0108/00006898/en
Annual Financial Report
VISION INTERNATIONAL PEOPLE GROUP PUBLIC LTD
VIP

Addendum To: 0108/00006777

Annual Report 2013

Announcement is attached

Attachments:

1. **Announcement for approving Annual Report 2013**
2. **Annual Report 2013**

Regulated

Publication Date: 30/04/2014

Vision International People Group Public Limited
Vision Tower, 67, Limassol Avenue, 2121 Aglantzia, Nicosia, Cyprus
Tel.: (+357) 22460606 Fax: (+357) 22376742
Registration Number: HE89214
www.vipgpl.com

ANNOUNCEMENT

Vision International People Group Public Limited announces that during the Board of Directors meeting which was convened on the 25th April, 2014, at 11.00am. at the Company's offices located at 67, Limassol Avenue, Aglantzia, 2121, Nicosia, the Annual Report and the Consolidated Financial Statements for the year ended on the 31st December, 2013 were presented and approved. It was also resolved that no dividends be distributed to the shareholders.

Copies of the said documents are available at the registered office of the Company, at the address provided above. Furthermore, investors can download a copy of the said documents from the website of the Company at **www.vipgpl.com**.

Nicosia, 25th April, 2014

Vision International People Group Public Limited

Annual Report 2013

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OFFICERS AND PROFESSIONAL ADVISORS

Executive Directors

Roberto Piona – Chairman
Dmitry Buriak – Chief Executive Officer

Independent Non-Executive Directors

John Hadjihannas
Peter Fehrn-Christensen

Company Secretary

Nairy Der Arakelian-Merheje

Registered Office

Vision Tower
67, Limassol Avenue
2121, Aglantzia, Nicosia, Cyprus

Solicitors

Nairy Der Arakelian-Merheje Law Office

Group Corporate Manager / Compliance Officer

Maria Andreou

Principal Bankers

AB SEB Bank
Bank of Cyprus Public Co Limited
Nota Bank
Privat Banka
Raiffeisen Bank
SDM Bank
JSC Sacombank
JSC Vietcombank

Independent Auditor

CosmoCo Services Limited
6, Neoptolemou Street
1087, Nicosia, Cyprus

FINANCIAL HIGHLIGHTS - GROUP

	2013 US$	2012 US$	2011 US$	2010 US$	2009 US$
Trading Results					
Turnover	96.174.751	95.199.534	106.671.122	103.332.537	106.072.106
Operating Profit	3.795.965	6.847.195	10.314.743	6.112.751	132.855
Profit / (loss) before income tax	1.140.284	4.049.905	6.932.129	1.890.347	(4.480.042)
(Loss) / profit for the year	(1.690.880)	1.521.399	3.613.640	(359.573)	(6.352.197)
(Loss) / profit for the year attributable to equity holders of the Company	(1.736.949)	1.441.585	3.582.634	(426.627)	(6.386.919)
Balance Sheet					
Non-Current Assets	13.846.952	13.766.003	15.170.405	16.100.216	17.447.649
Current Assets	25.292.401	27.641.110	23.008.545	21.775.765	28.081.170
Non-Current Liabilities	4.041.570	4.364.712	4.837.848	6.997.478	7.160.914
Current Liabilities	17.454.334	17.749.983	15.579.893	18.069.605	24.804.670
Shareholders' Equity	16.712.960	18.390.706	16.939.311	12.003.289	12.777.504
Shareholders' Return					
(Losses) / earnings per share - basic (cents)	(2,32)	1,92	4,78	(0,57)	(8,52)
Dividends per share (cents)	-	-	-	-	-
Employee Numbers					
Number of employees as at 31 December	337	345	385	476	536

DIRECTORS' REPORT
31 December 2013

The Board of Directors present to the shareholders their Report together with the audited financial statements for the year ended 31 December 2013.

Principal activities

Vision International People Group Public Limited (the "Company") is the holding company of the Group.

The principal activity of the Group during the year continued to be the distribution of a wide range of health care products including biologically active food supplements and cosmetics based on natural components in Europe, Russia and CIS countries and Asia.

During the year, the Company, through the Group's Head Office in Nicosia and the Company's representative office in Moscow, continued providing primarily Executive Management Services.

Changes in the composition of the Group

The development of Internet Trading through the Global Ordering System (GOS) continued and extended during 2013. The restructuring of the Group that started in previous years, continued in 2013 in order to streamline operations, reduce fixed costs and improve the service and efficiency of the Group activities.

The Group's subsidiaries in Switzerland, namely Vision International People Group S.A. and Vision Commerce S.A., for which the liquidation process started in 2012, are still undergoing liquidation. Following the decision for the liquidation of the Swiss subsidiaries, the ownership of Vision E-Shop G.m.b.H. (Austria) and Vision Egypt for Distribution LLC (Egypt) was transferred directly to the Parent Company during the year. The subsidiary companies in Egypt, namely Vision Egypt for Distribution LLC and Vision MISR for Trading LLC were put under liquidation during the year.

During the year ended 31 December 2013, the Group disposed its Swiss subsidiary, namely Vision Societe S.A.

The subsidiary company Vision Kyiv LLC (Ukraine), for which the liquidation process started in previous years, is still undergoing liquidation.

The subsidiary companies Vision Pavlodar LLP (Kazakhstan), Vision Odessa LLC (Ukraine), Vision Middle Asia LLC (Uzbekistan), Vision Deutschland G.m.b.H. (Germany) and Vision Persia Joint Stock Company (Iran), for which the liquidation process started in previous years, was completed in 2013.

The restructuring of operations in Russia continued during the year with the aim of increasing the geographical coverage of distributors' network within the country, to reduce fixed costs and to improve the service and efficiency of the Group's activities. As part of the restructuring, the Group has granted to third party franchisee companies the rights to sell its products and use its trademarks.

As part of the Group strategy to expand in new and existing markets, the Group has obtained control of a new subsidiary in Azerbaijan, namely TK Baku LLC and established a new subsidiary in Thailand, namely Vision (Thailand) Co. Ltd. The subsidiaries Vision (Thailand) Co. Ltd and Vision (India) People Group Private Limited have not yet commenced any trading activities. As part of the expansion strategy in Asia, the Group is planning to establish new subsidiaries in Cambodia and Laos.

Further details are given in note 11 to the consolidated financial statements (also in note 8 to the Parent financial statements).

Financial results and dividends

The results of the Group for the year ended 31 December 2013 are set out on page 12 of the Annual Report.

The loss of the Group attributable to the shareholders of the Parent Company for the year 2013 amounted to US$1.736.949 (2012: US$1.441.585 profit).

Turnover

Group Revenues for the year to 31 December 2013, increased by US$1,0m or 1,0% to reach the level of US$96,2m compared to US$95,2m in 2012. Sales in Europe increased by 4,1% or US$0,5m to reach the level of US$13,6m compared to US$13,1m in 2012. Sales in the CIS and Baltics decreased by US$7,7m or 14,1%, reaching the level of US$47,1m, compared to US$54,8m in 2012. Sales in the rest of the World continued to grow and exhibited a year-on-year increase of US$8,2m or 29,9%, reaching the level of US$35,5m, compared to US$27,3m in 2012.

Gross Profit

The Group's Gross Profit for the year, after charging product, transportation and insurance costs increased to US$69,6m compared to US$68,7m in 2012. The Gross Profit margin achieved in 2013 was 72% (2012: 72%).

Commissions to Distributors

Commissions to Distributors during 2013 amounted to US$41,8m compared to US$36,8m in 2012, exhibiting an increase of US$5,0m or 13,7%. Commissions in relation to sales during the year went up from 38,7% in 2012 to 43,5% in 2013.

Operating Results

The Group's Profit before Tax for the year to 31 December 2013 was US$1,1m profit, down by US$2,9m from US$4,0m profit in 2012.

The major factors affecting the Group's performance are as follows:

- The introduction of the new Vision Marketing Plan which has resulted in an increase of commissions to distributors.
- The expected increase in turnover arising from the introduction of the new incentive schemes for distributors was not achieved.

The directors recognise that the year's results are below initial expectations and strategic, tactical and operational actions are being taken by management, which are expected to achieve higher levels of performance in the future.

Parent Company results

The results of the Company for the year ended 31 December 2013 are set out on page 60 of the Annual Report. The profit of the Company for the year 2013 amounted to US$297.089 (2012: US$463.475) and is transferred to accumulated losses.

Financial results and dividends (continued)

Earnings and Dividends

Basic (group) earnings per share decreased from 1,92 cents profit in 2012 to (2,32) cents loss in 2013.

The Board of Directors, after considering the Group's losses of the current year, resolved that no dividend is proposed for 2013. This would ensure adequacy of liquid resources to complete the ongoing reorganisation and enable fast response to market challenges in the situation of increased global competition and to the current recession.

The Directors are of the opinion that this policy will generate positive returns for the Group and to its shareholders in the future.

Working Capital and Liquidity

Stocks as at 31 December 2013 remained unchanged from the end of 2012 at the level of US$8,6m.

Trade payables remained unchanged from last year, reaching the level of US$3,8m. Trade receivables decreased from US$6,8m at the end of 2012 to US$5,2m as at 31 December 2013.

As at 31 December 2013 the Group had cash and cash equivalent balances of US$3,4m compared to US$2,5m as at 31 December 2012, which are stated net of bank overdraft balances of US$2,5m and US$2,3m respectively. Total interest bearing borrowings decreased from US$4,8m on 31 December 2012 to US$4,7m on 31 December 2013.

Preliminary results

The main reasons for the variance in the net loss for the year between the final audited figure (US$1,737m) and the preliminary unaudited figure announced on 28 February 2014 (US$1,666m) is the effect of three (unfavourable) accounting adjustments made to the preliminary figures in share of profit from associate, non-controlling interest and taxes.

Future developments

In 2014 the Group will continue to optimise its operations and control its fixed costs with a view to attaining better financial results. In particular:

- The Group will continue to develop the Global Ordering System (GOS) in existing and new markets;
- The Group will enrich its product portfolio and revise the products' selling prices in order to meet market requirements;
- The Group will continue to optimise existing levels of marketing communication, use of new channels for promotion and utilise a wider spectrum of promotional tools and methods;
- The Group will continue to further develop Vision Marketing Plan;
- The Group will continue to liquidate any inefficient subsidiary companies;
- The Group will expand its operations into new countries in Asia, including Cambodia and Laos.

Principal risks and uncertainties

As a result of the international operations, the Group is exposed to market risks from changes in interest and foreign currency exchange rates, which may adversely affect the operating results and the Group's financial position.

Like other organisations, the Group is also exposed to credit and liquidity risk. The Group is also exposed to other business risks which relate to the general economic and market conditions. In particular, the global economic crisis has negatively affected the purchasing capability of the Group's customers. The Group monitors and manages these risks through various control mechanisms as well as the initiation of special promotions. Detailed information relating to these risks is set out in notes 18 and 20 to the consolidated financial statements (also in notes 14 and 16 to the Parent company financial statements).

Share capital

As at 31 December 2013 the Company had in issue share capital of 75.000.000 ordinary shares, of nominal value US$0,10 each. The Company's shares are listed on the Alternative Market of Cyprus Stock Exchange. During the year 2013, there have been no changes to the share capital of the Company.

There are no restrictions on the transfer of the Company's ordinary shares other than those defined by the requirements of the Directive on Insider Dealing and Market Manipulation, which relates to transactions with related parties.

The Company does not have any shares in issue which carry special control rights and all shares have equal voting rights.

Directors Service Contracts

The service contracts of some of the Company's Directors include clauses for compensation in the event of an unjustified early termination. The Chief Executive Officer (CEO) is thus automatically entitled to six months' salary as compensation, plus any salaries and bonus in arrears, inclusive of the six months of the compensation period. The two Independent Non Executive Directors are entitled to three months' compensation, if the Company terminates their office before their second appointment anniversary.

Corporate governance statement

As from the 21st of October, 2009 and in view of the pertinent resolution of the Extraordinary General Meeting of the Company convened on the same day, the Company discontinued its voluntary compliance with the Code of Corporate Governance issued by the Cyprus Stock Exchange, ("the Code"), as this was towards its best financial interests.

In view of such termination of voluntary compliance with the Code, the Articles of Association of the Company were amended accordingly in order to exclude references to the Code as well as implications emanating therefrom. The most important amendments which in effect allow respective flexibility to the Company, concern those referring to composition of the Board, the re-election procedure of Board Members and the approval procedure of their remuneration. The obligation to set up the various Committees in accordance with the Code was abolished.

Any amendment or addition to the Articles of Association of the Company is only valid if approved by a special resolution at a shareholders' meeting.

Corporate governance statement (continued)

The Company may by ordinary resolution appoint any person as Director and determine the period for which such person is to hold office. All appointed directors shall be required to withdraw from office during every Annual General Meeting and shall subsequently be entitled to run for re-election. The Company may by special resolution of which special notice has been given in accordance with section 136 of the Companies Law, Cap. 113, remove any Director before the expiration of their term of office. The Members of the Company shall approve the remuneration of all the members of the Board of Directors.

The Board of Directors may issue share capital if there is sufficient authorised share capital which has not been issued. The existing shareholders should have pre-emption rights, which would correspond to their shareholding in the Company at the time of the new issue. In the event that a share capital increase requires an increase in the authorised share capital, the approval of the shareholders in General Meeting must be obtained.

Details of restrictions in voting rights and special control rights in relation to the shares of the Company are set out in the section on share capital above.

Shareholders holding more than 5% of the share capital of the Company

As at 31 December 2013 and 23 April 2014, the following persons hold 5% or more of the issued share capital of the Company:

	31 December 2013	*23 April 2014*
	%	*%*
Health Tech Corporation Limited	64,58	64,58
CHP Investments Limited	9,11	9,11
Craigwood Investments Limited	-	6,00

Health Tech Corporation Limited is beneficially owned by Mr. Dmitry Buriak.
CHP Investments Limited is beneficially owned by Mrs. Marina Khoriakova.
Craigwood Investments Limited is beneficially owned by Mr. Aram Aroutiounian.

Events after the reporting date

Events after the reporting date are described in note 21 to the consolidated financial statements (also note 17 to the Parent company financial statements).

Securities and Stock Exchange of Cyprus Law and Regulations

The Directors hereby certify that, to the best of their knowledge, no violation has been notified to them regarding the Securities and Stock Exchange of Cyprus Law and Regulations.

Going Concern

The Directors and management have made an assessment of the Group's ability to continue as a going concern for the foreseeable future and are satisfied to that extent. Therefore, the financial statements continue to be prepared on the going concern basis.

Board of Directors

The members of the Board of Directors of the Company as at the date of this report are listed on page 2.

The Company's Directors during the year and up to the date of this report were the following:

Roberto Piona	-	Chairman
Dmitry Buriak	-	Chief Executive Officer
John Hadjihannas	-	Independent Non-Executive Director
Peter Fehrn-Christensen	-	Independent Non-Executive Director

In accordance with the Company's Articles of Association, all appointed directors shall be required to withdraw from office during every Annual General Meeting and shall subsequently be entitled to run for re-election. All directors shall thus be expected to submit their nominations for re-election at the next Annual General Meeting of 2014.

Directors' interests in shares of the Company

The beneficial interest in shares of the Company held by members of the Board of Directors (directly or indirectly) as at 31 December 2013 and 23 April 2014 are stated below:

	31 December 2013	*23 April 2014*
	%	*%*
Dmitry Buriak (indirectly)	64,58	64,58
Roberto Piona (directly)	1,10	1,10
John Hadjihannas	-	-
Peter Fehrn-Christensen	-	-

Transactions with Directors

Refer to note 19 to the consolidated financial statements (also note 15 to the Parent company financial statements).

Independent Auditors

The independent auditors of the Company, CosmoCo Services Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors

…………………………………

Nairy Der Arakelian-Merheje
Secretary

25 April 2014

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STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND OTHER RESPONSIBLE PERSONS OF THE COMPANY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Article 9, sections (3)(c) and (7) of the Transparency Requirements (Securities for Trading on Regulated Market) Law of 2007 (“Law”), we the members of the Board of Directors and the other responsible persons for the consolidated financial statements of Vision International People Group Public Limited for the year ended 31 December 2013 confirm that, to the best of our knowledge:

(a) the accompanying annual consolidated financial statements:

- (i) were prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and in accordance with the provisions of Article 9, section (4) of the Law, and

- (ii) give a true and fair view of the assets and liabilities, the financial position and the profit and losses of Vision International People Group Public Limited and the entities that are included in the consolidated financial statements as a whole, and

(b) the Directors’ report gives a fair review of the developments and the performance of the business as well as the financial position of Vision International People Group Public Limited and the entities that are included in the consolidated financial statements as a whole, together with a description of the principal risks and uncertainties which they face.

Executive Directors

Roberto Piona – Chairman

Dmitry Buriak – Chief Executive Officer

Independent Non-Executive Directors

John Hadjihannas

Peter Fehrn-Christensen

Chief Financial Officer

Nina Melnikova

25 April 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2013

				Supplementary information (note 22)	
		2013	*2012*	*2013*	*2012*
	Notes	*US$*	*US$*	*€*	*€*
Revenue-sale of goods		96.174.751	95.199.534	69.737.329	69.030.189
Cost of goods sold		(26.570.627)	(26.516.530)	(19.266.643)	(19.227.416)
Gross profit		69.604.124	68.683.004	50.470.686	49.802.773
Commissions to distributors		(41.838.777)	(36.806.656)	(30.337.740)	(26.688.896)
		27.765.347	31.876.348	20.132.946	23.113.877
Other operating income	4	381.146	459.421	276.374	333.131
Selling and distribution costs	4	(8.276.824)	(8.312.402)	(6.001.613)	(6.027.411)
Administrative expenses	4	(15.937.514)	(17.066.320)	(11.556.460)	(12.374.968)
Other operating expenses		(136.190)	(109.852)	(98.752)	(79.655)
Profit from operating activities		3.795.965	6.847.195	2.752.495	4.964.974
Finance costs	4	(3.016.130)	(3.120.920)	(2.187.028)	(2.263.012)
Finance income	4	73.560	73.413	53.339	53.232
Profit before share of associate's profit		853.395	3.799.688	618.806	2.755.194
Share of profit of associate	12	286.889	250.217	208.027	181.435
Profit before income tax		1.140.284	4.049.905	826.833	2.936.629
Income tax	5	(2.831.164)	(2.528.506)	(2.052.907)	(1.833.446)
(LOSS) / PROFIT FOR THE YEAR		(1.690.880)	1.521.399	(1.226.074)	1.103.183
Other comprehensive income / (loss) for the year, net of tax		59.203	(237.332)	42.929	(172.092)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(1.631.677)	1.284.067	(1.183.145)	931.091
(Loss) / profit attributable to:					
Equity holders of the parent company		(1.736.949)	1.441.585	(1.259.479)	1.045.310
Non-controlling interests		46.069	79.814	33.405	57.873
		(1.690.880)	1.521.399	(1.226.074)	1.103.183
Total comprehensive (loss) / income attributable to:					
Equity holders of the parent company		(1.677.746)	1.204.253	(1.216.550)	873.218
Non-controlling interests		46.069	79.814	33.405	57.873
		(1.631.677)	1.284.067	(1.183.145)	931.091
(Loss) / earnings per share - basic (cents), for (loss) / profit for the year attributable to equity holders of the parent company	6	(2,32)	1,92	(1,68)	1,39

All amounts shown above are from continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2013

	Notes	2013 US$	2012 US$	Supplementary information (note 22) 2013 €	2012 €
ASSETS					
Non-current assets					
Goodwill	10	18.258	18.258	13.240	13.240
Intangible assets	9	76.761	127.116	55.660	92.173
Property, plant and equipment	8	6.652.231	6.668.571	4.823.603	4.835.451
Investment in associate	12	5.053.318	4.797.751	3.664.214	3.478.900
Deferred income tax asset	5	2.046.384	2.154.307	1.483.854	1.562.111
		13.846.952	13.766.003	10.040.571	9.981.875
Current assets					
Inventories – goods for resale		8.614.166	8.632.094	6.246.224	6.259.222
Trade and other receivables	13	10.290.761	13.228.405	7.461.939	9.592.056
Income tax receivable		479.295	947.972	347.543	687.385
Cash in hand and at bank	14	5.908.179	4.832.639	4.284.082	3.504.197
		25.292.401	27.641.110	18.339.788	20.042.860
TOTAL ASSETS		39.139.353	41.407.113	28.380.359	30.024.735
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Issued capital	15	7.500.000	7.500.000	5.438.329	5.438.329
Reserves		9.212.960	10.890.706	6.680.414	7.896.966
		16.712.960	18.390.706	12.118.743	13.335.295
Non-controlling interests		930.489	901.712	674.708	653.841
TOTAL EQUITY		17.643.449	19.292.418	12.793.451	13.989.136
Non-current liabilities					
Interest-bearing loans and borrowings	16	1.842.047	2.163.408	1.335.688	1.568.710
Trade and other payables	17	2.199.523	2.201.304	1.594.897	1.596.189
		4.041.570	4.364.712	2.930.585	3.164.899
Current liabilities					
Trade and other payables	17	13.828.656	14.585.885	10.027.305	10.576.380
Current portion of interest-bearing loans and borrowings	16	2.905.333	2.627.073	2.106.688	1.904.918
Income tax payable		720.345	537.025	522.330	389.402
		17.454.334	17.749.983	12.656.323	12.870.700
TOTAL LIABILITIES		21.495.904	22.114.695	15.586.908	16.035.599
TOTAL EQUITY AND LIABILITIES		39.139.353	41.407.113	28.380.359	30.024.735

Roberto Piona – *Chairman*

Dmitry Buriak – *Director and Chief Executive Officer*

Nina Melnikova – *Chief Financial Officer*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2013

	Reserves								
	Accumulated profits (i)	*Business combination reserve (ii)*	*Non-reciprocal capital contributions (iii)*	*Foreign currency translation (iv)*	*Total reserves*	*Issued capital*	*Total*	*Non - controlling interests*	*Total equity*
	US$	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
As at 1 January 2012	10.922.423	(208.385)	994.259	(2.268.986)	9.439.311	7.500.000	16.939.311	821.898	17.761.209
Shareholder contribution	-	-	263.058	-	263.058	-	263.058	-	263.058
Deemed distribution on dividend	(15.916)	-	-	-	(15.916)	-	(15.916)	-	(15.916)
Total comprehensive income / (loss) for the year	1.441.585	-	-	(237.332)	1.204.253	-	1.204.253	79.814	1.284.067
As at 31 December 2012	12.348.092	(208.385)	1.257.317	(2.506.318)	10.890.706	7.500.000	18.390.706	901.712	19.292.418
Deemed distribution on dividend	-	-	-	-	-	-	-	-	-
Taxes paid on behalf of non-controlling interests	-	-	-	-	-	-	-	(17.292)	(17.292)
Total comprehensive (loss) / (income) for the year	(1.736.949)	-	-	59.203	(1.677.746)	-	(1.677.746)	46.069	(1.631.677)
As at 31 December 2013	10.611.143	(208.385)	1.257.317	(2.447.115)	9.212.960	7.500.000	16.712.960	930.489	17.643.449

Notes:

(i) Accumulated profits are available for distribution. Other reserves are not available for distribution.

There is no withholding tax on payments of dividends by the Company to non-resident shareholders or to shareholders that are resident companies in Cyprus. Payments of dividends to shareholders that are physical persons resident in Cyprus are subject to 20% withholding tax for the tax years 2012 and 2013 and 17% for 2014 and thereafter. As defined by the relevant tax law, companies which do not distribute 70% of their profits after tax within two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed 70% of these profits as dividend. Special contribution for defence at 20% will be payable on such deemed dividend, to the extent that the shareholders (individuals and companies) at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents. The amount of this deemed dividend distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders. The special contribution for defence on deemed dividend distribution for 2013 (for the tax year 2011) is US$ Nil (2012: US$15.916).

(ii) The business combination reserve is described in note 2.1.

(iii) Non-reciprocal capital contributions relate to capital contributions made in prior years by the major shareholder in order to assist in covering losses that had been accumulated in some of its subsidiaries. As these contributions are not refundable by the Group, they have been classified as 'non-reciprocal capital contributions' in the Consolidated Statement of Changes in Equity.

(iv) The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and associates.

Vision International People Group Public Limited

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2013

	Notes	2013 US$	2012 US$	Supplementary information (note 22) 2013 €	2012 €
Cash flows from operating activities					
Profit before income tax		1.140.284	4.049.905	826.833	2.936.629
Adjustments for:					
Net interest cost and bank charges		1.360.912	1.202.613	986.811	872.027
Share of profit of associate		(286.889)	(250.217)	(208.027)	(181.435)
Gain on disposal of property, plant and equipment and intangible assets		(27.061)	(1.492)	(19.622)	(1.082)
Depreciation and amortisation		555.105	657.018	402.513	476.411
Cash flows from operating activities before working capital changes		2.742.351	5.657.827	1.988.508	4.102.550
(Increase)/decrease in inventories		(82.994)	1.056.402	(60.180)	766.008
Decrease/(increase) in trade and other receivables		2.883.876	(4.003.154)	2.091.128	(2.902.729)
(Decrease)/increase in trade and other payables		(851.627)	2.708.217	(617.525)	1.963.757
Cash flows generated from operations		4.691.606	5.419.292	3.401.931	3.929.586
Net interest and bank charges paid		(1.360.912)	(1.202.613)	(986.811)	(872.027)
Income taxes paid		(2.071.244)	(2.544.762)	(1.501.881)	(1.845.234)
Net cash flows from operating activities		1.259.450	1.671.917	913.239	1.212.325
Cash flows from investing activities					
Dividends received from associate		227.293	484.258	164.813	351.141
Purchase of property, plant and equipment		(401.105)	(88.204)	(290.846)	(63.957)
Purchase of intangible assets		(33.284)	(89.520)	(24.135)	(64.912)
Proceeds from disposal of property, plant and equipment and intangible assets		37.296	16.092	27.044	11.668
Payment for the purchase of subsidiaries		(67.531)	-	(48.967)	-
Net cash flows (used in) / from investing activities		(237.331)	322.626	(172.091)	233.940
Cash flows from financing activities					
Repayment of bank loans and other banking facilities		(334.136)	(372.925)	(242.285)	(270.413)
Non-reciprocal capital contributions		-	263.058	-	190.746
Proceeds from loans and other banking facilities		238.318	-	172.808	-
Dividends paid		(1.781)	(128.669)	(1.291)	(93.299)
Taxes paid on behalf of non-controlling interests		(17.292)	-	(12.539)	-
Net cash flows used in financing activities		(114.891)	(238.536)	(83.307)	(172.966)
Net increase in cash and cash equivalents		907.228	1.756.007	657.841	1.273.299
Net foreign exchange differences		(69.582)	(1.475)	(50.455)	(1.070)
Cash and cash equivalents at 1 January		2.535.702	781.170	1.838.664	566.435
Cash and cash equivalents as at 31 December	14	3.373.348	2.535.702	2.446.050	1.838.664

1. Corporate information

The consolidated financial statements of Vision International People Group Public Limited for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the Board of Directors on 25 April 2014.

Vision International People Group Public Limited (the "Company") is a Limited Liability Company incorporated in Cyprus on 26 September 1997. The Company was incorporated under the name of Transvol Limited. By a special resolution of the shareholders on 1 February 2003, the Company changed its name to Vision International People Group Limited. On 22 August 2003, the Company became public under the Companies Law, Cap. 113 and its name changed to Vision International People Group Public Limited. On 21 June 2004, the trading of the 75.000.000 shares of US$0,10 each of the Company commenced on the Cyprus Stock Exchange. The Company's shares are traded in the Alternative Market of the Cyprus Stock Exchange.

The Company's registered office is located at Vision Tower, 67, Limassol Avenue, 2121, Aglantzia, Nicosia, Cyprus.

The Company's ultimate parent is Health Tech Corporation Limited, a company incorporated in the Island of Guernsey. Health Tech Corporation Limited is beneficially owned by Mr. Dmitry Buriak, Chief Executive Officer of the Company, who is considered as the ultimate controlling party of the Group.

The principal activities of the Company and the Group are further described in note 3.

2. Accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented in these consolidated financial statements unless otherwise stated.

2.1 Basis of preparation and statement of compliance

The consolidated financial statements have been prepared on historical cost basis and are presented in United States Dollars (US$).

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

In addition, the consolidated financial statements have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company (which incorporate the activities of the Company's representative office in Moscow), its subsidiaries and their branches as at 31 December 2013, listed in note 11 (together referred to as the "Group").

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

2.1 Basis of preparation and statement of compliance (continued)

Basis of consolidation (continued)

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in the statement of comprehensive income
- Reclassifies the parent's share of components previously recognised in other comprehensive income to the statement of comprehensive income or retained earnings, as appropriate.

Business Combination Reserve (group restructuring to 31 December 2002)

As a result of the Group restructuring that has taken place during the three years to 31 December 2002, the financial statements of the subsidiary companies that were part of that restructuring were included in the consolidated financial statements as if they had been combined from the beginning of that period. The Group restructuring was a reorganisation of companies under common control (previously directly or indirectly controlled by the Chief Executive Officer of the Group, Mr. Dmitry Buriak) and did not affect the non-controlling interests of the Group at that time. The difference between the issued share capital of the subsidiaries and the consideration paid for the share capital is described as a business combination reserve and is shown as a separate component within equity.

2.2 Adoption of new and revised IFRSs

During the current year the Group adopted all applicable new and revised International Financial Reporting Standards (IFRSs), all revised International Accounting Standards (IASs) and all new and revised interpretations which are relevant to its operations and are applicable for accounting periods beginning on 1 January 2013 as stated below:

IFRS 13 Fair Value Measurement
IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
IAS 1 Clarification of the requirement for comparative information (Amendment)
IAS 19 Employee Benefits (Revised 2011)
IFRS 7 Financial Instruments: Disclosures (Amended) - *Offsetting Financial Assets and Financial Liabilities*

Adoption of the above did not have a material effect on the financial statements of the Group.

2.3 Standards, interpretations and amendments to published standards that are not yet effective

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Group has not early adopted, as follows:

2.3 Standards, interpretations and amendments to published standards that are not yet effective (continued)

Standards and interpretations issued by the IASB and adopted by the EU

IAS 27 Separate Financial Statements (Revised)
The Standard as issued by the IASB is effective for annual periods beginning on or after 1 January 2013. As per the EU endorsement, each company shall apply IFRS 10, IFRS 11, IFRS 12, the amended IAS 27, the amended IAS 28 and the consequential amendments, at the latest, as from the commencement of its first financial year beginning on or after 1 January 2014. As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in their separate financial statements. Earlier application is permitted. The Group is in the process of assessing the impact of this amendment on the Company's separate financial statements but no material impact is expected.

IAS 28 Investments in Associates and Joint Ventures (Revised)
The Standard as issued by the IASB is effective for annual periods beginning on or after 1 January 2013. As per the EU endorsement, each company shall apply IFRS 10, IFRS 11, IFRS 12, the amended IAS 27, the amended IAS 28 and the consequential amendments, at the latest, as from the commencement of its first financial year beginning on or after 1 January 2014. As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. Earlier application is permitted. The adoption of the revised standard is not expected to have a significant impact on the Group's consolidated financial statements.

IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities
The amendment is effective for annual periods beginning on or after 1 January 2014. This amendment clarifies the meaning of 'currently has a legally enforceable right to set-off' and also clarifies the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments to IAS 32 are to be retrospectively applied. Earlier application is permitted. However, if an entity chooses to early adopt, it must disclose that fact and also make the disclosures required by the IFRS 7 Offsetting Financial Assets and Financial Liabilities (amendments). The Group is in the process of assessing the impact of the amendment on its financial position.

IFRS 10 Consolidated Financial Statements
The new standard as issued by the IASB is effective for annual periods beginning on or after 1 January 2013. As per the EU endorsement, each company shall apply IFRS 10, IFRS 11, IFRS 12, the amended IAS 27, the amended IAS 28 and the consequential amendments, at the latest, as from the commencement of its first financial year beginning on or after 1 January 2014. IFRS 10 replaces the portion of IAS 27 Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation - Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The Group is in the process of assessing the impact of the new standard on its financial position but no material impact is expected.

2.3 Standards, interpretations and amendments to published standards that are not yet effective (continued)

Standards and interpretations issued by the IASB and adopted by the EU (continued)

IFRS 11 Joint Arrangements
The new standard as issued by the IASB is effective for annual periods beginning on or after 1 January 2013. As per the EU endorsement, each company shall apply IFRS 10, IFRS 11, IFRS 12, the amended IAS 27, the amended IAS 28 and the consequential amendments, at the latest, as from the commencement of its first financial year beginning on or after 1 January 2014. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities- Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities ('JCEs') using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The Group does not currently have any joint arrangements.

IFRS 12 Disclosures of Involvement with Other Entities
The new standard as issued by the IASB is effective for annual periods beginning on or after 1 January 2013. As per the EU endorsement, each company shall apply IFRS 10, IFRS 11, IFRS 12, the amended IAS 27, the amended IAS 28 and the consequential amendments, at the latest, as from the commencement of its first financial year beginning on or after 1 January 2014. IFRS 12 includes all of the disclosures that were previously in IAS 27 and related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The Group is in the process of assessing the impact of the new standard on the presentation of its financial statements.

Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)
The guidance as issued by the IASB is effective for annual periods beginning on or after 1 January 2013. As per the EU endorsement, each company shall apply IFRS 10, IFRS 11, IFRS 12, the amended IAS 27, the amended IAS 28 and the consequential amendments, at the latest, as from the commencement of its first financial year beginning on or after 1 January 2014. The IASB issued amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application in IFRS 10 is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. The Group will implement the interim guidance with the implementation of the affected standards.

2.3 Standards, interpretations and amendments to published standards that are not yet effective (continued)

Standards and interpretations issued by the IASB and adopted by the EU (continued)

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
The amendment is effective for annual periods beginning on or after 1 January 2014. The amendment applies to a particular class of businesses that qualify as investment entities. The IASB uses the term 'investment entity' to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds. Under IFRS 10 Consolidated Financial Statements, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). The Investment Entities amendment provides an exception to the consolidation requirements in IFRS 10 and requires investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendment also sets out disclosure requirements for investment entities. The Group is in the process of assessing the impact of the amendment on its financial position.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)
The amendment is effective for annual periods beginning on or after 1 January 2014. The IASB has amended IAS 36 to require the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The IASB has also amended IAS 36 to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. Moreover, the amendments issued in this document incorporate an amendment proposed by the Exposure Draft for Annual Improvements to IFRSs 2010–2012 Cycle, published in May 2012, to require an entity to disclose the discount rates that have been used in the current and previous measurements if the recoverable amount of impaired assets based on fair value less costs of disposal was measured using a present value technique. The intention behind that amendment is to harmonise the disclosure requirements for fair value less costs of disposal and value in use when present value techniques are used to measure the recoverable amount of impaired assets. The Group is in the process of assessing the impact of the amendment on the presentation of its financial statements.

Standards and interpretations issued by the IASB but not yet adopted by the EU

IFRS 9 Financial Instruments
The new standard is effective for annual periods beginning on or after 1 January 2018. The Group is currently assessing the impact of adopting IFRS 9, which is not expected to have a significant effect on the classification and measurement of the Group's financial assets, the recognition of impairment and hedge accounting. However, the impact of adoption depends on the assets and liabilities of the Group at the date of adoption, and it is therefore not practical to quantify the effect.

IFRIC Interpretation 21 Levies
The interpretation is effective for annual periods beginning on or after 1 January 2014. The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Early application is permitted. Retrospective application is required. The Group is in the process of assessing the impact of the interpretation on its results and financial position but no material impact is expected.

2.3 Standards, interpretations and amendments to published standards that are not yet effective (continued)

Standards and interpretations issued by the IASB but not yet adopted by the EU (continued)

IFRS 14 Regulatory Deferral Accounts
The new standard is effective for annual periods beginning on or after 1 January 2016. IFRS 14 allows rate-regulated entities to continue recognising regulatory deferral accounts in connection with their first-time adoption of IFRS. Existing IFRS preparers are prohibited from adopting this standard. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate regulation and the effects of that rate regulation on its financial statements. The Group is in the process of assessing the impact of the interpretation on its results and financial position but no material impact is expected.

IAS 19 Defined Benefit Plans: Employee Contributions (Amendments)
The amendment is effective for annual periods beginning on or after 1 July 2014. The pronouncement amends IAS 19 Employee Benefits (2011) to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contribution, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered. The Group is in the process of assessing the impact of the amendment on its results and financial position.

Annual Improvements to IFRSs 2010–2012 Cycle (effective for annual periods beginning on or after 1 July 2014)
The issues included in this cycle are:
- IFRS 2: Definition of 'vesting condition'
- IFRS 3: Accounting for contingent consideration in a business combination
- IFRS 8: Aggregation of operating segments
- IFRS 8: Reconciliation of the total of the reportable segments' assets to the entity's assets
- IFRS 13: Short-term receivables and payables
- IAS 7: Interest paid that is capitalised
- IAS 16/IAS 38: Revaluation method - proportionate restatement of accumulated depreciation
- IAS 24: Key management personnel

Annual Improvements to IFRSs 2011–2013 Cycle (effective for annual periods beginning on or after 1 July 2014)
The issues included in this cycle are:
- IFRS 1: Meaning of effective IFRSs
- IFRS 3: Scope exceptions for joint ventures
- IFRS 13: Scope of paragraph 52 (portfolio exception)
- IAS 40: Clarifying the interrelationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property

2.4 Critical accounting estimates and judgments

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date. Actual results may vary from the current estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Accrued commissions to distributors on unsold stock at franchisee outlets
The Group accrues commission on unsold stock at franchisee outlets in order to properly match its revenues with its costs. This requires an estimation of the commission payout percentage on the value to the Group of the stock sold by the Group to franchisees that is still unsold at the outlets. The Group uses historical data to estimate this payout percentage, adjusted to take account of various other known or estimable factors.

Net realisable value of inventories
Estimates of net realisable value of inventories are based on the most reliable evidence available.

Provisions for bad and doubtful debts
The Group reviews its debtors for evidence that it will not be able to collect all amounts due. Evidence includes the customer's payment record, its overall financial position and the realisable value of any collateral. If such evidence exists, the recoverable amount is estimated and a provision is made for bad and doubtful debts and is charged to the statement of comprehensive income. The review of credit risk is continuous. The methodology and assumptions used for estimating the provision are reviewed regularly to reduce any differences between estimated and actual losses.

Income taxes
The Group operates and is therefore subject to taxation in various countries. Estimates are required in determining the provision for income and non-income taxes at the reporting date, and therefore the tax determination is uncertain. Where the final tax is different from the amounts that were initially recorded, such differences will impact the income tax expense, the income and non-income tax liabilities and deferred tax liabilities of the period in which the final tax is agreed with the tax authorities.

Impairment of goodwill
The Group determines whether goodwill on acquisition of subsidiaries is impaired at least on an annual basis. This requires an estimation of the "value in use" of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets
Deferred tax assets are recognised for all deductible taxable differences to the extent that it is probable that taxable profit will be available against which the differences can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

2.4 Critical accounting estimates and judgments (continued)

Estimation uncertainty *(continued)*

Impairment of intangible assets
Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

Impairment of investments in associates
The Group periodically evaluates the recoverability of investments in associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in associates may be impaired, the estimated future undiscounted cash flows associated with these associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

2.5 Summary of significant accounting policies

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred to the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in the statement of comprehensive income as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

2.5 Summary of significant accounting policies (continued)

Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the statement of comprehensive income as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, Financial Instruments: Recognition and Measurement, or IAS 37, Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in the statement of comprehensive income.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in statement of comprehensive income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to the statement of comprehensive income where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

2.5 Summary of significant accounting policies (continued)

Investments in associates

The Group's investment in associate is accounted for under the equity method of accounting. The associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss of the associate after the date of acquisition. The Group's share of the profit or loss of the associate is recognised in the Group's statement of comprehensive income. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the associate arising from changes in the associate's equity that have not been recognised in its statement of comprehensive income. Such changes include those arising from foreign exchange translation differences. The Group's share of those changes is recognised directly in equity.

On acquisition of the investment, any resulting goodwill is included in the carrying amount of the investment in associate and is not amortised.

The reporting dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investments.

After initial recognition, investments which are classified as financial assets at fair value through profit or loss and available-for-sale are measured at fair value. Gains or losses on investments at fair value through profit or loss are recognised in the statement of comprehensive income. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the statement of comprehensive income. Unquoted investments whose fair value cannot be reliably measured are carried at cost less any impairment in value. On disposal of such investments, the realised gain or loss is taken to the statement of comprehensive income.

Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. For investments carried at amortised cost, gains and losses are recognised in the statement of comprehensive income when the investments are derecognised or impaired, as well as through the amortisation process.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the reporting date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

2.5 Summary of significant accounting policies (continued)

Investments (continued)

All regular way purchases of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. All regular way sales of financial assets are recognised on the settlement date i.e. the date the asset is delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Foreign currency translation

The functional and presentation currency of Vision International People Group Public Limited, its major subsidiaries Sambrook Holdings Limited and Nutri Export Limited Partnership and its subsidiaries Vision Holdings Limited, Todini Limited, Vision Management (Cyprus) Limited and Nutriprodex Limited is the United States Dollars (US$), as this is the currency that best reflects the economic substance of the underlying events and circumstances relevant to these entities.

Transactions in currencies other than US$ (“foreign currencies”) are initially recorded at the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

Assets and liabilities of subsidiaries, associates and branches (“foreign operations”), whose functional currency is not the US$, are translated into the presentation currency of the Group (US$) at the closing rate of exchange ruling at the reporting date. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of that foreign operation, are thus expressed in the functional currency of the foreign operation and are translated into US$ at the closing rate ruling at the reporting date. Income and expense items of these foreign operations are translated at the average exchange rate for the year. All exchange differences resulting from this re-translation are recognised directly in equity in the “foreign currency translation” reserve. On disposal of a foreign operation, accumulated exchange differences in equity are reclassified from equity to the statement of comprehensive income.

The expenses of the Company’s representative office in Moscow have been translated and incorporated within the financial statements of the Company using the average exchange rate of the month in which the transactions occurred.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired undertaking at the date of acquisition. Goodwill on acquisition of investments in subsidiaries is included in "intangible assets". Goodwill on acquisition of investments in associates is included in "investments in associates".

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an undertaking include the carrying amount of goodwill relating to the undertaking sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Any excess of the interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost is recognised immediately in the statement of comprehensive income.

2.5 Summary of significant accounting policies (continued)

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition.

After initial recognition, an intangible asset is carried at cost less accumulated amortisation and any impairment in value. All intangible assets of the Group have finite useful lives.

Amortisation is calculated on a straight-line basis over the estimated useful life of the asset at the following annual rates:

Computer software	20%	to	33%

Amortisation begins when the asset is available for use and ceases at the earlier of the date the asset is classified as held for sale and the date that the asset is derecognised. An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the asset) is included in the statement of comprehensive income in the year that the asset is derecognised. Amortisation is included within administrative expenses.

Property, plant and equipment

Property, plant and equipment is initially measured at cost.

After initial recognition, property, plant and equipment is carried at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any impairment in value. Such cost includes the cost of replacing part of such asset when that cost is incurred if the recognition criteria are met.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets at the following annual rates:

Freehold property	4%		
Furniture and equipment	10%	to	50%
Motor vehicles	15%	to	33%
Leasehold improvements	3%	to	20%

Land is not depreciated.

Depreciation begins when the asset is available for use and ceases at the earlier of the date the asset is classified as held for sale and the date that the asset is derecognised. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the asset) is included in the statement of comprehensive income in the year that the asset is derecognised.

The asset’s residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

2.5 Summary of significant accounting policies (continued)

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

In addition, the following apply to specific assets:

Goodwill
Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill as at 31 December.

Associates
After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss of the Group's investment in its associate. Because goodwill included in the carrying amount of the investment in associate is not separately recognised, it is not tested for impairment separately. Instead, the Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade and other receivables

Trade and other receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

Inventories

Inventories are valued at the lower of cost and net realisable value.

The cost of inventories comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition and is determined on a first-in, first-out basis, except for some minor subsidiaries where the cost of their inventories is determined on a weighted average basis.

2.5 Summary of significant accounting policies (continued)

Inventories (continued)

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Dividends payable

Dividends declared by the Company after the reporting date are not recognised as a liability at the reporting date.

Share capital

Share capital is recognised at the fair value of consideration received. Any excess over the nominal value of shares is taken to the share premium reserve.

Costs incurred for issuing new share capital when the issue results in a net increase or decrease to equity are charged directly to equity. Costs incurred for issuing new share capital when the issue does not result in a change to equity are taken to the statement of comprehensive income.

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass through” arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a “guarantee” over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.5 Summary of significant accounting policies (continued)

Derecognition of financial assets and liabilities (continued)

Where continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Trade and other payables

Liabilities for trade and other accounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Financial assets and financial liabilities-fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Leases and hire purchase contracts

Hire purchase contracts, which transfer to the Group substantially all the risks and benefits incidental to ownership of the asset, are capitalised at the inception of the contract at the fair value of the asset or, if lower, at the present value of the minimum hire purchase payments. Hire purchase payments are apportioned between the finance charges and the reduction of the hire purchase liability. Finance charges are allocated during the hire purchase term on a straight-line basis which approximates the constant rate of interest on the outstanding liability method due to the short term of the hire purchase contracts. Finance charges are charged directly against income.

2.5 Summary of significant accounting policies (continued)

Leases and hire purchase contracts (continued)

The depreciation policy for assets under hire purchase contracts is consistent with that for depreciable assets which are owned.

Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they are incurred.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any discounts and rebates. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably. Revenue from sale of goods is stated net of any Value Added Tax and other related sales taxes.

Interest income
Revenue is recognised as the interest accrues.

Royalties and license fees
Royalties and license fee income from franchisees is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Dividends
Dividends are recognised when the Group's right to receive payment is established.

Rental income
Rental income arising from operating leases on property is accounted for on a straight line basis over the lease term.

Commissions

Commissions to distributors are recognised in the financial statements on the basis of actual sales effected at franchisee outlets (depots). In addition, the Group accrues commission on unsold stock at the outlets in order to properly match its revenues with its costs.

2.5 Summary of significant accounting policies (continued)

Employee benefits

The Group contributes to governmental/state retirement benefit and other social and medical insurance plans in respect of its employees which are deemed to be of a defined contribution type. The Group also contributes to a “provident fund” for employees at its Head Office in Cyprus which is of a defined contribution type. Contributions are taken to the statement of comprehensive income as they fall due. No other post-employment or long-term employee benefit plans exist.

Income tax

Provision is made for income tax in accordance with the fiscal regulations and rates which apply in the countries concerned.

Deferred income tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the 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 income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting 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. Unrecognised deferred income tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

2.5 Summary of significant accounting policies (continued)

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3. Operating segment information

The principal activity of the Group is the sale to several countries of a wide range of health care products including biologically active food supplements and cosmetics based on natural components.

For management purposes, the Group is organised into business units based on the location of its external customers. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. Group financing (including finance costs and finance income), results from associate company and income taxes are managed on a group basis and are not allocated to the operating segments.

Costs directly attributable to each geographical segment are allocated directly to these segments. Costs not directly attributable to each geographical segment are generally allocated on the basis of the relative sales revenue of each segment. Similarly, assets and liabilities directly attributable to each geographical segment are allocated directly to these segments.

Assets and liabilities which cannot be allocated, including the investment in the associate, are identified and are not allocated to the operating segments. The remaining assets and liabilities which are not directly attributable to each geographical segment are generally allocated on the basis of the relative sales revenue of each segment.

The majority of the Group’s sales are from food supplements. There are no significant concentrations to major customers.

3. Operating segment information (continued)

Year ended 31 December 2013

	CIS & Baltics US$	*Europe US$*	*Rest of the world US$*	*2013 Total US$*
Revenue				
Sales to external customers	47.067.513	13.627.297	35.479.941	96.174.751
There is no inter-segment revenue				
Result				
Segment result	1.264.593	(749.101)	3.280.473	3.795.965
Profit from operating activities				3.795.965
Finance costs				(3.016.130)
Finance income				73.560
Profit before share of profit of associate				853.395
Share of profit of associate				286.889
Profit before income tax				1.140.284
Income tax expense				(2.831.164)
Loss for the year				(1.690.880)
Assets and liabilities				
Segment assets	16.659.634	5.173.969	12.178.746	34.012.349
Investment in associate				5.053.318
Unallocated assets				73.686
Total assets				39.139.353
Segment liabilities	10.199.782	2.823.789	8.411.588	21.435.159
Unallocated liabilities				60.745
Total liabilities				21.495.904
Other segment information				
Capital expenditures	139.341	43.208	251.840	434.389
Depreciation and amortisation	273.406	120.285	161.414	555.105

3. **Operating Segment information** (continued)

Year ended 31 December 2012

	CIS & Baltics US$	*Europe US$*	*Rest of the world US$*	*2012 Total US$*
Revenue				
Sales to external customers	54.793.116	13.090.000	27.316.418	95.199.534
There is no inter-segment revenue				
Result				
Segment result	4.726.506	(216.622)	2.337.311	6.847.195
Profit from operating activities				6.847.195
Finance costs				(3.120.920)
Finance income				73.413
Profit before share of profit of associate				3.799.688
Share of profit of associate				250.217
Profit before income tax				4.049.905
Income tax expense				(2.528.506)
Profit for the year				1.521.399
Assets and liabilities				
Segment assets	19.437.581	5.003.514	11.854.052	36.295.147
Investment in associate				4.797.751
Unallocated assets				314.215
Total assets				41.407.113
Segment liabilities	11.800.565	2.847.226	7.367.127	22.014.918
Unallocated liabilities				99.777
Total liabilities				22.114.695
Other segment information				
Capital expenditures	132.712	32.385	12.625	177.722
Depreciation and amortisation	419.822	121.181	116.015	657.018

4. Revenues and expenses

	2013 US$	2012 US$
Other operating income		
Royalties and license fees	20.670	-
Operating lease rentals	167.430	295.648
Other	193.046	163.773
	381.146	459.421

Selling, distribution and administrative expenses
These include the following:

	2013 US$	2012 US$
Depreciation and amortisation	555.105	657.018
Operating lease rentals	2.111.708	2.636.217
Auditors' remuneration	155.960	170.000
Tax services	-	8.000
Gain on disposal of property, plant and equipment and intangible assets	(27.061)	(1.492)

	2013 US$	2012 US$
Staff costs:		
Wages and salaries	8.871.425	9.300.781
State pension and other social and medical security costs	1.659.024	1.825.770
Cyprus employees provident fund contributions	12.595	45.279
Other employer contributions	19.529	18.374
Employees' bonus	-	3.576
	10.562.573	11.193.780

The remuneration of key management personnel (including Directors) is not included in the staff costs (disclosed above) and is disclosed in note 19.

The number of persons employed by the Group as at 31 December 2013 was 337 (2012: 345).

	2013 US$	2012 US$
Finance costs:		
Charges and interest expense on:		
Bank loans, overdrafts and other banking facilities	1.285.380	1.098.786
Building related bank loans	134.338	156.732
Trade and other payables	14.753	20.508
Foreign exchange differences	1.581.659	1.844.894
	3.016.130	3.120.920
Finance income:		
Interest income on:		
Bank accounts	73.560	73.413

5. Income tax

	2013 *US$*	*2012* *US$*
Consolidated statement of comprehensive income		
Current income tax		
Withholding tax on dividends received by the Company	-	114.377
Special defence tax	21.835	19.411
Current income tax charge – subsidiary companies	2.701.406	1.865.149
Deferred income tax		
Relating to origination and reversal of temporary differences	107.923	529.569
Income tax expense	2.831.164	2.528.506

The effective tax rates on the taxable profits of each of the Group companies are as follows:

	2013	*2012*
The Company	12,50%	10%
Sambrook Holdings Limited	0%	0%
Nutri Export Limited Partnership	0%	0%
Vision Holdings Limited	12,50%	10%
Nutriprodex Limited	23%	20%/24%
Todini Limited	12,50%	10%
Total Eclipse International Limited	23%	20%/24%
Vision Commerce S.A.	18,01%	13%/25%
Vision International People Group S.A.	18,01%	13%/25%
Vision Balkan Limited	10%	10%
Vision-Latomas Commercial Limited	19%	10%/19%
Vision Polska Sp. Zo.o.	19%	19%
Vision Euronord Private Limited Company	15%	15%
Vision Eurotrade Private Limited Company	15%	15%
Vision Serbo d.o.o.	15%	10%
Vision E-Shop G.m.b.H.	25%	25%
Vision Group Rus LLC, including branches	20%	20%
OPT-RTK LLC	20%	20%
Vision Kyiv LLC	19%	21%
Vision Ukraine LLC	19%	21%
VIP Asia LLP	20%	20%
Vision Asia LLP	20%	20%
ArmeniaVision LLC	20%	20%
Vision Azerbaijan LLC	20%	20%
Vision Istanbul Health and Products Trade and Industry Limited	20%	20%
Vision (India) People Group Private Limited	33,99%	32,50%
Vision Vietnam Co Limited, including branches	25%	25%
Vision Vietnam Trading Co Limited, including branches	25%	25%
Vision Management (Cyprus) Limited	12,50%	10%
Vision Egypt for Distribution LLC	25%	20%
Vision MISR for Trading LLC	25%	20%
Demareti Limited	23%	20%/24%
TK Baku LLC	20%	-
Vision (Thailand) Co. Ltd	20%	-

5. **Income tax** (continued)

		2013	2012
Liquidated / disposed during 2013			
Vision Odessa LLC		-	21%
Vision Societe S.A.		-	13%/25%
VIP Pavlodar LLP		-	20%
Vision Deutschland G.m.b.H.		-	29,5%
Vision Persia Joint Stock Company		-	25%
Vision Middle Asia LLC	- gross profit tax	-	9%
	- unified tax on revenue	-	4%

Sambrook Holdings Limited pays no income tax in the British Virgin Islands. It is considered resident in the Island of Guernsey and makes voluntary tax returns to the Guernsey Income Tax Office. The effective rate of tax in 2013 and 2012 was 0%.

The Company is resident in Cyprus for tax purposes and is taxed at the rate of 12,50% (2012: 10%). Under certain conditions interest income and deemed interest income may be subject to defence contribution at the rate of 30% (2012: 15%). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence tax contribution at the rate of 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter.

Deferred income tax asset

Deferred income tax asset as at 31 December related to the following:

	2013 *US$*	*2012* *US$*
Unrealised profits on intragroup stock eliminated on consolidation	2.027.767	1.896.059
Tax losses available for offseting	18.617	231.137
Other	-	27.111
	2.046.384	2.154.307

6. **Earnings per share**

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are not calculated as there are no dilutive potential ordinary shares.

The following reflects the income and share data used in the basic earnings per share computations:

	2013 *US$*	*2012* *US$*
Net (loss) / profit attributable to ordinary equity holders of the parent for basic earnings per share	(1.736.949)	1.441.585

	2013 *Number*	*2012* *Number*
Weighted average number of ordinary shares for basic earnings per share	75.000.000	75.000.000

6. **Earnings per share** (continued)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the consolidated financial statements.

7. Dividends paid and proposed

On 25 April 2014, the Directors resolved to recommend that no dividend is paid for the year 2013. No dividend was declared for the year 2012. The Company did not pay interim dividends for 2013 and 2012.

8. Property, plant and equipment

	Freehold property	*Furniture and equipment*	*Motor vehicles*	*Leasehold improvements*	*Total*
	US$	*US$*	*US$*	*US$*	*US$*
Cost					
As at 1 January 2012	7.730.014	2.767.249	657.884	159.554	11.314.701
Additions	-	72.021	-	16.183	88.204
Disposals	-	(78.244)	(40.363)	-	(118.607)
Exchange adjustments	(145)	12.369	19.924	8.149	40.297
As at 31 December 2012	7.729.869	2.773.395	637.445	183.886	11.324.595
Additions	-	125.018	54.034	222.053	401.105
Disposals	-	(29.879)	(86.099)	-	(115.978)
Exchange adjustments	(8.753)	(54.339)	110.936	(2.219)	45.625
As at 31 December 2013	7.721.116	2.814.195	716.316	403.720	11.655.347
Accumulated depreciation					
As at 1 January 2012	1.395.100	2.336.099	454.684	79.057	4.264.940
Charge for the year	244.553	178.190	71.762	11.922	506.427
Disposals	-	(56.676)	(40.363)	-	(97.039)
Exchange adjustments	(895)	(32.085)	8.923	5.753	(18.304)
As at 31 December 2012	1.638.758	2.425.528	495.006	96.732	4.656.024
Charge for the year	244.499	116.031	85.150	34.177	479.857
Disposals	-	(23.479)	(84.332)	-	(107.811)
Exchange adjustments	(2.172)	(19.072)	(5.777)	2.067	(24.954)
As at 31 December 2013	1.881.085	2.499.008	490.047	132.976	5.003.116
Net book value					
As at 31 December 2013	5.840.031	315.187	226.269	270.744	6.652.231
As at 31 December 2012	6.091.111	347.867	142.439	87.154	6.668.571

8. Property, plant and equipment (continued)

Furniture and equipment includes computer hardware and other equipment, furniture and fixtures and other office equipment.

Included in freehold property are buildings ('Vision Tower' in Nicosia, Cyprus) with a carrying amount as at 31 December 2013 of US$5.827.597 (2012: US$6.069.250). The property was financed by bank loans and has been pledged as security for these loans (note 16). Five of the six floors of this property are rented out under operating lease agreements varying from 2 to 5 years. Rental income during the year amounted to US$167.430 (2012: US$295.648) and is included in other income.

Included in freehold property as at 31 December 2013 and 31 December 2012 is land that is not depreciated amounting to US$1.652.744.

No other restrictions on title on property, plant and equipment exist and no other item of property, plant or equipment has been pledged as security for liabilities.

9. Intangible assets

Computer software

	2013	*2012*
	US$	*US$*
Cost		
As at 1 January	1.608.984	1.507.844
Additions	33.284	89.520
Disposals	(598)	(744)
Exchange adjustment	(28.229)	12.364
As at 31 December	1.613.441	1.608.984
Accumulated amortisation		
As at 1 January	1.481.868	1.326.149
Charge for the year	75.248	150.591
Disposals	(598)	(620)
Exchange adjustment	(19.838)	5.748
As at 31 December	1.536.680	1.481.868
Net book value		
As at 31 December	76.761	127.116

The Company owns the trademarks of the products sold by the Group and the formulations of the majority of the products sold by the Group. The Company also owns the software that is used for the calculation of the commissions payable to distributors. The Company has not recognised these intangible assets in its statement of financial position as the expenditure incurred on these assets is not deemed to be significant and could not be measured and attributed reliably.

10. Goodwill

	2013	*2012*
	US$	*US$*
On acquisition of:		
"Kazakhstan group"	18.258	18.258
	18.258	18.258

11. Subsidiaries

The consolidated financial statements include the financial statements of the Company and the subsidiaries listed in the following table:

Name	*Country of incorporation*	*% Group equity interest*	
		2013	*2012*
Sambrook Holdings Limited	British Virgin Islands	100%	100%
Nutri Export Limited Partnership	England and Wales	99%	99%
Vision Holdings Limited	Cyprus	100%	100%
Nutriprodex Limited	England and Wales	100%	100%
Todini Limited	Ireland	100%	100%
Total Eclipse International Limited	England and Wales	100%	100%
Vision Balkan Limited	Bulgaria	100%	100%
Vision-Latomas Commercial Limited	Hungary	100%	100%
Vision Polska Sp. zo.o.	Poland	100%	100%
Vision Euronord Private Limited Company	Lithuania	100%	100%
Vision Eurotrade Private Limited Company	Latvia	100%	100%
VisionSerbo d.o.o.	Serbia	100%	100%
Vision E-Shop G.m.b.H.	Austria	100%	100%
Vision Group Rus LLC	Russia	100%	100%
OPT RTK LLC	Russia	100%	100%
Vision Ukraine LLC	Ukraine	100%	100%
Vision Vietnam Trading Co Limited	Vietnam	100%	100%
VIP Asia LLP	Kazakhstan	100%	100%
Vision Asia LLP	Kazakhstan	100%	100%
ArmeniaVision LLC	Armenia	100%	100%
Vision Azerbaijan LLC	Azerbaijan	100%	100%
Vision Istanbul Health and Products Trade and Industry Limited	Turkey	100%	100%
Vision Vietnam Co Limited	Vietnam	100%	100%
Vision Management (Cyprus) Limited	Cyprus	100%	100%
Demareti Limited	England and Wales	100%	100%
Vision (India) People Group Private Limited	India	100%	100%
TK Baku LLC	Azerbaijan	100%	-
Vision (Thailand) Co. Ltd	Thailand	90,57%	-

11. Subsidiaries (continued)

Name	*Country of incorporation*	*% Group equity interest 2013*	*2012*
Under liquidation during 2013:			
Vision Kyiv LLC	Ukraine	100%	100%
Vision Commerce S.A.	Switzerland	100%	100%
Vision International People Group S.A.	Switzerland	100%	100%
Vision Egypt for Distribution LLC	Egypt	99%	99%
Vision MISR for Trading LLC	Egypt	99%	99%
Liquidated during 2013:			
Vision Persia Joint Stock Company	Iran	-	100%
Vision Pavlodar LLP	Kazakhstan	-	100%
Vision Odessa LLC	Ukraine	-	100%
Vision Deutschland G.m.b.H.	Ukraine	-	100%
Vision Middle Asia LLC	Uzbekistan	-	100%
Disposed during 2013:			
Vision Societe S.A.	Switzerland	-	100%

Sambrook Holdings Limited is the General Partner with unlimited liability and 99% share in the profits of Nutri Export Limited Partnership.

Todini Limited is the owner of 35% of the share capital of Nutripharma Limited. Nutripharma Limited has been accounted for using the equity method as an investment in associate (note 12). The major item in the statement of financial position of Todini Limited since its acquisition by the Group in 2004 is the investment in the 35% share capital of Nutripharma Limited. Other than the holding of the investment in Nutripharma Limited, Todini Limited is not engaged in any other activity.

Group restructuring during the year ended 31 December 2013

The Group’s subsidiaries in Switzerland, namely Vision International People Group S.A. and Vision Commerce S.A., for which the liquidation process started in 2012, are still undergoing liquidation. Following the decision for the liquidation of the Swiss subsidiaries, the ownership of Vision E-Shop G.m.b.H. (Austria) and Vision Egypt for Distribution LLC (Egypt) was transferred directly to the Parent Company during the year. The subsidiary companies in Egypt, namely Vision Egypt for Distribution LLC and Vision MISR for Trading LLC were put under liquidation during the year.

The subsidiary company Vision Kyiv LLC (Ukraine), for which the liquidation process started in previous years, is still undergoing liquidation.

The subsidiary companies Vision Pavlodar LLP (Kazakhstan), Vision Odessa LLC (Ukraine), Vision Middle Asia LLC (Uzbekistan), Vision Deutschland G.m.b.H. (Germany) and Vision Persia Joint Stock Company (Iran), for which the liquidation process started in previous years, was completed in 2013.

The restructuring of operations in Russia continued during the year with the aim of increasing the geographical coverage of distributors’ network within the country, to reduce fixed costs and to improve the service and efficiency of the Group’s activities. As part of the restructuring, the Group has granted to third party franchisee companies the rights to sell its products and use its trademarks.

11. Subsidiaries (continued)

Establishment of new subsidiaries during the year ended 31 December 2013

In August 2013, the Group established a subsidiary in Thailand, namely Vision (Thailand) Co. Ltd. Vision (Thailand) Co. Ltd has a share capital in the amount of Thai Baht 875.000 (US$27.479). Vision International People Group Public Limited is the owner of 49% of the share capital through which has 90,57% of the voting power and therefore control over the subsidiary. The subsidiary remained dormant with no operations during 2013.

Establishment of new subsidiaries during the year ended 31 December 2012

In January 2012, the Group established a subsidiary in India, namely Vision (India) People Group Private Limited. Vision (India) People Group Private Limited has a share capital in the amount of Indian Rupees 100.000 (US$2.067) and is owned 95,68% by Vision International People Group Public Limited and 4,32% by Vision Holdings Limited. The subsidiary remained dormant with no operations.

Acquisition of subsidiaries during the year ended 31 December 2013

In February 2013, the Group obtained control of a subsidiary in Azerbaijan, namely TK-Baku LLC. TK-Baku LLC has a share capital in the amount of Azerbaijani New Manat 20 (US$25) and is owned 100% by Vision International People Group Public Limited.

Acquisition of subsidiaries during the year ended 31 December 2012

There were no acquisitions of subsidiaries during the year ended 31 December 2012.

Disposal of subsidiaries during the year ended 31 December 2013

The subsidiary Vision Societe S.A. (Switzerland) was disposed to the related party company Reglan Commerce Corp., for CHF 1 (note 19). The loss arising on disposal of US$111.272 has been recorded within other operating expenses.

Disposal of subsidiaries during the year ended 31 December 2012

There were no disposals of subsidiaries during the year ended 31 December 2012.

12. Investment in associate

The Group owns 35% of the share capital of Nutripharma Limited through its 100% shareholding in Todini Limited (note 11). Nutripharma Limited is an unlisted company incorporated in Ireland and is engaged in the manufacture of food supplements, all of which are sold to the Group.

The following table provides summarised financial information of the investment in Nutripharma Limited as at 31 December:

	2013	*2012*
	US$	*US$*
Share of the associate's statement of financial position:		
Non-current assets	508.680	537.608
Current assets	2.432.112	2.196.666
Current liabilities	(820.980)	(752.888)
Net Assets	2.119.812	1.981.386
Goodwill arising on acquisition	2.933.506	2.816.365
Carrying amount of the investment	5.053.318	4.797.751
Share of the associate's revenue and profit:		
Revenue	3.951.473	3.691.270
Profit	286.889	250.217

During the year 2013, the Group received from its investment in associate, dividends of €175.000 (US$227.293) and €385.000 (US$484.258) during the year 2012.

The functional currency of Nutripharma Limited is the Euro. The net exchange differences from the retranslation of the investment in the associate for the year amounted to US$195.975-profit (2012: US$463.271-loss) of which US$117.140-profit (2012: US$249.909-loss) relates to the retranslation of goodwill and are included in the relevant reserve in equity.

13. Trade and other receivables

	2013	*2012*
	US$	*US$*
Trade receivables	5.248.242	6.781.743
Advance payments to suppliers	1.597.216	3.058.736
Prepayments and other receivables	3.445.303	3.387.926
	10.290.761	13.228.405

All the above amounts are expected to be recovered / utilised within one year.

Included in other receivables there is an amount of US$2.306.138 (2012: US$2.349.679) representing current accounts of the Company and other subsidiaries of the Group with the related party VIP Communication Limited, which carry no interest and are repayable on demand (note 19).

13. Trade and other receivables (continued)

Within other receivables, there is an amount of US$1.112.186, representing current accounts of the Company and other subsidiaries of the Group with the related party Vision Societe S.A., which carry no interest and are repayable on demand (note 19).

14. Cash and cash equivalents

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the amounts shown below:

	2013	*2012*
	US$	*US$*
Cash at bank	4.949.929	3.647.306
Cash in hand	958.250	1.185.333
Cash at bank and in hand	5.908.179	4.832.639
Less bank overdrafts (note 16)	(2.534.831)	(2.296.937)
Cash and cash equivalents	3.373.348	2.535.702

Cash at bank
Bank balances mainly represent current accounts bearing interest at nil or nominal rates. Total interest earned for the year ended 31 December 2013 amounted to US$73.560 (2012: US$73.413) (note 4).

15. Issued capital - ordinary shares

	2013		*2012*	
	Shares	*US$*	*Shares*	*US$*
Authorised				
Shares of US$0,10 each	300.000.000	30.000.000	300.000.000	30.000.000
Issued and fully paid	75.000.000	7.500.000	75.000.000	7.500.000

There was no change in the capital of the Company during the years ended 31 December 2013 and 31 December 2012.

16. Interest-bearing loans and borrowings

	Interest rate (p.a.)	*Maturity*	*2013 US$*	*2012 US$*
Non-current				
Head Office building secured bank loan	US$ LIBOR + 5,60%, Euribor + 5,50%	2015-2021	1.799.454	2.122.146
Other banking facilities	4,70%-5,89%	2015	42.593	41.262
			1.842.047	2.163.408

	Interest rate (p.a.)	*Maturity*	*2013 US$*	*2012 US$*
Current				
Head Office building secured bank loan	US$ LIBOR + 5,60%, Euribor + 5,50%	2014	332.369	330.136
Bank overdrafts (note 14)	US$ LIBOR + 5,50%, 13,50%	2014	2.534.831	2.296.937
Other banking facilities	4,70%-5,89%	2014	38.133	-
			2.905.333	2.627.073

Head Office building secured bank loan

In June 2005, the Company entered into an agreement for the purchase of new office building which houses the new Headquarters of the Group in Cyprus (carrying amount of property: US$5.827.597 as at 31 December 2013 and US$6.069.250 as at 31 December 2012).

Between July 2005 and July 2007, the Company entered into facility agreements with Bank of Cyprus Public Company Ltd (ex. Laiki Bank) for the financing of the purchase of the property and the payment of the transfer fees. This financing entails four fixed term bank loans in US$. All amounts were drawn up to 31 December 2007 and one of the loans was fully repaid in 2008.

The remaining three loans (which are mentioned above) are repayable in monthly instalments over a period of 15 years and during the year carried interest at a rate of 1 month US$ LIBOR plus 5,60% per annum (2012: 1 month US$ LIBOR plus 5,60% per annum).

In April 2008 the Company entered into a fixed term loan with Bank of Cyprus Public Company Ltd (ex. Laiki Bank) for the amount of €380.000 (US$523.178) for the purpose of financing additional works to the Head Office building. Up to 31 December 2013, an amount of €375.055 (US$516.370) was drawn. The loan carried interest at 1 month Euribor plus 5,50% per annum (2012: 1 month Euribor plus 5,50% per annum) and is repayable in 120 monthly instalments.

During the year, the total interest charged for all building related bank loans amounted to US$134.338 (2012: US$156.732).

16. Interest-bearing loans and borrowings (continued)

Head Office building secured bank loan (continued)

All loans are secured by first legal mortgage over the property for US$5.574.649, the assignment of fire and earthquake insurance policy over the property for the amount of €5.142.890 and a floating charge for €341.721 over the assets of the Company.

Bank overdrafts and other banking facilities

In March 2007, the Company entered into secured facility agreements with Bank of Cyprus Public Company Ltd (ex. Laiki Bank). This financing entails an overdraft facility for an amount up to US$2.300.000 and a fixed term loan of US$500.000. Both facilities carry interest at a rate of US$ LIBOR plus 5,50% per annum (2012: US$ LIBOR plus 5,50%). The fixed term loan was repayable by monthly installments over a period of five years and was fully repaid in April 2012. The overdraft facility is payable on demand and is renewable on an annual basis. During the year, the total interest charged on the overdraft facility was US$131.409 (2012: US$133.101).

During 2013, OPT-RTK LLC entered into 3 secured facility agreements with SDM-Bank. As at 31 December 2013, the whole financing entails an overdraft facility for an amount up to RUB52.200.000 (US$1.383.545). The facilities carry interest at a rate of 13,50% per annum. All the facility agreements are secured by a pledge on inventories held by OPT-RTK LLC and Vision Group Rus LLC, with a cost as at 31 December 2013 of RUB80.000.036 (US$2.444.302) and RUB10.000.054 (US$305.540), respectively. Vision Group Rus LLC has also provided guarantees for the amount of RUB67.532.877 (US$2.063.383) as at 31 December 2013.

Other banking facilities consist of a bank loan and a hire purchase facility obtained by Vision E-Shop G.m.b.H. with Welcome Bank G.m.b.H. for the purchase of two motor vehicles. As at 31 December 2013, the outstanding amount for both facilities is €58.635 (US$80.726). The bank loan and hire purchase facility are repayable by monthly instalments of €2.308 until November 2015 and carry an annual interest rate of 4,70% and 5,89% respectively.

17. Trade and other payables

	2013	*2012*
	US$	*US$*
Current		
Trade payables	3.781.609	3.789.332
Unpaid commissions payable to distributors	4.841.491	5.233.952
Accrued commissions to distributors on unsold stock at franchisee outlets	2.851.549	1.938.115
Amount payable for the acquisition of “Ukraine Group”	7.000	7.000
Other accruals and payables	2.347.007	3.617.486
	13.828.656	14.585.885

17. Trade and other payables (continued)

The purchase consideration for the acquisition of 100% of the issued share capital of Vision "Ukraine group" in 2005 was US$2.000.000. As at 31 December 2013 the outstanding amount is US$7.000 (2012: US$7.000).

All the above amounts are expected to be settled within one year.

	2013	*2012*
	US$	*US$*
Non-current		
Unpaid dividends for 2006	1.397.781	1.398.629
Unpaid dividends for 2005	570.067	570.656
Unpaid dividends for 2004	214.790	215.089
Unpaid dividends for 2003	16.885	16.930
	2.199.523	2.201.304

18. Commitments and contingencies

Operating lease commitments – Group as lessee

As at 31 December, the future minimum rentals payable under non-cancellable operating leases (mainly for premises) were as follows:

	2013	*2012*
	US$	*US$*
Within one year	559.621	519.410
After one year but not more than five years	467.976	459.667
More than five years	-	-
	1.027.597	979.077

Capital commitments

As at 31 December 2013 and 31 December 2012 the Group had no capital commitments.

Russian operating environment

The Group's business is conducted mainly in the CIS and Baltics, of which a significant part is in Russia.

Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. Tax, currency and customs legislation is subject to varying interpretations and contributes to the challenges faced by companies operating within the country. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

18. Commitments and contingencies (continued)

Russian operating environment (continued)

The Russian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. In 2013, the Russian Government continued to take measures to support the economy in order to overcome the consequences of the global financial crisis. Despite some indications of recovery there is still uncertainty regarding further economic growth, access to capital and cost of capital, which could negatively affect the Group's future financial position, results of operations and business prospects.

While management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances, unexpected further deterioration in the areas described above could negatively affect the Group's results and financial position in a manner not currently determinable.

Cyprus operating environment

The Group's business in Cyprus is conducted mainly by its Parent Company. The Cyprus economy has been adversely affected from the crisis in the Cyprus banking system in conjunction with the inability of the Republic of Cyprus to borrow from international markets. As a result, the Republic of Cyprus entered into negotiations with the European Commission, the European Central Bank and the International Monetary Fund (the "Troika"), for financial support, which resulted into an agreement and the Eurogroup decision of 25 March 2013. The decision included the restructuring of the two largest banks in Cyprus through "bail in". During 2013 the Cyprus economy contracted further with a decrease in the Gross Domestic Product.

Following the positive outcome of the first and second quarterly reviews of Cyprus's economic programme by the European Commission, the European Central Bank and the International Monetary Fund during 2013, the Eurogroup endorsed the disbursement of the scheduled tranches of financial assistance to Cyprus.

The deterioration of operating conditions could have an impact on the cash flow forecasts of the Group's management and their assessment of impairment of financial and non- financial assets.

The Group's management has assessed the situation and has concluded that no provisions or impairment charges are necessary to be made on its financial and non- financial assets.

Legal and other claims

Business and regulatory environment

The Group operates and is expanding in several countries. In the ordinary course of business, the Group may be exposed to various legal, tax and other regulatory proceedings, and subject to claims, including governmental claims and demands, certain of which relate to developing markets and evolving fiscal and regulatory environments in which the Group has operations.

In addition to the regulation of its direct selling activities, the Group, in all markets where it operates, is or will be subject to and affected by various laws, governmental regulations, administrative determinations, court decisions and similar constraints (as applicable, at the international and local level) including, among other things, regulations pertaining to:

(i) the formulation and registration of formulation, manufacturing, packaging, labeling, distribution, importation, sale and storage of the Group's products;

18. Commitments and contingencies (continued)

Legal and other claims (continued)

Business and regulatory environment (continued)

(ii) product claims and advertising (including direct claims and advertising by the Group as well as claims and advertising by Distributors, for which the Group may be held responsible);

(iii) the Company's network marketing system;

(iv) transfer pricing, product distribution and similar regulations that affect the level of foreign taxable income, VAT and import/customs duties; and

(v) taxation of Distributors, which in some instances may impose an obligation on the Group to collect the taxes and maintain appropriate records.

The Group does not maintain product liability/consumer protection insurance; a claim or adverse publicity associated with any product liability allegation could potentially have a negative effect on the Group’s business, financial position and performance.

In accordance with the lawyers representing Group Companies, as at the date of approval of the consolidated financial statements, the Parent Company and its subsidiary Total Eclipse International Limited were defendants in two consolidated lawsuits pending in the United States District Court for the District of South Carolina. The lawyers have confirmed that both legal cases have been successfully defended and the legal case against the subsidiary Total Eclipse International Limited has been won, while the court dismissed the legal case against Vision International People Group Public Limited. The lawyers have also confirmed that even if Vision International People Group Public Limited legal case is appealed there is a solid basis for upholding the judgment and incurring no material responsibility. Apart from the above case there is no other pending litigation, claim, demand or assessment against the Group companies, the outcome of which would have a material effect on the Group’s financial position, financial performance and cash flows.

Other commitments

The Group’s Parent company has provided guarantees in relation to a logistics contract that has been signed between Nutri Export Limited Partnership and a third party company. Under this contract, the Group’s Parent company is committed to repay all obligations of Nutri Export Limited Partnership towards the third party in case of default.

As at 31 December 2013 and 31 December 2012 the Group had no other commitments.

19. Related party disclosures

The consolidated financial statements include the financial statements of the Company and its subsidiaries listed in note 11.

The Company’s ultimate parent is Health Tech Corporation Limited, a company incorporated in the Island of Guernsey. Health Tech Corporation Limited is beneficially owned by the Chief Executive Officer, Mr. Dmitry Buriak, who is considered as the ultimate controlling party of the Group.

For 2013 and 2012 the Directors of the Company were considered as being the key management personnel of the Group.

The following tables provide the total amount of transactions, which have been entered into with related parties for the relevant financial year and the outstanding balances at the year end:

19. Related party disclosures (continued)

Related party		*Purchases from related parties US$*	*Net interest expense / (income) US$*	*Income from related parties US$*	*Expenses charged by related parties US$*
Reglan Commerce Corp	2013	-	-	1	-
	2012	-	-	-	-
Corpofin S.A.	2013	-	-	-	-
	2012	-	-	2.706	-
VIP Communication Limited	2013	-	-	-	124.399
	2012	-	-	1.346	97.591
Nutripharma Limited	2013	11.335.271	14.536	-	-
	2012	10.406.402	20.508	-	-
Vision Neva LLC	2013	-	-	1.540.608	-
	2012	-	-	1.478.885	-
TCV Khabarovsk LLC	2013	49.429	-	855.112	-
	2012	311.982	-	1.271.141	-
UAB Forumo Rumai	2013	-	-	-	92.316
	2012	-	-	-	105.760
Real Pro LLC	2013	-	-	-	70.666
	2012	-	-	-	14.327
JSC “Svencioniu Vaistazoles”	2013	2.649.430	-	-	14.627
	2012	1.678.130	-	-	21.869
TCV Centr LLC	2013	2.410.178	-	5.540.397	-
	2012	2.928.210	-	9.780.847	-
DV Vladivostok LLC	2013	-	-	971.686	-
	2012	-	-	847.035	-
CV Volgograd LLC	2013	-	-	638.315	-
	2012	-	-	671.558	-
Alliance Express LLC	2013	-	-	-	-
	2012	364.841	-	723.406	-
TCV Balashiha LLC	2013	-	-	-	-
	2012	126.521	-	93.784	-
TDV Nizhnij Novgorod LLC	2013	-	-	588.203	-
	2012	813	-	555.831	-
TC Kazan LLC	2013	-	-	26.036	-
	2012	-	-	57.123	-
TD Ekaterinbourg LLC	2013	-	-	576.614	-
	2012	279	-	617.061	-
TCV Irkoutsk LLC	2013	-	-	833.023	-
	2012	-	-	819.808	-
TD Sibir LLC	2013	-	-	903.786	-
	2012	-	-	531.663	-
UAB “Vision DEM4 Laboratory”	2013	-	-	-	1.017.734
	2012	-	-	-	842.545

19. Related party disclosures (continued)

Related party		*Purchases from related parties US$*	*Net interest expense / (income) US$*	*Income from related parties US$*	*Expenses charged by related parties US$*
TCV Krasnodar LLC	2013	-	-	1.085.083	-
	2012	-	-	879.504	-

Related party		*Trade and other receivables US$*	*Trade and other payables US$*	*Loans due (to)/from US$*
Health Tech Corporation AG	2013	-	157	-
	2012	-	1.086	-
Vision Neva LLC	2013	440.725	-	-
	2012	419.090	-	-
Vision Societe S.A.	2013	1.112.186	40.790	-
	2012	-	-	-
TCV Khabarovsk LLC	2013	166.860	-	-
	2012	233.319	108.965	-
JSC “Svencioniu Vaistazoles”	2013	206.014	653.227	-
	2012	375.323	300.004	-
UAB Forumo Rumai	2013	-	4.256	-
	2012	-	385	-
VIP Communication Limited (note 13)	2013	2.306.138	15.939	-
	2012	2.349.679	-	-
Nutripharma Limited	2013	1.358.753	2.213.740	-
	2012	1.304.495	1.930.661	-
TCV Centr LLC	2013	495.475	5.289	-
	2012	846.577	97.380	-
DV Vladivostok LLC	2013	10.296	-	-
	2012	100.506	-	-
CV Volgograd LLC	2013	44.239	-	-
	2012	105.373	-	-
Reglan Commerce Corp	2013	1	-	-
	2012	-	-	-
Vision Egypt for Services LLC	2013	-	5.829	-
	2012	7.773	6.741	-

19. Related party disclosures (continued)

Related party		*Trade and other receivables US$*	*Trade and other payables US$*	*Loans due (to)/from US$*
TDV Nizhnij Novgorod LLC	2013	30.846	-	-
	2012	116.745	-	-
TC Kazan LLC	2013	606.373	-	-
	2012	671.431	-	-
TD Ekaterinbourg LLC	2013	98.483	-	-
	2012	99.389	-	-
TD Sibir LLC	2013	-	11.968	-
	2012	172.660	-	-
TCV Irkoutsk LLC	2013	47.018	-	-
	2012	-	16.714	-
TCV Krasnodar LLC	2013	-	22.163	-
	2012	244.153	-	-
UAB “Vision DEM4 Laboratory”	2013	-	68.839	(73.174)
	2012	-	66.090	(66.286)

The relationship of the above related parties with the Group is described below:

Party	*Relationship*
Health Tech Corporation Limited	Ultimate parent company
Health Tech Corporation AG	Entity under common control
Reglan Commerce Corp	Entity under common control
VIP Communication Limited	Entity under common control
Corpofin S.A.	Entity under common control
Real Pro LLC	Entity under common control
UAB Forumo Rumai	Entity under common control
Vision Societe S.A.	Entity under common control
JSC “Svencioniou Vaistazoles”	Entity under common control
Vision Egypt for Services LLC	Entity under common control
UAB “Vision DEM4 Laboratory”	Entity under common control
Vision Neva LLC	Franchisee
TCV Khabarovsk LLC	Franchisee
TCV Centr LLC	Franchisee
DV Vladivostok LLC	Franchisee
CV Volgograd LLC	Franchisee
Alliance Express LLC	Franchisee
TCV Balashiha LLC	Franchisee
TDV Nizhnij Novgorod LLC	Franchisee
TC Kazan LLC	Franchisee
TD Ekaterinbourg LLC	Franchisee
TD Sibir LLC	Franchisee
TCV Irkoutsk LLC	Franchisee
TCV Krasnodar LLC	Franchisee
Nutripharma Limited	Associate

19. Related party disclosures (continued)

Transactions with related parties are made on terms agreed between the parties, which in most cases are stipulated in contractual agreements between the parties. Outstanding balances with Nutripharma Limited over 120 days bear interest at LIBOR plus 2%.

The expenses charged by related parties relate to various services that these parties provided to the Group, including management, administration, logistic, leasing of premises, consultancy, marketing and communication and service support.

Compensation of Key Management Personnel

	2013	*2012*
	US$	*US$*
Directors' remuneration:		
Fees in directors' capacity:		
Dmitry Buriak	319.229	309.769
Roberto Piona	113.327	109.968
John Hadjihannas	31.923	30.977
Peter Fehrn-Christensen	11.084	10.756
	475.563	461.470

During the year ended 31 December 2012, a special gift was purchased for the executive Director and CEO, Mr. Dmitry Buriak, towards his contribution for the continuous development of distributors' network. This special gift with a value of US$168.793 is not included in the remuneration above and has been awarded to Mr. Dmitry Buriak in 2013.

20. Financial risk management and capital management

The Group's principal financial instruments comprise of loans payable and other payables and cash and cash equivalents. The Group has other financial instruments such as trade receivables and trade payables, which arise directly from its operations.

Significant terms and conditions of financial instruments are set out in the respective notes to the financial information.

The Group considers the fair value of financial assets and liabilities to approximate their carrying amounts in the statement of financial position.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below:

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the Group's loans and borrowings. The related interest rates on these financial instruments are stated in the relevant notes to the financial statements. The Group monitors the exposure to interest rate risk on a continuous basis.

20. Financial risk management and capital management (continued)

Interest rate risk (continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings):

	Increase/ decrease in basic points	*Effect on profit before tax US$*
2013		
Euro	+1,0	(2.423)
US$	+1,0	(41.860)
Euro	-1,0	2.423
US$	-1,0	41.860
2012		
Euro	+1,0	(2.863)
US$	+1,0	(44.629)
Euro	-1,0	2.863
US$	-1,0	44.629

Liquidity risk

Group companies need to have sufficient availability of cash to meet their operational obligations. Individual companies monitor their own cash management, albeit strong control is exerted by the Group's treasury function. The Group maintains sufficient reserves of cash to meet its working capital and liquidity requirements at all times.

The tables below summarise the maturity profiles of the Group's financial liabilities as at 31 December, based on contractual undiscounted payments:

Year ended 31 December 2013	*On demand US$*	*< 1 year US$*	*1 to 5 Years US$*	*> 5 years US$*	*Total US$*
Interest bearing loans and borrowings	2.296.679	735.774	1.827.172	714.879	5.574.504
Trade and other payables	-	13.828.656	2.199.523	-	16.028.179
Total	2.296.679	14.564.430	4.026.695	714.879	21.602.683

Year ended 31 December 2012	*On demand US$*	*< 1 year US$*	*1 to 5 Years US$*	*> 5 years US$*	*Total US$*
Interest bearing loans and borrowings	2.296.937	502.077	2.049.571	1.225.808	6.074.393
Trade and other payables	-	14.585.885	2.201.304	-	16.787.189
Total	2.296.937	15.087.962	4.250.875	1.225.808	22.861.582

20. Financial risk management and capital management (continued)

Foreign currency risk

The Group operates in a number of different jurisdictions and is exposed to movements in foreign currencies affecting its net income and financial position, as expressed in US$.

Transactional exposure arises because the amount of local currency paid or received for transactions denominated in foreign currencies may vary due to changes in exchange rates. A significant amount of expenditure, especially for the purchase of goods for resale is done in Euros. As a result, an increase in the value of the Euro relative to other currencies has an adverse impact on consolidated net income. Similarly, a relative fall in the value of the Euro has a favourable effect on consolidated net income.

Also, transactional exposure arises on net balances of monetary assets/liabilities held in foreign currencies, mainly the amounts payable in Euro to Nutripharma Limited. In this context, the Group monitors the total exposure through the internal management information system in an attempt to maintain such assets/liabilities at the lowest possible level.

Translation exposure arises from the consideration of the foreign currency denominated financial statements of the Group's foreign subsidiaries and associate. The effect on the consolidated equity is shown as a foreign currency translation movement. Major exposures are monitored on a regular basis.

Credit risk

Credit risk arises from the possibility that the counter-party to a transaction may be unable or unwilling to meet their obligations causing a financial loss to the Group.

Trade receivables are subject to an effective policy of active risk management focussing on the assessment of country risk, credit availability, ongoing credit evaluation of the parties involved and account monitoring procedures. There are no significant concentrations to major customers and no trade receivable balances are past due at year end.

Maximum credit risk exposure

The amount that best represents the Group's maximum credit risk exposure at the statement of financial position date is equal to the carrying amount of trade and other receivables.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains adequate capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Group may adjust the dividend payments to the shareholders, obtain new debt or repay existing debt and/or issue new share capital.

The Group monitors capital using a gearing ratio, which is net interest-bearing debt divided by total book equity plus interest-bearing debt.

20. Financial risk management and capital management (continued)

Capital Management (continued)

	2013 *US$*	*2012* *US$*
Interest-bearing loans and borrowings (non-current)	1.842.047	2.163.408
Interest-bearing loans and borrowings (current)	2.905.333	2.627.073
	4.747.380	4.790.481
Equity attributable to equity holders of the parent company	16.712.960	18.390.706
Equity and interest-bearing debt	21.460.340	23.181.187
Gearing ratio	22%	21%

The Group believes that in current business conditions the above gearing ratio constitutes an acceptable state of capital management.

21. Events after the reporting date

In April 2014, the Group has assigned the receivable balance from the related party namely VIP Communication Limited to a third party at cost.

There are no other material events after the reporting date, which affect the consolidated financial statements as at 31 December 2013.

22. Supplementary information

The Group displays its US Dollars (US$) consolidated statement of financial position, consolidated statement of comprehensive income and consolidated statement of cash flows in Euro (€) as supplementary information.

The US$ amounts for both 2013 and 2012 have been translated to € using the exchange rate issued by the European Central Bank as at 31 December 2013, i.e. €1 = US$1,3791.

Contents of Parent Company Financial Statements	**Page**

STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND OTHER RESPONSIBLE PERSONS OF THE COMPANY FOR THE FINANCIAL STATEMENTS

In accordance with Article 9, sections (3)(c) and (7) of the Transparency Requirements (Securities for Trading on Regulated Market) Law of 2007 (“Law”), we the members of the Board of Directors and the other responsible persons for the financial statements of Vision International People Group Public Limited for the year ended 31 December 2013 confirm that, to the best of our knowledge:

(a) the accompanying annual parent company financial statements:

- (i) were prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and in accordance with the provisions of Article 9, section (4) of the Law, and
- (ii) give a true and fair view of the assets and liabilities, the financial position and the profit and losses of Vision International People Group Public Limited

(b) the Directors’ report gives a fair review of the developments and the performance of the business as well as the financial position of Vision International People Group Public Limited, together with a description of the principal risks and uncertainties that it is facing.

Executive Directors

Roberto Piona – Chairman

Dmitry Buriak – Chief Executive Officer

Independent Non-Executive Directors

John Hadjihannas

Peter Fehrn-Christensen

Chief Financial Officer

Nina Melnikova

25 April 2014

COMPANY STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2013

	Notes	*2013 US$*	*2012 US$*
Dividends received from subsidiaries		10.730.944	7.941.117
Other operating income	3	260.250	361.716
Administrative expenses	3	(10.099.833)	(5.792.630)
Profit from operating activities		891.361	2.510.203
Provision for impairment on investments in subsidiaries	8	(297.187)	(489.210)
Finance costs	3	(360.521)	(1.426.817)
Finance income	3	84.255	1.000
Profit before income tax		317.908	595.176
Income tax expense	4	(20.819)	(131.701)
PROFIT FOR THE YEAR		297.089	463.475
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		297.089	463.475

All the amounts shown above are from continuing activities.

COMPANY STATEMENT OF FINANCIAL POSITION
at 31 December 2013

	Notes	*2013 US$*	*2012 US$*
ASSETS			
Non-current assets			
Property, plant and equipment	6	5.905.666	6.177.930
Intangible assets	7	-	-
Investments in subsidiaries	8	6.126.956	6.061.601
		12.032.622	12.239.531
Current assets			
Trade and other receivables	9	391.196	409.731
Amounts due from subsidiaries and related parties	15	2.590.140	8.098.194
Loans receivable from subsidiaries	15	-	1.026.468
Cash in hand and at bank	10	33.916	34.738
		3.015.252	9.569.131
TOTAL ASSETS		15.047.874	21.808.662
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	11	7.500.000	7.500.000
Non-reciprocal capital contributions		1.257.317	1.257.317
Accumulated losses		(5.520.652)	(5.817.741)
TOTAL EQUITY		3.236.665	2.939.576
Non-current liabilities			
Interest-bearing loans and borrowings	12	1.799.454	2.122.146
Accruals and other payables	13	2.199.523	2.201.304
		3.998.977	4.323.450
Current liabilities			
Accruals and other payables	13	382.163	439.835
Current portion of interest-bearing loans and borrowings	12	2.629.048	2.627.073
Amounts payable for the establishment of subsidiaries		4.849	4.849
Amounts due to subsidiaries and related parties	15	4.796.172	11.473.879
		7.812.232	14.545.636
TOTAL LIABILITIES		11.811.209	18.869.086
TOTAL EQUITY AND LIABILITIES		15.047.874	21.808.662

Roberto Piona – *Chairman*

Dmitry Buriak – *Director and Chief Executive Officer*

Nina Melnikova – *Chief Financial Officer*

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2013

	Issu capital US$	*Accumulated losses U*	*Non Reciprocal Capital Contributions US$*	*To U*
As at 1 January 2012	7.500.000	(6.265.300)	994.259	2.228.959
Shareholder contribution	-	-	263.058	263.058
Deemed distribution on dividends	-	(15.916)	-	(15.916)
Total comprehensive income for the year	-	463.475	-	463.475
As at 31 December 2012	7.500.000	(5.817.741)	1.257.317	2.939.576
Total comprehensive income for the year	-	297.089	-	297.089
As at 31 December 2013	7.500.000	(5.520.652)	1.257.317	3.236.665

There is no withholding tax on payments of dividends by the Company to non-resident shareholders or to shareholders that are resident companies in Cyprus. Payments of dividends to shareholders that are physical persons resident in Cyprus are subject to 20% withholding tax for the tax years 2012 and 2013 and 17% for 2014 and thereafter (in 2011 the rate was 15% up to 30 August 2011 and 17% up to 31 December 2011). As defined by the relevant tax law, companies which do not distribute 70% of their profits after tax within two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed 70% of these profits as dividend. Special contribution for defence at 20% will be payable on such deemed dividend, to the extent that the shareholders (individuals and companies) at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents. The amount of this deemed dividend distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders. The special contribution for defence on deemed dividend distribution for 2013 (for the tax year 2011) is US$ Nil (2012: US$15.916).

Non-reciprocal capital contributions relate to capital contributions made in prior years by the major shareholder in order to assist in covering losses that had been accumulated in some of its subsidiaries. As these contributions are not refundable by the Group, they have been classified as ‘non-reciprocal capital contributions’ in the Company Statement of Changes in Equity.

COMPANY STATEMENT OF CASH FLOWS
for the year ended 31 December 2013

	Notes	*2013 US$*	*2012 US$*
Cash flows from operating activities			
Profit before income tax		317.908	595.176
Adjustments for:			
Provision for impairment on investments in subsidiaries		297.187	489.210
Provision for bad debts	3	292.471	275.000
Write off of dividend receivable from subsidiaries	3	1.601.462	-
Dividend income		(10.730.944)	(7.941.117)
Income from royalties and license fees		(20.670)	-
Interest income		(41.630)	(1.000)
Interest cost		266.473	290.449
Depreciation and amortization	3	312.081	327.333
Cash flows used in operating activities before working capital changes		(7.705.662)	(5.964.949)
Decrease / (increase) in trade and other receivables		(114.982)	1.041.915
Net change in amounts due from/to subsidiaries and related parties		(2.859.432)	(2.311.699)
Decrease in loans receivable from subsidiaries		1.026.468	-
Decrease in accruals and other payables		(59.453)	(34.333)
Cash flows used in operations		(9.713.061)	(7.269.066)
Income taxes paid		(30.040)	(121.343)
Net cash flows used in operating activities		(9.743.101)	(7.390.409)
Cash flows from investing activities			
Non-reciprocal capital contributions		-	263.058
Additions to subsidiary companies		(362.542)	(128.636)
Payment for purchase of property, plant and equipment	6	(39.817)	(16.675)
Dividends received		10.730.944	7.941.117
Net cash flows from investing activities		10.328.585	8.058.864
Cash flows from financing activities			
New loans granted		(8.656)	-
Repayment of bank loans and other banking facilities		(320.717)	(356.573)
Interest received		366	1.000
Proceeds from royalties and license fees		9.432	-
Interest costs paid		(266.473)	(290.449)
Net cash flows used in financing activities		(586.048)	(646.022)
Net (decrease) / increase in cash and cash equivalents		(564)	22.433
Cash and cash equivalents at 1 January		(2.262.199)	(2.284.632)
Cash and cash equivalents as at 31 December	10	(2.262.763)	(2.262.199)

1. Corporate information

The financial statements of Vision International People Group Public Limited for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the Directors on 25 April 2014.

Vision International People Group Public Limited (the "Company") is a Limited Liability Company incorporated in Cyprus on 26 September 1997. The Company was incorporated under the name of Transvol Limited. By a special resolution of the shareholders on 1 February 2003, the Company changed its name to Vision International People Group Limited. On 22 August 2003, the Company became public under the Companies Law, Cap. 113 and its name changed to Vision International People Group Public Limited. On 21 June 2004, the trading of the 75.000.000 shares of US$0,10 each of the Company commenced on the Cyprus Stock Exchange. The Company's shares are traded in the Alternative Market of the Cyprus Stock Exchange.

The Company's registered office is located at Vision Tower, 67, Limassol Avenue, 2121, Aglantzia, Nicosia, Cyprus.

The Company is the holding company of Vision International People Group Public Limited ("the Group").

The principal activities of the Company continue to be the holding of investments in subsidiary companies and the provision of services to the Group through the maintenance of the Group's Head Office in Nicosia and the Company's representative office in Moscow.

Vision International People Group Public Limited is engaged in the distribution to several countries of a wide range of health care products including biologically active food supplements and cosmetics based on natural components.

The Company's ultimate parent is Health Tech Corporation Limited, a company incorporated in the Island of Guernsey. Health Tech Corporation Limited is beneficially owned by Mr. Dmitry Buriak, Chief Executive Officer of the Company, who is considered as the ultimate controlling party of the Group.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

2.1 Basis of preparation and statement of compliance

The financial statements have been prepared on an historical cost basis and are presented in United States Dollars (US$).

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

These financial statements incorporate the activities of the Company's representative office in Moscow.

2.1 Basis of preparation and statement of compliance (continued)

The Company has prepared these parent's separate financial statements for compliance with the requirements of the Cyprus Transparency Law N190 (I)/2007 and of the Cyprus Income Tax Law.

The Company has also prepared and presented in the Annual Report, consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU. Users of these parent's separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2013 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

2.2 Adoption of new and revised IFRSs

During the current year the Company adopted all applicable new and revised International Financial Reporting Standards (IFRSs), all revised International Accounting Standards (IASs) and all new and revised interpretations which are relevant to its operations and are applicable for accounting periods beginning on 1 January 2012 as stated below:

IFRS 13 Fair Value Measurement
IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
IAS 1 Clarification of the requirement for comparative information (Amendment)
IAS 19 Employee Benefits (Revised 2011)
IFRS 7 Financial Instruments: Disclosures (Amended) - Offsetting Financial Assets and Financial Liabilities

Adoption of the above did not have a material effect on the financial statements of the Company.

2.3 Standards, interpretations and amendments to published standards that are not yet effective

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Company has not early adopted, as follows:

Standards and interpretations issued by the IASB and adopted by the EU

IAS 27 Separate Financial Statements (Revised)
The Standard as issued by the IASB is effective for annual periods beginning on or after 1 January 2013. As per the EU endorsement, each company shall apply IFRS 10, IFRS 11, IFRS 12, the amended IAS 27, the amended IAS 28 and the consequential amendments, at the latest, as from the commencement of its first financial year beginning on or after 1 January 2014. As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in their separate financial statements. Earlier application is permitted. The Company is in the process of assessing the impact of this amendment on its separate parent financial statements but no material impact is expected.

2.3 Standards, interpretations and amendments to published standards that are not yet effective (continued)

Standards and interpretations issued by the IASB and adopted by the EU (continued)

IAS 28 Investments in Associates and Joint Ventures (Revised)
The Standard as issued by the IASB is effective for annual periods beginning on or after 1 January 2013. As per the EU endorsement, each company shall apply IFRS 10, IFRS 11, IFRS 12, the amended IAS 27, the amended IAS 28 and the consequential amendments, at the latest, as from the commencement of its first financial year beginning on or after 1 January 2014. As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. Earlier application is permitted. The adoption of the revised standard is not expected to have a significant impact on the Company's separate parent financial statements.

IAS 32 Financial Instruments: Presentation (Amended) - *Offsetting Financial Assets and Financial Liabilities*
The amendment is effective for annual periods beginning on or after 1 January 2014. This amendment clarifies the meaning of 'currently has a legally enforceable right to set-off' and also clarifies the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments to IAS 32 are to be retrospectively applied. Earlier application is permitted. However, if an entity chooses to early adopt, it must disclose that fact and also make the disclosures required by the IFRS 7 Offsetting Financial Assets and Financial Liabilities (amendments). The Company is in the process of assessing the impact of the amendment on its financial position.

IFRS 10 Consolidated Financial Statements
The new standard as issued by the IASB is effective for annual periods beginning on or after 1 January 2013. As per the EU endorsement, each company shall apply IFRS 10, IFRS 11, IFRS 12, the amended IAS 27, the amended IAS 28 and the consequential amendments, at the latest, as from the commencement of its first financial year beginning on or after 1 January 2014. IFRS 10 replaces the portion of IAS 27 Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation - Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The Company is in the process of assessing the impact of the new standard on its financial position but no material impact is expected.

IFRS 11 Joint Arrangements
The new standard as issued by the IASB is effective for annual periods beginning on or after 1 January 2013. As per the EU endorsement, each company shall apply IFRS 10, IFRS 11, IFRS 12, the amended IAS 27, the amended IAS 28 and the consequential amendments, at the latest, as from the commencement of its first financial year beginning on or after 1 January 2014. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities ('JCEs') using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The Company does not currently have any joint arrangements.

2.3 Standards, interpretations and amendments to published standards that are not yet effective (continued)

Standards and interpretations issued by the IASB and adopted by the EU (continued)

IFRS 12 Disclosures of Involvement with Other Entities
The new standard as issued by the IASB is effective for annual periods beginning on or after 1 January 2013. As per the EU endorsement, each company shall apply IFRS 10, IFRS 11, IFRS 12, the amended IAS 27, the amended IAS 28 and the consequential amendments, at the latest, as from the commencement of its first financial year beginning on or after 1 January 2014. IFRS 12 includes all of the disclosures that were previously in IAS 27 and related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The Company is in the process of assessing the impact of the new standard on the presentation of its separate parent financial statements.

Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)
The guidance as issued by the IASB is effective for annual periods beginning on or after 1 January 2013. As per the EU endorsement, each company shall apply IFRS 10, IFRS 11, IFRS 12, the amended IAS 27, the amended IAS 28 and the consequential amendments, at the latest, as from the commencement of its first financial year beginning on or after 1 January 2014. The IASB issued amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application in IFRS 10 is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. The Company will implement the interim guidance with the implementation of the affected standards.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
The amendment is effective for annual periods beginning on or after 1 January 2014. The amendment applies to a particular class of businesses that qualify as investment entities. The IASB uses the term 'investment entity' to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds. Under IFRS 10 Consolidated Financial Statements, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). The Investment Entities amendment provides an exception to the consolidation requirements in IFRS 10 and requires investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendment also sets out disclosure requirements for investment entities. The Company is in the process of assessing the impact of the amendment on its financial position.

2.3 Standards, interpretations and amendments to published standards that are not yet effective (continued)

Standards and interpretations issued by the IASB and adopted by the EU (continued)

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)
The amendment is effective for annual periods beginning on or after 1 January 2014. The IASB has amended IAS 36 to require the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The IASB has also amended IAS 36 to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. Moreover, the amendments issued in this document incorporate an amendment proposed by the Exposure Draft for Annual Improvements to IFRSs 2010–2012 Cycle, published in May 2012, to require an entity to disclose the discount rates that have been used in the current and previous measurements if the recoverable amount of impaired assets based on fair value less costs of disposal was measured using a present value technique. The intention behind that amendment is to harmonise the disclosure requirements for fair value less costs of disposal and value in use when present value techniques are used to measure the recoverable amount of impaired assets. The Company is in the process of assessing the impact of the amendment on the presentation of its parent separate financial statements.

Standards issued by the IASB but not yet adopted by the EU

IFRS 9 Financial Instruments
The new standard is effective for annual periods beginning on or after 1 January 2018. The Company is currently assessing the impact of adopting IFRS 9, which is not expected to have a significant effect on the classification and measurement of the Company's financial assets, the recognition of impairment and hedge accounting. However, the impact of adoption depends on the assets and liabilities of the Company at the date of adoption, and it is therefore not practical to quantify the effect.

IFRIC Interpretation 21 Levies
The interpretation is effective for annual periods beginning on or after 1 January 2014. The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Early application is permitted. Retrospective application is required. The Company is in the process of assessing the impact of the interpretation on its results and financial position but no material impact is expected.

IFRS 14 Regulatory Deferral Accounts
The new standard is effective for annual periods beginning on or after 1 January 2016. IFRS 14 allows rate-regulated entities to continue recognising regulatory deferral accounts in connection with their first-time adoption of IFRS. Existing IFRS preparers are prohibited from adopting this standard. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate regulation and the effects of that rate regulation on its financial statements. The Company is in the process of assessing the impact of the amendment on its results and financial position but no material impact is expected.

2.3 Standards, interpretations and amendments to published standards that are not yet effective (continued)

Standards issued by the IASB but not yet adopted by the EU (continued)

IAS 19 Defined Benefit Plans: Employee Contributions (Amendments)
The amendment is effective for annual periods beginning on or after 1 July 2014. The pronouncement amends IAS 19 Employee Benefits (2011) to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contribution, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered. The Company is in the process of assessing the impact of the amendment on its results and financial position.

Annual Improvements to IFRSs 2010–2012 Cycle (effective for annual periods beginning on or after 1 July 2014)
The issues included in this cycle are:
- IFRS 2: Definition of 'vesting condition'
- IFRS 3: Accounting for contingent consideration in a business combination
- IFRS 8: Aggregation of operating segments
- IFRS 8: Reconciliation of the total of the reportable segments' assets to the entity's assets
- IFRS 13: Short-term receivables and payables
- IAS 7: Interest paid that is capitalised
- IAS 16/IAS 38: Revaluation method - proportionate restatement of accumulated depreciation
- IAS 24: Key management personnel

Annual Improvements to IFRSs 2011–2013 Cycle (effective for annual periods beginning on or after 1 July 2014)
The issues included in this cycle are:
- IFRS 1: Meaning of effective IFRSs
- IFRS 3: Scope exceptions for joint ventures
- IFRS 13: Scope of paragraph 52 (portfolio exception)
- IAS 40: Clarifying the interrelationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property

2.4 Critical accounting estimates and judgments

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial position. Actual results may vary from the current estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

2.4 Critical accounting estimates and judgments (continued)

Estimation uncertainty (continued)

Provisions for bad and doubtful debts
The Company reviews its debtors for evidence that it will not be able to collect all amounts due. Evidence includes the customer's payment record, his overall financial position and the realisable value of any collateral. If such evidence exists, the recoverable amount is estimated and a provision is made for bad and doubtful debts and is charged to the statement of comprehensive income. The review of credit risk is continuous. The methodology and assumptions used for estimating the provision are reviewed regularly to reduce any differences between estimated and actual losses.

Impairment considerations of investments in subsidiaries
The Company tests the cost of the investments in subsidiaries at least annually. This requires an estimation of the recoverable amount of the Company's share in the subsidiary's net assets.

2.5 Summary of significant accounting policies

Investments in subsidiaries

Investments in subsidiaries are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investments. After initial recognition, the investments in subsidiaries are carried at cost, less any impairment in value.

Other investments

All other investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investments.

After initial recognition, investments which are classified as financial assets at fair value through profit or loss and available-for-sale are measured at fair value. Gains or losses on investments at fair value through profit or loss are recognised in the statement of comprehensive income. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income. Unquoted investments whose fair value cannot be reliably measured are carried at cost less any impairment in value. On disposal of such investments, the realised gain/loss is taken to the statement of comprehensive income.

Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. For investments carried at amortised cost, gains and losses are recognised in the statement of comprehensive income when the investments are derecognised or impaired, as well as through the amortisation process.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the statement of financial position date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

2.5 Summary of significant accounting policies (continued)

Other investments (continued)

All regular way purchases of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. All regular way sales of financial assets are recognised on the settlement date i.e. the date the asset is delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Foreign currency translation

The functional and presentation currency of Vision International People Group Public Limited is the United States Dollars (US$), as this is the currency that best reflects the economic substance of the underlying events and circumstances relevant to these entities.

Transactions in currencies other than US$ (“foreign currencies”) are initially recorded at the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

The expenses of the Company’s representative office in Moscow have been translated and incorporated within the financial statements of the Company using the average exchange rate of the month in which the transactions occurred.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition.

After initial recognition, an intangible asset is carried at cost less accumulated amortisation and any impairment in value. All intangible assets of the Company have finite useful lives.

Amortisation is calculated on a straight-line basis over the estimated useful life of the asset at the following annual rates:

Computer software	33%

Amortisation begins when the asset is available for use and ceases at the earlier of the date the asset is classified as held for sale and the date that the asset is derecognised. An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the asset) is included in the statement of comprehensive income in the year that the asset is derecognised. Amortisation is included in administrative expenses.

Property, plant and equipment

Property, plant and equipment is initially measured at cost.

After initial recognition, property, plant and equipment is carried at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any impairment in value. Such cost includes the cost of replacing part of such asset when that cost is incurred if the recognition criteria are met.

2.5 Summary of significant accounting policies (continued)

Property, plant and equipment

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets at the following annual rates:

Freehold property	4%		
Furniture and equipment	10%	to	20%
Motor vehicles	20%		

Land is not depreciated.

Depreciation begins when the asset is available for use and ceases at the earlier of the date the asset is classified as held for sale and the date that the asset is derecognised. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the asset) is included in the statement of comprehensive income in the year that the asset is derecognised.

The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand with an original maturity of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade and other receivables

Trade and other receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

Dividends payable

Dividends declared by the Company after the reporting date is not recognised as a liability at the reporting date.

2.5 Summary of significant accounting policies (continued)

Share capital

Share capital is recognised at the fair value of consideration received. Any excess over the nominal value of shares is taken to the share premium reserve.

Costs incurred for issuing new share capital when the issue results in a net increase or decrease to equity are charged directly to equity. Costs incurred for issuing new share capital when the issue does not result in a change to equity are taken to the statement of comprehensive income.

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial assets and liabilities

Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:
- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass through” arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company’s continuing involvement in the asset. Continuing involvement that takes the form of a “guarantee” over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Company’s continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Company’s continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.5 Summary of significant accounting policies (continued)

Derecognition of financial assets and liabilities (continued)

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Financial assets and financial liabilities-fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they are incurred.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any discounts and rebates. The following specific recognition criteria must also be met before revenue is recognised:

Interest income
Revenue is recognised as the interest accrues.

Dividends
Dividends are recognised when the Company’s right to receive payment is established.

2.5 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Royalties and license fees
Royalties and license fee income from franchisees is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Rental income
Rental income arising from operating leases on property is accounted for on a straight line basis over the lease term.

Employee benefits

The Company contributes to governmental/state retirement benefit and other social and medical insurance plans in respect of its employees which are deemed to be of a defined contribution type.

The Company also contributes to a "provident fund" for employees at its Head Office in Cyprus which is of a defined contribution type. Contributions are taken to the statement of comprehensive income as they fall due.

No other post-employment or long-term employee benefit plans exist.

Income tax

Provision is made for income tax in accordance with the fiscal regulations and rates which apply in the countries concerned.

Deferred income tax is provided, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

In respect of taxable temporary differences associated with investments in subsidiaries, deferred tax liabilities are recognised except where the 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 income tax assets are recognised for all deductible temporary differences and carry-forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax losses can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

3. Revenues and expenses

	2013 *US$*	*2012* *US$*
Other operating income		
Operating lease rentals	167.430	295.648
Royalties and license fees	20.670	-
Other income	72.150	66.068
	260.250	361.716
Administrative expenses		
These include the following:		
Depreciation and amortisation	312.081	327.332
Operating lease rentals	251.320	37.550
Auditors' remuneration	122.880	135.000
Tax services	-	8.000
Provision for bad debts – due from third parties	72.174	275.000
Provision for bad debts – due from subsidiaries	220.567	-
Write off of dividend receivable from subsidiaries (note 15)	1.601.462	-
Staff costs:		
Wages and salaries	4.801.236	2.703.232
State pension and other social and medical security costs	783.606	416.865
Cyprus employees provident fund contributions	12.595	45.279
Employees' bonus	-	3.576
	5.597.437	3.168.952

The remuneration of key management personnel (including Directors) is not included in staff costs disclosed above and is disclosed in note 15.

The number of persons employed by the Company as at 31 December 2013 was 118 (2012: 68).

	2013 *US$*	*2012* *US$*
Finance costs		
Charges and interest expense on:		
Bank loans, overdrafts and other banking facilities	161.232	196.550
Building related bank loans	134.338	156.732
Foreign exchange differences	64.951	1.073.535
	360.521	1.426.817
Finance income		
Interest income on:		
Loans receivable from third parties	41.264	-
Foreign exchange differences	42.625	-
Bank accounts	366	1.000
	84.255	1.000

4. Income tax

	2013	*2012*
	US$	*US$*
Statement of comprehensive income		
Current income tax		
Withholding tax on dividends received	-	114.377
Special defence tax	20.819	17.324
Income tax expense	20.819	131.701

The Company is resident in Cyprus for tax purposes and is taxed at the rate of 12,50% (2012: 10%). Under certain conditions interest income and deemed interest income may be subject to defence contribution at the rate of 30% (2012: 15%). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence tax contribution at the rate of 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter.

5. Dividends paid and proposed

On 25 April 2014, the Directors resolved to recommend that no dividend is paid for the year 2013. No dividend was declared for the year 2012. The Company did not pay interim dividends for 2013 and 2012.

6. Property, plant and equipment

	Freehold property	*Furniture and equipment*	*Motor vehicles*	*Total*
	US$	*US$*	*US$*	*US$*
Cost				
As at 1 January 2012	7.694.101	1.062.199	153.427	8.909.727
Additions	-	16.675	-	16.675
Disposals	-	-	-	-
As at 31 December 2012	7.694.101	1.078.874	153.427	8.926.402
Additions	-	39.817	-	39.817
Disposals	-	-	-	-
As at 31 December 2013	7.694.101	1.118.691	153.427	8.966.219
Accumulated depreciation				
As at 1 January 2012	1.383.198	945.786	92.156	2.421.140
Charge for the year	241.653	54.994	30.685	327.332
Disposals	-	-	-	-
As at 31 December 2012	1.624.851	1.000.780	122.841	2.748.472
Charge for the year	241.653	39.843	30.585	312.081
Disposals	-	-	-	-
As at 31 December 2013	1.866.504	1.040.623	153.426	3.060.553
Net book value				
As at 31 December 2013	5.827.597	78.068	1	5.905.666
As at 31 December 2012	6.069.250	78.094	30.586	6.177.930

6. Property, plant and equipment (continued)

Furniture and equipment includes computer hardware and other equipment, furniture and fixtures and other office equipment.

Included in freehold property are buildings (‘Vision Tower’ in Nicosia, Cyprus) with a carrying amount as at 31 December 2013 of US$5.827.597 (2012: US$6.069.250). The property was financed by bank loans and has been pledged as security for these loans (note 12). Five of the six floors of this property are rented out under operating lease agreements varying from 2 to 5 years. Rental income during the year amounted to US$167.430 (2012: US$295.648) and is included in other income.

Included in freehold property as at 31 December 2013 and 31 December 2012 is land that is not depreciated amounting to US$1.652.744.

No other restrictions on title on property, plant and equipment exist and no other item of property, plant or equipment has been pledged as security for liabilities.

7. Intangible assets

Computer software

	2013	*2012*
	US$	*US$*
Cost		
As at 1 January	1.028.947	1.028.947
Additions	-	-
As at 31 December	1.028.947	1.028.947
Accumulated amortisation		
As at 1 January	1.028.947	1.028.946
Charge for the year	-	1
As at 31 December	1.028.947	1.028.947
Net book value		
As at 31 December	-	-

The Company owns the trademarks and the formulations of the majority of the products sold by the Group. The Company also owns the software that is used for the calculation of the commissions payable to distributors. The Company has not recognised these intangible assets in its statement of financial position as the expenditure incurred on these assets is not deemed to be significant and could not be measured reliably.

8. Investments in subsidiaries

Name	*Country of incorporation*	*2013 Cost US$*	*2013 Provision for impairment US$*	*2013 Carrying amount US$*	*2012 Cost US$*	*2012 Provision for impairment US$*	*2012 Carrying amount US$*
Sambrook Holdings Limited	British Virgin Islands	100	-	100	100	-	100
Vision Holdings Limited	Cyprus	1.897	-	1.897	1.897	-	1.897
Vision-Latomas Commercial Limited	Hungary	1.244.546	(1.244.545)	1	1.244.546	(1.244.498)	48
Vision Polska Sp. zo.o.	Poland	10.733	-	10.733	10.733	-	10.733
Nutriprodex Limited	England and Wales	1.794	(1.793)	1	1.794	-	1.794
Todini Limited	Ireland	5.064.967	-	5.064.967	5.064.967	-	5.064.967
Total Eclipse International Limited	England and Wales	91.220	(91.220)	-	91.220	-	91.220
Vision Ukraine LLC	Ukraine	360.000	(200.000)	160.000	360.000	-	360.000
Vision Serbo d.o.o.	Serbia	600	(599)	1	600	-	600
ArmeniaVision LLC	Armenia	108	(107)	1	108	-	108
Vision Vietnam Co Limited	Vietnam	62.500	(62.500)	-	62.500	(62.500)	-
Vision Euronord Private Limited Company	Lithuania	400.000	(400.000)	-	400.000	(400.000)	-
Vision Eurotrade Private Limited Company	Latvia	750.000	(631.937)	118.063	750.000	(631.937)	118.063
Vision Asia LLP	Kazakhstan	180.000	-	180.000	180.000	-	180.000
VIP Asia LLP	Kazakhstan	15.000	-	15.000	15.000	-	15.000
Vision Group Rus LLC	Russia	106.288	-	106.288	106.288	-	106.288
OPT-RTK LLC	Russia	104.872	-	104.872	104.872	-	104.872
Vision E-Shop GmbH	Austria	294.894	-	294.894	-	-	-
TK Baku LLC	Azerbaijan	54.066	-	54.066	-	-	-
VIP-Telecom LLC	Russia	-	-	-	300.000	(300.000)	-
Vision (Thailand) Co. Limited	Thailand	13.465	-	13.465	-	-	-
Vision Management (Cyprus) Limited	Cyprus	2.306	(2.305)	1	2.306	-	2.306
Vision Azerbaijan LLC	Azerbaijan	1.000	(999)	1	1.000	-	1.000
Vision Vietnam Trading Co Limited	Vietnam	1	-	1	1	-	1
Demareti Limited	England and Wales	738	-	738	738	-	738
Vision (India) People Group Private Limited	India	1.866	-	1.866	1.866	-	1.866
Under liquidation as at 31 December 2013:							
Vision Kyiv LLC	Ukraine	400.000	(400.000)	-	400.000	(400.000)	-
Vision International People Group S.A.	Switzerland	149.940	(149.940)	-	149.940	(149.940)	-
Vision Egypt for Distribution LLC	Egypt	117	(117)	-	-	-	-

8. Investments in subsidiaries (continued)

Name	*Country of incorporation*	*2013 Cost US$*	*2013 Provision for impairment US$*	*2013 Carrying Amount US$*	*2012 Cost US$*	*2012 Provision for impairment US$*	*2012 Carrying amount US$*
Liquidated during 2013:							
Vision Persia Joint Stock Company	Iran	-	-	-	539	(539)	-
Vision Middle Asia LLC	Uzbekistan	-	-	-	150.000	(150.000)	-
Vision Pavlodar LLP	Kazakhstan	-	-	-	5.000	(5.000)	-
Vision Deutschland G.m.b.H.	Germany	-	-	-	32.635	(32.635)	-
Vision Odessa LLC	Ukraine	-	-	-	400.000	(400.000)	-
		9.313.018	(3.186.062)	6.126.956	9.838.650	(3.777.049)	6.061.601

The movement of the cost and the provision for impairment accounts during the year was as follows:

	Cost US$	*Provision for impairment* US$	*Carrying amount* US$
Balance as at 1 January 2012	9.711.114	(3.288.939)	6.422.175
Additions	128.636	-	128.636
Charge for the year	-	(489.210)	(489.210)
Write offs during the year	(1.100)	1.100	-
Balance as at 31 December 2012	9.838.650	(3.777.049)	6.061.601
Additions	362.542	-	362.542
Charge for the year	-	(297.187)	(297.187)
Write offs during the year	(888.174)	888.174	-
Balance as at 31 December 2013	9.313.018	(3.186.062)	6.126.956

The Company has 100% effective equity interest in its above subsidiaries, with the exception of Vision (Thailand) Co. Limited, in which the Company has 90,57% of the voting power. The Company has 99% ownership in Vision Egypt for Distribution LLC which was put under liquidation during the year.

Sambrook Holdings Limited is the General Partner with unlimited liability and 99% share in the profits of Nutri Export Limited Partnership.

Todini Limited is the owner of 35% of the share capital of Nutripharma Limited. The major item in the statement of financial position of Todini Limited since its acquisition by the Company in 2004 is the investment in the 35% share capital of Nutripharma Limited. Other than the holding of the investment in Nutripharma Limited, Todini Limited is not engaged in any other activity.

Group restructuring during the year ended 31 December 2013

The Group's subsidiaries in Switzerland, namely Vision International People Group S.A. and Vision Commerce S.A., for which the liquidation process started in 2012, are still undergoing liquidation. Following the decision for the liquidation of the Swiss subsidiaries, the ownership of Vision E-Shop G.m.b.H. (Austria) and Vision Egypt for Distribution LLC (Egypt) was transferred during the year directly to the Company. The subsidiary company Vision Egypt for Distribution LLC (Egypt) was put under liquidation during the year.

8. Investments in subsidiaries (continued)

Group restructuring during the year ended 31 December 2013 *(continued)*

The subsidiary company Vision Kyiv LLC (Ukraine), for which the liquidation process started in previous years, is still undergoing liquidation.

The subsidiary companies Vision Pavlodar LLP (Kazakhstan), Vision Odessa LLC (Ukraine), Vision Middle Asia LLC (Uzbekistan), Vision Deutschland G.m.b.H. (Germany) and Vision Persia Joint Stock Company (Iran), for which the liquidation process started in previous years, was completed in 2013.

The restructuring of operations in Russia continued during the year with the aim of increasing the geographical coverage of distributors' network within the country, to reduce fixed costs and to improve the service and efficiency of the Group's activities. As part of the restructuring, the Company has granted to third party franchisee companies the rights to sell its products and use its trademarks.

As part of the Group strategy to expand in new and existing markets, the Company has obtained control of a new subsidiary in Azerbaijan, namely TK Baku LLC and established a new subsidiary in Thailand, namely Vision (Thailand) Co. Ltd. The subsidiaries Vision (Thailand) Co. Ltd and Vision (India) People Group Private Limited have not yet commenced any trading activities. As part of the expansion strategy in Asia, the Company is planning to establish new subsidiaries in Cambodia and Laos.

Establishment of new subsidiaries during the year ended 31 December 2013

In August 2013, the Company established a subsidiary in Thailand, namely Vision (Thailand) Co. Ltd. Vision (Thailand) Co. Ltd has a share capital in the amount of Thai Baht 875.000 (US$27.479). Vision International People Group Public Limited is the owner of 49% of the share capital through which has 90,57% of the voting power and therefore control over the subsidiary. The subsidiary remained dormant with no operations during 2013.

Establishment of new subsidiaries during the year ended 31 December 2012

In January 2012, the Company established a subsidiary in India, namely Vision (India) People Group Private Limited. Vision (India) People Group Private Limited has a share capital in the amount of Indian Rupees 100.000 (US$2.067) and is owned 95,68% by Vision International People Group Public Limited and 4,32% by Vision Holdings Limited. The subsidiary remained dormant with no operations.

Acquisition of subsidiaries during the year ended 31 December 2013

In February 2013, the Company obtained control of a subsidiary in Azerbaijan, namely TK-Baku LLC. TK-Baku LLC has a share capital in the amount of Azerbaijani New Manat 20 (US$25) and is owned 100% by Vision International People Group Public Limited.

Acquisition of subsidiaries during the year ended 31 December 2012

There were no acquisitions of subsidiaries during the year ended 31 December 2012.

Disposal of subsidiaries during the year ended 31 December 2013

There were no disposals of subsidiaries during the year ended 31 December 2013.

Disposal of subsidiaries during the year ended 31 December 2012

There were no disposals of subsidiaries during the year ended 31 December 2012.

9. Trade and other receivables

	2013	*2012*
	US$	*US$*
Trade receivables	-	31.314
Other receivables	1.356	62.699
Other loans receivable	327.145	264.296
Prepayments	62.695	51.422
	391.196	409.731

All the above amounts are expected to be recovered / utilised within one year.

10. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the amounts shown below:

	2013	*2012*
	US$	*US$*
Cash at bank and in hand	33.916	34.738
Less bank overdrafts (note 12)	(2.296.679)	(2.296.937)
Cash and cash equivalents	(2.262.763)	(2.262.199)

Cash at bank
Bank balances mainly represent current accounts bearing interest at nil or nominal rates.

11. Issued capital - ordinary shares

	2013		*2012*	
	Shares	*US$*	*Shares*	*US$*
Authorised				
Shares of US$0,10 each	300.000.000	30.000.000	300.000.000	30.000.000
Issued and fully paid	75.000.000	7.500.000	75.000.000	7.500.000

There was no change in the capital of the Company during the years ended 31 December 2013 and 31 December 2012.

12. Interest-bearing loans and borrowings

	Interest rate (p.a.)	*Maturity*	*2013 US$*	*2012 US$*
Non-current				
Head Office building secured bank loan	US$ LIBOR + 5,60%, Euribor + 5,50%	2015-2021	1.799.454	2.122.146
			1.799.454	2.122.146

	Interest rate (p.a.)	*Maturity*	*2013 US$*	*2012 US$*
Current				
Head Office building secured bank loan	US$ LIBOR + 5,60%, Euribor + 5,50%	2014	332.369	330.136
Bank overdrafts (note 10)	US$ LIBOR + 5,50%	2014	2.296.679	2.296.937
			2.629.048	2.627.073

Head Office building secured bank loan

In June 2005, the Company entered into an agreement for the purchase of new office building which houses the new Headquarters of the Group in Cyprus (carrying amount of property: US$5.827.597 as at 31 December 2013 and US$6.069.250 as at 31 December 2012).

Between July 2005 and July 2007, the Company entered into facility agreements with Bank of Cyprus Public Company Ltd (ex. Laiki Bank) for the financing of the purchase of the property and the payment of the transfer fees. This financing entails four fixed term bank loans in US$. All amounts were drawn up to 31 December 2007 and one of the loans was fully repaid in 2008.

The remaining three loans (which are mentioned above) are repayable in monthly instalments over a period of 15 years and during the year carried interest at a rate 1 month US$ LIBOR plus 5,60% per annum (2012: 1 month US$ LIBOR plus 5,60% per annum).

In April 2008 the Company entered into a fixed term loan with Bank of Cyprus Public Company Ltd (ex. Laiki Bank) for the amount of €380.000 (US$523.178) for the purpose of financing additional works to the Head Office building. Up to 31 December 2012, an amount of €375.055 (US$516.370) was drawn. The loan carried interest at 1 month Euribor plus 5,50% per annum (2012: 1 month Euribor plus 5,50% per annum) and is repayable in 120 monthly instalments.

During the year, the total interest charged for all building related bank loans amounted to US$134.338 (2012: US$156.732).

All loans are secured by first legal mortgage over the property for US$5.574.649, the assignment of fire and earthquake insurance policy over the property for the amount of €5.142.890 and a floating charge for €341.721 over the assets of the Company.

12. Interest-bearing loans and borrowings (continued)

Bank overdrafts and other banking facilities

In March 2007, the Company entered into secured facility agreements with Bank of Cyprus Public Company Ltd (ex. Laiki Bank). This financing entails an overdraft facility for an amount up to US$2.300.000 and a fixed term loan of US$500.000. Both facilities carry interest at a rate of US$ LIBOR plus 5,50% per annum (2012: US$ LIBOR plus 5,50%). The fixed term loan was repayable by monthly installments over a period of five years and was fully repaid in April 2012. The overdraft facility is payable on demand and is renewable on an annual basis. During the year, the total interest charged on the overdraft facility was US$131.409 (2012: US$133.101).

13. Accruals and other payables

	2013	*2012*
	US$	*US$*
Current		
Amount payable for the acquisition of "Ukraine group"	7.000	7.000
Defence tax payable	17.054	26.275
Other accruals and payables	358.109	406.560
	382.163	439.835

All the above amounts are expected to be settled within one year.

The purchase consideration for the acquisition of 100% of the issued share capital of Vision "Ukraine group" in 2005 was US$2.000.000. As at 31 December 2013 the outstanding amount is US$7.000 (2012: US$7.000).

	2013	*2012*
	US$	*US$*
Non-current		
Unpaid dividends for 2006	1.397.781	1.398.629
Unpaid dividends for 2005	570.067	570.656
Unpaid dividends for 2004	214.790	215.089
Unpaid dividends for 2003	16.885	16.930
	2.199.523	2.201.304

14. Commitments and contingencies

Operating lease commitments – Company as lessee

There were no future minimum rentals payable under non-cancellable operating leases as at 31 December 2013 and 31 December 2012.

Capital commitments

As at 31 December 2013 and 31 December 2012 the Company had no capital commitments.

14. Commitments and contingencies (continued)

Russian operating environment

The Group's business is conducted mainly in the CIS and Baltics, of which a significant part is in Russia.

Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. Tax, currency and customs legislation is subject to varying interpretations and contributes to the challenges faced by companies operating within the country. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

The Russian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. In 2013, the Russian Government continued to take measures to support the economy in order to overcome the consequences of the global financial crisis. Despite some indications of recovery there is still uncertainty regarding further economic growth, access to capital and cost of capital, which could negatively affect the Group's future financial position, results of operations and business prospects.

While management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances, unexpected further deterioration in the areas described above could negatively affect the Group's results and financial position in a manner not currently determinable.

Cyprus operating environment

The Group's business in Cyprus is conducted mainly by its Parent Company. The Cyprus economy has been adversely affected from the crisis in the Cyprus banking system in conjunction with the inability of the Republic of Cyprus to borrow from international markets. As a result, the Republic of Cyprus entered into negotiations with the European Commission, the European Central Bank and the International Monetary Fund (the "Troika"), for financial support, which resulted into an agreement and the Eurogroup decision of 25 March 2013. The decision included the restructuring of the two largest banks in Cyprus through "bail in". During 2013 the Cyprus economy contracted further with a decrease in the Gross Domestic Product.

Following the positive outcome of the first and second quarterly reviews of Cyprus's economic programme by the European Commission, the European Central Bank and the International Monetary Fund during 2013, the Eurogroup endorsed the disbursement of the scheduled tranches of financial assistance to Cyprus.

The deterioration of operating conditions could have an impact on the cash flow forecasts of the Group's management and their assessment of impairment of financial and non- financial assets.

The Group's management has assessed the situation and has concluded that no provisions or impairment charges are necessary to be made on its financial and non- financial assets.

14. Commitments and contingencies (continued)

Legal and other claims

Business and regulatory environment

The Group operates and is expanding in several countries. In the ordinary course of business, the Group may be exposed to various legal, tax and other regulatory proceedings, and subject to claims, including governmental claims and demands, certain of which relate to developing markets and evolving fiscal and regulatory environments in which the Group has operations.

In addition to regulation of its direct selling activities, the Group, in all markets where it operates, is or will be subject to and affected by various laws, governmental regulations, administrative determinations, court decisions and similar constraints (as applicable, at the international and local level) including, among other things, regulations pertaining to:

(i) the formulation and registration of formulation, manufacturing, packaging, labeling, distribution, importation, sale and storage of the Group’s products;

(ii) product claims and advertising (including direct claims and advertising by the Group as well as claims and advertising by Distributors, for which the Group may be held responsible);

(iii) the Company's network marketing system;

(iv) transfer pricing, product distribution and similar regulations that affect the level of foreign taxable income, VAT and import/customs duties; and

(v) taxation of Distributors, which in some instances may impose an obligation on the Group to collect the taxes and maintain appropriate records.

The Group does not maintain product liability/consumer protection insurance; a claim or adverse publicity associated with any product liability allegation could potentially have a negative effect on the Group’s business, financial position and performance.

In accordance with the lawyers representing the Company, as at the date of approval of the financial statements, the Company was defendant in lawsuits in the United States District Court for the District of South Carolina. The lawyers have confirmed that the legal case has been successfully defended and that the court dismissed the legal case against the Company. The lawyers have also confirmed that even if the legal case is appealed, there is a solid basis for upholding the judgment and incurring no material responsibility. Apart from the above case there is no other pending litigation, claim, demand or assessment against the Company, the outcome of which would have a material effect on the Company’s financial position, financial performance and cash flows.

Other commitments

The Company has provided guarantees in relation to a logistics contract that has been signed between Nutri Export Limited Partnership and a third party company. Under this contract, the Company is committed to repay all obligations of Nutri Export Limited Partnership towards the third party in case of default.

As at 31 December 2013 and 31 December 2012 the Company had no other commitments.

15. Related party disclosures

The consolidated financial statements include the financial statements of the Company and its subsidiaries listed in note 8.

The Company's ultimate parent is Health Tech Corporation Limited, a company incorporated in the Island of Guernsey. Health Tech Corporation Limited is beneficially owned by the Chief Executive Officer, Mr. Dmitry Buriak, who is considered as the ultimate controlling party of the Group.

For 2013 and 2012, the Directors of the Company were considered as being the key management personnel of the Group during the year.

The following tables provide the total amount of transactions, which have been entered into with related parties for the relevant financial year and the outstanding balances at the year end:

15. Related party disclosures (continued)

Related party		*Other operating income US$*	*Interest expense/ (income) US$*	*Expenses charged by related parties US$*	*Purchase of investments US$*
Real Pro LLC	2013	-	70.666	-	-
	2012	-	14.327	-	-
Total Eclipse International Limited	2013	-	(8.402)	-	-
	2012	-	(8.403)	-	-
Vision Ukraine LLC	2013	-	-	-	-
	2012	-	-	180	-
JSC “Svencioniu Vaistazoles”	2013	-	-	14.627	-
	2012	-	-	21.869	-
UAB Forumo Rumai	2013	-	-	22.083	-
	2012	-	-	15.699	-
UAB “Vision DEM4 Laboratory”	2013	-	-	-	-
	2012	-	-	7.399	-
Vision Group Rus LLC	2013	-	-	162.648	-
	2012	-	-	12.308	-
Nutri Export Limited Partnership	2013	72.000	-	-	-
	2012	66.000	-	-	-
TCV Khabarovsk LLC	2013	2.391	-	-	-
	2012	-	-	-	-
TCV Irkoutsk LLC	2013	2.989	-	-	-
	2012	-	-	-	-
TCV Krasnodar LLC	2013	2.663	-	-	-
	2012	-	-	-	-
TCV Centr LLC	2013	2.500	-	-	-
	2012	-	-	-	-
CV Volgograd LLC	2013	2.609	-	-	-
	2012	-	-	-	-
TC Kazan LLC	2013	2.300	-	-	-
	2012	-	-	-	-
DV Vladivostok LLC	2013	2.609	-	-	-
	2012	-	-	-	-
TD Sibir LLC	2013	2.609	-	-	-
	2012	-	-	-	-
Vision International People Group S.A.	2013	-	-	-	294.894
	2012	-	-	-	-
Vision Commerce S.A.	2013	-	-	-	117
	2012	-	-	-	-

15. Related party disclosures (continued)

During the year the Company received dividends from its subsidiaries of US$10.730.944 (2012:US$7.941.117) and royalties and license fees from its franchisees of US$20.670 (2012:US$NIL).

During the year, the dividends receivable from the subsidiary OPT-RTK LLC for the amount of US$1.601.462 (declared in prior years) have been written off.

Related party		*Loans receivable/ (payable) US$*	*Amounts due from US$*	*Amounts due to US$*
Health Tech Corporation AG	2013	-	-	-
	2012	-	-	157
Nutri Export Limited Partnership	2013	-	-	4.654.987
	2012	-	-	11.357.479
Total Eclipse International Limited	2013	-	-	-
	2012	908.645	3.666.899	-
Vision Holdings Limited	2013	-	-	15.402
	2012	-	-	25.434
Nutriprodex Limited	2013	-	-	30.853
	2012	-	100.517	-
Vision Vietnam Trading Co Limited	2013	-	-	1
	2012	-	-	1
Vision Vietnam Co Limited	2013	-	-	4.000
	2012	-	-	4.000
VIP Communication Limited	2013	-	2.301.438	-
	2012	-	2.300.918	-
Vision Commerce S.A.	2013	-	-	-
	2012	-	19.982	-
Vision Societe S.A.	2013	-	270.273	-
	2012	117.823	124.499	-
Vision International People Group S.A.	2013	-	-	6.041
	2012	-	277.318	-
Vision Group Rus LLC	2013	-	-	76.173
	2012	-	-	81.954
Vision Euronord Private Limited	2013	-	-	4.854
	2012	-	-	4.854
UAB Forumo Rumai	2013	-	-	2.267
	2012	-	-	-
Vision Egypt for Distribution LLC	2013	-	-	1.594
	2012	-	6.599	-
OPT-RTK LLC	2013	-	-	-
	2012	-	1.601.462	-

15. Related party disclosures (continued)

Related party		*Loans receivable/ (payable) US$*	*Amounts due from US$*	*Amounts due to US$*
Vision Management (Cyprus) Limited	2013	-	912	-
	2012	-	-	-
TCV Khabarovsk LLC	2013	-	2.026	-
	2012	-	-	-
TCV Irkoutsk LLC	2013	-	2.533	-
	2012	-	-	-
TCV Krasnodar LLC	2013	-	2.257	-
	2012	-	-	-
TCV Centr LLC	2013	-	2.119	-
	2012	-	-	-
CV Volgograd LLC	2013	-	2.211	-
	2012	-	-	-
TC Kazan LLC	2013	-	1.949	-
	2012	-	-	-
DV Vladivostok LLC	2013	-	2.211	-
	2012	-	-	-
TD Sibir LLC	2013	-	2.211	-
	2012	-	-	-
Totals	2013	-	2.590.140	4.796.172
	2012	1.026.468	8.098.194	11.473.879

The relationship of the above related parties with the Company (other than subsidiaries) is described below:

Party	*Relationship*
Health Tech Corporation Limited	Ultimate parent company
Health Tech Corporation AG	Entity under common control
Atlas Corporate Services G.m.b.H.	Entity under common control
JSC “Svencioniu Vaistazoles”	Entity under common control
VIP Communication Limited	Entity under common control
Real Pro LLC	Entity under common control
UAB Forumo Rumai	Entity under common control
Reglan Commerce Corp.	Entity under common control
UAB “Vision DEM4 Laboratory”	Entity under common control
TCV Khabarovsk LLC	Franchisee
TCV Centr LLC	Franchisee
DV Vladivostok LLC	Franchisee
CV Volgograd LLC	Franchisee
TC Kazan LLC	Franchisee
TD Sibir LLC	Franchisee
TCV Irkoutsk LLC	Franchisee
TCV Krasnodar LLC	Franchisee

15. Related party disclosures (continued)

Transactions with related parties are made on terms agreed between the parties, which in most cases are stipulated in contractual agreements between the parties.

Notes on expenses charged by related parties:

The expenses charged by related parties relate to various services that these parties provided to the Company, including management, administration, logistic, consultancy, marketing and communication and service support.

Compensation of Key Management Personnel

	2013	*2012*
	US$	*US$*
Directors' remuneration:		
Fees in directors' capacity:		
Dmitry Buriak	319.229	309.769
Roberto Piona	113.327	109.968
John Hadjihannas	31.923	30.977
Peter Fehrn-Christensen	11.084	10.756
	475.563	461.470

During the year ended 31 December 2012, a special gift was purchased for the executive Director and CEO, Mr. Dmitry Buriak, towards his contribution for the continuous development of distributors' network. This special gift with a value of US$168.793 is not included in the remuneration above and has been awarded to Mr. Dmitry Buriak in 2013.

16. Financial risk management and capital management

The Company's principal financial instruments comprise of loans payable and other payables and cash and cash equivalents. The Company has other financial instruments such as other receivables and other payables, which arise directly from its operations.

Significant terms and conditions of financial instruments are set out in the respective notes to the financial information.

The Company considers the fair value of financial assets and liabilities to approximate their carrying amounts in the statement of financial position.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below:

Interest rate risk

The Company's exposure to interest rate risk relates primarily to the Company's loans and borrowings. The related interest rates on these financial instruments are stated in the relevant notes to the financial statements. The Company monitors the exposure to interest rate risk on a continuous basis.

16. Financial risk management and capital management (continued)

Interest rate risk (continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with other variables held constant, of the Company's profit before tax (through the impact on floating rate borrowings):

	Increase / decrease in basic points	*Effect on profit before tax US$*
2013		
Euro	+1,0	(2.423)
US$	+1,0	(41.860)
Euro	-1,0	2.423
US$	-1,0	41.860
2012		
Euro	+1,0	(2.863)
US$	+1,0	(44.629)
Euro	-1,0	2.863
US$	-1,0	44.629

Liquidity risk

The Company and its Group need to have sufficient availability of cash to meet their operational obligations. Strong control is exerted by the Group's treasury function.

The Company maintains sufficient reserves of cash to meet its liquidity requirements at all times.

The table below summarises the maturity profile of the Company's financial liabilities as at 31 December 2013 based on contractual undiscounted payments:

Year ended 31 December 2013	*On demand US$*	*<1 year US$*	*1 to 5 Years US$*	*> 5 years US$*	*Total US$*
Interest bearing loans and borrowings	2.296.679	459.321	1.784.579	714.879	5.255.458
Accruals and other payables	-	5.183.184	2.199.523	-	7.382.707
Total	2.296.679	5.642.505	3.984.102	714.879	12.638.165

Year ended 31 December 2012	*On demand US$*	*<1 year US$*	*1 to 5 Years US$*	*> 5 years US$*	*Total US$*
Interest bearing loans and borrowings	2.296.937	502.077	2.008.309	1.225.808	6.033.131
Accruals and other payables	-	11.918.563	2.201.304	-	14.119.867
Total	2.296.937	12.420.640	4.209.613	1.225.808	20.152.998

Of the total payables, a significant amount is payable to subsidiaries and related parties.

16. Financial risk management and capital management (continued)

Foreign currency risk

The Company is exposed to movements in foreign currencies affecting its net income and financial position, as expressed in US$.

Transactional exposure arises because the amount of local currency paid or received for transactions denominated in foreign currencies may vary due to changes in exchange rates. A significant amount of expenditure is done in Russian Roubles. As a result, an increase in the value of the Russian Rouble relative to other currencies has an adverse impact on net income. Similarly, a relative fall in the value of the Russian Rouble has a favourable effect on net income.

Also, transactional exposure arises on net balances of monetary assets/liabilities held in foreign currencies. In this context, the Company monitors the total exposure through the internal management information system in an attempt to maintain such assets/liabilities at the lowest possible level.

Credit risk

Credit risk arises from the possibility that the counter-party to a transaction may be unable or unwilling to meet their obligations causing a financial loss to the Company.

The Company faces no significant credit risk as the majority of its receivables are from subsidiaries and related parties.

Capital Management

Capital management is performed by the Group.

The primary objective of the Group’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Group may adjust the dividend payments to the shareholders, obtain new debt or repay existing debt and/or issue of new share capital.

The Group monitors capital using a gearing ratio, which is net interest-bearing debt divided by total book equity plus interest-bearing debt. The Group’s gearing ratio as at 31 December 2013 was 22% (2012: 21%). The Group believes that in the current business conditions this gearing ratio constitutes an acceptable state of capital management.

17. Events after the reporting date

In April 2014, the Company has assigned the receivable balance from the related party namely VIP Communication Limited to its related party Nutri Export Limited Partnership at cost.

There are no other material events after the reporting date, which affect the Company’s financial statements as at 31 December 2013.

Independent Auditor's Report

To the Members of Vision International People Group Public Limited

Report on the financial statements

We have audited the accompanying consolidated financial statements of Vision International People Group Public Limited (the "Company") and its subsidiaries (together with the Company, the "Group") and the Company's separate parent financial statements, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the consolidated and company statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements

The Company's Board of Directors is responsible for the preparation of consolidated and the Company's separate parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated and Company's separate parent financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2013, and of the financial performance and cash flows of the Group and the Company for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Independent Auditor's Report (continued)

To the Members of Vision International People Group Public Limited

Report on other legal and regulatory requirements

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.
- The financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the accompanying report of the Board of Directors is consistent with the consolidated financial statements.

Pursuant to the requirements of Directive DI190-2007-04 of the Cyprus Securities and Exchange Commission, we report that a corporate governance statement has been made for the information relating to paragraphs (a), (b), (c), (f) and (g) of Article 5 of the said Directive, which forms a specific part of the Directors' Report.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

……………………………………

Stelios Ioannou
Certified Public Accountant and Registered Auditor
for and on behalf of

CosmoCo Services Limited
Certified Public Accountants and Registered Auditors

Nicosia
25 April 2014