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Annual Financial Report

VISION INTERNATIONAL PEOPLE GROUP PUBLIC LTD

VIP

Annual Report 2012

Announcement is attached

Attachments:

1. **Approval of Annual Report 2012**
2. **Annual Report 2012**

Regulated

Publication Date: 29/04/2013

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 29th April, 2013, at 11.00am. at the Company's offices located at 67, Limassol Avenue, Aglantzia, 2121, Nicosia, the Annual Report and the Consolidated Financial Statements for the year ended on the 31st December, 2012 were presented and approved.

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

Nicosia, 30th April, 2013

Vision International People Group Public Limited

Annual Report 2012

Contents of Annual Report

OFFICERS AND PROFESSIONAL ADVISORS

Executive Directors

Roberto Piona – Chairman
Dmitry Buriak – Chief Executive Officer

Independent Non-Executive Directors

John Hadjihannas
Peter Fehrn-Christensen

Company Secretary

Nairy Der Arakelian-Merheje

Registered Office

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

Solicitors

Nairy Der Arakelian-Merheje Law Office

Group Corporate Manager / Compliance Officer

Maria Andreou

Principal Bankers

AB SEB Bank
Bank of Cyprus Public Co Limited
Cyprus Popular Bank Public Co Limited
Nota Bank
Parex Bank
Privat Banka
Raiffeisen Bank

Independent Auditor

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

FINANCIAL HIGHLIGHTS - GROUP

	2012 US$	2011 US$	2010 US$	2009 US$	2008 US$
Trading Results					
Turnover	95.199.534	106.671.122	103.332.537	106.072.106	119.736.320
Operating Profit	6.847.195	10.314.743	6.112.751	132.855	6.004.780
Profit / (loss) before income tax	4.049.905	6.932.129	1.890.347	(4.480.042)	1.282.710
Profit / (loss) for the year	1.521.399	3.613.640	(359.573)	(6.352.197)	(823.449)
Profit / (loss) for the year attributable to equity holders of the Company	1.441.585	3.582.634	(426.627)	(6.386.919)	(864.946)
Balance Sheet					
Non-Current Assets	13.766.003	15.170.405	16.100.216	17.447.649	17.974.112
Current Assets	27.641.110	23.008.545	21.775.765	28.081.170	32.634.069
Non-Current Liabilities	4.364.712	4.837.848	6.997.478	7.160.914	3.640.881
Current Liabilities	17.749.983	15.579.893	18.069.605	24.804.670	26.433.742
Shareholders’ Equity	18.390.706	16.939.311	12.003.289	12.777.504	19.782.549
Shareholders’ Return					
Earnings / (losses) per share - basic (cents)	1,92	4,78	(0,57)	(8,52)	(1,15)
Dividends per share (cents)	-	-	-	-	-
Employee Numbers					
Number of employees as at 31 December	345	385	476	536	516

The Board of Directors present to the shareholders their Report together with the audited financial statements for the year ended 31 December 2012.

Principal activities

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

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

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

Changes in the composition of the Group

The development of Internet Trading through the Global Ordering System (GOS) continued and extended during 2012. The restructuring of the Group that started in 2010 continued in 2012 in order to streamline operations, reduce fixed costs and improve the service and efficiency of the Group activities.

As part of the restructuring, the Swiss subsidiaries Vision International People Group S.A. and Vision Commerce S.A. were put under liquidation during the year. Both companies are holding companies without any trading activities. Vision International People Group S.A. is the holding company of Vision Societe S.A. (Switzerland), Vision Commerce S.A. (Switzerland) and Vision E-Shop G.m.b.H. (Austria). Vision Commerce S.A. is the holding company of Vision Egypt for Distribution LLC (Egypt).

Further to the decision to put Vision International People Group S.A. and Vision Commerce S.A. under liquidation, the holding of Vision E-Shop G.m.b.H. and Vision Egypt for Distribution LLC, will be transferred directly to the Parent company. The Group’s intention is to sell Vision Societe S.A..

The subsidiary company Vision Deutschland G.m.b.H. (Germany), for which the liquidation process started in 2011, is still undergoing liquidation.

The subsidiary company Vision Pavlodar LLP (Kazakhstan), for which the liquidation process started in 2010, is still undergoing liquidation.

The two subsidiary companies in Ukraine, namely Vision Kyiv LLC and Vision Odessa LLC, for which the liquidation process started in 2010, are still undergoing liquidation.

Due to changes in law in Uzbekistan in February 2012, restricting the import, marketing and sale of food supplements, a decision was taken to liquidate the local subsidiary company, namely Vision Middle Asia LLC, which is still undergoing liquidation.

The liquidation process of the subsidiary company Vision Persia Joint Stock Company (Iran), that started in 2010, is due to be completed in 2013.

The liquidation process of the subsidiary company Vision International Kish Private Joint Stock Company (Iran), which started in 2010 was completed during the year.

Changes in the composition of the Group (continued)

The restructuring of operations in Russia has continued during the year with the aim of increasing the geographical coverage of distributors' network within the country, to reduce fixed costs and to improve the service and efficiency of the Group's activities. As part of the restructuring, the Group has granted to third party franchisee companies the rights to sell its products and use its trademarks. Due to local formalities, the agreements between the Group and the franchisees are expected to be executed during 2013. As a result of this restructuring, Vision Group Rus LLC (Russia) closed five out of its' seven branches.

As part of the Group strategy to expand in new and existing markets, the Group has established a new subsidiary in India, namely Vision (India) People Group Private Limited, which has not yet commenced any trading activities. The Group is also planning to establish new subsidiaries in Asia.

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

Financial results and dividends

The results of the Group for the year ended 31 December 2012 are set out on page 12 of the Annual Report.

The profit of the Group attributable to the shareholders of the parent company for the year 2012 amounted to US$1.441.585 (2011: US$3.582.634).

Turnover

Group Revenues for the year to 31 December 2012, decreased by US$11,5m or 10,8% to reach the level of US$95,2m compared to US$106,7m in 2011. Sales in Europe decreased by 16,0% or US$2,5m to reach the level of US$13,1m compared to US$15,6m in 2011. Sales in the CIS and Baltics decreased by US$9,3m or 14,5%, reaching the level of US$54,8m, compared to US$64,1m in 2011. Sales in the rest of the World continued to grow and exhibited a year-on-year increase of US$0,4m or 1,5%, reaching the level of US$27,3m, compared to US$26,9m in 2011.

Gross Profit

The Group's Gross Profit for the year, after charging product, transportation and insurance costs decreased to US$68,7m compared to US$77,8m in 2011. The Gross Profit margin achieved in 2012 was 72% (2011: 73%).

Commissions to Distributors

Commissions to Distributors during 2012 amounted to US$36,8m compared to US$41,2m in 2011, exhibiting a decrease of US$4,4m or 10,7%. Commissions in relation to sales during the year went up from 38,6% in 2011 to 38,7% in 2012.

Operating Results

The Group's Profit before Tax for the year to 31 December 2012 was US$4,0m profit, down by US$2,9m from US$6,9m profit in 2011.

The decrease in sales was the most important factor that affected the margin in 2012.

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

Financial results and dividends (continued)

Parent Company results

The results of the Company for the year ended 31 December 2012 are set out on page 58 of the Annual Report. The profit of the Company for the year 2012 amounted to US$463.475 (2011: loss of US$6.226.174) and is transferred to accumulated losses.

Earnings and Dividends

Basic (group) earnings per share decreased from 4,78 cents profit in 2011 to 1,92 cents profit in 2012.

The Board of Directors, after considering the Group's profitability of the current year and the losses incurred in prior years, resolved that no dividend is proposed for 2012. This would ensure adequacy of liquid resources to complete the ongoing reorganisation and enable fast response to the market challenges in the situation of increased global competition and the current recession.

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

Working Capital and Liquidity

Stocks as at 31 December 2012 decreased by US$1,0m to reach the level of US$8,6m compared to US$9,6m at the end of 2011. The Group has been taking the necessary measures to reduce the high level of inventories held in previous years, without affecting the smooth running of the operations and sales.

Trade payables have increased from US$4,1m to US$4,7m and trade receivables increased from US$3,2m at the end of 2011 to US$6,8m as at 31 December 2012.

As at 31 December 2012 the Group had cash and cash equivalent balances of US$2,5m compared to US$0,8m as at 31 December 2011, which are stated net of bank overdraft balances of US$2,3m and US$2,7m respectively. Total interest bearing borrowings decreased from US$5,5m on 31 December 2011 to US$4,8m on 31 December 2012.

Future developments

In 2013 the Group will continue to optimise its operations and control its fixed costs with a view to attaining better financial results. In particular:

- The Group will continue to develop the Global Ordering System (GOS) in existing and new markets;
- The Group will enrich its product portfolio in order to meet market requirements;
- The Group will optimise existing levels of marketing communication, use of new channels for promotion and utilise a wider spectrum of promotional tools and methods;
- The Group will ensure effective interaction with distributor network leaders;
- The Group will continue to liquidate any inefficient trading companies;
- The Group will expand its operations into new countries in Asia.

Principal risks and uncertainties

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

Principal risks and uncertainties (continued)

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

Share capital

As at 31 December 2012 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 2012, there have been no changes to the share capital of the Company.

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

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

Directors Service Contracts

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

Corporate governance statement

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

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

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

In accordance with the pertinent resolution of the Annual General Meeting dated on the 22nd of June 2012, the Articles of Association of the Company have been adjusted in accordance with Regulation 326/2009 to read that unless and until otherwise determined by the Company in general meeting, the number of the Directors shall not be less than four of whom a certain percentage may be Non-Executive Directors or Non-Executive Independent Directors as the Board or the Members may resolve during business.

Corporate governance statement (continued)

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

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

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

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

As at 31 December 2012 and 23 April 2013, the following persons hold 5% or more of the issued share capital of the Company:

	31 December 2012	*23 April 2013*
	%	*%*
Health Tech Corporation Limited	64,58	64,58
CHP Investments Limited	9,11	9,11

Health Tech Corporation Limited is beneficially owned by Mr. Dmitry Buriak.

CHP Investments Limited is beneficially owned by Mrs. Marina Khoriakova.

Events after the reporting date

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

Securities and Stock Exchange of Cyprus Law and Regulations

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

Going Concern

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

Board of Directors

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

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

Roberto Piona	-	Chairman
Dmitry Buriak	-	Chief Executive Officer
John Hadjihannas	-	Independent Non-Executive Director
Peter Fehrn-Christensen	-	Appointed as Independent Non-Executive Director on 28 February 2012

The change to the Board structure, as stated above, was approved at the Board of Directors Meeting of the Company convened on 28 February 2012.

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 2013.

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 2012 and 23 April 2013 are stated below:

	31 December 2012	*23 April 2013*
	%	*%*
Dmitry Buriak (indirectly)	64,58	64,58
Roberto Piona (directly)	1,10	1,10
John Hadjihannas	-	-
Peter Fehrn-Christensen	-	-

Transactions with Directors

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

Independent Auditors

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

By order of the Board of Directors

…………………………………

Nairy Der Arakelian-Merheje
Secretary

29 April 2013

CONSOLIDATED FINANCIAL STATEMENTS
31 December 2012

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

In accordance with Article 9, sections (3)(c) and (7) of the Transparency Requirements (Securities for Trading on Regulated Market) Law of 2007 ("Law"), we the members of the Board of Directors and the other responsible persons for the consolidated financial statements of Vision International People Group Public Limited for the year ended 31 December 2012 confirm that, to the best of our knowledge:

(a) the accompanying annual consolidated financial statements:

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

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

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

Executive Directors

Roberto Piona – Chairman

Dmitry Buriak – Chief Executive Officer

Independent Non-Executive Directors

John Hadjihannas

Peter Fehrn-Christensen

Chief Financial Officer

Nina Melnikova

29 April 2013

Vision International People Group Public Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2012

				Supplementary information (note 22)	
	Notes	*2012 US$*	*2011 US$*	*2012 €*	*2011 €*
Revenue-sale of goods		95.199.534	106.671.122	72.153.656	80.848.205
Cost of goods sold		(26.516.530)	(28.834.828)	(20.097.415)	(21.854.500)
Gross profit		68.683.004	77.836.294	52.056.241	58.993.705
Commissions to distributors		(36.806.656)	(41.190.659)	(27.896.511)	(31.219.235)
		31.876.348	36.645.635	24.159.730	27.774.470
Other operating income	4	459.421	698.281	348.205	529.241
Selling and distribution costs	4	(8.312.402)	(8.204.856)	(6.300.138)	(6.218.627)
Administrative expenses	4	(17.066.320)	(18.669.933)	(12.934.909)	(14.150.321)
Other operating expenses		(109.852)	(154.384)	(83.260)	(117.010)
Profit from operating activities		6.847.195	10.314.743	5.189.628	7.817.753
Finance costs	4	(3.120.920)	(4.021.887)	(2.365.408)	(3.048.270)
Finance income	4	73.413	51.796	55.641	39.257
Profit before share of associate's profit		3.799.688	6.344.652	2.879.861	4.808.740
Share of profit of associate	12	250.217	587.477	189.644	445.261
Profit before income tax		4.049.905	6.932.129	3.069.505	5.254.001
Income tax	5	(2.528.506)	(3.318.489)	(1.916.406)	(2.515.150)
PROFIT FOR THE YEAR		1.521.399	3.613.640	1.153.099	2.738.851
Other comprehensive (loss) / income for the year, net of tax		(237.332)	359.129	(179.879)	272.190
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1.284.067	3.972.769	973.220	3.011.041
Profit attributable to:					
Equity holders of the parent company		1.441.585	3.582.634	1.092.606	2.715.351
Non-controlling interests		79.814	31.006	60.493	23.500
		1.521.399	3.613.640	1.153.099	2.738.851
Total comprehensive income attributable to:					
Equity holders of the parent company		1.204.253	3.941.763	912.727	2.987.541
Non-controlling interests		79.814	31.006	60.493	23.500
		1.284.067	3.972.769	973.220	3.011.041
Earnings per share - basic (cents), for profit for the year attributable to equity holders of the parent company	6	1,92	4,78	1,46	3,62

All amounts shown above are from continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2012

				Supplementary information (note 22)	
		2012	*2011*	*2012*	*2011*
	Notes	*US$*	*US$*	*€*	*€*
ASSETS					
Non-current assets					
Property, plant and equipment	8	6.668.571	7.049.761	5.054.245	5.343.157
Intangible assets	9	127.116	181.695	96.344	137.711
Goodwill	10	18.258	18.258	13.839	13.839
Investment in associate	12	4.797.751	5.495.063	3.636.313	4.164.819
Deferred income tax asset	5	2.154.307	2.425.628	1.632.793	1.838.432
		13.766.003	15.170.405	10.433.534	11.497.958
Current assets					
Inventories – goods for resale		8.632.094	9.621.748	6.542.439	7.292.516
Trade and other receivables	13	13.228.405	9.255.149	10.026.076	7.014.666
Income tax receivable		947.972	688.852	718.487	522.095
Cash in hand and at bank	14	4.832.639	3.442.796	3.662.754	2.609.365
		27.641.110	23.008.545	20.949.756	17.438.642
TOTAL ASSETS		41.407.113	38.178.950	31.383.290	28.936.600
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Issued capital	15	7.500.000	7.500.000	5.684.402	5.684.402
Reserves		10.890.706	9.439.311	8.254.287	7.154.245
		18.390.706	16.939.311	13.938.689	12.838.647
Non-controlling interests		901.712	821.898	683.425	622.933
TOTAL EQUITY		19.292.418	17.761.209	14.622.114	13.461.580
Non-current liabilities					
Interest-bearing loans and borrowings	16	2.163.408	2.507.876	1.639.690	1.900.770
Trade and other payables	17	2.201.304	2.329.972	1.668.413	1.765.934
		4.364.712	4.837.848	3.308.103	3.666.704
Current liabilities					
Trade and other payables	17	14.585.885	11.990.404	11.054.940	9.087.770
Current portion of interest-bearing loans and borrowings	16	2.627.073	3.024.007	1.991.112	2.291.956
Income tax payable		537.025	565.482	407.021	428.590
		17.749.983	15.579.893	13.453.073	11.808.316
TOTAL LIABILITIES		22.114.695	20.417.741	16.761.176	15.475.020
TOTAL EQUITY AND LIABILITIES		41.407.113	38.178.950	31.383.290	28.936.600

Roberto Piona – *Chairman*

Dmitry Buriak – *Director and Chief Executive Officer*

Nina Melnikova – *Chief Financial Officer*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2012

	Reserves								
	Accumulated profits (i)	Business combination reserve (ii)	Non-reciprocal capital contributions (iii)	Foreign currency translation (iv)	Total reserves	Issued capital	Total	Non - controlling interests	Total equity
	US$	US$	US$	US$	US$	US$	US$	US$	US$
As at 1 January 2011	7.339.789	(208.385)	-	(2.628.115)	4.503.289	7.500.000	12.003.289	805.609	12.808.898
Shareholder contribution	-	-	994.259	-	994.259	-	994.259	-	994.259
Taxes paid on behalf of non-controlling interests	-	-	-	-	-	-	-	(14.717)	(14.717)
Total comprehensive income / (loss) for the year	3.582.634	-	-	359.129	3.941.763	-	3.941.763	31.006	3.972.769
As at 31 December 2011	10.922.423	(208.385)	994.259	(2.268.986)	9.439.311	7.500.000	16.939.311	821.898	17.761.209
Shareholder contribution	-	-	263.058	-	263.058	-	263.058	-	263.058
Deemed distribution on dividends	(15.916)	-	-	-	(15.916)	-	(15.916)	-	(15.916)
Total comprehensive income / (loss) for the year	1.441.585	-	-	(237.332)	1.204.253	-	1.204.253	79.814	1.284.067
As at 31 December 2012	12.348.092	(208.385)	1.257.317	(2.506.318)	10.890.706	7.500.000	18.390.706	901.712	19.292.418

Notes:

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

There is no withholding tax on payments of dividends by the Company to non-resident shareholders or to shareholders that are resident companies in Cyprus. Payments of dividends to shareholders that are physical persons resident in Cyprus are subject to 20% withholding tax for the tax years 2012 and 2013 and 17% for 2014 and thereafter (in 2011 the rate was 15% up to 30 August 2011 and 17% up to 31 December 2011). As defined by the relevant tax law, companies which do not distribute 70% of their profits after tax within two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed 70% of these profits as dividend. Special contribution for defence at 20% will be payable on such deemed dividend, to the extent that the shareholders (individuals and companies) at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents. The amount of this deemed dividend distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders. The special contribution for defence on deemed dividend distribution for the tax years 2009 and 2010, is estimated at US$15.916.

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

(iii) Non-reciprocal capital contributions: In May 2011 and February 2012, the major shareholder transferred to the Company US$994.259 (€670.000) and US$263.058 (€200.000) respectively, 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 Consolidated Statement of Changes in Equity.

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

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2012

	Notes	2012 US$	2011 US$	Supplementary information (note 22) 2012 €	Supplementary information (note 22) 2011 €
Cash flows from operating activities					
Profit before income tax		4.049.905	6.932.129	3.069.505	5.254.001
Adjustments for:					
Net interest cost and bank charges		1.202.613	1.688.267	911.485	1.279.572
Share of profit of associate		(250.217)	(587.477)	(189.644)	(445.261)
Gain on disposal of property, plant and equipment and intangible assets		(1.492)	(2.731)	(1.131)	(2.070)
Depreciation and amortisation		657.018	824.422	497.968	624.846
Cash flows from operating activities before working capital changes		5.657.827	8.854.610	4.288.183	6.711.088
Decrease in inventories		1.056.402	1.565.335	800.668	1.186.399
Increase in trade and other receivables		(4.003.154)	(2.593.009)	(3.034.072)	(1.965.293)
Increase / (decrease) in trade and other payables		2.708.217	(2.246.824)	2.052.614	(1.702.914)
Cash flows generated from operations		5.419.292	5.580.112	4.107.393	4.229.280
Net interest and bank charges paid		(1.202.613)	(1.688.267)	(911.485)	(1.279.572)
Income taxes paid		(2.544.762)	(2.882.855)	(1.928.727)	(2.184.974)
Net cash flows from operating activities		1.671.917	1.008.990	1.267.181	764.734
Cash flows from investing activities					
Dividends received from associate		484.258	549.929	367.029	416.803
Purchase of property, plant and equipment		(88.204)	(135.644)	(66.852)	(102.807)
Purchase of intangible assets		(89.520)	(181.690)	(67.849)	(137.707)
Proceeds from disposal of property, plant and equipment and intangible assets		16.092	55.687	12.196	42.206
Payment of amount due for the acquisition of Vision (E-Shop G.m.b.H., Commerce S.A., Societe S.A.)		-	(319.569)	-	(242.208)
Net cash flows from / (used in) investing activities		322.626	(31.287)	244.524	(23.713)
Cash flows from financing activities					
Repayment of bank loans and other banking facilities		(372.925)	(438.105)	(282.648)	(332.048)
Non-reciprocal capital contributions		263.058	994.259	199.377	753.568
Repayment of hire purchase obligations		-	(3.776)	-	(2.862)
Proceeds from loans and other banking facilities		-	51.668	-	39.160
Dividends paid		(128.669)	(1.560.448)	(97.521)	(1.182.695)
Taxes paid on behalf of non-controlling interests		-	(14.717)	-	(11.154)
Net cash flows used in financing activities		(238.536)	(971.119)	(180.792)	(736.031)
Net increase in cash and cash equivalents		1.756.007	6.584	1.330.913	4.990
Net foreign exchange differences		(1.475)	(195.166)	(1.118)	(147.920)
Cash and cash equivalents at 1 January		781.170	969.752	592.065	734.995
Cash and cash equivalents as at 31 December	14	2.535.702	781.170	1.921.860	592.065

1. Corporate information

The consolidated financial statements of Vision International People Group Public Limited for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the Board of Directors on 29 April 2013.

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

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

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

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

2. Accounting policies

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

2.1 Basis of preparation and statement of compliance

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

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

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company (which incorporate the activities of the Company's representative office in Moscow), its subsidiaries and their branches as at 31 December 2012, listed in note 11 (together referred to as the "Group").

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

2.1 Basis of preparation and statement of compliance (continued)

Basis of consolidation (continued)

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

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

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

Business Combination Reserve (group restructuring to 31 December 2002)

As a result of the Group restructuring that has taken place during the three years to 31 December 2002, the financial statements of the subsidiary companies that were part of that restructuring were included in the consolidated financial statements as if they had been combined from the beginning of that period. The Group restructuring was a reorganisation of companies under common control (previously directly or indirectly controlled by the Chief Executive Officer of the Group, Mr. Dmitry Buriak) and did not affect the minority 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 2012 as stated below:

IFRS 7 Financial Instruments: Disclosures (Amended) - Enhanced Derecognition Disclosure Requirements.
IAS 1 Financial Statement Presentation (Amended) – Presentation of Items of Other Comprehensive Income.
IAS 12 Income Taxes: (Deferred Tax - Recovery of Underlying Assets.

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

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

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

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

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

IAS 19 Employee Benefits (Amended) (effective for annual periods beginning on or after 1 January 2013).
The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. Early application is permitted. The Group does not currently have any transactions within the scope of the amendment.

IAS 27 Separate Financial Statements (Revised) (effective for annual periods beginning on or after 1 January 2013).
As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 (revised 2011) is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Earlier application is permitted. The Group is in the process of assessing the impact of this amendment on the Company's separate financial statements.

IAS 28 Investments in Associates and Joint Ventures (Revised) (effective for annual periods beginning on or after 1 January 2013).
As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed to IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. Earlier application is permitted. The Group is in the process of assessing the impact of the new standard on its financial statements.

IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014).
The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32. The amendments clarify the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. The Group is in the process of assessing the impact of the new standard on its financial statements.

IFRS 7 Financial Instruments: Disclosures (Amended) - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013).
The amendment introduces common disclosure requirements. These disclosures would provide users with information that is useful in evaluating the effect or potential effect of netting arrangements on an entity's financial position. The amendments to IFRS 7 are to be retrospectively applied. The Group is in the process of assessing the impact of the new standard on its financial statements.

IFRS 10 Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2013).
IFRS 10 replaces the portion of IAS 27, Consolidated and Separate Financial Statements, that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12, Consolidation- Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The Group is in the process of assessing the impact of the new standard on its financial position and performance.

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

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

IFRS 11 Joint Arrangements (effective for annual periods beginning on or after 1 January 2013).
IFRS 11 replaces IAS 31, Interests in Joint Ventures and SIC-13, Jointly-controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The Group does not currently have any joint arrangements.

IFRS 12 Disclosures of Involvement with Other Entities (effective for annual periods beginning on or after 1 January 2013).
IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The Group is in the process of assessing the impact of the new standard on its financial position and performance.

IFRS 13 Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013).
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. This standard should be applied prospectively and early adoption is permitted. The Group is in the process of assessing the impact of the new standard on its financial position and performance.

Amendments to IFRS 1, Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters (effective for accounting periods beginning on or after 1 July 2011).
These amendments to IFRS 1 introduce a new deemed cost exemption for entities that have been subject to severe hyperinflation. They also remove the legacy fixed dates in IFRS 1 relating to derecognition and day one gain or loss transactions. This amendment is not relevant to the Group and its operations.

IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine (effective for accounting periods beginning on or after 1 January 2013).
This interpretation only applies to stripping costs incurred in surface mining activity during the production phase of the mine ('production stripping costs'). Costs incurred in undertaking stripping activities are considered to create two possible benefits a) the production of inventory in the current period and/or b) improved access to ore to be mined in a future period (striping activity asset). Where cost cannot be specifically allocated between the inventories produced during the period and the stripping activity asset, IFRIC 20 requires an entity to use an allocation basis that is based on a relevant production measure. Early application is permitted. The interpretation is not relevant to the Group and its operations.

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 9 Financial Instruments - Classification and Measurement (effective for annual periods beginning on or after 1 January 2015)
IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. Phase 1 of IFRS 9 will have a significant impact on (i) the classification and measurement of financial assets and (ii) a change in reporting for those entities that have designated financial liabilities using the Fair Value through Profit or Loss. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. Early application is permitted. The Group is currently assessing the impact of adopting IFRS 9, however, the impact of adoption depends on the assets held by the Group at the date of adoption, and it is not practical to quantify the effect.

Amendments to IFRS10, IFRS11 and IFRS12 - Transition Guidance (effective for annual periods beginning on or after 1 January 2013).
The amendments clarify the transition guidance in IFRS 10 Consolidated Financial Statements. The amendments also provide additional transition relief in IFRS 10, IFRS 11 and IFRS 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. The Group is in the process of assessing the impact of these amendments on its financial position and performance.

Amendments to IFRS10, IFRS12 and IAS27 - Investment Entities (effective for annual periods beginning on or after 1 January 2014).
The amendments apply to a particular class of business that qualify as investment entities. These amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities. Early application is permitted. The Group is in the process of assessing the impact of these amendments on its financial position and performance.

2.4 Critical accounting estimates and judgments

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

Estimation uncertainty

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

2.4 Critical accounting estimates and judgments (continued)

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

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

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

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

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

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

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

2.4 Critical accounting estimates and judgments (continued)

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

2.5 Summary of significant accounting policies

Business combinations

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

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

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

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

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

2.5 Summary of significant accounting policies (continued)

Business combinations (continued)

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

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

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

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

Investments in associates

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

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

2.5 Summary of significant accounting policies (continued)

Investments in associates (continued)

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

Investments

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

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

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

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

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

Foreign currency translation

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

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

2.5 Summary of significant accounting policies (continued)

Foreign currency translation (continued)

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

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

Goodwill

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

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

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

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%

2.5 Summary of significant accounting policies (continued)

Intangible assets (continued)

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

Property, plant and equipment

Property, plant and equipment is initially measured at cost.

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

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

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

Land is not depreciated.

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

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

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.

2.5 Summary of significant accounting policies (continued)

Impairment of non-financial assets (continued)

Impairment losses are recognised in the statement of comprehensive income.

In addition, the following apply to specific assets:

Goodwill
Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill as at 31 December.

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

Cash and cash equivalents

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

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

Trade and other receivables

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

Inventories

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

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

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.

2.5 Summary of significant accounting policies (continued)

Dividends payable

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

Share capital

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

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

Interest bearing loans and borrowings

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

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

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

Derecognition of financial assets and liabilities

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

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

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.

2.5 Summary of significant accounting policies (continued)

Derecognition of financial assets and liabilities (continued)

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

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

Trade and other payables

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

Provisions

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

Financial assets and financial liabilities-fair value

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

Leases and hire purchase contracts

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

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

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

2.5 Summary of significant accounting policies (continued)

Borrowing costs

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

Revenue recognition

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

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

Interest income
Revenue is recognised as the interest accrues.

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

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

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

Commissions

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

Employee benefits

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

Income tax

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

2.5 Summary of significant accounting policies (continued)

Income tax (continued)

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.

3. Operating segment information

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

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

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

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

Year ended 31 December 2012

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

3. Operating Segment information (continued)

Year ended 31 December 2011

	CIS & Baltics US$	*Europe US$*	*Rest of the world US$*	*2011 Total US$*
Revenue				
Sales to external customers	64.126.360	15.631.614	26.913.148	106.671.122
There is no inter-segment revenue				
Result				
Segment result	6.500.841	(108.618)	3.922.520	10.314.743
Profit from operating activities				10.314.743
Finance costs				(4.021.887)
Finance income				51.796
Profit before share of profit of associate				6.344.652
Share of profit of associate				587.477
Profit before income tax				6.932.129
Income tax expense				(3.318.489)
Profit for the year				3.613.640
Assets and liabilities				
Segment assets	19.248.914	5.366.921	8.009.726	32.625.561
Investment in associate				5.495.063
Unallocated assets				58.326
Total assets				38.178.950
Segment liabilities	12.074.106	3.227.189	5.003.079	20.304.374
Unallocated liabilities				113.367
Total liabilities				20.417.741
Other segment information				
Capital expenditures	228.415	27.602	61.316	317.333
Depreciation and amortisation	550.959	150.648	122.815	824.422

4. Revenues and expenses

	2012 *US$*	*2011* *US$*
Other operating income		
Operating lease rentals	295.648	289.469
Other	163.773	408.812
	459.421	698.281

Selling, distribution and administrative expenses
These include the following:

Depreciation and amortisation	657.018	824.422
Operating lease rentals	2.636.217	3.090.119
Statutory auditor remuneration:		
Statutory audit	170.000	225.000
Tax services	8.000	8.000
Gain on disposal of property, plant and equipment and intangible assets	(1.492)	(2.731)

Staff costs:		
Wages and salaries	9.300.781	9.910.535
State pension and other social and medical security costs	1.825.770	1.888.369
Cyprus employees provident fund contributions	45.279	56.866
Other employer contributions	18.374	20.206
Employees' bonus	3.576	27.872
	11.193.780	11.903.848

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

The number of persons employed by the Group as at 31 December 2012 was 345 (2011: 385).

	2012 *US$*	*2011* *US$*
Finance costs:		
Charges and interest expense on:		
Bank overdrafts and other banking facilities	1.098.786	1.587.811
Bank loans	156.732	138.339
Other long term loan – third party	-	4.264
Trade and other payables	20.508	5.114
Atlas Corporate Services G.m.b.H.	-	2.484
Health Tech Corporation AG	-	2.050
Foreign exchange differences	1.844.894	2.281.825
	3.120.920	4.021.887
Finance income:		
Interest income on:		
Bank accounts	73.413	51.796

5. Income tax

	2012	*2011*
	US$	*US$*
Consolidated statement of comprehensive income		
Current income tax		
Withholding tax on dividends received by the Company	114.377	200.902
Special levy on Company's interest income	6.965	5.815
Current income tax charge – subsidiary companies	1.877.595	2.252.782
Deferred income tax		
Relating to origination and reversal of temporary differences	529.569	858.990
Income tax expense	2.528.506	3.318.489

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

		2012	*2011*
The Company		10%	10%
Sambrook Holdings Limited		0%	0%
Nutri Export Limited Partnership		0%	0%
Vision Holdings Limited		10%	10%
Nutriprodex Limited		20%/24%	20%/26%
Todini Limited		12,50%	12,50%
Total Eclipse International Limited		20%/24%	20%/26%
Vision Societe S.A.		13%/25%	13%/25%
Vision Commerce S.A.		13%/25%	13%/25%
Vision International People Group S.A.		13%/25%	13%/25%
Vision Balkan Limited		10%	10%
Vision-Latomas Commercial Limited		10%/19%	10%/19%
Vision Polska Sp. Zo.o.		19%	19%
Vision Euronord Private Limited Company		15%	15%
Vision Eurotrade Private Limited Company		15%	15%
Vision Deutschland G.m.b.H.		29,5%	29,4%
Vision Serbo d.o.o.		10%	10%
Vision E-Shop G.m.b.H.		25%	25%
Vision Group Rus LLC, including branches		20%	20%
OPT RTK LLC		20%	20%
VIP-Telecom LLC		20%	20%
Vision Kyiv LLC		21%	23%
Vision Odessa LLC		21%	23%
Vision Ukraine LLC		21%	23%
Vision Middle Asia LLC	- gross profit tax	9%	9%
	- unified tax on revenue	4%	4%
VIP Asia LLP		20%	20%
Vision Asia LLP		20%	20%
ArmeniaVision LLC		20%	20%
VIP Pavlodar LLP		20%	20%
Vision Azerbaijan LLC		20%	20%
Vision Istanbul Health and Products Trade and Industry Limited		20%	20%
Vision (India) People Group Private Limited		32,50%	32,50%
Vision Vietnam Co Limited, including branches		25%	25%
Vision Vietnam Trading Co Limited, including branches		25%	25%
Vision Management (Cyprus) Limited		10%	10%
Vision Egypt for Distribution LLC		20%	20%

5. Income tax (continued)

	2012	*2011*
Vision MISR for Trading LLC	20%	20%
Demareti Limited	20%/24%	20%/26%
Vision Persia Joint Stock Company	25%	25%
Liquidated during 2012		
Vision International Kish Private Joint Stock Company	-	25%

Sambrook Holdings Limited pays no income tax in the British Virgin Islands. It is considered resident in the Island of Guernsey and makes voluntary tax returns to the Guernsey Income Tax Office. The effective rate of tax in 2012 and 2011 was 0%.

The Company is resident in Cyprus for tax purposes and is taxed at the rate of 10% (12,50% from 1 January 2013 onwards). Under certain conditions interest income and deemed interest income may be subject to defence contribution at the rate of 15% (10% up to 30 August 2011). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence tax contribution at the rate of 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter (in 2011 the rate was 15% up to 30 August 2011 and 17% up to 31 December 2011).

Deferred income tax asset

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

	2012 *US$*	*2011* *US$*
Unrealised profits on intragroup stock eliminated on consolidation	1.896.059	2.077.288
Tax losses available for offseting	231.137	208.698
Other	27.111	139.642
	2.154.307	2.425.628

6. Earnings per share

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

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

	2012 *US$*	*2011* *US$*
Net profit attributable to ordinary equity holders of the parent for basic earnings per share	1.441.585	3.582.634

	2012 *Number*	*2011* *Number*
Weighted average number of ordinary shares for basic earnings per share	75.000.000	75.000.000

6. Earnings per share (continued)

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

7. Dividends paid and proposed

On 29 April 2013, the Directors resolved to recommend that no dividend is paid for the year 2012. No dividend was declared for the year 2011. The Company did not pay interim dividends for 2012 and 2011.

8. Property, plant and equipment

	Freehold property	*Furniture and equipment*	*Motor vehicles*	*Leasehold improvements*	*Total*
	US$	*US$*	*US$*	*US$*	*US$*
Cost					
As at 1 January 2011	7.730.434	2.978.208	668.777	182.881	11.560.300
Additions	-	87.284	48.360	-	135.644
Disposals	-	(322.624)	(129.168)	(4.561)	(456.353)
Exchange adjustments	(420)	24.381	69.915	(18.766)	75.110
As at 31 December 2011	7.730.014	2.767.249	657.884	159.554	11.314.701
Additions	-	72.021	-	16.183	88.204
Disposals	-	(78.244)	(40.363)	-	(118.607)
Exchange adjustments	(145)	12.369	19.924	8.149	40.297
As at 31 December 2012	7.729.869	2.773.395	637.445	183.886	11.324.595
Accumulated depreciation					
As at 1 January 2011	1.151.263	2.253.789	455.250	78.251	3.938.553
Charge for the year	243.942	324.386	99.991	14.002	682.321
Disposals	-	(238.872)	(29.984)	-	(268.856)
Exchange adjustments	(105)	(3.204)	(70.573)	(13.196)	(87.078)
As at 31 December 2011	1.395.100	2.336.099	454.684	79.057	4.264.940
Charge for the year	244.553	178.190	71.762	11.922	506.427
Disposals	-	(56.676)	(40.363)	-	(97.039)
Exchange adjustments	(895)	(32.085)	8.923	5.753	(18.304)
As at 31 December 2012	1.638.758	2.425.528	495.006	96.732	4.656.024
Net book value					
As at 31 December 2012	6.091.111	347.867	142.439	87.154	6.668.571
As at 31 December 2011	6.334.914	431.150	203.200	80.497	7.049.761

8. **Property, plant and equipment** (continued)

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

Included in freehold property are buildings (‘Vision Tower’ in Nicosia, Cyprus) with a carrying amount as at 31 December 2012 of US$6.069.250 (2011: US$6.310.903). The property was financed by bank loans and has been pledged as security for these loans (note 16). Five of the six floors of this property are rented out under operating lease agreements varying from 2 to 3 years. Rental income during the year amounted to US$295.648 (2011: US$289.469) and is included in other income.

Included in freehold property as at 31 December 2012 and 31 December 2011 is land that is not depreciated amounting to US$1.652.744.

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

9. Intangible assets

Computer software

	2012	*2011*
	US$	*US$*
Cost		
As at 1 January	1.507.844	1.402.963
Additions	89.520	181.690
Disposals	(744)	(125.889)
Exchange adjustment	12.364	49.080
As at 31 December	1.608.984	1.507.844
Accumulated amortisation		
As at 1 January	1.326.149	1.240.318
Charge for the year	150.591	142.101
Disposals	(620)	(106.748)
Exchange adjustment	5.748	50.478
As at 31 December	1.481.868	1.326.149
Net book value		
As at 31 December	127.116	181.695

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

10. Goodwill

	2012 *US$*	*2011* *US$*
On acquisition of:		
"Kazakhstan group"	18.258	18.258
	18.258	18.258

11. Subsidiaries

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

Name	*Country of incorporation*	*% Group equity interest*	
		2012	*2011*
Sambrook Holdings Limited	British Virgin Islands	100%	100%
Nutri Export Limited Partnership	England and Wales	99%	99%
Vision Holdings Limited	Cyprus	100%	100%
Nutriprodex Limited	England and Wales	100%	100%
Todini Limited	Ireland	100%	100%
Total Eclipse International Limited	England and Wales	100%	100%
Vision Societe S.A.	Switzerland	100%	100%
Vision Balkan Limited	Bulgaria	100%	100%
Vision-Latomas Commercial Limited	Hungary	100%	100%
Vision Polska Sp. zo.o.	Poland	100%	100%
Vision Euronord Private Limited Company	Lithuania	100%	100%
Vision Eurotrade Private Limited Company	Latvia	100%	100%
VisionSerbo d.o.o.	Serbia	100%	100%
Vision E-Shop G.m.b.H.	Austria	100%	100%
Vision Group Rus LLC	Russia	100%	100%
OPT RTK LLC	Russia	100%	100%
VIP-Telecom LLC	Russia	100%	100%
Vision Ukraine LLC	Ukraine	100%	100%
Vision Vietnam Trading Co Limited	Vietnam	100%	100%
VIP Asia LLP	Kazakhstan	100%	100%
Vision Asia LLP	Kazakhstan	100%	100%
ArmeniaVision LLC	Armenia	100%	100%
Vision Azerbaijan LLC	Azerbaijan	100%	100%
Vision Istanbul Health and Products Trade and Industry Limited	Turkey	100%	100%
Vision Vietnam Co Limited	Vietnam	100%	100%
Vision Management (Cyprus) Limited	Cyprus	100%	100%
Vision Egypt for Distribution LLC	Egypt	99%	99%
Vision MISR for Trading LLC	Egypt	99%	99%
Demareti Limited	England and Wales	100%	100%
Vision (India) People Group Private Limited	India	100%	-

11. Subsidiaries (continued)

Name	*Country of incorporation*	*% Group equity interest 2012*	*2011*
Under liquidation during 2012:			
Vision Middle Asia LLC	Uzbekistan	100%	100%
Vision Kyiv LLC	Ukraine	100%	100%
Vision Odessa LLC	Ukraine	100%	100%
Vision Commerce S.A.	Switzerland	100%	100%
Vision International People Group S.A.	Switzerland	100%	100%
Vision Pavlodar LLP	Kazakhstan	100%	100%
Vision Persia Joint Stock Company	Iran	100%	100%
Liquidated during 2012:			
Vision International Kish Private Joint Stock Company	Iran	-	100%

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

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

Group restructuring during the year ended 31 December 2012

During 2012 the Group continued its efforts to further develop its internet trading through its Global Ordering System (GOS). As a result, the Swiss subsidiaries Vision International People Group S.A. and Vision Commerce S.A. were put under liquidation during the year. Both companies are holding companies without any trading activities. Vision International People Group S.A. is the holding company of Vision Societe S.A. (Switzerland), Vision Commerce S.A. (Switzerland) and Vision E-Shop G.m.b.H. (Austria). Vision Commerce S.A. is the holding company of Vision Egypt for Distribution LLC (Egypt).

Due to the decision to put Vision International People Group S.A. and Vision Commerce S.A. under liquidation, the holding of Vision E-Shop G.m.b.H. and Vision Egypt for Distribution LLC, will be transferred directly to the parent company. The Group's intention is to sell Vision Societe S.A..

The subsidiary company Vision Deutschland G.m.b.H. (Germany), for which the liquidation process started in 2011, is still undergoing liquidation.

The subsidiary company Vision Pavlodar LLP (Kazakhstan), for which the liquidation process started in 2010, is still undergoing liquidation.

The two subsidiary companies in Ukraine, namely Vision Kyiv LLC and Vision Odessa LLC, for which the liquidation process started in 2010, are still undergoing liquidation.

11. Subsidiaries (continued)

Group restructuring during the year ended 31 December 2012 *(continued)*

Due to changes in law in Uzbekistan restricting the import, marketing and sale of food supplements, the local subsidiary company Vision Middle Asia LLC, was put under liquidation during the year.

The liquidation process of the subsidiary company Vision Persia Joint Stock Company (Iran), that started in 2010, is due to be completed in 2013.

The liquidation process of the subsidiary company Vision International Kish Private Joint Stock Company (Iran) which started in 2010 was completed during the year.

As part of the restructuring in Russia, the Group has granted to third party franchisee companies the rights to sell its products and use its trademarks. Due to local formalities, the agreements between the Group and the franchisees are expected to be executed during 2013. As a result of this restructuring, Vision Group Rus LLC (Russia) closed five out of its' seven branches.

Establishment of new subsidiaries during the year ended 31 December 2012

In January 2012, the Group established a subsidiary in India namely Vision (India) People Group Private Limited. Vision (India) People Group Private Limited has a share capital in the amount of Indian Rupees 100.000 (US$2.067) and is owned 90% by Vision International People Group Public Limited and 10% by Vision Holdings Limited. The subsidiary remains dormant with no operations.

Establishment of new subsidiaries during the year ended 31 December 2011

In July 2011, the Group established a subsidiary in England and Wales namely Demareti Limited. Demareti Limited has a share capital in the amount of Great Britain Pounds 1 (US$1,60) and is owned 100% by Vision International People Group Public Limited. The subsidiary remains dormant with no operations.

Acquisition of subsidiaries during the year ended 31 December 2012

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

Acquisition of subsidiaries during the year ended 31 December 2011

There were no acquisitions of subsidiaries during the year ended 31 December 2011.

Disposal of subsidiaries during the year ended 31 December 2012

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

Disposal of subsidiaries during the year ended 31 December 2011

There were no disposals of subsidiaries during the year ended 31 December 2011.

12. Investment in associate

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

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

	2012	*2011*
	US$	*US$*
Share of the associate's statement of financial position:		
Non-current assets	537.608	686.612
Current assets	2.196.666	2.587.853
Current liabilities	(752.888)	(845.676)
Net Assets	1.981.386	2.428.789
Goodwill arising on acquisition	2.816.365	3.066.274
Carrying amount of the investment	4.797.751	5.495.063
Share of the associate's revenue and profit:		
Revenue	3.691.270	4.529.350
Profit	250.217	587.477

During the year, the Group received from its investment in associate, dividends of €385.000 (US$484.258) and €385.000 (US$549.929) for 2011.

The functional currency of Nutripharma Limited is the Euro. The net exchange differences from the retranslation of the investment in the associate for the year amounted to US$463.271-loss (2011: US$432.529-gain) of which US$249.909-loss (2011: US$242.658-gain) relates to the retranslation of goodwill and are included in the relevant reserve in equity.

13. Trade and other receivables

	2012	*2011*
	US$	*US$*
Trade receivables	6.781.743	3.211.399
Advance payments to suppliers	3.058.736	2.289.551
Prepayments and other receivables	3.387.926	3.754.199
	13.228.405	9.255.149

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

Included in other receivables is an amount of US$2.349.679 (2011: US$2.402.180) representing current accounts of the Company and other subsidiaries of the Group with the related party VIP Communication Limited, which carry no interest and are repayable on demand (note 19).

14. Cash and cash equivalents

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

	2012	*2011*
	US$	*US$*
Cash at bank	3.647.306	2.980.760
Cash in hand	1.185.333	462.036
Cash at bank and in hand	4.832.639	3.442.796
Less bank overdrafts (note 16)	(2.296.937)	(2.661.626)
Cash and cash equivalents	2.535.702	781.170

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 2012 amounted to US$73.413 (2011: US$51.796) (note 4).

15. Issued capital - ordinary shares

	2012		*2011*	
	Shares	*US$*	*Shares*	*US$*
Authorised				
Shares of US$0,10 each	300.000.000	30.000.000	300.000.000	30.000.000
Issued and fully paid	75.000.000	7.500.000	75.000.000	7.500.000

There was no change in the capital of the Company during the years ended 31 December 2012 and 31 December 2011.

16. Interest-bearing loans and borrowings

	Interest rate (p.a.)	*Maturity*	*2012 US$*	*2011 US$*
Non-current				
Head Office building secured bank loan	US$ LIBOR +5,60%, Euribor +5,50%	2014-2021	2.122.146	2.446.475
Other banking facilities	US$ LIBOR +5,50%	2014	41.262	61.401
			2.163.408	2.507.876

	Interest rate (p.a.)	*Maturity*	*2012 US$*	*2011 US$*
Current				
Head Office building secured bank loan	US$ LIBOR +5,60%, Euribor +5,50%	2013	330.136	329.048
Bank overdrafts (note 14)	US$ LIBOR +5,50%	2013	2.296.937	2.661.626
Other banking facilities	US$ LIBOR +5,50%	2013	-	33.333
			2.627.073	3.024.007

Head Office building secured bank loan

In June 2005, the Company entered into an agreement for the purchase of new office building which houses the new Headquarters of the Group in Cyprus (carrying amount of property: US$6.069.250 as at 31 December 2012 and US$6.310.903 as at 31 December 2011).

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

The remaining three loans (which are mentioned above) are repayable in monthly instalments over a period of 15 years and during the year carried interest at a rate 1 month US$ LIBOR plus 5,60% per annum (2011: 1 month US$ LIBOR plus 4,10% to 5,60% per annum).

In April 2008 the Company entered into a fixed term loan with Cyprus Popular Bank Public Co Limited for the amount of €380.000 (US$507.756) for the purpose of financing additional works to the Head Office building. Up to 31 December 2012, an amount of €375.055 (US$495.750) was drawn. The loan carried interest at 1 month Euribor plus 5,50% per annum (2011: 1 month Euribor plus 4% to 5,50% per annum) and is repayable in 120 monthly instalments.

During the year, the total interest charged for all building related bank loans amounted to US$156.325 (2011: US$134.572).

16. Interest-bearing loans and borrowings (continued)

All loans are secured by first legal mortgage over the property for US$5.558.112, the assignment of fire and earthquake insurance policy over the property for the amount of €5.142.890 and a floating charge for €341.721 over the assets of the Company.

Bank overdrafts and other banking facilities

In March 2007, the Company entered into secured facility agreements with Cyprus Popular Bank Public Co Limited. This financing entails an overdraft facility for an amount up to US$2.300.000 and a fixed term loan of US$500.000. Both facilities carry interest at a rate of US$ LIBOR plus 5,50% per annum (2011: US$ LIBOR plus 4% to 5,50%) and are secured by second legal mortgage over the Head Office building for the amount of US$2.130.000. The fixed term loan was repayable by monthly installments over a period of five years and was fully repaid in April 2012. The overdraft facility is payable on demand and is renewable on an annual basis. During the year, the total interest charged on the overdraft facility and the loan amounted to US$133.101 (2011: US$99.616) and US$407 (2011: US$3.767), respectively.

In November 2010, OPT-RTK LLC entered into 2 secured facility agreements with Nota Bank. This financing entails an overdraft facility for an amount up to RUB15.000.000 (US$492.000) and a credit line facility of RUB15.000.000 (US$492.000). Both facilities carry interest at a rate equal to 10,50% per annum. Each of the loans are secured by a pledge on inventory held by OPT-RTK LLC with a cost of RUB31.820.000 (US$1.044.000), and by a guarantee provided by Vision Group Rus LLC. These facilities were fully repaid by their expiry date of 21 November 2011.

In April 2011, OPT-RTK LLC entered into a credit facility agreement with Nota Bank, for the financing of purchases under import contracts. This financing entailed a credit facility with debt ceiling in the amount of RUB30.000.000 (US$992.600). The credit facility carried interest at a rate of 10,50% per annum and was fully repaid in April 2012.

In September 2011, Vision E-Shop G.m.b.H. entered into a four year loan with Welcome Bank Gesellschaft G.m.b.H. for the amount of €39.900 (US$52.740) for the purpose of purchasing a motor vehicle. The loan carries a variable interest rate. During the year the interest rate was between 5,53% to 6,75% per annum.

17. Trade and other payables

	2012	*2011*
	US$	*US$*
Current		
Trade payables	4.744.710	4.082.028
Unpaid commissions payable to distributors	3.698.893	3.055.634
Accrued commissions to distributors on unsold stock at franchisee outlets	2.150.810	1.857.656
Amounts accrued under distributors' incentive schemes and other commission related accruals	566.285	974.886
Amount payable for the acquisition of "Ukraine Group"	7.000	7.000
Other accruals and payables	3.418.187	2.013.200
	14.585.885	11.990.404

17. Trade and other payables (continued)

The purchase consideration for the acquisition of 100% of the issued share capital of Vision "Ukraine group" in 2005 was US$2.000.000. As at 31 December 2012 the outstanding amount is US$7.000 (2011: US$7.000).

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

	2012	*2011*
	US$	*US$*
Non-current		
Unpaid dividends for 2006	1.398.629	1.526.787
Unpaid dividends for 2005	570.656	570.913
Unpaid dividends for 2004	215.089	215.328
Unpaid dividends for 2003	16.930	16.944
	2.201.304	2.329.972

18. Commitments and contingencies

Operating lease commitments – Group as lessee

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

	2012	*2011*
	US$	*US$*
Within one year	519.410	348.914
After one year but not more than five years	459.667	300.375
More than five years	-	-
	979.077	649.289

Capital commitments

As at 31 December 2012 and 31 December 2011 the Group had no capital commitments.

Russian operating environment

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

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

18. Commitments and contingencies (continued)

Russian operating environment (continued)

The Russian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. In 2012, the Russian Government continued to take measures to support the economy in order to overcome the consequences of the global financial crisis. Despite some indications of recovery there is still uncertainty regarding further economic growth, access to capital and cost of capital, which could negatively affect the Group's future financial position, results of operations and business prospects.

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

Cyprus operating environment

The Group's business in Cyprus is conducted mainly by its Parent Company. The Cyprus economy has been adversely affected over the last few years by the international credit crisis and the instability in the financial markets. During 2012, there was a considerable tightening of financing availability from Cypriot financial institutions, mainly resulting from financial instability in relation to the Greek sovereign debt crisis, including the impairment of Greek Government Bonds, and its impact on the Cyprus economy. In addition, following its credit downgrades, the ability of the Republic of Cyprus to borrow from international markets has been significantly affected.

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

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

Legal and other claims

Business and regulatory environment

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

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

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

(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;

18. Commitments and contingencies (continued)

Legal and other claims (continued)

Business and regulatory environment (continued)

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

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

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

In accordance with the various lawyers of the Group, as of the date of approval of the consolidated financial statements, there is no pending litigation, claim, demand or assessment against the Group companies, the outcome of which would have a material effect on the Group's financial position, financial performance and cash flows.

Other commitments

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

As at 31 December 2012 and 31 December 2011 the Group had no other commitments.

19. Related party disclosures

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

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

For 2012 and 2011 the Directors of the Company were considered as being the key management personnel of the Group.

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

19. Related party disclosures (continued)

Related party		*Purchases from related parties US$*	*Net interest expense / (income) US$*	*Income from related parties US$*	*Expenses charged by related parties US$*
Health Tech Corporation AG	2012	-	-	-	-
	2011	-	2.050	-	-
Corpofin S.A.	2012	-	-	2.706	-
	2011	-	-	5.253	-
VIP Communication Limited	2012	-	-	1.346	97.591
	2011	-	-	5.079	60.000
Nutripharma Limited	2012	10.406.402	20.508	-	-
	2011	12.818.596	5.113	-	-
Vision Neva LLC	2012	-	-	1.478.885	-
	2011	-	-	-	-
TCV Khabarovsk LLC	2012	1.600.542	-	6.521.263	-
	2011	-	-	-	-
UAB Forumo Rumai	2012	-	-	-	105.760
	2011	-	-	-	118.114
Atlas Corporate Services G.m.b.H.	2012	-	-	-	-
	2011	20.770	2.484	-	-
Real Pro LLC	2012	-	-	-	14.327
	2011	-	-	-	-
JSC “Svencioniu Vaistazoles”	2012	1.678.130	-	-	21.869
	2011	2.469.432	-	-	-
TCV Centr LLC	2012	2.928.210	-	9.780.847	-
	2011	-	-	-	-
DV Vladivostok LLC	2012	-	-	847.035	-
	2011	-	-	-	-
CV Volgograd LLC	2012	-	-	3.445.256	-
	2011	-	-	-	-
Alliance Express LLC	2012	1.871.723	-	3.711.250	-
	2011	-	-	-	-
TCV Balashiha LLC	2012	649.083	-	481.136	-
	2011	-	-	-	-
TDV Nizhnij Novgorod LLC	2012	4.169	-	2.851.548	-
	2011	-	-	-	-
TC Kazan LLC	2012	-	-	286.636	-
	2011	-	-	-	-
TD Ekaterinbourg LLC	2012	1.431	-	3.165.672	-
	2011	-	-	-	-
TD Sibir LLC	2012	-	-	2.727.560	-
	2011	-	-	-	-
UAB “Vision DEM4 Laboratory”	2012	-	-	-	842.545
	2011	23.056	-	-	728.446

19. Related party disclosures (continued)

Related party		*Purchases from related parties US$*	*Net interest expense / (income) US$*	*Income from related parties US$*	*Expenses charged by related parties US$*
TCV Irkoutsk LLC	2012	-	-	4.205.817	-
	2011	-	-	-	-
TCV Krasnodar LLC	2012	-	-	4.512.068	-
	2011	-	-	-	-

Related party		*Trade and other receivables US$*	*Trade and other payables US$*	*Loans due (to)/from US$*
Health Tech Corporation AG	2012	-	1.086	-
	2011	32.592	935	-
Vision Neva LLC	2012	419.090	-	-
	2011	255.003	-	-
Corpofin S.A.	2012	-	-	-
	2011	87.544	-	-
TCV Khabarovsk LLC	2012	1.170.764	546.771	-
	2011	1.667.049	-	-
JSC “Svencioniu Vaistazoles”	2012	375.323	675.327	-
	2011	-	124.728	-
UAB Forumo Rumai	2012	-	385	-
	2011	9.441	-	-
VIP Communication Limited (note 13)	2012	2.349.679	-	-
	2011	2.402.180	-	-
Nutripharma Limited	2012	1.304.495	1.930.661	-
	2011	1.278.041	2.479.430	-
TCV Centr LLC	2012	846.577	97.380	-
	2011	1.336.210	2.826	-
DV Vladivostok LLC	2012	100.506	-	-
	2011	-	-	-
CV Volgograd LLC	2012	528.748	-	-
	2011	-	-	-
Alliance Express LLC	2012	-	-	-
	2011	4.107	35.819	-
TCV Balashiha LLC	2012	-	-	-
	2011	797.527	-	-
Vision Egypt for Services LLC	2012	7.773	6.741	-
	2011	7.813	7.209	-

19. Related party disclosures (continued)

Related party		*Trade and other receivables US$*	*Trade and other payables US$*	*Loans due (to)/from US$*
TDV Nizhnij Novgorod LLC	2012	585.813	-	-
	2011	-	-	-
TC Kazan LLC	2012	3.444.607	-	-
	2011	-	-	-
TD Ekaterinbourg LLC	2012	498.720	-	-
	2011	-	-	-
TD Sibir LLC	2012	866.386	-	-
	2011	-	-	-
TCV Irkoutsk LLC	2012	-	83.869	-
	2011	912.997	-	-
TCV Krasnodar LLC	2012	1.225.129	-	-
	2011	2.013.346	-	-
UAB "Vision DEM4 Laboratory"	2012	-	66.090	(66.286)
	2011	-	-	-

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

Party	*Relationship*
Health Tech Corporation Limited	Ultimate parent company
Health Tech Corporation AG	Entity under common control
VIP Progress (Overseas) Limited	Entity under common control
VIP Communication Limited	Entity under common control
Corpofin S.A.	Entity under common control
Real Pro LLC	Entity under common control
UAB Forumo Rumai	Entity under common control
Atlas Corporate Services G.m.b.H.	Entity under common control
JSC "Svencioniou Vaistazoles"	Entity under common control
Vision Egypt for Services LLC	Entity under common control
UAB "Vision DEM4 Laboratory"	Entity under common control
Vision Neva LLC	Franchisee
TCV Khabarovsk LLC	Franchisee
TCV Centr LLC	Franchisee
DV Vladivostok LLC	Franchisee
CV Volgograd LLC	Franchisee
Alliance Express LLC	Franchisee
TCV Balashiha LLC	Franchisee
TDV Nizhnij Novgorod LLC	Franchisee
TC Kazan LLC	Franchisee
TD Ekaterinbourg LLC	Franchisee
TD Sibir LLC	Franchisee
TCV Irkoutsk LLC	Franchisee
TCV Krasnodar LLC	Franchisee
Nutripharma Limited	Associate

19. Related party disclosures (continued)

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

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

Compensation of Key Management Personnel

	2012	*2011*
	US$	*US$*
Directors' remuneration:		
Fees in directors' capacity:		
Dmitry Buriak	309.769	310.800
Roberto Piona	109.968	94.456
Dmitry Khenkin	-	15.540
John Hadjihannas	30.977	31.080
Peter Fehrn-Christensen	10.756	-
	461.470	451.876

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

20. Financial risk management and capital management

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

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

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

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

Interest rate risk

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

20. Financial risk management and capital management (continued)

Interest rate risk (continued)

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

	Increase/ decrease in basic points	*Effect on profit before tax US$*
2012		
Euro	+1,0	(2.863)
US$	+1,0	(44.629)
Euro	-1,0	2.863
US$	-1,0	44.629
2011		
Euro	+1,0	(3.331)
US$	+1,0	(47.713)
Euro	-1,0	3.331
US$	-1,0	47.713

Liquidity risk

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

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

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

Year ended 31 December 2011	*On demand US$*	*< 1 year US$*	*1 to 5 Years US$*	*> 5 years US$*	*Total US$*
Interest bearing loans and borrowings	2.295.618	534.518	2.062.074	1.725.938	6.618.148
Trade and other payables	-	11.990.404	2.329.972	-	14.320.376
Total	2.295.618	12.524.922	4.392.046	1.725.938	20.938.524

20. Financial risk management and capital management (continued)

Foreign currency risk

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

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

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

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

Credit risk

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

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

Maximum credit risk exposure

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

Capital Management

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

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

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

20. Financial risk management and capital management (continued)

Capital Management (continued)

	2012 *US$*	*2011* *US$*
Interest-bearing loans and borrowings (non-current)	2.163.408	2.507.876
Interest-bearing loans and borrowings (current)	2.627.073	3.024.007
	4.790.481	5.531.883
Equity attributable to equity holders of the parent company	18.390.706	16.939.311
Equity and interest-bearing debt	23.181.187	22.471.194
Gearing ratio	21%	25%

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

21. Events after the reporting date

In February 2013, the Group obtained control of a company in Azerbaijan namely TK Baku LLC.

There are no other material events after the reporting date, which affect the consolidated financial statements as at 31 December 2012.

22. Supplementary information

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

The US$ amounts for both 2012 and 2011 have been translated to € using the exchange rate issued by the European Central Bank as at 31 December 2012, i.e. €1 = US$1,3194.

Contents of Parent Company Financial Statements **Page**

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

In accordance with Article 9, sections (3)(c) and (7) of the Transparency Requirements (Securities for Trading on Regulated Market) Law of 2007 ("Law"), we the members of the Board of Directors and the other responsible persons for the financial statements of Vision International People Group Public Limited for the year ended 31 December 2012 confirm that, to the best of our knowledge:

(a) the accompanying annual parent company financial statements:

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

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

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

Executive Directors

Roberto Piona – Chairman

Dmitry Buriak – Chief Executive Officer

Independent Non-Executive Directors

John Hadjihannas

Peter Fehrn-Christensen

Chief Financial Officer

Nina Melnikova

29 April 2013

COMPANY STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2012

	Notes	2012 US$	2011 US$
Dividends received from subsidiaries		7.941.117	2.563.068
Other operating income	3	361.716	365.635
Administrative expenses	3	(5.792.630)	(6.480.827)
Profit / (loss) from operating activities		2.510.203	(3.552.124)
Provision for impairment on investments in subsidiaries	8	(489.210)	(994.259)
Finance costs	3	(1.426.817)	(1.476.895)
Finance income	3	1.000	3.821
Profit / (loss) before income tax		595.176	(6.019.457)
Income tax expense	4	(131.701)	(206.717)
PROFIT / (LOSS) FOR THE YEAR		463.475	(6.226.174)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR		463.475	(6.226.174)

All the amounts shown above are from continuing activities.

COMPANY STATEMENT OF FINANCIAL POSITION
at 31 December 2012

	Notes	*2012* *US$*	*2011* *US$*
ASSETS			
Non-current assets			
Property, plant and equipment	6	6.177.930	6.488.587
Intangible assets	7	-	1
Investments in subsidiaries	8	6.061.601	6.422.175
		12.239.531	12.910.763
Current assets			
Trade and other receivables	9	409.731	870.723
Amounts due from subsidiaries and related parties	15	8.098.194	8.588.813
Loans receivable from subsidiaries	15	1.026.468	1.026.468
Cash in hand and at bank	10	34.738	10.986
		9.569.131	10.496.990
TOTAL ASSETS		21.808.662	23.407.753
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	11	7.500.000	7.500.000
Non-reciprocal capital contributions		1.257.317	994.259
Accumulated losses		(5.817.741)	(6.265.300)
TOTAL EQUITY		2.939.576	2.228.959
Non-current liabilities			
Interest-bearing loans and borrowings	12	2.122.146	2.446.475
Accruals and other payables	13	2.201.304	2.329.972
		4.323.450	4.776.447
Current liabilities			
Accruals and other payables	13	439.835	319.226
Current portion of interest-bearing loans and borrowings	12	2.627.073	2.657.998
Amounts payable for the establishment of subsidiaries		4.849	4.849
Amounts due to subsidiaries and related parties	15	11.473.879	13.420.274
		14.545.636	16.402.347
TOTAL LIABILITIES		18.869.086	21.178.794
TOTAL EQUITY AND LIABILITIES		21.808.662	23.407.753

Roberto Piona – *Chairman*

Dmitry Buriak – *Director and Chief Executive Officer*

Nina Melnikova – *Chief Financial Officer*

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2012

	Issued capital US$	*Accumulated losses US$*	*Non-Reciprocal Capital Contributions US$*	*Total US$*
As at 1 January 2011	7.500.000	(39.126)	-	7.460.874
Shareholder contribution	-	-	994.259	994.259
Total comprehensive expense for the year	-	(6.226.174)	-	(6.226.174)
As at 31 December 2011	7.500.000	(6.265.300)	994.259	2.228.959
Shareholder contribution	-	-	263.058	263.058
Deemed distribution on dividends	-	(15.916)	-	(15.916)
Total comprehensive income for the year	-	463.475	-	463.475
As at 31 December 2012	7.500.000	(5.817.741)	1.257.317	2.939.576

There is no withholding tax on payments of dividends by the Company to non-resident shareholders or to shareholders that are resident companies in Cyprus. Payments of dividends to shareholders that are physical persons resident in Cyprus are subject to 20% withholding tax for the tax years 2012 and 2013 and 17% for 2014 and thereafter (in 2011 the rate was 15% up to 30 August 2011 and 17% up to 31 December 2011). As defined by the relevant tax law, companies which do not distribute 70% of their profits after tax within two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed 70% of these profits as dividend. Special contribution for defence at 20% will be payable on such deemed dividend, to the extent that the shareholders (individuals and companies) at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents. The amount of this deemed dividend distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders. The special contribution for defence on deemed dividend distribution for the tax years 2009 and 2010, is estimated at US$15.916.

Non-reciprocal capital contributions: In May 2011 and February 2012 the major shareholder transferred to the Company, US$994.259 (€670.000) and US$263.058 (€200.000) respectively, 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 Statement of Changes in Equity.

COMPANY STATEMENT OF CASH FLOWS
for the year ended 31 December 2012

	Notes	*2012* *US$*	*2011* *US$*
Cash flows from operating activities			
Profit / (loss) before income tax		595.176	(6.019.457)
Adjustments for:			
Provision for impairment on investments in subsidiaries		489.210	994.259
Provision for bad debts	3	275.000	1.101.027
Bad debts written off	3	-	172.647
Dividend income		(7.941.117)	(2.563.068)
Interest income		(1.000)	(3.821)
Interest cost		290.449	241.429
Depreciation and amortization	3	327.333	404.051
Loss on disposal of property, plant and equipment	3	-	1.837
Cash flows used in operating activities before working capital changes		(5.964.949)	(5.671.096)
Decrease / (increase) in trade and other receivables		1.041.915	(394.706)
Net change in amounts due from/to subsidiaries and related parties		(2.311.699)	6.653.744
Increase in loans receivable from subsidiaries		-	(19.379)
Decrease in accruals and other payables		(34.333)	(2.266.520)
Cash flows used in operations		(7.269.066)	(1.697.957)
Income taxes paid		(121.343)	(206.717)
Net cash flows used in operating activities		(7.390.409)	(1.904.674)
Cash flows from investing activities			
Non-reciprocal capital contributions		263.058	994.259
Additions to subsidiary companies		(128.636)	(995.046)
Payment for purchase of property, plant and equipment	6	(16.675)	(3.100)
Proceeds from disposal of property, plant and equipment		-	280
Dividends received		7.941.117	2.563.068
Net cash flows from investing activities		8.058.864	2.559.461
Cash flows from financing activities			
Repayment of bank loans and other banking facilities		(356.573)	(438.044)
Interest received		1.000	374
Interest costs paid		(290.449)	(241.429)
Net cash flows used in financing activities		(646.022)	(679.099)
Net increase / (decrease) in cash and cash equivalents		22.433	(24.312)
Cash and cash equivalents at 1 January		(2.284.632)	(2.260.320)
Cash and cash equivalents as at 31 December	10	(2.262.199)	(2.284.632)

1. Corporate information

The financial statements of Vision International People Group Public Limited for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the Directors on 29 April 2013.

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

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

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

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

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

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

2. Accounting policies

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

2.1 Basis of preparation and statement of compliance

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

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

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

2.1 Basis of preparation and statement of compliance (continued)

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

The Company has also prepared and presented in the Annual Report, consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU. Users of these parent's separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2012 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

2.2 Adoption of new and revised IFRSs

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

IFRS 7 Financial Instruments: Disclosures (Amended) - Enhanced Derecognition Disclosure Requirements.
IAS 1 Financial Statement Presentation (Amended) – Presentation of Items of Other Comprehensive Income.
IAS 12 Income Taxes: (Deferred Tax - Recovery of Underlying Assets.

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

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

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

Standards issued by the IASB and adopted by the EU

IAS 19 Employee Benefits (Amended) (effective for annual periods beginning on or after 1 January 2013).
The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. Early application is permitted. The Company does not currently have any transactions within the scope of the amendment.

IAS 27 Separate Financial Statements (Revised) (effective for annual periods beginning on or after 1 January 2013).
As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 (revised 2011) is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Earlier application is permitted. The Company is in the process of assessing the impact of this amendment on its financial statements.

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

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

IAS 28 Investments in Associates and Joint Ventures (Revised) (effective for annual periods beginning on or after 1 January 2013).
As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed to IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. Earlier application is permitted. The Company does not currently have any associates or joint ventures.

IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014).
The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32. The amendments clarify the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. The Company is in the process of assessing the impact of the amendment on its financial statements.

IFRS 7 Financial Instruments: Disclosures (Amended) - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013).
The amendment introduces common disclosure requirements. These disclosures would provide users with information that is useful in evaluating the effect or potential effect of netting arrangements on an entity's financial position. The amendments to IFRS 7 are to be retrospectively applied. The Company is in the process of assessing the impact of the amendment on its financial statements.

IFRS 10 Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2013).
IFRS 10 replaces the portion of IAS 27, Consolidated and Separate Financial Statements, that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12, Consolidation - Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The Company is in the process of assessing the impact of the new standard on its financial position and performance.

IFRS 11 Joint Arrangements (effective for annual periods beginning on or after 1 January 2013).
IFRS 11 replaces IAS 31, Interests in Joint Ventures and SIC-13, Jointly-controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The Company does not currently have any joint arrangements.

IFRS 12 Disclosures of Involvement with Other Entities (effective for annual periods beginning on or after 1 January 2013)
IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The Company is in the process of assessing the impact of the new standard on its financial position and performance.

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

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

IFRS 13 Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013).
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. This standard should be applied prospectively and early adoption is permitted. The Company is in the process of assessing the impact of the new standard on its financial position and performance.

Amendments to IFRS 1, Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters (effective for accounting periods beginning on or after 1 July 2011).
These amendments to IFRS 1 introduce a new deemed cost exemption for entities that have been subject to severe hyperinflation. They also remove the legacy fixed dates in IFRS 1 relating to derecognition and day one gain or loss transactions. This amendment is not relevant to the Company and its operations.

IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
This interpretation only applies to stripping costs incurred in surface mining activity during the production phase of the mine ('production stripping costs'). Costs incurred in undertaking stripping activities are considered to create two possible benefits a) the production of inventory in the current period and / or b) improved access to ore to be mined in a future period (striping activity asset). Where cost cannot be specifically allocated between the inventories produced during the period and the stripping activity asset, IFRIC 20 requires an entity to use an allocation basis that is based on a relevant production measure. Early application is permitted. The interpretation is not relevant to the Company and its operations.

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

IFRS 9 Financial Instruments - Classification and Measurement (effective for annual periods beginning on or after 1 January 2015).
IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. Phase 1 of IFRS 9 will have a significant impact on (i) the classification and measurement of financial assets and (ii) a change in reporting for those entities that have designated financial liabilities using the Fair Value through Profit or Loss. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. Early application is permitted. The Company is currently assessing the impact of adopting IFRS 9, however, the impact of adoption depends on the assets held by the Company at the date of adoption, and it is not practical to quantify the effect.

Amendments to IFRS10, IFRS11 and IFRS12 - Transition Guidance (effective for annual periods beginning on or after 1 January 2013).
The amendments clarify the transition guidance in IFRS 10 Consolidated Financial Statements. The amendments also provide additional transition relief in IFRS 10, IFRS 11 and IFRS 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. The Company is in the process of assessing the impact of these amendments on its financial position and performance.

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

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

Amendments to IFRS10, IFRS12 and IAS27 - Investment Entities (effective for annual periods beginning on or after 1 January 2014).
The amendments apply to a particular class of business that qualify as investment entities. These amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities. Early application is permitted. The Company is in the process of assessing the impact of these amendments on its financial position and performance.

2.4 Critical accounting estimates and judgments

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

Estimation uncertainty

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

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

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

2.5 Summary of significant accounting policies

Investments in subsidiaries

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

Other investments

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

2.5 Summary of significant accounting policies (continued)

Other investments (continued)

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

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

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

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

Foreign currency translation

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

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

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

Intangible assets

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

2.5 Summary of significant accounting policies (continued)

Intangible assets (continued)

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

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

Computer software	33%

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

Property, plant and equipment

Property, plant and equipment is initially measured at cost.

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

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

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

Land is not depreciated.

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

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

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

2.5 Summary of significant accounting policies (continued)

Impairment of non-financial assets

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

Impairment losses are recognised in the statement of comprehensive income.

Cash and cash equivalents

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

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

Trade and other receivables

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

Dividends payable

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

Share capital

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

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

Interest bearing loans and borrowings

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

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

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

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

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

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

Financial liabilities

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

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

Trade and other payables

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

Provisions

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

2.5 Summary of significant accounting policies (continued)

Financial assets and financial liabilities-fair value

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

Borrowing costs

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

Revenue recognition

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

Interest income
Revenue is recognised as the interest accrues.

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 Company's right to receive payment is established.

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

Employee benefits

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

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

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

Income tax

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

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

2.5 Summary of significant accounting policies (continued)

Income tax (continued)

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

In respect of taxable temporary differences associated with investments in subsidiaries, deferred tax liabilities are recognised except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

3. Revenues and expenses

	2012	*2011*
	US$	*US$*
Other operating income		
Operating lease rentals	295.648	289.469
Other	66.068	76.166
	361.716	365.635
Administrative expenses		
These include the following:		
Depreciation and amortisation	327.333	404.051
Operating lease rentals	37.550	74.792
Statutory auditor remuneration:		
Statutory audit	135.000	190.000
Tax services	8.000	8.000
Loss on disposal of property, plant and equipment	-	1.837
Provision for bad debts – third parties	275.000	-
Provision for bad debts – due from subsidiaries	-	1.101.027
Bad debts written off – due from subsidiaries	-	172.647
Staff costs:		
Wages and salaries	2.703.232	2.540.134
State pension and other social and medical security costs	416.865	323.362
Cyprus employees provident fund contributions	45.279	56.866
Employees' bonus	3.576	2.282
	3.168.952	2.922.644

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

The number of persons employed by the Company as at 31 December 2012 was 68 (2011: 67).

3. Revenues and expenses (continued)

	2012	*2011*
	US$	*US$*
Finance costs		
Charges and interest expense on:		
Bank accounts	196.550	187.489
Bank loans	156.732	138.339
Other payables	-	12.146
Foreign exchange differences	1.073.535	1.138.921
	1.426.817	1.476.895
Finance income		
Interest income on:		
Loans receivable from subsidiaries	-	3.447
Bank accounts	1.000	374
	1.000	3.821

4. Income tax

	2012	*2011*
	US$	*US$*
Statement of comprehensive income		
Current income tax		
Withholding tax on dividends received	114.377	200.902
Special defence tax	17.324	5.815
Income tax expense	131.701	206.717

The Company is resident in Cyprus for tax purposes and is taxed at the rate of 10% (12,50% from 1 January 2013 onwards). Under certain conditions interest income and deemed interest income may be subject to defence contribution at the rate of 15% (10% up to 30 August 2011). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence tax contribution at the rate of 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter (in 2011 the rate was 15% up to 30 August 2011 and 17% up to 31 December 2011).

5. Dividends paid and proposed

On 29 April 2013, the Directors resolved to recommend that no dividend is paid for the year 2012. No dividend was declared for the year 2011. The Company did not pay interim dividends for 2012 and 2011.

6. Property, plant and equipment

	Freehold property US$	*Furniture and equipment US$*	*Motor vehicles US$*	*Total US$*
Cost				
As at 1 January 2011	7.694.101	1.065.784	153.427	8.913.312
Additions	-	3.100	-	3.100
Disposals	-	(6.685)	-	(6.685)
As at 31 December 2011	7.694.101	1.062.199	153.427	8.909.727
Additions	-	16.675	-	16.675
Disposals	-	-	-	-
As at 31 December 2012	7.694.101	1.078.874	153.427	8.926.402
Accumulated depreciation				
As at 1 January 2011	1.141.545	822.346	61.471	2.025.362
Charge for the year	241.653	128.006	30.685	400.344
Disposals	-	(4.566)	-	(4.566)
As at 31 December 2011	1.383.198	945.786	92.156	2.421.140
Charge for the year	241.653	54.994	30.685	327.332
Disposals	-	-	-	-
As at 31 December 2012	1.624.851	1.000.780	122.841	2.748.472
Net book value				
As at 31 December 2012	6.069.250	78.094	30.586	6.177.930
As at 31 December 2011	6.310.903	116.413	61.271	6.488.587

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

Included in freehold property are buildings (‘Vision Tower’ in Nicosia, Cyprus) with a carrying amount as at 31 December 2012 of US$6.069.250 (2011: US$6.310.903). The property was financed by bank loans and has been pledged as security for these loans (note 12). Five of the six floors of this property are rented out under operating lease agreements varying from 2 to 3 years. Rental income during the year amounted to US$295.648 (2011: US$289.469) and is included in other income.

Included in freehold property as at 31 December 2012 and 31 December 2011 is land that is not depreciated amounting to US$1.652.744.

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

7. Intangible assets

Computer software

	2012 *US$*	*2011* *US$*
Cost		
As at 1 January	1.028.947	1.028.947
Additions	-	-
As at 31 December	1.028.947	1.028.947
Accumulated amortisation		
As at 1 January	1.028.946	1.025.239
Charge for the year	1	3.707
As at 31 December	1.028.947	1.028.946
Net book value		
As at 31 December	-	1

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

8. Investments in subsidiaries

		2012			2011		
Name	*Country of incorporation*	*Cost US$*	*Provision for impairment US$*	*Carrying amount US$*	*Cost US$*	*Provision for impairment US$*	*Carrying amount US$*
Sambrook Holdings Limited	British Virgin Islands	100	-	100	100	-	100
Vision Holdings Limited	Cyprus	1.897	-	1.897	1.897	-	1.897
Vision-Latomas Commercial Limited	Hungary	1.244.546	(1.244.498)	48	1.117.776	(1.117.728)	48
Vision Polska Sp. zo.o.	Poland	10.733	-	10.733	10.733	-	10.733
Nutriprodex Limited	England and Wales	1.794	-	1.794	1.794	-	1.794
Todini Limited	Ireland	5.064.967	-	5.064.967	5.064.967	-	5.064.967
Total Eclipse International Limited	England and Wales	91.220	-	91.220	91.220	-	91.220
Vision Ukraine LLC	Ukraine	360.000	-	360.000	360.000	-	360.000
Vision Serbo d.o.o.	Serbia	600	-	600	600	-	600
ArmeniaVision LLC	Armenia	108	-	108	108	-	108
Vision Vietnam Co Limited	Vietnam	62.500	(62.500)	-	62.500	-	62.500
Vision Euronord Private Limited Company	Lithuania	400.000	(400.000)	-	400.000	(400.000)	-
Vision Eurotrade Private Limited Company	Latvia	750.000	(631.937)	118.063	750.000	(631.937)	118.063
Vision Asia LLP	Kazakhstan	180.000	-	180.000	180.000	-	180.000
VIP Asia LLP	Kazakhstan	15.000	-	15.000	15.000	-	15.000

8. Investments in subsidiaries (continued)

Name	*Country of incorporation*	*2012 Cost US$*	*2012 Provision for impairment US$*	*2012 Carrying Amount US$*	*2011 Cost US$*	*2011 Provision for impairment US$*	*2011 Carrying amount US$*
Vision Group Rus LLC	Russia	106.288	-	106.288	106.288	-	106.288
OPT-RTK LLC	Russia	104.872	-	104.872	104.872	-	104.872
VIP-Telecom LLC	Russia	300.000	(300.000)	-	300.000	(300.000)	-
Vision Management (Cyprus) Limited	Cyprus	2.306	-	2.306	2.306	-	2.306
Vision Azerbaijan LLC	Azerbaijan	1.000	-	1.000	1.000	-	1.000
Vision Vietnam Trading Co Limited	Vietnam	1	-	1	1	-	1
Demareti Limited	England and Wales	738	-	738	738	-	738
Vision (India) People Group Private Limited	India	1.866	-	1.866	-	-	-
Under liquidation as at 31 December 2012:							
Vision Kyiv LLC	Ukraine	400.000	(400.000)	-	400.000	(400.000)	-
Vision Odessa LLC	Ukraine	400.000	(400.000)	-	400.000	(400.000)	-
Vision Pavlodar LLP	Kazakhstan	5.000	(5.000)	-	5.000	(5.000)	-
Vision Middle Asia LLC	Uzbekistan	150.000	(150.000)	-	150.000	-	150.000
Vision International People Group S.A.	Switzerland	149.940	(149.940)	-	149.940	-	149.940
Vision Deutschland G.m.b.H.	Germany	32.635	(32.635)	-	32.635	(32.635)	-
Vision Persia Joint Stock Company	Iran	539	(539)	-	539	(539)	-
Liquidated during 2012:							
Vision International Kish Private Joint Stock Company	Iran	-	-	-	1.100	(1.100)	-
		9.838.650	(3.777.049)	6.061.601	9.711.114	(3.288.939)	6.422.175

8. Investments in subsidiaries (continued)

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

	Cost US$	*Provision for impairment* US$	*Carrying amount* US$
Balance as at 1 January 2011	9.036.945	(2.615.557)	6.421.388
Additions	995.046	-	995.046
Charge for the year	-	(994.259)	(994.259)
Write offs during the year	(320.877)	320.877	-
Balance as at 31 December 2011	9.711.114	(3.288.939)	6.422.175
Additions	128.636	-	128.636
Charge for the year	-	(489.210)	(489.210)
Write offs during the year	(1.100)	1.100	-
Balance as at 31 December 2012	9.838.650	(3.777.049)	6.061.601

The Company has 100% effective equity interest in its above subsidiaries.

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

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

Group restructuring during the year ended 31 December 2012

During 2012 the Group continued its efforts to further develop its internet trading through its Global Ordering System (GOS). As a result, the Swiss subsidiaries Vision International People Group S.A. and Vision Commerce S.A. were put under liquidation during the year. Both companies are holding companies without any trading activities. Vision International People Group S.A. is the holding company of Vision Societe S.A. (Switzerland), Vision Commerce S.A. (Switzerland) and Vision E-Shop G.m.b.H. (Austria). Vision Commerce S.A. is the holding company of Vision Egypt for Distribution LLC (Egypt).

Due to the decision to put Vision International People Group S.A. and Vision Commerce S.A. under liquidation, the holding of Vision E-Shop G.m.b.H. and Vision Egypt for Distribution LLC, will be transferred directly to the parent company. The Group’s intention is to sell Vision Societe S.A..

The subsidiary company Vision Deutschland G.m.b.H. (Germany), for which the liquidation process started in 2011, is still undergoing liquidation.

The subsidiary company Vision Pavlodar LLP (Kazakhstan), for which the liquidation process started in 2010, is still undergoing liquidation.

The two subsidiary companies in Ukraine, namely Vision Kyiv LLC and Vision Odessa LLC, for which the liquidation process started in 2010, are still undergoing liquidation.

8. Investments in subsidiaries (continued)

Group restructuring during the year ended 31 December 2012 *(continued)*

Due to changes in law of Uzbekistan restricting the import, marketing and sale of food supplements, the local subsidiary company Vision Middle Asia LLC, was put under liquidation during the year.

The liquidation process of the subsidiary company Vision Persia Joint Stock Company (Iran), that started in 2010, is due to be completed in 2013.

The liquidation process of the subsidiary company Vision International Kish Private Joint Stock Company (Iran), which started in 2010, was completed during the year.

As part of the restructuring in Russia, the Group has granted to third party franchisee companies the rights to sell its products and use its trademarks. Due to local formalities, the agreements between the Group and the franchisees are expected to be executed during 2013. As a result of this restructuring, Vision Group Rus LLC (Russia) closed five out of its' seven branches.

Establishment of new subsidiaries during the year ended 31 December 2012

In January 2012, the Company established a subsidiary in India namely Vision (India) People Group Private Limited. Vision (India) People Group Private Limited has a share capital in the amount of Indian Rupees 100.000 (US$2.067) and is owned 90% by the Company. The subsidiary remains dormant with no operations.

Establishment of new subsidiaries during the year ended 31 December 2011

In July 2011, the Group established a subsidiary in England and Wales namely Demareti Limited. Demareti Limited has a share capital in the amount of Great Britain Pounds 1 (US$1,60) and is owned 100% by the Company. The subsidiary remains dormant with no operations.

Acquisition of subsidiaries during the year ended 31 December 2012

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

Acquisition of subsidiaries during the year ended 31 December 2011

There were no acquisitions of subsidiaries during the year ended 31 December 2011.

Disposal of subsidiaries during the year ended 31 December 2012

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

Disposal of subsidiaries during the year ended 31 December 2011

There were no disposals of subsidiaries during the year ended 31 December 2011.

9. Trade and other receivables

	2012	*2011*
	US$	*US$*
Trade receivables	31.314	26.025
Other receivables	62.699	500.331
Other loans receivable	264.296	287.919
Prepayments	51.422	56.448
	409.731	870.723

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

During July 2011 the Company entered into a loan agreement with First Transportation Company G.m.b.H. to lend the amount of US$264.296 (€200.000). During the year ended 31 December 2012, the loan has been assigned to Hellaby Holdings Limited. The loan bears interest at 10% per annum and is repayable by 31 December 2013.

10. Cash and cash equivalents

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

	2012	*2011*
	US$	*US$*
Cash at bank and in hand	34.738	10.986
Less bank overdrafts (note 12)	(2.296.937)	(2.295.618)
Cash and cash equivalents	(2.262.199)	(2.284.632)

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

11. Issued capital - ordinary shares

	2012		*2011*	
	Shares	*US$*	*Shares*	*US$*
Authorised				
Shares of US$0,10 each	300.000.000	30.000.000	300.000.000	30.000.000
Issued and fully paid	75.000.000	7.500.000	75.000.000	7.500.000

There was no change in the capital of the Company during the years ended 31 December 2012 and 31 December 2011.

12. Interest-bearing loans and borrowings

	Interest rate (p.a.)	*Maturity*	*2012 US$*	*2011 US$*
Non-current				
Head Office building secured bank loan	US$ LIBOR +5,60%, Euribor +5,50%	2014-2021	2.122.146	2.446.475
			2.122.146	2.446.475

	Interest rate (p.a.)	*Maturity*	*2012 US$*	*2011 US$*
Current				
Head Office building secured bank loan	US$ LIBOR +5,60%, Euribor +5,50%	2013	330.136	329.047
Bank overdrafts (note 10)	US$ LIBOR +5,50%	2013	2.296.937	2.295.618
Other banking facilities	US$ LIBOR +5,50%	2013	-	33.333
			2.627.073	2.657.998

Head Office building secured bank loan

In June 2005, the Company entered into an agreement for the purchase of new office building which houses the new Headquarters of the Group in Cyprus (carrying amount of property: US$6.069.250 as at 31 December 2012 and US$6.310.903 as at 31 December 2011).

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

The remaining three loans (which are mentioned above) are repayable in monthly instalments over a period of 15 years and during the year carried interest at a rate 1 month US$ LIBOR plus 5,60% per annum (2011: 1 month US$ LIBOR plus 4,10% to 5,60% per annum).

In April 2008 the Company entered into a fixed term loan with Cyprus Popular Bank Public Co Limited for the amount of €380.000 (US$507.756) for the purpose of financing additional works to the Head Office building. Up to 31 December 2012, an amount of €375.055 (US$495.750) was drawn. The loan carried interest 1 month Euribor plus 5,50% per annum (2011: 1 month Euribor plus 4% to 5,50% per annum) and is repayable in 120 monthly instalments.

During the year, the total interest charged for all building related bank loans amounted to US$156.325 (2011: US$134.572).

All loans are secured by first legal mortgage over the property for US$5.558.112, the assignment of fire and earthquake insurance policy over the property for the amount of €5.142.890 and a floating charge for €341.721 over the assets of the Company.

12. Interest-bearing loans and borrowings (continued)

Bank overdrafts and other banking facilities

In March 2007, the Company entered into secured facility agreements with Cyprus Popular Bank Public Co Limited. This financing entails an overdraft facility for an amount up to US$2.300.000 and a fixed term loan of US$500.000. Both facilities carry interest at a rate of US$ LIBOR plus 5,50% per annum (2011: US$ LIBOR plus 4% to 5,50%) and are secured by second legal mortgage over the Head Office building for the amount of US$2.130.000. The fixed term loan was repayable by monthly installments over a period of five years and was fully repaid in April 2012. The overdraft facility is payable on demand and is renewable on an annual basis. During the year, the total interest charged on the overdraft facility and the loan amounted to US$133.101 (2011: US$99.616) and US$407 (2011: US$3.767), respectively.

13. Accruals and other payables

	2012	*2011*
	US$	*US$*
Current		
Amount payable for the acquisition of “Ukraine group”	7.000	7.000
Defence tax payable	26.275	-
Other accruals and payables	406.560	312.226
	439.835	319.226

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

The purchase consideration for the acquisition of 100% of the issued share capital of Vision “Ukraine group” in 2005 was US$2.000.000. As at 31 December 2012 the outstanding amount is US$7.000 (2011: US$7.000).

	2012	*2011*
	US$	*US$*
Non-current		
Unpaid dividends for 2006	1.398.629	1.526.787
Unpaid dividends for 2005	570.656	570.913
Unpaid dividends for 2004	215.089	215.328
Unpaid dividends for 2003	16.930	16.944
	2.201.304	2.329.972

14. Commitments and contingencies

Operating lease commitments – Company as lessee

There were no future minimum rentals payable under non-cancellable operating leases as at 31 December 2012 and 31 December 2011.

Capital commitments

As at 31 December 2012 and 31 December 2011 the Company had no capital commitments.

14. Commitments and contingencies (continued)

Russian operating environment

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

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

The Russian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. In 2012, the Russian Government continued to take measures to support the economy in order to overcome the consequences of the global financial crisis. Despite some indications of recovery there is still uncertainty regarding further economic growth, access to capital and cost of capital, which could negatively affect the Group's future financial position, results of operations and business prospects.

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

Cyprus operating environment

The Group's business in Cyprus is conducted mainly by the Company. The Cyprus economy has been adversely affected over the last few years by the international credit crisis and the instability in the financial markets. During 2012, there was a considerable tightening of financing availability from Cypriot financial institutions, mainly resulting from financial instability in relation to the Greek sovereign debt crisis, including the impairment of Greek Government Bonds, and its impact on the Cyprus economy. In addition, following its credit downgrades, the ability of the Republic of Cyprus to borrow from international markets has been significantly affected.

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

The Company'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.

14. 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.

In accordance with the various lawyers of the Company, as of the date of approval of the financial statements, there is no 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 2012 and 31 December 2011 the Company had no other commitments.

15. Related party disclosures

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

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

For 2012 and 2011, the Directors of the Company were considered as being the key management personnel of the Group during the year.

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

15. Related party disclosures (continued)

Related party		*Other operating income US$*	*Interest expense/ (income) US$*	*Expenses charged by related parties US$*
Altas Corporate Services G.m.b.H.	2012	-	-	-
	2011	-	2.484	-
Real Pro LLC	2012	-	14.327	-
	2011	-	-	-
Total Eclipse International Limited	2012	-	(8.403)	-
	2011	-	-	-
Vision Ukraine LLC	2012	-	-	180
	2011	-	-	-
JSC "Svencioniu Vaistazoles"	2012	-	-	21.869
	2011	-	-	-
UAB Forumo Rumai	2012	-	-	15.699
	2011	-	-	19.691
UAB "Vision DEM4 Laboratory"	2012	-	-	7.399
	2011	-	-	-
Nutri Export Limited Partnership	2012	66.000	-	-
	2011	-	-	-
Vision Societe S.A.	2012	-	-	-
	2011	-	(3.407)	-
Vision Latomas Commercial Limited	2012	-	-	-
	2011	-	(40)	-
Vision Group Rus LLC	2012	-	-	-
	2011	-	-	22.129

15. Related party disclosures (continued)

During the year the Company received dividends and royalties and license fees from its subsidiaries amounting to US$7.941.117 and US$Nil respectively (2011: US$2.563.068 and US$Nil respectively).

Related party		*Loans receivable/ (payable) US$*	*Amounts due from US$*	*Amounts due to US$*
Health Tech Corporation AG	2012	-	-	157
	2011	-	32.749	157
Nutri Export Limited Partnership	2012	-	-	11.357.479
	2011	-	-	13.258.442
Total Eclipse International Limited	2012	908.645	3.666.899	-
	2011	908.645	3.669.440	-
Todini Limited	2012	-	-	-
	2011	-	66.512	-
Vision Holdings Limited	2012	-	-	25.434
	2011	-	-	72.446
Nutriprodex Limited	2012	-	100.517	-
	2011	-	464.053	-
Vision Vietnam Trading Co Limited	2012	-	-	1
	2011	-	-	1
Vision Vietnam Co Limited	2012	-	-	4.000
	2011	-	-	4.000
VIP Communication Limited	2012	-	2.300.918	-
	2011	-	2.292.944	-
Vision Commerce S.A.	2012	-	19.982	-
	2011	-	23	-
Vision Societe S.A.	2012	117.823	124.499	-
	2011	117.823	115.014	-
Vision International People Group S.A.	2012	-	277.318	-
	2011	-	340.017	-
Vision Group Rus LLC	2012	-	-	81.954
	2011	-	-	80.374
Vision Euronord Private Limited	2012	-	-	4.854
	2011	-	-	4.854
Vision Egypt for Distribution LLC	2012	-	6.599	-
	2011	-	6.599	-
OPT-RTK LLC	2012	-	1.601.462	-
	2011	-	1.601.462	-
Totals	2012	1.026.468	8.098.194	11.473.879
	2011	1.026.468	8.588.813	13.420.274

15. Related party disclosures (continued)

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

Party	*Relationship*
Health Tech Corporation Limited	Ultimate parent company
Health Tech Corporation AG	Entity under common control
Atlas Corporate Services G.m.b.H.	Entity under common control
JSC “Svencioniu Vaistazoles”	Entity under common control
VIP Communication Limited	Entity under common control
Real Pro LLC	Entity under common control
UAB Forumo Rumai	Entity under common control
UAB “Vision DEM4 Laboratory”	Entity under common control

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

Notes on expenses charged by related parties:

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

Compensation of Key Management Personnel

	2012 *US$*	*2011* *US$*
Directors’ remuneration:		
Fees in directors’ capacity:		
Dmitry Buriak	309.769	310.800
Roberto Piona	109.968	94.456
Dmitry Khenkin	-	15.540
John Hadjihannas	30.977	31.080
Peter Fehrn-Christensen	10.756	-
	461.470	451.876

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

16. Financial risk management and capital management

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

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

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

16. Financial risk management and capital management (continued)

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.

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$*
2012		
Euro	+1,0	(2.863)
US$	+1,0	(44.629)
Euro	-1,0	2.863
US$	-1,0	44.629
2011		
Euro	+1,0	(3.331)
US$	+1,0	(47.713)
Euro	-1,0	3.331
US$	-1,0	47.713

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 2012 based on contractual undiscounted payments:

16. Financial risk management and capital management (continued)

Liquidity risk (continued)

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

Year ended 31 December 2011	*On demand US$*	*<1 year US$*	*1 to 5 Years US$*	*> 5 years US$*	*Total US$*
Interest bearing loans and borrowings	2.295.618	534.518	2.002.078	1.725.938	6.558.152
Accruals and other payables	-	13.744.351	2.329.972	-	16.074.323
Total	2.295.618	14.278.869	4.332.050	1.725.938	22.632.475

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

Foreign currency risk

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

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

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

Credit risk

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

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

16. Financial risk management and capital management (continued)

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 2012 was 21% (2011: 25%). The Group believes that in the current business conditions this gearing ratio constitutes an acceptable state of capital management.

17. Events after the reporting date

In February 2013, the Company obtained control of a company in Azerbaijan namely TK Baku LLC.

There are no other material events after the reporting date, which affect the Company's financial statements as at 31 December 2012.

Independent Auditor's Report

To the Members of Vision International People Group Public Limited

Report on the financial statements

We have audited the accompanying consolidated financial statements of Vision International People Group Public Limited (the "Company") and its subsidiaries (together with the Company, the "Group") and the Company's separate parent financial statements, which comprise the consolidated and company statements of financial position as at 31 December 2012, and the consolidated and company statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated and parent company financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2012, and of the financial performance and cash flows of the Group and the Company for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Independent Auditor's Report (continued)

To the Members of Vision International People Group Public Limited

Report on other legal and regulatory requirements

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, 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.
- The financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the accompanying report of the Board of Directors is consistent with the consolidated financial statements.

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

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 and 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.

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

CosmoCo Services Limited
Certified Public Accountants and Registered Auditors

Nicosia
29 April 2013