

PVI REINSURANCE JOINT-STOCK CORPORATION
(Incorporated in the Socialist Republic of Vietnam)



AUDITED FINANCIAL STATEMENTS
For the year ended 31 December 2013

For more information about the Corporation's operations in the whole financial year, not for statutory reporting purpose

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STATEMENT OF THE BOARD OF GENERAL DIRECTORS

The Board of General Directors of PVI Reinsurance Joint-stock Corporation (the "Corporation") presents this report together with the Corporation's financial statements for the year ended 31 December 2013.

The Corporation was established on) 01 October 2013 after its transformation from PVI Reinsurance Company under the Establishment and Operation Licence No. 86GP/KDBH issued by the Ministry of Finance dated 01 October 2013. The Corporation inherits all of rights, duties and responsibilities to reinsurance activities of PVI Reinsurance Company. The Corporation decided to prepare the financial statements of the Joint Stock Company for the first operating period from 01 October 2013 to 31 December 2013 to facilitate the transfer of data from the Limited Liability Company.

Besides, the Corporation decided to prepare the financial statements for the year ended 31 December 2013 including the figures from 01 January 2013 to 30 September 2013 of the Limited Liability Company and from 01 October 2013 to 31 December 2013 of the Joint Stock Company to provide more information about the Corporation's operations in the whole financial year. These financial statements were not for statutory reporting purpose.

THE BOARDS OF MANAGEMENT AND GENGERAL DIRECTORS

The members of the Boards of Management and General Directors of the Corporation who held office during the year and to the date of this report are as follows:

Board of Management

Mr. Le Hoai Nam	Chairman (appointed on 24 December 2013)
Mr. Vu Van Thang	Chairman (resigned on 24 December 2013)
Mr. Pham Khac Dung	Vice-chairman (appointed on 30 October 2013)
Ms. Nguyen Hoang Oanh	Member (resigned on 29 March 2013)
Ms. Nguyen Ha Thu	Member (appointed on 30 October 2013)
Mr. Bui Van Thanh	Member (appointed on 30 October 2013)
Mr. Trinh Anh Tuan	Member (appointed on 29 March 2013)
	Member (resigned on 30 October 2013)

Board of General Directors

Mr. Vu Van Thang	General Director (appointed on 24 December 2013)
Mr. Le Hoai Nam	General Director (resigned on 24 December 2013)
Mr. Ta Chien	Deputy General Director
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 Corporation is responsible for preparing the financial statements for year ended 31 December 2013, which give a true and fair view of the financial position of the Corporation and of its results and cash flows for the year in accordance with Vietnamese accounting standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting. In preparing these financial statements, the Board of General Directors is required to:

STATEMENT OF THE BOARD OF GENERAL DIRECTORS (Continued)

- 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 Corporation 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 Corporation is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Corporation and that the financial statements comply with Vietnamese accounting standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting. The Board of General Directors is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

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

For and on behalf of the Board of General Directors,



Vu Van Thang
General Director

Hanoi, 12 February 2014

No.: 534 /VNIA-HN-BC

INDEPENDENT AUDITOR'S REPORT

To: The shareholders
The Boards of Management and General Directors
PVI Reinsurance Joint Stock Corporation

We have audited the accompanying financial statements of PVI Reinsurance Joint-stock Corporation (the "Corporation"), prepared on 12 February 2014 as set out from page 5 to page 24, which comprise the balance sheet as at 31 December 2013, and the statement of income, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "financial statements").

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of, in all material respects, the financial position of the Corporation as at 31 December 2013 and the results of its operations and its cash flows for the year then ended in accordance with Vietnamese accounting standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting.

INDEPENDENT AUDITOR'S REPORT (Continued)

We would like to draw readers' attention to the following issues:

As stated in Note 2 of the Notes to the financial statements, the accompanying financial statements are not for statutory reporting purpose. The Corporation had officially changed its business form to operate as a Joint Stock Company from 01 October 2013. On 12 February 2014, the Corporation prepared the financial statements of the Joint Stock Company for the first operating period from 01 October 2013 to 31 December 2013. Besides, the Corporation decided to prepare the financial statements for the year ended 31 December 2013 including the figures from 01 January 2013 to 30 September 2013 of the Limited Liability Company and from 01 October 2013 to 31 December 2013 of the Joint Stock Company to provide more information about the Corporation's operations in the whole financial year.



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

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED

12 February 2014
Hanoi, S.R. Vietnam

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

BALANCE SHEET

As at 31 December 2013

FORM B 01-DNBH
Unit: VND

ASSETS	Codes	Notes	31/12/2013	31/12/2012
A. CURRENT ASSETS AND SHORT-TERM INVESTMENTS (100=110+120+130+150)	100		1,538,789,197,824	912,890,671,551
I. Cash and cash equivalents	110	5	359,172,392,367	223,755,719,098
1. Cash on hand	111		69,574,931	162,931,909
2. Cash in bank	112		132,102,817,436	78,592,787,189
3. Cash equivalents	114		227,000,000,000	145,000,000,000
II. Short-term financial investments	120	6	660,000,000,000	352,000,000,000
1. Other short-term investments	128		660,000,000,000	352,000,000,000
III. Short-term receivables	130		519,053,918,128	336,915,684,479
1. Trade accounts receivable	131	7	522,558,697,657	335,418,223,087
2. Value added tax deductibles	133		490,693,268	224,868,609
3. Other receivables	138		140,313,234	1,272,592,783
4. Provision for doubtful short-term debts	139		(4,135,786,031)	-
IV. Other current assets	150		562,887,329	219,267,974
1. Advances	151		124,718,317	153,015,578
2. Prepaid expenses	152		438,169,012	66,252,396
B. FIXED ASSETS AND LONG-TERM INVESTMENTS (200=210+240)	200		10,812,940,765	11,823,157,094
I. Fixed assets	210		4,258,540,765	5,083,957,094
1. Tangible fixed assets	211	8	2,468,440,310	3,822,395,452
Cost	212		4,997,126,112	6,241,046,633
Accumulated depreciation	213		(2,528,685,802)	(2,418,651,181)
2. Intangible assets	217	9	1,790,100,455	1,261,561,642
Cost	218		2,830,000,000	1,550,000,000
Accumulated amortization	219		(1,039,899,545)	(288,438,358)
II. Long-term mortgages, collaterals, deposits	240		6,554,400,000	6,739,200,000
1. Insurance deposits	241		6,000,000,000	6,000,000,000
2. Long-term prepaid expenses	242		554,400,000	739,200,000
TOTAL ASSETS (250=100+200)	250		1,549,602,138,589	924,713,828,645

The notes set out on pages 10 to 24 are an integral part of these financial statements

BALANCE SHEET (Continued)

As at 31 December 2013

FORM B 01-DNBH
Unit: VND

RESOURCES	Codes	Notes	31/12/2013	31/12/2012
A. LIABILITIES (300=310+330+340)	300		849,220,610,492	463,201,440,841
I. Current liabilities	310		585,654,942,635	291,638,346,474
1. Trade accounts payable	313	10	570,654,266,034	284,392,671,626
2. Taxes and amounts payable to the State budget	315		10,045,961,991	850,169,794
3. Payables to employees	316		2,607,672,166	1,701,457,938
4. Other current payables	318		2,329,257,352	3,793,417,072
5. Bonus and welfare funds	431		17,785,092	900,630,044
II. Under-writing reserves	330	11	263,266,667,857	170,411,422,204
1. Unearned premium reserve	331		116,102,053,394	114,873,656,118
2. Claim reserve	333		133,659,213,532	49,371,833,323
3. Catastrophe reserve	334		13,505,400,931	6,165,932,763
III. Other liabilities	340		299,000,000	1,151,672,163
1. Accrued expenses	341		299,000,000	1,151,672,163
B. EQUITY (400=410)	400		700,381,528,097	461,512,387,804
I. Capital sources and reserves	410	12	700,381,528,097	461,512,387,804
1. Charter capital	411		668,000,000,000	460,000,000,000
2. Compulsory reserve fund	416		4,360,595,909	1,512,387,804
3. Retained earnings	418		28,020,932,188	-
TOTAL RESOURCES (430 = 300+400)	430		1,549,602,138,589	924,713,828,645

OFF-BALANCE SHEET ITEMS

ITEMS	Unit	31/12/2013	31/12/2012
1. Foreign currencies:			
United States Dollar	USD	6,041,021.93	2,814,369.54
Euro	EUR	55,651.57	345,154.56



Bui Thi Ha
Chief Accountant

Hanoi, 12 February 2014



Vu Van Thang
General Director



The notes set out on pages 10 to 24 are an integral part of these financial statements

INCOME STATEMENT

For the year ended 31 December 2013

FORM B 02A-DNBH
Unit: VND

PART I: PROFIT AND LOSS

ITEMS	Codes	Notes	2013	2012
1. Premium from reinsurance inward	02		1,353,446,091,486	1,032,849,780,483
2. Deductions	03		(1,112,826,265,638)	(842,633,094,045)
- Reinsurance outward premium	04		(1,088,895,189,765)	(836,939,156,684)
- Returned premium	06		(19,901,962,800)	(5,019,362,282)
- Other deductions	07		(4,029,113,073)	(674,575,079)
3. (Increase) in unearned premium reserve	08	11	(1,228,397,276)	(103,154,971,094)
4. Commission from reinsurance outward	09		205,513,766,621	130,339,210,961
5. Other income from insurance activities	10		21,072,749,844	27,043,439,003
6. Net revenue of insurance activities	14		465,977,945,037	244,444,365,308
7. Claim settlements of assumed policies	16		(330,363,763,987)	(23,371,740,730)
8. Deduction to expenses	17		279,680,273,883	10,667,898,028
- Claims receipt from ceded policies	18		279,680,273,883	10,667,898,028
9. (Increase) in claim reserve	23	11	(84,287,380,209)	(43,831,186,906)
10. (Increase) in catastrophe reserve	24	11	(7,339,468,168)	(5,726,737,846)
11. Other expenses for insurance activities	25		(260,823,058,858)	(180,404,807,878)
- Other expenses for reinsurance inward	34		(258,461,760,502)	(178,999,165,591)
+ Commission	35		(232,080,746,377)	(150,139,366,580)
+ Others	38		(26,381,014,125)	(28,859,799,011)
- Other expenses for reinsurance outward	39		(2,361,298,356)	(1,405,642,287)
12. Total expenses of insurance activities	41		(403,133,397,339)	(242,666,575,332)
13. Gross profit from insurance activities	42		62,844,547,698	1,777,789,976
14. Selling expenses	43		(14,194,802,459)	(13,527,052,000)
15. Administration expenses	44		(30,831,042,152)	(21,797,461,866)
16. Net profit from insurance activities	45		17,818,703,087	(33,546,723,890)
17. Financial income	46	13	74,841,069,292	66,456,640,610
18. Financial expenses	47		(13,677,668,979)	(1,652,398,474)
19. Profit from financial activities	51		61,163,400,313	64,804,242,136
20. Accounting profit before tax	55		78,982,103,400	31,257,518,246
21. Corporate income tax expense	60	15	(19,176,098,232)	(7,462,585,636)
22. Net profit after corporate income tax	61		59,806,005,168	23,794,932,610

The notes set out on pages 10 to 24 are an integral part of these financial statements

INCOME STATEMENT (Continued)

For the year ended 31 December 2013

FORM B 02A-DNBH
 Unit: VND

PART II: PERFORMANCE OF OBLIGATIONS TO THE STATE BUDGET

	Amount payable as at 01/01/2013	Tax liability in the year		Amount payable as at 31/12/2013
		Payables	Paid	
Value added tax	119,508,233	225,499,139	-	345,007,372
Corporate income tax	261,546,193	19,189,982,732	10,656,423,048	8,795,105,877
Business licence tax	-	3,000,000	3,000,000	-
Other taxes and charges	469,115,368	2,715,640,996	2,278,907,622	905,848,742
	850,169,794	22,134,122,867	12,938,330,670	10,045,961,991



Bui Thi Ha
 Chief Accountant

Hanoi, 12 February 2014



Vu Van Thang
 General Director

CASH FLOW STATEMENT

For the period from 01 January 2013 to 31 December 2013

FORM B 03-DNBH
Unit: VND

ITEMS	Codes	2013	2012
I. Cash flows from operating activities			
1. Receipt from insurance premium and commissions	01	795,527,270,254	418,732,583,219
2. Receipt from deducted expenses	03	702,264,214	-
3. Receipt from other operating activities	04	4,663,996,914	18,800,932,342
4. Payment for claim settlements	05	(94,295,889,283)	(4,820,189,480)
5. Payment for commissions and other insurance activities	06	(433,148,842,146)	(291,231,635,918)
6. Payment to suppliers for goods and services	07	(21,640,782,791)	(35,937,506,804)
7. Payment to employees	08	(15,082,951,090)	(11,927,815,480)
8. Payment for taxes and obligations to the State budget	09	(12,528,589,408)	(10,392,903,329)
9. Payment for other payables	10	(1,904,702,486)	(1,341,278,319)
10. Advances to employees and suppliers	11	(3,728,779,350)	(153,015,578)
Net cash from operating activities	20	218,562,994,828	81,729,170,653
II. Cash flows from investing activities			
1. Receipt from investments in other entities	21	687,034,444,500	522,000,000,000
2. Receipt from interest on investments	22	42,192,209,469	65,591,453,035
3. Investments in other entities	24	(995,000,000,000)	(531,000,000,000)
4. Acquisition of fixed assets	25	(1,280,000,000)	(2,040,405,509)
Net cash (used in)/from investing activities	30	(267,053,346,031)	54,551,047,526
III. Cash flows from financing activities			
1. Receipt from the owners' capital contribution	32	208,000,000,000	-
2. Profits paid to investors	36	(24,092,975,528)	(28,281,605,130)
Net cash from/(used in) financing activities	40	183,907,024,472	(28,281,605,130)
Net increase in cash (50=20+30+40)	50	135,416,673,269	107,998,613,049
Cash and cash equivalents at the beginning of the year	60	223,755,719,098	115,255,454,886
Affected from the exchange rate difference	61	-	501,651,163
Cash and cash equivalents at the end of the year (70=50+60+61)	70	359,172,392,367	223,755,719,098



Bui Thi Ha
Chief Accountant



Vu Van Thang
General Director

Hanoi, 12 February 2014

The notes set out on pages 10 to 24 are an integral part of these financial statements

PVI REINSURANCE JOINT-STOCK CORPORATION

154 Nguyen Thai Hoc, Ba Dinh District

Hanoi, S.R. Vietnam

Financial Statements

For the year ended 31 December 2013

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 Joint-stock Corporation (the "Corporation") was transformed from PVI Reinsurance Company which was established and operated under Licence No. 66 GP/KDBH dated 20 July 2011 issued by the Ministry of Finance.

Under the Establishment and Operation Certificate No. 86GP/KDBH issued by Ministry of Finance dated 01 October 2013, PVI Reinsurance Company has officially operated in the form of a joint stock company under the name PVI Reinsurance Joint-stock Corporation since the 01 October 2013.

The Corporation's major shareholder is PVI Joint Stock Company ("PVI Holdings"), which was formerly known as PetroVietnam Insurance Joint Stock Corporation. PVI Holdings owns 68.86% of the Corporation's charter capital.

The total number of the Corporation's employees as at 31 December 2013 was 54 (31 December 2012: 41).

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, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting.

The Corporation was established on 01 October 2013 after its transformation from PVI Reinsurance Company under the Establishment and Operation Licence No. 86GP/KDBH issued by Ministry of Finance dated 01 October 2013. The Corporation inherits all of rights, duties and responsibilities to reinsurance activities of PVI Reinsurance Company. The Corporation decided to prepare the financial statements of the Joint Stock Company for the first operating period from 01 October 2013 to 31 December 2013 to facilitate the transfer of data from the Limited Liability Company.

Besides, the Corporation decided to prepare the financial statements for the year ended 31 December 2013 including the figures from 01 January 2013 to 30 September 2013 of the Limited Liability Company and from 01 October 2013 to 31 December 2013 of the Joint Stock Company to provide more information about the Company's operations in the whole financial year. These financial statements were not for statutory reporting purpose.

Financial year

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

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***3. ADOPTION OF NEW ACCOUNTING GUIDANCE****New guidance on management, usage and depreciation of fixed assets**

On 25 April 2013, the Ministry of Finance issued Circular No. 45/2013/TT-BTC ("Circular 45") guiding the regime of management, usage and depreciation of fixed assets. This Circular supersedes Circular No. 203/2009/TT-BTC ("Circular 203") dated 20 October 2009 of the Ministry of Finance guiding the regime of management, usage and depreciation of fixed assets. Circular 45 is effective from 10 June 2013 and is applied from financial year 2013 onwards. According to the Board of General Directors' assessment, Circular 45 does not have material effect on the Corporation's financial statements for the year ended 31 December 2013.

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

On 28 June 2013, the Ministry of Finance issued Circular No. 89/2013/TT-BTC ("Circular 89") amending and supplementing Circular No. 228/2009/TT-BTC ("Circular 228") dated 07 December 2009 of the Ministry of Finance guiding the appropriation and use of provisions for devaluation of inventories, losses of financial investments, bad debts and warranty for products, goods and construction and installation works at enterprises. Circular 89 is effective from 26 July 2013. According to the Board of General Directors' assessment, Circular 89 does not have material effect on the Corporation's financial statements for the year ended 31 December 2013.

New guidance on accounting regime applicable to insurance enterprises

On 28 December 2012, the Ministry of Finance issued Circular No.232/2012/TT-BTC ("Circular 232") providing accounting guidance applicable to non-life insurers, reinsurers and branches of foreign non-life insurers. The application of Circular No.232 will require to disclose the information relating to insurance contract, reinsurance contract, claim status and many other significant information. This Circular is effective from 01 January 2014 and applied from financial year 2014. The Board of General Directors is assessing the impact of the adoption of this Circular on the Corporation's financial statements in the future.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

The preparation of financial statements in conformity with Vietnamese accounting standards, accounting regime applicable to Vietnamese insurance enterprises and legal regulations relating to financial reporting requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Although these accounting estimates are based on the management's best knowledge, actual results could differ from those estimates.

Financial instruments**Initial recognition**

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

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

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

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)

Financial instruments (Continued)

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

Subsequent measurement after initial recognition

Currently, there are no requirements for the subsequent measurement of the financial instruments after initial recognition.

Cash and cash equivalents

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

Provision for doubtful debts

Provision for doubtful debts is made for receivables that are 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.

For re-insurance business, the Corporation applies the receivable collection period of 9 months from the transaction date to all the re-insurance receivables; accordingly, provision for doubtful debts is made for receivables that are outstanding for more than 15 months from the transaction date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs costs 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:

	2013 Number of years
Motor vehicles	6
Office equipment	3 - 5

Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation.

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

Insurance deposits

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

NOTES TO THE 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)

Foreign currencies

The Corporation applies the method of recording foreign exchange differences in accordance with Vietnamese Accounting Standard No. 10 (VAS 10) "Effects of changes in foreign exchange rates" and Circular No. 179/2012/TT-BTC dated 24 October 2012 by the Ministry of Finance providing guidance on recognition, measurement and treatment of foreign exchange differences in enterprises. Accordingly, transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the income statement. Unrealised exchange gains at the balance sheet date are not treated as part of distributable profit to owner.

Provisions

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

Underwriting reserves

The Corporation 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 2012, accordingly:

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

Claim reserve: The Corporation 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 Corporation has just 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 Corporation will follow Circular No. 125/2012/TT-BTC. The Board of General Directors believes that reserve for IBNR has been prudently evaluated and fully recorded as at 31 December 2013.

Catastrophe reserve: In accordance with Vietnamese Accounting Standard No. 19 "Insurance Contract", reserve to cover the losses in the future of which the claims do not appear at the balance sheet date (including catastrophe reserve) is deemed unnecessary. However, following regulations of the Ministry of Finance, the Corporation's catastrophe reserve for all types of insurance services was 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 Corporation's profit after tax until it is equal to 10% of the Corporation's charter capital.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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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)

Revenue recognition

Reinsurance premium

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

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

Commission income of reinsurance outward is recorded corresponding with premium of reinsurance outward recorded in the year.

Other incomes from reinsurance activities are recognized when incurred.

Other revenues

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

Expenditures recognition

Claim settlement expenses of direct insurance are recorded as incurred, that is, when the Corporation 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 which the reinsurers sent to the Corporation 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 expenditure of reinsurance inward is recorded corresponding with premium of reinsurance inward recorded in the year.

Other expenses are recognized when incurred.

Taxation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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 tax authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

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

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

5. CASH AND CASH EQUIVALENTS

	31/12/2013	31/12/2012
	VND	VND
Cash on hand	69,574,931	162,931,909
Cash in bank	132,102,817,436	78,592,787,189
Cash equivalents	227,000,000,000	145,000,000,000
	<u>359,172,392,367</u>	<u>223,755,719,098</u>

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

6. SHORT-TERM FINANCIAL INVESTMENTS

	31/12/2013	31/12/2012
	VND	VND
Term deposits at credit institutions	660,000,000,000	352,000,000,000
	<u>660,000,000,000</u>	<u>352,000,000,000</u>

Short-term financial investment term deposits represent from over 3 months to less than 12 months.

7. TRADE ACCOUNTS RECEIVABLE

	31/12/2013	31/12/2012
	VND	VND
Receivables from reinsurance inward	359,532,394,449	291,262,261,128
Receivables from reinsurance outward	125,530,823,542	22,534,260,284
Receivables from financial investments	37,299,077,726	21,621,701,675
Other trade accounts receivable	196,401,940	-
	<u>522,558,697,657</u>	<u>335,418,223,087</u>

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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***8. TANGIBLE FIXED ASSETS**

	Motor vehicles VND	Office equipment VND	Total VND
COST			
As at 01/01/2013	3,250,233,636	2,990,812,997	6,241,046,633
Additions	-	81,390,085	81,390,085
- New purchase	-	74,639,400	74,639,400
- Other increase	-	6,750,685	6,750,685
Other decreases (i)	16,000,000	1,309,310,606	1,325,310,606
As at 31/12/2013	3,234,233,636	1,762,892,476	4,997,126,112
ACCUMULATED DEPRECIATION			
As at 01/01/2013	1,264,984,942	1,153,666,239	2,418,651,181
Charge for the year	411,364,749	540,821,172	952,185,921
Other decreases (i)	9,249,315	832,901,985	842,151,300
As at 31/12/2013	1,667,100,376	861,585,426	2,528,685,802
NET BOOK VALUE			
As at 31/12/2013	1,567,133,260	901,307,050	2,468,440,310
As at 31/12/2012	1,985,248,694	1,837,146,758	3,822,395,452

(i) Decreases in the original cost and accumulated depreciation of assets whose cost of less than VND 30,000,000 in accordance with Circular No. 45/2013/TT-BTC dated 25 April 2013 issued by the Ministry of Finance.

As at 31 December 2013, the cost of the Corporation's tangible fixed assets includes VND 903,156,922 (31 December 2012: VND 0) of tangible assets which have been fully depreciated but are still in use.

9. INTANGIBLE ASSETS

	Computer software VND	Total VND
COST		
As at 01/01/2013	1,550,000,000	1,550,000,000
Additions	1,280,000,000	1,280,000,000
- New purchase	1,280,000,000	1,280,000,000
As at 31/12/2013	2,830,000,000	2,830,000,000
ACCUMULATED AMORTISATION		
As at 01/01/2013	288,438,358	288,438,358
Charge for the year	751,461,187	751,461,187
As at 31/12/2013	1,039,899,545	1,039,899,545
NET BOOK VALUE		
As at 31/12/2013	1,790,100,455	1,790,100,455
As at 31/12/2012	1,261,561,642	1,261,561,642

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	31/12/2013 VND	31/12/2012 VND
Payables for reinsurance inward	94,388,964,052	27,456,982,571
Payables for reinsurance outward	445,522,874,464	255,039,502,387
Payables for reinsurance brokerage activities	1,134,222,951	282,790,309
Other trade accounts payable	29,608,204,567	1,613,396,359
	570,654,266,034	284,392,671,626

11. UNDERWRITING RESERVES

	01/01/2013 VND	Provided in the year VND	Used in the year VND	31/12/2013 VND
Unearned premium reserve	114,873,656,118	1,228,397,276	-	116,102,053,394
Claim reserve	49,371,833,323	84,287,380,209	-	133,659,213,532
Catastrophe reserve	6,165,932,763	7,339,468,168	-	13,505,400,931
	170,411,422,204	92,855,245,653	-	263,266,667,857

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12. CAPITAL RESOURCES AND RESERVES

	Charter 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 (i)	-	-	1,085,758,937	(1,085,758,937)	-
Profit transferred to PVI Holdings (ii)	-	-	-	(20,629,419,814)	(20,629,419,814)
Others decrease	-	15,665,867	-	(2,079,753,859)	(2,064,087,992)
As at 01/01/2013	460,000,000,000	-	1,512,387,804	-	461,512,387,804
Capital contributions (iii)	208,000,000,000	-	-	-	208,000,000,000
Profit for the year	-	-	-	59,806,005,168	59,806,005,168
Other increases	-	-	-	395,856,762	395,856,762
Allocated to Compulsory reserve fund (i)	-	-	2,848,208,105	(2,848,208,105)	-
Profit transferred to PVI Holdings (ii)	-	-	-	(29,332,721,637)	(29,332,721,637)
As at 31/12/2013	668,000,000,000	-	4,360,595,909	28,020,932,188	700,381,528,097

- (i) 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 issued by the Government.
- (ii) Profit transferred to PVI Holdings is implemented under the Company's financial policies.
- (iii) Capital contribution under the Establishment and Operation License No. 86GP/KDBH issued by the Ministry of Finance on 01 October 2013.

Details of owners' capital are as follows:

	Operation Certificate No. 86GB/KDBH		Actual contribution as at 31/12/2013	
	VND	Ratio	VND	Ratio
PVI Holdings	460,000,000,000	68.86%	460,000,000,000	68.86%
PVI Insurance Corporation	28,400,000,000	4.25%	28,400,000,000	4.25%
Other shareholders	179,600,000,000	26.89%	179,600,000,000	26.89%
	668,000,000,000	100%	668,000,000,000	100%

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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**

	2013 VND	2012 VND
Bank and loan interest	57,903,989,220	62,983,153,345
Foreign exchange gain	16,832,377,704	3,471,571,561
Others	104,702,368	1,915,704
	74,841,069,292	66,456,640,610

14. OPERATION COSTS BY NATURE

	2013 VND	2012 VND
Cost of insurance activities	403,133,397,339	146,397,941,444
Labour	18,548,045,684	14,652,848,535
Depreciation and amortisation	1,703,647,108	1,319,100,369
Out-sourced services	5,898,725,737	5,090,800,675
Other monetary expenses	18,875,426,082	14,261,764,287
	448,159,241,950	181,722,455,310

15. CORPORATE INCOME TAX

	2013 VND	2012 VND
Profit before tax	78,982,103,400	31,257,518,246
Adjustments for taxable income		
Add back: non-deductible expenses	(2,277,710,472)	(1,407,175,703)
- Remuneration to Members' Council and the Board of Control	106,800,000	84,000,000
- Foreign exchange gain from revaluation of year-end balances	(3,240,683,649)	(2,079,753,859)
- Other non-deductible expenses	856,173,177	588,578,156
Assessable income	76,704,392,928	29,850,342,543
Normal tax rate	25%	25%
Corporate income tax	19,176,098,232	7,462,585,636

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. FINANCIAL INSTRUMENTS****Capital risk management**

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

The capital structure of the Corporation consists of equity attributable to equity holders of the Corporation (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 and financial liability are disclosed in Note 4.

Categories of financial instruments

	Carrying amounts	
	31/12/2013	31/12/2012
	VND	VND
Financial assets		
Cash and cash equivalents	359,172,392,367	223,755,719,098
Trade and other receivables	518,563,224,860	336,690,815,870
Short-term financial investments	660,000,000,000	352,000,000,000
Total	1,537,735,617,227	912,446,534,968
Financial liabilities		
Trade and other payables	572,764,076,952	288,186,088,698
Claim reserve	133,659,213,532	49,371,833,323
Other financial liabilities	299,000,000	1,151,672,163
Total	706,722,290,484	338,709,594,184

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

Financial risk management objectives

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

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

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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. FINANCIAL INSTRUMENTS (Continued)***Market risk***

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

Foreign currency risk management

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

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

	Assets (VND equivalent)		Liabilities (VND equivalent)	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
United States Dollar (USD)	413,579,756,469	264,267,424,629	393,576,793,473	196,309,723,767
South Korean Won (KRW)	39,864,511,730	29,955,459,531	34,587,209,250	20,041,903,279
Euro (EUR)	24,814,438,330	16,111,144,152	20,945,305,988	2,346,630,828
Indian Rupee (INR)	1,091,894,881	67,423,283	4,472,897,736	257,397,488
Great British Pound (GBP)	2,129,947	56,614,568	630,376,483	45,005,228
Malaysian Ringgit (MYR)	2,467,496,016	1,431,033,755	1,698,184,852	1,601,976,942
Indonesian Rupiahs (IDR)	204,520,063	1,626,410,500	162,457,793	913,510,813
Dirham Arab (AED)	36,101,867	570,011,297	290,032,899	2,336,806,162
Others	6,409,414,715	2,375,086,631	2,708,821,272	2,101,167,554
	488,470,264,017	316,460,608,346	459,072,079,747	225,954,122,061

Foreign currency sensitivity analysis

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

The following table details the Corporation's sensitivity to a 10% increase and decrease in Vietnam Dong against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and 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 before tax in the period would increase/decrease by amounts as follows:

Currencies	2013	2012
	VND	VND
United States Dollar (USD)	2,000,296,300	6,795,770,086
South Korean Won (KRW)	527,730,248	991,355,625
Euro (EUR)	386,913,234	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 Corporation. The Corporation has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Corporation business operation is reinsurance, accordingly, the Corporation's risk mainly exposed to its clients operating in direct insurance business.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

16. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk management

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

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

31/12/2013	Less than one year VND	Total VND
Cash and cash equivalents	362,355,814,589	362,355,814,589
Trade and other receivables	518,563,224,860	518,563,224,860
Short-term financial investments	690,548,283,333	690,548,283,333
Total	1,571,467,322,782	1,571,467,322,782
31/12/2013		
Trade and other payables	572,764,076,952	572,764,076,952
Claim reserve	133,659,213,532	133,659,213,532
Other financial liabilities	299,000,000	299,000,000
Total	706,722,290,484	706,722,290,484
Net liquidity gap	864,745,032,298	864,745,032,298
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	930,695,673,856	930,695,673,856
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
Other financial liabilities	1,151,672,163	1,151,672,163
Total	338,709,594,184	338,709,594,184
Net liquidity gap	591,986,079,672	591,986,079,672

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

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NOTES TO THE 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***17. RELATED PARTY TRANSACTIONS AND BALANCES****List of related parties**

Related party	Relationship
PVI Holdings	The owner
PVI Insurance Corporation	Under the same owner

Significant related party transactions in the year are as follows:

	2013	2012
	VND	VND
PVI Insurance Corporation		
Premium from reinsurance inward	872,849,066,072	632,207,125,083
Commission for reinsurance inward	147,302,867,569	97,227,525,686
Other expenses from reinsurance inward	1,167,922,519	6,128,374,888
Transfer of reinsurance outward premium	186,280,702,029	143,647,100,127
Refunded premium from reinsurance outward	3,120,272,608	2,385,638,766
Commission from reinsurance outward	47,512,198,979	28,531,845,342
Claim settlements of assumed policies from reinsurance	116,660,149,051	6,478,794,985
Claim settlements of assumed policies from reinsurance inward	115,302,469,648	7,024,954,779
Other income from reinsurance outward	11,031,579,971	7,753,361,791
Capital contribution	28,400,000,000	-
PVI Holdings		
Profits payable	29,332,721,637	20,629,419,814
Profits transferred	29,332,721,637	28,281,605,130
Office leasing expense	1,227,665,455	1,227,665,454
Salary fund received	-	2,165,000,000
Bonus and welfare funds received	-	1,400,000,000
Fixed assets purchased	1,280,000,000	900,000,000
Internal financial payables	337,608,000	-

Related party balances as at 30 September 2013 are as follows:

	31/12/2013	31/12/2012
	VND	VND
PVI Holdings		
Receivables	-	939,881,327
Payables	337,608,000	-
PVI Insurance Corporation		
Receivables	261,267,183,128	200,335,768,312
Payables	106,649,295,843	61,117,464,575

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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17. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Remuneration of the Board of General Directors

Remuneration paid to the Chairman of the Board of Management and the Board of General Directors during the year was VND 5,159,201,694 (2012: VND 4,577,314,219).

18. COMPARATIVE FIGURES

Comparative figures are audited figures as at 31 December 2012.



Bui Thi Ha
Chief Accountant

Hanoi, 12 February 2014



Vu Van Thang
General Director

