INTERIM REPORT
FOR THE THREE MONTHS
ENDED 31 MARCH 2011

Limassol, May 11th, 2011

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

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

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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

Financial and Operating Data

This quarterly report contains financial statements of, and financial information relating to the Group. In particular, this quarterly report contains our interim consolidated financial statements for the three months ended 31 March 2011. The financial statements appended to this quarterly report are presented in U.S. dollars and have been prepared in accordance with International Accounting Standard ("IAS") 34.

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

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

Currency Presentation

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

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

FORWARD-LOOKING STATEMENTS

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

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

Part I Additional information

1. Overview

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

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, 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 33 warehouses located in 26 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 months ended 31 March 2011

The principal events of the three months ended 31 March 2011 were as follows:

- Revenues in Q1 2011 increased by 5.63% to U.S. $ 349,619 from U.S. $ 330,995 in the corresponding period of 2010.
- Gross profit before currency movements in Q1 2011 increased by 5.68% to U.S. $ 18,113 from U.S. $ 17,139 in the corresponding period of 2010.
- Gross profit after currency movements in Q1 2011 increased by 25.97% to U.S. $ 19,453 from U.S. $ 15,443 in the corresponding period of 2010.
- Gross profit margin in Q1 2011 increased by 19.08% to 5.56% from 4.67% in the corresponding period of 2010.
- Selling expenses in Q1 2011 increased by 17.36% to U.S. $ 9,363 from U.S. $ 7,978 in the corresponding period of 2010. This is connected with increased sales and gross profit.
- Administrative expenses in Q1 2011 increased by 12.59% to U.S. $ 6,339 from U.S. $ 5,630 in the corresponding period of 2010.
- EBITDA in Q1 2011 reached U.S. $ 4,506 in comparison to U.S. $ 2,556 in the corresponding period of 2010.
- Net profit after taxation in Q1 2011 reached U.S. $ 829 in comparison to U.S. $ 202 in the corresponding period of 2010.

Following table presents revenues breakdown by regions in the three month periods ended March 31st, 2011 and 2010 respectively (in U.S.$ thousands):

Region	Q1 2011	Q1 2010
Former Soviet Union	145,126	121,825
Central and Eastern Europe	112,908	114,589
Western Europe	29,589	30,255
Middle East and Africa	51,801	51,656
Other	10,195	12,671
Grand Total	349,619	330,995

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 months ended March 31st, 2011 and 2010, have been converted into Euro and PLN as follows:

- Individual items of the balance sheet – based at average exchange rates quoted by the National Bank of Poland for a given balance sheet date December 31st, 2010, that is: 1 US$ = 2.9641 PLN and 1 EUR = 3.9603 PLN and March 31st, 2011, that is: 1 US$ = 2.8229 PLN and 1 EUR = 4.0119 PLN

- Individual items in the income statement and cash flow statement – based at exchange rates representing the arithmetic averages of the exchange rates quoted by the National Bank of Poland for the last day of each month in a given period January 1st to March 31st, 2010, that is 1 US$ = 2.9018 PLN and 1 EUR = 3.9669 PLN and January 1st to March 31st, 2011, that is 1 US$ = 2.8613 PLN and 1 EUR = 3.9742 PLN.

	Period from 1 January to 31 March 2011			Period from 1 January to 31 March 2010		
	USD	**PLN**	**EUR**	**USD**	**PLN**	**EUR**
Revenue	**349,619**	**1,000,364**	**251,715**	**330,995**	**960,481**	**242,126**
Cost of sales	(331,506)	(948,537)	(238,674)	(313,856)	910.746	229,586
Gross profit before currency movements	**18,113**	**51,826**	**13,041**	**17,139**	**49,735**	**12,538**
Currency movements on gross profit	1,340	3,833	965	(1,697)	(4,924)	(1,241)
Gross profit after currency movements	**19,453**	**55,660**	**14,005**	**15,443**	**44,811**	**11,296**
Selling expenses	(9,363)	(26,789)	(6,741)	(7,978)	(23,149)	(5,836)
Administrative expenses	(6,339)	(18,136)	(4,564)	(5,630)	(16,337)	(4,118)
Profit from operations	**3,752**	**10,734**	**2,701**	**1,835**	**5,326**	**1,343**
Financial expenses	(2,701)	(7,728)	(1,944)	(1,699)	(4,929)	(1,243)
Financial income	24	68	17	103	299	75
Other gains and losses	69	198	50	13	36	9
Share of loss from joint ventures	(72)	(206)	(52)	-	-	-
Profit before taxation	**1,072**	**3,066**	**772**	**252**	**732**	**185**
Taxation	(243)	(696)	(175)	(50)	(146)	(37)
Profit after taxation	**829**	**2,371**	**597**	**202**	**585**	**148**
Attributable to:						
Non-controlling interests	46	131	33	75	218	55
Owners of the parent	**783**	**2,240**	**564**	**127**	**367**	**93**

	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	1.41	4.03	1.02	0.23	0.66	0.17

	Period from 1 January to 31 March 2011			Period from 1 January to 31 March 2010		
	USD	**PLN**	**EUR**	**USD**	**PLN**	**EUR**
Net cash outflows from operating activities	(33,071)	(94,625)	(23,810)	(49,371)	(143,264)	(36,115)
Net cash outflows from investing activities	(739)	(2,113)	(532)	(496)	(1,438)	(363)
Net cash inflows/(outflows) from financing activities	1,394	3,987	1,003	(2,635)	(7,647)	(1,928)
Net increase/(decrease) in cash and cash equivalents	**(32,416)**	**(92,750)**	**(23,338)**	**(52,502)**	**(152,349)**	**(38,405)**
Cash at the beginning of the period	**21,370**	**61,145**	**15,385**	**36,572**	**106,124**	**26,753**
Cash at the end of the period	**(11,046)**	**(31,606)**	**(7,953)**	**(15,930)**	**(46,225)**	**(11,653)**

	As at 31 March 2011			As at 31 December 2010		
	USD	**PLN**	**EUR**	**USD**	**PLN**	**EUR**
Current assets	392,676	1,108,485	276,299	435,383	1,290,519	325,864
Non-current assets	30,884	87,182	21,731	30,244	89,645	22,636
Total assets	423,560	1,195,667	298,030	465,627	1,380,164	348,500
Liabilities	330,097	931,830	232,267	373,860	1,108,158	279,817
Equity	93,463	263,837	65,764	91,767	272,006	68,683

4. Organization of ASBIS Group

The following table presents our corporate structure as at March 31st, 2011:

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)
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 Europe B.V (Schiphol, Netherlands)	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 Nordic AB (Jaelfaella, Sweden)	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)
ISA Hardware Hungary Commercial Limited Liability Co (Budapest, Hungary)	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)
E.M.Euro-Mall D.o.o. (former ISA Hardware s.r.o Slovenia) (Ljubljana, Slovenia)	Full (100% subsidiary)
Prestigio Plaza Sp. z o.o (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)
ASBIS 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)
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 (66.6% ownership)
ASBIS IT S.R.L.” (Rome, Italy)	Full (100% subsidiary)
ASBIS Kazakhstan LLP (Almaty, Kazakhstan)	Full (100% subsidiary)
Euro-Mall SRO (Bratislava, Slovakia)	Full (100% subsidiary)
ASBIS Taiwan (Taipei City, Taiwan)	Full (100% subsidiary)
AOSBIS TECHNOLOGY (SHENZHE) CORP. (Shenzhen, China)	48% ownership
ASBIS DE GMBH, (Munich, Germany)	Full (100% subsidiary)
EUROMALL BULGARIA EOOD (Sofia, Bulgaria)	Full (100% subsidiary)

ION-Ukraine LLC (Kiev, Ukraine)	Full (100% subsidiary)
Advanced Systems Company LLC (Riyadh, Kingdom of Saudi Arabia)	Full (100% subsidiary)
ASBIS KOREA (Seoul, Korea)	Full (100% subsidiary)

5. Changes in the structure of the Company

During the three months ended March 31st, 2011 there were no changes in the structure of the Company and the Group.

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

We did not publish any forecasts for the three month period ended March 31st, 2011. However on February 23rd, 2011 we published the official forecasts for the year 2011 assuming revenues between U.S. $ 1,6 billion and U.S.$ 1,65 billion, and net profit after tax between U.S. $ 6 million and U.S. $ 7,5 million. Having seen the results of the Q1 2011, the Company confirms these forecasts.

7. Information on dividend payment

For the period ended March 31st, 2011 no dividend has been paid.

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

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

Name	Number of shares	% of share capital	Number of Votes	% of votes
KS Holdings Ltd	25,676,361	46.26%	25,676,361	46.26%
Alpha Ventures S.A.	3,200,000	5.76%	3,200,000	5.76%
Aviva Investors	2,919,414	5,26%	2,919,414	5,26%
Free float	23,704,225	42.71%	23,704,225	42.71%*
Total	**55,500,000**	**100.00%**	**55,500,000**	**100.00%**

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

During the three month period ended March 31st, 2011 as well as for the period between March 30th, 2011 (the date of publication of the Annual Report for 2010) and May 11th, 2011 (date of this report) there were no changes in the number of shares possessed by the members of the Board of Directors. The table below presents the number of shares held by the members of the Board of Directors as of the date of this report. The information included in the table below is based on information received from members of our Management Board pursuant to Art. 160 sec. 1 of the Act on Public Trading.

Name	Number of Shares	% of the share capital
Siarhei Kostevitch (directly and indirectly)	25,718,127	46.34%
Laurent Journoud	400,000	0.72%
Marios Christou	350,000	0.63%
Constantinos Tziamalis	35,000	0.06%
Efstathios Papadakis	0	0%
Kyriacos Christofi	0	0%

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

10. Changes in the members of managing bodies

During the three month period ended March 31st, 2011 there were no changes in the members of the Company's Board of Directors.

11. Administrative and court proceedings against the Company

As of March 31st, 2011, no court, arbitration or administrative proceedings whose single or aggregate value exceeds 10% of our equity were pending against us or any of the members of our Group.

12. Related party transactions

During the three months ended March 31st, 2011 we did not have 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

Neither us, nor any of our affiliates or subsidiary companies have granted any guarantees or secured any third party credits for an amount exceeding 10% of its equity within the three months ended March 31st, 2011. However, the total bank guarantees raised by the Group (mainly to Group suppliers) as at March 31st, 2011 amounted to U.S. $ 7,861 – as per note number 21 to the financial statements – which exceeded 10% of the Company's equity.

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

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

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

In the three month period ended March 31st, 2011 the Company's results of operations have been affected and are expected to continue to be affected by a number of factors, including the effects of currency fluctuations, competition and price pressures, low gross profit margins, potential inventory obsolescence and price erosion, the worldwide unstable financial environment, credit risk and seasonality.

Despite the previous problems with currency losses, the Q1 2011 results confirm the quality of foreign exchange solutions introduced by the Company in 2010. These efforts allowed the company to be much less dependent to currency changes. It is the Company intention to sustain such effective policy in the future.

Having weathered the impact of the aforementioned factors, the Company increased its revenues, gross profit, profit from operations and net profit significantly compared to the corresponding period of 2010. This is especially important, as Q1 2010 was the quarter after the crisis, so the base results i.e. on revenue level were already high enough. This improvement was possible mostly due to better demand in the F.S.U. countries and stable sales levels in other regions. Additionally, improved product portfolio and good operational efficiencies allowed to increase gross profit margin significantly. As a result, the Company generated a net profit of US$ 829 in Q1 2011, which means 310% higher than in Q1 2010.

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

Currency fluctuations

As mentioned in previous reports, the Company's reporting currency is the U.S. dollar. Traditionally around 40% of the Company's revenues were denominated in U.S. dollars. Following the Company's efforts to decrease currency risk, this number grew to more than 50% back in 2009 and remained unchanged since then, while the balance was denominated in Euro and other currencies, some of which are linked to the Euro. Since most of the Company's trade payable balances are denominated in U.S. dollars (about 80%), the Company was exposed to foreign exchange risk. Foreign exchange risk remains a very crucial factor that might affect the Group's results in the future. On the other hand, the Group is adopting all hedging strategies possible to tackle this problem. 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's reporting currency.

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, Kvazar Micro and 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 loss of market share in certain of the Group's markets. Price pressures can have a material adverse effect on the Company's profit margins and its overall profitability, especially in view of the fact that its gross profit margins, like those of most of its competitors, are low and sensitive to sales price fluctuations.

Low gross profit margins

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

In order to tackle this problem, the Company continues its strategy of product portfolio diversification by adding more A-branded goods, laptops, software and more own brands sales to traditional IT components business, in order to reach better margins in the future.

This paid off in Q1 2011 when the gross profit margin grew by 19.08% to 5,56% from 4,67% in Q1 2010.

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 resort to price reductions to dispose of their existing inventories, forcing the Company to lower its prices to stay competitive. The Company's ability to manage its inventory and protect its business against price erosion is critical to its success.

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

Credit risk

The Company buys components and finished products from its suppliers on its own account and resells them to its customers. The Company extends credit to some of its customers at terms ranging from 21 to 60 days or, in a few cases, to 90 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 in which 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 the Company is unable 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 50 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 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 they are not easily granting credit limits to customers. As a result the Group is exposed to more credit risk and the ability of the Group to analyse and assess its credit risk is of extremely high importance.

Worldwide financial environment

The world's financial crisis has eased significantly throughout 2010 and this trend continued in Q1 2011. It was especially visible on sales and profitability levels compared to corresponding periods of 2010. The recovery signals from some of our markets were strong again especially in the Former Soviet Union countries. On the other hand, the situation in other markets stabilized enough to sustain the sales levels, even despite the unexpected factors i.e. situation in the North African countries. Following some recovery the Company undertakes efforts to benefit from these signals both in revenues and profitablity. The Company has revised its strategy and has adapted to the new environment, i.e. by rebuilding its product portfolio. This paid off in line from the increasing demand in many markets of the Company's operations, as the Company was able to win market share from the weaker competitors.

The Company tries to benefit from it, as the markets are growing, but the main focus is on margins and profitability, and not sales. This was visible in Q1 2011 results, when margins and net profit grew significantly higher than revenues.

Seasonality

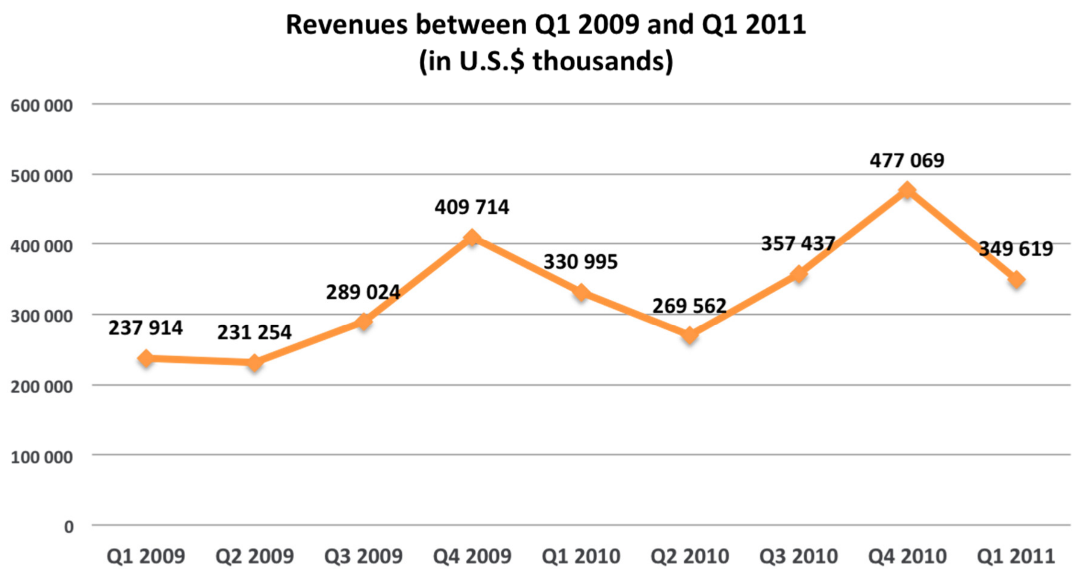
Traditionally the IT distribution industry in which the Company operates experiences high demand during the months prior to and leading up to the Christmas and New Year holiday period. In particular, IT distributors' demand tends to increase in the period starting from September to the end of the year.

This situation changed in the second part of 2008 and in 2009 when the world's financial crisis limited demand and sales levels, as well as some of our customers' ability to buy. However there were more signals of recovery in the second part of 2009 and in 2010. This was reflected in growing sales, therefore Q1 2011 sales revenues had no change to beat Q1 2010 in the similar way at it was between Q1 2010 and Q1 2009. Despite that, the Company produced solid 5.63% growth in revenues and 310% growth in net profit. As of the date of this report, the Company's management believes that the traditional seasonality shall be visible in the markets in 2011 again, which should positively affect the Company's results in the forthcoming quarters.

Results of Operations

Three months ended March 31st, 2011 compared to the three months ended March 31st, 2010:

Revenues: In Q1 2011 revenues increased by 5.63% to U.S. $ 349,619 from U.S. $ 330,995 in the corresponding period of 2010. Therefore the Company focused on generating better outcome from slightly higher revenues, due to better demand on its main markets and its upgraded product portfolio.



Gross profit: Gross profit grew significantly in Q1 2011 compared to the corresponding period of 2010, both before and after currency movements.

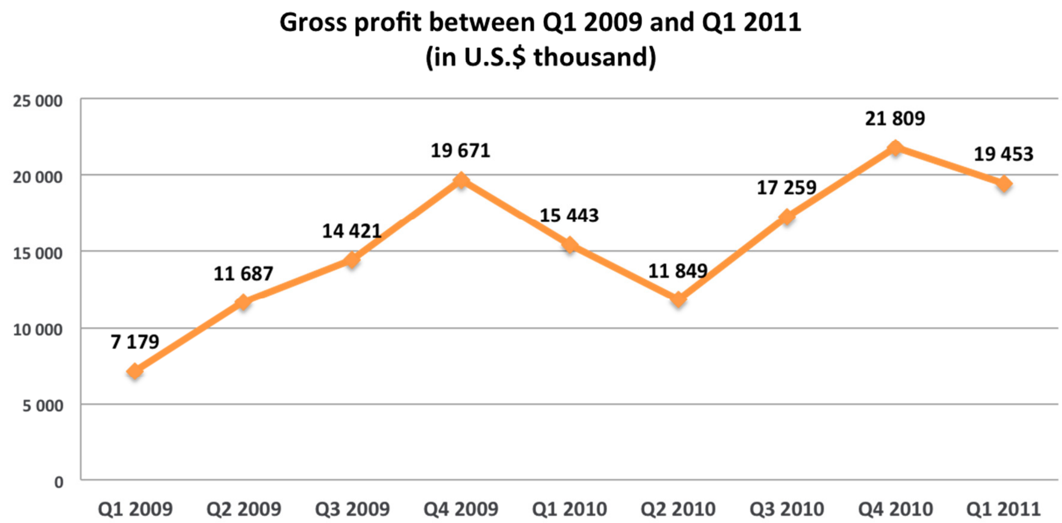
<u>Gross profit before currency movements:</u>

Gross profit before currency movements in Q1 2011 increased by 5.68% to U.S. $ 18,113 from U.S. $ 17,139 in the corresponding period of 2010.

<u>Gross profit after currency movements:</u>

Gross profit after currency movements in Q1 2011 increased by 25.97% to U.S. $ 19,453 from U.S. $ 15,443 in the corresponding period of 2010.

If the overall economy will not change dramatically, growth in gross profit is expected to continue in the next periods.



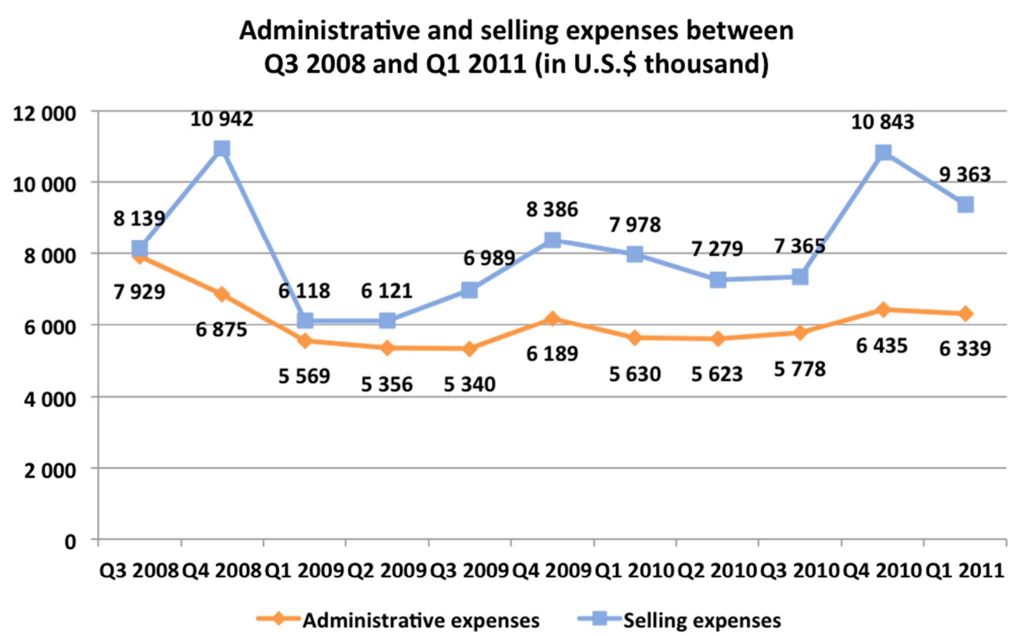
Gross profit margin: In Q1 2011 gross profit margin increased by 19.08% to 5.56% from 4.67% in the corresponding period of 2010. This was mainly possible due to the Company's efforts to upgrade its product portfolio, focus on better margin products and benefit from its strong market position.

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 in Q1 2011 increased by 17.36% to U.S. $ 9,363 from U.S. $ 7,978 in the corresponding period of 2010. This is connected with increased sales and gross profit.

Administrative expenses largely comprise of salaries and wages and rent expense.

Administrative expenses in Q1 2011 increased by 12.59% to U.S. $ 6,339 from U.S. $ 5,630 in the corresponding period of 2010. This was mostly due to some increases in wages after two years of crisis. Administrative expenses remained under strict control despite the increase in sales, gross and net profit.



- **Operating profit:** In Q1 2011 the Company had an operating profit of U.S. $ 3,752 compared to U.S. $ 1,835 in the corresponding period of 2010.

- **Profit before taxation:** In Q1 2011 the Company had a profit before taxation amounting to U.S. $ 1,072 compared to U.S. $ 252 in the corresponding period of 2010.

- **EBITDA in Q1 2011** reached U.S. $ 4,506 in comparison to U.S. $ 2,556 in the corresponding period of 2010.

- **Net profit after taxation** in Q1 2011 reached U.S. $ 829 in comparison to U.S. $ 202 in the corresponding period of 2010.

Sales by regions and countries

Traditionally and throughout the Company's operation, the region contributing the majority of revenues has been the Former Soviet Union. This changed temporarily in 2009, when the Central and Eastern Europe region was less affected by the world's financial crisis. However, together with recovery of big markets like Russia and Ukraine, F.S.U. regained the first position in the Company's structure of revenues in 2010. This was also the case of Q1 2011 when revenues derived in F.S.U. countries grew by +19.13% compared to the corresponding period of 2010, while sales in other regions remained relatively stable after their significant growth during the crisis.

Country-by-country analysis confirms that the Company's biggest single market – Russia – with +20,39% growth driven the Company's sales, even despite slower quarter in some other markets like Slovakia. Apart from that, revenues grew also in many smaller countries, i.e. in the Czech Republic by +14.17% or in Belarus by +20.40%. Overall this allowed the Company to increase its revenues from sales by 5.63%.

The table below provides a geographical breakdown of sales in the three month periods ended March 31st, 2011 and 2010.

	Q1 2011		Q1 2010	
	U.S. $ thousands	% of total revenues	U.S. $ thousands	% of total revenues
Former Soviet Union	145,126	41,51%	121,825	36,81%
Central and Eastern Europe	112,908	32,30%	114,589	34,62%
Middle East and Africa	51,801	14,82%	51,656	15,61%
Western Europe	29,589	8,46%	30,255	9,14%
Other	10,195	2,92%	12,671	3,83%
Total	349,619	100%	330,995	100%

Revenue breakdown – Top 10 countries in Q1 2011 and Q1 2010 (in U.S. Dollar thousands)

	Q1 2011		Q1 2010	
	Country	Sales U.S. $ thousands	Country	Sales U.S. $ thousands
1.	**Russia**	82,364	**Russia**	68,412
2.	**Ukraine**	35,651	**Slovakia**	37,841
3.	**Slovakia**	31,854	**Ukraine**	36,475
4.	**United Arab Emirates**	19,513	**United Arab Emirates**	18,360
5.	**Czech Republic**	19,182	**Czech Republic**	16,802
6.	**Saudi Arabia**	14,082	**Belarus**	11,526
7.	**Belarus**	13,877	**The Netherlands**	11,006
8.	**Kazakhstan**	10,534	**Saudi Arabia**	9,798
9.	**The Netherlands**	9,163	**Turkey**	8,608
10.	**Romania**	8,854	**Romania**	8,041
11.	**Other**	104,545	**Other**	104,126
	Total revenue	349,619	**Total revenue**	330,995

Sales by product lines

The table below sets a breakdown of revenues, by product, for Q1 2011 and Q1 2010:

	Q1 2011		Q1 2010	
	U.S. $ thousands	% of revenues	U.S. $ thousands	% of revenues
Central processing units (CPUs)	83,023	23.75%	72,763	21.98%
Hard disk drives (HDDs)	43,361	12.40%	47,912	14.48%
Software	37,933	10.85%	18,408	5.56%
PC-mobile (laptops)	84,656	24.21%	68,231	20.61%
Other	100,646	28.79%	123,681	37.37%
Total revenue	**349,619**	**100%**	**330,995**	**100%**

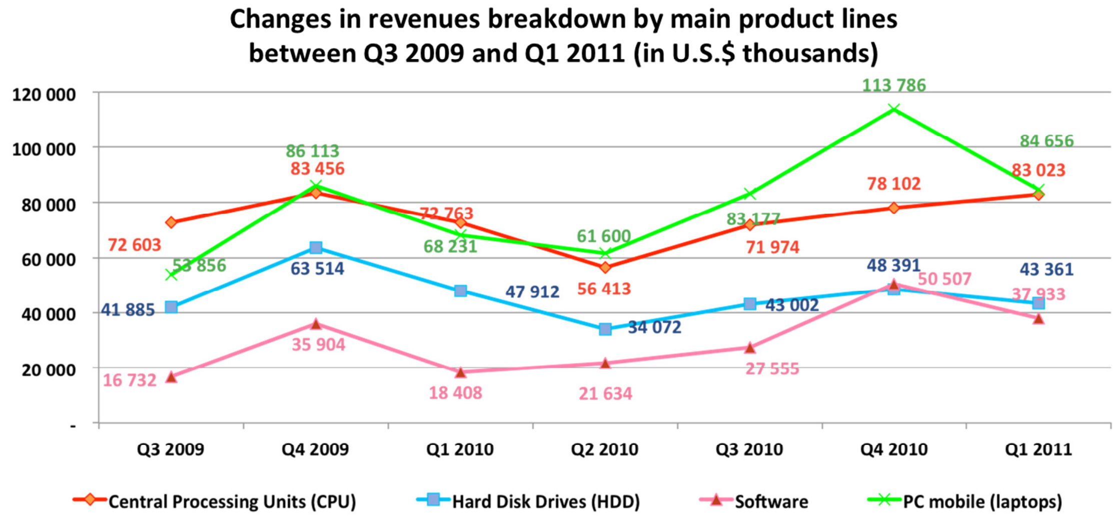
Revenue breakdown by product lines confirms the Company strategy of strong move to finished goods, A-branded goods, accessories, multimedia and own brands. This is especially visible in growing importance of software and laptops segments to total revenues. Apart from that, the Company is still strong in components segment and was able to benefit from it on the sales levels. The revenues structure is dominated by laptops segment that grew by 17.47% in share and by 24.07% in total numbers. Additionally share of revenue generated from software almost doubled, while the Company remained strong position in CPUs and HDDs segments.

- In the three month period ended March 31st, 2011 revenue from sale of central processing units ("CPUs") increased by 14.1% to U.S. $ 83,023 from U.S. $ 72,763 in the corresponding period of 2010. This was mostly due to better prices while the unit sales remained almost unchanged.

- In the three month period ended March 31st, 2011 revenue from sale of hard disk drives ("HDDs") decreased by 9.50% to U.S. $ 43,361 from U.S. $ 47,912 in the corresponding period of 2010. This was mostly due to lower prices, only partially offset by higher unit sales.

- In the three month period ended March 31st, 2011 revenue from sale of software increased by 106.07% to U.S. $ 37,933 from U.S. $ 18,408 in the corresponding period of 2010. This was mostly due to strong increase in unit sales of software from different manufacturers, including Microsoft, antivirus and virtualization solutions.

- In the three month period ended March 31st, 2011 revenue from sale of PC-mobile ("laptops") increased by 24.07% to U.S. $ 84,656 from U.S. $ 68,231 in the corresponding period of 2010 and became again the number one contributor in the Group's revenues. As it was expected and because of the convergence in the IT market towards finished products, the Group was fast enough to early adapt into the new environment and managed to increase its market share in the PC laptop segment. It is expected that this segment will drive the Company's revenues also in future periods.



Despite the main categories, the Group is developing segments with high margins, like peripherals or accessories and multimedia. In the three month period ended March 31st, 2011 revenue from sale of:

- mainboards increased by +25.99% to U.S. $ 9,981 from U.S. $ 7,922 in the corresponding period of 2010,
- accessories and multimedia increased by +90.39% to U.S. $ 16,453 from U.S. $ 8,642 in the corresponding period of 2010.

The Company is also developing its own brands, Canyon and Prestigio, as traditionally it allows the Company to reach double digit gross margins.

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. Financing in Russia and certain other markets became more available and at a lower cost; this decreased the Group's weighted average cost of debt.

The following table presents a summary of cash flows for the three months ended March 31st, 2011 and 2010:

	Three months ended March 31st	
	2011	2010
	U.S. $	
Net cash outflows from operating activities	(33,071)	(49,371)
Net cash outflows from investing activities	(739)	(496)
Net cash inflows/(outflows) from financing activities	1,394	(2,635)
Net decrease in cash and cash equivalents	(32,416)	(52,502)

Net cash outflows from operations

Net cash outflows from operations amounted to U.S. $ 33,071 for the three months ended March 31st, 2011, compared to U.S. $ 49,371 in the corresponding period of 2010. This is primarily due to the decreased inventory and more efficient management of receivables.

Net cash outflows from investing activities

Net cash outflows from investing activities was U.S. $ 738 for the three months ended March 31st, 2011, compared to U.S. $ 496 in the corresponding period of 2010. This slight increase in the cash outflows was mainly due to expenditure on property, plant and equipment.

Net cash inflows/(outflows) from financing activities

Net cash inflows from financing activities was U.S. $ 1,394 for the three months ended March 31st, 2011, compared to outflows of U.S. $ 2,635 for the corresponding period of 2010. This increase was primarily due to lower cost of financing and more available bank lines in certain countries.

Net decrease in cash and cash equivalents

As a result of the Company's efforts to serve growing demand and increased sales, the cash and cash equivalents position decreased by U.S. $ 32,416 compared to a decrease of U.S. $ 52,502 in the corresponding period of 2010.

16. Factors which may affect our results in the future

The Group's ability to increase revenues and market share

The very well diversified geographic coverage of the Group's revenues ensures no serious dependence on single markets when it comes to revenues. It is very important however that we remain focused in all markets we operate and ensure increased revenues and market share throughout our operation. This has been proven tough especially after the crisis which caused a slowdown in all markets of operations.

Despite the recovery in all major markets, the business environment remains highly volatile and extremely competitive. The Group has to ensure that all elements for success remain in place and be adaptive to all challenges which might be faced. Fierce competition, vendor relationships, positive cash-flow position and proper risk management are considered as critical success factors throughout 2011. The ability of the Group to keep a high standard in all aforementioned factors should be proven extremely important for our profitability during the following quarters. The management believes that it has taken all necessary steps to weather all these challenges, however factors outside the ordinary course of business might affect the Group's result at any point in time.

Currency volatilities:

The multi-currency environment that the Group operates in exposes its financial results to steep currency fluctuations. Despite the positive effect of the currency movements during Q1 2011, the hedging policy of the Group has proven successful and should be followed without exception The management feels that it is in a much stronger position to accommodate currency volatilities, however steep depreciation of the local currencies might and will have a negative result in the Group's profitability.

It is the management's target to take all possible measures to mitigate currency risks; however in this turbulent environment there is no perfect hedging strategy that could eliminate the foreign exchange risk. Therefore in 2011 and going forward, the Group will continue to be exposed to the currency volatilities despite all precautionary measures taken. It is our belief that should the currency environment stabilize, the results of the Group will be much improved.

Ability of the Group to control increased expenses:

The worldwide crisis has led the Group to take severe cost cutting actions during 2009. Following the increased demand and improved business environment, the Group decided to invest into human capital and proceeded with hiring personnel at positions which are considered critical in order to ensure better service of the markets and customers. This has led the expenses to be significantly increased during the last two precedent quarters. It is of extreme importance that expenses are controlled and managed within acceptable levels and result in economies of scale.

The management is undertaking all measures to ensure that both expenses and overheads are again under strict control, without this causing loss of key personnel. Expenses deriving from increased financing costs are not very much in the hands of management and, therefore, possible increases in cost of debt might lead to increased overheads.

Ability to further develop its product portfolio:

Because of its size, geographical coverage and good relationships with vendors, the Company, has managed to build an extensive product portfolio which has played a significant role in our increased revenues during last year and the precedent quarter. It is very crucial for the Company to continue refining its product mix by adding new product lines with higher gross (and net) profit margins which will boost its profitability.

Products like CPUs and HDDs have reached saturation on their life cycle and the need for new and higher margin products is becoming of extreme importance. The Group makes sure that more A-branded finished products are added on its portfolio as well as new technology products, like Tablet PC, E-book readers and other new technologically advanced products.

17. Information about important events that occurred after the period ended on March 31st, 2011 and before this report release

According to our best knowledge, in the period between March 31st, 2011 and May 11th, 2011 no events have occurred that could affect the Company's operations or 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 Financial Statements for the period ended March 31st, 2011

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ASBISC ENTERPRISES PLC

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

31 MARCH 2011

ASBISC ENTERPRISES PLC

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2011

C o n t e n t s

INTERIM CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2011
(Expressed in United States Dollars)

	Notes	For the three months ended 31 March 2011 US$	For the three months ended 31 March 2010 US$
Revenue	5,25	349.618.579	330.994.849
Cost of Sales		(331.505.702)	(313.855.492)
Gross Profit before currency movements		18.112.877	17.139.357
Currency movements on gross profit	6	1.339.711	(1.696.723)
Gross profit after currency movements		19.452.588	15.442.634
Selling expenses		(9.362.629)	(7.977.526)
Administrative expenses		(6.338.507)	(5.629.874)
Profit from operations		3.751.452	1.835.234
Financial expenses	8	(2.700.692)	(1.698.673)
Financial income	8	23.740	103.123
Other gains and losses	7	69.243	12.463
Share of loss from joint ventures	30	(72.071)	-
Profit before taxation	9	1.071.672	252.147
Taxation	10	(243.170)	(50.437)
Profit after taxation		828.502	201.710
Attributable to:			
Non-controlling interests		45.744	75.238
Owners of the parent		782.758	126.472
		828.502	201.710
		US$ cents	US$ cents
Earnings per share			
Basic and diluted from continuing operations		1,41	0,23

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2011
(Expressed in United States Dollars)

	For the three months ended 31 March 2011 US$	For the three months ended 31 March 2010 US$
Profit after taxation	828.502	201.710
Other comprehensive income/(loss):		
Exchange difference on translating foreign operations	1.144.182	(318.006)
Other comprehensive income/(loss) for the period	1.144.182	(318.006)
Total comprehensive income/(loss) for the period	1.972.684	(116.296)
Total comprehensive income/(loss) attributable to:		
Non-controlling interests	48.358	59.296
Owners of the parent	1.924.326	(175.592)
	1.972.684	(116.296)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011

(Expressed in United States Dollars)	Notes	Unaudited as at 31 March 2011 US$	Audited as at 31 December 2010 US$
ASSETS			
Current assets			
Inventories	12	124.829.829	103.619.085
Trade receivables	13	232.499.841	275.599.851
Other current assets	14	6.615.977	7.430.162
Derivative financial asset	15	19.241	5.379
Current taxation	10	327.354	348.667
Cash at bank and in hand	26	28.383.645	48.380.080
Total current assets		392.675.887	435.383.224
Non-current assets			
Goodwill	29	600.730	600.730
Property, plant and equipment	16	27.049.551	26.283.605
Investments in joint ventures	30	613.561	685.632
Available-for-sale financial assets	18	9.580	9.580
Intangible assets	17	1.637.360	1.672.152
Deferred tax assets	11	973.042	991.821
Total non-current assets		30.883.824	30.243.520
Total assets		423.559.711	465.626.744
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Trade payables		214.373.290	263.969.863
Other current liabilities	19	43.202.789	51.132.058
Derivative financial liability	20	401.432	138.840
Current taxation	10	244.556	839.316
Short term obligations under finance leases	23	270.288	267.835
Bank overdrafts and short term loans	21	66.102.452	52.070.722
Total current liabilities		324.594.807	368.418.634
Non-current liabilities			
Long term liabilities	22	5.263.322	5.168.634
Long term obligations under finance leases	23	238.531	272.590
Total non-current liabilities		5.501.853	5.441.224
Total liabilities		330.096.660	373.859.858
Equity			
Share capital	24	11.100.000	11.100.000
Share premium		23.518.243	23.518.243
Retained earnings and other components of equity		58.641.460	56.717.134
Equity attributable to owners of the parent		93.259.703	91.335.377
Non-controlling interests		203.348	431.509
Total equity		93.463.051	91.766.886
Total liabilities and equity		423.559.711	465.626.744

The financial statements were approved by the Board on 10 May 2011.

Constantinos Tziamalis
Director

Marios Christou
Director

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2011
(Expressed in United States Dollars)

	Attributable to owners of the parent						
	Share capital US$	Share premium US$	Retained earnings US$	Translation of foreign operations US$	Total US$	Non-controlling interests US$	Total equity US$
Balance at 31 December 2009 and 1 January 2010	11.100.000	23.518.243	56.290.074	123.812	91.032.129	319.403	91.351.532
Income for the period 1 January 2010 to 31 March 2010	-	-	126.472	-	126.472	75.238	201.710
Other comprehensive loss for the period 1 January 2010 to 31 March 2010	-	-	-	(302.064)	(302.064)	(15.942)	(318.006)
Balance 31 March 2010	11.100.000	23.518.243	56.416.546	(178.252)	90.856.537	378.699	91.235.236
Income for the period 1 April 2010 to 31 December 2010	-	-	822.813	-	822.813	277.525	1.100.338
Other comprehensive loss for the period 1 April 2010 to 31 December 2010	-	-	-	(329.068)	(329.068)	(7.098)	(336.166)
Dividend payment to non-controlling interests	-	-	-	-	-	(188.984)	(188.984)
Non-controlling interest on establishment of new subsidiary	-	-	-	-	-	17.357	17.357
Acquisition of shares from non-controlling interests	-	-	(14.905)	-	(14.905)	(45.990)	(60.895)
Balance at 31 December 2010	11.100.000	23.518.243	57.224.454	(507.320)	91.335.377	431.509	91.766.886
Income for the period 1 January 2011 to 31 March 2011	-	-	782.758	-	782.758	45.744	828.502
Other comprehensive income for the period 1 January 2011 to 31 March 2011	-	-	-	1.141.568	1.141.568	2.614	1.144.182
Dividend payment to non-controlling interests	-	-	-	-	-	(276.519)	(276.519)
Balance at 31 March 2011	11.100.000	23.518.243	58.007.212	634.248	93.259.703	203.348	93.463.051

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2011
(Expressed in United States Dollars)

	Notes	For the three months ended 31 March 2011 US$	For the three months ended 31 March 2010 US$
Profit for the period before tax and minority interest		1.071.672	252.147
Adjustments for:			
Exchange difference arising on consolidation		390.563	618.133
Provision for bad debts and receivables written off		367.890	731.535
Bad debts recovered		(7.926)	(1.492)
Depreciation	16	596.950	541.032
Amortisation of intangible assets	17	157.092	179.923
Share of loss from joint ventures	30	72.071	-
Interest received		(27.881)	(92.791)
Interest paid		1.177.570	869.388
Loss from the sale of property, plant and equipment and intangible assets		20.237	8.251
Operating profit before working capital changes		3.818.238	3.106.126
Increase in inventories		(21.210.744)	(21.001.555)
Decrease/(increase) in trade receivables		42.740.045	(200.063)
Decrease/(increase) in other current assets		800.323	(2.734.470)
Decrease in trade payables		(49.596.573)	(13.590.219)
Decrease in other current liabilities		(7.666.677)	(13.730.231)
Increase in other non-current liabilities		5.697	33.043
Cash outflows from operations		(31.109.691)	(48.117.369)
Taxation paid, net	10	(783.306)	(384.000)
Interest paid		(1.177.570)	(869.388)
Net cash outflows from operating activities		(33.070.567)	(49.370.757)
Cash flows from investing activities			
Interest received		27.881	92.791
Purchase of property, plant and equipment	16	(675.892)	(459.433)
Purchase of intangible assets	17	(169.698)	(149.135)
Proceeds from sale of property, plant and equipment and intangible assets		79.246	20.185
Net cash outflows from investing activities		(738.463)	(495.592)
Cash flows from financing activities			
Proceeds/(repayments) of long term loans and long term obligations under finance lease		54.930	(413.884)
Proceeds/(repayments) of short term loans and short term obligations under finance lease		1.615.157	(2.221.327)
Dividends paid to non-controlling interests		(276.519)	-
Net cash inflows/(outflows) from financing activities		1.393.568	(2.635.211)
Net decrease in cash and cash equivalents		(32.415.462)	(52.501.560)
Cash and cash equivalents at beginning of the period		21.369.517	36.571.758
Cash and cash equivalents at end of the period	26	(11.045.945)	(15.929.802)

1. Incorporation and principal activities

Asbisc Enterprises Plc was incorporated in Cyprus on 9 November 1995 with limited liability. 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.

Since 30th October 2007 the company is listed at the Warsaw Stock Exchange.

2. Basis of preparation

The condensed consolidated financial statements for the three months ended 31 March 2011 have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union (EU).

The condensed consolidated financial statements do not include all the information and disclosures required for the annual financial statements and should be read in conjunction with the audited financial statements for the year ended 31 December 2010.

3. Basis of consolidation

The condensed consolidated financial statements consolidate the financial statements of the company and its subsidiaries, which are together referred to as the group.

4. Significant accounting policies

The condensed financial statements have been prepared under the historical cost convention.

The preparation of the interim condensed consolidated financial statements, according to IFRS's require the group's management to make judgments and estimates which have a material impact on the amounts presented in the financial statements.

These judgments and estimates are consistent with those followed for the preparation of the group's annual financial statements for the year 2010.

The interim condensed consolidated financial statements are presented in US$.

The accounting policies adopted for the preparation of the condensed consolidated financial statements for the three months ended 31 March 2011 are consistent with those followed for the preparation of the annual financial statements for the year 2010 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 2011. The adoption of new and revised standards and interpretations did not have any material effect on the group's condensed consolidated financial statements.

5. 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 the demand for the group's products.

(Expressed in United States Dollars)

6. Currency movements on gross profit

	For the three months ended 31 March 2011 US$	For the three months ended 31 March 2010 US$
Realised currency movements on trading activities	784.623	(1.334.754)
Unrealised currency movements on trading activities	1.288.649	(361.969)
Realised loss on executed forward contracts	(402.208)	-
Net unrealised loss on unexecuted forward contracts	(331.353)	-
Gain/(loss) on currency movements	1.339.711	(1.696.723)

7. Other gains and losses

	For the three months ended 31 March 2011 US$	For the three months ended 31 March 2010 US$
Loss/(profit) on disposal of property, plant and equipment	(20.237)	(8.251)
Bad debts recovered	7.926	1.492
Rental income	30.303	43.632
Other income	51.251	17.006
Other non-operating expenses	-	(41.416)
	69.243	12.463

8. Financial expense, net

	For the three months ended 31 March 2011 US$	For the three months ended 31 March 2010 US$
Financial income		
Interest income	13.140	92.791
Other financial income	10.600	10.332
	23.740	103.123
Financial expense		
Bank interest	1.177.570	869.388
Bank charges	391.570	329.511
Factoring interest	151.649	276.683
Factoring charges	99.613	55.261
Other financial expenses	76.958	29.068
Other interest	48.228	69.034
Net exchange loss	755.104	69.728
	(2.700.692)	(1.698.673)
Net	(2.676.952)	(1.595.550)

9. Profit before taxation

	For the three months ended 31 March 2011 US$	For the three months ended 31 March 2010 US$
Profit before taxation is stated after charging:		
(a) Depreciation	596.950	541.032
(b) Amortisation of intangible assets	157.092	179.923
(c) Auditors' remuneration	175.695	142.393
(d) Directors' remuneration – executive (Note 27)	149.352	126.179
(e) Directors' remuneration – non-executive (Note 27)	10.362	10.316

(Expressed in United States Dollars)

10. Taxation

	For the three months ended 31 March 2011 US$	For the year ended 31 December 2010 US$
Credit balance 1 January	490.649	64.659
Tax asset from subsidiaries acquired	-	(278)
Provision for the period	209.413	1.315.092
Under provision of prior year	-	7.477
Exchange difference on retranslation	446	(4.877)
Amounts paid net	(783.306)	(891.424)
Net (debit)/credit balance 31 March/ 31 December	(82.798)	490.649

Tax receivable	(327.354)	(348.667)
Tax payable	244.556	839.316
Net	(82.798)	490.649

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

	For the three months ended 31 March 2011 US$	For the three months ended 31 March 2010 US$
Provision for the period	209.413	132.794
Over provision of prior years	-	-
Deferred tax charge/(income) (note 11)	33.757	(82.357)
Charge for the period	243.170	50.437

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.

11. Deferred tax

	For the three months ended 31 March 2011 US$	For the year ended 31 December 2010 US$
Debit balance on 1 January	(991.821)	(625.795)
Deferred tax charge/(credit) for the period (note 10)	33.757	(372.675)
Exchange difference on retranslation	(14.978)	6.649
Credit/(debit) balance on 31 March/ 31 December	(973.042)	(991.821)

(Expressed in United States Dollars)

12. Inventories

	As at 31 March 2011 US$	As at 31 December 2010 US$
Goods held for resale	113.543.874	99.006.701
Goods in transit	12.238.508	5.524.296
Provision for slow moving and obsolete stock	(952.553)	(911.912)
	124.829.829	103.619.085

13. Trade receivables

	As at 31 March 2011 US$	As at 31 December 2010 US$
Trade receivables	238.211.248	280.952.154
Allowance for doubtful debts	(5.711.407)	(5.352.303)
	232.499.841	275.599.851

14. Other current assets

	As at 31 March 2011 US$	As at 31 December 2010 US$
Other debtors and prepayments	3.086.579	3.001.796
VAT and other taxes refundable	2.338.226	3.244.704
Employee floats	436.523	326.032
Deposits and advances to service providers	754.649	857.630
	6.615.977	7.430.162

The directors consider that the carrying amount of other current assets of the group approximate their fair value.

15. Derivative financial asset

	As at 31 March 2011 US$	As at 31 December 2010 US$
Derivative financial assets carried at fair value through profit or loss		
Foreign currency forward contracts	19.241	5.379
	19.241	5.379

(Expressed in United States Dollars)

16. Property, plant and equipment

	Land and buildings US$	Assets under construction US$	Warehouse machinery US$	Furniture and fittings US$	Office equipment US$	Motor vehicles US$	Computer hardware US$	Total US$
Cost								
At 1 January 2010	19.516.123	-	143.028	2.011.028	2.726.272	3.276.380	5.377.891	33.050.722
Additions from acquisition of subsidiaries	-	-	-	953	214	-	1.720	2.887
Additions	106.863	3.402.910	31.920	222.353	195.453	598.214	645.938	5.203.651
Disposals	-	-	(5.690)	(78.566)	(150.004)	(241.565)	(275.108)	(750.933)
Foreign exchange difference on retranslation	(838.908)	-	(59)	(88.697)	(87.433)	(121.372)	(196.426)	(1.332.895)
At 31 December 2010	18.784.078	3.402.910	169.199	2.067.071	2.684.502	3.511.657	5.554.015	36.173.432
Additions	121.602	138.222	-	84.730	27.713	85.700	217.925	675.892
Disposals	-	-	-	(17.178)	(34.726)	(186.511)	(130.577)	(368.992)
Foreign exchange difference on retranslation	648.461	-	70	80.707	92.084	114.774	183.724	1.119.820
At 31 March 2011	19.554.141	3.541.132	169.269	2.215.330	2.769.573	3.525.620	5.825.087	37.600.152
Accumulated depreciation								
At 1 January 2010	1.365.248	-	12.246	874.394	1.148.411	1.700.358	3.408.629	8.509.286
Charge for the year	477.917	-	18.342	215.720	296.810	527.081	766.735	2.302.605
Disposals	-	-	(5.690)	(52.701)	(51.475)	(229.582)	(258.111)	(597.559)
Foreign exchange difference on retranslation	(80.471)	-	(104)	(33.364)	(41.712)	(62.179)	(106.675)	(324.505)
At 31 December 2010	1.762.694	-	24.794	1.004.049	1.352.034	1.935.678	3.810.578	9.889.827
Charge for the period	119.897	-	4.721	53.851	66.468	147.364	204.649	596.950
Disposals	-	-	-	(14.390)	(32.602)	(161.844)	(124.597)	(333.433)
Foreign exchange difference on retranslation	105.547		5.671	37.780	56.363	73.274	118.622	397.257
At 31 March 2011	1.988.138	-	35.186	1.081.290	1.442.263	1.994.472	4.009.252	10.550.601
Net book value								
At 31 March 2011	17.566.003	3.541.132	134.083	1.134.040	1.327.310	1.531.148	1.815.835	27.049.551
At 31 December 2010	17.021.384	3.402.910	144.405	1.063.022	1.332.468	1.575.979	1.743.437	26.283.605

(Expressed in United States Dollars)

17. Intangible assets

	Computer software US$	Patents and licenses US$	Total US$
Cost			
At 1 January 2010	6.533.961	679.436	7.213.397
Additions	121.457	129.601	251.058
Disposals upon disposal of subsidiaries	(76)	-	(76)
Disposals	(90.219)	(23.766)	(113.985)
Foreign exchange difference on retranslation	(53.518)	(12.013)	(65.531)
At 31 December 2010	6.511.605	773.258	7.284.863
Additions	143.292	26.406	169.698
Disposals/ write-offs	(274.549)	(5.846)	(280.395)
Foreign exchange difference on retranslation	56.221	7.956	64.177
At 31 March 2011	6.436.569	801.774	7.238.343
Accumulated amortization			
At 1 January 2010	4.483.801	553.797	5.037.598
Charge for the year	623.931	83.123	707.054
Disposals upon disposal of subsidiaries	(76)	-	(76)
Disposals	(89.806)	-	(89.806)
Foreign exchange difference on retranslation	(34.832)	(7.227)	(42.059)
At 31 December 2010	4.983.018	629.693	5.612.711
Charge for the period	141.582	15.510	157.092
Disposals/ write-offs	(210.626)	(5.846)	(216.472)
Foreign exchange difference on retranslation	41.982	5.670	47.652
At 31 March 2011	4.955.956	645.027	5.600.983
Net book value			
At 31 March 2011	1.480.613	156.747	1.637.360
At 31 December 2010	1.528.587	143.565	1.672.152

18. Available-for-sale financial assets

	Country of incorporation	Participation %	Cost US$	Impairment US$	As at 31 March 2011 US$	As at 31 December 2010 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
			99.580	(90.000)	9.580	9.580

(Expressed in United States Dollars)

19. Other current liabilities

	As at 31 March 2011 US$	As at 31 December 2010 US$
Factoring creditors (i)	26.881.173	32.373.068
Non-trade accounts payable	3.182.305	4.578.205
Salaries payable and related costs	1.195.144	1.217.365
VAT payable	5.166.031	6.106.819
Amount due to directors – executive	1.018	20.630
Amounts due to directors – non-executive	10.924	10.402
Unpaid consideration for investment in joint venture	115.961	115.961
Accruals and deferred income	6.650.233	6.709.608
	43.202.789	51.132.058

(i) As at 31 March 2011 the group enjoyed factoring facilities of US$ 48.719.024 (31 December 2010: US$ 48.245.810). The factoring facilities are secured as mentioned in note 21.

20. Derivative financial liability

	As at 31 March 2011 US$	As at 31 December 2010 US$
Derivative financial liabilities carried at fair value through profit or loss		
Foreign currency forward contracts	401.432	138.840
	401.432	138.840

21. Bank overdrafts and short term loans

	As at 31 March 2011 US$	As at 31 December 2010 US$
Bank overdrafts	39.429.590	27.010.563
Bank short term loans	25.914.730	24.382.256
Current portion of long term loans	758.132	677.903
	66.102.452	52.070.722

Summary of borrowings and overdraft arrangements

The group as at 31 March 2011 had the following financing facilities with banks in the countries that the company and its subsidiaries are operating:

- overdraft lines of US$ 52.869.244 (31 December 2010: US$ 52.167.256)
- short term loans/revolving facilities of US$ 27.944.732 (31 December 2010: US$ 31.257.789)
- bank guarantees of US$ 7.860.694 (31 December 2010: US$ 7.825.171)

The group had for the period ending 31 March 2011 cash lines (overdrafts, loans and revolving facilities) and factoring lines.

The Weighted Average Cost of Debt (cash lines and factoring lines) for the period was 5,8% (2010: 6,5%)

(Expressed in United States Dollars)

21. Bank overdrafts and short term loans (continued)

Summary of borrowings and overdraft arrangements (continued)

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

- First, second and third 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
- Assignment of insurance policies

Pledged deposits of US$ 1.079.336 (31 December 2010: US$ 888.327)

22. Long term liabilities

	As at 31 March 2011 US$	As at 31 December 2010 US$
Bank loans	4.991.208	4.902.217
Other long term liabilities	272.114	266.417
	5.263.322	5.168.634

23. Finance leases

	As at 31 March 2011 US$	As at 31 December 2010 US$
The Group		
Obligation under finance lease	508.819	540.425
Less: Amount payable within one year	(270.288)	(267.835)
Amounts payable within 2-5 years inclusive	238.531	272.590

24. Share Capital

	As at 31 March 2011 US$	As at 31 December 2010 US$
Authorised		
63.000.000 (2010: 63.000.000) shares of US$ 0,20 each	12.600.000	12.600.000
Issued, called-up and fully paid		
55.500.000 (2010: 55.500.000) ordinary shares of US$ 0,20 each	11.100.000	11.100.000

(Expressed in United States Dollars)

25. 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, Eastern Europe, Western Europe and Middle East & Africa.

1.2 Segment revenues

	For the three months ended 31 March 2011 US$	For the three months ended 31 March 2010 US$
Former Soviet Union	145.126.432	121.824.549
Central Eastern Europe	112.907.830	114.588.508
Western Europe	29.588.943	30.255.142
Middle East & Africa	51.800.767	51.655.874
Other	10.194.607	12.670.776
	349.618.579	330.994.849

1.3 Segment results

	For the three months ended 31 March 2011 US$	For the three months ended 31 March 2010 US$
Former Soviet Union	3.538.904	611.785
Central Eastern Europe	(543.656)	954.838
Western Europe	636.458	148.967
Middle East & Africa	(93.906)	14.122
Other	213.652	105.522
Profit from operations	3.751.452	1.835.234
Net financial expenses	(2.676.952)	(1.595.550)
Other gains and losses	69.243	12.463
Share of loss from joint ventures	(72.071)	-
Profit before taxation	1.071.672	252.147

1.4 Inter-segment revenues

Selling segment	Purchasing segment	For the three months ended 31 March 2011 US$	For the three months ended 31 March 2010 US$
Western Europe	Middle East & Africa	488.721	519.798

(Expressed in United States Dollars)

25. Operating segments (continued)

1.5 Segment capital expenditure (CAPEX)

	As at 31 March 2011 US$	As at 31 December 2010 US$
Former Soviet Union	4.303.771	4.276.064
Central Eastern Europe	12.940.547	12.354.783
Western Europe	552.881	511.741
Middle East & Africa	4.037.150	4.092.835
Unallocated	7.453.292	7.321.064
	29.287.641	28.556.487

1.6 Segment depreciation and amortisation

	For the three months ended 31 March 2011 US$	For the three months ended 31 March 2010 US$
Former Soviet Union	110.134	78.596
Central Eastern Europe	278.822	255.103
Western Europe	60.223	57.167
Middle East & Africa	85.414	83.302
Unallocated	219.449	246.787
	754.042	720.955

1.7 Segment assets

	As at 31 March 2011 US$	As at 31 December 2010 US$
Former Soviet Union	169.819.557	189.253.508
Eastern Europe	108.700.207	128.640.027
Western Europe	34.510.326	35.239.222
Middle East & Africa	68.207.056	64.908.466
Total	381.237.146	418.041.223
Assets allocated in capital expenditure (1.5)	29.287.641	28.556.487
Other unallocated assets	13.034.924	19.029.034
Consolidated assets	423.559.711	465.626.744

(Expressed in United States Dollars)

26. Cash and cash equivalents

	As at 31 March 2011 US$	As at 31 December 2010 US$
Cash at bank and in hand	28.383.645	48.380.080
Bank overdrafts (Note 21)	(39.429.590)	(27.010.563)
	(11.045.945)	21.369.517

The cash at bank and in hand balances include an amount of US$ 1.079.336 (31 December 2010: US$ 888.327) which represents pledged deposits.

27. Transactions and balances of key management

	For the three months ended 31 March 2011 *US$*	For the three months ended 31 March 2010 *US$*
Directors' remuneration - executive	149.352	126.179
Directors' remuneration - non executive	10.362	10.316
	159.714	136.495

	As at 31 March 2011 US$	As at 31 December 2010 US$
Amount due to directors - executive	1.018	20.630
Amount due to directors - non executive	10.924	10.402
	11.942	31.032

28. Commitments and contingencies

As at 31 March 2011 the group was committed in respect of purchases of inventories of a total cost value of US$ 2.606.950 which were in transit at 31 March 2011 and delivered in April 2011. 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 as at the period end.

As at 31 March 2011 the group was contingently liable in respect of bank guarantees of US$ 7.860.694 (31 December 2010: US$ 7.825.171) which the group had extended mainly to its suppliers.

As at 31 March 2011 the group had no other legal commitments and contingencies.

(Expressed in United States Dollars)

29. Goodwill

	As at 31 March 2011 US$	As at 31 December 2010 US$
At 1 January	600.730	550.517
Goodwill arising from business combinations	-	50.213
At 31 March/December	600.730	600.730

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

	As at 31 March 2011 US$	As at 31 December 2010 US$
Megatrend D.O.O. Sarajevo	550.517	550.517
Euromall Limited Bulgaria EOOD	41.416	41.416
ION-Ukraine LLC	8.797	8.797
	600.730	600.730

30. Investments in joint ventures

	As at 31 March 2011 US$	As at 31 December 2010 US$
Cost		
At 1 January	737.997	-
Investments in joint ventures during the period	-	737.997
At 31 December	737.997	737.997
Accumulated share of profits from joint ventures		
At 1 January	(52.365)	-
Share of losses from joint ventures during the period	(72.071)	(52.365)
At 31 December	(124.436)	(52.365)
Investments in joint ventures recorded under the equity method of consolidation	613.561	685.632

31. Comparative figures

Where necessary, comparative figures have been restated to coincide with the presentation of the current period's condensed financial statements.

32. Events after the reporting period

No significant events occurred after the end of the reporting period