

PVI REINSURANCE COMPANY
(Incorporated in the Socialist Republic of Vietnam)



AUDITED FINANCIAL STATEMENTS
For the year ended 31 December 2012



TABLE OF CONTENTS

<u>CONTENT</u>	<u>PAGE(S)</u>
STATEMENT OF THE BOARD OF GENERAL DIRECTORS	2
INDEPENDENT AUDITORS' REPORT	3
BALANCE SHEET	4 - 5
INCOME STATEMENT	6 - 7
CASH FLOW STATEMENT	8
NOTES TO THE FINANCIAL STATEMENTS	9 - 21

STATEMENT OF THE BOARD OF GENERAL DIRECTORS

The Board of General Directors of PVI Reinsurance Company ("the Company") presents this report together with the Company's financial statements for the year ended 31 December 2012

THE MEMBERS' COUNCIL AND BOARD OF GENERAL DIRECTORS

The members of the Members' Council's and Board of General Directors of the Company who held office during the year and to the date of this report are as follows:

Council's Members

Mr. Vu Van Thang	Chairman
Mr. Trinh Anh Tuan	Member (resigned on 09 November 2012)
Mr. Le Hoai Nam	Member (appointed on 09 November 2012)
Ms. Nguyen Hoang Oanh	Member

Board of General Directors

Mr. Le Hoai Nam	General Director
Mr. Trinh Anh Tuan	Deputy General Director (resigned on 09 November 2012)
Mr. Ta Chien	Deputy General Director (appointed on 16 September 2012)
Ms. Le Thi Thuy	Deputy General Director
Mr. Nguyen Hong Long	Deputy General Director

BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of General Directors of the Company is responsible for preparing the financial statements for every year, which gives a true and fair view of the financial position of the Company and of its results and cash flows for the year. In preparing these financial statements, the Board of General Directors is required to:

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

The Board of General Directors of the Company is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the financial statements comply with Vietnamese Accounting Standards, Vietnamese Accounting System applicable to insurance enterprises and prevailing relevant regulations in Vietnam. The Board of General Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

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

For and on behalf of the Board of General Directors,



Le Hoai Nam
General Director

Hanoi, 06 February 2013

No.: 456 /Deloitte-AUDHN-RE

INDEPENDENT AUDITORS' REPORT

To: The Members' Council and Board of General Directors of
PVI Reinsurance Company

We have audited the accompanying balance sheet of PVI Reinsurance Company ("the Company") as at 31 December 2012, the related statements of income and cash flows for the year ended 31 December 2012, and the notes thereto (collectively referred to as "the financial statements"), prepared on 06 February 2013, as set out from page 4 to page 21. The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Respective Responsibilities of the Board of General Directors and Auditors

As stated in the Statement of the Board of General Directors on page 2, these financial statements are the responsibility of the Company's Board of General Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Basis of Opinion

We have conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatements. 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of, in all material respects, the financial position of the Company as at 31 December 2012 and the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System applicable to insurance enterprises and prevailing relevant regulations in Vietnam.



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

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED

06 February 2013
Hanoi, S.R. Vietnam



Tran Duy Cuong
Auditor
CPA Certificate No. 0797/KTV

BALANCE SHEET

As at 31 December 2012

FORM B 01-DNBH
Unit: VND

ASSETS	Codes	Notes	31/12/2012	31/12/2011
A. CURRENT ASSETS AND SHORT-TERM INVESTMENTS (100=110+120+130+150)	100		912,890,671,551	533,988,664,500
I. Cash and cash equivalents	110	5	223,755,719,098	115,255,454,886
1. Cash on hand	111		162,931,909	205,833,670
2. Cash in bank	112		78,592,787,189	11,049,621,216
3. Cash equivalents	114		145,000,000,000	104,000,000,000
II. Short-term financial investments	120	6	352,000,000,000	343,000,000,000
1. Other short-term investments	128		352,000,000,000	343,000,000,000
III. Short-term receivables	130		336,915,684,479	75,576,845,674
1. Trade accounts receivable	131	7	335,418,223,087	61,649,870,437
2. Value added tax deductibles	133		224,868,609	41,907,708
3. Other receivables	138		1,272,592,783	13,885,067,529
IV. Other current assets	150		219,267,974	156,363,940
1. Advances	151		153,015,578	102,090,940
2. Prepaid expenses	152		66,252,396	54,273,000
B. FIXED ASSETS AND LONG-TERM INVESTMENTS (200=210+240)	200		11,823,157,094	10,291,457,409
I. Fixed assets	210		5,083,957,094	4,291,457,409
1. Tangible fixed assets	211	8	3,822,395,452	3,645,019,053
<i>Cost</i>	212		6,241,046,633	5,029,446,579
<i>Accumulated depreciation</i>	213		(2,418,651,181)	(1,384,427,526)
2. Intangible fixed assets	217	9	1,261,561,642	646,438,356
<i>Cost</i>	218		1,550,000,000	650,000,000
<i>Accumulated amortization</i>	219		(288,438,358)	(3,561,644)
II. Long-term mortgages, collaterals, deposits	240		6,739,200,000	6,000,000,000
1. Insurance deposits	241		6,000,000,000	6,000,000,000
2. Long-term prepaid expenses	242		739,200,000	-
TOTAL ASSETS (250=100+200)	250		924,713,828,645	544,280,121,909

The notes set out on pages 9 to 21 are an integral part of these financial statements

BALANCE SHEET (Continued)

As at 31 December 2012

FORM B 01-DNBH
Unit: VND

RESOURCES	Codes	Notes	31/12/2012	31/12/2011
A. LIABILITIES (300=310+330+340)	300		463,201,440,841	83,869,158,909
I. Current liabilities	310		291,638,346,474	66,170,632,551
1. Trade accounts payable	313	10	284,392,671,626	53,498,978,520
2. Taxes and amounts payable to the State budget	315		850,169,794	1,795,627,547
3. Payables to employees	316		1,701,457,938	138,162,243
4. Other current payables	318		3,793,417,072	10,041,418,241
5. Bonus and welfare funds	431		900,630,044	696,446,000
II. Under writing reserves	330	11	170,411,422,204	17,698,526,358
1. Unearned premium reserve	331		114,873,656,118	11,718,685,024
2. Claim reserve	333		49,371,833,323	5,540,646,417
3. Catastrophe reserve	334		6,165,932,763	439,194,917
III. Other liabilities	340		1,151,672,163	-
1. Accrued expenses	341		1,151,672,163	-
B. EQUITY (400=410)	400		461,512,387,804	460,410,963,000
I. Capital sources and reserves	410	12	461,512,387,804	460,410,963,000
1. Owner's contributed capital	411		460,000,000,000	460,000,000,000
2. Foreign exchange reserve	413		-	(15,665,867)
3. Compulsory reserve fund	416		1,512,387,804	426,628,867
4. Retained earnings	418		-	-
TOTAL RESOURCES (430 = 300+400)	430		924,713,828,645	544,280,121,909

OFF-BALANCE SHEET ITEMS

ITEMS	Unit	31/12/2012	31/12/2011
1. Foreign currencies			
United States Dollar	USD	2,814,369.54	338,475.04
Euro	EUR	345,154.56	245.45



Bui Thi Ha
Chief Accountant

Hanoi, 06 February 2013



Le Hoai Nam
General Director

The notes set out on pages 9 to 21 are an integral part of these financial statements

INCOME STATEMENT

For the year ended 31 December 2012

FORM B 02A-DNBH
Unit: VND

PART I: PROFIT AND LOSS

ITEMS	Codes	Notes	Year 2012	From 01/8/2011 to 31/12/2011
1. Premium from reinsurance inward	02		1,032,849,780,483	79,056,698,552
2. Deductions	03		(842,633,094,045)	(64,417,732,777)
- Reinsurance outward premium	04		(836,939,156,684)	(64,384,343,388)
- Returned premium	06		(5,019,362,282)	(32,524,581)
- Other deductions	07		(674,575,079)	(864,808)
3. (Increase) in unearned premium reserve	08	11	(103,154,971,094)	(11,718,685,024)
4. Commission from reinsurance outward	09		130,339,210,961	10,259,819,056
5. Other income from insurance activities	10		27,043,439,003	110,471,563
6. Net revenue of insurance activities	14		244,444,365,308	13,290,571,370
7. Claim settlements of assumed policies	16		(23,371,740,730)	-
8. Deduction to expenses	17		10,667,898,028	-
- Claims receipt from ceded policies	18		10,667,898,028	-
9. (Increase) in claim reserve	23	11	(43,831,186,906)	(5,540,646,417)
10. (Increase) in catastrophe reserve	24	11	(5,726,737,846)	(439,194,917)
11. Other expenses for insurance activities	25		(180,404,807,878)	(10,708,712,283)
- Other expenses for reinsurance inward	34		(178,999,165,591)	(10,708,712,283)
+ Commission	35		(150,139,366,580)	(10,509,780,181)
+ Others	38		(28,859,799,011)	(198,932,102)
- Other expenses for reinsurance outward	39		(1,405,642,287)	-
12. Total expenses of insurance activities	41		(242,666,575,332)	(16,688,553,617)
13. Gross profit from insurance activities	42		1,777,789,976	(3,397,982,247)
14. Selling expenses	43		(13,527,052,000)	(2,860,394,304)
15. Administration expenses	44		(21,797,461,866)	(7,159,305,404)
16. Net profit from insurance activities	45		(33,546,723,890)	(13,417,681,955)
17. Financial income	46	13	66,456,640,610	24,499,858,509
18. Financial expenses	47		(1,652,398,474)	306,259,925
19. Profit from financial activities	51		64,804,242,136	24,806,118,434
20. Accounting profit before tax	55		31,257,518,246	11,388,436,479
21. Corporate income tax expense	60	14	(7,462,585,636)	(2,855,859,120)
22. Net profit after corporate income tax	61		23,794,932,610	8,532,577,359

The notes set out on pages 9 to 21 are an integral part of these financial statements

INCOME STATEMENT (Continued)

For the year ended 31 December 2012

FORM B 02A-DNBH
Unit: VND

PART II: PERFORMANCE OF OBLIGATIONS TO THE STATE BUDGET

	Amount payable as at 01/01/2012	Tax liability in the year		Amount payable as at 31/12/2012
		Payables	Paid	
Value added tax	-	119,508,233	-	119,508,233
Corporate income tax	1,177,199,303	7,462,585,636	8,378,238,746	261,546,193
Business licence tax	-	3,000,000	3,000,000	-
Other taxes and charges	618,428,244	1,984,420,605	2,133,733,481	469,115,368
	1,795,627,547	9,569,514,474	10,514,972,227	850,169,794



Bui Thi Ha
Chief Accountant

Hanoi, 06 February 2013



Le Hoai Nam
General Director

CASH FLOW STATEMENT
For the year ended 31 December 2012

FORM B 03-DNBH
Unit: VND

ITEMS	Codes	Year 2012	From 01/8/2011 to 31/12/2011
I. Cash flows from operating activities			
1. Receipt from insurance premium and commissions	01	418,732,583,219	20,581,597,863
2. Receipt from other operating activities	04	18,800,932,342	-
3. Payment for claim settlements	05	(4,820,189,480)	-
4. Payment for commissions and other insurance activities	06	(291,231,635,918)	(7,154,002,155)
5. Payment to suppliers for goods and services	07	(35,937,506,804)	(3,659,031,833)
6. Payment to employees	08	(11,927,815,480)	(3,418,377,120)
7. Payment for taxes and obligations to the State budget	09	(10,392,903,329)	(1,980,102,382)
8. Payment for other payables	10	(1,341,278,319)	(284,801,251)
9. Advances to employees and suppliers	11	(153,015,578)	(2,158,564,616)
Net cash from operating activities	20	81,729,170,653	1,926,718,506
II. Cash flows from investing activities			
1. Receipt from investments in other entities	21	522,000,000,000	136,000,000,000
2. Receipt from interest of investments	22	65,591,453,035	277,924,509
3. Investments in other entities	24	(531,000,000,000)	(479,000,000,000)
4. Acquisition of fixed assets	25	(2,040,405,509)	(3,651,807,179)
Net cash from/(used in) investing activities	30	54,551,047,526	(346,373,882,670)
III. Cash flows from financing activities			
1. Receipt from the owner's capital contribution	32	-	459,702,619,050
2. Profits paid to investors	36	(28,281,605,130)	-
Net cash (used in)/from financing activities	40	(28,281,605,130)	459,702,619,050
Net increase in cash	50	107,998,613,049	115,255,454,886
Cash and cash equivalents at the beginning of the year	60	115,255,454,886	-
Effects of changes in foreign exchange rates	61	501,651,163	-
Cash and cash equivalents at the end of the year	70	223,755,719,098	115,255,454,886



Bui Thi Ha
Chief Accountant

Hanoi, 06 February 2013



Le Hoai Nam
General Director

The notes set out on pages 9 to 21 are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FORM B 09-DNBH

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

1. GENERAL INFORMATION

Structure of ownership

PVI Reinsurance Company ("the Company") was established and has been operating under License No. 66 GP/KDBH dated 20 July 2011 issued by the Ministry of Finance.

The Company's owner (the parent company) is PVI Holdings, which was formerly known as PetroVietnam Insurance Joint Stock Corporation. PVI Holdings owns 100% of the Company's charter capital.

The number of employees as at 31 December 2012 was 41 (31 December 2011: 32).

Principal activities

The Company's principal activities include:

- Reinsurance business;
- Financial investment business.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

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

Financial year

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

3. ADOPTION OF NEW ACCOUNTING GUIDANCE

On 30 July 2012, the Ministry of Finance issued circular No.125/2012/TT-BTC ("Circular 125") guiding financial regime applicable to Insurer, reinsurance business, Insurance Brokerage and Branches of foreign non-life Insurer; replacing Circular No.156/2007/TT-BTC had been issued by Ministry of Finance on 20 December 2007 ("Circular 156"). Circular 125 was effective from 01 October 2012. Financial regime stipulated in Circular 125 including capital, underwriting reserves, financial investment, revenue - expenses, Reporting and management information, is basically the same as that in Circular 156.

On 24 October 2012, the Ministry of Finance issued Circular No. 179/2012/TT-BTC ("Circular 179") providing guidance on recognition, measurement and treatment of foreign exchange differences in enterprises replacing Circular No. 201/2009/TT-BTC dated 15 October 2009 by the Ministry of Finance ("Circular 201"). Circular 179 came into effect from 10 December 2012 and was applied from financial year 2012. The guidance under Circular 179 on recognition, measurement and treatment of foreign exchange differences arising from transactions and balances of monetary items denominated in foreign currencies arising from 01 January 2012 are basically the same as those under VAS 10

The effect of the Company's adoption of Circular 125 and Circular 179 on its financial statement for the year ended 31 December 2012 is not material.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DNBH

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

The preparation of financial statements in conformity with Vietnamese Accounting Standards, Vietnamese Accounting System applicable to insurance enterprises and prevailing relevant regulations in Vietnam requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Actual results could differ from those estimates.

Financial instruments

Initial recognition

Financial assets

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

Financial assets of the Company comprise cash, cash equivalents, trade receivables, other receivables and short-term financial investments.

Financial liabilities

At the date of initial recognition, financial liabilities are recognized at cost net of transaction costs that are directly attributable to the issue of the financial liabilities.

Financial liabilities of the Company comprise trade payables, other payables and claim reserve.

Re-measurement after initial recognition

Currently there are no requirements for the re-measurement of the financial instruments after initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Provision for doubtful debts

Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DNBH

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

	Year 2012
	Number of years
Motor vehicles	6
Office equipment	3 - 5

Intangible fixed assets and amortisation

Intangible fixed assets are stated at cost less accumulated amortisation.

Intangible fixed assets represent accounting software, management software, and copyrights of other softwares (collectively referred to as "computer softwares"). Computer softwares are amortized using the straight-line method over their estimated useful lives.

Insurance deposits

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

Foreign currencies

In the year, the Company prospectively adopted Circular 179 providing guidance on recognition, measurement and treatment of foreign exchange differences in enterprises and replacing Circular 201. Accordingly, transactions denominated in foreign currencies are translated at the exchange rate ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the buying exchange rate announced on the same date by the commercial bank where the Company opens its bank account. Foreign exchange differences incurred and arising from revaluation of the balances of monetary assets denominated in foreign currencies are recognized in the income statement. Unrealized foreign exchange gains from revaluation of foreign currency balances at the balance sheet date are not treated as part of distributable profit to the owner. Guidance under Circular 179 on recognition, measurement and treatment of foreign exchange differences for transactions and balances of monetary items denominated in foreign currencies are basically the same as those of VAS 10.

Provisions

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DNBH

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Underwriting reserves

The Company makes underwriting reserves as regulated in Article No. 96 of the Law on Insurance Business, Decree No. 46/2007/ND-CP dated 27 March 2007, Circular No. 125/2012/TT-BTC issued by the Ministry of Finance on 30 July 2007, accordingly:

Unearned premium reserve: Unearned premium reserve is provided for in line with 1/24 method.

Claim reserve: The Company provides reserve against losses that incurred and reported, using the statistics of retention liabilities for each estimated loss for both of direct policies and reinsurance policies.

The Company has come into operation, accordingly, there are no historical data to calculate the reserve for incurred but not reported (IBNR) losses as stipulated in Circular No. 125/2012/TT-BTC issued by Ministry of Finance dated 30 July 2012. Therefore, reserve for IBNR is equal to 3% of the premium retained in 2011, 2012 and 2013. From 2014 onwards, the Company will follow Circular No. 125/2012/TT-BTC. The Board of Directors believes that reserve for IBNR has been prudently evaluated and fully recorded as at 31 December 2012.

Catastrophe reserve: In accordance with Vietnamese Accounting Standard No. 19 "Insurance Contract", reserve to cover the losses in the future of which the claims did not appear at the balance sheet date (including catastrophe reserve) is deemed not necessary. However, following regulations of the Ministry of Finance, the Company's catastrophe reserve for all types of insurance services were consistently provided at 3% of the premium retained in the year.

Enterprise funds

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

Bonus and welfare funds can be allocated from the Company's profit after tax under PVI Holdings approval or allocated from PVI Holdings, used for social activities and non- business related activities.

Revenue recognition

Reinsurance premium

Premium from reinsurance activities is recorded at the amount stated on the reinsurers' statement sent to the Company and confirmed by the Company.

Premium of reinsurance outward is recorded at the amount that has incurred for transferring to the reinsurers, corresponding to the revenue of direct premium recorded in the year.

Commissions and other incomes from reinsurance activities are recognized when incurred.

Other revenues

Other revenues of the Company such as interest from bank deposits, securities, bonds and loans are recognized when incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DNBH

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures

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

Claim settlements of reinsurance inward activities are recorded as incurred following the statement of accounts the reinsurers sent to the Company and the claim is accepted by the Company.

Claim recoverable of reinsurance outward activities from the reinsurers is recognized based on the receivable amount incurred corresponding with the claim settlement expenses recorded in the year and the ceded ratios.

Commission and other expenses are recognized when incurred.

Taxation

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

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

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

5. CASH AND CASH EQUIVALENTS

	31/12/2012	31/12/2011
	VND	VND
Cash on hand	162,931,909	205,833,670
Cash in bank	78,592,787,189	11,049,621,216
Cash equivalents	145,000,000,000	104,000,000,000
	223,755,719,098	115,255,454,886

Cash equivalents represent term deposits at domestic commercial banks which will fall due within three months.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DNBH

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

6. SHORT-TERM FINANCIAL INVESTMENTS

	31/12/2012 VND	31/12/2011 VND
Term deposits at credit institutions	352,000,000,000	343,000,000,000
	<u>352,000,000,000</u>	<u>343,000,000,000</u>

Term deposits at credit institutions represent term deposits at domestic commercial banks which will fall due from 3 months to 12 months.

7. TRADE ACCOUNTS RECEIVABLE

	31/12/2012 VND	31/12/2011 VND
Receivables from reinsurance inward	291,262,261,128	48,770,234,110
Receivables from reinsurance outward	22,534,260,284	82,936,329
Receivables from financial investments	21,621,701,675	12,796,699,998
	<u>335,418,223,087</u>	<u>61,649,870,437</u>

8. TANGIBLE FIXED ASSETS

	Motor vehicles VND	Office equipment VND	Total VND
COST			
As at 01/01/2012	3,250,233,636	1,779,212,943	5,029,446,579
Additions	-	1,253,500,054	1,253,500,054
- New purchase	-	1,253,500,054	1,253,500,054
Other decreases	-	41,900,000	41,900,000
As at 31/12/2012	<u>3,250,233,636</u>	<u>2,990,812,997</u>	<u>6,241,046,633</u>
ACCUMULATED DEPRECIATION			
As at 01/01/2012	849,797,216	534,630,310	1,384,427,526
Charge for the year	415,187,726	619,035,929	1,034,223,655
As at 31/12/2012	<u>1,264,984,942</u>	<u>1,153,666,239</u>	<u>2,418,651,181</u>
NET BOOK VALUE			
As at 31/12/2012	<u>1,985,248,694</u>	<u>1,837,146,758</u>	<u>3,822,395,452</u>
As at 31/12/2011	<u>2,400,436,420</u>	<u>1,244,582,633</u>	<u>3,645,019,053</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DNBH

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

9. INTANGIBLE FIXED ASSETS

	Computer software VND	Total VND
COST		
As at 01/01/2012	650,000,000	650,000,000
Additions	900,000,000	900,000,000
- New purchase	900,000,000	900,000,000
As at 31/12/2012	1,550,000,000	1,550,000,000
ACCUMULATED AMORTISATION		
As at 01/01/2012	3,561,644	3,561,644
Charge for the year	284,876,714	284,876,714
As at 31/12/2012	288,438,358	288,438,358
NET BOOK VALUE		
As at 31/12/2012	1,261,561,642	1,261,561,642
As at 31/12/2011	646,438,356	646,438,356

10. TRADE ACCOUNTS PAYABLE

	31/12/2012 VND	31/12/2011 VND
Payables for reinsurance premium inward	27,456,982,571	14,089,276
Payables for reinsurance premium outward	255,039,502,387	52,831,506,124
Payables for reinsurance brokerage activities	282,790,309	-
Other trade accounts payable	1,613,396,359	653,383,120
	284,392,671,626	53,498,978,520

11. UNDERWRITING RESERVES

	01/01/2012 VND	Provided in the year VND	Used in the year VND	31/12/2012 VND
Unearned premium reserve	11,718,685,024	103,154,971,094	-	114,873,656,118
Claim reserve	5,540,646,417	43,831,186,906	-	49,371,833,323
Catastrophe reserve	439,194,917	5,726,737,846	-	6,165,932,763
	17,698,526,358	152,712,895,846	-	170,411,422,204

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

FORM B 09-DNBH

12. CAPITAL RESOURCES AND RESERVES

	Owners' capital VND	Foreign exchange reserve VND	Compulsory reserve fund VND	Retained earnings VND	Total VND
As at 01/01/2012	460,000,000,000	(15,665,867)	426,628,867	-	460,410,963,000
Profit for the year	-	-	-	23,794,932,610	23,794,932,610
Allocated to Compulsory reserve fund (*)	-	-	1,085,758,937	(1,085,758,937)	-
Profit transferred to PVI Holdings (**)	-	-	-	(20,629,419,814)	(20,629,419,814)
Others (***)	-	15,665,867	-	(2,079,753,859)	(2,064,087,992)
As at 31/12/2012	460,000,000,000	-	1,512,387,804	-	461,512,387,804

(*) Compulsory reserve fund is allocated from profit after tax at the rate of 5% until its balance is equal to 10% of the charter capital as stipulated in Article 30, Decree No. 46/2007/ND-CP dated 27 March 2007.

(**) Profit transfer to PVI Holdings was implemented under the Company's financial policies.

(***) Other decrease in "Retained earnings" is profit from revaluation of foreign exchange difference at the year end of items denominated in foreign currency in the balance sheet as at 31 December 2012. The Company has classified such profit into "Other current payables" item in the balance sheet as at 31 December 2012 as this is un-realized profit.

Details of owners' capital are as follows:

	As at 31/12/2012		As at 31/12/2011	
	VND	Ratio	VND	Ratio
PVI Holdings	460,000,000,000	100%	460,000,000,000	100%
	460,000,000,000	100%	460,000,000,000	100%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DNBH

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

13. FINANCIAL INCOME

	Year 2012	From 01/8/2011 to 31/12/2011
	VND	VND
Bank and loan interest	62,983,153,345	24,489,701,219
Bond interests	3,471,571,561	10,157,290
Others	1,915,704	-
	66,456,640,610	24,499,858,509

14. CORPORATE INCOME TAX

	Year 2012	From 01/8/2011 to 31/12/2011
	VND	VND
Profit before tax	31,257,518,246	11,388,436,479
Adjustments for taxable income		
Add back: non-deductible expenses	(1,407,175,703)	35,000,000
- Remuneration to Members' Council and the Board of	84,000,000	35,000,000
- Foreign exchange gain from revaluation of year-end	(2,079,753,859)	-
balances		-
- Other non-deductible expenses	588,578,156	-
Assessable income	29,850,342,543	11,423,436,479
Normal tax rate	25%	25.0%
Corporate income tax	7,462,585,636	2,855,859,120

15. FINANCIAL INSTRUMENTS

Capital risk management

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

The capital structure of the Company consists of net debt and equity attributable to equity holders of the Company (comprising capital, reserves and retained earnings).

Significant accounting policies

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

Categories of financial instruments

	Carrying amounts	
	31/12/2012	31/12/2011
	VND	VND
Financial assets		
Cash and cash equivalents	223,755,719,098	115,255,454,886
Trade and other receivables	336,690,815,870	75,534,937,966
Other short-term investments	352,000,000,000	343,000,000,000
Total	912,446,534,968	533,790,392,852
Financial liabilities		
Trade and other payables	288,186,088,698	63,540,396,761
Claim reserve	49,371,833,323	5,540,646,417
Total	337,557,922,021	69,081,043,178

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DNBH

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

15. FINANCIAL INSTRUMENTS (Continued)

Categories of financial instruments (Continued)

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

Financial risk management objectives

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

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

Market risk

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

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

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

	Assets (VND equivalent)		Liabilities (VND equivalent)	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
United States Dollar (USD)	264,267,424,629	39,361,250,940	196,309,723,767	45,332,783,919
South Korean Won (KRW)	29,955,459,531	-	20,041,903,279	-
Euro (EUR)	16,111,144,152	-	2,346,630,828	-
Malaysian Ringgit (MYR)	1,431,033,755	1,160,851,607	1,601,976,942	1,030,893,482
Rup Indonesia (IDR)	1,626,410,500	-	913,510,813	-
Dirham Arab (AED)	570,011,297	-	2,336,806,162	-
Others	2,499,124,482	-	2,403,570,270	-

Foreign currency sensitivity analysis

The Company is mainly exposed to United States Dollar, South Korean Won and Euro.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DNBH

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

15. FINANCIAL INSTRUMENTS (Continued)

Foreign currency sensitivity analysis (Continued)

Currency	Year 2012	From 01/8/2011 to 31/12/2011
United States Dollar (USD)	6,795,770,086	(597,153,298)
South Korean Won (KRW)	991,355,625	-
Euro (EUR)	1,376,451,332	-

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Company business operation is reinsurance, accordingly, the Company's risk mainly exposed to its clients operating in direct insurance business.

Liquidity risk management

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any period is kept to manageable levels relative to the amount of funds that the Company believes can generate within that period. The Company policy is to regularly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash, borrowings and adequate committed funding from its owners to meet its liquidity requirements in the short and longer term.

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

31/12/2012	Less than one year VND	Total VND
Cash and cash equivalents	226,401,413,542	226,401,413,542
Trade and other receivables	336,690,815,870	336,690,815,870
Other short-term investments	367,603,444,444	367,603,444,444
Total	930,695,673,857	930,695,673,857
31/12/2012		
Trade and other payables	288,186,088,698	288,186,088,698
Claim reserve	49,371,833,323	49,371,833,323
Total	337,557,922,021	337,557,922,021
Net liquidity gap	593,137,751,836	593,137,751,836

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DNBH

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

15. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk management (Continued)

	Less than one year	Total
31/12/2011	VND	VND
Cash and cash equivalents	115,255,454,886	115,255,454,886
Trade and other receivables	75,534,937,966	75,534,937,966
Other short-term investments	343,000,000,000	343,000,000,000
Total	533,790,392,852	533,790,392,852
31/12/2011		
Trade and other payables	63,540,396,761	63,540,396,761
Claim reserve	5,540,646,417	5,540,646,417
Total	69,081,043,178	69,081,043,178
Net liquidity gap	464,709,349,674	464,709,349,674

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

16. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions in the year are as follows:

	Year 2012	From 01/8/2011
	VND	to 31/12/2011
		VND
PVI Insurance Corporation		
Premium from reinsurance inward	632,207,125,083	68,380,936,312
Commission for reinsurance inward	97,227,525,686	8,031,429,420
Other expenses for reinsurance inward	6,128,374,888	68,201,923
Transfer of reinsurance outward premium	143,647,100,127	5,508,544,858
Refunded premium from reinsurance outward	2,385,638,766	-
Commission from reinsurance outward	28,531,845,342	1,499,802,456
Claim settlements of assumed policies from reinsurance outward	6,478,794,985	-
Claim settlements of assumed policies from reinsurance inward	7,024,954,779	-
Other income from reinsurance outward	7,753,361,791	2,106,909
PVI Holdings		
Receipt from capital contribution	-	460,000,000,000
Profits payable	20,629,419,814	8,105,948,493
Profits transferred	28,281,605,130	-
Office leasing expense	1,227,665,454	409,064,727
Salary fund received	2,165,000,000	-
Bonus and welfare funds received	1,400,000,000	-
Fixed assets purchased	900,000,000	650,000,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DNBH

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

16. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Related party balances as at 31 December 2012 are as follows:

	31/12/2012 VND	31/12/2011 VND
PVI Holdings		
Receivables	939,881,327	13,833,333,334
Payables	-	9,205,919,691
PVI Insurance Corporation		
Receivables	200,335,768,312	42,861,302,062
Payables	61,117,464,575	4,016,365,228

Remuneration of the Board of General Directors

Remuneration paid to Chairman and the Board of General Directors during the year 2012 was VND 4,577,314,219 (for the period from 01 August 2011 to 31 December 2011 was VND 1,650,344,062)

17. COMPARATIVE FIGURES

Comparative figures of Balance sheet are figures as at 31 December 2011 that has been audited.

The Company has officially come into operation since 01 August 2011. Therefore, comparative figures of the income and cash flow statements and related notes are figures of the audited financial statements for the period from 01 August 2011 to 31 December 2011 and represented for reference purpose only due to inconsistency in accounting periods.



Bui Thi Ha
Chief Accountant

Hanoi, 06 February 2013



Le Hoai Nam
General Director