ASBISc Enterprises Plc

INTERIM REPORT
FOR THE THREE AND TWELVE MONTHS
ENDED 31 DECEMBER 2016

Limassol, February 28th, 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 2016. 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 Intel, Advanced Micro Devices ("AMD"), Seagate, Western Digital, Samsung, Microsoft, Toshiba, Dell, Acer, Apple, 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 2016

The three month period ended December 31st, 2016, was a continuation of improvement that the Company started back in Q3 2015. Following restructuring done in 2015 the Company's results were improving in every single quarter of 2016 as compared to the corresponding quarters of 2015 and to preceding quarters of 2016. This was also the case of Q4 2016 when our net profitability reached its 2016 peak. This allowed us to deliver our forecast for 2016. The positive events of 2016 allow the Group to aim for better results in 2017.

The principal events of the three months ended 31 December 2016 were as follows:

- Revenues in Q4 2016 decreased by 0.71% to U.S. $ 364,242 from U.S. $ 366,846 in Q4 2015. However, revenues in Q4 2016 were 31.95% higher as compared to Q3 2016 continuing on the upward trend.

- Gross profit in Q4 2016 has increased by 16.70% to U.S. $ 21,171 from U.S. $ 18,140 in Q4 2015. More importantly, it also grew by 25.48% as compared to Q3 2016. This is very significant, since our gross profitability throughout 2016 has been growing fast despite flat revenues.

- Gross profit margin in Q4 2016 has increased by 17.54% to 5.81% from 4.94% in Q4 2015. This continued on the trend of increased gross profitability in 2016.

- Selling expenses in Q4 2016 have increased by 21.67% to U.S. $ 9,104 from U.S. $ 7,483 in Q4 2015. This is obviously related to significant improvement in gross profitability.

- Administrative expenses in Q4 2016 have decreased by 3.34% to U.S. $ 4,173 from U.S. $ 4,317 in Q4 2015. They were also a 2.83% below expenses of Q3 2016. This followed our strict control over expenses.

- Financial expenses in Q4 2016 have decreased by 1.89% to U.S.$ 4,455 from U.S.$ 4,541.

- EBITDA in Q4 2016 was positive and amounted to U.S. $ 8,452 in comparison to U.S. $ 7,001 in Q4 2015.

- As a result of flat revenues, much improved gross profitability and controlled expenses, the Company has generated in Q4 2016 a net profit after taxation of U.S. $ 2,635 as compared to U.S.$ 2,039 in Q4 2015.

  The following table presents revenues breakdown by regions for the three month periods ended December 31st, 2016 and 2015 respectively (in U.S.$ thousands):

Region	Q4 2016	Q4 2015	Change Q4/Q4
Former Soviet Union	153,830	117,847	+30.53%
Central and Eastern Europe	129,377	169,327	-23.59%
Middle East and Africa	48,695	45,673	+6.62%
Western Europe	29,588	25,961	+13.97%
Other	2,752	8,038	-65.77%
Total	364,242	366,846	-0.71%

The principal events of the twelve months ended 31 December 2015 were as follows:

- Revenues in Q1-Q4 2016 decreased by 3.72% to U.S. $ 1,137,709 from U.S. $ 1,181,613 in Q1-Q4 2015.

- Gross profit in Q1-Q4 2016 increased by 40.23% to U.S. $ 65,414 from U.S. $ 46,649 in Q1-Q4 2015.

- Gross profit margin in Q1-Q4 2016 increased to 5.75% from 3.95% in Q1-Q4 2015. This was a result of our strategy to focus more on margins and net profitability.

- Selling expenses in Q1-Q4 2016 decreased by 5.85% to U.S. $ 28,838 from U.S. $ 30,630 in Q1-Q4 2015. This has been achieved despite the significant growth in gross profit.

- Administrative expenses in Q1-Q4 2016 have decreased by 14.34% to U.S. $ 16,339 from U.S. $ 19,075 in Q1-Q4 2015 following strict control on expenses after restructuring of 2015.

- Financial expenses in Q1-Q4 2016 have decreased by 0.11% to U.S.$ 14,855 from U.S.$ 14,872.

- EBITDA in Q1-Q4 2016 was positive and amounted to U.S. $ 22,381 in comparison to a negative number of U.S. $ -482 in Q1-Q4 2015.

- As a result, despite flat revenues, we had a much improved year. In Q1-Q4 2016 the Company posted a net profit after tax of U.S. $ 4,636 in comparison to a net loss after tax of U.S. $ 17,152 in Q1-Q4 2015. This is a significant U.S.$ 21.5 million improvement year on year.

The following table presents revenues breakdown by regions for the twelve month periods ended December 31st, 2016 and 2015 respectively (in U.S.$ thousands):

Region	Q1-Q4 2016	Q1-Q4 2015	Change (%)
Former Soviet Union	445,082	376,266	+18.29%
Central and Eastern Europe	426,067	525,044	-18.85%
Middle East and Africa	168,018	168,489	-0.28%
Western Europe	69,775	65,286	+6.88%
Other	28,767	46,528	-38.17%
Grand Total	1,137,709	1,181,613	-3.72%

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, 2016 and 2015, 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, 2015, that is: 1 US$ = 3.9011 PLN and 1 EUR = 4.2615 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, 2015, that is 1 US$ = 3.9354 PLN and 1 EUR = 4.2635 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, 2015, that is 1 US$ = 3.7928 PLN and 1 EUR = 4.1848 PLN.

	Period from 1 October to 31 December 2016			Period from 1 October to 31 December 2015		
	USD	**PLN**	**EUR**	**USD**	**PLN**	**EUR**
Revenue	**364,242**	**1,493,428**	**339,693**	**366,846**	**1,443,687**	**338,616**
Cost of sales	(343,071)	(1,406,627)	(319,950)	(348,706)	(1,372,298)	(321,871)
Gross profit	**21,171**	**86,802**	**19,744**	**18,140**	**71,390**	**16,744**
Selling expenses	(9,104)	(37,327)	(8,490)	(7,483)	(29,447)	(6,907)
Administrative expenses	(4,173)	(17,108)	(3,891)	(4,317)	(16,989)	(3,985)
Profit from operations	**7,894**	**32,367**	**7,362**	**6,341**	**24,954**	**5,853**
Financial expenses	(4,455)	(18,267)	(4,155)	(4,541)	(17,872)	(4,192)
Financial income	190	779	177	313	1,232	289
Other gains and losses	(145)	(595)	(135)	102	400	94
Profit before taxation	**3,484**	**14,283**	**3,249**	**2,214**	**8,713**	**2,044**
Taxation	(849)	(3,481)	(792)	(175)	(690)	(162)
Profit after taxation	**2,635**	**10,802**	**2,457**	**2,039**	**8,023**	**1,882**
Attributable to:						
Non-controlling interests	6	23	5	4	16	4
Owners of the Company	**2,629**	**10,799**	**2,452**	**2,035**	**8,007**	**1,878**

	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	4.74	19.42	4.42	3.67	14.44	3.39

	Period from 1 October to 31 December 2016			Period from 1 October to 31 December 2015		
	USD	**PLN**	**EUR**	**USD**	**PLN**	**EUR**
Net cash inflows from operating activities	38,366	157,304	35,780	26,971	106,140	24,895
Net cash outflows from investing activities	(893)	(3,660)	(832)	(1,675)	(6,593)	(1,546)
Net cash outflows from financing activities	(564)	(2,313)	(526)	(3,074)	(12,095)	(2,837)
Net increase in cash and cash equivalents	**36,909**	**151,331**	**34,422**	**22,222**	**87,452**	**20,512**
Cash at the beginning of the period	**(30,372)**	**(124,529)**	**(28,325)**	**(17,932)**	**(70,569)**	**(16,552)**
Cash at the end of the period	**6,537**	**26,802**	**6,096**	**4,290**	**16,882**	**3,960**

	As at 31 December 2016			As at 31 December 2015		
	USD	**PLN**	**EUR**	**USD**	**PLN**	**EUR**
Current assets	387,011	1,617,435	365,605	352,259	1,374,199	322,468
Non-current assets	28,374	118,585	26,805	29,316	114,363	26,836
Total assets	415,385	1,736,020	392,410	381,575	1,488,562	349,305
Liabilities	329,490	1,377,039	311,266	300,095	1,170,701	274,716
Equity	85,895	358,980	81,144	81,480	317,860	74,589

	Period from 1 January to 31 December 2016			Period from 1 January to 31 December 2015		
	USD	PLN	EUR	USD	PLN	EUR
Revenue	**1,137,709**	**4,514,428**	**1,031,704**	**1,181,613**	**4,481,623**	**1,070,929**
Cost of sales	(1,072,295)	(4,254,865)	(972,385)	(1,134,964)	(4,304,693)	(1,028,650)
Gross profit	**65,414**	**259,562**	**59,319**	**46,649**	**176,930**	**42,279**
Selling expenses	(28,838)	(114,429)	(26,151)	(30,630)	(116,174)	(27,761)
Administrative expenses	(16,339)	(64,835)	(14,817)	(19,075)	(72,347)	(17,288)
Profit from operations	**20,237**	**80,299**	**18,351**	**(3,056)**	**(11,591)**	**(2,770)**
Financial expenses	(14,855)	(58,945)	(13,471)	(14,872)	(56,407)	(13,479)
Financial income	590	2,342	535	742	2,814	673
Other gains and losses	42	168	38	124	472	113
Profit before taxation	**6,014**	**23,863**	**5,454**	**(17,062)**	**(64,712)**	**(15,464)**
Taxation	(1,378)	(5,467)	(1,250)	(91)	(344)	(82)
Profit after taxation	**4,636**	**18,394**	**4,204**	**(17,152)**	**(65,056)**	**(15,546)**
Attributable to:						
Non-controlling interests	18	73	17	6	21	5
Owners of the Company	**4,617**	**18,31**	**4,187**	**(17,158)**	**(65,077)**	**(15,551)**

	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	8.32	33.01	7.54	(30.92)	(117.27)	(28.02)

	Period from 1 January to 31 December 2016			Period from 1 January to 31 December 2015		
	USD	PLN	EUR	USD	PLN	EUR
Net cash inflows/(outflows) from operating activities	9,434	37,434	8,555	(15,947)	(60,485)	(14,454)
Net cash outflows from investing activities	(2,311)	(9,168)	(2,095)	(4,151)	(15,742)	(3,762)
Net cash outflows from financing activities	(4,876)	(19,350)	(4,422)	(5,029)	(19,073)	(4,558)
Net increase in cash and cash equivalents	**2,247**	**8,916**	**2,038**	**(25,126)**	**(95,299)**	**(22,773)**
Cash at the beginning of the period	**4,290**	**17,022**	**3,890**	**29,416**	**111,570**	**26,661**
Cash at the end of the period	**6,537**	**25,938**	**5,928**	**4,290**	**16,271**	**3,888**

4. Organization of ASBIS Group

The following table presents our corporate structure as at December 31st, 2016:

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

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

5. Changes in the structure of the Company

During the three months ended December 31st, 2016 there were the following changes in the structure of the Company and the Group:

- the Company's inactive subsidiary - EUROMALL d.o.o. (formerly ISA Hardware d.o.o.) (Zagreb, Croatia) has been finally deregistered from the proper registry.
- The Company's inactive subsidiary - PTUE IT-MAX (Minsk, Belarus) has been finally deregistered from the proper registry.

The above mentioned changes were a result of the Company's restructuring actions that started in 2015 in order to decrease administrative expenses. These subsidiaries have been inactive and the Issuer's operations in both Croatia and Belarus are conducted through other entities. Therefore, closure of these subsidiaries will not have any impact on the Issuer's operations.

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, 2016.

However, on March 21st, 2016 we have announced our financial forecasts for the year 2016. Having seen Q4 2016 results, we see that our revenues were slightly below the forecasted figure, while net profitability was in the upper half of the forecasted range. This is because we focused mostly on margins, and refused some low margin deals in Q4 2016 in order to build a stronger base for further improvement of net profitability in 2017. Our net profitability in Q1-Q4 2016 was higher than originally budgeted as a ratio to achieved revenues.

7. Information on dividend payment

In the period of the three months ended 31 December 2016 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%
Quercus Towarzystwo Funduszy Inwestycyjnych S.A. Quercus Parasolowy SFIO and Quercus Absolutnego Zwrotu FIZ)*	3,274,931	5.90%	3,274,931	5.90%
Noble Funds TFI S.A. managing Noble Funds Fundusz Inwestycyjny Otwarty, Noble Funds Specjalistyczny Fundusz Inwestyjny Otwarty and Noble Fund Opportunity Fundusz Inwestycyjny Zamknięty	2,934,690	5.29%	2,934,690	5.29%
Noble Funds Fundusz Inwestycyjny Otwarty**	2,866,781	5.17%	2,866,781	5.17%
NN OFE	2,872,954	5.18%	2,872,954	5.18%

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

In the three-month period ended on December 31st, 2016 the Company has received the following information about changes in its shareholders structure:

(1) on October 6th, 2016 the Company has received from Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. notification that following to purchase of the Company's shares on October 5th, 2016 share of Noble Funds Fundusz Inwestycyjny Otwarty managed by Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. exceeded the threshold of 5% of total number of votes at the Company's General Meeting of Shareholders.
According to the notification, before the abovementioned purchase of shares the Fund had 2 769 525 Company's shares that were equal to 4,99% in the Company's share capital and had 2 769 525 votes from these shares, that were equal to 4,99% of total number of votes.
According to the notification, after the abovementioned purchase of shares the Fund holds 2 866 781 Company's shares, equal to 5,17% in the Company's share capital and have 2 866 781 votes from these shares, equal to 5,17% of total number of votes.

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

During the three-month period ended on 31 December 2016 as well as in the period between November 8th, 2016 (the date of the publication of the Q3 results) and February 28th, 2017 (date of this report) there were no changes in the number of shares possessed by the members of the Board of Directors.

The table below presents the number of shares held by the members of the Board of Directors as of the date of this report. The information included in the table below is based on information received from the 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 ultimate beneficial owner of KS Holdings Ltd.

10. Changes in the members of managing bodies

During the three-month period ended December 31st, 2016 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, 2016, 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, 2016 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 granted corporate guarantees to support its subsidiaries' local financing from U.S.$ 136,683 at December 31st, 2015 and U.S.$ 176,278 at September 30th, 2016 to U.S.$ 147,628 at December 31st, 2016, 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, 2016 was U.S. $ 13,447 – 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, 2016, the Company's results of operations have been affected and are expected to continue to be affected by a number of factors. These factors were: the in-country crisis seriously affecting major markets, currency fluctuations, competition and price pressures, low gross profit margins, potential inventory obsolescence and price erosions, the worldwide unstable financial environment, seasonality, development of own brand business, warranty claims and high cost of debt and increase in business with Apple.

Despite the fact that Q4 2016 revenues were still slightly lower than a year ago, they grew signifiantly as compared to previous quarters of 2016. While this was done with significantly improved gross profit margins, all other lines of our income statement have been improved as well. Below we present all factors that have affected and continue to affect our business:

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

Throughout the years of operation, the Company has suffered from specific in-country crises. The example of Ukraine in 2014 and Russia in 2015 is proving that the risk of in country crises is quite high and must be weathered at all times. Moreover, since these crises are driven by external unforeseen factors, it is of high importance that such crises are weathered fast enough.

Despite the fact that the crisis in Ukraine and Russia is not over yet, we have adapted to market needs and have won some market share from weaker competitors, and achieved a significant sales growth in Ukraine. In Russia, we have decided to offload risks and mostly focus on profits, thus our revenues in this market were still lower than a year ago for the most part of the year. The CEE revenue decrease is a result of changes in our strategy in countries like Poland where:

a) we have decided to drop trading activities that were high in volume but low in gross profit margin

b) as we have previously reported (through a current report in 2015), issues we have faced in Poland following the unjustified we believe allegations from the authorities, forced us to lower our business activity in the country

In Romania the latest demonstrations might cause a political instability in the country and affect our business going forward. It is therefore extremely important for us to timely tackle any crisis that might arise out of such cases.

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. It is also believed by the management that hedging is a very important function in our industry and we shall continue enhancing this procedure.

Competition and price pressure

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

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

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

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

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

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

In countries like Poland we decided to undertake a much more cnservative stand until we see how the situation evolves, following the changes in the competitive landscape.

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

Inventory obsolescence and price erosion

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

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

For the own brand business division, the Company needs to balance between satisfying consumer demand and risk of inventory obsolence or price erosion, by having a proper level of inventory. This risk was faced in H1 2015, when we had to sell excess stock of own brands at lower prices in order not to be left with obsolete inventories. However, this was managed and both in H2 2015 and 2016 we have not had any problems related to this issue.

Credit risk

The Company buys components and finished products from its suppliers on its own account and resells them to its customers. The Company extends credit to some of its customers at terms ranging from 21 to 90 days or, in a few cases, to 120 days. The Company's payment obligations towards its suppliers under such agreements are separate and distinct from its customers' obligations to pay for their purchases, except in limited cases where the Company's arrangements with its suppliers require the Company to resell to certain resellers or distributors. Thus, the Company is liable to pay its suppliers regardless of whether its customers pay for their respective purchases. As the Company's profit margin is relatively low compared to the total price of the products sold, in the event where the Company is not able to recover payments from its customers, it is exposed to a financial liquidity risk. The Company has in place credit insurance which covers such an eventuality for approximately 60% of its revenue.

Due to the recent market developments following the changes in credit rating of certain countries and regions where the Group operates in, credit risk has become one of the most important risk factors that might affect the Group's results in the future. Credit insurance companies are being more strict and risk averse to certain regions they have suffered from significant default cases. A major change happened in the GCC area where the credit insurers smashed the credit limit granted due to an extensive number of run-away cases. The Group despite the fact that it has not been directly affected by these events, has decided to enhance its risk management proceedures. These do not guarantee that all issues will be avoided, however it grants the Company confidence that is in a position to weather any possible major credit issue that may arise.

Worldwide financial environment

The world's financial crisis has eased throughout the last years. This included recovery signals from some of our markets and stabilization in some of others. Following partial recovery, the Company has undertaken certain efforts to benefit from these signals both in revenues and profitablity. The revised strategy and adaptation to the new environment, i.e., by rebuilding our product portfolio, has paid off in terms of increased market share and sales.

However, there are many uncertainties about the world economy following the developments in China and turmoil in the ME region coupled with volatility of currencies and fragility of demand in many markets. Additionally, from time to time, unpredictable situations may happen in selected markets, as was the case of Ukraine and Russia in 2014, continuing to-date, which has led to a significant instability in these countries' financial environment. However, with the experience we gained, the management strongly believes today the Company is much more flexible and much 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 the Company has increased its engagement into the development of own brands business (especially in the last few years) that allows for higher gross profit margins. This included the development of tablets, smartphones, GPS and other product lines that are sold under Prestigio and Canyon brands in all regions of the Company's operations.

Following the dramatic quality issues faced by the Group, a full reshuffling of private labels took place, ensuring that quality is no longer an issue for the Company. This however came with a significant decrease of revenues since we had to sacrifice a very big majority of our revenues to be able to recover the brand that was suffering. 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 enough. Moreover, competition has already been intensified and the Company may not be able to sustain its profitability levels.

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

Warranty claims from own brand products

The own brand business requires us to put extra efforts to avoid any problems with quality of devices. Despite all our efforts, we have noticed significant returns on specific models produced the last three years.

This risk has negatively affected H1 2015 and Y2015 results as we had to provide for losses due to the decline of certain ODMs to satisfy their contractual obligations on products with epidemic failure. Unfortunatelly, these factories refused to do so and we were forced to re-assess our provisions for returns and recognize a significant loss. The Group is undertaking all possible steps towards ensuring proper compensation. This includes both negotiations and legal actions.

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

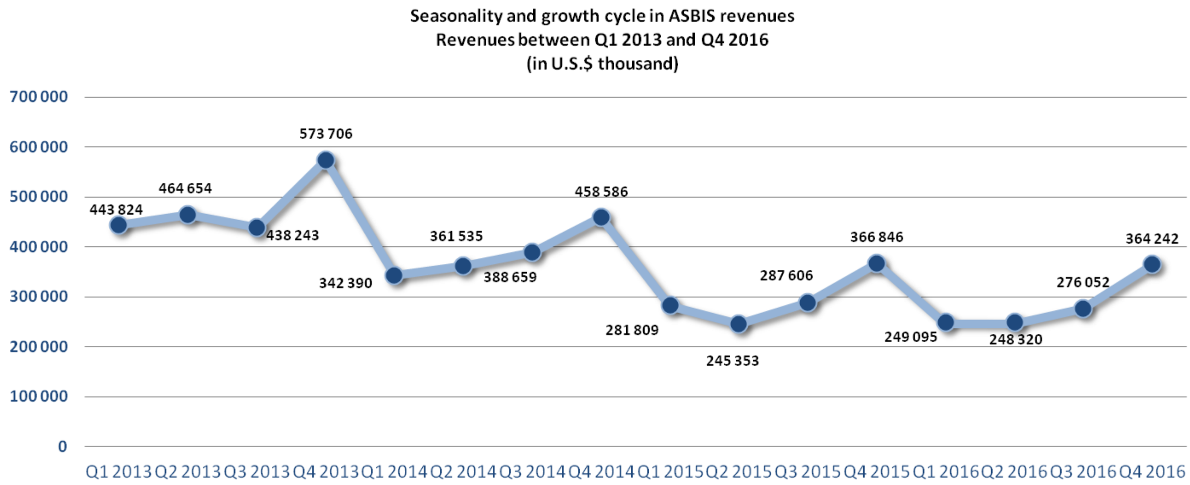
High cost of debt

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

Results of Operations

Three-month period ended 31 December 2016 compared to the three-month period ended 31 December 2015

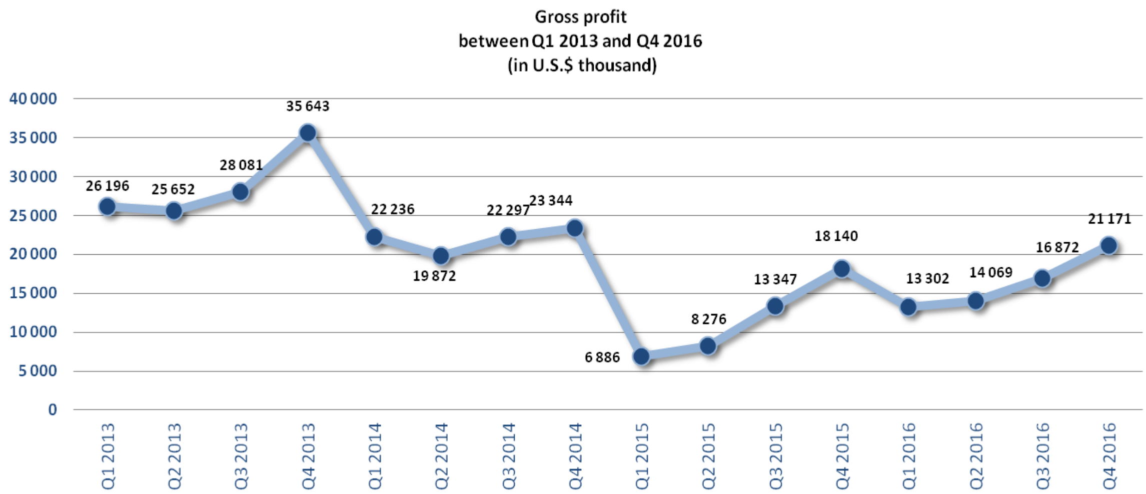
- **Revenues:** In Q4 2016 our revenues decreased by 0.71% to U.S. $ 364,242 from U.S. $ 366,846 in Q4 2015. However, revenues in Q4 2016 were 31.95% higher as compared to Q3 2016 continuing the upward trend.
  Revenues in Q1-Q4 2016 decreased by 3.72% to U.S. $ 1,137,709 from U.S. $ 1,181,613 in Q1-Q4 2015.



- **Gross profit:** In Q4 2016 and in Q1-Q4 2016 gross profit has increased significantly when compared to the corresponding periods of 2015.

  Gross profit in Q4 2016 has increased by 16.70% to U.S. $ 21,171 from U.S. $ 18,140 in Q4 2015. More importantly, it also grew by 25.48% as compared to Q3 2016. This is very significant, since our gross profitability throughout 2016 has grown quite fast while revenues have been flat.

  Gross profit in Q1-Q4 2016 increased by 40.23% to U.S. $ 65,414 from U.S. $ 46,649 in Q1-Q4 2015.



- **Gross profit margin:** In Q4 2016 gross profit margin was significantly higher than in Q4 2015.

  Gross profit margin in Q4 2016 has increased by 17.54% to 5.81% from 4.94% in Q4 2015. This continued our increased gross profitability in 2016.

  Gross profit margin in Q1-Q4 2016 increased to 5.75% from 3.95% in Q1-Q4 2015. This was a result of our strategy to focus more on margins and net profitability than pumping up low margin sales.

- **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.

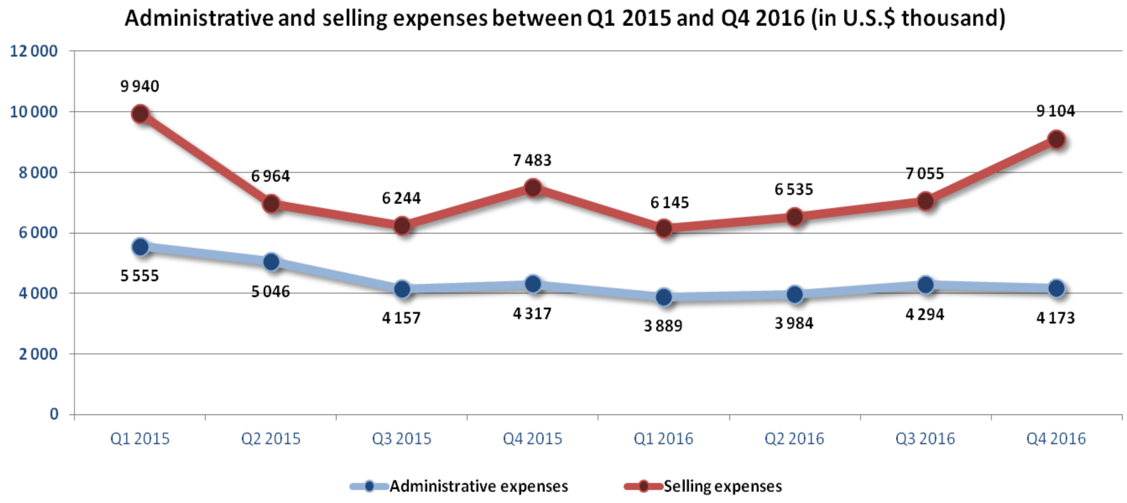
  Selling expenses in Q4 2016 have increased by 21.67% to U.S. $ 9,104 from U.S. $ 7,483 in Q4 2015. This is obviously related to significant improvement in gross profitability.

  Selling expenses in Q1-Q4 2016 decreased by 5.85% to U.S. $ 28,838 from U.S. $ 30,630 in Q1-Q4 2015. This has been achieved despite a significant growth in gross profit.

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

  Administrative expenses in Q4 2016 have decreased by 3.34% to U.S. $ 4,173 from U.S. $ 4,317 in Q4 2015. They were also a 2.83% below expenses of Q3 2016. This followed our strict control over expenses.

  Administrative expenses in Q1-Q4 2016 decreased by 14.34% to U.S. $ 16,339 from U.S. $ 19,075 in Q1-Q4 2015 following strict control on expenses.



- **Financial expenses** in Q4 2016 have decreased by 1.89% to U.S.$ 4,455 from U.S.$ 4,541. This decrease relates to lower utilization of financial lines.

  Financial expenses in Q1-Q4 2016 have decreased by 0.11% to U.S.$ 14,855 from U.S.$ 14,872.

- **EBITDA** in Q4 2016 was positive and amounted to U.S. $ 8,452 in comparison to U.S. $ 7,001 in Q4 2015.

  EBITDA in Q1-Q4 2016 was positive and amounted to U.S. $ 22,381 in comparison to a negative number of U.S. $ -482 in Q1-Q4 2015.

- **Net profit:** As a result of flat revenues, much improved gross profitability and controlled expenses, the Company has generated in Q4 2016 a net profit after taxation of U.S. $ 2,635 as compared to U.S.$ 2,039 in Q4 2015. This was also the highest quarterly NPAT in 2016.

  In Q1-Q4 2016 the Company posted a net profit after tax of U.S. $ 4,636 in comparison to a net loss after tax of U.S. $ 17,152 in Q1-Q4 2015. This is a significant U.S.$ 21.5 million improvement year on year.

Sales by regions and countries

Traditionally and throughout the Company's operations, the F.S.U. and the CEE regions contribute the majority of our revenues. This has not changed in 2016. However, following better performance of the F.S.U. countries, in Q4 2016 this region strengthened at the first position in our sales structure after an impressive 40.72% growth year-on-year. Following that, the F.S.U. share in our total revenues grew to 42.23% in Q4 2016 from 32.12% in Q4 2015. Revenues derived from the F.S.U. region in Q1-Q4 2016 were higher by 18.29% year-on-year.

Sales in the Central and Eastern Europe region have decreased by 23.59% and 18.85% in Q4 2016 and Q1-Q4 2016 respectively, as compared to the corresponding periods of 2015.

Sales in Western Europe in Q4 2016 decreased by 20.70% compared to Q4 2015, while in Q1-Q4 2016 it grew by 6.88%. Sales in MEA region have decreased by 6.52% and 0.28% over the same periods.

Country-by-country analysis explains why results in the F.S.U. region improved so significantly. It followed a continuous improvement in Ukraine that grew by 108.31% in Q4 and by 144.13% in Q1-Q4 2016 as compared to the corresponding periods of 2015. In the same time, our business in Russia decreased by 7.06% and 4.97% in Q4 2016 and Q1-Q4 2016 respectively. The decrease in Russia was compensated by strong growth in Kazakhstan and Belarus. Kazakhstan grew by 115.57% and decreased by 12.57% in Q4 2016 and Q1-Q4 2016 respectively as compared to the corresponding periods of 2015. In the same time Belarus grew by 17.62% in Q4 2016 and by 20.84% in Q1-Q4 2016.

In CEE region, our sales in Slovakia decreased by 38.60% in Q4 2016 (and as a result by 27.68% in Q1-Q4 2016) while our business in the Czech Republic grew by 7.97% and 17.87% over the same periods. The Slovakian decrease had solely to do with the huge fulfillment of projects during 2015, where Slovakia enjoyed the large EU funding for IT infrastructure. The company in Slovakia remains a leader in its segment and continues to dominate the IT distribution market. As a result, Russia was again a leader in our sales by countries breakdown in Q4 2016 (similarly to Q3 2016).
The tables below provide a geographical breakdown of sales in the three and twelve month periods ended 31 December 2016 and 2015.

	Q4 2016		Q4 2015	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Former Soviet Union	153,830	42.23%	117,847	32.12%
Central and Eastern Europe	129,377	35.52%	169,327	46.16%
Middle East and Africa	48,695	13.37%	45,673	12.45%
Western Europe	29,588	8.12%	25,961	7.08%
Other	2,752	0.76%	8,038	2.19%
Total	364,242	100%	366,846	100%

	Q1-Q4 2016		Q1-Q4 2015	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Former Soviet Union	445,082	39.12%	376,266	31.84%
Central and Eastern Europe	426,067	37.45%	525,044	44.43%
Middle East and Africa	168,018	14.77%	168,489	14.26%
Western Europe	69,775	6.13%	65,286	5.53%
Other	28,767	2.53%	46,528	3.94%
Total	1,137,709	100%	1,181,613	100%

Revenue breakdown – Top 10 countries in Q4 2016 and Q4 2015 (in U.S. Dollar thousand)

	Q4 2016		Q4 2015	
	Country	Sales	Country	Sales
1.	**Russia**	57,552	**Slovakia**	91,169
2.	**Slovakia**	55,982	**Russia**	61,927
3.	**Ukraine**	44,864	**United Arab Emirates**	33,390

4.	**Kazakhstan**	39,508	**Ukraine**	21,537
5.	**United Arab Emirates**	28,514	**Czech Republic**	20,958
6.	**Czech**	22,628	**Kazakhstan**	18,327
7.	**Belarus**	16,149	**Romania**	17,207
8.	**Romania**	15,125	**Belarus**	13,730
9.	**The Netherlands**	8,544	**United Kingdom**	11,399
10.	**Algeria**	7,790	**Hungary**	7,633
11.	**Other**	67,585	**Other**	69,570
	TOTAL	**364,242**	**TOTAL**	**366,846**

Revenue breakdown – Top 10 countries in Q1-Q4 2016 and Q1-Q4 2015 (in U.S. Dollar thousand)

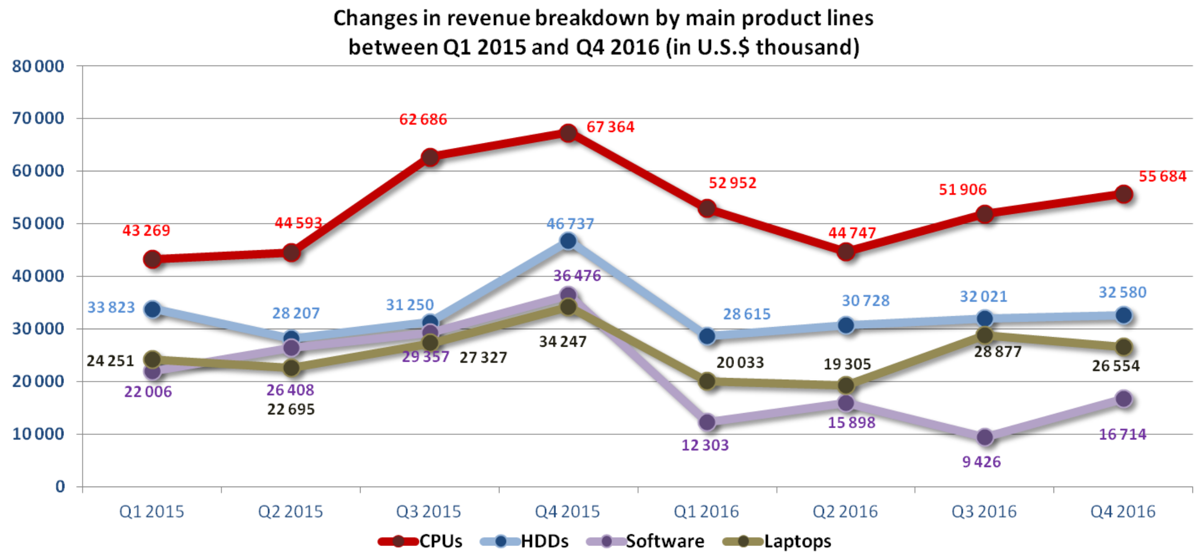
	Q1-Q4 2016		Q1-Q4 2015	
	Country	Sales	Country	Sales
1.	**Slovakia**	181,365	**Slovakia**	250,777
2.	**Russia**	181,208	**Russia**	190,694
3.	**Ukraine**	118,385	**United Arab Emirates**	129,018
4.	**United Arab Emirates**	118,185	**Kazakhstan**	86,020
5.	**Kazakhstan**	75,205	**Czech Republic**	56,603
6.	**Czech Republic**	66,715	**Romania**	48,993
7.	**Belarus**	52,574	**Ukraine**	48,493
8.	**Romania**	46,317	**Poland**	47,688
9.	**The Netherlands**	26,724	**Belarus**	43,507
10.	**Hungary**	24,514	**Bulgaria**	26,834
11.	**Other**	246,519	**Other**	252,986
	TOTAL	**1,137,709**	**TOTAL**	**1,181,613**

Sales by product lines

Starting from February 2014 and following the cirisis that hit our major markets, our revenues have been under pressure emanating from the turbulence in our markets which also affected a number of countries across our operations.

We continue our efforts to increase revenues, in all markets we operate, mainly by adding more products in our portfolio and penetrating the markets that have been weak during the last couple of years. This is possible because ASBIS remains the distributor of first choice for many worldwide suppliers. A major and good example is APPLE that has entrusted an iPhone distribution to ASBIS for Ukraine, Belarus and Kazakhstan. Having said the above, the Group's main focus is on margins and increased profitability.

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



Revenues from CPUs, that traditionally lead in our revenue breakdown by product line, decreased by 17.34% in Q4 2016 and by 5.81% in Q1-Q4 2016. Revenues from HDDs decreased by 30.29% and 11.52% over the same periods. In the same time laptops sales decreased by 22.49% and 11.83% respectively. On the other hand, our smartphones segment increased in Q4 2016 by 69.66% year-on-year (mostly following an improvement in iPhone sales) and by 19.04% in Q1-Q4 2016 year-on-year. It was again our no. 1 segment in our portfolio in Q4 2016. This was also partially due to the introduction of I-Phone 7 by Apple which was highly demanded.

From other product lines, the most important is the increase in SSD business that built from zero to U.S.$ 6,203 in Q2, U.S.$ 9,859 in Q3 2016 and U.S.$ 16,054 in Q4 2016 respectively. We expect this segment to continue to grow rapidly. Apart from that, the Company has noticed a positive trend both for Q4 2016 and Q1-Q4 2016 in mainboards and VGA cards (+122.77% and +92.40%), display products (+4.66% and +20.83%), memory modules (+85.45% and +46.82%) and accessories and multimedia (+12.00% and +10.63%).

The table below sets a breakdown of revenues, by product lines, for Q4 2016 and Q4 2015:

	Q4 2016		Q4 2015	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Smartphones	90,299	24.79%	53,225	14.51%
Central processing units (CPUs)	55,684	15.29%	67,364	18.36%
Hard disk drives (HDDs)	32,580	8.94%	46,737	12.74%
PC-mobile (laptops)	26,544	7.29%	34,247	9.34%
Software	16,714	4.59%	36,476	9.94%
Tablets	12,985	3.57%	17,828	4.86%
Other	129,436	35.54%	110,970	30.25%
Total revenue	**364,242**	**100%**	**366,846**	**100%**

The table below sets a breakdown of revenues, by product lines, for Q1-Q4 2016 and Q1-Q4 2015:

	Q1-Q4 2016		Q1-Q4 2015	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Smartphones	236,728	20.81%	198,866	16.83%

Central processing units (CPUs)	205,262	18.04%	217,913	18.44%
Hard disk drives (HDDs)	123,866	10.89%	140,017	11.85%
Software	51,859	4.56%	114,246	9.67%
PC-mobile (laptops)	95,678	8.41%	108,520	9.18%
Tablets	46,052	4.05%	73,945	6.26%
Other	378,242	33.25%	328,107	27.77%
Total revenue	**1,137,709**	**100%**	**1,181,613**	**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. While our cash flow was stretched in H1 2016, it started to improve in Q3 2016 when operating cash flows turned positive. It was also significantly positive in Q4 2016 and that allowed to turn the full year cash from operations positive.

The following table presents a summary of cash flows for the twelve months ended December 31st, 2016 and 2015:

	Twelve months ended December 31st	
	2016	**2015**
	U.S. $	
Net cash inflows/(outflows) from operating activities	9,434	(15,947)
Net cash outflows from investing activities	(2,311)	(4,151)
Net cash outflows from financing activities	(4,876)	(5,029)
Net increase/(decrease) in cash and cash equivalents	2,247	(25,126)

Net cash inflows/(outflows) from operations

Net cash inflows from operations amounted to U.S. $ 9,434 for the twelve months ended December 31st, 2016, compared to outflows of U.S. $ 15,947 in the corresponding period of 2015. This significant turnaround of approximately U.S.$ 26 million is mainly attributed to improved profitability and working capital optimization.

For Q4 2016 stand-alone, the Company has generated inflows from operations of U.S.$ 38,366, a U.S.$ 12 million improvement year on year.

Net cash outflows from investing activities

Net cash outflows from investing activities was U.S. $ 2,311 for the twelve months ended December 31st, 2016, compared to U.S. $ 4,151 in the corresponding period of 2015, representing almost U.S.$ 2 million improvement. 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. $ 4,876 for the twelve months ended December 31st, 2016, compared to outflows of U.S. $ 5,029 in the corresponding period of 2015. This primarily relates to lower utilization of certain financing lines and repayments made against long term loans.

Net increase/(decrease) in cash and cash equivalents

As a result of increased working capital efficiency, improved profitability and decreased financing, in Q1-Q4 2016 cash and cash equivalents have increased by U.S. $ 2,247, compared to a decrease of U.S. $ 25,126 in the corresponding period of 2015 – a U.S.$ 27 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 turbulence that started in Ukraine and also affected Russia has caused a significant demand reduction. This has affected revenues and gross profit margins, but also negatively impacted some of our customers, whose financial situation has worsened.

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 said the above, we remain confident - given also a recent increase in demand in most of our regions that we are in a position to properly manage this and any potential crisis and get stronger out of it. This now has been proven again, as in 2016 we have delivered a net profit after tax and our business in Ukraine (the most affected market) has significantly grown. We will continue this strategy and focus more on our core regions and strengths, to maximize profits and take advantage of any the market revival.

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

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

Following recent improvement in F.S.U. region, it regained the leading position in our revenue breakdown by geographies. This was a result of the focus of the Group to its strong competencies and to the extended product portfolio to this market place.

Despite all measures taken by the Company, the possibility of a decrease in demand and sales in a particular country cannot be excluded in the future. Such a situation may limit overall growth. It is of extreme importance for the Company to prepare its structure to offset such a situation with higher sales in other markets. This means both a constant upgrade of the product portfolio and close relations with customers to win more market share from weaker competitors.

The Group's ability to increase gross profit margins

The Group's gross profit margin has increased significantly in 2016 as compared to the corresponding periods of 2015. This is a continuation of an improvement that started in Q3 2015 and is a result of changes in our product portfolio and focus on margins rather than sales. However, the pace of this growth 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 Q1-Q4 2016 was strong, we have been successfully shielded by our hedging policy. Therefore, the hedging strategy should be followed and further improved without any exception for 2017.

Ability of the Group to control expenses

Selling and administrative expenses in 2016 decreased as compared to 2015. The decrease in expenses was a result of restructuring actions undertaken by the Company in 2015. This included less employees, revised compensation schemes and stricter expenses control.

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

Because of its size, geographical coverage and good relationship with vendors, the Company has managed to build an extensive product portfolio. It is crucial for the Company to continue refining its product mix constantly by adding new product lines with higher gross (and net) profit margins to boost its profitability. A recent example is smartphones that the Company has timely invested in and resulted in improved profitability. Especially recently, while our smartphones business has significantly increased.

Ability to cover warranty claims from customers

The own brand business requires us to be very careful with customer satisfaction when it comes to after sales services relating mostly to the quality of our products. 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 reviewed all our contracts with factories, and we signed new ones after ensuring the contractor will be able to pay any contractual penalties that may arise. This is an important part of our cooperation with third party factories, to make sure the warranty risk is mitigated

17. Information about important events that occurred after the period ended on December 31st, 2016 and before this report release

According to our best knowledge, in the period between November 7th, 2016 and February 28th, 2017 no events have occurred that could affect the Company's operations or its financial stability.

Part II Financial Information

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

Report and Interim Condensed Consolidated Financial Statements for the period ended December 31st, 2016

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FOR THE PERIOD ENDED 31 DECEMBER 2016

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ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 DECEMBER 2016

	Note	For the three months ended 31 December 2016 US$	For the three months ended 31 December 2015 US$	For the twelve months ended 31 December 2016 US$	For the twelve months ended 31 December 2015 US$
Revenue	4,23	364,241,905	366,846,403	1,137,708,534	1,181,613,369
Cost of sales		(343,071,291)	(348,706,035)	(1,072,294,659)	(1,134,964,355)
Gross profit		21,170,614	18,140,368	65,413,875	46,649,014
Selling expenses		(9,103,885)	(7,482,629)	(28,837,972)	(30,630,140)
Administrative expenses		(4,172,655)	(4,316,921)	(16,339,389)	(19,074,811)
Profit/(loss) from operations		7,894,074	6,340,818	20,236,514	(3,055,937)
Financial income	7	189,932	313,006	590,209	741,974
Financial expenses	7	(4,455,301)	(4,541,324)	(14,855,174)	(14,872,136)
Other gains and losses	5	(145,186)	101,612	42,268	124,426
Profit/(loss) before tax	6	3,483,519	2,214,112	6,013,817	(17,061,673)
Taxation	8	(848,965)	(175,450)	(1,378,202)	(90,747)
Profit/(loss) for the period		2,634,554	2,038,662	4,635,615	(17,152,420)
Attributable to:					
Owners of the company		2,629,051	2,034,498	4,617,243	(17,158,036)
Non-controlling interests		5,503	4,164	18,372	5,616
		2,634,554	2,038,662	4,635,615	(17,152,420)
		US$ cents	US$ cents	US$ cents	US$ cents
Earnings per share					
Basic and diluted from continuing operations		4.74	3.67	8.32	(30.92)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2016

	For the three months ended 31 December 2016 US$	For the three months ended 31 December 2015 US$	For the twelve months ended 31 December 2016 US$	For the twelve months ended 31 December 2015 US$
Profit/(loss) for the period	2,634,554	2,038,662	4,635,615	(17,152,420)
Other comprehensive loss				
Exchange difference on translating foreign operations	(1,354,220)	(1,503,554)	(410,635)	(5,006,487)
Reclassification adjustments relating to foreign operations liquidated in the period	190,000	-	190,254	-
Other comprehensive loss for the period	(1,164,220)	(1,503,554)	(220,381)	(5,006,487)
Total comprehensive income/(loss) for the period	1,470,334	535,108	4,415,234	(22,158,907)
Total comprehensive income/(loss) attributable to:				
Owners of the company	1,475,402	534,849	4,403,134	(22,147,517)
Non-controlling interests	(5,068)	259	12,100	(11,390)
	1,470,334	535,108	4,415,234	(22,158,907)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Notes	As at 31 December 2016 US$	As at 31 December 2015 US$
ASSETS			
Non-current assets			
Property, plant and equipment	9	23,209,538	23,504,905
Intangible assets	10	2,991,585	2,752,302
Available-for-sale financial assets	11	11,794	11,794
Goodwill	27	1,255,204	1,555,972
Deferred tax assets	20	906,229	1,519,787
Total non-current assets		28,374,350	29,344,760
Current assets			
Inventories	12	113,857,748	96,921,653
Trade receivables	13	221,068,033	217,466,159
Other current assets	14	16,990,435	13,695,820
Derivative financial asset	25	1,079,208	1,069,705
Current taxation	8	663,773	722,723
Cash at bank and in hand	26	33,351,703	22,383,203
Total current assets		387,010,900	352,259,263
Total assets		415,385,250	381,604,023
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		51,109,265	46,706,131
Equity attributable to owners of the parent		85,727,508	81,324,374
Non-controlling interests		167,361	155,261
Total equity		85,894,869	81,479,635
Non-current liabilities			
Long term borrowings	17	1,184,107	1,840,933
Other long term liabilities	18	313,475	366,588
Deferred tax liabilities	20	49,320	83,771
Total non-current liabilities		1,546,902	2,291,292
Current liabilities			
Trade payables		202,038,292	190,693,046
Other current liabilities	21	26,945,360	19,857,706
Short term borrowings	16	98,623,302	86,670,131
Derivative financial liability	24	1,383	124,563
Current taxation	8	335,142	487,650
Total current liabilities		327,943,479	297,833,096
Total liabilities		329,490,381	300,124,388
Total equity and liabilities		415,385,250	381,604,023

The financial statements were approved by the Board of Directors on 27 February 2017.

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Constantinos Tziamalis **Marios Christou**

Director **Director**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2016

	Attributable to the owners of the parent							
	Share capital US$	**Share premium US$**	**Treasury stock US$**	**Translation of foreign operations US$**	**Retained earnings US$**	**Total US$**	**Non-controlling interests US$**	**Total US$**
Balance at 1 January 2015	11,100,000	23,518,243	(14,211)	(8,137,253)	77,005,135	103,471,914	166,651	103,638,565
(Loss)/profit for the year	-	-	-	-	(17,158,036)	(17,158,036)	5,616	(17,152,420)
Other comprehensive loss for the year	-	-	-	(4,989,481)	-	(4,989,481)	(17,006)	(5,006,487)
Share-based payments	-	-	(23)	-	-	(23)	-	(23)
Balance at 31 December 2015	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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2016

	Note	For the three months ended 31 December 2016 US$	For the three months ended 31 December 2015 US$	For the twelve months ended 31 December 2016 US$	For the twelve months ended 31 December 2015 US$
Profit/(loss) for the period before tax and minority interest		3,483,519	2,214,112	6,013,817	(17,061,673)
Adjustments for:					
Exchange difference arising on consolidation		(395,621)	(1,202,609)	158,672	(3,565,540)
Depreciation of property, plant and equipment	9	396,246	517,437	1,544,442	2,042,141
Amortisation of intangible assets	10	161,607	143,123	599,957	532,322
Loss/(profit) from the sale of property, plant and equipment and intangible assets	5	28,528	(14,229)	13,252	51,280
Provision for bad debts and receivables written off		1,483,836	423,307	2,932,922	3,139,912
Bad debts recovered	5	(12,081)	(78)	(15,125)	(4,425)
Impairment losses on intangible assets and goodwill	5	250,000	-	250,000	-
Interest received	7	(16,227)	(39,857)	(114,436)	(103,447)
Interest paid	7	1,098,481	1,393,436	4,428,368	6,060,762
Share based payments		-	(23)	-	(23)
Operating profit/(loss) before working capital changes		6,478,288	3,434,619	15,811,869	(8,908,691)
(Increase)/decrease in inventories		(15,497,464)	16,293,238	(16,936,095)	35,400,964
(Increase)/decrease in trade receivables		(23,551,564)	(11,752,357)	(6,519,671)	41,732,392
Increase in other current assets		(254,863)	(1,986,206)	(3,304,118)	(3,228,501)
Increase/(decrease) in trade payables		58,567,337	13,916,161	11,345,246	(65,407,155)
Increase/(decrease) in other current liabilities		4,429,701	1,072,541	6,964,473	(11,526,900)
Increase/(decrease) in other non-current liabilities		19,392	(127,587)	(53,113)	(88,475)
Increase in factoring creditors		9,818,113	7,682,350	7,451,277	2,816,924
Cash inflows/(outflows) from operations		40,008,940	28,532,759	14,759,868	(9,209,442)
Interest paid	7	(1,098,481)	(1,393,436)	(4,428,368)	(6,060,762)
Taxation paid, net	8	(544,535)	(168,693)	(897,600)	(677,112)
Net cash inflows/(outflows) from operating activities		38,365,924	26,970,630	9,433,900	(15,947,316)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2016

	Note	For the three months ended 31 December 2016 US$	For the three months ended 31 December 2015 US$	For the twelve months ended 31 December 2016 US$	For the twelve months ended 31 December 2015 US$
Cash flows from investing activities					
Purchase of intangible assets	10	(310,349)	(112,230)	(853,655)	(1,852,201)
Purchase of property, plant and equipment	9	(581,966)	(1,664,286)	(1,570,011)	(2,604,522)
(Write-offs)/proceeds from sale of property, plant and equipment and intangible assets		(16,514)	61,310	(1,238)	202,819
Interest received	7	16,227	39,857	114,436	103,447
Net cash outflows from investing activities		(892,602)	(1,675,349)	(2,310,468)	(4,150,457)
Cash flows from financing activities					
(Repayments)/proceeds of long term loans and long term obligations under finance lease		(218,312)	873,163	(656,826)	225,220
Repayments of short term borrowings and short term obligations under finance lease		(345,890)	(3,946,634)	(4,219,613)	(5,253,849)
Net cash outflows from financing activities		(564,202)	(3,073,471)	(4,876,439)	(5,028,629)
Net increase/(decrease) in cash and cash equivalents		36,909,121	22,221,810	2,246,993	(25,126,403)
Cash and cash equivalents at beginning of the period/year		(30,372,271)	(17,931,954)	4,289,856	29,516,259
Cash and cash equivalents at end of the period/year	26	6,536,849	4,289,856	6,536,849	4,289,856

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

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 2016 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 2015. 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 2015.

These interim financial statements were authorised for issue by the company's Board of Directors on 27 February 2017.

(b) Use of judgments and estimates

Preparing the interim financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by Management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2015.

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).

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 2016 are consistent with those followed for the preparation of the annual financial statements for the year 2015 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 2016. 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

5. Other gains and losses

	For the three months ended 31 December 2016 US$	For the three months ended 31 December 2015 US$	For the twelve months ended 31 December 2016 US$	For the twelve months ended 31 December 2015 US$
(Loss)/profit on disposal of property, plant and equipment	(28,528)	14,229	(13,252)	(51,280)
Other income	103,155	71,950	217,453	127,270
Bad debts recovered	12,081	78	15,125	4,425
Rental income	18,106	15,355	72,942	44,011
Impairment loss on goodwill	(250,000)	-	(250,000)	-
	(145,186)	101,612	42,268	124,426

6. Profit/(loss) before tax

	For the three months ended 31 December 2016 US$	For the three months ended 31 December 2015 US$	For the twelve months ended 31 December 2016 US$	For the twelve months ended 31 December 2015 US$
Profit/(loss) before tax is stated after charging :				
(a) Amortisation of intangible assets (Note 10)	161,607	143,123	599,957	532,322
(b) Depreciation (Note 9)	396,246	517,437	1,544,442	2,042,141
(c) Auditors' remuneration	61,886	89,767	320,285	342,720
(e) Directors' remuneration – executive (Note 28)	104,350	70,122	417,764	284,614
(e) Directors' remuneration – non-executive (Note 28)	538	544	2,216	16,670

7. Financial expense, net

	For the three months ended 31 December 2016 US$	For the three months ended 31 December 2015 US$	For the twelve months ended 31 December 2016 US$	For the twelve months ended 31 December 2015 US$
Financial income				
Interest income	16,227	39,857	114,436	103,447
Other financial income	173,705	273,149	475,773	465,474
Net exchange gain	-	-	-	173,053
	189,932	313,006	590,209	741,974
Financial expense				
Bank interest	1,098,481	1,393,436	4,428,368	6,060,762
Bank charges	419,932	358,528	1,424,254	1,383,128
Derivative charges	236,234	251,418	725,974	811,532
Factoring interest	1,918,518	1,376,764	5,453,672	4,309,777
Factoring charges	118,118	165,350	351,357	570,454
Other financial expenses	13,378	290,812	54,965	344,253
Other interest	428,521	362,145	1,328,274	1,392,230
Net exchange loss	222,119	342,871	1,088,310	-
	4,455,301	4,541,324	14,855,174	14,872,136
Net	(4,265,371)	(4,228,318)	(14,264,965)	(14,130,162)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

8. Tax

	For the twelve months ended 31 December 2016 US$	For the year ended 31 December 2015 US$
Receivable balance 1 January	(235,073)	(315,920)
Provision for the year	802,924	677,306
Under provision of prior year periods	5,886	13,000
Exchange difference on retranslation	(4,768)	67,653
Amounts paid, net	(897,600)	(677,112)
Net receivable balance 31 December	(328,631)	(235,073)

	For the twelve months ended 31 December 2016 US$	For the year ended 31 December 2015 US$
Tax receivable	(663,773)	(722,723)
Tax payable	335,142	487,650
Net	(328,631)	(235,073)

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

	For the three months ended 31 December 2016 US$	For the three months ended 31 December 2015 US$	For the twelve months ended 31 December 2016 US$	For the twelve months ended 31 December 2015 US$
Provision for the period/year	381,823	807,766	802,924	677,305
(Over)/under provision of prior years	(301)	359	5,886	13,000
Deferred tax charge/(credit) (Note 20)	467,443	(632,675)	569,392	(599,558)
Charge for the period/year	848,965	175,450	1,378,202	90,747

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.

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 2015	22,510,892	6,827,184	169,457	3,120,517	2,673,615	3,253,253	38,554,918
Additions	1,935,613	328,696	198,990	-	50,811	90,412	2,604,522
Disposals	-	(269,355)	-	(552,196)	(87,578)	(114,393)	(1,023,522)
Foreign exchange difference on retranslation	(1,091,328)	(449,694)	520	(314,559)	(252,719)	(361,533)	(2,469,313)
At 31 December 2015	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
Accumulated depreciation							
At 1 January 2015	3,157,883	5,087,177	89,933	1,926,623	1,809,913	2,124,715	14,196,244
Charge for the year	566,795	709,590	25,909	312,223	189,056	238,568	2,042,141
Disposals	-	(258,328)	-	(387,553)	(29,578)	(114,393)	(789,852)
Foreign exchange difference on retranslation	(213,967)	(446,470)	670	(190,711)	(184,517)	(251,838)	(1,286,833)
At 31 December 2015	3,510,711	5,091,969	116,512	1,660,582	1,784,874	1,997,052	14,161,700
Charge for the period	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
Net book value							
At 31 December 2016	20,021,390	1,207,595	219,530	576,018	489,419	695,586	23,209,538
At 31 December 2015	19,844,466	1,344,862	252,455	593,180	599,255	870,687	23,504,905

10. Intangible assets

	Computer software US$	Patents and licenses US$	Total US$
Cost			
At 1 January 2015	7,315,063	1,095,656	8,410,719
Additions	687,396	1,164,805	1,852,201
Disposals/ write-offs	(18,204)	(23,733)	(41,937)
Foreign exchange difference on retranslation	(133,040)	(4,634)	(137,674)
At 31 December 2015	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
Accumulated amortisation			
At 1 January 2015	5,926,972	1,045,280	6,972,252
Additions from acquisitions of subsidiaries	297,030	235,292	532,322
Disposals/ write-offs	(7,282)	(14,223)	(21,505)
Foreign exchange difference on retranslation	(124,600)	(27,462)	(152,062)
At 31 December 2015	6,092,120	1,238,887	7,331,007
Charge for the period	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
Net book value			
At 31 December 2016	1,991,661	999,924	2,991,585
At 31 December 2015	1,759,095	993,207	2,752,302

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 2016 US$	As at 31 December 2015 US$
Investments held in related companies						
E-Vision Ltd	Cyprus	18%	90,000	(90,000)	-	-
Other investments						
Asekol s.r.o.	Czech Republic	9.09%	9,580	-	9,580	9,580
Regnon S.A.	Poland	0.01%	2,214	-	2,214	2,214
			101,794	(90,000)	11,794	11,794

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

12. Inventories

	As at 31 December 2016 US$	As at 31 December 2015 US$
Goods in transit	17,467,719	9,746,106
Goods held for resale	103,518,766	91,463,696
Provision for slow moving and obsolete stock	(7,128,737)	(4,288,149)
	113,857,748	96,921,653

Movement in provision for slow moving and obsolete stock

	As at 31 December 2016 US$	As at 31 December 2015 US$
On 1 January	4,288,149	1,898,689
Net movement for the year	2,870,240	2,497,744
Exchange difference	(29,652)	(108,284)
On 31 December	7,128,737	4,288,149

13. Trade receivables

	As at 31 December 2016 US$	As at 31 December 2015 US$
Trade receivables	228,782,976	223,529,664
Allowance for doubtful debts	(7,714,943)	(6,073,505)
	221,068,033	217,466,159

14. Other current assets

	As at 31 December 2016 US$	As at 31 December 2015 US$
Deposits and advances to service providers	526,314	599,117
Employee floats	39,321	40,330
VAT and other taxes refundable	8,583,148	6,568,663
Other debtors and prepayments	7,841,652	6,487,710
	16,990,435	13,695,820

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

15. Share capital

	As at 31 December 2016 US$	As at 31 December 2015 US$
Authorised		
63,000,000 (2015: 63,000,000) shares of US$ 0.20 each	12,600,000	12,600,000
Issued and fully paid		
55,500,000 (2015: 55,500,000) ordinary shares of US$ 0.20 each	11,100,000	11,100,000

16. Short term borrowings

	As at 31 December 2016 US$	As at 31 December 2015 US$
Bank overdrafts (Note 26)	26,814,854	18,093,347
Current portion of long term loans	714,258	934,818
Bank short term loans	20,289,260	24,308,125
Short term obligations under finance leases (Note 19)	54,332	34,520
Total short term debt	47,872,704	43,370,810
Factoring creditors	50,750,598	43,299,321
	98,623,302	86,670,131

Summary of borrowings and overdraft arrangements

As at 31 December 2016 the group enjoyed factoring facilities of US$ 100,596,829 (31 December 2015: US$ 66,864,392).
In addition, the group as at 31 December 2016 had the following financing facilities with banks in the countries that the company and its subsidiaries are operating:

- overdraft lines of US$ 58,570,338 (31 December 2015: US$ 44,425,253)
- short term loans/revolving facilities of US$ 26,427,206 (31 December 2015: US$ 48,447,298)
- bank guarantee and letters of credit lines of US$ 13,446,546 (31 December 2015: US$ 8,725,281)

The Weighted Average Cost of Debt (cash lines and factoring lines) for the period was 9.2% (for 2015: 9.5%).

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$ 9,967,243 (31 December 2015: US$ 5,626,714)

17. Long term borrowings

	As at 31 December 2016 US$	As at 31 December 2015 US$
Bank loans	1,157,262	1,812,755
Long term obligations under finance leases (Note 19)	26,845	28,178
	1,184,107	1,840,933

18. Other long term liabilities

	As at 31 December 2016 US$	As at 31 December 2015 US$
Pension provision	313,475	366,588

19. Finance leases

	As at 31 December 2016 US$	As at 31 December 2015 US$
Obligation under finance lease	81,177	62,698
Less: Amount payable within one year	(54,332)	(34,520)
Amounts payable within 2-5 years inclusive	26,845	28,178

20. Deferred tax

	For the twelve months ended 31 December 2016 US$	For the year ended 31 December 2015 US$
Debit balance on 1 January	(1,436,016)	(863,287)
Deferred tax charge/(credit) for the year (Note 8)	569,392	(599,558)
Exchange difference on retranslation	9,715	26,829
Debit balance on 31 December	(856,909)	(1,436,016)

	For the twelve months ended 31 December 2016 US$	For the year ended 31 December 2015 US$
Deferred tax assets	(906,229)	(1,519,787)
Deferred tax liabilities	49,320	83,771
Net deferred tax assets	(856,909)	(1,436,016)

21. Other current liabilities

	As at 31 December 2016 US$	As at 31 December 2015 US$
Salaries payable and related costs	1,019,145	1,173,825
VAT payable	6,159,670	6,624,220
Accruals and deferred income	17,218,258	10,979,387
Non-trade accounts payable	2,548,287	1,080,274
	26,945,360	19,857,706

22. Commitments and contingencies

As at 31 December 2016 the group was committed in respect of purchases of inventories of a total cost value of US$ 3,100,450 (31 December 2015: US$ 2,010,060) which were in transit at 31 December 2016 and delivered in January 2017. Such inventories and the corresponding liability towards the suppliers have not been included in these financial statements since, according to the terms of purchase title of the goods has not passed to the group at period end.

As at 31 December 2016 the group was contingently liable in respect of bank guarantees and letters of credit lines of US$ 13,446,546 (31 December 2015: US$ 8,725,281) which the group has extended mainly to its suppliers.

As at 31 December 2016 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 2016 US$	For the three months ended 31 December 2015 US$	For the twelve months ended 31 December 2016 US$	For the twelve months ended 31 December 2015 US$
Former Soviet Union	153,829,840	117,846,644	445,081,930	376,265,658
Central Eastern Europe	129,377,190	169,327,136	426,066,586	525,044,419
Western Europe	29,588,354	25,961,156	69,774,639	65,285,898
Middle East & Africa	48,694,735	45,673,207	168,018,326	168,489,073
Other	2,751,786	8,038,260	28,767,053	46,528,321
	364,241,905	366,846,403	1,137,708,534	1,181,613,369

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

1.3 Segment results

	For the three months ended 31 December 2016 US$	For the three months ended 31 December 2015 US$	For the twelve months ended 31 December 2016 US$	For the twelve months ended 31 December 2015 US$
Former Soviet Union	3,896,005	3,888,358	10,196,200	(3,010,392)
Central Eastern Europe	3,398,116	729,479	8,269,589	1,186,943
Western Europe	61,277	100,897	290,165	(1,049,466)
Middle East & Africa	473,020	1,183,855	1,284,731	447,832
Other	65,656	438,229	195,829	(630,854)
Profit/(loss) from operations	7,894,074	6,340,818	20,236,514	(3,055,937)
Net financial expenses	(4,265,369)	(4,228,318)	(14,264,965)	(14,130,162)
Other gains and losses	(145,186)	101,612	42,268	124,426
Profit/(loss) before taxation	3,483,519	2,214,112	6,013,817	(17,061,673)

1.4 Segment capital expenditure (CAPEX)

	As at 31 December 2016 US$	As at 31 December 2015 US$
Former Soviet Union	4,100,423	4,105,812
Central Eastern Europe	12,080,453	12,158,485
Western Europe	-	85,910
Middle East & Africa	3,206,783	3,406,971
Unallocated	8,068,668	8,056,001
	27,456,327	27,813,179

1.5 Segment depreciation and amortization

	For the three months ended 31 December 2016 US$	For the three months ended 31 December 2015 US$	For the twelve months ended 31 December 2016 US$	For the twelve months ended 31 December 2015 US$
Former Soviet Union	75,477	86,600	277,193	450,026
Central Eastern Europe	207,091	260,246	772,414	870,766
Western Europe	7,307	10,644	33,296	43,617
Middle East & Africa	55,955	65,545	220,299	252,556
Unallocated	212,023	237,525	841,197	957,498
	557,853	660,560	2,144,399	2,574,463

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

1.6 Segment assets

	As at 31 December 2016 US$	As at 31 December 2015 US$
Former Soviet Union	154,300,176	101,836,477
Central Eastern Europe	142,566,106	159,681,004
Western Europe	28,285,670	24,880,728
Middle East & Africa	51,058,290	50,096,896
Total	376,210,242	336,495,105
Assets allocated in capital expenditure (1.5)	27,456,327	27,813,179
Other unallocated assets	11,718,681	17,295,738
Consolidated assets	415,385,250	381,604,023

24. Derivative financial liability

	As at 31 December 2016 US$	As at 31 December 2015 US$
Derivative financial liabilities carried at fair value through profit or loss		
Foreign currency derivative contracts	1,383	124,563

25. Derivative financial asset

	As at 31 December 2016 US$	As at 31 December 2015 US$
Derivative financial assets carried at fair value through profit or loss		
Foreign currency derivative contracts	1,079,208	1,069,705

26. Cash and cash equivalents

	As at 31 December 2016 US$	As at 31 December 2015 US$
Cash at bank and in hand	33,351,703	22,383,203
Bank overdrafts (Note 16)	(26,814,854)	(18,093,347)
	6,536,849	4,289,856

The cash at bank and in hand balance includes an amount of US$ 9,967,243 (31 December 2015: US$ 5,626,714) which represents pledged deposits.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

27. Goodwill

	As at 31 December 2016 US$	As at 31 December 2015 US$
At 1 January	1,555,972	1,734,340
Impairment loss (note ii)	(250,000)	-
Foreign exchange difference on retranslation	(50,768)	(178,368)
At 31 December (note i)	1,255,204	1,555,972

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

	As at 31 December 2016 US$	As at 31 December 2015 US$
ASBIS d.o.o. (BA) (formerly Megatrend D.O.O. Sarajevo)	367,911	381,349
SHARK Computers a.s.	887,293	1,174,623
	1,255,204	1,555,972

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

	As at 31 December 2016 US$	As at 31 December 2015 US$
SHARK Computers a.s.	(250,000)	-
	(250,000)	-

28. Transactions and balances of key management

	For the three months ended 31 December 2016 US$	For the three months ended 31 December 2015 US$	For the twelve months ended 31 December 2016 US$	For the twelve months ended 31 December 2015 US$
Director's remuneration - executive (Note 6)	104,350	70,122	417,764	284,614
Director's remuneration - non-executive (Note 6)	538	544	2,216	16,670
	104,888	70,666	419,980	301,284

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

29. Business combinations

Disposals of subsidiaries to 31 December 2016

During the year the following group's subsidiary went into liquidation. No gain or loss arose on the event.

Name of disposed entity	Type of operations	Date liquidated	% liquidated
Euro-Mall SRB d.o.o	Information Technology	03 August 2016	100%
Euro-Mall Croatia	Information Technology	13 October 2016	100%
IT-MAX	Information Technology	04 November 2016	100%

Disposals of subsidiaries to 31 December 2015

During the year the following group's subsidiary went into liquidation. No gain or loss arose on the event.

Name of disposed entity	Type of operations	Date liquidated	% liquidated
- Asbis Taiwan Co. Ltd	Information Technology	13 April 2015	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).