

Vision International People Group Public Limited

Half-Yearly Financial Report
30 June 2017

Vision International People Group Public Limited

HALF-YEARLY FINANCIAL REPORT

for the six months ended 30 June 2017

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Vision International People Group Public Limited

OFFICERS AND PROFESSIONAL ADVISORS

Executive Directors

Roberto Piona - Chairman (from 10/11/2009) and Chief Executive Officer (from 01/11/2016)
John Hadjihannas - Executive Director (from 01/06/2017)
Dmitry Buriak - (Executive Director until 01/06/2017) (Chief Executive Officer until 31/10/2016)

Independent Non-Executive Directors

Peter Fehrn-Christensen
Nairy Der Arakelian-Merheje - (from 01/06/2017)
John Hadjihannas - (until 01/06/2017)

Company Secretary

Maria Andreou - (from 01/06/2017)
Nairy Der Arakelian-Merheje - (until 01/06/2017)

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"
ZAO Raiffeisenbank
Commercial Bank "SDM-Bank"
Bank Pekao S.A.
First Investment Bank (Fibank)
JSC Sacombank
JSC Vietcombank

Independent Auditor

CosmoCo Ltd
6, Neoptoleμου Street
1087, Nicosia, Cyprus

Vision International People Group Public Limited


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

We, the members of the Board of Directors and the other responsible persons for the preparation of the Interim Condensed Consolidated Financial Statements of Vision International People Group Public Limited for the six months period ended 30 June 2017, the names of which are listed below, confirm that, to the best of our knowledge,

- (a) the Interim Condensed Consolidated Financial Statements:
 - (i) have been prepared in accordance with the International Financial Reporting Standards (*IAS 34 "Interim Financial Reporting"*) as adopted by the European Union (EU), and in accordance with the provisions of Article 10, section 4 of the Law, and
 - (ii) give a true and fair view of the assets and liabilities, the financial position and the profit or loss of Vision International People Group Public Limited and the undertakings that are included in the Interim Condensed Consolidated Financial Statements as a whole, and
- (b) the Interim 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 Interim Condensed Consolidated Financial Statements as a whole, together with a description of the principal risks and uncertainties which they face.


Roberto Piona

Chairman and Chief Executive Officer


John Hadjihannas

Executive Director


Peter Pehr Christensen

Non Executive Independent Director


Nairy Der Arakelian-Merheje

Non Executive Independent Director

Nicosia
13 September 2017

Vision International People Group Public Limited

INTERIM MANAGEMENT REPORT

for the six months ended 30 June 2017

Financial performance for the six months to 30 June 2017

Group turnover for the six months to 30 June 2017, reached the level of US\$17,0m, representing a decrease of 0,4% over sales for the same period in 2016 (US\$17,1m). The fluctuation in sales was demonstrated in the following geographical areas: decrease in the CIS and Baltics of US\$0,5m or 7,3%, increase in Europe of US\$0,9m or 20,1% and decrease in the Rest of the World of US\$0,5m or 7,7%.

Cost of sales for the six months to 30 June 2017, reached the level of US\$5,2m (30,8% of sales) compared to US\$5,4m (31,8% of sales) for the same period in 2016.

Commissions for the six months to 30 June 2017 reached the level of US\$6,8m (39,8% of sales) as compared to US\$7,2m (42,4% of sales) for the same period in 2016.

Selling and distribution costs exhibited a decrease of US\$0,8m during the six months to 30 June 2017, reaching the level of US\$1,0m or 6,1% of sales, compared to US\$1,8m or 10,8% of sales in the same period last year.

Administrative expenses for the six months to 30 June 2017 have increased to the level of US\$3,7m compared to US\$3,5m for the six months to 30 June 2016, representing an increase of US\$0,2m.

Overall, for the six months period, the Group experienced a loss of US\$0,5m, compared to a loss of US\$2,7m during the same period in 2016.

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

- The decrease in Commissions costs.
- The continuing restructuring with the aim of reducing costs.

Financial stability as at 30 June 2017

Cash flow

The cash flow from operating activities showed an outflow of US\$0,1m in the first half of 2017 compared to nil effect (inflow or outflow) for the same period of 2016.

The Group had an outflow of US\$0,3m in cash from financial activities in the first half of 2017 compared to an inflow of US\$0,6m in the corresponding period of 2016.

Liquidity and capital resources

Cash and cash equivalents as at 30 June 2017 amounted to US\$3,8m, compared to US\$4,2m as at 31 December 2016. In this context, the consolidated cash flow statement for the six months to 30 June 2017 shows a net decrease in cash and cash equivalents of US\$0,4m.

As at 30 June 2017 the non-current loans and other borrowings decreased to US\$2,9m from US\$3,0m as at 31 December 2016 and the current portion of interest-bearing loans and other borrowings remained at the same level US\$0,8m as at 31 December 2016 and as at 30 June 2017.

Borrowings and capital structure

Interest bearing loans and borrowings in total remain unchanged with interest-bearing debt to equity ratio standing at the level of 64,9% of parent shareholders' funds (31 December 2016: 61,5%).

Vision International People Group Public Limited

INTERIM MANAGEMENT REPORT

for the six months ended 30 June 2017

Financial stability as at 30 June 2017 (continued)

Debt profile

Current trade and other payables as at 30 June 2017 stand at US\$7,0m compared to US\$7,8m as of 31 December 2016 thus showing a decrease of 10,6%.

Current assets other than cash

Inventories decreased from US\$2,8m as at 31 December 2016 to US\$1,8m as at 30 June 2017. Trade and other receivables increased from US\$2,8m as at 31 December 2016 to US\$3,1m as at 30 June 2017.

Risk management

The Group is exposed to various risks, the most significant of which are interest rate risk, liquidity risk, foreign currency risk and credit risk, as well as operational risk. Information relating to Group risk management is set out in Note 25 of the financial statements for the year ended 31 December 2016 and it is not expected to change significantly during the second half of 2017.

Related party transactions

Information on related party transactions for the six months ended 30 June 2017 in accordance with IFRSs is presented in Note 13 of the Interim Condensed Consolidated Financial Statements.

Employee numbers

The number of the employees of the Group as of 30 June 2017 is 242 (31 December 2016: 241).

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 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 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;

Vision International People Group Public Limited

INTERIM MANAGEMENT REPORT

for the six months ended 30 June 2017

Financial stability as at 30 June 2017 (continued)

Future developments (continued)

- 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.

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 the first half of 2017 and the developments up to the date of approval of these Interim 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 to the consolidated financial statements and Note 18 to the separate financial statements of the year ended 31 December 2016). 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.

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.

Overall

The results of the first half of 2017 are in line with the management's expectations as to the financial performance expected this year.

The main factors affecting this are:

- The decrease in sales of 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.

However, a number of factors should be noted:

- The continued liquidation process of some subsidiaries which is reducing costs.
- Cost reduction in the operations of the Group.

The management recognizes that the ongoing turmoil in Ukraine and the Russian Federation and the trade embargo imposed on and by the Russian Federation might affect the results negatively for the Group in the second half of 2017. As a result, management is taking all the actions to prevent and or minimise this risk.

Vision International People Group Public Limited

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the six months ended 30 June 2017

	Notes	UNAUDITED		Supplementary information (note 15)	
		Six months ended 30 June		Six months ended 30 June	
		2017	2016	2017	2016
		US\$	US\$	€	€
Revenue-sale of goods		16,979,184	17,055,584	14,878,359	14,945,307
Cost of sales		(5,235,690)	(5,422,735)	(4,587,881)	(4,751,783)
Gross profit		11,743,494	11,632,849	10,290,478	10,193,524
Commissions to distributors		(6,763,045)	(7,233,514)	(5,926,257)	(6,338,516)
		4,980,449	4,399,335	4,364,221	3,855,008
Other operating income		375,251	254,006	328,821	222,578
Selling and distribution costs		(1,031,036)	(1,839,793)	(903,467)	(1,612,157)
Administrative expenses		(3,652,485)	(3,512,781)	(3,200,565)	(3,078,146)
Other operating expenses		(156,739)	(9,109)	(137,346)	(7,982)
Profit/(loss) from operating activities		515,440	(708,342)	451,664	(620,699)
Finance costs		(735,530)	(1,459,861)	(644,524)	(1,279,234)
Finance income		24,999	14,097	21,906	12,353
Loss before income tax		(195,091)	(2,154,106)	(170,954)	(1,887,580)
Income tax expense		(324,498)	(529,228)	(284,348)	(463,747)
Loss for the period		(519,589)	(2,683,334)	(455,302)	(2,351,327)
Other comprehensive income/(loss)					
Currency Translation differences		181,387	800,583	158,944	701,527
Other comprehensive income/(loss) for the period, net of tax		181,387	800,583	158,944	701,527
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(338,202)	(1,882,751)	(296,358)	(1,649,800)
Loss attributable to:					
Equity holders of the parent		(519,524)	(2,683,257)	(455,245)	(2,351,260)
Non-controlling interests		(65)	(77)	(57)	(67)
		(519,589)	(2,683,334)	(455,302)	(2,351,327)
Total comprehensive loss attributable to:					
Equity holders of the parent		(338,137)	(1,882,674)	(296,301)	(1,649,733)
Non-controlling interests		(65)	(77)	(57)	(67)
		(338,202)	(1,882,751)	(296,358)	(1,649,800)
Loss per share - basic (cents), for the period attributable to equity holders of the parent	5	(0,69)	(3,58)	(0,61)	(3,14)

All the amounts shown above are from continuing operations.

Vision International People Group Public Limited

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2017

	UNAUDITED		<i>Supplementary information (note 15)</i>		
	<i>Notes</i>	<i>30 June 2017 US\$</i>	<i>31 December 2016 US\$</i>	<i>30 June 2017 €</i>	<i>31 December 2016 €</i>
ASSETS					
Non-current assets					
Property, plant and equipment		1,347.805	1,415.431	1,181.042	1,240.300
Investment Property		3,994.525	4,091.407	3,500.285	3,585.180
Intangible assets – computer software		13.400	15.663	11.742	13.725
Goodwill	7	18.258	18.258	16.000	16.000
Deferred income tax asset		392.817	420.953	344.213	368.869
		<u>5.766.805</u>	<u>5.961.712</u>	<u>5.053.282</u>	<u>5.224.074</u>
Current assets					
Inventories – goods for resale		1,762.217	2,818.780	1,544.178	2,470.014
Trade and other receivables		3,130.569	2,820.028	2,743.225	2,391.652
Income tax receivable		633.978	562.701	555.537	493.078
Cash in hand and at bank		3,849.121	4,219.678	3,372.872	3,697.580
		<u>9.375.121</u>	<u>10.421.187</u>	<u>8.215.812</u>	<u>9.131.779</u>
TOTAL ASSETS		<u>15.142.690</u>	<u>16.382.899</u>	<u>13.269.094</u>	<u>14.355.853</u>
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Issued capital	10	7,500.000	7,500.000	6,572.029	6,572.029
Reserves		(5,546.517)	(5,118.380)	(4,781.386)	(4,485.086)
		<u>2,043.483</u>	<u>2,381.620</u>	<u>1,790.643</u>	<u>2,086.943</u>
Non- controlling interests		<u>944.737</u>	<u>944.802</u>	<u>827.846</u>	<u>827.903</u>
TOTAL EQUITY		<u>2,988.220</u>	<u>3,326.422</u>	<u>2,618.489</u>	<u>2,914.846</u>
Non-current liabilities					
Interest-bearing loans and other borrowings	11	2,941.601	3,013.580	2,577.638	2,640.712
Trade and other payables		2,196.408	2,196.408	1,924.648	1,924.647
		<u>5,138.009</u>	<u>5,209.988</u>	<u>4,502.286</u>	<u>4,565.359</u>
Current liabilities					
Trade and other payables		5,967.285	6,836.386	5,228.957	5,990.524
Current portion of interest bearing loans and other borrowings	11	837.927	795.662	734.251	697.216
Income tax payable		211,249	214,441	185,111	187,908
		<u>7,016.461</u>	<u>7,846.489</u>	<u>6,148.319</u>	<u>6,875.648</u>
TOTAL LIABILITIES		<u>12,154.470</u>	<u>13,056.477</u>	<u>10,650.605</u>	<u>11,441.007</u>
TOTAL EQUITY AND LIABILITIES		<u>15,142,690</u>	<u>16,382,899</u>	<u>13,269,094</u>	<u>14,355,853</u>

Roberto Piona - *Chairman and Chief Executive Officer*

John Hadjihannas - *Executive Director and Chief Financial Officer*

Vision International People Group Public Limited
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 30 June 2017

	UNAUDITED		<i>Supplementary information (note 15)</i>	
	<i>Six months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>US\$</i>	<i>US\$</i>	<i>€</i>	<i>€</i>
Cash flows from operating activities				
Loss before income tax	(195.091)	(2.154.106)	(170.953)	(1.887.580)
Adjustments for:				
Loss/(Gain) on disposal of property, plant and equipment and intangible assets	143	(919)	126	(805)
Net interest cost and bank charges	385.267	407.314	337.598	356.917
Depreciation and amortisation	181.969	197.049	159.454	172.668
Operating profit/(loss) before working capital changes	372.288	(1.550.662)	326.225	(1.358.800)
Decrease in inventories	1.056.563	2.221.626	925.837	1.946.745
(Increase)/decrease in trade and other receivables	(160.532)	208.932	(140.671)	183.081
Decrease in trade and other payables	(583.164)	(63.958)	(511.011)	(56.045)
Cash generated from operations	685.155	815.938	600.380	714.981
Net interest and bank charges paid	(385.267)	(407.314)	(337.598)	(356.917)
Income taxes paid	(370.832)	(412.046)	(324.949)	(361.064)
Net cash flows used in operating activities	(70.944)	(3.422)	(62.167)	(3.000)
Cash flows from investing activities				
Purchase of property, plant and equipment	(478)	(32.034)	(419)	(28.070)
Purchase of intangible assets	(3.444)	(513)	(3.018)	(450)
Proceeds from disposal of property, plant and equipment and computer software	-	907	-	795
Net cash flows used in investing activities	(3.922)	(31.640)	(3.437)	(27.725)
Cash flows from financing activities				
Repayment of loans	(313.918)	(340.462)	(275.077)	(298.337)
New loans received	-	947.750	-	830.485
Dividends paid	-	-	-	-
Net cash flows (used in)/from financing activities	(313.918)	607.288	(275.077)	532.148
Net (decrease)/increase in cash and cash equivalents	(388.784)	572.226	(340.681)	501.423
Net foreign exchange differences	18.227	24.843	15.973	21.771
Cash and cash equivalents at 1 January	4.219.678	1.325.305	3.697.580	1.161.326
Cash and cash equivalents at 30 June	3.849.121	1.922.374	3.372.872	1.684.520

Vision International People Group Public Limited

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the six months ended 30 June 2017

	<i>Reserves</i>				<i>Total reserves</i>	<i>Issued capital</i>	<i>Total</i>	<i>Non - controlling interests</i>	<i>Total equity</i>
	<i>Accumulated profits (losses) (i)</i>	<i>Business combination reserve (ii)</i>	<i>Non-reciprocal capital contributions (iii)</i>	<i>Foreign currency translation (iv)</i>					
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
At 1 January 2017	(2,289,329)	(208,385)	1,257,317	(3,877,982)	(5,118,380)	7,500,000	2,381,620	944,802	3,326,422
Total comprehensive (loss) / income for the period	(519,524)	-	-	181,387	(338,137)	-	(338,137)	(65)	(338,202)
At 30 June 2017	(2,808,854)	(208,385)	1,257,317	(3,696,595)	(5,456,517)	7,500,000	2,043,483	944,737	2,988,220

	<i>Reserves</i>				<i>Total reserves</i>	<i>Issued capital</i>	<i>Total</i>	<i>Non - controlling interests</i>	<i>Total equity</i>
	<i>Accumulated profits (i)</i>	<i>Business combination reserve (ii)</i>	<i>Non-reciprocal capital contributions (iii)</i>	<i>Foreign currency translation (iv)</i>					
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
At 1 January 2016	1,808,886	(208,385)	1,257,317	(4,443,163)	(1,585,344)	7,500,000	5,914,656	950,239	6,864,895
Total comprehensive (loss) / income for the period	(2,683,257)	-	-	800,583	(1,882,674)	-	(1,882,674)	(77)	(1,882,751)
At 30 June 2016	(874,369)	(208,385)	1,257,317	(3,642,580)	(3,468,018)	7,500,000	4,031,982	950,162	4,982,144

- (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 of the Annual Consolidated Financial Statements for the year ended 31 December 2016.
- (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.

Vision International People Group Public Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

at 30 June 2017

1. Corporate information

The Interim Condensed Consolidated Financial Statements of Vision International People Group Public Limited for the six months ended 30 June 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 13 September 2017.

Vision International People Group Public Limited (the “Company”) is a Public Limited Liability Company incorporated in Cyprus and listed on 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 described in note 4.

2. Basis of preparation

The Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2017 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) (IAS 34, “Interim Financial Reporting”).

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required for the annual financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2016.

The Interim Condensed Consolidated Financial Statements comprise the financial statements of the Company (which incorporate the activities of the Company’s representative office in Moscow), and its controlled subsidiaries listed in note 8, together referred to as the “Group”.

The Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2017 have not been audited or reviewed by the Group’s external auditors.

The Interim Condensed Consolidated Financial Statements are presented in United States Dollars (US\$).

Vision International People Group Public Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

at 30 June 2017

3. Significant accounting policies

The accounting policies that have been followed for the preparation of the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2017 are consistent with those followed for the preparation of the annual audited consolidated financial statements for year ended 31 December 2016.

4. Segment information

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

The principal activities of the Company is 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.

The Group's risks and returns are affected solely by the fact that it operates in different countries and geographical areas. Also, the majority of the Group's sales are from food supplements. As such, the Group does not present business segment but only geographical segment information.

Vision International People Group Public Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

at 30 June 2017

4. Segment information (continued)

Six months ended 30 June 2017

	<i>CIS & Baltics US\$</i>	<i>Europe US\$</i>	<i>Rest of the world US\$</i>	<i>30 June 2017 Total US\$</i>
Revenue				
Sales to external customers	<u>5,758,810</u>	<u>5,237,201</u>	<u>5,983,173</u>	<u>16,979,184</u>
There is no inter-segment revenue				
Result				
Segment result	<u>78,419</u>	<u>(138,900)</u>	<u>575,921</u>	<u>515,440</u>
Profit from operating activities				515,440
Finance costs				(735,530)
Finance income				<u>24,999</u>
Loss before income tax				(195,091)
Income tax expense				<u>(324,498)</u>
Loss for the period				<u>(519,589)</u>
Assets and Liabilities				
Segment assets	6,136,912	3,218,592	5,779,162	15,134,666
Unallocated assets	<u> </u>	<u> </u>	<u> </u>	<u>8,024</u>
Total assets				<u>15,142,690</u>
Segment liabilities	4,326,414	3,315,689	4,439,987	12,082,090
Unallocated liabilities	<u> </u>	<u> </u>	<u> </u>	<u>72,380</u>
Total liabilities				<u>12,154,470</u>
Other segment information				
Capital expenditures	<u>3,444</u>	<u>-</u>	<u>478</u>	<u>3,922</u>
Depreciation and amortisation	<u>63,035</u>	<u>54,398</u>	<u>64,5366</u>	<u>181,969</u>

Vision International People Group Public Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

at 30 June 2017

4. Segment information (continued)

Six months ended 30 June 2016

	<i>CIS & Baltics US\$</i>	<i>Europe US\$</i>	<i>Rest of the world US\$</i>	<i>30 June 2016 Total US\$</i>
Revenue				
Sales to external customers	6,213.096	4,360.892	6,481.596	17,055.584
There is no inter-segment revenue				
Result				
Segment result	(244.813)	(436.658)	(26.871)	(708.342)
Loss from operating activities				(708.342)
Finance costs				(1,459.861)
Finance income				14.097
Loss before income tax				(2,154.106)
Income tax expense				(529.228)
Loss for the period				(2,683.334)
Assets and Liabilities				
Segment assets	7,045.899	3,687.986	6,769.604	17,503.489
Unallocated assets				12.745
Total assets				17,516.234
Segment liabilities	4,926.173	2,874.005	4,688.596	12,488.775
Unallocated liabilities				45.315
Total liabilities				12,534.090
Other segment information				
Capital expenditures	28.240	2.218	2.089	32.547
Depreciation and amortisation	63.134	64.439	69.476	197.049

Vision International People Group Public Limited

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5. Earnings per share

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

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

	<i>Six months ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2017</i>	<i>2016</i>
	<i>US\$</i>	<i>US\$</i>
Net loss attributable to ordinary equity holders of the parent for basic earnings per share	<u>(519.524)</u>	<u>(2.683.257)</u>
	<i>30 June</i>	<i>30 June</i>
	<i>2017</i>	<i>2016</i>
	<i>Number</i>	<i>Number</i>
Weighted average number of ordinary shares for basic earnings per share	<u>75.000.000</u>	<u>75.000.000</u>

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

6. Dividends

On 2 May 2017, the Directors resolved to propose that no dividend is paid for the year 2016.

7. Goodwill

	<i>30 June</i>	<i>31 December</i>
	<i>2017</i>	<i>2016</i>
	<i>US\$</i>	<i>US\$</i>
On acquisition of "Kazakhstan group"	<u>18.258</u>	<u>18.258</u>
	<u>18.258</u>	<u>18.258</u>

Vision International People Group Public Limited

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8. Investments in subsidiaries

The interim condensed consolidated financial statements include the financial statements of the Company and its subsidiaries as illustrated in the table below:

Name	Country of incorporation	% Group equity interest	
		30/06/17	31/12/16
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%
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%
<i>Under liquidation during 2017:</i>			
Vision Kyiv LLC	Ukraine	100%	100%
TK Baku LLC	Azerbaijan	100%	100%
Vision Euronord Private Limited Company	Lithuania	100%	100%
Vision Egypt for Distribution LLC	Egypt	99%	99%
Vision MISR for Trading LLC	Egypt	98%	98%
Total Eclipse International Limited	England and Wales	100%	100%
Vision Azerbaijan LLC	Azerbaijan	100%	100%

Vision International People Group Public Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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8. Investments in subsidiaries (continued)

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.

Liquidation and disposal of subsidiaries during the six months ended 30 June 2017

In January 2017, the liquidation of the subsidiary of the Group namely Vision (India) People Group Private Limited was finalised. The liquidation of the subsidiaries of the Group namely Vision-Latomas Commercial Limited and Vision Istanbul Health and Products Trade and Industry Limited were finalised in February 2017.

Liquidation and disposal of subsidiaries during the year 2016

During the year 2016, no subsidiaries have been liquidated or disposed.

Establishment and acquisition of new subsidiaries during the six months ended 30 June 2017

No subsidiaries have been established or acquired during the first half of 2017.

Establishment and acquisition of new subsidiaries during the year 2016

No subsidiaries have been established or acquired during the year 2016.

9. Amount payable for the acquisition of “Ukraine group”

On 1 January 2005, the Group obtained control of Vision Ukraine LLC, Vision Kyiv LLC, Vision Lviv LLC, Vision Odessa LLC and Vision Kharkov LLC, collectively referred to as the “Ukraine Group”. The purchase consideration for the acquisition of 100% of the issued share capital of the above companies was US\$2,000,000, of which US\$7,000 is outstanding as at 30 June 2017.

10. Issued capital - ordinary shares

	30 June 2017		31 December 2016	
	Shares	US\$	Shares	US\$
<i>Authorised</i>				
Shares of US\$0.10 each	<u>300,000,000</u>	<u>30,000,000</u>	<u>300,000,000</u>	<u>30,000,000</u>
<i>Issued and fully paid</i>	<u>75,000,000</u>	<u>7,500,000</u>	<u>75,000,000</u>	<u>7,500,000</u>

There was no change in the capital of the Company during the six months ended 30 June 2017 and during the year 2016.

Vision International People Group Public Limited

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11. Interest-bearing loans and other borrowings

	30 June 2017 US\$	31 December 2016 US\$
<i>Non-current</i>		
Head Office building secured bank loan	2.941.601	2.848.718
Other loans	-	164.862
	<u>2.941.601</u>	<u>3.013.580</u>
<i>Current</i>		
Head Office building secured bank loan	460.188	424.968
Other banking facilities	42.233	53.780
Other loans	335.506	316.914
	<u>837.927</u>	<u>795.662</u>

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\$4.981.808 as at 30 June 2017 and US\$5.102.639 as at 31 December 2016). During the year ended 31 December 2016, the Group had 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\$3.651.842) is repayable in monthly instalments until September 2026. The carrying value of the loan as at 30 June 2017 was €2.981.259 (US\$3.401.789). 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\$4.450.683), the assignment of fire and earthquake insurance policy over the property for the amount of €5.142.890 (US\$5.869.070) and a floating charge of €341.721 (US\$389.972) over the assets of the Parent Company.

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\$846.231). The bank loan carries interest at a rate of 16% per annum and is repayable in May 2018. As at 30 June 2017 the bank loan balance was RUB19.600.000 (US\$331.723).

Vision International People Group Public Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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11. Interest-bearing loans and other borrowings (continued)

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 30 June 2017, the outstanding amount for the facility is €37.013 (US\$42.233). The hire purchase facility is repayable in 3 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\$253.869). 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 30 June 2017 of RUB5.000.402 (US\$84.630). Vision Group Rus LLC has also provided guarantees for the amount of RUB17.260.732 (US\$292.131). The credit facility is available until October 2017. As at 30 June 2017 the balance of the credit facility was US\$ Nil (2016: US\$ Nil).

12. Other information

Legal and other claims

There are no pending litigations, claims, demands or assessments against the Group companies, the outcome of which would have a material effect on the Group's financial position, financial performance and cash flows.

Vision International People Group Public Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

at 30 June 2017

13. Related party disclosures

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

The Company's ultimate parent is Health Tech Corporation Limited, a company incorporated in the Island of Guernsey. Health Tech Corporation Limited is beneficially owned by Mr. Oleg Sapunkov from 16 July 2016 (previously by Mr. Dmitry Buriak), who is considered as the ultimate controlling party of the Group.

The Directors of the Company were considered as being the key personnel of the Group during the period.

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

Vision International People Group Public Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS at 30 June 2017

13. Related party disclosures (continued)

<i>Related party</i>	<i>Six months ended 30 June</i>	<i>Purchases from related parties US\$</i>	<i>Income from related parties US\$</i>	<i>Net interest expense / (income) US\$</i>
Vision Neva LLC	2017	-	173.968	-
	2016	-	241.901	-
TCV Khabarovsk LLC	2017	-	151.298	-
	2016	-	70.706	-
TCV Centr LLC	2017	-	194.695	-
	2016	-	216.491	-
DV Vladivostok LLC	2017	-	129.090	-
	2016	-	119.155	-
CV Volgograd LLC	2017	-	41.168	-
	2016	-	50.980	-
TC Kazan LLC	2017	-	75.149	-
	2016	-	90.803	-
TD Ekaterinbourg LLC	2017	-	67.949	-
	2016	-	75.637	-
TD Sibir LLC	2017	-	89.063	-
	2016	-	100.857	-
TCV Irkoutsk LLC	2017	-	91.837	-
	2016	-	96.096	-
TCV Krasnodar LLC	2017	-	151.298	-
	2016	-	132.247	-
DEM4 R	2017	1.063.641	664.779	(4.752)
	2016	<u>685.523</u>	<u>319.660</u>	<u>-</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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13. Related party disclosures (continued)

<i>Related party</i>	<i>Balance as at</i>	<i>Trade and other receivables US\$</i>	<i>Trade and other payables US\$</i>	<i>Loans due (to)/from US\$</i>
VIP Communication Limited	30/06/2017	25.359	27.441	-
	31/12/2016	29.250	34.904	-
UAB Forumo Rumai	30/06/2017	-	25.183	-
	31/12/2016	-	23.256	-
Vision Neva LLC	30/06/2017	80.615	-	-
	31/12/2016	77.516	-	-
TCV Khabarovsk LLC	30/06/2017	11.285	-	-
	31/12/2016	25.719	21.482	-
TCV Centr LLC	30/06/2017	-	-	-
	31/12/2016	175.176	-	-
DV Vladivostok LLC	30/06/2017	4.237	-	-
	31/12/2016	4.237	21.718	-
CV Volgograd LLC	30/06/2017	12.981	-	-
	31/12/2016	29.597	-	-
TC Kazan LLC	30/06/2017	6.722	-	-
	31/12/2016	4.237	-	-
TD Ekaterinbourg LLC	30/06/2017	4.237	-	-
	31/12/2016	4.237	-	-
TD Sibir LLC	30/06/2017	13.132	-	-
	31/12/2016	32.271	-	-
TCV Irkutsk LLC	30/06/2017	4.237	-	-
	31/12/2016	16.448	-	-
TCV Krasnodar LLC	30/06/2017	11.285	-	-
	31/12/2016	4.237	16.468	-
Vision Egypt for Services LLC	30/06/2017	-	2.227	-
	31/12/2016	-	2.219	-
DEM4 R	30/06/2017	1.063.370	224.588	1.975
	31/12/2016	554.784	55.943	90.674

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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13. Related party disclosures (continued)

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

<i>Party</i>	<i>Relationship</i>
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
Vision Egypt for Services LLC	Entity under common control
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
DEM4 R	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.

Vision International People Group Public Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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13. Related party disclosures (continued)

Compensation of key personnel

	<i>Six months ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2017</i>	<i>2016</i>
	<i>US\$</i>	<i>US\$</i>
<i>Directors' remuneration:</i>		
Fees in directors' capacity:		
Dmitry Buriak (until 01/06/2017)	142.414	174.119
Roberto Piona	98.160	47.339
John Hadjihannas	5.453	5.556
Peter Fehrn-Christensen	5.453	5.556
Nairy Der Arakelian-Merheje (from 01/06/2017)	909	-
Total remuneration	<u>252.389</u>	<u>232.570</u>

14. Events after the reporting date

In July 2017, the liquidation of the subsidiary of the Group namely Vision Euronord Private Limited Company was finalised.

15. Supplementary information

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

The US\$ amounts for both 2017 and 2016 have been translated to € using the exchange rate issued by the European Central Bank as at 30 June 2017, i.e. €1 = US\$1,1412.