



A&C AUDITING AND CONSULTING CO., LTD.

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**INTERIM COMBINED
FINANCIAL STATEMENTS**

FOR THE FIRST 6 MONTHS OF
THE FISCAL YEAR ENDED 31 DECEMBER 2019

**POST-TELECOMMUNICATION
JOINT STOCK INSURANCE
CORPORATION**

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REPORT OF THE MANAGEMENT BOARD

The Management Board of Post-Telecommunication Joint Stock Insurance Corporation (hereinafter called "the Corporation") presents this report together with the interim combined financial statements for the first 6 months of the fiscal year ended 31 December 2019.

Business highlights

Post-Telecommunication Joint Stock Insurance Corporation has been operating in accordance with the Business License No. 3633/GP-UB dated 1 August 1998 granted by Hanoi People Committee with the operation duration of 25 years.

During the operation course, the Corporation has been 24 times granted by the Ministry of Finance with the Amended Licenses regarding the increase of charter capital and the additional establishment of affiliates, in which the 23rd amended License No. 41A/GPDC23/KDBH dated 16 May 2019 regarding the additional establishment of branch.

Head office

- Address : Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City
- Telephone : 0243 772 4466
- Fax : 0243 772 4460
- Tax code : 0100774631

The Corporation has the following affiliates:

	Name	Address
1	Ho Chi Minh Post-Telecommunication Insurance Company	Floor 11, Viettel Tower, No. 285 Cach Mang Thang Tam, Ward 12, District 10, Ho Chi Minh City
2	Da Nang Post-Telecommunication Insurance Company	Floor 5, Da Nang Post Office Building, 271 Pham Van Linh, Vinh Trung Ward, Thanh Khe District, Da Nang City
3	Hai Phong Post-Telecommunication Insurance Company	Building No. 2, Lot 28A Le Hong Phong, Ngo Quyen District, Hai Phong City
4	Can Tho Post-Telecommunication Insurance Company	No. 40, Vo Van Kiet Road, An Hoa Ward, Ninh Kieu District, Can Tho City
5	Northern Midland Post-Telecommunication Insurance Company	No. 16 Nguyen Thi Minh Khai, Vinh City, Nghe An Province
6	Northern Post-Telecommunication Insurance Company	Nguyen Tat Thanh Road, Trung Vuong, Viet Tri City, Phu Tho Province
7	Dong Nai Post-Telecommunication Insurance Company	No. R64, R65 Vo Thi Sau prolonged, Thong Nhat Ward, Bien Hoa City, Dong Nai Province
8	Highland Post-Telecommunication Insurance Company	27 Tran Khanh Du, Tan Loi Ward, Buon Ma Thuot City, Dak Lak Province
9	Southern Midland Post-Telecommunication Insurance Company	No. 2 Le Thanh Phuong Road, Nha Trang City, Khanh Hoa Province
10	Ca Mau Post-Telecommunication Insurance Company	No. 3 Luu Tan Tai, Ward 5, Ca Mau City
11	Binh Dinh Post-Telecommunication Insurance Company	Floor 4, No. 2 Tran Thi Ky, Quy Nhon City, Binh Dinh Province
12	Binh Duong Post-Telecommunication Insurance Company	No. 150 Ngo Gia Tu Road, Chanh Nghia Ward, Thu Dau Mot City, Binh Duong Province
13	Quang Ninh Post-Telecommunication	No. 164 Le Thanh Tong, Bach Dang Ward, Ha Long City,

POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION

REPORT OF THE MANAGEMENT BOARD (cont.)

Name	Address
Insurance Company	Quang Ninh Province
14 Thanh Hoa Post-Telecommunication Insurance Company	Floor 5, No. 11 Hac Thanh, Dien Bien Phu Ward, Thanh Hoa City
15 Thua Thien Hue Area Post-Telecommunication Insurance Company	Floor 2, Building No. 51 Hai Ba Trung, Hue City, Thua Thien Hue Province
16 Thang Long Post-Telecommunication Insurance Company	Hoa Dang Building, No. 290 Nguyen Trai, Trung Van Ward, Nam Tu Liem District, Hanoi
17 An Giang Post-Telecommunication Insurance Company	No. 5/2 Ton Duc Thang Road, My Binh Ward, Long Xuyen City, An Giang Province
18 Long An Post-Telecommunication Insurance Company	No. 37-39 Road 5, Ward 6, Tan An City, Long An Province
19 Vinh Phuc Post-Telecommunication Insurance Company	No. 2, Ngo Quyen Road, Vinh Yen Town, Vinh Phuc Province
20 Sai Gon Post-Telecommunication Insurance Company	Room 2-3, Floor 3, Dali Tower, 24 Phan Dang Luu, Ward 6, Binh Thanh District, Ho Chi Minh City
21 Bac Ninh Post-Telecommunication Insurance Company	Lot B94, Kinh Duong Vuong Road, Vu Ninh Ward, Bac Ninh City, Bac Ninh Province
22 Lao Cai Post-Telecommunication Insurance Company	No. 121 Thanh Nien Road, Duyen Hai Ward, Lao Cai City, Lao Cai Province
23 Southern Red River Post-Telecommunication Insurance Company	No. 8, Le Dai Hanh Road, Thanh Binh Ward, Ninh Binh City, Ninh Binh Province
24 Ben Thanh Post-Telecommunication Insurance Company	No. 253 Dien Bien Phu, Ward 7, District 3, Ho Chi Minh City
25 Hanoi Post-Telecommunication Insurance Company	Floor 2, Natural Resources and Environment Newspapers Building, Lot E2 Cau Giay New Urban Area, Yen Hoa, Cau Giay, Hanoi
26 Hai Hung Post-Telecommunication Insurance Company	No. 106 Hong Quang, Quang Trung Ward, Hai Duong City, Hai Duong Province
27 Tien Giang Post-Telecommunication Insurance Company	No. 59, 30/4 Road, District 1, My Tho City, Tien Giang Province
28 Capital Post-Telecommunication Insurance Company	Floor 5,6 Building 95B Thinh Hao Labor Area, O Cho Dua Ward, Dong Da District, Hanoi
29 Binh Tri Thien Area Post-Telecommunication Insurance Company	No. 146, Ly Thuong Kiet Road, Dong Hoi City, Quang Binh Province
30 Southern Representative Office	Floor 2, Thuy Loi 4 Building, No. 205 Nguyen Xi, Binh Thanh District, Ho Chi Minh City
31 Thong Nhat Post-Telecommunication Insurance Company	Floor 3, No. 170 Bui Thi Xuan, Pham Ngu Lao Ward, District 1, Ho Chi Minh City
32 Phu My Hung Post-Telecommunication Insurance Company	Floor 7, Loyal Building, No. 151-151 Bis Vo Thi Sau, Ward 6, District 3, Ho Chi Minh City
33 Vung Tau Post-Telecommunication Insurance Company	No. 480 Le Hong Phong, Vung Tau City, Ba Ria – Vung Tau Province
34 Thai Nguyen Post-Telecommunication Insurance Company	Floor 2, 9-floor Building, To Ngoc Van Street, Phan Dinh Phung Road, Group 11, Dong Quang Ward, Thai Nguyen City, Thai Nguyen Province
35 Gia Lai Post-Telecommunication Insurance Company	No. 69 Hung Vuong, Tay Son Ward, Pleiku City, Gia Lai Province

POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION**REPORT OF THE MANAGEMENT BOARD (cont.)**

Name	Address
36 Ha Thanh Post-Telecommunication Insurance Company	Floor 5, Lac Hong Building, No. 85 Le Van Luong, Thanh Xuan, Hanoi
37 Nam Dinh Post-Telecommunication Insurance Company	Floor 3 ACB Building – Nam Dinh Branch, No. 67 Le Hong Phong, Nguyen Du Ward, Nam Dinh City
38 Hai Dang Post-Telecommunication Insurance Company	Floor 2 Thanh Dat 1 Buiding, No. 3 Le Thanh Tong Road, May To Ward, Ngo Quyen District, Hai Phong
39 Trang An Post-Telecommunication Insurance Company	Floor 6, Building No. 434 Tran Khat Chan, Pho Hue Ward, Hai Ba Trung District, Hanoi, Vietnam
40 Northwest Post-Telecommunication Insurance Company	North Tran Hung Dao Post Office, Hamlet 12 Su Ngoi Commune, Hoa Binh City, Hoa Binh
41 Au Lac Post-Telecommunication Insurance Company	Apartment No. 2, N7B Trung Hoa - Nhan Chinh Urban Area, Nhan Chinh Ward, Thanh Xuan District, Hanoi
42 Soc Trang Post-Telecommunication Insurance Company	No. 1, Tran Hung Dao Road, Soc Trang City, Soc Trang Province
43 Thai Binh Post-Telecommunication Insurance Company	Floor 5, No. 355 Ly Bon, De Tham Wawrd, Thai Binh City, Thai Binh Province
44 PTI Representative Office for Claim Appraisal in Hanoi	Floor 2, Link Building No. 2, High Apartment Building at Land Lot CT3, Trung Van New Urban Area, Trung Van Ward, Nam Tu Liem District, Hanoi City
45 PTI Representative Office for Claim Appraisal in Ho Chi Minh City	No. 205 Nguyen Xi, Binh Thanh District, Ho Chi Minh City
46 Ha Tuyen Post-Telecommunication Insurance Company	Group 6, Hung Thanh Ward, Tuyen Quang City, Tuyen Quang Province
47 Tay Nam Post-Telecommunication Insurance Company	Area 7, Ward 3, Tay Ninh City, Tay Ninh Province
48 Digital Post-Telecommunication Insurance Company	Floor 3, Comatce Tower, No. 61 Nguy Nhu Kon Tum, Nhan Chinh Ward, Thanh Xuan District, Hanoi City
49 Gia Dinh Post-Telecommunication Insurance Company	Floor 3, Sun Village Building, No. 31-33 Nguyen Van Dau, Ward 6, Binh Thanh District, Ho Chi Minh City

Operating field: providing non-life insurance

Allowable transactions:

- Providing written insurance:
 - Health and human accident insurance;
 - Property insurance and damage insurance;
 - Insurance of cargo transported by road, seaway, waterway, railway and airway;
 - Joint liability insurance;
 - Motor vehicle insurance;
 - Fire and explosion insurance;
 - Business damage insurance.
- Providing reinsurance: Assuming and ceding reinsurance relating to transactions of non-life insurance.
- Carrying out investment activities in accordance with the legal regulations.
- Assessing losses.
- Being agency for damage survey, compensation settlement, subrogation recovery.
- Other activities in accordance with the legal regulations.

POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION
REPORT OF THE MANAGEMENT BOARD (cont.)

Board of Management and Executive officers

The Board of Management and the Executive officers of the Corporation during the period and as of the date of this report include:

The Board of Management

Full names	Position	Appointing date /Re-appointing date/Resigning date
Mr. Nguyen Minh Duc	Chairman	Appointed on 14 April 2016
Mr. Kim, Kang Wook	Vice Chairman	Appointed on 22 April 2015
Mr. Ko Young Joo	Member	Appointed on 23 April 2019
Mr. Park Je Kwang	Member	Resigned on 23 April 2019
Mr. Mai Xuan Dung	Member	Re-appointed on 22 April 2015
Ms. Pham Minh Huong	Member	Re-appointed on 22 April 2015
Ms. Tran Thi Minh	Member	Re-appointed on 22 April 2015
Mr. Bui Xuan Thu	Member	Appointed on 22 April 2015
Mr. Park Suk Gon	Member	Appointed on 12 April 2018

The Control Board

Full names	Position	Appointing date /Re-appointing date
Mr. Nguyen Huu Thang	Manager	Appointed on 14 April 2016
Ms. Bui Thanh Hien	Member	Appointed on 22 April 2015
Mr. Ki, Hyun Park	Member	Appointed on 22 April 2015
Ms. Nguyen Thi Ha Ninh	Member	Re-appointed on 22 April 2015
Mr. Bae, Taeg Soo	Member	Appointed on 22 April 2015

The General Directors

Full names	Position	Appointing date /Re-appointing date
Mr. Bui Xuan Thu	General Director	Re-appointed on 20 April 2018
Mr. Cao Ba Huy	Deputy General Director	Re-appointed on 4 April 2018
Mr. Do Quang Khanh	Deputy General Director	Re-appointed on 20 April 2018
Mr. Nghiem Xuan Thai	Deputy General Director	Re-appointed on 1 August 2017
Ms. Luu Phuong Lan	Deputy General Director	Re-appointed on 1 August 2017
Mr. Nguyen Kim Lan	Deputy General Director	Appointed on 21 July 2018
Mr. Doan Kien	Deputy General Director	Appointed on 22 July 2018

Legal representative

The legal representative of the Corporation during the period and as of the date of this report is Mr. Bui Xuan Thu – General Director.

Auditor

A&C Auditing and Consulting Co., Ltd. has been appointed to perform the review on the interim combined financial statements for the first 6 months of the fiscal year ended 31 December 2019 of the Corporation.

Responsibilities of the Management Board

The Management Board is responsible for the preparation of the interim combined financial statements to give a true and fair view on the financial position, the business results and the cash flows of the Corporation during the period. In order to prepare these interim combined financial statements, the Management Board must:

- select appropriate accounting policies and apply them consistently;
- make judgments and estimates reasonably and prudently;
- point out whether the accounting standards applied to the Corporation have been complied or not and all material errors in comparison with these standards have been presented and explained in the interim combined financial statements;

POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION

REPORT OF THE MANAGEMENT BOARD (cont.)

- prepare the interim combined financial statements of the Corporation on the basis of the going-concern assumption, except for the cases that the going-concern assumption is considered inappropriate;
- design and implement effectively the internal control system in order to ensure that the preparation and presentation of the interim combined financial statements are free from material misstatements due to frauds or errors.

The Management Board hereby ensures that all the accounting books have been fully recorded by the Corporation and can fairly reflect the financial position of the Corporation at any time, and that all the accounting books have been prepared in compliance with the applied accounting standards. The Management Board is also responsible for protecting the Corporation's assets and consequently has taken appropriate measures to prevent and detect frauds and other irregularities.

The Management Board hereby ensures that all the requirements above have been followed when the interim combined financial statements are prepared.

Approval to the financial statements

The Management Board has approved the attached interim combined financial statements. The interim combined financial statements give a true and fair view of the financial position as of 30 June 2019, the business results and the cash flows for the first 6 months of the fiscal year then ended 31 December 2019 of the Corporation in conformity with the Vietnamese accounting standards, the Insurance Business Accounting System issued in accordance with the Circular No. 232/2012/TT-BTC dated 28 December 2012 and legal regulations related to the preparation and presentation of interim combined financial statements.

For and on behalf of the Management Board



Bui Xuan Thu
General Director

27 August 2019

Head Office

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40 Giang Vo St., Dong Da Dist., Ha Noi
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Branch in Nha Trang

Lot STH 06A.01, Le Hong Phong II Urban Area, Phuoc Hai Ward, Nha Trang City
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Branch in Can Tho

I5-13 Vo Nguyen Giap St., Cai Rang Dist., Can Tho City
Tel: 0292. 3. 764 995 Fax: 0292. 3. 764 996 kttv.ct@a-c.com.vn

No. 1.1246/19/TC-AC

REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

THE SHAREHOLDERS, THE BOARD OF MANAGEMENT AND THE GENERAL DIRECTORS POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION

We have reviewed the accompanying interim combined financial statements of Post-Telecommunication Joint Stock Insurance Corporation (hereinafter called "the Corporation"), which were prepared on 27 August 2019, from page 9 to page 56, including the interim combined balance sheet as of 30 June 2019, the interim combined income statement, the interim combined cash flow statement for the first 6 months of the fiscal year ended 31 December 2019 and the notes to the interim combined financial statements.

The Management Board's Responsibility

The Corporation's Management Board is responsible for the preparation, true and fair presentation of these interim combined financial statements of the Corporation in accordance with the Vietnamese Accounting Standards, the Insurance Business Accounting System issued in accordance with the Circular No. 232/2012/TT-BTC dated 28 December 2012 and the legal regulations related to the preparation and presentation of interim combined financial statements and responsible for such internal control as the Management Board determines is necessary to enable the preparation and presentation of the interim combined financial statements to be free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to raise a conclusion on the interim combined financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on review engagements No. 2410 – Review of interim financial information performed by the independent auditor of the entity.

The review works on the interim financial statements mainly include interviews with persons in charge of finance, accounting and application of other analysis and review procedures. Reviewing the Financial Statements is basically narrower than that of auditing the Financial Statements in line with the Vietnamese Standards on Auditing and therefore, it does not allow us to obtain a reasonable assurance to enable us to detect all material issues during the engagement. Accordingly, we do not raise our audit opinion.

Auditor's Conclusion

Based on our review, we do not find out any events to suppose that the accompanying interim combined financial statements do not give a true and fair view, in all material respects, of the financial position of Post-Telecommunication Joint Stock Insurance Corporation as of 30 June 2019, its financial performance and its cash flows for the first 6 months of the fiscal year ended 31 December 2019 in accordance with the Vietnamese Accounting Standards, the Insurance Business Accounting System issued in accordance with the Circular No. 232/2012/TT-BTC dated 28 December 2012 and the legal regulations related to the preparation and presentation of interim combined financial statements.

A&C Auditing and Consulting Co., Ltd.



Nguyen Hoang Duc

Deputy General Director

Audit Practice Registration Certificate: No. 0368-2018-008-1

Ho Chi Minh City, 28 August 2019

POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

INTERIM COMBINED FINANCIAL STATEMENTS

For the first 6 months of the fiscal year ended 31 December 2019

INTERIM COMBINED BALANCE SHEET

(Complete form)

As of 30 June 2019

Unit: VND

ASSETS	Code	Note	Ending balance	Beginning balance
A - CURRENT ASSETS (100=110+120+130+140+150+190)	100		6,075,444,274,745	5,031,364,159,280
I. Cash and cash equivalents	110	V.1	92,082,319,979	122,447,618,654
1. Cash	111		92,082,319,979	122,447,618,654
2. Cash equivalents	112		-	-
II. Short-term financial investments	120		3,133,518,247,785	2,763,903,711,798
1. Trading securities	121	V.2a	624,150,712,555	599,508,668,818
2. Provision for devaluation of trading securities	122	V.2a	(140,391,544,516)	(76,375,920,784)
3. Investment held to maturity date	123	V.2b	2,649,759,079,746	2,240,770,963,764
III. Short-term accounts receivable	130		901,872,541,527	812,574,066,806
1. Short-term receivable from customers	131	V.3	531,642,107,166	540,132,640,419
1.1 Receivable on insurance policies	131.1		531,642,107,166	540,132,640,419
1.2 Other receivable from customers	131.2		-	-
2. Short-term prepayments to suppliers	132	V.4	150,626,540,673	132,845,628,635
3. Short-term inter-company receivable	133		-	-
4. Receivable according to the progress of construction contracts	134		-	-
5. Receivable on short-term loans	135		-	-
6. Other short-term receivable	136	V.5a	266,942,229,599	197,672,464,560
7. Provision for short-term bad debts	137	V.6	(47,338,335,911)	(58,076,666,808)
8. Deficient assets to be treated	139		-	-
IV. Inventories	140		11,070,375,158	2,950,659,956
1. Inventories	141	V.7	11,070,375,158	2,950,659,956
2. Provision for devaluation of inventories	149		-	-
V. Other current assets	150		368,275,979,547	249,584,522,742
1. Short-term prepaid expenses	151	V.8a	353,428,262,610	233,818,982,495
1.1 Unappropriated commission expenses	151.1		353,037,435,079	233,777,609,509
1.2 Other short-term prepaid expenses	151.2		390,827,531	41,372,986
2. VAT deductible	152		7,481,716,102	4,267,605,535
3. Taxes and accounts receivable from the State budget	153	V.9	7,366,000,835	11,497,934,712
4. Transaction of repurchasing the Government's bonds	154		-	-
5. Other current assets	155		-	-
VIII. Reinsurance assets	190	V.21b	1,568,624,810,749	1,079,903,579,324
1. Reinsurance premium ceded reserve	191		1,253,613,518,399	732,477,619,828
2. Outstanding claim reserve for reinsurance ceded	192		315,011,292,350	347,425,959,496

POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

INTERIM COMBINED FINANCIAL STATEMENTS

For the first 6 months of the fiscal year ended 31 December 2019

Interim combined balance sheet (cont.)

ASSETS		Code	Note	Ending balance	Beginning balance
B -	LONG-TERM ASSETS	200		1,010,994,204,644	1,016,416,752,906
I.	Long-term accounts receivable	210		18,594,999,187	18,781,477,023
1.	Long-term accounts receivable from customers	211		-	-
2.	Long-term prepayments to suppliers	212		-	-
3.	Working capital in subsidiaries	213		-	-
4.	Long-term inter-company receivable	214		-	-
5.	Receivable on long-term loans	215		-	-
6.	Other long-term receivable	216	V.5b	18,594,999,187	18,781,477,023
6.1	Insurance deposit	216.1		10,280,000,000	10,280,000,000
6.2	Other long-term receivable	216.2		8,314,999,187	8,501,477,023
7.	Provision for long-term bad debts	219		-	-
II.	Fixed assets	220		79,823,070,549	79,772,791,835
1.	Tangible assets	221	V.10	71,883,288,846	71,200,256,723
	Historical costs	222		156,077,555,181	149,336,289,198
	Accumulated depreciation	223		(84,194,266,335)	(78,136,032,475)
2.	Financial leasehold assets	224		-	-
	Historical costs	225		-	-
	Accumulated depreciation	226		-	-
3.	Intangible assets	227	V.11	7,939,781,703	8,572,535,112
	Historical costs	228		16,931,092,486	16,515,092,486
	Accumulated depreciation	229		(8,991,310,783)	(7,942,557,374)
III.	Investment property	230	V.12	145,287,059,489	114,494,403,529
	Historical costs	231		155,176,877,658	122,642,128,702
	Accumulated depreciation	232		(9,889,818,169)	(8,147,725,173)
IV.	Long-term assets in progress	240	V.13	19,508,499,654	8,327,322,000
1.	Long-term operating expenses in progress	241		-	-
2.	Construction in progress	242		19,508,499,654	8,327,322,000
V.	Long-term financial investments	250		719,041,087,273	759,994,764,850
1.	Investments in subsidiaries	251	V.2c	119,700,000,000	31,500,000,000
2.	Investments in associates and joint ventures	252	V.2c	34,444,900,000	122,644,900,000
3.	Investment, capital contribution in other entities	253	V.2c	95,389,498,488	155,759,412,685
4.	Provision for devaluation of long-term financial investments	254	V.2d	(50,328,767,976)	(86,649,020,878)
5.	Investments held until maturity date	255	V.2b	519,835,456,761	536,739,473,043
VI.	Other long-term assets	260		28,739,488,492	35,045,993,669
1.	Long-term prepaid expenses	261	V.8b	28,739,488,492	35,045,993,669
2.	Deferred income tax assets	262		-	-
3.	Long-term equipment, materials, spare parts	263		-	-
4.	Other long-term assets	268		-	-
TOTAL ASSETS		270		7,086,438,479,389	6,047,780,912,186

POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

INTERIM COMBINED FINANCIAL STATEMENTS

For the first 6 months of the fiscal year ended 31 December 2019

Interim combined balance sheet (cont.)

CAPITAL SOURCES		Code	Note	Ending balance	Beginning balance
C - LIABILITIES		300		5,323,647,557,944	4,243,486,345,251
I. Current liabilities		310		5,322,505,116,108	4,241,984,902,865
1. Short-term payable to suppliers		311	V.14	716,112,560,846	502,351,802,968
1.1 Payable on insurance policies		311.1		710,801,223,036	495,355,369,813
1.2 Other payable to suppliers		311.2		5,311,337,810	6,996,433,155
2. Prepayments from customers		312	V.15	8,421,346,157	10,264,056,614
3. Taxes and other obligations to the State budget		313	V.16	24,930,405,922	28,309,392,070
4. Payable to employees		314		80,451,318,462	6,416,542,676
5. Short-term accrued expenses		315		3,927,710	4,161,366,528
6. Short-term inter-company payable		316		-	-
7. Short-term unrealized revenue		318.1	V.17	58,811,870,377	102,451,079,528
8. Short-term unearned commission		318.2	V.18	251,594,561,526	155,855,656,519
9. Other short-term payable		319	V.19a	174,122,095,880	101,645,833,066
10. Short-term loans and financial lease debts		320	V.20	187,210,000,000	120,860,329,602
11. Provision for current liabilities		321	V.31	-	70,000,000,000
12. Bonus and welfare funds		322		-	-
13. Price stabilization fund		323		-	-
14. Transaction of repurchasing the Government's bonds		324		-	-
15. Technical reserve		329		3,820,847,029,228	3,139,668,843,294
15.1 Written premium and reinsurance assumed reserve		329.1	V.21a	2,847,212,504,719	2,144,592,205,609
15.2 Outstanding claim reserve for written insurance and reinsurance assumed		329.2	V.21a	858,578,936,149	896,915,750,913
15.3 Catastrophe reserve		329.3	V.21c	115,055,588,360	98,160,886,772
II. Long-term liabilities		330		1,142,441,836	1,501,442,386
7. Other long-term payable		337	V.19b	1,142,441,836	1,501,442,386
D - OWNER'S EQUITY		400		1,762,790,921,445	1,804,294,566,935
I. Owner's equity		410	V.22	1,762,790,921,445	1,804,294,566,935
1. Owner's contribution capital		411		803,957,090,000	803,957,090,000
- Common shares with voting right		411a		803,957,090,000	803,957,090,000
- Preferred shares		411b		-	-
2. Share premiums		412		827,943,052,804	827,943,052,804
8. Business promotion fund		418		22,414,190,857	22,230,714,262
9. Compulsory reserved fund		419		49,884,763,553	49,884,763,553
11. Retained profit after tax		421		58,591,824,231	100,278,946,316
- Retained profit after tax accumulated to the end of previous period		421a		34,311,089,759	100,278,946,316
- Retained profit after tax of the current period		421b		24,280,734,472	-
TOTAL CAPITAL SOURCES		440		7,086,438,479,389	6,047,780,912,186

POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

INTERIM COMBINED FINANCIAL STATEMENTS

For the first 6 months of the fiscal year ended 31 December 2019

Interim combined balance sheet (cont.)**OFF-INTERIM COMBINED BALANCE SHEET ITEMS**

ITEMS	Note	Ending balance	Beginning balance
1. Leasehold assets		-	-
2. Materials and goods kept or processed for others		-	-
3. Bad debts already treated		-	-
4. Written insurance policies for which no obligations have arisen		247,786,014,998	213,376,854,353
5. Foreign currencies			
US Dollar (USD)		374,242.94	10,715.45
Euro (EUR)		28,161.73	28,167.19
Pound Sterling (£)		331.33	334.63

Prepared on 27 August 2019

Prepared by



Pham Hong Tien

Chief Accountant



Cao Thu Hien

General Director



Bui Xuan Thu

POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

INTERIM COMBINED FINANCIAL STATEMENTS

For the first 6 months of the fiscal year ended 31 December 2019

INTERIM COMBINED INCOME STATEMENT

(Complete form)

For the first 6 months of the fiscal year ended 31 December 2019

PART I: INTERIM COMBINED INCOME STATEMENT

Unit: VND

ITEMS	Code	Note	Accumulated from the beginning of the year to the end of the period	
			Current year	Previous year
1. Net sales of insurance operation	10		1,866,251,151,622	1,513,352,733,657
2. Sales of trading investment property	20	VI.5	4,311,145,013	1,604,032,474
3. Financial income	23	VI.7	110,909,039,322	151,034,085,419
4. Other income	31		405,181,621	727,258,570
5. Total expenses for insurance operation	18		1,492,742,009,342	1,207,118,135,830
6. Costs of investment property	21	VI.6	2,550,744,188	1,807,147,514
7. Financial expenses	24	VI.8	88,645,723,180	125,527,360,903
8. Administrative overheads	26	VI.9	368,875,718,072	293,683,704,891
9. Other expenses	32		350,164,752	267,385,621
10. Profit before tax (50=10+20+23+31-18-21-24-26-32)	50		28,712,158,044	38,314,375,361
11. Current corporate income tax	51	V.16	4,431,423,572	7,827,614,423
12. Deferred corporate income tax	52		-	-
13. Profit after tax	60		<u>24,280,734,472</u>	<u>30,486,760,938</u>
14. Basic earnings per share	70	VI.10	<u>-</u>	<u>-</u>
15. Declined interest per share	70	VI.10	<u>-</u>	<u>-</u>

POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

INTERIM COMBINED FINANCIAL STATEMENTS

For the first 6 months of the fiscal year ended 31 December 2019

Interim combined income statement (cont.)**PART II: INTERIM COMBINED INCOME STATEMENT PER OPERATION**

ITEMS	Code	Note	Unit: VND	
			Accumulated from the beginning of the year to the end of the period	
			Current year	Previous year
1. Sales of insurance premium (01 = 01.1 + 01.2 - 01.3)	01	VI.1	2,097,331,097,093	1,701,199,542,563
In which				
- Written premium	01.1		2,754,741,402,749	1,920,212,820,782
- Reinsurance premium assumed	01.2		45,210,093,454	53,992,086,600
- Increase (decrease) in reserve for written premium and reinsurance assumed	01.3		702,620,399,110	273,005,364,819
2. Reinsurance premium ceded (02 = 02.1 - 02.2)	02	VI.2	589,345,438,775	465,724,873,685
In which				
- Reinsurance premium ceded	02.1		1,110,481,337,346	581,495,694,228
- Increase (decrease) in reserve for reinsurance premium ceded	02.2		521,135,898,571	115,770,820,543
3. Net sales of premium (03 = 01 - 02)	03		1,507,985,658,318	1,235,474,668,878
4. Commission of reinsurance ceded and other income from insurance operation (04 = 04.1 + 04.2)	04		358,265,493,304	277,878,064,779
In which				
- Commission on reinsurance ceded	04.1	V.18	153,560,676,624	110,861,362,466
- Other income from insurance operation	04.2		204,704,816,680	167,016,702,313
5.1 Net sales of insurance operation (10 = 03 + 04)	10.1		1,866,251,151,622	1,513,352,733,657
5.2 Net sales of selling other goods and providing other services	10.2		-	-
6. Claim expenses (11 = 11.1 - 11.2)	11		924,104,660,273	788,560,644,648
In which				
- Total claim expenses	11.1		932,810,254,713	791,766,075,513
- Deductions (Subrogation recovery, receipt from disposal of loss paid 100%)	11.2		8,705,594,440	3,205,430,865
7. Recovery from reinsurance ceded	12		240,223,133,612	96,064,687,351
8. Increase/decrease in outstanding claim reserve for written premium and reinsurance assumed	13		(38,336,814,764)	(16,400,028,302)
9. Increase/decrease in outstanding claim reserve for reinsurance ceded	14		(32,414,667,147)	54,488,053,136
10. Total claim expenses (15 = 11 - 12 + 13 - 14)	15	VI.3	677,959,379,044	621,607,875,859
11. Increase/decrease in catastrophe reserve	16		16,894,701,588	13,927,101,179
12. Other operating expenses (17 = 17.1 + 17.2)	17	VI.4	797,887,928,710	571,583,158,792
In which:				
- Commission	17.1		180,143,392,157	150,883,465,041
- Others	17.2		617,744,536,553	420,699,693,751

POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

INTERIM COMBINED FINANCIAL STATEMENTS

For the first 6 months of the fiscal year ended 31 December 2019

Interim combined income statement (cont.)

ITEMS	Code	Note	Accumulated from the beginning of the year to the end of the period	
			Current year	Previous year
13. Total insurance operating expenses (18.1 = 15 + 16 + 17)	18.1		1,492,742,009,342	1,207,118,135,830
13.2 Costs of providing other goods, services	18.2		-	-
14. Gross profit of insurance operation (19.1 = 10.1 - 18.1)	19.1		373,509,142,280	306,234,597,827
14.2 Gross profit of providing other goods, services (19.2 = 10.2 - 18.2)	19.2		-	-
15. Sales of investment property	20	VI.5	4,311,145,013	1,604,032,474
16. Costs of investment property	21	VI.6	2,550,744,188	1,807,147,514
17. Profit from investment property (22 = 20 - 21)	22		1,760,400,825	(203,115,040)
18. Financial income	23	VI.7	110,909,039,322	151,034,085,419
19. Financial expenses	24	VI.8	88,645,723,180	125,527,360,903
20. Gross profit of financial activities (25 = 23 - 24)	25		22,263,316,142	25,506,724,516
21.1 Selling expenses	26.1		-	-
21.2 Administrative overheads	26.2	VI.9	368,875,718,072	293,683,704,891
22. Net operating income (30 = 19.1 + 22 + 25 - 26.1 - 26.2)	30		28,657,141,175	37,854,502,412
23. Other income	31		405,181,621	727,258,570
24. Other expenses	32		350,164,752	267,385,621
25.1 Other profit (40 = 31 - 32)	40		55,016,869	459,872,949
26. Total profit before corporate income tax (50 = 30 + 40)	50		28,712,158,044	38,314,375,361
27. Current corporate income tax	51	V.16	4,431,423,572	7,827,614,423
28. Deferred corporate income tax	52		-	-
29. Profit after corporate income tax (60 = 50 - 51 - 52)	60		24,280,734,472	30,486,760,938
30. Basic earnings per share	70	VI.10	-	-
31. Declined interest per share	70	VI.10	-	-

Prepared by



Pham Hong Tien

Chief Accountant



Cao Thu Hien

Prepared on 27 August 2019

General Director



Bui Xuan Thu

POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

INTERIM COMBINED FINANCIAL STATEMENTS

For the first 6 months of the fiscal year ended 31 December 2019

INTERIM COMBINED CASH FLOW STATEMENT

(Complete form)

(Under the indirect method)

For the first 6 months of the fiscal year ended 31 December 2019

Unit: VND

ITEMS	Code	Note	Accumulated from the beginning of the year to the end of the period	
			Current year	Previous year
I. Cash flows from operating activities				
1. Profit before tax	01		28,712,158,044	38,314,375,361
2. Adjustments				
- Depreciation of fixed assets and investment property	02		9,407,292,459	8,315,839,496
- Provisions	03		139,413,994,442	185,812,625,336
- Gain/loss from foreign exchange rate differences due to revaluation of monetary items in foreign currencies	04		-	-
- Gain/loss from investing activities	05		(110,472,300,495)	(81,639,643,195)
- Loan interest expenses	06	VI.8	2,988,975,069	4,048,553,837
- Adjustments	07		-	-
3. Operating profit/loss before changes of working capital	08		70,050,119,518	154,851,750,835
- Increase/decrease of accounts receivable	09		(67,620,002,856)	13,869,314,819
- Increase/decrease of inventories	10		(8,119,715,202)	1,309,800,089
- Increase/decrease of accounts payable	11		333,317,310,091	37,540,292,950
- Increase/decrease of prepaid expenses	12		(113,302,774,938)	(38,567,313,250)
- Increase/decrease of trading securities	13		534,331,912	(345,302,810,403)
- Loan interests already paid	14		(2,988,975,069)	(4,048,553,837)
- Corporate income tax already paid	15		-	(20,992,089,679)
- Other gains	16		-	81,700,000
- Other disbursements	17		-	-
Net cash flows from operating activities	20		211,870,293,457	(201,257,908,476)
II. Cash flows from investing activities				
1. Purchases and construction of fixed assets and other long-term assets	21		(51,431,404,787)	(19,296,645,637)
2. Gains from disposals and liquidation of fixed assets and other long-term assets	22		-	-
3. Loans given and purchases of debt instruments of other entities	23		(1,010,500,000,000)	(721,607,223,817)
4. Recovery of loans given and disposals of debt instruments of other entities	24		593,239,524,651	724,677,661,595
5. Investments into other entities	25		-	-
6. Withdrawals of investments in other entities	26		61,208,392,534	139,703,980,595
7. Receipts of loan interests, dividends and profit shared	27		99,797,982,336	68,023,089,269
Net cash flows from investing activities	30		(307,685,505,266)	191,500,862,005

POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION

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INTERIM COMBINED FINANCIAL STATEMENTS

For the first 6 months of the fiscal year ended 31 December 2019

Interim combined cash flow statement (cont.)

ITEMS	Code	Note	Accumulated from the beginning of the year to the end of the period	
			Current year	Previous year
III. Cash flows from financial activities				
1. Gains from stock issuance and capital contributions from shareholders	31		-	-
2. Repayment for capital contributors and re-purchase of stocks already issued	32		-	-
3. Receipts from loans	33	V.20	256,810,000,000	260,148,337,500
4. Loan principal amounts repaid	34	V.20	(190,460,329,602)	(181,779,755,000)
5. Payments for financial leasehold assets	35		-	-
6. Dividends and profit already paid to the owners	36	V.22c	(899,757,264)	(2,743,711,417)
Net cash flows from financial activities	40		65,449,913,134	75,624,871,083
Net cash flows during the year	50		(30,365,298,675)	65,867,824,612
Beginning cash and cash equivalents	60	V.1	122,447,618,654	99,601,609,760
Effects of fluctuations in foreign exchange rates	61		-	-
Ending cash and cash equivalents	70	V.1	92,082,319,979	165,469,434,372

Prepared by



Pham Hong Tien

Chief Accountant



Cao Thu Hien

Prepared on 27 August 2019

General Director



Bui Xuan Thu

POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION

Address: Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City

INTERIM COMBINED FINANCIAL STATEMENTS

For the first 6 months of the fiscal year ended 31 December 2019

NOTES TO THE INTERIM COMBINED FINANCIAL STATEMENTS**For first 6 months of the fiscal year ended 31 December 2019****I. OPERATION FEATURES****1. Investment form**

Post-Telecommunication Joint Stock Insurance Corporation (hereinafter called "the Corporation") is a joint stock company.

2. Operating field

The Corporation's operating field includes non-life insurance.

3. Business operations

The Corporation's main operations include: Trading non-life insurance, reinsurance, financial investment and other activities in accordance with the legal regulations.

4. Ordinary course of business

The Corporation's ordinary course of business does not exceed 12 months.

5. Structure of the Corporation***Subsidiaries***

<i>Name of companies</i>	<i>Address of head office</i>	<i>Main operations</i>	<i>Rate of contribution capital</i>	<i>Rate of interest</i>	<i>Rate of voting right</i>
Vietnam Petrol Commercial Corporation (VinaPetro)	No. 26 Lang Ha Road, Lang Ha Ward, Dong Da District, Hanoi	Selling petrol	93.63%	93.63%	93.63%
VN-IBS., JSC.	No. 26 Lang Ha Road, Lang Ha Ward, Dong Da District, Hanoi	Leasing real estate and providing informatics and communication equipment	99.0%	99.0%	99.0%
Post Real Estate JSC. (PostRE)	Floor 5, Lot 18 Dinh Cong Urban Area, Dinh Cong Ward, Hoang Mai District, Hanoi City	Services of housing brokerage, real estate trading and other services	49%	95.32%	95.32%

Joint ventures, associates

<i>Names</i>	<i>Address</i>	<i>Rate of ownership as committed</i>	<i>Rate of interest</i>
Kasati JSC.	270A Ly Thuong Kiet, Ward 14, District 10, Ho Chi Minh City	21.30%	21.30%
Lanexang Assurance Public Insurance JSC. (LAP)	No. 13, Suphanuvong Road, Vientiane City, Lao People's Democratic Republic	50.00%	50.00%

Affiliates with no legal status and dependently recording

The Corporation's head office is located at Floor 8, Building 4A, Lang Ha, Ba Dinh District, Hanoi City. As of 30 June 2019, the Corporation had 1 head office, 2 representative offices for Claim

POST-TELECOMMUNICATION JOINT STOCK INSURANCE CORPORATION

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INTERIM COMBINED FINANCIAL STATEMENTS

For the first 6 months of the fiscal year ended 31 December 2019

Notes to the interim combined financial statements (cont.)

Appraisal in Hanoi and Ho Chi Minh City, 1 representative office in the South and 46 affiliates nationwide.

6. Statement on comparison of information in the interim combined financial statements

The corresponding figures in the current period can be compared with those in the previous period.

7. Personnel

As of the balance sheet date, the Corporation had 2,150 employees (at the beginning of the year, the Corporation had 2,057 employees).

II. FISCAL YEAR AND STANDARD CURRENCY UNIT USED IN ACCOUNTING

1. Fiscal year

The fiscal year of the Corporation is from 1 January to 31 December annually.

2. Standard currency unit

The standard currency unit used in accounting is Vietnam Dong (VND) as most of transactions are mainly carried out in VND.

III. ACCOUNTING STANDARDS AND SYSTEM APPLIED

1. Accounting standards and system

The Corporation has been applying the Accounting System applied for insurance companies issued together with the Circular No. 232/2012/TT-BTC dated 28 December 2012 of the Ministry of Finance, the Circular No. 200/2014/TT-BTC dated 22 December 2014 giving guidance for the implementation of accounting system as well as the Circulars giving the guidance for the implementation of accounting standards and system of the Ministry of Finance in the preparation and presentation of the interim combined financial statements.

2. Statement on the compliance with the accounting standards and system

The General Directors ensure to follow all the requirements of the Vietnamese Accounting Standards and Accounting System applied for insurance companies issued together with the Circular No. 232/2012/TT-BTC dated 28 December 2012, the Circular No. 200/2014/TT-BTC dated 22 December 2014 giving guidance on the implementation of accounting system as well as the legal regulations related to the preparation and presentation of these interim combined financial statements.

IV. ACCOUNTING POLICIES

1. Accounting convention

All the interim combined financial statements are prepared on the basis of accrued accounting (except for information related to cash flows).

2. Transactions in foreign currencies

Transactions in foreign currencies are converted at the actual exchange rates as of the transaction dates. The ending balances of monetary items in foreign currencies are converted at the actual exchange rate as of the balance sheet date.

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INTERIM COMBINED FINANCIAL STATEMENTS

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Notes to the interim combined financial statements (cont.)

Foreign exchange rate differences arising during the year from transactions in foreign currencies are included in financial income or financial expenses. Foreign exchange rate differences due to revaluation of monetary items in foreign currencies as of the balance sheet date after offsetting increase differences and decrease differences are recorded into financial income or financial expenses.

Exchange rate used to translate transactions occurred in foreign currencies is the actual exchange rate at the time of transaction. The actual exchange rate is approximate to the average transfer buying and selling exchange rate of the commercial banks where the Corporation often has transactions. The approximate exchange rate does not exceed plus/less 1% in comparison with the average transfer buying and selling exchange rate which is daily determined based on the arithmetic mean between the daily transfer buying exchange rate and the selling exchange rate of the commercial banks where the Corporation often has transactions.

Foreign exchange rate used to revalue ending balances of monetary items in foreign currencies is the average transfer exchange rate of the commercial bank where the Corporation often has transactions.

3. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits in bank and cash in transit.

4. Financial investments

Trading securities

Investments are classified as the trading securities when they are held for the purpose of trading for benefits.

Trading securities are recorded in the ledger in accordance with historical prices. The historical prices of trading securities shall be determined in accordance with fair value of payments at the time when the transaction arises plus costs related to transaction of purchasing trading securities.

The date of recognition of trading securities is the date when the Corporation has ownership right. Details are as follows:

- Listed securities are recorded at the time of matching (T+0).
- Unlisted securities are recorded at the time when the ownership is acquired as prescribed in regulations of law.

Interests, dividends and profits of the periods before the trading securities are purchased are recorded to decrease the value of those trading securities. Interests, dividends and profits of the periods after the trading securities are purchased are recognized into the revenue. Dividends received by shares are only followed as additional number of shares, not recognized with the value of the shares received.

Provision for devaluation of trading securities is made for each kind of securities traded in the market and has fair value lower than their historical costs. The fair value of trading securities listed in the securities market or exchanged on the UPCOM is the closing price as of the balance sheet date. In case at that time, the securities market or UPCOM does not have any transactions, the fair value of securities is the closing price of the latest transaction prior to the balance sheet date.

Increases/decreases in provision for devaluation of trading securities which need appropriating as of the balance sheet date are recognized into financial expenses.

Gain from or loss on transfer of trading securities is recognized into financial income or financial expenses. Costs are determined in accordance with the mobile weighted average method.

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INTERIM COMBINED FINANCIAL STATEMENTS

For the first 6 months of the fiscal year ended 31 December 2019

Notes to the interim combined financial statements (cont.)

Investments held to maturity dates

Investments are classified as investments held to maturity that the Corporation intends and is able to hold to maturity. Investments held to maturity include termed deposits (including debentures and promissory note), bonds, preferred shares that the issuer are required to re-purchases at a certain date in the future and held-to-maturity loans for the purpose of receiving periodical interest as well as other investments held to maturity.

Investments held to maturity dates are initially recognized at historical costs including purchasing price and costs related to purchasing transaction of investments. After initial recognition, these investments are recorded at recoverable value. Interest from these investments held to maturity dates after acquisition date is recognized in the income statement on the basis of estimated receipt. Interests arising prior to the Corporation's acquisition of investment held to maturity are recorded as a decrease in the costs at the acquisition time.

Provision for loss of investments held to maturity dates is appropriated when there are reliable evidences proving that a part or whole of the investment may be unrecoverable and the losses can be measured reliably.

Increases, decreases in provision for loss of investments held to maturity dates which need appropriating as of the balance sheet date are recognized into financial expenses.

Investments in subsidiaries, associates

Subsidiaries

A subsidiary is an entity that is controlled by the Corporation. Control is the Corporation's power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Associates

An associate is an enterprise in which the Corporation has significant influence but not control over the financial policies and activities. Significant influence is the right to participate in making decisions about financial policies and business operations of the investee but not control those policies.

Initial recognition

Investments in subsidiaries, associates are initially recognized at historical cost, including purchasing price or contribution capital plus related costs to investments. In case investment by non-monetary assets, investment cost is recognized at the fair value of those non-monetary assets at the date of arising.

Dividends and profit of the periods before investments are bought are recorded to reduce with the value of those investments. Dividends and profit of the periods after investments are bought are recognized into revenue. Dividends received by shares are followed by the increasing number of shares but not recognized with the value of shares received.

Provision for loss of investments in subsidiaries, associates

Provision for loss of investments in subsidiaries, associates is appropriated when subsidiaries, associates suffer losses at the rate equivalent to the difference between the actual contribution capital of the parties in these subsidiaries, associates and the actual owner's equity multiplying (x) the rate of capital contribution of the Corporation in comparison with total actual contribution capital of the parties in these subsidiaries, associates. If subsidiaries, associates are the subject of the consolidated financial statements, the basis of determination of provision for loss is the consolidated financial statements.

Increases/decreases in provision for loss of investments in subsidiaries, associates which need appropriating as of the balance sheet date are recognized into financial expenses.

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INTERIM COMBINED FINANCIAL STATEMENTS

For the first 6 months of the fiscal year ended 31 December 2019

Notes to the interim combined financial statements (cont.)

Investments in equity instruments of other entities

Investments in equity instruments of other entities include such investments in equity instruments that do not enable the Corporation to have the control, joint control or significant influence on the investees.

Investments in equity instruments of other entities are initially recognized at historical costs, including the cost of purchase plus other directly attributable transaction costs. Dividends and profits arising in the periods prior to the purchase of investments are recorded as a decrease in value of such investments. Dividends and profit arising in the periods after the purchase of investments are recorded into the Corporation's revenue. Particularly, the dividends paid in form of shares are not recorded as an increase in values, but the increasing quantity of shares is followed up.

Provision for loss of investments in equity instruments of other entities is made as follows:

- For investments in listed shares or fair value of investments is reliably measured, provision is made on the basis of the market value of shares.
- For investments of which the fair value cannot be measured at the time of reporting, provision is made on the basis of the losses suffered by investees, at the rate equal to the difference between the actual capital contributed by parties in other entities and the actual owner's equity multiplying (x) by the Corporation's rate of capital contribution over the total actual capital contributed by parties in other entities.

Increases/decreases in provision for loss of investments in equity instruments of other entities which need appropriating as of the balance sheet date are recognized into financial expenses.

5. Accounts receivable

Accounts receivable are presented in accordance with book values less provisions for bad debts.

The classification of accounts receivable into receivables from customers and other receivables is done as follows:

- Receivables from customers reflect commercial receivables generating from purchase-sale related transactions between the Corporation and buyers which are independent units against the Corporation.
- Other receivables reflect non-commercial or non-trading receivables, unrelated to purchase-sale transactions.

Provision is made for each bad debt basing on the debt age or the estimated loss. Details are as follows:

- As for overdue debts:
 - 30% of the value for debts overdue from over 6 months to under 1 year.
 - 50% of the value for debts overdue from 1 year to under 2 years.
 - 70% of the value for debts overdue from 2 years to under 3 years.
 - 100% of the value for debts overdue from 3 years and over.
- As for doubtful debts but not overdue: provision is made basing on the estimated loss.

Increases/decreases of balance of provision for bad debts which need appropriating as of the balance sheet date are recorded into administrative overheads.

6. Inventories

Inventories are recorded in accordance with the lower value between the historical costs and the net realizable values.

Historical costs of inventories include purchasing expenses, processing expenses and other directly related costs to bring the inventories to the current positions and conditions.

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INTERIM COMBINED FINANCIAL STATEMENTS

For the first 6 months of the fiscal year ended 31 December 2019

Notes to the interim combined financial statements (cont.)

Ex warehouse prices are determined in accordance with the specific identification method and recorded in line with the perpetual recording method.

Net realizable values are the estimated selling prices of inventories in an ordinary course of business less the estimated expenses on product completion and other necessary expenses on product consumption.

Provision for devaluation of inventories is made for each item of inventories which has historical costs higher than net realizable values. Increases/decreases in balances of provision for devaluation of inventories which need appropriating as of the balance sheet date are recognized into costs of goods sold.

7. Prepaid expenses

Prepaid expenses include expenses actually incurred but they are related to operation output of many accounting periods. Prepaid expenses of the Corporation mainly include unappropriated commission, office rental and expenses for tools, instruments. These prepaid expenses are allocated in the prepayment term or the term in which corresponding economic benefit is derived from these expenses.

Unappropriated commission

Commission expenses are determined in accordance with the specified percentage on revenue of insurance operation and retained on account of unappropriated commission equivalent to rate of unearned premium reserve.

Expenses for agency development

Expenses for agency development is allocated into expenses during the period in accordance with the straight-line method in 3 years.

Office rental

Office rental is allocated in line with the leasing period as in the leasing contracts.

Expenses for tools, instruments

Expenses for tools, instruments being put into use with the value of VND 5 million and over are allocated in 2 years. Those with the value under VND 5 million are allocated in 1 year.

8. Tangible fixed assets

Tangible fixed assets are determined by their historical costs less accumulated depreciation. Historical costs of fixed assets include all the expenses of the Corporation to have these fixed assets as of the dates they are ready to be put into use. Other expenses incurred subsequent to the initial recognition are included in historical costs of fixed assets only if they certainly bring more economic benefits in the future thanks to the use of these assets. Those which do not meet the above conditions will be recorded into expenses during the period.

When a tangible fixed asset is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain/loss arisen is posted into income or expenses during the period.

Tangible fixed assets are depreciated in accordance with the straight-line method over their estimated useful lives. The depreciation years of tangible fixed assets are as follows:

<u>Fixed assets</u>	<u>Years</u>
Buildings and structures	35
Machinery and equipment	5 – 6
Vehicles	5 – 12
Office equipment	3 – 10

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9. Intangible fixed assets

Intangible fixed assets are determined by their historical costs less accumulated depreciation.

Historical costs of intangible fixed assets include all the expenses of the Corporation to have these fixed assets as of the dates they are ready to be put into use. Costs related to intangible fixed assets, which are incurred after initial recognition, are recognized as operating costs in the period unless these costs are associated with a specific intangible fixed asset and increase economic benefits from these assets.

When an intangible fixed asset is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain/loss arisen is posted into income or expenses during the period.

Intangible fixed assets of the Corporation include:

Land use right

Land use right includes all the actual expenses paid by the Corporation related to the land being used such as expenses to obtain the land use right, expenses for compensation and land clearance, ground leveling, registration fees, etc. For the land use right which is permanent, no amortization is done.

Computer software

Purchasing price of computer software which is not an integrated part of the related hardware is capitalized. Historical cost of computer software includes all the expenses paid until the date the software is put into use. Computer software is depreciated in accordance with the straight-line method within 3 - 4 years.

10. Investment property

Investment property is the use right on land, a building, a part of building or infrastructure owned by the Corporation or by the financial leasehold in order to earn rental or for capital appreciation. Investment property is determined by its historical costs less accumulated depreciation. Historical cost of investment property includes all the expenses paid by the Corporation or the fair value of other consideration given to acquire the investment property at the time of its acquisition or construction.

Subsequent expenses relating to an investment property are recorded into expenses unless these expenses probably make the investment property bring future economic benefits in excess of the originally assessed standard of performance, in that case, they will be recorded to increase the historical costs.

When the investment property is sold, its historical cost and accumulated depreciation are written off, then any gain/loss arisen are posted into income or expenses during the period.

Investment property for lease is depreciated in accordance with the straight-line method over its estimated useful life. The depreciation years of investment property are as follows:

<u>Fixed assets</u>	<u>Year</u>
Infrastructure	20 - 50

Since 1 January 2015, investment properties held for capital appreciation are not depreciated. When there is strong evidence showing that investment properties held for capital appreciation are devalued compared to the market value and the devaluation can be determined reliably, investment properties held for capital appreciation are reduced in costs and losses are recognized in costs of goods sold.

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11. Construction in progress

Construction in progress reflects costs directly related (including related loan interest expenses in accordance with the Corporation's accounting policies) to assets in progress of construction and machinery, equipment in progress of installation to serve the purpose of production, lease and management as well as costs related to repair of fixed assets in progress. These assets are recognized in accordance with their historical costs and not depreciated.

12. Liabilities payable and accrued expenses

Liabilities payable and accrued expenses are recognized for the amount payable in the future related to goods and services already received. Accrued expenses are recognized based on reasonable estimates on the amount payable.

The classification of accounts payable into payables to suppliers, accrued expenses and other payables is done as follows:

- Payables to suppliers reflect trade payables occurred from purchase-sale transaction of goods, services, assets and the suppliers are independent units against the Corporation.
- Accrued expenses reflect payables for goods and services already received from suppliers or provided to customers but for which the payment has not been made due to lack of invoices or accounting documents and payables for employees on leave pay, appropriated operating costs.
- Other payables reflect non-trade payables or payables unrelated to purchase-sale transactions, provision of goods and services.

Liabilities payable and accrued expenses are classified into short-term and long-term ones on the combined balance sheet based on the remaining terms as of the balance sheet date.

13. Technical reserves

The Corporation has appropriated technical reserves as stipulated in the Circular No. 50/2017/TT-BTC of the Ministry of Finance dated 15 May 2017 giving guidance on the implementation of the Decree No. 73/2016/ND-CP dated 1 July 2016 of the Government regulating the financial regime for insurance companies and insurance brokerage companies.

Unearned premium reserve

Unearned premium reserve for insurance and reinsurance policies with the term of 1 year or less is appropriated in accordance with the percentage of the insurance premium retained, details are as follows:

- For insurance of cargo, unearned premium reserve is appropriated by 25% on total premium retained.
- For other insurance transactions, unearned premium reserve is appropriated by 50% on total premium retained.

Unearned premium reserve for insurance and reinsurance policies with the term over 1 year is appropriated in accordance with the coefficient method of the insurance policy term, details are as follows:

$$\text{Unearned premium reserve} = \frac{\text{Insurance retained premium} \times \text{Number of remaining insurance day of insurance and reinsurance policies}}{\text{Total number of insurance days as in insurance and reinsurance policies}}$$

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Outstanding claim reserve

Claim reserve for case claims is appropriated by the Corporation in accordance with the method of each claim record on the basis of estimated loss of the Corporation's insurance responsibility.

Claim reserve for loss which has incurred but not yet reported (IBNR) is appropriated in accordance with the following formula for each insurance line:

$$\begin{array}{ccccccc} \text{Claim reserves} & & \text{Total claim for IBNR in} & & \text{Net premium of} & & \text{Average claim} \\ \text{for IBNR for} & & \text{the 3 previous} & & \text{insurance activities in} & & \text{reporting delay in} \\ \text{the current} & = & \text{continuous years} & \times & \text{the current year} & \times & \text{the current year} \\ \text{fiscal year} & & \text{Total claim arising in} & \times & \text{Net premium of} & \times & \text{Average claim} \\ & & \text{the 3 previous} & \text{Claim} & \text{insurance activities in} & & \text{reporting delay in} \\ & & \text{continuous years} & \text{arising} & \text{the previous year} & & \text{the previous year} \\ & & & \text{in the} & & & \\ & & & \text{current} & & & \\ & & & \text{year} & & & \end{array}$$

Catastrophe reserve

Catastrophe reserve is appropriated annually until such reserve reaches 100% of the net written premium of the fiscal year. The appropriation rate during the year was 1% of the net written premium.

On 28 December 2005, the Ministry of Finance issued the Decision No. 100/2005/QĐ-BTC regarding the issuance and publication of four Vietnamese Accounting Standards including the Accounting Standard No. 19 - Insurance Policy. Accordingly, commencing from 1 January 2006, the appropriation of catastrophe reserve is no longer required since it represents "possible claims that are not in existence at the reporting date". However, the Ministry of Finance has not given the guidance on implementing the Accounting Standard No. 19 and according to the Decree No. 73/2016/ND-CP dated 1 July 2016 on details of implementation of the Law on insurance business and the Law on amendments to certain articles of the Law on insurance business, therefore, the Corporation is still appropriating catastrophe reserve.

14. Sources of capital

Owner's contribution capital

Owner's contribution capital is recognized in line with the amount actually contributed by the shareholders.

Share premiums

Share premiums are recorded in accordance with the difference between issuance price and face value of shares in the first issuance, additional issuance or the difference between reissuance price and book value of treasury stocks. Direct expenses related to the additional issuance of shares and reissuance of treasury stocks are recorded to decrease share premiums.

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15. Profit distribution

Profit after corporate income tax is distributed to the shareholders after appropriation of funds in accordance with the Corporation's Charter as well as legal regulations and being approved by the General Meeting of Shareholders.

The profit distribution to the shareholders considers non-monetary items in retained profit after tax which can have impacts on cash flows and possibility of profit payment such as gains from revaluation of assets for capital contribution, revaluation of monetary items, financial instruments and other non-monetary items.

Dividends are recognized as liabilities payable upon the approval of the General Meeting of Shareholders.

Compulsory reserve

Compulsory reserve is used to supplement the Corporation's charter capital and ensure its liquidity. Compulsory reserve is appropriated annually at the rate of 5% of annual profit after tax. The maximum of compulsory reserve is 10% of the Corporation's charter capital as stipulated in the Decree No. 73/2016/ND-CP dated 1 July 2016 of the Government.

Other funds

Other funds are appropriated and used in accordance with the Charter and Resolutions of General Meeting of Shareholders.

16. Recognition of sales and income

16.1. Activity of trading gross written premium

Gross written premium

Gross written premium is recorded in accordance with the regulations in the Circular No. 50/2017/TT-BTC dated 15 May 2017 of the Ministry of Finance giving guidance on the implementation of the Decree No. 73/2016/ND-CP dated 1 July 2016 of the Government regulating the financial regime for insurance companies and insurance brokerage companies. Details are as follows:

- (1) When the insurance policy has been entered into by the insurer and the insured and the insured fully paid insurance premium;
- (2) There are evidences the insurance policy has been entered into by the insurer and the insured and the insured fully paid insurance premium;
- (3) The insurance policy has been entered into and the insurer has an agreement with the insured about payment term of insurance premium (including extension period).

In case there is an agreement between the insurer and the insured about periodical payment of premium, premium revenue of the first premium payment period is recognized upon the commencement of the insurance term under the insurance policy and the insurance revenue of the following periods shall be recognized only after the insurance premium has been fully paid as agreed upon in the insurance policy.

Claim expense

Claim expense is recognized at the point of time when the claim documents are completed and approved by authorized persons. In case of having no conclusion about the final claim but the Corporation is sure of loss of the insurers' responsibility, a part of claim is paid to the customers. Any claim that is not yet approved by authorized persons is considered as outstanding claim and included in claim reserve.

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Commission

Commission expenses are calculated according to the percentage on revenue of gross written premium actually received and recorded into the income statement during the year. Commission of each product is calculated at separate rates in accordance with the Circular No. 50/2017/TT-BTC dated 15 May 2017 of the Ministry of Finance giving guidance on implementation of the Decree No. 73/2016/ND-CP dated 1 July 2016 of the Government on the Law on insurance business.

16.2. Activity of reinsurance assumed

Under treaty reinsurance

Revenue and expenses related to reinsurance assumed under treaty arrangements are recognized when the periodical reconciliation is received from the cedants. As of the date of preparing the financial statements, revenue and expenses related to transactions in the scope of treaty reinsurance but the periodical reconciliation has not been received from the cedants will be estimated based on the statistical and estimated figures of the cedants.

Under facultative reinsurance

Reinsurance premium assumed is recognized when the facultative reinsurance agreement has been signed and a statement of account (for each facultative reinsurance agreement) has been received from the cedant.

Claim expenses for reinsurance assumed are recognized when having claim obligations as committed and the statement of account has been received from the cedants.

Commission on reinsurance assumed is recognized when accepting reinsurance agreement and the statement account has been received from the cedants.

16.3. Activity of reinsurance ceded

Reinsurance premium ceded under treaty reinsurance is recognized when gross written premium in the scope of these agreements is recognized.

Facultative reinsurance premium ceded is recognized when facultative reinsurance agreement has been signed and gross written premium in the scope of this agreement is recognized.

Receiving indemnity of reinsurance ceded is recognized when having existing evidences of reinsurers' obligations.

Commission on reinsurance ceded is recognized when reinsurance premium ceded is recognized.

16.4. Activity of investment

Interests

Interests are recorded based on the term and the interest rates applied for each period.

Dividends and profit shared

Dividends and profit shared are recognized when the Corporation has the right to receive dividends or profit from the capital contribution. Particularly, dividends received by shares are not recognized into income but only followed with the increasing number.

Investment costs

Investment costs include arising costs directly related to the investment and commonly used expenses allocated.

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Direct costs include salary for the Investment Section, expenses for investment portfolio management, provision for devaluation of investments, loss on securities dealing, expenses for dealing securities, expenses related to real estate activity.

Commonly used expenses allocated for the Investment Section at the rate of financial income on total realized revenue during the period.

17. Borrowing costs

Borrowing costs include loan interest and other costs directly related to borrowings. Borrowing costs are recognized into expenses when arising.

18. Corporate income tax

Corporate income tax includes current income tax which is the tax amount computed based on the taxable income. Taxable income is different from accounting profit due to the adjustments of temporary differences between tax and accounting figures as well as those of non-taxable or non-deductible income and expenses, losses transferred.

19. Related parties

A party is considered a related party of the Corporation in case that party is able to control the Corporation or to cause material effects on the financial decisions as well as the operations of the Corporation. A party is also considered a related party in case of together being controlled or affected significantly.

In the consideration of relations among related parties, the nature of relations is paid more attention than the legal form.

20. Segment reporting

A business segment is a distinguishable component that is engaged in providing products or services and that is subject to risks and returns different from those of other business segments.

A geographical segment is a distinguishable component that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns different from those of components operating in other economic environments.

The segment information is prepared and presented in conformity with the accounting policy applied for the preparation and presentation of the Corporation's combined financial statements.

21. Financial instruments

Financial assets

The classification of financial assets depends on the nature and the purpose of them and is determined at the date of initial recognition. Financial assets of the Corporation include cash and cash equivalents, accounts receivable from customers, other receivable, listed and unlisted financial instruments.

At the date of initial recognition, financial assets are initially recognized at historical cost plus other costs directly related to those financial assets.

Financial liabilities

The classification of financial liabilities depends on the natures and purposes of the financial liabilities and is determined at the date of initial recognition. Financial liabilities of the Corporation include accounts payable to suppliers and other payable.

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At the date of initial recognition, financial liabilities are initially recognized at historical cost less other costs directly related to those financial liabilities.

Equity instrument

Equity instrument is the contract which can prove the remaining benefits in the assets of the company after deducting all of its liabilities.

Offsetting financial instruments against each other

Financial assets and financial liabilities will be offset against each other and are reflected at their net values on the balance sheet when, and only when, the Corporation:

- has a legal right to offset the recognized amounts; and
- has intention either to settle on a net basis, or to realize the asset and to settle the liabilities simultaneously.

V. ADDITIONAL INFORMATION ON THE ITEMS OF THE INTERIM COMBINED BALANCE SHEET**1. Cash and cash equivalents**

	Ending balance	Beginning balance
Cash on hand	7,860,537,712	10,502,923,575
Demand deposits in banks	83,893,782,267	83,910,937,079
Cash in transit	328,000,000	28,033,758,000
Total	92,082,319,979	122,447,618,654

2. Financial investments

The Corporation's financial investments include trading securities, investments held to maturity date and capital contribution in other entities. Information on the Corporation's financial investments is as follows:

2a. Trading securities

	Ending balance			Beginning balance		
	Historical costs	Fair value	Provision	Historical costs	Fair value	Provision
Listed securities	475,894,042,555	338,518,875,900	(140,391,544,516)	599,508,668,818	526,280,959,800	(76,375,920,784)
LPB	169,720,152,006	116,355,166,200	(53,364,985,806)	169,720,152,006	141,714,625,500	(28,005,526,506)
OIL	150,318,761,359	93,196,720,000	(57,122,041,359)	150,318,761,359	130,957,460,000	(19,361,301,359)
TDM				81,329,371,070	81,726,600,000	
HUT	35,589,191,275	16,203,084,000	(19,386,107,275)	27,761,617,500	15,546,883,000	(12,214,734,500)
MBB	37,125,236,159	33,484,726,000	(3,640,510,159)	38,086,520,159	31,161,623,000	(6,924,897,159)
Others	83,140,701,756	79,279,179,700	(6,877,899,917)	132,292,246,724	125,173,768,300	(9,869,461,260)
Unlisted securities	148,256,670,000	148,256,670,000				
Total	624,150,712,555	486,775,545,900	(140,391,544,516)	599,508,668,818	526,280,959,800	(76,375,920,784)

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Situation of fluctuations in provision for devaluation of trading securities is as follows:

	Accumulated from the beginning of the year to the end of the period	
	Current year	Previous year
Beginning balance	76,375,920,784	5,688,220,092
Appropriation of provision during the period	70,291,572,075	84,598,152,053
Refund of provision during the period	(6,275,948,343)	(1,598,508,061)
Ending balance	140,391,544,516	88,687,864,084

2b. Investments held to maturity date

	Ending balance		Beginning balance	
	Historical costs	Provision	Historical costs	Provision
Short-term	2,649,759,079,746		2,240,770,963,764	
Termed deposits	2,592,924,779,746		2,131,736,663,764	
Investments in bonds	50,000,000,000		100,000,000,000	
Short-term investment trust	6,834,300,000		9,034,300,000	
Long-term	519,835,456,761	(8,915,710,175)	536,739,473,043	(35,577,056,197)
Termed deposits	277,011,666,667		304,011,666,667	
Investments in bonds	150,000,000,000		100,000,000,000	
Investment portfolio management trust	92,823,790,094	(8,915,710,175)	132,727,806,376	(35,577,056,197)
Total	3,169,594,536,507	(8,915,710,175)	2,777,510,436,807	(35,577,056,197)

The Corporation has used the deposits at 3 credit institutions including SHB, VPBank, Agribank – Gia Dinh Branch with the value of VND 209,234,597,098 to secure the loan from Shinhan Bank Vietnam (see Note V.20).

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2c. Capital contribution in other entities

	Ending balance		Beginning balance	
	Historical costs	Provision	Historical costs	Provision
Investments in subsidiaries	119,700,000,000	(2,690,077,413)	31,500,000,000	(2,558,702,507)
VinaPetro ⁽ⁱ⁾	11,700,000,000	(2,558,702,507)	11,700,000,000	(2,558,702,507)
VN-IBS., JSC. ⁽ⁱⁱ⁾	19,800,000,000		19,800,000,000	
PostRE ⁽ⁱⁱⁱ⁾	88,200,000,000	(131,374,906)		
Investments in associates	34,444,900,000		122,644,900,000	(467,061,841)
PostRE ⁽ⁱⁱⁱ⁾			88,200,000,000	(467,061,841)
LAP ^(iv)	20,152,200,000		20,152,200,000	
Kasati JSC. ^(v)	14,292,700,000		14,292,700,000	
Capital contribution in other entities	95,389,498,488	(38,722,980,388)	155,759,412,685	(48,046,200,333)
UTXI Aquatic Products Processing Corporation	15,000,000,000	(8,880,000,000)	15,000,000,000	(8,880,000,000)
Post and Telecommunications	2,940,000,000		2,940,000,000	
Tourism JSC.				
Global Data Service JSC.	17,080,000,000		17,080,000,000	
Huawei Vietnam JSC.	5,800,000,000		5,800,000,000	
Phuong Nam Real Estate Investment JSC.	65,000,000		65,000,000	
Communication Technology Development Investment JSC.	625,000,000		625,000,000	
36 JSC.	53,879,498,488	(29,842,980,388)	64,280,812,685	(39,166,200,333)
OCB			49,968,600,000	
Total	249,534,398,488	(41,413,057,801)	309,904,312,685	(51,071,964,681)

(i) According to the 4th amended Business Registration Certificate No. 0500600975 dated 16 October 2015 granted by Hanoi Authority for Planning and Investment, the Corporation would invest in VinaPetro with the amount of VND 17,185,000,000 equivalent to 95.47% of charter capital. As of 30 June 2019, the actual contributed capital of the Corporation was VND 11,700,000,000 equivalent to 93.63% of the actual charter capital of the subsidiary, which did not change compared with that at the beginning of the year. The charter capital to be contributed into this subsidiary is VND 5,485,000,000.

(ii) According to the 9th amended Business Registration Certificate No. 0102720783 dated 22 October 2014 granted by Hanoi Authority for Planning and Investment, the Corporation would invest in VN-IBS., JSC. with the amount of VND 19,800,000,000 equivalent to 99% of charter capital. As of 30 June 2019, the Corporation had fully invested the capital as registered.

(iii) According to the Business Registration Certificate No. 0103027478 dated 21 October 2008 granted by Hanoi Authority for Planning and Investment, the Corporation would invest in PostRE with the amount of VND 88,200,000,000 equivalent to 49% of charter capital. Currently, the remaining legal entities under the joint venture contract have not contributed enough capital as committed in the contract, the total actual contribution capital of the shareholders in PostRE is VND

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92,530,000,000, therefore, the investment capital up to now is equivalent to 95.4% of the charter capital.

- (iv) According to the amended Investment Certificate No. 347/BKH-DTRNN-DC3 dated 30 September 2014 granted by the Ministry of Planning and Investment, the Corporation would invest in LAP with the amount of USD 1,000,000 equivalent to 50% of charter capital. As of 30 June 2019, the Corporation had fully invested the capital as registered with the amount of USD 1,000,000 equivalent to VND 20,152,200,000.
- (v) The Corporation purchased 638,090 shares of Kasati JSC. equivalent to 21.3 % of charter capital with the purchasing price of VND 14,292,700,000. As of 30 June 2019, the Corporation held 638,090 shares, accounting for 21.3% of capital of Kasati JSC.

Fair value

As for investments with listed prices, the fair value is determined based on listed prices as of the balance sheet date. The Corporation has not determined the fair value of investments without listed prices due to having no detailed guidelines on determination of fair value.

Operation of subsidiaries and associates

Subsidiaries and associates are in the process of normal operation, having no large changes compared with the previous year.

Transactions with subsidiaries and associates

Material transactions between the Corporation and its subsidiaries, associates are as follows:

	Accumulated from the beginning of the year to the end of the period	
	Current year	Previous year
PostRE		
Receipt of business cooperation interest	2,900,000,000	1,604,032,474
LAP		
<i>Reinsurance ceded</i>		
Reinsurance premium ceded	194,385,725,486	71,780,880,384
Receiving commission on reinsurance ceded	81,859,803,500	23,265,101,158
Receiving indemnity of reinsurance ceded	97,178,212,784	47,873,072,146
<i>Reinsurance assumed</i>		
Reinsurance premium assumed	1,875,203,045	1,052,341,550
Commission expenses for reinsurance assumed	464,421,276	254,742,409
Claim expenses for reinsurance assumed	2,433,328,946	

2d. Provision for devaluation of long-term financial investments

	Ending balance	Beginning balance
Provision for investments held to maturity date	8,915,710,175	35,577,056,197
Provision for capital contribution in other entities	41,413,057,081	51,071,964,681
Total	50,328,767,976	86,649,020,878

Situation of fluctuation in provision for devaluation of long-term financial investments is as follows:

	Accumulated from the beginning of the year to the end of the period	
	Current year	Previous year
Beginning balance	86,649,020,878	74,466,948,396
Additional appropriation of provision		6,384,987,152
Use of provision	(25,176,375,649)	

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	Accumulated from the beginning of the year to the end of the period	
	Current year	Previous year
Refund of provision	(11,143,877,253)	(1,243,865,235)
Ending balance	50,328,767,976	79,608,070,313
3. Receivable on insurance policies		
	Ending balance	Beginning balance
Receivable on written premium	316,989,707,730	286,910,937,615
Receivable on reinsurance	214,652,399,436	253,221,702,804
Total	531,642,107,166	540,132,640,419
4. Short-term prepayments to suppliers		
	Ending balance	Beginning balance
Prepayment of claim for written premium	136,846,757,116	127,204,172,652
Other prepayments of written premium activity	702,823,715	1,586,567,036
Prepayments to other suppliers	13,076,959,842	4,054,888,947
Total	150,626,540,673	132,845,628,635
5. Other short-term/long-term receivable		
5a. Short-term receivable		
	Ending balance	Beginning balance
Estimated interest receivable from financial incomes	143,333,102,278	133,497,262,456
Receivable on claim paid to Khai Thanh Production and Trading Co., Ltd. (due to the decision of the Court in which PTI does not have to pay claim)	5,614,181,754	5,614,181,754
Advance of agency commission of the year 2019 to VNPost	18,000,000,000	
Advances	44,375,986,977	14,693,637,271
Short-term deposits and mortgages	4,233,879,000	4,812,714,788
Others	51,385,079,590	39,054,668,291
Total	266,942,229,599	197,672,464,560
5b. Long-term receivable		
	Ending balance	Beginning balance
Deposits and mortgages	10,280,000,000	10,280,000,000
Others	8,314,999,187	8,501,477,023
Total	18,594,999,187	18,781,477,023
6. Provision for short-term bad debts		
	Ending balance	Beginning balance
Provision for overdue debts	47,338,335,911	58,076,666,808
<i>Provision for overdue debts under 1 year</i>	<i>1,149,575,497</i>	<i>515,733,302</i>
<i>Provision for overdue debts from 1 year to under 2 years</i>	<i>1,121,285,979</i>	<i>2,475,484,365</i>
<i>Provision for overdue debts from 2 years to under 3 years</i>	<i>2,290,693,637</i>	<i>2,553,004,479</i>

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	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Provision for overdue debts over 3 years</i>	42,776,780,799	52,532,444,662
Total	47,338,335,911	58,076,666,808

Situation of fluctuations in provision for bad debts is as follows:

	Accumulated from the beginning of the year to the end of the period	
	<u>Current year</u>	<u>Previous year</u>
Beginning balance	58,076,666,808	63,881,930,903
Additional appropriation of provision	619,858,142	5,795,761,473
Use of provision	(11,146,059,438)	
Refund of provision	(212,129,601)	(8,397,466,063)
Ending balance	47,338,335,911	61,280,226,313

7. Inventories

	<u>Ending balance</u>	<u>Beginning balance</u>
Materials, supplies	4,877,426,275	2,915,033,565
Tools, instruments	324,512,753	35,626,391
Real estate merchandises	5,868,436,130	
Total	11,070,375,158	2,950,659,956

8. Short-term/Long-term prepaid expenses**8a. Short-term prepaid expenses**

	<u>Ending balance</u>	<u>Beginning balance</u>
Commission to be allocated (*)	353,037,435,079	233,777,609,509
Others	390,827,531	41,372,986
Total	353,428,262,610	233,818,982,495

(*) Fluctuations in increases, decreases in commission to be allocated during the period are as follows:

	Accumulated from the beginning of the year to the end of the period	
	<u>Current year</u>	<u>Previous year</u>
Beginning balance	233,777,609,509	176,030,723,016
Increase during the period	299,403,217,728	180,608,458,460
Amount already allocated into expenses during the period	(180,143,392,158)	(150,883,465,041)
Ending balance	353,037,435,079	205,755,716,435

8b. Long-term prepaid expenses

	<u>Ending balance</u>	<u>Beginning balance</u>
Tools, instruments	4,716,295,856	6,881,136,004
Housing rental	3,248,480,940	4,208,801,190
Expenses for agency development	627,109,628	632,444,803
Others	20,147,602,068	23,323,611,672
Total	28,739,488,492	35,045,993,669

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9. Taxes and accounts receivable from the State

	Ending balance	Beginning balance
VAT on local sales	39,381,758	161,883,886
Corporate income tax	5,710,001,299	10,157,186,363
Personal income tax	1,535,849,595	1,106,410,496
Other taxes	80,768,183	72,453,967
Total	7,366,000,835	11,497,934,712

10. Tangible fixed assets

	Buildings and structures	Machinery and equipment	Vehicles	Office equipment	Total
Historical costs					
Beginning balance	15,536,736,730	170,730,000	104,626,411,452	29,002,411,016	149,336,289,198
Purchase during the period		66,540,000	3,502,772,727	3,583,454,545	7,152,767,272
Liquidation and disposal				(411,501,289)	(411,501,289)
Ending balance	15,536,736,730	237,270,000	108,129,184,179	32,174,364,272	156,077,555,181
<i>In which:</i>					
Fully depreciated but being still in use		33,850,000	18,447,678,708	15,563,162,538	34,044,691,246
To be liquidated					
Depreciation					
Beginning balance	2,879,402,592	91,462,580	55,189,660,019	19,975,507,284	78,136,032,475
Depreciation during the period	294,457,714	14,898,996	4,236,483,449	1,923,894,990	6,469,735,149
Liquidation and disposal				(411,501,289)	(411,501,289)
Ending balance	3,173,860,306	106,361,576	59,426,143,468	21,487,900,985	84,194,266,335
Net book value					
Beginning balance	12,657,334,138	79,267,420	49,436,751,433	9,026,903,732	71,200,256,723
Ending balance	12,362,876,424	130,908,424	48,703,040,711	10,686,463,287	71,883,288,846
<i>In which:</i>					
Temporarily unused					
To be liquidated					

11. Intangible fixed assets

	Land use right	Computer software	Total
Historical costs			
Beginning balance	5,096,806,800	11,418,285,686	16,515,092,486
Purchase during the period		416,000,000	416,000,000
Ending balance	5,096,806,800	11,834,285,686	16,931,092,486
<i>In which:</i>			
Fully amortized but being still in use		5,892,228,567	5,892,228,567
Amortization			
Beginning balance		7,942,557,374	7,942,557,374
Amortization during period		1,048,753,409	1,048,753,409
Ending balance		8,991,310,783	8,991,310,783

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	<u>Land use right</u>	<u>Computer software</u>	<u>Total</u>
Net book value			
Beginning balance	5,096,806,800	3,475,728,312	8,572,535,112
Ending balance	<u>5,096,806,800</u>	<u>2,842,974,903</u>	<u>7,939,781,703</u>
<i>In which:</i>			
Temporarily unused			
To be liquidated			

12. Investment property

	<u>Land use right</u>	<u>Buildings & Structures</u>	<u>Total</u>
Historical costs			
Beginning balance	6,994,763,527	115,647,365,175	122,642,128,702
Purchase during the period		38,403,185,086	38,403,185,086
Transfer to real estate merchandises		(5,868,436,130)	(5,868,436,130)
Ending balance	<u>6,994,763,527</u>	<u>148,182,114,131</u>	<u>155,176,877,658</u>
<i>In which:</i>			
Fully depreciated but being still for lease			
Depreciation			
Beginning balance		8,147,725,173	8,147,725,173
Depreciation during the period		1,888,803,901	1,888,803,901
Transfer to real estate merchandises		(146,710,905)	(146,710,905)
Ending balance		<u>9,889,818,169</u>	<u>9,889,818,169</u>
Net book value			
Beginning balance	6,994,763,527	107,499,640,002	114,494,403,529
Ending balance	<u>6,994,763,527</u>	<u>138,292,295,962</u>	<u>145,287,059,489</u>

According to the regulations in the Circular No. 232/2012/TT-BTC dated 28 December 2015, the fair value of investment properties as of the balance sheet date should be presented. However, the Corporation has not been able to determine the fair value of investment properties.

List of investment properties as of the balance sheet date is as follows:

	<u>Historical costs</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
Land use right in Binh Duong	6,994,763,527		6,994,763,527
Commercial floor at Thuy Loi 4 Apartment Building	86,512,743,262	6,601,528,872	79,911,214,390
FLC Quy Nhon	22,557,136,380	2,828,941,218	19,728,195,162
Tasco Project	36,639,509,654	181,427,526	36,458,082,128
Fhome Apartment	2,472,724,835	277,920,553	2,194,804,282
Total	<u>155,176,877,658</u>	<u>9,889,818,169</u>	<u>145,287,059,489</u>

Income from and expenses for leasing properties during the period are VND 4,311,145,013 and VND 2,550,744,188 respectively.

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13. Construction in progress

	<u>Current year</u>
Beginning balance	8,327,322,000
Increase during the period	11,181,177,654
Ending balance (*)	<u>19,508,499,654</u>

(*) Details of items of expenses for construction-in-progress as of 30 June 2019 were as follows:

Purchase of housing and land use right at Office of Northern Midland Post-Telecommunication Insurance Company	8,321,600,000
Purchase of housing and office in Binh Tri Thien Area Post-Telecommunication Insurance Company	11,010,490,000
Others	176,409,654
Total	<u>19,508,499,654</u>

14. Short-term payable to suppliers

	<u>Ending balance</u>	<u>Beginning balance</u>
Payable on written premium	158,592,612,905	129,967,457,348
Payable on reinsurance activity	547,866,297,490	355,579,546,491
Payable for co-insurer	4,342,312,641	9,808,365,974
Payable to other suppliers	5,311,337,810	6,996,433,155
Total	<u>716,112,560,846</u>	<u>502,351,802,968</u>

15. Short-term prepayments from customers

Including the prepayments from customers for written premium.

16. Taxes and other obligations to the State budget

	<u>Ending balance</u>	<u>Beginning balance</u>
VAT on local sales	19,664,938,044	19,105,140,881
Personal income tax	5,008,124,246	8,912,570,930
Other taxes	257,343,632	291,680,259
Total	<u>24,930,405,922</u>	<u>28,309,392,070</u>

Situation of fulfilling obligations to the State budget

	<u>Beginning balance</u>		<u>Increase during the period</u>		<u>Ending balance</u>	
	<u>Payable</u>	<u>Receivable</u>	<u>Amount payable</u>	<u>Amount already paid</u>	<u>Payable</u>	<u>Receivable</u>
VAT on local sales	19,105,140,881	161,883,886	94,263,324,575	93,581,025,284	19,664,938,044	39,381,758
Corporate income tax (*)		10,157,186,363	4,447,185,064			5,710,001,299
Personal income tax	8,912,570,930	1,106,410,496	21,574,766,888	25,908,652,671	5,008,124,246	1,535,849,595
Other taxes	291,680,259	72,453,967	672,108,322	714,759,165	257,343,632	80,768,183
Total	<u>28,309,392,070</u>	<u>11,497,934,712</u>	<u>120,957,384,849</u>	<u>120,204,437,120</u>	<u>24,930,405,922</u>	<u>7,366,000,835</u>

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- (*) Payable corporate income tax included into the Company's expenses: VND 4,431,423,572.
Corporate income tax recovered from employees: VND 15,761,492.

Value added tax (VAT)

The Corporation has to pay VAT in accordance with the deduction method at the rate of 10%.

Corporate income tax

The Corporation has to pay corporate income tax for taxable income at the rate of 20%.

Corporate income tax payable during the period is estimated as follows:

	Accumulated from the beginning of the year to the end of the period	
	Current year	Previous year
Total accounting profit before tax	28,712,158,044	38,314,375,361
Increase/decrease adjustments of accounting profit to determine profit subject to corporate income tax:	465,873,281	8,534,427,820
- Increase adjustments	583,242,005	8,534,427,820
- Decrease adjustments	(117,368,724)	
Income subject to tax	29,178,031,325	46,848,803,181
Income exempted from tax	(7,020,913,464)	(7,710,731,066)
Taxable income	22,157,117,861	39,138,072,115
Corporate income tax rate	20%	20%
Corporate income tax payable at the common tax rate	4,431,423,572	7,827,614,423
Total corporate income tax payable	4,431,423,572	7,827,614,423

The determination of corporate income tax payable of the Corporation is based on the prevailing regulations on taxes. However, these regulations change for each period and the regulations on taxes for various transactions can be explained in various ways. Therefore, the tax amount presented in the interim combined financial statements could change when being examined by the Tax Office.

Other taxes

The Corporation has declared and paid these taxes in line with the prevailing regulations.

17. Short-term unrealized revenue

Including written premium received in advance for the following periods.

18. Unearned commission

	Accumulated from the beginning of the year to the end of the period	
	Current year	Previous year
Beginning balance	155,855,656,519	137,118,307,828
Appropriation of commission during the period	249,299,581,631	113,852,761,976
Commission during the period	(153,560,676,624)	(110,861,362,462)
Ending balance	251,594,561,526	140,109,707,342

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Notes to the interim combined financial statements (cont.)**19. Other short-term/long-term payable****19a. Other short-term payable**

	<u>Ending balance</u>	<u>Beginning balance</u>
Trade Union's expenditure	4,511,280,398	3,131,107,988
Social insurance, health insurance, unemployment insurance	1,088,309,082	672,133,724
Dividends payable	74,103,043,929	10,686,233,993
Withholding tax temporarily retained	2,605,978,225	2,502,323,894
Contribution to insurance fund	16,120,642,794	16,471,009,447
Premium collected from VNPost not collated yet	16,630,430,079	14,531,744,438
Premium collected from LienVietPostBank not collated yet	5,288,084,453	
Premium collected from Toyota not collated yet	4,963,093,151	
Customer bonus fund	3,623,473,949	1,954,669,995
Short-term deposits and mortgages assumed	1,525,632,008	3,956,266,342
Securities margin loan		21,634,875,493
Payable on commission, bonus and service fee to bank agency	6,254,563,649	
Others	37,407,564,163	26,105,467,752
Total	174,122,095,880	101,645,833,066

19b. Other long-term payable

Including long-term deposits and mortgages.

20. Short-term loans and financial lease debts

	<u>Ending balance</u>	<u>Beginning balance</u>
Shinhan Bank Vietnam (*)	187,210,000,000	69,722,900,000
BIDV – Thanh Xuan Branch		39,992,100,000
Vietcombank – Thang Long Branch		11,145,329,602
Total	187,210,000,000	120,860,329,602

(*) This is the loan from Shinhan Bank Vietnam for the purpose of supplementing working capital with the interest rate of 3-month libor plus margin of 1%. This loan is secured by the termed deposits at credit institutions (see Note V.2).

The Corporation has solvency to pay short-term loans.

Details of increases/decreases in short-term loans during the period are as follows:

	<u>Beginning balance</u>	<u>Increase during the period</u>	<u>Amount already paid during the period</u>	<u>Ending balance</u>
Shinhan Bank Vietnam	69,722,900,000	256,810,000,000	(139,322,900,000)	187,210,000,000
BIDV – Thanh Xuan Branch	39,992,100,000		(39,992,100,000)	
Vietcombank – Thang Long Branch	11,145,329,602		(11,145,329,602)	
Total	120,860,329,602	256,810,000,000	(190,460,329,602)	187,210,000,000

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Notes to the interim combined financial statements (cont.)

21. Technical reserve

21a. Outstanding claim and unearned premium reserve	Accumulated from the beginning of the year to the end of the period		
	Current year		Previous year
	Written premium and reinsurance assumed reserve (1)	Reinsurance ceded reserve (2)	Net reserve (3) = (1) – (2)
1. Outstanding claim reserve ⁽ⁱ⁾			
Claim reserve for case claims	858,578,936,149	315,011,292,350	543,567,643,799
Claim reserve for IBNR	807,855,829,484	306,403,021,855	501,452,807,629
	50,723,106,665	8,608,270,495	42,114,836,170
2. Unearned premium reserve ⁽ⁱⁱ⁾			
Total	2,847,212,504,719	1,253,613,518,399	1,593,598,986,320
	3,705,791,440,868	1,568,624,810,749	2,137,166,630,119
In which:			
⁽ⁱ⁾ Outstanding claim reserve			
Beginning balance	896,915,750,913	347,425,959,496	549,489,791,417
Appropriation during the period	20,000,000,000		20,000,000,000
Refund during the period	(58,336,814,764)	(32,414,667,146)	(25,922,147,618)
Ending balance	858,578,936,149	315,011,292,350	543,567,643,799
⁽ⁱⁱ⁾ Unearned premium reserve			
Beginning balance	2,144,592,205,609	732,477,619,828	1,412,114,585,781
Appropriation during the period	702,620,299,110	521,135,898,571	181,484,400,539
Refund during the period			
Ending balance	2,847,212,504,719	1,253,613,518,399	1,593,598,986,320

These notes form an integral part of and should be read in conjunction with the interim combined financial statements

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Notes to the interim combined financial statements (cont.)**21b. Reinsurance assets**

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Outstanding claim reserve for reinsurance ceded</i>	<i>315,011,292,350</i>	<i>347,425,959,496</i>
Claim reserve for case claims	306,403,021,855	338,817,689,001
Claim reserve for IBNR	8,608,270,495	8,608,270,495
<i>Reserve for reinsurance ceded premium</i>	<i>1,253,613,518,399</i>	<i>732,477,619,828</i>
Total	<u>1,568,624,810,749</u>	<u>1,079,903,579,324</u>

21c. Catastrophe reserve

	<u>Accumulated from the beginning of the year to the end of the period</u>	
	<u>Current year</u>	<u>Previous year</u>
Beginning balance	98,160,886,772	69,448,040,587
Additional appropriation during the period	16,894,701,588	13,937,101,179
Ending balance	<u>115,055,588,360</u>	<u>83,385,141,766</u>

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Notes to the interim combined financial statements (cont.)

22. Owner's equity

22a. Statement of fluctuations in owner's equity

	Owner's investment capital	Share premiums	Business promotion fund	Compulsory reserve fund	Retained profit after tax	Total
Beginning balance of the previous year	803,957,090,000	827,943,052,804	20,745,386,903	48,967,380,576	186,007,493,678	1,887,620,403,961
Profit in the previous period					30,486,760,938	30,486,760,938
Appropriation of business and promotion fund			1,485,327,359		(1,485,327,359)	
Share of dividends during the period					(96,474,850,800)	(96,474,850,800)
Appropriation of customer bonus fund					(1,485,327,359)	(1,485,327,359)
Payment of allowances and bonuses to the BOM, the Control Board					(1,485,327,359)	(1,485,327,359)
Appropriation of the Executive officers' bonus					(2,227,991,043)	(2,227,991,043)
Ending balance of the previous period	803,957,090,000	827,943,052,804	22,230,714,262	48,967,380,576	113,335,430,696	1,816,433,668,338
Beginning balance of the current year	803,957,090,000	827,943,052,804	22,230,714,262	49,884,763,553	100,278,946,316	1,804,294,566,935
Profit in the current period					24,280,734,472	24,280,734,472
Appropriation of business and promotion fund			183,476,595		(183,476,595)	
Share of dividends during the period					(64,316,567,200)	(64,316,567,200)
Appropriation of customer bonus fund					(183,476,595)	(183,476,595)
Payment of allowances and bonuses to the BOM, the Control Board					(917,382,977)	(917,382,977)
Appropriation of the Executive officers' bonus					(366,953,190)	(366,953,190)
Ending balance of the current period	803,957,090,000	827,943,052,804	22,414,190,857	49,884,763,553	58,591,824,231	1,762,790,921,445

These notes form an integral part of and should be read in conjunction with the interim combined financial statements

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22b. Details of owner's contribution capital

	<u>Ending balance</u>	<u>Beginning balance</u>
Contribution capital of shareholders	803,957,090,000	803,957,090,000
State's investment capital	182,256,480,000	182,256,480,000
Contribution capital of other shareholders	621,700,610,000	621,700,610,000
Share premiums	827,943,052,804	827,943,052,804
Total	1,631,900,142,804	1,631,900,142,804

22c. Dividends

	Accumulated from the beginning of the year to the end of the period	
	<u>Current year</u>	<u>Previous year</u>
Unpaid dividends at the beginning of year	10,686,233,993	10,831,168,942
Share of dividends from profit of the previous year	64,316,567,200	96,474,850,800
Dividends already paid during the period	(899,757,264)	(2,743,711,417)
Dividends to be paid at the end of the period	74,103,043,929	104,562,308,325

22d. Shares

	<u>Ending balance</u>	<u>Beginning balance</u>
Number of common shares registered to be issued	80,400,000	80,400,000
Number of common shares already issued	80,395,709	80,395,709
Number of common shares repurchased		
Number of outstanding common shares	80,395,709	80,395,709

Face value per outstanding share: VND 10,000.

22e. Profit distribution

During the period, the Corporation distributed the profit in accordance with the Resolution of the 2019 Annual General Meeting of Shareholders No. 28/NQ-PTI-DHDCD dated 23 April 2019 as follows:

	VND
• Share of dividends to shareholders	: 64,316,567,200
• Appropriation of business promotion fund	: 183,476,595
• Appropriation of customer bonus fund	: 183,476,595
• Payment of allowances and bonuses to the BOM, the Control Board	: 917,382,977
• Appropriation of the Executive officers' bonus	: 366,953,191

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Notes to the interim combined financial statements (cont.)

VI. ADDITIONAL INFORMATION ON THE ITEMS OF THE INTERIM COMBINED INCOME STATEMENT**1. Sales of insurance premium**

	Accumulated from the beginning of the year to the end of the period	
	Current year	Previous year
Written premium	2,826,606,883,731	1,941,899,471,933
<i>Health insurance and human accident insurance</i>	419,393,248,658	311,631,908,797
<i>Credit security insurance</i>	634,563,518,451	232,750,009,817
<i>Property and damage insurance</i>	179,607,440,277	176,803,210,636
<i>Cargo insurance</i>	67,020,354,263	64,895,881,111
<i>Aviation insurance</i>	21,927,097,172	4,355,255,821
<i>Motor vehicle insurance</i>	1,285,437,328,614	998,713,493,167
<i>Fire and explosion insurance</i>	159,016,745,531	90,111,007,052
<i>Hull and civil liability of ship owner insurance</i>	37,795,967,055	43,384,594,427
<i>Joint liability insurance</i>	21,696,179,866	19,227,041,105
<i>Agricultural insurance</i>	149,003,844	27,070,000
Deductions of written premium	(71,865,480,982)	(21,686,651,151)
Reinsurance premium assumed	46,391,313,386	59,132,996,949
Deductions of reinsurance premium assumed	(1,181,219,932)	(5,140,910,349)
Increase/decrease in reserve for written premium and reinsurance assumed	(702,620,399,110)	(273,005,364,819)
Sales of insurance premium	2,097,331,097,093	1,701,199,542,563

2. Reinsurance premium ceded

	Accumulated from the beginning of the year to the end of the period	
	Current year	Previous year
Reinsurance premium ceded	1,110,481,337,346	581,495,694,228
<i>Health insurance and human accident insurance</i>	98,830,802,159	42,628,382,039
<i>Property and damage insurance</i>	225,732,787,694	165,254,330,070
<i>Credit security insurance</i>	557,716,464,033	209,367,728,713
<i>Cargo insurance</i>	26,477,838,343	8,440,485,059
<i>Motor vehicle insurance</i>	109,544,659,504	83,738,361,313
<i>Fire and explosion insurance</i>	69,220,139,523	33,519,016,429
<i>Hull and civil liability of ship owner insurance</i>	20,840,085,119	27,145,497,674
<i>Joint liability insurance</i>	2,118,560,970	11,401,892,931
Increase/decrease in reserve for reinsurance premium ceded	(521,135,898,571)	(115,770,820,543)
Reinsurance premium ceded	589,345,438,775	465,724,873,685

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Notes to the interim combined financial statements (cont.)**3. Total claim expenses**

	Accumulated from the beginning of the year to the end of the period	
	Current year	Previous year
Total claim expenses	932,810,254,713	791,766,075,513
<i>Health insurance and accident insurance</i>	200,510,594,428	173,695,211,804
<i>Credit security insurance</i>	28,196,892,994	13,792,444,106
<i>Property and damage insurance</i>	100,208,406,595	42,752,636,821
<i>Cargo insurance</i>	39,316,122,924	11,076,110,993
<i>Motor vehicle insurance</i>	522,634,522,142	473,060,103,295
<i>Fire and explosion insurance</i>	15,111,004,853	52,718,313,718
<i>Hull and civil liability of ship owner insurance</i>	18,975,010,854	15,276,251,152
<i>Joint liability insurance</i>	7,857,699,923	9,395,003,623
Deductions	(8,705,594,440)	(3,205,430,865)
Receiving indemnity of reinsurance ceded	(240,223,133,612)	(96,064,687,351)
Increase/decrease in claim reserve for written premium and reinsurance assumed	(38,336,814,764)	(16,400,028,302)
Increase/decrease in indemnity reserve for reinsurance ceded	32,414,667,147	(54,488,053,136)
Total claim expenses	677,959,379,044	621,607,875,859

4. Other expenses for insurance operation

	Accumulated from the beginning of the year to the end of the period	
	Current year	Previous year
Insurance commission	180,143,392,157	150,883,465,041
Insurance agency management	211,924,992,189	119,912,670,514
Damage limit provision	7,100,701,651	6,110,707,482
Insurance funds	16,366,642,794	10,807,755,220
Others	382,352,199,919	283,868,560,535
Total	797,887,928,710	571,583,158,792

5. Sales of trading investment property

	Accumulated from the beginning of the year to the end of the period	
	Current year	Previous year
Leasing investment property	4,311,145,013	1,604,032,474
Total	4,311,145,013	1,604,032,474

6. Costs of trading investment property

	Accumulated from the beginning of the year to the end of the period	
	Current year	Previous year
Leasing investment property	2,550,744,188	1,807,147,514
Total	2,550,744,188	1,807,147,514

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Notes to the interim combined financial statements (cont.)**7. Financial income**

	Accumulated from the beginning of the year to the end of the period	
	Current year	Previous year
Termed deposit interest	72,724,188,500	73,928,912,129
Demand deposit interest	163,702,054	106,167,628
Interest on trading securities, bonds and other investments	29,050,241,858	68,459,395,361
Dividends and profit shared	7,020,913,464	7,710,731,066
Gain on realized exchange rate differences	1,110,537,598	738,225,840
Gain on long-term investments	838,478,337	
Others	977,511	90,653,395
Total	110,909,039,322	151,034,085,419

8. Financial expenses

	Accumulated from the beginning of the year to the end of the period	
	Current year	Previous year
Loan interest expenses	2,988,975,069	4,048,553,837
Loss from realized exchange rate difference	3,307,315,734	794,788,960
Loss from trading securities	18,096,285,870	23,428,838,924
Appropriation of provision for devaluation of short-term and long-term investments	63,285,737,828	88,140,765,909
Others	967,408,680	9,114,413,273
Total	88,645,723,180	125,527,360,903

9. Administrative overheads

	Accumulated from the beginning of the year to the end of the period	
	Current year	Previous year
Expenses for staff	223,947,892,592	175,490,854,719
Expenses for materials, supplies	10,294,926,670	10,679,448,205
Expenses for managing tools	5,751,379,620	5,148,625,178
Depreciation of fixed assets	7,244,684,442	6,626,245,687
Taxes, fees and duties	8,108,498,137	8,471,275,365
Contingent expenses	407,728,541	(2,524,868,787)
External services hired	42,589,346,428	35,862,857,779
Other expenses in cash	70,531,261,643	53,929,266,745
Total	368,875,718,072	293,683,704,891

10. Earnings per share

According to the regulations of Vietnamese Accounting Standard No. 30 – “Basic earnings per share”, the Corporation has not presented this item in the separate financial statements but presented information on basic earnings per share in the interim consolidated financial statements.

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Notes to the interim combined financial statements (cont.)

VII. OTHER INFORMATION**1. Transactions and balances with related parties**

Related parties of the Corporation include: the key managers, related individuals with the key managers and other related parties.

Income of the key managers is as follows:

	Accumulated from the beginning of the year to the end of the period	
	Current year	Previous year
Salary of the Executive Officers	4,926,060,080	3,877,117,500
Allowances and bonus for the BOM and the Control Board	359,382,976	1,485,327,359

Transactions and balances with other related parties

Other related parties of the Corporation include:

Other related parties	Relationship
DB Insurance Co., Ltd.	Capital contributor
Vietnam Post Corporation (VNPost)	Capital contributor
VNDirect Securities JSC.	Capital contributor
Vietnam Petrol Commercial Corporation (VinaPetro)	Subsidiary
VN-IBS., JSC.	Subsidiary
Post Real Estate Joint Stock Company (PostRe)	Subsidiary
Lanexang Assurance Public Insurance JSC. (LAP)	Associate
Kasati JSC.	Associate

Apart from transactions with subsidiaries, joint ventures and associates as presented in Note V.2c, the Corporation has also had other transactions with other related parties as follows:

	Accumulated from the beginning of the year to the end of the period	
	Current year	Previous year
DB Insurance Co., Ltd.		
Reinsurance premium ceded	4,615,604,701	4,181,976,647
Receiving commission on reinsurance ceded	1,541,302,235	1,468,787,089
Receiving indemnity of reinsurance ceded	336,394,009	145,232,160
Dividends of the previous year benefited	24,000,000,000	36,000,000,000
VNPost		
Dividends of the previous year benefited	14,580,518,400	21,870,777,600
VNDirect Securities JSC.		
Dividends of the previous year benefited	12,012,844,000	18,019,266,000

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Notes to the interim combined financial statements (cont.)

As of the balance sheet date, the liabilities with other related parties were as follows:

	Ending balance	Beginning balance
LAP – receivable on insurance premium		226,672,944
PostRE – receivable on short-term investment trust	42,910,347,222	45,216,347,222
Total liabilities receivable	42,910,347,222	45,443,020,166
DB Insurance Co., Ltd. – payable on insurance premium	4,105,336,147	3,072,937,991
DB Insurance Co., Ltd. – payable on dividends	24,000,000,000	
VNPost	14,580,518,400	
VNDirect Securities JSC.	12,012,844,000	
Total liabilities payable	54,698,698,547	3,072,937,991

The prices of goods and services provided for related parties are the market prices. The purchase of goods and services from related parties is implemented in accordance with the market prices.

Liabilities receivable are unsecured and will be paid in cash. No provision for bad debts has been prepared for liabilities receivable from related parties.

2. Segment information

The Corporation only operates in one business segment of providing non-life insurance and one geographical segment of Vietnamese territory. Therefore, the Corporation has not presented the segment reporting in accordance with the business segments and geographical segments.

3. Financial risk management

Operations of the Corporation include the following financial risks: credit risk, liquidity risk and market risk. The Management Board is responsible for designing policies and controls to minimize financial risks as well as supervising the application of those policies and controls.

3a. Credit risk

Credit risk is the risk that a contractual party cannot perform its responsibilities, leading to a financial loss to the Corporation.

The Corporation has had credit risks mainly from accounts receivable from customers and cash in bank.

Receivable from customers

In order to manage accounts receivable from customers, the Management Board has issued selling regulations with strict rules on purchasers, sale limit, credit limit and debt duration specifically. The Management Board monthly checks the compliance with these regulations. In addition, accounting staffs often follow debts for recovery.

Accounts receivable from customers of the Corporation relate to various entities operating in different fields and geographical areas, therefore, concentrated credit risk of accounts receivable from customers is low.

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Notes to the interim combined financial statements (cont.)*Cash in bank*

Termed and demand deposits of the Corporation are deposited in local banks. The Management Board does not realize any material credit risk in those deposits.

Maximum level of credit risk for financial assets is the net book value of the financial assets (See Note VII.4 regarding net book value of financial assets).

Analysis of overdue time and devaluation of financial assets is as follows:

	Not yet overdue or devalued	Already overdue and/or devalued	Total
Ending balance			
Cash and cash equivalents	92,082,319,979		92,082,319,979
Financial assets recognized at fair value through profit or loss statement	179,457,929,139	444,692,783,416	624,150,712,555
Investments held to maturity date	3,094,684,189,285	74,910,347,222	3,169,594,536,507
Receivable from customers	492,254,361,469	39,387,745,697	531,642,107,166
Other receivable	228,425,296,946	12,735,944,864	241,161,241,809
Financial assets available for sale	26,510,000,000	68,879,498,488	95,389,498,488
Total	4,113,414,096,818	640,606,319,687	4,754,020,416,504
Beginning balance			
Cash and cash equivalents	122,447,618,654		122,447,618,654
Financial assets recognized at fair value through profit or loss statement	118,845,790,186	480,662,878,632	599,508,668,818
Investments held to maturity date	2,679,692,977,653	39,904,016,282	2,719,596,993,935
Receivable from customers	540,132,640,419		540,132,640,419
Other receivable	181,996,255,324	19,764,048,988	201,760,304,312
Financial assets available for sale	173,672,855,557	40,000,000,000	213,672,855,557
Total	3,816,788,137,793	580,330,943,902	4,397,119,081,695

3b. Liquidity risk

Liquidity risk is the risk that the Corporation will have difficulties in paying its financial liabilities due to lack of cash.

The Corporation's liquidity risk is mainly from financial assets and financial liabilities with different maturity dates.

The Corporation has managed the liquidity risk by frequently following current and forecasted payment requests to maintain a suitable amount of cash as well as loans at a reasonable level, supervising cash flow actually arising in comparison with estimation to minimize the effects of cash flow fluctuations.

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The payment term of non-derivative financial liabilities (including interest payable) is based on estimated payments according to the contracts but not discounted yet as follows:

	Under 1 year	From 1 year to 5 years	Total
Ending balance			
Loans and debts	187,210,000,000		187,210,000,000
Payable to suppliers	716,112,560,846		716,112,560,846
Other payable	169,327,259,610	1,142,441,836	170,469,701,446
Total	1,072,649,820,456	1,142,441,836	1,073,792,262,292
Beginning balance			
Payable to suppliers	502,351,802,968		502,351,802,968
Loans and debts	120,860,329,602		120,860,329,602
Other payable	102,003,957,882	1,501,442,386	103,505,400,268
Total	725,216,090,452	1,501,442,386	726,717,532,838

The Management Board realizes that risk level for debt payment is low. The Corporation has liquidity of due debts by cash flows from business operations and receipts from due financial assets. The Corporation is able to access capital sources and loans on due within 12 months can be extended by present lenders.

3c. Market risk

Market risk is the risk that fair value or cash flows in the future of financial instruments will change according to changes of market prices.

The market risk related to operation of the Corporation includes foreign currency risk, interest rate risk and risk related to price of securities.

The analyses of sensitivity and evaluations hereafter are related to the financial position of the Corporation as of 30 June 2019 and 1 January 2019 and are based on the value of net liabilities. Changes in foreign exchange rates, interest rates, price of securities used in the analyses of sensitivity are based on the evaluation of ability to occur within the next one year under observable circumstances of the market at present.

Foreign currency risk

Foreign currency risk is the risk that fair value or cash flows in the future of financial instruments will change according to the fluctuations of foreign exchange rates.

The Corporation manages risks concerning fluctuations in exchange rates by optimizing maturity of debts, forecasting foreign exchange rates, maintaining reasonably structure of borrowing and loans between foreign currencies and VND, choosing time of buying and paying of items in foreign currencies at the time of low foreign exchange rate, utilizing available cash resources to balance between foreign exchange risk and liquidity risk.

The Management Board realizes the impact level due to fluctuations in foreign exchange rates to profit after tax and owner's equity of the Corporation is not material.

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Notes to the interim combined financial statements (cont.)

Interest rate risk

Interest rate risk is the risk that fair value or cash flows in the future of financial instrument will change according to changes of market interest rates.

Interest rate risk of the Corporation is mainly related to termed deposits and loans at floating interest rate.

The Corporation has managed the interest rate risk by analyzing the market situation to make reasonable decisions in choosing time of loans with suitable terms as to gain the most profitable interest rates as well as maintaining the suitable structure of loans at floating rates and fixed rates.

Financial instruments with floating interest rates of the Corporation are as follows:

	<u>Ending balance</u>	<u>Beginning balance</u>
Investments held to maturity dates	3,169,594,536,507	2,679,692,977,653
Loans and debts	(187,210,000,000)	(120,860,329,602)
Net assets/(liabilities) payable	<u>2,982,384,536,507</u>	<u>2,558,832,648,051</u>

As of the balance sheet date, with the assumption of other unchangeable variables, if the interest rate of loans in VND with floating rate increased/decreased by 2%, profit after tax and owner's equity of the Corporation in the current period would increase/decrease by VND 47,718,152,584 (in the same period of the previous year, they had increased/decreased by VND 37,588,866,808). The sensitivity level to fluctuations of interest rates of the current period increases in comparison with that of the previous period due to the increase/decrease in loans at floating interest rates.

Risk related to price of securities

Securities held by the Corporation can be affected by risks related to future values of investment securities. The Corporation manages the risk related to price of securities by setting up investment limit and diversifying investment portfolio.

As of the balance sheet date, with the assumption of other unchangeable variables, if prices of listed securities invested by the Corporation increased/decreased by 2%, profit after tax and owner's equity of the Corporation in the current period would increase/decrease by VND 9,986,411,401 (in the same period of the previous year, they had increased/decreased by VND 11,380,168,369) due to decrease/increase in reserves. The sensitivity level to fluctuations in prices of securities in the current period decreases in comparison with that of the previous period as in the previous period, the Corporation's investments in securities were appropriated for provision with high value.

3d. Collaterals

The Corporation has had no financial assets used as collaterals to other entities as well as collaterals received from other entities as of 30 June 2019 and as of 31 December 2018.

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Notes to the interim combined financial statements (cont.)**4. Financial assets and liabilities*****Financial assets***

	Ending balance		Beginning balance	
	Historical costs	Provision	Historical costs	Provision
Cash and cash equivalents	92,082,319,979		122,447,618,654	
Financial assets recognized at fair value through profit or loss statement	624,150,712,555	(140,391,544,516)	599,508,668,818	(76,375,920,784)
Investments held to maturity date	3,169,594,536,507	(8,915,710,175)	2,719,596,993,935	(32,520,375,649)
Receivable from customers	531,642,107,166	(35,016,391,047)	540,132,640,419	(38,312,617,820)
Other receivable	241,161,241,809	(12,321,944,864)	201,760,304,312	(19,764,048,988)
Financial assets available for sale	95,389,498,488	(38,722,980,388)	213,672,855,557	(51,102,880,881)
Total	4,754,020,416,504	(235,368,570,990)	4,397,119,081,695	(218,075,844,122)

Financial liabilities

Net book value of financial liabilities is as follows:

	Ending balance	Beginning balance
Loans and debts	187,210,000,000	502,351,802,968
Payable to suppliers	716,112,560,846	120,860,329,602
Other payable	170,469,701,446	103,505,400,268
Total	1,073,792,262,292	224,365,729,870

Fair value

The Corporation has not determined the fair values of financial assets and liabilities in accordance as the Circular No. 210/2009/TT-BTC dated 6 November 2009 of the Ministry of Finance as well as the prevailing regulations have not given out any detailed guidance.

5. Several figures to assess overall financial position and business results

Items	Unit	Current year	Previous year
Structures of assets and capital sources			
<i>Structure of assets</i>			
Current assets/Total assets	%	85.73	85.62
Long-term assets/Total assets	%	14.27	14.38
<i>Capital sources</i>			
Liabilities/Total capital sources	%	75.12	68.41
Owner's equity/Total capital sources	%	24.88	31.59
<i>Solvency</i>			
Current solvency	Time	1.33	1.46
Short-term liabilities solvency	Time	1.14	1.25
Quick solvency	Time	0.02	0.04
Long-term liabilities solvency	Time	884.94	550.07

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Notes to the interim combined financial statements (cont.)

Items	Unit	Current year	Previous year
Profit ratio			
<i>Profit ratio/Revenue</i>			
Profit ratio before tax/Net revenue	%	1.54	2.53
Profit ratio after tax/Net revenue	%	1.30	2.01
<i>Profit ratio/Total assets</i>			
Profit ratio before tax/Total assets	%	0.41	0.67
Profit ratio after tax/Total assets	%	0.34	0.53
<i>Profit ratio after tax/Owner's equity</i>	%	1.38	1.68

6. Insurance risk

The first objective of the Corporation in capital management is to maintain sufficient capital to support its business growth and meet its legal capital requirements. The Corporation is aware of the impacts on the shareholders' profit, the level of capital contribution and learns how to maintain a prudent balance.

The legal capital requirements arise from the Corporation's operations and require the Corporation to maintain sufficient capital to settle its debts and meet the requirements on solvency margin in Vietnam. The solvency requirement applicable to the Corporation is stipulated in the Circular No. 50/2017/TT-BTC dated 15 May 2017 of the Ministry of Finance guiding the implementation of Decree No. 73/2016/ND-CP dated 1 July 2016 of the Government on the Law on Insurance Business.

The attached appendix (pages 55 - 56) presents the minimum solvency margin and solvency margin of the Corporation. Policy makers are concerned about the protection of the insured's benefits and keep tracking to ensure that insurance companies are operating effectively for the insured's benefits. They are also concerned about the assurance that insurance companies are able to maintain adequate solvency to respond to unexpected insurance obligations due to economic recession or natural disasters.

7. Subsequent events

There have been no material events after the balance sheet date, which need to make adjustments on the figures or the disclosures in the interim combined financial statements.

Prepared by

Chief Accountant

Prepared on 27 August 2019

General Director



Pham Hong Tien



Cao Thu Hien



Bui Xuan Thu

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SOLVENCY STATEMENT

Unit: VND

		From 1 Jul. 2018 to 30 Jun. 2019	From 1 Jul. 2017 to 30 Jun. 2018
I.	Difference between asset value and liabilities payable	1,762,790,921,445	1,816,433,668,338
1.	Total assets	7,086,438,479,389	5,749,170,187,047
2.	Liabilities payable	5,323,647,557,944	3,932,736,518,709
II.	Asset value excluded	463,216,626,854	422,562,419,976
<i>1.</i>	<i>Assets of which accounting values are fully excluded:</i>	<i>94,640,228,845</i>	<i>104,581,027,402</i>
1.1	Capital contribution to establish other insurance companies from the owner's equity of insurance company	20,152,200,000	20,152,200,000
1.2	Assets equivalent to bonus and welfare funds	-	-
1.3	Bad debts as regulated less relevant provision for bad debts	-	-
1.4	Intangible fixed assets except for computer software	-	-
1.5	Prepaid expenses, loans without guarantee, advances, office equipment and stationery, inter-company receivable	73,506,303,000	82,822,927,736
1.6	Receivable on insurance premium and reinsurance premium assumed overdue 2 years less relevant provision for bad debts as regulated	981,725,845	1,605,899,666
1.7	Loans, re-investment to shareholders or related objects as regulated in Article 4 of the Business Law except for the case of bank deposits	-	-
<i>2.</i>	<i>Assets of which accounting values are partly excluded:</i>	<i>368,576,398,010</i>	<i>317,981,392,574</i>
2.1	Investment assets:	137,537,110,786	142,983,146,845
a)	Secured bonds: excluding 1% of accounting value;	-	-
b)	Unsecured bonds: excluding 3% of accounting value;	6,000,000,000	5,940,000,000
c)	Listed shares: excluding 15% of accounting value;	50,325,374,706	81,313,609,919
d)	Unlisted shares: excluding 20% of accounting value;	33,240,041,542	12,170,980,908
d)	Direct investments in property used by the company itself: excluding 8% of accounting value;	967,325,626	967,325,626
e)	Direct investments in property for lease, secured trading loans: excluding 15% of accounting value;	20,743,844,394	16,111,378,833
g)	Contribution capital to other entities except for insurance companies: excluding 20% of accounting value.	26,260,524,517	26,479,851,559
2.2	Accounts receivable	1,365,345,837	3,125,475,497
a)	Receivable on insurance premium and reinsurance premium assumed overdue from 180 days to under 1 year less relevant provision for bad debts as regulated: excluding 30%	804,702,848	1,466,901,099

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b)	Receivable on insurance premium and reinsurance premium assumed overdue from 1 year to under 2 years less relevant provision for bad debts as regulated: excluding 50%.	560,642,989	1,658,574,398
2.3	Tangible fixed assets, intangible fixed assets which are computer software and inventories: excluding 25% of accounting value	21,449,159,727	19,187,220,041
2.4	Other assets: excluding 15% of accounting value	208,224,781,660	152,685,550,192
III.	Solvency margin (I-II)	1,299,574,294,591	1,393,871,248,362
IV.	Minimum solvency margin		
	25% total retained premium	792,011,391,051	649,419,912,894
	Comparison of solvency margin and minimum solvency margin (III and IV)		
	Absolute figure difference	507,562,903,540	744,451,335,468
	Percentage (%) difference	164%	215%

Prepared on 27 August 2019

Prepared by



Pham Hong Tien

Chief Accountant



Cao Thu Hien

General Director



Bui Xuan Thu



