

Management's Discussion and Analysis

The following discussion and analysis prepared as at April 23, 2010, explains trends in the Company's financial condition and results of operations for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This discussion and analysis of the results of operations and financial condition of the Company should be read in conjunction with the audited consolidated financial statements of the Company. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. All financial statement figures are reported in Canadian dollars unless explicitly stated otherwise.

Caution on Forward-Looking Information

This report contains certain statements that constitute forward-looking information. These forward-looking statements are not descriptive of historical matters and may refer to management's expectation or plans. These statements include, but are not limited to statements concerning our business objectives and plans and future trends in our industry. Inherent in forward-looking statements are risks and uncertainties beyond management's ability to predict or control including risks that may affect VRX's operating or capital plans. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements in this discussion and analysis as well as contained in other components of the annual report. Such statements are based upon a number of assumptions that may prove incorrect, including but not limited to, the following assumptions: that there is no material deterioration in general business and economic conditions; that there are no unanticipated fluctuations in interest or exchange rates; that there is no cancellation or unfavourable variation to its current major contracts; that if required, VRX is able to finance future expansion plans on reasonable terms; that there are no terrorism acts that directly impact the global travel industry and that VRX maintains its ongoing relations with its employees and business partners. We caution you that the foregoing list of important factors and assumptions is not exhaustive. You should also carefully consider matters discussed under "Risk and Uncertainties" contained elsewhere in this discussion. VRX undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

Overview

The Company was incorporated under the Business Corporations Act (Alberta) on December 29, 1993 as 593930 Alberta Ltd. On April 15, 1994 the Company changed its name to Cambridge Minerals Ltd.; further changed to Cambridge Ventures Ltd. on May 21, 1999; and finally to VRX Worldwide Inc. on December 11, 2000.

Since February 2000, the Company's principal business, carried out through its wholly owned subsidiary VRX Studios Inc., is the provision of premium, rich media, content solutions to the global travel industry.

The Company's two primary revenue streams, Licensing and Service Work, have the same client base: online travel intermediaries, hotels and resorts, cruise lines and tourism boards. Under its Service Work offering, VRX creates custom virtual tours, still images, interactive maps and descriptive text of hotels, cruise ships and destinations; Whereas under Licensing, VRX licenses existing virtual tours, still images, interactive maps and descriptive text of hotels, cruise ships and destinations to travel companies. The travel content licensed by VRX to third party travel companies is either owned outright by VRX or VRX has the right to license the content.

For Service Work, VRX charges a one-time service fee. In such cases, a client requests specific content to be created of a specific subject matter. VRX charges the client a portion of the Service fee upfront and the remainder upon delivery. Content created under the Service Work model is usually owned by the client. In contrast, Licensing revenues are derived in large part from archives of rich media content that the Company licenses to third parties. Such licensing arrangements tend to be long lived and generate recurring Licensing revenues. Additional Licensing revenues are generated from hosting and distributing content created for many of the Company's Service Work clients. The hosting and distribution services that VRX provides utilize the same technology and infrastructure developed by the Company for delivering its Licensing products.

The various products, services and content archives offered by the Company to its clients have been developed over time. The Company's initial offering was its Destination Content archive which was launched in early 2001. This archive includes extensive visual coverage of the top tourist destinations in Mexico, the Caribbean and the United States.

In early 2002, to meet the demand of one of the world's largest online travel agencies, the Company expanded its offering by creating a custom service division. Under a three-year exclusive contract, signed in early 2002, VRX's new division created virtual tours of over 1,800 hotels throughout North America, Europe and Asia.

In early 2005, in order to meet the rapidly growing demand for high quality hotel content of other online travel agencies, VRX decided not to renew its exclusive custom services contract and launched an innovative new program. Under this program, VRX invested in the creation of the hotel content, creating a large archive of hotel content owned by VRX, and then licensed the content to online travel agencies, global distribution systems and tour operators.

In early 2008, VRX launched Athena™, a new service to address the desire of a growing number of hotels to make the virtual tours, still images and interactive maps of their hotels available royalty-free to online travel agencies, global distribution systems and tour operators. Under this program, hotels are also able to own the content of their hotels by covering the production costs and providing VRX an exclusive, worldwide, distribution license.

Whether a hotel is part of VRX's Hotel or Athena™ Program, VRX works with each hotel under its Always Fresh™ program to ensure the content of their hotel is always up-to-date and accurate. The revenue from both programs is captured in Licensing Fees.

Today, VRX licenses destination, hotel and cruise content to the World's leading online travel agencies, global distribution systems and tour operators and works with hospitality brands that represent fourteen thousand hotels around the world.

Financial Condition

Removal of Going Concern Disclosure

Based on the Company's improved financial position in 2009, management no longer has a significant concern over the Company's ability to continue as a going concern. Consequently, with the concurrence of its external auditor, Meyers Norris Penny LLP, the Company is not disclosing going concern matters in the notes to the financial statements.

The "going concern" disclosure was included starting in the fiscal year ended December 31, 2004 when it decided not to renew its services contract with Expedia. Over the following four years, up to December 31, 2008, significant investments were made in increasing the company licensing archive, in R&D to increase product offerings and in restructuring costs to optimize production processes. The investments were funded through operations and the issuance of the Sabre and Silver Heights convertible debentures.

The Company's fiscal 2009 performance reflects the positive benefits from the various investments and changes to the business made over the past four years.

Results of Operations

Net Profit

The Company continues to maintain its focus on growing revenues while controlling operating expenses. In fiscal 2009, management's efforts resulted in a 37% growth in total revenue, a 6% increase in operating expenses (Cost of Sales, Marketing, R&D and G&A) and a \$1.57 million increase in net profit as compared to the previous year.

The Company's net income for fiscal 2009 was \$982,526, an increase of \$1.57 million, compared to a net loss of \$588,415 in fiscal 2008. Basic and diluted earnings per share were \$0.03 in fiscal 2009 compared to a basic loss per share of \$0.02 in fiscal 2008.

Revenue and Gross Profit

Total revenues were \$6.0 million for fiscal 2009, up 37% from \$4.4 million in the previous year. This increase was comprised of an 11% increase in Licensing revenue, from \$1.8 million to \$2.0 million and a 55% increase in Service revenue, from \$2.6 million to \$4.0 million. The growth in Service revenue is primarily due to the new multi year photography initiative that the Company began for a well-known hospitality brand as first announced in November 2008.

Total revenues were \$1.3 million, for the three months ended December 31, 2009, down 11% from \$1.5 million in the same period of the previous year. The decrease is due largely to the weakness of the US dollar in the comparative periods. The average exchange rate for the three months ended December 31, 2009 as per the Bank of Canada was 1.056 as compared to 1.212 in the previous year, a decrease of 13%.

	Three months ended December 31,				Year ended December 31,			
	2009	2008	Change		2009	2008	Change	
Licensing fees	\$ 483,063	\$ 500,006	\$ (16,943)	-3%	\$ 2,022,731	\$ 1,830,290	\$ 192,441	11%
Service fees	821,361	972,146	(150,785)	-16%	4,007,237	2,583,342	1,423,895	55%
Total revenue	\$ 1,304,424	\$ 1,472,152	\$ (167,728)	-11%	\$ 6,029,968	\$ 4,413,632	\$ 1,616,336	37%

In addition to new and ongoing contracts, a stronger US dollar for the twelve months of 2009 had a positive effect on the Company's total revenue in Canadian dollars versus the previous year. The average exchange rate for fiscal 2009 as per the Bank of Canada was 1.107 as compared to 1.066 in the previous year, an increase of 4%.

Cost of sales increased for fiscal 2009 to \$2.5 million, up 7% from \$2.4 million in the previous year. Expressed as a percentage of total revenue, cost of sales decreased from 54% in 2008 to 42% in 2009. Key measures that were implemented to manage costs included the continuing refinement of production workflow and rolling out a U.S. network of regional photographers in the second half of fiscal 2008.

The Company's gross profit for the first year of fiscal 2009 was \$3.5 million, up 70% from \$2.0 million in the previous year. Between these two periods, the company's gross margin increased from 46% to 58%. This significant increase in the Company's gross margin is the result of various factors such as management's ongoing cost reduction initiatives which began in early 2008, significant revenue growth and the stronger U.S. dollar.

	Three months ended December 31,				Year ended December 31,			
	2009	2008	Change		2009	2008	Change	
Total Revenue	\$ 1,304,424	\$ 1,472,152	\$ (167,728)	-11%	\$ 6,029,968	\$ 4,413,632	\$ 1,616,336	37%
Cost of Sales	578,899	645,451	(66,552)	-10%	2,545,171	2,366,357	178,814	8%
Gross Profit	\$ 725,525	\$ 826,701	\$ (101,176)	-12%	\$ 3,484,797	\$ 2,047,275	\$ 1,437,522	70%
Gross Profit %	56%	56%			58%	46%		

Sales, marketing and product promotion

Sales, marketing and product promotion expenses were \$770,142 for fiscal 2009, down 16% from \$917,206 in the previous year. Headcount and other sales department expenditures do not vary directly with sales. Commission expense will vary with sales levels but does not correlate directly due to differences in commission rates, product mix and volume targets. As part of normal operations, sales and marketing wages fluctuated in fiscal 2009. The Company is evaluating various marketing opportunities and will incur additional expenditures as necessary.

Sales, marketing and product promotion expenses were \$149,648, for the three months ended December 31, 2009, down 48% from \$289,174 in the same period of the previous year. A decrease in salaried headcount and associated commissions were the primary reasons for the change. Headcount was lower in the current quarter which decreased wages and commissions. In addition, the fourth quarter of 2008 reflected commissions accrued related to a new contract with for a well-known global hospitality brand.

	Three months ended December 31,			Year ended December 31,		
	2009	2008	Change	2009	2008	Change
Wages, contractors & benefits	\$ 71,475	\$ 103,140	-31%	\$ 383,886	\$ 431,832	-11%
Commissions	34,709	148,435	-77%	212,135	331,018	-36%
Other	43,464	37,599	16%	174,121	154,356	13%
	\$ 149,648	\$ 289,174	-48%	\$ 770,142	\$ 917,206	-16%

Research and Development

Research and Development expenses were \$733,130 for fiscal 2009, up 31% from \$559,776 in the previous year. Research and Development expenses were \$228,471, for the three months ended December 31, 2009, up 64% from \$138,936 in the same period of the previous year. Compared to the previous periods, costs have risen due to planned improvements to the Company's product and service offerings. During the year, the Company started the planned upgrade of its digital asset management and work flow systems to enhance and augment the services that the Company provides as well as generate new revenues. The Company has been able to limit the increase in R&D costs by outsourcing certain tasks while at the same time reducing the development time of various projects.

	Three months ended December 31,			Year ended December 31,		
	2009	2008	Change	2009	2008	Change
Wages & benefits	\$ 124,587	\$ 104,273	19%	\$ 445,632	\$ 467,864	-5%
Specialized consulting	83,447	20,296	311%	210,807	47,541	343%
Other	20,437	14,367	42%	76,691	44,371	73%
	\$ 228,471	\$ 138,936	64%	\$ 733,130	\$ 559,776	31%

General and Administrative

General and Administrative expenses were \$749,780 for fiscal 2009, up 11% from \$673,398 in the previous year. General and Administrative expenses were \$223,629 for the three months ended December 31, 2009, an increase of 31% over the same period of the previous year. The increase is primarily attributable to a rise in full-time headcount, a market adjustment to salaries, and incentive rewards.

	Three months ended December 31,			Year ended December 31,		
	2009	2008		2009	2008	
Wages, contractors & benefits	\$ 156,938	\$ 114,726	37%	\$ 488,244	\$ 432,803	13%
Professional fees	15,783	9,761	62%	90,824	95,991	-5%
Other	50,908	46,373	10%	170,712	144,604	18%
	<u>\$ 223,629</u>	<u>\$ 170,860</u>	<u>31%</u>	<u>\$ 749,780</u>	<u>\$ 673,398</u>	<u>11%</u>

Other items

Interest expense including accretion was \$148,558 for fiscal 2009, down 54% from \$321,364 in the previous year. As the Sabre debenture matured on January 31, 2009, there is only one month of accretion expense for the Sabre debenture during the year ended December 31, 2009 as compared to a full year of accretion expense for the Sabre debenture during the comparative period of 2008.

At December 31, 2009, the Company had non-capital losses for Canadian income tax purposes of approximately \$3.0 million which are available for carry forward to reduce future years' taxable income of VRX. Of these income tax losses, \$1,574,000 expire in 2015, \$923,000 expire in 2026, \$340,000 expire in 2027, and \$197,000 expire in 2028. While the Company's recorded losses are available for application against future profits, there is not as yet a sufficient degree of certainty as to the amount or timing of such future profits to enable the Company to record an estimated recovery and corresponding income tax asset on its accounts.

Sequential Results of Operations

	Quarter ending Dec. 31, 2009	Quarter ending Sep. 30, 2009	% change
Licensing fees	\$ 483,063	\$ 474,281	2%
Service fees	<u>821,361</u>	<u>1,200,368</u>	-32%
Total revenue	1,304,424	1,674,649	-22%
Cost of sales	<u>578,899</u>	<u>728,098</u>	-20%
Gross Profit	725,525	946,551	-23%
Gross Profit %	56%	57%	
Marketing, R&D and G&A expenses	<u>601,748</u>	<u>527,347</u>	14%
EBITDA	<u>\$ 123,777</u>	<u>\$ 419,204</u>	-70%

Total revenue in the fourth quarter of fiscal 2009 decreased by 22% as compared to the third quarter of fiscal 2009. The decrease is due to the seasonal decline in photographic service work during the winter months (occasionally, seasonal revenue patterns are altered due to the commencement of large contracts as in the fourth quarter of 2008). Foreign exchange also negatively impacted total revenue as the average

US exchange rate declined to 1.056 for the fourth quarter of 2009 as compared to 1.098 for the third quarter of 2009.

Gross profit in the fourth quarter of fiscal 2009 as compared to the third quarter of fiscal 2009 decreased by 23% as a result of the seasonal drop in photographic service work. The Gross profit percentage decreased by 1% sequentially due mainly to the drop in the sequential foreign exchange rate. The Company's gross margin as a percentage of revenue is susceptible to volatility from period to period depending on the mix of revenue between Licensing and Service work, the amount of total revenue, seasonality and foreign exchange fluctuations

Marketing, R&D and G&A expenses increased by 14% or \$74,401 in the fourth quarter of fiscal 2009 as compared to the third quarter of fiscal 2009. The increase is due mainly to R&D expenditures for the planned upgrade of the Company's digital asset management and workflow systems and accruals for rewards earned under the Company's incentive program.

Quarterly Disclosure – Eight Quarters Preceding Most Recently Completed Financial Year

The following table sets forth selected unaudited financial information prepared by management of the Company.

	Three months ended			
	Dec. 31, 2009	Sep. 30, 2009	Jun. 30, 2009	Mar. 31, 2009
Licensing fees	\$ 483,063	\$ 474,281	\$ 536,306	\$ 529,081
Service fees	821,361	1,200,368	1,051,209	934,299
Total revenues	1,304,424	1,674,649	1,587,515	1,463,380
Net income	\$ 42,673	\$ 343,785	\$ 354,961	\$ 241,107
Basic and diluted earnings per share	\$ 0.001	\$ 0.010	\$ 0.010	\$ 0.007

	Three months ended			
	Dec. 31, 2008	Sep. 30, 2008	Jun. 30, 2008	Mar. 31, 2008
Licensing fees	\$ 500,006	\$ 415,700	\$ 482,555	\$ 432,029
Service fees	972,146	501,268	563,159	546,769
Total revenues	1,472,152	916,968	1,045,714	978,798
Net income (loss)	\$ 78,372	\$ (222,950)	\$ (183,731)	\$ (260,106)
Basic (loss) per share	\$ 0.002	\$ (0.006)	\$ (0.005)	\$ (0.008)

Liquidity and Capital Resources

As of December 31, 2009, the Company had working capital of \$14,428 (December 31, 2008 – deficit \$1,445,421) including cash and cash equivalents of \$579,859 (December 31, 2008 - \$265,199). The improvement of \$1,459,849 in working capital is due to the \$982,526 profit from operations for fiscal 2009 and the extension of outstanding debentures for another three years that were classified as fully current at December 31, 2008.

	<u>Dec. 31, 2009</u>	<u>Dec. 31, 2008</u>
Cash and cash equivalents	\$ 579,859	\$ 265,199
Accounts receivable	676,136	535,317
Prepaid expenses and deposits	15,169	14,280
Accounts payable	(749,938)	(610,132)
Deferred revenue	(477,138)	(979,800)
Current portion of long-term debt	<u>(29,660)</u>	<u>(670,285)</u>
Working Capital (Deficit)	<u>\$ 14,428</u>	<u>\$ (1,445,421)</u>

Cash provided by operating activities for fiscal 2009 was \$524,027 compared with a source of cash of \$35,024 in the previous year, an increase of \$489,003. The increase in cash provided by operations is primarily due to the profit for fiscal 2009. The Company remains focused on growing revenues while controlling operating expenses.

Cash used for investing activities was \$59,219 for fiscal 2009 compared with \$55,718 in the previous year. The expenditure is for the planned upgrade of the Company's computer hardware and software to support the Company's product offerings, as well as the implementation of new digital asset management and work flow systems.

Net cash used for financing activities was \$150,148 for fiscal 2009, compared with a use of cash for financing activities of \$326,908 in the previous year. The Company has principal repayments pursuant to long-term debt obligations as follows for the twelve months ending December 31, 2010 - \$29,660; 2011 - \$20,512; 2012 - \$455,937 and 2013 - \$241,576.

Effective May 29, 2009 the Company and Sabre Inc. signed a Restructuring Agreement that agreed to extend the term of a convertible debenture between the two parties to May 31, 2012. In addition, the two parties agreed to amend the debenture by reducing the interest rate from 12% per annum to 0% per annum and eliminating the security requirement of a copy of 500 hotels from the VRX's Hotel Content archive without any license or other fee being payable. The Company will record imputed interest on the restructured debenture at a discount rate of 13.9%.

The two parties also renegotiated and renewed the associated content licensing agreement, signed on February 7, 2006, for an additional three years.

On April 9, 2010, VRX and Silver Heights Capital Management Inc. announced their mutual agreement to extend the maturity date of the convertible debenture that was set to mature on May 3, 2010 for another three-year term. The agreement is subject to, among other things, the execution of definitive agreements and regulatory approval.

Transactions with Related Parties

During the year ended December 31, 2009, the Company outsourced certain of its executive and staff search requirements to a company owned by a party related to an officer of the Company. In the aggregate the Company incurred expenses amounting to \$59,860 (2008 - \$82,098) with \$20,804 payable at December 31, 2009 (2008 - \$32,000).

These transactions were in the normal course of operations and have been recorded at their exchange amounts.

Segmented information and Economic Dependence

The Company operates in one business segment, the provision of rich media content solutions to the travel industry. All property and equipment is located in Canada. Substantially all of the Company's revenues are derived from customers located in the United States.

The Company had two customers that accounted for greater than ten percent of revenue for a total of 58% (37% and 21% respectively) during the year ended December 31, 2009.

Financial Instruments

As disclosed in its audited financial statements, the Company has identified several financial instruments that it utilizes in its day-to-day activities.

Management has identified that four such instruments bear scrutiny on an ongoing basis. These items are accounts receivable and other receivables, cash equivalents, accounts payable and accrued liabilities and the liability component of the Company's convertible debentures.

As described earlier, the Company has an excellent client base and strong history of collecting its accounts receivable and other receivables in full.

Cash equivalents consist of highly liquid investments which are generally less than three months. As such management perceives little risk to the Company from investing excess cash in such investments. Accounts payable and accrued liabilities consists of normal monthly expenditures that are required for continued operations. The Company attempts to make payments within thirty to forty days.

The liability component of the Company's convertible debentures consists of financing arrangements with Silver Heights Capital Managements Inc. and Sabre Inc. Please see Note 4 in the December 31, 2009 Notes to Financial Statements for further details.

Outstanding Share Data

The authorized share capital of VRX Worldwide Inc. is unlimited. At December 31, 2009 there were 34,626,145 shares outstanding (December 31, 2008: 34,626,145). There are no warrants outstanding as the common share performance warrants issued under the original Sabre debenture were not re-issued upon restructuring (December 31, 2008: 4,000,000) and 2,435,000 common shares reserved for issuance upon the exercise of stock options currently outstanding under the Stock Option Plan (December 31, 2008: 1,900,000).

During the year ended December 31, 2009, the Company granted 760,000 stock options with an exercise price of \$0.10 and expiry date of September 27, 2014, giving rise to share-based payment expense of \$68,986 to be recognized over the vesting period. During fiscal 2009, 225,000 options expired at a weighted average exercise price of \$0.18.

During the year ended December 31, 2008, the Company granted 875,000 stock options with an exercise price of \$0.11 and expiry date of June 1, 2013, giving rise to share-based payment expense of \$62,300 to be recognized over the vesting period. During fiscal 2008, 700,000 options were forfeited at a weighted average exercise price of \$0.14.

Critical Accounting Estimates

The Company's consolidated financial statements are impacted by the accounting policies used, and the estimates and assumptions made, by management during their preparation. The Company's accounting policies are described in Note 2 to the December 31, 2008 annual consolidated financial statements.

The accounting estimates considered to be significant to the Company include the computation of the carrying values respective of the liability and equity components of convertible debentures; the

computation of stock-based compensation expense; and the computation of the provision for or recovery of income taxes.

The Company uses the relative fair value approach to classify the proceeds received from convertible debentures into their liability and equity components. Under this approach an equity value of the convertible debenture is computed using an option pricing model that includes estimates of expected volatility as well as an estimated discount rate, and concurrently a liability value is computed using a net present value methodology based on estimated discount rates. The face value of the convertible debenture is classified as equity or a liability based on the relative value that each of the above computed amounts is to the aggregate of the two amounts. During 2007 the Company classified the \$250,000 of proceeds from the Silver Heights debenture as \$75,000 to equity and \$175,000 to liability.

The Company uses the fair-value method of accounting for stock-based compensation related to incentive stock options granted, modified or settled. Under this method, compensation cost attributable to all incentive stock options granted is measured at fair value at the grant date and expensed over the vesting period with a corresponding increase to contributed surplus. In determining the fair value, the Company makes estimates of the expected volatility of the stock as well as an estimated discount rate. Changes to these estimates could result in the fair value of the stock-based compensation being less than or greater than the amount recorded. During fiscal 2009, the Company recorded a stock-based compensation expense of \$41,274 (2008 - \$58,032).

Future Accounting Policy Changes

In February 2008, the Accounting Standards Board of Canada confirmed that Canadian GAAP for publicly accountable enterprises will be converged with International Financial Reporting Standards (“IFRS”) effective for fiscal years beginning on or after January 1, 2011. The Company will therefore be required to report using IFRS commencing with its unaudited interim consolidated financial statements for the three months ended March 31, 2011, which must include the interim results for the three months ended March 31, 2010 prepared on the same basis. IFRS uses a conceptual framework similar to Canadian GAAP, but there are some significant differences on recognition, measurement and disclosures.

The Company is evaluating the impact of the change to IFRS. In particular, the Company has completed a preliminary assessment and planning phase and has commenced a detailed assessment and conversion planning phase. The preliminary assessment phase included the identification of those international standards that are considered likely to have the most significant impact on the Company, or anticipated to involve the highest degree of complexity in implementing.

In addition, the Company is monitoring the IASB’s active projects and all changes to IFRS prior to January 1, 2011 will be incorporated as required. At this time, the impact on the Company’s financial position and results of operations is not expected to be significant. The Company will implement various IFRS disclosure standards as permitted under Canadian GAAP prior to the conversion date.

As a first time adopter of IFRS, the Company is required to apply IFRS 1 “First time adoption of International Financial Reporting Standards”. A number of exemptions are available under this Standard which the Company is currently evaluating including electing to use fair value at the transition date as deemed cost for capital assets in certain circumstances.

In the first half of 2010, the Company will move into the implementation phase and will work on the development of processes and systems to ensure that IFRS comparative data is captured, and to position it for reporting under IFRS in 2011.

In January 2009, the CICA issued Section 1582, Business Combinations and related standards for non-controlling interests and consolidated financial statements. This section replaces Section 1581, Business Combinations converging Canadian standards with IFRS, and is effective January 1, 2011, but earlier

application is permitted. The Company will adopt these sections effective January 1, 2011. The application of this standard will not have an impact on the financial statements.

In January 2009, the AcSB issued Sections 1601 and 1602, Consolidated Financial Statements and Non-Controlling Interests which replaces Section 1600, Consolidated Financial Statements, and converges Canadian standards with IFRS. Section 1601 establishes standards for preparation of consolidated financial statements, and Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These sections apply to interim and annual consolidated financial statements for fiscal years beginning on or after January 1, 2011, although early adoption is permitted. The application of this standard will not have an impact on the financial statements.

Risks and Uncertainties

An investment in the Company's common shares involves a high degree of risk. Investors should carefully consider the cautionary statement under the caption "Forward-Looking Statements" in the beginning of this Report and the other information included herein, before purchasing the Company's common shares. The risks described in these financial reports are not the only ones that the Company faces. Additional risks that are not yet known or considered immaterial at this time could also impair the Company's business, financial condition or results of operations in the future. In such case, the trading price of the Company's common shares could decline, and cause investors to lose all or a portion of their investment.

The Company invoices for its services primarily in US dollar while its operating expenses are paid in Canadian dollars. As such the Company's revenue stream is exposed to foreign currency fluctuations, in particular increases and decreases in the value of the US dollar to the Canadian dollar. It is not possible for the Company to predict such fluctuations or their magnitude.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com and at its corporate website, www.vrxworldwide.com.