

Bao Viet Holdings

Report of the Board of Directors
and Audited Separate Financial Statements

31 December 2011

Bao Viet Holdings

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and Audited Separate Financial Statements

31 December 2011

Bao Viet Holdings

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Bao Viet Holdings

GENERAL INFORMATION

CORPORATE INFORMATION

Bao Viet Holdings (herein referred to as the "Holdings") was previously a state-owned company that was equitized and became a shareholding company pursuant to Business License approved by Hanoi Authority for Planning and Investment on 15 October 2007. The Business License was subsequently modified the first time on 29 October 2009, the second time on 18 January 2010, the third time on 10 May 2010 and the fourth time on 14 January 2011.

The Holdings is listed on the Ho Chi Minh Stock Exchange (HOSE) and its entire charter capital is listed thereon.

Below is a summary of information extracted from the fourth modified Business License dated 14 January 2011:

Business License Number: 0100111761
Registered company name: Bao Viet Holdings
Head Office's address: 8 Le Thai To Street, Hoan Kiem District, Hanoi
Operating activities: Equity investments in subsidiaries and associates; financial services and other related services under Vietnamese Laws; and real estate businesses.
Charter capital: VND 6,804,714,340,000
Number of registered shares: 680,471,434

Subsidiaries and dependently accounted units of the Holdings are as follow:

<i>Subsidiaries</i>	<i>Address</i>	<i>Principal activities</i>	<i>% directly owned</i>
Bao Viet Insurance Corporation ("Bao Viet Insurance")	35 Hai Ba Trung Street, Hoan Kiem District, Hanoi	General insurance products, reinsurance, loss adjustment	100%
Bao Viet Life Corporation ("Bao Viet Life")	1 Dao Duy Anh Street, Dong Da District, Hanoi	Life insurance products, reinsurance	100%
Bao Viet Fund Management Company ("BVF")	8 Le Thai To, Hoan Kiem District, Hanoi	Management of investment funds and investment portfolios	100%
Bao Viet Securities Joint Stock Company ("BVSC")	8 Le Thai To, Hoan Kiem District, Hanoi	Brokerage, securities trading, underwriting, consulting and securities placement	59.92%
Bao Viet Au Lac Limited Company ("BV - Au Lac")	Ha Lieu, Phuong Lieu, Que Vo District, Bac Ninh Province	Vocational driving training	60%
Bao Viet Commercial Joint Stock Bank ("Baoviet Bank")	8 Le Thai To, Hoan Kiem District, Hanoi	Banking services	52%
Bao Viet Investment Joint Stock Company ("BVInvest")	71 Ngo Sy Lien, Dong Da District, Hanoi	Real estate investment and consulting, provision of machinery and equipment	55%
<i>Dependently accounted units</i>		<i>Address</i>	
Bao Viet Training Centre	8 Le Thai To, Hoan Kiem District, Hanoi		
Infrastructure Construction Project Management Unit ("the PMU")	71 Ngo Sy Lien, Dong Da District, Hanoi		

Bao Viet Holdings

GENERAL INFORMATION (continued)

THE BOARD OF DIRECTORS

The members of the Board of Directors for the period from 1 January 2011 to the date of this report are:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>	<i>Date of resignation</i>
Mr. Le Quang Binh	Chairman	04 October 2007	
Ms. Nguyen Thi Phuc Lam	Member	04 October 2007	
Mr. Tran Huu Tien	Member	04 October 2007	
Mr. Tran Trong Phuc	Member	04 October 2007	
Mr. Nguyen Duc Tuan	Member	04 October 2007	
Mr. David Lawrence Fried	Member	04 October 2007	01 October 2011
Mr. Nguyen Quoc Huy	Member	23 September 2009	
Mr. Duong Duc Chuyen	Member	19 April 2011	
Mr. Charles Bernard Gregory	Member	19 April 2011	

BOARD OF SUPERVISION

The members of the Board of Supervision for the period from 1 January 2011 to the date of this report are:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Mr. Nguyen Trung Thuc	Head of Board of Supervision	04 October 2007
Mr. Tran Minh Thai	Member	04 October 2007
Mr. Nguyen Ngoc Thuy	Member	04 October 2007
Mr. Le Van Chi	Member	04 October 2007
Mr. Christopher Edwards	Member	17 April 2010

THE BOARD OF MANAGEMENT

The members of the Board of Management for the period from 1 January 2011 to the date of this report are:

<i>Name</i>	<i>Position</i>	<i>Date of Appointment</i>	<i>Date of resignation</i>
Ms. Nguyen Thi Phuc Lam	Chief Executive Officer	15 October 2007	
Mr. Le Hai Phong	Chief Financial Officer and Chief Property & Estate Officer	30 June 2008 1 February 2011	
Mr. Luu Thanh Tam	Chief Property & Estate Officer	30 June 2008	1 February 2011
Mr. Phan Tien Nguyen	Chief Human Resources Officer	30 June 2008	
Mr. Duong Duc Chuyen	Chief Strategy Officer and Chief Investment Officer	30 June 2008 22 April 2010	
Mr. Alan Royal	Chief Information Officer	08 September 2008	
Mr. Adrian Abbott	Chief Risk Officer	22 April 2010	31 December 2011
Mr. Abhishek Sharma	Chief Risk Officer	01 March 2012	
Mr. Hoang Viet Ha	Chief Operating Officer	26 September 2011	

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Ms. Nguyen Thi Phuc Lam, Chief Executive Officer.

AUDITORS

The auditors of the Company are Ernst and Young Vietnam Limited.

Bao Viet Holdings

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Bao Viet Holdings is pleased to present its report and separate financial statements of Bao Viet Holdings for the year ended 31 December 2011.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Management of Bao Viet Holdings ("Management") is responsible for the separate financial statements of each financial period which give a true and fair view of the separate state of affairs of the Holdings and of its separate results and separate cash flows for the year. In preparing these separate financial statements, management is required to:

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

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

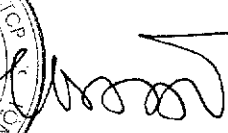
Management has confirmed to the Board of Directors that the Holdings has complied with the above requirements in preparing the separate financial statements.

APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

We hereby approve the accompanying separate financial statements which give a true and fair view of the separate financial position of the Holdings as at 31 December 2011 and the separate results of its operations and separate cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System and comply with the relevant statutory requirements.

On behalf of the Board of Directors: 




Mr. Le Quang Binh
Chairman

Hanoi, Vietnam

26 March 2012

Reference: 60780870/15169023

INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of Bao Viet Holdings

We have audited the separate financial statements of Bao Viet Holdings ("the Holdings") as set out on pages from 05 to 46 which comprise the separate balance sheet as at 31 December 2011, the separate income statement and the separate cash flow statement for the year then ended and the notes thereto.

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

Basis of Opinion

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

Opinion

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



Ernst & Young Vietnam Ltd.

Vo Tan Hoang Van

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

Tran Thi Minh Tien

Tran Thi Minh Tien
Auditor
Certificate No. 1331/KTV

Hanoi, Vietnam

26 March 2012

Bao Viet Holdings

B01-DN

SEPARATE BALANCE SHEET
as at 31 December 2011

Currency: VND

Code	ITEMS	Notes	31 December 2011	31 December 2010 (restated)
100	A. CURRENT ASSETS		6,248,562,628,221	5,811,298,624,245
110	I. Cash and cash equivalents	5	2,707,341,698,658	851,018,126,099
111	1. Cash		147,841,698,658	667,518,126,099
112	2. Cash equivalents		2,559,500,000,000	183,500,000,000
120	II. Short-term investments	6	2,195,895,515,504	3,740,108,825,556
130	III. Accounts receivable		1,335,778,540,897	1,209,292,175,508
131	1. Trade receivables	7	289,781,209,007	243,991,564,139
133	2. Receivables from related parties	8	1,035,517,012,506	963,674,281,695
135	3. Other receivables		10,480,319,384	1,626,329,674
140	IV. Inventory		12,124,000	124,195,000
150	V. Other current assets		9,534,749,162	10,755,302,082
151	1. Prepaid expense		8,017,547,391	9,731,061,326
158	2. Advances to employees		1,517,201,771	1,024,240,756
200	B. NON-CURRENT ASSETS		6,280,464,060,506	6,961,577,137,043
220	I. Fixed assets		537,753,676,989	541,575,089,338
221	1. Tangible fixed assets	9	397,883,490,411	456,128,626,035
222	Cost		509,353,668,705	534,271,735,023
223	Accumulated depreciation		(111,470,178,294)	(78,143,108,988)
227	2. Intangible fixed assets	10	71,031,231,173	37,256,991,136
228	Cost		115,903,423,100	60,846,699,942
229	Accumulated amortization		(44,872,191,927)	(23,589,708,806)
230	3. Construction in progress	11	68,838,955,405	48,189,472,167
250	II. Long-term investments	12	5,739,100,838,221	6,420,002,047,705
251	1. Investments in subsidiaries and BFV1		4,765,481,388,414	4,710,481,388,414
252	2. Investments in associates and joint ventures		257,269,440,000	252,769,440,000
258	3. Other long-term investments		1,562,797,533,529	1,797,126,521,875
259	4. Provision for impairment of long-term investments		(846,447,523,722)	(340,375,302,584)
260	III. Other long-term assets		3,609,545,296	-
	1. Other long-term assets		3,609,545,296	-
270	TOTAL ASSETS		12,529,026,688,727	12,772,875,761,288

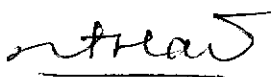
SEPARATE BALANCE SHEET (continued)
as at 31 December 2011

Currency: VND

Code	ITEMS	Notes	31 December 2011	31 December 2010 (restated)
300	A. LIABILITIES		1,301,330,762,548	2,258,929,383,066
310	I. Current liabilities		1,279,989,186,410	2,237,664,550,060
312	1. Trade payables	13	27,545,584,897	23,074,890,475
314	2. Statutory obligations	14	(37,537,398,685)	897,321,961
315	3. Payables to employees	15	17,383,564,622	18,061,778,939
317	4. Payables to related parties	16	1,234,524,445,648	1,463,447,984,134
319	5. Other payables	17	13,397,118,726	710,164,109,097
323	6. Bonus and welfare funds	18	24,675,871,202	22,018,465,454
330	II. Non-current liabilities		21,341,576,138	21,264,833,006
336	1. Provisions for severance allowance		21,341,576,138	21,264,833,006
400	B. OWNERS' EQUITY		11,227,695,926,179	10,513,946,378,222
410	I. Owners' equity	19	11,227,695,926,179	10,513,946,378,222
411	1. Contributed capital		6,804,714,340,000	6,267,090,790,000
412	2. Shares premium		3,184,332,381,197	3,076,807,671,197
420	3. Undistributed profit		1,238,649,204,982	1,170,047,917,025
440	TOTAL LIABILITIES AND OWNERS' EQUITY		12,529,026,688,727	12,772,875,761,288

OFF-BALANCE SHEET ITEMS

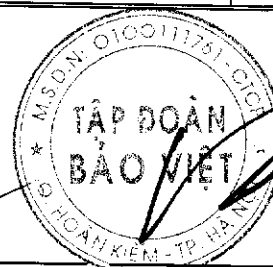
ITEMS	31 December 2011	31 December 2010
1. Foreign currency U.S. Dollar (USD)	873.52	1,743,596.40



Mr. Nguyen Thanh Hai
Chief Accountant



Mr. Le Hai Phong
Chief Financial Officer



Ms. Nguyen Thi Phuc Lam
Chief Executive Officer

20 March 2012

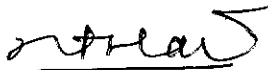
Bao Viet Holdings

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SEPARATE INCOME STATEMENT for the year ended 31 December 2011

Currency: VND

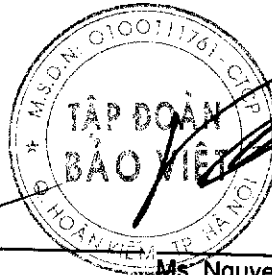
Code	ITEMS	Notes	For the year ended 31 December 2011	For the year ended 31 December 2011 (restated)
21	1. Income from operating activities	20	1,544,521,804,073	1,213,121,421,119
22	2. Expenses from operating activities	21	(508,724,697,266)	(198,878,690,584)
24	3. Gross operating profit		1,035,797,106,807	1,014,242,730,535
25	4. General and administration expenses	22	(166,979,250,228)	(155,779,217,763)
30	5. Net operating profit		868,817,856,579	858,463,512,772
31	6. Other income		73,947,465,192	48,323,388,110
32	7. Other expenses		(24,650,766,530)	(14,476,993,530)
40	8. Net other income	23	49,296,698,662	33,846,394,580
50	9. Profit before tax		918,114,555,241	892,309,907,352
51	10. Current enterprise income tax expense	24	(14,651,320,771)	(36,354,733,916)
60	11. Net profit after tax		903,463,234,470	855,955,173,436



Mr. Nguyen Thanh Hai
Chief Accountant



Mr. Le Hai Phong
Chief Financial Officer




Ms. Nguyen Thi Phuc Lam
Chief Executive Officer

20 March 2012

SEPARATE CASH FLOW STATEMENT
for the year ended 31 December 2011

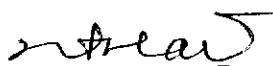
Currency: VND

Code	ITEMS	Notes	For the year ended 31 December 2011	For the year ended 31 December 2010
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	1. Cash receipts from rendering of services and other revenue		1,063,588,469,075	696,984,803,846
03	2. Payments to employees		(55,944,164,127)	(40,474,620,973)
05	3. Payments for enterprise income tax		(56,182,645,963)	(111,288,125,756)
06	4. Other cash receipts		107,808,484,995	91,685,400,268
07	5. Other cash disbursements		(61,452,135,352)	(7,781,663,960)
20	Net cash flows from operating activities		997,818,008,628	629,125,793,425
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	1. Payments for purchases and construction of fixed assets		(31,595,142,219)	(123,303,077,063)
22	2. Proceeds from disposal of fixed assets		18,027,273	-
25	3. Investments in bonds, shares and others		(4,481,526,589,575)	(6,632,078,176,263)
26	4. Proceeds from sale of investments		6,133,923,991,174	5,523,798,386,525
29	5. Proceeds from other investment activities		54,000,000,000	-
30	Net cash flows from investing activities		1,674,820,286,653	(1,231,582,866,801)
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	1. Additional capital contribution through share issues		-	1,878,886,590,000
36	2. Dividends paid to shareholders		(816,321,876,360)	(630,329,265,500)
39	3. Cash receipts from existing shareholders for the increase in charter capital		-	188,350,073,855
40	Net cash flows from financing activities		(816,321,876,360)	1,436,907,398,355


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

Currency: VND

Code	ITEMS	Notes	For the year ended 31 December 2011	For the year ended 31 December 2010
50	IV. NET CASH INCREASE IN CASH AND CASH EQUIVALENTS		1,856,316,418,921	834,450,324,979
60	Cash and cash equivalents at the beginning of the period		851,018,126,099	16,530,312,670
61	Net foreign exchange difference		7,153,638	37,488,450
70	Cash and cash equivalents at the end of the period	5	2,707,341,698,658	851,018,126,099



Mr. Nguyen Thanh Hai
Chief Accountant



Mr. Le Hai Phong
Chief Financial Officer




Ms. Nguyen Thi Phuc Lam
Chief Executive Officer

20 March 2012

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

1. CORPORATE INFORMATION

Bao Viet Holdings (herein referred to as the "Holdings") was previously a state-owned company that was equitized and became a shareholding company pursuant to Business License approved by Hanoi Authority for Planning and Investment on 15 October 2007. The Business License was subsequently modified the first time on 29 October 2009, the second time on 18 January 2010, the third time on 10 May 2010 and the fourth time on 14 January 2011.

The Holdings is listed on the Ho Chi Minh Stock Exchange (HOSE) and its entire charter capital is listed thereon.

Below is a summary of information extracted from the fourth modified Business License dated 14 January 2011:

Business License Number:	0100111761
Registered company name:	Bao Viet Holdings
Head Office's address:	8 Le Thai To Street, Hoan Kiem District, Ha Noi
Operating activities:	Equity investments in subsidiaries and associates; financial services and other related services under Vietnamese Laws; and real estate businesses.
Charter capital:	VND 6,804,714,340,000
Number of registered shares:	680,471,434
Legal representative:	Ms. Nguyen Thi Phuc Lam - Chief Executive Officer

The structure of the Holdings' shareholdings as at 31 December 2011 is as follows:

<i>Shareholders</i>	<i>No. of shares</i>	<i>%</i>
Founding shareholders	627,173,291	92.17%
<i>The Ministry of Finance</i>	482,509,800	70.91%
<i>HSBC Insurance (Asia Pacific) Holdings Limited</i>	122,509,091	18.00%
<i>State Capital Investment Corporation</i>	22,154,400	3.26%
Other shareholders	53,298,143	7.83%
Total	680,471,434	100%

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

1. CORPORATE INFORMATION (continued)

The Holdings has the following subsidiaries and dependently accounted units:

<i>Subsidiaries</i>	<i>Address</i>	<i>Principal activities</i>	<i>% directly owned</i>
Bao Viet Insurance Corporation ("Bao Viet Insurance")	35 Hai Ba Trung Street, Hoan Kiem District, Hanoi	General insurance products, reinsurance, loss adjustment	100%
Bao Viet Life Corporation ("Bao Viet Life")	1 Dao Duy Anh Street, Dong Da District, Hanoi	Life insurance products, reinsurance	100%
Bao Viet Fund Management Company ("BVF")	8 Le Thai To, Hoan Kiem District, Hanoi	Management of investment funds and investment portfolios	100%
Bao Viet Securities Joint Stock Company ("BVSC")	8 Le Thai To, Hoan Kiem District, Hanoi	Brokerage, securities trading, underwriting, consulting and securities placement	59.92%
Bao Viet Au Lac Limited Company ("BV - Au Lac")	Ha Lieu, Phuong Lieu, Que Vo District, Bac Ninh Province	Vocational driving training	60%
Bao Viet Commercial Joint Stock Bank ("Baoviet Bank")	8 Le Thai To, Hoan Kiem District, Hanoi	Banking services	52%
Bao Viet Investment Joint Stock Company ("BVInvest")	71 Ngo Sy Lien Street, Dong Da District, Hanoi	Real estate investment and consulting, provision of machinery and equipment	55%
<i>Dependently accounted units</i>		<i>Address</i>	
Bao Viet Training Centre		8, Le Thai To, Hoan Kiem District, Hanoi	
Infrastructure Construction Project Management Unit		71 Ngo Sy Lien, Dong Da District, Hanoi	

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

2. BASIC OF PREPARATION

2.1 *Accounting standards and systems*

The separate financial statements of the Holdings, which are expressed in Vietnam dong ("VND"), are prepared in accordance with the Vietnamese Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per the:

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

2.2 *Applied accounting documentation system*

The registered accounting documentation system is the general journal voucher system.

2.3 *Accounting currency*

The Holdings maintains its accounting records in Vietnam dong ("VND").

2.4 *Fiscal year*

The Holdings' financial year starts on 1 January and ends on 31 December.

The Holdings also on a quarterly basis prepares its separate financial statements.

2.5 *Restatement of opening balance and basis of restatement*

In the year 2011, the Holdings restated the opening balance of some items in the Balance Sheet and Income Statement in accordance with the State Auditors' Report. The restatement of the opening balance is presented in Note 29.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

3. STATEMENT ON THE COMPLIANCE WITH VIETNAMESE ACCOUNTING STANDARDS AND SYSTEMS

The Board of Management confirms that the Holdings has complied with the Vietnamese Accounting Standards and Systems in preparing the separate financial statements. The Holdings has also followed the accounting policy for the recognition of the revalued land use rights as set out in Note 4.6.

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

The separate financial statements reflect only the operations of the Holdings and its dependently accounted units for the year ended 31 December 2010. The consolidated financial statements which include the Holdings and its subsidiaries are prepared separately and independently from the separate financial statements. Users of these separate financial statements should read them together with the consolidated financial statements of the Holdings as at 31 December 2010 and for the year then ended in order to obtain full information on the consolidated financial position, results of operations and cash flows of the Holdings and its subsidiaries as a whole.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 *Changes in accounting policies and disclosures*

The accounting policies adopted by the Holdings in preparation of the separate financial statements are consistent with those followed in the preparation of the Holdings' annual separate financial statements for the year ended 31 December 2010 except for the change in the accounting policy in relation to the following:

Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments.

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

The adoption of Circular 210 results in new disclosures being added to the consolidated financial statements as shown in Note 26 and Note 27.

Circular 210 also requires the Holdings to evaluate the terms of non-derivative financial instrument issued by the Holdings to determine whether it contains both a liability and an equity component. Such components are classified separately as financial liabilities, financial assets or equity instruments in the consolidated balance sheet. This requirement has no impact on the financial position or result of operation of the Group as the Group has not yet issued such non-derivative financial instrument.

4.2 *Cash and cash equivalents*

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 *Financial investments*

Investment in subsidiaries

Investments in subsidiaries over which the Holdings has control are carried at cost in the separate financial statements. Appropriated profits from accumulated profits of the subsidiaries arising subsequent to the date of acquisition are recognised in the separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted from the cost of the investment.

A listing of the Holdings' subsidiaries is shown in Note 11.1.

Investment in BVF1

The capital contribution to BVF1 is accounted for at cost. Profit or loss arising from this investment is recognized in the separate income statement based on the profit appropriation notice from the Board of Representatives of the fund at the reporting date. The provision for impairment losses of investment to BVF1 is recognized when the carrying value of the investment is higher than net asset value (NAV) of BVF 1 at the balance sheet date.

Further information of BVF1 and capital contribution of each trustees are shown in Note 11.1.

Investment in joint ventures, associates

Investments in joint ventures, associates are accounted for under the cost method of accounting in the separate financial statements. Distributions from the accumulated net profits of the joint ventures, associates arising subsequent to the date of acquisition by the Holdings are recognized as income in the separate income statement. Distributions from sources other than such profits are considered a recovery of investment and are deducted from the cost of the investment.

A listing of the Holdings' joint ventures and associates is shown in Note 11.2.

Investments in securities and other investments

All financial investments are initially recognised at cost and subsequently recognized at cost less provision for impairments.

- ▶ Short-term investments comprise holdings of listed shares, government bonds, corporate bonds and other liquid securities which are readily realisable and are intended to be held for not more than one year.
- ▶ Long-term investments include listed and unlisted shares, government bonds, corporate bonds, trusted loans and term-deposits at financial institutions, which are intended to be held for more than one year.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

4. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

4.3 **Financial investments** (continued)

Investments held under trusted investment management contracts

Assets and liabilities under the trusted investments contracts have been aggregated to the separate balance sheet as the management believes that it better reflects the operations of the Holdings.

Provision for devaluation of investments in securities and other investments

The primary source of reference for impairment provisioning is Circular 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance (the "Circular 228"). Details of the basis of determination of impairment of investment are as follows:

Listed securities

For listed securities that are carried at cost in accordance with Vietnamese Accounting Standards, if there is objective evidence that their market value is lower than book value, the provision amount is measured as the difference between the securities' carrying amount and the closing market value as of the balance sheet date in accordance with the following formula given in Circular 228:

$$\text{Provision amount} = \text{Number of impaired securities at the reporting date} \times \left[\text{Unit carrying value of securities} - \text{Unit market value of securities as at 31 December 2011} \right]$$

Unlisted securities

For unlisted shares, the following methods are used in calculating the fair value in order to compare with book value to determine the provision amount:

- ▶ for securities registered to be traded on the trading market of unlisted public companies' securities (UPCom), fair value is determined as the average trading prices quoted on UPCom;
- ▶ for securities yet to be registered for trading on UPCom, fair value is determined as the average price of public quotations from at least three securities companies as at reporting date;
- ▶ for securities that fair value is not determinable, the Holdings does not make provision for devaluation.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Financial investments (continued)

Equity investments in other entities

For equity investments in other entities and other long-term investments, a provision for devaluation is set up if the investees are suffering from loss (except where such loss is already included in their business plans prior to the investment).

The amount of provision for each investment shall not exceed the invested capital and is calculated according to the following formula given in Circular 228:

Provision for devaluation of investments in securities and other investments (continued)

$$\text{Provision amount} = \left(\begin{array}{c} \text{Actual capital} \\ \text{contributions of} \\ \text{investors} \\ \text{in the investee} \end{array} - \begin{array}{c} \text{Actual} \\ \text{owners'} \\ \text{equity} \end{array} \right) \times \frac{\text{Investment capital of} \\ \text{the Holdings}}{\text{Actual capital} \\ \text{contributions of} \\ \text{investors} \\ \text{in the investee}}$$

The basis for setting up the provision is the positive difference between the investors' actual capital contributions and the actual amount of owners' equity in the investee's financial statements at the balance sheet date.

The provision amount presented in the separate balance sheet of the Holdings excludes the provision for devaluation of investments under the trusted investments contracts.

4.4 Receivables

Receivables comprise of trade receivables and other receivables that are initially recognized at cost and subsequently recognized at cost. Provision for impairment of receivables will be recognized in a separate account.

Provision for impairment of receivables will be made based on their overdue ages. For receivables that are undue and owed by debtors who have become bankrupt or are undergoing dissolution procedures, are missing, have absconded, are prosecuted, detained or tried by law enforcement bodies, are serving sentences or have deceased, provision should be estimated based on the amount of expected loss. The increase or decrease to the provision balance is recorded as an administrative expense in the separate income statement.

The Holdings uses the provision policy regulated by the Ministry of Finance in Circular 228/2009/TT-BTC dated 07 December 2009 ("Circular 228"). Details are as follows:

<u>Overdue receivable aging</u>	<u>Allowance rate</u>
Overdue from six months to less than one year	30%
Overdue from one to less than two years	50%
Overdue from two to less than three years	70%
Overdue over three years	100%

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

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

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the separate income statement as incurred.

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

4.6 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation.

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

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the separate income statement as incurred.

When intangible fixed assets are sold or retired, their costs and accumulated amortisation are removed from the separate balance sheet and any gain or loss resulting from their disposal is included in the separate income statement.

Land use rights are recognised based on the revalued amount as determined by an independent valuer for the land areas that the Holdings had land use right certificates, or was in the process of obtaining the land use right certificates, as at 31 December 2005 for the equitization purpose of the Holdings.

4.7 Depreciation and amortisation

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

Buildings	6 - 25 years
Machinery and equipment	3 - 7 years
Means of transportation and communication	6 - 8 years
Office equipment	3 - 6 years
Other fixed assets	4 years
Software	3 - 5 years

Land use rights with indefinite terms are not amortised in accordance with Circular 203/2009/TT-BTC issued by the Ministry of Finance on 20 October 2009.

4.8 Payables and accruals

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Employee benefits

Post employment benefits

Post employment benefits are paid to retired employees of the Holdings by the Vietnam Social Insurance Agency. The Holdings is required to contribute to these post employment benefits by paying social insurance premiums to the Vietnam Social Insurance Agency at the rate of 16% of employee basic salaries on a monthly basis since 1 January 2010 (15% for the periods before 1 January 2010). The Holdings has no further obligation concerning post employment benefits for its employees other than this.

Voluntary resignation and retrenchment benefits

- ▶ *Voluntary resignation benefits:* the Holdings has the obligation, under Section 42 of the Labor Code amended on 2 April 2002, to pay an allowance to voluntarily resigning employees, equal to half of one-month's basic salary for each year of employment plus wage allowances (if any) until 31 December 2008. Commencing 1 January 2009, the average monthly salary used in this calculation will be revised at the end of each reporting period based on the average monthly salary of the most recent 6 months up to the reporting date;
- ▶ *Retrenchment benefits:* the Holdings has the obligation, under Section 17 of the Labor Code, to pay an allowance to employees who are retrenched as a result of organizational restructuring or technological changes. In such cases, the Holdings shall pay to employees an allowance for loss of work equivalent to the aggregate amount of one month salary for each year of employment, but no less than two month salary.

Although the obligations under Sections 17 and Sections 42 of the Labor Code are compulsory, the implementation of these Sections is subject to detailed guidance by the Ministry of Finance. In accordance with Circular 64/1999/TT-BTC dated 7 June 1999 and subsequently Circular 82/2003/TT-BTC dated 14 August 2003 by the MOF which superseded Circular 64, companies are required to calculate retrenchment allowance at the rate of 1-3% per annum, of the basic salary fund; and the outstanding balance of employee termination reserve which was previously created at 10% from the profit after tax and after appropriation for supplementary capital reserve in accordance with the guidance of Circular 64 should be transferred to the retrenchment allowance as allowed under Circular 82.

Unemployment Insurance Fund

According to the Social Insurance Law No. 71/2006/QH11 issued on 29 June 2006, and Decree 127/2008/ND-CP issued on 12 December 2008, employee and employer are required to contribute 1% each of employee basic salary to the unemployment insurance fund, with effect from 01 January 2009. Further, the Government will also contribute 1% of the basic salary of each employee to this fund. Vietnam Social Insurance Agency is responsible for the collection, distribution and management of the Fund.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Revenue recognition

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

Interest

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

Revenue from bond is recognized on an accrual basis. Interest revenue also includes the amount of amortization of any discount, premium or other difference between the initial carrying amount of a bond and its amount at maturity and allocated using straight-line method. When unpaid bond coupon interest has accrued before the acquisition of a bond, the subsequent receipt of coupon interest is allocated between pre-acquisition and post-acquisition period. Only post-acquisition bond coupon interest is recognized as revenue. Pre-acquisition bond coupon interest is deducted from the cost of the bond.

Dividends and appropriated profits

Income is recognised when the Holdings' right to receive the cash dividend or the appropriated profit is established. Stock dividend and bonus shares received are not recognized as income of the Holdings and the respective increase in number of shares are only updated off balance sheet.

Other income

Revenues from irregular - activities other than turnover-generating activities are recorded to other incomes as stipulated by "VAS 14 - Revenue and other income", including: Revenues from asset liquidation and sale; fines paid by customers for their contract breaches; collected insurance compensation; collected debt which had been written off and included in the preceding period expenses; payable debts now recorded as revenue increase as their owners no longer exist; collected tax amounts which now are reduced and reimbursed; and other revenues.

4.11 Taxation

Current income tax

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

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Taxation (continued)

Deferred tax

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

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

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

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

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Holdings to set off current tax assets against current tax liabilities and when they relate to income taxes levied on the same taxable entity by the same taxation authority.

4.12 Offsetting

Financial assets and liabilities are offset and presented on net basis on the separate balance sheet when and only when the Holdings has the intention and legal right to make payment on net basis, or the settlement of financial assets and liabilities happen at the same time.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 *Appropriation of net profits*

Profit after tax of the year of the Holdings is appropriated in accordance with resolutions of the General Shareholders' Meeting and Vietnamese regulatory requirements.

4.14 *Transactions in foreign currencies*

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

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

5. CASH AND CASH EQUIVALENTS

	31 Dec 2011 VND	31 Dec 2010 VND
Cash on hand in VND	631,940,600	830,825,704
At the Holdings' Head office	610,139,935	721,861,569
At the Bao Viet Training Center	21,800,665	108,964,135
Cash at bank	147,209,758,058	666,687,300,395
Cash at bank in VND	147,191,564,383	666,051,253,350
<i>Bao Viet Holdings' own funds</i>	26,119,735,566	665,779,662,919
<i>Bao Viet Life's trusted investments</i>	120,990,831,827	146,417,440
<i>Bao Viet Insurance's trusted investments</i>	80,996,990	99,432,498
<i>MOF's trusted investments</i>	-	25,740,493
Cash at bank in USD	18,193,675	636,047,045
<i>Bao Viet Holdings' own funds</i>	18,193,675	636,047,045
Cash equivalents (*)	2,559,500,000,000	183,500,000,000
Bao Viet Holdings' own funds	2,559,500,000,000	124,000,000,000
Bao Viet Insurance's trusted investment contracts	-	27,000,000,000
MOF's trusted investments	-	32,500,000,000
	<u>2,707,341,698,658</u>	<u>851,018,126,099</u>

(*) Cash equivalents comprises of term deposits at financial institutions having original maturity of not more than 3 months with interest at rate ranging from 6% p.a. to 14% p.a.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

6. SHORT-TERM INVESTMENTS

	31 Dec 2011 VND	31 Dec 2010 VND
Short-term deposits in VND at financial institutions (*)		
From Bao Viet Holdings' own funds	1,750,000,000,000	3,118,006,000,000
From trusted investments of Bao Viet Life	154,600,000,000	483,529,105,556
From trusted investments of Bao Viet Insurance	52,000,000,000	106,200,000,000
	<u>1,956,600,000,000</u>	<u>3,707,735,105,556</u>
Short-term deposits in USD at financial institutions (VND equivalent) (*)		
From Bao Viet Holdings' own funds	-	32,373,720,000
	-	<u>32,373,720,000</u>
Bonds		
From Bao Viet Holdings' own funds	239,295,515,504	-
	<u>239,295,515,504</u>	-
Total short term investments	<u>2,195,895,515,504</u>	<u>3,740,108,825,556</u>

(*) The above short-term deposits at financial institutions have maturities of one year or less and interest at rates ranging from 13.8% p.a. to 14% p.a. for VND.

7. TRADE RECEIVABLES

Trade receivables represent the interest receivables from investment activities carried out by the Holdings:

	31 Dec 2011 VND	31 Dec 2010 (restated) VND
Interest receivables from:		
Investments of the Holdings' own funds	175,530,268,149	166,659,802,159
Investments trusted by Bao Viet Life	90,792,030,590	60,315,565,358
Investments trusted by Bao Viet Insurance	23,458,910,268	16,615,363,289
Investments trusted by MOF	-	400,833,333
	<u>289,781,209,007</u>	<u>243,991,564,139</u>

8. RECEIVABLES FROM RELATED PARTIES

	31 Dec 2011 VND	31 Dec 2010 VND
Receivables from Bao Viet Life	568,960,179,661	612,634,690,349
Receivables from Bao Viet Insurance	376,231,855,767	318,148,907,505
Receivables from BVF	12,519,465,449	23,583,899,190
Receivables from BVSC	15,505,049,607	4,915,901,362
Receivables from BV - Au Lac	1,260,000	1,260,000
Receivables from BVInvest	8,168,682,294	-
Receivables from Baoviet Bank	54,130,519,728	4,389,623,289
	<u>1,035,517,012,506</u>	<u>963,674,281,695</u>

Bao Viet Holdings

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

9. TANGIBLE FIXED ASSETS

	Buildings VND	Machinery & transportation and equipment VND	Means of transportation and communication VND	Office equipment VND	Other fixed assets VND	Total VND
Cost:						
Balance at 31 December 2010	384,381,474,425	919,234,639	98,780,779,629	50,132,266,330	57,980,000	534,271,735,023
Additions during the year:	-	10,375,065,000	25,199,168,425	17,449,416,330	-	53,023,649,755
<i>Newly purchased</i>	-	-	25,199,168,425	2,436,477,725	-	27,635,646,150
<i>Transferred</i>	-	10,375,065,000	-	15,012,938,605	-	25,388,003,605
Decreases during the year:	76,855,370,805	-	-	1,086,345,268	-	77,941,716,073
<i>Sold, disposed</i>	-	-	-	-	-	1,086,345,268
<i>Transferred</i>	76,855,370,805	-	-	1,086,345,268	-	76,855,370,805
Balance at 31 December 2011	307,526,103,620	11,294,299,639	123,979,948,054	66,495,337,392	57,980,000	509,353,668,705
Accumulated depreciation:						
Balance at 31 December 2010	33,365,328,622	898,034,755	13,027,676,903	30,798,678,668	53,390,040	78,143,108,988
Additions during the year:	12,201,654,769	3,506,437,752	23,226,309,021	11,933,382,069	4,589,960	50,872,373,571
<i>Depreciation for the year</i>	12,201,654,769	1,758,047,168	23,226,309,021	9,403,423,896	4,589,960	46,594,024,814
<i>Transferred</i>	-	1,748,390,584	-	2,529,958,173	-	4,278,348,757
Decreases during the year:	16,458,958,997	-	-	1,086,345,268	-	17,545,304,265
<i>Sold, disposed</i>	-	-	-	-	-	1,086,345,268
<i>Transferred</i>	16,458,958,997	-	-	1,086,345,268	-	16,458,958,997
Balance at 31 December 2011	29,108,024,394	4,404,472,507	36,253,985,924	41,645,715,469	57,980,000	111,470,178,294
Net book value:						
Balance at 31 December 2010	351,016,145,803	21,199,884	85,753,102,726	19,333,587,662	4,589,960	456,128,626,035
Balance at 31 December 2011	278,418,079,226	6,889,827,132	87,725,962,130	24,849,621,923	-	397,883,490,411

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

10. INTANGIBLE FIXED ASSETS

	<i>Land use rights VND</i>	<i>Software VND</i>	<i>Total VND</i>
Cost:			
Balance at 31 December 2010	11,667,900,000	49,178,799,942	60,846,699,942
Additions during the year	51,467,367,200	3,589,355,958	55,056,723,158
<i>Newly purchased</i>	-	3,589,355,958	3,589,355,958
<i>Transferred</i>	<u>51,467,367,200</u>	<u>-</u>	<u>51,467,367,200</u>
Balance at 31 December 2011	<u>63,135,267,200</u>	<u>52,768,155,900</u>	<u>115,903,423,100</u>
Accumulated amortisation:			
Balance at 31 December 2010	-	23,589,708,806	23,589,708,806
Additions during the year	13,888,730,105	7,393,753,016	21,282,483,121
<i>Amortisation during the period</i>	1,708,119,865	7,393,753,016	9,101,872,881
<i>Transferred</i>	<u>12,180,610,240</u>	<u>-</u>	<u>12,180,610,240</u>
Balance at 31 December 2011	<u>13,888,730,105</u>	<u>30,983,461,822</u>	<u>44,872,191,927</u>
Net book value:			
Balance at 31 December 2010	<u>11,667,900,000</u>	<u>25,589,091,136</u>	<u>37,256,991,136</u>
Balance at 31 December 2011	<u>49,246,537,095</u>	<u>21,784,694,078</u>	<u>71,031,231,173</u>

11. CONSTRUCTION IN PROGRESS

	<i>Buildings being managed by the PMU VND</i>	<i>Software under construction VND</i>	<i>Others VND</i>	<i>Total VND</i>
31 Dec 2010	30,249,426,855	17,455,030,240	485,015,072	48,189,472,167
Increases during the period	355,191,000	17,856,538,826	17,038,351,817	35,250,081,643
Transferred to fix assets	-	(12,240,027,485)	-	(12,240,027,485)
Expensed	-	<u>(2,360,570,920)</u>	-	<u>(2,360,570,920)</u>
31 Dec 2011	<u>30,604,617,855</u>	<u>20,710,970,661</u>	<u>17,523,366,889</u>	<u>68,838,955,405</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

12. LONG-TERM INVESTMENTS

	Notes	31 Dec 2011 VND	31 Dec 2010 (restated) VND
Investment in subsidiaries and BVF1		4,765,481,388,414	4,710,481,388,414
- Investment in subsidiaries	12.1	4,671,291,148,720	4,616,291,148,720
- Investment in BVF1	12.1	94,190,239,694	94,190,239,694
Investment in associates and joint-ventures	12.2	257,269,440,000	252,769,440,000
Other long-term investments		1,562,797,533,529	1,797,126,521,875
- Bonds	12.3.a	394,936,366,762	632,871,555,108
- Term deposits	12.3.b	202,000,000,000	202,000,000,000
- Other long-term investments	12.3.c	965,861,166,767	962,254,966,767
		6,585,548,361,943	6,760,377,350,289
Provision for impairment of long-term investments	12.4	(846,447,523,722)	(340,375,302,584)
		5,739,100,838,221	6,420,002,047,705

Details of long-term investments by sources of capital as at 31 December 2011 are as follows:

Items	Trusted investment from Bao Viet Life VND	Trusted investment from Bao Viet Insurance VND	Long-term investment of the Holdings VND	Total VND
Investment in subsidiaries	-	-	4,671,291,148,720	4,671,291,148,720
Investment in BVF1	-	-	94,190,239,694	94,190,239,694
Investment in associates and joint-ventures	80,269,440,000	-	177,000,000,000	257,269,440,000
Other long-term investments	71,205,200,000	59,872,226,767	1,431,720,106,762	1,562,797,533,529
- Bonds	-	-	394,936,366,762	394,936,366,762
- Term deposits	-	2,000,000,000	200,000,000,000	202,000,000,000
- Other long-term investments	71,205,200,000	57,872,226,767	836,783,740,000	965,861,166,767
	151,474,640,000	59,872,226,767	6,374,201,495,176	6,585,548,361,943

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

12. LONG-TERM INVESTMENTS (continued)

12.1 Investment in subsidiaries and BVF1

Subsidiaries

Investee	31 Dec 2011	31 Dec 2010
	VND	VND
Bao Viet Life	1,500,000,000,000	1,500,000,000,000
Bao Viet Insurance	1,500,000,000,000	1,500,000,000,000
BVF	50,000,000,000	50,000,000,000
BVSC	694,895,148,720	694,895,148,720
Baoviet Bank	780,000,000,000	780,000,000,000
BVinvest	110,000,000,000	55,000,000,000
BV - Au Lac	36,396,000,000	36,396,000,000
	4,671,291,148,720	4,616,291,148,720

BVF1

BVF1 is a closed-end member fund incorporated in Vietnam in accordance with the Licence No. 05/UBCK-TLQTV issued by the State Securities Commission on 19 July 2006. The Fund was originally licensed to operate for a period of five years. The operating period of BVF1 has been extended until 19 July 2014 in accordance with the approval from State Security Commission on 27 July 2011. At the beginning, BVF1 had a charter capital amounting to VND 500,000,000,000, equivalent to 50,000,000 units with a par value of VND 10,000 per unit. After that, the charter capital was increased to VND 1,000,000,000,000 as per the following amendment Official letters:

<u>Amended Official letters No.:</u>	<u>Date</u>
83/UBCK-QLKD which approves the increase in charter capital to 800 billion VND	14 February 2007
98/TB-UBCK which approves the increase in charter capital to 1.000 billion VND	04 March 2008

The Fund is managed by BVF, a subsidiary of the Holdings. The custodian bank of the Fund is HSBC Bank (Vietnam) Ltd.

At 31 December 2011, direct and indirect holding of the Holdings in BVF1 is as follows:

	Contributed capital	% of charter capital
	VND	VND
Direct investment of the Holdings	94,190,239,694	9.42%
Indirect investment via subsidiaries	821,659,537,741	82.16%
<i>Bao Viet Life</i>	601,214,295,907	60.12%
<i>Bao Viet Insurance</i>	220,445,241,834	22.04%
	915,849,777,435	91.58%

Bao Viet Holdings

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

12. LONG-TERM INVESTMENTS (continued)

12.2 Investments in associates and joint ventures

	31 Dec 2011 VND	31 Dec 2010 VND
Investments from Bao Viet Holdings' own funds	177,000,000,000	175,050,000,000
Baoviet Tourism Hotel JSC	9,000,000,000	7,050,000,000
Bao Viet Tokio Marine Insurance Joint Venture Company	153,000,000,000	153,000,000,000
International Investment and Construction JSC ("VIGEB A")	15,000,000,000	15,000,000,000
Investment from trusted capital of Bao Viet Life	80,269,440,000	77,719,440,000
Baoviet Tourism Hotel JSC	12,000,000,000	9,450,000,000
International Investment & Construction Joint Stock Company ("VIGEB A")	39,000,000,000	39,000,000,000
Long Viet Investment and Construction JSC	29,269,440,000	29,269,440,000
	<u>257,269,440,000</u>	<u>252,769,440,000</u>

Details of the investments in associates and joint ventures as at 31 December 2011 are as follows:

<i>Invested company</i>	<i>Charter capital VND</i>	<i>Contributed capital by the Holdings at historical cost VND</i>	<i>%</i>
Associates			
Baoviet Tourism Hotel JSC	60,000,000,000	21,000,000,000	35%
VIGEB A	180,000,000,000	54,000,000,000	30%
Long Viet Investment and Construction JSC	65,043,200,000	29,269,440,000	45%
Joint ventures			
Bao Viet Tokio Marine Insurance Joint Venture Company	300,000,000,000	<u>153,000,000,000</u>	51%
		<u>257,269,440,000</u>	

Currently, the Holdings has no further capital contribution commitment to these associates and joint ventures.

12.3 Other long-term investments

12.3.a Bonds

	31 Dec 2011 VND	31 Dec 2010 VND
Corporate Bonds	350,000,000,000	534,421,421,004
Government Bonds	44,936,366,762	98,450,134,104
	<u>394,936,366,762</u>	<u>632,871,555,108</u>

The Holdings' bonds include government bonds with interest at rates ranging from 7.86% p.a. to 12.1% p.a. and corporate bonds with interest at rates ranging from 9.4% p.a. to 14.3% p.a.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

12. LONG-TERM INVESTMENTS (continued)

12.3 Other long-term investments (continued)

12.3.b Long term deposits

	31 Dec 2011 VND	31 Dec 2010 VND
Long term deposits in VND at financial institutions		
From Bao Viet Holdings' own funds	200,000,000,000	200,000,000,000
From Bao Viet Insurance's trusted funds	<u>2,000,000,000</u>	<u>2,000,000,000</u>
	<u>202,000,000,000</u>	<u>202,000,000,000</u>

The Holdings' long term deposits in VND at financial institutions include term deposits interest at rates ranging from 10.5% p.a. to 11.3% p.a.

12.3.c Other long-term investments

Other long-term investments include the Holdings' capital investments in other entities that are neither its subsidiaries, associates nor joint ventures.

	31 Dec 2011 VND	31 Dec 2010 VND
From the Holdings' own funds	836,783,740,000	833,177,540,000
From Bao Viet Life' s trusted capital	71,205,200,000	71,205,200,000
From Bao Viet Insurance's trusted capital	<u>57,872,226,767</u>	<u>57,872,226,767</u>
	<u>965,861,166,767</u>	<u>962,254,966,767</u>

12.4 Provision for impairment of long-term investments

This represents provision for impairment of listed shares, deposit contracts, investment in BVF1 and unlisted shares as at 31 December 2011. Details of the provision for impairment of long-term financial investments are as follows:

	31 Dec 2011 VND	31 Dec 2010 (restated) VND
Provision for impairment of listed shares	(553,955,676,820)	(176,919,725,000)
Provision for impairment of unlisted shares	(87,271,625,000)	(58,312,000,000)
Provision for impairment of deposit contracts and bonds	(176,002,409,760)	(95,397,026,975)
Provision for impairment of net assets of BVF1	<u>(29,217,812,142)</u>	<u>(9,746,550,609)</u>
	<u>(846,447,523,722)</u>	<u>(340,375,302,584)</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

13. TRADE PAYABLES

	31 Dec 2011 VND	31 Dec 2010 VND
Prepaid interest from term deposits	1,214,218,979	13,709,361,125
Prepaid interest from bonds	-	3,032,054,795
Dividend advance received	-	4,881,550,723
Payables related to WAN project (*)	22,654,088,100	-
Others	3,677,277,818	1,451,923,832
	<u>27,545,584,897</u>	<u>23,074,890,475</u>

(*) This amount represents the payables to various IT solution providers relating to the WAN (wide area network) building project. This project aims to assist the Holdings in managing the IT infrastructure across the Group.

14. STATUTORY OBLIGATIONS

	31 Dec 2010 (restated) VND	Increase VND	Paid during the period VND	31 Dec 2011 VND
Taxes and fees				
Value added tax	1,514,758,879	11,002,172,135	8,211,595,697	4,305,335,317
Enterprise Income Tax	(1,382,903,491)	14,651,320,771	56,182,645,963	(42,914,228,683)
Land leasing fee	-	2,815,744,800	2,815,744,800	-
Other taxes	765,466,573	9,514,762,574	9,208,734,466	1,071,494,681
License duty	-	4,000,000	4,000,000	-
Foreign contractor withholding tax	1,834,019	1,717,708,072	1,686,076,069	33,466,022
Personal income tax	462,745,463	7,083,168,678	6,901,905,307	644,008,834
Irregular income tax	300,887,091	709,885,824	616,753,090	394,019,825
	<u>897,321,961</u>	<u>37,984,000,280</u>	<u>76,418,720,926</u>	<u>(37,537,398,685)</u>

Enterprise Income Tax expense for the year is presented in Note 24.

15. PAYABLES TO EMPLOYEES

	31 Dec 2011 VND	31 Dec 2010 (restated) VND
Salary fund payable	17,383,564,622	18,061,778,939
	<u>17,383,564,622</u>	<u>18,061,778,939</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

16. PAYABLES TO RELATED PARTIES

	31 Dec 2011	31 Dec 2010
	VND	(restated) VND
Payables to HSBC Insurance (Asia Pacific) Holdings Limited	9,771,810,276	-
Payables to Bao Viet Life	876,958,508,250	1,089,783,436,348
Payables to Bao Viet Insurance	288,912,576,399	365,379,408,928
Payables to VIGIBA	58,881,550,723	-
Payables to BVInvest	-	8,285,138,858
	<u>1,234,524,445,648</u>	<u>1,463,447,984,134</u>

17. OTHER PAYABLES

	31 Dec 2011	31 Dec 2010
	VND	VND
Trade Union's fees	348,224,573	1,078,649,472
Social and health insurance	79,563,519	190,148,379
Unemployment insurance	48,467,292	17,901,180
Payables to HSBC Insurance (Asia Pacific) Holdings Limited	-	10,423,137,760
Advance from shareholders (*)	-	646,867,673,855
Dividend payable to the Ministry of Finance (**)	-	32,926,573,826
Payables related to 30A Program (***)	7,789,968,510	14,386,072,248
Deposits from tenants	2,986,509,120	3,180,775,820
Other payables	2,144,385,712	1,093,176,557
	<u>13,397,118,726</u>	<u>710,164,109,097</u>

(*) This represents the subscription money received from existing shareholders for their exercise of right issues in January 2011. The whole amount of VND 646,867,673,855 as at 31 December 2010 was recognised as an increase in charter capital of the Holdings following the completion of the exercise of rights by existing shareholders in quarter I of 2011.

(**) This relates to the 2008 dividend payable to Ministry of Finance that the Holdings was authorized to use to increase Ministry of Finance's contribution in the Holdings' charter capital. The amount of VND 32,926,573,826 as at 31 December 2010 was recognised as an increase in charter capital of the Holdings in quarter I of 2011.

(***) This payable relates to social security expenses within the Government's 30A Program.

18. BONUS AND WELFARE FUNDS

	31 Dec 2010	Increased during	Used during	31 Dec 2011
	VND	the period	the period	VND
		VND	VND	
Bonus Fund	14,600,161,185	6,816,545,841	4,902,040,354	16,514,666,672
Welfare Fund	7,418,304,269	10,224,818,761	9,481,918,500	8,161,204,530
	<u>22,018,465,454</u>	<u>17,041,364,602</u>	<u>14,383,958,854</u>	<u>24,675,871,202</u>

Bao Viet Holdings

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

19. OWNERS' EQUITY

19.1 Increase and decrease in owners' equity

	Contributed Capital VND	Shares Premium VND	Undistributed Profit VND	Total VND
As at 31 December 2011 (restated)	6,267,090,790,000	3,076,807,671,197	1,170,047,917,025	10,513,946,378,222
Additional capital contribution	537,623,550,000	107,524,710,000	-	645,148,260,000
Profit of current period	-	-	903,463,234,470	903,463,234,470
Dividends paid to Shareholders for the year 2010	-	-	(816,565,720,800)	(816,565,720,800)
Appropriation to Bonus and welfare funds for the year 2010	-	-	(17,041,364,602)	(17,041,364,602)
Remuneration to BOD and Supervisory Committee for the year	-	-	(1,254,861,111)	(1,254,861,111)
As at 31 December 2011	6,804,714,340,000	3,184,332,381,197	1,238,649,204,982	11,227,695,926,179

19.2 Contributed capital

In accordance with the Annual General Meeting's Resolution No. 03/2010/NQ-DHDCD dated 17 April 2010, the Holdings issued additional shares to existing shareholders to increase its charter capital in January 2011. The number of shares issued was 53,762,355, which increased the Holdings' charter capital to VND 6,804,714,340,000 on 14 January 2011.

	31 Dec 2011		31 Dec 2010	
	Total	Ordinary shares	Preference shares	Total
Contributed by shareholders	6,804,714,340,000	6,804,714,340,000	-	6,267,090,790,000
Shares premium	3,184,332,381,197	3,184,332,381,197	-	3,076,807,671,197
TOTAL	9,989,046,721,197	9,989,046,721,197	-	9,343,898,461,197

Bao Viet Holdings

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

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19. OWNERS' EQUITY (continued)

19.3 Capital transactions with owners and distribution of dividends, profits

	31 Dec 2011	31 Dec 2010
Contributed capital		
Beginning balance	9,343,898,461,197	7,465,011,871,197
Increase	<u>645,148,260,000</u>	<u>1,878,886,590,000</u>
Ending balance	<u>9,989,046,721,197</u>	<u>9,343,898,461,197</u>
Dividends paid	816,565,720,800	630,329,265,500

At the date of this report, the Holdings has not declared the dividends for the year ended 31 December 2011.

20. INCOME FROM OPERATING ACTIVITIES

	<i>For the year ended 31 December 2011</i>	<i>For the year ended 31 December 2010 (restated)</i>
	VND	VND
Interest from demand deposits	4,699,768,880	948,688,305
Interest from term deposits	579,761,967,639	411,648,922,197
Gain from trading securities and repo	68,664,291,507	64,395,079,674
Income from dividends or distributed profits	891,101,342,409	731,415,531,077
Gain from foreign exchange rate differences	294,433,638	3,409,602,724
Other income from operating activities	-	1,303,597,142
	<u>1,544,521,804,073</u>	<u>1,213,121,421,119</u>

21. EXPENSES FROM OPERATING ACTIVITIES

	<i>For the year ended 31 December 2011</i>	<i>For the year ended 31 December 2010 (restated)</i>
	VND	VND
Provision for impairment of investments	506,072,221,138	198,744,090,394
Other financial expenses	<u>2,652,476,128</u>	<u>134,600,190</u>
	<u>508,724,697,266</u>	<u>198,878,690,584</u>

Bao Viet Holdings

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

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22. GENERAL AND ADMINISTRATION EXPENSES

	<i>For the year ended 31 December 2011</i>	<i>For the year ended 31 December 2010 (restated)</i>
	VND	VND
Staff costs	61,125,431,978	56,590,317,983
Materials expenses	862,617,761	1,656,281,913
Office stationery expenses	1,027,136,650	823,257,590
Fixed asset depreciation and amortization (*)	21,448,712,733	28,896,391,245
Taxes and fees	2,825,749,800	382,717,389
Consultancy fees	23,580,886,750	17,845,250,184
External service fees	33,429,790,571	32,299,468,904
Others	22,678,923,985	17,285,532,555
	<u>166,979,250,228</u>	<u>155,779,217,763</u>

(*) During 2011, the Holdings has allocated 34,195,902,185 VND the amortization expenses of intangible assets which are managed by the Holdings to subsidiaries.

23. OTHER INCOME AND EXPENSES

	<i>For the year ended 31 December 2011</i>	<i>For the year ended 31 December 2010</i>
	VND	VND
Other income		
Rental income	73,117,326,908	35,913,028,904
Gain on disposal of BAVINA company	-	12,193,416,456
Others	830,138,284	216,942,750
	<u>73,947,465,192</u>	<u>48,323,388,110</u>
Other expenses		
Building management expenses	22,290,195,610	14,456,793,530
Others	2,360,570,920	20,200,000
	<u>24,650,766,530</u>	<u>14,476,993,530</u>
Net other income	<u>49,296,698,662</u>	<u>33,846,394,580</u>

24. ENTERPRISE INCOME TAX

The Holdings has the obligation to pay Enterprise Income Tax ("EIT") at the rate of 25 % of taxable profits of the period.

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

The current tax payable is based on taxable profit for the year. The taxable profit of the Holdings for the year differs from the profit as reported in the separate income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are not taxable or deductible. The Holdings liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

24. ENTERPRISE INCOME TAX (continued)

	<i>For the year ended 31 December 2011</i>	<i>For the year ended 31 December 2010 (restated)</i>
	VND	VND
Total accounting profit before tax	918,114,555,241	892,309,907,352
Non taxable dividend income, unrealized foreign exchange gain and other adjustments	(891,101,342,409)	(747,018,550,257)
Expenses disallowed for tax purpose	2,360,570,920	-
Depreciation expenses disallowed for tax purpose	127,590,000	127,578,567
Total taxable income	29,501,373,752	145,418,935,662
Enterprise income tax rate	25%	25%
Estimated enterprise income tax expenses/ (credit) for the year	7,375,343,438	36,354,733,916
Supplementary EIT for the year ended 2008 due to the Holdings is not subjected to SME according to Circular 03/2009/TT-BTC	7,177,654,108	-
Additional EIT payable according to tax authorities' notification minutes	98,323,225	-
Enterprise income tax	14,651,320,771	36,354,733,916

25. TRANSACTIONS WITH RELATED PARTIES

During the normal course of operations, the Holdings engages in transactions with entities to which it is related through equity participation. As set out below, the Holdings and the related entities with which it trades, are linked either through the investor/investee relationship, or share a common investor and thus are a part of the same corporate group.

Related parties of the Holdings for the year ended 31 December 2011 include:

<u>Related parties</u>	<u>Relationship</u>
Ministry of Finance (MOF)	Shareholder
HSBC Insurance (Asia Pacific) Holdings Limited	Shareholder
State Capital Investment Corporation (SCIC)	Shareholder
Bao Viet Insurance	Subsidiary
Bao Viet Life	Subsidiary
Bao Viet Fund Management Ltd, Co (BVF)	Subsidiary
Bao Viet Securities Joint Stock Company (BVSC)	Subsidiary
Bao Viet Au Lac Ltd, Co (BV - Au Lac)	Subsidiary
Bao Viet Investment Joint Stock Company (BVInvest)	Subsidiary
Bao Viet Commercial Joint Stock Bank (Baoviet Bank)	Subsidiary
Bao Viet - Tokio Marine	Joint venture
Baoviet Tourism Hotel Joint Stock Company ("Bao Viet Resort JSC")	Associate
International Investment and Construction Joint Stock Company - ("VIGEBEA")	Associate
Long Viet Investment and Construction JSC ("Long Viet JSC")	Associate

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

25. TRANSACTIONS WITH RELATED PARTIES (continued)

Significant related party transactions for the year ended 31 December 2011 are given below:

<i>Related parties</i>	<i>Transactions</i>	<i>For the year ended 31 December 2011 VND</i>
MOF	2010 dividend payment	579,011,760,000
	Transfer to increase chartered capital	458,517,600,000
HSBC Insurance (Asia Pacific) Holdings Limited	Expenses related to Technical Support and Capability Transfer Agreement	10,348,404,760
	2010 dividend payment	147,010,909,200
	Transfer to increase chartered capital	116,417,472,000
SCIC	2010 dividend payment	26,585,280,000
	Transfer to increase chartered capital	21,052,800,000
BVInvest	Share of profit receivable by the Holdings	8,250,000,000
	Office management fee paid to BVInvest	22,169,485,529
Bao Viet Insurance	Share of profit receivable by the Holdings	331,259,913,800
	Bao Viet Sai Gon's office rental expense payable to the Holdings	12,489,333,774
Bao Viet Life	Share of profit receivable by the Holdings	427,889,462,577
	Bao Viet Life Mien Nam's office rental expense payable to the Holdings	8,599,303,853
	Megawan payables	1,192,640,519
BVF	Share of profit receivable by the Holdings	8,646,866,292
	Office rental expense payable to the Holdings	4,170,375,042
Baoviet Bank	Dividend receivable by the Holdings	54,600,000,000
	Interest paid to the Holdings	197,129,137,952
	Office rental expense payable to the Holdings	21,628,112,852
BVSC	Office rental expense payable to the Holdings	14,573,216,517
VIGIBA	2010 dividend paid to the Holdings	5,400,000,000
	2011 dividend advance to the Holdings	54,000,000,000
Bao Viet Resort JSC	Additional capital contribution by the Holdings	4,500,000,000
Long Viet JSC	Dividend paid to the Holdings	3,823,713,665
Bao Viet-Tokio Marine	Dividend paid to the Holdings	31,145,534,103

Amounts due to and due from related parties at the balance sheet date are presented in Note 8 and Note 16 to the separate financial statements.

Remuneration of members of the Board of Directors and the CEO:

	<i>For the year ended 31 December 2011 VND</i>	<i>For the year ended 31 December 2010 VND</i>
Remuneration of members of the Board of Directors and the CEO	1,560,000,000	1,449,600,000
	<u>1,560,000,000</u>	<u>1,449,600,000</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

The Holdings' business activities are exposed to market risk, credit risk and liquidity risk.

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

Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Holdings' exposure to market risk for changes in interest rate relates primarily to the Holdings' cash and short-term deposits. These investments are mainly short term in nature and they are not held for speculative purposes.

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

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. BV Holdings has a payable to HSBC Insurance Asia Pacific Ltd. related to Technical Services and Capability Transfer agreement (TSCTA) that is exposed to foreign currency risk. However, in the Holdings' opinion, this risk is immaterial.

Commodity price risk

The Holdings is not exposed to commodity price risk.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Equity price risk

The Holdings' listed and unlisted equity securities are susceptible to market price risk arising from uncertainty about future values of the investment securities. The Holdings manages equity price risk by placing a limit on equity investments. The Holdings' Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed equity securities at fair value was VND 1,094,308,148,720 (31 December 2010: VND 1,086,291,948,720). A decrease of 10% on the stock market index could have an impact of approximately VND 42,936,450,143 (31 December 2010: VND 10,715,675,625) on the Holdings' profit after tax, depending on whether or not the decline is significant or prolonged. An increase of 10% in the value of the listed securities would increase the Holdings' profit after tax by VND 42,936,450,143 (31 December 2010: VND 10,715,675,625).

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Holdings is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks, bonds and other financial instruments. Management has a credit policy in place. Limits are established to manage credit quality and concentration risk.

Trade receivables

Customer credit risk is managed by the Holdings based on its established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are regularly monitored. The requirement for impairment is analyzed at each reporting date on an individual basis for major clients. The Holdings seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. In view of the aforementioned and the fact that the Holdings' trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Bank deposits

The Holdings' bank balances are mainly maintained with well-known banks in Vietnam. Credit risk from balances with banks is managed by the Holdings' treasury department in accordance with the Holdings' policy. The Holdings' maximum exposure to credit risk for the components of the balance sheet at each reporting dates are the carrying amounts as illustrated in Note 5 and 6. The Holdings evaluates the concentration of credit risk in respect to bank deposit is as low.

Other financial instruments

The Holdings' management have assessed all financial assets. A majority of the assets are not due, and relate to recognized and creditworthy counterparties. Certain receivables are past due, and a part of these past dues have been recognized as impaired as at 31 December 2011:

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	Not yet due VND	Past-due but not individually impaired VND	Past-due and individually impaired VND	Total VND
31 December 2011				
Cash at bank and cash equivalents	2,706,709,758,058	-	-	2,706,709,758,058
Trade receivables	46,595,112,799	24,468,222,758	218,717,873,450	289,781,209,007
Investments:	3,393,093,049,033	-	365,600,000,000	3,758,693,049,033
- Shares	965,861,166,767	-	-	965,861,166,767
- Bonds	634,231,882,266	-	-	634,231,882,266
- Term deposits	1,793,000,000,000	-	365,600,000,000	2,158,600,000,000
Other receivables	10,238,585,750	-	-	10,238,585,750
Total	6,156,636,505,640	24,468,222,758	584,317,873,450	6,765,422,601,848

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The liquidity risk is the risk that the Holdings will encounter difficulty in meeting financial obligation due to shortage of funds. The Holdings' exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The Holdings monitors its liquidity risk by maintain a level of cash and cash equivalents and bank loans deemed adequate by management to finance the Holdings' operations and to mitigate the effects of fluctuations in cash flows.

The table below summarizes the maturity profile of the Holdings' financial liabilities based on contractual undiscounted payments:

	<i>On demand</i>	<i>Less than 1 year</i>	<i>From 1 to 5 years</i>	<i>Total</i>
31 December 2011				
Trade payables	27,545,584,897	-	-	27,545,584,897
Payables to employees	17,383,564,622	-	-	17,383,564,622
Payables to related parties	-	355,565,937,398	878,958,508,250	1,234,524,445,648
Other payables	13,397,118,726	-	-	13,397,118,726
	<u>58,326,268,245</u>	<u>355,565,937,398</u>	<u>878,958,508,250</u>	<u>1,292,850,713,893</u>

The Holdings has assessed the concentration of risk with respect to refinancing its debt and considers to be low.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

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

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

The Circular 210 only regulates the presentation and disclosure of financial instruments, the definitions of financial assets, financial liabilities and other relating definitions as shown below are applied solely for preparation of this note. The assets, liabilities and equities of the Holdings still are recognized and accounting in accordance with the Vietnamese Accounting Standards and Vietnamese Accounting System and comply with the relevant statutory requirements.

Financial assets

Financial assets of the Holdings, within the scope of Circular 210, include cash and short-term deposits, trade and other receivables, quoted and unquoted financial investments. For the purpose of disclosure in the notes to the financial statements, financial assets are classified as appropriate into either of the following categories:

► *Financial asset at fair value through profit or loss*

Financial asset at fair value through profit or loss is finance asset that satisfies either of the following conditions:

- a. Being classified as held for trading. A financial asset will be classified as securities held for trading if:
 - (i) It is purchased or created mainly for the purpose of resale/redemption in a short term;
 - (ii) There is an evidence that such instrument is traded for the purpose of gaining short-term profits; or,
 - (iii) It is a derivative financial instrument (except derivative financial instruments identified as financial guarantee contracts or effective hedging instruments).
- b. Upon initial recognition, it is designated by the Holdings as at fair value through profit or loss.

► *Held-to-maturity investments*

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

- a. Financial assets that, upon initial recognition, were categorized as such recognized at fair value through profit or loss;
- b. Financial assets already categorized as available for sale;
- c. Financial assets that meet the definitions of loans and receivables.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2011

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

Financial assets (continued)

▶ *Loans and receivables:*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than:

- a. those that the entity intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;
- b. those that the entity upon initial recognition designates as available for sale; or
- c. those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

▶ *Available-for-sale financial assets*

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

- a. Loans and receivables;
- b. Held-to-maturity investments;
- c. Financial assets recognized at fair value through profit or loss.

Financial liabilities

Financial liabilities of the Holdings, within the scope of Circular 210, include trade and other payables. For the purpose of disclosure in the notes to the financial statements, financial liabilities are classified as appropriate either of the following categories:

▶ *Financial liability at fair value through profit or loss*

Financial liability at fair value through profit or loss is a financial liability that satisfies either of the following conditions:

- a. Being classified as held for trading. A financial liability will be classified as securities held for trading if:
 - (i) It is purchased or created mainly for the purpose of resale/redemption in a short term;
 - (ii) There is an evidence that such instrument is traded for the purpose of gaining short-term profits; or,
 - (iii) It is a derivative financial instrument (except derivative financial instruments identified as financial guarantee contracts or effective hedging instruments).
- b. Upon initial recognition, it is designated by the Holdings as at fair value through profit or loss.

▶ *Financial liabilities at amortised cost*

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

Offsetting of financial assets and financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2011 and for the year then ended

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

Carrying value and fair value of financial instruments as at 31 December 2011:

	Carrying value		Total VND	Fair value	
	Cost VND	Impairment VND		Amount VND	
FINANCIAL ASSETS					
Equity investments	965,861,166,767	(348,708,470,800)	617,152,695,967	493,944,552,739	
<i>Available-for-sale</i>	965,861,166,767	(348,708,470,800)	617,152,695,967	493,944,552,739	
Fixed maturity investments (including interest receivables)	5,636,596,886,241	(176,002,409,760)	5,460,594,476,481	5,284,592,066,721	
<i>Available-for-sale</i>	104,707,953,637	-	104,707,953,637	104,477,241,139	
Loans and receivables	5,531,888,932,604	(176,002,409,760)	5,355,886,522,844	5,135,660,560,104	
Cash and cash equivalent	2,707,341,698,658	-	2,707,341,698,658	2,707,341,698,658	
TOTAL	9,309,799,751,666	(524,710,880,560)	8,785,088,871,106	8,485,878,318,118	
FINANCIAL LIABILITIES					
Trade payable	27,545,584,897	-	27,545,584,897	27,545,584,897	
Payable to employees	17,383,564,622	-	17,383,564,622	17,383,564,622	
Payable to related parties	1,234,524,445,648	-	1,234,524,445,648	1,234,524,445,648	
Other liabilities	13,397,118,726	-	13,397,118,726	13,397,118,726	
TOTAL	1,292,850,713,893	-	1,292,850,713,893	1,292,850,713,893	

Bao Viet Insurance Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2011 and for the year then ended

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

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

- ▶ Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- ▶ Fair value of receivables are evaluated by the Group based on parameters such as specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 December 2011, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.
- ▶ Fair value of unquoted instruments and other financial liabilities are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- ▶ Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

Fair value of unquoted available-for-sale financial assets is estimated using appropriate valuation.

28. EVENTS AFTER BALANCE SHEET DATE

There have been no other significant events occurring after 31 December 2011 which would require adjustments or disclosures to be made in the separate financial statements.

29. RESTATEMENT OF OPENING BALANCES

In the year 2011, Bao Viet Holdings was subjected to the periodical audit on its financial statement for the year ended 31 December 2010 performed by State Auditor according to State Audit Decision No. 632/QĐ-KTNN dated 24 May 2011 by Head of State Audit.

Base on the State Auditor's Report on the Financial Statements of Bao Viet Holdings for the financial year 2010, the Holdings has restated the opening balance of some items in the Balance Sheet and Income Statement as following:

Bao Viet Insurance Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2011 and for the year then ended

29. RESTATEMENT OF OPENING BALANCES (continued)

Extract from Balance Sheet as at 31 December 2010

ASSETS	Opening balance (as previously stated)	Adjustment by State Audit	Restated	Note
A CURRENT ASSETS				
1. Trade receivables	240,884,671,205	3,106,892,934	243,991,564,139	(1)
2. Other receivables	1,486,184,674	140,145,000	1,626,329,674	(2)
B NON-CURRENT ASSETS				
1. Provision for long-term investment	(340,337,920,054)	(37,382,530)	(340,375,302,584)	(3)

- (1) Increased the accrued interest related to term deposit contracts.
(2) Adjusted some expenses related to gift to client programs
(3) Adjust the provision for BVF1.

RESOURCES	Opening balance (as previously stated)	Adjustment by State audit	Restated	Note
A. LIABILITIES				
1. Payables to employees	20,258,970,199	(2,197,191,260)	18,061,778,939	(4)
2. Statutory obligations	(398,325,815)	1,295,647,776	897,321,961	(5)
3. Payables to related parties	1,463,223,728,574	224,255,560	1,463,447,984,134	(6)
B. OWNER'S EQUITY				
1. Undistributed earnings	1,166,160,973,697	3,886,943,328	1,170,047,917,025	(7)

- (4) Adjusted the salary funds
(5) Adjusted CIT payable due to effect of all the State Auditor's adjustments
(6) Adjusted the payable to related parties
(7) Effect of all the State Auditor's adjustments on the revenues and expenses

Bao Viet Insurance Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2011 and for the year then ended

29. RESTATEMENT OF OPENING BALANCES (continued)

Extract from Income Statement for the year ended 31 December 2010

<i>ITEMS</i>	<i>Opening balance (as previously stated)</i>	<i>Adjustment by State audit</i>	<i>Restated</i>	<i>Note</i>
1. Income from operating activities	1,210,238,783,745	2,882,637,374	1,213,121,421,119	(8)
2. Expenses from operating activities	(198,841,308,054)	(37,382,530)	(198,878,690,584)	(9)
3. General and administration expenses	(158,116,554,023)	2,337,336,260	(155,779,217,763)	(10)
4. Current enterprise income tax	(35,059,086,140)	(1,295,647,776)	(36,354,733,916)	(11)

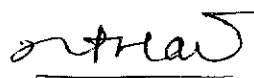
- (8) Increased the accrued interest related to term deposit contracts
- (9) Adjust the provision for BVF1
- (10) Adjusted the salary funds as per audited result
- (11) Effect of all the State Auditor's adjustments on the revenues and expenses

Bao Viet Insurance Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2011 and for the year then ended

30. RATIOS ON OVERALL FINANCIAL POSITION AND BUSINESS RESULTS OF THE HOLDINGS

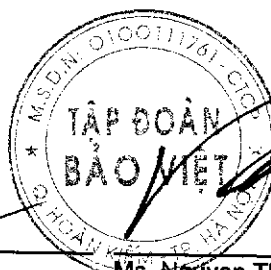
Items	Unit of measurement	For the twelve	For the twelve
		month period ended 31 December 2011	month period ended 31 December 2010
1. Structures of assets and capital sources			
1.1 Structure of assets			
Current assets/ Total assets	%	49.87%	43.08%
Long-term assets/Total assets	%	50.13%	56.92%
1.2 Structure of capital sources			
Liabilities/Total capital sources	%	10.39%	16.03%
Owners' equity/Total capital sources	%	89.61%	83.97%
2. Liquidity			
2.1 Current ratio	Times	4.88	2.72
2.2 Quick ratio	Times	4.88	2.72
3. Profitability ratios			
3.1 Profit margin on sales			
Profit before tax/ Net sales	%	59.44%	75.79%
Profit after tax/ Net sales	%	58.49%	72.10%
3.2 Profit/ Total assets			
Profit before tax/ Total assets	%	7.33%	6.15%
Profit after tax/ Total assets	%	7.21%	5.85%
3.3 Profit after tax/ Owners' equity	%	8.05%	7.07%



Mr. Nguyen Thanh Hai
Chief Accountant



Mr. Le Hai Phong
Chief Financial Officer



Ms. Nguyen Thi Phuc Lam
Chief Executive Officer

20 March 2012