Vision International People Group Public Limited

Annual Report 2009

Contents of Annual Report

OFFICERS AND PROFESSIONAL ADVISORS

Executive Directors

Roberto Piona – Chairman
Dmitry Buriak – Chief Executive Director

Non-Executive Directors

Pavel Dubrov

Independent Non-Executive Directors

Antony Hadjiroussos
John Michael Hadjihannas
Dmitry Khenkin

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 Chief Legal Officer

Eugeniya Galstyan

Group Corporate Manager / Compliance Officer

Maria Andreou

Principal Bankers

HSBC
Bank of Cyprus
Marfin Popular Bank
Raiffeisen Bank
Parex Bank
Extrobank
Paritate Banka

Independent Auditor

Ernst & Young Cyprus Ltd
Certified Public Accountants and Registered Auditors
36, Byron Avenue
P.O. Box 21656
Nicosia 1511, Cyprus

FINANCIAL HIGHLIGHTS - GROUP

	2009 US$	2008 US$	2007 US$	2006 US$	2005 US$
Trading Results					
Turnover	106.072.106	119.736.320	108.813.906	100.267.324	80.572.840
Operating Profit	132.855	6.004.780	7.578.369	13.266.519	7.787.582
(Loss)/profit before income tax	(4.480.042)	1.282.710	7.426.572	13.331.601	8.633.802
Loss for the year	(6.352.197)	(823.449)	6.391.835	11.992.300	8.307.704
Loss for the year attributable to equity holders of the Company	(6.386.919)	(864.946)	6.312.693	11.760.000	8.162.523
Balance Sheet					
Non-Current Assets	17.447.649	17.974.112	22.171.408	20.236.003	15.703.761
Current Assets	28.081.170	32.634.069	48.649.137	40.269.362	41.914.546
Non-Current Liabilities	3.266.356	3.640.881	3.725.500	3.716.080	4.139.407
Current Liabilities	28.699.228	26.433.742	42.716.094	31.392.276	33.803.127
Shareholders' Equity	12.777.504	19.782.549	23.648.165	24.745.365	19.218.505
Shareholder Returns					
(Loss)/earnings per share- basic (cents)	(8,52)	(1,15)	8,42	15,68	10,88
Dividends per share (cents)	-	-	-	11,8	8,2
Employee Numbers					
Number of employees at 31 December	536	516	463	280	120

The Board of Directors present to the shareholders their Report together with the audited financial statements for the year ended 31 December 2009.

Principal activities

Vision International People Group Public Ltd is the holding company of the Group.

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

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 Group is undergoing a business restructuring: this entails the development of internet trading (Global Ordering System), the streamlining of the operational model, the optimization of fixed costs and the improvement in the efficiency of operations.

In the context of the above, the following changes to the Group composition took place during the year:

In December 2009, the Group acquired from a related company 100% of the share capital of five new subsidiaries, namely Vision International People Group SA, Vision Commerce SA and Vision Societe SA, companies incorporated in Switzerland, Vision E-shop GmbH, a company incorporated in Austria and Vision Group Bel, a company incorporated in Belarus. Vision International People Group SA is the shareholder of the latter four companies. Vision Societe SA has three branches, namely Vision Societe SA Sucursal En Espana, registered in Spain, Vision Societe SA Sucursal En Portugal, registered in Portugal and Vision Societe SA Suomen sivuliike, registered in Finland.
These companies did not have any operations during 2009, except for Vision E-Shop GmbH which commenced e-shop trading operations in November 2009. It is the intention that the two Swiss companies, Vision Commerce SA and Vision Societe SA, replace the current business and operations of Nutri Export Limited Partnership and Total Eclipse International Limited respectively.

In 2009 the Group took steps to consolidate its business in Russia in the legal entity, Vision Group Rus LLC (formerly Vision RTK LLC). Branches of Vision Group Rus LLC were opened in the middle of 2009 in the following cities: Vladivostok, Volgograd, Ekaterinburg, Irkutsk, Kazan, Krasnodar, Krasnoyarsk, Nizhniy Novgorod, Novosibirsk, Omsk, Samara, Ufa and Khabarovsk. Simultaneously the process of liquidation of the following companies has started and is expected to be completed in 2010: Vision Kurgan LLC, Vision Enisey LLC, Vision Volga LLC, Vision Baikal LLC, Vision Krasnodar, LLC, Vision Khabarovsk LLC, Vision Kazan LLC, Vision Ufa LLC, Vision Omsk LLC, Vision Vladivostok LLC, Vision Ekaterinburg LLC, Vision Samara LLC, VIP-Telecom LLC and VIP Vision TV Limited. The operations of these companies were transferred during the year to Vision Group Rus LLC and its branches.

A similar process of consolidation started at the end of 2009 in Ukraine. The following companies will be liquidated during 2010: Vision Kyiv LLC, Vision Lviv LLC, Vision Odessa LLC, Vision Kharkov LLC, Vision Dnepropetrovsk LLC and Vision Donetsk LLC. The operations of these companies will be transferred to Vision Ukraine LLC and branches.

Changes in the composition of the Group (continued)

The Group has opened a new branch in the Can-Tho region of Vietnam in April 2009, whilst closing the Vision Danang branch of Vietnam.

During the year, the Group established one new subsidiary, namely Vision Egypt for Distribution LLC which is owned 99%.

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

Financial results and dividends

The results of the Group for the year ended 31 December 2009 are set out on page 13 of the Annual Report.

The loss of the Group attributable to the shareholders of the parent company for the year 2009 amounted to US$6.386.919 (2008: US$864.946).

Turnover

Group Revenues for the year to 31 December 2009, decreased by US$13,7m or 11,4% to reach the level of US$106,1m compared to US$119,7m in 2008. Sales in Europe decreased by 15,3% or US$3,9m to US$21,8m compared to US$25,7m in 2008. Sales in the CIS and Baltics also decreased by US$16,6m or 19,8%, reaching the level of US$67,1m, as compared to US$83,7m in 2008. Sales in the Rest of the World continued to grow and exhibited a year-on-year increase of US$6,9m or 66,7%, reaching the level of US$17,2m, as compared to US$10,3m in 2008.
Due to the change of the tax regime in Russia in 2009 whereby in 2008 the trading companies paid unified tax on imputed income, which was abolished in 2009 and the sales are now shown net of 18% VAT, the comparable revenue of 2008 would have been US$6,1m lower which is almost half of the sales drop.

Gross Profit

The Group's Gross Profit for the year dropped to US$78,2m compared to US$93,1m in 2008, after charging product, transportation and insurance costs. The gross profit margin achieved in 2009 was 74% compared to 78% in 2008. Similarly, as for turnover the change in the unified tax regime in Russia in 2009 has resulted in the unrealised gain in stock calculation producing incomparable values due to the exclusion of the VAT in the calculation for 2009 that under the new regime is now recoverable. This VAT remained as part of the value of stock held in 2008 as it was non-recoverable under the previous regime. If VAT were excluded from the calculation of 2008 for comparability the resulting gross profit margins would be 76% in both years.

Commissions to Distributors

Commissions to Distributors during 2009 totalled US$43,8m compared to US$51,1m in 2008, exhibiting an decrease of US$7,3m or 14,3%. Commissions in relation to sales during the year went down from 42,7% in 2008 to 41,3% in 2009.

Operating Results

The Group's Profit/(Loss) Before Tax for the year to 31 December 2009 was (US$4,5m) loss, down by US$5,8m from US$1,3m profit in 2008.
The most important factors, which affected this margin during 2009, were the following:

- The change in the unified tax regime in Russia which affected both the turnover and the cost of sales
- The decrease in turnover for the Group
- The foreign exchange loss in the year of US$3,5m
- The increase in cost of sales due to a bigger number of marketing promotions.

The directors recognise that the year's result fell short of initial expectations; however strategic, tactical and operational actions are being taken by management which are expected to restore higher levels of performance.

Parent Company results

The results of the Company for the year ended 31 December 2009 are set out on page 61 of the Annual Report. The profit of the Company for the year 2009 amounted to US$8.543.109 (2008: loss US$6.549.710) and is transferred to retained earnings.

Earnings and Dividends

Basic (group) earnings per share decreased from (1,15) cents (loss) in 2008 to (8,52) cents (loss) in 2009.

The Board of Directors, following the Group's loss of the current and prior year resolved that no dividend is paid. 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 in the future generate positive returns for the Group and to its shareholders.

Working Capital and Liquidity

Stocks as at 31 December 2009 decreased by US$2,8m to reach the level of US$14,7m as compared to US$17,5m at the end of 2008. The Group has being taking the necessary measures to address prior years higher than desired levels of stock which has resulted in this drop.
Trade payables have risen from US$4,2m to US$5,7m whilst Trade receivables have dropped from US$2,6m at the end of 2008 to US$1,1m as at 31 December 2009.
At 31 December the 2009 the Group had cash and cash equivalent balances of US$3,8m compared to US$5,4m as at 31 December 2008. The 31 December 2008 figure is net of bank overdraft balances of US$2,3m. The 31 December 2009 figure is net of bank overdraft balances of US$2,3m.
Total interest bearing borrowings decreased from US$8,3m on 31 December 2008 to US$7,1m on 31 December 2009.

Preliminary results

The main reasons for the variance in the net loss for the year between the final audited figure (US$6,4m) and the preliminary unaudited figure announced on 26 February 2010 (US$2,5m) is the effect of four (unfavourable) accounting adjustments made to the preliminary figures of foreign currency loss, uncollected commissions liabilities, VAT receivable and additional loss on sale of assets.

Future developments

In 2010 the Group will continue to develop its internet trading (Global Ordering System), to streamline the operational model, optimize fixed costs and improve the efficiency of operations, in particular:

- the Group will focus on improvement of the quality of services provided by existing internet shops (Russia, Ukraine, European E-shop) and create new local e-shops;
- the consolidation of business in Russia will be finalized;
- the business in Ukraine will be consolidated;

The Group will review the profitability of each trading company and will convert inefficient companies to lower-cost Distribution Centres, liquidate or spin them off and as a result the liquidation of Italy started in the beginning of 2010.

Principal risks and uncertainties

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

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 notes 13 and 15 to the parent company financial statements).

Share capital

As at 31 December 2009 the Company had in issue 75.000.000 ordinary shares of nominal value US$0,10 each. The Company's shares are listed on the Alternative Market of the Cyprus Stock Exchange. During the year 2009, 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.

The service contracts of some of the Directors of the Company include clauses for compensation in the event of an unjustified early termination. The 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 whilst the three Independent Non Executive Directors are entitled to three months' compensation if the Company terminates their office before their second appointment anniversary.

Corporate governance statement

Up and until the 21st of October, 2009, the Company was, on a voluntarily basis, complying with the principles and provisions of the Code of Corporate Governance (2nd issue) issued by the Cyprus Stock Exchange, ("the Code"),

The details of such compliance with the Code are presented on pages 97 to 98.

By virtue of a special resolution dated on the 21st of October, 2009 during the Extraordinary General Meeting of the Company convened on the same day, it was resolved that it was to the best financial interests of the Company not to continue its voluntary compliance with the Code, effective as from the date of adoption of the said resolution.

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 there from. 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 Company's Articles of Association as amended on 21 October 2009, 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.
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 period 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 which hold more than 5% of the share capital of the Company

As at 31 December 2009 and 22 April 2010, the following persons hold 5% or more of the issued share capital of the Company:

	31 December 2009 %	*22 April 2010 %*
Health Tech Corporation Limited	64,58	64,58

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

Events after the balance sheet date

Events after the balance sheet date are described in note 21 to the consolidated financial statements (also note 16 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 as from 10 November 2009 and Executive Director as from 15 December 2009 (previously Non-Executive Director as from 1 October 2008)
Dmitry Buriak	-	Chief Executive Officer as from 13 November 2009 (Executive Director as from 1 October 2008)
Pavel Dubrov	-	appointed as Non-Executive Director on 21 October 2009
Antonis Hadjiroussos	-	appointed as Independent Non-Executive Director on 21 October 2009
Yiannakis Hadjihannas	-	appointed as Independent Non-Executive Director on 21 October 2009
Dmitry Khenkin	-	appointed as Independent Non-Executive Director on 21 October 2009
Vahagn Manukyan	-	appointed as Executive Director on 21 October 2009 and resigned as Executive Director on 13 November 2009 (Chief Executive Officer from 1 October 2008 until 13 November 2009)
John Ioannides	-	resigned as Director and Chairman on 21 October 2009 (Chairman as from 1 October 2008 until 21 October 2009)
Michael G. Colocassides	-	resigned as Senior Non- Executive Independent Director on 21 October 2009
Andry Georgiou	-	resigned as Non-Executive Independent Director on 21 October 2009

Board of Directors (continued)

All the changes to the Board structure as above, were respectively approved at the Extraordinary General Meetings of the Company convened on 21 October 2009 and 15 December 2009 accordingly.

In accordance with the Company's Articles of Association as amended on 21 October 2009 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 2010.

Directors' interests in shares of the Company

The beneficial interest in shares of the Company held by the member of the Board of Directors (directly or indirectly) at 31 December 2009 and 22 April 2010 are stated below.

	31 December 2009 %	*22 April 2010 %*
Dmitry Buriak (indirectly)	64,58	64,58
Roberto Piona (directly)	1,10	1,10
Pavel Dubrov (directly)	0,21	0,21
Antonis Hadjiroussos	-	-
Yiannakis Hadjihannas	-	-
Dmitry Khenkin	-	-

Transactions with Directors

Refer to note 19 to the consolidated financial statements (also note 14 to the parent company financial statements).

Independent Auditors

The independent auditors of the Company, Ernst & Young Cyprus Ltd, have signified their willingness to continue in office. A resolution for reappointing them and authorising the Directors to set their remuneration will be proposed at the Annual General Meeting of the Company.

By order of the Board of Directors

Nairy Der Arakelian-Merheje
Secretary

27 April 2010

CONSOLIDATED FINANCIAL STATEMENTS
31 December 2009

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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 financial statements of Vision International People Group Public Limited for the year ended 31 December 2009 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 businesses that are included in the consolidated accounts as a total, 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 businesses that are included in the consolidated accounts as a total, together with a description of the principal risks and uncertainties that they are facing.

Executive Directors

Roberto Piona – Chairman
Dmitry Buriak – Chief Executive Director

Non-Executive Director

Pavel Dubrov

Independent Non-Executive Directors

Antony Hadjiroussos
John Michael Hadjihannas
Dmitry Khenkin

Chief Financial Officer

Olga Burdova

27 April 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2009

				Supplementary information (note 22)	
		2009	*2008*	*2009*	*2008*
	Notes	*US$*	*US$*	*€*	*€*
Revenue-sale of goods		106.072.106	119.736.320	73.630.505	83.115.591
Cost of sales		(27.885.178)	(26.641.105)	(19.356.642)	(18.493.062)
Gross profit		78.186.928	93.095.215	54.273.863	64.622.529
Commissions to distributors		(43.796.730)	(51.110.608)	(30.401.729)	(35.478.695)
		34.390.198	41.984.607	23.872.134	29.143.834
Other operating income	4	751.543	1.425.547	521.687	989.551
Selling and distribution costs	4	(10.128.907)	(12.616.525)	(7.031.034)	(8.757.827)
Administrative expenses	4	(24.324.896)	(24.444.189)	(16.885.253)	(16.968.061)
Other operating expenses		(555.083)	(344.660)	(385.314)	(239.248)
Profit from operating activities		132.855	6.004.780	92.220	4.168.249
Finance costs	4	(5.464.601)	(3.104.170)	(3.793.281)	(2.154.776)
Finance income	4	24.769	29.316	17.194	20.350
(Loss)/profit before share of associate's profit		(5.306.977)	2.929.926	(3.683.867)	2.033.823
Share of profit of associate	12	935.333	993.269	649.267	689.483
(Loss)/profit before impairment of goodwill		(4.371.644)	3.923.195	(3.034.600)	2.723.306
Impairment of goodwill	10	(108.398)	(2.640.485)	(75.245)	(1.832.906)
(Loss)/profit before income tax		(4.480.042)	1.282.710	(3.109.845)	890.400
Income tax expense	5	(1.872.155)	(2.106.159)	(1.299.566)	(1.462.001)
LOSS FOR THE YEAR		(6.352.197)	(823.449)	(4.409.411)	(571.601)
Other comprehensive income:					
Currency translation differences		(618.126)	(3.000.670)	(429.075)	(2.082.931)
Tax on currency translation differences		-	-	-	-
Other comprehensive income for the year, net of tax		(618.126)	(3.000.670)	(429.075)	(2.082.931)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(6.970.323)	(3.824.119)	(4.838.486)	(2.654.532)
Loss attributable to:					
Equity holders of the parent		(6.386.919)	(864.946)	(4.433.513)	(600.406)
Non-controlling interests		34.722	41.497	24.102	28.805
		(6.352.197)	(823.449)	(4.409.411)	(571.601)
Total comprehensive income attributable to:					
Equity holders of the parent		(7.005.045)	(3.865.616)	(4.862.588)	(2.683.337)
Non-controlling interests		34.722	41.497	24.102	28.805
		(6.970.323)	(3.824.119)	(4.838.486)	(2.654.532)
(Losses)/earnings per share - basic (cents), for loss for the year attributable to equity holders of the parent	6	(8,52)	(1,15)	(5,91)	(0,80)

All the amounts shown above are from continuing activities.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2009

	Reserves							
	Accumulated Profits (i) US$	*Business combination reserve (ii) US$*	*Foreign currency translation (iii) US$*	*Total reserves US$*	*Issued capital US$*	*Total US$*	*Non-controlling interests US$*	*Total equity US$*
At 1 January 2008	15.018.281	(208.385)	1.338.269	16.148.165	7.500.000	23.648.165	730.786	24.378.951
Taxes paid on behalf of minority interests	-	-	-	-	-	-	(21.274)	(21.274)
Total comprehensive income for the year	(864.946)	-	(3.000.670)	(3.865.616)	-	(3.865.616)	41.497	(3.824.119)
At 31 December 2008	14.153.335	(208.385)	(1.662.401)	12.282.549	7.500.000	19.782.549	751.009	20.533.558
Total comprehensive income for the year	(6.386.919)	-	(618.126)	(7.005.045)	-	(7.005.045)	34.722	(6.970.323)
At 31 December 2009	7.766.416	(208.385)	(2.280.527)	5.277.504	7.500.000	12.777.504	785.731	13.563.235

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 shareholders that are companies resident in Cyprus. Payments of dividends to shareholders that are physical persons resident in Cyprus are subject to a 15% withholding tax.
As from 1 January 2003, companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 15% 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 dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the Company for the account of the shareholders.
For the tax year 2007, the special contribution for the defence on deemed distribution is estimated at US$nil (tax year 2006: US$38).

(ii) The business combination reserve is described in note 2.

(iii) The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and associates.
Of the total movement in the foreign currency translation reserve for the year of US$618.126-loss (2008: US$3.000.670-loss), an amount of US$93.701 – gain (2008: US$245.961- loss) relates to the retranslation of the investment in the associate (note 12), an amount of US$4.172 – loss (2008: US$88-loss) relates to the retranslation of the goodwill that arose on the acquisition of the “Kazakhstan group” (note 10) and an amount of US$2.821 – loss (2008: US$19.448-loss) relates to the retranslation of the goodwill that arose on the acquisition of VIP-Telecom LLC (note 10). Also in 2008, an amount of US$830.897 – loss related to the retranslation of the goodwill that arose on the acquisition of the “Ukraine group”, an amount of US$20.630-loss related to the retranslation of the goodwill that arose on the acquisition of Vision Euronord Private Limited Company and an amount of US$34.208 – loss related to the retranslation of the goodwill that arose on the acquisition of Vision Eurotrade Private Limited Company.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2009

	Notes	2009 US$	2008 US$	Supplementary information (note 22) 2009 €	2008 €
ASSETS					
Non-current assets					
Property, plant and equipment	8	8.040.777	8.852.874	5.581.547	6.145.269
Intangible assets – computer software	9	158.788	388.420	110.224	269.624
Goodwill	10	18.258	133.649	12.674	92.773
Investment in associate	12	5.643.283	5.538.372	3.917.314	3.844.490
Deferred income tax asset	5	3.586.543	3.060.797	2.489.617	2.124.668
		17.447.649	17.974.112	12.111.376	12.476.824
Current assets					
Inventories – goods for resale		14.712.626	17.502.842	10.212.846	12.149.689
Trade and other receivables	13	6.780.255	7.093.062	4.706.549	4.923.686
Income tax receivable		483.100	372.648	335.346	258.676
Cash in hand and at bank	14	6.105.189	7.665.517	4.237.949	5.321.058
		28.081.170	32.634.069	19.492.690	22.653.109
TOTAL ASSETS		45.528.819	50.608.181	31.604.066	35.129.933
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Issued capital	15	7.500.000	7.500.000	5.206.164	5.206.164
Reserves		5.277.504	12.282.549	3.663.406	8.525.995
		12.777.504	19.782.549	8.869.570	13.732.159
Non-controlling interests		785.731	751.009	545.419	521.317
TOTAL EQUITY		13.563.235	20.533.558	9.414.989	14.253.476
Non-current liabilities					
Interest-bearing loans and borrowings	16	3.266.356	3.640.881	2.267.358	2.527.337
		3.266.356	3.640.881	2.267.358	2.527.337
Current liabilities					
Trade and other payables	17	24.143.104	19.900.144	16.759.062	13.813.789
Current portion of interest-bearing loans and borrowings	16	3.849.361	4.623.222	2.672.054	3.209.234
Amount payable for the acquisition of "Ukraine group"	11	7.000	1.436.282	4.859	997.002
Amount payable for the acquisition of new subsidiaries	11	444.410	-	308.490	-
Income tax payable		255.353	474.094	177.254	329.095
		28.699.228	26.433.742	19.921.719	18.349.120
TOTAL LIABILITIES		31.965.584	30.074.623	22.189.077	20.876.457
TOTAL EQUITY AND LIABILITIES		45.528.819	50.608.181	31.604.066	35.129.933

Roberto Piona – *Chairman*

Dmitry Buriak – *Director and Chief Executive Officer*

Olga Burdova – *Chief Financial Officer*

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2009

	Notes	2009 US$	2008 US$	Supplementary information (note 22) 2009 €	2008 €
Cash flows from operating activities					
(Loss)/profit before income tax		(4.480.041)	1.282.710	(3.109.844)	890.400
Adjustments for:					
Impairment of goodwill		108.398	2.640.485	75.245	1.832.906
Net interest cost and bank charges		1.918.563	1.732.581	1.331.780	1.202.680
Share of profit of associate		(935.333)	(993.269)	(649.267)	(689.483)
Loss on disposal of property, plant and equipment and intangible assets		133.147	5.164	92.425	3.585
Depreciation and amortisation		1.219.134	1.470.951	846.268	1.021.068
Operating profit before working capital changes		(2.036.132)	6.138.622	(1.413.393)	4.261.156
(Increase)/decrease in inventories		2.802.673	(1.155.154)	1.945.490	(801.856)
Decrease in trade and other receivables		403.977	14.476.294	280.423	10.048.795
Increase/(decrease) in trade and other payables		4.262.613	(4.057.143)	2.958.915	(2.816.287)
Cash generated from operations		5.433.131	15.402.619	3.771.435	10.691.808
Net interest and bank charges paid		(1.918.563)	(1.732.581)	(1.331.780)	(1.202.680)
Income taxes paid		(2.727.094)	(2.824.378)	(1.893.026)	(1.960.557)
Net cash flows from/(used in) operating activities		787.474	10.845.660	546.629	7.528.571
Cash flows from investing activities					
Dividends from associate		924.123	1.542.471	641.485	1.070.714
Purchase of property, plant and equipment		(408.612)	(633.878)	(283.640)	(440.010)
Purchase of intangible assets		(96.133)	(178.757)	(66.731)	(124.085)
Proceeds from disposal of property, plant and equipment and intangible assets		194.193	1.742	134.799	1.209
Payments for the establishment of new subsidiaries	11	-	(208.628)		(144.820)
Payment of amount due for the acquisition of Todini Ltd		-	(400.000)		(277.662)
Payment of amount due for the acquisition of “Ukraine group”		(1.429.282)	(10.000)	(992.143)	(6.942)
Payment of amount due for the acquisition of Vision Euronord Plc		-	(400.000)		(277.662)
Payment of amount due for the acquisition of Vision Eurotrade Plc		-	(750.000)		(520.616)
Loans granted to related parties		(85.501)	-	(59.351)	-
Net cash flows used in investing activities		(901.212)	(1.037.050)	(625.581)	(719.874)
Cash flows from financing activities					
Repayment of bank loans and other banking facilities		(2.673.657)	(5.774.716)	(1.855.933)	(4.008.549)
Repayment of hire purchase obligations		(182.992)	(187.565)	(127.025)	(130.199)
Proceeds from loans and other banking facilities		1.568.214	3.276.246	1.088.584	2.274.223
Dividends paid		-	(6.365.019)	-	(4.418.311)
Taxes paid on behalf of minority interests		-	(21.274)	-	(14.767)
Net cash flows (used in)/from financing activities		(1.288.435)	(9.072.328)	(894.374)	(6.297.603)
Net increase/(decrease) in cash and cash equivalents		(1.402.173)	736.282	(973.326)	511.094
Net foreign exchange differences		(151.863)	(662.782)	(105.416)	(460.073)
Cash and cash equivalents at 1 January		5.358.954	5.285.454	3.719.946	3.668.925
Cash and cash equivalents at 31 December	14	3.804.918	5.358.954	2.641.204	3.719.946

1. Corporate information

The consolidated financial statements of Vision International People Group Public Limited for the year ended 31 December 2009 were authorised for issue in accordance with a resolution of the Board of Directors on 27 April 2010.

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 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, an Executive Director of the Company, who is considered as the ultimate controlling party of the Group.

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

2.1 Basis of preparation and statement of compliance

The consolidated financial statements have been prepared on an 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) and its subsidiaries and their branches as at 31 December 2009 listed in note 11 (together referred to as the "Group"). 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, income and expenses and profits and losses resulting from intra-group transactions, are eliminated in full.

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 that such control ceases.

2.1 Basis of preparation and statement of compliance (continued)

Basis of consolidation (continued)

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

Subsidiaries acquired after the re-structuring described above, are accounted for as business combinations by applying the purchase method. These 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 that such control ceases.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

2.2 Changes in accounting policies and disclosures

As from 1 January 2009, the Group has adopted the following new and amended IFRSs and IFRIC Interpretations:

Amendments to IAS 1, Presentation of Financial Statements: A Revised Presentation
Amendment to IAS 23, Borrowing costs
IFRS 8, Operating Segments
Amendment to IFRS 7, Improving Disclosures about Financial Instruments
Improvements to IFRSs (issued in May 2008)
Amendments to IFRS 1 and IAS 27, Cost of an Investment in a subsidiary, JV or associate
Amendments to IAS 32 and IAS 1, Puttable Financial Instruments and Obligations Arising on Liquidation
Amendment to IFRS 2, Share Based Payment: Vesting Conditions and Cancellations
IFRIC 13, Customer Loyalty Programmes
IFRIC 15, Agreements for the Construction of Real Estate
IFRIC 16, Hedges of a Net Investment in a Foreign Operation
Amendments to IFRIC 9 and IAS 39, Embedded Derivatives
IFRIC 18, Transfer of Assets from Customers (for transfer of assets after 1 July 2009)

Adoption of the above did not have any effect on the financial statements of the Group other than as described below:

Amendments to IAS 1, Presentation of Financial Statements: A Revised Presentation
The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement or two linked statements. The Group has elected to present a single statement. The revised standard recommended the term statement of financial position to replace the term balance sheet which the Group adopted.

2.2 Changes in accounting policies and disclosures (continued)

IAS 23 Borrowing Costs
The revised IAS 23 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Group's previous policy was to expense borrowing costs as they were incurred. In accordance with the transitional provisions of the amended IAS 23, the Group has adopted the standard on a prospective basis. Therefore, borrowing costs are capitalised on qualifying assets with a commencement date on or after 1 January 2009. During year ended 31 December 2009 there were no qualifying assets.

IFRS 8 Operating Segments
IFRS 8 replaced IAS 14 'Segment Reporting' and adopted a management-based approach to segment reporting. The information required to be reported is that which management uses internally for evaluating the performance of its operating segments and allocating resources to those segments and this information may be different from that reported in the balance sheet and income statement. The application of the standard did not have a substantial impact on the Group's reporting as the Group concluded that the operating information segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14 and also that the information reported under IAS14 was following a similar approach as to IFRS 8. Some additional information that is required by IFRS 8 is given in note 3 to the consolidated financial statements.

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

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

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

Revised IFRS 3 'Business Combinations' and Amended IAS 27 'Consolidated and Separate Financial Statements' (effective for annual periods beginning on or after 1 July 2009)
IFRS 3 (revised) introduces a number of changes in the accounting for business combinations occurring after this date that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor they will give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to IAS 7 'Statement of Cash Flows', IAS 12 'Income Taxes', IAS 21 'The Effects of Changes in Foreign Exchange Rates', IAS 28 'Investment in Associates' and IAS 31 'Interests in Joint Ventures'. The changes of the revised IFRS 3 and amended IAS 27 will prospectively affect future acquisitions or loss of control and transactions with minority interests.

Amendment to IAS 39 'Financial Instruments: Recognition and Measurement – Eligible Hedged Items' (effective for annual periods beginning on or after 1 July 2009)
The Amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. The Group does not expect this Amendment to impact its financial statements.

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)

Revised IFRS 1 'First-time Adoption of International Financial Reporting Standards' (effective for annual periods beginning on or after 1 July 2009)
This revision of IFRS 1 issued in November 2008 retains the substance of the previous version, but within a changed structure. It replaces the previous version and is effective for entities applying IFRSs for the first time for annual periods beginning on or after 1 July 2009. There is no impact on the financial statements of any Group entity as a result of this revision.

IFRIC 17 'Distribution of Non cash Assets to Owners' (effective for annual periods beginning on or after 1 July 2009)
IFRIC 17 applies to all non-reciprocal distributions of non-cash assets, including those giving the shareholders a choice of receiving non-cash assets or cash, provided that all owners of the same class of equity instruments are treated equally and the non-cash assets are not ultimately controlled by the same parties both before and after the distribution, and as such, excluding transactions under common control. The Group does not expect that this Interpretation will have any impact on its financial statements.

Amendment to IAS 32 Financial Instruments: Presentation – Classification of rights issues denominated in a foreign currency (effective for accounting periods beginning on or after 1 February 2010)
The amendment alters the definition of a financial liability in IAS 32 to classify rights issues and certain options or warrants (together, here termed rights) as equity instruments. This amendment does not apply to the Group as it does not have such instruments in issue.

Improvements to IFRSs 2009 (effective for various annual periods, the earliest beginning on or after 1 July 2009)
In April 2009, the IASB issued its second omnibus of amendments to its standards and the related basis for conclusions. This document contains 15 amendments to 12 standards. Effective dates range from 1 July 2009 to 1 January 2010. The Group is in the process of assessing the impact of these amendments on its next annual financial statements but does not expect to impact its financial statements significantly.

Amendments to IFRS 2 Share-based Payment "Group Cash-settled Share-based Payment Arrangements" (effective for accounting periods beginning on or after 1 January 2010)
The amendment provides guidance on how to account for cash-settled share based payment transactions in the separate financial statements of an entity. This amendment does not apply to the Group.

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

Amendments to IFRS 1 "Additional Exemptions for First-time Adopters" (effective for accounting periods beginning on or after 1 January 2010)
These amendments provide relief from the full retrospective application of IFRS for the measurement of oil and gas assets and leases. This amendment does not apply to the Group.

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

Revised IAS 24 Related Party Disclosures (effective for accounting periods beginning on or after 1 January 2011)
The IASB has amended IAS 24 in an effort to simplify the identification of related party relationships by clarifying the definition of related parties but without reconsidering the fundamental approach to related party disclosures. The Group is in the process of assessing the impact of this revision on its financial statements but does not expect to impact its financial statements significantly.

IFRS 9 Financial Instruments: Classification and Measurement (effective for accounting periods beginning on or after 1 January 2013)
On 12 November 2009 the IASB published the first phase of IFRS 9 Financial Instruments, the accounting standard that will eventually replace IAS 39 Financial Instruments: Recognition and Measurement. The aim is to replace IAS 39 in its entirety by the end of 2010. The main focus of the first phase is the classification and measurement of financial assets. IFRS 9 is required to be applied retrospectively and is expected to result in significant changes in the classification and measurement of financial instruments. The Group is currently in the process of assessing the impact of the new Standard on its financial statements but does not expect to impact its financial statements significantly.

Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement (effective for annual periods beginning on or after 1 January 2011)
The amendment was made to remove an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. It requires entities to treat such early payment as a pension asset. Subsequently, the remaining surplus in the plan, if any, is subject to the same analysis as if no prepayment had been made. The Group does not currently have any plans with minimum funding requirements.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010)
IFRIC 19 clarifies that equity instruments issued to a creditor to extinguish a financial liability are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability. The Group does not currently have any transactions within the scope of the Interpretation.

Amendments to IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (effective for accounting periods beginning on or after 1 July 2010)
Relief is given to first-time adopters from providing comparative information for the disclosures required by the amendments to *IFRS 7 Financial Instruments: Disclosure* in the first year of application. This amendment does not apply to the Group.

2.4 Significant accounting estimates

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 date of the balance sheet. 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 balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Accrued commissions to distributors on unsold stock at franchisee outlets

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

Net realisable value of inventories

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

Provisions for bad and doubtful debts

The Group reviews its debtors for evidence that it will not be able to collect all amounts due. Evidence includes the customer’s payment record, 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 income statement. 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.

Taxation

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 balance sheet date, and therefore the tax determination is uncertain. Where the final tax is different from the amounts that were initially recorded, such differences will impact the income tax expense, the income and non-income tax liabilities and deferred tax liabilities of the period in which the final tax is agreed with the tax authorities.

Impairment of goodwill

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

Deferred tax assets

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

2.5 Summary of significant accounting policies

Investment in associate

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 income statement. 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 income statement. Such changes include those arising from foreign exchange translation differences. The Group's share of those changes is recognised directly in equity.

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

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

Business combinations and goodwill

Business combinations are accounted for using the purchase method. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. The cost of the business combination is the aggregate of the fair value of the purchase consideration plus any costs directly attributable to the business combination. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a reportable segment.

Goodwill recognised on a business combination is not amortised.

Where goodwill forms part of a cash-generating unit (or group of cash generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.5 Summary of significant accounting policies (continued)

Business combinations and goodwill (continued)

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognised in the income statement.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess ("negative goodwill") is recognised as a gain immediately in the income statement.

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 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 income statement.

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 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 balance sheet 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 Ltd and Nutri Export Limited Partnership and its subsidiaries Vision Holdings Ltd, Todini Ltd and Nutriprodex Ltd 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.

2.5 Summary of significant accounting policies (continued)

Foreign currency translation (continued)

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 balance sheet date. All differences are taken to the income statement.

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 balance sheet 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 balance sheet 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 profit or loss.

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

Intangible assets

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

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

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

Computer software	20%	to	33%

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

2.5 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset 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 income statement 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.

Impairment losses are recognised in the income statement.

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.

2.5 Summary of significant accounting policies (continued)

Impairment of non-financial assets (continued)

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 balance sheet 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 cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade and other receivables

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

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

Dividends payable

Dividends declared by the Company after the balance sheet date are not recognised as a liability at the balance sheet 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 income statement.

2.5 Summary of significant accounting policies (continued)

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 income statement 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.

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 income statement.

2.5 Summary of significant accounting policies (continued)

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 income statement on a straight-line basis over the lease term.

Borrowing costs

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

2.5 Summary of significant accounting policies (continued)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. 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 income statement 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 balance sheet 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.

2.5 Summary of significant accounting policies (continued)

Income tax (continued)

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

3. Operating segment information

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

For management purposes, the Group is organised into business units based on the location of its external customers. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. Group financing (including finance costs and finance income), results from associate company and income taxes are managed on a group basis and are not allocated to the operating segments. Costs directly attributable to each geographical segment are allocated directly to these segments. Costs not directly attributable to each geographical segment are generally allocated on the basis of the relative sales revenue of each segment. Similarly, assets and liabilities directly attributable to each geographical segment are allocated directly to these segments. Assets and liabilities which cannot be allocated, including the investment in the associate are identified and are not allocated to the operating segments. The remaining assets and liabilities which are not directly attributable to each geographical segment are generally allocated on the basis of the relative sales revenue of each segment.

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

3. Segment information (continued)

Year ended 31 December 2009

	CIS & Baltics US$	*Europe US$*	*Rest of the world US$*	*2009 Total US$*
Revenue				
Sales to external customers	67.082.820	21.817.652	17.171.634	106.072.106
There is no inter-segment revenue				
Result				
Segment result	410.076	(1.052.199)	774.978	132.855
Profit from operating activities				132.855
Finance costs				(5.464.601)
Finance income				24.769
Loss before share of profit of associate				(5.306.977)
Share of profit of associate				935.333
Loss before impairment of goodwill				(4.371.644)
Impairment of goodwill	(95.929)	(12.469)	-	(108.398)
Loss before income tax				(4.480.042)
Income tax expense				(1.872.155)
Loss for the year				(6.352.197)
Assets and liabilities				
Segment assets	26.641.001	8.383.854	4.747.355	39.772.210
Investment in associate				5.643.283
Unallocated assets				113.326
Total assets				45.528.819
Segment liabilities	19.684.601	6.733.336	5.435.234	31.853.171
Unallocated liabilities				112.413
Total liabilities				31.965.584
Other segment information				
Capital expenditures	408.982	51.328	44.435	504.745
Depreciation and amortisation	744.553	317.717	156.864	1.219.134

3. Segment information (continued)

Year ended 31 December 2008

	CIS & Baltics US$	*Europe US$*	*Rest of the world US$*	*2008 Total US$*
Revenue				
Sales to external customers	83.692.457	25.744.007	10.299.856	119.736.320
There is no inter-segment revenue				
Result				
Segment result	5.144.252	668.398	192.130	6.004.780
Profit from operating activities				6.004.780
Finance costs				(3.104.170)
Finance income				29.316
Profit before share of profit of associate				2.929.926
Share of profit of associate				993.269
Profit before impairment of goodwill				3.923.195
Impairment of goodwill	(1.583.409)	(1.057.076)	-	(2.640.485)
Profit before income tax				1.282.710
Income tax expense				(2.106.159)
Loss for the year				(823.449)
Assets and liabilities				
Segment assets	32.491.461	8.654.677	3.623.333	44.769.471
Investment in associate				5.538.372
Unallocated assets				300.338
Total assets				50.608.181
Segment liabilities	20.387.641	6.699.639	2.857.546	29.944.826
Unallocated liabilities				129.797
Total liabilities				30.074.623
Other segment information				
Capital expenditures	703.723	407.397	63.290	1.174.410
Depreciation and amortisation	934.653	404.703	131.595	1.470.951

4. Revenues and expenses

	2009 *US$*	*2008* *US$*
Other operating income		
Royalties and license fees	139.063	215.903
Other	612.480	1.209.644
	751.543	1.425.547

	2009 *US$*	*2008* *US$*
Selling and distribution costs and administrative expenses		
These include the following:		
Depreciation and amortisation	1.219.134	1.470.951
Operating lease rentals	4.509.597	5.495.006
Audit fees - current year	400.000	400.000
Loss on disposal of property, plant and equipment and intangible assets	133.147	5.164
Staff costs:		
Wages and salaries	10.564.412	9.569.341
State pension and other social and medical security costs	1.831.464	1.807.891
Cyprus employees provident fund contributions	60.419	173.887
Other employer contributions	30.978	45.213
Employees' bonus	9.560	44.436
	12.496.833	11.640.768

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

The number of persons employed by the Group at 31 December 2009 was 536 (2008: 516).

	2009 *US$*	*2008* *US$*
Finance costs:		
Charges and interest expense on:		
Bank overdrafts and other banking facilities	1.501.077	1.428.874
Bank loans	123.207	213.257
VIP Progress (Overseas) Ltd loan	134.767	-
Corpofin S.A. loan	-	60.761
Hire purchase contracts	18.427	15.929
Trade and other payables	165.854	43.076
Foreign exchange differences	3.521.269	1.342.273
	5.464.601	3.104.170
Finance income:		
Interest income on:		
Bank accounts	24.769	29.316
	24.769	29.316

5. Income tax

	2009 *US$*	*2008* *US$*
Consolidated income statement		
Current income tax		
Withholding tax on dividends received by the Company	304.308	821.766
Special levy on Company's interest income	11.018	-
Current income tax charge – subsidiary companies	2.082.575	1.681.636
Deferred income tax		
Relating to origination and reversal of temporary differences	(525.746)	908.867
Relating to change of income tax rates	-	(1.306.110)
Income tax expense	1.872.155	2.106.159

The change of income tax rates in 2008 related to the change in the UTII regime applicable to Russian trading companies as from 1 January 2009.

Effective tax rates on taxable profits for each of the companies comprising the Group are as follows:

		2009	*2008*
The Company		10%	10%
Sambrook Holdings Limited		0%	0%
Nutri Export Limited Partnership		-	-
Vision Holdings Limited		10%	10%
Nutriprodex Limited		21%/30%	19%/30%
Todini Limited		12,5%	12,5%
Total Eclipse International Limited		21%/30%	19%/30%
Vision Balkan Limited		10%	10%
Vision-Latomas Commercial Limited	- state profit tax	16%	16%
	- municipal profit tax	2%	2%
	- solidarity tax on income	4%	4%
Vision Polska Sp. Zo.o.		19%	19%
Bohemia Vision s.r.o.		21%	21%
Vision International People Italia SRL	- state profit tax	27,5%	27,5%
	- regional profit tax	3,9%	3,9%
Vision Istanbul Health and Products Trade and Industry Limited		20%	20%
Vision Ukraine LLC		25%	25%
Vision Kyiv LLC		25%	25%
Vision Lviv LLC		25%	25%
Vision Odessa LLC		25%	25%
Vision Kharkov LLC		25%	25%
Vision Romania S.R.L.		16%	16%
Vision Middle Asia LLC	- gross profit tax	12%	-
	- unified tax on revenue	5%	5%
VisionSerbo d.o.o.		10%	10%
ArmeniaVision LLC		20%	20%
Vision Vietnam Co Limited, including branches		28%	28%
Vision International Kish Private Joint Stock Company		25%	25%
Vision Euronord Private Limited Company		15%	15%
Vision Eurotrade Private Limited Company		15%	15%

5. **Income tax** (continued)

	2009	*2008*
VIP Asia LLP	17,5%	30%
Vision Asia LLP	17,5%	30%
VIP Pavlodar LLP	17,5%	30%
Vision Group Rus LLC (formerly Vision RTK LLC), including branches	20%	24%
Opt RTK LLC	20%	24%
Vision Volga LLC *	20%	1%
Vision Baikal LLC *	20%	1%
Vision Enisey LLC *	20%	0%
Vision Kurgan LLC *	20%	1%
Vision Krasnodar LLC *	20%	0%
Vision Khabarovsk LLC *	20%	0%
Vision Kazan LLC *	20%	1%
Vision Ufa LLC *	20%	3%
Vision Dnepropetrovsk LLC	25%	25%
Vision Persia Joint Stock Company	25%	25%
Vision Deutschland GmbH	25%	25%
Vision Azerbaijan LLC	22%	22%
Vision Donetsk LLC	25%	25%
Vision Vladivostok LLC *	20%	0%
VIP Vision TV Limited	20%	24%
Vision Omsk LLC *	20%	1%
Vision Management (Cyprus) Limited	10%	10%
VIP-Telecom Limited Liability Company	20%	24%
Vision Ekaterinburg LLC *	20%	0%
Vision Samara LLC *	20%	1%
Vision International People Group SA	13%/25%	-
Vision Commerce SA, including branches	13%/25%	-
Vision Societe SA	12,5%-30%	-
Vision E-Shop GmbH	30%	-
Vision Group Bel	24%	-
Vision Egypt for Distribution LLC	20%	-

* The Group companies that used the UTII Regime in 2008 did not qualify for its use in 2009 and are subject to 20% income tax.

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 2009 and 2008 was 0%.

The Company is resident in Cyprus for tax purposes and is taxed at the rate of 10%. A special levy of 10% is also imposed on interest received and deemed interest income in certain cases. Dividend income and profits from the sale of shares and other titles of companies are exempt from Cyprus taxation.

5. Income tax (continued)

Deferred income tax

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

	2009 *US$*	*2008* *US$*
Unrealised profits on intragroup stock eliminated on consolidation	3.586.543	3.017.077
Other	-	43.720
	3.586.543	3.060.797

At 31 December 2009, the Group companies had tax losses for income tax purposes available for offset against future taxable profits of the companies in which the losses arose of US$62.238.683 (2008: US$49.953.958). Of these losses as at 31 December 2009, US$59.922.942 relate to the Company (2008: US$47.451.577) and may be utilised against future taxable profits indefinitely. No deferred tax asset has been recognised in the balance sheet in respect of the tax losses.

6. Earnings per share

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

	2009 *US$*	*2008* *US$*
Net loss attributable to ordinary equity holders of the parent for basic (losses)/earnings per share	(6.386.919)	(864.946)

	2009 *Number*	*2008* *Number*
Weighted average number of ordinary shares for basic earnings per share	75.000.000	75.000.000

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

7. Dividends paid and proposed

On 27 April 2010, the Directors resolved to recommend that no dividend is paid for the year 2009. No dividend was declared for the year 2008. The Company did not pay interim dividends for 2009 and 2008.

8. Property, plant and equipment

	Freehold property	*Furniture and equipment*	*Motor vehicles*	*Leasehold improvements*	*Total*
	US$	*US$*	*US$*	*US$*	*US$*
Cost					
At 1 January 2008	7.056.786	2.989.428	811.153	181.741	11.039.108
Additions	398.529	392.202	150.213	54.709	995.653
Disposals	-	(53.782)	-	(2.444)	(56.226)
Exchange adjustments	15.836	(183.528)	42.670	(27.809)	(152.831)
At 31 December 2008	7.471.151	3.144.320	1.004.036	206.197	11.825.704
Additions	57.017	183.602	167.993	-	408.612
Disposals	-	(74.033)	(445.450)	(12.002)	(531.485)
Exchange adjustment	(6.209)	(81.663)	(76.041)	(858)	(164.771)
At 31 December 2009	7.521.959	3.172.226	650.538	193.337	11.538.060
Accumulated depreciation					
At 1 January 2008	451.890	1.276.480	289.336	61.095	2.078.801
Charge for the year	227.343	695.787	188.288	41.777	1.153.195
Disposals	-	(41.625)	-	(122)	(41.747)
Exchange adjustment	185	(219.142)	30.686	(29.148)	(217.419)
At 31 December 2008	679.418	1.711.500	508.310	73.602	2.972.830
Charge for the year	235.801	612.624	137.665	15.448	1.001.538
Disposals	-	(60.870)	(239.587)	(12.002)	(312.459)
Exchange adjustment	(951)	(117.517)	(47.045)	887	(164.626)
At 31 December 2009	914.268	2.145.737	359.343	77.935	3.497.283
Net book value					
At 31 December 2009	6.607.691	1.026.489	291.195	115.402	8.040.777
At 31 December 2008	6.791.733	1.432.820	495.726	132.595	8.852.874

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 is the Vision Tower in Nicosia, Cyprus with a carrying amount at 31 December 2009 of US$6.578.453 (2008: US$6.754.740). The property was financed by bank loans and has been pledged as security for these loans (note 16). Four 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$207.962 (US$88.784) and is included in other income.

Included in freehold property at 31 December 2009 and 2008 is land that is not depreciated amounting to US$1.652.744.

The carrying amount of motor vehicles and computer hardware held under hire purchase contracts at 31 December 2009 is US$139.794 (2008: US$141.608). The assets under hire purchase contracts are pledged as security for the related hire purchase liabilities (note 18).

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	*2009*	*2008*
	US$	*US$*
Cost		
At 1 January	1.460.791	1.226.092
Additions	96.133	178.757
Disposals	(108.046)	(9.534)
Exchange adjustment	(81.622)	65.476
At 31 December	1.367.256	1.460.791
Accumulated amortisation		
At 1 January	1.072.371	591.138
Charge for the year	217.596	317.756
Disposals	(87.873)	(9.489)
Exchange adjustment	6.374	172.966
At 31 December	1.208.468	1.072.371
Net book value		
At 31 December	158.788	388.420

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 balance sheet as the expenditure incurred on these assets is not deemed to be significant and could not be measured and attributed reliably.

10. Goodwill

	2009 *US$*	*2008* *US$*
On acquisition of:		
The 1% minority interest shareholding in Vision International People Italia S.R.L.	-	12.469
"Kazakhstan group"	18.258	22.430
VIP-Telecom Limited Liability Company	-	98.750
	18.258	133.649

The change in the carrying amount of goodwill on acquisition of Vision International People Italia S.R.L. during the year relates to write off of goodwill recognised in the income statement (totalling US$12.469), due to the expected liquidation of this company (Note 21).

The change in the carrying amount of goodwill on acquisition of "VIP-Telecom Limited Liability Company" during the year relates to foreign exchange loss on retranslation recognised in equity (totalling US$2.821) and impairment loss recognised in the income statement (totalling US$95.929), due to the expected liquidation of this company (Note 11).

The change in the carrying amount of goodwill on acquisition of "Kazakhstan group" during the year relates to foreign exchange loss on retranslation recognised in equity, totalling US$4.172.

2008 impairment losses

During 2008, the following impairment loss was recognised on goodwill:

	2008 *US$*
On acquisition of:	
Vision "Ukraine group"	1.583.409
Vision Euronord	394.064
Vision Eurotrade	663.012
	2.640.485

On acquisition of Vision "Ukraine group"

The cash-generating unit to which this goodwill was allocated for impairment testing is the Group's business in Ukraine, a segment that is included in the CIS and Baltics geographical segment in note 3.

The recoverable amount of the Group's Ukrainian business unit was determined by management based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period. Cash inflows over the five-year period were based on a growth rate of 2% to 10%. The discount rate applied to cash flow projections was 30,81% p.a. and cash flows beyond the five-year period were extrapolated using a 3,0% terminal growth rate. The fair value less costs to sell amount of the Group's Ukrainian business unit equalled the subsidiaries' net assets, which mainly comprise of stocks purchased from the Company's subsidiary Nutriprodex Limited.

10. **Goodwill** (continued)

During 2008, the ongoing global financial crisis had negatively impacted the Ukrainian economy and resulted in considerable instability in the capital markets, significant deterioration in the liquidity of banks, much tighter credit conditions where credit is available, and significant devaluation of the national currency against major currencies. Furthermore, in the fourth quarter of 2008, international agencies began to downgrade the country's credit ratings. Whilst the Ukrainian Government was introducing various stabilisation measures aimed at providing liquidity and supporting debt refinancing for Ukrainian banks, there continued to be uncertainty regarding the access to capital and cost of capital.

Based on the above, management concluded that the goodwill that arose on the acquisition of the "Ukraine group" was impaired to nil and an impairment loss of US$1.583.409 was recognised in the income statement of 2008.

On acquisition of Vision Euronord Private Limited Company

The cash-generating unit to which this goodwill was allocated for impairment testing is the Group's business in Lithuania, a segment that is included in the European geographical segment in note 3.

The recoverable amount of the Group's Lithuanian business unit was determined by management based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period. Cash inflows over the five-year period were based on a growth rate of -3% to 10%. The discount rate applied to cash flow projections was 13,43% p.a. and cash flows beyond the five-year period were extrapolated using a -1,42% terminal growth rate. The fair value less costs to sell amount of the Group's Lithuanian business unit equalled the subsidiary's net assets, which mainly comprise of stocks purchased from the Company's subsidiary Nutri Export Limited Partnership.

Based on the above, management concluded that the goodwill that arose on the acquisition of Vision Euronord Private Limited Company was impaired to nil and an impairment loss of US$394.064 was recognised in the income statement of 2008.

On acquisition of Vision Eurotrade Private Limited Company

The cash-generating unit to which this goodwill was allocated for impairment testing is the Group's business in Latvia, a segment that is included in the European geographical segment in note 3.

The recoverable amount of the Group's Latvian business unit was determined by management based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period. Cash inflows over the five-year period were based on a growth rate of -2% to 12%. The discount rate applied to cash flow projections was 12,02% p.a. and cash flows beyond the five-year period were extrapolated using a -0,76% terminal growth rate. The fair value less costs to sell amount of the Group's Latvian business unit equalled the subsidiary's net assets, which mainly comprise of stocks purchased from the Company's subsidiary Nutri Export Limited Partnership.

Based on the above, management concluded that the goodwill that arose in the acquisition of Vision Eurotrade Private Limited Company was impaired and an impairment loss of US$663.012 was recognised in the income statement of 2008.

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*	
		2009	*2008*
Sambrook Holdings Limited	British Virgin Islands	100%	100%
Nutri Export Limited Partnership	England and Wales	99%	99%
Vision Holdings Limited	Cyprus	100%	100%
Vision-Latomas Commercial Limited	Hungary	100%	100%
Vision Polska Sp. zo.o.	Poland	100%	100%
Bohemia Vision s.r.o.	Czech Republic	100%	100%
Vision International People Italia S.R.L.	Italy	100%	100%
Vision Balkan Limited	Bulgaria	100%	100%
Vision Istanbul Health and Products Trade and Industry Limited	Turkey	100%	100%
Nutriprodex Limited	England and Wales	100%	100%
Todini Limited	Ireland	100%	100%
Total Eclipse International Limited	England and Wales	100%	100%
Vision Ukraine LLC	Ukraine	100%	100%
Vision Kyiv LLC	Ukraine	100%	100%
Vision Lviv LLC	Ukraine	100%	100%
Vision Odessa LLC	Ukraine	100%	100%
Vision Kharkov LLC	Ukraine	100%	100%
Vision Dnepropetrovsk LLC	Ukraine	100%	100%
Vision Donetsk LLC	Ukraine	100%	100%
Vision Romania S.R.L.	Romania	100%	100%
Vision Middle Asia LLC	Uzbekistan	100%	100%
VisionSerbo d.o.o.	Serbia	100%	100%
ArmeniaVision LLC	Armenia	100%	100%
Vision Vietnam Co Limited	Vietnam	100%	100%
Vision International Kish Private Joint Stock Company	Iran	100%	100%
Vision Euronord Private Limited Company	Lithuania	100%	100%
Vision Eurotrade Private Limited Company	Latvia	100%	100%
Vision Asia LLP	Kazakhstan	100%	100%
VIP Asia LLP	Kazakhstan	100%	100%
Vision Pavlodar LLP	Kazakhstan	100%	100%
Vision Deutschland GmbH	Germany	100%	100%
Vision Group Rus LLC (formerly Vision RTK LLC)	Russia	100%	100%
Vision Persia Joint Stock Company	Iran	100%	100%
Vision Kurgan LLC	Russia	100%	100%
Vision Enisey LLC	Russia	100%	100%
Opt RTK LLC	Russia	100%	100%
Vision Volga LLC	Russia	100%	100%
Vision Baikal LLC	Russia	100%	100%
Vision Krasnodar LLC	Russia	100%	100%

11. Subsidiaries (continued)

Name	*Country of incorporation*	*% Group equity interest*	
		2009	*2008*
Vision Khabarovsk LLC	Russia	100%	100%
Vision Kazan LLC	Russia	100%	100%
Vision Ufa LLC	Russia	100%	100%
VIP Vision TV Limited	Russia	100%	100%
Vision Omsk LLC	Russia	100%	100%
Vision Vladivostok LLC	Russia	100%	100%
Vision Ekaterinburg LLC	Russia	100%	100%
Vision Samara LLC	Russia	100%	100%
Vision Management (Cyprus) Limited	Cyprus	100%	100%
Vision Azerbaijan LLC	Azerbaijan	100%	100%
VIP-Telecom Limited Liability Company	Russia	100%	100%
Vision International People Group SA	Switzerland	100%	-
Vision Commerce SA	Switzerland	100%	-
Vision Societe	Switzerland	100%	-
Vision E-Shop GmbH	Austria	100%	-
Vision Group Bel	Belarus	100%	-
Vision Egypt for Distribution LLC	Egypt	99%	-

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 associate (note 12). The major item in the balance sheet 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.

The purchase consideration for the acquisition of 100% of the issued share capital of Vision "Ukraine group" in 2005 was US$2.000.000. During the year, US$1.429.282 (2008: US$10.000) was paid leaving a balance outstanding at 31 December 2009 of US$7.000 (31 December 2008: US$1.436.282) that is expected to be settled by 31 December 2010.

Group restructuring during the year ended 31 December 2009

In 2009 the Group took steps to consolidate its business in Russia in the legal entity, Vision Group Rus LLC (formerly Vision RTK LLC). Branches of Vision Group Rus LLC were opened in the middle of 2009 in the following cities: Vladivostok, Volgograd, Ekaterinburg, Irkutsk, Kazan, Krasnodar, Krasnoyarsk, Nizhniy Novgorod, Novosibirsk, Omsk, Samara, Ufa and Khabarovsk. Simultaneously the process of liquidation of the following companies has started and is expected to be completed in 2010: Vision Kurgan LLC, Vision Enisey LLC, Vision Volga LLC, Vision Baikal LLC, Vision Krasnodar, LLC, Vision Khabarovsk LLC, Vision Kazan LLC, Vision Ufa LLC, Vision Omsk LLC, Vision Vladivostok LLC, Vision Ekaterinburg LLC, Vision Samara LLC, VIP-Telecom LLC and VIP Vision TV Limited. The operations of these companies were transferred during the year to Vision Group Rus LLC and its branches.

A similar process of consolidation started at the end of 2009 in Ukraine. The following companies will be liquidated during 2010: Vision Kyiv LLC, Vision Lviv LLC, Vision Odessa LLC, Vision Kharkov LLC, Vision Dnepropetrovsk LLC and Vision Donetsk LLC. The operations of these companies will be transferred to Vision Ukraine LLC and branches.

The Group has opened a new branch in the Can-Tho region of Vietnam in April 2009, whilst closing the Vision Danang branch of Vietnam.

11. **Subsidiaries** (continued)

Acquisitions during the year ended 31 December 2009

Vision International People Group SA and its subsidiaries

In December 2009, the Group acquired 100% of the share capital of five new subsidiaries, namely Vision International People Group SA, Vision Commerce SA and Vision Societe SA, companies incorporated in Switzerland, Vision E-shop GmbH, a company incorporated in Austria and Vision Group Bel, a company incorporated in Belarus. Vision International People Group SA is the shareholder of the latter four companies. Vision Societe SA has three branches, namely Vision Societe SA Sucursal En Espana, registered in Spain, Vision Societe SA Sucursal En Portugal, registered in Portugal and Vision Societe SA Suomen sivuliike, registered in Finland.

These companies were established during 2009 by Health Tech Corporation AG, a company which is related to the Group (note 19). The Group acquired these companies from Health Tech Corporation AG for a total consideration of US$437.517 which represented the amount of the share capital of these companies. The combined net assets acquired amounted to US$105.065 and mainly represent inventories, cash at bank and accruals. The difference between the purchase consideration and the net assets acquired, amounting to US$332.452 represented the accumulated losses of the acquired companies which in turn represented the establishment and other set-up expenses incurred from the registration of the companies until their acquisition by the Group. To account for the substance of this transaction, this amount (US$332.452) was charged to the consolidated statement of comprehensive income. The amount payable at year end for the acquisition of these subsidiaries amounts to US$444.410 after retranslation using the closing rate. According to the agreements, this amount was payable by March 2010. The parties are in the process of amending the repayment date to 31 December 2010.

These companies did not have any operations during 2009, except for Vision E-Shop GmbH which commenced trading operations in November 2009. These companies were acquired/established for the purpose to transfer the operations of certain existing subsidiary companies of the Group to these companies.

Acquisitions during the year ended 31 December 2008

There were no acquisitions of companies during the year 2008.

Establishment of new subsidiaries during the year ended 31 December 2009

Vision Egypt for Distribution LLC

In December 2009, the Group established a subsidiary in Egypt namely Vision Egypt for Distribution LLC. Vision Egypt for Distribution LLC has a capital in the amount of Egyptian Pounds 50.000 (US$9.175) and is owned 99% by the Company. The subsidiary commenced trading operations in November 2009.

Establishment of new subsidiaries during the year ended 31 December 2008

Vision Ekaterinburg LLC

In April 2008, the Group established a subsidiary in Russia namely Vision Ekaterinburg LLC. Vision Ekaterinburg LLC has a capital in the amount of Roubles 2.500.000 (US$105.769) and is owned 100% by the Company. The subsidiary commenced trading operations in April 2008.

11. Subsidiaries (continued)

Establishment of new subsidiaries during the year ended 31 December 2008 (continued)

Vision Samara LLC
In September 2008, the Group established a subsidiary in Russia namely Vision Samara LLC. Vision Samara LLC has a capital in the amount of Roubles 2.650.000 (US$102.850) and is owned 100% by the Company. The subsidiary commenced trading operations in November 2008.

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:

	2009	*2008*
	US$	*US$*
Share of the associate's balance sheet:		
Non-Current Assets	909.198	266.146
Current Assets	2.619.652	2.886.314
Current Liabilities	(939.448)	(617.349)
Net Assets	2.589.402	2.535.111
Goodwill arising on acquisition	3.053.881	3.003.261
Carrying amount of the investment	5.643.283	5.538.372
Share of the associate's revenue and profit:		
Revenue	4.992.444	4.606.468
Profit	935.333	993.269

During the year, the Group received dividends from the associate of US$924.123 (2008: US$1.542.471).

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$93.701-gain (2008: US$245.961-loss) of which US$50.620-gain (2008: US$132.786-loss) relates to the retranslation of goodwill and are included in the relevant reserve in equity.

13. Trade and other receivables

	2009	*2008*
	US$	*US$*
Trade receivables	1.111.314	2.584.719
Advance payments to suppliers	1.414.509	1.851.097
Prepayments and other receivables	4.254.432	2.657.246
	6.780.255	7.093.062

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

Included in other receivables is an amount of US$1.091.656 (2008: US$827.697) representing a current account of the Company with the related party VIP Communication Ltd, which carries no interest and is 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.

	2009	*2008*
	US$	*US$*
Cash at bank	4.827.939	6.143.451
Cash in hand	1.277.250	1.522.066
Cash at bank and in hand	6.105.189	7.665.517
Less bank overdrafts (note 16)	(2.300.271)	(2.306.563)
Cash and cash equivalents	3.804.918	5.358.954

Cash at bank
Bank balances mainly represent current accounts. The main current accounts of the Group are held by Nutri Export Limited Partnership, Vision International People Group Public Limited and Vision Group Rus LLC representing a balance as at 31 December 2009 of US$384.641, US$448.200 and US$1.887.684 respectively (2008: US$1.874.303, US$656,841, and US$314.038, respectively). These bank accounts are denominated mainly in US$, Euro and Russian Rouble and earn no interest except for Vision Group Rus LLC which includes short term deposits bearing interest at 3,5%-4% per annum. Other bank accounts earn interest at nil or nominal rates. Total interest earned for the year ended 31 December 2009 amounted to US$24.769 (2008: US$29.316).

15. Issued capital - ordinary shares

	2009		*2008*	
	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 2009 and 2008.

16. Interest-bearing loans and borrowings

	Interest rate (p.a.)	*Maturity*	*2009 US$*	*2008 US$*
Non-current				
Head Office building secured bank loan	US$ LIBOR +2,10%, Euribor + 2%	2011-2021	3.047.659	3.313.573
Obligations under hire purchase contracts (note 18)	5,25%-7,50%	2011	85.364	93.975
Other banking facilities	US$ LIBOR + 2%	2012	133.333	233.333
			3.266.356	3.640.881
Current				
Head Office building secured bank loan	US$ LIBOR +2,10%, Euribor + 2%	2010	321.287	312.191
Obligations under hire purchase contracts (note 18)	5,25%-7,5%	2010	76.525	104.468
Bank overdrafts	US$ LIBOR + 2%	2010	2.300.271	2.306.563
VIP Progress (Overseas) Ltd Loan	12,5%-18%	2010	1.051.278	-
Other banking facilities	US$ LIBOR + 2%-18%	2010	100.000	1.900.000
			3.849.361	4.623.222

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$6.578 thousand as at 31 December 2009 and US$6.755 thousand as at 31 December 2008).

In July 2005, the Company entered into facility agreements with Marfin Popular Bank for the financing of the purchase of the property and the payment of the transfer fees. This financing entails two fixed term bank loans in US$. All amounts were drawn up to 31 December 2007.

Both loans carry interest at a rate equal to US$ LIBOR plus 2,10%. The first loan is repayable by monthly instalments over a period of 15 years. The second loan was repayable in 36 monthly instalments and was fully repaid in November 2008.

In April 2008 the Company entered into a fixed term loan with Marfin Popular Bank for the amount of €380.000 (US$544.647) for the purpose of financing additional works to the Head Office building. Up to 31 December 2009, an amount of €305.055 (US$437.229) was drawn. The loan carries interest at Euribor plus 2% per annum and is repayable in 120 monthly instalments.

16. Interest-bearing loans and borrowings (continued)

Head Office building secured bank loan (continued)

The total interest charged during the year ended 31 December 2009 amounted to US$114.283 (2008: US$192.406).

All loans are secured by first legal mortgage over the property for US$5.558 thousand, the assignment of fire and earthquake insurance policy over the property for the amount of €5.143 thousand and a floating charge for €342 thousand over the assets of the Company.

Obligations under hire purchase contracts

These concern contracts for the purchase of motor vehicles and computer hardware. The assets under hire purchase contracts are pledged as security for the related hire purchase liabilities.

Bank overdrafts and other banking facilities

In March 2007, the Company entered into secured facility agreements with Marfin Popular Bank. This financing entails an overdraft facility for an amount up to US$2.300.000 and a fixed term loan of US$500.000. Both facilities carry interest at a rate equal to US$ LIBOR plus 2% per annum and are secured by second legal mortgage over the Head Office building for the amount of US$2.130.000. The fixed term loan is repayable by monthly installments over a period of five years. The overdraft facility is payable on demand, renewable on an annual basis. The total interest charged on the overdraft facility and the loan during the year ended 31 December 2009 amounted to US$71.920 (2008: US$111.304) and US$8.924 (2008: US$20.516), respectively.

In August 2007, Nutri Export Limited Partnership entered into a loan agreement with Joint-Stock Commercial Bank “Promsvyazbank” Cyprus Branch, for the financing of purchases under import contracts. This financing entailed a credit facility with debt ceiling in the amount of US$2.000.000 and was fully repaid by 30 April 2009 including all interest.
Up to January 2009, the loan carried interest at a rate equal to US$ LIBOR plus 6% per annum. As from February 2009 the loan carried interest at a rate of 18% per annum. The loan was secured by a floating charge on the stocks of subsidiary companies of Vision International People Group Public Limited in Russia, as well as a guarantee of Vision International People Group Public Limited. The total interest charged during the year ended 31 December 2009 amounted to US$40.377 (2008: US$179.149).

Loan from VIP Progress (Overseas) Ltd

In January 2009, the Company entered into a loan agreement with VIP Progress (Overseas) Ltd, a related party of the Group, according to which VIP Progress (Overseas) Ltd lent €530.000 with interest of 12,5% per annum to the Company.

Supplementary agreements were entered into during the year that extended the principal amount of the loans to €655.000 and increasing the interest rate to 18% per annum.

The repayment of the loan was also extended until 31 December 2010 with equal monthly payments of €59.545 starting February 2010 with final payment in December 2010 including all accrued interest. The balance of the loan as at 31 December 2009 amounts to €733.607 (US$1.051.278). The total interest charged during the year ended 31 December 2009 amounted to US$134.767.

16. Interest-bearing loans and borrowings (continued)

Unutilised facilities from VIP Progress (Overseas) Ltd

In July 2009, the Company entered into two additional loan agreements with VIP Progress (Overseas) Ltd for the amount of €2.500.000 and €10.000.000. Both loan agreements remained unutilized at year end.

As per the terms of the agreements, interest will be charged at 15% per annum and will have a repayment date 31 October 2010.

17. Trade and other payables

	2009	*2008*
	US$	*US$*
Trade payables	5.725.380	4.195.954
Unpaid commissions payable to distributors	3.719.358	5.379.675
Accrued commissions to distributors on unsold stock at franchisee outlets	606.609	2.618.470
Amounts accrued under distributors' incentive schemes and other commissions related accruals	3.487.323	1.549.740
Unpaid dividends for 2006	2.191.607	2.191.607
Unpaid dividends for 2005	1.123.491	1.123.491
Unpaid dividends for 2004	562.466	562.466
Unpaid dividends for 2003	16.994	16.994
Other accruals and payables	6.709.876	2.261.747
	24.143.104	19.900.144

Included in other accruals and payables is an amount of US$2.986.609 which represents the overpayment by a former debtor with whom trading had ceased during 2009. The parties had entered into an agreement to convert this amount into a loan as of 1 January 2010, with interest at 10% per annum and repayment term by 31 December 2010.

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

18. Commitments and contingencies

Operating lease commitments – Group as lessee

Future minimum rentals payable under non-cancellable operating leases (mainly for premises) are as follows as of 31 December:

	2009	*2008*
	US$	*US$*
Within one year	183.858	752.832
After one year but not more than five years	210.113	356.326
More than five years	-	-
	393.971	1.109.158

18. Commitments and contingencies (continued)

Hire purchase commitments

The Company entered into hire purchase contracts for the purchase of computer hardware and motor vehicles. Future minimum payments under hire purchase contracts together with the present value of the net minimum payments are as follows at 31 December:

	2009		*2008*	
	Minimum payments	*Present value of payments*	*Minimum payments*	*Present value of payments*
	US$	*US$*	*US$*	*US$*
Within one year	82.450	76.526	114.007	104.468
After one year but not more than five years	92.411	85.363	100.069	93.975
Total minimum lease payments	174.861	161.889	214.076	198.443
Less amounts representing finance charges	(12.972)	-	(15.633)	-
Present value of minimum lease payments	161.889	161.889	198.443	198.443

Capital commitments

At 31 December 2009 the Group had capital commitments of €150.000 (US$216.090) for the purchase of additional building density which is payable to the Cyprus Land Registry Department.

At 31 December 2008 the Group had capital commitments of €40.451 (US$57.017) and €98.260 (US$138.500) for the performance of construction work on the Head Office building and the purchase of a motor vehicle, respectively.

Russian operating environment

As shown in note 3, the Group's business is contacted 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. 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. The ongoing global financial crisis has resulted in a decline in the gross domestic product, capital markets instability, significant deterioration of liquidity in the banking sector, and tighter credit conditions within Russia. While the Russian Government has introduced a range of stabilisation measures aimed at providing liquidity to Russian banks and companies, there continues to be uncertainty regarding the access to capital and cost of capital.

These factors could affect the Group's financial position, results of operations and business prospects. In addition, should a significant devaluation of the Russian Rouble occur, the operations of the Group could potentially be negatively affected.

While Group management believes it is taking appropriate measures to support the sustainability 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.

18. Commitments and contingencies (continued)

Legal and other claims

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

In addition to regulation of its direct selling activities, the Group, in all markets where it operates, is or will be subject to and affected by various laws, governmental regulations, administrative determinations, court decisions and similar constraints (as applicable, at the international and local level) including, among other things, regulations pertaining to (i) the formulation and registration of formulation, manufacturing, packaging, labeling, distribution, importation, sale and storage of the Group's products, (ii) product claims and advertising (including direct claims and advertising by the Group as well as claims and advertising by Distributors, for which the Group may be held responsible), (iii) the Company's network marketing system, (iv) transfer pricing, product distribution and similar regulations that affect the level of foreign taxable income, VAT and import/customs duties and (v) taxation of Distributors, which in some instances may impose an obligation on the Group to collect the taxes and maintain appropriate records.

The Group does not maintain product liability/consumer protection insurance in all jurisdictions where it operates. 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.

As of the date of the 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

At 31 December 2009 and 2008 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 parent is Health Tech Corporation Limited, a company incorporated in the Island of Guernsey. Health Tech Corporation Limited is beneficially owned by the Executive Director, Mr. Dmitry Buriak. The Group considers Mr. Dmitry Buriak to be its ultimate controlling party.

The Directors of the Company and Messrs. Jean Marc Colaianni (former Vice President International Business Development), Aram Aroutiounian (former Vice President Product Development), Vahagn Manukyan (former Chief Executive Officer and former General Manager) were considered as being the key management personnel of the Group during the year.

19. Related party disclosures (continued)

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

Related party		*Purchases from related parties US$*	*Net interest paid/ (received) US$*	*Income from related parties US$*	*Expenses charged by related parties US$*
Health Tech Corporation Limited	2009	-	-	-	-
	2008	-	-	-	59.117
Health Tech Property Limited	2009	-	-	-	373.721
	2008	-	-	-	778.572
Corpofin S.A.	2009	-	(4.286)	-	-
	2008	-	60.761	-	-
VIP Communication Limited	2009	-	-	7.370	630.000
	2008	-	-	40.915	1.200.000
Nutripharma Limited	2009	14.282.994	165.854	-	-
	2008	12.715.570	43.076	-	-
VIP Progress (Overseas) Ltd	2009	-	134.767	-	19.813
	2008	-	-	-	18.089
Real Pro LLC	2009	-	-	-	10.248
	2008	-	-	-	16.787
UAB Forumo Rumai	2009	-	-	-	127.020
	2008	-	-	-	1.495
Atlas Corporate Services GmbH	2009	-	-	20.519	1.839.065
	2008	-	-	1.800	44.876
Strateg Garant LLC	2009	14.595	-	8.284	82.175
	2008	12.729	-	165	-
JSC “Svencioniu Vaistazoles”	2009	513.640	-	-	-
	2008	-	-	-	-
UAB Ekfita Ltd	2009	-	-	-	5.319
	2008	-	-	-	-

19. Related party disclosures (continued)

Related party		*Trade and other receivables US$*	*Trade and other payables US$*	*Amounts due (to)/from US$*	*Loans due (to)/from US$*
Health Tech Corporation AG (Note 11)	2009	-	-	(444.411)	-
	2008	-	-	-	-
VIP Communication Limited (note 13)	2009	1.092.013	250.778	-	-
	2008	1.196.071	-	-	-
Nutripharma Limited	2009	1.414.509	4.915.003	-	-
	2008	1.391.062	4.675.378	-	-
Health Tech Property Ltd	2009	-	-	-	-
	2008	76.977	73.913	-	-
Atlas Corporate Services GmbH	2009	670	-	(589.094)	-
	2008	1.471	-	-	-
Strateg Garant LLC	2009	-	-	22.425	-
	2008	20.563	4.974	-	-
VIP Progress (Overseas) Ltd (note 16)	2009	-	-	-	(1.051.278)
	2008	-	-	-	-
Corpofin S.A.	2009	-	-	-	85.501
	2008	-	-	-	-
Playar Holdings Ltd.	2009	-	-	(76.166)	-
	2008	-	-	-	-

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

Party	*Relationship*
Health Tech Corporation AG	Senior Parent company
Health Tech Corporation Limited	Parent company
Health Tech Property Limited	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 GmbH	Entity under common control
Strateg Garant LLC	Entity under common control
JSC “Svencioniou Vaistazoles”	Entity under common control
UAB Ekfita	Entity under common control
Nutripharma Limited	Associate
Playar Holdings Limited	Entity under control of one director

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

	2009	*2008*
	US$	*US$*
Directors' salaries, fees and other benefits	517.002	959.123
Other key management personnel:		
Short-term benefits	356.501	950.911
Social security and provident fund contributions	5.851	42.265
Total remuneration	879.354	1.952.299

Included in trade and other receivables at 31 December 2009 is a balance of US$25.367 (31 December 2008: US$nil) receivable from a director of the Group representing a current account.

Other Directors' interests

During the year purchases of computer hardware and software and supplies totalling US$10.552 (2008: US$35.576) at normal market prices were made by Group companies from Demstar Information Group Limited of which one prior non-executive Director (Mr. Michael G. Colocassides who resigned on 21 October 2009) is a Director. Also, US$56.946 (2008: US$95.920) was charged by Demstar Information Group Limited for IT related services provided to the Group. An amount of US$2.530 was payable to Demstar Information Group Limited at 31 December 2009 (2008: US$944).

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.

20. Financial risk management and capital management (continued)

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

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

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

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

	Increase/ decrease in basic points	*Effect on profit before tax US$*
2009	+1,0	(3.737)
Euro	+1,0	(55.289)
US$		
Euro	-1,0	3.737
US$	-1,0	55.289
2008		
Euro	+1,5	(2.944)
US$	+2,0	(157.997)
Euro	-1,0	3.926
US$	-1,5	118.498

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.

20. Financial risk management and capital management (continued)

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2008 based on contractual undiscounted payments.

Year ended 31 December 2009	*On demand US$*	*< 1 year US$*	*1 to 5 Years US$*	*> 5 years US$*	*Total US$*
Interest bearing loans and borrowings	2.300.271	1.754.446	2.332.250	2.859.539	9.246.506
Trade and other payables	-	24.594.514	-	-	24.594.514
Total	2.300.271	26.348.960	2.332.250	2.859.539	33.841.020

Year ended 31 December 2008	*On demand US$*	*< 1 year US$*	*1 to 5 Years US$*	*> 5 years US$*	*Total US$*
Interest bearing loans and borrowings	2.306.563	2.527.558	2.178.875	3.049.900	10.062.896
Trade and other payables	-	21.336.426	-	-	21.336.426
Total	2.306.563	23.863.984	2.178.875	3.049.900	31.399.322

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. 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.

20. Financial risk management and capital management (continued)

Credit risk

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

Maximum credit risk exposure

The amount that best represents the Group's maximum credit risk exposure at the balance sheet 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 an 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.

	2009 *US$*	*2008* *US$*
Interest-bearing loans and borrowings (non-current)	3.266.356	3.640.881
Interest-bearing loans and borrowings (current)	3.849.361	4.623.222
	7.115.717	8.264.103
Equity attributable to equity holders of the parent	12.777.504	19.782.549
Equity and interest-bearing Debt	19.893.221	28.046.652
Gearing ratio	36%	29%

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

21. Events after the balance sheet date

On 26 February 2010, the Board of Directors resolved to initiate the liquidation of the subsidiary Vision International People Italia SRL and to transfer its business to other Group companies.

On 27 April 2010, the Board of Directors resolved the following:

(a) to accept the initiation of the liquidation of Vision Kyiv LLC, Vision Lviv LLC, Vision Odessa LLC, Vision Kharkov LLC, Vision Dnepropetrovsk LLC and Vision Donetsk LLC and to transfer their business to Vision Ukraine LLC;

(b) to accept the proposal to sell Vision Middle Asia LLC to a future buyer;

(c) to accept the resignation of Mr Antony Hadjirousos from the position of Independent Non-Executive Director with effect as of 30 April 2010 and further approved his appointment as Alternate Director of Mr Dmitry Khenkin, Independent Non-Executive Director as of the same date.

There are no other material events after the balance sheet date, which affect the consolidated financial statements at 31 December 2009.

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 2009 and 2008 have been translated to € using the exchange rate issued by the European Central Bank as at 31 December 2009, i.e. US$1 = €1,4406.

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 2009 confirm that, to the best of our knowledge:

(a) the accompanying annual parent company financial statements:

(iii) 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

(iv) 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 Director

Non-Executive Director

Pavel Dubrov

Independent Non-Executive Directors

Antony Hadjiroussos
John Michael Hadjihannas
Dmitry Khenkin

Chief Financial Officer

Olga Burdova

27 April 2010

COMPANY STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2009

	Notes	*2009 US$*	*2008 US$*
Dividends received from subsidiaries		25.874.891	10.075.293
Other operating income	3	416.662	475.009
Administrative expenses	3	(11.666.893)	(15.907.473)
Profit/loss from operating activities		14.624.660	(5.357.171)
Provision for impairment on investments in subsidiaries	8	(4.409.080)	-
Finance costs	3	(1.367.160)	(604.430)
Finance income	3	10.015	233.657
Profit/loss before income tax		8.858.435	(5.727.944)
Income tax expense	4	(315.326)	(821.766)
PROFIT/(LOSS) FOR THE YEAR		8.543.109	(6.549.710)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		8.543.109	(6.549.710)

All the amounts shown above are from continuing activities.

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2009

	Issued capital US$	*Accumulated losses US$*	*Total US$*
At 1 January 2008	7.500.000	(3.645.984)	3.854.016
Total comprehensive income for the year	-	(6.549.710)	(6.549.710)
At 31 December 2008	7.500.000	(10.195.694)	(2.695.694)
Total comprehensive income for the year	-	8.543.109	8.543.109
At 31 December 2009	7.500.000	(1.652.585)	5.847.415

There is no withholding tax on payments of dividends by the Company to non-resident shareholders or shareholders that are companies resident in Cyprus. Payments of dividends to shareholders that are physical persons resident in Cyprus are subject to a 15% withholding tax.
As from 1 January 2003, companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 15% 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 dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the Company for the account of the shareholders.
For the tax year 2007, the special contribution for the defence on deemed distribution is estimated at US$nil (tax year 2006: US$38).

COMPANY STATEMENT OF FINANCIAL POSITION
at 31 December 2009

	Notes	2009 US$	2008 US$
ASSETS			
Non-current assets			
Property, plant and equipment	6	7.102.048	7.743.694
Intangible assets - computer software	7	42.363	258.402
Investments in subsidiaries	8	6.720.778	10.942.531
		13.865.189	18.944.627
Current assets			
Prepayments and other receivables		724.245	165.365
Amounts due from subsidiaries and related parties	14	11.035.166	5.968.549
Loans receivable from subsidiaries	14	1.228.768	544.734
Cash in hand and at bank	9	448.200	656.841
		13.436.379	7.335.489
TOTAL ASSETS		27.301.568	26.280.116
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	10	7.500.000	7.500.000
Accumulated losses		(1.652.585)	(10.195.694)
TOTAL EQUITY		5.847.415	(2.695.694)
Non-current liabilities			
Interest-bearing loans and borrowings	11	3.180.992	3.582.646
		3.180.992	3.582.646
Current liabilities			
Accruals and other payables	12	6.996.737	6.355.320
Current portion of interest-bearing loans and borrowings	11	3.784.486	2.778.745
Amount payable for the acquisition of "Ukraine group"	8	7.000	1.436.282
Amounts payable for the establishment of subsidiaries		4.849	4.849
Amounts payable for the acquisition of new subsidiaries	8	149.940	-
Amounts due to subsidiaries and related parties	14	7.329.865	14.808.584
Income tax payable		284	9.384
		18.273.161	25.393.164
TOTAL LIABILITIES		21.454.153	28.975.810
TOTAL EQUITY AND LIABILITIES		27.301.568	26.280.116

Roberto Piona – *Chairman*

Dmitry Buriak – *Director and Chief Executive Officer*

Olga Burdova – *Chief Financial Officer*

COMPANY STATEMENT OF CASH FLOWS
for the year ended 31 December 2009

	Notes	2009 US$	2008 US$
Cash flows from operating activities			
Profit/(loss) before income tax		8.858.435	(5.727.944)
Adjustments for:			
Impairment of investments in subsidiaries		4.409.080	-
Net interest cost and bank charges		449.616	590.776
Depreciation and amortisation		780.293	883.856
Loss on disposal of property, plant and equipment		27.957	-
Operating loss before working capital changes		14.525.381	(4.253.312)
Increase in prepayments and other receivables		(558.880)	(23.383)
Net change in amounts due from/to subsidiaries and related parties		(12.545.336)	14.600.202
Decrease in loans receivable from subsidiaries		(684.034)	(13.727)
Increase in accruals and other payables		641.417	1.244.419
Cash generated from operations		1.378.548	11.554.199
Net interest and bank charges paid		(449.616)	(590.776)
Income taxes paid		(324.426)	(821.154)
Net cash flows from operating activities		604.506	10.142.269
Cash flows from investing activities			
Purchase of property, plant and equipment		(222.132)	(176.475)
Purchase of intangible assets		-	(40.723)
Proceeds from disposal of property, plant and equipment		271.470	-
Payments for the establishment of subsidiaries		-	(208.628)
Additions to investments in subsidiaries		(187.327)	-
Payment of amount due for the acquisition of Todini Ltd		-	(400.000)
Payment of amount due for the acquisition of “Ukraine group”		(1.429.282)	(10.000)
Payment of amount due for acquisition of Vision Euronord Plc		-	(400.000)
Payment of amount due for acquisition of Vision Eurotrade Plc		-	(750.000)
Amount payable for the acquisition of subsidiaries		149.940	-
Net cash flows used in investing activities		(1.417.331)	(1.985.826)
Cash flows from financing activities			
Dividends paid		-	(6.365.019)
Repayment of bank loans and other banking facilities		(873.657)	(557.712)
Repayment of hire purchase obligations		(84.081)	(104.663)
Proceeds from loans and other banking facilities		1.568.214	50.095
Net cash flows used in financing activities		610.476	(6.977.299)
Net (decrease)/increase in cash and cash equivalents		(202.349)	1.179.144
Cash and cash equivalents at 1 January		(1.649.722)	(2.828.866)
Cash and cash equivalents at 31 December	9	(1.852.071)	(1.649.722)

1. Corporate information

The financial statements of Vision International People Group Public Limited for the year ended 31 December 2009 were authorised for issue in accordance with a resolution of the Directors on 27 April 2010.

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 Group ("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.

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

The Company's 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, an Executive Director of the Company, who is considered as the ultimate controlling party of the Group.

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 2009 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 Changes in accounting policies and disclosures

As from 1 January 2009, the Company has adopted the following new and amended IFRSs and IFRIC Interpretations:

Amendments to IAS 1, Presentation of Financial Statements: A Revised Presentation
Amendment to IAS 23, Borrowing costs
IFRS 8, Operating Segments
Amendment to IFRS 7, Improving Disclosures about Financial Instruments
Improvements to IFRSs (issued in May 2008)
Amendments to IFRS 1 and IAS 27, Cost of an Investment in a subsidiary, JV or associate
Amendments to IAS 32 and IAS 1, Puttable Financial Instruments and Obligations Arising on Liquidation
Amendment to IFRS 2, Share Based Payment: Vesting Conditions and Cancellations
IFRIC 13, Customer Loyalty Programmes
IFRIC 15, Agreements for the Construction of Real Estate
IFRIC 16, Hedges of a Net Investment in a Foreign Operation
Amendments to IFRIC 9 and IAS 39, Embedded Derivatives
IFRIC 18, Transfer of Assets from Customers (for transfer of assets after 1 July 2009)

Adoption of the above did not have any effect on the financial statements of the Company other than as described below:

Amendments to IAS 1, Presentation of Financial Statements: A Revised Presentation
The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement or two linked statements. The Company has elected to present a single statement. The revised standard recommended the term statement of financial position to replace the term balance sheet which the Company adopted.

IAS 23 Borrowing Costs
The revised IAS 23 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Company's previous policy was to expense borrowing costs as they were incurred. In accordance with the transitional provisions of the amended IAS 23, the Company has adopted the standard on a prospective basis. Therefore, borrowing costs are capitalised on qualifying assets with a commencement date on or after 1 January 2009. During year ended 31 December 2009 there were no borrowing costs that could be capitalised on qualifying assets.

2.2 Changes in accounting policies and disclosures (continued)

IFRS 8 Operating Segments
IFRS 8 replaced IAS 14 'Segment Reporting' and adopted a management-based approach to segment reporting. The information required to be reported is that which management uses internally for evaluating the performance of its operating segments and allocating resources to those segments and this information may be different from that reported in the balance sheet and income statement. The Company does not have any trading activity. Segmental information is presented in the consolidated financial statements of the Company.

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

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

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

Revised IFRS 3 'Business Combinations' and Amended IAS 27 'Consolidated and Separate Financial Statements' (effective for annual periods beginning on or after 1 July 2009)
IFRS 3 (revised) introduces a number of changes in the accounting for business combinations occurring after this date that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor they will give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to IAS 7 'Statement of Cash Flows', IAS 12 'Income Taxes', IAS 21 'The Effects of Changes in Foreign Exchange Rates', IAS 28 'Investment in Associates' and IAS 31 'Interests in Joint Ventures'. The changes of the revised IFRS 3 are not applicable to the Company. The amended IAS 27 may prospectively affect future investments in subsidiaries.

Amendment to IAS 39 'Financial Instruments: Recognition and Measurement – Eligible Hedged Items' (effective for annual periods beginning on or after 1 July 2009)
The Amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. The Company does not expect this Amendment to impact its financial statements.

Revised IFRS 1 'First-time Adoption of International Financial Reporting Standards' (effective for annual periods beginning on or after 1 July 2009)
This revision of IFRS 1 issued in November 2008 retains the substance of the previous version, but within a changed structure. It replaces the previous version and is effective for entities applying IFRSs for the first time for annual periods beginning on or after 1 July 2009. There is no impact on the financial statements of the Company as a result of this revision.

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)

IFRIC 17 'Distribution of Non cash Assets to Owners' (effective for annual periods beginning on or after 1 July 2009)
IFRIC 17 applies to all non-reciprocal distributions of non-cash assets, including those giving the shareholders a choice of receiving non-cash assets or cash, provided that all owners of the same class of equity instruments are treated equally and the non-cash assets are not ultimately controlled by the same parties both before and after the distribution, and as such, excluding transactions under common control. The Company does not expect that this Interpretation will have any impact on its financial statements.

Amendment to IAS 32 Financial Instruments: Presentation – Classification of rights issues denominated in a foreign currency (effective for accounting periods beginning on or after 1 February 2010)
The amendment alters the definition of a financial liability in IAS 32 to classify rights issues and certain options or warrants (together, here termed rights) as equity instruments. This amendment does not apply to the Company as it does not have such instruments in issue.

Improvements to IFRSs 2009 (effective for various annual periods, the earliest beginning on or after 1 July 2009)
In April 2009, the IASB issued its second omnibus of amendments to its standards and the related basis for conclusions. This document contains 15 amendments to 12 standards. Effective dates range from 1 July 2009 to 1 January 2010. The Company is in the process of assessing the impact of these amendments on its next annual financial statements but does not expect to impact its financial statements significantly.

Amendments to IFRS 2 Share-based Payment "Group Cash-settled Share-based Payment Arrangements" (effective for accounting periods beginning on or after 1 January 2010)
The amendment provides guidance on how to account for cash-settled share based payment transactions in the separate financial statements of an entity. This amendment does not apply to the Company.

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

Amendments to IFRS 1 "Additional Exemptions for First-time Adopters" (effective for accounting periods beginning on or after 1 January 2010)
These amendments provide relief from the full retrospective application of IFRS for the measurement of oil and gas assets and leases. This amendment does not apply to the Company.

Revised IAS 24 Related Party Disclosures (effective for accounting periods beginning on or after 1 January 2011)
The IASB has amended IAS 24 in an effort to simplify the identification of related party relationships by clarifying the definition of related parties but without reconsidering the fundamental approach to related party disclosures. The Company is in the process of assessing the impact of this revision on its financial statements but does not expect to impact its financial statements significantly.

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

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

IFRS 9 Financial Instruments: Classification and Measurement (effective for accounting periods beginning on or after 1 January 2013)
On 12 November 2009 the IASB published the first phase of IFRS 9 Financial Instruments, the accounting standard that will eventually replace IAS 39 Financial Instruments: Recognition and Measurement. The aim is to replace IAS 39 in its entirety by the end of 2010. The main focus of the first phase is the classification and measurement of financial assets. IFRS 9 is required to be applied retrospectively and is expected to result in significant changes in the classification and measurement of financial instruments. The Company is currently in the process of assessing the impact of the new Standard on its financial statements but does not expect to impact its financial statements significantly.

Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement (effective for annual periods beginning on or after 1 January 2011)
The amendment was made to remove an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. It requires entities to treat such early payment as a pension asset. Subsequently, the remaining surplus in the plan, if any, is subject to the same analysis as if no prepayment had been made. The Company does not currently have any plans with minimum funding requirements.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010)
IFRIC 19 clarifies that equity instruments issued to a creditor to extinguish a financial liability are “consideration paid” in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability. The Company does not currently have any transactions within the scope of the Interpretation.

Amendments to IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (effective for accounting periods beginning on or after 1 July 2010)
Relief is given to first-time adopters from providing comparative information for the disclosures required by the amendments to *IFRS 7 Financial Instruments: Disclosure* in the first year of application. This amendment does not apply to the Company.

2.4 Significant accounting estimates

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 balance sheet. 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 balance sheet 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 Significant accounting estimates (continued)

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

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

2.5 Summary of significant accounting policies

Investments in subsidiaries

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

Other investments

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

After initial recognition, investments which are classified as financial assets at fair value through profit or loss and available-for-sale are measured at fair value. Gains or losses on investments at fair value through profit or loss are recognised in 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 income statement.

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 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 balance sheet date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

2.5 Summary of significant accounting policies (continued)

Other investments (continued)

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

Foreign currency translation

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

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

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

Intangible assets

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

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

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

Computer software	33%

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

Property, plant and equipment

Property, plant and equipment is initially measured at cost.

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

2.5 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset 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 income statement in the year that the asset is derecognised.

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

Impairment of non-financial assets

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

Impairment losses are recognised in the income statement.

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 cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Prepayments and other receivables

Prepayments 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 balance sheet date are not recognised as a liability at the balance sheet date.

2.5 Summary of significant accounting policies (continued)

Share capital

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

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

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 income statement when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial assets and liabilities

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

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

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

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

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 income statement.

Accruals and other payables

Liabilities for 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 Company.

Provisions

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

Financial assets and financial liabilities-fair value

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

Leases and hire purchase contracts

Hire purchase contracts, which transfer to the Company 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 income statement 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 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. 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 income statement 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 balance sheet 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 balance sheet date.

3. Revenues and expenses

	2009 *US$*	*2008* *US$*
Other operating income		
Royalties and license fees	208.482	304.996
Other	208.180	170.013
	416.662	475.009
Administrative expenses		
These include the following:		
Depreciation and amortisation	780.293	883.856
Operating lease rentals	93.629	914.373
Group audit fees – current year	400.000	400.000
Loss on disposal of property, plant and equipment	27.957	-
Staff costs:		
Wages and salaries	2.392.436	3.114.340
State pension and other social and medical security costs	229.691	337.278
Cyprus employees provident fund contributions	60.419	67.539
Employees' bonus	9.560	42.341
	2.692.106	3.561.498

The remuneration of Directors and other key management personnel is not included in staff costs disclosed above and is disclosed in note 14.

The number of persons employed by the Company at 31 December 2009 was 37 (2008: 98).

3. Revenues and expenses (continued)

	2009	*2008*
Finance costs	*US$*	*US$*
Charges and interest expense on:		
Bank accounts	183.115	314.457
Bank loans	123.207	213.257
Hire purchase contracts	18.428	15.929
VIP Progress (Overseas) Ltd loan	134.767	-
Corpofin S.A. loan	-	60.761
Other payables	114	26
Foreign exchange differences	907.529	-
	1.367.160	604.430
Finance income		
Interest income on:		
Loans receivable from subsidiaries	7.000	13.486
Other receivables	3.015	168
Foreign exchange differences	-	220.003
	10.015	233.657

4. Income tax

	2009	*2008*
	US$	*US$*
Income statement		
Current income tax		
Current income tax charge	-	-
Withholding tax on dividends received	304.308	821.766
Special defence tax	11.018	-
Income tax expense	315.326	821.766

At 31 December 2009 and 2008 the Company had tax losses carried forward amounting to US$59.923 thousand and US$47.452 thousand respectively, for which no deferred tax asset is recognised in the balance sheet. Tax losses may be utilised against future taxable profits indefinitely.

The Company is resident in Cyprus for tax purposes and is taxed at the rate of 10%. A special levy of 10% is also imposed on interest received and deemed interest income in certain cases. Dividend income and profits from the sale of shares and other titles of companies are exempt from Cyprus taxation.

5. Dividends paid and proposed

On 27 April 2010, the Directors resolved to recommend that no dividend is paid for the year 2009. No dividend was declared for the year 2008. The Company did not pay interim dividends for 2009 and 2008.

6. Property, plant and equipment

	Freehold property *US$*	*Furniture and equipment* *US$*	*Motor vehicles* *US$*	*Total* *US$*
Cost				
At 1 January 2008	7.029.760	1.407.954	441.542	8.879.256
Additions	398.529	139.721	-	538.250
Disposals	-	-	-	-
At 31 December 2008	7.428.289	1.547.675	441.542	9.417.506
Additions	57.017	11.688	153.426	222.131
Disposals	-	(484.446)	(441.541)	(925.987)
At 31 December 2009	7.485.306	1.074.917	153.427	8.713.650
Accumulated depreciation				
At 1 January 2008	449.441	534.679	122.990	1.107.110
Charge for the year	224.108	254.285	88.309	566.702
Disposals	-	-	-	-
At 31 December 2008	673.549	788.964	211.299	1.673.812
Charge for the year	233.302	255.019	75.932	564.253
Disposals	-	(370.018)	(256.445)	(626.463)
At 31 December 2009	906.851	673.965	30.786	1.611.602
Net book value				
At 31 December 2009	6.578.455	400.952	122.641	7.102.048
At 31 December 2008	6.754.740	758.711	230.243	7.743.694

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

Included in freehold property is the Vision Tower in Nicosia, Cyprus with a carrying amount at 31 December 2009 of US$6.578.453 (2008: US$6.754.740). The property was financed by bank loans and has been pledged as security for these loans (note 11). Four 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$207.962 (US$88.784) and is included in other income.

Included in freehold property at 31 December 2009 and 2008 is land that is not depreciated amounting to US$1.652.744.

The carrying amount of motor vehicles and computer hardware held under hire purchase contracts at 31 December 2009 is US$122.987 (2008: US$130.654). The assets under hire purchase contracts are pledged as security for the related hire purchase liabilities (note 13).

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	2009 US$	2008 US$
Cost		
At 1 January	1.028.947	988.224
Additions	-	40.723
At 31 December	1.028.947	1.028.947
Accumulated amortisation		
At 1 January	770.545	453.391
Charge for the year	216.039	317.154
At 31 December	986.584	770.545
Net book value		
At 31 December	42.363	258.402

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 balance sheet as the expenditure incurred on these assets is not deemed to be significant and could not be measured and attributed reliably.

8. Investments in subsidiaries

Name	*Country of incorporation*	*2009*			*2008*
		Cost US$	*Provision for impairment US$*	*Carrying amount US$*	*Cost/ Carrying amount US$*
Sambrook Holdings Limited	British Virgin Islands	100	-	100	100
Nutri Export Limited Partnership	England and Wales	-	-	-	-
Vision Holdings Limited	Cyprus	1.897	-	1.897	1.897
Vision-Latomas Commercial Limited	Hungary	123.469	-	123.469	86.082
Vision Polska Sp. zo.o.	Poland	10.733	-	10.733	10.733
Bohemia Vision s.r.o.	Czech Republic	71.602	-	71.602	71.602
Vision International People Italia S.R.L.	Italy	249.201	(249.201)	-	249.201
Vision Balkan Limited	Bulgaria	-	-	-	-
Vision Istanbul Health and Products Trade and Industry Limited	Turkey	-	-	-	
Nutriprodex Limited	England and Wales	1.794	-	1.794	1.794
Todini Limited	Ireland	5.064.967	-	5.064.967	5.064.967
Total Eclipse International Limited	England and Wales	91.220	-	91.220	91.220
Vision Ukraine LLC	Ukraine	360.000	-	360.000	360.000
Vision Kyiv LLC	Ukraine	400.000	(400.000)	-	400.000
Vision Lviv LLC	Ukraine	400.000	(400.000)	-	400.000
Vision Odessa LLC	Ukraine	400.000	(378.494)	21.506	400.000

8. **Investments in subsidiaries** (continued)

Name	*Country of incorporation*	*2009*			*2008*
		Cost US$	*Provision for impairment US$*	*Carrying amount US$*	*Cost/ Carrying amount US$*
Vision Kharkov LLC	Ukraine	400.000	(394.492)	5.508	400.000
Vision Dnepropetrovsk LLC	Ukraine	5.545	(5.545)	-	5.545
Vision Donetsk LLC	Ukraine	6.653	(6.653)	-	6.653
Vision Romania S.R.L.	Romania	74	-	74	74
Vision Middle Asia LLC	Uzbekistan	150.000	-	150.000	150.000
VisionSerbo d.o.o.	Serbia	600	-	600	600
ArmeniaVision LLC	Armenia	108	-	108	108
Vision Vietnam Co Limited	Vietnam	62.500	-	62.500	62.500
Vision International Kish Private Joint Stock Company	Iran	1.100	-	1.100	1.100
Vision Euronord Private Limited Company	Lithuania	400.000	(400.000)	-	400.000
Vision Eurotrade Private Limited Company	Latvia	750.000	(593.980)	156.020	750.000
Vision Asia LLP	Kazakhstan	180.000	-	180.000	180.000
VIP Asia LLP	Kazakhstan	15.000	-	15.000	15.000
Vision Pavlodar LLP	Kazakhstan	5.000	-	5.000	5.000
Vision Deutschland GmbH	Germany	32.635	-	32.635	32.635
Vision Group Russia (formerly Vision RTK LLC)	Russia	106.288	-	106.288	106.288
Vision Persia Joint Stock Company	Iran	539	-	539	539
Vision Kurgan LLC	Russia	108.003	(108.003)	-	108.003
Vision Enisey LLC	Russia	108.003	(108.003)	-	108.003
Opt RTK LLC	Russia	104.872	-	104.872	104.872
Vision Volga LLC	Russia	104.181	(104.181)	-	104.181
Vision Baikal LLC	Russia	103.481	(103.481)	-	103.481
Vision Krasnodar LLC	Russia	108.000	(108.000)	-	108.000
Vision Khabarovsk LLC	Russia	108.002	(108.002)	-	108.002
Vision Kazan LLC	Russia	108.000	(108.000)	-	108.000
Vision Ufa LLC	Russia	108.005	(108.005)	-	108.005
VIP Vision TV Limited	Russia	381	(381)	-	381
Vision Omsk LLC	Russia	108.029	(108.029)	-	108.029
Vision Vladivostok LLC	Russia	108.011	(108.011)	-	108.011
Vision Samara LLC	Russia	102.850	(102.850)	-	102.850
Vision Ekaterinburg LLC	Russia	105.769	(105.769)	-	105.769
Vision Management (Cyprus) Limited	Cyprus	2.306	-	2.306	2.306
Vision Azerbaijan LLC	Azerbaijan	1.000	-	1.000	1.000
VIP-Telecom Limited Liability Company	Russia	300.000	(300.000)	-	300.000
Vision International People Group SA	Switzerland	149.940	-	149.940	-
		11.129.858	(4.409.080)	6.720.778	10.942.531

8. Investments in subsidiaries (continued)

During the year, a provision was made against the cost of investment in subsidiaries which are in the process of liquidation as well as subsidiaries for which goodwill that arose on their acquisition was impaired in the consolidated financial statements in 2008. For the former subsidiaries the cost was fully provided whilst for the latter subsidiaries the provision was made on the basis of the subsidiaries' net assets at the balance sheet date.

The Company has 100% effective equity interest in its above subsidiaries, except for the Nutri Export Limited Partnership in which the Company holds 99%.

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 balance sheet 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.

The purchase consideration for the acquisition of 100% of the issued share capital of Vision "Ukraine group" in 2005 was US$2.000.000. During the year, US$1.429.282 (2008: US$10.000) was paid leaving a balance outstanding at 31 December 2009 of US$7.000 (31 December 2008: US$1.436.282) that is expected to be settled by 31 December 2010.

Group restructuring during the year ended 31 December 2009

In 2009 the Group took steps to consolidate its business in Russia in the legal entity, Vision Group Rus LLC (formerly Vision RTK LLC). Branches of Vision Group Rus LLC were opened in the middle of 2009 in the following cities: Vladivostok, Volgograd, Ekaterinburg, Irkutsk, Kazan, Krasnodar, Krasnoyarsk, Nizhniy Novgorod, Novosibirsk, Omsk, Samara, Ufa and Khabarovsk. Simultaneously the process of liquidation of the following subsidiaries has started and is expected to be completed in 2010: Vision Kurgan LLC, Vision Enisey LLC, Vision Volga LLC, Vision Baikal LLC, Vision Krasnodar, LLC, Vision Khabarovsk LLC, Vision Kazan LLC, Vision Ufa LLC, Vision Omsk LLC, Vision Vladivostok LLC, Vision Ekaterinburg LLC, Vision Samara LLC, VIP-Telecom LLC and VIP Vision TV Limited. The operations of these companies were transferred during the year to Vision Group Rus LLC and its branches.

A similar process of consolidation started at the end of 2009 in Ukraine. The following subsidiaries will be liquidated during 2010: Vision Kyiv LLC, Vision Lviv LLC, Vision Odessa LLC, Vision Kharkov LLC, Vision Dnepropetrovsk LLC and Vision Donetsk LLC. The operations of these companies will be transferred to Vision Ukraine LLC and branches.

Establishment of new subsidiaries during the year ended 31 December 2009

There was no establishment of new subsidiaries during the year 2009.

Establishment of new subsidiaries during the year ended 31 December 2008

Vision Ekaterinburg LLC
In April 2008, the Company established a subsidiary in Russia namely Vision Ekaterinburg LLC. Vision Ekaterinburg LLC has a capital in the amount of Roubles 2.500.000 (US$105.769) and is owned 100% by the Company. The subsidiary commenced trading operations in April 2008.

Vision Samara LLC
In September 2008, the Company established a subsidiary in Russia namely Vision Samara LLC. Vision Samara LLC has a capital in the amount of Roubles 2.650.000 (US$102.850) and is owned 100% by the Company. The subsidiary commenced trading operations in November 2008.

8. Investments in subsidiaries (continued)

Acquisitions during the year ended 31 December 2009

Vision International People Group SA and its subsidiaries

In December 2009, the Company acquired 100% of the share capital of Vision International People Group SA, a company incorporated in Switzerland.

This company was established during 2009 by Health Tech Corporation AG, a company which is related to the Company (see note 14). The Company acquired this company from Health Tech Corporation AG for a total of US$149.940 which represented the amount of the share capital of this company.

In December 2009, the Group acquired 100% of the share capital of another four subsidiaries, namely Vision Commerce SA through Vision International People Group SA and Vision Societe SA, companies incorporated in Switzerland, Vision E-shop GmbH, a company incorporated in Austria and Vision Group Bel, a company incorporated in Belarus. Vision International People Group SA is the shareholder of these four companies. Vision Societe SA has three branches, namely Vision Societe SA Sucursal En Espana, registered in Spain, Vision Societe SA Sucursal En Portugal, registered in Portugal and Vision Societe SA Suomen sivuliike, registered in Finland.

Acquisitions during the year ended 31 December 2008

There were no acquisitions of new companies during the year 2008.

9. Cash and cash equivalents

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

	2009	*2008*
	US$	*US$*
Cash at bank	448.200	656.841
Less bank overdrafts (note 11)	(2.300.271)	(2.306.563)
Cash and cash equivalents	(1.852.071)	(1.649.722)

Cash at bank
Bank balances mainly represent current accounts and do not earn interest.

10. Issued capital - ordinary shares

	2009		*2008*	
	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 2009 and 2008.

11. Interest-bearing loans and borrowings

	Interest rate (p.a.)	*Maturity*	*2009 US$*	*2008 US$*
Non-current				
Head Office building secured bank loan	US$ LIBOR +2,10%/ Euribor + 2%	2011-2021	3.047.659	3.313.573
Obligations under hire purchase contracts (note 13)	5,25%-7,5%	2011	-	35.740
Other banking facilities	US$% LIBOR + 2%	2012	133.333	233.333
			3.180.992	3.582.646
Current				
Head Office building secured bank loan	US$ LIBOR +2,10%, Euribor + 2%	2010	321.287	312.191
Obligations under hire purchase contracts (note 13)	5,25%-7,5%	2010	11.650	59.991
Bank overdrafts (note 9)	US$ LIBOR + 2%	2010	2.300.271	2.306.563
Other banking facilities	US$ LIBOR + 2%	2010	100.000	100.000
VIP Progress (Overseas) Ltd loan (note 14)	12,5%-18%	2010	1.051.278	-
			3.784.486	2.778.745

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$6.578 thousand as at 31 December 2009 and US$6.755 thousand as at 31 December 2008).

In July 2005, the Company entered into facility agreements with Marfin Popular Bank for the financing of the purchase of the property and the payment of the transfer fees. This financing entails two fixed term bank loans made available in US$. All amounts were drawn up to 31 December 2007.

Both loans carry interest at a rate equal to US$ LIBOR plus 2,10%. The first loan is repayable by monthly instalments over a period of 15 years. The second loan was repayable in 36 monthly instalments and was fully repaid in November 2008.

In April 2008 the Company entered into a fixed term loan with Marfin Popular Bank for the amount of €380.000 (US$544.647) for the purpose of financing additional works to the Head Office building. Up to 31 December 2009, an amount of €305.055 (US$437.229) was drawn. The loan carries interest at Euribor plus 2% per annum and is repayable in 120 monthly instalments.

11. Interest-bearing loans and borrowings (continued)

Head Office building secured bank loan (continued)

The total interest charged during the year ended 31 December 2009 amounted to US$114.283 (2008: US$192.406).

All loans are secured by first legal mortgage over the property for US$5.558 thousand, the assignment of fire and earthquake insurance policy over the property for the amount of €5.143 thousand and a floating charge for €342 thousand over the assets of the Company.

Obligations under hire purchase contracts

These concern contracts for the purchase of motor vehicles and computer hardware. The assets under hire purchase contracts are pledged as security for the related hire purchase liabilities.

Bank overdrafts and other banking facilities

In March 2007, the Company entered into secured facility agreements with Marfin Popular Bank. This financing entails an overdraft facility for an amount up to US$2.300.000 and a fixed term loan of US$500.000. Both facilities carry interest at a rate equal to US$ LIBOR plus 2% per annum and are secured by second legal mortgage over the Head Office building for the amount of US$2.130.000. The fixed term loan is repayable by monthly installments over a period of five years. The overdraft facility is payable on demand, renewable on an annual basis. The total interest charged on the overdraft facility and the loan during the year ended 31 December 2009 amounted to US$71.920 (2008: US$111.304) and US$8.924 (2008: US$20.516), respectively.

Loan from VIP Progress (Overseas) Ltd

In January 2009, the Company entered into a loan agreement with VIP Progress (Overseas) Ltd, a related party of the Group, according to which VIP Progress (Overseas) Ltd lent €530.000 with interest of 12,5% per annum to the Company.

Supplementary agreements were entered into during the year that extended the principal amount of the loans to €655.000, interest rate increased to 18% per annum.

The repayment of the loan was also extended until 31 December 2010 with equal monthly payments of €59.545 starting February 2010 with final payment in December 2010 including all accrued interest. The balance of the loan as at 31 December 2009 amounts to €733.607 (US$1.051.278). The total interest charged during the year ended 31 December 2009 amounted to US$134.767.

Unutilised facilities from VIP Progress (Overseas) Ltd

In July 2009, the Company entered into two additional loan agreements with VIP Progress (Overseas) Ltd for the amount of €2.500.000 and €10.000.000. Both loan agreements remained unutilised at year end.

As per the terms of the agreements, interest will be charged at 15% per annum and will have a repayment date 31 October 2010.

12. Accruals and other payables

	2009	*2008*
	US$	*US$*
Unpaid dividends for 2006	2.191.607	2.191.607
Unpaid dividends for 2005	1.123.491	1.123.491
Unpaid dividends for 2004	562.466	562.466
Unpaid dividends for 2003	16.994	16.994
Other accruals and payables	3.102.179	2.460.762
	6.996.737	6.355.320

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

13. Commitments and contingencies

Operating lease commitments – Company as lessee

Future minimum rentals payable under non-cancellable operating leases (mainly for premises) are as follows as of 31 December:

	2009	*2008*
	US$	*US$*
Within one year	-	588.360
After one year but not more than five years	-	-
More than five years	-	-
	-	588.360

Hire purchase commitments

The Company entered into hire purchase contracts for the purchase of computer hardware and motor vehicles. Future minimum payments under hire purchase contracts together with the present value of the net minimum payments are as follows at 31 December:

	2009		*2008*	
	Minimum payments	*Present value of payments*	*Minimum payments*	*Present value of payments*
	US$	*US$*	*US$*	*US$*
Within one year	12.230	11.650	69.532	59.991
After one year but not more than five years	-	-	41.833	35.740
Total minimum lease payments	12.230	11.650	111.365	95.731
Less amounts representing finance charges	(580)		(15.634)	-
Present value of minimum lease payments	11.650	11.650	95.731	95.731

13. Commitments and contingencies (continued)

Capital commitments

At 31 December 2009 the Company had capital commitments of €150.000 (US$216.090) for the purchase of additional building density which is payable to the Cyprus Land Registry Department.

At 31 December 2008 the Company had capital commitments of €40.451 (US$57.017) and €98.260 (US$138.500) for the performance of construction work on the Head Office building and the purchase of a motor vehicle, respectively.

Russian operating environment

The Company's business is contacted 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. 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. The ongoing global financial crisis has resulted in a decline in the gross domestic product, capital markets instability, significant deterioration of liquidity in the banking sector, and tighter credit conditions within Russia. While the Russian Government has introduced a range of stabilisation measures aimed at providing liquidity to Russian banks and companies, there continues to be uncertainty regarding the access to capital and cost of capital.

These factors could affect the Group's financial position, results of operations and business prospects. In addition, should a significant devaluation of the Russian Rouble occur, the operations of the Group could potentially be negatively affected.

While Group management believes it is taking appropriate measures to support the sustainability 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.

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.

13. Commitments and contingencies (continued)

Legal and other claims (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 in all jurisdictions where it operates. 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.

As of the date of the 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 financial position, financial performance and cash flows.

Other commitments

At 31 December 2009 and 2008 the Company had no other commitments.

14. Related party disclosures

The Company's subsidiaries are listed in note 8 above.

The Company's parent is Health Tech Corporation Limited, a company incorporated in the Island of Guernsey. Health Tech Corporation Limited is beneficially owned by the Executive Director, Mr. Dmitry Buriak. The Company considers Mr. Dmitry Buriak to be its ultimate controlling party.

The Directors of the Company and Messrs. Jean Marc Colaianni (former Vice President International Business Development), Aram Aroutiounian (former Vice President Product Development), Vahagn Manukyan (former Chief Executive Office) were considered as being the key management personnel of the Company during the year.

14. Related party disclosures (continued)

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

Related party		*Other operating income US$*	*Interest paid/ (received) US$*	*Expenses charged by related parties US$*
Health Tech Corporation	2009	-	-	-
Limited	2008	-	-	59.117
Health Tech Property Limited	2009	-	-	(3.799)
	2008	-	-	613.229
VIP-Telecom Limited	2009	-	-	2.830
Liability Company	2008	-	-	40.902
Altas Corporate Services GmbH	2009	-	-	1.839.065
	2008	-	-	44.876
VIP Progress (Overseas) Limited	2009	-	134.767	-
	2008	-	-	18.089
Real Pro LLC	2009	-	-	10.248
	2008	-	-	16.787
UAB Forumo Rumai	2009	-	-	11.250
	2008	-	-	1.495
Vision Holdings Ltd	2009	46.806	-	-
	2008	47.297	-	-
Nutri Export Limited	2009	-	-	-
Partnership	2008	9.000	-	-
Vision Romania S.R.L.	2009	-	(6.085)	
	2008	-	(6.313)	-
VisionSerbo d.o.o.	2009	-	-	-
	2008	-	(2.311)	-
Vision Deutschland GmbH	2009	-	-	-
	2008	-	(3.232)	-
Corpofin S.A.	2009	-	-	-
	2008	-	60.761	-
Vision E-Shop GmbH	2009	-	(915)	-
	2008	-	-	-
UAB Ekfita	2009	-	-	5.319
	2008	-	-	-
Vision Euronord Private Ltd	2009	-	-	4.854
	2008	-	-	-

14. Related party disclosures (continued)

During the year the Company received dividends and royalties and license fees from its subsidiaries amounting to US$25.874.891 and US$69.420 respectively (2008: US$10.075.293 and US$89.093 respectively).

Related party		*Loans receivable/ (payable) US$*	*Amounts due from US$*	*Amounts due to US$*
VIP Progress (Overseas) Limited (note 11)	2009	(1.051.278)	-	-
	2008	-	-	-
Health Tech Corporation AG (note 8)	2009			149.940
	2008	-	-	-
Nutri Export Limited Partnership	2009	-	4.546.831	-
	2008	-	-	9.299.227
Total Eclipse International Limited	2009	908.645	3.755.233	-
	2008	346.587	4.006.986	-
Todini Limited	2009	-	-	6.314.786
	2008	-	-	5.383.919
Vision Romania S.R.L.	2009	130.470	5.742	-
	2008	123.758	5.742	-
Vision International People Italia S.R.L.	2009	-	-	9.362
	2008	-	1.827	-
Vision Holdings Limited	2009	-	-	90.902
	2008	-	-	121.438
Nutriprodex Limited	2009	-	569.061	
	2008	-	130.761	-
Vision Vietnam Co Limited	2009	-	-	4.000
	2008	-	-	4.000
Vision International Kish Private Joint Stock Company	2009	-	561	-
	2008	-	561	-
Vision Deutschland GmbH	2009	-	-	9.171
	2008	74.389	-	-
Atlas Corporate Services GmbH	2009	-	-	589.094
	2008	-	-	-
VIP Communication Limited	2009	-	1.091.656	-
	2008	-	827.697	-
Vision Middle Asia LLC	2009	-	-	-
	2008	-	994.975	-

14. Related party disclosures (continued)

Related party		*Loans receivable/ (payable) US$*	*Amounts due from US$*	*Amounts due to US$*
Vision Group Bel	2009	25.026	-	-
	2008	-	-	-
Vision Societe SA	2009	45.470	-	-
	2008	-	-	-
Vision E-Shop GmbH	2009	73.867	-	-
	2008	-	-	-
Vision Group Rus LLC	2009	-	-	231.530
	2008	-	-	-
Vision Euronord Private Ltd	2009	-	-	4.854
	2008	-	-	-
Playar Holdings Ltd	2009	-	-	76.166
	2008	-	-	-
Vision Egypt for Distribution LLC	2009	45.290	-	-
	2008	-	-	-
Vision Volga LLC	2009	-	2.983	-
	2008	-	-	-
Vision Enisey LLC	2009	-	221.953	-
	2008	-	-	-
Vision Baikal LLC	2009	-	18.731	-
	2008	-	-	-
Vision Krasnador LLC	2009	-	167.680	-
	2008	-	-	-
Vision Khabarovsk LLC	2009	-	216.120	-
	2008	-	-	-
Vision Vladivostock LLC	2009	-	54.085	-
	2008	-	-	-
Vision Kazan LLC	2009	-	165.437	-
	2008	-	-	-
Vision Ekaterinburg LLC	2009	-	219.093	-
	2008	-	-	-
	2009	1.228.768	11.035.166	7.329.865
Totals	2008	544.734	5.968.549	14.808.584

14. 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 AG	Senior Parent Company
Health Tech Corporation Limited	Parent company
Health Tech Property Limited	Entity under common control
Atlas Corporate Services GmbH	Entity under common control
VIP Progress (Overseas) Limited	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
Corpofin S.A.	Entity under common control
Playar Holdings Ltd	Entity under control of one director
UAB Ekfita	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.

During the year, the Company sold fixed assets to Vision Group Rus LLC (a subsidiary of the Company) at its net book value of US$104.244.

Compensation of Key Management Personnel

	2009	*2008*
	US$	*US$*
Directors' salaries, fees and other benefits	517.002	959.123
Other key management personnel:		
Short-term benefits	356.501	950.911
Social security and provident fund contributions	5.851	42.265
Total remuneration	879.354	1.952.299

Other Directors' interests

During the year purchases of computer hardware and software and supplies totalling US$10.552 (2008: US$35.576) at normal market prices were made by the Company from Demstar Information Group Limited of which one prior non-executive Director (Mr. Michael G. Colocassides who resigned on 21 October 2009) is a Director. Also, US$56.946 (2008: US$95.920) was charged by Demstar Information Group Limited for IT related services provided to the Company. An amount of US$2.530 was payable to Demstar Information Group Limited at 31 December 2009 (2008: US$944).

15. 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 balance sheet.

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$*
2009		
Euro	+1,0	(3.737)
US$	+1,0	(55.289)
Euro	-1,0	3.737
US$	-1,0	55.289
2008		
Euro	+1,5	(2.944)
US$	+2,0	(122.001)
Euro	-1,0	3.926
US$	-1,5	91.501

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 at 31 December 2009 based on contractual undiscounted payments.

15. Financial risk management and capital management (continued)

Year ended 31 December 2009	*On demand US$*	*<1 year US$*	*1 to 5 Years US$*	*> 5 years US$*	*Total US$*
Interest bearing loans and borrowings	2.300.271	1.677.921	2.246.887	2.859.539	9.084.618
Accruals and other payables	-	29.941.761	-	-	29.941.761
Total	2.300.271	31.619.682	2.246.887	2.859.539	39.026.379

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

Year ended 31 December 2008	*On demand US$*	*<1 year US$*	*1 to 5 Years US$*	*> 5 years US$*	*Total US$*
Interest bearing loans and borrowings	2.306.563	633.591	2.120.630	3.049.900	8.110.684
Accruals and other payables	-	22.614.419	-	-	22.614.419
Total	2.306.563	23.248.010	2.120.630	3.049.900	30.725.103

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.

15. 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 2009 was 36% (2008: 29%). The Group believes that in the current business conditions this gearing ratio constitutes an acceptable state of capital management.

16. Events after the balance sheet date

On 26 February 2010 the Board of Directors resolved to initiate the liquidation of the subsidiary Vision International People Italia SRL and to transfer its business to other Group companies.

On 27 April 2010, the Board of Directors resolved the following:

(a) to accept the initiation of the liquidation of Vision Kyiv LLC, Vision Lviv LLC, Vision Odessa LLC, Vision Kharkov LLC, Vision Dnepropetrovsk LLC and Vision Donetsk LLC and to transfer their business to Vision Ukraine LLC;

(b) to accept the proposal to sell Vision Middle Asia LLC to a future buyer;

(c) to accept the resignation of Mr Antony Hadjirousos from the position of Independent Non-Executive Director with effect as of 30 April 2010 and further approved his appointment as Alternate Director of Mr Dmitry Khenkin, Independent Non-Executive Director as of the same date.

There are no other material events after the balance sheet date, which affect the financial statements at 31 December 2009.

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 (the “Group”) and the Company’s separate parent financial statements, which comprise the consolidated and company statements of financial position as at 31 December 2009, 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 notes.

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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 of the Company as of 31 December 2009, 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.

Report on Other Legal and Regulatory Requirements

Pursuant to the requirements of the Cyprus Companies Law, Cap. 113, 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 Directive DI190-2007-04, 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 156 of the Cyprus Companies Law, Cap.113 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.

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia
27 April 2010

CORPORATE GOVERNANCE - up to 21 October 2009

Up and until the 21st of October, 2009, the Company was, on a voluntarily basis, complying with the principles and provisions of the Code of Corporate Governance (2nd issue) issued by the Cyprus Stock Exchange, ("the Code"), which is available on the CSE website at www.cse.com.cy. By virtue of a special resolution dated on the 21st of October, 2009 during the Extraordinary General Meeting of the Company convened on the same day, it was resolved that it was to the best financial interests of the Company not to continue its voluntary compliance with the Code, effective as from the date of adoption of the said resolution. It was further resolved to amend the Articles of Association of the Company accordingly, in order to exclude references to the Code as well as implications emanating there from as stated in the Directors Report, on page 8.

The Board respectively states that all the necessary steps were taken to enable the Company to fully implement and comply with the principles and provisions of the Code up and until 21 October 2009 ("the Effective Date") as herein below provided.

The Board of Directors

Whilst complying with the Code, the Board of Directors of Vision International People Group Public Limited was responsible for the Group's system of Corporate Governance. The Board was and still is ultimately accountable for the Group's activities, strategy and financial performance.

As at the Effective Date, the Board comprised of its Chairman, Mr. John Ioannides, one Executive Director, Mr. Dmitry Buriak, one Non-Executive Director, Mr. Roberto Piona and two Independent Non-Executive Directors, Mr. Michael Colocassides and Mrs. Andry Georgiou. It is thus confirmed that there was a balance between Executive and Non-Executive Directors whilst it is further confirmed that at least 50% of the Board members excluding the Chairman, consisted of Independent Non-Executive Directors, as per the provisions of the Code. Mr. Michael Colocassides was also appointed as Senior Independent Director.

The Company confirms that each one of the above Directors dedicated the necessary time and attention whilst executing their duties and eliminated any other professional obligations, (especially participation in the Board of Directors of other companies) so that they could exercise their duties within anticipated performance. It is also confirmed that the above Directors participated either in no Boards of other companies not related to the Company, or in only one Board of another company not related to the Company.

It is considered that the Non-Executive Independent Directors complied with the criteria pertinent to their respective role as provided by Article A.2.3 of the Code.

The Board of Directors had and still has the responsibility to review and settle any conflicts of interest which may arise amongst the Executive management, the members of the Board of Directors and the Shareholders, including situations whereby the assets or transactions with associated parties are mis-managed.

In view of the obligation under the Code of resignation of the Directors at regular intervals and at least every three years, Mr. Dmitry Buriak resigned from his position as Executive Chairman and his re-appointment as Executive Director of the Company with retrospective effect as of the 1st of October 2008 was approved during the AGM of the Company which was convened on 4 June 2009. The composition of the Board of Directors of the Company with retrospective effect as of the 1st of October, 2008 was also ratified during the same AGM.

Until 21 October 2010, the Board met ten times in Cyprus. Its business was carried out in accordance with its formal schedule of matters reserved to it for decision. Up and until 21 October 2009 the Board delegated specific responsibilities to the Committees.

The roles of the Chairman of the Board of Directors and the Chief Executive Officer of the Company were not exercised by the same individual.

The obligation as to the establishment of the Board Committees was abolished along with the compliance obligation of the Company with the Code as at 21 October 2009. Prior to this date, the respective terms and functions of each Committee were those outlined in the Code and the names of the members of each Committee are reflected below. The work of the Committees was considered and reviewed by the Board.

Board Committees' Composition up to 21 October 2009

Nominations Committee:	Mr. Michael G. Colocassides Non-Executive Independent Director	Chairman
	Mr. Roberto Piona Non-Executive Director	
	Mrs. Andry Georgiou Non-Executive Independent Director	
Remunerations Committee:	Mrs. Andry Georgiou Non-Executive Independent Director	Chairperson
	Mr. Michael G. Colocassides Non-Executive Independent Director	
Audit Committee:	Mrs. Andry Georgiou Non-Executive Independent Director	Chairperson
	Mr. Michael G. Colocassides Non-Executive Independent Director	
Corporate Governance Development Committee:	Mr. John Ioannides Chairman	Chairman
	Mr. Michael G. Colocassides Non-Executive Independent Director	
	Mr. Roberto Piona Non-Executive Director	