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Annual Financial Report

VISION INTERNATIONAL PEOPLE GROUP PUBLIC LTD

VIP

annual report 2016

announcement is attached

Attachments:

1. **Announcement**
2. **Annual Report 2016**

Regulated

Publication Date: 02/05/2017

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 2nd of May, 2017, at 10.30am 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, 2016 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.

The Board of Directors has also confirmed that the next Annual General Meeting of the company shall take place on the 25th of May, 2017.

Nicosia,
2nd May, 2017

Vision International People Group Public Limited

Annual Report 2016

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OFFICERS AND PROFESSIONAL ADVISORS

Executive Directors

Roberto Piona - Chairman (from 10/11/2009) and Chief Executive Officer (from 1/11/2016)
Dmitry Buriak - Executive Director (Chief Executive Officer until 31/10/2016)

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

Der Arakelian-Merheje LLC

Group Corporate Manager / Compliance Officer

Maria Andreou

Principal Bankers

AB SEB Bankas
Bank of Cyprus Public Co Limited
UniCredit Bank Austria AG
PJSC Commercial Bank "PrivatBank"
Commercial Bank "SDM-Bank"
Bank Pekao S.A.
First Investment Bank (Fibank)
JSC Sacombank
JSC Vietcombank

Independent Auditors

CosmoCo Ltd
6, Neoptolemou Street
1087, Nicosia, Cyprus

FINANCIAL HIGHLIGHTS - GROUP

	2016 US$	2015 US$	2014 US$	2013 US$	2012 US$
Trading Results					
Turnover	34.869.569	43.283.211	79.273.779	96.174.751	95.199.534
Operating (Loss) / Profit	(1.634.792)	1.302.895	5.722.624	3.795.965	6.847.195
(Loss) / profit before tax	(3.165.292)	(1.753.442)	(744.418)	1.140.284	4.049.905
(Loss) / profit for the year	(4.095.909)	(3.494.616)	(5.274.993)	(1.690.880)	1.521.399
(Loss) / profit for the year attributable to equity holders of the Company	(4.095.847)	(3.525.651)	(5.274.916)	(1.736.949)	1.441.585
Balance Sheet					
Non-Current Assets	5.961.712	6.627.324	7.482.527	13.846.952	13.766.003
Current Assets	10.421.187	12.722.665	21.342.332	25.292.401	27.641.110
Non-Current Liabilities	5.209.988	3.340.395	3.672.857	4.041.570	4.364.712
Current Liabilities	7.846.489	9.144.700	14.031.248	17.454.334	17.749.983
Shareholders' Equity	2.381.620	5.914.655	10.200.064	16.712.960	18.390.706
Shareholders' Return					
(Losses) / earnings per share - basic (cents)	(5,46)	(4,70)	(7,03)	(2,32)	1,92
Dividends per share (cents)	-	-	-	-	-
Employee Numbers					
Number of employees as at 31 December	241	259	303	337	345

MANAGEMENT REPORT
31 December 2016

The Board of Directors submits to the shareholders their Annual Report together with the audited financial statements for the year ended 31 December 2016.

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, 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 2016. The restructuring of the Group that started in previous years, continued in 2016 in order to streamline operations, reduce fixed costs and improve the service and efficiency of the Group's activities.

The subsidiary companies in Egypt, namely Vision Egypt for Distribution LLC and Vision MISR for Trading LLC that were put under liquidation in 2013, are still undergoing liquidation.

The subsidiary company Vision Kyiv LLC (Ukraine), for which the liquidation process started in previous years, is still undergoing liquidation. The subsidiary companies TK Baku LLC (Azerbaijan) and Vision Euronord Private Limited Company (Lithuania) that were put under liquidation in 2014, are still undergoing liquidation.

During 2015, the Board of Directors resolved the initiation of the liquidation procedures of the subsidiaries, namely Vision Istanbul Health and Products Trade and Industry Limited (Turkey), and Vision Azerbaijan LLC (Azerbaijan) that are still undergoing liquidation. The subsidiary Vision (Thailand) Co. Ltd (Thailand) has not yet commenced trading activities.

The subsidiary companies Vision (India) People Group Private Limited (India) and Vision Latomas Commercial Limited (Hungary) that were under liquidation as the end of the year have been liquidated in January and February of 2017 respectively.

The branch of the subsidiary company Vision E-Shop G.m.b.H. in Germany has not commenced any operations yet.

The branch registered in Cambodia by the Group's subsidiary namely Vision Vietnam Trading Co. Limited (Vietnam) has not yet commenced any operations.

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, to manage the cash flows and the effects of the local currency and to improve the service and efficiency of the Group's activities. The Group continued during the year to grant to third party franchisee companies the rights to sell its products and use its trademarks.

There were no establishments of new subsidiaries during the years ended 31 December 2016 and 2015.

There were no acquisitions or disposals of subsidiaries during the years ended 31 December 2016 and 2015.

Further details are given in Note 17 to the consolidated financial statements (also in Note 12 to the separate financial statements).

Operating Environment in Cyprus

Cyprus exited its economic adjustment programme at the end of March 2016 after a successful return to markets and having utilised only about 70% of the €10 billion funding resources made available by the European Union (EU) and the International Monetary Fund (IMF). Based on the Ministry of Finance Stability Programme 2016 - 2019 (May 2016), in the area of public finances, the government carried out a strong fiscal adjustment and the budget returned to near balance, public spending was reduced and tax collection was made more efficient.

The international credit rating agencies have upgraded the rating of the country. Fitch Ratings upgraded the rating of the Republic of Cyprus one notch to BB- with a positive outlook in October 2016, S&P Global Rating by one notch to BB with a positive outlook in September 2016 and by one notch to BB+ with a stable outlook in March 2017 and Moody's Investors Service by two notches to B1 with a stable outlook in November 2015. In November 2016, Moody's Investors Service improved the outlook on the Republic of Cyprus from stable to positive.

In July 2016, the Cyprus government accessed international capital markets for the third time since the start of the economic adjustment programme to date, issuing a seven year Eurobond of €1 billion at a yield of 3,8%.

Operating environment in Russian Federation

The economic and financial markets of the Russian Federation display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation. The conflict in Ukraine and related events has increased the perceived risks of doing business in the Russian Federation. The imposition of economic sanctions on Russian individuals and legal entities by the European Union, the United States of America, Japan, Canada, Australia and others, as well as retaliatory sanctions imposed by the Russian government, has resulted in increased economic uncertainty including more volatile equity markets, the volatility of the Russian Rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit.

Operating environment in Vietnam

The economic and financial markets of Vietnam display characteristics of an emerging market. Vietnam's overall economic freedom is limited by several key institutional factors. Despite ongoing reform efforts, the regulatory environment is not particularly efficient or transparent. Despite progress, investment remains hindered by opaque bureaucracy and a weak judicial system. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments and the volatility of the Vietnamese Dong against major currencies contribute to the challenges faced by entities operating in Vietnam.

Financial results

The main financial highlights for 2016 are presented in page 3 of the Annual Report. The results of the Group for the year ended 31 December 2016 are set out on page 13 of the Annual Report.

The loss of the Group attributable to the shareholders of the Parent Company for the year 2016 amounted to US$4.095.847 (2015: US$3.525.651 loss).

Turnover

Group Revenue for the year ended 31 December 2016, decreased by US$8,4m or 19,4% to reach the level of US$34,9m compared to US$43,3m in 2015. Sales in Europe increased by 8,9% or US$0,8m to reach the level of US$9,4m compared to US$8,6m in 2015. Sales in the CIS and Baltics decreased by US$2,6m or 17,3%, reaching the level of US$12,5m, compared to US$15,1m in 2015. Sales in the rest of the world decreased by US$6,6m or 33,6%, reaching the level of US$13,0m, compared to US$19,6m in 2015.

Gross Profit

The Group's Gross Profit for the year, after charging product, transportation and insurance costs decreased to US$24,8m compared to US$33,8m in 2015. The Gross Profit margin achieved in 2016 was 71% (2015: 78%).

Commissions to Distributors

Commissions to Distributors during 2016 amounted to US$15,4m compared to US$18,1m in 2015, exhibiting a decrease of US$2,7m or 15,1%. Commissions in relation to sales during the year increased from 41,8% in 2015 to 44,1% in 2016.

Operating Results

The Group's loss before tax for the year ended 31 December 2016 was US$3,2m compared to US$1,8m loss in 2015.

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

- The decrease in sales across the Group due to the global economic crisis that reduced the purchasing capability of the average distributor in the major markets that the Group operates;
- The political and economic situation within Russia arising from the imposed sanctions by the European Union, the United States of America, Japan, Canada, Australia and others;

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 Parent Company for the year ended 31 December 2016 are set out on page 59 of the Annual Report. The loss of the Parent Company for the year 2016 amounted to US$1.616.665 (2015: US$1.175.348 loss) and is transferred to accumulated losses.

Earnings and Dividends

Basic Group losses per share increased from US$4,70 cents in 2015 to US$5,46 cents in 2016.

The Board of Directors, after considering the Group's losses of the current year, resolved that no dividend is proposed for 2016. 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 decision will generate positive returns for the Group and the Company and to its shareholders in the future.

Financial results (continued)

Working Capital and Liquidity

Stocks as at 31 December 2016 decreased by US$2,7m from US$5,5m at the end of 2015 to reach the level of US$2,8m at the end of 2016. Trade receivables decreased from US$2,4m at the end of 2015 to US$1,9m as at 31 December 2016 and are stated net of any provisions. Trade payables which were at US$1,7m at the end of 2015 remain unchanged as at 31 December 2016.

As at 31 December 2016 the Group had cash and cash equivalent balances of US$4,2m compared to US$1,3m (net of bank overdraft balances of US$2,3m) as at 31 December 2015. The bank overdraft was replaced by a bank loan during 2016. Total interest bearing borrowings which were at US$3,8m at the end of 2015 remained unchanged as at 31 December 2016.

Strategy and future developments

In 2017 the Group will continue to optimise its operations and control its costs with a view to attain better financial results. In particular:

- The Group will continue to develop the Global Ordering System (GOS) in existing and new markets. Specifically, the projects named "eSHOP'' & "Universal Consultant's Account'' will be implemented during the second half of 2017 in an effort to optimise Global Ordering System (GOS) and improve the quality of the service to distributors and customers;
- The Group through the assistance of external and experienced consultants will proceed with the development of a new Logistics & Operations Department in order to improve the quality of the service and the monitoring in the areas of picking, packaging and delivery of products;
- The Group will enter into new agreements with local logistics companies within Russia and the Russian Post Office in order to facilitate deliveries of goods in all areas of the Russian Federation and at the same time achieving reduction of costs and shorter delivery time;
- The Group will perform a full audit of all of its existing product lines during May and June 2017 in order to identify products and/or product lines that need to be modified, enriched, promoted or terminated;
- The Group will engage in new production lines that will be implemented from the end of 2017 onwards in order to produce the main product lines for three different regions that it has operations (Europe, Russian Federation & CIS and Asia) with the target to reduce costs and respond to market risks arising from these countries;
- The Group will develop a new regional Call Centre in summer 2017 with the introduction of new IT technologies and training of employees in an effort to improve the quality of the service offered to distributors and customers;
- The Group will continue to optimise existing levels of marketing communication, use of new channels for promotion, including social media, and utilise a wider spectrum of promotional tools and methods in order to develop fast and modernized communication with its distributors and customers;
- The Group will continue to further develop Vision Marketing Plan to adapt to the needs of distributors and customers;
- The Group is developing a new regional plan that is currently under study, in order to re-organize its business and operations across all locations, to be more effective and respond to the regional needs of distributors and customers;
- The Group will expand its operations into new countries in Asia, including Cambodia and Laos.

Risk management

As a result of its 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 and the volatility of the local currencies in the Russian Federation and Vietnam have 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 23 and 25 to the consolidated financial statements (also in Notes 18 and 20 to the separate financial statements).

In addition, details of the significant judgements, estimates and assumptions which may have a material impact on the Group's and the Company's financial performance and position are set out in Note 2.4 to the consolidated financial statements (also in Note 2.4 to the separate financial statements).

Share capital

There were no changes in the issued share capital of the Company during 2016. As at 31 December 2016 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 2016, 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 one months' salary as compensation, plus any salaries and bonus in arrears, inclusive of this one month 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.

Other information

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

As at 31 December 2016 and 28 April 2017, the following persons held 5% or more of the issued share capital of the Company:

	31 December 2016	*28 April 2017*
	%	*%*
Health Tech Corporation Limited	64,58	64,58
CHP Investments Limited	9,11	9,11
Craigwood Investments Limited	6,00	-
Morvale Limited	-	6,00

Health Tech Corporation Limited is beneficially owned by Mr. Oleg Sapunkov from 16 July 2016 (previously by Mr. Dmitry Buriak).
CHP Investments Limited is beneficially owned by Mrs. Marina Khoriakova.
Morvale Limited and Craigwood Investments Limited are beneficially owned by Mr. Aram Aroutiounian.

Events after the reporting date

Events after the reporting date are described in Note 26 to the consolidated financial statements (also Note 21 to the separate 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

Management has made an assessment of the Group's and the Company's ability to continue as a going concern. The conditions that existed during 2016 and the developments up to the date of approval of these consolidated and separate financial statements that have been considered in management's going concern assessment include, amongst others, the operating environment in Russia and Vietnam (Note 23 to the consolidated financial statements and Note 18 to the separate financial statements). Management believes that the Group and the Company are taking all necessary measures to maintain their viability and the development of their business in the current economic environment.

MANAGEMENT REPORT (continued)
31 December 2016

Going Concern (continued)

The management after taking into consideration the uncertainties that existed at the reporting date is satisfied that the Group and the Company have the resources to continue in business for the foreseeable future and, therefore, the going concern principle is appropriate.

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 (from 10/11/2009) and Chief Executive Officer (from 1/11/2016)
Dmitry Buriak - Executive Director (Chief Executive Officer until 31/10/2016)
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 2017.

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 2016 and 28 April 2017 are stated below:

	31 December 2016	*28 April 2017*
	%	*%*
Dmitry Buriak	-	-
Roberto Piona (directly)	1,10	1,10
John Hadjihannas	-	-
Peter Fehrn-Christensen	-	-

Board of Directors remuneration

The remuneration of the Board of Directors is disclosed in Note 24 to the consolidated financial statements (also Note 19 to the separate financial statements).

Independent Auditors

The independent auditors of the Group and the Company, CosmoCo Ltd, 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

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Nairy Der Arakelian-Merheje
Secretary

2 May 2017

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Vision International People Group Public Limited

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

We the members of the Board of Directors and the other responsible persons for the preparation of the consolidated financial statements of Vision International People Group Public Limited for the year ended 31 December 2016, the names of which are listed below, confirm that, to the best of our knowledge:

(a) the accompanying annual consolidated financial statements:

(i) have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law.

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

(b) the Management Report provides a fair review of the developments and the performance of the business and the financial position of Vision International People Group Public Limited and the undertakings 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 and Chief Executive Officer

Dmitry Buriak Дмитрий Буряк

Independent Non-Executive Directors

John Hadjihannas

Peter Fehrn-Christensen

Chief Financial Officer

Nina Melnikova

2 May 2017

Vision International People Group Public Limited

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2016

				Supplementary information (Note 27)	
			Restated		*Restated*
		2016	*2015*	*2016*	*2015*
	Notes	*US$*	*US$*	*€*	*€*
Revenue	5	34.869.569	43.283.211	33.079.944	41.061.769
Cost of goods sold		(10.083.656)	(9.527.491)	(9.566.129)	(9.038.507)
Gross profit		24.785.913	33.755.720	23.513.815	32.023.262
Commissions to distributors		(15.370.396)	(18.112.414)	(14.581.535)	(17.182.823)
		9.415.517	15.643.306	8.932.280	14.840.439
Other operating income	6	515.207	772.195	488.765	732.564
Selling and distribution costs	7	(4.370.556)	(5.179.556)	(4.146.243)	(4.913.724)
Administrative expenses	7	(7.117.034)	(9.873.023)	(6.751.764)	(9.366.306)
Other operating expenses		(77.926)	(60.027)	(73.927)	(56.946)
(Loss) / profit from operating activities		(1.634.792)	1.302.895	(1.550.889)	1.236.027
Finance costs	8	(1.565.030)	(3.095.933)	(1.484.707)	(2.937.040)
Finance income	8	34.530	39.596	32.758	37.564
Loss before tax		(3.165.292)	(1.753.442)	(3.002.838)	(1.663.449)
Taxation	9	(930.617)	(1.741.174)	(882.855)	(1.651.811)
LOSS FOR THE YEAR		(4.095.909)	(3.494.616)	(3.885.693)	(3.315.260)
Other comprehensive gain / (loss) for the year, net of tax		565.181	(759.330)	536.174	(720.361)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(3.530.728)	(4.253.946)	(3.349.519)	(4.035.621)
(Loss) / profit attributable to:					
Equity holders of the parent company		(4.095.847)	(3.525.651)	(3.885.634)	(3.344.703)
Non-controlling interests		(62)	31.035	(59)	29.443
		(4.095.909)	(3.494.616)	(3.885.693)	(3.315.260)
Total comprehensive (loss) / profit attributable to:					
Equity holders of the parent company		(3.530.666)	(4.284.981)	(3.349.460)	(4.065.064)
Non-controlling interests		(62)	31.035	(59)	29.443
		(3.530.728)	(4.253.946)	(3.349.519)	(4.035.621)
Loss per share - basic (cents), for loss for the year attributable to equity holders of the parent company	10	(5,46)	(4,70)	(5,18)	(4,46)

All amounts shown above are from continuing operations.

Vision International People Group Public Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2016

	Notes	2016 US$	Restated 2015 US$	Supplementary information (Note 27) 2016 €	Supplementary information (Note 27) Restated 2015 €
ASSETS					
Non-current assets					
Goodwill	15	18.258	18.258	17.322	17.322
Intangible assets	14	15.663	40.290	14.859	38.222
Property, plant and equipment	12	1.415.431	1.593.629	1.342.786	1.511.839
Investment property	13	4.091.407	4.285.170	3.881.422	4.065.240
Deferred income tax asset	9	420.953	689.977	399.348	654.565
		5.961.712	6.627.324	5.655.737	6.287.188
Current assets					
Inventories – goods for resale	16	2.818.780	5.487.564	2.674.111	5.205.924
Trade and other receivables	18	2.820.028	3.174.960	2.675.294	3.012.006
Tax receivable		562.701	437.984	533.821	415.505
Cash in hand and at bank	19	4.219.678	3.622.157	4.003.110	3.436.256
		10.421.187	12.722.665	9.886.336	12.069.691
TOTAL ASSETS		16.382.899	19.349.989	15.542.073	18.356.879
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Issued capital	20	7.500.000	7.500.000	7.115.074	7.115.074
Reserves		(5.118.380)	(1.585.345)	(4.855.688)	(1.503.980)
		2.381.620	5.914.655	2.259.386	5.611.094
Non-controlling interests		944.802	950.239	896.312	901.470
TOTAL EQUITY		3.326.422	6.864.894	3.155.698	6.512.564
Non-current liabilities					
Interest-bearing loans and borrowings	21	3.013.580	1.143.987	2.858.913	1.085.273
Trade and other payables	22	2.196.408	2.196.408	2.083.681	2.083.681
		5.209.988	3.340.395	4.942.594	3.168.954
Current liabilities					
Trade and other payables	22	6.836.386	6.288.216	6.485.520	5.965.483
Interest-bearing loans and borrowings	21	795.662	2.650.515	754.826	2.514.480
Tax payable		214.441	205.969	203.435	195.398
		7.846.489	9.144.700	7.443.781	8.675.361
TOTAL LIABILITIES		13.056.477	12.485.095	12.386.375	11.844.315
TOTAL EQUITY AND LIABILITIES		16.382.899	19.349.989	15.542.073	18.356.879

Roberto Piona – *Chairman and Chief Executive Officer*

Dmitry Buriak – *Executive Director*

Nina Melnikova – *Chief Financial Officer*

Vision International People Group Public Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2016

	Reserves								
	Accumulated Profits / (losses) (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 2015	5.334.965	(208.385)	1.257.317	(3.683.833)	2.700.064	7.500.000	10.200.064	920.690	11.120.754
Prior period adjustment (Note 3)	-	-	-	-	-	-	-	-	-
As at 1 January 2015 – restated	5.334.965	(208.385)	1.257.317	(3.683.833)	2.700.064	7.500.000	10.200.064	920.690	11.120.754
Defence contribution on deemed distribution	(428)	-	-	-	(428)	-	(428)	-	(428)
Payments on behalf of non-controlling interests	-	-	-	-	-	-	-	(1.486)	(1.486)
Total comprehensive (loss)/ profit for the year	(3.525.651)	-	-	(759.330)	(4.284.981)	-	(4.284.981)	31.035	(4.253.946)
As at 31 December 2015 - restated	1.808.886	(208.385)	1.257.317	(4.443.163)	(1.585.345)	7.500.000	5.914.655	950.239	6.864.894
Defence contribution on deemed distribution	(2.369)	-	-	-	(2.369)	-	(2.369)	-	(2.369)
Payments on behalf of non-controlling interests	-	-	-	-	-	-	-	(5.375)	(5.375)
Total comprehensive (loss)/ profit for the year	(4.095.847)	-	-	565.181	(3.530.666)	-	(3.530.666)	(62)	(3.530.728)
As at 31 December 2016	(2.289.330)	(208.385)	1.257.317	(3.877.982)	(5.118.380)	7.500.000	2.381.620	944.802	3.326.422

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-tax resident shareholders or to shareholders that are tax resident companies in Cyprus. Payments of dividends to shareholders that are physical persons and tax resident in Cyprus are subject to 17% withholding tax from the tax year 2014 onwards. 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 17% 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.

(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.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2016

				Supplementary information (Note 27)	
			Restated		*Restated*
		2016	*2015*	*2016*	*2015*
	Notes	*US$*	*US$*	*€*	*€*
Cash flows from operating activities					
Loss before tax		(3.165.292)	(1.753.442)	(3.002.838)	(1.663.449)
Adjustments for:					
Net interest cost and bank charges	8	796.992	813.483	756.087	771.732
Loss on disposal of property, plant and equipment and intangible asset	7	7.371	23.328	6.993	22.130
Depreciation and amortisation	7	393.950	431.852	373.731	409.688
Cash flows used in operating activities before working capital changes		(1.966.979)	(484.779)	(1.866.027)	(459.899)
Decrease in inventories	16	2.668.784	2.940.141	2.531.813	2.789.243
Decrease in trade and other receivables		580.650	2.163.038	550.849	2.052.024
Increase / (decrease) in trade and other payables		1.095.372	(4.474.788)	1.039.153	(4.245.127)
Cash flows generated from operations		2.377.827	143.612	2.255.788	136.241
Net interest and bank charges paid		(796.992)	(813.483)	(756.087)	(771.732)
Taxes paid		(777.838)	(1.703.564)	(737.916)	(1.616.131)
Net cash flows from / (used in) operating activities		802.997	(2.373.435)	761.785	(2.251.622)
Cash flows from investing activities					
Payments for purchase of property, plant and equipment	12	(35.749)	(175.329)	(33.914)	(166.331)
Payments for purchase of intangible assets	14	(6.214)	(4.373)	(5.895)	(4.149)
Proceeds from disposal of property, plant and equipment and intangible assets		5.118	90.271	4.856	85.638
Net cash flows used in investing activities		(36.845)	(89.431)	(34.953)	(84.842)
Cash flows from financing activities					
Repayments of bank loans and other banking facilities		(2.096.633)	(433.902)	(1.989.027)	(411.633)
Proceeds from loans and other banking facilities		4.238.163	94.082	4.020.646	89.253
Dividends paid		-	(2.878)	-	(2.730)
Payments made on behalf of non-controlling interests		(5.375)	(1.486)	(5.099)	(1.410)
Net cash flows from / (used in) financing activities		2.136.155	(344.184)	2.026.520	(326.520)
Net increase / (decrease) in cash and cash equivalents		2.902.307	(2.807.050)	2.753.352	(2.662.984)
Net foreign exchange differences		(7.934)	(566.298)	(7.528)	(537.232)
Cash and cash equivalents at 1 January		1.325.305	4.698.653	1.257.286	4.457.502
Cash and cash equivalents as at 31 December	19	4.219.678	1.325.305	4.003.110	1.257.286

1. Corporate information

The consolidated financial statements of Vision International People Group Public Limited for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 2 May 2017.

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. Oleg Sapunkov from 16 July 2016 (previously by Mr. Dmitry Buriak), 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 4.

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) and 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, listed in Note 17 as at 31 December 2016 (together referred to as the "Group"). The financial statements of the subsidiaries are prepared for the same reporting period as that of 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)

Subsidiaries are fully consolidated from the date of acquisition, being the date on which control is transferred to the Group, and continue to be consolidated until the date when such control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over an investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee including the contractual arrangement with the other vote holders, rights arising from other contractual arrangements, and the Group's voting and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts indicate that there are changes to any of the three elements of control.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. As a result, no goodwill arises or any gain/loss is recognised in the statement of profit or loss and other comprehensive income from such transactions. The foreign exchange differences which relate to the share of non- controlling interests being sold are reclassified from the foreign currency reserve to non-controlling interests.

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 profit or loss and other comprehensive income;
- Reclassifies the parent's share of components previously recognised in other comprehensive income to the statement of profit or loss and other comprehensive income or retained earnings, as appropriate.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group, directly or indirectly. The losses of a subsidiary are allocated to non-controlling interests according to the contractual arrangements. The non-controlling interests are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity, from the Company owners' equity.

2.1 Basis of preparation and statement of compliance (continued)

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 Executive Director 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 2016 as stated below:

- *International Accounting Standard (IAS) 16 Property, Plant & Equipment and IAS 38 Intangible assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortisation.*
- *IFRS 11 Joint arrangements: Accounting for Acquisitions of Interests in Joint Operations.*
- *IAS 27 Separate Financial Statements.*
- *IAS 1 Disclosure Initiative (Amendment).*
- *Annual Improvements IFRSs 2012-2014 Cycle.*
- *IAS 19 Employee benefits (Amended): Employee Contributions.*
- *Annual Improvements IFRSs 2010–2012 Cycle.*

Adoption of the above did not have a material effect on the financial statements of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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:

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

IFRS 9 Financial Instruments.
IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for classification and measurement, impairment, and hedge accounting. The standard is effective for annual periods beginning on or after 1 January 2018 with early adoption permitted.

Classification and measurement.
The classification and measurement of financial assets will depend on the entity's business model for their management and their contractual cash flow characteristics and result in financial assets being measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss.

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)

Classification and measurement. (continued)
The combined effect of the application of the business model and the contractual cash flow characteristics tests may result in some differences in the population of financial assets measured at amortised cost or fair value compared with IAS 39. The classification of financial liabilities is essentially unchanged, except that, for certain liabilities measured at fair value, gains or losses relating to changes in the entity's own credit risk are to be included in other comprehensive income.

Impairment.
The impairment requirements apply to financial assets measured at amortised cost and FVOCI, lease receivables, certain loan commitments and financial guarantee contracts. At initial recognition, allowance (or provision in the case of commitments and guarantees) is required for expected credit losses (ECL) resulting from default events that are possible within the next 12 months (12 month ECL). In the event of a significant increase in credit risk, allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument (lifetime ECL).

The assessment of whether credit risk has increased significantly since initial recognition is performed for each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Hedge accounting.
IFRS 9 includes an accounting policy choice to remain with IAS 39 hedge accounting. The standard does not explicitly address macro hedge accounting strategies, which are being considered in a separate project. To remove the risk of any conflict between existing macro hedge accounting practice and the new general hedge accounting requirements, the standard includes an accounting policy choice to remain with IAS 39 hedge accounting.

Transition.
The classification, measurement and impairment requirements are applied retrospectively by adjusting the balance sheet at the date of initial application, with no requirement to restate comparative periods. Hedge accounting is generally applied prospectively from that date.

The Group is in the process of assessing the impact of this standard on its results and financial position.

IFRS 15 Revenue from Contracts with Customers.
IFRS 15 was issued in May 2014 and establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the Industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgements and estimates. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is in the process of assessing the impact of this standard on its results and financial position.

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

IFRS 15 Revenue from Contracts with Customers (Clarifications).
The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 Revenue from Contracts with Customers, particularly the accounting of identifying performance obligations amending the wording of the 'separately identifiable' principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach. The Clarifications apply for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Group is in the process of assessing the impact of this standard on its results and financial position.

IFRS 16 Leases.
The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (lessee) and the supplier (lessor). The new standard requires lessees to recognise most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The Group is in the process of assessing the impact of this standard on its results and financial position.

Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (as defined in IFRS3). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The Group does not expect these amendments to have a material impact on its results and financial position.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses.
The objective of the amendments is to clarify the requirements of deferred tax assets for unrealised losses in order to address diversity in practice in the application of IAS 12 Income Taxes. The specific issues where diversity in practice existed relate to the existence of a deductible temporary difference upon a decrease in fair value, to recovering an asset for more than its carrying amount, to probable future taxable profit and to combine versus separate assessment. The amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. The Group does not expect these amendments to have a material impact on its results and financial position.

Amendments to IAS 7: Disclosure Initiative.
The objective of the amendments is to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non- cash changes. The amendments specify that one way to fulfil the disclosure requirement is by providing a tabular reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities, including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes.

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)

Amendments to IAS 7: Disclosure Initiative. (continued)
These amendments are effective for annual periods beginning on or after 1 January 2017, with earlier application permitted. The Group expects this to give rise to additional disclosures. There is no impact on its results and financial position.

Amendments IFRS 2: Classification and Measurement of Share based Payment Transactions.
The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms and conditions of a share- based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Group is not expecting to have any impact on its results and financial position from these amendments.

IAS 40: Transfers to Investment Property (amendments).
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Group does not expect these amendments to have a material impact on its results and financial position.

International Financial Reporting Interpretations Committee (IFRIC) Interpretation 22: Foreign Currency Transactions and Advance Consideration.
The interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. The interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Group does not expect this interpretation to have a material impact on its results and financial position.

Annual Improvements IFRSs 2014–2016 Cycle.
The IASB has issued the Annual Improvements to IFRSs 2014–2016 Cycle, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2017 for IFRS 12 Disclosure of Interests in Other Entities and on or after 1 January 2018 for IFRS 1 First-time Adoption of IFRS and for IAS 28 Investments in Associates and Joint Ventures. Earlier application is permitted for IAS 28 Investments in Associates and Joint Ventures. The Group does not expect these to have material impact on its results and financial position.

- *IFRS 1 First-time Adoption of IFRS*: This improvement deletes the short-term exemptions regarding disclosures about financial instruments, employee benefits and investment entities, applicable for first time adopters.

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)

Annual Improvements IFRSs 2014–2016 Cycle (continued)

- *IAS 28 Investments in Associates and Joint Ventures:* The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.
- *IFRS 12 Disclosure of Interests in Other Entities*: The amendments clarify that the disclosure requirements in IFRS 12, other than those of summarised financial information for subsidiaries, joint ventures and associates, apply to an entity's interest in a subsidiary, a joint venture or an associate that is classified as held for sale, as held for distribution, or as discontinued operations in accordance with IFRS 5.

2.4 Critical accounting estimates and judgments

The preparation of the consolidated financial statements requires the Board of Directors and management to make judgements, estimates and assumptions that can have a material impact on the amounts recognised in the consolidated financial statements and the accompanying disclosures, as well as the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation of 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 described below. The assumptions and estimates were based on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may, however, change due to market changes or circumstances beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Going concern
Management has made an assessment of the Group's ability to continue as a going concern. The conditions that existed during 2016 and the developments up to the date of approval of these consolidated financial statements that have been considered in management's going concern assessment include, amongst others, the operating environment in Russia and Vietnam (Note 23). Management believes that the Group is taking all necessary measures to maintain its viability and the development of its business in the current economic environment. The management after taking into consideration the uncertainties that existed at the reporting date is satisfied that the Group has the resources to continue in business for the foreseeable future and, therefore, the going concern principle is appropriate.

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.

2.4 Critical accounting estimates and judgments

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

Provision for obsolete and slow-moving inventory
The Group reviews its inventory records for evidence regarding the saleability of inventory and its net realisable value on disposal. The provision for obsolete and slow-moving inventory is based on Management's past experience, taking into consideration the value of inventory as well as the movement and the level of stock of each category of inventory. The amount of provision is recognised in profit or loss. The review of the net realisable value of the inventory is continuous and the methodology and assumptions used for estimating the provision for obsolete and slow-moving inventory are reviewed regularly and adjusted accordingly.

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 profit or loss and other 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.

Deferred tax assets
Deferred tax assets are recognised for all deductible temporary 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.

Impairment of intangible assets
Intangible assets are initially recorded at acquisition cost and are amortised 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 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.

2.4 Critical accounting estimates and judgments (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.

Allocation of carriage expense
The Group is allocating the carriage expense incurred in the year between the inventories held at year end and current year cost of sales. This estimate is allocated based on the amount of actual carriage expense incurred in the year divided by total purchases in the year.

2.5 Summary of significant accounting policies

Business combinations

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquirers identifiable net assets. Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets acquired, is recognised as goodwill on the consolidated balance sheet. Where the Group's share of the fair values of the identifiable net assets are greater than the cost of acquisition (i.e. negative goodwill), the difference is recognised directly in the consolidated income statement in the year of acquisition as a bargain purchase gain. Acquisition related costs are expensed as incurred and included in other operating expenses. If the business combination is achieved in stages, the previously held equity interest is re-measured at fair value and any resulting gain or loss is recognised in the consolidated income statement.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

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 profit or loss and other 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 profit or loss and other 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 recognised in the statement of profit or loss and other comprehensive income.

2.5 Summary of significant accounting policies (continued)

Investments (continued)

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 profit or loss and other 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.

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 and Vision Management (Cyprus) 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 profit or loss and other comprehensive income.

Assets and liabilities of subsidiaries and branches, whose functional currency is not the US$ ("foreign operations"), 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 profit or loss and other 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.

2.5 Summary of significant accounting policies (continued)

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 profit or loss and other comprehensive income.

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 profit or loss and other 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.

2.5 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

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 profit or loss and other 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.

Investment property

Investment property, principally comprising shops and office building, is held for long term rental yields and is not occupied by the Group. Investment property is treated as a non-current asset and is stated at historical cost less depreciation and any impairment in value. Depreciation is calculated on the straight line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are 4%. Land is not depreciated.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

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 profit or loss and other 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 on 31 December.

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.

2.5 Summary of significant accounting policies (continued)

Cash and cash equivalents (continued)

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.

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 profit or loss and other 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 profit or loss and other comprehensive income when the liabilities are derecognised as well as through the amortisation process.

2.5 Summary of significant accounting policies (continued)

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.

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 profit or loss and other 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.

2.5 Summary of significant accounting policies (continued)

Financial assets and financial liabilities-fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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.

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 profit or loss and other 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 products
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 is recognised on accrual basis in accordance with the substance of the relevant agreements.

2.5 Summary of significant accounting policies (continued)

Commissions

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

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 profit or loss and other comprehensive income as they fall due. No other post-employment or long-term employee benefit plans exist.

Taxation

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)

Prior period restatements due to errors

Errors can arise in respect of the recognition, measurement, presentation or disclosure of elements of financial statements. In the case where the Group identifies a material error during the year relating to prior periods, the error is corrected retrospectively by restating the comparative amounts for the prior period(s) presented in which the error occurred.

Comparatives

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

3. Prior period restatement

In prior years, the Group has entered into rental agreements with third parties for part of its head office building that previously the Group had exclusively for own use. The part of the head office building that was not for the Group's own use has not been reclassified to investment property. During the year ended 31 December 2016, the Group has assessed the use of the building and identified the error. As such the Group has proceeded with reclassification of the part of the head office building that was not for own use, from property plant and equipment to investment property.

The reclassification error has been corrected by restating each of the affected financial statement line items for the prior period and the earliest period presented as follows:

Impact on Equity (increase / (decrease)in equity)	*31/12/2015 US$*	*01/01/2015 US$*
Property plant and equipment - Cost (Note 12)	(6.169.300)	(6.169.300)
Investment Property (Note 13)	6.169.300	6.169.300
Property plant and equipment - Accumulated Depreciation (Note 12)	1.884.130	1.690.368
Investment Property - Accumulated Depreciation (Note 13).	(1.884.130)	(1.690.368)
Net Impact on Equity	-	-

The change relates only to reclassification between the financial statement line items shown above. All other financial statement line items remain the same. The change did not have any impact on statement of profit or loss and in the basic and diluted earnings per share (EPS) of the prior period. The change did not have any impact in other comprehensive income for the current and prior period or the Group's operating, investing and financing cash flows.

4. 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), and income taxes are managed on a Group basis and are not allocated to the operating segments.

4. Operating segment information (continued)

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, 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.

Year ended 31 December 2016

	CIS & Baltics US$	*Europe US$*	*Rest of the world US$*	*2016 Total US$*
Revenue				
Sales to external customers	12.484.508	9.366.049	13.019.012	34.869.569
There is no inter-segment revenue				
Result				
Segment results	(1.094.180)	(795.564)	254.952	(1.634.792)
Loss from operating activities				(1.634.792)
Finance costs				(1.565.030)
Finance income				34.530
Loss before tax				(3.165.292)
Tax expense				(930.617)
Loss for the year				(4.095.909)
Assets and liabilities				
Segment assets	6.513.901	3.364.076	6.461.542	16.339.519
Unallocated assets				43.380
Total assets				16.382.899
Segment liabilities	4.814.142	3.229.417	4.950.204	12.993.763
Unallocated liabilities				62.714
Total liabilities				13.056.477
Other segment information				
Capital expenditures	35.790	4.111	2.061	41.962
Depreciation and amortisation	127.978	129.298	136.674	393.950

4. Operating Segment information (continued)

Year ended 31 December 2015

	CIS & Baltics US$	*Europe US$*	*Rest of the world US$*	*2015 Total US$*
Revenue				
Sales to external customers	15.087.223	8.601.464	19.594.524	43.283.211
There is no inter-segment revenue				
Result				
Segment results	1.007.560	(905.847)	1.201.182	1.302.895
Profit from operating activities				1.302.895
Finance costs				(3.095.933)
Finance income				39.596
Loss before tax				(1.753.442)
Tax expense				(1.741.174)
Loss for the year				(3.494.616)
Assets and liabilities				
Segment assets	7.094.727	3.675.369	8.503.015	19.273.111
Unallocated assets				76.878
Total assets				19.349.989
Segment liabilities	4.025.842	2.446.823	5.945.785	12.418.450
Unallocated liabilities				66.645
Total liabilities				12.485.095
Other segment information				
Capital expenditures	16.545	145.713	17.445	179.703
Depreciation and amortisation	130.662	134.596	166.594	431.852

5. Revenue

	2016 US$	*2015 US$*
Sale of products	34.869.569	43.283.211
	34.869.569	43.283.211

6. Other operating income

	2016 US$	*2015 US$*
Royalties and license fees	200.000	200.000
Operating lease rentals (Note 13)	122.360	130.153
Other	192.847	442.042
	515.207	772.195

7. Selling, distribution and administrative expenses

	2016 *US$*	*2015* *US$*
These include the following:		
Depreciation and amortisation	393.950	431.852
Operating lease rentals	670.123	902.677
Auditors' remuneration	104.240	99.820
Loss on disposal of property, plant and equipment and intangible assets	7.371	23.328

Staff costs:		
Wages and salaries	3.562.792	4.798.943
State pension and other social and medical security costs	762.318	1.001.633
Cyprus employees provident fund contributions	22.501	23.255
Other employer contributions	9.177	8.857
Other staff related costs	12.000	26.928
	4.368.788	5.859.616

The remuneration of key management personnel (including Directors) is not included in the staff costs (disclosed above) and is disclosed in Note 24.

The number of persons employed by the Group as at 31 December 2016 was 241 (2015: 259).

8. Finance income and finance costs

	2016 *US$*	*2015* *US$*
Finance costs:		
Charges and interest expense on:		
Bank loans, overdrafts and other banking facilities	725.928	735.019
Building related bank loans (Note 21)	105.594	93.535
Trade and other payables	-	24.525
Net foreign exchange differences	733.508	2.242.854
	1.565.030	3.095.933
Finance income:		
Interest income on:		
Bank accounts (Note 19)	34.530	39.596

9. Taxation

	2016 *US$*	*2015* *US$*
Consolidated statement of profit or loss and other comprehensive income		
Current tax expense		
Withholding tax on dividends received by the Company	112.234	19.418
Special defence tax	2.880	5.690
Current income tax charge – subsidiary companies	546.479	1.325.098
Deferred income tax		
Relating to origination and reversal of temporary differences	269.024	390.968
Tax expense	930.617	1.741.174

9. **Taxation** (continued)

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

	2016	*2015*
The Company	12,50%	12,50%
Sambrook Holdings Limited	0%	0%
Nutri Export Limited Partnership	0%	0%
Vision Holdings Limited	12,50%	12,50%
Nutriprodex Limited	20%	20%
Total Eclipse International Limited	20%	20%
Vision Balkan Limited	10%	10%
Vision-Latomas Commercial Limited	19%	19%
Vision Polska Sp. Zo.o.	19%	19%
Vision Euronord Private Limited Company	15%	15%
Vision Serbo d.o.o.	15%	15%
Vision E-Shop G.m.b.H	25%	25%
Vision Group Rus LLC	20%	20%
OPT-RTK LLC	20%	20%
Vision Kyiv LLC	18%	18%
Vision Ukraine LLC	18%	18%
VIP Asia LLP	20%	20%
Vision Asia LLP	20%	20%
ArmVision 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	34,61%	34,61%
Vision Vietnam Co Limited	20%	22%
Vision Vietnam Trading Co Limited	20%	22%
Vision Management (Cyprus) Limited	12,50%	12,50%
Vision Egypt for Distribution LLC	22,50%	22,50%
Vision MISR for Trading LLC	22,50%	22,50%
Demareti Limited	20%	20%
TK Baku LLC	20%	20%
Vision (Thailand) Co. Ltd	20%	20%

The Company is tax resident in Cyprus and is taxed at the rate of 12,50% (2015:12,50%). Under certain conditions interest income and deemed interest income may be subject to defence contribution at the rate of 30% (2015: 30%). 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 17% for the tax year 2014 onwards.

Sambrook Holdings Limited pays no income tax in the British Virgin Islands. It is considered resident in the Island of Guernsey. The effective rate of tax in 2016 and 2015 was 0%.

9. Taxation (continued)

Deferred income tax asset

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

	2016 *US$*	*2015* *US$*
Unrealised profits on intragroup stock eliminated on consolidation	420.953	689.977
	420.953	689.977

10. Earnings per share

Basic earnings / (losses) per share amounts are calculated by dividing the net profit / (loss) 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:

	2016 *US$*	*2015* *US$*
Net loss attributable to ordinary equity holders of the parent for basic earnings per share	(4.095.847)	(3.525.651)

	2016 *Number*	*2015* *Number*
Weighted average number of ordinary shares for basic earnings per share	75.000.000	75.000.000

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.

11. Dividends paid and proposed

On 2 May 2017, the Directors resolved to recommend that no final dividend is paid for the year 2016 (2015: US$ Nil). The Company did not pay interim dividends during 2016 (2015: US$ Nil).

12. Property, plant and equipment

	Freehold property	*Furniture and equipment*	*Motor vehicles*	*Leasehold improvements*	*Total*
	US$	*US$*	*US$*	*US$*	*US$*
Cost					
As at 1 January 2015	7.716.858	2.461.904	692.419	373.357	11.244.538
Prior period restatement (Note 3)	(6.169.300)	-	-	-	(6.169.300)
As at 1 January 2015 - restated	1.547.558	2.461.904	692.419	373.357	5.075.238
Additions	-	40.926	134.403	-	175.329
Disposals	-	(41.678)	(171.683)	-	(213.361)
Exchange adjustments	(10.534)	(116.791)	(48.678)	(14.882)	(190.885)
As at 31 December 2015 - restated	1.537.024	2.344.361	606.461	358.475	4.846.321
Additions	-	34.137	-	1.612	35.749
Disposals	-	(58.900)	(7.273)	(45.353)	(111.526)
Exchange adjustments	227	(54.077)	(40.284)	(40.389)	(134.523)
As at 31 December 2016	1.537.251	2.265.521	558.904	274.345	4.636.021
Accumulated depreciation					
As at 1 January 2015	2.122.213	2.191.111	452.123	145.800	4.911.247
Prior period restatement (Note 3)	(1.690.368)	-	-	-	(1.690.368)
As at 1 January 2015 - restated	431.845	2.191.111	452.123	145.800	3.220.879
Charge for the year	49.310	87.603	57.324	38.388	232.625
Disposals	-	(14.747)	(58.272)	-	(73.019)
Exchange adjustments	(6.972)	(105.014)	(18.639)	2.832	(127.793)
As at 31 December 2015 - restated	474.183	2.158.953	432.536	187.020	3.252.692
Charge for the year	48.838	71.791	46.985	26.869	194.483
Disposals	-	(48.983)	(4.676)	(45.353)	(99.012)
Exchange adjustments	180	(51.522)	(36.269)	(39.962)	(127.573)
As at 31 December 2016	523.201	2.130.239	438.576	128.574	3.220.590
Net book value					
As at 31 December 2016	1.014.050	135.282	120.328	145.771	1.415.431
As at 31 December 2015 - restated	1.062.841	185.408	173.925	171.455	1.593.629

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

12. Property, plant and equipment (continued)

Included in freehold property is a land and building ('Vision Tower' in Nicosia, Cyprus) with a carrying amount as at 31 December 2016 of US$1.011.232 (2015: US$1.059.122). During the year ended 31 December 2016 the Group has reclassified the part of the building that is not for own use to investment property (Notes 3, 13). The Management is of the opinion that the reclassification will result in a fairer presentation. The property was financed by a bank loan and has been pledged as security for this loan (Note 21).

The cost of land as at 31 December 2016 amounted to US$327.537 (2015:US$327.537). Land is not depreciated.

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.

13. Investment property

	2016 *US$*	*2015* *US$*
Cost		
As at 1 January	6.169.300	-
Prior period restatement (Note 3)	-	6.169.300
As at 1 January - restated	6.169.300	6.169.300
As at 31 December	6.169.300	6.169.300
Accumulated depreciation		
As at 1 January	1.884.130	-
Prior period restatement (Note 3)	-	1.690.368
As at 1 January - restated	1.884.130	1.690.368
Charge for the year	193.763	193.762
As at 31 December	2.077.893	1.884.130
Net book value		
As at 31 December - restated	4.091.407	4.285.170

During the year ended 31 December 2016 the Group has reclassified the part of the building that is not for own use to investment property (Notes 3, 12). The Management is of the opinion that the reclassification will result in a fairer presentation. The fair value of the investment property as at 31 December 2016 as it has been determined by the external independent valuer was €4.340.000. The external independent valuer has followed the comparative method, income method and zoning approach after taking into account the physical and legal characteristics of the property, the trends and potentialities of the land market and the economy. The property was financed by a bank loan and has been pledged as security for this loan (Note 21). Rental income during the year amounted to US$122.360 (2015: US$130.153) and is included in other operating income (Note 6).

Included in investment property as at 31 December 2016 there is land that is not depreciated amounting to US$1.325.207 (2015: US$1.325.207).

14. Intangible assets

Computer software

	2016 *US$*	*2015* *US$*
Cost		
As at 1 January	1.290.321	1.441.238
Additions	6.214	4.373
Disposals	-	(2.712)
Written off	(1.028.947)	-
Exchange adjustment	7.396	(152.578)
As at 31 December	274.984	1.290.321
Accumulated amortisation		
As at 1 January	1.250.031	1.391.205
Charge for the year	5.704	5.465
Disposals	-	(2.226)
Written off	(1.028.947)	-
Exchange adjustment	32.533	(144.413)
As at 31 December	259.321	1.250.031
Net book value		
As at 31 December	15.663	40.290

15. Goodwill

	2016 *US$*	*2015* *US$*
On acquisition of:		
"Kazakhstan group"	18.258	18.258
	18.258	18.258

16. Inventories

	2016 *US$*	*2015* *US$*
Goods for resale	2.818.780	5.487.564
	2.818.780	5.487.564

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

17. 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* *2016*	*2015*
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%
Total Eclipse International Limited	England and Wales	100%	100%
Vision Balkan Limited	Bulgaria	100%	100%
Vision Polska Sp. Zo.o.	Poland	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%
ArmVision LLC	Armenia	100%	100%
Vision Vietnam Co Limited	Vietnam	100%	100%
Vision Management (Cyprus) Limited	Cyprus	100%	100%
Demareti Limited	England and Wales	100%	100%
Vision (Thailand) Co. Ltd	Thailand	90,57%	90,57%
Under liquidation during 2016 :			
Vision Kyiv LLC	Ukraine	100%	100%
TK Baku LLC	Azerbaijan	100%	100%
Vision Euronord Private Limited Company	Lithuania	100%	100%
Vision-Latomas Commercial Limited	Hungary	100%	100%
Vision Egypt for Distribution LLC	Egypt	99%	99%
Vision MISR for Trading LLC	Egypt	98%	98%
Vision (India) People Group Private Limited	India	100%	100%
Vision Azerbaijan LLC	Azerbaijan	100%	100%
Vision Istanbul Health and Products Trade and Industry Limited	Turkey	100%	100%

Sambrook Holdings Limited is the General Partner with unlimited liability and 99% share in the profits of Nutri Export Limited Partnership. The Limited Partner that represents non-controlling interest, has limited liability (up to the amount of its capital contribution of GBP£50) and 1% share in the profits of Nutri Export Limited Partnership.

17. Subsidiaries (continued)

Group restructuring during the year ended 31 December 2016

The subsidiary companies in Egypt, namely Vision Egypt for Distribution LLC and Vision MISR for Trading LLC that were put under liquidation in 2013, are still undergoing liquidation.

The subsidiary company Vision Kyiv LLC (Ukraine), for which the liquidation process started in previous years, is still undergoing liquidation. The subsidiary companies TK Baku LLC (Azerbaijan), Vision Latomas Commercial Limited (Hungary) and Vision Euronord Private Limited Company (Lithuania) that were put under liquidation in 2014, are still undergoing liquidation.

Liquidation procedures which were initiated in 2015 for the subsidiaries, namely Vision Istanbul Health and Products Trade and Industry Limited (Turkey), Vision (India) People Group Private Limited (India) and Vision Azerbaijan LLC (Azerbaijan), are still undergoing liquidation. The subsidiary Vision (Thailand) Co. Ltd (Thailand) has not yet commenced trading activities.

The branch of the subsidiary company Vision E-Shop G.m.b.H. in Germany has not commenced any operations yet.

The branch registered in Cambodia by the Group's subsidiary namely Vision Vietnam Trading Co. Limited (Vietnam) has not yet commenced any operations.

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, to manage the cash flows and the effects of the local currency and to improve the service and efficiency of the Group's activities. The Group continued during the year to grant to third party franchisee companies the rights to sell its products and use its trademarks.

Establishment of new subsidiaries during the year ended 31 December.

There were no establishments of new subsidiaries during the years ended 31 December 2016 and 2015.

Acquisition and disposal of subsidiaries during the year ended 31 December.

There were no acquisition or disposals of subsidiaries during the years ended 31 December 2016 and 2015.

18. Trade and other receivables

	2016	*2015*
	US$	*US$*
Trade receivables (net of provisions)	1.896.746	2.391.087
Advance payments to suppliers	64.991	7.027
Prepayments and other receivables	858.291	776.846
	2.820.028	3.174.960

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

During the year ended 31 December 2016, the Group has fully provided for the balance due from related company Reglan Commerce Corp. The balance of Reglan Commerce Corp was US$422.240 as at 31 December 2015 (Note 24).

19. Cash and cash equivalents

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

	2016	*2015*
	US$	*US$*
Cash at bank	3.646.178	3.263.512
Cash in hand	573.500	358.645
Cash at bank and in hand	4.219.678	3.622.157
Less bank overdrafts (Note 21)	-	(2.296.852)
Cash and cash equivalents	4.219.678	1.325.305

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 2016 amounted to US$34.530 (2015: US$39.596) (Note 8).

20. Issued capital – ordinary shares

	2016		*2015*	
	No. of Shares	*US$*	*No. of Shares*	*US$*
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 2016 and 31 December 2015.

21. Interest-bearing loans and borrowings

	Interest rate (p.a.)	*Maturity*	*2016 US$*	*2015 US$*
Non-current				
Head Office building secured bank loan	Euribor 6 month + 5,00%	2026	2.848.718	1.090.395
Other banking facilities	3,30%	2018	-	53.592
Other bank loans	16,00%	2018	164.862	-
			3.013.580	1.143.987

	Interest rate (p.a.)	*Maturity*	*2016 US$*	*2015 US$*
Current				
Head Office building secured bank loan	Euribor 6 month + 5,00%	2017	424.968	320.830
Bank overdrafts (Note 19)	US$ LIBOR + 5,50%	2017	-	2.296.852
Other banking facilities	3,30%	2017	53.780	32.833
Other bank loans	16,00%	2017	316.914	-
			795.662	2.650.515

21. Interest-bearing loans and borrowings (continued)

Restructuring of Head Office building secured bank loan

On 16 September 2016, the Group entered into an agreement with Bank of Cyprus Public Company Limited for the restructuring of its loan and overdraft facilities that were obtained in prior years and used to facilitate the purchase of the office building of the Group in Cyprus (carrying amount of property classified in property plant and equipment and investment property: US$5.102.639 as at 31 December 2016 and US$5.344.292 as at 31 December 2015). During the year ended 31 December 2016, the Group has entered into a new loan agreement to replace the prior years' loans and overdraft facilities. The new bank loan amounted to €3.200.000 (US$3.371.935) is repayable in monthly instalments until September 2026. The carrying value of the loan as at 31 December 2016 was €3.106.762 (US$3.273.686). The loan bears interest at 6 month Euribor plus a margin of 5,00% per annum. The loan is secured through a first legal mortgage over the property in the amount of €3.900.000 (US$4.109.546), the assignment of fire and earthquake insurance policy over the property for the amount of €5.142.890 (US$5.419.216) and a floating charge of €341.721 (US$360.082) over the assets of the Parent Company.

During the year, the total interest charged for all building related bank loans amounted to amounted to US$105.594 (2015: US$93.535) (Note 8).

Other bank loans

Other bank loans consist of a loan obtained by OPT-RTK LLC from SDM-Bank, to borrow the amount of RUB50.000.000 (US$824.309). The bank loan carries interest at a rate of 16% per annum and is repayable in May 2018. As at 31 December 2016 the bank loan balance was RUB29.200.000 (US$481.396). During the year ended 31 of December 2016, the total interest charged on the bank loan was RUB5.807.913 (US$87.538).

Other banking facilities

Other banking facilities consist of a hire purchase facility obtained by Vision E-Shop G.m.b.H. with Welcome Bank G.m.b.H. for the purchase of a motor vehicle. As at 31 December 2016, the outstanding amount for the facility is €51.038 (US$53.780). The hire purchase facility is repayable in 9 monthly installments plus an additional lump sum of €30.000 which is payable along with the final installment and carries an annual interest rate of 3,30%.

In October 2016 OPT-RTK LLC renewed its overdraft facility with SDM-Bank for an amount up to RUB15.000.000 (US$247.293). The overdraft facility carries interest at a rate of 16% per annum and is secured by a pledge of inventories held by Vision Group Rus LLC, with a cost as at 31 December 2016 of RUB5.000.402 (US$82.437). Vision Group Rus LLC has also provided guarantees for the amount of RUB17.260.732 (US$284.563). The credit facility is available until October 2017. As at 31 December 2016 the balance of the credit facility was US$ Nil (2015: US$ Nil). During the year 2016, the total interest charged on the overdraft facility was RUB 1.516.831 (US$22.862) (2015: US$27.969).

22. Trade and other payables

	2016	*2015*
	US$	*US$*
Current		
Trade payables	1.739.417	1.660.381
Unpaid commissions payable to distributors	3.380.361	2.453.061
Accrued commissions to distributors on unsold stock at franchisee outlets	332.187	867.679
Other accruals and payables	1.384.421	1.307.095
	6.836.386	6.288.216

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

	2016	*2015*
	US$	*US$*
Non-current		
Unpaid dividends for 2006	1.396.360	1.396.360
Unpaid dividends for 2005	569.079	569.079
Unpaid dividends for 2004	214.103	214.103
Unpaid dividends for 2003	16.866	16.866
	2.196.408	2.196.408

23. 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:

	2016	*2015*
	US$	*US$*
Within one year	359.424	382.174
After one year but not more than five years	58.300	25.300
More than five years	-	-
	417.724	407.474

Capital commitments

As at 31 December 2016 and 31 December 2015 the Group had no capital commitments.

23. 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. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation which display characteristics of an emerging market including relatively high inflation and high interest rates. The legal, tax, customs and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation. The turmoil in Ukraine and related events have increased the perceived risks of doing business in the Russian Federation. The imposition of economic sanctions on Russian individuals and legal entities by the European Union, the United States of America, Japan, Canada, Australia and others, as well as retaliatory sanctions imposed by the Russian government, has resulted in increased economic uncertainty including more volatile equity markets, the volatility of the Russian Rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. The longer term effects of the implemented sanctions, as well as the threat of additional future sanctions, are difficult to determine.

While management believes it is taking all necessary measures to maintain the viability and the development of the Group's business in the current economic environment, unexpected further deterioration in the areas described above could negatively affect the Group's results and financial position in a manner not currently determinable.

Vietnamese operating environment

A significant part of the Group's business is also conducted in Vietnam. Consequently, the Group is exposed to the economic and financial markets of Vietnam which display characteristics of an emerging market. Vietnam's overall economic freedom is limited by several key institutional factors. Despite ongoing reform efforts, the regulatory environment is not particularly efficient or transparent. Despite progress, investment remains hindered by opaque bureaucracy and a weak judicial system. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments and the volatility of the Vietnamese Dong against major currencies contribute to the challenges faced by entities operating in Vietnam.

While management believes it is taking all necessary measures to maintain the viability and the development of the Group's business in the current economic environment, 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. Cyprus exited its economic adjustment programme at the end of March 2016 after a successful return to markets and having utilised only about 70% of the €10 billion funding resources made available by the European Union (EU) and the International Monetary Fund (IMF). Based on the Ministry of Finance Stability Programme 2016- 2019 (May 2016), in the area of public finances, the government carried out a strong fiscal adjustment and the budget returned to near balance, public spending was reduced and tax collection was made more efficient.

The international credit rating agencies have upgraded the rating of the country. Fitch Ratings upgraded the rating of the Republic of Cyprus one notch to BB- with a positive outlook in October 2016, S&P Global Rating by one notch to BB with a positive outlook in September 2016 and by one notch to BB+ with a stable outlook in March 2017 and Moody's Investors Service by two notches to B1 with a stable outlook in November 2015. In November 2016 Moody's Investors Service improved the outlook on the Republic of Cyprus from stable to positive.

23. Commitments and contingencies (continued)

Cyprus operating environment (continued)

In July 2016 the Cyprus government accessed international capital markets for the third time since the start of the economic adjustment programme to date, issuing a seven year Eurobond of €1 billion at a yield of 3,8%.

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;

(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 Group'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.

The Parent company and its subsidiary Total Eclipse International Limited were defendants in two consolidated lawsuits in the United States District Court for the District of South Carolina from prior years. In March 2016, both Vision International People Group Public Limited and Total Eclipse International Limited won the legal cases. The Group's external lawyers have confirmed that the legal cases have been dismissed during the year ended 31 December 2016.

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.

23. Commitments and contingencies (continued)

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 2016 and 31 December 2015 the Group had no other commitments.

24. Related party disclosures

The consolidated financial statements include the financial statements of the Company and its subsidiaries listed in Note 17.

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. Oleg Sapunkov from 16 July 2016 (previously by Mr. Dmitry Buriak), who is considered as the ultimate controlling party of the Group.

For 2016 and 2015 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:

24. Related party disclosures (continued)

Related party		*Purchases from related parties* *US$*	*Income from related parties* *US$*	*Expenses charged by related parties* *US$*	*Net interest expense / (income)* *US$*
DEM4R LLC	2016	1.426.460	1.301.184	-	(5.602)
	2015	-	629.287	-	-
Vision Neva LLC	2016	-	368.096	-	-
	2015	-	450.717	-	-
TCV Khabarovsk LLC	2016	16,644	159,360	-	-
	2015	-	224.450	-	-
UAB Forumo Rumai	2016	-	-	-	-
	2015	-	-	16.625	-
JSC “Svencioniu Vaistazoles”	2016	-	-	-	-
(until 31/12/2015)	2015	799.094	-	-	-
TCV Centr LLC	2016	-	331.943	-	-
	2015	-	785.324	-	-
DV Vladivostok LLC	2016	-	248.938	-	-
	2015	-	374.895	-	-
CV Volgograd LLC	2016	-	102.251	-	-
	2015	-	208.236	-	-
TC Kazan LLC	2016	-	171.867	-	-
	2015	-	278.334	-	-
TD Ekaterinbourg LLC	2016	-	136.307	-	-
	2015	-	210.716	-	-
TCV Irkoutsk LLC	2016	-	210.620	-	-
	2015	-	390.243	-	-
TD Sibir LLC	2016	-	228.763	-	-
	2015	-	349.682	-	-
UAB “Vision DEM4 Laboratory”	2016	-	-	-	-
(until 31/12/2015)	2015	454.483	-	1.330.758	-
TCV Krasnodar LLC	2016	-	407.594	-	-
	2015	-	337.691	-	-

24. Related party disclosures (continued)

Related party		*Trade and other receivables US$*	*Trade and other payables US$*	*Loans due (to)/from US$*
Vision Neva LLC	2016	77.516	-	-
	2015	114.655	-	-
DEM4R LLC	2016	554.784	55.943	90.674
	2015	81.436	72.310	-
TCV Khabarovsk LLC	2016	25.719	21.482	-
	2015	31.323	-	-
JSC "Svencioniu Vaistazoles"	2016	-	-	-
(until 31/12/2015)	2015	-	472.349	-
UAB Forumo Rumai	2016	-	23.256	-
	2015	-	24.116	-
VIP Communication Limited	2016	29.250	34.904	-
	2015	27.361	33.967	-
TCV Krasnodar LLC	2016	4.237	16.468	-
	2015	46.448	-	-
TCV Centr LLC	2016	175.176	-	-
	2015	56.289	-	-
DV Vladivostok LLC	2016	4.237	21.718	-
	2015	63.569	-	-
CV Volgograd LLC	2016	29.597	-	-
	2015	80.217	-	-
Reglan Commerce Corp (Note 18)	2016	-	-	-
	2015	422.240	-	-
Vision Egypt for Services LLC	2016	-	2.219	-
	2015	-	5.161	-
TC Kazan LLC	2016	4.237	-	-
	2015	4.237	2.256	-
TD Ekaterinbourg LLC	2016	4.237	-	-
	2015	68.173	-	-
TD Sibir LLC	2016	32.271	-	-
	2015	70.590	-	-
TCV Irkoutsk LLC	2016	16.448	-	-
	2015	65.872	-	-
UAB "Vision DEM4 Laboratory"	2016	-	-	-
(until 31/12/2015)	2015	1.235	805.106	-

24. Related party disclosures (continued)

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

Party	*Relationship*
Health Tech Corporation Limited	Ultimate parent company
Reglan Commerce Corp	Entity under common control
VIP Communication Limited	Entity under common control
UAB Forumo Rumai	Entity under common control
JSC "Svencioniou Vaistazoles" (until 31/12/2015)	Entity under common control
Vision Egypt for Services LLC	Entity under common control
UAB "Vision DEM4 Laboratory" (until 31/12/2015)	Entity under common control
DEM4R LLC	Franchisee
Vision Neva LLC	Franchisee
TCV Khabarovsk LLC	Franchisee
TCV Centr LLC	Franchisee
DV Vladivostok LLC	Franchisee
CV Volgograd LLC	Franchisee
TC Kazan LLC	Franchisee
TD Ekaterinbourg LLC	Franchisee
TD Sibir LLC	Franchisee
TCV Irkoutsk LLC	Franchisee
TCV Krasnodar LLC	Franchisee

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

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

	2016 *US$*	*2015* *US$*
Directors' remuneration:		
Fees in directors' capacity:		
Dmitry Buriak	334.553	345.704
Roberto Piona	111.378	93.988
Stanislav Odinstov (from 08/09/2015 to 27/10/2015)	-	10.659
John Hadjihannas	11.028	11.031
Peter Fehrn-Christensen	11.028	11.031
	467.987	472.413

25. 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.

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$*
2016		
Euro	+1,0	(32.737)
US$	+1,0	-
Euro	-1,0	32.737
US$	-1,0	-
2015		
Euro	+1,0	(1.117)
US$	+1,0	(35.964)
Euro	-1,0	1.117
US$	-1,0	35.964

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.

25. Financial risk management and capital management (continued)

Liquidity risk (continued)

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 2016	*On demand US$*	*< 1 year US$*	*1 to 5 Years US$*	*> 5 years US$*	*Total US$*
Interest bearing loans and borrowings	-	875.650	1.890.903	2.018.601	4.785.154
Trade and other payables	-	6.836.386	2.196.408	-	9.032.794
Total	-	7.712.036	4.087.311	2.018.601	13.817.948

Year ended 31 December 2015	*On demand US$*	*< 1 year US$*	*1 to 5 Years US$*	*> 5 years US$*	*Total US$*
Interest bearing loans and borrowings	2.296.852	473.440	1.611.719	7.933	4.389.944
Trade and other payables	-	6.288.216	2.196.408	-	8.484.624
Total	2.296.852	6.761.656	3.808.127	7.933	12.874.568

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$.

Foreign currency risk 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.

Foreign currency risk also arises on balances of monetary assets and liabilities held in foreign currencies, mainly the amounts payable in Euro to the major suppliers of the Group. 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. The effect on the consolidated equity is shown as a foreign currency translation movement. Major exposures are monitored on a regular basis.

The carrying amounts of the Group's major foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

25. Financial risk management and capital management (continued)

Foreign currency risk

	Assets		*Liabilities*	
	2016	*2015*	*2016*	*2015*
Currency	*US$*	*US$*	*US$*	*US$*
Euro	1.186.575	1.407.147	9.143.527	5.435.198
Russian Rouble	1.675.761	1.812.489	827.456	170.730
Vietnamese Dong	2.728.927	2.914.269	499.192	524.833
Total	5.591.263	6.133.905	10.470.175	6.130.761

The following significant exchange rates have been applied during the year:

	Average Rate		*Year-end spot rate*	
	2016	*2015*	*2016*	*2015*
Currency	*US$*	*US$*	*US$*	*US$*
Euro	0,90682	0,90650	0,94901	0,91516
Russian Rouble	66,34713	62,00543	60,65690	72,88270
Vietnamese Dong	22.094,95	21.756,22	22.437,90	22.108,70

A 10% strengthening of the US$ against the following currencies at 31 December 2016 would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the US$ against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

	Equity		*Profit or loss*	
	2016	*2015*	*2016*	*2015*
Currency	*US$*	*US$*	*US$*	*US$*
Euro	795.695	402.805	795.695	402.805
Russian Rouble	(84.830)	(164.176)	(84.830)	(164.176)
Vietnamese Dong	(222.974)	(238.944)	(222.974)	(238.944)
Total	487.891	(315)	487.891	(315)

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.

25. Financial risk management and capital management (continued)

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.

	2016 *US$*	*2015* *US$*
Interest-bearing loans and borrowings (non-current)	3.013.580	1.143.987
Interest-bearing loans and borrowings (current)	795.662	2.650.515
	3.809.242	3.794.502
Equity attributable to equity holders of the Parent company	2.381.620	5.914.655
Equity and interest-bearing debt	6.190.862	9.709.157
Gearing ratio	62%	39%

26. Events after the reporting date

In January 2017, the liquidation of the subsidiary of the Group namely Vision (India) People Group Private Limited was finalised (Note 17). The liquidation of the subsidiary of the Group namely Vision-Latomas Commercial Limited was finalised in February 2017 (Note 17).

There are no other material events after the reporting date, which affect the consolidated financial statements as at 31 December 2016.

27. Supplementary information

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

The US$ amounts for both 2016 and 2015 have been translated to € using the exchange rate issued by the European Central Bank as at 31 December 2016, i.e. €1 = US$1,0541.

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

We the members of the Board of Directors and the other responsible persons for the preparation of the financial statements of Vision International People Group Public Limited for the year ended 31 December 2016, the names of which are listed below, confirm that, to the best of our knowledge:

(1) the accompanying Company's financial statements:

(i) have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law.

(i) give a true and fair view of the assets, the liabilities, the financial position and the profit or loss of Vision International People Group Public Limited, and

(b) the Management Report provides a fair review of the developments and the performance of the business and 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 and Chief Executive Officer

Dmitry Buriak

Independent Non-Executive Directors

John Hadjihannas

Peter Fehrn-Christensen

Chief Financial Officer

Nina Melnikova

2 May 2017

Vision International People Group Public Limited

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2016

	Notes	*2016* *US$*	*Restated* *2015* *US$*
Dividend income	4	575.863	3.600.429
Other operating income	5	415.156	424.293
Administrative expenses	6	(2.459.062)	(4.803.037)
Loss from operating activities		(1.468.043)	(778.315)
Provision for impairment on investments in subsidiaries	12	(30.208)	(175.020)
Finance costs	7	(225.336)	(296.289)
Finance income	7	221.926	99.384
Loss before tax		(1.501.661)	(1.150.240)
Tax expense	8	(115.004)	(25.108)
LOSS FOR THE YEAR		(1.616.665)	(1.175.348)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(1.616.665)	(1.175.348)

All the amounts shown above are from continuing activities.

Vision International People Group Public Limited

COMPANY STATEMENT OF FINANCIAL POSITION
at 31 December 2016

	Notes	2016 US$	Restated 2015 US$
ASSETS			
Non-current assets			
Property, plant and equipment	10	1.066.550	1.143.777
Investment property	11	4.091.407	4.285.170
Investments in subsidiaries	12	662.087	662.087
		5.820.044	6.091.034
Current assets			
Trade and other receivables	13	12.294	14.493
Amounts due from subsidiaries and related parties	19	2.184.044	4.326.533
Cash in hand and at bank	14	13.751	21.308
		2.210.089	4.362.334
TOTAL ASSETS		8.030.133	10.453.368
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	15	7.500.000	7.500.000
Reserves		(5.414.010)	(3.794.976)
TOTAL EQUITY		2.085.990	3.705.024
Non-current liabilities			
Interest-bearing loans and borrowings	16	2.848.718	1.090.395
Accruals and other payables	17	2.196.408	2.196.408
		5.045.126	3.286.803
Current liabilities			
Accruals and other payables	17	252.397	412.425
Interest-bearing loans and borrowings	16	424.968	2.829.955
Amounts payable for the establishment of subsidiaries		-	4.849
Amounts due to subsidiaries and related parties	19	221.652	214.312
		899.017	3.461.541
TOTAL LIABILITIES		5.944.143	6.748.344
TOTAL EQUITY AND LIABILITIES		8.030.133	10.453.368

Roberto Piona – *Chairman and Chief Executive Officer*

Dmitry Buriak – *Executive Director* Дмитрий Буряк

Nina Melnikova – *Chief Financial Officer*

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2016

	Issued capital US$	*Accumulated losses US$*	*Non-Reciprocal Capital Contributions US$*	*Total US$*
As at 1 January 2015	7.500.000	(3.876.517)	1.257.317	4.880.800
Prior period adjustment (Note 3)	-	-	-	-
As at 1 January 2015 - restated	7.500.000	(3.876.517)	1.257.317	4.880.800
Defence contribution on deemed distribution	-	(428)	-	(428)
Total comprehensive loss for the year	-	(1.175.348)	-	(1.175.348)
As at 31 December 2015 - restated	7.500.000	(5.052.293)	1.257.317	3.705.024
Defence contribution on deemed distribution	-	(2.369)	-	(2.369)
Total comprehensive loss for the year	-	(1.616.665)	-	(1.616.665)
As at 31 December 2016	7.500.000	(6.671.327)	1.257.317	2.085.990

There is no withholding tax on payments of dividends by the Company to non-tax resident shareholders or to shareholders that are tax resident companies in Cyprus. Payments of dividends to shareholders that are physical persons and tax resident in Cyprus are subject to 17% withholding tax from the tax year 2014 onwards. 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 17% 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.

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 Company, 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 2016

	Notes	2016 US$	Restated 2015 US$
Cash flows from operating activities			
Loss for the year before tax		(1.501.661)	(1.150.240)
Adjustments for:			
Provision for impairment of investments in subsidiaries	12	30.208	175.020
Provision for bad debts	6	256.682	161.085
Dividend income	4	(575.863)	(3.600.429)
Income from royalties and license fees	5	(220.000)	(220.000)
Interest income	7	(57)	(81)
Interest cost		205.761	262.194
Depreciation and amortisation	6	270.990	277.642
Cash flows used in operating activities before working capital changes		(1.533.940)	(4.094.809)
Decrease / (increase) in trade and other receivables		2.198	(7.492)
Net change in amounts due from/to subsidiaries and related parties		1.940.730	1.344.795
Decrease in accruals and other payables		(162.139)	(65.323)
Cash flows from / (used in) operations		246.849	(2.822.829)
Taxes paid		(117.742)	(26.464)
Net cash flows from / (used in) operating activities		129.107	(2.849.293)
Cash flows from investing activities			
Additions in investments in subsidiaries	12	(30.208)	(46.161)
Payments for purchase of property, plant and equipment	10	-	(17.824)
Dividends received	4	575.863	3.600.429
Net cash flows from investing activities		545.655	3.536.444
Cash flows from financing activities			
Proceeds from loans		3.573.024	-
Repayment of bank and other loans		(1.936.467)	(667.536)
Interest received	7	57	81
Proceeds from royalties and license fees		205.000	220.000
Dividends paid		-	(2.878)
Interest costs paid		(227.111)	(242.455)
Net cash flows from / (used in) financing activities		1.614.503	(692.788)
Net increase / (decrease) in cash and cash equivalents		2.289.265	(5.637)
Cash and cash equivalents at 1 January		(2.275.514)	(2.269.877)
Cash and cash equivalents as at 31 December	14	13.751	(2.275.514)

1. Corporate information

The financial statements of Vision International People Group Public Limited for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Directors on 2 May 2017.

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 Mr. Oleg Sapunkov from 16 July 2016 (previously by Mr. Dmitry Buriak), 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 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 and the requirements of the Cyprus Companies Law. Users of these separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2016 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 2016 as stated below:

- *International Accounting Standard (IAS) 16 Property, Plant & Equipment and IAS 38 Intangible assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortisation.*
- *IFRS 11 Joint arrangements: Accounting for Acquisitions of Interests in Joint Operations.*
- *IAS 27 Separate Financial Statements.*
- *IAS 1 Disclosure Initiative (Amendment).*
- *Annual Improvements IFRSs 2012-2014 Cycle.*
- *IAS 19 Employee benefits (Amended): Employee Contributions.*
- *Annual Improvements IFRSs 2010–2012 Cycle.*

Adoption of the above did not have a material effect on the financial statements of the Company. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

IFRS 9 Financial Instruments.
IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for classification and measurement, impairment, and hedge accounting. The standard is effective for annual periods beginning on or after 1 January 2018 with early adoption permitted.

Classification and measurement.
The classification and measurement of financial assets will depend on the entity's business model for their management and their contractual cash flow characteristics and result in financial assets being measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss.

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)

Classification and measurement. (continued)
The combined effect of the application of the business model and the contractual cash flow characteristics tests may result in some differences in the population of financial assets measured at amortised cost or fair value compared with IAS 39. The classification of financial liabilities is essentially unchanged, except that, for certain liabilities measured at fair value, gains or losses relating to changes in the entity's own credit risk are to be included in other comprehensive income.

Impairment.
The impairment requirements apply to financial assets measured at amortised cost and FVOCI, lease receivables, certain loan commitments and financial guarantee contracts. At initial recognition, allowance (or provision in the case of commitments and guarantees) is required for expected credit losses (ECL) resulting from default events that are possible within the next 12 months (12 month ECL). In the event of a significant increase in credit risk, allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument (lifetime ECL).

The assessment of whether credit risk has increased significantly since initial recognition is performed for each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Hedge accounting.
IFRS 9 includes an accounting policy choice to remain with IAS 39 hedge accounting. The standard does not explicitly address macro hedge accounting strategies, which are being considered in a separate project. To remove the risk of any conflict between existing macro hedge accounting practice and the new general hedge accounting requirements, the standard includes an accounting policy choice to remain with IAS 39 hedge accounting.

Transition.
The classification, measurement and impairment requirements are applied retrospectively by adjusting the balance sheet at the date of initial application, with no requirement to restate comparative periods. Hedge accounting is generally applied prospectively from that date.

The Company is in the process of assessing the impact of this standard on its results and financial position.

IFRS 15 Revenue from Contracts with Customers.
IFRS 15 was issued in May 2014 and establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the Industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgements and estimates. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Company is in the process of assessing the impact of this standard on its results and financial position.

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

IFRS 15 Revenue from Contracts with Customers (Clarifications).
The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 Revenue from Contracts with Customers, particularly the accounting of identifying performance obligations amending the wording of the 'separately identifiable' principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach. The Clarifications apply for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Company is in the process of assessing the impact of this standard on its results and financial position.

IFRS 16 Leases.
The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (lessee) and the supplier (lessor). The new standard requires lessees to recognise most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The Company is in the process of assessing the impact of this standard on its results and financial position.

Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (as defined in IFRS3). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The Company does not expect these amendments to have a material impact on its results and financial position.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses.
The objective of the amendments is to clarify the requirements of deferred tax assets for unrealised losses in order to address diversity in practice in the application of IAS 12 Income Taxes. The specific issues where diversity in practice existed relate to the existence of a deductible temporary difference upon a decrease in fair value, to recovering an asset for more than its carrying amount, to probable future taxable profit and to combine versus separate assessment. The amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. The Company does not expect these amendments to have a material impact on its results and financial position.

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)

Amendments to IAS 7: Disclosure Initiative.
The objective of the amendments is to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non- cash changes. The amendments specify that one way to fulfil the disclosure requirement is by providing a tabular reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities, including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes. These amendments are effective for annual periods beginning on or after 1 January 2017, with earlier application permitted. The Company expects this to give rise to additional disclosures. There is no impact on its results and financial position.

Amendments IFRS 2: Classification and Measurement of Share based Payment Transactions.
The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms and conditions of a share- based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Company is not expecting to have any impact on its results and financial position from these amendments.

IAS 40: Transfers to Investment Property (amendments).
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Company does not expect these amendments to have a material impact on its results and financial position.

International Financial Reporting Interpretations Committee (IFRIC) Interpretation 22: Foreign Currency Transactions and Advance Consideration.
The interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. The interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Company does not expect this interpretation to have a material impact on its results and financial position.

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)

Annual Improvements IFRSs 2014–2016 Cycle.
The IASB has issued the Annual Improvements to IFRSs 2014–2016 Cycle, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2017 for IFRS 12 Disclosure of Interests in Other Entities and on or after 1 January 2018 for IFRS 1 First-time Adoption of IFRS and for IAS 28 Investments in Associates and Joint Ventures. Earlier application is permitted for IAS 28 Investments in Associates and Joint Ventures. The Company does not expect these to have material impact on its results and financial position.

- *IFRS 1 First-time Adoption of IFRS*: This improvement deletes the short-term exemptions regarding disclosures about financial instruments, employee benefits and investment entities, applicable for first time adopters.
- *IAS 28 Investments in Associates and Joint Ventures:* The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.
- *IFRS 12 Disclosure of Interests in Other Entities*: The amendments clarify that the disclosure requirements in IFRS 12, other than those of summarised financial information for subsidiaries, joint ventures and associates, apply to an entity's interest in a subsidiary, a joint venture or an associate that is classified as held for sale, as held for distribution, or as discontinued operations in accordance with IFRS 5.

2.4 Critical accounting estimates and judgments

The preparation of the financial statements requires the Board of Directors and management to make judgements, estimates and assumptions that can have a material impact on the amounts recognised in the financial statements and the accompanying disclosures, as well as the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation of 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 described below. The assumptions and estimates were based on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments may, however, change due to market changes or circumstances beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Going concern
Management has made an assessment of the Company's ability to continue as a going concern. The conditions that existed during 2016 and the developments up to the date of approval of these separate financial statements that have been considered in management's going concern assessment include, amongst others, the operating environment in Russia and Vietnam (Note 18). Management believes that the Company is taking all necessary measures to maintain its viability and the development of its business in the current economic environment. The management after taking into consideration the uncertainties that existed at the reporting date is satisfied that the Company has the resources to continue in business for the foreseeable future and, therefore, the going concern principle is appropriate.

2.4 Critical accounting estimates and judgments (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 profit or loss and other 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.

Impairment of intangible assets
Intangible assets are initially recorded at acquisition cost and are amortised 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 Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

Impairment of non-financial assets
For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Income taxes
Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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.

2.5 Summary of significant accounting policies (continued)

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 profit or loss and other 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 profit or loss and other 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 profit or loss and other 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.

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 profit or loss and other 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.

2.5 Summary of significant accounting policies (continued)

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 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 profit or loss and other 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.

Investment property

Investment property, principally comprising shops and office building, is held for long term rental yields and is not occupied by the Company. Investment property is treated as a non-current asset and is stated at historical cost less depreciation and any impairment in value. Depreciation is calculated on the straight line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are 4%. Land is not depreciated.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

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 profit or loss and other comprehensive income.

2.5 Summary of significant accounting policies (continued)

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 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 profit or loss and other 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 profit or loss and other 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 derecognized 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.

2.5 Summary of significant accounting policies (continued)

Derecognition of financial assets and liabilities (continued)

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 derecognized 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 derecognized 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 derecognized in the statement of profit or loss and other 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 price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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.

2.5 Summary of significant accounting policies (continued)

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.

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 agreements.

Rental income
Rental income is recognised on accrual basis in accordance with the substance of the relevant agreements.

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 profit or loss and other comprehensive income as they fall due.

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

Taxation

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.

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.

Prior period restatements due to errors

Errors can arise in respect of the recognition, measurement, presentation or disclosure of elements of financial statements. In the case where the Company identifies a material error during the year relating to prior periods, the error is corrected retrospectively by restating the comparative amounts for the prior period(s) presented in which the error occurred.

3. Prior period restatement

In prior years, the Company has entered into rental agreements with third parties for part of its head office building that previously the Company had exclusively for own use. The part of the head office building that was not for the Group's own use has not been reclassified to investment property. During the year ended 31 December 2016, the Company has assessed the use of the building and identified the error. As such the Company has proceeded with reclassification of the part of the head office building that was not for own use, from property plant and equipment to investment property.

The reclassification error has been corrected by restating each of the affected financial statement line items for the prior period and the earliest period presented as follows:

Impact on Equity (increase/ (decrease)in equity)	*31/12/2015* *US$*	*01/01/2015* *US$*
Property plant and equipment - Cost (Note 10)	(6.169.300)	(6.169.300)
Investment Property (Note 11)	6.169.300	6.169.300
Property plant and equipment - Accumulated Depreciation (Note 10)	1.690.368	1.690.368
Investment Property - Accumulated Depreciation (Note 11).	(1.690.368)	(1.690.368)
Net Impact on Equity	-	-

The change relates only to reclassification between the financial statement line items shown above. All other financial statement line items remain the same. The change did not have any impact on statement of profit or loss and in the basic and diluted earnings per share (EPS) of the prior period. The change did not have any impact in other comprehensive income for the current and prior period or the Company's operating, investing and financing cash flows.

4. Dividend income

	2016 *US$*	*2015* *US$*
Dividend income from subsidiaries	575.863	3.600.429
	575.863	3.600.429

Dividends from subsidiaries are presented gross of any withholding tax. Dividends from subsidiaries are presented in Note 19.

5. Other operating income

	2016	*2015*
	US$	*US$*
Other operating income		
Operating lease rentals (Note 11)	122.360	130.153
Royalties and license fees (Note 19)	220.000	220.000
Other income	72.796	74.140
	415.156	424.293

6. Administrative expenses

	2016	*2015*
	US$	*US$*
These include the following:		
Depreciation and amortisation	270.990	277.642
Operating lease rentals	17.300	96.545
Auditors' remuneration	66.805	71.518
Provision for bad debts – due from third parties	-	13.219
Provision for bad debts – due from related parties (Note 19)	209.099	-
Provision for bad debts – due from subsidiaries	47.583	147.866
Staff costs:		
Wages and salaries	820.625	2.437.567
State pension and other social and medical security costs	133.189	402.035
Cyprus employees provident fund contributions	22.501	23.255
Other employer contributions	9.177	8.857
	985.492	2.871.714

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

The number of persons employed by the Company as at 31 December 2016 was 24 (2015: 90).

7. Finance income and finance costs

	2016	*2015*
	US$	*US$*
Finance costs		
Charges and interest expense on:		
Bank loans, overdrafts and other banking facilities	119.742	188.067
Building related bank loans (Note 16)	105.594	93.535
Net realised foreign exchange loss	-	14.687
	225.336	296.289
Finance income		
Net realised foreign exchange gain	61.558	-
Net unrealised foreign exchange gain	160.310	99.303
Interest income on bank accounts	57	81
	221.925	99.384

8. Taxation

	2016	*2015*
	US$	*US$*
Statement of profit or loss and other comprehensive income		
Withholding tax on dividends received	112.234	19.418
Special defence tax	2.770	5.690
Tax expense	115.004	25.108

The Company is tax resident in Cyprus and is taxed at the rate of 12,50% (2015: 12,50%). Under certain conditions interest income and deemed interest income may be subject to defence contribution at the rate of 30% (2015: 30%). 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 17% from the tax year 2014 onwards.

9. Dividends paid and proposed

On 2 May 2017, the Directors resolved to recommend that no final dividend is paid for the year 2016 (2015: US$ Nil). The Company did not pay interim dividends during 2016 (2015: US$ Nil).

10. Property, plant and equipment

	Freehold property	*Furniture and equipment*	*Total*
	US$	*US$*	*US$*
Cost			
As at 1 January 2015	7.694.101	1.180.365	8.874.466
Prior period adjustment (Note 3)	(6.169.300)	-	(6.169.300)
As at 1 January 2015 - restated	1.524.801	1.180.365	2.705.166
Additions	-	17.824	17.824
As at 31 December 2015 - restated	1.524.801	1.198.189	2.722.990
Additions	-	-	-
As at 31 December 2016	1.524.801	1.198.189	2.722.990
Accumulated depreciation			
As at 1 January 2015	2.108.157	1.077.545	3.185.702
Prior period adjustment (Note 3)	(1.690.368)	-	(1.690.368)
As at 1 January 2015 - restated	417.789	1.077.545	1.495.334
Charge for the year	47.890	35.989	83.879
As at 31 December 2015 - restated	465.679	1.113.534	1.579.213
Charge for the year	47.890	29.337	77.227
As at 31 December 2016	513.569	1.142.871	1.656.440
Net book value			
As at 31 December 2016	1.011.232	55.318	1.066.550
As at 31 December 2015 - restated	1.059.122	84.655	1.143.777

10. 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 is a land and building ('Vision Tower' in Nicosia, Cyprus) with a carrying amount as at 31 December 2016 of US$1.011.232 (2015: US$1.059.122). During the year ended 31 December 2016 the Company has reclassified the part of the building that is not for own use to investment property (Notes 3, 11). The Management is of the opinion that the reclassification will result in a fairer presentation. The property was financed by a bank loan and has been pledged as security for this loan (Note 16).

The cost of land as at 31 December 2016 amounted to US$327.537 (2015:US$327.537). Land is not depreciated.

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.

11. Investment property

	2016 *US$*	*2015* *US$*
Cost		
As at 1 January	6.169.300	-
Prior period restatement (Note 3)	-	6.169.300
As at 1 January - restated	6.169.300	6.169.300
As at 31 December	6.169.300	6.169.300
Accumulated depreciation		
As at 1 January	1.884.130	-
Prior period restatement (Note 3)	-	1.690.368
As at 1 January - restated	1.884.130	1.690.368
Charge for the year	193.763	193.762
As at 31 December - restated	2.077.893	1.884.130
Net book value		
As at 31 December - restated	4.091.407	4.285.170

During the year ended 31 December 2016 the Company has reclassified the part of the building that is not for own use to investment property (Notes 3, 10). The fair value of the investment property as at 31 December 2016 as it has been determined by the external independent valuer was €4.340.000. The external independent valuer has followed the comparative method, income method and zoning approach after taking into account the physical and legal characteristics of the property, the trends and potentialities of the land market and the economy. The Management is of the opinion that the reclassification will result in a fairer presentation. The property was financed by a bank loan and has been pledged as security for this loan (Note 16). Rental income during the year amounted to US$122.360 (2015: US$130.153) and is included in other operating income (Note 5).

Included in investment property as at 31 December 2016 there is land that is not depreciated amounting to US$1.325.207 (2015: US$1.325.207).

12. Investments in subsidiaries

Name	*Country of incorporation*	*2016 Cost US$*	*2016 Provision for impairment US$*	*2016 Carrying amount US$*	*2015 Cost US$*	*2015 Provision for impairment US$*	*2015 Carrying amount US$*
Sambrook Holdings Limited	British Virgin Islands	100	-	100	100	-	100
Vision Holdings Limited	Cyprus	1.897	-	1.897	1.897	-	1.897
Vision 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	(1.793)	1
Total Eclipse International Limited	England and Wales	91.220	(91.220)	-	91.220	(91.220)	-
Vision Ukraine LLC	Ukraine	360.000	(359.999)	1	360.000	(359.999)	1
Vision Serbo d.o.o.	Serbia	600	(599)	1	600	(599)	1
ArmVision LLC	Armenia	108	(107)	1	108	(107)	1
Vision Vietnam Co Limited	Vietnam	62.500	(62.500)	-	62.500	(62.500)	-
Vision Asia LLP	Kazakhstan	180.000	(113.527)	66.473	180.000	(113.527)	66.473
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	165.957	-	165.957	165.957	-	165.957
Vision E-Shop G.m.b.H.	Austria	294.894	-	294.894	294.894	-	294.894
Vision (Thailand) Co. Limited	Thailand	16.233	(16.232)	1	16.233	(16.232)	1
Vision Management (Cyprus) Limited	Cyprus	2.306	(2.305)	1	2.306	(2.305)	1
Vision Vietnam Trading Co Limited	Vietnam	1	-	1	1	-	1
Demareti Limited	England and Wales	738	-	738	738	-	738
Under liquidation as at 31 December 2016							
Vision Kyiv LLC	Ukraine	400.000	(400.000)	-	400.000	(400.000)	-
TK Baku LLC	Azerbaijan	69.259	(69.259)	-	69.259	(69.259)	-
Vision-Latomas Commercial Limited	Hungary	1.432.426	(1.432.426)	-	1.402.218	(1.402.218)	-
Vision Egypt for Distribution LLC	Egypt	117	(117)	-	117	(117)	-
Vision Euronord Private Limited Company	Lithuania	400.000	(400.000)	-	400.000	(400.000)	-
Vision (India) People Group Private Limited	India	1.866	(1.866)	-	1.866	(1.866)	-
Vision Azerbaijan LLC	Azerbaijan	1.000	(1.000)	-	1.000	(1.000)	-
		3.615.037	(2.952.950)	662.087	3.584.829	(2.922.742)	662.087

12. Investments in subsidiaries (continued)

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

	Cost	*Provision for impairment*	*Carrying amount*
	US$	US$	US$
Balance as at 1 January 2015	9.358.984	(8.568.038)	790.946
Additions	46.161	-	46.161
Charge for the year	-	(175.020)	(175.020)
Write offs during the year	(5.820.316)	5.820.316	-
Balance as at 31 December 2015	3.584.829	(2.922.742)	662.087
Additions	30.208	-	30.208
Charge for the year	-	(30.208)	(30.208)
Write offs during the year	-	-	-
Balance as at 31 December 2016	3.615.037	(2.952.950)	662.087

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 2013.

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

Group restructuring during the year ended 31 December 2016

The subsidiary companies in Egypt, namely Vision Egypt for Distribution LLC and Vision MISR for Trading LLC that were put under liquidation in 2013, are still undergoing liquidation.

The subsidiary company Vision Kyiv LLC (Ukraine), for which the liquidation process started in previous years, is still undergoing liquidation. The subsidiary companies TK Baku LLC (Azerbaijan), Vision Latomas Commercial Limited (Hungary) and Vision Euronord Private Limited Company (Lithuania) that were put under liquidation in 2014, are still undergoing liquidation.

Liquidation procedures which were initiated in 2015 for the subsidiaries, namely Vision Istanbul Health and Products Trade and Industry Limited (Turkey), Vision (India) People Group Private Limited (India) and Vision Azerbaijan LLC (Azerbaijan), are still undergoing liquidation. The subsidiary Vision (Thailand) Co. Ltd (Thailand) has not yet commenced trading activities.

The branch of the subsidiary company Vision E-Shop G.m.b.H. in Germany has not commenced any operations yet.

The branch registered in Cambodia by the Group's subsidiary namely Vision Vietnam Trading Co. Limited (Vietnam) has not yet commenced any operations.

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, to manage the cash flows and the effects of the local currency and to improve the service and efficiency of the Group's activities. The Group continued during the year to grant to third party franchisee companies the rights to sell its products and use its trademarks.

12. Investments in subsidiaries (continued)

Establishment of new subsidiaries during the year ended 31 December.

There were no establishments of new subsidiaries during the years ended 31 December 2016 and 2015.

Acquisition and disposal of subsidiaries during the year ended 31 December.

There were no acquisition or disposals of subsidiaries during the years ended 31 December 2016 and 2015.

13. Trade and other receivables

	2016	*2015*
	US$	*US$*
Other receivables	152	647
Prepayments	12.142	13.846
	12.294	14.493

14. Cash and cash equivalents

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

	2016	*2015*
	US$	*US$*
Cash at bank and in hand	13.751	21.308
Less bank overdrafts (Note 16)	-	(2.296.822)
Cash and cash equivalents	13.751	(2.275.514)

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

15. Issued capital – ordinary shares

	2016		*2015*	
	No. of Shares	*US$*	*No. of Shares*	*US$*
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 2016 and 31 December 2015.

16. Interest-bearing loans and borrowings

	Interest rate (p.a.)	*Maturity*	*2016 US$*	*2015 US$*
Non-current				
Head Office building secured bank loan	Euribor 6 month + 5,00%	2026	2.848.718	1.090.395
			2.848.718	1.090.395

	Interest rate (p.a.)	*Maturity*	*2016 US$*	*2015 US$*
Current				
Head Office building secured bank loan	Euribor 6 month + 5,00%	2017	424.968	320.830
Bank overdrafts (Note 14)	US$ LIBOR + 5,50%	2017	-	2.296.822
Loans from subsidiary (Note 19)	8,50%	2017	-	212.303
			424.968	2.829.955

Restructuring of Head Office building secured bank loan

On 16 September 2016, the Company entered into an agreement with Bank of Cyprus Public Company Limited for the restructuring of its loan and overdraft facilities that were obtained in prior years and used to facilitate the purchase of the office building of the Group in Cyprus (carrying amount of property classified in property plant and equipment and investment property: US$5.102.639 as at 31 December 2016 and US$5.344.292 as at 31 December 2015). During the year ended 31 December 2016, the Company has entered into a new loan agreement to replace the prior years' loans and overdraft facilities. The new bank loan amounted to €3.200.000 (US$3.371.935) is repayable in monthly instalments until September 2026. The carrying value of the loan as at 31 December 2016 was €3.106.762 (US$3.273.686). The loan bears interest at 6 month Euribor plus a margin of 5,00% per annum. The loan is secured through a first legal mortgage over the property in the amount of €3.900.000 (US$4.109.546), the assignment of fire and earthquake insurance policy over the property for the amount of €5.142.890 (US$5.419.216) and a floating charge of €341.721 (US$360.082) over the assets of the Company.

During the year, the total interest charged for all building related bank loans amounted to amounted to US$105.594 (2015: US$93.535) (Note 7).

Loans from subsidiary

During 2014, the Company entered into four loan agreements with its subsidiary Vision Group Rus LLC to borrow the total amount of RUB27.600.000 (US$455.018). All loans bear interest at the rate of 8,50% per annum. The loans were fully repaid in 2016. During 2016, the total interest charged on the loans from subsidiary was US$1.879 (2015: US$36.571) (Note 19).

17. Accruals and other payables

	2016 US$	2015 US$
Current		
Defence tax payable	-	2.737
Other accruals and payables	252.397	409.688
	252.397	412.425

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

	2016 US$	2015 US$
Non-current		
Unpaid dividends for 2006	1.396.360	1.396.360
Unpaid dividends for 2005	569.079	569.079
Unpaid dividends for 2004	214.103	214.103
Unpaid dividends for 2003	16.866	16.866
	2.196.408	2.196.408

18. 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 2016 and 31 December 2015.

Capital commitments

As at 31 December 2016 and 31 December 2015 the Company 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. Consequently, the Group and the Company are exposed to the economic and financial markets of the Russian Federation which display characteristics of an emerging market including relatively high inflation and high interest rates. The legal, tax, customs and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation. The turmoil in Ukraine and related events have increased the perceived risks of doing business in the Russian Federation. The imposition of economic sanctions on Russian individuals and legal entities by the European Union, the United States of America, Japan, Canada, Australia and others, as well as retaliatory sanctions imposed by the Russian government, has resulted in increased economic uncertainty including more volatile equity markets, the volatility of the Russian Rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. The longer term effects of the implemented sanctions, as well as the threat of additional future sanctions, are difficult to determine.

18. Commitments and contingencies (continued)

Russian operating environment (continued)

While management believes it is taking all necessary measures to maintain the viability and the development of the Group's and Company's business in the current economic environment, unexpected further deterioration in the areas described above could negatively affect the Group's and the Company's results and financial position in a manner not currently determinable.

Vietnamese operating environment

A significant part of the Group's business is also conducted in Vietnam. Consequently, the Group and the Company are exposed to the economic and financial markets of Vietnam which display characteristics of an emerging market. Vietnam's overall economic freedom is limited by several key institutional factors. Despite ongoing reform efforts, the regulatory environment is not particularly efficient or transparent. Despite progress, investment remains hindered by opaque bureaucracy and a weak judicial system. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments and the volatility of the Vietnamese Dong against major currencies contribute to the challenges faced by entities operating in Vietnam.

While management believes it is taking all necessary measures to maintain the viability and the development of the Group's and Company's business in the current economic environment, unexpected further deterioration in the areas described above could negatively affect the Group's and the Company's results and financial position in a manner not currently determinable.

Cyprus operating environment

The Group's business in Cyprus is conducted mainly by the Parent Company. Cyprus exited its economic adjustment programme at the end of March 2016 after a successful return to markets and having utilised only about 70% of the €10 billion funding resources made available by the European Union (EU) and the International Monetary Fund (IMF). Based on the Ministry of Finance Stability Programme 2016- 2019 (May 2016), in the area of public finances, the government carried out a strong fiscal adjustment and the budget returned to near balance, public spending was reduced and tax collection was made more efficient.

The international credit rating agencies have upgraded the rating of the country. Fitch Ratings upgraded the rating of the Republic of Cyprus one notch to BB- with a positive outlook in October 2016, S&P Global Rating by one notch to BB with a positive outlook in September 2016 and by one notch to BB+ with a stable outlook in March 2017 and Moody's Investors Service by two notches to B1 with a stable outlook in November 2015. In November 2016 Moody's Investors Service improved the outlook on the Republic of Cyprus from stable to positive. In July 2016 the Cyprus government accessed international capital markets for the third time since the start of the economic adjustment programme to date, issuing a seven year Eurobond of €1 billion at a yield of 3,8%.

The 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 and the Company 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.

18. Commitments and contingencies (continued)

Legal and other claims (continued)

Business and regulatory environment (continued)

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.

The Company was defendant in a lawsuit in the United States District Court for the District of South Carolina in prior years. In March 2016, Vision International People Group Public Limited won the legal case. The Company's external lawyers have confirmed that the legal case against the Company has been dismissed during 2016.

There are 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 2016 and 31 December 2015 the Company had no other commitments.

19. Related party disclosures

The Company's subsidiaries are listed in Note 12.

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. Oleg Sapunkov from 16 July 2016 (previously by Mr. Dmitry Buriak), who is considered as the ultimate controlling party of the Group.

For 2016 and 2015 the Directors were considered as being the key management personnel of the Company.

19. Related party disclosures (continued)

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:

Related party		*Dividend income US$*	*Other operating income US$*	*Interest expense/ (income) US$*	*Expenses charged by related parties US$*
Vision Polska Sp. Zo.o.	2016	-	-	-	-
	2015	212.075	-	-	-
UAB Forumo Rumai	2016	-	-	-	-
	2015	-	-	-	14.510
Vision Holding Limited	2016	4.300	-	-	-
	2015	-	-	-	-
Vision E-Shop G.m.b.H.	2016	371.804	-	-	-
	2015	-	-	-	-
Vision Group Rus LLC (Note 16)	2016	199.759	20.000	1.879	12.899
	2015	388.354	20.000	36.571	50.473
Nutri Export Limited Partnership	2016	-	72.000	-	-
	2015	3.000.000	72.000	-	-
TD Ekaterinburg LLC	2016	-	20.000	-	-
	2015	-	20.000	-	-
Vision Neva LLC	2016	-	20.000	-	-
	2015	-	20.000	-	-
TCV Khabarovsk LLC	2016	-	20.000	-	-
	2015	-	20.000	-	-
TCV Khabarovsk LLC	2016	-	20.000	-	-
	2015	-	20.000	-	-
TCV Irkoutsk LLC	2016	-	20.000	-	-
	2015	-	20.000	-	-
TCV Krasnodar LLC	2016	-	20.000	-	-
	2015	-	20.000	-	-
TCV Centr LLC	2016	-	20.000	-	-
	2015	-	20.000	-	-
CV Volgograd LLC	2016	-	20.000	-	-
	2015	-	20.000	-	-
TC Kazan LLC	2016	-	20.000	-	-
	2015	-	20.000	-	-
DV Vladivostok LLC	2016	-	20.000	-	-
	2015	-	20.000	-	-
TD Sibir LLC	2016	-	20.000	-	-
	2015	-	20.000	-	-

19. Related party disclosures (continued)

During the year, the Company received dividends from its subsidiaries of US$575.863 (2015: US$3.600.429) (Note 4) and royalties and license fees from its franchisees of US$220.000 (2015:US$220.000) (Note 5).

Related party		*Loans receivable/ (payable) US$*	*Amounts due from US$*	*Amounts due to US$*
Nutri Export Limited Partnership	2016	-	2.126.209	-
	2015	-	4.064.046	-
Vision Holdings Limited	2016	-	-	-
	2015	-	-	2.399
Nutriprodex Limited	2016	-	-	84.685
	2015	-	-	79.163
Vision Vietnam Trading Co Limited	2016	-	-	1
	2015	-	-	1
Vision Vietnam Co Limited	2016	-	-	4.000
	2015	-	-	4.000
VIP Communication Limited	2016	-	2.750	-
	2015	-	861	-
Reglan Commerce Corp (Note 6)	2016	-	-	-
	2015	-	216.480	-
Vision Group Rus LLC (Note 16)	2016	-	4.240	108.115
	2015	212.303	4.240	99.646
Vision Euronord Private Limited	2016	-	-	-
	2015	-	-	3.393
UAB Forumo Rumai	2016	-	-	23.257
	2015	-	-	24.116
Vision Egypt for Distribution LLC	2016	-	-	1.594
	2015	-	-	1.594
Vision Neva LLC	2016	-	4.237	-
	2015	-	4.237	-
TD Ekaterinburg LLC	2016	-	4.237	-
	2015	-	4.237	-
Vision Management (Cyprus) Limited	2016	-	-	-
	2015	-	2.773	-
TCV Khabarovsk LLC	2016	-	4.237	-
	2015	-	4.237	-

19. Related party disclosures (continued)

Related party		*Loans receivable/ (payable)* US$	*Amounts due from* US$	*Amounts due to* US$
TCV Irkoutsk LLC	2016	-	4.237	-
	2015	-	4.237	-
TCV Krasnodar LLC	2016	-	4.237	-
	2015	-	4.237	-
TCV Centr LLC	2016	-	12.712	-
	2015	-	-	-
CV Volgograd LLC	2016	-	4.237	-
	2015	-	4.237	-
TC Kazan LLC	2016	-	4.237	-
	2015	-	4.237	-
DV Vladivostok LLC	2016	-	4.237	-
	2015	-	4.237	-
TD Sibir LLC	2016	-	4.237	-
	2015	-	4.237	-
Totals	2016	-	2.184.044	221.652
	2015	212.303	4.326.533	214.312

The relationship of the above related parties with the Company (other than subsidiaries listed in Note 12) is described below:

Party	*Relationship*
Health Tech Corporation Limited	Ultimate parent company
Reglan Commerce Corp	Entity under common control
VIP Communication Limited	Entity under common control
UAB Forumo Rumai	Entity under common control
JSC "Svencioniou Vaistazoles" (until 31/12/2015)	Entity under common control
Vision Egypt for Services LLC	Entity under common control
UAB "Vision DEM4 Laboratory" (until 31/12/2015)	Entity under common control
DEM4R LLC	Franchisee
Vision Neva LLC	Franchisee
TCV Khabarovsk LLC	Franchisee
TCV Centr LLC	Franchisee
DV Vladivostok LLC	Franchisee
CV Volgograd LLC	Franchisee
TC Kazan LLC	Franchisee
TD Ekaterinbourg LLC	Franchisee
TD Sibir LLC	Franchisee
TCV Irkoutsk LLC	Franchisee
TCV Krasnodar LLC	Franchisee

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.

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, rent, consultancy, marketing and communication and service support.

Compensation of Key Management Personnel

	2016 *US$*	*2015* *US$*
Directors' remuneration:		
Fees in directors' capacity:		
Dmitry Buriak	253.633	264.755
Roberto Piona	111.378	93.988
Stanislav Odinstov (from 08/09/2015 to 27/10/2015)	-	10.659
John Hadjihannas	11.028	11.031
Peter Fehrn-Christensen	11.028	11.031
	387.067	391.464

20. 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.

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 Company's profit before tax (through the impact on floating rate borrowings):

	Increase / decrease in basic points	*Effect on profit before tax US$*
2016		
Euro	+1,0	(32.737)
US$	+1,0	-
Euro	-1,0	32.737
US$	-1,0	-
2015		
Euro	+1,0	(1.117)
US$	+1,0	(35.964)
Euro	-1,0	1.117
US$	-1,0	35.964

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 2016 based on contractual undiscounted payments:

Year ended 31 December 2016	*On demand US$*	*<1 year US$*	*1 to 5 Years US$*	*> 5 years US$*	*Total US$*
Interest bearing loans and borrowings	-	424.968	1.699.875	2.018.601	4.143.444
Accruals and other payables	-	474.049	2.196.408	-	2.670.457
Total	-	899.017	3.896.283	2.018.601	6.813.901

Year ended 31 December 2015	*On demand US$*	*<1 year US$*	*1 to 5 Years US$*	*> 5 years US$*	*Total US$*
Interest bearing loans and borrowings	2.296.822	438.433	1.552.684	7.933	4.295.872
Accruals and other payables	-	631.586	2.196.408	-	2.827.994
Total	2.296.822	1.070.019	3.749.092	7.933	7.123.866

20. 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$.

Foreign currency risk 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 Euro and Russian Roubles. As a result, an increase in the value of the Euro and Russian Rouble relative to other currencies has an adverse impact on net income. Similarly, a relative fall in the value of the Euro and Russian Rouble has a favourable effect on net income.

Foreign currency risk also arises on balances of monetary assets and 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.

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

	Assets		*Liabilities*	
	2016	*2015*	*2016*	*2015*
Currency	*US$*	*US$*	*US$*	*US$*
Euro	25.789	230.460	3.479.483	359.072
Russian Rouble	84	5.546	149.533	312.915
Total	25.873	236.006	3.629.016	671.987

The following significant exchange rates have been applied during the year:

	Average Rate		*Year-end spot rate*	
	2016	*2015*	*2016*	*2015*
Currency	*US$*	*US$*	*US$*	*US$*
Euro	0,90682	0,90650	0,94901	0,91516
Russian Rouble	66,34713	62,00543	60,65690	72,88270

A 10% strengthening of the US$ against the following currencies at 31 December 2016 would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the US$ against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

	Equity		*Profit or loss*	
	2016	*2015*	*2016*	*2015*
Currency	*US$*	*US$*	*US$*	*US$*
Euro	345.369	12.861	345.369	12.861
Russian Rouble	14.945	30.737	14.945	30.737
Total	360.314	43.598	360.314	43.598

20. Financial risk management and capital management (continued)

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.

Maximum credit risk exposure

The amount that best represents the Company'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

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 2016 was 62% (2015: 39%).

21. Events after the reporting date

In January 2017, the liquidation of the subsidiary of the Company namely Vision (India) People Group Private Limited was finalised (Note 12). The liquidation of the subsidiary of the Company namely Vision-Latomas Commercial Limited was finalised in February 2017 (Note 12).

There are no other material events after the reporting date, which affect the Company's financial statements as at 31 December 2016.

COSMOCO
AUDIT / TAX / ASSURANCE

Independent Auditor's Report

To the Members of Vision International People Group Public Limited

Report on the Audit of the Consolidated Financial Statements and the Separate Financial Statements of Vision International People Group Public Limited

Opinion

We have audited the consolidated financial statements of Vision International People Group Public Limited and its subsidiaries (the "Group") and the separate financial statements of Vision International People Group Public Limited (the "Company"), which are presented in pages 11 to 56 and in pages 57 to 92 respectively and comprise the consolidated statement of financial position and the statement of financial position of the Company as at 31 December 2016, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows, and the statements of comprehensive income, changes in equity and cash flows of the Company for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion Section of our report, the accompanying consolidated financial statements and separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Qualified Opinion

We have been unable to gather sufficient appropriate audit evidence to satisfy ourselves as to the completeness of the bank facilities of the subsidiary OPT-RTK LLC. There were no alternative audit procedures that we could adopt to confirm the completeness of these bank facilities.

We have been unable to gather sufficient appropriate audit evidence to satisfy ourselves as to the completeness of the securities and guarantees provided in relation to the bank loan obtained by the subsidiary OPT-RTK LLC as disclosed in Note 21. There were no alternative audit procedures that we could adopt to confirm the completeness of the securities and guarantees. In our opinion full disclosure of all securities and guarantees in Note 21 is necessary for the proper understanding of the consolidated financial statements.

We have been unable to gather sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of the VAT refundable amount for the subsidiaries OPT-RTK LLC and Vision Group Rus LLC for the total amount of RUB 28.727.462 (US$473.606) as disclosed in Note 18 within prepayments and other receivables. There were no alternative audit procedures that we could adopt to confirm the recoverability and existence of the VAT refundable.

To the Members of Vision International People Group Public Limited

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to notes 2.4 and 23 to the consolidated financial statements and to notes 2.4 and 18 to the separate financial statements which refer to the significant uncertainties arising from the general economic environment and market conditions of the Russian Federation and Vietnam within which the Group operates. These adverse economic developments may adversely affect the operations, profitability and liquidity of the Group and the Company, however these developments cannot be determined with certainty at this stage. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There are no key matters in relation to the separate financial statements. The key matters in relation to the consolidated financial statements are mentioned below and are based on the areas of highest risk where we focused most effort and resources. These were the following:

- Revenue.
- Commissions to distributors.
- Inventories.

The nature of the Key Audit Matters and the procedures performed to support our discussions and conclusions are described below.

Nature of the key audit matter	How our audit addressed the key audit matter
Revenue Revenue is an important indicator used to evaluate the performance of the Group. There is a risk that the revenue is presented at different amounts than what has been actually generated and may not be complete. Revenue is accounted for when the sales transactions have been completed, when goods are delivered to the customer and all economic risks have been transferred as a result. Revenue is generated through the Group's trading subsidiaries in different countries. These transactions are processed through the Group's computerised	Among others, our audit procedures include testing of design, existence and operating effectiveness of internal controls as well as test of details to ensure accurate processing and completeness of revenue transactions. We have tested revenue transactions from different points of sale and the Group's central sales database. The results of our controls testing have been the basis for the nature and scope of the additional test of details, which mainly consisted of testing of individual transactions by reconciling them to external sources. In addition, the revenue of each

systems and as such there is risk of revenue transactions to be inaccurate and/or incomplete. Based on the above we have concluded that the accuracy and completeness of revenue is a key audit matter.	trading subsidiary as reported in their local accounting records has been reconciled with the Group's central sales database. Furthermore, we have performed substantive analytical procedures on revenue for all Group's subsidiaries. We found the disclosures of revenue to be appropriate.
Commissions to Distributors Commissions to distributors are recognised on the basis of actual sales effected through trading subsidiaries. Commissions' calculations are based on the Group's marketing plan and they are processed automatically through Group's computerised systems, involving complex calculations. In addition, the Group accrues commission on unsold stock at franchisee outlets in order to properly match its revenues with its costs. This requires an estimation by the Management of the commission payout percentage on the value to the Group of the stock sold by the Group to franchisees that is still unsold. The Group uses historical data to estimate this payout percentage, adjusted to take account of various other known or estimable factors. Due to the fact that commissions are processed through computerised systems involving complex calculations, are based on revenue and include management estimations in the accrual of commissions on unsold stock at franchisee outlets, we have concluded that the accuracy and completeness of commissions is a key audit matter.	Among others, our audit procedures include testing of design, existence and operating effectiveness of internal controls over commissions' data and calculations. Our tests included the identification of distributors involved in commissions' calculations, identification of sales per distributor on which commissions are based upon, recalculation of commissions for individual distributors based on Group's Marketing plan, recalculation of commissions in total, testing the qualification criteria of distributors, distributor testing of commission payments to distributors and recording in the accounting records. We determined that we could rely on these controls for the purposes of our audit. In addition, we have obtained an understanding of the calculation of commissions based on the Group's marketing plan. We have recalculated the commission payout percentage and reviewed the post year end commissions arising on sales from franchisees in order to ensure that the accrual as at 31st of December 2016 is materially correct. Moreover, substantive tests and analytical review procedures were performed. We found the disclosures of commissions to be appropriate.
Inventories Inventories mainly consist of a wide range of health care products including biologically active food supplements and cosmetics that are kept by the Group' s trading subsidiaries across different countries. The products due to their nature can become easily obsolete or expired. During the year ended 31 December 2016, the Group had increased obsolete/ expired inventories that have been written off. Inventories are valued at the lower of cost and Net Realisable Value (NRV). Valuation at cost includes the purchase price of the products and allocation of carriage costs in relation to inventories held as at the year end. This allocation involves an estimation by the management of the amount of carriage costs to be included in the	Among others our audit procedures to test the existence of the inventories included our attendance in inventory counts to different locations where material inventories were kept. No obsolete or expired inventories were identified. In addition, we have confirmed that physical controls were in place for the safeguard of inventories. For a sample of products kept in different locations we have assessed their valuation and we have concluded that inventory is valued at the lower of cost and Net Realisable Value (NRV). We have assessed the estimate made by the management in relation to the allocation of carriage costs that have been included in the valuation of inventories. We performed substantive tests and analytical review procedures.

valuation of inventories. Due to the above we consider the existence and valuation of inventories as a key audit matter.	We found the disclosures of inventories to be appropriate.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Consolidated Financial Statements and Separate Financial Statements

The Board of Directors is responsible for the preparation of consolidated financial statements and separate 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 consolidated financial statements and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and separate financial statements, the Board of Directors is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and separate financial statements.
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Independent Auditor's Report (continued)

To the Members of Vision International People Group Public Limited

- Identify and assess the risks of material misstatement of the consolidated financial statements and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report (continued)

To the Members of Vision International People Group Public Limited

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 to 2016, 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 these books.
- The Company's consolidated financial statements and the separate 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 consolidated financial statements and separate financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated financial statements and separate financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the management report.
- In our opinion, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, and which is included as a specific section of the management report, have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap, 113, and is consistent with the consolidated financial statements and separate financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.
- In our opinion, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii) and (vi) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.

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 Laws of 2009 to 2016 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.

The engagement partner on the audit resulting in this independent auditor's report is Stelios Ioannou.

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Stelios Ioannou
Certified Public Accountant and Registered Auditor
for and on behalf of
CosmoCo Ltd
Certified Public Accountants and Registered Auditors

Nicosia, 2 May 2017