

**INTERIM REPORT
FOR THE THREE AND TWELVE MONTHS
ENDED 31 DECEMBER 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 1 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 quarterly 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 quarterly report contains financial statements of, and financial information relating to the Group. In particular, this quarterly report contains our interim consolidated financial statements for the three months ended 31 December 2017. The financial statements appended to this quarterly 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 quarterly 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 quarterly report may not conform exactly to the total figure given for that column or row.

Currency Presentation

Unless otherwise indicated, all references in this quarterly 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 quarterly 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 quarterly 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 quarterly 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 quarterly 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 twelve month periods ended 31 December 2017

In the three-month period ended December 31, 2017 we have continued our strong growth trend observed in prior periods of the year. Following our strategy to focus on our core markets of FSU and CEE, we have enjoyed a significant growth in revenues in all markets we operated. We have managed to outperform the markets and competition and strengthen our market position. Our profitability has exceeded our expectations and cash flow significantly improved.

The principal events of the three months ended 31 December 2017 were as follows:

- Revenues in Q4 2017 increased by 48.75% to U.S. \$ 541,794 from U.S. \$ 364,242 in Q4 2016. The main driver for this growth is the significant growth in sales (mainly in the F.S.U. and CEE regions) attributed to further development of Apple and storage solutions business.
- Gross profit in Q4 2017 has increased by 25.27% to U.S. \$ 26,520 from U.S. \$ 21,171 in Q4 2016.
- Gross profit margin in Q4 2017 has decreased to 4.89% from 5.81% in Q4 2016.
- Selling expenses in Q4 2017 have increased by 28.39% to U.S. \$ 11,688 from U.S. \$ 9,104 in Q4 2016, as a result of significantly higher sales and gross profit.
- Administrative expenses in Q4 2017 have increased by 17.98% to U.S. \$ 4,923 from U.S. \$ 4,173 in Q4 2016.
- EBITDA in Q4 2017 amounted to U.S. \$ 10,487 in comparison to U.S. \$ 8,452 in Q4 2016.

- As a result of strong growth in revenues and gross profit and controlled expenses, in Q4 2017 the Company has improved its net profit after taxation by 44.73% to U.S. \$ 3,813 as compared to U.S.\$ 2,635 in Q4 2016.
- In Q4 2017, net cash inflows from operations amounted to U.S.\$ 64,055 as compared to U.S.\$ 38,366 in Q4 2016, an improvement exceeding U.S.\$ 25 million.

The following table presents revenues breakdown by regions for the three month periods ended December 31st, 2017 and 2016 respectively (in U.S.\$ thousands):

Region	Q4 2017	Q4 2016	Change %
Former Soviet Union	273,063	153,830	+77.51%
Central and Eastern Europe	184,121	129,377	+42.31%
Middle East and Africa	49,776	48,695	+2.22%
Western Europe	29,593	29,588	+0.02%
Other	5,241	2,752	+90.45%
Grand Total	541,794	364,242	+48.75%

The principal events of the twelve months ended 31 December 2017 were as follows:

- Revenues in Q1-Q4 2017 increased by 30.52% to U.S. \$ 1,484,912 from U.S. \$ 1,137,709 in Q1-Q4 2016.
- Gross profit in Q1-Q4 2017 increased by 17.31% to U.S. \$ 76,736 from U.S. \$ 65,414 in Q1-Q4 2016.
- Gross profit margin in Q1-Q4 2017 decreased to 5.17% from 5.75% in Q1-Q4 2016.
- Selling expenses in Q1-Q4 2017 increased by 20.48% to U.S. \$ 34,745 from U.S. \$ 28,838 in Q1-Q4 2016 as a result of higher sales and gross profit.
- Administrative expenses in Q1-Q4 2017 have increased by 7.62% to U.S. \$ 17,585 from U.S. \$ 16,339 in Q1-Q4 2016 following investments in human capital and exchange rate fluctuations.
- EBITDA in Q1-Q4 2017 amounted to U.S. \$ 26,642 in comparison to U.S. \$ 22,381 in Q1-Q4 2016.
- As a result, in Q1-Q4 2017 the net profit after tax improved by 49.04% to U.S. \$ 6,909 in comparison to U.S. \$ 4,636 in Q1-Q4 2016.
- In Q1-Q4 2017, net cash inflows from operations amounted to U.S.\$ 42,053 as compared to U.S.\$ 9,434 in Q1-Q4 2016, an improvement exceeding U.S.\$ 32 million.

The following table presents revenues breakdown by regions for the twelve month periods ended December 31st, 2017 and 2016 respectively (in U.S.\$ thousands):

Region	Q1-Q4 2017	Q1-Q4 2016	Change %
Former Soviet Union	719,388	445,082	+61.63%
Central and Eastern Europe	496,007	426,067	+16.42%
Middle East and Africa	162,610	168,018	-3.22%
Western Europe	93,666	69,775	+34.24%
Other	13,241	28,767	-53.97%
Grand Total	1,484,912	1,137,709	+30.52%

3. Summary historical financial data

The following data set 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 twelve months ended December 31st, 2017 and 2016, have been converted into Euro and PLN as follows:

- Individual items of the balance sheet – based at average exchange rates quoted by the National Bank of Poland for the balance sheet date of December 31st, 2016, that is: 1 US\$ = 4.1793 PLN and 1 EUR = 4.4240 PLN and December 31st, 2017, that is: 1 US\$ = 3.4813 PLN and 1 EUR = 4.1709 PLN.
- Individual items in the income statement and cash flow statement – 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 for the period from October 1st to December 31st, 2016, that is 1 US\$ = 4.1001 PLN and 1 EUR = 4.3964 PLN and October 1st to December 31st, 2017, that is 1 US\$ = 3.5628 PLN and 1 EUR = 4.2087 PLN.
- Individual items in the income statement and cash flow statement – 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 for the given period from January 1st to December 31st, 2016, that is 1 US\$ = 3.9680 PLN and 1 EUR = 4.3757 PLN and January 1st to December 31st, 2017, that is 1 US\$ = 3.7439 PLN and 1 EUR = 4.2447 PLN.

	Period from			Period from		
	1 October to 31 December 2017			1 October to 31 December 2016		
	USD	PLN	EUR	USD	PLN	EUR
Revenue	541,794	1,930,305	458,646	364,242	1,493,428	339,693
Cost of sales	(515,274)	(1,835,819)	(436,196)	(343,071)	(1,406,627)	(319,950)
Gross profit	26,520	98,487	22,450	21,171	86,802	19,744
Selling expenses	(11,688)	(41,643)	(9,894)	(9,104)	(37,327)	(8,490)
Administrative expenses	(4,923)	(17,539)	(4,167)	(4,173)	(17,108)	(3,891)
Profit from operations	9,909	35,305	8,389	7,894	32,367	7,362
Financial expenses	(5,382)	(19,174)	(4,556)	(4,455)	(18,267)	(4,155)
Financial income	843	3,005	714	190	779	177
Other gains and losses	(293)	(1,043)	(248)	(145)	(595)	(135)
Profit before taxation	5,079	18,094	4,299	3,484	14,283	3,249
Taxation	(1,265)	(4,508)	(1,071)	(849)	(3,481)	(792)
Profit after taxation	3,813	13,585	3,228	2,635	10,802	2,457
Attributable to:						
Non-controlling interests	(21)	(76)	(18)	6	23	5
Equity holders of the Parent	3,834	13,661	3,246	2,629	10,799	2,452

	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	6.91	24.61	5.85	4.74	19.42	4.42

	Period from			Period from		
	1 October to			1 October to		
	31 December 2017			31 December 2016		
	USD	PLN	EUR	USD	PLN	EUR
Net cash inflows from operating activities	64,055	228,215	54,225	38,366	157,304	35,780
Net cash outflows from investing activities	(737)	(2,627)	(624)	(893)	(3,660)	(832)
Net cash outflows from financing activities	(6,215)	(22,142)	(5,261)	(564)	(2,313)	(526)
Net increase in cash and cash equivalents	57,103	203,447	48,340	36,909	151,331	34,422
Cash at the beginning of the period	(11,170)	(39,797)	(9,456)	(30,372)	(124,529)	(28,325)
Cash at the end of the period	45,933	163,651	38,884	6,537	26,802	6,096

	As at 31 December 2017			As at 31 December 2016		
	USD	PLN	EUR	USD	PLN	EUR
	Current assets	495,568	1,725,219	413,632	387,011	1,617,435
Non-current assets	28,356	98,714	23,667	28,475	119,004	26,900
Total assets	523,923	1,823,933	437,300	415,486	1,736,439	392,504
Liabilities	429,455	1,495,063	358,451	329,591	1,377,459	311,360
Equity	94,468	328,871	78,849	85,895	358,980	81,144

	Period from			Period from		
	1 January to 31 December 2017			1 January to 31 December 2016		
	USD	PLN	EUR	USD	PLN	EUR
Revenue	1,484,912	5,559,363	1,309,719	1,137,709	4,514,428	1,031,704
Cost of sales	(1,408,177)	(5,272,073)	(1,242,037)	(1,072,295)	(4,254,865)	(972,385)
Gross profit	76,736	287,290	67,682	65,414	259,562	59,319
Selling expenses	(34,745)	(130,081)	(30,646)	(28,838)	(114,429)	(26,151)
Administrative expenses	(17,585)	(65,835)	(15,510)	(16,339)	(64,835)	(14,817)
Profit from operations	24,406	91,374	21,527	20,237	80,299	18,351
Financial expenses	(16,006)	(59,925)	(14,118)	(14,855)	(58,945)	(13,471)
Financial income	1,598	5,983	1,410	590	2,342	535
Other gains and losses	(985)	(3,689)	(869)	42	168	38
Profit before taxation	9,013	33,744	7,950	6,014	23,863	5,454
Taxation	(2,104)	(7,878)	(1,856)	(1,378)	(5,467)	(1,250)
Profit after taxation	6,909	25,866	6,094	4,636	18,394	4,204
Attributable to:						
Non-controlling interests	(47)	(176)	(42)	18	73	17
Equity holders of the Parent	6,956	26,042	6,135	4,617	18,31	4,187

	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	12.53	46.92	11.05	8.32	33.01	7.54

	Period from			Period from		
	1 January to 31 December 2017			1 January to 31 December 2016		
	USD	PLN	EUR	USD	PLN	EUR
Net cash inflows from operating activities	42,053	157,442	37,092	9,434	37,434	8,555
Net cash outflows from investing activities	(2,103)	(7,874)	(1,855)	(2,311)	(9,168)	(2,095)
Net cash outflows from financing activities	(553)	(2,072)	(488)	(4,876)	(19,350)	(4,422)
Net increase in cash and cash equivalents	39,396	147,496	34,748	2,247	8,916	2,038
Cash at the beginning of the period	6,537	24,473	5,766	4,290	17,022	3,890
Cash at the end of the period	45,933	171,969	40,514	6,537	25,938	5,928

4. Organization of ASBIS Group

The following table presents our corporate structure as at December 31st, 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)
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, (Munich, 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 (65.85% ownership)
ASBIS Cloud Ltd (Moscow, Russia)	Full (85% ownership)
ASBIS SERVIC Ltd (Kiev, Ukraine)	Full (100% ownership)

5. Changes in the structure of the Company

During the three months ended December 31st, 2017 there were the following changes in the structure of the Company and the Group:

- on November 3rd, 2017 the Board of Directors has been informed about correct establishing of new subsidiary in Ukraine named ASBIS SERVIC Ltd with a share capital of UAH 3.300.000. The Issuer's subsidiary ASBIS Ukraine Limited holds 99,9999% in this subsidiary, being equal to share capital of UAH 3.299.670. The other 0,0001% is held by the incorporated subsidiary's managing director, Mr. Serhey V. Maslen. This entity was incorporated to serve as a warranty service provider for the Group and third party customers.

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

We have not published any forecasts for the three month period ended December 31st, 2017.

However, on March 29th, 2017 the Company announced its official financial forecast for 2017. This forecast was then adjusted upward on February 6th, 2018. The final forecast assumed revenues between USD 1,48 billion and 1,49 billion and net profit after tax between USD 6,8 and USD 7 million.

Having seen Q4 2017 results, it is clear that the Company delivered the forecasted numbers.

7. Information on dividend payment

In the period for the three months ended 31 December 2017 no dividend has been paid.

8. Shareholders possessing more than 5% of the Company's shares as of the date of 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%
NN OFE	2,872,954	5.18%	2,872,954	5.18%
ASBISc Enterprises Plc (buy-back program)	13,389	0.02%	13,389	0.02%
Free float	32,212,296	58.04%	32,212,296	58.04%
TOTAL	55,500,000	100%	55,500,000	100%

In the three-month period ended on December 31st, 2017 the Company received the following information about changes in the shareholders' structure:

- (1) on November 8th, 2017 the Company has received from Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. notification that following the sale of the Company's shares on November 6th, 2017 the total share of Noble Funds Fundusz Inwestycyjny Otwarty, Noble Funds Specjalistyczny Fundusz Inwestycyjny Otwarty, Noble Fund Opportunity Fundusz Inwestycyjny Zamknięty and Open Finance Fundusz Inwestycyjny Otwarty managed by Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. descended below the threshold of 5% of the total number of votes at the Company's General Meeting of Shareholders.

According to the notification, before the abovementioned sale of shares the Funds had 2 929 818 Company's shares that were equal to 5,28% in the Company's share capital and had 2 929 818 votes from these shares, that were equal to 5,28% of total number of votes.

According to the notification, after the abovementioned sale of shares the Funds hold 2 689 818 Company's shares, equal to 4,85% in the Company's share capital and have 2 689 818 votes from these shares, equal to 4,85% of total number of votes.

According to the notification with respect to the Fund there are no subsidiaries, holding shares of the Company and persons referred to in Article 87 paragraph 1 point 3 letter c of the Act on Public Offering.

According to the notification the Fund does not have the votes to the shares calculated in the manner specified in Article 69b paragraph 2 and 3 of the Act on Public Offering.

- (2) On November 17th, 2017 the Company has received from Quercus Towarzystwo Funduszy Inwestycyjnych S.A. acting on behalf of managed investment funds - Quercus Parasolowy SFIO. Quercus Absolutnego Zwrotu FIZ and ACER Aggressive FIZ notification that total share

of these Funds descended below the threshold of 5% of the total number of votes at the Company's General Meeting of Shareholders.

According to the Notification, the descending below the 5% threshold in the Company followed certain transactions conducted in the regulated market on November 14th, 2017.

According to the notification, before the abovementioned change of share, the Funds had 2 784 441 of the Company's shares that were equal to 5,02% in the Company's share capital and had 2 784 441 votes from these shares, that were equal to 5,02% of the total number of votes.

According to the notification, as of November 15th 2017 the Funds held 2 751 941 Company's shares, equal to 4,96% in the Company's share capital and had 2 751 941 votes from these shares, equal to 4,96% of the total number of votes.

According to the notification there are no subsidiaries of the Funds, holding shares of the Company and persons referred to in Article 87 paragraph 1 point 3 letter c of the Act on Public Offering.

According to the notification, the number of votes calculated in the manner specified in Art. 69b para. (2) of the Public Offering Act and the conditions governing the introduction of financial instruments to organized trading, and public companies to which the Funds would be entitled or obliged, as holders of financial instruments referred to in art. Article 69 1 pt. 1 of the Act, and financial instruments referred to in Art. 69b para. Section 2 of the Act, which is not executed exclusively by monetary settlements, is zero.

According to the notification, the number of votes calculated in the manner specified in Art. 69b para. 3 of the Act to which the financial instruments referred to in art. 69b para. 1 point 2 of the Act relate directly or indirectly is zero.

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

During the three-month period ended on December 31st, 2017 as well as for the period between November 7th, 2017 (the date of the publication of the Interim Report for Q3 2017) and February 27th, 2018 (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

During the three-month period ended December 31st, 2017 there were no changes in the members of the Company's Board of Directors.

11. Significant administrative and court proceedings against the Company

As of December 31st, 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 three months ended December 31st, 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 to 184,909 at December 31st, 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 December 31st, 2017 was U.S. \$ 22,633 – as per note number 16 to the financial statements – which is more 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 have 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 twelve month periods ended December 31st, 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 financial conditions 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. Revenues and gross profit for Q4 and the 12M 2017 have significantly grown as compared to Q4 and the 12M of 2016 while gross profit margin was lower mainly due to high margin in the corresponding period of last year. This resulted in significantly improved profitability. The achieved results are considered by the Directors as very satisfactory. However, we can never be 100% certain for the future and the factors below may negatively affect the Group's results:

The in-country financial conditions 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 the specific country's 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 specific market to secure our results.

As previously mentioned, we have adapted to the situation in Russia and Ukraine, and our results in these countries have significantly improved. As we have decided to focus on profits in all our territories, the Group is selective on the deals to undertake and the customers to engage with. This allows for improved results.

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

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.

In 2017 to date, US Dollar has been weakening towards the Euro and other local currencies we sell in. Despite the fact that our hedging is set to limit any impact from the currencies (irrespective if its positive or negative), weaker US Dollar translated to more attractive selling prices denominated in local currencies, however stronger local currencies translate in higher expenses.

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 gain 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. This business for 2017 has been stable on a year-on-year basis and – given the increase in sales – accounts for a lower percentage to the total business.

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 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 Directors, despite the fact that the business has not been directly affected by these events, have 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. 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 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.

However, there are many uncertainties about the world economy following turmoils in different countries, 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, the management strongly believe that 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 smartphones, tablets 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'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 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.

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, though this situation has much improved in the course of 2017.

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

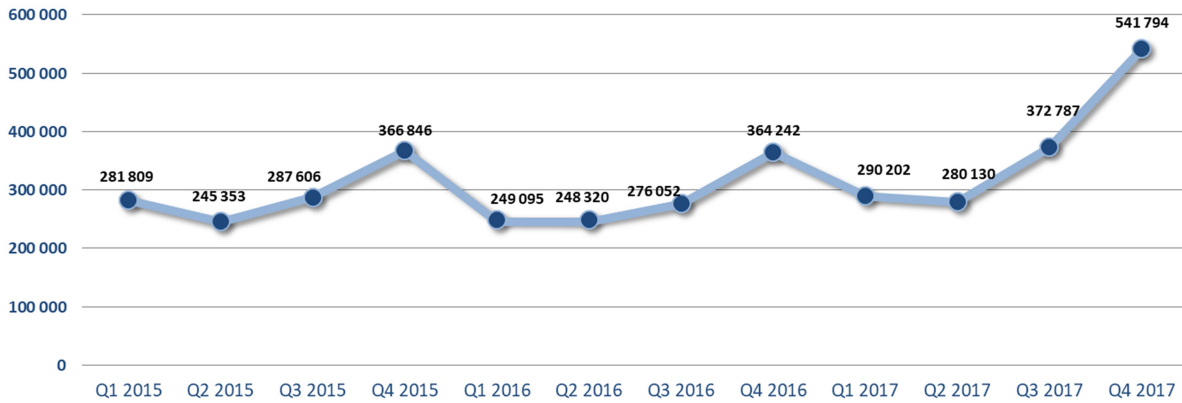
The distribution business entails a higher need for cash available to support growth. The Group has managed to raise cash from various financial institutions, however in certain cases the cost of this financing is expensive. The Company has already negotiated better terms with some of its supply-chain 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 financial facilities in these countries and this may limit our efforts to further decrease our average cost of debt. In the course of 2017 we have experienced a lower cost of financing in the F.S.U.

Results of Operations

Three and twelve month periods ended December 31st, 2017 compared to the three and twelve month periods ended December 2016

- **Revenues:** In Q4 2017 revenues increased by 48.75% to U.S. \$ 541,794 from U.S. \$ 364,242 in Q4 2016. The main driver of this growth was the significant increase in business in the F.S.U. and CEE regions, on the back of increased Apple and storage solutions business. Revenues in Q1-Q4 2017 increased by 30.52% to U.S. \$ 1,484,912 from U.S. \$ 1,137,709 in Q1-Q4 2016.

Seasonality and growth cycle in ASBIS revenues
Revenues between Q1 2015 and Q4 2017
(in U.S.\$ thousand)

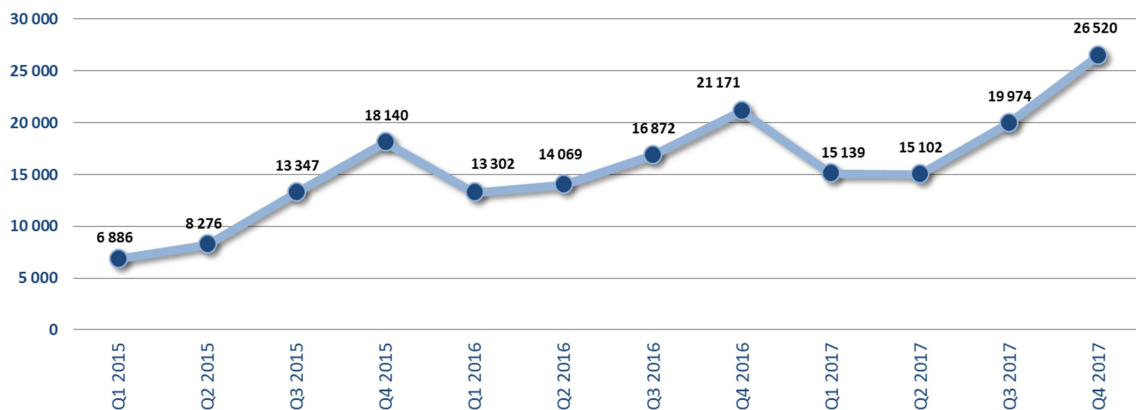


- **Gross profit:** In Q4 2017 and in Q1-Q4 2017 gross profit has increased significantly when compared to the corresponding periods of 2016.

Gross profit in Q4 2017 has increased by 25.27% to U.S. \$ 26,520 from U.S. \$ 21,171 in Q4 2016.

Gross profit in Q1-Q4 2017 increased by 17.31% to U.S. \$ 76,736 from U.S. \$ 65,414 in Q1-Q4 2016.

Gross profit
between Q1 2015 and Q4 2017
(in U.S.\$ thousand)



- **Gross profit margin:** has continued to stabilize at similar levels as in previous quarters of 2017.

Gross profit margin in Q4 2017 has decreased by 0.92pp to 4.89% from 5.81% in Q4 2016.

Gross profit margin in Q1-Q4 2017 decreased by 0.58pp to 5.17% from 5.75% in Q1-Q4 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.

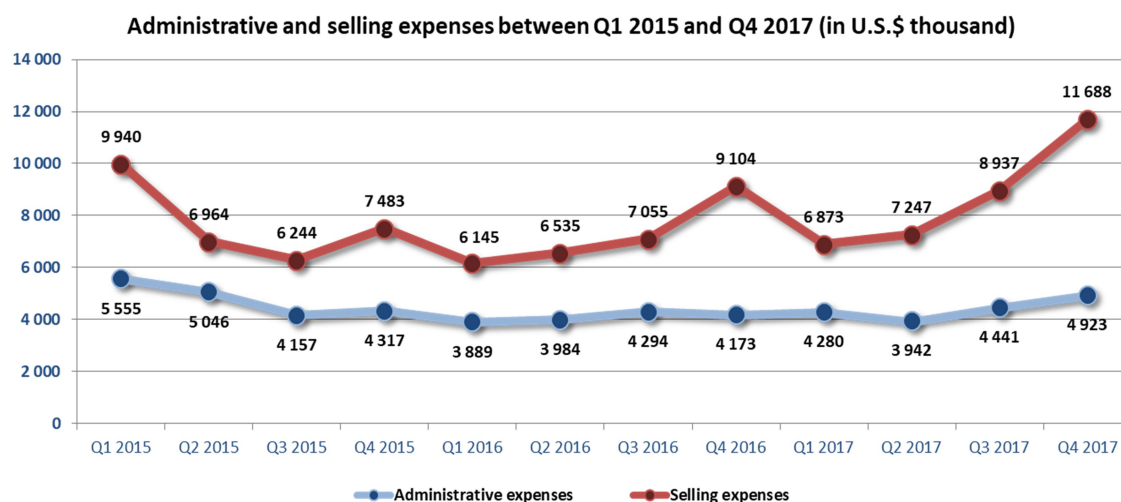
Selling expenses in Q4 2017 have increased by 28.39% to U.S. \$ 11,688 from U.S. \$ 9,104 in Q4 2016, as a result of significantly higher sales and gross profit.

Selling expenses in Q1-Q4 2017 increased by 20.48% to U.S. \$ 34,745 from U.S. \$ 28,838 in Q1-Q4 2016 as a result of higher sales and gross profit.

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

Administrative expenses in Q4 2017 have increased by 17.98% to U.S. \$ 4,923 from U.S. \$ 4,173 in Q4 2016.

Administrative expenses in Q1-Q4 2017 have increased by 7.62% to U.S. \$ 17,585 from U.S. \$ 16,339 in Q1-Q4 2016.



- **Financial expenses** in Q4 2017 have increased by 20.79% to U.S.\$ 5,382 from U.S.\$ 4,455. This increase relates to higher utilization of financial lines due to much higher revenues.

For the same reason, the financial expenses in Q1-Q4 2017 have increased by 7.75% to U.S.\$ 16,006 from U.S.\$ 14,855.

It is also important to note here that the financial income has also increased (both for Q4 and the twelve months of 2017).

- **Operating profit:** The Company improved its operating profit significantly both in Q4 and for the 12 months of 2017.

In Q4 2017 the Company had an operating profit of U.S. \$ 9,909, as compared to U.S. \$ 7,894 in Q4 2016.

For Q1-Q4 2017 operating profit amounted to U.S.\$ 24,406 as compared to U.S.\$ 20,237 in Q1-Q4 2016.

- **EBITDA:** In Q4 2017 EBITDA was positive and amounted to U.S. \$ 10,487 in comparison to U.S. \$ 8,452 in Q4 2016.

EBITDA in Q1-Q4 2017 was positive and amounted to U.S. \$ 26,642 in comparison to U.S. \$ 22,381 in Q1-Q4 2016.

- **Net profit:** As a result of growth in revenues and gross profit with expenses that remained under control, the Group continued to improve its net result both in Q4 2017 and in Q1-Q4 2017.

In Q4 2017 net profit after taxation increased by 44.73% to U.S. \$ 3,813 as compared to U.S.\$ 2,635 in Q4 2016.

In Q1-Q4 2017 the net profit after tax increased by 49.04% to U.S. \$ 6,909 in comparison to U.S. \$ 4,636 in Q1-Q4 2016.

- **Net cash flow from operations:** Based on improvements in product portfolio, decrease in inventory days, payable and receivable days, cash flow from operations improved both in Q4 and Q1-Q4 2017.

In Q4 2017, net cash inflows from operations amounted to U.S.\$ 64,055 as compared to U.S.\$ 38,366 in Q4 2016, an improvement exceeding U.S.\$ 25 million.

In Q1-Q4 2017, net cash inflows from operations amounted to U.S.\$ 42,053 as compared to U.S.\$ 9,434 in 2016, an improvement exceeding U.S.\$ 32 million.

Sales by regions and countries

The F.S.U. and the CEE regions traditionally contribute the majority of revenues. This has not changed in Q4 and for the 12M of 2017. In Q4 2017 sales in both of these regions grew significantly. Revenues in F.S.U. grew by 77.51% and in CEE by 42.31%. For the 12M of 2017 sales in the F.S.U. region grew by 61.63% while sales in CEE grew by 16.42%. Stronger improvement in the F.S.U. region resulted due to our investments in the territory and strong APPLE sales in the region (Ukraine, Belarus, Kazakhstan, Azerbaijan, Georgia, Armenia, etc.). A strong upward trend in sales for both territories is expected to remain in place in the near future. Following all the above mentioned changes, the F.S.U. share in our total revenues grew to 48.45% in the 12M 2017 from 39.12% in the 12M 2016.

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 Ukraine (+119.84% in Q4 2017 and +78.79% in 12M 2017), Russia (+18.06% in Q4 2017 and +33.40% in 12M 2017), Kazakhstan (+42.71% in Q4 2017 and +96.13% in 12M 2017) and Belarus (+96.85% in Q4 2017 and +51.69% in 12M 2017). At the same time, strong growth in CEE in Q4 2017 and more tempered growth in this region for 12M 2017 is a result of tendencies in Slovakia (+17.12% in Q4 2017 and -5.76% in 12M 2017) that was weak in the first half of the year, Czech Republic (+25.45% in Q4 2017 and +22.74% in 12M 2017) and Romania (+77.35% in Q4 2017 and +51.52% in 12M 2017). The MEA result is mainly determined by revenues in UAE (+21.48% in Q4 2017 and -4.16% in 12M 2017), while Western Europe was driven by the Netherlands (+58.91% in Q4 2017 and +65.18% in 12M 2017).

The tables below provide a geographical breakdown of sales in the three and twelve month periods ended 31 December 2017 and 2016.

	Q4 2017		Q4 2016	
	U.S. \$ thousand	% of total revenues	U.S. \$ thousand	% of total revenues
Former Soviet Union	273,063	50.40%	153,830	42.23%
Central and Eastern Europe	184,121	33.98%	129,377	35.52%
Middle East and Africa	49,776	9.19%	48,695	13.37%
Western Europe	29,593	5.46%	29,588	8.12%
Other	5,241	0.97%	2,752	0.76%
Total	541,794	100%	364,242	100%

	Q1-Q4 2017		Q1-Q4 2016	
	U.S. \$ thousand	% of total revenues	U.S. \$ thousand	% of total revenues
Former Soviet Union	719,388	48.45%	445,082	39.12%
Central and Eastern Europe	496,007	33.40%	426,067	37.45%
Middle East and Africa	162,610	10.95%	168,018	14.77%
Western Europe	93,666	6.31%	69,775	6.13%
Other	13,241	0.89%	28,767	2.53%
Total	1,484,912	100%	1,137,709	100%

Revenue breakdown – Top 10 countries in Q4 2017 and Q4 2016 (in U.S. Dollar thousand)

	Q4 2017		Q4 2016	
	Country	Sales	Country	Sales
1.	Ukraine	98,628	Russia	57,552
2.	Russia	67,946	Slovakia	55,982
3.	Slovakia	65,567	Ukraine	44,864
4.	Kazakhstan	56,381	Kazakhstan	39,508
5.	United Arab Emirates	34,639	United Arab Emirates	28,514
6.	Belarus	31,790	Czech Republic	22,628
7.	Czech Republic	28,386	Belarus	16,149
8.	Romania	26,825	Romania	15,125
9.	The Netherlands	13,578	The Netherlands	8,544
10.	Bulgaria	11,805	Algeria	7,790
11.	Other	106,251	Other	67,585
	TOTAL	541,794	TOTAL	364,242

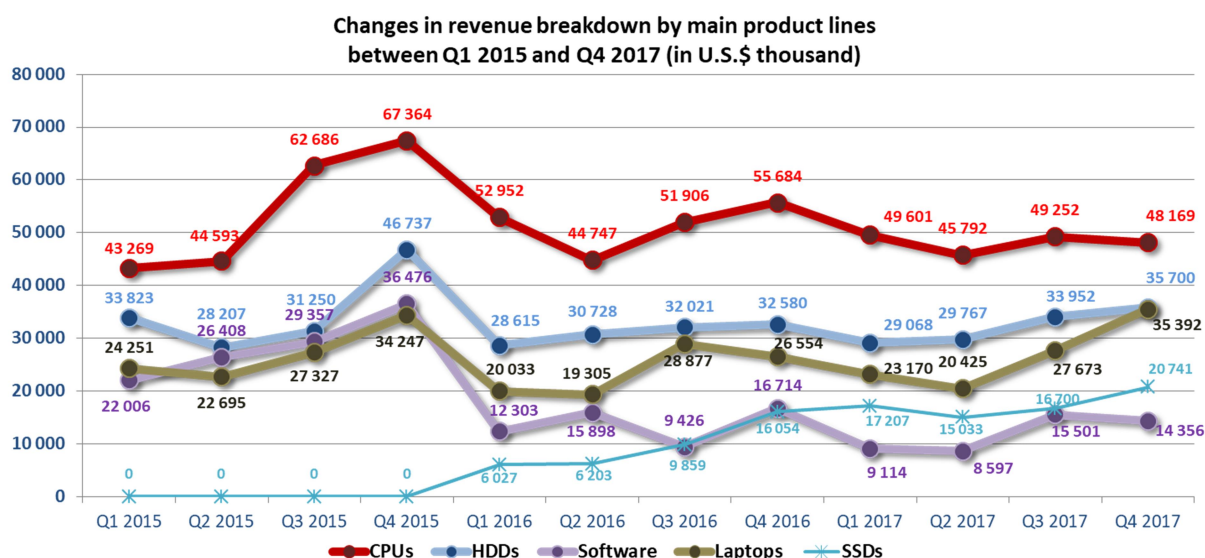
Revenue breakdown – Top 10 countries in Q1-Q4 2017 and Q1-Q4 2016 (in U.S. Dollar thousand)

	Q1-Q4 2017		Q1-Q4 2016	
	Country	Sales	Country	Sales
1.	Russia	241,724	Slovakia	181,365
2.	Ukraine	211,666	Russia	181,208
3.	Slovakia	170,921	Ukraine	118,385
4.	Kazakhstan	147,500	United Arab Emirates	118,185
5.	United Arab Emirates	113,269	Kazakhstan	75,205
6.	Czech Republic	81,889	Czech Republic	66,715
7.	Belarus	79,748	Belarus	52,574
8.	Romania	70,177	Romania	46,317
9.	The Netherlands	44,144	The Netherlands	26,724
10.	Bulgaria	30,499	Hungary	24,514
11.	Other	293,378	Other	246,519
	TOTAL	1,484,912	TOTAL	1,137,709

Sales by product lines

ASBIS remains the distributor of first choice for many worldwide suppliers. The Company continued its strategy to broaden its product portfolio and invest in brands which have been on top of the technological trends. 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 Q4 2017 and Q1-Q4 2017 sales was driven by strong growth in sales of smartphones, tablets, laptops, SSDs, storage drives and other smaller product lines.

Sales of smartphones, which is the key driver of sales growth, increased by 100.03% in Q4 2017 and by 77.91% in 12M 2017. Tablets business grew by 91.88% in Q4 2017 and by 32.86% in 12M 2017.

Sales of laptops increased by 33.34% in Q4 2017 and by 11.48% in 12M 2017. Sales of SSDs continued a strong growth (+29.19% in Q4 2017 and +61.85% in 12M 2017), however HDDs grew as well (9.58% in Q4 2017 and by 1.29% in 12M 2017).

From other product lines, the Company has noticed a positive trend for Q4 and 12M 2017 in mainboards and VGA cards (+239.37% and +215.02%), peripherals (+21.58% and +30.85%), memory modules (+85.96% and +89.37%), accessories and multimedia (+58.59% and +47.21%) and flash memory (+30.93% and +24.71%).

The table below sets a breakdown of revenues, by product lines, for Q4 2017 and Q4 2016:

	Q4 2017		Q4 2016	
	U.S. \$ thousand	% of total revenues	U.S. \$ thousand	% of total revenues
Smartphones	180,626	33.34%	90,299	24.79%
Central processing units (CPUs)	48,169	8.89%	55,684	15.29%
Hard disk drives (HDDs)	35,700	6.59%	32,580	8.94%
PC-mobile (laptops)	35,392	6.53%	26,544	7.29%
Tablets	24,915	4.60%	12,985	3.57%
SSDs	20,741	3.83%	16,054	4.41%
Software	14,356	2.65%	16,714	4.59%
Other	181,895	33.57%	113,381	31.13%
Total revenue	541,794	100%	364,242	100%

The table below sets a breakdown of revenues, by product lines, for Q1-Q4 2017 and Q1-Q4 2016:

	Q1-Q4 2017		Q1-Q4 2016	
	U.S. \$ thousand	% of total revenues	U.S. \$ thousand	% of total revenues
Smartphones	421,155	28.36%	236,728	20.81%
Central processing units (CPUs)	192,814	12.98%	205,262	18.04%
Hard disk drives (HDDs)	125,487	8.45%	123,866	10.89%
PC-mobile (laptops)	106,661	7.18%	95,678	8.41%

SSDs	69,681	4.69%	43,053	3.78%
Tablets	61,186	4.12%	46,052	4.05%
Software	47,567	3.20%	51,859	4.56%
Other	460,363	31.00%	335,189	29.46%
Total revenue	1,484,912	100%	1,137,709	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 Q4 and 12M 2017 was strong despite the strong growth in revenues. This was possible due to changes in our sales model, that resulted in less inventory days, payable days and receivable days. As a result, net cash from operations for the twelve months of 2017 has improved by almost U.S.\$ 33 million.

The following table presents a summary of cash flows for the twelve months ended December 31st, 2017 and 2016:

	Twelve months ended December 31 st	
	2017	2016
	U.S. \$	
Net cash inflows from operating activities	42,053	9,434
Net cash outflows from investing activities	(2,103)	(2,311)
Net cash outflows from financing activities	(553)	(4,876)
Net increase in cash and cash equivalents	39,396	2,247

Net cash inflows from operations

Net cash inflows from operations amounted to U.S. \$ 42,053 for the twelve months ended December 31st, 2017, compared to inflows of U.S. \$ 9,434 in the corresponding period of 2016. This is attributed mainly to improved profitability and improved working capital management.

Net cash outflows from investing activities

Net cash outflows from investing activities was U.S. \$ 2,103 for the twelve months ended December 31st, 2017, compared to U.S. \$ 2,311 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 outflows from financing activities was U.S. \$ 553 for the twelve months ended December 31st, 2017, compared to outflows of U.S. \$ 4,876 in the corresponding period of 2016. This primarily relates to repayments made against long term loans.

Net increase in cash and cash equivalents

As a result of increased working capital efficiency and improved profitability, in Q1-Q4 2017 cash and cash equivalents have increased by U.S. \$ 39,396, compared to a increase of U.S. \$ 2,247 in the corresponding period of 2016 – a U.S.\$ 37 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. 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 important, 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 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 number of other countries. Russia, Ukraine, Slovakia and Kazakhstan 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 the development of product portfolio at these market places. We do expect the positive trend in revenues in these regions to continue.

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 ability to increase its gross profit margin is of a very big importance. The decrease observed in Q4 and 12M 2017 as compared to the corresponding periods of 2016 was a result of the exceptionally high margins in comparable periods of the previous year and some large volume transactions but with low margin to certain customers in Q4 2017. 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. 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 Q4 and 12M 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 2018.

Further depreciation of U.S. Dollar against our key selling local currencies, may have positive impact on demand on specific markets, as seen in the end of 2017, however this might adversely affect expenses and therefore profitability.

Ability of the Group to control expenses

The Group must ensure that its expenses and overheads remain under strict control. The good results of the last couple of years should not make the management less strict on expenses control. It is of high importance to benefit from economies of scale.

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.

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 satisfaction 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 Q4 and 12M 2017 and we do not expect any significant warranty losses in the foreseeable future.

17. Information about important events that occurred after the period ended on December 31st, 2017 and before this report release

According to our best knowledge, in the period between November 7th, 2017 and February 27th, 2018 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 Interim Condensed Consolidated Financial Statements for the period ended December 31st, 2017

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ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2017

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

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ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 DECEMBER 2017

	Note	For the three months ended 31 December 2017 US\$	For the three months ended 31 December 2016 US\$	For the twelve months ended 31 December 2017 US\$	For the twelve months ended 31 December 2016 US\$
Revenue	4,23	541,794,434	364,241,905	1,484,912,254	1,137,708,534
Cost of sales		(515,274,133)	(343,071,291)	(1,408,176,704)	(1,072,294,659)
Gross profit		26,520,301	21,170,614	76,735,550	65,413,875
Selling expenses		(11,688,150)	(9,103,885)	(34,744,737)	(28,837,972)
Administrative expenses		(4,922,715)	(4,172,655)	(17,584,652)	(16,339,389)
Profit from operations		9,909,436	7,894,074	24,406,161	20,236,514
Financial income	7	843,396	189,932	1,598,079	590,209
Financial expenses	7	(5,381,700)	(4,455,301)	(16,006,097)	(14,855,174)
Other gains and losses	5	(292,641)	(145,186)	(985,206)	42,268
Profit before tax	6	5,078,491	3,483,519	9,012,937	6,013,817
Taxation	8	(1,265,407)	(848,965)	(2,104,227)	(1,378,202)
Profit for the period		<u>3,813,084</u>	<u>2,634,554</u>	<u>6,908,710</u>	<u>4,635,615</u>
Attributable to:					
Equity holders of the parent		3,834,320	2,629,051	6,955,821	4,617,243
Non-controlling interests		(21,236)	5,503	(47,111)	18,372
		<u>3,813,084</u>	<u>2,634,554</u>	<u>6,908,710</u>	<u>4,635,615</u>
		US\$ cents	US\$ cents	US\$ cents	US\$ cents
Earnings per share					
Basic and diluted from continuing operations		<u>6.91</u>	<u>4.7^c</u>	<u>12.53</u>	<u>8.32</u>

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2017

	For the three months ended 31 December 2017 US\$	For the three months ended 31 December 2016 US\$	For the twelve months ended 31 December 2017 US\$	For the twelve months ended 31 December 2016 US\$
Profit for the period	<u>3,813,084</u>	<u>2,634,554</u>	<u>6,908,710</u>	<u>4,635,615</u>
Other comprehensive income				
Exchange difference on translating foreign operations	569,098	(1,354,220)	3,165,187	(410,635)
Reclassification adjustments relating to foreign operations liquidated in the period	<u>-</u>	<u>190,000</u>	<u>7,193</u>	<u>190,254</u>
Other comprehensive income/(loss) for the period	<u>569,098</u>	<u>(1,164,220)</u>	<u>3,172,380</u>	<u>(220,381)</u>
Total comprehensive income for the period	<u>4,382,182</u>	<u>1,470,334</u>	<u>10,081,090</u>	<u>4,415,234</u>
Total comprehensive income attributable to:				
Equity holders of the parent	4,399,766	1,475,402	10,097,621	4,403,134
Non-controlling interests	<u>(17,584)</u>	<u>(5,068)</u>	<u>(16,531)</u>	<u>12,100</u>
	<u>4,382,182</u>	<u>1,470,334</u>	<u>10,081,090</u>	<u>4,415,234</u>

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Notes	As at 31 December 2017 US\$	As at 31 December 2016 US\$
ASSETS			
Non-current assets			
Property, plant and equipment	9	24,533,220	23,209,538
Intangible assets	10	3,164,273	2,991,585
Available-for-sale financial assets	11	11,794	11,794
Goodwill	27	418,589	1,255,204
Deferred tax assets	20	227,615	1,006,592
Total non-current assets		<u>28,355,491</u>	<u>28,474,713</u>
Current assets			
Inventories	12	144,980,373	113,857,748
Trade receivables	13	238,192,248	221,068,033
Other current assets	14	18,127,273	16,990,435
Derivative financial asset	25	373,302	1,079,208
Current taxation	8	493,119	663,773
Cash at bank and in hand	26	93,401,246	33,351,703
Total current assets		<u>495,567,561</u>	<u>387,010,900</u>
Total assets		<u>523,923,052</u>	<u>415,485,613</u>
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		59,541,873	51,109,265
Equity attributable to owners of the parent		94,160,116	85,727,508
Non-controlling interests		307,690	167,361
Total equity		<u>94,467,806</u>	<u>85,894,869</u>
Non-current liabilities			
Long term borrowings	17	169,324	1,184,107
Other long term liabilities	18	369,341	313,475
Deferred tax liabilities	20	60,072	149,683
Total non-current liabilities		<u>598,737</u>	<u>1,647,265</u>
Current liabilities			
Trade payables		253,021,109	202,038,292
Other current liabilities	21	38,083,176	26,945,360
Short term borrowings	16	136,491,999	98,623,302
Derivative financial liability	24	739,587	1,383
Current taxation	8	520,638	335,142
Total current liabilities		<u>428,856,509</u>	<u>327,943,479</u>
Total liabilities		<u>429,455,246</u>	<u>329,590,744</u>
Total equity and liabilities		<u>523,923,052</u>	<u>415,485,613</u>

The financial statements were approved by the Board of Directors on 26 February 2018.

.....
Constantinos Tziamalis
 Director

.....
Marios Christou
 Director

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 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 year	-	-	-	-	4,617,243	4,617,243	18,372	4,635,615
Other comprehensive loss for the year	-	-	-	(214,109)	-	(214,109)	(6,272)	(220,381)
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 year	-	-	-	-	6,955,821	6,955,821	(47,111)	6,908,710
Other comprehensive income for the year	-	-	-	3,141,800	-	3,141,800	30,580	3,172,380
Payment of final dividend	-	-	-	-	(1,665,000)	(1,665,000)	-	(1,665,000)
Minority interest on establishment of new subsidiary	-	-	-	-	-	-	156,860	156,860
Share-based payments	-	-	(13)	-	-	(13)	-	(13)
Balance at 31 December 2017	<u>11,100,000</u>	<u>23,518,243</u>	<u>(14,247)</u>	<u>(10,199,043)</u>	<u>69,755,163</u>	<u>94,160,116</u>	<u>307,690</u>	<u>94,467,806</u>

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2017

	Note	For the three months ended 31 December 2017 US\$	For the three months ended 31 December 2016 US\$	For the twelve months ended 31 December 2017 US\$	For the twelve months ended 31 December 2016 US\$
Profit for the period before tax and minority interest		5,078,491	3,483,519	9,012,937	6,013,817
Adjustments for:					
Exchange difference arising on consolidation		168,030	(395,621)	1,440,652	158,672
Depreciation of property, plant and equipment	9	400,593	396,246	1,519,640	1,544,442
Amortization of intangible assets	10	176,982	161,607	716,064	599,957
Impairment losses on intangible assets and goodwill	5,27	306,252	250,000	1,172,924	250,000
Provision for slow moving and obsolete stock		197,638	910,187	532,388	1,746,903
Profit/(loss) from the sale of property, plant and equipment and intangible assets	5	1,476	28,528	(27,502)	13,252
Provision for bad debts and receivables written off		1,534,825	1,483,836	4,481,973	2,932,922
Bad debts recovered	5	2,391	(12,081)	(11,906)	(15,125)
Interest received	7	(8,625)	(16,227)	(49,288)	(114,436)
Interest paid		1,062,958	1,098,481	4,075,271	4,428,368
Share based payments	7	(13)	-	(13)	-
Operating profit before working capital changes		8,920,998	7,388,475	22,863,140	17,558,772
Increase in inventories		(30,689,620)	(16,407,652)	(31,655,013)	(18,682,998)
Increase in trade receivables		(35,619,071)	(23,551,564)	(21,594,282)	(6,519,671)
Decrease/(increase) in other current assets		423,686	(254,863)	(430,932)	(3,304,118)
Increase in trade payables		96,789,821	58,567,337	50,982,817	11,345,246
Increase in other current liabilities		6,572,511	4,429,701	11,876,020	6,964,473
Increase/(decrease) in other non-current liabilities		6,691	19,392	55,866	(53,113)
Increase in factoring creditors		19,313,808	9,818,113	15,089,155	7,451,277
Cash inflows from operations		65,718,824	40,008,939	47,186,771	14,759,868
Interest paid	7	(1,062,958)	(1,098,481)	(4,075,271)	(4,428,368)
Taxation paid, net	8	(600,805)	(544,535)	(1,058,514)	(897,600)
Net cash inflows from operating activities		64,055,061	38,365,923	42,052,986	9,433,900

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2017

		For the three months ended 31 December 2017 US\$	For the three months ended 31 December 2016 US\$	For the twelve months ended 31 December 2017 US\$	For the twelve months ended 31 December 2016 US\$
	Note				
Cash flows from investing activities					
Purchase of intangible assets	10	(305,720)	(310,349)	(927,991)	(853,655)
Purchase of property, plant and equipment	9	(445,229)	(581,966)	(1,403,731)	(1,570,011)
Proceeds/(write-offs) from sale of property, plant and equipment and intangible assets		5,123	(16,514)	179,232	(1,238)
Interest received	7	8,625	16,227	49,288	114,436
Net cash outflows from investing activities		<u>(737,201)</u>	<u>(892,602)</u>	<u>(2,103,202)</u>	<u>(2,310,468)</u>
Cash flows from financing activities					
Dividends paid		-	-	(1,665,000)	-
Repayments of long term loans and long term obligations under finance lease		(53,445)	(218,312)	(1,014,783)	(656,826)
(Repayments)/proceeds of short term borrowings and short term obligations under finance lease		<u>(6,161,196)</u>	<u>(345,890)</u>	<u>2,126,346</u>	<u>(4,219,613)</u>
Net cash outflows from financing activities		<u>(6,214,641)</u>	<u>(564,202)</u>	<u>(553,437)</u>	<u>(4,876,439)</u>
Net increase in cash and cash equivalents		57,103,219	36,909,121	39,396,347	2,246,993
Cash and cash equivalents at beginning of the period/year		<u>(11,170,023)</u>	<u>(30,372,271)</u>	<u>6,536,849</u>	<u>4,289,856</u>
Cash and cash equivalents at end of the period/year	26	<u>45,933,196</u>	<u>6,536,849</u>	<u>45,933,196</u>	<u>6,536,849</u>

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 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 twelve months ended 31 December 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 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 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 26 February 2018.

(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 twelve months ended 31 December 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.

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

5. Other gains and losses

	For the three months ended 31 December 2017 US\$	For the three months ended 31 December 2016 US\$	For the twelve months ended 31 December 2017 US\$	For the twelve months ended 31 December 2016 US\$
(Loss)/profit on disposal of property, plant and equipment	(1,476)	(28,528)	27,502	(13,252)
Other income	163	103,156	66,083	217,453
Bad debts recovered	(2,391)	12,081	11,906	15,125
Rental income	17,315	18,106	82,227	72,942
Impairment loss on goodwill	(306,252)	(250,000)	(1,172,924)	(250,000)
	<u>(292,641)</u>	<u>(145,185)</u>	<u>(985,206)</u>	<u>42,268</u>

6. Profit before tax

	For the three months ended 31 December 2017 US\$	For the three months ended 31 December 2016 US\$	For the twelve months ended 31 December 2017 US\$	For the twelve months ended 31 December 2016 US\$
Profit before tax is stated after charging :				
(a) Amortization of intangible assets (Note 10)	176,982	161,607	716,064	599,957
(b) Depreciation (Note 9)	400,593	396,246	1,519,640	1,544,442
(c) Auditors' remuneration	117,652	61,886	391,875	320,285
(e) Directors' remuneration – executive (Note 28)	164,712	104,350	434,442	417,764
(e) Directors' remuneration – non-executive (Note 28)	592	538	2,278	2,216
	<u>592</u>	<u>538</u>	<u>2,278</u>	<u>2,216</u>

7. Financial expense, net

	For the three months ended 31 December 2017 US\$	For the three months ended 31 December 2016 US\$	For the twelve months ended 31 December 2017 US\$	For the twelve months ended 31 December 2016 US\$
Financial income				
Interest income	8,625	16,227	49,288	114,436
Net exchange gain	156,447	-	-	-
Other financial income	678,324	173,705	1,548,791	475,773
	<u>843,396</u>	<u>189,932</u>	<u>1,598,079</u>	<u>590,209</u>
Financial expense				
Bank interest	1,062,958	1,098,481	4,075,271	4,428,368
Bank charges	605,498	419,932	1,645,104	1,424,254
Derivative charges	211,034	236,234	954,144	725,974
Factoring interest	2,189,114	1,918,518	6,616,210	5,453,672
Factoring charges	128,519	118,118	348,462	351,357
Other financial expenses	(7,567)	13,378	125,388	54,965
Other interest	1,192,144	428,521	2,072,289	1,328,274
Net exchange loss	-	222,119	169,229	1,088,310
	<u>5,381,700</u>	<u>4,455,301</u>	<u>16,006,097</u>	<u>14,855,174</u>
Net	<u>(4,538,304)</u>	<u>(4,265,369)</u>	<u>(14,408,018)</u>	<u>(14,264,965)</u>

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

8. Tax

	For the twelve months ended 31 December 2017 US\$	For the year ended 31 December 2016 US\$
Receivable balance 1 January	(328,631)	(235,073)
Provision for the period/year	1,407,137	802,924
(Over)/under provision of prior year periods	(14,800)	5,886
Exchange difference on retranslation	22,327	(4,768)
Amounts paid, net	<u>(1,058,514)</u>	<u>(897,600)</u>
Net receivable balance 31 December	<u>27,519</u>	<u>(328,631)</u>
	As at 31 December 2017 US\$	As at 31 December 2016 US\$
Tax receivable	(493,119)	(663,773)
Tax payable	<u>520,638</u>	<u>335,142</u>
Net	<u>27,519</u>	<u>(328,631)</u>

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

	For the three months ended 31 December 2017 US\$	For the three months ended 31 December 2016 US\$	For the twelve months ended 31 December 2017 US\$	For the twelve months ended 31 December 2016 US\$
Provision for the period	627,159	381,823	1,407,137	802,924
Under/(over) provision of prior years	20	(301)	(14,800)	5,886
Deferred tax charge (Note 20)	<u>638,228</u>	<u>467,443</u>	<u>711,890</u>	<u>569,392</u>
Charge for the period	<u>1,265,407</u>	<u>848,965</u>	<u>2,104,227</u>	<u>1,378,202</u>

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.

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 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	-	(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	137,566	521,513	34,056	361,777	116,820	231,999	1,403,731
Disposals	(324,448)	(142,665)	-	(204,671)	(42,385)	(53,812)	(767,981)
Foreign exchange difference on retranslation	1,605,806	369,770	419	115,263	171,423	156,594	2,419,275
At 31 December 2017	25,204,771	6,784,355	409,336	2,293,538	2,578,254	3,046,418	40,316,672
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	-	(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	312,896	593,243	41,191	236,821	136,545	198,944	1,519,640
Disposals	(231,574)	(142,665)	-	(204,671)	(42,385)	(53,812)	(675,107)
Foreign exchange difference on retranslation	263,877	283,424	408	83,577	133,993	121,530	886,809
At 31 December 2017	4,109,656	5,562,144	196,930	1,560,879	2,071,130	2,282,713	15,783,452
Net book value							
At 31 December 2017	21,095,115	1,222,211	212,406	732,659	507,124	763,705	24,533,220
At 31 December 2016	20,021,390	1,207,595	219,530	576,018	489,419	695,586	23,209,538

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

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	842,599	85,392	927,991
Disposals/ write-offs	(117,752)	(114,184)	(231,936)
Foreign exchange difference on retranslation	69,329	42,816	112,145
At 31 December 2017	8,994,893	2,515,150	11,510,043
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	433,275	282,789	716,064
Disposals/ write-offs	(117,752)	(55,329)	(173,081)
Foreign exchange difference on retranslation	66,388	26,141	92,529
At 31 December 2017	6,590,967	1,754,803	8,345,770
Net book value			
At 31 December 2017	2,403,926	760,347	3,164,273
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 31 December 2017 US\$	As at 31 December 2016 US\$
<i>Investments held in related companies</i>						
E-Vision Ltd	Cyprus	18%	90,000	(90,000)	-	-
<i>Other investments</i>						
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
			<u>101,794</u>	<u>(90,000)</u>	<u>11,794</u>	<u>11,794</u>

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12. Inventories

	As at 31 December 2017 US\$	As at 31 December 2016 US\$
Goods in transit	17,217,879	17,467,719
Goods held for resale	132,491,293	103,518,766
Provision for slow moving and obsolete stock	<u>(4,728,799)</u>	<u>(7,128,737)</u>
	<u>144,980,373</u>	<u>113,857,748</u>

Movement in provision for slow moving and obsolete stock

	For the twelve months ended 31 December 2017 US\$	For the year ended 31 December 2016 US\$
On 1 January	7,128,737	4,288,149
Net movement for the year	(2,501,694)	2,870,240
Exchange difference	<u>101,756</u>	<u>(29,652)</u>
On 31 December	<u>4,728,799</u>	<u>7,128,737</u>

13. Trade receivables

	As at 31 December 2017 US\$	As at 31 December 2016 US\$
Trade receivables	244,427,686	228,782,976
Allowance for doubtful debts	<u>(6,235,438)</u>	<u>(7,714,943)</u>
	<u>238,192,248</u>	<u>221,068,033</u>

14. Other current assets

	As at 31 December 2017 US\$	As at 31 December 2016 US\$
Deposits and advances to service providers	539,913	526,314
Employee floats	47,573	39,321
VAT and other taxes refundable	7,727,844	8,583,148
Other debtors and prepayments	<u>9,811,943</u>	<u>7,841,652</u>
	<u>18,127,273</u>	<u>16,990,435</u>

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15. Share capital

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

16. Short term borrowings

	As at 31 December 2017 US\$	As at 31 December 2016 US\$
Bank overdrafts (Note 26)	47,468,050	26,814,854
Current portion of long term loans	298,609	714,258
Bank short term loans	22,819,311	20,289,260
Short term obligations under finance leases (Note 19)	<u>66,276</u>	<u>54,332</u>
Total short term debt	<u>70,652,246</u>	<u>47,872,704</u>
Factoring creditors	<u>65,839,753</u>	<u>50,750,598</u>
	<u>136,491,999</u>	<u>98,623,302</u>

Summary of borrowings and overdraft arrangements

As at 31 December 2017 the group enjoyed factoring facilities of US\$ 139,661,000 (31 December 2016 US\$ 100,596,000).

In addition, the group as at 31 December 2017 had the following financing facilities with banks in the countries that the company and its subsidiaries are operating:

- overdraft lines of US\$ 75,791,000 (31 December 2016: US\$ 58,570,000)
- short term loans/revolving facilities of US\$ 36,322,000 (31 December 2016: US\$ 26,427,000)
- bank guarantee and letters of credit lines of US\$ 22,633,000 (31 December 2016: US\$ 13,446,000)

The group had for the year ending 31 December 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 9.3 % (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\$ 17,818,000 (31 December 2016: US\$ 9,967,000)

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17. Long term borrowings

	As at 31 December 2017 US\$	As at 31 December 2016 US\$
Bank loans	156,825	1,157,262
Long term obligations under finance leases (Note 19)	<u>12,499</u>	<u>26,845</u>
	<u>169,324</u>	<u>1,184,107</u>

18. Other long term liabilities

	As at 31 December 2017 US\$	As at 31 December 2016 US\$
Pension provision	<u>369,341</u>	<u>313,475</u>

19. Finance leases

	As at 31 December 2017 US\$	As at 31 December 2016 US\$
Obligation under finance lease	78,775	81,177
Less: Amount payable within one year	<u>(66,276)</u>	<u>(54,332)</u>
Amounts payable within 2-5 years inclusive	<u>12,499</u>	<u>26,845</u>

20. Deferred tax

	For the twelve months ended 31 December 2017 US\$	For the year ended 31 December 2016 US\$
Debit balance on 1 January	(856,909)	(1,436,016)
Deferred tax charge for the year (Note 8)	711,890	569,392
Exchange difference on retranslation	<u>(22,524)</u>	<u>9,715</u>
Debit balance on 31 December	<u>(167,543)</u>	<u>(856,909)</u>

	As at 31 December 2017 US\$	As at 31 December 2016 US\$
Deferred tax assets	(227,615)	(1,006,592)
Deferred tax liabilities	<u>60,072</u>	<u>149,683</u>
Net deferred tax assets	<u>(167,543)</u>	<u>(856,909)</u>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

21. Other current liabilities

	As at 31 December 2017 US\$	As at 31 December 2016 US\$
Salaries payable and related costs	1,176,671	1,019,145
VAT payable	8,822,098	6,159,670
Accruals and deferred income	25,757,245	17,218,258
Non-trade accounts payable	<u>2,327,162</u>	<u>2,548,287</u>
	<u>38,083,176</u>	<u>26,945,360</u>

22. Commitments and contingencies

As at 31 December 2017 the group was committed in respect of purchases of inventories of a total cost value of US\$ 2,054,000 (31 December 2016: US\$ 3,100,000) which were in transit at 31 December 2017 and delivered in January 2018. 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 31 December 2017 the group was contingently liable in respect of bank guarantees and letters of credit of US\$ 22,633,000 (31 December 2016: US\$ 13,446,000) which the group has extended mainly to its suppliers.

As at 31 December 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 three months ended 31 December 2017 US\$	For the three months ended 31 December 2016 US\$	For the twelve months ended 31 December 2017 US\$	For the twelve months ended 31 December 2016 US\$
Former Soviet Union	273,063,315	153,829,840	719,388,144	445,081,930
Central Eastern Europe	184,120,663	129,377,190	496,006,671	426,066,586
Middle East & Africa	49,776,381	48,694,735	162,609,891	168,018,326
Western Europe	29,593,236	29,588,354	93,666,442	69,774,639
Other	<u>5,240,839</u>	<u>2,751,786</u>	<u>13,241,106</u>	<u>28,767,053</u>
	<u>541,794,434</u>	<u>364,241,905</u>	<u>1,484,912,254</u>	<u>1,137,708,534</u>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

1.3 Segment results

	For the three months ended 31 December 2017 US\$	For the three months ended 31 December 2016 US\$	For the twelve months ended 31 December 2017 US\$	For the twelve months ended 31 December 2016 US\$
Former Soviet Union	4,456,578	3,896,005	11,400,600	10,196,200
Central Eastern Europe	3,520,990	3,398,116	9,416,494	8,269,589
Middle East & Africa	1,479,625	473,020	2,525,503	1,284,731
Western Europe	226,387	61,277	726,678	290,165
Other	-	65,656	336,886	195,829
Profit from operations	9,909,436	7,894,074	24,406,161	20,236,514
Net financial expenses	(4,538,304)	(4,265,369)	(14,408,018)	(14,264,965)
Other gains and losses	(292,641)	(145,186)	(985,206)	42,268
Profit before taxation	5,078,491	3,483,519	9,012,937	6,013,817

1.4 Segment capital expenditure (CAPEX)

	As at 31 December 2017 US\$	As at 31 December 2016 US\$
Former Soviet Union	4,372,717	4,100,423
Central Eastern Europe	12,502,008	12,080,453
Middle East & Africa	3,084,118	3,206,783
Unallocated	8,157,239	8,068,668
	<u>28,116,082</u>	<u>27,456,327</u>

1.5 Segment depreciation and amortization

	For the three months ended 31 December 2017 US\$	For the three months ended 31 December 2016 US\$	For the twelve months ended 31 December 2017 US\$	For the twelve months ended 31 December 2016 US\$
Central Eastern Europe	98,726	75,477	370,459	277,193
Former Soviet Union	186,371	207,091	722,425	772,414
Middle East & Africa	50,491	55,955	199,161	220,299
Western Europe	-	7,307	-	33,296
Unallocated	241,989	212,023	943,659	841,197
	<u>577,577</u>	<u>557,853</u>	<u>2,235,704</u>	<u>2,144,399</u>

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

1.6 Segment assets

	As at 31 December 2017 US\$	As at 31 December 2016 US\$
Former Soviet Union	232,984,691	154,300,176
Central Eastern Europe	177,942,005	142,566,106
Middle East & Africa	45,286,320	51,058,290
Western Europe	<u>34,503,594</u>	<u>28,285,670</u>
Total	490,716,610	376,210,242
Assets allocated in capital expenditure (1.5)	28,116,082	27,456,327
Other unallocated assets	<u>5,090,360</u>	<u>11,819,044</u>
Consolidated assets	<u>523,923,052</u>	<u>415,485,613</u>

24. Derivative financial liability

	As at 31 December 2017 US\$	As at 31 December 2016 US\$
<u>Derivative financial liabilities carried at fair value through profit or loss</u>		
Foreign currency derivative contracts	<u>739,587</u>	<u>1,383</u>

25. Derivative financial asset

	As at 31 December 2017 US\$	As at 31 December 2016 US\$
<u>Derivative financial assets carried at fair value through profit or loss</u>		
Foreign currency derivative contracts	<u>373,302</u>	<u>1,079,208</u>

26. Cash and cash equivalents

	As at 31 December 2017 US\$	As at 31 December 2016 US\$
Cash at bank and in hand	93,401,246	33,351,703
Bank overdrafts (Note 16)	<u>(47,468,050)</u>	<u>(26,814,854)</u>
	<u>45,933,196</u>	<u>6,536,849</u>

The cash at bank and in hand balance includes an amount of US\$ 17,818,000 (31 December 2016: US\$ 9,967,000) which represents pledged deposits against financial facilities granted and margin accounts for foreign exchange hedging.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

27. Goodwill

	As at 31 December 2017 US\$	As at 31 December 2016 US\$
At 1 January	1,255,204	1,555,972
Goodwill written off (note ii)	(1,172,924)	(250,000)
Foreign exchange difference on retranslation	336,309	(50,768)
At 31 December (note i)	<u>418,589</u>	<u>1,255,204</u>

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

	As at 31 December 2017 US\$	As at 31 December 2016 US\$
ASBIS d.o.o. (BA) (formerly Megatrend D.O.O. Sarajevo)	418,589	367,911
SHARK Computers a.s.	-	887,293
	<u>418,589</u>	<u>1,255,204</u>

(ii) The write - off of goodwill relates to the business combinations of the following subsidiaries:

	As at 31 December 2017 US\$	As at 31 December 2016 US\$
SHARK Computers a.s.	<u>(1,172,924)</u>	<u>(250,000)</u>

28. Transactions and balances of key management

	For the three months ended 31 December 2017 US\$	For the three months ended 31 December 2016 US\$	For the twelve months ended 31 December 2017 US\$	For the twelve months ended 31 December 2016 US\$
Director's remuneration - executive (Note 6)	164,712	104,350	434,442	417,764
Director's remuneration - non-executive (Note 6)	<u>592</u>	<u>538</u>	<u>2,278</u>	<u>2,216</u>
	<u>165,304</u>	<u>104,888</u>	<u>436,720</u>	<u>419,980</u>

ASBISC ENTERPRISES PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

29. Business combinations

1. Acquisitions of subsidiaries to 31 December 2017

During the period, the group has acquired 100% of the share capital of I ON LTD and ASBIS SERVIC Ltd, 65.85% of ASBC LLC and 85% of ASBIS Cloud Ltd.

<u>Name of entity</u>	<u>Type of operations</u>	<u>Date acquired</u>	<u>% acquired</u>	<u>% owned</u>
I ON LTD	Information Technology	04 April 2017	100%	100%
ASBC LLC	Information Technology	08 May 2017	65.85%	65.85%
ASBIS SERVIC LTD	Warranty Services	04 July 2017	100%	100%
ASBIS Cloud Ltd	Information Technology	27 July 2017	85%	85%

2. Disposals of subsidiaries to 31 December 2017

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

<u>Name of disposed entity</u>	<u>Type of operations</u>	<u>Date liquidated</u>	<u>% liquidated</u>
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.

<u>Name of disposed entity</u>	<u>Type of operations</u>	<u>Date liquidated</u>	<u>% liquidated</u>
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)).