726,920
139	5. Allowance for doubtful debts		(6,333,102,436)	(5,144,162,922)
150	***IV. Other short-term assets***		***4,147,652,619***	***3,645,719,714***
151	1. Advances		3,452,188,363	3,170,296,880
152	2. Prepaid		266,149,756	475,422,834
153	3. Other short-term assets		429,314,500	-

BALANCE SHEET (continued)
as at 31 December 2011

Currency: VND

Code	*ASSETS*	*Notes*	*31 December 2011*	*31 December 2010*
200	**B. NON-CURRENT ASSETS**		**136,213,005,415**	**220,483,810,738**
210	***I. Fixed assets***		***8,576,494,889***	***10,110,995,554***
211	1. Tangible fixed assets	7	6,511,853,206	10,110,995,554
212	*Costs*		*28,361,387,359*	*27,566,631,967*
213	*Accumulated depreciation*		*(21,849,534,153)*	*(17,455,636,413)*
214	2. Finance leases	8	2,064,641,683	-
215	*Costs*		*2,152,579,273*	-
216	*Accumulated depreciation*		*(87,937,590)*	-
217	3. Intangible fixed assets	9	-	-
218	*Costs*		*56,057,850*	*56,057,850*
219	*Accumulated amortisation*		*(56,057,850)*	*(56,057,850)*
220	***II. Long-term investments***	***10***	***121,606,510,526***	***198,831,412,583***
221	1. Investment in securities	10.1	50,000,000,000	129,790,000,000
222	2. Investments in associates and joint-ventures	10.2	21,606,510,526	19,041,412,583
228	3. Other long-term investments	10.3	50,000,000,000	50,000,000,000
240	***III. Other long-term assets***		***6,030,000,000***	***11,541,402,601***
241	1. Compulsory deposit		6,000,000,000	6,000,000,000
242	2. Long-term deposits		30,000,000	76,446,497
244	3. Long-term prepaid expenses		-	5,464,956,104
270	**TOTAL ASSETS**		**1,870,011,453,226**	**2,501,041,905,782**

BALANCE SHEET (continued)
as at 31 December 2011

Currency: VND

Code	*RESOURCES*	*Notes*	*31 December 2011*	*31 December 2010*
300	**A. LIABILITIES**		**1,120,112,997,492**	**1,820,768,327,732**
310	***I. Short-term liabilities***		***821,469,334,345***	***1,568,348,035,768***
313	1. Trade payables	11	240,347,597,966	215,250,684,791
314	2. Premium received in advance		8,315,273,924	11,022,065,858
315	3. Statutory obligations	12	16,527,238,981	7,385,696,355
316	4. Payable to employees		16,305,812,063	728,792,095
318	5. Accrued expenses		19,379,257,044	9,682,537,999
319	6. Other payables	13	519,253,362,416	1,323,094,719,497
323	7. Bonus and welfare funds		1,340,791,951	1,183,539,173
330	***II. Other long-term payables***		***542,138,757***	-
331	1. Long-term loan		542,138,757	-
340	***III. Reserves***		***298,101,524,390***	***252,420,291,964***
341	1. Unearned premium reserve	16.4.1	190,128,680,491	159,300,556,281
343	2. Claim reserve	16.4.2	67,332,841,109	64,586,322,712
344	3. Catastrophe reserve	16.4.3	40,640,002,790	28,533,412,971
400	**B. OWNERS' EQUITY**		**749,898,455,734**	**680,273,578,050**
410	***I. Owners' equity***	***14***	***749,898,455,734***	***680,273,578,050***
411	1. Chartered capital		660,000,000,000	660,000,000,000
412	2. Share premium		2,271,699,140	2,271,699,140
414	3. Treasury shares		(6,215,238,666)	-
415	4. Financial reserve fund		1,800,187,891	-
416	5. Statutory reserves		4,853,369,576	-
418	6. Retained earnings		87,188,437,793	18,001,878,910
430	**TOTAL LIABILITIES AND OWNER'S EQUITY**		**1,870,011,453,226**	**2,501,041,905,782**

BALANCE SHEET (continued)
as at 31 December 2011

OFF BALANCE SHEET ITEMS

ITEMS	*31 December 2011*	*31 December 2010*
1. Doubtful debts written off (VND)	2,293,099,309	2,293,099,309
2. Insurance policies signed but for which no obligations have arisen on the part of the Corporation (VND)	64,799,769,016	69,933.894,205
3. Foreign currencies		
- United States dollar (US$)	1,974,577.64	118,641.3
- Euro (EUR)	287.04	286.8

Ms. Lai Ngan Giang
Deputy Director in charge of Financial and Accounting Division

Mr. Ton Lam Tung
Acting General Director

Hanoi, Vietnam

24 February 2012

INCOME STATEMENT
for the year ended 31 December 2011

Currency: VND

Code	*ITEMS*	*Notes*	*For year ended 31 December 2011*	*For the period from 1 October 2010 to 31 December 2010*
01	**1. Gross written premiums**	**15.1**	**623,821,018,508**	**169,425,039,079**
02	**2. Reinsurance premiums assumed**	**15.2**	**65,754,497,203**	**12,077,411,809**
03	**3. Deductions**		**(284,806,075,314)**	**(78,234,977,662)**
04	Reinsurance premiums ceded	15.3	(273,632,415,806)	(76,056,362,103)
06	Premium returns		(11,173,659,508)	(2,178,615,559)
08	**4. Increase in unearned premium reserve**	**16.4**	**(30,827,495,640)**	**(16,117,862,717)**
09	**5. Commissions on reinsurance ceded**		**69,310,834,174**	**18,862,577,747**
10	**6. Other income from insurance activities**		**18,883,405,268**	**7,600,586,920**
13	Income from other activities		18,883,405,268	7,600,586,920
14	**7. Total operating revenues (14 = 01 + 02 + 03 + 08 + 09 + 10)**		**462,136,184,199**	**113,612,775,176**
15	**8. Claim expenses**	**16.1**	**(353,405,742,630)**	**(63,407,455,295)**
16	**9. Claim expenses on reinsurance assumed**	**16.2**	**(19,575,088,192)**	**(17,369,697,193)**
17	**10. Recoveries from reinsurance ceded**	**16.3**	**199,830,717,832**	**47,661,679,868**
21	**11. Net claim expenses on retained risks (21 = 15 + 16 + 17)**		**(173,150,112,990)**	**(33,115,472,620)**
23	**13. Increase on claim reserve**	**16.4**	**(2,783,468,469)**	**(4,975,965,851)**
24	**14. Provision for catastrophe reserve charged to the current period's expense**	**16.4**	**(12,106,589,819)**	**(3,052,284,849)**

INCOME STATEMENT (continued)
for the year ended 31 December 2011

Currency: VND

Code	ITEMS	Notes	For year ended 31 December 2011	For the period from 1 October 2010 to 31 December 2010
25	**15. Other operating expenses**		**(141,969,890,458)**	**(20,652,603,722)**
27	Commissions expense		*(62,907,172,611)*	(15,091,206,969)
39	Expenses of reinsurance ceded		(30,911,884,915)	-
40	Other underwriting expenses		*(48,150,832,932)*	(5,561,396,753)
41	**16. Total direct operating expenses (41 = 21 + 22 + 23 + 24 + 25)**		**(330,010,061,736)**	**(61,796,327,042)**
42	**17. Operating income (42 = 14 + 41)**		**132,126,122,463**	**51,816,448,134**
44	**18. Administrative expenses**	**17**	**(184,146,111,594)**	**(37,100,044,216)**
45	**19. Net operating (loss)/income (45 = 42 + 44)**		**(52,019,989,131)**	**14,716,403,918**
46	20. Financial income	18	289,942,921,726	64,993,847,408
47	21. Financial expense	19	(139,864,418,193)	(46,960,611,275)
51	**22. Financial profit (51 = 46 + 47)**		**150,078,503,533**	**18,033,236,133**
52	23. Other income	20	839,833,726	118,182,420
53	24. Other expenses	20	(942,368,569)	(39,450,561)
54	**25. Net other (loss)/income (54 = 52 + 53)**		**(102,534,843)**	**78,731,859**
55	**26. Share of the profit/(loss) of the associate and joint venture**		**2,565,097,943**	**(6,714,607,417)**
56	**27. Profit before enterprise income tax (56 = 45 + 51 + 54+55)**		**100,521,077,502**	**26,113,764,493**
60	**28. Current enterprise income tax**	**21.2**	**(21,455,564,893)**	**(8,111,885,584)**
61	**29. Net profit for the year after enterprise income tax (62 = 55 + 60 + 61)**		**79,065,512,609**	**18,001,878,909**
62	**30. Earnings per share**	**24**	**1,199**	**273**

Ms. Lai Ngan Giang
Deputy Director in charge of Financial and Accounting Division

Mr. Ton Lam Tung
Acting General Director

Hanoi, Vietnam

24 February 2012

CASH FLOW STATEMENT
for the year ended 31 December 2011

Currency: VND

Code	*ITEMS*	*Notes*	*For year ended 31 December 2011*	*For the period from 1 October 2010 to 31 December 2010*
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	**Net profit before tax**		**100,521,077,502**	**26,113,764,493**
	Adjustments for:			
02	Depreciation and amortisation		4,481,835,330	964,791,589
03	Provisions		57,397,840,583	41,116,308,789
05	Profits from investing activities		(162,142,137,435)	(32,283,196,235)
06	Loss from disposal of fixed assets		-	30,436,189
07	Interest expense	19	13,760,361	51,784,604
08	**Operating income before changes in working capital**		**272,376,341**	**35,993,889,429**
09	(Increase)/Decrease in receivables		487,830,431,702	(113,297,379,665)
11	Increase/(Decrease) in payables		81,581,700,434	(599,265,283,374)
12	Decrease in prepaid expense		5,691,027,526	447,052,079
13	Interest expense paid		(13,760,361)	(51,784,604)
	Corporate income tax paid		(15,967,404,693)	-
15	Decrease/(Increase) in receivables from other activities		(4,158,062,751)	(452,623,890)
20	**Net cash inflows from operating activities**		**555,236,308,198**	**(676,626,130,025)**
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase of fixed assets		(2,947,334,665)	(20,475,000)
25	Payments for investments in other entities		(806,814,166,901)	-
26	Proceeds from sale of investment		94,977,681,351	59,404,862,954
27	Receipt from withdrawal and maturity of investment		-	608,981,607,417
28	Interest received		162,142,137,435	26,264,096,481
30	**Net cash outflows from investing activities**		**(552,641,682,780)**	**694,630,091,852**

CASH FLOW STATEMENT (continued)
for the year ended 31 December 2011

Currency: VND

Code	*ITEMS*	*Notes*	*For year ended 31 December 2011*	*For the period from 1 October 2010 to 31 December 2010*
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
	Purchase treasury shares	14	(6,215,238,666)	-
40	**Net cash flows from financing activities**		**(6,215,238,666)**	**-**
50	**Net cash flows**		**(3,620,613,248)**	**18,003,961,827**
60	**Cash and cash equivalents at the beginning of the period**		**21,421,465,480**	**3,417,503,653**
61	**Impact of exchange rate fluctuation**		**-**	**-**
70	**Cash and cash equivalents at the end of the period**	**4**	**17,800,852,232**	**21,421,465,480**

Ms. Lai Ngan Giang
Deputy Director in charge of Financial and Accounting Division

Mr. Ton Lam Tung
Acting General Director

Hanoi, Vietnam

24 February 2012

NOTES TO THE FINANCIAL STATEMENTS
as at and for the year ended 31 December 2011

1. CORPORATION INFORMATION

BIDV Insurance Joint Stock Corporation was established on 1 October 2010 under the Business Licence No.11/GPDC7/KDBH dated 1 October 2010, issued by the Ministry of Finance.

BIDV Insurance Joint Stock Corporation ("the Corporation") was transformed from equitization of BIDV Insurance Company, which was a wholly–owned subsidiary of the Bank for Investment and Development of Vietnam ("BIDV") – a state owned commercial bank incorporated in the Socialist Republic of Vietnam and established under Business License No 11GP/KDBH dated 10 April 2006 granted by the Ministry of Finance. On 5 August 2010, the Company successfully completed the Initial Public Offering of 11,682,491 shares, equivalent to 17.7% of its chartered capital.

The following summarizes some key information about the entity:

Registered Company name:	Bank for Investment and Development of Viet Nam Insurance Joint Stock Corporation
Transaction name:	BIDV Insurance Corporation
Abbreviation:	BIC
Address:	16th Floor, A Tower, Vincom, 191 BaTrieu street, Hai Ba Trung District, Hanoi.
Operating activities:	to provide general insurance products, reinsurance, loss survey, investing activities and other business operations that are in line with prevailing laws and regulations.

The Corporation has an investment in a joint venture contract with partners in Lao PRD following Foreign Investment Certificate No. 146/BKH/DTRNN granted by the Ministry of Investment and Planning on 19 June 2008 to set up a joint venture company named Lao-Viet Insurance Joint Venture Company, of which the Corporation owned 51% of chartered capital equivalent to USD 1,530,000. This joint venture investment was made by the former BIDV Insurance Company and that was inherited by BIDV Insurance Joint Stock Corporation as a part of transformation.

Chartered Capital

The initial chartered capital of the Corporation was 660 billions VND. As at 31 December 2011, it was 660 billions VND (31/12/2010: 660 billions VND).

Location and branch network

The Corporation has its Head office located at 16th floor, Tower A, Vincom City Towers, 191 Ba Trieu street, Hai Ba Trung district, Hanoi. As at 31 December 2011, the Corporation has twenty-one (21) branches nationwide.

Employee

Total employees of the Corporation as at 31 December 2011 was 550 persons (31 December 2010:521 persons).

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

2.1 *Accounting framework*

The financial statements of BIDV Insurance Joint Stock Corporation, which are expressed in Vietnam dong ("VND"), are prepared in accordance with the Vietnamese Accounting System for insurance companies issued by the Ministry of Finance in Decision 1296 TC/QD/CDKT dated 31 December 1996 and Decision 150/2001/QD-BTC dated 31 December 2001 on amended accounting policies for insurance enterprises, the accounting framework applied for enterprises in Decision 15/2006/QĐ-BTC dated 20 Mar 2006 and, except for the accounting policy for recognition of land use rights as disclosed below, in accordance with Vietnamese Accounting Standards issued by the Ministry of Finance as per the:

- Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 1);
- Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 2);
- Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 3);
- Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 4); and
- Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 5).

The accompanying balance sheet, income statement, cash flow statement and related notes, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.2 *Registered accounting documentation system*

The Corporation's registered accounting documentation system is the Journal Ledger system.

2.3 *Fiscal year*

The Corporation's fiscal year applicable for the preparation of its financial statements starts on 1 January and ends on 31 December.

2.4 *Accounting currency*

The Corporation maintains its accounting records in VND.

3 APPLIED ACCOUNTING POLICIES

3.1 *Change in accounting policies and disclosures*

The accounting policies adopted by the Corporation in preparation of the financial statements are consistent with those followed in the preparation of the Corporation's financial statements for the period from 1 October 2010 to 31 December 2010 except for the changes in relation to presentation and disclosures of financial instruments.

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") with effectiveness from financial years beginning on or after 1 January 2011. Circular 210 provides the definitions of financial assets, financial liabilities and derivative financial instruments, equity instruments as well as presentation and disclosures of financial instruments.

The adoption of Circular 210 results in new disclosures being added to the financial statements in order to comply with Circular's requirement.

Due to Circular 210 only requires the presentation and disclosure of financial instruments, the definitions of financial assets, financial liabilities and other relevant definitions as shown in Note 27 are applicable for preparing the notes in accordance with Circular 210 only. The recognition and measurement of assets, liabilities and equities of the Corporation are still in accordance with the Vietnamese Accounting Standards and Vietnamese Accounting System applicable for insurance companies and comply with the relevant statutory requirements.

3.2 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, cash at banks and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

3.3 *Receivables*

Receivables comprise of trade receivables and other receivables that are initially recognized at cost and subsequently are recognized at cost.

Provision for impairment of other receivables will be made base on their overdue ages. For undue receivables but those were owned by indebted economic organizations which fall bankrupt or are undergoing dissolution procedures, debtors are missing, have absconded, are prosecuted, detained or tried by law enforcement bodies, are serving sentences or have deceased, these undue receivables should be estimated the irrecoverable loss for appropriating the provision. The increase or decrease to the provision balance is recorded as the administrative expense in the income statement.

The Corporation adopts the provision policy as promulgated by the Ministry of Finance in Circular 228/2009/TT-BTC dated 07 December 2009 ("Circular 228"). Details on the basis of provisioning are as follows:

Receivables overdue	*Allowance rate*
From 6 months to less than one year	30%
From one to two years	50%
From two to three years	70%
Over three years	100%

3 APPLIED ACCOUNTING POLICIES (continued)

3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs is charged to the income statement.

When assets are sold or retired, their cost and accumulated depreciation are removed from the balance sheet and any gain or loss resulting from their disposal is included in the income statement.

3.5 Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Where the Corporation is the lessee

Assets held under finance leases are capitalised in the balance sheet at the inception of the lease at the fair value of the leased assets or, if lower, at the net present value of the minimum lease payments. The principal amount included in future lease payments under finance leases are recorded as a liability. The interest amounts included in lease payments are charged to the income statement over the lease term to achieve a constant rate on interest on the remaining balance of the finance lease liability.

Capitalised financial leased assets are depreciated using straight-line basis over the shorter of the estimated useful live of the asset and the lease term, if there is no reasonable certainty that the Corporation will obtain ownership by the end of the lease term.

Rentals under operating leases are charged to the income statement on a straight-line basis over the term of the lease.

3.6 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs is charged to the income statement.

When assets are sold or retired, their cost and accumulated depreciation are removed from the balance sheet and any gain or loss resulting from their disposal is included in the income statement.

3 APPLIED ACCOUNTING POLICIES (continued)

3.7 *Depreciation and amortisation*

Depreciation and amortisation of fixed assets and intangible assets is calculated on a straight-line basis over the estimated useful lives of these assets, which are as follows:

Office equipments	3 - 7 years
Motor vehicles	6 - 10 years
Other tangible fixed assets	5 years
Accounting software	3 - 5 years
Other intangible fixed assets	4 – 5 years

3.8 *Borrowing costs*

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs are recorded as expense during the period in which they are incurred.

3.9 *Prepaid expenses*

Prepaid expenses are reported as short-term or long-term prepaid expenses on the balance sheet and amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

3.10 *Investments*

3.10.1 *Investment in securities*

The Corporation's investments in securities include investments in equity securities and debt securities. Investments are categorised as short term and long term as follows:

- Short-term investments comprise quoted and unquoted shares, government bonds, and corporate bonds, which are maturing within 12 months or intended to be held for not more than one year.
- Long-term investments include government bonds and corporate bonds which are intended to be held for more than one year.

All investments in securities (debts securities and equity securities) are initially recognised at cost and subsequently are recognized at cost during the holding period.

Investments in securities are subject to review for impairment. Provision for impairment is recorded when carrying value of the securities is higher than its market value at reporting date. Any impairment losses are recognized in the Corporation's income statement.

3.10.2 *Other long-term investments*

Other long term investments represent the Corporation's capital investments in other enterprises where the Corporation either owns less than 20% of voting right and is foundation shareholder; or strategic partner; or impacts on the enterprise' foundation, determines financial and operating policies under agreements with the Board of Directors/ Board of Management.

The investments are initially recognized at cost and subsequently are recognized at cost during the holding period.

Other investments are subject to review for impairment. Any impairment losses are recognized in the Corporation's income statement.

3. APPLIED ACCOUNTING POLICIES (continued)

3.10 Investments (continued)

3.10.3 Provision for diminution in value of investment

Provision for impairment of investment securities is made for individual stock when the market value is lower than original cost. Provision amount for marketable securities is the difference between the original cost and market value of those securities at the balance sheet date in accordance with Circular 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009. Any increase or decrease in balance of provision is recognised to operating expenses for the year.

The market prices of listed securities are determined based on the price on stock markets (which are the average prices on Hanoi Stock Exchange and the closing prices on Ho Chi Minh City Stock Exchange) as at 31 December 2011.

The market values of unlisted shares which have been registered in the unlisted public companies market (UPCom) is the average price of the trading market at the date of provision.

The market values of unlisted shares which have not been registered in the unlisted public companies market (UPCom) is the average of public price quotations of at least three (03) reputed and large securities companies in the market.

For other securities that have no market prices for purpose of making provision of impairment, the Corporation considers to use book value of securities.

Provision for impairment of other long-term investments is made when the investees are suffering from loss (except for the expected loss identified in the business plan before the investment). Accordingly, provision is the disparity between parties' actual investment into investees and actual owner's equity multiplied (x) by the ratio of the Corporation's investment compared with total investment by parties.

3.11 Investment in joint ventures

Investment in joint ventures are accounting under equity method. Under the equity method, the Corporation's interest in the jointly controlled entity is carried in the balance sheet at cost plus post joint venture changes in the Corporation's share of net assets of the jointly controlled entity. The income statement reflects the share of the post-acquisition results of operation of the jointly controlled entity.

The share of profit/ (loss) of the jointly controlled entity is presented on face of the income statement and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from jointly controlled entities reduce the carrying amount of the investment.

The financial statements of the jointly controlled entities are prepared for the same reporting period as the Corporation. Where necessary, adjustments are made to bring the accounting policies in line with those of the Corporation.

3.12 Payables and accruals

Payables and accruals are recognised for the amount to be paid in the future for goods and services received, whether or not billed to the Corporation.

3 APPLIED ACCOUNTING POLICIES (continued)

3.13 Employee benefits

3.13.1 Post employment benefits

Post employment benefits are paid to retired employees of the Corporation by the social insurance agency which belongs to the Ministry of Labour, Invalids and Social Affairs. The Corporation is required to contribute to these post employment benefits by paying social insurance premiums to the social insurance agency at the rate of 16% of employee basic salaries on a monthly basis. The Corporation has no further obligation concerning post employment benefits for its employees other than this.

3.13.2 Voluntary resignation and retrenchment benefits

Voluntary resignation benefits: the Corporation has the obligation, under Section 42 of the Vietnam Labor Code amended on 2 April 2002, to pay allowance arising from voluntarily resignation of employees, equal to one-half month's salary for each year of employment plus salary allowances (if any). The average monthly salary used in this calculation will be revised at the end of each reporting period following the average monthly salary of the 6-month period up to the reporting date.

Retrenchment benefits: the Corporation has the obligation, under Section 17 of the Vietnam Labor Code, to pay allowance to employees who are retrenched as a result of organizational restructuring or technological changes. In such case, the Corporation shall pay to employees an allowance for loss of work equivalent to the aggregate amount of one month's salary for each year of employment, but no less than two months' salary.

While the obligations under Sections 17 and 42 are compulsory, the implementation of these Sections is subject to detailed guidance issued by the Ministry of Finance in implementing circulars. In accordance with Circular 64/1999/TT-BTC dated 7 June 1999 and Circular 82/2003/TT-BTC dated 14 August 2003 by the Ministry of Finance which superseded Circular 64/1999/TT-BTC, The Corporation is required to calculate retrenchment allowance between 1% and 3% per annum on the basic salary of the employees; and the outstanding balance of employee termination reserve which was previously created at 5% from the profit after tax and after appropriation of supplementary capital reserve in accordance with the guidance of Circular 64/1999/TT-BTC should be transferred to retrenchment allowance as provided under Circular 82.

3.13.3 Unemployment benefits

According to Social Insurance Law and Decree No. 127/2008/ND-CP dated 12 December 2008 by the Government, the Unemployment insurance fund is implemented from 1 January 2009, to which, employees contribute 1% of their salary, employers contribute 1% of salary of their employees participating in the unemployment insurance, and the Government contributes 1% of salary of all those participating in the unemployment insurance from the State budget.

3 APPLIED ACCOUNTING POLICIES (continued)

3.14 Technical reserves

The technical reserves include (i) unearned premium reserve, (ii) claims reserve and (iii) catastrophe reserve. The reserving methodologies are based on Circular 156/2007/TT-BTC dated 20 December 2007 and Circular 86/2009/TT-BTC dated 28 April 2009 modifying some clauses of Circular 156 issued by the Ministry of Finance. Details of such reserving methodologies are as follows:

(i) Unearned premium reserve:

The Corporation applied the daily basis to calculate unearned premium reserve for all types of insurance and reinsurance businesses, following the formula:

$$\text{Unearned premium reserve} = \frac{\text{Retained premiums} * \text{Remaining day of insurance policy}}{\text{Number of coverage days}}$$

(ii) Claims reserve

Claim reserve includes the reserve for outstanding claims and for claims incurred but not reported.

- Outstanding claim reserve is established based on the estimated claim payments for each claim for which the insurer is liable, which is either notified to the insurer or requested for payment but is still unresolved at the end of the fiscal year, after deducting the amount recoverable from reinsurers; and
- Reserve for incurred but not reported claims for which the insurer is liable (IBNR) is established based on the formula in Circular 156/2007/TT-BTC issued by the Ministry of Finance on 20 December 2007.

(iii) Catastrophe reserve:

Catastrophe reserve is accrued annually until such reserve reaches 100% of the retained premiums of the current fiscal year and is made based on retained premiums.

On 28 December 2005, the Ministry of Finance issued Decision 100/2005/QD-BTC governing the publication of four new accounting standards, one of which is Vietnamese Accounting Standard ("VAS") 19-Insurance Contract. Following the issuance of this Standard, starting from January 2006, the provision of catastrophe reserve is no longer required since it represents "possible claims under contracts that are not in existence at the reporting date". However, since the Ministry of Finance has not issued detailed guidance for the implementation of VAS 19 and in accordance with the provision set out in Decree 46/2007/ND-CP issued by the Government of Vietnam on 27 March 2007 regarding financial regulations for insurance enterprises. The Corporation has elected to adopt the policy of providing for the catastrophe reserve at 3% of total retained premium.

3 APPLIED ACCOUNTING POLICIES (continued)

3.15 Transactions in foreign currencies

The Corporation follows the guidance under Vietnamese Accounting Standard No. 10 "The Effects of Changes in Exchange Rates" (the "VAS 10") in relation to foreign currency transactions as applied consistently in prior period(s).

Transactions in currencies other than the Corporation's reporting currency of *(VND)* are recorded at the exchange rates ruling at the date of the transaction. At the end of year, monetary assets and liabilities denominated in foreign currencies are translated at inter-bank exchange rates ruling at the balance sheet date. All realised and unrealised foreign exchange differences are taken to the income statement.

3.16 Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, issue or cancellation of the Corporation's own equity instruments.

3.17 Appropriation of net profits

Net profit after tax is available for appropriation to investors/shareholders after approval by the appropriate level of authority in the annual general meeting, and after making appropriation to reserve funds and remuneration to Board of Directors in accordance with the Corporation's Charter and Vietnam's regulatory requirements.

The Corporation maintains the following reserve funds which are appropriated from the Corporation's net profit as proposed by the Board of Directors and subject to approval by shareholders at the annual general meeting:

- **Statutory reserve fund**

  Statutory reserve is set in order to supplement the Corporation's charter capital and ensure it's solvency. This fund shall deduct 5% of the Corporation's annual profit after tax until it equals to 10% of the Corporation's charter capital based on Circular 46/2007/ND-CP dated 22 March 2007 by MOF.

- **Bonus and welfare fund**

  This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits.

3 APPLIED ACCOUNTING POLICIES (continued)

3.18 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Gross written premium

Gross written premiums are recognized in accordance with Circular 156/2008/TT-BTC issued by the Ministry of Finance on 20 December 2008 ("Circular 156") and Circular 86/2009/TT-BTC modifying some clauses of Circular 156 on financial regime applicable to insurers and insurance brokers. Specifically, gross written premium is recognized as revenue at the point of time when the following conditions are met: (1) the insurance contract has been entered into by the insurer and the insured; and (2) the premium has been paid by the insured or there is agreement between the Corporation and the insured for delayed payment of insurance premium. If the Corporation and its customers mutually agree a method of insurance premium payment on an instalment basis, only the insurance premium which is due in accordance with the instalment contract shall be taken to revenue for the period. Prepaid premium before due date is recorded as "Premium received in advance" in the balance sheet as at the balance sheet date.

(ii) Interest

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless recovery is in doubt.

(iii) Dividends

Income is recognised when the Corporation's entitlement as an investor to receive the dividend in cash is established. If Corporation is entitled to receive dividend in shares or bonus share, only the number of shares received will be reflected in the share portfolio of the Corporation.

3.19 Expense recognition

(i) Claim expense

Claim expense is recognized at the point of time when the claim documents are completed and approved by authorized persons. In case that the final claim amount has not been finalized but the Corporation is certain that the loss is within its insured liabilities and has paid an advance to the customer as per their request, such advance would also be recognized as claim expense. Any claim that is not yet approved by authorized persons is considered as an outstanding claim and included in claim reserve.

(ii) Commission expense

Commission expense is recognized when incurred. Commission expense is calculated at percentage of gross written premium and recognize in the income statement. The percentage of commission over the gross written premium for specific line of insurance is stipulated in Circular 155/2007/TT-BTC dated 20 December 2007 and Circular 86/2009/TT-BTC dated 28 April 2009 issued by MOF.

(iii) Other general administrative expenses

Other general and administrative expense is recognized on accrual basis.

(iv) Leased assets

Rentals paid under operating leases are charged to the income statement on a straight-line basis over the term of the lease.

3 APPLIED ACCOUNTING POLICIES (continued)

3.20 *Recognition of reinsurance activities*

(i) Reinsurance ceded

Reinsurance premium ceded under treaty reinsurance agreements are recognized when gross written premiums within the scope of the treaty agreements are recognized.

Reinsurance premium ceded under facultative reinsurance agreements is recognized when the facultative reinsurance agreement has been entered into by the Corporation and when gross written premiums within the scope of the facultative agreements are recognized.

Reinsurance recovery is recognized when there is evidence of liability on the part of the reinsurer.

Reinsurance commission is recognized when there is a corresponding reinsurance premium ceded.

(ii) Reinsurance assumed

Reinsurance assumed under treaty arrangement:

- Income and expenses relating to reinsurance assumed under treaty arrangements are recognized when the statement of account is received from the cedants. As at the reporting date, income and expenses relating to reinsurance assumed under treaty arrangements but for which the cedants have not sent their statement of accounts are estimated based on the historical experience and the Corporation's own estimate taking into account. .

Reinsurance assumed under facultative arrangement:

- Reinsurance premium assumed is recognized when the facultative reinsurance agreement has been entered into by the Corporation and a statement of account (for each facultative reinsurance agreement) has been received from the cedants;
- Claim expenses for reinsurance assumed is recognized when there is evidence of liability of the Corporation and when a statement of account has been sent to the Corporation; and
- Reinsurance commission is recognized when the reinsurance premium is ceded and when a statement of account has been sent to the Corporation.

3.21 *Taxation*

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the balance sheet date.

Current income tax is charged or credited to the income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Corporation to set off current tax assets against current tax liabilities and when the Corporation intends to settle its current tax assets and liabilities on a net basis.

3 APPLIED ACCOUNTING POLICIES (continued)

3.21 Taxation (continued)

Deferred tax

Deferred tax is provided using the balance sheet liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purpose.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except :

- where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporarily differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Previously unrecognised deferred income tax assets are re assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Corporation to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or when the Corporation intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3 APPLIED ACCOUNTING POLICIES (continued)

3.22 *Use of estimates*

The preparation of the financial statements requires the Board of Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the income and expenses and the resultant provisions. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

3.23 *Off-balance sheet items*

In accordance with the Vietnamese Accounting System for insurance companies, insurance policies that have been signed but for which no obligations have arisen on the part of the insurers are not recorded in the balance sheet until the premium is collected or the policies become effective.

4. CASH AND CASH EQUIVALENTS

	31 December 2011 VND	*31 December 2010 VND*
Cash on hand	605,026,144	614,750,726
In which:		
VND	*605,026,144*	*614,750,726*
Cash at banks	17,056,226,088	11,601,165,386
In which:		
VND	*15,495,132,306*	*9,224,677,636*
Foreign currency	*1,561,093,782*	*2,376,487,750*
Cash in transit	139,600,000	9,205,549,368
	17,800,852,232	**21,421,465,480**

5. SHORT-TERM INVESTMENTS

	31 December 2011 VND	*31 December 2010 VND*
Short-term securities investments	143,889,012,493	145,167,824,886
Listed shares	*36,340,585,857*	*31,560,598,250*
Unlisted shares	*37,758,426,636*	*50,982,426,636*
Corporate bonds	*69,790,000,000*	*62,624,800,000*
Other short-term investments	1,279,073,200,000	1,708,733,000,000
Term deposits in VND	*1,239,500,000,000*	*1,704,000,000,000*
Term deposits in USD	*39,573,200,000*	*4,733,000,000*
Allowance for diminution of short-term investments value	(22,353,465,953)	(11,825,797,310)
Net value of short-term investments	**1,400,608,746,540**	**1,842,075,027,576**

6. ACCOUNT RECEIVABLES

	31 December 2011 VND	*31 December 2010 VND*
Trade receivables	**276,526,039,044**	**252,599,611,682**
Receivable from direct insurance activities	36,001,583,408	28,827,679,868
Receivable from inward reinsurance	34,781,663,514	32,613,031,142
Receivable from outward reinsurance	161,303,123,563	158,215,560,681
- *Recoverable from settled claims*	*113,069,955,594*	*105,024,785,799*
- *Commission receivables from reinsurance ceded*	*48,233,167,969*	*53,190,774,882*
Receivables from financial activities	40,188,052,474	29,295,212,472
Other receivables	4,251,616,085	3,648,127,519
Advances to suppliers	**678,042,882**	**2,140,789,225**
Deductible VAT	**7,994,634,946**	**2,605,917,369**
Other receivables	**32,375,581,984**	**161,213,726,920**
Total receivables	**317,574,298,856**	**418,560,045,196**
Allowance for doubtful debts	(6,333,102,436)	(5,144,162,922)
Net trade and other receivables	**311,241,196,420**	**413,415,882,274**

7. TANGIBLE FIXED ASSETS

	Office equipments *VND*	*Vehicles* *VND*	*Other fixed assets* *VND*	*Total* *VND*
Costs:				
Balance at 1 January 2011	5,522,025,039	21,877,613,289	166,993,639	27,566,631,967
Additions	533,224,825	310,495,823	72,240,000	915,960,648
Newly purchased	*412,019,569*	*310,495,823*	*72,240,000*	*794,755,392*
Other increase	*121,205,256*	-	-	*121,205,256*
Decrease	-	(107,809,636)	(13,395,620)	(121,205,256)
Other decrease	-	*(107,809,636)*	*(13,395,620)*	*(121,205,256)*
Balance at 31 December 2011	6,055,249,864	22,080,299,476	225,838,019	28,361,387,359
Accumulated depreciation:				
Balance at 1 January 2011	(5,491,656,343)	(11,815,091,365)	(148,888,705)	(17,455,636,413)
Depreciation for the year	(1,127,738,218)	(3,218,562,544)	(47,596,978)	(4,393,897,740)
Other increase	-	(1,534,902,434)	-	(1,534,902,434)
Other decrease	1,463,293,323	-	71,609,111	1,534,902,434
Balance at 31 December 2011	(5,156,101,238)	(16,568,556,343)	(124,876,572)	(21,849,534,153)
Net book value:				
Balance at 1 January 2011	30,368,696	10,062,521,924	18,104,934	10,110,995,554
Balance at 31 December 2011	899,148,626	5,511,743,133	100,961,447	6,511,853,206

8. FINANCE LEASES

	Vehicles VND	*Total VND*
Cost		
Balance at 1 January 2011	-	-
Additional leases	2,152,579,273	2,152,579,273
Balance at 31 December 2011	2,152,579,273	2,152,579,273
Accumulated depreciation:		
Balance at 1 January 2011	-	-
Depreciation for the year	(87,937,590)	(87,937,590)
Balance at 31 December 2011	(87,937,590)	(87,937,590)
Net carrying amount:		
Balance at 1 January 2011	-	-
Balance at 31 December 2011	2,064,641,683	2,064,641,683

9. INTANGIBLE FIXED ASSETS

	Computer software VND	*Total VND*
Costs:		
Balance at 1 January 2011	56,057,850	56,057,850
Additions	-	-
Decrease	-	-
Balance at 31 December 2011	56,057,850	56,057,850
Accumulated amortisation:		
Balance at 1 January 2011	(56,057,850)	(56,057,850)
Increase for the year	-	-
Disposals	-	-
Balance at 31 December 2011	(56,057,850)	(56,057,850)
Net book value:		
As at 1 January 2011	-	-
As at 31 December 2011	-	-

10. LONG-TERM INVESTMENTS

	Note	31 December 2011 VND	31 December 2010 VND
1. Long-term securities investments			
Bonds	10.1	50,000,000,000	129,790,000,000
2. Investment in associates, joint-ventures			
Investment in Lao-Viet Insurance Company	10.2	21,606,510,526	19,041,412,583
3. Other long-term investments			
Investment in Vinaconex – Viettel Finance JSC	10.3	50,000,000,000	50,000,000,000
Total long-term investments		**121,606,510,526**	**198,831,412,583**
Provision for long-term investments	10.4	-	-
Net value of financial long-term investments		**121,606,510,526**	**198,831,412,583**

10.1 *Bonds*

	Term	Annual rate	31 December 2011 VND
Long Hau JSC	3 years	17.75%	20,000,000,000
Tai Nguyen Company	3 years	18.50%	30,000,000,000
			50,000,000,000

10.2 *Investment in Lao-Viet Insurance Company (LVI)*

Following the Foreign Investment Certificate No. 146/BKH/ĐTRNN granted by the Ministry of Investment and Planning of Vietnam on 19 June 2008, the Corporation entered into a joint venture in Lao PDR to establish Lao - Viet Insurance Joint Venture Company ("the JV") of which the Corporation owns a 51% of the total chartered capital. The operating period for this JV is 50 years.

The Corporation accounted for the investment in the JV using equity method of accounting. For that purpose, the Corporation has recognized the share of profit/ (loss) of the JV on proportionate basis. Details of the movements of the investment in LVI during the period are as follows:

	31 December 2011 VND
As at 31 December 2010	19,041,412,583
Share of profit in associate and joint venture using equity method of accounting	2,565,097,943
As at 31 December 2011	**21,606,510,526**

10. LONG-TERM INVESTMENTS (continued)

10.3 *Investment in Vinaconex – Viettel Finance JSC*

	% owned	Number of shares	Unit cost	Amount VND
Vinaconex – Viettel Finance JSC	5%	5,000,000	10,000	50,000,000,000
		5,000,000		**50,000,000,000**

10.4 *Provision for long- term investments*

Provision for long-term investments comprises provision for equity investments in economic organizations which incurred losses in the year 2010 and was provided for in accordance with Circular 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance and with the Corporation's accounting policy set out in Note 3.10.

11. TRADE PAYABLES

	31 December 2011 VND	31 December 2010 VND
Payables relating to writing of direct insurance	10,778,090,352	10,723,734,785
Reinsurance assumed payables	18,777,857,875	10,118,687,556
Reinsurance ceded payables	206,992,815,276	191,444,822,668
Other payables	3,798,834,463	2,963,439,782
	240,347,597,966	**215,250,684,791**

12. STATUTORY OBLIGATIONS

	Balance as at 31 December 2010	Movement during the period		Balance as at 31 December 2011
		Payable of the period VND	Paid VND	VND
Value added tax	4,523,803,266	36,033,794,958	(32,610,322,184)	7,947,276,040
Enterprise income tax	77,640,206	21,455,564,893	(15,967,404,693)	5,565,800,406
Other taxes	2,784,252,883	10,950,663,616	(10,720,753,964)	3,014,162,535
	7,385,696,355	**68,440,023,467**	**(59,298,480,841)**	**16,527,238,981**

13. OTHER PAYABLES

	31 December 2011 VND	31 December 2010 VND
Payable for trusted investment	501,001,194,444	1,304,709,027,778
Principal payable (*)	*480,000,000,000*	*1,300,000,000,000*
Interest payable	*21,001,194,444*	*4,709,027,778*
Others	18,252,167,972	18,385,691,719
	519,253,362,416	**1,323,094,719,497**

(*) These are payables on principal to Lao-Viet Bank – Ho Chi Minh Branch and Bank for Investment and Development of Vietnam under the trusted investment contracts on term deposit with term not over 6 months and interest rates ranging from 5.7% to 15.2% per annum.

14. OWNERS' EQUITY

	Chartered capital VND	*Share premium VND*	*Treasury shares VND*	*Financial reserve VND*	*Statutory reserve VND*	*Retained earnings VND*	*Total VND*
Period from 1 October 2010 to 31 December 2010							
Balance at 1 October 2010	660,000,000,000	2,271,699,140	-	-	-	-	662,271,699,140
Profit for the period	-	-	-	-	-	18,001,878,910	18,001,878,910
Balance at 31 December 2010	**660,000,000,000**	**2,271,699,140**	**-**	**-**	**-**	**18,001,878,910**	**680,273,578,050**
This year							
Balance at 1 January 2011	660,000,000,000	2,271,699,140	-	-	-	18,001,878,910	680,273,578,050
Profit for the year						79,065,512,609	79,065,512,609
Appropriation to funds from profit for year 2010	-	-	-	1,800,187,891	900,093,946	(2,700,281,837)	-
Appropriation to funds from profit for year 2011	-	-	-	-	3,953,275,630	(3,953,275,630)	-
Purchase of treasury shares	-	-	(6,215,238,666)	-	-	-	(6,215,238,666)
Appropriation to Bonus and Welfare funds	-	-	-	-	-	(2,996,896,259)	(2,996,896,259)
Remuneration to Board of Directors	-	-	-	-	-	(228,500,000)	(228,500,000)
Balance at 31 December 2011	**660,000,000,000**	**2,271,699,140**	**(6,215,238,666)**	**1,800,187,891**	**4,853,369,576**	**87,188,437,793**	**749,898,455,734**

15. REVENUE FROM INSURANCE BUSINESS

15.1 *Gross written premiums*

Product	*For year ended 31 December 2011 VND*	*For the period from 1 October 2010 to 31 December 2010 VND*
Health Insurance and Personal Accident Insurance	35,234,630,824	14,659,931,901
Property and Damages Insurance	235,361,269,821	59,280,039,669
Cargo Insurance	31,283,138,802	8,937,475,962
Automobile Insurance	183,216,500,520	42,890,132,088
Fire Insurance	62,026,311,787	18,132,903,533
Liability Insurance	4,598,996,599	2,314,351,447
Business Risk Insurance	2,101,819,296	1,561,976,487
Aviation Insurance	21,407,806,093	-
Hull and owner's liability Insurance	48,384,206,256	21,648,227,992
Financial and credit risk insurance	206,338,510	-
	623,821,018,508	**169,425,039,079**

15.2 *Reinsurance premiums assumed*

Product	*For year ended 31 December 2011 VND*	*For the period from 1 October 2010 to 31 December 2010 VND*
Health Insurance and Personal Accident Insurance	604,607,716	127,310,964
Property and Damages Insurance	49,506,400,644	10,056,274,865
Cargo insurance	1,695,354,806	-
Automobile Insurance	3,585,412,384	518,127,656
Fire Insurance	2,954,868,510	220,043,986
Liability Insurance	1,504,368,505	16,493,059
Business Risk Insurance	2,499,492,174	210,156,181
Aviation Insurance	1,902,519,219	1,239,289
Hull and owner's liability Insurance	1,460,276,726	927,765,809
Financial and credit risk insurance	41,196,519	-
	65,754,497,203	**12,077,411,809**

15.3 *Reinsurance premiums ceded*

Product	*For year ended 31 December 2011 VND*	*For the period from 1 October 2010 to 31 December 2010 VND*
Health Insurance and Personal Accident Insurance	309,870,339	81,212,540
Property and Damages Insurance	152,407,740,381	42,120,487,828
Cargo Insurance	22,060,123,896	6,296,659,620
Automobile Insurance	2,434,622,043	176,502,251
Fire Insurance	35,539,729,739	9,108,179,316
Liability Insurance	2,338,509,128	1,347,426,817
Business Risk Insurance	2,000,000,000	1,716,525,935
Aviation Insurance	20,827,310,794	-
Hull and owner's liability Insurance	35,610,753,133	15,209,367,796
Financial and credit risk insurance	103,756,353	-
	273,632,415,806	**76,056,362,103**

16. CLAIM EXPENSES

16.1 *Gross claim expenses*

Product	*For year ended 31 December 2011 VND*	*For the period from 1 October 2010 to 31 December 2010 VND*
Health Insurance and Personal Accident Insurance	12,407,445,821	3,276,092,123
Property and Damages Insurance	69,424,717,404	14,083,370,882
Cargo Insurance	28,761,544,250	273,336,639
Automobile Insurance	103,373,380,269	21,189,536,681
Fire Insurance	49,248,032,829	20,715,432,294
Liability Insurance	340,067,693	4,862,306
Business risk insurance	16,579,080,256	-
Hull and ship owner's liability insurance	73,271,474,108	3,864,824,370
	353,405,742,630	**63,407,455,295**

16.2 *Claim expenses on reinsurance assumed*

Product	*For year ended 31 December 2011 VND*	*For the period from 1 October 2010 to 31 December 2010 VND*
Health Insurance and Personal Accident Insurance	145,361,633	86,404,009
Property and Damages Insurance	15,272,189,506	17,055,206,095
Cargo Insurance	433,374,718	1,532,735
Automobile Insurance	599,655,000	12,646,632
Fire Insurance	2,877,559,070	-
Business risk insurance	87,639,552	-
Aviation insurance	43,502,751	-
Hull and ship owner's liability Insurance	115,805,962	213,907,722
	19,575,088,192	**17,369,697,193**

16.3 *Recoveries from reinsurance ceded*

Product	*For year ended 31 December 2011 VND*	*For the period from 1 October 2010 to 31 December 2010 VND*
Health Insurance and Personal Accident Insurance	20,768,969	11,874,338
Property and Damages Insurance	55,839,115,418	27,507,218,180
Cargo Insurance	26,317,142,034	223,922,614
Automobile Insurance	2,553,170,985	2,408,915,968
Fire Insurance	38,463,163,051	13,843,853,980
Liability Insurance	280,270,745	3,016,246
Business risk insurance	14,758,606,750	712,167,496
Hull and ship owner's liability Insurance	61,598,479,880	2,950,711,046
	199,830,717,832	**47,661,679,868**

16. CLAIM EXPENSES (continued)

16.4 *Technical Reserves* (continued)

16.4.1 Unearned premium reserve

Product	*31 December 2011 VND*	*31 December 2010 VND*
Health Insurance and Personal Accident Insurance	19,611,065,254	9,738,279,057
Property and Damages Insurance	48,083,564,033	51,381,390,765
Cargo Insurance	863,618,110	2,176,164,820
Automobile Insurance	100,845,304,144	73,553,674,640
Fire Insurance	14,612,793,093	12,988,878,004
Liability Insurance	2,224,586,165	2,066,814,678
Business risk Insurance	59,364,902	213,227,808
Aviation Insurance	186,694,172	288,731,372
Hull and ship owner's liability Insurance	3,571,013,100	6,893,395,137
Financial and credit risk insurance	70,677,518	-
	190,128,680,491	**159,300,556,281**

The change in unearned premium reserve taken to expenses charged to the income statement for the year ended 31 December 2011 was VND 30,827,495,640.

16.4.2 Claim reserves

Product	*31 December 2011 VND*	*31 December 2010 VND*
Health Insurance and Personal Accident Insurance	9,832,641,896	5,398,147,196
Property and Damages Insurance	22,497,554,072	32,681,371,899
Cargo Insurance	663,329,477	1,132,634,530
Automobile Insurance	15,060,743,454	15,887,891,646
Fire Insurance	10,790,035,352	896,707,570
Liability Insurance	301,994,202	828,295,703
Business risk Insurance	558,096,939	1,415,763,054
Aviation Insurance	24,965,864	
Hull and ship owner's liability Insurance	6,839,469,603	6,345,511,114
Financial and credit risk insurance	764,010,250	
	67,332,841,109	**64,586,322,712**

Claim reserves include:

1. Outstanding claim reserves were calculated based on loss estimate for each individual large claim, for which the Corporation is liable, which is either notified to the Corporation or requested for payment but is still unresolved as at 31 December 2011. Such reserves amounted to VND 186,807,759,637 as at 31 December 2011, in which, the amount recoverable from reinsurers relating to these outstanding claims amounted to VND 132,615,144,881;

2. Reserves for claims incurred but not reported as at 31 December 2011, amounted to VND 13,140,226,353.

   The increase in claim reserve, of VND 2,783,468,469, was charged to the income statement on a net basis, i.e. after deducting the corresponding reinsurance recoveries.

16. CLAIM EXPENSES (continued)

16.4 Technical Reserves (continued)

16.4.3 Catastrophe reserve

Details of the catastrophe reserve provided as at 31 December 2011 are presented as follows:

Product	*31 December 2011 VND*	*31 December 2010 VND*
Health Insurance and Personal Accident Insurance	4,622,801,189	2,535,049,077
Property and Damages Insurance	9,811,665,898	10,188,564,770
Cargo Insurance	1,269,072,038	1,394,502,304
Automobile Insurance	19,755,625,277	9,572,334,396
Fire Insurance	3,213,505,817	2,525,517,099
Liability Insurance	385,003,568	368,112,791
Business Risk Insurance	46,703,187	83,719,205
Aviation Insurance	14,479,326	19,138,508
Hull and ship owner's liability Insurance	1,271,092,874	1,841,559,196
Financial and credit risk insurance	250,053,616	4,915,625
	40,640,002,790	**28,533,412,971**

The catastrophe reserve expense charged to the income statement for the period ended 31 December 2011 was VND 12,106,589,819.

17. ADMINISTRATIVE EXPENSES

ITEMS	*For year ended 31 December 2011 VND*	*For the period from 1 October 2010 to 31 December 2010 VND*
Employees expenses	104,835,291,493	13,879,000,000
Depreciation expenses	4,292,244,231	964,791,589
Expenses for external services	55,962,726,387	9,284,973,546
Other expenses	19,055,849,483	12,971,279,081
	184,146,111,594	**37,100,044,216**

18. FINANCIAL INCOME

	For year ended 31 December 2011 VND	*For the period from 1 October 2010 to 31 December 2010 VND*
Interest income from deposits at banks	204,261,131,686	47,696,310,197
Interest income from bonds	24,529,089,003	6,693,259,597
Dividends income	14,117,739,189	380,829,575
Foreign exchange gains	29,447,519,819	1,803,545,295
Gain on securities trading	16,521,390,438	8,417,811,202
Other financial income	1,066,051,591	2,091,542
	289,942,921,726	**64,993,847,408**

19. FINANCIAL EXPENSES

ITEMS	*For year ended 31 December 2011 VND*	*For the period from 1 October 2010 to 31 December 2010 VND*
Interest expense of long-term loan	13,760,361	-
Foreign exchange losses	23,728,294,707	4,175,923,483
Loss on securities trading	3,383,295,170	1,224,860,205
Interest expense of investment trusted	102,046,461,109	29,537,360,962
Others financial expense	164,938,203	196,669,315
Provision for investment impairment	10,527,668,643	11,825,797,310
	139,864,418,193	**46,960,611,275**

20. OTHER INCOME AND EXPENSES

	For year ended 31 December 2011 VND	*For the period from 1 October 2010 to 31 December 2010 VND*
Other income		
Proceeds on disposal of assets	403,636	(32,381,820)
Other income	839,430,090	150,564,240
	839,833,726	**118,182,420**
Other expenses		
Expenses on disposal of assets	1,246	(1,945,631)
Other expenses	942,367,323	41,396,192
	942,368,569	**39,450,561**
Net other income	**(102,534,843)**	**78,731,859**

21. ENTERPRISE INCOME TAX

The Corporation is subject to paying Enterprise Income Tax ("EIT") at the rate of 25% of its taxable profits.

The Corporation's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

21.1 Enterprise Income Tax Expense

	For year ended 31 December 2011 VND	*For the period from 1 October 2010 to 31 December 2010 VND*
Current Enterprise Income Tax	21,455,564,893	8,111,885,584
Deferred Enterprise Income Tax		-
Enterprise Income Tax Expense	**21,455,564,893**	**8,111,885,584**

21. ENTERPRISE INCOME TAX (continued)

21.2 *Current Enterprise Income Tax*

The current enterprise income tax payable is determined based on taxable income for the period. Taxable profit distinguishes from accounting profit reported on income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible for tax purpose. The Corporation's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

The reconciliation between accounting profit and taxable profit is presented below:

	For year ended 31 December 2011 VND	*For the period from 1 October 2010 to 31 December 2010 VND*
Accounting profit before tax	**100,521,077,502**	**26,113,764,493**
Adjustments to increase	**1,276,072,417**	**6,714,607,417**
Non-deductible expenses	1,276,072,417	-
Share of loss in associates and joint-venture	-	6,714,607,417
Adjustments to decrease	**(16,682,837,132)**	**(380,829,575)**
Tax exempt dividend income	(14,117,739,189)	(380,829,575)
Share of profit in associates and joint-venture	(2,565,097,943)	-
Estimated current taxable profit	**85,114,312,787**	**32,447,542,335**
Estimated Current Enterprise Income Tax expense	21,278,578,197	8,111,885,584
Adjustment of tax payables	176,986,696	-
Current Enterprise Income Tax	**21,455,564,893**	**8,111,885,584**
Enterprise Income Tax payable/(receivables) at beginning of the year	77,640,206	(8,034,245,378)
Enterprise Income Tax paid during the year	(15,967,404,693)	-
Enterprise Income Tax payable at the end of the year	**5,565,800,406**	**77,640,206**

22. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with related companies during the year were as follows:

Company	*Relationship*	*Transaction*	*Amount VND*
The Bank of Investment and Development of Vietnam	Parent	Gross written premium	55,166,184,889
		Interest income from term deposit	50,328,574,022
		Trusted interest expense	95,354,805,554
		Office rental expense	5,173,908,480
		Claim expense	10,117,962,694
BIDV Leasing Company II	Affiliate	Interest income from term deposit	184,700,000
BIDV Securities Company	Affiliate	Trusted interest income	10,667,222,223
The Bank of Investment and Development of Cambodia	Affiliate	Interest income from term deposit	5,342,444,444
		Trusted interest expense	6,645,738,888
Lao Viet Insurance company	Joint-venture	Assumed reinsurance premium	20,797,022,959
		Ceded premium	989,161,152

Amounts due to and due from related companies at the balance sheet date were as follows:

Related company	*Relationship*	*Description*	*Receivables VND*	*Payables VND*
The Bank of Investment and Development of Vietnam	Parent	Current account	17,050,263,319	-
		Term deposit	607,573,200,000	-
		Interest from term deposit	3,749,861,111	-
		Premium receivables	389,326,708	
		Trusted investment payables	-	400,000,000,000
		Trusted investment interest payables	-	20,955,277,777
		Compulsory deposit at BIDV	6,000,000,000	-
BIDV Leasing Company I	Affiliate	Finance lease	-	633,000,000
The Bank of Investment and Development of Cambodia	Affiliate	Term deposit	105,000,000,000	-
		Interest from term deposit	200,777,777	-
		Total	**739,963,428,915**	**421,588,277,777**

22. TRANSACTIONS WITH RELATED PARTIES (continued)

Remuneration to members of Board of Management

	For the year ended 31 December 2011 VND	*For the period from 1 October 2010 to 31 December 2010 VND*
Salaries and bonus	2,362,692,600	544,562,000
Other benefits	587,411,827	346,665,419
	2,950,104,427	**891,227,419**

Other directors' interests

Apart from salaries and bonus, the directors are not entitled to any other benefits.

23. CONTINGENT LIABILITIES

Foreign contractor withholding tax

The Corporation has not provided for the potential foreign contractor withholding taxes from the offshore payments of reinsurance premiums ceded to overseas reinsurers from countries without Double Tax Treaty with Vietnam for the period from 1 Jan 2005 to 31 December 2008. The potential tax risks relating to these issues are VND1.6 billions for foreign contractor withholding tax.

For year 2009, the Corporation has sufficiently made provision for potential tax obligation relating to reinsurance premium ceded to overseas reinsurer. However, for year 2010 up to date, the Corporation only accounted for the FCT on reinsurance premiums ceded to overseas reinsurers from countries without Double Tax Treaty with Vietnam or from countries with Double Tax Treaty with Vietnam but the reinsurers have not submitted adequate supporting documents.

24. EARNINGS PER SHARE

Basic earnings per share ("EPS") amounts is calculated by dividing net profit after tax for the period attributable to ordinary shareholders of the Corporation by the weighted average number of ordinary share outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computation.

	For year ended 31 December 2011	*For the period from 1 October 2010 to 31 December 2010*
Net profit after tax attributable to ordinary equity holders for basic earnings (VND)	79,065,512,609	18,001,878,909
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share (unit)	65,919,999	66,000,000
EPS (VND)	1,199	273

25. RISK MANAGEMENT FRAMEWORK

25.1 *Governance framework*

The primary objective of the Corporation's risk and financial management framework is to protect the Corporation's shareholders from events that hinder the sustainable achievement of financial performance objectives. The Board of Directors and Management recognise the importance of having efficient and effective risk management systems in place.

The Corporation has established a risk management function which agreed clear terms of reference from the Board of Directors. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to the Board of Management and other senior management. A policy framework has been developed and implemented which sets out the risk profiles for the Corporation, risk management, control and business conduct standards for the Corporation's operations. Each policy has a member of the Board of Management charged with overseeing compliance with the policy throughout the Corporation.

25.2 *Risk management objectives, policies and processes for management of insurance risk*

The primary insurance activity carried out by the Corporation is the assumption of risk of loss from persons or organisations that are directly subject to the risk. Such risks may relate to property, liability, accident, health, financial or other perils that may arise from an insurable event. As such the Corporation is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The Corporation also has exposure to market risk through its insurance and investment activities.

The Corporation manages its insurance risk through underwriting limits, approval procedures for transactions that involve new products or those exceed set limits, risk diversification, pricing guidelines, reinsurance and monitoring of emerging issues.

25.3 *Capital management and regulatory framework*

The primary capital management objective of the Corporation is to maintain a strong capital base to support the development of its business and to comply with regulatory capital requirements at all times. The Corporation recognises the impact on shareholders returns of the level of equity capital employed and seek to maintain a prudent balance.

Regulatory capital requirements arise from the operations of the Corporation require the Corporation to hold assets sufficient to cover liabilities and satisfy the solvency margin requirements in Vietnam. The principal solvency requirements that apply to the Corporation is those set out in Circulars 156 issued by the Ministry of Finance.

The tables below summarise the minimum regulatory solvency margin for the Corporation and the solvency capital held against each of them. Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the insurance subsidiaries are satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Corporation maintain appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

	Corporation Solvency Capital VND million	*Minimum Solvency Margin VND million*	*Solvency Margin Ratio*
31 December 2011	648,081	101,192	640%
31 December 2010	572,388	135,326	423%

The solvency ratio of the Corporation is calculated based on the relevant regulators promulgated by the Ministry of Finance in Vietnam, which is an indicator of the overall solvency position of the relevant insurance operations.

25. RISK MANAGEMENT FRAMEWORK (continued)

25.4 *Underwriting strategy*

The Corporation's underwriting strategy seeks diversity to ensure a balanced mix of business portfolio and is based on a large portfolio of similar risks over a number of years and, as such, reduces the variability of the outcome.

25.5 *Reinsurance strategy*

The Corporation reinsures a portion of the insurance risks it underwrites in order to control its exposures to losses and protect its capital, through treaty and facultative reinsurance arrangements. These reinsurance agreements transfer part of the risk and limit the exposure from each insured. The amount of each risk retained depends on the Corporation' s evaluation of the specific risk, subject in certain circumstances, to maximum limits based on characteristics of coverage. Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse the ceded amount in the event the claim is paid. However, the Corporation remains liable to its policyholders with respect to ceded insurance if any reinsurer fails to meet the obligations it assumes.

Ceded reinsurance contains credit risk, and to minimise such risk, only those reinsurers meeting the Corporation's credit rating standard, either assessed from public rating information or internally investigations, will be used.

26. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The Corporation issues contracts that transfer insurance risk or financial risk or both. The following gives details of the Corporation's main products and the ways in which it manages the associated risks.

26.1 *Insurance risk*

Assumptions, changes in assumptions and sensitivity analysis

The process used to determine the assumptions is intended to result in estimates of the most likely outcome. The sources of data used as inputs for the assumptions are internal, based on detailed studies that are carried out regularly. The assumptions are checked to ensure that they are consistent with other observable information. There is more emphasis on current trends, and where there is insufficient historical information, prudent assumptions are used.

The nature of the business makes it very difficult to predict with certainty the outcome of any particular claim and the ultimate cost. Each notified claim is assessed on a separate case by case basis with due regard to the circumstances, information available from loss adjusters and historical evidence of similar claims. Case estimates are reviewed regularly and are updated as and when new information arises. The impact of many of the items affecting the ultimate costs of the loss is difficult to estimate. The provisions are based on information currently available. However, the ultimate liabilities may vary as a result of subsequent developments.

26. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

Assumptions, changes in assumptions and sensitivity analysis (continued)

The key method in calculating the claim reserves is based on Circular No.156/2007/TT-BTC dated 20 December 2007 and Circular No.86/2009/TT-BTC dated 28 April 2009 modifying some clauses of Circular No.156 issued by the Ministry of Finance. Details of such reserving methodologies are as follows:

Claim reserve includes the reserve for outstanding claims and for claims incurred but not reported.

- Outstanding claim reserve is established based on the estimated claim payments for each claim for which the insurer is liable, which is either notified to the insurer or requested for payment but is still unresolved at the end of the fiscal year, in accordance to the Circular No.156/2007/TT-BTC; and
- Reserve for incurred but not reported claims for which the insurer is liable (IBNR).

The Corporation is calculating the reserve for incurred but not reported claims based on the following formula:

$$\text{Reserve for payment of losses which have incurred but not yet reported for the current fiscal year} = \frac{\text{Total indemnity for claims incurred but not reported at the end of the last three years}}{\text{Total indemnity for losses arising in the last three years}} \times \text{Indemnity for losses arising in the current fiscal year} \times \frac{\text{Net operating revenue of current fiscal year}}{\text{Net operating revenue of the previous fiscal year}} \times \frac{\text{Average delay in making claims of current fiscal year}}{\text{Average delay in making claims of previous fiscal year}}$$

The Corporation issues general insurance contracts such as cargo, hull, aviation, engineering, fire, health and personal accident, general indemnity and automobile. Risks under general insurance contracts usually cover twelve month duration.

The Corporation is exposed to risk of accumulation in view of the economic development across the country and flow of foreign investment in manufacturing and real estates, especially in the major economic hubs such as Ho Chi Minh City, Hanoi, Hai Phong, Da Nang and Dong Nai.

For general insurance contracts the most significant risks arise from climate changes and natural disasters. Vietnam has suffered heavily from catastrophes loss such as tropical typhoon, river flood, flash flood, heavy rain and landslide. It is expected that tropical typhoon will affect Vietnam regularly with the high severity and insured losses. In view of the exposures, the general insurance has arranged the reinsurance protection for the fire, engineering, motor, marine hull & cargo, fishing vessels portfolios against the catastrophe events to minimize the risks.

For longer tail claims that take over a year to settle; there is also inflation risk. These risks do not vary significantly in relation to the location of the risk insured by the general insurance, type of risk insured and by industry.

26. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

Assumptions, changes in assumptions and sensitivity analysis (continued)

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors. Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the general insurance. The general insurance further enforces a policy of activity managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The Corporation has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g. typhoon and flood damages).

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the general insurance 's risk appetite as decided by management. The management may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

26.2 Financial risk

The Corporation's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Corporation's operations. The Corporation has loan and other receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Corporation does not hold or issue derivative financial instruments.

The Corporation is exposed to market risk, credit risk and liquidity risk.

Risk management is integral to the whole business of the Corporation. The Corporation has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Corporation's risk management process to ensure that an appropriate balance between risk and control is achieved.

Management reviews and agrees policies for managing each of these risks which are summarized below.

26.2.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits and available-for-sale investments.

The sensitivity analyses in the following sections relate to the position as at 31 December 2011 and 31 December 2010.

26. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

26.2 *Financial risk* (continued)

26.2.1 Market risk (continued)

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

In calculating the sensitivity analyses, management assumed that the statement of the balance sheet relates to available-for-sale debt instrument; the sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2011 and 31 December 2010.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation's exposure to market risk for changes in interest rate relates primarily to the Corporation's cash, short-term deposits and corporate bonds.

The Corporation manages interest rate risk by looking at the competitive structure of the market to obtain rates which are favourable for its purposes within its risk management limits

A sensitivity analysis is not performed for interest rate risk as the Corporation's exposure to interest-rate risk is minimal at reporting date.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between VND and other currencies in which the Corporation conducts business may affect its financial condition and results of operations. The foreign current risk facing the Corporation mainly comes from movements in the USD/VND exchange rates. The Corporation seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

Major of the Corporation financial assets are denominated in VND which mitigates the foreign currency risk. With assets denominated in foreign currency, most of them are in USD.

During the year, foreign exchange rate between VND and USD fluctuated from 18,932 to 20,828 VND/USD.

The table below indicates the effect of a reasonably possible movement of the USD rate against the VND, with all other variables held constant, on the consolidated income statement and consolidated statement of financial position of the Corporation:

Change in variance	*Impact on profit before tax VND*	*Impact on equity after tax VND*
31 December 2011		
+10%	1,490,216,849	1,117,662,637
-10%	-1,490,216,849	-1,117,662,637
31 December 2010		
+10%	3,448,220,578	2,586,165,434
-10%	-3,448,220,578	-2,586,165,434

26. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

26.2 *Financial risk* (continued)

Equity price risk

The Corporation's listed and unlisted equity securities are susceptible to market price risk arising from uncertainty about future values of the investment securities. The Corporation manages equity price risk by placing a limit on equity investments and prediction analysis of market. The Corporation's Board of Management reviews and approves significant equity investment decisions.

At the reporting date, the exposure to listed equity securities at fair value was VND 25,969,792,000 (31 December 2010: VND 31,773,141,000). A decrease of 10% on the stock market index could have an impact of approximately VND (2,176,101,200) (31 December 2010: VND (1,874,693,540)) on the Corporation's profit after tax, depending on whether or not the decline is significant or prolonged. An increase of 10% in the value of the listed securities would increase Corporation's profit after tax by VND 2,176,101,200 (31 December 2010: VND 567,888,908).

26.2.2 *Credit risk*

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Corporation is exposed to credit risk from its operating activities (primarily for trade receivables from original insurance and reinsurance activities) and from its financing activities, including deposits at banks and other financial instruments.

Trade receivables

The trade receivables, which subject to credit risk, include trade receivables come from original insurance and reinsurance activities, advances to customers and other receivable amounts subject to credit risk. Customer credit risk is managed by the Corporation based on its established policy, procedures and control relating to customer credit risk management.

The most significant of reinsurance receivables are reinsurance recoveries. To mitigate the risk of the counterparties not paying the amount due, the Corporation has established certain business and financial guidelines for reinsurer approval, incorporating ratings by major agencies and considering currently available market information. The Corporation also periodically reviews the financial stability of reinsurers from public and other sources and the settlement trend of amounts due from reinsurers.

Bank deposits and other financial instruments

The Corporation's bank balances are mainly maintained with well-known banks in Vietnam. The Corporation evaluates the concentration of credit risk in respect to bank deposit is as low.

The Corporation's management evaluate all financial assets are neither past due nor impaired as they related to recognized and creditworthy counterparties except for the following receivables which are past due and impaired as at 31 December 2011.

26. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

26.2 *Financial risk* (continued)

26.2.2 *Credit risk* (continued)

Currency: VND'million

	Past due but not impaired		*Past due and impaired*		*Provision for impairment*
	< 90 days	*91–180 days*	*181–360 days*	*> 360 days*	
As at 31 December 2011					
Receivables from original insurance activities	21,145	5,627	2,117	7,113	(6,333)
Receivables from financial activities	-	3,016	-	-	-
Total	**21,145**	**8,643**	**2,117**	**7,113**	**(6,333)**
As at 31 December 2010					
Receivables from original insurance activities	16,961	689	1,576	9,602	(5,144)
Receivables from financial activities	-	-	-	-	-
Total	**16,961**	**689**	**1,576**	**9,602**	**(5,144)**

Provisions for impairment of the receivables were made under the Circular 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009.

26.2.3 *Liquidity risk*

The Corporation has to meet daily calls on its cash resources, notably from claims arising on its insurance contracts and early surrender of policies for surrender value. There is therefore a risk that cash will not be available to settle liabilities when due at a reasonable cost. The Corporation manages this risk by monitoring and setting an appropriate level of operating funds to settle these liabilities. Investment portfolios are also structured with regard to the liquidity requirement of each underlying fund, and early surrender penalties and market adjustment clauses are used to defray costs of unexpected cash requirements.

26. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

26.2 *Financial risk* (continued)

26.2.3 Liquidity risk

Contractual maturity

The table below summarizes the maturity profile of the Corporation's financial liabilities based on contractual undiscounted payments at the reporting date:

Unit: VNĐ

	On demand	*Less than 1 year*	*From 1 to 5 years*	*Total*
31 December 2011				
Financial liabilities				
Loans and borrowings	-	90,861,243	542,138,757	633,000,000
Insurance payables	10,778,090,352	-	-	10,778,090,352
Reinsurance payables	11,665,289,698	214,105,383,452		225,770,673,150
Accrued expenses	19,379,257,044	-	-	19,379,257,044
Other payables	64,449,258,112	501,001,194,444	-	565,450,452,556
	106,271,895,206	**715,197,439,139**	**542,138,757**	**822,011,473,102**

	On demand	*Less than 1 year*	*From 1 to 5 years*	*Total*
31 December 2010				
Financial liabilities				
Loans and borrowings	-	-	-	-
Insurance payables	10,723,734,785	-	-	10,723,734,785
Reinsurance payables	2,207,421,000	199,356,089,224	-	201,563,510,224
Accrued expenses	9,682,537,999	-	-	9,682,537,999
Other payables	41,669,224,982	1,304,709,027,778	-	1,346,378,252,760
	64,282,918,766.04	**1,504,065,117,002**	**-**	**1,568,348,035,768**

27. SUPPLEMENT NOTE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES PER CIRCULAR 210

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") with effectiveness from financial years beginning on or after 1 January 2011. Circular 210 provides the definitions of financial assets, financial liabilities and derivative financial instruments, equity instruments as well as presentation and disclosures of financial instruments.

Due to Circular 210 only requires the presentation and disclosure of financial instruments, the definitions of financial assets, financial liabilities and other relevant definitions as shown in Note 27 are applicable for preparing this note only. The assets, liabilities and equities of the Corporation still are recognized and accounting in accordance with the Vietnamese Accounting Standards and Vietnamese Accounting System applicable for insurance companies and comply with the relevant statutory requirements.

27. SUPPLEMENT NOTE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES PER CIRCULAR 210 (continued)

Financial assets

Financial assets within the scope of Circular 210 include cash and short-term deposits, trade and other receivables, loan receivables, quoted and unquoted financial instruments.

According to Circular 210, for the purpose of disclosure in the financial statements, financial assets are classified as appropriate into one of the following categories:

- ***Financial asset recognized at fair value through profit or loss statements that satisfies either of the following conditions:***

  Being classified as held for trading. A financial asset will be classified as securities held for trading if:

  (i) It is purchased or created mainly for the purpose of resale/redemption in a short term;

  (ii) There is an evidence that such instrument is traded for the purpose of gaining short-term profits; or,

  (iii) It is a derivative financial instrument (except derivative financial instruments identified as financial guarantee contracts or effective hedging instruments).

- ***Held-to-maturity investments are non-derivative financial assets with fixed or identifiable payments and fixed maturity periods which an entity has the intent and ability to hold until the date of maturity, with the exceptions of:***

  a/ Financial assets that, upon initial recognition, were categorized as such recognized at fair value through profit or loss statements;

  b/ Financial assets already categorized as available for sale;

  c/ Financial assets that meet the definitions of loans and receivables.

- ***Loans and receivables are non-derivative financial assets with fixed or identifiable payments and not listed on the market, with the exceptions of:***

  a/ The amounts the entity has the intent to immediately sell or will sell in a near future which are classified as assets held for trading, and like those which, upon initial recognition, the entity categorized as such recognized at fair, value through profit or loss statements;

  b/ The amounts categorized by the entity as available for sale upon initial recognition; or,

  c/ The amounts whose holders cannot recover most of the initial investment value not due to credit quality impairment and which are categorized as available for sale.

- ***Available-for-sale assets are non-derivative financial assets determined as available for sale or not classified as:***

  a/ Loans and receivables;

  b/ Held-to-maturity investments;

  c/ Financial assets recognized at fair value through profit or loss statements.

27. SUPPLEMENT NOTE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES PER CIRCULAR 210 (continued)

Financial liabilities

Financial liabilities within the scope of Circular 210 include trade and other payables, loans and borrowings.

According to Circular 210, for the purpose of disclosure in the financial statements, financial liabilities are classified as appropriate into one of the following categories:

- ***Financial liability recognized at fair value through profit or loss statements that satisfies either of the following conditions:***

  Being classified as held for trading. A financial liability will be classified as securities held for trading if:

  (i) It is purchased or created mainly for the purpose of resale/redemption in a short term;

  (ii) There is an evidence that such instrument is traded for the purpose of gaining short-term profits; or,

  (iii) It is a derivative financial instrument (except derivative financial instruments identified as financial guarantee contracts or effective hedging instruments).

- *Financial liabilities measured at amortised cost,* include financial liabilities that were not categorized as financial liabilities at fair value through profit or loss statements.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

27. SUPPLEMENT NOTE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES PER CIRCULAR 210 (continued)

	Carrying amount				*Fair value*	
	31 December 2011		*31 December 2010*		*31 December 2011*	*31 December 2010*
	Cost VND	*Provision* VND	*Cost* VND	*Provision* VND	VND	VND
Financial assets						
Fair value through Profit and Loss	**44,827,248,857**	**(12,309,616,697)**	**43,071,261,250**	**(1,180,223,910)**	**25,969,792,000**	**31,773,141,000**
Held for trading investments	44,827,248,857	(12,309,616,697)	43,071,261,250	(1,180,223,910)	25,969,792,000	31,773,141,000
- *Listed shares*	*36,340,585,857*	*(11,346,576,697)*	*31,560,598,250*	*(1,090,223,910)*	*25,969,792,000*	*31,773,141,000*
Loan and receivables	**1,716,437,498,856**	**2,319,707,845,196**	**(6,333,102,436)**	**(5,144,162,922)**	**1,710,104,396,420**	**2,314,563,682,274**
- *Trade receivable*	*272,186,073,448*	*(6,333,102,436)*	*231,335,532,084*	*(5,144,162,922)*	*265,852,971,012*	*226,191,369,162*
- *Receivable from related parties*	*4,339,965,596*	-	*21,264,079,598*	-	*4,339,965,596*	*21,264,079,598*
- *Other receivable*	*41,048,259,812*	-	*165,960,433,514*	-	*41,048,259,812*	*165,960,433,514*
- *Unlisted bonds (*)*	*119,790,000,000*	-	*192,414,800,000*	-	*119,790,000,000*	*192,414,800,000*
- *Short term deposits*	*1,279,073,200,000*	-	*1,708,733,000,000*	-	*1,279,073,200,000*	*1,708,733,000,000*
Available for sale	**37,758,426,636**	**50,982,426,636**	**(11,006,889,256)**	**(10,735,573,400)**	**26,816,399,630**	**42,894,182,236**
- *Unlisted shares*	*8,486,663,000*	*(963,040,000)*	*11,510,663,000*	*(90,000,000)*	*7,588,485,250*	*14,067,992,000*
- *Investment in BDIV Finance Investment Corporation (*)*	*29,271,763,636*	*(10,043,849,256)*	*29,271,763,636*	*(10,645,573,400)*	*19,227,914,380*	*18,626,190,236*
- *Investment in Green Indochina Development Joint Stock Corporation(*)*	-	-	*10,200,000,000*	-	-	*10,200,000,000*
Other long-term investment	**50,000,000,000**	-	**50,000,000,000**	-	**50,000,000,000**	**50,000,000,000**
- *Investment in Vinaconex-Viettel Finance Joint Stock Corporation*	*50,000,000,000*	-	*50,000,000,000*	-	*50,000,000,000*	*50,000,000,000*
Cash and cash equivalents	**17,800,852,231**	-	**21,421,465,480**	-	**17,800,852,231**	**21,421,465,480**
Total	**1,858,337,363,580**	**(28,686,568,389)**	**2,473,672,335,562**	**(16,969,960,232)**	**1,830,691,440,281**	**2,460,652,470,990**

27. SUPPLEMENT NOTE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES PER CIRCULAR 210 (continued)

	Carrying amount		*Fair value*	
	31 December 2011	*31 December 2010*	*31 December 2011*	*31 December 2010*
	VND	*VND*	*VND*	*VND*
Financial liabilities				
Loans and borrowings	633,000,000	-	633,000,000	-
Trade payables	240,347,597,966	215,250,684,791	240,347,597,966	215,250,684,791
Payable to related parties	421,001,194,444	1,304,709,027,778	421,001,194,444	1,304,709,027,778
Accrued expense	19,379,257,044	9,682,537,999	19,379,257,044	9,682,537,999
Other payables	140,650,423,648	38,705,785,200	140,650,423,648	38,705,785,200
Total	**822,011,473,102**	**1,568,348,035,768**	**822,011,473,102**	**1,568,348,035,768**

(*) For these items, of which the active market information was not available to determine their fair value at the reporting date, their carrying amounts were used instead of

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following method and assumption are used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Fair value of listed shares is determined based on the price on stock markets (which are the average prices on Hanoi Stock Exchange and the closing prices on Ho Chi Minh City Stock Exchange) as at 31 December 2011.
- Fair value of unlisted shares which have been registered in the unlisted public companies market (UPCom) is the average price of the trading market as at 31 December 2011.
- Fair value of unlisted shares which have not been registered in the unlisted public companies market (UPCom) is the average of public price quotations of at least three (03) reputed and large securities companies in the market.

28. RECLASSIFICATION OF CORRESPONDING FIGURES

Certain corresponding figures on the balance sheet have been reclassified in order to match the current year's disclosure and presentation.

	31 December 2010 (previously presented)	*Reclassification*	*31 December 2010 (reclassified)*
BALANCE SHEET			
Trade receivables	254,740,400,907	(2,140,789,225)	252,599,611,682
Advances to suppliers	-	2,140,789,225	2,140,789,225,00
Deductible VAT		2,605,917,369	2,605,917,369,00
Statutory obligations	4,779,778,986	2,605,917,369	7,385,696,354,67
Other payables	1,336,624,548,511	(13,529,829,014)	1,323,094,719,497
Employees payables		728,792,095	728,792,095
Accrued expense		9,682,537,999	9,682,537,999
Trade payables	223,154,251,729	(7,903,566,938)	215,250,684,791
Premium received in advance		11,022,065,858	11,022,065,858

29. EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements other than those presented (if any) in the enclosed audited financial statements.

30. APPROVAL FOR ISSUANCE

The financial statements as at 31 December 2011 and for the year then ended were authorised for issuance by the Corporation's Acting General Director on 24 February 2012.

Ms. Lai Ngan Giang	Mr. Ton Lam Tung
Deputy Director in charge of Financial and Accounting Division	Acting General Director

Hanoi, Vietnam

24 February 2012