ASBISc Enterprises plc

INTERIM REPORT
FOR THE SIX MONTHS
ENDED 30 JUNE 2015

Limassol, 6 August 2015

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

We have prepared this report as required by Paragraph 82 section 1 point 2 of the Regulation of the Ministry of Finance dated 19 February 2009 on current and periodic information to be published by issuers of securities and conditions of recognition of information required by the law of non-member country as equal.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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

Financial and Operating Data

This six month report contains financial statements of, and financial information relating to the Group. In particular, this six month report contains our interim consolidated financial statements for the six months ended 30 June 2015. The financial statements appended to this six month report are presented in U.S. dollars and have been prepared in accordance with International Accounting Standard ("IAS") 34.

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

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

Currency Presentation

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

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

FORWARD-LOOKING STATEMENTS

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

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

Part I Additional information

1. Overview

ASBISc Enterprises Plc is one of the leading distributors of Information Technology ("IT") products in Europe, Middle East and Africa ("EMEA") Emerging Markets: Central and Eastern Europe, the Baltic States, the Former Soviet Union, the Middle East and Africa, combining a broad geographical reach with a wide range of products distributed on a "one-stop-shop" basis. Our main focus is on the following countries: Slovakia, Poland, Czech Republic, Romania, Croatia, Slovenia, Bulgaria, Serbia, Hungary, Middle East countries (i.e. United Arab Emirates, Saudi Arabia, Qatar and other Gulf states), Russia, Belarus 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 three master distribution centres (located in the Czech Republic, the United Arab Emirates and China), 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 75 countries.

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

2. Executive summary for the three and six months periods ended June 30th, 2015

In both Q2 2015 and H1 2015 the Company has faced a negative trends in its biggest markets of operations – namely Russia and Ukraine – emanating from the turbulence in the region. In addition, the Company has faced issues with excessive own brand inventory and needed to lower prices to sell it out.

Although the Company posted a net loss both in Q1 and in Q2 2015, Q2 loss was much lower due to the fact that a number of issues have been already fixed. This was achieved due to the significant decrease in expenses, focus on operations in CEE and more precise and conservative stand on purchases. As a result, the Company generated higher gross profit and gross profit margin and lower expenses. Most importantly – the Company's Directors believe the reminder of the year will be much improved.

The principal events of the three months period ended June 30th, 2015, were as follows:

- In Q2 2015 revenues decreased by 32.14% to U.S.$ 245,353 from U.S.$ 361,535 in the corresponding period of 2014. In the same time, revenues in Q2 2015 were 12.94% lower than in Q1 2015. This was mainly because the Company has focused on selling out Prestigio stock.

- In Q2 2015 gross profit decreased by 58.36% to U.S.$ 8,276 from U.S.$ 19,872 in the corresponding period of 2014. In the same time, gross profit in Q2 2015 increased by 20.18% compared to Q1 2015 despite the decrease in revenues.

- In Q2 2015 gross profit margin decreased by 38.64% to 3.37% from 5.50% in the corresponding period of 2014. In the same time, gross profit margin in Q2 2015 increased by 38.03% compared to Q1 2015.

- In Q2 2015 selling expenses decreased by 36.25% to U.S.$ 6,964 from U.S.$ 10,924 in the corresponding period of 2014. Selling expenses in Q2 2015 were also a 29.94% lower than in Q1 2015. This is mainly due to cost cutting actions introduced by the Company.

- In Q2 2015 administrative expenses decreased by 30.87% to U.S.$ 5,046 from U.S.$ 7,299 in the corresponding period of 2014, but also decreased by 9.16% compared to Q1 2015. This is also connected with cost cutting actions that the Company has undertaken.

- EBITDA decreased by 231.21% to a negative value of U.S.$ 3,091 compared to U.S.$ 2,356 in the corresponding period of 2014.

- The Company closed Q2 2015 with a net loss attributable to owners of the parent amounting to U.S.$ 6,943 compared to a net loss of U.S.$ 1,443 in Q2 2014. In the same time, net result of Q2 2015 was significantly better than the loss of U.S.$ 12,404 in Q1 2015.

Following table presents revenues breakdown by regions in the three month period ended June 30th, 2015 and 2014 respectively (in U.S.$ thousand):

Region	Q2 2015	Q1 2015	Q2 2014	Change %
Central and Eastern Europe and Baltic States	101,127	129,524	168,822	-40.10%
Former Soviet Union	87,144	80,505	104,116	-16.30%
Middle East and Africa	37,585	41,888	50,656	-25.80%
Western Europe	9,183	15,106	32,307	-71.58%
Other	10,313	14,785	5,634	+83.05%
Grand Total	245,353	281,809	**361,535**	**-32.14%**

The principal events of the six month period ended June 30th, 2015, were as follows:

- Revenues decreased by 25.11% to U.S.$ 527,161 from U.S.$ 703,925 in the corresponding period of 2014.

- Gross profit decreased by 63.99% to U.S.$ 15,162 from U.S.$ 42,108 in the corresponding period of 2014.

- Gross profit margin decreased by 51.92% to 2.88% from 5.98% in the corresponding period of 2014.

- Selling expenses decreased by 24.19% to U.S.$ 16,903 from U.S.$ 22,297 in the corresponding period of 2014, as a result of lower sales and gross profit, as well as cost cutting actions taken by the Company.

- Administrative expenses decreased by 30.23% to U.S.$ 10,601 from U.S.$ 15,194 in the corresponding period of 2014. This is connected with a significantly lower number of admin employees and size of own brands business in 2015.

- EBITDA decreased by 281.41% to a negative value of U.S.$ 11,071 from U.S.$ 6,103 in the corresponding period of 2014.

- The Company has generated a net loss attributable to owners of the parent amounting to U.S.$ 19,346 compared to a net loss of U.S.$ 4,835 in the corresponding period of 2014.

Following table presents revenues breakdown by regions in the six month periods ended June 30th, 2015 and 2014 respectively (in U.S.$ thousand):

Region	H1 2015	H1 2014	Change %
Central and Eastern Europe and Baltic States	230,651	314,742	-26.72%
Former Soviet Union	167,649	226,472	-25.97%
Middle East and Africa	79,474	98,796	-19.56%
Western Europe	24,289	50,965	-52.34%
Other	25,098	12,950	+93.80%
Grand Total	527,161	**703,925**	**-25.11%**

3. Summary historical financial data

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

For your convenience, certain U.S. $ amounts as of and for the three and six months ended 30 June 2014 and 2013, have been converted into Euro and PLN as follows:

- Individual items of the statement of financial position – based at average exchange rates quoted by the National Bank of Poland for a given balance sheet date December 31st, 2014, that is: 1 US$ = 3.5072 PLN and 1 EUR = 4.2623 PLN and June 30th, 2015, that is: 1 US$ = 3.7645 PLN and 1 EUR = 4.1944 PLN.

- Individual items in the income statement and statement of cash flows – based at exchange rates representing the arithmetic averages of the exchange rates quoted by the National Bank of Poland for the last day of each month in a given period 1 January to 30 June 2015, that is: 1 US$ = 3.7269 PLN and 1 EUR = 4.1341 PLN and 1 January to 30 June 2014, that is: 1 US$ = 3.0539 PLN and 1 EUR = 4.1784 PLN.

- Individual items in the income statement and statement of cash flows for separate Q2 2015 and Q2 2014 – based at exchange rates representing the arithmetic averages of the exchange rates quoted by the National Bank of Poland for the last day of each month in a given period 1 April to 30 June 2015, that is: 1 US$ = 3.7101 PLN and 1 EUR = 4.1194 PLN and 1 April to 30 June 2014, that is: 1 US$ = 3.0449 PLN and 1 EUR = 4.1674 PLN.

	Period from 1 January to 30 June 2014			Period from 1 January to 30 June 2014		
	USD	PLN	EUR	USD	PLN	EUR
Revenue	**527,161**	**1,964,677**	**475,237**	**703,925**	**2,149,717**	**514,483**
Cost of sales	(512,000)	(1,908,171)	(461,569)	(661,817)	(2,021,122)	(483,707)
Gross profit	**15,162**	**56,506**	**13,668**	**42,108**	**128,595**	**30,776**
Selling expenses	(16,903)	(62,997)	(15,239)	(22,297)	(68,093)	(16,296)
Administrative expenses	(10,601)	(39,508)	(9,557)	(15,194)	(46,402)	(11,105)
Profit from operations	**(12,342)**	**(45,999)**	**(11,127)**	**4,617**	**14,101**	**3,375**
Financial expenses	(7,415)	(27,634)	(6,684)	(10,098)	(30,839)	(7,381)
Financial income	194	724	175	597	1,823	436
Other gains and losses	78	293	71	88	269	64
Profit before taxation	**(19,484)**	**(72,615)**	**(17,565)**	**(4,796)**	**(14,647)**	**(3,505)**
Taxation	140	521	126	(29)	(87)	(21)
Profit after taxation	**(19,344)**	**(72,094)**	**(17,439)**	**(4,825)**	**(14,734)**	**(3,526)**
Attributable to:						
Non-controlling interest	2	6	1	11	33	8
Owners of the Company	**(19,346)**	**(72,100)**	**(17,440)**	**(4,835)**	**(14,767)**	**(3,534)**

	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	(34.86)	(129.91)	(31.42)	(8.71)	(26.61)	(6.37)

	USD	PLN	EUR	USD	PLN	EUR
Net cash outflows from operating activities	(61,115)	(227,771)	(55,096)	(53,589)	(163,656)	(39,167)
Net cash outflows from investing activities	(1,897)	(7,070)	(1,710)	(1,267)	(3,870)	(926)
Net cash inflows/(outflows) from financing activities	(3,864)	(14,400)	(3,483)	13,737	41,953	10,040
Net decrease in cash and cash equivalents	**(66,876)**	**(249,241)**	**(60,289)**	**(41,119)**	**(125,574)**	**(30,053)**
Cash at the beginning of the period	**29,416**	**109,632**	**26,518**	**490**	**1,497**	**358**
Cash at the end of the period	**(37,460)**	**(139,609)**	**(33,770)**	**(40,629)**	**(124,077)**	**(29,695)**

	As at 30 June 2015			As at 31 December 2014		
	USD	PLN	EUR	USD	PLN	EUR
Current assets	330,381	1,243,720	296,519	464,706	1,629,817	382,380
Non-current assets	27,991	105,370	25,122	28,454	99,795	23,413
Total assets	**358,372**	**1,349,090**	**321,641**	493,160	1,729,611	405,793
Liabilities	276,392	1,040,479	248,064	389,522	1,366,130	320,515
Equity	81,979	308,611	73,577	103,639	363,481	85,278

	Period from 1 April to 30 June 2015			Period from 1 April to 30 June 2014		
	USD	**PLN**	**EUR**	**USD**	**PLN**	**EUR**
Revenue	**245,353**	**910,282**	**220,975**	**361,535**	**1,100,838**	**264,155**
Cost of sales	(237,077)	(879,579)	(213,521)	(341,663)	(1,040,329)	(249,635)
Gross profit	**8,276**	**30,703**	**7,453**	**19,872**	**60,509**	**14,520**
Selling expenses	(6,964)	(25,836)	(6,272)	(10,924)	(33,262)	(7,982)
Administrative expenses	(5,046)	(18,721)	(4,545)	(7,299)	(22,225)	(5,333)
Profit from operations	**(3,734)**	**(13,854)**	**(3,363)**	**1,649**	**5,022**	**1,205**
Financial expenses	(3,377)	(12,530)	(3,042)	(3,629)	(11,051)	(2,652)
Financial income	88	327	79	495	1,508	362
Other gains and losses	38	139	34	39	118	28
Profit before taxation	**(6,986)**	**(25,918)**	**(6,292)**	**(1,446)**	**(4,402)**	**(1,056)**
Taxation	45	166	40	8	25	6
Profit after taxation	**(6,941)**	**(25,751)**	**(6,251)**	**(1,438)**	**(4,377)**	**(1,050)**
Attributable to:						
Non-controlling interests	3	9	2	5	16	4
Owners of the Company	**(6,943)**	**(25,760)**	**(6,253)**	**(1,443)**	**(4,394)**	**(1,054)**

	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	(12.51)	(46.41)	(11.27)	(2.60)	(7.92)	(1.90)

	USD	**PLN**	**EUR**	**USD**	**PLN**	**EUR**
Net cash inflows from operating activities	(6,294)	(23,352)	(5,669)	9,997	30,440	7,304
Net cash outflows from investing activities	(557)	(2,065)	(501)	(671)	(2,042)	(490)
Net cash outflows from financing activities	(1,110)	(4,118)	(1,000)	(6,083)	(18,521)	(4,444)

4. Organization of ASBIS Group

The following table presents our corporate structure as at 30 June 2015:

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 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)
EUROMALL d.o.o. (formerly ISA Hardware d.o.o.) (Zagreb, Croatia)	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)
PTUE IT-MAX (Minsk, Belarus)	Full (100% subsidiary)
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 six months ended June 30th, 2015 there was only one change in the structure of the Company and the Group:

- process of liquidation of ASBIS Taiwan (Taipei City, Taiwan) was completed,
- Prestigio Plaza sp. z o.o. (Warsaw, Poland) has been put into liquidation.

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

We have not published any forecasts for the six months period ended June 30th, 2015.

However, having seen the results of H1 2015, recent developments and results of the Company efforts to rebuild its structure, the Company forecasts that losses from one off items (old stock etc.) are not expected to happen in Q3 and Q4.

7. Information on dividend payment

In the period of six months ended 30 June 2015 no dividend has been paid. The Annual General Meeting of Shareholders voted for retaining the 2014 profits as reserve capital.

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

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

Name	Number of shares	% of share capital	Number of votes	% of votes
KS Holdings Ltd	22,676,361	40.86%	22,676,361	40.86%
Quercus Towarzystwo Funduszy Inwestycyjnych S.A. Quercus Parasolowy SFIO and Quercus Absolutnego Zwrotu FIZ)*	3,274,931	5.90%	3,274,931	5.90%
ING 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.

In the six month period ended on June 30th, 2015 the Company received the following information about changes in the shareholders' structure:

(1) On July 14th, 2015 the Company has received from Quercus Towarzystwo Funduszy Inwestycyjnych S.A. acting on behalf of governed investment fund QUERCUS Parasolowy SFIO („the Fund") notification that following to sale of the Company's shares on July 10th, 2015 total share of this Fund on its own descended below the threshold of 5% of total number of votes at the Company's General Meeting of Shareholders.

According to the notification, before the abovementioned sale of shares the Fund had 2 780 204 Company's shares that were equal to 5,01% in the Company's share capital and had 2 780 204 votes from these shares, that were equal to 5,01% of total number of votes.

According to the notification, after the abovementioned sale of shares the Fund hold 2 680 204 Company's shares, equal to 4,83% in the Company's share capital and have 2 680 204 votes from these shares, equal to 4,83% of total number of votes.

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

During the six month period ended on 30 June 2015 as well as in the period between May 7th, 2015 (the date of the publication of the first quarter results) and August 6th, 2015 (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)	22,718,127	40.93%
Marios Christou	268,000	0.48%
Constantinos Tziamalis	55,000	0.10%
Efstathios Papadakis	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

The Company's Annual General Meeting of Shareholders held on June 23rd, 2015 has re-elected Mr. Efstathios Papadakis to the Board of Directors. There were no other changes in the members of the Company's Board of Directors during H1 2015.

11. Significant administrative and court proceedings against the Company

As of June 30th, 2015, no court, arbitration or administrative proceedings whose single or aggregate value exceeds 10% of our equity were pending against us or any of the members of our Group.

12. Related party transactions

During the six months ended June 30th, 2015 we have not had any material related party transaction exceeding the Polish Zloty equivalent of Euro 500 thousand other than typical or routine transactions.

13. Information on guarantees granted to third parties

The Company has increased corporate guarantees to support its subsidiaries' local financing from U.S.$ 177,663 at December 31st, 2014 (and U.S.$ 146,591 at March 31st, 2015) to U.S.$ 179,826 at June 30th, 2015, representing more than 10% of the Company's equity. The total bank guarantees and letters of credit raised by the Group (mainly to Group suppliers) as at June 30th, 2015 was U.S. $ 10,653 – as per note number 17 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, 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 six month period ended June 30th, 2015, the Company's results of operations have been adversely affected and are expected to continue to be affected by a number of factors. These factors were: the Ukrainian crisis seriously affecting both Ukraine and Russia, 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 brands business, increased cost of debt, warranty claims and overstock of own brand products.
The Company had a major work to do, which was to sell the excess Prestigio stock. This stock accumulated due to the significant decrease of demand in the major markets we operate, the fierce competition faced by competitors and the inability of the retail segment to absorb large volumes of devices manufactured and shipped to Europe. As a result, revenues and gross profit in Q2 and H1 2015 were lower compared to the corresponding periods of 2014.
Having mitigated this key risk factor during H1 2015, we are confident and optimistic that our H2 results will be significantly improved. Our optimism is well grounded since the inventory we currently carry is healthy and profit generating.
On the other hand though, gross profit in Q2 was 20.18% higher than in Q1 2015 (and gross profit margin grew by 38.03%) and this is expected to continue to grow together with our gross profit margin, because of continous efforts to limit other risks and decrease expenses.

Below we present all other factors that have affected and continue to affect our business:

The Ukraine crisis affecting both Russia and Ukraine, two of our major markets and our gross profit and gross profit margin

As reported in previous reports, we have experienced during 2014 and 2015 to-date, a severe crisis in our third largest market (in terms of 2013 sales) - Ukraine, which has resulted into a significantly lower demand from customers and a significant devaluation of the local currency (UAH) to US Dollar, our reporting currency. Russia is also deeply involved in this crisis and this is significantly affecting our largest market in terms of revenues and profit contribution. If this situation is not eased and stability does not return soon to the region, the Company's results are expected to continue to be adversely affected during 2015. The Company is undertaking a number of measures to protect itself from this crisis and mitigate its risks. Weaknesses of these markets have also affected some of our customers.

This is especially important, since the situation in Russia started showing some improvement. In Ukraine it is still almost impossible to conduct business due to weak market demand and the foreign exchange restrictions imposed by the central bank.

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, RUB 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 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.

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 and Action 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 has led into a lower gross profit margin, especially in the tablet segment.

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, being in IT sector, cannot be un-affected by the general turmoil around.

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.

Therefore, 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. Additionally, no matter the product line or if it is own brand or third party, the margins shrink over time, due to more market entrants and market saturation. 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 the proper level of inventory. This risk was faced in Q1 and Q2 2015, when we had to sell excess stock from Q4 2014 at lower prices in order not to be left with obsolete inventories. Fortunatelly, we have completed this task in Q2 2015 and changed our supply policy, so this kind of problem is not expected to occur again in the future.

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 61 percent of its revenue.

Due to the recent market developments following the credit crisis that affected all countries 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. Despite the fact that the Group has managed to credit insure a large portion of its receivables, credit insurance companies are nowadays more risk averse and do not easily grant credit limits to customers. As a result, the Group is exposed to increased credit risk and its ability to analyse and assess credit risk is of extremely high importance.

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 and especially the Euro-zone (the Greek crisis), followed by 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.

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

Due to the Company's strategy to focus more on profitability than on revenues, the Company has increased its engagement into the development of own brands business 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.

Due to the fact that the Company's products, namely tablets and smartphones, were well welcomed by the markets, it is expected that further development of own brands business may positively affect further revenues and profits. However, competition has already been intensified and the Company may not be able to sustain its profitability levels. In addition to competition, due to increased volumes of own brands and the fact that we are not the manufacturers of these products, certain warranty issues have arisen and have negatively affected our results. The Company is undertaking all possible 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.

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

Increased own brands business require 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 two years.

This risk has affected us in H1 2015 when 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.

Increased cost of debt

Increased private label business implies a much 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 facilities in this country and this may limit our efforts to further decrease the average cost of debt.

Despite that, steps undertaken by the Company allowed to decrease its financial expenses in H1 2015 by 26.57% to U.S.$ 7,415 from U.S.$ 10,098 in the corresponding period of 2014. Even more importantly, in Q2 2015 we have decreased our financial expenses by 16,35% compared to Q1 2015. This is mainly related to lower utilization of financing lines, lower Prestigio business and lower factoring expenses.

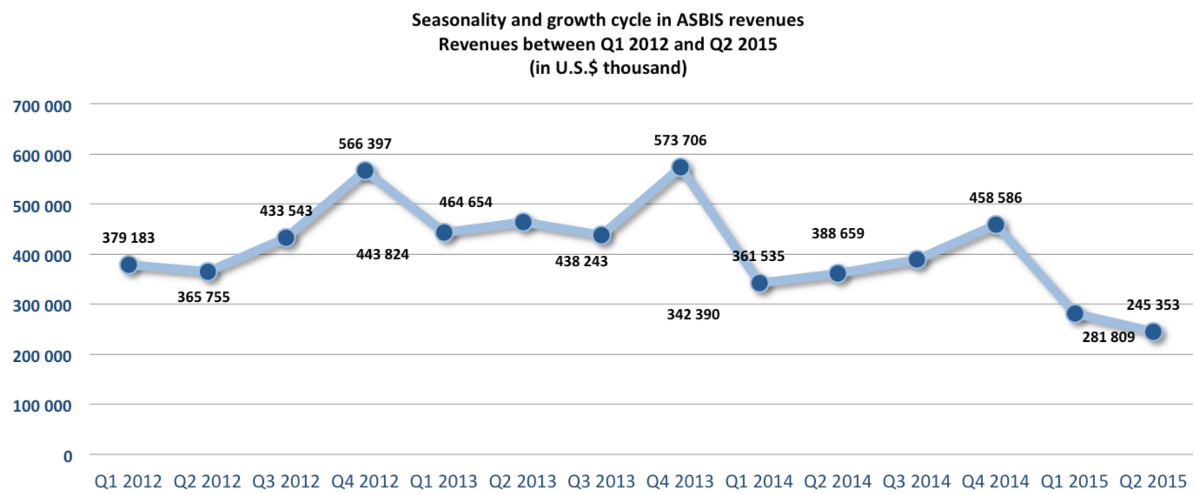
Results of Operations

Three and six month periods ended 30 June 2015 compared to the three and six month periods ended 30 June 2014

- **Revenues:** In H1 2015 revenues have been negatively affected by lower demand in major markets, that has also influenced many other markets. The Company has also focused on the sale of excess Prestigio stock and this task has been completed. Therefore, it is expected that revenues will start growing from the middle of Q3 2015.

  In Q2 2015 revenues decreased by 32.14% to U.S.$ 245,353 from U.S.$ 361,535 in the corresponding period of 2014. In the same time, revenues in Q2 2015 were 12.94% lower than in Q1 2015.

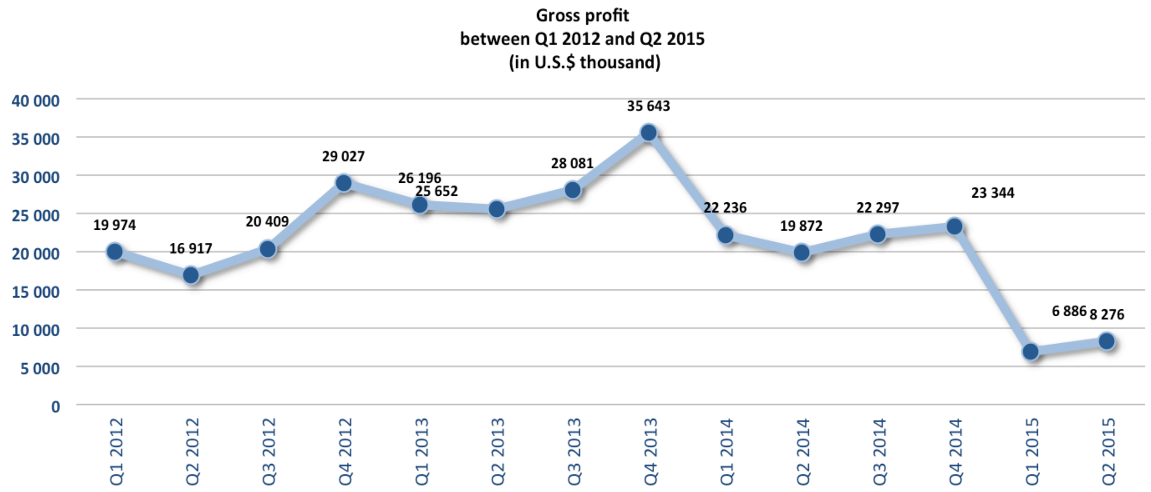
  Revenues in H1 2015 decreased by 25.11% to U.S.$ 527,161 from U.S.$ 703,925 in the corresponding period of 2014.



- **Gross profit:** Gross profit has decreased significantly both in Q2 2015 and in H1 2015 compared to the corresponding periods of 2014, but in Q2 2015 it was already better compared to Q1 2015.

  In Q2 2015 gross profit decreased by 58.36% to U.S.$ 8,276 from U.S.$ 19,872 in the corresponding period of 2014. In the same time, gross profit in Q2 2015 increased by 20.18% compared to Q1 2015 even despite decrease in revenues.

  In H1 2015 gross profit decreased by 63.99% to U.S.$ 15,162 from U.S.$ 42,108 in the corresponding period of 2014.



- **Gross profit margin** in Q2 2015 decreased by 38.64% to 3.37% from 5.50% in the corresponding period of 2014. In the same time, gross profit margin in Q2 2015 increased by 38.03% compared to Q1 2015.

  Gross profit margin in H1 2015 decreased by 51.92% to 2.88% from 5.98% in the corresponding period of 2014.

  The decrease in gross profit margin in both Q2 and H1 2015 was to a big extent related to our efforts to sell excess Prestigio stock, that forced us to sell at quite low prices.

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

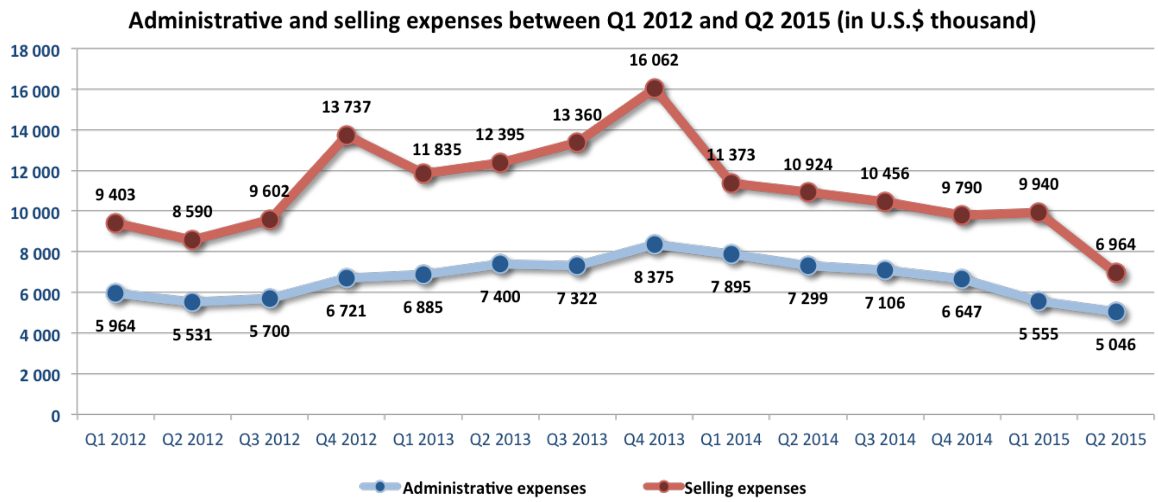
  In Q2 2015 selling expenses decreased by 36.25% to U.S.$ 6,964 from U.S.$ 10,924 in the corresponding period of 2014. Selling expenses in Q2 2015 were also a 29.94% lower than in Q1 2015. This is mainly due to a cost cutting actions introduced by the Company and lower gross profit.

  In H1 2015 selling expenses decreased by 24.19% to U.S.$ 16,903 from U.S.$ 22,297 in the corresponding period of 2014, as a result of lower sales and gross profit and cost cutting actions taken by the Company.

- **Administrative expenses** largely comprise of salaries and wages of administration personnel and rent expense. They have decreased in Q2 2015 and H1 2015 due to continuation of our cost cutting actions. A further decrease is expected later in 2015.

  In Q2 2015 administrative expenses decreased by 30.87% to U.S.$ 5,046 from U.S.$ 7,299 in the corresponding period of 2014, but also decreased by 9.16% compared to Q1 2015. This is also connected with cost cutting actions that the Company has undertaken in H1 2015.

  Administrative expenses decreased by 30.23% to U.S.$ 10,601 from U.S.$ 15,194 in the corresponding period of 2014. This is connected with significantly lower number of admin employees and size of own brands business in 2015.



- **Financial expenses:** We have decreased our financial expenses in H1 2015 compared to H1 2014, but also in Q2 2015 compared to both Q2 2014 and Q1 2015. This is a result of lower utilization of financing lines and lower sales.

  Financial expenses in Q2 2015 decreased by 6.94% to U.S.$ 3,377 from U.S.$ 3,629 in Q2 2014 and decreased by 16.35% compared to U.S.$ 4,038 in Q1 2015.

  Financial expenses in H1 2015 decreased by 26.57% to U.S.$ 7,415 compared to U.S.$ 10,098 in H1 2014.

- **Operating profit:** In Q2 2015 the Company had an operating loss of U.S. $ 3,734, compared to operating profit of U.S. $ 1,649 in the corresponding period of 2014. In H1 2015 the Company has generated an operating loss that amounted to U.S. $ 12,342, compared to U.S. $ 4,617 in the corresponding period of 2014.

- **EBITDA:** In Q2 2015 EBITDA was negative and amounted to 3,091 compared to a positive number of U.S.$ 2,356 in Q2 2014. In H1 2015 EBITDA was also negative and amounted to U.S.$ 11,071 as compared to a positive number of U.S.$ 6,103 in H1 2014.

- **Net profit:** As a result of decreased revenues and gross profit (that started to grow in Q2 2015 but was still below the 2014 figures), the Company closed Q2 2015 with a net loss attributable to owners of the parent amounting to U.S.$ 6,943 compared to net loss of U.S.$ 1,443 in Q2 2014. The net result of Q2 2015 was already significantly better than the loss of U.S.$ 12,403 in Q1 2015. In H1 2015 the Company has generated a net loss attributable to owners of the parent amounting to U.S.$ 19,346 compared to a net loss of U.S.$ 4,835 in the corresponding period of 2014.

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 H1 2015. However, due to the political tensions related to Russia and Ukraine spreading to nearby markets, the CEE region contribution in total revenues continued to prevail in total revenues, similar to 2014. Despite that, revenues in total number decreased in all our major regions, as the markets were weak and we were focusing of sale of excess Prestigio stock (we have completed this task in Q2 2015).

Revenues derived from the F.S.U. region in Q2 and H1 2015, similarly to several previous quarters decreased due to the crisis in Ukraine that also affected Russia. The decrease in Q2 2015 amounted to 16.30% and in H1 2015 to 25.97% compared to the corresponding periods of 2014.

Sales in the Central and Eastern Europe region in Q2 2015 have decreased by 40.10% as a result of lower demand, since a lot of retailers had excess inventories and postponed new orders. Sales in this region in H1 2015 decreased by 26.72% for the same reasons.

Sales in Western Europe decreased by 71.58% in Q2 2015 and by 52.34% in H1 2015 as compared to the corresponding periods of 2014.

The reason for decrease in CEE and WE was the fact that we were only offering old models of Prestigio devices (as a part of our stock decrease program). Now, having completed the task, we expect that our revenues in these regions will start growing beginning from Q3 and Q4 2015.

As a result of the abovementioned facts, the contribution of the F.S.U. region in total sales was still lower than the contribution of CEE region. However, now with market in Russia showing some signs of improvement and with our changed structure of sales, we expect the Company's business to be more stable in the future.

Country-by-country analysis confirms that the major decrease in sales was noted in the markets directly affected by the political crisis in Ukraine. Similarly to 2014, the decrease in Ukraine was the most dramatic. However, we have also seen a decrease in revenue in some other countries that recently were doing wery well, including Slovakia, Poland, Czech and United Arab Emirates in Q2 2015. Revenues in all of them decreased because we were not offering any new Prestigio devices to them, almost until the end of Q2 2015, when we completed the task of getting rid of excess stock. Therefore, it is expected this strong countries will start growing again beginning from Q3 2015.

We have also benefited from our operations in Kazakhstan, which grew significantly on the back of growing the iPhone business. This is expected to continue, especially since we are in a position to develop this business in more countries of CIS.

The tables below provide a geographical breakdown of sales in the three and six months periods ended June 30th, 2015 and 2014.

	Q2 2015		Q2 2014	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Central and Eastern Europe	101,127	41.22%	168,822	46.70%
Former Soviet Union	87,144	35.52%	104,116	28.80%
Middle East and Africa	37,585	25.80%	50,656	14.01%
Western Europe	9,183	3.74%	32,307	8.94%
Other	10,313	4.20%	5,634	1.56%
Total	245,353	100%	361,535	100%

	H1 2015		H1 2014	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Central and Eastern Europe	230,651	43.75%	314,742	44.71%
Former Soviet Union	167,649	31.80%	226,472	32.17%
Middle East and Africa	79,474	15.08%	98,796	14.04%
Western Europe	24,289	4.61%	50,965	7.24%
Other	25,098	4.76%	12,950	1.84%
Total	527,161	100%	703,925	100%

Revenue breakdown – Top 10 countries in Q2 2015 and Q2 2014 (in U.S. Dollar thousand)

	Q2 2015		Q2 2014	
	Country	Sales	Country	Sales
1.	Russia	49,465	Russia	62,806
2.	Slovakia	44,446	Slovakia	56,537
3.	United Arab Emirates	29,036	Poland	40,432
4.	Kazakhstan	19,990	United Arab Emirates	36,122
5.	Czech Republic	11,655	Czech Republic	18,514
6.	Belarus	9,837	Ukraine	17,116
7.	Romania	9,739	Romania	14,237
8.	Poland	8,926	United Kingdom	13,227
9.	Ukraine	7,176	Belarus	12,705
10.	Hong Kong	6,503	Kazakhstan	9,357
11.	Other	48,582	Other	80,483
	TOTAL	**245,353**	TOTAL	**361,535**

Revenue breakdown – Top 10 countries in H1 2015 and H1 2014 (in U.S. Dollar thousand)

	H1 2015		H1 2014	
	Country	Sales	Country	Sales
1.	Slovakia	94,408	Russia	136,187
2.	Russia	83,034	Slovakia	102,876
3.	United Arab Emirates	62,292	United Arab Emirates	65,498
4.	Kazakhstan	52,842	Poland	57,432
5.	Czech Republic	23,441	Ukraine	39,096
6.	Belarus	15,487	Czech Republic	38,359
7.	Romania	20,797	Bulgaria	28,708
8.	Poland	38,326	Romania	25,413
9.	Ukraine	13,975	Belarus	25,098
10.	Hong Kong	10,445	Kazakhstan	21,373
11.	Other	112,115	Other	163,887
	TOTAL	**527,161**	TOTAL	**703,925**

Sales by product lines

Starting from February 2014 our revenues have been under a serious pressure resulting from the turbulence in Ukraine that affected a number of countries across our operations. This has not changed in Q2 and H1 2015 and affected revenues in all product lines the Group carries.

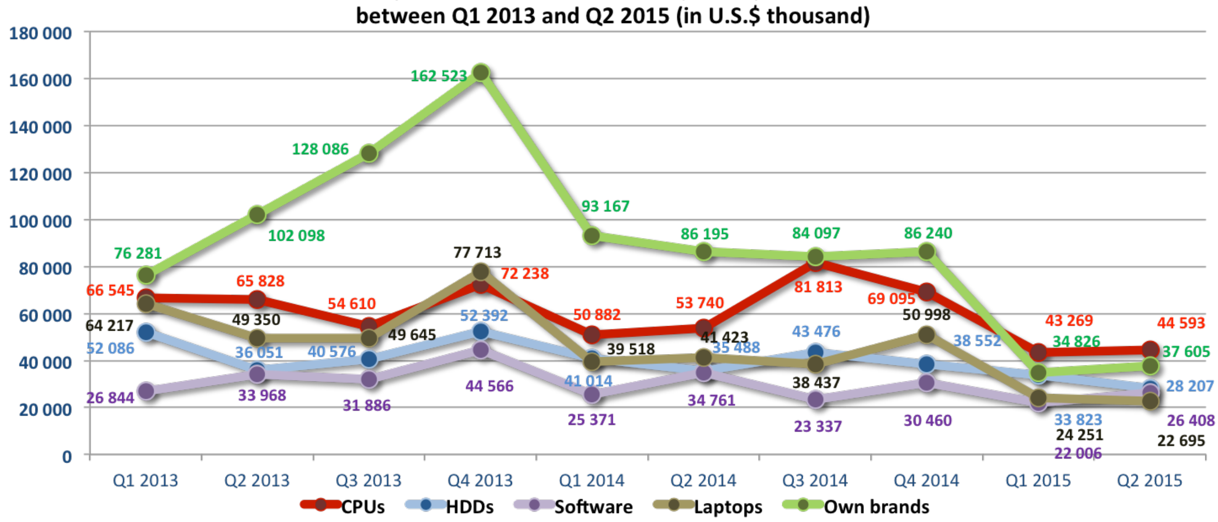
It is important to understand, that the decrease in revenues relate to market conditions, not to the product lines we carry. All product lines suffer from weak market demand.

Additionally, our revenues from own brands were negatively affected both in Q1 and Q2 2015 by our efforts to sell excess stock inherited from Q4 2014. As a result, in a number of geographies we were only adressing our customers with old devices and this limited our overall revenues. However, it is important to underline that our revenues from own brands in Q2 2015 were already higher than in Q1 2015.

We continue our efforts to weather this crisis and increase revenues as fast as possible, mainly through adressing our products more agressively and by focusing on specific product groups. 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 a distributorship to ASBIS for Ukraine and Kazakhstan for iPhones as well. This has already paid off in terms of increased revenues and profits in Kazakhstan in Q1 and Q2 2015. Additionally, we expect improvement beginning from Q3 2015 because we have already completed the task of selling old Prestigio stock. Therefore, we will be able to offer our customers new, demanded devices.

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

Changes in revenue breakdown by main product lines between Q1 2013 and Q2 2015 (in U.S.$ thousand)

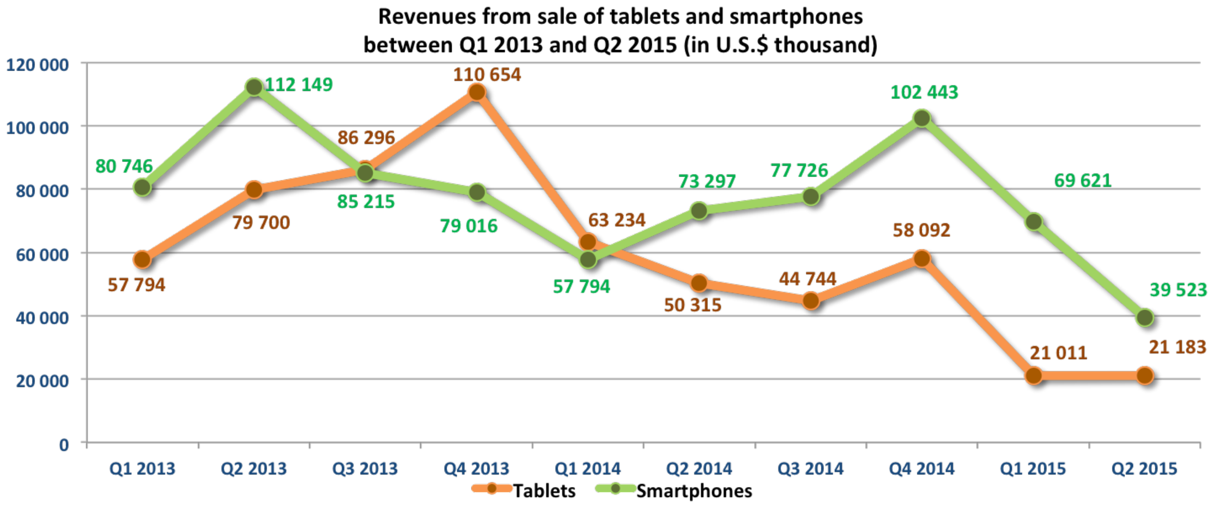


In Q2 2015 revenues from own brand business decreased by 56.37% compared to Q2 2014 and the share of own brand business in total revenues in Q2 2015 decreased to 15.33% from 23.84% in Q2 2014.

From smaller product lines, in Q2 2015 the Company noticed a positive trend in peripherals, memory modules, flash memories and networking products. For H1 2015 we have posted a significant growth in peripherals, memory modules, servers and server blocks and networking products. The share of the four traditional product lines (CPUs, HDDs, laptops and software) in total revenue grew to 49.68% in Q2 2015, compared to 45.75% in Q2 2014 as a result of lower own branded tablets and smartphones sales. The share of the traditional lines in H1 2015 grew to 46.52% from 45.77% in H1 2014.

Revenues from smartphones decreased significantly both in Q2 2015 and in H1 2015 compared to the corresponding periods of 2014 by 46.08% and 12.83% respectively, mostly due to decrease in own brand sales, while sales from A-brands was going very well. We intend to further develop smartphones sales in the future, both own brands and third party.

Revenues from tablets have decreased by 57.90% in Q2 2015 compared to Q2 2014 and by 62.84% in H1 2015 compared to H1 2014. This is connected with lower business in this segment, weaker markets, huge competition and lower ASP.



The table below sets a breakdown of revenues, by product lines, for Q2 2015 and Q2 2014:

	Q2 2015		Q2 2014	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Central processing units (CPUs)	44,593	18.18%	53,740	14.86%
Smartphones	39,523	16.11%	73,297	20.27%
Hard disk drives (HDDs)	28,207	11.50%	35,488	9.82%
Software	26,408	10.76%	34,761	9.61%
PC-mobile (laptops)	22,695	9.25%	41,423	11.46%
Tablets	21,183	8.63%	50,315	13.92%
Other	62,743	25.57%	72,511	20.06%
Total revenue	**245,353**	**100%**	**361,535**	**100%**

	H1 2015		H1 2014	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Smartphones	109,144	20.70%	125,212	17.79%
Central processing units (CPUs)	87,863	16.67%	104,622	14.86%
Hard disk drives (HDDs)	62,030	11.77%	76,503	10.87%
Software	48,414	9.18%	60,132	8.54%
PC-mobile (laptops)	46,946	8.91%	80,941	11.50%
Tablets	42,194	8.00%	113,549	16.13%
Other	130,570	24.77%	142,967	20.31%
Total revenue	**527,161**	**100%**	**703,925**	**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. The following table presents a summary of cash flows for the six months ended June 30th, 2015 and 2014:

	Six months ended June 30th	
	2015	2014
	U.S. $	
Net cash outflows from operating activities	(61,115)	(53,589)
Net cash outflows from investing activities	(1,897)	(1,267)

Net cash (outflows)/inflows from financing activities	(3,864)	13,737
Net decrease in cash and cash equivalents	**(66,876)**	(41,119)

Net cash outflows from operations

Net cash outflows from operations amounted to U.S. $ 61,115 for the six months ended June 30th, 2015, compared to outflows of U.S. $ 53,589 in the corresponding period of 2014. This is attributed to lower profitability and improved working capital management.

For Q2 2015 standalone, the Company generated outflows from operations of U.S.$ 6,294 due to improved working capital utilization.

The Company expects cash from operations to turn positive for 2015, as in the case of 2014.

Net cash outflows from investing activities

Net cash outflows from investing activities was U.S. $ 1,897 for the six months ended June 30th 2015, compared to U.S. $ 1,267 in the corresponding period of 2014. These outflows relate to on-going investments for fixed assets (such as computers, furniture etc.) and acquisition of an intangible asset.

Net cash (outflows)/inflows from financing activities

Net cash outflows from financing activities was U.S. $ 3,864 for the six months ended June 30th 2015, compared to inflows of U.S. $ 13,737 in the corresponding period of 2014. This primarily relates to the repayment of some expensive financing lines aiming to decrease financial expenses.

Net decrease in cash and cash equivalents

As a result of increased working capital utilization, lower profitability and decreased financing, in H1 2015 cash and cash equivalents have decreased by U.S. $ 66,876, compared to a decrease of U.S. $ 41,119 in the corresponding period of 2014.

16. Factors which may affect our results in the future

Political and economic stability in Europe and our regions, especially Ukraine and Russia

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.

Furthermore, recent negative developments in CEE economies do not allow the Company to offset the negative results of F.S.U.

The crisis in the F.S.U. is considered by the management as a crucial external factor, which might adversely affect our results, in the short term; however, we remain confident – given also a recent appreciation of the Russian ruble to U.S. Dollar and an increase in oil prices - that we are in a position to properly manage this crisis and get stronger out of it.

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. Since Russia (as a country) and CEE (as a region) are the biggest contributors to the Company's revenues, it is very important to adapt to any market changes that might arise in these geographies.

Since the CEE and Western Europe regions' contribution to our total revenues grew at the cost of the F.S.U. region, our reliance on a single region has decreased. Therefore, we now pay more attention to any possible market developments in all other growing regions, focusing especially on own brands.

However, due to the significant reduction in demand across all markets we operate, development cannot happen since we are focusing on retaining our market share based on our core strengths and competences.

Despite all precautionary 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 situation may limit overall growth. Therefore 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 and weather any unforeseen issues that may appear in the future.

The Group's ability to increase gross profit margins

The Group's gross profit margin has decreased in Q2 2015 and H1 2015 compared to the corresponding periods of 2014, mainly due to the significant reduction in demand and the instability in our major markets. However, in Q2 2015 we already limited some of this impact and our gross profit margin grew compared to Q1 2015. This should continue, especially since we have completed the task of selling out excess Prestigio stock.

As a result, we expect the gross profit margin to grow from Q3 2015. However, the pace of this growth is hard to estimate, as the margins may remain under pressure due to enhanced competition as well as lower demand in a number of markets. It is of extreme importance for the Group to manage its stock level and product portfolio in order to achieve optimum gross profit margins.

Currency volatilities

The multi-currency environment that the Group operates in exposes its financial results to steep currency fluctuations. Although volatility of a number of currencies related to the Ukrainian crisis in Q2 2015 and H1 2015 was strong, we have been successfully shielded by our hedging policy. Therefore, the hedging strategy should be followed and further improved without any exception in 2015. Inability of the Group to hedge certain currencies like the UAH and the BYR might expose the Company into FX losses, though our exposure in these currencies has much decreased.

Ability of the Group to control its expenses

Selling and admin expenses in Q2 2015 and H1 2015 have decreased significantly as a result of both lower gross profit and cost cutting actions. Additionally, we have been able to significantly decrease financial expenses. We consider cost control to be a significant factor towards delivering improved results going forward and the Group is undertaking significant steps towards further reducing its expenses. Therefore, expenses are expected to be further reduced later in 2015.

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.

It will be also important to develop new product lines inside the own brands portfolio, to support growth of this business and benefit from its access to end users. New products that are now under development will be crucial for further growth of revenues, since the tablet segment has already shown signs of saturation in many markets. At the same time, the smartphones segment is expected to continue growing for another couple of years, as forecasted by independent analysts. This however cannot be guaranteed since we had experienced a significant slowdown in all markets.

<u>Ability to decrease the average cost of debt</u>

Fast development of own brand business that – by its nature – consumes more cash, has led to an increase in debt and in the average cost of debt in the past. We have addressed this issue beginning of 2014, in order to decrease debt and the average cost of debt by optimizing the utilization of financial facilities on one side and improving working capital utilization on the other.

<u>Ability to cover warranty claims from customers</u>

Increased own brand business require 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 warranty provisions and signed separate agreements with our suppliers to cover us against warranty losses of such products. As described in our risk factors, certain suppliers might refuse to cover our increased warranty cost and, is such a case, we will be forced to cover it from our own funds and negatively impact our results.

We have reviewed all our contracts with factories, and we sign new ones only after making sure the contractor will be able and willing 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 June 30th, 2015 and before this report release

According to our best knowledge, in the period between June 30th, 2015 and August 6th, 2015 no events have occurred that could affect the Company's operations or its financial stability.

Part II Financial Information

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

Report and Condensed Consolidated Interim Financial Statements
for the period ended 30 June 2015

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ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2015

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

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BOARD OF DIRECTORS REPRESENTATIONS

In accordance with the requirements of the Ordinance of the Minister of Finance dated February 19th, 2009 on current and periodical information published by issuers of securities and on the conditions of recognition of information required by the laws of non-EU Member States as equal, the Board of Directors of ASBISC ENTERPRISES PLC hereby represents that:

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

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

Limassol, August 5th, 2015

DECLARATION BY THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY OFFICIALS RESPONSIBLE FOR THE DRAFTING OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(In accordance with the provisions of Law 190(I)/2007 on Transparency Requirements)

In accordance with Article 9 sections (3c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 190 (1) / 2007 we, the members of the Board of Directors and the company officials responsible for the drafting of the condensed consolidated interim financial statements of Asbisc Enterprises Plc (the "company") and its subsidiaries (the "group") for the period ended 30 June 2015, confirm to the best of our knowledge that:

a) the condensed consolidated interim financial statements for the period ended 30 June 2015 which are presented on pages 4 to 22:

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

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

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

Members of the Board of Directors:

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

Marios Christou (Cypriot)
Executive Director ....

Constantinos Tziamalis (Cypriot)
Executive Director ....

Efstathios Papadakis (Cypriot)
Non-Executive Director ....

Christakis Pavlou (Cypriot)
Non-Executive Director ....

Financial Controller responsible for the drafting of the financial statements

Loizos Papavassiliou (Cypriot)
Financial Controller ....

Limassol, 5th August, 2015

INDEPENDENT AUDITORS'REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF ASBISC ENTERPRISES PLC

Introduction
We have reviewed the accompanying condensed consolidated interim financial statements of Asbisc Enterprises PLC and its subsidiaries (the "group") on pages 4 to 22 which comprise the condensed consolidated interim statement of financial position of the group as at 30 June 2015, and the condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows of the group for the six month period then ended and notes to the interim financial information (the "Condensed Consolidated Interim Financial Information"). Management is responsible for the preparation and fair presentation of this Condensed Consolidated Interim Financial Information in accordance with the International Accounting Standard 34 *"Interim Financial Reporting"*. Our responsibility is to express a conclusion on this Condensed Consolidated Interim Financial Information based on our review.

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Consolidated Interim Financial Information as at 30 June 2015 is not prepared, in all material respects, in accordance with IAS 34 *"Interim Financial Reporting"* .

Sylvia A. Loizides
Certified Public Accountant and Registered Auditor
for and behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors

KPMG Center,
No.11, 16th June 1943 Street,
3022 Limassol,
Cyprus.

Limassol, 5 August 2015

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTH ENDED 30 JUNE 2015

	Note	For the six months ended 30 June 2015 US$	For the six months ended 30 June 2014 US$
Revenue	5,24	527,161,219	703,925,140
Cost of sales		(511,999,446)	(661,816,767)
Gross profit		15,161,773	42,108,373
Selling expenses		(16,903,435)	(22,296,958)
Administrative expenses		(10,600,776)	(15,194,190)
(Loss)/profit from operations		(12,342,438)	4,617,225
Financial income	8	202,047	596,936
Financial expenses	8	(7,422,425)	(10,098,146)
Other gains and losses	6	78,725	87,969
Loss before tax	7	(19,484,091)	(4,796,016)
Taxation	9	139,762	(28,598)
Loss for the period		(19,344,329)	(4,824,614)
Attributable to:			
Owners of the company		(19,345,819)	(4,835,355)
Non-controlling interests		1,490	10,741
		(19,344,329)	(4,824,614)
		US$ cents	US$ cents
Earnings per share			
Basic and diluted from continuing operations		(34.86)	(8.71)

The notes on pages 9 to 22 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTH ENDED 30 JUNE 2015

	For the six months ended 30 June 2015 US$	For the six months ended 30 June 2014 US$
Loss for the period	(19,344,329)	(4,824,614)
Other comprehensive loss		
Exchange difference on translating foreign operations	(2,315,000)	(1,116,223)
Other comprehensive loss for the period	(2,315,000)	(1,116,223)
Total comprehensive loss for the period	(21,659,329)	(5,940,837)
Total comprehensive loss attributable to:		
Owners of the company	(21,646,732)	(5,949,641)
Non-controlling interests	(12,597)	8,804
	(21,659,329)	(5,940,837)

The notes on pages 9 to 22 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Notes	As at 30 June 2015 US$	As at 31 December 2014 US$
ASSETS			
Non-current assets			
Property, plant and equipment	10	22,781,916	24,358,674
Intangible assets	11	2,738,282	1,438,467
Available-for-sale financial assets	12	11,794	11,794
Goodwill	28	1,589,740	1,734,340
Deferred tax assets	21	868,803	910,954
Total non-current assets		27,990,535	28,454,229
Current assets			
Inventories	13	105,849,830	132,322,616
Trade receivables	14	201,456,751	262,334,038
Other current assets	15	9,434,640	11,353,220
Derivative financial asset	26	48,551	183,804
Current taxation	9	1,024,394	847,119
Cash at bank and in hand	27	12,566,898	57,665,105
Total current assets		330,381,064	464,705,902
Total assets		358,371,599	493,160,131
EQUITY AND LIABILITIES			
Equity			
Share capital	16	11,100,000	11,100,000
Share premium		23,518,243	23,518,243
Retained earnings and other components of equity		47,206,936	68,853,671
Equity attributable to owners of the parent		81,825,179	103,471,914
Non-controlling interests		154,054	166,651
Total equity		81,979,233	103,638,565
Non-current liabilities			
Long term borrowings	18	1,124,967	1,615,712
Other long term liabilities	19	475,739	455,063
Deferred tax liabilities	21	44,394	47,667
Total non-current liabilities		1,645,100	2,118,442
Current liabilities			
Trade payables		135,444,534	256,100,201
Other current liabilities	22	21,370,276	30,244,306
Short term borrowings	17	117,544,273	99,262,555
Derivative financial liability	25	267,583	1,264,863
Current taxation	9	120,600	531,199
Total current liabilities		274,747,266	387,403,124
Total liabilities		276,392,366	389,521,566
Total equity and liabilities		358,371,599	493,160,131

The financial statements were approved by the Board of Directors on 5 August 2015.

....

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

The notes on pages 9 to 22 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2015

	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 2014	11,100,000	23,518,243	(79,515)	(627,017)	79,376,864	113,288,575	159,801	113,448,376
(Loss)/profit for the period 1 January 2014 to 30 June 2014)	-	-	-	-	(4,835,355)	(4,835,355)	10,741	(4,824,614)
Other comprehensive loss for the period 1 January 2014 to 30 June 2014	-	-	-	(1,114,285)	-	(1,114,285)	(1,938)	(1,116,223)
Dividend declared	-	-	-	-	(3,322,717)	(3,322,717)	-	(3,322,717)
Balance at 30 June 2014	11,100,000	23,518,243	(79,515)	(1,741,302)	71,218,792	104,016,218	168,604	104,184,822
Profit for the period 1 July 2014 to 31 December 2014	-	-	-	-	5,786,343	5,786,343	17,194	5,803,537
Other comprehensive loss for the period 1 July 2014 to 31 December 2014	-	-	-	(6,395,951)	-	(6,395,951)	(19,147)	(6,415,098)
Share-based payments	-	-	65,304	-	-	65,304	-	65,304
Balance at 31 December 2014	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 period 1 January 2015 to 30 June 2015	-	-	-	-	(19,345,822)	(19,345,822)	1,490	(19,344,332)
Other comprehensive loss for the period 1 January 2015 to 30 June 2015	-	-	-	(2,300,913)	-	(2,300,913)	(14,087)	(2,315,000)
Balance at 30 June 2015	11,100,000	23,518,243	(14,211)	(10,438,166)	57,659,313	81,825,179	154,054	81,979,233

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2015

	Note	For the six months ended 30 June 2015 US$	For the six months ended 30 June 2014 US$
Loss for the period before tax and minority interest		(19,484,091)	(4,796,016)
Adjustments for:			
Exchange difference arising on consolidation		(1,164,682)	(391,308)
Depreciation of property, plant and equipment	10	1,025,890	1,286,927
Amortisation of intangible assets	11	245,401	198,527
(Profit)/loss from the sale of property, plant and equipment and intangible assets	6	(7,324)	78,491
Provision for bad debts and receivables written off		2,102,533	871,989
Bad debts recovered	6	(4,067)	(6,692)
Interest received	8	(44,058)	(121,107)
Interest paid	8	3,260,910	4,184,738
Operating (loss)/profit before working capital changes		(14,069,488)	1,305,549
Decrease in inventories		26,472,786	20,618,717
Decrease in trade receivables		58,778,820	103,344,505
Increase in other current assets		2,053,833	5,459,870
Decrease in trade payables		(120,655,662)	(142,120,669)
Decrease in other current liabilities		(9,871,309)	(20,272,690)
Increase in other non-current liabilities		20,676	27,439
Decrease in factoring creditors		(123,230)	(17,116,861)
Cash outflows from operations		(57,393,574)	(48,754,140)
Interest paid	8	(3,260,910)	(4,184,738)
Taxation paid, net	9	(460,880)	(650,289)
Net cash outflows from operating activities		(61,115,364)	(53,589,167)
Cash flows from investing activities			
Purchase of intangible assets	11	(1,583,942)	(451,941)
Purchase of property, plant and equipment	10	(472,729)	(1,164,416)
Proceeds from sale of property, plant and equipment and intangible assets		115,572	227,876
Interest received	8	44,058	121,107
Net cash outflows from investing activities		(1,897,041)	(1,267,374)
Cash flows from financing activities			
Repayments of long term loans and long term obligations under finance lease		(490,745)	(387,442)
(Repayments)/proceeds of short term borrowings and short term obligations under finance lease		(3,373,008)	14,124,845
Net cash (outflows)/inflows from financing activities		(3,863,753)	13,737,403
Net decrease in cash and cash equivalents		(66,876,158)	(41,119,138)
Cash and cash equivalents at beginning of the period		29,416,259	490,184
Cash and cash equivalents at end of the period	27	(37,459,899)	(40,628,954)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2015

1. Incorporation and principal activities

Asbisc Enterprises Plc was incorporated in Cyprus on 9 November 1995 with limited liability. These condensed consolidated interim financial statements ("interim financial statements") as at and for the six months ended 30 June 2015 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 2014. 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 2014.

These interim financial statements were authorised for issue by the company's Board of Directors on 5 August 2015.

(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 2014.

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 six months ended 30 June 2015 are consistent with those followed for the preparation of the annual financial statements for the year 2014 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 2015. 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 30 JUNE 2015

5. Significant events and transactions

For the period ended June 2015, the group has posted a net loss mainly due to the following important events:

- negative trends faced in its biggest markets of operations – namely Russia and Ukraine – emanating from the turbulence in the region
- issues with excessive own brand inventory that led to the need to lower prices to sell it out
- increased warranty losses from own brand products due to the refusal of certain ODMs to satisfy their contractual obligations towards the group on products with epidemic failure.

However, the net loss was partially offset by a significant decrease in expenses, an increased focus on Central Eastern Europe region and a more precise and conservative approach on purchases.

6. Other gains and losses

	For the six months ended 30 June 2015 US$	For the six months ended 30 June 2014 US$
Profit/(loss) on disposal of property, plant and equipment	7,324	(78,491)
Other income	47,504	128,180
Bad debts recovered	4,067	6,692
Rental income	19,830	31,588
	78,725	87,969

7. Loss before tax

	For the six months ended 30 June 2015 US$	For the six months ended 30 June 2014 US$
Loss before tax is stated after charging :		
(a) Amortisation of intangible assets (Note 11)	245,401	198,527
(b) Depreciation (Note 10)	1,025,890	1,286,927
(c) Auditors' remuneration	163,143	247,769
(d) Directors' remuneration – executive (Note 29)	149,908	241,219
(e) Directors' remuneration – non-executive (Note 29)	15,550	22,346

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2015

8. Financial expense, net

	For the six months ended 30 June 2015 US$	For the six months ended 30 June 2014 US$
Financial income		
Interest income	44,058	121,107
Other financial income	150,260	475,829
Net exchange gain	7,729	-
	202,047	596,936
Financial expense		
Bank interest	3,260,910	4,184,738
Bank charges	805,690	707,979
Derivative charges	291,993	304,802
Factoring interest	2,005,096	1,934,465
Factoring charges	286,539	291,845
Other financial expenses	42,245	91,352
Other interest	729,952	392,455
Net exchange loss	-	2,190,510
	7,422,425	10,098,146
Net	(7,220,378)	(9,501,210)

9. Tax

	For the six months ended 30 June 2015 US$	For the year ended 31 December 2014 US$
(Receivable)/payable balance 1 January	(315,920)	351,591
Provision for the period/year	(171,047)	893,202
Under provision of prior year periods	12,687	23,559
Exchange difference on retranslation	31,364	(42,216)
Amounts paid, net	(460,878)	(1,542,056)
Net receivable balance 30 June/31 December	(903,794)	(315,920)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2015

9. Tax (continued)

	For the six months ended 30 June 2015 US$	For the year ended 31 December 2014 US$
Tax receivable	(1,024,394)	(847,119)
Tax payable	120,600	531,199
Net	(903,794)	(315,920)

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

	For the six months ended 30 June 2015 US$	For the six months ended 30 June 2014 US$
Provision for the period	(171,047)	28,934
Under provision of prior years	12,687	19,883
Deferred tax charge (Note 21)	18,598	(20,219)
(Credit)/charge for the period	(139,762)	28,598

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2015

10. Property, plant and equipment

	Land and buildings US$	Assets under construction US$	Computer hardware US$	Warehouse machinery US$	Motor vehicles US$	Furniture and fittings US$	Office equipment US$	Total US$
Cost								
At 1 January 2014	24,605,978	24,879	7,220,034	174,406	3,653,398	3,061,788	3,764,420	42,504,903
Additions	17,292	-	636,005	-	279,627	109,444	121,374	1,163,742
Disposals	(432,761)	-	(433,336)	(4,103)	(353,914)	(151,784)	(242,356)	(1,618,254)
Transfers	24,822	(24,822)	-	-	-	-	-	-
Foreign exchange difference on retranslation	(1,704,439)	(57)	(595,519)	(846)	(458,594)	(345,833)	(390,185)	(3,495,473)
At 31 December 2014	22,510,892	-	6,827,184	169,457	3,120,517	2,673,615	3,253,253	38,554,918
Additions	268,135	-	112,557	-	-	31,353	60,684	472,729
Disposals	-	-	(131,645)	-	(158,892)	(27,813)	(7,201)	(325,551)
Foreign exchange difference on retranslation	(869,631)	-	(279,535)	418	(167,341)	(131,870)	(130,197)	(1,578,156)
At 30 June 2015	21,909,396	-	6,528,561	169,875	2,794,284	2,545,285	3,176,539	37,123,940
Accumulated depreciation								
At 1 January 2014	3,393,288	-	5,067,589	75,480	1,985,309	1,761,161	2,240,471	14,523,298
Charge for the year	463,461	-	860,590	18,454	453,924	399,739	305,521	2,501,689
Disposals	(350,520)	-	(402,904)	(3,543)	(251,252)	(83,569)	(167,822)	(1,259,610)
Foreign exchange difference on retranslation	(348,346)	-	(438,098)	(458)	(261,358)	(267,418)	(253,455)	(1,569,133)
At 31 December 2014	3,157,883	-	5,087,177	89,933	1,926,623	1,809,913	2,124,715	14,196,244
Charge for the period	278,843	-	347,572	9,079	181,028	84,740	124,628	1,025,890
Disposals	-	-	(126,541)	-	(95,828)	(11,393)	(3,448)	(237,210)
Foreign exchange difference on retranslation	(150,296)	-	(267,531)	933	(105,980)	(51,890)	(68,136)	(642,903)
At 30 June 2015	3,286,430	-	5,040,677	99,945	1,905,843	1,831,370	2,177,759	14,342,024
Net book value								
At 30 June 2015	18,622,966	-	1,487,884	69,930	888,441	713,915	998,780	22,781,916
At 31 December 2014	19,353,009	-	1,740,007	79,524	1,193,894	863,702	1,128,538	24,358,674

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11. Intangible assets

	Computer software US$	Patents and licenses US$	Total US$
Cost			
At 1 January 2014	6,708,587	1,145,482	7,854,069
Additions	899,068	12,364	911,432
Disposals/ write-offs	(73,474)	(598)	(74,072)
Foreign exchange difference on retranslation	(219,118)	(61,592)	(280,710)
At 31 December 2014	7,315,063	1,095,656	8,410,719
Additions	426,604	1,157,338	1,583,942
Disposals/ write-offs	(17,546)	(22,456)	(40,002)
Foreign exchange difference on retranslation	(74,392)	(11,937)	(86,329)
At 30 June 2015	7,649,729	2,218,601	9,868,330
Accumulated amortisation			
At 1 January 2014	5,904,126	1,022,154	6,926,280
Additions from acquisitions of subsidiaries	298,073	75,790	373,863
Disposals/ write-offs	(58,373)	(533)	(58,906)
Foreign exchange difference on retranslation	(216,854)	(52,131)	(268,985)
At 31 December 2014	5,926,972	1,045,280	6,972,252
Charge for the period	142,627	102,774	245,401
Disposals/ write-offs	(6,805)	(13,290)	(20,095)
Foreign exchange difference on retranslation	(55,569)	(11,941)	(67,510)
At 30 June 2015	6,007,225	1,122,823	7,130,048
Net book value			
At 30 June 2015	1,642,504	1,095,778	2,738,282
At 31 December 2014	1,388,091	50,376	1,438,467

12. Available-for-sale financial assets

The details of the investments are as follows:

	Country of incorporation	Participation %	Cost US$	Impairment US$	As at 30 June 2015 US$	As at 31 December 2014 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

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13. Inventories

	As at 30 June 2015 US$	As at 31 December 2014 US$
Goods in transit	10,887,947	17,354,875
Goods held for resale	101,593,467	116,866,430
Provision for slow moving and obsolete stock	(6,631,584)	(1,898,689)
	105,849,830	132,322,616

Movement in provision for slow moving and obsolete stock:

	As at 30 June 2015 US$	As at 31 December 2014 US$
On 1 January	1,898,689	2,115,332
Net movement for the period/year	4,800,618	(91,690)
Exchange difference	(67,723)	(124,953)
On 30 June/31 December	6,631,584	1,898,689

14. Trade receivables

	As at 30 June 2015 US$	As at 31 December 2014 US$
Trade receivables	208,039,328	268,515,408
Allowance for doubtful debts	(6,582,577)	(6,181,370)
	201,456,751	262,334,038

15. Other current assets

	As at 30 June 2015 US$	As at 31 December 2014 US$
Deposits and advances to service providers	641,214	776,259
Employee floats	86,201	62,994
VAT and other taxes refundable	5,732,042	6,753,191
Other debtors and prepayments	2,975,183	3,760,776
	9,434,640	11,353,220

16. Share capital

	As at 30 June 2015 US$	As at 31 December 2014 US$
Authorised		
63,000,000 (2013: 63,000,000) shares of US$ 0.20 each	12,600,000	12,600,000
Issued and fully paid		
55,500,000 (2013: 55,500,000) ordinary shares of US$ 0.20 each	11,100,000	11,100,000

17. Short term borrowings

	As at 30 June 2015 US$	As at 31 December 2014 US$
Bank overdrafts (Note 27)	50,026,797	28,248,846
Current portion of long term loans	885,219	933,554
Bank short term loans	26,213,618	29,523,070
Short term obligations under finance leases (Note 20)	59,466	74,688
Total short term debt	77,185,100	58,780,158
Factoring creditors	40,359,173	40,482,397
	117,544,273	99,262,555

Summary of borrowings and overdraft arrangements

As at 30 June 2015 the group enjoyed factoring facilities of US$ 81,812,234 (31 December 2014: US$ 83,045,488).

In addition, the group as at 30 June 2015 had the following financing facilities with banks in the countries that the company and its subsidiaries are operating:

- overdraft lines of US$ 49,448,272 (31 December 2014: US$ 51,761,403)
- short term loans/revolving facilities of US$ 48,565,341 (31 December 2014: US$ 58,023,364)
- bank guarantee and letters of credit lines of US$ 10,653,014 (31 December 2014: US$ 11,484,368)

The Weighted Average Cost of Debt (cash lines and factoring lines) for the period was 9.4% (for 2014: 8.0%).

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$ 3,648,669 (31 December 2014: US$ 6,222,423)

During the six months ended 30 June 2015, the group repaid debts of US$ 462,923.

18. Long term borrowings

	As at 30 June 2015 US$	As at 31 December 2014 US$
Bank loans	1,083,204	1,538,139
Long term obligations under finance leases (Note 20)	41,763	77,573
	1,124,967	1,615,712

19. Other long term liabilities

	As at 30 June 2015 US$	As at 31 December 2014 US$
Pension provision	475,739	455,063

20. Finance leases

	As at 30 June 2015 US$	As at 31 December 2014 US$
Obligation under finance lease	101,229	152,261
Less: Amount payable within one year	(59,466)	(74,688)
Amounts payable within 2-5 years inclusive	41,763	77,573

21. Deferred tax

	For the six months ended 30 June 2015 US$	For the year ended 31 December 2014 US$
Debit balance on 1 January	(863,287)	(257,138)
Deferred tax charge/(credit) for the period/year (Note 9)	18,598	(640,694)
Exchange difference on retranslation	20,280	34,545
Debit balance on 30 June/31 December	(824,409)	(863,287)

	For the six months ended 30 June 2015 US$	For the year ended 31 December 2014 US$
Deferred tax assets	(868,803)	(910,954)
Deferred tax liabilities	44,394	47,667
Net deferred tax assets	(824,409)	(863,287)

22. Other current liabilities

	As at 30 June 2015 US$	As at 31 December 2014 US$
Salaries payable and related costs	1,467,087	1,475,960
Amount due to directors - executive (Note 29)	4,764	1,122,681
VAT payable	5,580,579	10,305,056
Accruals and deferred income	12,062,406	14,538,916
Non-trade accounts payable	2,255,440	2,801,693
	21,370,276	30,244,306

23. Commitments and contingencies

As at 30 June 2015 the group was committed in respect of purchases of inventories of a total cost value of US$ 863,072 (31 December 2014: US$ 3,258,157) which were in transit at 30 June 2015 and delivered in July 2015. 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 had not passed to the group at period/year end.

As at 30 June 2015 the group was contingently liable in respect of bank guarantees and letters of credit lines of US$ 10,653,014 (31 December 2014: US$ 11,484,368) which the group has extended mainly to its suppliers.

As at 30 June 2015 the group had no other capital or legal commitments and contingencies.

24. Operating segments

1.1 Reportable segments

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

1.2 Segment revenues

	For the six months ended 30 June 2015 US$	For the six months ended 30 June 2014 US$
Former Soviet Union	167,649,420	226,471,742
Central Eastern Europe	230,650,898	314,741,987
Western Europe	24,289,108	50,964,771
Middle East & Africa	79,473,619	98,796,212
Other	25,098,174	12,950,428
	527,161,219	703,925,140

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24. Operating segments (continued)

1.3 Segment results

	For the six months ended 30 June 2015 US$	For the six months ended 30 June 2014 US$
Former Soviet Union	(9,148,176)	2,461,373
Central Eastern Europe	341,210	2,535,917
Western Europe	(1,365,187)	(732,645)
Middle East & Africa	(835,003)	506,991
Other	(1,335,282)	(154,411)
(Loss)/profit from operations	(12,342,438)	4,617,225
Net financial expenses	(7,220,378)	(9,501,210)
Other gains and losses	78,725	87,969
Loss before taxation	(19,484,091)	(4,796,016)

1.4 Inter-segment revenues

Selling segment	Purchasing segment	For the six months ended 30 June 2015 US$	For the six months ended 30 June 2014 US$
Western Europe	Middle East & Africa	-	7,031

1.5 Segment capital expenditure (CAPEX)

	As at 30 June 2015 US$	As at 31 December 2014 US$
Former Soviet Union	4,544,867	5,033,410
Central Eastern Europe	10,693,828	11,635,459
Western Europe	124,560	143,273
Middle East & Africa	3,318,297	3,446,663
Unallocated	8,428,386	7,272,676
	27,109,938	27,531,481

1.6 Segment depreciation and amortisation

	For the six months ended 30 June 2015 US$	For the six months ended 30 June 2014 US$
Former Soviet Union	259,072	394,493
Central Eastern Europe	407,195	523,691
Western Europe	7,865	39,748
Middle East & Africa	124,166	160,859
Unallocated	472,993	366,663
	1,271,291	1,485,454

24. Operating segments (continued)

1.7 Segment assets

	As at 30 June 2015 US$	As at 31 December 2014 US$
Former Soviet Union	106,394,635	168,000,256
Central Eastern Europe	120,994,787	151,910,016
Western Europe	25,935,200	58,422,613
Middle East & Africa	51,397,963	24,173,211
Total	304,722,585	402,506,096
Assets allocated in capital expenditure (1.5)	27,109,938	27,531,481
Other unallocated assets	26,539,076	63,122,554
Consolidated assets	358,371,599	493,160,131

25. Derivative financial liability

	As at 30 June 2015 US$	As at 31 December 2014 US$
Derivative financial liabilities carried at fair value through profit or loss		
Foreign currency derivative contracts	267,583	1,264,863

26. Derivative financial asset

	As at 30 June 2015 US$	As at 31 December 2014 US$
Derivative financial assets carried at fair value through profit or loss		
Foreign currency derivative contracts	48,551	183,804

27. Cash and cash equivalents

	As at 30 June 2015 US$	As at 31 December 2014 US$
Cash at bank and in hand	12,566,898	57,665,105
Bank overdrafts (Note 17)	(50,026,797)	(28,248,846)
	(37,459,899)	29,416,259

The cash at bank and in hand balance includes an amount of US$ 3,648,669 (31 December 2014: US$ 6,222,423) which represents pledged deposits.

28. Goodwill

	As at 30 June 2015 US$	As at 31 December 2014 US$
At 1 January	1,734,340	1,969,009
Foreign exchange difference on retranslation	(144,600)	(234,669)
At 30 June/31 December (note i)	1,589,740	1,734,340

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

	As at 30 June 2015 US$	As at 31 December 2014 US$
ASBIS d.o.o. (BA) (formerly Megatrend D.O.O. Sarajevo)	388,574	424,419
SHARK Computers a.s.	1,201,166	1,309,921
	1,589,740	1,734,340

29. Transactions and balances of key management

	For the six months ended 30 June 2015 US$	For the six months ended 30 June 2014 US$
Directors' remuneration - executive (Note 7)	149,908	241,219
Directors' remuneration - non executive (Note 7)	15,550	22,346
	165,458	263,565

	As at 30 June 2015 US$	As at 31 December 2014 US$
Amount due to directors – executive (Note 22)	4,764	1,122,681

30. Business combinations

Disposals of subsidiaries to 30 June 2015

During the period 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%

31. 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).