ASBISc Enterprises plc

INTERIM REPORT
FOR THE SIX MONTHS
ENDED 30 JUNE 2017

Limassol, 8 August 2017

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

We have prepared this report as required by Paragraph 82 section 1 point 2 of the Regulation of the Ministry of Finance dated 19 February 2009 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 2017. 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 and Ukraine.

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 the majority 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 significant part of our revenue is comprised of sales of IT products under our private labels, Prestigio and Canyon.

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 24 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, 2017

During Q2 2017 and H1 2017 the Company’s results improved significantly as compared to the corresponding periods of 2016. The Company achieved a double digit growth in revenues, strong gross profit margins and controlled expenses. As a result, net profit after taxation in Q2 and H1 2017 was significantly more as compared to the corresponding periods of 2016. We also had significant improvements in cash flow from operations year-on-year. Thus, having seen H1 2017 results, the Company’s Directors believe that in the remaining of the year the Company will continue its strong performance and deliver the forecasted results.

The principal events of the three months period ended June 30th, 2017, were as follows:

- In Q2 2017 revenues increased by 12.81% to U.S.$ 280,130 from U.S.$ 248,320 in Q2 2016.
- In Q2 2017 gross profit increased by 7.34% to U.S.$ 15,102 from U.S.$ 14,069 in Q2 2016.
- In Q2 2017 gross profit margin was at 5.39% as compared to 5.67% in Q2 2016.
- In Q2 2017 selling expenses increased by 10.89% to U.S.$ 7,247 from U.S.$ 6,535 in Q2 2016.
- In Q2 2017 administrative expenses decreased by 1.05% to U.S.$ 3,942 from U.S.$ 3,984 in Q2 2016.
- In Q2 2017 EBITDA amounted to U.S.$ 4,469 as compared to U.S.$ 4,069 in Q2 2016.
- The Company finished Q2 2017 with a net profit after tax amounting to U.S.$ 461, a 109,19% growth compared to U.S.$ 220 in Q2 2016.

The following table presents revenues breakdown by regions in the three month period ended June 30th, 2017 and 2016 respectively (in U.S.$ thousand):

Region	Q2 2017	Q2 2016	Change %
Former Soviet Union	128,954	93,953	+37.25%
Central and Eastern Europe	91,340	102,124	-10.56%
Middle East and Africa	37,225	36,570	+1.79%
Western Europe	20,489	6,864	+198.51%
Other	2,122	8,810	-75.91%
Grand Total	**280,130**	**248,320**	**+12.81%**

The principal events of the six month period ended June 30th, 2017, were as follows:

- Revenues increased by 14.66% to U.S.$ 570,331 from U.S.$ 497,414 in H1 2016.
- Gross profit increased by 10.48% to U.S.$ 30,241 from U.S.$ 27,371 in H1 2016.
- Gross profit margin amounted to 5.30% as compared to 5.50% in H1 2016.
- Selling expenses increased by 11.36% to U.S.$ 14,120 from U.S.$ 12,680 in H1 2016.
- Administrative expenses increased by 4.43% to U.S.$ 8,222 from U.S.$ 7,872 in H1 2016.
- EBITDA amounted to U.S.$ 8,985 as compared to U.S.$ 7,871 in H1 2016.
- As a result the Company increased its net profit after tax by 62,83% to U.S.$ 1,011 as compared to U.S.$ 621 in H1 2016.

The following table presents revenues breakdown by regions in the six month periods ended June 30th, 2017 and 2016 respectively (in U.S.$ thousand):

Region	H1 2017	H1 2016	Change %
Former Soviet Union	268,691	167,878	+60.05%
Central and Eastern Europe	182,653	201,537	-9.37%
Middle East and Africa	73,622	80,440	-8.48%
Western Europe	41,624	29,631	+40.47%
Other	3,742	17,928	-79.13%
Grand Total	**570,331**	**497,414**	**+14.66%**

3. Summary 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 2017 and 2016, 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 date December 31st, 2016, that is: 1 US$ = 4.1793 PLN and 1 EUR = 4.4240 PLN and June 30th, 2017, that is: 1 US$ = 3.7062 PLN and 1 EUR = 4.2265 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 2017, that is: 1 US$ = 3.8964 PLN and 1 EUR = 4.2474 PLN and 1 January to 30 June 2016, that is: 1 US$ = 3.9360 PLN and 1 EUR = 4.3805 PLN.

- Individual items in the income statement and statement of cash flows for separate Q2 2017 and Q2 2016 – 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 2017, that is: 1 US$ = 3.7704 PLN and 1 EUR = 4.2057 PLN and 1 April to 30 June 2016, that is: 1 US$ = 3.9303 PLN and 1 EUR = 4.4051 PLN.

	Period from 1 January to 30 June 2017			**Period from 1 January to 30 June 2016**		
	USD	**PLN**	**EUR**	**USD**	**PLN**	**EUR**
Revenue	**570,331**	**2,222,239**	**523,200**	**497,414**	**1,957,823**	**446,941**
Cost of sales	(540,090)	(2,104,407)	(495,458)	(470,043)	(1,850,089)	(422,347)
Gross profit	**30,241**	**117,832**	**27,742**	**27,371**	**107,734**	**24,594**
Selling expenses	(14,120)	(55,016)	(12,953)	(12,680)	(49,907)	(11,393)
Administrative expenses	(8,222)	(32,034)	(7,542)	(7,872)	(30,986)	(7,074)
Profit from operations	**7,900**	**30,782**	**7,247**	**6,819**	**26,841**	**6,127**
Financial expenses	(6,656)	(25,936)	(6,106)	(6,538)	(25,735)	(5,875)
Financial income	483	1,880	443	266	1,045	239
Other gains and losses	(443)	(1,725)	(406)	160	630	144
Profit before taxation	**1,284**	**5,001**	**1,177**	**707**	**2,781**	**635**
Taxation	(272)	(1,061)	(250)	(86)	(337)	(77)
Profit after taxation	**1,011**	**3,940**	**928**	**621**	**2,444**	**558**
Attributable to:						
Non-controlling interest	(11)	(42)	(10)	7	28	6
Equity holders of the parent	**1,022**	**3,981**	**937**	**614**	**2,416**	**552**
	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	1.84	7.17	1.69	1.11	4.35	0.99
	USD	**PLN**	**EUR**	**USD**	**PLN**	**EUR**
Net cash outflows from operating activities	(18,865)	(73,505)	(17,306)	(33,204)	(130,690)	(29,835)
Net cash outflows from investing activities	(820)	(3,197)	(753)	(734)	(2,888)	(659)
Net cash inflows/(outflows) from financing activities	5,789	22,556	5,311	(891)	(3,509)	(801)
Net decrease in cash and cash equivalents	**(13,896)**	**(54,146)**	**(12,748)**	**(34,829)**	**(137,087)**	**(31,295)**
Cash at the beginning of the period	**6,537**	**25,470**	**5,997**	**4,290**	**16,885**	**3,855**
Cash at the end of the period	**(7,360)**	**(28,675)**	**(6,751)**	**(30,539)**	**(120,202)**	**(27,440)**

	As at 30 June 2017			As at 31 December 2016		
	USD	PLN	EUR	USD	PLN	EUR
Current assets	319,467	1,184,009	280,139	387,011	1,617,435	365,605
Non-current assets	28,854	106,939	25,302	28,475	119,004	26,900
Total assets	**348,321**	**1,290,949**	**305,442**	**415,486**	**1,736,439**	**392,504**
Liabilities	261,180	967,985	229,028	329,591	1,377,459	311,360
Equity	87,142	322,964	76,414	85,895	358,980	81,144

	Period from 1 April to 30 June 2017			Period from 1 April to 30 June 2016		
	USD	PLN	EUR	USD	PLN	EUR
Revenue	**280,130**	**1,056,202**	**251,136**	**248,320**	**975,971**	**221,555**
Cost of sales	(265,028)	(999,262)	(237,597)	(234,251)	(920,675)	(209,002)
Gross profit	**15,102**	**56,940**	**13,539**	**14,069**	**55,296**	**12,553**
Selling expenses	(7,247)	(27,323)	(4,497)	(6,535)	(25,685)	(5,831)
Administrative expenses	(3,942)	(14,862)	(3,534)	(3,984)	(15,657)	(3,554)
Profit from operations	**3,914**	**14,755**	**3,508**	**3,551**	**13,955**	**3,168**
Financial expenses	(3,086)	(11,636)	(2,767)	(3,572)	(14,038)	(3,187)
Financial income	296	1,114	265	168	662	150
Other gains and losses	(511)	(1,927)	(458)	99	391	89
Profit before taxation	**612**	**2,307**	**549**	**247**	**969**	**220**
Taxation	(151)	(570)	(136)	(26)	(104)	(24)
Profit after taxation	**461**	**1,736**	**413**	**220**	**865**	**196**
Attributable to:						
Non-controlling interests	(13)	(51)	(12)	4	17	4
Equity holders of the parent	**474**	**1,787**	**425**	**216**	**849**	**193**

	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	0.85	3.22	0.77	0.39	1.53	0.35

	USD	PLN	EUR	USD	PLN	EUR
Net cash inflows/(outflows) from operating activities	10,814	40,775	9,695	(14,350)	(56,399)	(12,803)
Net cash outflows from investing activities	(446)	(1,680)	(400)	(333)	(1,309)	(297)
Net cash inflows/(outflows) from financing activities	6,220	23,453	5,577	(296)	(1,164)	(264)

4. Organization of ASBIS Group

The following table presents our corporate structure as at 30 June 2017:

Company	**Consolidation Method**
ASBISC Enterprises PLC	**Mother company**
Asbis Ukraine Limited (Kiev, Ukraine)	Full (100% subsidiary)
Asbis PL Sp.z.o.o (Warsaw, Poland)	Full (100% subsidiary)
Asbis Poland Sp. z o.o. (Warsaw, Poland)	Full (100% subsidiary)
ASBIS Estonia AS (formerly AS Asbis Baltic) (Tallinn, Estonia)	Full (100% subsidiary)
Asbis Romania S.R.L (Bucharest, Romania)	Full (100% subsidiary)
Asbis Cr d.o.o (Zagreb, Croatia)	Full (100% subsidiary)
Asbis d.o.o Beograd (Belgrade, Serbia)	Full (100% subsidiary)
Asbis Hungary Commercial Limited (Budapest, Hungary)	Full (100% subsidiary)

Asbis Bulgaria Limited (Sofia, Bulgaria)	Full (100% subsidiary)
Asbis CZ,spol.s.r.o (Prague, Czech Republic)	Full (100% subsidiary)
UAB Asbis Vilnius (Vilnius, Lithuania)	Full (100% subsidiary)
Asbis Slovenia d.o.o (Trzin, Slovenia)	Full (100% subsidiary)
Asbis Middle East FZE (Dubai, U.A.E)	Full (100% subsidiary)
Asbis SK sp.l sr.o (Bratislava, Slovakia)	Full (100% subsidiary)
Asbis Limited (Charlestown, Ireland)	Full (100% subsidiary)
FPUE Automatic Systems of Business Control (Minsk, Belarus)	Full (100% subsidiary)
E.M. Euro-Mall Ltd (former ISA Hardware Limited–Group) (Limassol, Cyprus)	Full (100% subsidiary)
OOO ' Asbis'-Moscow (Moscow, Russia)	Full (100% subsidiary)
Asbis Morocco Limited (Casablanca, Morocco)	Full (100% subsidiary)
EUROMALL CZ s.r.o. (formerly ISA Hardware s.r.o.) (Prague, Czech Republic)	Full (100% subsidiary)
S.C. EUROMALL 2008 S.R.L (formerly ISA Hardware International S.R.L) (Bucharest, Romania)	Full (100% subsidiary)
ISA Hardware s.r.o Slovakia (Bratislava, Slovakia)	Full (100% subsidiary)
Euro-Mall SRB d.o.o. (former ISA Hardware d.o.o Beograd) (Belgrade, Serbia)	Full (100% subsidiary)
Prestigio Plaza Sp. z o.o in liquidation (Warsaw, Poland)	Full (100% subsidiary)
Prestigio Plaza Ltd (formerly Prestigio Technologies) (Limassol, Cyprus)	Full (100% subsidiary)
Prestigio Europe s.r.o (Prague, Czech Republic)	Full (100% subsidiary)
Prestigio Plaza NL.B.V. (Amsterdam, Netherlands)	Full (100% subsidiary)
Asbis Kypros Ltd (Limassol, Cyprus)	Full (100% subsidiary)
Asbis TR Bilgisayar Limited Sirketi (Istanbul, Turkey)	Full (100% subsidiary)
SIA "ASBIS LV" (Riga, Latvia)	Full (100% subsidiary)
Asbis d.o.o. (former Megatrend d.o.o.) (Sarajevo, Bosnia Herzegovina)	Full (90% ownership)
ASBIS Close Joint-Stock Company (former CZAO ASBIS) (Minsk, Belarus)	Full (100% subsidiary)
ASBIS Kazakhstan LLP (Almaty, Kazakhstan)	Full (100% subsidiary)
Euro-Mall SRO (Bratislava, Slovakia)	Full (100% subsidiary)
Prestigio China Corp. (former AOSBIS TECHNOLOGY (SHENZHEN) CORP.) (Shenzhen,China)	Full (100% subsidiary)
ASBIS DE GMBH, (Munchen, Germany)	Full (100% subsidiary)
EUROMALL BULGARIA EOOD (Sofia, Bulgaria)	Full (100% subsidiary)
Advanced Systems Company LLC (Riyadh, Kingdom of Saudi Arabia)	Full (100% subsidiary)
SHARK Computers a.s. (merged with SHARK ONLINE a.s.) (Bratislava, Slovakia)	Full (100% subsidiary)
E-vision Production Unitary Enterprise (Minsk, Belarus)	Full (100% subsidiary)
ASBIS UK LTD (Hounslow, England)	Full (100% subsidiary)
I ON LTD (Kiev, Ukraine)	Full (100% subsidiary)
ASBC LLC (Baku, Azerbaijan)	Full (51% ownership)

5. Changes in the structure of the Company

During the six months ended June 30th, 2017 there were the following changes in the structure of the Company and the Group:

- on April 4th, 2017 a company named "I ON" LTD with share capital of 5.404.364UAH (equal to USD 200 thousand) has been registered in Ukraine. This entity is 100% owned by the Issuer's subsidiary E.M. EURO-MALL LIMITED. It was incorporated in order to support growing business of the Group in Ukraine.
- on May 8th, 2017 a company named ASBC Məhdud Məsuliyyətli Cəmiyyət (ASBC Limited liability Company) with share capital of USD 400.000 has been created in Azerbaijan. The issuer holds 51% in this subsidiary, being equal to share capital of USD 204.0000. The other 49% is held by the incorporated subsidiary's managing director, Mr. Khalilov Eldar Shahveled oglu. This entity was incorporated to support growing business of the Group in Azerbaijan.

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

We have not published any forecasts for the six-month period ended June 30th, 2017. However, on March 29th, 2017 the Company announced its official financial forecast for 2017. Having seen H1 2017 results, we fully sustain our forecasts that assumes revenues between USD 1,20 billion and 1,30 billion and net profit after tax between USD 5 and USD 6 million.

7. Information on dividend payment

In the six month period ended 30 June 2016 no dividend has been paid. However, following the Board of Directors' recommendation and the Annual General Meeting of Shareholders decision, a dividend of U.S.$ 0.03 per share has been paid out on July 14th. The Dividend record date was June 21st, 2017.

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	20,401,361	36.76%	20,401,361	36.76%
Quercus Towarzystwo Funduszy Inwestycyjnych S.A. Quercus Parasolowy SFIO and Quercus Absolutnego Zwrotu FIZ)*	3,274,931	5.90%	3,274,931	5.90%
Noble Funds TFI S.A. managing Noble Funds Fundusz Inwestycyjny Otwarty, Noble Funds Specjalistyczny Fundusz Inwestyjny Otwarty and Noble Fund Opportunity Fundusz Inwestycyjny Zamknięty	2,934,690	5.29%	2,934,690	5.29%
Noble Funds Fundusz Inwestycyjny Otwarty**	2,866,781	5.17%	2,866,781	5.17%
NN OFE	2,872,954	5.18%	2,872,954	5.18%

* Including 2,775,045 shares corresponding to 5.00% votes at the AGM held by Quercus Parasolowy SFIO - according to notification from December 9th, 2011 amended by the notification from July 14th, 2015.
** Following notification from October 6th, 2016

In the six-month period ended on June 30th, 2017 the Company has not received any information about changes in its shareholders structure.

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

During the six-month period ended on 30 June 2017 as well as for the period between May 9th, 2017 (the date of the publication of the Interim Report for Q1 2017) and August 8th, 2017 (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 pursuant to Art. 160 sec. 1 of the Act on Public Trading:

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%
Chris Pavlou	0	0%

Siarhei Kostevitch holds shares as the shareholder of KS Holdings Ltd.

10. Changes in the members of managing bodies

The Company's Annual General Meeting of Shareholders held on June 14th, 2017 has re-elected Constantinos Tziamalis and Demos Demou to the Board of Directors. There were no other changes in the members of the Company's Board of Directors during H1 2017.

11. Significant administrative and court proceedings against the Company

As of June 30th, 2017, no court, arbitration or administrative proceedings whose single or aggregate value exceeds 10% of our equity were pending against us or any of the members of our Group.

12. Related party transactions

During the six months ended June 30th, 2017 we have not had any material related party transaction exceeding the Polish Zloty equivalent of Euro 500 thousand other than typical or routine transactions.

13. Information on guarantees granted to third parties

The Company has increased corporate guarantees to support its subsidiaries' local financing from U.S.$ 147,628 at December 31st, 2016 and U.S.$ 144,590 at March 31st, 2017 to U.S.$ 154,633 at June 30th 2017, representing more than 10% of the Company's equity. The total bank guarantees and letters of credit raised by the Group (mainly to Group suppliers) as at June 30th, 2017 was U.S. $ 12,730 – as per note number 16 to the financial statements – which is less than 10% of the Company's equity.

14. Information on changes in conditional commitments or conditional assets, occurred since the end of 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, 2017, the Company's results of operations have been affected and are expected to continue to be affected by a number of factors. These factors were: the in-country crisis seriously affecting major markets, currency fluctuations, competition and price pressures, low gross profit margins, potential inventory obsolescence and price erosions, the worldwide unstable financial environment, seasonality, development of own brand business, warranty claims and high cost of debt. Our revenues in Q2 and H1 2017 have grown significantly as compared to Q2 and H1 2016, gross profit margins remained under control, while expenses grew only as a function of growth in revenues and gross profit. Despite all that we can not be certain for the future and the factors below may affect the Group:

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

Throughout the years of operation, the Company has suffered from specific in-country crises (i.e. Russia and Ukraine in 2014 and 2015), because risk of in-country crises is quite high. We need to monitor any developments, react fast and weather any risks driven by external unforeseen factors in order to secure our results.

As previously mentioned, we have adapted to the situation in Russia and Ukraine, and our results in these countries have started to improve. In Russia, we have decided to focus on profits. For this reason, the Group is selective on the deals to undertake and the customers to engage with. However, we need to keep in mind, that different in-country problems might arise at any time and affect our operations, as the recent examples of Romania and Poland. Fortunately, our procedures that have significantly improved after 2014, allow us to react fast enough and mitigate risks and possible losses.

Currency fluctuations

The Company's reporting currency is the U.S. dollar. About 40% of the Company's revenues are denominated in U.S. dollars, while the balance is denominated in Euro, Ruble and other currencies, some of which are pegged to the Euro. Since most of the Company's trade payable balances are denominated in U.S. dollars (about 80%), the Company is exposed to foreign exchange risk that remains a crucial risk factor that might affect the Group's results in the future. Although the problem still persists and will persist as the Euro and other Eastern European currencies fluctuate in a steep manner against the U.S. Dollar, the Group has adopted hedging strategies to tackle this problem and this has been successful despite large volatility of some currencies. The management believe that hedging is very important in our industry and we shall continue enhancing it going forward, by adopting to new realities and finding solutions to hedge all exotic currencies in the region.

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:

a) international distributors such as Avnet Inc., Tech Data Corp., Ingram Micro Inc. and Arrow Electronics Inc., which are much larger than the Company, but do not always cover the same geographic regions with local presence as the Company does,

b) regional or local distributors, such as Elko, mainly in the Baltic States, Russia, Ukraine, Merlion in the Former Soviet Union, AB, ABC Data in Poland and ATC and ED System-BGS Levi in the Czech Republic and Slovakia.

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.

This was also visible in the tablet and smartphone segments where we have experienced the entrance of a number of strong competitors. This had a negative result on our profitability since we had to lower prices to get rid of our stocks.

In the same time, we see opportunities arising from specifics of particular markets, like in case of Ukraine, where we have managed to win market share from weaker competitors.

Low gross profit margins

The Company's business is both traditional distribution of third party products and own brand sales. This allows the Company to deliver healthier gross profit margins when conditions are favourable. However, the own brand business, has been significantly affected by new entrants and the margins have been lowered.

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 the own brand business, that allows for higher gross profit margins. Since this business already accounts for a significant part of total sales, it positively affects the overall gross profit margins and profitability of the Company. However, this business is also connected with risks, including the risk of technology change, the risk of changes in demand and customer preferences. Therefore, it is extremely important for the Company to foresee market demand changes and offer new products right in time to satisfy consumer needs and be able to sell the previous technology as well.

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.

For the own brand business division, the Company needs to balance between satisfying consumer demand and risk of inventory obsolence or price erosion, by having a proper level of inventory. Following an upgrade in our procedures done in 2015, we have not had any problems related to this issue since then.

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 a financial liquidity risk. The Company has in place credit insurance which covers such an eventuality for approximately 60% of its revenue.

Due to the recent market developments following the changes in credit rating of certain countries and regions where the Group operates in, credit risk has become one of the most important risk factors that might affect the Group's results in the future. Credit insurance companies are being more strict and risk averse to certain regions they have suffered from significant default cases. A major change happened in the GCC area where the credit insurers smashed the credit limit granted due to an extensive number of run-away cases. The Group, despite the fact that it has not been directly affected by these events, has decided to enhance its risk management proceedures. These do not guarantee that all issues will be avoided, however it grants the Company 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 years. This included recovery signals from some of our markets and stabilization in some of others. Following partial recovery, the Company has undertaken certain efforts to benefit from these signals both in revenues and profitablity. 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.

However, there are many uncertainties about the world economy following the developments in Russia and turmoil in the ME region coupled with volatility of currencies and fragility of demand in many markets. Additionally, from time to time, unpredictable situations may happen in selected markets. However, with the experience we have gained (lately in Russia and Ukraine), the management strongly believes today the Company is much more flexible and better prepared to weather any obstacles that may arise due to 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 tablets, smartphones, GPS and other product lines that are sold under Prestigio and Canyon brands in all regions of the Company's operations.

In order to keep quality under control and get the maximum possible gross profit margins, the Company decided go under a back-to-back scheme. Thus overall revenues from own brands sales are limited to the extent we decide is the best from the point of view of overall profitability. As a result we enjoy improvements in our total results, while any quality related risks are weathered.

The Company is undertaking a number of quality control measures to mitigate this risk, but given the volumes and the large amount 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 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 quality of devices. Despite all our efforts, we have noticed significant returns on specific models produced in the recent past.

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 100% elimination of the risk of warranty losses.

High cost of debt

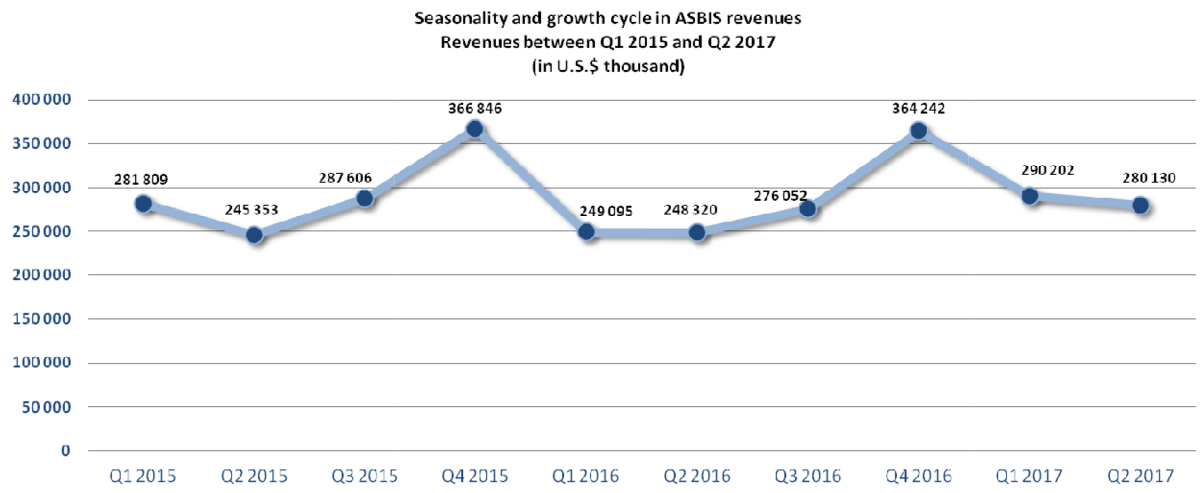
Distribution business entails a higher need for cash available to support growth. The Group has managed to raise cash from various financial institutions, however in certain cases the cost of this financing is expensive. The Company has already negotiated better terms with some of its supply-chain financiers 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 financing facilities in these countries and this may limit our efforts to further decrease our average cost of debt.

We have already successfully decreased the cost of credit lines, however the cost of factoring (especially in F.S.U. countries) remains at high levels increasing average cost of debt. Fortunately, factoring expense is a function of revenues. Thus it only grows when revenues and profits grow.

Results of Operations

Three and six month periods ended 30 June 2017 compared to the three and six month periods ended 30 June 2016

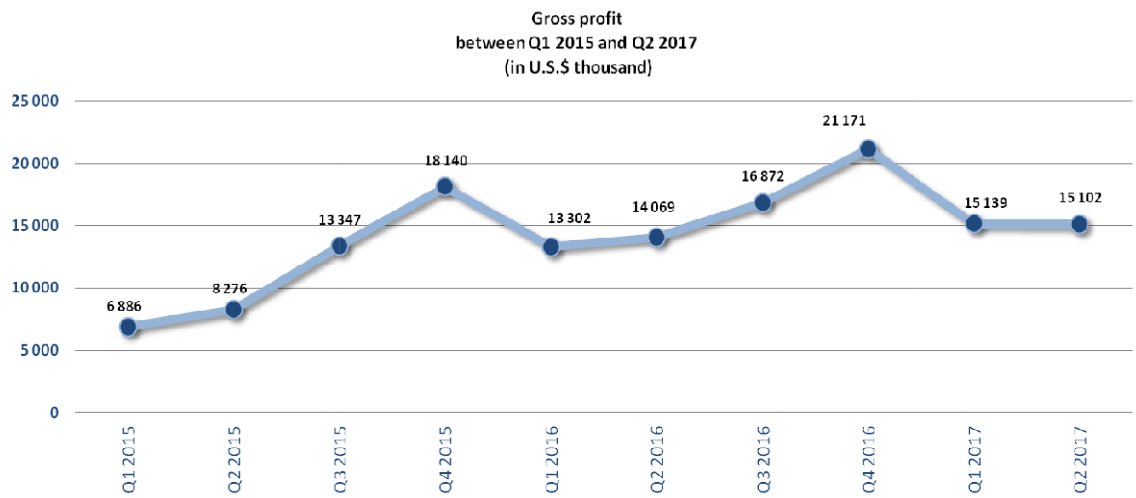
- **Revenues:** Our revenues in H1 2017 increased significantly as compared to H1 2016 and we expect this upward trend to continue in H2 2017.
  In Q2 2017 revenues increased by 12.81% to U.S.$ 280,130 from U.S.$ 248,320 in Q2 2016.
  In H1 2017 revenues increased by 14.66% to U.S.$ 570,331 from U.S.$ 497,414 in H1 2016.



- **Gross profit:** Gross profit has increased significantly both in Q2 2017 and H1 2017 compared to the corresponding periods of 2016.

  In Q2 2017 gross profit increased by 7.34% to U.S.$ 15,102 from U.S.$ 14,069 in Q2 2016.

  In H1 2017 gross profit increased by 10.48% to U.S.$ 30,241 from U.S.$ 27,371 in H1 2016.



- **Gross profit margin** has stabilized at levels above 5%, as targeted.

  In Q2 2017 gross profit margin decreased slightly to 5.39% from 5.67% in Q2 2016.

  In H1 2017 gross profit margin amounted to 5.30% as compared to 5.50% in H1 2016.

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

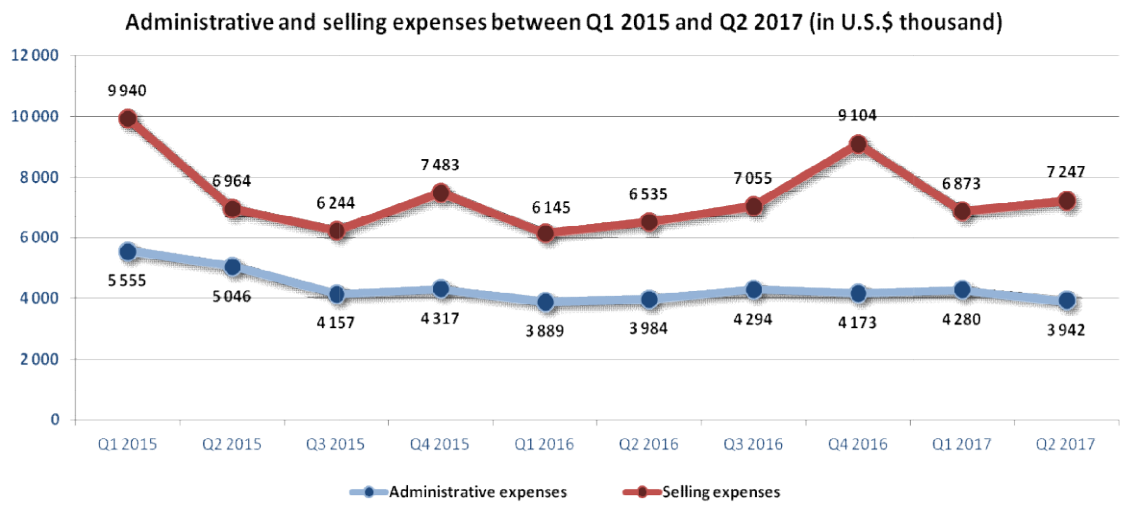
  In Q2 2017 selling expenses increased by 10.89% to U.S.$ 7,247 from U.S.$ 6,535 in Q2 2016.

In H1 2016 selling expenses increased by 11.36% to U.S.$ 14,119 from U.S.$ 12,680 in H1 2016.

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

  In Q2 2017 administrative expenses decreased by 1.05% to U.S.$ 3,942 from U.S.$ 3,984 in Q2 2016

  In H1 2017 administrative expenses increased by 4.43% to U.S.$ 8,222 from U.S.$ 7,872 in H1 2016.



- **Operating profit:** The Company improved its operating profit significantly both in Q2 and H1 2017. In Q2 2017 the Company had an operating profit of U.S.$ 3,914 (+10.22% y-o-y) as compared to operating profit of U.S. $ 3,551, in Q2 2016. In H1 2017 the Company has generated an operating profit that was 15.85% higher y-o-y and amounted to U.S. $ 7,900 compared to operating profit of U.S. $ 6,819 in H1 2016.

- **EBITDA** in Q2 2017 EBITDA amounted to U.S.$ 4,469 as compared to U.S.$ 4,069 in Q2 2016.

  However, in H1 2017 EBITDA amounted to U.S.$ 8,985 as compared to U.S.$ 7,871 in H1 2016.

- **Net profit:** As a result of growth in revenues, increased gross profit and stable expenses, the Company closed both Q2 2017 and H1 2017 with strong growth in a net profit.

  In Q2 2017 net profit after tax amounted to U.S.$ 461, a 109,19% growth compared to U.S.$ 220 in Q2 2016.

  In H1 2017 net profit after tax grew by 62,83% while it has amounted to U.S.$ 1,011 as compared to U.S.$ 621 in H1 2016.

Sales by regions and countries

The F.S.U. and the CEE regions traditionally contribute the majority of revenues. This has not changed in Q2 and H1 2017. However, focus on the F.S.U. region has allowed it to continue its very good performance and show an impressive 37.25% and 60.05% growth in Q2 2017 and H1 2017 respectively. Following that, the F.S.U. share in our total revenues grew to 47.11% in H1 2017 from 33.75% in H1 2016.

We have also significantly improved our sales in Western Europe, while our sales in MEA region remained stable year of year. Sales in CEE region decreased by 10.56% in Q2 2017 and 9.37% in H1 2017 as a result of lack of large EU funded projects in Slovakia in H1 2017. Apart from that, sales in other CEE countries have grown.

Country-by-country analysis reveals a better understanding of the above mentioned trends. Growth in F.S.U. has arisen from a continuous improvement in Russia (+15.05% in Q2 2017 and +26.29% in H1 2017), Ukraine (+4.67% in Q2 2017 and +36.79% in H1 2017), Kazakhstan (+223.72% in Q2 2017 and

+191,52% in H1 2017) and Belarus (+45.51% in Q2 2017 and +40.78% in H1 2017). At the same time, the decrease in Slovakia (-33.35% in Q2 2017 and -30.13% in H1 2017) has been partially compensated by an increase in the Czech Republic (+6.65% in Q2 2017 and +13.24% in H1 2017), Romania (+11.23% in Q2 2017 and +14.00% in H1 2017) and Bulgaria (+12.83% in Q2 2017). The MEA result is mainly determined by our revenues in UAE (+26.82% in Q2 2017 and +0.70% in H1 2017).

The tables below provide a geographical breakdown of sales for the three and six month periods ended June 30th, 2017 and 2016.

	Q2 2017		Q2 2016	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Former Soviet Union	128,954	46.03%	93,953	37.84%
Central and Eastern Europe	91,340	32.61%	102,124	41.13%
Middle East and Africa	37,225	13.29%	36,570	14.73%
Western Europe	20,489	7.31%	6,864	2.76%
Other	2,122	0.76%	8,810	3.55%
Total	280,130	100%	248,320	100%

	H1 2017		H1 2016	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Former Soviet Union	268,691	47.11%	167,878	33.75%
Central and Eastern Europe	182,653	32.03%	201,537	40.52%
Middle East and Africa	73,622	12.91%	80,440	16.17%
Western Europe	41,624	7.30%	29,631	5.96%
Other	3,742	0.66%	17,928	3.60%
Total	570,331	100%	497,414	100%

Revenue breakdown – Top 10 countries in Q2 2017 and Q2 2016 (in U.S. Dollar thousand)

	Q2 2017		Q2 2016	
	Country	Sales	Country	Sales
1.	**Russia**	53,433	**Russia**	46,442
2.	**Slovakia**	30,820	**Slovakia**	46,245
3.	**Kazakhstan**	29,067	**Ukraine**	26,304
4.	**Ukraine**	27,532	**United Arab Emirates**	19,606
5.	**United Arab Emirates**	24,864	**Czech Republic**	14,815
6.	**Czech Republic**	15,800	**Romania**	9,874
7.	**Belarus**	13,705	**Belarus**	9,419
8.	**Romania**	10,983	**Kazakhstan**	8,979
9.	**The Netherlands**	10,893	**Hungary**	6,752
10.	**Bulgaria**	6,310	**Bulgaria**	5,593

11.	Other	56,723	Other	54,292
	TOTAL	280,130	TOTAL	248,320

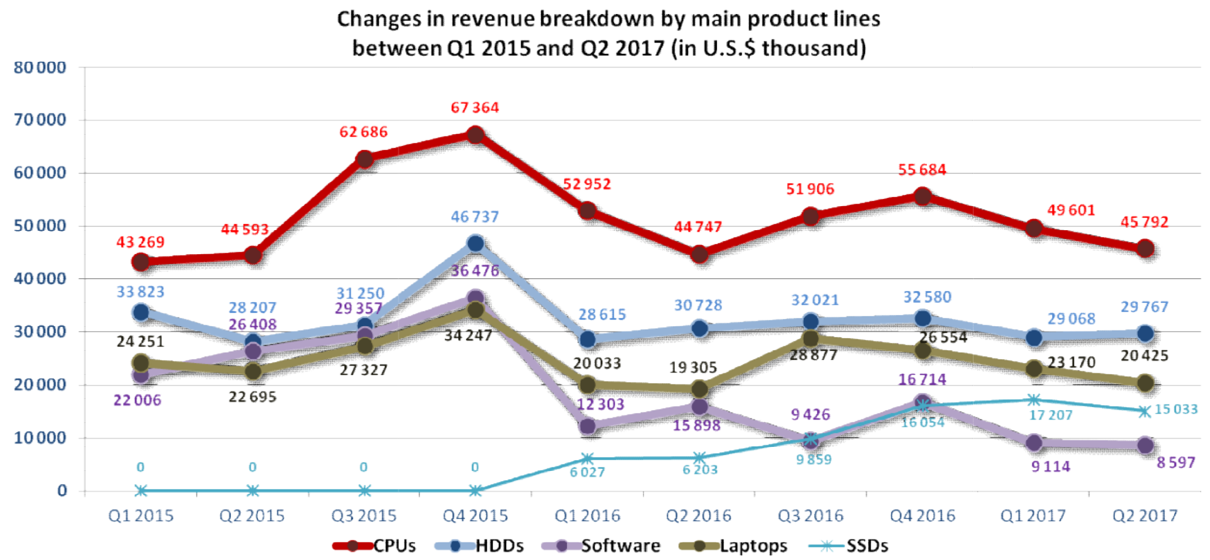
Revenue breakdown – Top 10 countries in H1 2017 and H1 2016 (in U.S. Dollar thousand)

	H1 2017		H1 2016	
	Country	Sales	Country	Sales
1.	Russia	113,106	Slovakia	89,560
2.	Slovakia	62,580	Russia	78,310
3.	Ukraine	59,611	United Arab Emirates	49,636
4.	Kazakhstan	56,615	Ukraine	43,577
5.	United Arab Emirates	49,981	Czech Republic	27,722
6.	Czech Republic	31,392	Romania	21,338
7.	Belarus	27,838	Belarus	19,774
8.	Romania	24,324	Kazakhstan	19,421
9.	The Netherlands	21,640	Hungary	13,262
10.	Bulgaria	12,902	The Netherlands	12,636
11.	Other	110,343	Other	122,179
	TOTAL	570,331	TOTAL	497,414

Sales by product lines

ASBIS remains the distributor of first choice for many worldwide suppliers. This includes cooperation with Apple, that allows us to increase our revenues in Ukraine, Belarus and Kazakhstan where we have also distributed iPhones. All changes in our product portfolio have to comply with our main focus, which is the increase of margins and profitability.

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



Growth in H1 2017 sales was driven by sales of smartphones, laptops, SSDs and other smaller product lines, while sales of typical components were relatively stable year-on-year.
Revenues from CPUs increased by 2.33% in Q2 2017 and decreased by 2.36% in H1 2017. The decrease in revenues from HDDs (-3.13% in Q2 2017 and -5.91% in H1 2017) was offset by an increase in sales of SSDs (+142.34% in Q2 2017 and +163.60% in H1 2017). Finaly, smartphones which is the key driver of sales growth, increased by 68.80% in Q2 2017 and by 55.99% in H1 2017.

From other product lines, the Company has noticed a positive trend for Q2 and H1 2017 in mainboards and VGA cards (+106.90% and +67.60%), peripherals (+13.22% and +35.29%), memory modules (+67.39% and +84.98%) and accessories and multimedia (+20.05% and +44.78%).

The table below sets a breakdown of revenues, by product lines, for Q2 2017 and Q2 2016:

	Q2 2017		Q2 2016	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Smartphones	68,297	24.38%	40,460	16.29%
Central processing units (CPUs)	45,792	16.35%	44,747	18.02%
Hard disk drives (HDDs)	29,767	10.63%	30,728	12.37%
PC-mobile (laptops)	20,425	7.29%	19,305	7.77%
SSD	15,033	5.37%	6,203	2.50%
Tablets	9,725	3.47%	12,272	4.94%
Software	8,597	3.07%	15,898	6.40%
Other	82,495	29.45%	84,910	34.19%
Total revenue	**280,130**	**100%**	**248,320**	**100%**

	H1 2017		H1 2016	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Smartphones	136,521	23.94%	87,520	17.59%
Central processing units (CPUs)	95,392	16.73%	97,699	19.64%
Hard disk drives (HDDs)	55,835	9.79%	59,342	11.93%
PC-mobile (laptops)	43,595	7.64%	39,338	7.91%
SSD	32,240	5.65%	12,230	2.46%
Software	17,710	3.11%	28,201	5.67%
Tablets	19,790	3.47%	19,870	3.99%
Other	169,247	29.68%	153,214	30.80%
Total revenue	**570,331**	**100%**	**497,414**	**100%**

Liquidity and Capital Resources

The Company has in the past funded its liquidity requirements, including ongoing operating expenses and capital expenditures and investments, for the most part, through operating cash flows, debt financing and equity financing. Cash flow in Q2 and H1 2017 has been negatively impacted by the revenue growth, increased working capital utilization and dividend payout. Neverthless, cash from operations in H1 2017 was improved by almost U.S.$ 15 million and for Q2 2017 standalone was positive. We do expect to generate a positive cash flow from operations for the full year.

The following table presents a summary of cash flows for the six months ended June 30th, 2017 and 2016:

	Six months ended June 30th	
	2017	**2016**
	U.S. $	
Net cash outflows from operating activities	(18,865)	(33,204)
Net cash outflows from investing activities	(820)	(734)
Net cash inflows/(outflows) from financing activities	5,789	(891)
Net decrease in cash and cash equivalents	**(13,896)**	**(34,829)**

Net cash outflows from operations

Net cash outflows from operations amounted to U.S. $ 18,865 for the six months ended June 30th, 2017, compared to outflows of U.S. $ 33,204 in the corresponding period of 2016. This is attributed mainly to improved profitability and working capital utilization. The Company expects cash from operations to turn positive for 2017. Cash from operations was positive in Q2 2017 standalone and amounted to U.S.$ 10,814 as compared to negative cash from operations of U.S.$ 14,350 in Q2 2016.

Net cash outflows from investing activities

Net cash outflows from investing activities was U.S. $ 820 for the six months ended June 30th, 2017, compared to outflows of U.S. $ 734 in the corresponding period of 2016. These outflows mainly relate to on-going investments for fixed assets (such as computers, furniture etc.).

Net cash outflows from financing activities

Net cash inflows from financing activities was U.S. $ 5,789 for the six months ended June 30th, 2017, compared to outflows of U.S.$ 891 for the corresponding period of 2016. This primarily relates to increased utilization of certain financing lines to support sales growth.

Net decrease in cash and cash equivalents

As a result of improved net cash outflow from operating activities, cash and cash equivalents have decreased by U.S. $ 13,896, compared to a decrease of U.S. $ 34,829 in the corresponding period of 2016, a U.S.$ 21 million improvement.

16. Factors which may affect our results in the future

Political and economic stability in Europe and our regions

The markets the Group operates into, have traditionally shown a vulnerability in political and economic environment, like the turbulence noted in Ukraine and Russia back in 2014 that has negatively affected our results in the past. The weak 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 our F.S.U. markets and our other major regions, we do believe to be able to further benefit from the work done during the tough times. What is more, we develop more markets of 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 any further market revival.

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 number of other countries. Russia, Kazakhstan, Slovakia and Ukraine are currently the markets that lead in terms of revenue. We need to ensure that we adopt to any possible changes in these markets and reinforce our strategy to fully diversify our sales.

Following the recent improvement in the F.S.U. region, it regained the leading position in our revenue breakdown by geographies. This was a result of the focus of the Group to its strong competencies and to the extended product portfolio to this market place. As a result, our revenues in Q2 and H1 2017 continued to grow significantly. We do expect this positive trend to continue, as reflected in our financial forecast for 2017.

Despite all measures taken by the Company, the possibility of a decrease in demand and sales in a particular country cannot be excluded in the future. Such a situation may limit overall growth. It is of extreme importance for the Company to 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 win more market share from weaker competitors.

The Group's ability to increase gross profit margins

The Group's gross profit margin has decreased slightly in Q2 and H1 2017 as compared to the corresponding periods of 2016. This is a result of changes in our product portfolio and some large deals with big wholesale customers. Apart from that we continue to keep our margins at levels reached last year. We still focus on margins rather than sales. 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 a number of markets and due to some very large deals that occur from time to time. It is of extreme importance for the Group to manage its stock level and refine its product portfolio in order to achieve optimum gross profit margins. The directors believe that the Group has reached satisfactory gross profit margin levels and shall work hard to retain them.

Currency volatilities

The multi-currency environment that the Group operates in exposes its financial results to steep currency fluctuations. Although volatility of a number of currencies in Q2 and H1 2017 was strong, we have been successfully shielded by our hedging policy. Therefore, the hedging strategy should be followed and further improved without any exception for 2017.

Ability of the Group to control expenses

Selling expenses in Q2 and H1 2017 increased as compared to Q2 and H1 2016 as a result of increased revenues and gross profit and our investments in human capital for the F.S.U. region. This is expected to allow us to benefit in the next quarters of 2017 from our stronger position in this market. Administrative expenses remained stable. Despite Q2 and H1 2017 investments, we continue a strict control over 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. A recent example is smartphones that the Company has timely invested in and resulted in improved profitability.

Ability to cover warranty claims from customers

The own brand business requires us to be very careful with quality as it may affect both the consumer satissfaction and our expenses. 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 from H2 2015 and this has covered us since then. Therefore, we have not faced any specific problems in this area in Q2 and H1 2017 and we do not expect warranty losses to hit us hard in the foreseable future.

17. Information about important events that occurred after the period ended on June 30th, 2017 and before this report release

According to our best knowledge, in the period between June 30th, 2017 and August 8th, 2017 no events have occurred that could affect the Company's operations or its financial stability.

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 2017

Contents **Page**

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2017

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2017

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BOARD OF DIRECTORS REPRESENTATIONS

In accordance with the requirements of the Ordinance of the Minister of Finance dated February 19th, 2009 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;

- the registered audit company which reviewed the semi-annual condensed consolidated financial statements was appointed in accordance with the legal regulations and the said company and the registered auditors who performed the review fulfilled the conditions for issuing an unbiased and independent review report, in accordance with the principles of compulsory regulations and professional standards.

Limassol, August 7th, 2017

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 9, 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 2017, confirm to the best of our knowledge that:

a) the condensed consolidated interim financial statements for the period ended 30 June 2017 which are presented on pages 4 to 21:

(i) have been prepared in accordance with the International Financial Reporting Standards and requirements of the section (4), and

(ii) give a true and fair view of the assets and liabilities, the financial position and the 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	....
Christakis Pavlou (Cypriot) Non-Executive Director	....

Financial Controller responsible for the drafting of the financial statements

Loizos Papavassiliou (Cypriot) Financial Controller	....

Limassol, 7 August 2017

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 21 which comprise the condensed consolidated interim statement of financial position of the group as at 30 June 2017, 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 2017 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 2017

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 30 JUNE 2017

	Note	For the six months ended 30 June 2017 US$	For the six months ended 30 June 2016 US$
Revenue	4,23	570,331,364	497,414,329
Cost of sales		(540,090,151)	(470,042,955)
Gross profit		30,241,213	27,371,374
Selling expenses		(14,119,701)	(12,679,570)
Administrative expenses		(8,221,470)	(7,872,389)
Profit from operations		7,900,042	6,819,415
Financial income	7	482,539	265,489
Financial expenses	7	(6,656,410)	(6,538,318)
Other gains and losses	5	(442,698)	160,058
Profit before tax	6	1,283,473	706,644
Taxation	8	(272,381)	(85,709)
Profit for the period		1,011,092	620,935
Attributable to:			
Equity holders of the parent		1,021,732	613,895
Non-controlling interests		(10,640)	7,040
		1,011,092	620,935
		US$ cents	US$ cents
Earnings per share			
Basic and diluted from continuing operations		1.84	1.11

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2017

	For the six months ended 30 June 2017 US$	For the six months ended 30 June 2016 US$
Profit for the period	1,011,092	620,935
Other comprehensive income		
Exchange difference on translating foreign operations	1,697,343	756,569
Reclassification adjustments relating to foreign operations liquidated in the period	7,193	-
Other comprehensive income for the period	1,704,536	756,569
Total comprehensive income for the period	2,715,628	1,377,504
Total comprehensive income attributable to:		
Equity holders of the parent	2,706,548	1,368,148
Non-controlling interests	9,0780	9,356
	2,715,628	1,377,504

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Notes	As at 30 June 2017 US$	As at 31 December 2016 US$
ASSETS			
Non-current assets			
Property, plant and equipment	9	23,933,253	23,209,538
Intangible assets	10	3,028,280	2,991,585
Available-for-sale financial assets	11	11,794	11,794
Goodwill	27	798,620	1,255,204
Deferred tax assets	20	1,082,178	1,006,592
Total non-current assets		28,854,125	28,474,713
Current assets			
Inventories	12	102,160,977	113,857,748
Trade receivables	13	168,104,882	221,068,033
Other current assets	14	17,968,921	16,990,435
Derivative financial assets	25	485,640	1,079,208
Current taxation	8	346,419	663,773
Cash at bank and in hand	26	30,400,362	33,351,703
Total current assets		319,467,201	387,010,900
Total assets		348,321,326	415,485,613
EQUITY AND LIABILITIES			
Equity			
Share capital	15	11,100,000	11,100,000
Share premium		23,518,243	23,518,243
Retained earnings and other components of equity		52,150,813	51,109,265
Equity attributable to owners of the parent		86,769,056	85,727,508
Non-controlling interests		372,441	167,361
Total equity		87,141,497	85,894,869
Non-current liabilities			
Long term borrowings	17	963,661	1,184,107
Other long term liabilities	18	340,107	313,475
Deferred tax liabilities	20	155,247	149,683
Total non-current liabilities		1,459,015	1,647,265
Current liabilities			
Trade payables		132,843,814	202,038,292
Other current liabilities	21	23,416,750	26,945,360
Short term borrowings	16	102,957,056	98,623,302
Derivative financial liabilities	24	325,051	1,383
Current taxation	8	178,143	335,142
Total current liabilities		259,720,814	327,943,479
Total liabilities		261,179,829	329,590,744
Total equity and liabilities		348,321,326	415,485,613

The financial statements were approved by the Board of Directors on 7 August 2017.

....	....
Constantinos Tziamalis	**Marios Christou**
Director	**Director**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2017

	Attributable to equity holders 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 2016	11,100,000	23,518,243	(14,234)	(13,126,734)	59,847,099	81,324,374	155,261	81,479,635
Profit for the period 1 January 2016 to 30 June 2016	-	-	-	-	613,895	613,895	7,040	620,935
Other comprehensive income for the year	-	-	-	754,253	-	754,253	2,316	756,569
Balance at 30 June 2016	11,100,000	23,518,243	(14,234)	(12,372,481)	60,460,994	82,692,522	164,617	82,857,139
(Loss)/profit for the period 1 July 2016 to 31 December 2016	-	-	-	-	4,003,348	4,003,348	(8,588)	3,994,760
Other comprehensive profit/(loss) for the period 1 July 2016 to 31 December 2016	-	-	-	(968,362)	-	(968,362)	11,332	(957,030)
Balance at 31 December 2016	11,100,000	23,518,243	(14,234)	(13,340,843)	64,464,342	85,727,508	167,361	85,894,869
Profit/(loss) for the period 1 January 2017 to 30 June 2017	-	-	-	-	1,021,732	1,021,732	(10,640)	1,011,092
Other comprehensive profit for the period 1 January 2017 to 30 June 2017	-	-	-	1,684,816	-	1,684,816	19,720	1,704,536
Payment of final dividend	-	-	-	-	(1,665,000)	(1,665,000)	-	(1,665,000)
Minority interest on establishment of new subsidiary	-	-	-	-	-	-	196,000	196,000
Balance at 30 June 2017	11,100,000	23,518,243	(14,234)	(11,656,027)	63,821,074	86,769,056	372,441	87,141,497

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2017

	Note	For the six months ended 30 June 2017 US$	For the six months ended 30 June 2016 US$
Profit for the period before tax and minority interest		1,283,473	706,644
Adjustments for:			
Exchange difference arising on consolidation		786,740	540,843
Depreciation of property, plant and equipment	9	727,713	764,094
Amortization of intangible assets	10	357,494	287,073
Impairment losses on intangible assets and goodwill	5,27	560,420	-
Profit from the sale of property, plant and equipment and intangible assets	5	(28,591)	(22,094)
Provision for bad debts and receivables written off		1,462,848	797,174
Bad debts recovered	5	(7,950)	(1,227)
Provision for slow moving and obsolete stock		642,638	(208,276)
Interest received	7	(15,624)	(69,343)
Interest paid	7	1,960,779	2,196,844
Operating profit before working capital changes		7,729,940	4,991,732
Decrease/(increase) in inventories		11,054,133	(7,988,397)
Decrease in trade receivables		51,508,253	34,660,134
Increase in other current assets		(384,918)	(2,494,387)
Decrease in trade payables		(69,194,478)	(51,534,500)
(Decrease)/increase in other current liabilities		(4,869,942)	2,475,272
Increase/(decrease) in other non-current liabilities		26,632	(62,865)
Decrease in factoring creditors		(12,620,576)	(10,763,874)
Cash outflows from operations		(16,750,956)	(30,716,885)
Interest paid	7	(1,960,779)	(2,196,844)
Taxation paid, net	8	(153,114)	(290,117)
Net cash outflows from operating activities		(18,864,849)	(33,203,846)
Cash flows from investing activities			
Purchase of intangible assets	10	(427,750)	(332,159)
Purchase of property, plant and equipment	9	(566,762)	(493,004)
Proceeds from sale of property, plant and equipment and intangible assets		158,513	22,094
Interest received	7	15,624	69,343
Net cash outflows from investing activities		(820,375)	(733,726)
Cash flows from financing activities			
Repayments of long term loans and long term obligations under finance lease		(220,446)	(451,515)
Proceeds/(repayments) of short term borrowings and short term obligations under finance lease		6,009,358	(439,874)
Net cash inflows/(outflows) from financing activities		5,788,912	(891,389)
Net decrease in cash and cash equivalents		(13,896,312)	(34,828,961)
Cash and cash equivalents at beginning of the period		6,536,849	4,289,856
Cash and cash equivalents at end of the period	26	(7,359,463)	(30,539,105)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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 2017 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 30 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 2016. 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 2016.

These interim financial statements were authorized for issue by the company's Board of Directors on 7 August 2017.

(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 2016.

3. Significant accounting policies

The accounting policies adopted for the preparation of the condensed consolidated interim financial statements for the six months ended 30 June 2017 are consistent with those followed for the preparation of the annual financial statements for the year 2016 except for the adoption by the group of all the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual periods beginning on 1 January 2017. The adoption of new and revised standards and interpretations did not have any material effect on the group's condensed consolidated financial statements.

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 2017 US$	For the six months ended 30 June 2016 US$
Profit on disposal of property, plant and equipment	28,591	22,094
Other income	42,426	103,617
Bad debts recovered	7,950	1,227
Rental income	38,755	33,120
Impairment loss on goodwill	(560,420)	-
	(442,698)	160,058

6. Profit before tax

	For the six months ended 30 June 2017 US$	For the six months ended 30 June 2016 US$
Profit before tax is stated after charging :		
(a) Amortization of intangible assets (Note 10)	357,494	287,073
(b) Depreciation (Note 9)	727,713	764,094
(c) Auditors' remuneration	179,485	173,307
(e) Directors' remuneration – executive (Note 28)	175,019	223,995
(e) Directors' remuneration – non-executive (Note 28)	1,094	1,118

7. Financial expense, net

	For the six months ended 30 June 2017 US$	For the six months ended 30 June 2016 US$
Financial income		
Interest income	15,624	69,343
Other financial income	359,133	196,146
Net exchange gain	107,782	-
	482,539	265,489
Financial expense		
Bank interest	1,960,779	2,196,844
Bank charges	621,515	659,813
Derivative charges	462,912	314,616
Factoring interest	2,769,108	1,976,270
Factoring charges	151,787	157,154
Other financial expenses	87,440	20,061
Other interest	602,869	579,575
Net exchange loss	-	633,985
	6,656,410	6,538,318
Net	(6,173,871)	(6,272,829)

8. Tax

	For the six months ended 30 June 2017 US$	For the year ended 31 December 2016 US$
Receivable balance 1 January	(328,631)	(235,073)
Provision for the period/year	329,290	802,924
(Over)/under provision of prior year periods	(2,831)	5,886
Exchange difference on retranslation	(12,990)	(4,768)
Amounts paid, net	(153,114)	(897,600)
Net receivable balance 30 June/31 December	(168,276)	(328,631)

	As at 30 June 2017 US$	As at 31 December 2016 US$
Tax receivable	(346,419)	(663,773)
Tax payable	178,143	335,142
Net	(168,276)	(328,631)

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

	For the six months ended 30 June 2017 US$	For the six months ended 30 June 2016 US$
Provision for the period	329,290	218,425
(Over)/under provision of prior years	(2,831)	3,809
Deferred tax charge (Note 20)	(54,078)	(136,525)
Charge/(credit) for the period	272,381	85,709

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 2017

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 2016	23,355,177	6,436,831	368,967	2,253,762	2,384,129	2,867,739	37,666,605
Additions	732,135	473,166	6,005	218,803	69,371	70,531	1,570,011
Disposals / write-offs	-	(798,777)	-	(419,387)	(79,859)	(188,327)	(1,486,350)
Foreign exchange difference on retranslation	(301,465)	(75,483)	(111)	(32,009)	(41,245)	(38,306)	(488,619)
At 31 December 2016	23,785,847	6,035,737	374,861	2,021,169	2,332,396	2,711,637	37,261,647
Additions	16,121	253,501	-	240,452	37,570	19,118	566,762
Disposals / write-offs	(292,329)	(49,529)	-	(196,625)	(27,307)	(45,340)	(611,130)
Foreign exchange difference on retranslation	997,979	225,746	252	76,049	114,746	105,274	1,520,046
At 30 June 2017	24,507,618	6,465,455	375,113	2,141,045	2,457,405	2,790,689	38,737,325
Accumulated depreciation							
At 1 January 2016	3,510,711	5,091,969	116,512	1,660,582	1,784,874	1,997,052	14,161,700
Charge for the year	256,585	601,269	38,930	234,095	173,769	239,794	1,544,442
Disposals / write-offs	-	(798,777)	-	(419,387)	(79,859)	(188,327)	(1,486,350)
Foreign exchange difference on retranslation	(2,839)	(66,319)	(111)	(30,139)	(35,807)	(32,468)	(167,683)
At 31 December 2016	3,764,457	4,828,142	155,331	1,445,151	1,842,977	2,016,051	14,052,109
Charge for the period	144,936	285,816	19,485	113,329	67,929	96,218	727,713
Disposals / write-offs	(210,054)	(49,529)	-	(196,625)	(27,307)	(43,340)	(526,855)
Foreign exchange difference on retranslation	164,104	166,535	255	53,134	88,922	78,155	551,105
At 30 June 2017	3,863,441	5,230,964	175,071	1,414,989	1,972,521	2,147,084	14,804,072
Net book value							
At 30 June 2017	20,644,175	1,234,491	200,042	726,056	484,884	643,605	23,933,253
At 31 December 2016	20,021,390	1,207,595	219,530	576,018	489,419	695,586	23,209,538

10. Intangible assets

	Computer software US$	Patents and licenses US$	Total US$
Cost			
At 1 January 2016	7,851,215	2,232,094	10,083,309
Additions	587,097	266,558	853,655
Disposals/ write-offs	(218,742)	-	(218,742)
Foreign exchange difference on retranslation	(18,853)	2,474	(16,379)
At 31 December 2016	8,200,717	2,501,126	10,701,843
Additions	404,716	23,034	427,750
Disposals/ write-offs	(110,238)	(99,069)	(209,307)
Foreign exchange difference on retranslation	43,475	25,071	68,546
At 30 June 2017	8,538,670	2,450,162	10,988,832
Accumulated amortization			
At 1 January 2016	6,092,120	1,238,887	7,331,007
Charge for the year	342,861	257,096	599,957
Disposals/ write-offs	(206,728)	-	(206,728)
Foreign exchange difference on retranslation	(19,197)	5,219	(13,978)
At 31 December 2016	6,209,056	1,501,202	7,710,258
Charge for the period	209,665	147,829	357,494
Disposals/ write-offs	(110,238)	(53,421)	(163,659)
Foreign exchange difference on retranslation	41,039	15,420	56,459
At 30 June 2017	6,349,522	1,611,030	7,960,552
Net book value			
At 30 June 2017	2,189,148	839,132	3,028,280
At 31 December 2016	1,991,661	999,924	2,991,585

11. Available-for-sale financial assets

The details of the investments are as follows:

Name	Country of incorporation	Participation %	Cost US$	Impairment US$	As at 30 June 2017 US$	As at 31 December 2016 US$
Investments held in related companies						
E-Vision Ltd	Cyprus	18%	90,000	(90,000)	-	-
Other investments						
Asekol s.r.o.	Czech Republic	9.09%	9,580	-	9,580	9,580
Regnon S.A.	Poland	0.01%	2,214	-	2,214	2,214
			101,794	(90,000)	11,794	11,794

12. Inventories

	As at 30 June 2017 US$	As at 31 December 2016 US$
Goods in transit	12,400,303	17,467,719
Goods held for resale	96,307,406	103,518,766
Provision for slow moving and obsolete stock	(6,546,732)	(7,128,737)
	102,160,977	113,857,748

Movement in provision for slow moving and obsolete stock

	As at 30 June 2017 US$	As at 31 December 2016 US$
On 1 January	7,128,737	4,288,149
Net movement for the period/year	(642,638)	2,870,240
Exchange difference	60,633	(29,652)
On 30 June/31 December	6,546,732	7,128,737

13. Trade receivables

	As at 30 June 2017 US$	As at 31 December 2016 US$
Trade receivables	176,957,522	228,782,976
Allowance for doubtful debts	(8,852,640)	(7,714,943)
	168,104,882	221,068,033

14. Other current assets

	As at 30 June 2017 US$	As at 31 December 2016 US$
Deposits and advances to service providers	490,518	526,314
Employee floats	151,872	39,321
VAT and other taxes refundable	8,318,435	8,583,148
Other debtors and prepayments	9,008,096	7,841,652
	17,968,921	16,990,435

15. Share capital

	As at 30 June 2017 US$	As at 31 December 2016 US$
Authorized		
63,000,000 (2016: 63,000,000) shares of US$ 0.20 each	12,600,000	12,600,000
Issued and fully paid		
55,500,000 (2016: 55,500,000) ordinary shares of US$ 0.20 each	11,100,000	11,100,000

16. Short term borrowings

	As at 30 June 2017 US$	As at 31 December 2016 US$
Bank overdrafts (Note 26)	37,759,825	26,814,854
Current portion of long term loans	663,595	714,258
Bank short term loans	26,329,889	20,289,260
Short term obligations under finance leases (Note 19)	73,725	54,332
Total short term debt	64,827,034	47,872,704
Factoring creditors	38,130,022	50,750,598
	102,957,056	98,623,302

Summary of borrowings and overdraft arrangements

As at 30 June 2017 the group enjoyed factoring facilities of US$ 109,004,000 (31 December 2016 US$ 100,596,000). In addition, the group as at 30 June 2017 had the following financing facilities with banks in the countries that the company and its subsidiaries are operating:

- overdraft lines of US$ 59,911,000 (31 December 2016: US$ 55,570,000)
- short term loans/revolving facilities of US$ 32,115,000 (31 December 2016: US$ 26,427,000)
- bank guarantee and letters of credit lines of US$ 12,730,000 (31 December 2016: US$ 13,446,000)

The Group had for the period ending 30 June 2017 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 8.3% (for 2016: 9.2%).

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$ 10,447,000 (31 December 2016: US$ 9,967,000)

17. Long term borrowings

	As at 30 June 2017 US$	As at 31 December 2016 US$
Bank loans	946,487	1,157,262
Long term obligations under finance leases (Note 19)	17,174	26,845
	963,661	1,184,107

18. Other long term liabilities

	As at 30 June 2017 US$	As at 31 December 2016 US$
Pension provision	340,107	313,475

19. Finance leases

	As at 30 June 2017 US$	As at 31 December 2016 US$
Obligation under finance lease	90,899	81,177
Less: Amount payable within one year	(73,725)	(54,332)
Amounts payable within 2-5 years inclusive	17,174	26,845

20. Deferred tax

	As at 30 June 2017 US$	As at 31 December 2016 US$
Debit balance on 1 January	(856,909)	(1,436,016)
Deferred tax charge/(credit) for the period/ year (Note 8)	(54,078)	569,392
Exchange difference on retranslation	(15,944)	9,715
Debit balance on 30 June/31 December	(926,931)	(856,909)

	As at 30 June 2017 US$	As at 31 December 2016 US$
Deferred tax assets	(1,082,178)	(1,006,592)
Deferred tax liabilities	155,247	149,683
Net deferred tax assets	(926,931)	(856,909)

21. Other current liabilities

	As at 30 June 2017 US$	As at 31 December 2016 US$
Salaries payable and related costs	1,021,866	1,019,145
VAT payable	4,171,427	6,159,670
Accruals and deferred income	14,568,063	15,277,075
Non-trade accounts payable	1,590,333	2,548,287
Provision of warranties	2,065,061	1,941,183
	23,416,750	26,945,360

22. Commitments and contingencies

As at 30 June 2017 the group was committed in respect of purchases of inventories of a total cost value of US$ 2,206,000 (31 December 2016: US$ 3,100,000) which were in transit at 30 June 2017 and delivered in July 2017. 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 2017 the group was contingently liable in respect of bank guarantees and letters of credit lines of US$ 12,730,000 (31 December 2016: US$ 13,446,000) which the group has extended mainly to its suppliers.

As at 30 June 2017 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 2017 US$	For the six months ended 30 June 2016 US$
Former Soviet Union	268,690,675	167,878,093
Central Eastern Europe	182,652,797	201,536,681
Western Europe	41,623,681	29,631,274
Middle East & Africa	73,622,383	80,440,433
Other	3,741,828	17,927,848
	570,331,364	497,414,329

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1.3 Segment results

	For the six months ended 30 June 2017 US$	For the six months ended 30 June 2016 US$
Former Soviet Union	3,986,779	3,444,930
Central Eastern Europe	3,134,745	2,733,353
Middle East & Africa	510,700	471,620
Western Europe	221,399	111,490
Other	46,419	58,022
Profit from operations	7,900,042	6,819,415
Net financial expenses	(6,173,871)	(6,272,829)
Other gains and losses	(442,698)	160,058
Profit before taxation	1,283,473	706,644

1.4 Segment capital expenditure (CAPEX)

	As at 30 June 2017 US$	As at 31 December 2016 US$
Former Soviet Union	4,034,036	4,100,423
Central Eastern Europe	12,459,674	12,080,453
Middle East & Africa	3,110,430	3,206,783
Unallocated	8,156,013	8,068,668
	27,760,153	27,456,327

1.5 Segment depreciation and amortization

	For the six months ended 30 June 2017 US$	For the six months ended 30 June 2016 US$
Former Soviet Union	178,543	129,202
Central Eastern Europe	344,699	373,325
Western Europe	-	18,297
Middle East & Africa	99,456	108,993
Unallocated	462,509	421,350
	1,085,207	1,051,167

1.6 Segment assets

	As at 30 June 2017 US$	As at 31 December 2016 US$
Former Soviet Union	142,298,692	154,300,176
Central Eastern Europe	120,115,971	142,566,106
Western Europe	22,211,669	28,285,670
Middle East & Africa	33,672,063	51,058,290
Total	318,298,395	376,210,242
Assets allocated in capital expenditure (1.4)	27,760,153	27,456,327
Other unallocated assets	2,262,777	11,819,044
Consolidated assets	348,321,326	415,485,613

24. Derivative financial liabilities

	As at 30 June 2017 US$	As at 31 December 2016 US$
Derivative financial liabilities carried at fair value through profit or loss		
Foreign currency derivative contracts	325,051	1,383

25. Derivative financial assets

	As at 30 June 2017 US$	As at 31 December 2016 US$
Derivative financial assets carried at fair value through profit or loss		
Foreign currency derivative contracts	485,640	1,079,208

26. Cash and cash equivalents

	As at 30 June 2017 US$	As at 31 December 2016 US$
Cash at bank and in hand	30,400,362	33,351,703
Bank overdrafts (Note 16)	(37,759,825)	(26,814,854)
	(7,359,463)	6,536,849

The cash at bank and in hand balance includes an amount of US$ 10,447,000 (31 December 2016: US$ 9,967,000) which represents pledged deposits against secured borrowings.

27. Goodwill

	As at 30 June 2017 US$	As at 31 December 2016 US$
At 1 January	1,255,204	1,555,972
Goodwill written off (note ii)	(560,420)	(250,000)
Foreign exchange difference on retranslation	103,836	(50,768)
At 30 June/31 December (note i)	798,620	1,255,204

(i) The capitalized goodwill arose from the business combinations of the following subsidiaries:

	As at 30 June 2017 US$	As at 31 December 2016 US$
ASBIS d.o.o. (BA) (formerly Megatrend D.O.O. Sarajevo)	398,346	367,911
SHARK Computers a.s.	400,274	887,293
	798,620	1,255,204

(ii) The impairment loss of goodwill relates to the following subsidiary:

	As at 30 June 2017 US$	As at 31 December 2016 US$
SHARK Computers a.s.	(560,420)	(250,000)
	(560,420)	(250,000)

28. Transactions and balances of key management

	For the six months ended 30 June 2017 US$	For the six months ended 30 June 2016 US$
Directors' remuneration – executive (Note 6)	175,019	223,995
Directors' remuneration - non-executive (Note 6)	1,094	1,118
	176,113	225,113

29. Business combinations

1. Acquisitions

1.1.a. Acquisitions of subsidiaries to 30 June 2017

During the year, the Group has acquired the 100% of the share capital of I ON LTD and 51% of ASBC MMM.

Name of entity	Type of operations	Date acquired	% acquired	% owned
I ON LTD	Information Technology	04 April 2017	100%	100%
ASBC LLC	Information Technology	08 May 2017	51%	51%

2. Disposals of subsidiaries to 30 June 2017

During the period the following group's subsidiary went into liquidation. Loss of US$ 12,461 arose on the event.

Name of disposed entity	Type of operations	Date liquidated	% liquidated
Shark Online a.s.	Information Technology	01 January 2017	100%

Disposals of subsidiaries to 31 December 2016

During the year 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
EuroMall SRB d.o.o	Information Technology	03 August 2016	100%
EuroMall Croatia	Information Technology	13 October 2016	100%
IT-MAX	Information Technology	04 November 2016	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 company's/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).