ASBISc Enterprises Plc

INTERIM REPORT
FOR THE SIX MONTHS
ENDED 30 JUNE 2019

Limassol, 8 August 2019

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DIRECTORS’ REPORT ON THE COMPANY’S AND GROUP’S OPERATIONS

We have prepared this report as required by Paragraph 60 section 2 of the Regulation of the Ministry of Finance dated 29 March 2018 on current and periodic information to be published by issuers of securities and conditions of recognition of information required by the law of non-member country as equal.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this six-month report, all references to the Company apply to ASBISc Enterprises Plc and all references to the Group apply to ASBISc Enterprises Plc and its consolidated subsidiaries. Expressions such as "we", "us", "our" and similar apply generally to the Group (including its particular subsidiaries, depending on the country discussed) unless from the context it is clear that they apply to the Company alone.

Financial and Operating Data

This six-month report contains financial statements of, and financial information relating to the Group. In particular, this six-month report contains our interim consolidated financial statements for the six months ended 30 June 2019. The financial statements appended to this six-month report are presented in U.S. dollars and have been prepared in accordance with International Accounting Standard ("IAS") 34.

The functional currency of the Company is U.S. dollars. Accordingly, transactions in currencies other than our functional currency are translated into U.S. dollars at the exchange rates prevailing on the applicable transaction dates.

Certain arithmetical data contained in this six-month report, including financial and operating information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables contained in this six-month report may not conform exactly to the total figure given for that column or row.

Currency Presentation

Unless otherwise indicated, all references in this six month report to "U.S. $" or "U.S. dollars" are to the lawful currency of the United States; all references to "€" or the "Euro" are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the EC Treaty, which means the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992) and as amended by the Treaty of Amsterdam (signed in Amsterdam on 2 October 1997) and includes, for this purpose, Council Regulations (EC) No. 1103/97 and No. 974/98; and all references to "PLN" or "Polish Zloty" are to the lawful currency of the Republic of Poland.

All references to U.S. dollars, Polish Zloty, Euro and other currencies are in thousands, except share and per share data, unless otherwise stated.

FORWARD-LOOKING STATEMENTS

This six-month report contains forward-looking statements relating to our business, financial condition and results of operations. You can find many of these statements by looking for words such as "may", "will", "expect", "anticipate", "believe", "estimate" and similar words used in this six-month report. By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties. Accordingly, actual results may differ materially from those expressed or implied by the forward-looking statements. We caution you not to place undue reliance on such statements, which speak only as of the date of this six-month report.

The cautionary statements set out above should be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. We do not undertake any obligation to review or confirm analysts’ expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this six-month report.

Part I Additional information

1. Overview

ASBISc Enterprises Plc is one of the leading distributors of Information Technology ("IT") products in Europe, Middle East and Africa (“EMEA”) Emerging Markets: Central and Eastern Europe, the Baltic States, the Former Soviet Union, the Middle East and Africa, combining a broad geographical reach with a wide range of products distributed on a "one-stop-shop" basis. Our main focus is on the following countries: Slovakia, Poland, Czech Republic, Romania, Croatia, Slovenia, Bulgaria, Serbia, Hungary, Middle East countries (i.e. United Arab Emirates, Iraq, Qatar and other Gulf states), Russia, Belarus, Kazakhstan, Ukraine and Latvia.

The Group distributes IT components (to assemblers, system integrators, local brands and retail) as well as A-branded finished products like desktop PCs, laptops, servers, and networking to SMB and retail. Our IT product portfolio encompasses a wide range of IT components, blocks and peripherals, and mobile IT systems. We currently purchase most of our products from leading international manufacturers, including Apple, Intel, Advanced Micro Devices ("AMD"), Seagate, Western Digital, Samsung, Microsoft, Toshiba, Dell, Acer, Lenovo and Hitachi. In addition, a part of our revenues is comprised of sales of IT products under our private labels: Prestigio, Canyon, Perenio and Atlantech.

ASBISc commenced business in 1990 in Belarus and in 1995 we incorporated our holding Company in Cyprus and moved our headquarters to Limassol. Our Cypriot headquarters support, through two master distribution centres (located in the Czech Republic and the United Arab Emirates), our network of 31 warehouses located in 26 countries. This network supplies products to the Group's in-country operations and directly to its customers in approximately 60 countries.

The Company’s registered and principal administrative office is at Diamond Court, 43 Kolonakiou Street, Ayios Athanasios, CY-4103 Limassol, Cyprus.

2. Executive summary for the three- and six-month periods ended June 30th, 2019

During Q2 2019 and H1 2019, the Company took efforts towards focusing on value-added distribution (VAD) and own brands in the most promising IT segments both corporate and consumer. We have marketed the world's first intuitive Prestigio Click Touch keyboard which combines the properties of a classic keyboard, touchpad and computer mouse. Following our promises to strengthen ASBIS’s business, we acquired 100% shares in AVECTIS ALC - a leading systems integrator in the Belarusian market in the field of control automation, security and other essential services for technological and infrastructure facilities. AVECTIS brings to our structure very advanced engineering competencies, huge experience and a portfolio of interesting clients.

In the course of the six-month period ended June 30, 2019, we maintained a positive growth trend in gross profit margin observed in prior periods. We are satisfied with the sales performance of the Group for H1 2019 despite the decrease in revenues compared to last year which was a record-breaking in the whole history of ASBIS. Our results have met our expectations and are in line with the financial forecast for 2019.

The principal events of the three-month period ended June 30th, 2019, were as follows:

- In Q2 2019 revenues decreased by 19.9% to U.S.$ 370,909 from U.S.$ 462,884 in Q2 2018.
- In Q2 2019 gross profit increased by 3.1% to U.S.$ 21,053 from U.S.$ 20,417 in Q2 2018.
- In Q2 2019 gross profit margin reached 5.68% from 4.41% in Q2 2018.
- In Q2 2019 selling expenses decreased by 20.1% to U.S.$ 9,520 from U.S.$ 11,909 in Q2 2018.

- In Q2 2019 administrative expenses increased by 32.9% to U.S.$ 6,262 from U.S.$ 4,713 in Q2 2018.

- In Q2 2019 EBITDA was significantly higher year-on-year and reached U.S.$ 5,842 as compared to U.S.$ 4,412 in Q2 2018, an impressive improvement of 32.41%.

- The Company finished Q2 2019 with a net profit after tax amounting to U.S.$ 913 a 26.1% drop compared to U.S.$ 1,236 in Q2 2018.

The following table presents revenues breakdown by regions in the three-month period ended June 30th, 2019 and 2018 respectively (in U.S.$ thousand):

Region	Q2 2019	Q2 2018	Change %
Former Soviet Union	194,828	225,050	-13.4%
Central and Eastern Europe	97,291	123,060	-20.9%
Middle East and Africa	45,529	63,991	-28.9%
Western Europe	28,760	40,445	-28.9%
Other	4,501	10,338	-56.5%
Grand Total	**370,909**	**462,884**	**-19.9%**

The principal events of the six month period ended June 30th, 2019, were as follows:

- Revenues decreased by 18.4% to U.S.$ 788,241 from U.S.$ 966,187 in H1 2018.

- Gross profit decreased slightly by 2.4% to U.S.$ 42,161 from U.S.$ 43,182 in H1 2018.

- Gross profit margin increased strongly to 5.35% from 4.47% in H1 2018.

- Selling expenses decreased by 12.5% to U.S.$ 20,093 from U.S.$ 22,964 in H1 2018.

- Administrative expenses increased by 10.0% to U.S.$ 12,194 from U.S.$ 11,084 in H1 2018.

- EBITDA reached U.S.$ 11,251 as compared to U.S.$ 10,377 in H1 2018, a strong improvement of 8.42%

- As a result, the Company decreased its net profit after tax by 11.6% to U.S.$ 2,607 as compared to U.S.$ 2,949 in H1 2018. This result is considered to be very good for the Group, in line with our expectations and the financial forecast for 2019.

The following table presents revenues breakdown by regions for the six month periods ended June 30th, 2019 and 2018 respectively (in U.S.$ thousand):

Region	H1 2019	H1 2018	Change %
Former Soviet Union	399,980	477,034	-16.2%
Central and Eastern Europe	207,829	283,074	-26.6%
Middle East and Africa	102,351	110,980	-7.8%
Western Europe	63,629	75,620	-15.9%
Other	14,452	19,479	-25.8%
Grand Total	**788,241**	**966,187**	**-18.4%**

3. Summary of historical financial data

The following data sets out our summary historical consolidated financial information for the periods presented. You should read the information in conjunction with the interim condensed consolidated financial statements and results of operations contained elsewhere in this interim report.

For your convenience, certain U.S. $ amounts as of and for the three and six months ended 30 June 2019 and 2018, have been converted into Euro and PLN as follows:

- Individual items of the statement of financial position – based at average exchange rates quoted by the National Bank of Poland for a given balance sheet dated December 31st, 2018, that is: 1 US$ = 3.7597 PLN and 1 EUR = 4.3000 PLN and June 30th, 2019, that is: 1 US$ = 3.7336 PLN and 1 EUR = 4.2520 PLN.

- Individual items in the income statement and statement of cash flows – based at exchange rates representing the arithmetic averages of the exchange rates quoted by the National Bank of Poland for the last day of each month in a given period 1 January to 30 June 2019, that is: 1 US$ = 3.7936 PLN and 1 EUR = 4.2880 PLN and 1 January to 30 June 2018, that is: 1 US$ = 3.5192 PLN and 1 EUR = 4.2395 PLN.

- Individual items in the income statement and statement of cash flows for separate Q2 2019 and Q2 2018 – based at exchange rates representing the arithmetic averages of the exchange rates quoted by the National Bank of Poland for the last day of each month in a given period 1 April to 30 June 2019, that is: 1 US$ = 3.8042 PLN and 1 EUR = 4.2782 PLN and 1 April to 30 June 2018, that is: 1 US$ = 3.6503 PLN and 1 EUR = 4.3005 PLN.

	Period from 1 January to 30 June 2019			**Period from 1 January to 30 June 2018**		
	USD	**PLN**	**EUR**	**USD**	**PLN**	**EUR**
Revenue	**788,241**	**2,990,245**	**697,346**	**966,187**	**3,400,221**	**802,043**
Cost of sales	(746,080)	(2,830,304)	(660,047)	(923,005)	(3,248,255)	(766,197)
Gross profit	**42,161**	**159,941**	**37,299**	**43,182**	**151,967**	**35,846**
Selling expenses	(20,093)	(76,224)	(17,776)	(22,964)	(80,815)	(19,063)
Administrative expenses	(12,194)	(46,259)	(10,788)	(11,084)	(39,007)	(9,201)
Profit from operations	**9,874**	**37,458**	**8,735**	**9,134**	**32,141**	**7,581**
Financial expenses	(8,607)	(32,651)	(7,614)	(7,811)	(27,489)	(6,484)
Financial income	1,537	5,831	1,360	2,252	7,925	1,869

Other gains and losses	320	1,214	283	155	545	129
Share of profit/(loss) of equity-accounted investees	(2)	(8)	(2)	-	-	-
Profit before taxation	**3,122**	**11,844**	**2,762**	**3,730**	**13,127**	**3,096**
Taxation	(516)	(1,954)	(456)	(781)	(2,749)	(648)
Profit after taxation	**2,606**	**9,890**	**2,306**	**2,949**	**10,378**	**2,448**
Attributable to:						
Non-controlling interest	(10)	(38)	(9)	7	25	6
Equity holders of the parent	**2,617**	**9,928**	**2,315**	**2,942**	**10,354**	**2,442**

	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	4.72	17.91	4.18	5.30	18.65	4.40

	USD	**PLN**	**EUR**	**USD**	**PLN**	**EUR**
Net cash outflows from operating activities	(24,199)	(91,797)	(21,408)	(53,677)	(188,901)	(44,558)
Net cash outflows from investing activities	(733)	(2,781)	(648)	(1,330)	(4,681)	(1,104)
Net cash inflows/(outflows) from financing activities	(3,259)	(12,363)	(2,883)	5,009	17,628	4,158
Net decrease in cash and cash equivalents	**(28,191)**	**(106,941)**	**(24,939)**	**(49,998)**	**(175,950)**	**(41,503)**
Cash at the beginning of the period	**58,109**	**220,440**	**51,408**	**45,933**	**161,648**	**38,130**
Cash at the end of the period	**29,919**	**113,500**	**26,469**	**(4,064)**	**(14,302)**	**(3,374)**

	As at 30 June 2019			**As at 31 December 2018**		
	USD	**PLN**	**EUR**	**USD**	**PLN**	**EUR**
Current assets	412,554	1,540,615	362,257	474,614	1,784,406	414,978
Non-current assets	33,876	126,479	29,746	29,187	109,734	25,520
Total assets	**446,430**	**1,666,795**	**392,003**	**503,801**	**1,894,141**	**440,498**
Liabilities	347,240	1,296,459	304,906	404,568	1,521,054	353,734
Equity	99,190	370,332	87,096	99,233	373,086	86,764

	Period from 1 April to 30 June 2019			**Period from 1 April to 30 June 2018**		
	USD	**PLN**	**EUR**	**USD**	**PLN**	**EUR**
Revenue	**370,909**	**1,411,000**	**329,809**	**462,884**	**1,689,650**	**392,896**
Cost of sales	(349,856)	(1,330,911)	(311,089)	(442,467)	(1,615,123)	(375,566)
Gross profit	**21,053**	**80,089**	**18,720**	**20,417**	**74,527**	**17,330**
Selling expenses	(9,520)	(36,216)	(8,465)	(11,909)	(43,471)	(10,108)
Administrative expenses	(6,263)	(23,825)	(5,569)	(4,713)	(17,204)	(4,000)
Profit from operations	**5,270**	**20,048**	**4,686**	**3,794**	**13,849**	**3,220**
Financial expenses	(4,594)	(17,476)	(4,085)	(3,757)	(13,714)	(3,189)
Financial income	149	567	132	1,342	4,899	1,139
Other gains and losses	106	403	94	127	464	108
Share of profit/(loss) of equity-accounted investees	4	15	4	-	-	-
Profit before taxation	**935**	**3,557**	**831**	**1,506**	**5,497**	**1,278**
Taxation	(22)	(84)	(20)	(270)	(986)	(229)
Profit after taxation	**913**	**3,437**	**812**	**1,236**	**4,512**	**1,049**
Attributable to:						
Non-controlling interests	(17)	(65)	(15)	16	58	14

Equity holders of the parent	**930**	**3,538**	**827**	**1,219**	**4,450**	**1,035**
	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	1.68	6.39	1.49	2.20	7.30	1.70

	USD	**PLN**	**EUR**	**USD**	**PLN**	**EUR**
Net cash inflows/(outflows) from operating activities	34,806	132,138	30,886	(7,753)	(28,301)	(6,581)
Net cash outflows from investing activities	(244)	(658)	(154)	(617)	(2,252)	(524)
Net cash inflows/(outflows) from financing activities	2,178	8,285	1,937	2,756	10,060	2,339

4. Organization of ASBIS Group

The following table presents our corporate structure as at 30 June 2019:

Company	Consolidation Method
ASBISC Enterprises PLC	**Mother**
Asbis Ukraine Limited (Kiev, Ukraine)	Full (100%)
Asbis PL Sp.z.o.o (Warsaw, Poland)	Full (100%)
Asbis Poland Sp. z o.o. (Warsaw, Poland)	Full (100%)
Asbis Romania S.R.L (Bucharest, Romania)	Full (100%)
Asbis Cr d.o.o (Zagreb, Croatia)	Full (100%)
Asbis d.o.o Beograd (Belgrade, Serbia)	Full (100%)
Asbis Hungary Commercial Limited (Budapest, Hungary)	Full (100%)
Asbis Bulgaria Limited (Sofia, Bulgaria)	Full (100%)
Asbis CZ,spol.s.r.o (Prague, Czech Republic)	Full (100%)
UAB Asbis Vilnius (Vilnius, Lithuania)	Full (100%)
Asbis Slovenia d.o.o (Trzin, Slovenia)	Full (100%)
Asbis Middle East FZE (Dubai, U.A.E)	Full (100%)
Asbis SK sp.l sr.o (Bratislava, Slovakia)	Full (100%)
FPUE Automatic Systems of Business Control (Minsk, Belarus)	Full (100%)
E.M. Euro-Mall Ltd (former ISA Hardware Limited–Group) (Limassol, Cyprus)	Full (100%)
OOO ‘ Asbis’-Moscow (Moscow, Russia)	Full (100%)
Asbis Morocco Limited (Casablanca, Morocco)	Full (100%)
Prestigio Plaza Sp. z o.o in liquidation (Warsaw, Poland)	Full (100%)
Prestigio Plaza Ltd (formerly Prestigio Technologies) (Limassol, Cyprus)	Full (100%)
Perenio IoT spol. s.r.o. (Prague, Czech Republic) (former Prestigio Europe s.r.o)	Full (100%)
Asbis Kypros Ltd (Limassol, Cyprus)	Full (100%)
Asbis TR Bilgisayar Limited Sirketi (Istanbul, Turkey)	Full (100%)
“ASBIS BALTICS” SIA (Riga, Latvia)	Full (100%)
Asbis d.o.o. (former Megatrend d.o.o.) (Sarajevo, Bosnia Herzegovina)	Full (90%)
ASBIS Close Joint-Stock Company (former CZAO ASBIS) (Minsk, Belarus)	Full (100%)
ASBIS Kazakhstan LLP (Almaty, Kazakhstan)	Full (100%)
Euro-Mall SRO (Bratislava, Slovakia)	Full (100%)
Prestigio China Corp. (former AOSBIS TECHNOLOGY (SHENZHEN) CORP.)	Full (100%)
ASBIS DE GMBH, (Munchen, Germany)	Full (100%)
EUROMALL BULGARIA EOOD (Sofia, Bulgaria)	Full (100%)

Advanced Systems Company LLC (Riyadh, Kingdom of Saudi Arabia)	Full (100%)
SHARK Computers a.s. (merged with SHARK ONLINE a.s.) (Bratislava,	Full (100%)
E-vision Production Unitary Enterprise (Minsk, Belarus)	Full (100%)
ASBIS CLOUD Ltd (Moscow, Russia)	Full (100%)
ASBIS SERVIC Ltd (Kiev, Ukraine)	Full (100%)
I ON Ltd (Kiev, Ukraine)	Full (100%)
ASBC MMC LLC (Baku, Azerbaijan)	Full (65.85%)
ASBC KAZAKHSTAN LLP (Almaty, Kazakhstan)	Full (100%)
Atlantech Ltd (Ras Al Khaimah, U.A.E)	Full (100%)
LLC Vizuatika (Minsk, Belarus)	Full (75%)
LLC Vizuators (Minsk, Belarus)	Full (75%)

5. Changes in the structure of the Company

During the six months ended June 30th, 2019 there were the following changes in the Group's structure:

- On January 25th, 2019, Asbis Limited (Charlestown, Ireland) has been liquidated, being a dormant company.
- On March 28th, 2019, E-vision - a subsidiary company of ASBIS acquired 75% shares of the company named LLC Vizuatika (Minsk, Belarus) for the price of 38 BYR (USD 17.). E-vision holds 75% in this subsidiary, being equal to share capital of 50 BYR (USD 23). We acquired this entity for provision of consulting and implementation services.
- On March 28th, 2019, ASBC - a subsidiary company of ASBIS acquired 75% shares of the company named LLC Vizuators (Minsk, Belarus) for the price of 45 BYR (USD 21). ASBC holds 75% in this subsidiary, being equal to share capital of 60 BYR (USD 28). We acquired this entity for sale of software licenses.
- On May 27th, 2019, the company named SIA "Asbis LV" has changed its name to "ASBIS BALTICS" SIA. The address of the company remains unchanged.

Moreover, on July 12th, 2019, Atlantech Ltd - subsidiary company of ASBIS signed an agreement according to which acquired 100% shares of a total nominal value of BYN 10,822.17 (USD 5,320.63) in AVECTIS ALC with its registered office in Minsk (Belarus). Price for the purchased shares was BYN 1,166,909.69 (USD 573,701.91). We implemented this acquisition, in line with our strategy towards expanding and strengthening our competencies in very promising business segments, that is solutions and IT services for corporate clients.

6. Discussion of the difference of the Company's results and published forecasts

On March 27th, 2019 the Company announced its official financial forecast for 2019. Having seen H1 2019 results, we fully sustain our forecast that assumes revenues between US$ 1.7 billion and 1.9 billion and net profit after tax between US$ 8.5 and US$ 10 million.

7. Information on dividend payment

During the three-month period ended 30 June 2019 following the Board of Directors' recommendation and an Annual General Meeting of Shareholders resolution, a dividend of USD 0.05 per share has been paid out on June 4th, 2019. The dividend date was set for May 21st, 2019.

Thus, the total dividend from the Company's profit for 2018 (including the interim dividend pay-out on December 20th, 2018) amounted to USD 0.10 per share, which resulted in a total payment of USD 5,550,000.

8. Shareholders possessing more than 5% of the Company's shares as of the date of the publication of the interim report

The following table presents shareholders possessing more than 5% of the Company's shares as of the date of publication of this report, according to our best knowledge. The information included in the table is based on the information received from the shareholders pursuant to Art. 69, sec. 1, point 2 of the Act on Public Offering, conditions governing the introduction of financial instruments to organized trading and public companies.

Name	Number of shares	% of share capital	Number of votes	% of votes
KS Holdings Ltd*	20,443,127	36.83%	20,443,127	36.83%
ASBISc Enterprises Plc (buy-back program)	16,389	0.03%	16,389	0.03%
Free-float	35,040,484	63.14%	35,040,484	63.14%
TOTAL	**55,500,000**	**100%**	**55 500 000**	**100%**

*Siarhei Kostevitch holds shares as the ultimate beneficial owner of KS Holdings Ltd.

There were no changes in the number of shares possessed by major shareholders during the period between May 9th, 2019 (the date of the publication of the interim report for Q1 2019) and the date of this report.

9. Changes in the number of shares owned by the members of the Board of Directors

During the period between May 9th, 2019 (the date of the publication of the interim report for Q1 2019) and August 8th, 2019 (date of this report) there were no changes in the number of shares possessed by the members of the Board of Directors.

The table below presents the number of shares held by the members of the Board of Directors as of the date of this report. The information included in the table below is based on information received from members of our Management Board**:**

Name	Number of Shares	% of the share capital
Siarhei Kostevitch (directly and indirectly)*	20,443,127	36.83%
Constantinos Tziamalis	555,000	1.00%
Marios Christou	463,061	0.83%
Yuri Ulasovich	210,000	0.38%
Demos Demou	0	0%
Tasos A. Panteli	0	0%

*Siarhei Kostevitch holds ASBIS shares as a shareholder of KS Holdings Ltd.

The members of the Board of Directors do not have any rights to the Company's shares.

10. Changes in the members of managing bodies

During the six-month period ended June 30th, 2019 there were following changes in the members of the Company's Board of Directors:

- On April 18th, 2019 Mr Tasos A. Panteli has been appointed to the Board of Directors as a Non-Executive Director in the place of Mr Chris Pavlou - Non-Executive Director of the Company, who resigned from his position, effective from March 26th, 2019.

- The Company's Annual General Meeting of Shareholders held on May 8th, 2019 has re-elected Mr. Constantinos Tziamalis, Mr. Tasos. A. Panteli and Mr. Demos Demou to the Board of Directors.

There were no other changes in the members of the Company's Board of Directors in the course of H1 2019.

11. Significant administrative and court proceedings against the Company

Neither the Company nor any of the members of our Group are involved in any significant proceedings before a court, competent body or a body of public administration concerning payables or debt of the Company or its subsidiaries.

12. Related party transactions

During the six months ended June 30th, 2019 neither the Company nor any of the members of our Group have concluded any material related party transaction, other than with market conditions.

13. Information on guarantees granted to third parties

The total corporate guarantees the Company has issued, as at June 30th, 2019 to support its subsidiaries' local financing, amounted to U.S.$ 174,884.The total bank guarantees and letters of credit raised by the Group (mainly to Group suppliers) as at June 30th, 2019 was U.S. $ 41,218 – as per note number 16 to the financial statements.

14. Information on changes in conditional commitments or conditional assets occurred since the end of the last fiscal year

No changes in conditional commitments or conditional assets occurred since the end of the last fiscal year.

15. Other information important for the assessment of our personnel, economic and financial position, as well as our financial results

In the three and six month period ended June 30th, 2019, the Company's results of operations have been affected and are expected to continue to be affected by a number of factors. These factors are presented in brief below:

The in-country crisis affecting our major markets, gross profit and gross profit margin

Throughout the years of operation, the Company has from time to time suffered from specific in-country problems, emanating from the deterioration of specific countries' financial situation, due to a number of issues including but not limited to the political instability. We need to monitor any developments, react fast and weather every risk showing up in a specific market to secure our results.

The Company needs to keep in mind that different in-country problems might arise at any time and affect our operations. Despite the fact that we have improved our procedures, we cannot be certain that all risks are mitigated.

Currency fluctuations

The Company’s reporting currency is the U.S. dollar. In 2019 approximately 45% of our revenues were denominated in U.S. dollars, while the balance is denominated in Euro, Ruble, UAH, KZT and other currencies, certain of which are linked to the Euro. Our trade payable balances are principally (about 80%) denominated in U.S. dollars. In addition, approximately half of our operating expenses are denominated in U.S. dollars and the other half in Euro or other currencies, certain of which are linked to the Euro. As a result, reported results are affected by movements in exchange rates, particularly in the exchange rate of the U.S. dollar against the Euro and other currencies of the countries in which we operate, including the Russian Ruble, the Ukrainian Hryvnia, the Czech Koruna, the Polish Zloty, the Croatian Kuna, the Kazakhstani Tenge and the Hungarian Forint.

In particular, a strengthening of the U.S. dollar against the Euro and other currencies of the countries in which we operate may result in a decrease in revenues and gross profit, as reported in U.S. dollars, and foreign exchange loss relating to trade receivables and payables, which would have a negative impact on our operating and net profit despite a positive impact on our operating expenses. On the other hand, a devaluation of the U.S. dollar against the Euro and other currencies of the countries in which we operate may have a positive impact on our revenues and gross profit, as reported in U.S. dollars, which would have a positive impact on operating and net profit despite a negative impact on our operating expenses. In addition, foreign exchange fluctuation between the U.S. dollar and the Euro or other currencies of the countries in which we operate may result in translation gains or losses affecting foreign exchange reserve. Furthermore, a major devaluation or depreciation of any such currencies may result in a disruption in the international currency markets and may limit the ability to transfer or to convert such currencies into U.S. dollars and other currencies.

Despite all efforts of the Company, there can be no assurance that fluctuations in the exchange rates of the Euro and/or other currencies of the countries in which we operate against the U.S. dollar will not have a material adverse effect on our business, financial condition and results of operations. Therefore, careful observation of the currency environment remains a crucial factor for our success.

Competition and price pressure

The IT distribution industry is a highly competitive market, particularly with regards to products selection and quality, inventory, price, customer services and credit availability and hence is open to margin pressure from competitors and new entrants. The Company competes at the international level with a wide variety of distributors of varying sizes, covering different product categories and geographic markets. In particular, in each of the markets in which the Company operates it faces competition from:

- International IT and CE distributors with presence in all major markets we operate
- Regional IT and CE distributors who cover mostly a region but they are quite strong
- Strong local distributors who focus mostly on a single market but they are very strong
- International IT and mobile phones brokers, who sell opportunistically in any region and/or country

Competition and price pressures from market competitors and new market entrants may lead to significant reductions in the Company’s sales prices. Such pressures may also lead to a loss of market share in certain of the Group's markets. Price pressures can have a material adverse effect on the Company’s profit margins and its overall profitability, especially in view of the fact that its gross profit margins, like those of most of its competitors, are low and sensitive to sales price fluctuations.

Low gross profit margins

The Company's business is both a traditional distribution of third-party products and own brand. This allows the Company to deliver healthier gross profit margins when conditions are favourable.

In the traditional distribution business, the Company's gross profit margins, like those of other distributors of IT products, are low and the Company expects that in the distribution arm of its business they will remain low in the foreseeable future. Increased competition arising from industry consolidation and low demand for certain IT products may hinder the Company's ability to maintain or improve its gross margins. A portion of the Company's operating expenses is relatively fixed, and planned expenditures are based in part on anticipated orders that are forecasted with limited visibility of future demand. As a result, the Company may not be able to reduce its operating expenses as a percentage of revenue in order to mitigate any reductions in gross margins in the future.

In an effort to increase gross margins, the Company has developed its own brand business, that allows for higher gross profit margins. It has also invested in the VAD Business Unit which is also expected to deliver higher gross profit margins. It is very important for the Company to address all risks associated with these business lines and avoid negative surprises which might lead to losses.

Inventory obsolescence and price erosion

The Company is often required to buy components and finished products according to forecasted requirements and orders of its customers and in anticipation of market demand. The market for IT finished products and components is characterized by rapid changes in technology and short product shelf life, and, consequently, inventory may rapidly become obsolete. Due to the fast pace of technological changes, the industry may sometimes face a shortage or, at other times, an oversupply of IT products. As the Company increases the scope of its business and, in particular, of inventory management for its customers, there is an increasing need to hold inventory to serve as a buffer in anticipation of the actual needs of the Company's customers. This increases the risk of inventory becoming devalued or obsolete and could affect the Company's profits either because prices for obsolete products tend to decline quickly, or as a result of the need to make provisions for write-offs. In an oversupply situation, other distributors may elect to proceed with price reductions in order to dispose of their existing inventories, forcing the Company to lower its prices to stay competitive. The Company's ability to manage its inventory and protect its business against price erosion is critical to its success.

A number of the Company's most significant contracts with its major suppliers contain advantageous contract terms that protect the Company against exposure to price fluctuations, defective products and stock obsolescence.

Credit risk

The Company buys components and finished products from its suppliers on its own account and resells them to its customers. The Company extends credit to some of its customers at terms ranging from 21 to 90 days or, in a few cases, to 120 days. The Company's payment obligations towards its suppliers under such agreements are separate and distinct from its customers' obligations to pay for their purchases, except in limited cases where the Company's arrangements with its suppliers require the Company to resell to certain resellers or distributors. Thus, the Company is liable to pay its suppliers regardless of whether its customers pay for their respective purchases. As the Company's profit margin is relatively low compared to the total price of the products sold, in the event where the Company is not able to recover payments from its customers, it is exposed to financial liquidity risk. The Company has in place credit insurance which covers such an eventuality for the majority of its revenue.

Despite all efforts to secure our revenues, certain countries remained non- insured (Ukraine and Belarus) therefore is very important for us to ensure that we find other sources of securities which help us minimizing our credit risk. The Board of Directors decided to enhance risk management procedures. These do not guarantee that all issues will be avoided, however, granted the Company with confidence that is in a position to weather any possible major credit issue that may arise.

Worldwide financial environment

The world's financial crisis has eased throughout the last few years. Following partial recovery, the Company has undertaken certain efforts to benefit from this recovery both in revenues and profitability. The revised strategy and adaptation to the new environment, i.e., by rebuilding our product portfolio, has paid off in terms of increased market share and sales last year.

In 2019 the Company's strategy is to concentrate more on profitability than on revenues.

However, there are many uncertainties about the world economy following turmoils in different countries, the volatility of currencies and fragility of demand in many markets. Additionally, from time to time, unpredictable situations may happen in selected markets. A recent example is the trade war between the USA and China. We believe that the Company is much more flexible and better prepared to weather any obstacles that may arise due to the worldwide financial environment.

Seasonality

Traditionally the IT distribution industry in which the Company operates experiences high demand during the months prior to and leading up to the Christmas and New Year holiday period. In particular, IT distributors' demand tends to increase in the period starting from September till the end of the year.

Development of own brand business

The Company's strategy is to focus more on profitability than on revenues, thus we continue to develop the own brand business that allows for higher gross profit margins. This includes the development of smartphones, tablets and other product lines that are sold under Prestigio and Canyon brands in all regions of the Company's operations.

The Company has also invested in two new own brands, Perenio - which includes the sales of smart home and smart security sensors and other products and Atlantech - aiming to become a leading pan-regional OEM in servers, data storage, data centre solutions and pro-services across CEE, FSU, EMEA.

In order to keep quality under control and achieve the maximum possible gross profit margins, the Company's Directors have decided to go under a back-to-back scheme. This implies that orders are placed with ODMs, only if they are in advance confirmed by customers.

The Company is undertaking a number of quality control measures to mitigate this risk, but given the volumes and a large number of factories used to produce these products, these controls might not be sufficient. Moreover, competition has already been intensified and the Company may not be able to sustain its profitability levels.

Despite the Company's efforts, there can be no assurance of a similar development pace in the own brand business in future periods. This is because there may be a significant change in market trends, customer preferences or technology changes that may affect the development of own-brand business and therefore, its results.

Warranty claims from own brand products

The own-brand business requires us to put extra efforts to avoid any problems with the quality of devices. Despite all our efforts, we cannot predict if consumers decide to return significant amounts of products.This situation has much improved in 2018 and in the course of the six months of 2019.

This risk has negatively affected our results in the past when certain ODMs have not honored their contractual obligations on products with epidemic failure.

The Group is undertaking all possible steps towards ensuring proper compensation of past expenses.

In the same time, in an effort to avoid such problems in the future, a much more scrutinized selection of suppliers is currently in place, which, however, does not guarantee the elimination of the risk of warranty losses.

High cost of debt

The distribution business entails a higher need for cash available to support growth. The Group has managed to raise cash from various financial institutions, however, in certain cases, the cost of this financing is expensive. The Company has already negotiated improved terms with some of its supply-chain financiers and is currently undertaking certain extra steps to further lower cost of financing. However, the sanctions imposed to Russia and tensions related to the Ukrainian crisis have resulted in significantly increased cost of financial facilities in these countries and this may limit our efforts to further decrease our average cost of debt. In the course of H1 2019, we have experienced a stable cost of financing in the F.S.U. and this is reflected in our overall financial cost.

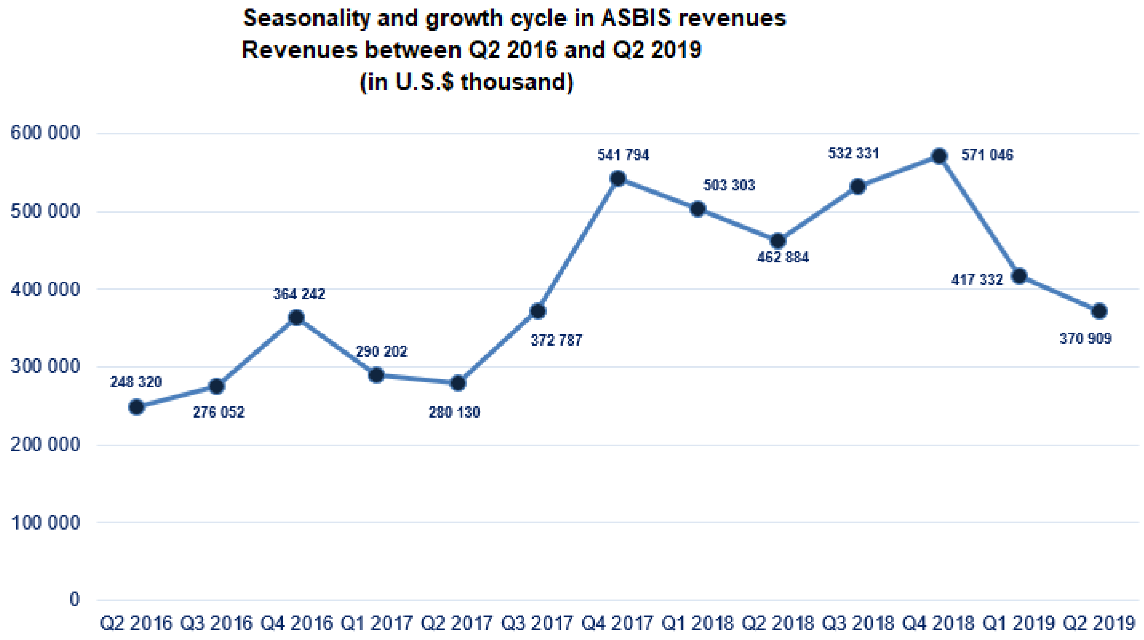
Results of Operations

Three and six month periods ended 30 June 2019 compared to the three and six month periods ended 30 June 2018

- **Revenues:**

In Q2 2019 revenues decreased by 19.9% to U.S.$ 370,909 from U.S.$ 462,884 in Q2 2018.

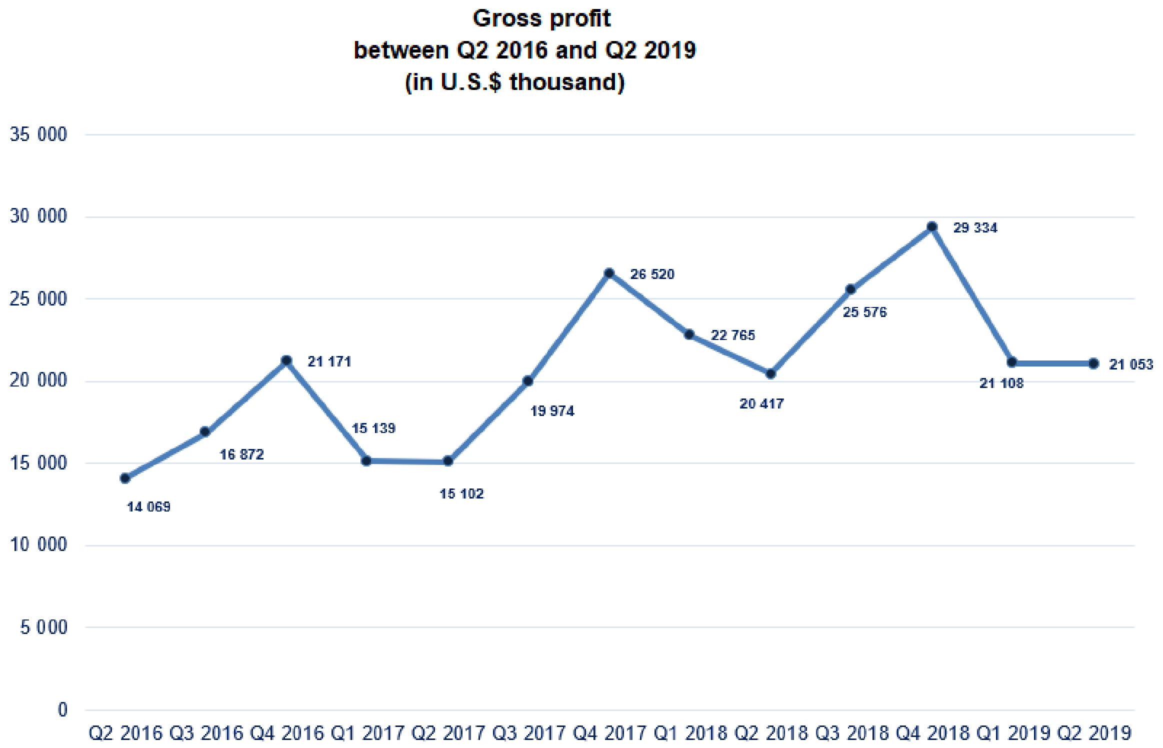
In H1 2019 revenues decreased by 18.4% to U.S.$ 788,241 from U.S.$ 966,187 in H1 2018.



- **Gross profit:**

In Q2 2019 gross profit increased by 3.1% to U.S.$ 21,053 from U.S.$ 20,417 in Q2 2018.

In H1 2019 gross profit decreased by 2.4% to U.S.$ 42,161 from U.S.$ 43,182 in H1 2018.



- **Gross profit margin** much improved both in Q2 2019 and in H1 2019 as compared to the corresponding periods of 2018.

  In Q2 2019 gross profit margin increased significantly to 5.68% from 4.41% in Q2 2018.

  In H1 2019 gross profit margin strongly increased to 5.35% from 4.47% in H1 2018.

- **Selling expenses** largely comprise of salaries and benefits paid to sales employees (sales, marketing and logistics departments), marketing and advertising fees, commissions, and travelling expenses. Selling expenses usually grow together (but not in-line) with growing sales and, most importantly, gross profit.

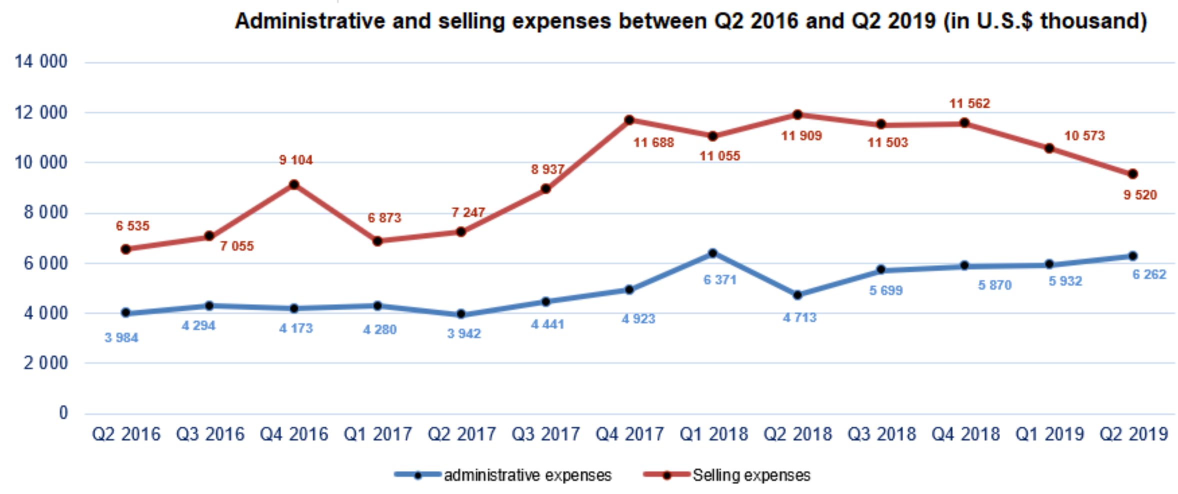
  In Q2 2019 selling expenses decreased by 20.1% to U.S.$ 9,520 from U.S.$ 11,909 in Q2 2018.

  In H1 2019 selling expenses decreased by 12.5% to U.S.$ 20,093 from U.S.$ 22,964 in H1 2018.

- **Administrative expenses** largely comprise of salaries and wages of administration personnel and rent expense.

  In Q2 2019 administrative expenses increased by 32.9% to U.S.$ 6,262 from U.S.$ 4,713 in Q2 2018

  In H1 2019 administrative expenses increased by 10.0% to U.S.$ 12,194 from U.S.$ 11,084 in H1 2018.



- **EBITDA:**

  In Q2 2019 EBITDA was significantly higher compared to Q2 2018 and reached U.S.$ 5,842 as compared to U.S.$ 4,412 in Q2 2018.

  In H1 2019 EBITDA improved strongly to U.S.$ 11,251 as compared to U.S.$ 10,377 in H1 2018.

- **Net profit:** The Company closed both Q2 2019 and H1 2019 with satisfactory net profit for the Group which is very good and in line with our expectations.

  In Q2 2019 net profit after tax amounted to U.S.$ 913, a 26.1% down compared to U.S.$ 1,236 in Q2 2018.

  In H1 2019 net profit after tax decreased by 11.6% while it has amounted to U.S.$ 2,606 as compared to U.S.$ 2,949 in H1 2018.

Sales by regions and countries

The F.S.U. and the CEE regions traditionally contribute to the majority of revenues. This has not changed in Q2 and H1 2019. In Q2 and H1 2019 sales in the F.S.U. decreased by 13.4% and by 16.2%, whereas in the CEE dropped by 20.9% and by 26.6% respectively. Following all the above-mentioned changes, the share of the F.S.U in our total revenues increased to 50.74% in H1 2019 from 49.37% in H1 2018.

Country-by-country analysis reveals a better understanding of the above-mentioned results. A decrease in the F.S.U is a result of a trend in Russia (-14% in Q2 2019 and -11% in H1 2019), Ukraine (+6% in Q2 2019 and -10% in H1 2019), Kazakhstan (-37% in Q2 2019 and -41% in H1 2019) and Belarus (+5% in Q2 2019 and -6% in H1 2019). The decrease of sales in the F.S.U. region was expected and followed the general slowdown in demand for smartphones across the globe.

At the same time, the drop in the CEE is a result of a declining trend in Slovakia (-16% in Q2 2019 and -10% in H1 2019) in the Czech Republic (-14% in Q2 2019 and -21% in H1 2019) and in Romania (-21% in Q2 2019 and -23% in H1 2019).

The MEA result is mainly determined by our revenues in UAE (-33% in Q2 2019 and -11% in H1 2019).

Sales in Western Europe dropped by 28.9% in Q2 2019 and by 15.9% in H1 2019 as compared to the corresponding periods of 2018.

The tables below provide a geographical breakdown of sales for the three and six month periods ended June 30th, 2019 and 2018.

	Q2 2019		Q2 2018	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Former Soviet Union	194,828	52.53%	225,050	48.62%
Central and Eastern Europe	97,291	26.23%	123,060	26.59%
Middle East and Africa	45,529	12.27%	63,991	13.82%
Western Europe	28,760	7.75%	40,445	8.74%
Other	4,501	1.21%	10,338	2.23%
Total	**370,909**	**100%**	**462,884**	**100%**

	H1 2019		H1 2018	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Former Soviet Union	399,980	50.74%	477,034	49.37%
Central and Eastern Europe	207,829	26.37%	283,074	29.30%
Middle East and Africa	102,351	12.98%	110,980	11.49%
Western Europe	63,629	8.07%	75,620	7.83%
Other	14,452	1.83%	19,479	2.02%
Total	**788,241**	**100%**	**966,187**	**100%**

Revenue breakdown – Top 10 countries in Q2 2019 and Q2 2018 (in U.S. Dollar thousand)

	Q2 2019		Q2 2018	
	Country	Sales	Country	Sales
1.	**Russia**	72,767	**Russia**	84,474
2.	**Ukraine**	61,279	**Ukraine**	57,853
3.	**Slovakia**	34,913	**United Arab Emirates**	49,006
4.	**United Arab Emirates**	33,019	**Slovakia**	41,527
5.	**Kazakhstan**	24,497	**Kazakhstan**	38,841
6.	**Belarus**	24,187	**Belarus**	23,109
7.	**Czech Republic**	14,921	**Czech Republic**	17,340
8.	**Romania**	11,579	**The Netherlands**	16,420
9.	**The Netherlands**	8,037	**Romania**	14,750
10.	**Bulgaria**	6,945	**Hungary**	10,138
11.	**Other**	78,765	**Other**	109,425
	TOTAL	**370,909**	**TOTAL**	**462,884**

Revenue breakdown – Top 10 countries in H1 2019 and H1 2018 (in U.S. Dollar thousand)

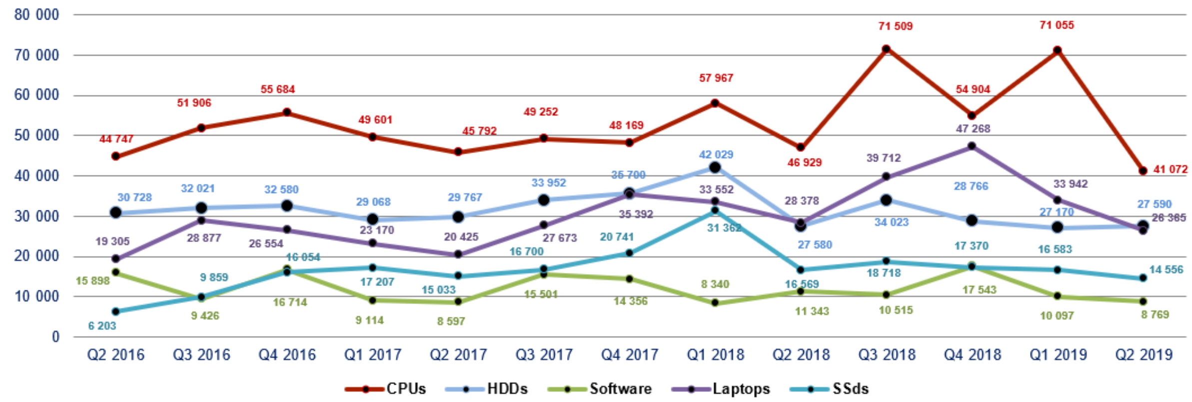
	H1 2019		H1 2018	
	Country	Sales	Country	Sales
1.	Russia	156,560	Russia	175,156
2.	Ukraine	116,113	Ukraine	129,151
3.	Slovakia	72,649	United Arab Emirates	84,406
4.	United Arab Emirates	75,370	Slovakia	81,018
5.	Kazakhstan	55,219	Kazakhstan	93,863
6.	Belarus	48,588	Belarus	51,770
7.	Czech Republic	30,807	Czech Republic	39,223
8.	Romania	24,103	The Netherlands	37,777
9.	The Netherlands	21,297	Romania	31,174
10.	Poland	14,516	Hungary	19,233
11.	Other	173,019	Other	223,414
	TOTAL	**788,241**	TOTAL	**966,187**

Sales by product lines

ASBIS remains the distributor of first choice for many worldwide suppliers. During the six months ended June 30th, 2019 we have continued our strategy on increasing profitability and developing our portfolio of own products. This has resulted in lower revenues for certain product lines.

The chart below indicates the trends in sales per product line:

Changes in renevue breakdown by main product lines between Q2 2016 and Q2 2019 (in U.S.$ thousand)

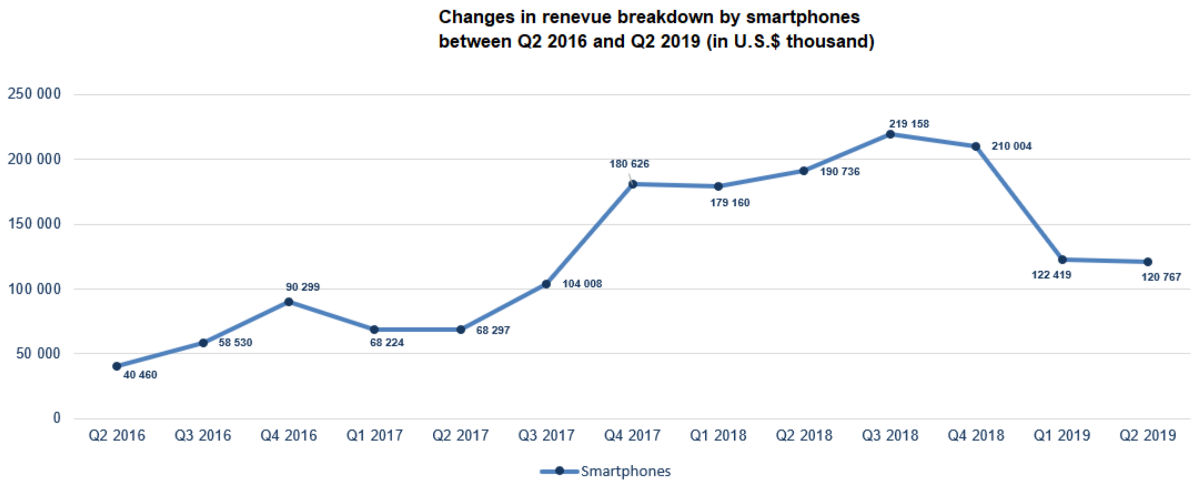


In H1 2019, sales were mainly driven by smartphones, CPUs, accessories & multimedia and laptops.

Revenues from CPUs decreased by 12.5% in Q2 2019 and increased by 6.9% in H1 2019. Sales from HDDs didn't change in Q2 2019 and decreased by 21.3% in H1 2019. In Q2 2019 revenues from software decreased by 22.7% and by 4.1% in H1 2019. The business of laptops and SSds dropped respectively by 7.1% and by 12.1% in Q2 2019 and by 2.6% and by 35.0% in H1 2019.

From "Other" product lines, the Company has noticed a positive trend for H1 2019 in accessories and multimedia (+47.2%), servers and server blocks (+12.4%) and PC desktop (+6.2%).

The chart below indicates the trends in smartphones sale



In H1 2019 sales of smartphones, which contribute to the majority of our revenues decreased by 34.3%, as compared to H1 2018. This was as a result of market saturation and expectations that worldwide sales of smartphones would decrease. All major manufacturers of smartphones are reporting a decline in revenues for 2019.

The table below sets a breakdown of revenues, by product lines, for Q2 2019 and Q2 2018:

	Q2 2019		Q2 2018	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Smartphones	120,767	32.56%	190,736	41.21%
Central processing units (CPUs)	41,072	11.07%	46,929	10.14%
Accessories & multimedia	40,604	10.95%	25,586	5.53%
Hard disk drives (HDDs)	27,590	7.44%	27,580	5.96%
PC-mobile (laptops)	26,365	7.11%	28,378	6.13%
Servers and server blocks	20,513	5.53%	16,326	3.53%
SSDs	14,556	3.92%	16,569	3.58%
Networking products	11,313	3.05%	12,507	2.70%
Other	68,129	18.37%	98,273	21.23%
Total revenue	**370,909**	**100%**	**462,884**	**100%**

	H1 2019		H1 2018	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Smartphones	243,186	30.85%	369,896	38.28%
Central processing units (CPUs)	112,127	14.22%	104,896	10.86%
Accessories & multimedia	82,484	10.46%	56,052	5.80%
PC-mobile (laptops)	60,307	7.65%	61,930	6.41%
Hard disk drives (HDDs)	54,761	6.95%	69,609	7.20%
Servers and server blocks	37,030	4.70%	32,937	3.41%
SSDs	31,139	3.95%	47,931	4.96%
PC tablets	23,455	2.98%	34,737	3.60%
Other	143,752	18.24%	188,199	19.48%
Total revenue	**788,241**	**100%**	**966,187**	**100%**

Liquidity and Capital Resources

The Company has in the past funded its liquidity requirements, including ongoing operating expenses, capital expenditures and investments, for the most part, through operating cash flows, debt financing and equity financing. Cash flow in Q2 and H1 2019 has been impacted by improved working capital utilization and a dividend payout. The management of the Company aims to have a positive cash flow from operations for 2019.

The following table presents a summary of cash flows for the six months ended June 30th, 2019 and 2018:

	Six months ended June 30th	
	2019	**2018**
	U.S. $	
Net cash outflows from operating activities	(24,199)	(53,677)
Net cash outflows from investing activities	(733)	(1,330)
Net cash (outflows)/inflows from financing activities	(3,259)	5,009
Net decrease in cash and cash equivalents	**(28,191)**	**(49,998)**

Net cash outflows from operations

Net cash outflows from operations amounted to U.S. $ 24,199 for the six months ended June 30th, 2019, as compared to outflows of U.S. $ 53,677 in the corresponding period of 2018. This is mainly attributed to improved working capital utilization. The Company aims cash from operations to turn positive for the year 2019.

Net cash outflows from investing activities

Net cash outflows from investing activities were U.S. $ 733 for the six months ended June 30th, 2019, as compared to outflows of U.S. $ 1,330 in the corresponding period of 2018.

Net cash outflows from financing activities

Net cash outflows from financing activities were U.S. $ 3,259 for the six months ended June 30th, 2019, as compared to inflows of U.S.$ 5,009 for the corresponding period of 2018.

Net decrease in cash and cash equivalents

As a result of a higher profitability and improved working capital utilization, cash and cash equivalents have decreased by US$ 28,191, as compared to a decrease of US$ 49,998 in the corresponding period of 2018.

16.Factors which may affect our results in the future

<u>Political and economic stability in Europe and our regions</u>

The markets the Group operates into have traditionally shown vulnerability in the political and economic environment. The volatile economies in the F.S.U. region and certain politically driven events in all markets are considered by the management as a crucial external factor, which might adversely affect our results, in the short term.

Having seen the recent improvement in the F.S.U. and other regions, we do believe to be able to further benefit from the work done during the tough times.

What is more important, we develop more markets in this region with new product lines and our revenues and profitability benefit from that. We will continue this strategy and focus more on our core regions and strengths, to maximize profits and take advantage of market changes.

The Group's ability to increase revenues and market share while focusing on profits

The diversified geographic coverage of the Group's revenues ensures that we do mitigate the risk of lower sales in a particular country with the possibility of higher sales in a few other countries. Russia and Ukraine are currently the markets that lead in terms of revenue. We need to ensure that we adapt quickly to any changes that may occur in these markets and reinforce our strategy to fully diversify our sales.

The F.S.U. and CEE regions are expected to continue having the leading share in our revenue breakdown. This follows the focus of the Group to its strong competencies and further development of the product portfolio at these marketplaces. In 2019, an increase in revenues will not be a primary target for the Group, since the focus will be mostly on profitability. Despite all measures taken by the Company, the possibility of a decrease in demand and sales in a particular country or region cannot be excluded in the future. Such a situation may limit overall growth.

It is of extreme importance for the Company to best prepare its structure to offset such a situation with higher sales in other markets. This means both a constant upgrade of the product portfolio and close relations with customers to gain an increased market share from weaker competitors.

The Group's ability to increase gross profit margins

The Group's ability to increase its gross profit margin is of a huge importance. The increase observed in H1 2019 as compared to the corresponding period of 2018 was a result of the current Company's strategy to focus more on both the development of own-brand and third-party products with higher margins.

The pace of growth in gross profit margins is hard to estimate, as the margins may remain under pressure, due to enhanced competition together with lower demand in several markets. It is quite important for the Group to manage its stock levels and refine its product portfolio to achieve optimum gross profit margins.

Currency volatilities

The multi-currency environment that the Group operates in exposes its financial results to steep currency fluctuations. We have been successfully shielded by our hedging policy in the six-month period ended June 30th, 2019. Therefore, the hedging strategy should be followed and further improved without any exception in further periods.

Ability of the Group to control expenses

Selling and administrative expenses dropped in total in Q2 2019 and H1 2019 around 5%, as compared to Q2 2018 and H1 2018. This was a result of decreased revenues and the ability of the Group to scale its expenses accordingly. We consider cost control to be a significant factor towards delivering improved results going forward and it is very important that the Group is undertaking all necessary steps towards in further reducing its expenses.

Ability to further develop the Group's product portfolio, both third party and own brands

Because of its size, geographical coverage and good relationship with vendors, the Company has managed to build an extensive product portfolio.

It is crucial for the Company to continue refining its product mix constantly by adding new product lines with higher gross (and net) profit margins to boost its profitability. Such additions like Perenio, Atlantech and other VAD services are promising a new stream of income with improved gross margin for the Group.

Ability to cover warranty claims from customers

The own-brand business requires us to be very careful with quality as it may affect both consumer satisfaction and increase costs. Since we do not manufacture the devices ourselves, we have built increased warranty provisions and signed separate agreements with our suppliers to cover us against warranty losses of such products. We have much improved our procedures and this has covered us to a large extent.

Therefore, we have not faced any specific problems in this area in H1 2019. However, we need to be constantly overlooking and analysing the situation to avoid any possible losses.

17. Information about important events that occurred after the period ended on June 30th, 2019 and before this report release

An Extraordinary General Meeting of Shareholders held on 15th of July 2019 approved the share buy-back program and authorized the Board of Directors to conduct a buy-back up to 500,000 shares for a maximum of USD 300,000. The minimum transaction price for the purchase of shares under the purchase is PLN 1.5, and the maximum is set at PLN 3.0.

Instead of this above-mentioned, there were no events that occurred and could either affect the Company's operations or its financial stability in the period between June 30th, 2019 and August 8th, 2019.

Part II Financial Information

The financial information of ASBISc Enterprises Plc presented as a part of this report is as follows:

Report and Condensed Consolidated Interim Financial Statements for the period ended 30 June 2019

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2019

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2019

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BOARD OF DIRECTORS REPRESENTATIONS

In accordance with the requirements of the Ordinance of the Minister of Finance dated March 29th, 2018 on current and periodical information published by issuers of securities and on the conditions of recognizing as equivalent the information required by the laws of non-EU Member States, the Board of Directors of ASBISC ENTERPRISES PLC hereby represents that:

- to its best knowledge, the semi-annual condensed consolidated financial statements and the comparative data have been prepared in accordance with the applicable accounting policies and that they give a true, fair and clear reflection of the group's financial position and its financial result, and that the semi-annual Director's Report on operations gives a true view of the group's development, achievements, and position, including description of basic risks and threats;

Limassol, August 7th, 2019

DECLARATION BY THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY OFFICIALS RESPONSIBLE FOR THE DRAFTING OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(In accordance with the provisions of Law 190(I)/2007 on Transparency Requirements)

In accordance with Article 10, sections (3c) and (7), of the Transparency Requirements (Traded Securities in Regulated Markets) Law 190 (1) / 2007 we, the members of the Board of Directors and the company officials responsible for the drafting of the condensed consolidated interim financial statements of ASBISC Enterprises Plc (the "company") and its subsidiaries (the "group") for the period ended 30 June 2019, confirm to the best of our knowledge that:

a) the condensed consolidated interim financial statements for the period ended 30 June 2019 which are presented on pages 4 to 22:

(i) have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and the provisions of subsection (4) of Article 10 of the Law, and

(ii) give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation, taken as a whole, and

b) the Board of Directors' report provides a fair review of the developments and the performance of the business and the position of the company's and the undertakings included in the consolidation, taken as a whole, together with a description of the principal risks and uncertainties that they face.

Members of the Board of Directors:

Siarhei Kostevitch (Cypriot)
Chairman and Chief Executive Officer ....

Marios Christou (Cypriot)
Executive Director ....

Constantinos Tziamalis (Cypriot)
Executive Director ....

Yuri Ulasovich (Cypriot)
Executive Director ....

Demos Demou (Cypriot)
Non-Executive Director ....

Tasos A. Panteli (Cypriot)
Non-Executive Director ....

Financial Controller responsible for the drafting of the financial statements

Loizos Papavassiliou (Cypriot)
Financial Controller ....

Limassol, 07 August 2019

INDEPENDENT AUDITORS' REPORT ON THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF ASBISC ENTERPRISES PLC

Introduction
We have reviewed the accompanying condensed consolidated interim financial statements of Asbisc Enterprises PLC and its subsidiaries (the "group") on pages 4 to 24 which comprise the condensed consolidated interim statement of financial position of the group as at 30 June 2018, and the condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows of the group for the six month period then ended and notes to the interim financial information (the "Condensed Consolidated Interim Financial Information"). Management is responsible for the preparation and fair presentation of this Condensed Consolidated Interim Financial Information in accordance with the International Accounting Standard 34 *"Interim Financial Reporting"*. Our responsibility is to express a conclusion on this Condensed Consolidated Interim Financial Information based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Consolidated Interim Financial Information as at 30 June 2019 is not prepared, in all material respects, in accordance with IAS 34 *"Interim Financial Reporting"*.

Certified Public Accountants and Registered Auditors
KPMG Center,
No.11, 16th June 1943 Street,
3022 Limassol,
Cyprus.

Limassol, 7 August 2019

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 30 JUNE 2019
(in thousands of US$)

	Note	For the six months ended 30 June 2019 US$	For the six months ended 30 June 2018 US$
Revenue	4,23	788,241	966,187
Cost of sales		(746,080)	(923,005)
Gross profit		42,161	43,182
Selling expenses		(20,093)	(22,964)
Administrative expenses		(12,194)	(11,084)
Profit from operations		9,874	9,134
Financial income	7	1,537	2,252
Financial expenses	7	(8,607)	(7,811)
Share of loss of equity-accounted investees		(2)	-
Other gains and losses	5	320	155
Profit before tax	6	3,122	3,730
Taxation	8	(516)	(781)
Profit for the period		2,606	2,949
Attributable to:			
Equity holders of the parent		2,616	2,942
Non-controlling interests		(10)	7
		2,606	2,949
		US$ cents	US$ cents
Earnings per share			
Basic and diluted from continuing operations		4.72	5.30

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2019

(in thousands of US$)

	For the six months ended 30 June 2019 US$	**For the six months ended 30 June 2018 US$**
Profit for the period	2,606	2,949
Other comprehensive income/(loss)		
Exchange difference on translating foreign operations	116	(632)
Reclassification adjustments relating to foreign operations liquidated in the period	10	(118)
Other comprehensive income/(loss) for the period	126	(750)
Total comprehensive income for the period	2,732	2,199
Total comprehensive income attributable to:		
Equity holders of the parent	2,743	2,205
Non-controlling interests	(11)	(5)
	2,732	2,199

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

(in thousands of US$)

	Notes	As at 30 June 2019 US$	As at 31 December 2018 US$
ASSETS			
Non-current assets			
Property, plant and equipment	9	29,668	25,250
Intangible assets	10	2,791	3,068
Equity-accounted investees	11	576	336
Goodwill	27	397	400
Deferred tax assets	20	444	133
Total non-current assets		33,876	29,187
Current assets			
Inventories	12	154,970	180,211
Trade receivables	13	159,413	174,580
Other current assets	14	18,141	16,859
Derivative financial asset	25	784	1,088
Current taxation	8	715	451
Cash at bank and in hand	26	78,531	101,425
Total current assets		412,554	474,614
Total assets		446,430	503,801
EQUITY AND LIABILITIES			
Equity			
Share capital	15	11,100	11,100
Share premium		23,518	23,518
Retained earnings and other components of equity		64,308	64,340
Equity attributable to owners of the parent		98,926	98,958
Non-controlling interests		264	275
Total equity		99,190	99,233
Non-current liabilities			
Long term borrowings	17	3,191	87
Other long-term liabilities	18	623	578
Deferred tax liabilities	20	352	34
Total non-current liabilities		4,166	699
Current liabilities			
Trade payables		165,953	208,145
Other current liabilities	21	38,656	46,938
Short term borrowings	16	134,932	146,566
Derivative financial liability	24	1,509	358
Current taxation	8	2,024	1,862
Total current liabilities		343,074	403,869
Total liabilities		347,240	404,568
Total equity and liabilities		446,430	503,801

The financial statements were approved by the Board of Directors on 7 August 2019.

………………………………
Constantinos Tziamalis
Director

………………………………
Marios Christou
Director

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2019

(in thousands of US$)

	Attributable to the owners of the parent							
	Share capital US$	Share premium US$	Treasury stock US$	Translation of foreign operations US$	Retained earnings US$	Total US$	Non controlling interests US$	Total US$
Balance at 1 January 2018	11,100	23,518	(14)	(10,199)	69,755	94,160	308	94,468
Profit for the period 1 January 2018 to 30 June 2018	-	-	-	-	2,942	2,942	7	2,949
Other comprehensive loss for the period 1 January 2018 to 30 June 2018 year	-	-	-	(737)	-	(737)	(12)	(749)
Payment of final dividend	-	-	-	-	(3,330)	(3,330)	-	(3,330)
Acquisition of shares from non-controlling interests (note 29)	-	-	-	-	-	-	(16)	(16)
Balance at 30 June 2018	11,100	23,518	(14)	(10,936)	69,367	93,035	287	93,322
Profit/(loss) for the period 1 July 2018 to 31 December 2018	-	-	-	-	9,096	9,096	(8)	9,088
Other comprehensive loss for the period 1 July 2018 to 31 December 2018	-	-	-	(398)	-	(398)	(4)	(402)
Payment of final dividend	-	-	-	-	(2,775)	(2,775)	-	(2,775)
Balance at 31 December 2018	11,100	23,518	(14)	(11,334)	75,688	98,958	275	99,233
Adjustment on initial application of IFRS 16 (net of tax)	-	-	-	-	-	-	-	-
Profit for the period 1 January 2019 to 30 June 2019	-	-	-	-	2,616	2,616	(10)	2,606
Other comprehensive profit for the period 1 January 2019 to 30 June 2019	-	-	-	127	-	127	(1)	126
Payment of final dividend			-	-	(2,775)	(2,775)	-	(2,775)
Balance at 30 June 2019	11,100	23,518	(14)	(11,207)	75,529	98,926	264	99,190

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2019

(in thousands of US$)

	Note	For the six months ended 30 June 2019 US$	For the six months ended 30 June 2018 US$
Profit for the period before tax and minority interest		3,122	3,730
Adjustments for:			
Exchange difference arising on consolidation		(64)	(464)
Depreciation of property, plant and equipment	9	1,378	752
Amortization of intangible assets	10	542	492
Impairment losses on intangible assets	5	14	-
Share of loss from associates		2	-
Loss/(profit) from the sale of property, plant and equipment and intangible assets	5	2	(24)
Provision for bad debts and receivables written off		144	72
Bad debts recovered	5	(2)	(49)
Provision for slow moving and obsolete stock		(107)	(711)
Interest received	7	(112)	(85)
Interest paid	7	2,353	2,039
Operating profit before working capital changes		7,272	5,752
Decrease/(increase) in inventories		25,349	(11,266)
Decrease in trade receivables		15,024	52,609
(Increase)/decrease in other current assets		(978)	923
Decrease in trade payables		(42,191)	(72,226)
(Decrease)/increase in other current liabilities		(7,385)	2,359
Increase in other non-current liabilities		45	118
Decrease in factoring creditors		(18,372)	(29,160)
Cash outflows from operations		(21,236)	(50,891)
Interest paid	7	(2,353)	(2,039)
Taxation paid, net	8	(610)	(747)
Net cash outflows from operating activities		(24,199)	(53,677)
Cash flows from investing activities			
Purchase of intangible assets		(259)	(705)
Purchase of property, plant and equipment		(593)	(734)
Proceeds from sale of property, plant and equipment and intangible assets		7	24
Interest received	7	112	85
Net cash outflows from investing activities		(733)	(1,330)
Cash flows from financing activities			
Payment of final dividend		(2,775)	(3,330)
Repayments of long-term loans and long-term obligations under finance lease		(660)	(60)
Proceeds of short-term borrowings and short-term obligations under finance lease		176	8,399
Net cash (outflows)/inflows from financing activities		(3,259)	5,009
Net decrease in cash and cash equivalents		(28,191)	(49,998)
Cash and cash equivalents at beginning of the period		58,109	45,933
Cash and cash equivalents at end of the period	26	29,919	(4,064)

1. Incorporation and principal activities

ASBISC Enterprises Plc was incorporated in Cyprus on 9 November 1995 with limited liability. These condensed consolidated interim financial statements ("interim financial statements") as at and for the six months ended 30 June 2019 comprise the interim financial statements of the Company and its subsidiaries (together referred to as the "Group"). The Group's and the Company's principal activity is the trading and distribution of computer hardware and software. The main shareholder of the Company is K.S. Holdings Limited, a company incorporated in Cyprus.

The Company is listed on the Warsaw Stock Exchange since 30th October 2007.

2. Basis of preparation

(a) Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for a complete set of IFRS financial statements and they should be read in conjunction with the audited financial statements for the year ended 31 December 2018. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2018.

This is the first set of Group's financial statements where IFRS 16 has been applied. Changes to significant accounting policies are described in note 3.

These interim financial statements were authorized for issue by the Company's Board of Directors on 7th of August 2019.

(b) Use of judgments and estimates

Preparing the interim financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2018, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 16 which are described in the Note 3.

3. Changes in significant accounting policies

Except as described below, the accounting policies adopted for the preparation of the condensed consolidated interim financial statements for the six months ended 30 June 2019 are consistent with those followed for the preparation of the annual financial statements for the year 2018. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

The Group has initially adopted IFRS 16 from 1 January 2019. A number of other new standards are effective from 1 January 2019, but they do not have to have a material effect on the Group's financial statements.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e., it is presented, as previously reported, under IAS 17 and related interpretations.

Significant accounting policies (continued)

A. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining Whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leased under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group elected not to separate components and will instead account for the lease and non-lease components as a single lease component.

B. As a lessee

The Group leases land and buildings and motor vehicles. As a lessee, the Group previously classified leases as operating or finance leased based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on balance sheet. The Group presents lease liabilities in 'long term borrowings' and 'short term borrowings' in the statements of financial position.

(i) Significant accounting policies

The Group recognizes a right-of use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The lease is subsequently increased by the interest cost on the lease liability and decreased by lease payment made.

(ii) Transition date

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, the Group applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.

For finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

(in thousands of US$)

Significant accounting policies (continued)

C. Impact on financial statements

(i) Impact on transition

On transition to IFRS 16, the Group recognized additional right-of-use assets and additional lease liabilities. The impact on transition is summarized below.

	1 January 2019 US$
Right-of-use assets presented in property, plant and equipment	4,493
Lease liabilities	4,493

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 6.2%.

(ii) Impact for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognized US$ 4,493 of right-of-use assets and US$ 4,493 of lease liabilities as at 30 June 2019.

Also in relation to those leases under IFRS 16, the Group has recognized depreciation and interest costs, instead of operating lease expense. During the six months ended 30 June 2019, the Group recognized US$ 585 of depreciation charges and US$ 134 of interest costs from these leases.

4. Effects of seasonality

The Group's revenue and consequently its profitability are significantly lower during the first half of the year. The seasonality is driven by increased household expenditure during the Christmas period as well as the commencement of the academic period during the second half of the year resulting in a positive effect on demand for the Group's products.

5. Other gains and losses

	For the six months ended 30 June 2019 US$	For the six months ended 30 June 2018 US$
Profit/(loss) on disposal of property, plant and equipment	(2)	24
Other income	322	53
Bad debts recovered	2	49
Rental income	12	29
Impairment loss on goodwill	(14)	-
	320	155

6. Profit before tax

	For the six months ended 30 June 2019 US$	For the six months ended 30 June 2018 US$
Profit before tax is stated after charging:		
(a) Amortization of intangible assets (Note 10)	542	492
(b) Depreciation (Note 9)	1,378	752
(c) Auditors' remuneration	188	193
(d) Directors' remuneration – executive (Note 28)	320	304
(e) Directors' remuneration – non-executive (Note 28)	10	1

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

(in thousands of US$)

7. Financial expense, net

	For the six months ended 30 June 2019 US$	For the six months ended 30 June 2018 US$
Financial income		
Interest income	112	85
Other financial income	1,140	1,937
Net exchange gain	285	230
	1,537	2,252
Financial expense		
Bank interest	2,353	2,039
Bank charges	1,537	934
Derivative charges	970	356
Interest on lease liabilities	134	-
Factoring interest	2,153	2,844
Factoring charges	136	156
Other financial expenses	15	202
Other interest	1,309	1,280
	8,607	7,811
Net	(7,070)	(5,559)

8. Tax

	For the six months ended 30 June 2019 US$	As at 31 December 2018 US$
Payables balance 1 January	1,411	26
Provision for the period/year	515	2,911
Under provision of prior year periods	-	121
Exchange difference on retranslation	(7)	(91)
Amounts paid, net	(610)	(1,556)
Net receivable balance 30 June/31 December	1,309	1,411

	As at 30 June 2019 US$	As at 31 December 2018 US$
Tax receivable	(715)	(451)
Tax payable	2,024	1,862
Net	1,309	1,411

(in thousands of US$)

8. Tax (continued)

The consolidated taxation charge for the period consists of the following:

	For the six months ended 30 June 2019 US$	For the six months ended 30 June 2018 US$
Provision for the period	515	877
Under provision of prior years	-	4
Deferred tax charge (Note 20)	1	(100)
Charge for the period	516	781

The taxation charge of the Group comprises corporation tax charge in Cyprus on the taxable profits of the Company and those of its subsidiaries which are subject to tax in Cyprus and corporation tax in other jurisdictions on the results of the foreign subsidiary companies.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2019

(in thousands of US$)

9. Property, plant and equipment

	Land and buildings US$	Computer hardware US$	Warehouse machinery US$	Motor vehicles US$	Furniture and fittings US$	Office equipment US$	Total US$
Cost							
At 1 January 2018	25,205	6,784	409	2,294	2,578	3,046	40,316
Additions	313	801	7	407	458	814	2,800
Disposals	(118)	(642)	-	(503)	(57)	(169)	(1,489)
Foreign exchange difference on retranslation	(580)	(197)	-	(74)	(87)	(102)	(1,040)
At 31 December 2018	24,820	6,746	416	2,124	2,892	3,589	40,587
Adjustment on transition to IFRS 16	3,771	-	-	722	-	-	4,493
Additions	585	459	2	55	16	83	1,120
Disposals	(17)	(83)	-	(16)	(4)	(6)	(126)
Foreign exchange difference on retranslation	201	42	-	(15)	32	28	288
At 30 June 2019	29,360	7,164	418	2,870	2,936	3,694	46,442
Accumulated depreciation							
At 1 January 2018	4,109	5,561	196	1,561	2,071	2,283	15,781
Charge for the year	390	574	44	250	69	235	1,562
Disposals	(118)	(642)	-	(503)	(57)	(169)	(1,489)
Foreign exchange difference on retranslation	(106)	(210)	4	(54)	(68)	(83)	(517)
At 31 December 2018	4,275	5,283	244	1,254	2,015	2,266	15,337
Charge for the period	707	245	86	204	29	107	1,378
Disposals	(8)	(83)	-	(16)	(4)	(6)	(117)
Foreign exchange difference on retranslation	89	40	(8)	21	19	17	176
At 30 June 2019	5,061	5,485	322	1,463	2,059	2,384	16,774
Net book value							
At 30 June 2019	24,299	1,679	96	1,407	877	1,310	29,668
At 31 December 2018	20,545	1,463	172	870	877	1,323	25,250

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

(in thousands of US$)

9. Property, plant and equipment (continued)

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:	**As at 30 June 2019 US$**
Land and buildings	3,821
Motor vehicles	568
Total right-of-use assets	4,389

10. Intangible assets

	Computer software US$	**Patents and licenses US$**	**Total US$**
Cost			
At 1 January 2018	8,995	2,515	11,510
Additions	956	61	1,017
Disposals/ write-offs	(150)	(181)	(331)
Foreign exchange difference on retranslation	(55)	(12)	(67)
At 31 December 2018	9,746	2,383	12,129
Additions	258	1	259
Disposals/ write-offs	(2)	(1)	(3)
Foreign exchange difference on retranslation	4	3	7
At 30 June 2019	10,006	2,386	12,392
Accumulated amortization			
At 1 January 2018	6,590	1,756	8,346
Charge for the year	725	280	1,005
Disposals/ write-offs	(150)	(95)	(245)
Foreign exchange difference on retranslation	(41)	(4)	(45)
At 31 December 2018	7,124	1,937	9,061
Charge for the period	396	146	542
Disposals/ write-offs	(2)	(1)	(3)
Foreign exchange difference on retranslation	1	-	1
At 30 June 2019	7,519	2,082	9,601
Net book value			
At 30 June 2019	2,487	304	2,791
At 31 December 2018	2,622	446	3,068

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

(in thousands of US$)

11. Equity-accounted investees

	As at 30 June 2019 US$	As at 31 December 2018 US$
Cost		
At 1 January	366	-
Additions (i), (ii), (iii)	227	366
At 30 June/31 December	593	366
Accumulated share of loss from equity-accounted investees		
At 1 January	(30)	-
Share of loss from equity-accounted investees during the period/year	(2)	(30)
Exchange difference	15	(30)
At 30 June/31 December	(17)	(30)
Carrying amount of equity-accounted investees	576	336

(i) In April 2019, the Group acquired 50% shareholding of Redmond Europe Ltd, for the consideration of US$ 227.

(ii) In April 2018, the Group acquired 40% shareholding of iSpace LLC, for the consideration of US$ 80.

(iii) In December 2018, the Group acquired 25% shareholding of LLC Avectis, for the consideration of US$ 286.

12. Inventories

	As at 30 June 2019 US$	As at 31 December 2018 US$
Goods in transit	9,918	16,059
Goods held for resale	148,121	167,334
Provision for slow moving and obsolete stock	(3,069)	(3,182)
	154,970	180,211

As at 30 June 2019, inventories pledged as security for financing purposes amounted to US$ 38,483 (2018: US$ 38,096). Inventory written off during the period recognized in profit or loss was US$ nil (2018: US$ nil)

Movement in provision for slow moving and obsolete stock:

	For the six months ended 30 June 2019 US$	For the year ended 31 December 2018 US$
On 1 January	3,182	4,729
Provisions for the period/year	446	1,844
Provided stock written off	(553)	(3,327)
Exchange difference	(6)	(64)
On 30 June/31 December	3,069	3,182

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

(in thousands of US$)

13. Trade receivables

	As at 30 June 2019 US$	As at 31 December 2018 US$
Trade receivables	163,143	178,125
Allowance for doubtful debts	(3,730)	(3,545)
	159,413	174,580

Movement in provision for doubtful debts:

	For the six months ended 30 June 2019 US$	For the year ended 31 December 2018 US$
On 1 January	3,545	6,236
Provisions for the period/year	725	4,666
Amount written-off as uncollectible	(581)	(6,922)
Bad debts recovered	(2)	(51)
Exchange difference	42	(384)
On 30 June/31 December	3,729	3,545

As at 30 June 2019, receivables of the Group that have been assigned as security for financing purposes amounted to US$ 68,197 (2018: US$ 78,672).

14. Other current assets

	As at 30 June 2019 US$	As at 31 December 2018 US$
Deposits and advances to service providers	775	753
Employee floats	155	64
VAT and other taxes refundable	7,737	5,314
Other debtors and prepayments	9,474	10,728
	18,141	16,859

15. Share capital

	As at 30 June 2019 US$	As at 31 December 2018 US$
Authorized		
63,000,000 (2018: 63,000,000) shares of US$ 0.20 each	12,600	12,600
Issued and fully paid		
55,500,000 (2018: 55,500,000) ordinary shares of US$ 0.20 each	11,100	11,100

(in thousands of US$)

16. Short term borrowings

	As at 30 June 2019 US$	As at 31 December 2018 US$
Bank overdrafts (Note 26)	48,612	43,316
Current portion of long term loans	240	114
Bank short term loans	55,979	55,930
Current lease liabilities (note 19)	1,327	61
Total short-term debt	106,158	99,421
Factoring creditors	28,774	47,145
	134,932	146,566

Summary of borrowings and overdraft arrangements

As at 30 June 2019 the Group enjoyed factoring facilities of US$ 122,269 (31 December 2018 US$ 117,369).

In addition, the Group as at 30 June 2019 had the following financing facilities with banks in the countries that the Company and its subsidiaries are operating:

- overdraft lines of US$ 92,299 (31 December 2018: US$ 89,745)
- short term loans/revolving facilities of US$ 42,539 (31 December 2018: US$ 40,803)
- bank guarantee and letters of credit lines of US$ 41,218 (31 December 2018: US$ 41,226)

The Group had for the period ending 30 June 2019 cash lines (overdrafts, loans and revolving facilities) and factoring lines.

The Weighted Average Cost of Debt (cash lines and factoring lines) for the period was 7% (for 2018: 8.1%).

The factoring, overdraft and revolving facilities as well as the loans granted to the company and its subsidiaries by their bankers are secured by:

- Floating charges over all assets of the Company
- Mortgage on land and buildings that the Group owns in Cyprus, Czech Republic, Belarus, Middle East, Bulgaria, Slovakia and Ukraine
- Charge over receivables and inventories
- Corporate guarantees to the extent of facilities granted to subsidiary companies
- Assignment of insurance policies
- Pledged deposits of US$ 27,587 (31 December 2018: US$ 26,649)

17. Long term borrowings

	As at 30 June 2019 US$	As at 31 December 2018 US$
Bank loans	65	45
Non-current lease liabilities (Note 19)	3,126	42
	3,191	87

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

(in thousands of US$)

18. Other long term liabilities

	As at 30 June 2019 US$	As at 31 December 2018 US$
Pension provision	623	578

19. Lease liabilities

	As at 30 June 2019 US$	As at 31 December 2018 US$
Current lease liabilities (note 16)	1,327	61
Non-current lease liabilities (note 17)	3,126	42
	4,453	103

20. Deferred tax

	For the six months ended 30 June 2019 US$	For the year ended 31 December 2018 US$
Debit balance on 1 January	(99)	(168)
Deferred tax charge for the period/year (note 8)	1	60
Exchange difference on retranslation	6	9
At 30 June/31 December	(92)	(99)

	As at 30 June 2019 US$	As at 31 December 2018 US$
Deferred tax assets	(444)	(133)
Deferred tax liabilities	352	34
Net deferred tax assets	(92)	(99)

21. Other current liabilities

	As at 30 June 2019 US$	As at 31 December 2018 US$
Salaries payable and related costs	1,945	1,112
VAT payable	3,230	7,111
Accruals and deferred income	24,637	30,069
Non-trade accounts payable	4,478	3,989
Provision for warranties	4,366	4,657
	38,656	46,938

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

(in thousands of US$)

22. Commitments and contingencies

As at 30 June 2019 the Group was committed in respect of purchases of inventories of a total cost value of US$ 12,851 (31 December 2018: US$ 9,365) which were in transit at 30 June 2019 and delivered in July 2019. Such inventories and the corresponding liability towards the suppliers have not been included in these financial statements since, according to the terms of purchase, title of the goods has not passed to the Group at period end.

As at 30 June 2019 the Group was contingently liable in respect of bank guarantees and letters of credit of US$ 41,218 (31 December 2018: US$ 41,226) which the Group has mainly extended to its suppliers. The liabilities towards the Group's suppliers covered by these guarantees are reflected in the financial statements under trade payables.

As at the 30th June 2019 the Group had no other capital or legal commitments and contingencies.

23. Operating segments

1.1 Reportable segments

The Group mainly operates in a single industry segment as a distributor of IT products. The Group's operating segments are based on geographic location, and the measure of segment profit is profit from operations. The Group operates in four principal geographical areas – Former Soviet Union, Central Eastern Europe, Western Europe and Middle East & Africa.

1.2 Segment revenues

	For the six months ended 30 June 2019 US$	**For the six months ended 30 June 2018 US$**
Former Soviet Union	399,980	477,034
Central Eastern Europe	207,829	283,074
Middle East & Africa	102,351	110,980
Western Europe	63,629	75,620
Other	14,452	19,479
	788,241	966,187

1.3 Segment results

	For the six months ended 30 June 2019 US$	**For the six months ended 30 June 2018 US$**
Former Soviet Union	6,227	4,717
Central Eastern Europe	2,722	3,009
Middle East & Africa	761	584
Western Europe	87	474
Other	77	350
Profit from operations	9,874	9,134
Net financial expenses	(7,070)	(5,558)
Share of loss of equity-accounted investees	(2)	-
Other gains and losses	320	155
Profit before taxation	3,122	3,731

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019
(in thousands of US$)

23. Operating segments (continued)

1.4 Segment capital expenditure (CAPEX)

	As at 30 June 2019 US$	**As at 31 December 2018 US$**
Central Eastern Europe	13,284	11,794
Former Soviet Union	6,942	5,914
Middle East & Africa	3,413	2,971
Unallocated	9,217	8,039
	32,856	28,718

1.5 Segment depreciation and amortization

	For the six months ended 30 June 2019 US$	**For the six months ended 30 June 2018 US$**
Central Eastern Europe	392	335
Former Soviet Union	542	208
Middle East & Africa	102	96
Unallocated	883	604
	1,920	1,243

1.6 Segment assets

	As at 30 June 2019 US$	**As at 31 December 2018 US$**
Former Soviet Union	245,906	240,880
Central Eastern Europe	77,399	161,983
Middle East & Africa	34,471	31,248
Western Europe	45,459	32,262
Total	403,235	466,373
Assets allocated in capital expenditure (1.4)	32,856	28,718
Other unallocated assets	10,339	8,710
Consolidated assets	446,430	503,801

For the purposes of monitoring segment performance and allocating resources between segments only assets were allocated to the reportable segments. As the Group liabilities are mainly used jointly by the reportable segments, these were not allocated to each segment.

1.7 Geographical information

Since the Group's operating segments are based on geographical location and this information has been provided above (1.2 – 1.6) no further analysis is included.

(in thousands of US$)

24. Derivative financial liability

	As at 30 June 2019 US$	As at 31 December 2018 US$
Derivative financial liabilities carried at fair value through profit or loss		
Foreign currency derivative contracts	1,509	358

25. Derivative financial asset

	As at 30 June 2019 US$	As at 31 December 2018 US$
Derivative financial assets carried at fair value through profit or loss		
Foreign currency derivative contracts	784	1,088

26. Cash and cash equivalents

	As at 30 June 2019 US$	As at 31 December 2018 US$
Cash at bank and in hand	78,531	101,425
Bank overdrafts (Note 16)	(48,612)	(43,316)
	29,919	58,109

The cash at bank and in hand balance includes an amount of US$ 27,587 (31 December 2018: US$ 26,649) which represents pledged deposits against financial facilities granted and margin accounts for foreign exchange hedging.

27. Goodwill

	As at 30 June 2019 US$	As at 31 December 2018 US$
At 1 January	400	419
Additions	14	360
Impairment loss (note ii)	(14)	(360)
Foreign exchange difference on retranslation	(3)	(19)
At 30 June/31 December (note i)	397	400

(in thousands of US$)

27. Goodwill (continued)

(i) The capitalized goodwill arose from the business combination of the following subsidiary:

	As at 30 June 2019 US$	As at 31 December 2018 US$
ASBIS d.o.o. (BA) (formerly Megatrend D.O.O. Sarajevo)	397	400
	397	400

(ii) The impairment loss on goodwill relates to the following cash generating units and subsidiaries:

	As at 30 June 2019 US$	As at 31 December 2018 US$
Vizuatika LLC	(13)	-
Vizuators LLC	(1)	-
iPoint Kazakhstan LLP	-	(360)
	(14)	(360)

28. Transactions and balances of key management

	For the six months ended 30 June 2019 US$	For the six months ended 30 June 2018 US$
Directors' remuneration - executive (Note 6)	320	304
Directors' remuneration - non-executive (Note 6)	10	1
	330	305

(in thousands of US$)

29. Business combinations

Acquisitions of subsidiaries to 30 June 2019

During the period, the Group has acquired 75% of the share capital of Vizuatika LLC and Vizuators LLC.

Name of entity	Type of operations	Date acquired	% acquired	% owned
Vizuatika LLC	Information Technology	28 March 2019	75%	75%
Vizuators LLC	Information Technology	28 March 2019	75%	75%

Acquisitions of subsidiaries to 31 December 2018

During the year, the Group has acquired the remaining 15% of the share capital of ASBIS Cloud Ltd, 100% of ASBC Kazakhstan LLP and 100% of Atlantech Ltd.

Name of entity	Type of operations	Date acquired	% acquired	% owned
ASBIS Cloud Ltd	Information Technology	09 February 2018	15%	100%
ASBC Kazakhstan LLP	Information Technology	13 August 2018	100%	100%
Atlantech Ltd	Information Technology	26 December 2018	100%	100%

Disposals of subsidiaries to 30 June 2019

During the period the following Group's subsidiaries went into liquidation. No gain or loss arose on the event.

Name of disposed entity	Type of operations	Date liquidated	% liquidated
Asbis Limited	Information Technology	25 January 2019	100%

Disposals of subsidiaries to 31 December 2018

During the period the following Group's subsidiaries went into liquidation. No gain or loss arose on the event.

Name of disposed entity	Type of operations	Date liquidated	% liquidated
OU ASBIS Estonia	Information Technology	29 November 2018	100%
Prestigio Plaza NL BV	Information Technology	03 January 2018	100%
ASBIS UK	Information Technology	30 April 2018	100%
S.C. EUROMALL 2008 S.R.L	Information Technology	26 September 2018	100%
EUROMALL CZ s.r.o.	Information Technology	21 November 2018	100%

30. Fair values

Financial instruments comprise financial assets and financial liabilities. Financial assets mainly consist of bank balances, receivables and investments. Financial liabilities mainly consist of trade payables, factoring balances, bank overdrafts and loans. The Directors consider that the carrying amount of the Group's financial instruments approximate their fair value at the reporting date. Financial assets and financial liabilities carried at fair value through profit or loss represent foreign currency derivative contracts categorized as a Level 2 (inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).