ASBISc Enterprises Plc

INTERIM REPORT
FOR THE THREE MONTHS
ENDED 31 MARCH 2014

Limassol, May 8th, 2014

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

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

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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

Financial and Operating Data

This quarterly report contains financial statements of, and financial information relating to the Group. In particular, this quarterly report contains our interim consolidated financial statements for the three months ended 31 March 2014. 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, 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 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 month period ended 31 March 2014

The principal events of the three months ended 31 March 2014 were as follows:

- Revenues in Q1 2014 decreased by 22.85% to U.S. $ 342,390 from U.S. $ 443,824 in the corresponding period of 2013. This decrease relates to the extraordinary situation in the Eastern European Markets, namely Ukraine, which has been out top 3 market it terms of sales in 2013. This has also affected nearby countries, most importantly Russia. Despite the decrease in total revenues, sales of our own brands have increased by 22.14% compared to Q1 2013 and thus positively affected the gross profit margin.

- Gross profit in Q1 2014 has decreased by 15.12% to U.S. $ 22,236 from U.S. $ 26,196 in the corresponding period of 2013.

- Gross profit margin in Q1 2014 has increased by 10.03% to 6.49% from 5.90% in the corresponding period of 2013 (and compared to 6.21% in Q4 2013). This growth – similarly to previous quarters - was possible due to changes in the product portfolio and further development of own brands sales.

- Selling expenses in Q1 2014 have decreased by 3.90% to U.S. $ 11,373 from U.S. $ 11,835 in the corresponding period of 2013. This decrease is connected with lower revenues and gross profitability.

- Administrative expenses in Q1 2014 have increased by 14.67% to U.S. $ 7,895 from U.S. $ 6,885 in the corresponding period of 2013, mostly due to a significant investment in human resources to drive 2013, full impact of which is evident in Q1 2014.

- Financial expenses in Q1 2014 have increased by 80.52% to U.S.$ 6,469 from U.S.$ 3,583 in the corresponding period of 2013. This increase is mainly related to the extraordinary situation in the Eastern European markets, leading to significant foreign exchange losses.

- EBITDA in Q1 2014 has decreased by 54.03% to U.S. $ 3,747 in comparison to U.S. $ 8,150 in the corresponding period of 2013.

- As a result, in Q1 2014 the Company has generated a net loss after taxation of U.S. $ 3,387, in comparison to a net profit after taxation of U.S. $ 3,344 in the corresponding period of 2013.

The following table presents revenues breakdown by regions for Q1 2014 and Q1 2013 (in U.S.$ thousand):

Region	**Q1 2014**	**Q1 2013**	**Change (%)**
Former Soviet Union	122,356	160,143	-23.60%
Central and Eastern Europe	145,920	169,054	-13.68%
Western Europe	18,658	42,456	-56.05%
Middle East and Africa	48,140	65,506	-26.51%
Other	7,316	6,665	+9.77%
Grand Total	342,390	443,824	-22.85%

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, 2014 and 2013, 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, 2013, that is: 1 US$ = 3.0120 PLN and 1 EUR = 4.1472 PLN and March 31st, 2014, that is: 1 US$ = 3.0344 PLN and 1 EUR = 4.1713 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, 2013, that is 1 US$ = 3.1714 PLN and 1 EUR = 4.1738 and January 1st to March 31st, 2014, that is 1 US$ = 3.0629 PLN and 1 EUR = 4.1894 PLN.

	Period from 1 January to 31 March 2014			Period from 1 January to 31 March 2013		
	USD	PLN	EUR	USD	PLN	EUR
Revenue	**342,390**	**1,048,707**	**250,324**	**443,824**	**1,407,545**	**337,233**
Cost of sales	(320,154)	(980,600)	(234,067)	(417,628)	(1,324,466)	(317,329)
Gross profit	**22,236**	**68,107**	**16,257**	**26,196**	**83,079**	**19,905**
Selling expenses	(11,373)	(34,835)	(8,315)	(11,835)	(37,532)	(8,992)
Administrative expenses	(7,895)	(24,182)	(5,772)	(6,885)	(21,836)	(5,232)
Profit from operations	**2,968**	**9,091**	**2,170**	**7,477**	**23,711**	**5,681**
Financial expenses	(6,469)	(19,814)	(4,730)	(3,583)	(11,365)	(2,723)
Financial income	102	311	74	126	401	96
Other gains and losses	49	151	36	190	601	144
Share of loss from joint ventures	-	-	-	(18)	(56)	(13)
Profit before taxation	**(3,350)**	**(10,262)**	**(2,449)**	**4,192**	**13,293**	**3,185**
Taxation	(37)	(113)	(27)	(848)	(2,689)	(644)
Profit after taxation	**(3,387)**	**(10,374)**	**(2,476)**	**3,344**	**10,604**	**2,541**
Attributable to:						
Non-controlling interests	5	16	4	15	48	11
Owners of the Company	**(3,392)**	**(10,391)**	**(2,480)**	**3,329**	**10,557**	**2,529**

	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	-6.11	-18.72	-4.47	6.00	19.02	4.56

	Period from 1 January to 31 March 2014			Period from 1 January to 31 March 2013		
	USD	PLN	EUR	USD	PLN	EUR
Net cash outflows from operating activities	(63,586)	(194,758)	(46,488)	(36,660)	(116,263)	(27,856)
Net cash outflows from investing activities	(597)	(1,828)	(436)	(676)	(2,143)	(513)
Net cash inflows from financing activities	19,820	60,707	14,491	2,162	6,856	1,643
Net decrease in cash and cash equivalents	**(44,363)**	**(135,879)**	**(32,434)**	**(35,174)**	**(111,550)**	**(26,726)**
Cash at the beginning of the period	**490**	**1,501**	**358**	**(4,392)**	**(13,930)**	**(3,337)**
Cash at the end of the period	**(43,873)**	**(134,378)**	**(32,076)**	**(39,566)**	**(125,479)**	**(30,064)**

	As at 31 March 2014			As at 31 December 2013		
	USD	PLN	EUR	USD	PLN	EUR
Current assets	463,978	1,407,894	337,519	592,676	1,785,139	430,444
Non-current assets	30,684	93,107	22,321	31,291	94,248	22,726
Total assets	494,661	1,501,001	359,840	623,966	1,879,387	453,170
Liabilities	385,421	1,169,522	280,374	510,518	1,537,680	370,776
Equity	109,240	331,479	79,467	113,448	341,707	82,395

4. Organization of ASBIS Group

The following table presents our corporate structure as at March 31st, 2014:

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) (Tallin, 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 (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)
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 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)
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)

5. Changes in the structure of the Company

During the three months ended March 31st, 2014 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 have not published any forecasts for the three months period ended March 31st, 2014. However on May 8th, 2014 the Company has published the official financial forecasts for Y2014, that include the effects of the political and economical turbulence in Ukraine, Russia and Kazakhstan. According to this forecast, the Company expects to generate from U.S.$ 1.6 billion to U.S.$ 1.75 billion revenues, while net profit after tax for the whole year is expected to range from U.S.$ 4 million to U.S.$ 5 million.

7. Information on dividend payment

For the three month period ended March 31st, 2014 no dividend was 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	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%
Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. (Noble Funds Fundusz Inwestycyjny Otwarty, Noble Fund 2DB Fundusz Inwestycyjny Zamknięty, Noble Fund Opportunity Fundusz Inwestycyjny Zamknięty)**	2,780,500	5.01%	2,780,500	5.01%
Noble Funds Fundusz Inwestycyjny Otwarty***	2,829,691	5.10%	2,829,691	5.10%
ASBISc Enterprises PLC (buy-back program)	118,389	0.21%	118,389	0.21%

* 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.
** According to notification from December 17th, 2013
*** According to notification from March 4th, 2014

In the three months period ended on March 31st, 2014 the Company has received the following information about changes in its shareholders structure:

(1) On March 4th, 2014 the Company has received from Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. notification that following the purchase of the Company's shares on February 26th, 2014, the share of Noble Funds Fundusz Inwestycyjny Otwarty („the Fund") managed by Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. exceeded the threshold of 5% of total number of votes at the Company's General Meeting of Shareholders.
According to the notification, before the abovementioned purchase of shares, the Fund had 2 741 976 Company's shares that were equal to 4,94% in the Company's share capital and had 2 741 976 votes at the Company's General Meeting of Shareholders, that were equal to 4,94% of total number of votes.
According to the notification, after the abovementioned purchase of shares the Fund hold 2 829 691 Company's shares, equal to 5,10% in the Company's share capital and have 2 829 691 votes at the Company's General Meeting of Shareholders, equal to 5,10% of total number of votes.

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

During the three month period ended on 31 March 2014 as well as in the period between March 27th, 2014 (the date of the publication of the Annual Report for 2013) and May 8th, 2014 (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)	22,718,127	40.93%
Marios Christou	248,000	0.45%
Constantinos Tziamalis	35,000	0.06%
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

During the three month period ended March 31st, 2014 there were no changes in the members of the Company's Board of Directors.

11. Significant administrative and court proceedings against the Company

As of March 31st, 2014, 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, 2014 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.$ 188,815 at December 31st, 2013 to U.S.$ 240,810 at March 31st, 2014, 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 March 31st 2014 was U.S. $ 8,022 – as per note number 18 to the financial statements – which is less than 10% of the Company's equity.

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

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

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

In the three month period ended March 31st, 2014 the Company's results of operations have been affected and are expected to continue to be affected by a number of factors. These factors are: the instability of Ukraine's political and financial environment and the involvement of Russia into the Ukrainian crisis, currency fluctuations, competition and price pressures, low gross profit margins, potential inventory obsolescence and price erosion, the worldwide unstable financial environment, and seasonality.

Similar to a number of previous periods, the Company has continued its strategy to focus more on profitability than just on revenues. Therefore, changes in product portfolio continued and included an intentional decrease in sales of a number of low profit product lines and increase in sales of booming high gross profit segments of tablets and smartphones (both own brands and third party). This resulted in increased gross profit margin compared to both Q1 2013 and Q4 2013.

However, this positive tendency in the Company's results was overshadowed by the negative effects following the turbulence in Eastern Europe, namely in Ukraine. This situation has decreased significantly demand in this country, and has also adversely affected nearby markets. Thus, revenues derived in Q1 2014 were significantly lower compared to Q1 2013.

A major effect of the turbulence in Ukraine was a strong depreciation of the Ukrainian Hryvna and the Russian Ruble. The hedging actions have shielded the Company to the extent possible, however the steepness of depreciation has led to significant currency losses. Additionally, the Company faced some extraordinary FX losses in Kazakhstan, since the Kazakhstan government decided to devaluate the local currency in February 2014. These events have increased the Company's financial expenses in Q1 2014 and contributed to the net loss after taxation for Q1 2014.

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

Instability of Ukraine's political and financial environment and the involvement of Russia in the crisis

We have experienced during the course of 2014 to-date, a severe crisis in our third largest market - Ukraine, which has resulted into a 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. 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 2014. The Company is undertaking a number of measures to protect itself from this crisis and mitigate possible losses.

Having seen these recent developments and having in mind the Company's efforts, some stabilization is expected in Q2 2014. This is expected to allow the Company to generate profits for the whole year, as announced in the financial forecasts for the Y2014 on May 7^{th}, 2014.

Currency fluctuations

As mentioned in previous reports, 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's reporting currency, the Group has adopted hedging strategies to tackle this problem successfully.

However, in Q1 2014 the Group has faced a strong depreciation of the Ukrainian Hryvnia and the Russian Ruble emanating from the political turbulence in Ukraine. Additionally, the Group has absorbed another unexpected fx loss, due to the devaluation of the Kazakhstani Tenge. All these were offset to the extent of typical business (i.e. by having liabilities in local currencies), however these developments have resulted in significant currency losses.

Although the abovementioned are considered as one-off events, it is crucial to continue our successful hedging and further improve it over time to immune the Group from some non-predictable situations in particular countries, as is the case of Kazakhstan and Ukraine in the beginning of 2014.

USD/UAH in Q1 2014

USD/RUB in Q1 2014

USD/KZT in Q1 2014

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 business is based on two types of business, at least margin wise: traditional distribution of third party products and own brands sales.

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 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 develops the own brands business, that allows to generate higher gross profit margins. Since this business is already responsible for a significant part of total sales, it positively affects the overall gross profit margin and overall 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 and no matter if its 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.

As a result of this strategy, the Company's gross profit margin in Q1 2014 has grown compared to both Q1 2013 and Q4 2013, despite lower revenues and other negative factors emanating from the political turbulence in Eastern European markets. It is expected that continuation of this strategy will allow the Company to further improve its margins in the future.

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 brands business division, the Company needs to balance between satisfying the consumer demand and risk of inventory obsolence or price erosion, by having the proper level of inventory – not to small to satisfy demand and develop sales and market position, and not to big in order to avoid the risk of unsold inventories.

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 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 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 55 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 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, paid off in terms of increased market share and sales.

However, there are many uncertainties about the world economy and especially the Euro-zone, 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 Q1 2014.

In most cases, the Company is able to secure itself from such factors. However, we can never be 100% secure from any external factors, as shown in Q1 2014, the results of which have been significantly affected by the situation in Ukraine and Russia.

Therefore, it is of extreme importance to follow a strategy of further securing the Company from external factors and improving it constantly in future periods and focus more on growing profitability and improving cash flow rather than just on growing 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.

Traditional seasonality effect is expected to be seen also in 2014, despite the turbulence faced in Q1 2014 in the Eastern European markets.

Increased cost of debt

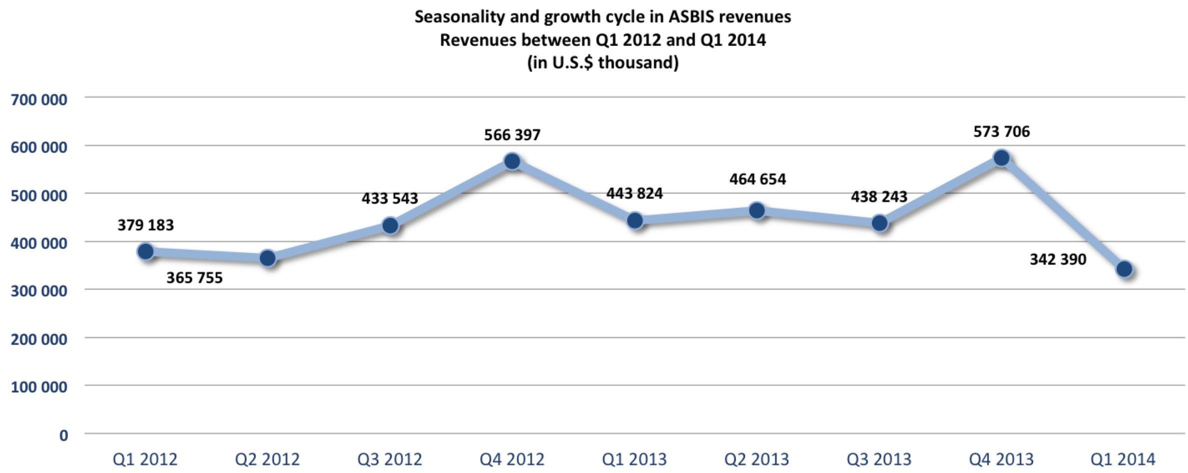
Having increased private label business implies a much higher need for cash available to support the growth. The Group has managed to raise cash from various financial institutions however in certain cases the cost of this financing is above the weighted average cost of debt.

The Company is currently undertaking certain steps to ensure lower cost of financing.

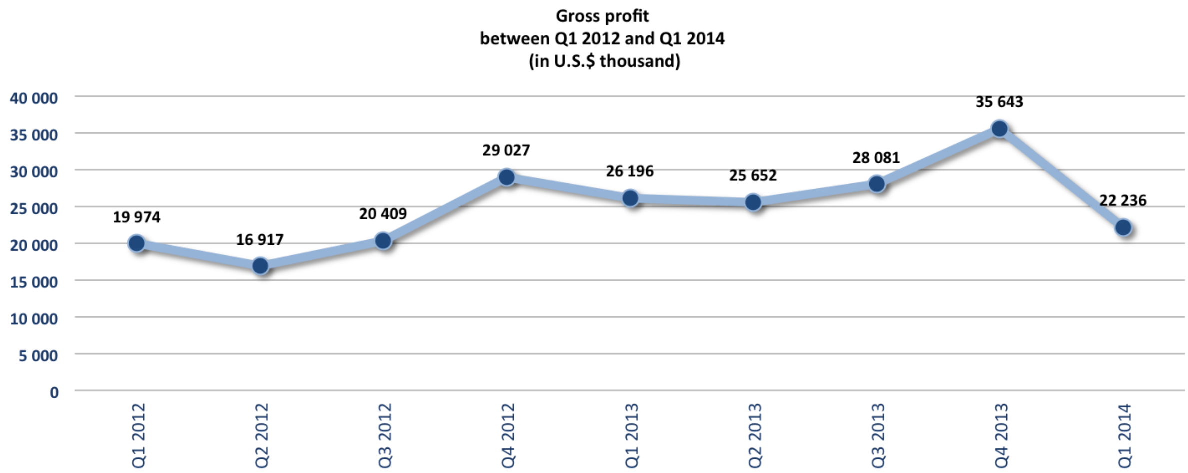
Results of Operations

Three month period ended 31 March 2014 compared to the three month period ended 31 March 2013

Revenues: In Q1 2014 revenues decreased by 22.85% to U.S. $ 342,390 from U.S. $ 443,824 in the corresponding period of 2013. This decrease relates to the extraordinary situation in the Eastern European markets, namely Ukraine, which has been our market no. 3 in terms of 2013 sales. The Ukrainian issue has also negatively affected business in nearby countries, like Russia (thus the F.S.U. region). Additionally, we had less sales in Western Europe, due to lower sales of low margin products, while Prestigio devices continued to sell well, with a 22.14% increase and a positive impact on the gross profit margin of the Company, compared to Q1 2013. It is expected that sales in both CEE and Western Europe will start growing again later in 2014. As regards to the F.S.U. region, the situation there still remains uncertain.



- **Gross profit:** In Q1 2014 gross profit has decreased by 15.12% to U.S. $ 22,236 from U.S. $ 26,196 in the corresponding period of 2013. It is however important to underline that the gross profit decrease (created mostly by the sales slowdown in Ukraine and Russia) was lower than the decrease in revenues.



- **Gross profit margin:** Due to changes in the product portfolio, that included more of own brands sales and distribution of third party products (only when they allow for a leading market position and satisfactory margins), the gross profit margin picked up in Q1 2014, compared to both Q1 2013 and Q4 2013.

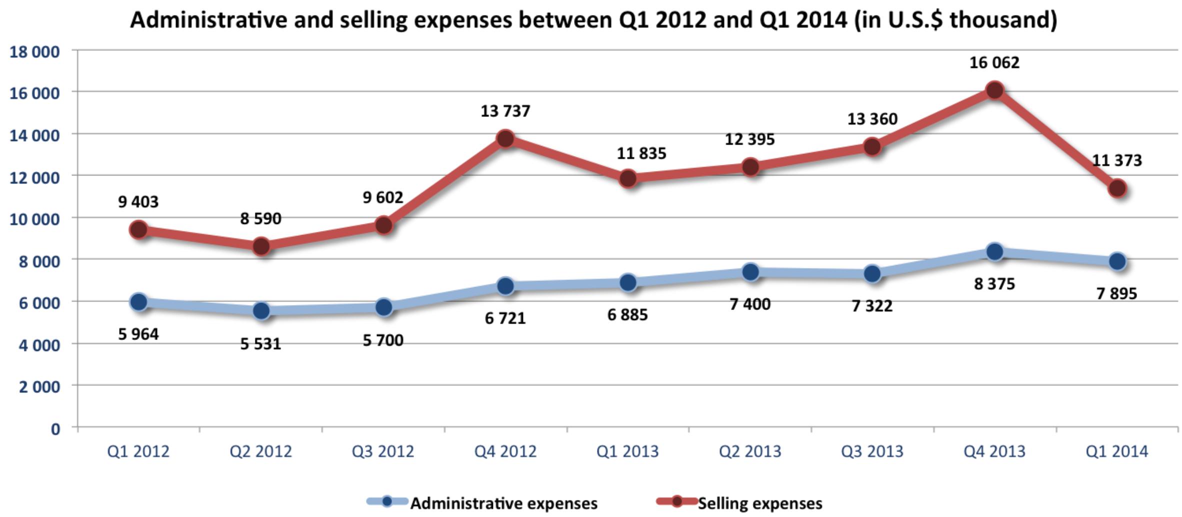
  Gross profit margin in Q1 2014 increased by 10.03% to 6.49% from 5.90% in the corresponding period of 2013 (and compared to 6.21% in Q4 2013).

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

  Selling expenses in Q1 2014 have decreased by 3.90% to U.S. $ 11,373 from U.S. $ 11,835 in the corresponding period of 2013. They have also decreased significantly compared to Q4 2013. This decrease was mostly connected with lower gross profit.

- **Administrative expenses** largely comprise of salaries and wages of administration personnel and rent expense. They have increased in Q1 2014 mostly due to investments in the own brands organization and increased number of employees.

  Administrative expenses in Q1 2014 have increased by 14.67% to U.S. $ 7,895 from U.S. $ 6,885 in the corresponding period of 2013.



- **Operating profit:** In Q1 2014 the operating profit has decreased by 60.30% to U.S. $ 2,968, compared to U.S. $ 7,477 in the corresponding period of 2013 as a direct result of lower sales and gross profit.
- **EBITDA:** In Q1 2014 EBITDA has decreased by 54.03% to U.S. $ 3,747, in comparison to U.S. $ 8,150 in the corresponding period of 2013.
- **Net profit:** As a result of lower revenues and increased currency losses related to the Ukrainian crisis, in Q1 2014 the Company has generated a net loss after taxation of U.S. $ 3,387, in comparison to net profit after taxation of U.S. $ 3,344 in the corresponding period of 2013.

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 Q1 2014, however due to the political turbulence in Ukraine spreading to nearby markets, the CEE region contribution in total revenues grew at a cost of F.S.U.

Revenues derived in the F.S.U region have decreased by 23.60% in Q1 2014, while sales in the Central and Eastern Europe region have decreased by only 13.68%. As regards the smaller regions, sales in the Western Europe region have decreased by 56.05% and in the Middle East and Africa by 26.51%. The major reasons for lower sales are attributed to the Ukrainian issue (that has also affected nearby countries) and a slower customer demand.

As a result of the above mentioned facts, the contribution of certain regions – like the CEE region, in total revenues of the Company for Q1 2014 has changed compared to Q1 2013. The F.S.U. region contribution was 35.74%, compared to 36.08%, Central and Eastern Europe contribution has grown to

42.62% from 38.09%, Western Europe has decreased to 5.45% from 9.57% and the Middle East and Africa has decreased slightly to 14.06% from 14.76%.

In the management's opinion, increased share of different regions in total revenues at a cost of F.S.U. region increases the Company's security, since its dependence from one large region decreases. Therefore, the Company intends to further support this trend in the future, especially by developing its own brands business.

Country-by-country analysis confirms that the major decrease in sales was noted in the markets directly affected by the political crisis in Ukraine. The decrease in Ukraine was the most dramatic, since demand in this country was lower by about 50%. Additionally, the Company decided for more selective sales. As a result, revenues in Ukraine have decreased by 35.47%, compared to Q1 2013. In conjunction to this, revenues derived in our single biggest market - Russia – have decreased by 17.33% in Q1 2014, in comparison to the corresponding period of 2013. On the other hand though, the Company was able to increase sales in markets that were not directly affected by the crisis in Ukraine, like in Slovakia where revenues grew by 21.64% compared to Q1 2013.

Since the Company's operations were affected in a large number of countries, due to uncertainties related to the crisis in Ukraine, the Company expects that should the situation in this country stabilize, the Group's results would be much improved.

The table below provides a geographical breakdown of sales in the three month periods ended March 31st, 2014 and 2013.

	Q1 2014		Q1 2013	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Former Soviet Union	122,356	35.74%	160,143	36.08%
Central and Eastern Europe	145,920	42.62%	169,054	38.09%
Middle East and Africa	48,140	14.06%	65,506	14.76%
Western Europe	18,658	5.45%	42,456	9.57%
Other	7,316	2.14%	6,665	1.50%
Total	342,390	100%	443,824	100%

Top 10 countries by performance in Q1 2014 (in U.S. Dollar thousand)

Country	Sales performance			
	Q1 2014	Q1 2013	Change USD	Change %
Poland	17,000	12,736	4,264	+33%
Slovakia	46,399	38,097	8,302	+22%
United Arab Emirates	31,516	27,794	3,722	+13%
Czech Republic	19,845	19,096	749	+4%
Romania	12,175	12,500	(325)	-3%
Russia	73,381	88,766	(15,385)	-17%
Belarus	13,393	17,110	(3,717)	-22%
Kazakhstan	12,061	17,174	(5,113)	-30%
Ukraine	21,980	34,062	(12,082)	-35%
Bulgaria	19,353	37,316	(17,963)	-48%

Sales by product lines

Despite the turbulence in Ukraine that affected sales in a number of countries across our operations, in Q1 2014 the Group continued enforcing its profit oriented strategy, which includes changes in product portfolio towards the increase of sales of products generating higher gross profit margins.

Revenues from tablets grew by 9.41% and from smartphones decreased by 35.71%. The decrease of smartphones is mostly connected to third party smartphones sales. When it comes to own branded products, its sales grew by 22.14%.

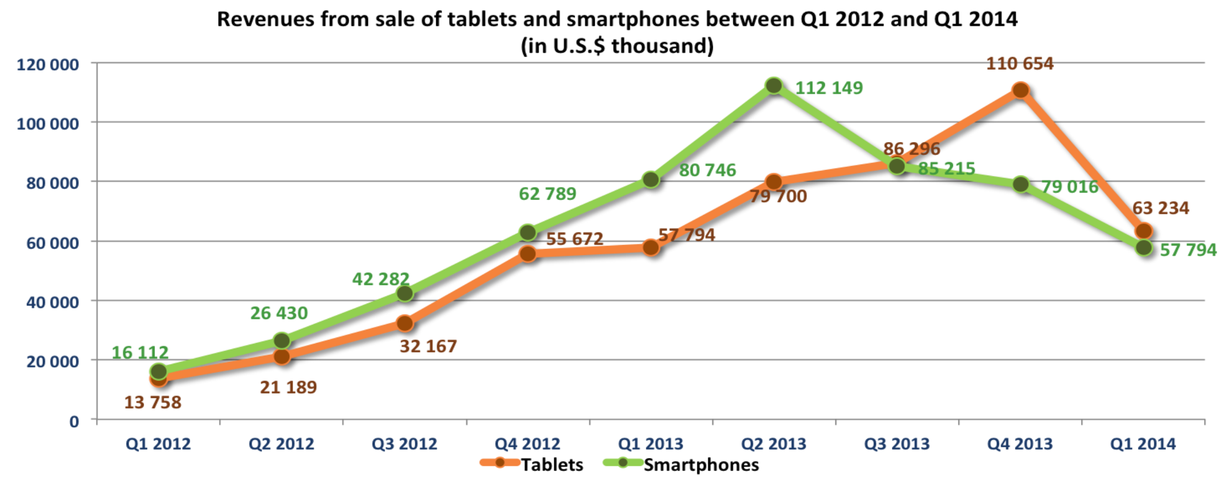
All these changes have positively affected the Company's gross profit margin, however this was not enough to sustain profitability while facing serious political tensions in one of our most important regions. However, increased share of new, booming segments at a cost of low margin segments is expected to allow the Company to benefit in the future, should the situation in Ukraine stabilize.

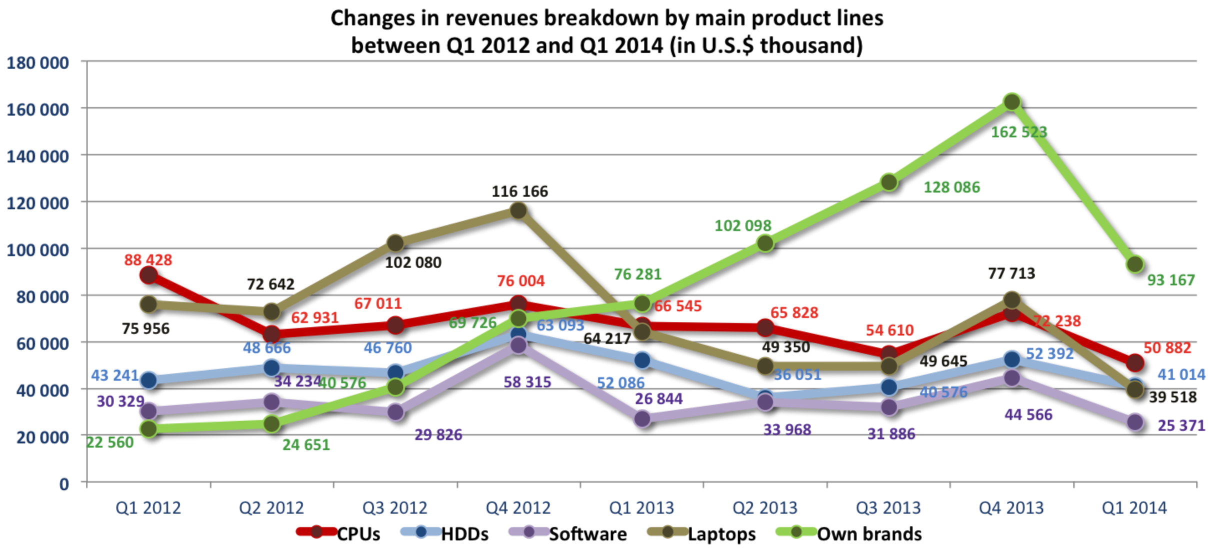
The table below sets a breakdown of revenues, by product category, for Q1 2014 and 2013 (U.S.$ thousand):

	Q1 2014		Q1 2013	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Tablets	63,234	18.47%	57,794	13.02%
Smartphones	51,915	15.16%	80,746	18.19%
Central processing units (CPUs)	50,882	14.86%	66,545	14.99%
Hard disk drives (HDDs)	41,014	11.98%	52,086	11.74%
PC-mobile (laptops)	39,518	11.54%	64,217	14.47%
Software	25,371	7.41%	26,844	6.05%
Other	70,456	20.58%	95,592	21.54%
Total revenue	**342,390**	**100%**	**443,824**	**100%**

In the three month period ended March 31st, 2014:

- Revenues from sale of tablets increased by 9.41% to U.S.$ 63,234 from U.S.$ 57,794 in the corresponding period of 2013.
- Revenues from sale of smartphones decreased by 35.71% to U.S.$ 51,915 from U.S.$ 80,746 in the corresponding period of 2013. This was mostly due to lower third party products sales.





- Revenues from sale of central processing units (“CPUs”) decreased by 23.54% to U.S. $ 50,882 from U.S. $ 66,545 in the corresponding period of 2013 following less demand in Eastern European countries.

- Revenues from sale of hard disk drives (“HDDs”) decreased by 21.26% to U.S. $ 41,014 from U.S. $ 52,086 in the corresponding period of 2013 following lower unit sales.

- Revenues from sale of PC-mobile (“laptops”) decreased by 38.46% to U.S. $ 39,518 from U.S. $ 64,217 in the corresponding period of 2013 as a result of the unstable political and economic situation in Ukraine and nearby markets.

- Revenues from sale of software decreased by 5.49% to U.S. $ 25,371 from U.S. $ 26,844 in the corresponding period of 2013.

In Q1 2014 the four traditional product lines’ (CPUs, HDDs, Laptops and Software) share in total revenue was 45.79%, compared to 47.25% in the corresponding period of 2013. This was a result of the Company’s focus on sales of own brands – Canyon and Prestigio and on other segments allowing for better gross profit margins. The Company strategically develops its own brands business, since it allows for higher gross margins.

- In Q1 2014 revenues from own brands grew by 22.14% to U.S.$ 93,167 compared to U.S.$ 76,281 in Q1 2013. This growth would have been much higher if not for the turbulence in the Company’s major markets of Russia and Ukraine. Own brands’ contribution in total revenue was 27.21%, compared to 17.19% in Q1 2013, and in line with the Company’s strategic plans.

The Company’s intention is to further develop its own brand sales so in the mid-term its contribution to total sales will remain at above 20%. This should be possible because of undertaken efforts that include more products of lighter technology, as well as growing sales of tablets and smartphones under the Prestigio brand in all regions of our operations. The Company also develops its smartphones segment by signing agreements with third party vendors for different countries. This is due to market expectations that the smartphones segment will grow significantly in the next couple of years. It is especially important since the Company’s expectation is that the smartphones segment will grow in the future faster than the tablets segment that is expected to be saturated in 2015-2016.

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 three months ended March 31st, 2014 and 2013:

	Three months ended March 31st	
	2014	2013
	U.S. $	
Net cash outflows from operating activities	(63,586)	(36,660)
Net cash outflows from investing activities	(597)	(676)
Net cash inflows from financing activities	19,820	2,162
Net decrease in cash and cash equivalents	(44,363)	(35,174)

Net cash outflows from operations

Net cash outflows from operations amounted to U.S. $ 63,586 for the three months ended March 31st, 2014, compared to outflows of U.S. $ 36,660 in the corresponding period of 2013. This is attributed to increased working capital utilization and lower profitability.

Net cash outflows from investing activities

Net cash outflows from investing activities was U.S. $ 597 for the three months ended March 31st, 2014, compared to U.S. $ 676 in the corresponding period of 2013. These outflows relate to on-going investments for fixed assets, such as computers, furniture etc.

Net cash inflows from financing activities

Net cash inflows from financing activities was U.S. $ 19,820 for the three months ended March 31st, 2014, compared to inflows of U.S. $ 2,162 for the corresponding period of 2013. This primarily relates to additional financing for the development of own brands.

Net decrease in cash and cash equivalents

As a result of increased working capital utilization and lower profitability, cash and cash equivalents have decreased by U.S. $ 44,363, compared to a decrease of U.S. $ 35,174 in the corresponding period of 2013.

16. Factors which may affect our results in the future

Political and economic stability in Ukraine and Russia

Following the recent developments in both our major markets, Ukraine and Russia the Company has been facing significant demand deduction in both countries. This uncertainty has led to consumers' purchasing behaviour to change since the fear of war is looming in both countries. Therefore, it is of extreme importance for the Company to adapt its strategy to the recent economic and political developments and react fast to the much altered external environment (products, vendors and customer relations).

The good knowledge and experience the Company has in these markets may not be enough to offset all possible short term negative influences from non-predictable events, as the case of the severe crisis in Ukraine, in Q1 2014. This crisis has resulted into a lower demand from customers and a significant depreciation of the local currency (UAH) to US Dollar. Russia is also deeply involved in this crisis and this is significantly affecting our largest market and nearby markets in terms of revenues and margins.

The Group's financial results are heavily depending on both markets. It is of extreme importance for the Group to manage and find the optimal ways of weathering this crisis. Measures like focusing on other big markets, undertaking significant cost cutting and ensuring its sales structure are to be proven as a key to successful management of this crisis. These should allow the company to pursue its strategy irrespective of how the crisis will evolve.

This crisis is considered by the management as a crucial external factor which might adversely alter our results, in the short term, however we remain confident that we will be 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 very well 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 CEE and Western Europe regions contribution in our total revenues grow at a cost of F.S.U., our reliance on one geography decreases. On the other hand, we need to pay more attention also to any possible market developments in these growing regions, especially since a significant chunk of sales is generated from relatively new product lines, including our own brands.

However, 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 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 has increased its gross profit margin in Q1 2014, compared to both Q1 2013 and Q4 2013, despite lower revenues and the turbulence in Ukraine. This was achieved due to an upgraded product portfolio and much increased own brands business (mostly smartphones and tablets).

Therefore, it is of extreme importance for the Company to continue working on refining its third party as well as its own products portfolio by adding high margin products from booming segments and forecasting new market trends to offer new products at the right time; and strengthening its market position to increase gross profit margins and generate solid profits from growing revenues.

Currency volatilities

The multi-currency environment that the Group operates in exposes its financial results to steep currency fluctuations. Currency movements in Q1 2014 were strongly related to the Ukrainian crisis and the devaluation in Kazakhstan and couldn't be successfully weathered by the hedging policy of the Group. This is however considered to be a once-off unpredictable situation that is not expected to be repeated in the near future. Therefore, the hedging strategy should be followed and further improved without any exception during 2014.

It is also important to underline that with such a turbulent environment there is no perfect hedging strategy that could completely eliminate the foreign exchange risk. Therefore, going forward, the Group will continue to be exposed to currency volatilities despite the 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 expenses

Administration expenses grew in Q1 2014 as a result of more staff. However, selling expenses decreased due to lower gross profit. The total administration and selling expenses for Q1 2014 were slightly higher than in Q1 2013. This was mostly due to investments made towards the development of the own brands business and increased number of employees to support this development. We consider cost control to be a significant factor towards delivering improved results going forward and the group is undertaking significant steps towards to reducing its expenses.

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

Because of its size, geographical coverage and good relationships 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 with whom the Company may interact at any time. New products that are now under development, will be crucial for further growth of revenues, since the Company expects the tablet segment to saturate somewhere between 2015 and 2016. However, in the same time, the smartphones segment is expected to grow for another couple of years, as forecasted by independent analysts.

Ability to decrease the average cost of debt

Fast development of own brands business, that – by its nature – consumes more cash but results in higher profits than traditional IT distribution business, has led to increased average cost of debt, mainly due to increased factoring utilization in the F.S.U. countries. Increased average cost of debt negatively affects the Company's profitability. Therefore, it is of extreme importance for the Company to decrease its cost of debt without slowing down fast growing own brands business.

17. Information about important events that occurred after the period ended on March 31st, 2014 and before this report release

According to our best knowledge, in the period between March 31st, 2014 and May 8th, 2014 no events have occurred that could affect the Company's operations or its financial stability.

Part II Financial Information

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

Report and Interim Condensed Consolidated Financial Statements for the period ended March 31st, 2014

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FOR THE PERIOD ENDED 31 MARCH 2014

ASBISC ENTERPRISES PLC

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FOR THE PERIOD ENDED 31 MARCH 2014

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INTERIM CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2014

	Note	For the three months ended 31 March 2014 US$	For the three months ended 31 March 2013 US$
Revenue	5,25	342,390,173	443,824,371
Cost of sales		(320,154,107)	(417,628,153)
Gross profit		22,236,066	26,196,218
Selling expenses		(11,373,129)	(11,834,470)
Administrative expenses		(7,894,959)	(6,885,152)
Profit from operations		2,967,978	7,476,596
Financial income	8	101,575	126,386
Financial expenses	8	(6,468,961)	(3,583,434)
Other gains and losses	6	49,133	189,600
Share loss from joint ventures	11	-	(17,512)
(Loss)/profit before tax	7	(3,350,275)	4,191,636
Taxation	9	(36,746)	(847,950)
(Loss)/profit for the period		(3,387,021)	3,343,686
Attributable to:			
Owners of the company		(3,392,365)	3,328,696
Non-controlling interests		5,344	14,990
		(3,387,021)	3,343,686
		US$ cents	US$ cents
Earnings per share			
Basic and diluted from continuing operations		(6.11)	6.00

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2014

	For the three months ended 31 March 2014 US$	For the three months ended 31 March 2013 US$
(Loss)/profit for the period	(3,387,021)	3,343,686
Other comprehensive loss:		
Exchange difference on translating foreign operations	(821,100)	(988,939)
Reclassification adjustments relating to foreign operations liquidated and disposed of in the period	-	(1,667)
Other comprehensive loss for the period	(821,100)	(990,606)
Total comprehensive (loss)/income for the period	(4,208,121)	2,353,080
Total comprehensive (loss)/income attributable to:		
Owners of the company	(4,213,213)	2,342,492
Non-controlling interests	5,092	10,588
	(4,208,121)	2,353,080

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014

	Notes	As at 31 March 2014 US$	As at 31 December 2013 US$
ASSETS			
Non-current assets			
Property, plant and equipment	10	27,470,826	27,981,605
Intangible assets	12	849,022	927,789
Available-for-sale financial assets	13	11,794	11,794
Goodwill	29	1,964,719	1,969,009
Deferred tax assets	22	387,297	400,670
Total non-current assets		30,683,658	31,290,867
Current assets			
Inventories	14	173,759,892	171,965,789
Trade receivables	15	260,355,049	367,048,481
Other current assets	16	17,390,872	16,323,358
Derivative financial asset	27	38,008	42,043
Current taxation	9	755,709	519,296
Cash at bank and in hand	28	11,678,205	36,776,501
Total current assets		463,977,735	592,675,468
Total assets		494,661,393	623,966,335
EQUITY AND LIABILITIES			
Equity			
Share capital	17	11,100,000	11,100,000
Share premium		23,518,243	23,518,243
Retained earnings and other components of equity		74,457,120	78,670,332
Equity attributable to owners of the parent		109,075,363	113,288,575
Non-controlling interests		164,892	159,801
Total equity		109,240,255	113,448,376
Non-current liabilities			
Long term borrowings	19	2,472,481	2,712,201
Other long term liabilities	20	406,898	382,125
Deferred tax liabilities	22	143,548	143,532
Total non-current liabilities		3,022,927	3,237,858
Current liabilities			
Trade payables		177,712,543	317,002,958
Other current liabilities	23	29,257,544	45,762,464
Short term borrowings	18	174,651,200	143,251,994
Derivative financial liability	26	90,070	391,798
Current taxation	9	686,854	870,887
Total current liabilities		382,398,211	507,280,101
Total liabilities		385,421,138	510,517,959
Total equity and liabilities		494,661,393	623,966,335

The financial statements were approved by the Board on 7 May 2014.

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Constantinos Tziamalis — **Director**

Marios Christou — **Director**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2014

	Attributable to 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 2013	11,100,000	23,518,243	(130,834)	(974,126)	69,431,190	102,944,473	140,674	103,085,147
Profit for the period 1 January 2013 to 31 March 2013	-	-	-	-	3,328,696	3,328,696	14,990	3,343,686
Other comprehensive loss for the period 1 January 2013 to 31 March 2013	-	-	-	(986,204)	-	(986,204)	(4,402)	(990,606)
Share-based payments	-	-	36,656	-	9,335	45,991	-	45,991
Balance at 31 March 2013	11,100,000	23,518,243	(94,178)	(1,960,330)	72,769,221	105,332,956	151,262	105,484,218
Profit for the period 1 April 2013 to 31 December 2013	-	-	-	-	9,337,266	9,337,266	31,406	9,368,672
Other comprehensive income for the period 1 April 2013 to 31 December 2013	-	-	-	1,333,313	-	1,333,313	10,811	1,344,124
Payment of final dividend	-	-	-	-	(2,768,081)	(2,768,081)	-	(2,768,081)
Acquisition of shares from non-controlling interests	-	-	-	-	16,368	16,368	(33,678)	(17,310)
Share-based payments	-	-	14,663	-	22,090	36,753	-	36,753
Balance at 31 December 2013	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 31 March 2014	-	-	-	-	(3,392,365)	(3,392,365)	5,344	(3,387,021)
Other comprehensive loss for the period 1 January 2014 to 31 March 2014	-	-	-	(820,848)	-	(820,848)	(252)	(821,100)
Balance at 31 March 2014	11,100,000	23,518,243	(79,515)	(1,447,865)	75,984,499	109,075,362	164,893	109,240,255

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2014

	Note	For the three months ended 31 March 2014 US$	For the three months ended 31 March 2013 US$
(Loss)/profit for the period before tax and minority interest		(3,350,275)	4,191,636
Adjustments for:			
Exchange difference arising on consolidation		(308,037)	(590,322)
Depreciation of property, plant and equipment	10	671,415	564,590
Amortisation of intangible assets	12	107,163	108,585
Share of loss from joint ventures	12	-	17,512
Loss from the sale of property, plant and equipment and intangible assets		9,259	7,134
Provision for bad debts and receivables written off		474,402	846,889
Bad debts recovered		(5,468)	(12,026)
Interest received	8	(32,706)	(34,193)
Interest paid	8	1,995,369	1,875,120
Share based payments		-	45,991
Operating (loss)/profit before working capital changes		(438,878)	7,020,916
Increase in inventories		(1,794,104)	(32,678,877)
Decrease in trade receivables		106,224,498	64,418,283
Increase in other current assets		(1,063,480)	(542,747)
Decrease in trade payables		(139,290,414)	(58,324,677)
(Decrease)/increase in other current liabilities		(16,806,647)	610,365
Increase in other non-current liabilities		24,773	36,455
Decrease in factoring creditors		(7,925,349)	(14,562,299)
Cash outflows from operations		(61,069,601)	(34,022,581)
Interest paid	8	(1,995,369)	(1,875,120)
Taxation paid, net	9	(521,236)	(762,237)
Net cash outflows from operating activities		(63,586,206)	(36,659,938)
Cash flows from investing activities			
Purchase of intangible assets	12	(44,149)	(58,567)
Purchase of property, plant and equipment	10	(665,618)	(699,567)
Proceeds from sale of property, plant and equipment and intangible assets		80,136	48,332
Interest received	8	32,706	34,193
Net cash outflows from investing activities		(596,925)	(675,609)
Cash flows from financing activities			
Repayments of long term loans and long term obligations under finance lease		(239,720)	(221,958)
Proceeds of short term borrowings and short term obligations under finance lease		20,059,900	2,383,884
Net cash inflows from financing activities		19,820,180	2,161,926
Net decrease in cash and cash equivalents		(44,362,951)	(35,173,621)
Cash and cash equivalents at beginning of the period		490,184	(4,392,311)
Cash and cash equivalents at end of the period	28	(43,872,767)	(39,565,932)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2014

1. Incorporation and principal activities

Asbisc Enterprises Plc was incorporated in Cyprus on 9 November 1995 with limited liability. The group's principal activity is the trading and distribution of computer hardware and software. The main shareholder of the group 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

The interim condensed consolidated financial statements for the three months ended 31 March 2014 have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting.

The interim condensed consolidated financial statements were approved by the Board of Directors on 7 May 2014 and have not been audited by the group's independent auditors.

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 2013. The interim 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 2013.

(b) Judgments and estimates

Preparing the interim financial report 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. In preparing these interim condensed consolidated financial statements, 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 2013.

3. Basis of consolidation

The interim 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 interim condensed consolidated financial statements have been prepared under the historical cost convention except for derivative financial instruments which are measured at fair value.

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

The accounting policies adopted for the preparation of the interim condensed consolidated financial statements for the three months ended 31 March 2014 are consistent with those followed for the preparation of the annual financial statements for the year 2013 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 2014. 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 demand for the group's products.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2014

6. Other gains and losses

	For the three months ended 31 March 2014 US$	For the three months ended 31 March 2013 US$
Loss on disposal of property, plant and equipment	(9,259)	(7,134)
Other income	32,309	123,972
Bad debts recovered	5,468	12,026
Rental income	20,615	60,736
	49,133	189,600

7. (Loss)/profit before tax

	For the three months ended 31 March 2014 US$	For the three months ended 31 March 2013 US$
(Loss)/profit before tax is stated after charging :		
(a) Amortisation of intangible assets (Note 12)	107,163	108,585
(b) Depreciation (Note 10)	671,415	564,590
(c) Auditors' remuneration	126,302	120,001
(d) Directors' remuneration – executive (Note 30)	134,250	244,985
(e) Directors' remuneration – non-executive (Note 30)	11,962	11,516

8. Financial expense, net

	For the three months ended 31 March 2014 US$	For the three months ended 31 March 2013 US$
Financial income		
Interest income	32,706	34,193
Other financial income	68,869	92,193
	101,575	126,386
Financial expense		
Bank interest	1,995,369	1,875,120
Bank charges	366,925	409,472
Derivative charges	181,470	86,991
Factoring interest	1,085,344	765,348
Factoring charges	140,891	122,100
Other financial expenses	13,520	40,930
Other interest	184,240	102,188
Net exchange loss	2,501,202	181,285
	6,468,961	3,583,434
Net	(6,367,386)	(3,457,048)

9. Tax

	For the three months ended 31 March 2014 US$	For the year ended 31 December 2013 US$
Payable balance 1 January	351,591	126,122
Provision for the period/year	6,819	3,229,703
Under provision of prior year periods	17,754	64,859
Exchange difference on retranslation	76,217	75,329
Amounts paid, net	(521,236)	(3,144,422)
Net (receivable)/payable balance 31 March/ 31 December	(68,855)	351,591

	For the three months ended 31 March 2014 US$	For the year ended 31 December 2013 US$
Tax receivable	(755,709)	(519,296)
Tax payable	686,854	870,887
Net	(68,855)	351,591

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

	For the three months ended 31 March 2014 US$	For the three months ended 31 March 2013 US$
Provision for the period	6,819	610,118
Under provision of prior years	17,754	6,215
Deferred tax charge (note 22)	12,173	231,617
Charge for the period	36,746	847,950

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 CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2014

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 2013	24,079,113	-	6,448,346	161,539	3,327,183	2,552,366	3,347,033	39,915,580
Additions from acquisitions of subsidiaries	94,491	-	32,214	-	252,672	77,620	183,131	640,128
Additions	133,317	130,269	1,363,654	18,297	1,029,056	578,516	393,977	3,647,086
Disposals	(46,303)	-	(714,519)	(5,398)	(1,003,499)	(176,061)	(182,872)	(2,128,652)
Transfers	107,803	(107,803)	-	-	-	-	-	-
Foreign exchange difference on retranslation	237,557	2,413	90,339	(32)	47,986	29,347	23,151	430,761
At 31 December 2013	24,605,978	24,879	7,220,034	174,406	3,653,398	3,061,788	3,764,420	42,504,903
Additions	43,415	-	365,278	-	97,174	92,430	67,321	665,618
Disposals	(15,131)	-	(39,689)	-	(75,383)	(31,560)	(19,158)	(180,921)
Transfers	24,822	(24,822)	-	-	-	-	-	-
Foreign exchange difference on retranslation	(225,921)	(57)	(55,435)	(135)	(159,150)	(83,187)	(104,761)	(628,646)
At 31 March 2014	24,433,163	-	7,490,188	174,271	3,516,039	3,039,471	3,707,822	42,360,954
Accumulated depreciation								
At 1 January 2013	2,767,311	-	4,895,599	55,925	2,262,500	1,407,507	1,807,467	13,196,309
Acquisitions through business combinations	40,129	-	27,748	-	249,799	68,494	179,140	565,310
Charge for the year	571,720	-	769,726	19,837	408,986	408,018	300,927	2,479,214
Disposals	(8,296)	-	(705,080)	(309)	(985,242)	(150,359)	(74,934)	(1,924,220)
Foreign exchange difference on retranslation	22,424	-	79,596	27	49,266	27,501	27,871	206,685
At 31 December 2013	3,393,288	-	5,067,589	75,480	1,985,309	1,761,161	2,240,471	14,523,298
Charge for the period	150,330	-	204,617	4,628	132,254	102,842	76,744	671,415
Disposals	(1,777)	-	(39,669)	-	(11,487)	(23,434)	(15,157)	(91,524)
Foreign exchange difference on retranslation	(43,814)	-	(34,217)	(71)	(68,324)	(35,945)	(30,690)	(213,061)
At 31 March 2014	3,498,027	-	5,198,320	80,037	2,037,752	1,804,624	2,271,368	14,890,128
Net book value								
At 31 March 2014	20,935,136	-	2,291,868	94,234	1,478,287	1,234,847	1,436,454	27,470,826
At 31 December 2013	21,212,690	24,879	2,152,445	98,926	1,668,089	1,300,627	1,523,949	27,981,605

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2014

11. Investment in joint ventures

	As at 31 March 2014 US$	As at 31 December 2013 US$
Cost		
At 1 January	-	386,400
Full acquisition of joint venture (note 31(1.1.))	-	(386,400)
At 31 March/ 31 December	-	-
Accumulated share of losses from joint ventures		
At 1 January	-	(329,371)
Share of losses from joint ventures during the year	-	(57,029)
Full acquisition of joint venture (note 31(1.2.))	-	386,400
At 31 March/ 31 December	-	-

12. Intangible assets

	Computer software US$	Patents and licenses US$	Total US$
Cost			
At 1 January 2013	6,479,284	1,128,596	7,607,880
Additions from acquisitions of subsidiaries	76,012	-	76,012
Additions	144,904	26,209	171,113
Disposals/ write-offs	(8,587)	(1,053)	(9,640)
Foreign exchange difference on retranslation	16,974	(8,270)	8,704
At 31 December 2013	6,708,587	1,145,482	7,854,069
Additions	44,149	-	44,149
Disposals/ write-offs	(260)	(255)	(515)
Foreign exchange difference on retranslation	(52,757)	(8,840)	(61,597)
At 31 March 2014	6,699,719	1,136,387	7,836,106
Accumulated amortisation			
At 1 January 2013	5,550,520	867,624	6,418,144
Charge for the year	270,147	152,573	422,720
Additions from acquisitions of subsidiaries	76,012	-	76,012
Disposals/ write-offs	(8,508)	(602)	(9,110)
Foreign exchange difference on retranslation	15,955	2,559	18,514
At 31 December 2013	5,904,126	1,022,154	6,926,280
Charge for the period	72,318	34,845	107,163
Disposals/ write-offs	(260)	(255)	(515)
Foreign exchange difference on retranslation	(40,782)	(5,062)	(45,844)
At 31 March 2014	5,935,402	1,051,682	6,987,084
Net book value			
At 31 March 2014	764,317	84,705	849,022
At 31 December 2013	804,461	123,328	927,789

13. Available-for-sale financial assets

The details of the investments are as follows:

	Country of incorporation	Participation %	Cost US$	Impairment US$	As at 31 March 2014 US$	As at 31 December 2013 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

14. Inventories

	As at 31 March 2014 US$	As at 31 December 2013 US$
Goods in transit	16,425,154	17,825,607
Goods held for resale	159,057,128	156,255,514
Provision for slow moving and obsolete stock	(1,722,390)	(2,115,332)
	173,759,892	171,965,789

15. Trade receivables

	As at 31 March 2014 US$	As at 31 December 2013 US$
Trade receivables	266,676,473	372,917,867
Allowance for doubtful debts	(6,321,424)	(5,869,386)
	260,355,049	367,048,481

16. Other current assets

	As at 31 March 2014 US$	As at 31 December 2013 US$
Deposits and advances to service providers	799,424	832,353
Employee floats	111,768	83,303
VAT and other taxes refundable	12,042,248	10,817,197
Other debtors and prepayments	4,437,432	4,590,505
	17,390,872	16,323,358

17. Share capital

	As at 31 March 2014 US$	As at 31 December 2013 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

18. Short term borrowings

	As at 31 March 2014 US$	As at 31 December 2013 US$
Bank overdrafts (Note 28)	55,550,972	36,286,317
Current portion of long term loans	814,473	813,416
Bank short term loans	56,608,307	36,542,091
Short term obligations under finance leases (note 21)	69,336	76,709
Total short term debt	113,043,088	73,718,533
Factoring creditors	61,608,112	69,533,461
	174,651,200	143,251,994

Summary of borrowings and overdraft arrangements

As at 31 March 2014 the group enjoyed factoring facilities of US$ 116,349,288 (31 December 2013: US$ 108,434,684).

In addition, the group as at 31 March 2014 had the following financing facilities with banks in the countries that the company and its subsidiaries are operating:

- overdraft lines of US$ 59,908,668 (31 December 2013: US$ 57,134,972)
- short term loans/revolving facilities of US$ 74,091,174 (31 December 2013: US$ 85,348,277)
- bank guarantee and letters of credit lines of US$ 8,022,333 (31 December 2013: US$ 8,043,997)

The group had for the period ending 31 March 2014 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 7.5% (31 December 2013: 8.7%).

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$ 3,245,719 (31 December 2013: US$ 3,103,256)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2014

19. Long term borrowings

	As at 31 March 2014 US$	As at 31 December 2013 US$
Bank loans	2,377,691	2,572,295
Long term obligations under finance leases (note 21)	94,790	139,906
	2,472,481	2,712,201

20. Other long term liabilities

	As at 31 March 2014 US$	As at 31 December 2013 US$
Pension provision	406,898	382,125

21. Finance leases

	As at 31 March 2014 US$	As at 31 December 2013 US$
Obligation under finance lease	164,126	216,615
Less: Amount payable within one year	(69,336)	(76,709)
Amounts payable within 2-5 years inclusive	94,790	139,906

22. Deferred tax

	For the three months ended 31 March 2014 US$	For the year ended 31 December 2013 US$
Debit balance on 1 January	(257,138)	(602,849)
Deferred tax charge for the year (note 9)	12,173	357,872
Exchange difference on retranslation	1,216	(12,161)
Debit balance on 31 March/ 31 December	(243,749)	(257,138)

22. Deferred tax (continued)

	For the three months ended 31 March 2014 US$	For the year ended 31 December 2013 US$
Deferred tax assets	(387,297)	(400,670)
Deferred tax liabilities	143,548	143,532
Net deferred tax assets	(243,749)	(257,138)

23. Other current liabilities

	As at 31 March 2014 US$	As at 31 December 2013 US$
Salaries payable and related costs	2,316,314	1,848,821
Amount due to directors - executive (Note 30)	481,506	481,506
VAT payable	5,208,631	15,789,382
Accruals and deferred income	16,377,147	24,235,684
Non-trade accounts payable	4,873,946	3,407,071
	29,257,544	45,762,464

24. Commitments and contingencies

As at 31 March 2014 the group was committed in respect of purchases of inventories of a total cost value of US$ 3,751,785 (31 December 2013: US$ 1,315,130) which were in transit at 31 March 2014 and delivered in April 2014. Such inventories and the corresponding liability towards the suppliers have not been included in these financial statements since, according to the terms of purchase title of the goods has not passed to the group at year end.

As at 31 March 2014 the group was contingently liable in respect of bank guarantees and letters of credit lines of US$ 8,022,333 (31 December 2013: US$ 8,043,997) which the group has extended mainly to its suppliers.

As at 31 March 2014 the group had no other capital or legal commitments and contingencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2014

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

1.2 Segment revenues

	For the three months ended 31 March 2014 US$	For the three months ended 31 March 2013 US$
Former Soviet Union	122,355,709	160,142,976
Central Eastern Europe	145,919,751	169,054,011
Western Europe	18,658,045	42,455,793
Middle East & Africa	48,140,305	65,506,441
Other	7,316,363	6,665,150
	342,390,173	443,824,371

1.3 Segment results

	For the three months ended 31 March 2014 US$	For the three months ended 31 March 2013 US$
Former Soviet Union	1,388,134	3,729,820
Central Eastern Europe	1,441,009	2,572,502
Western Europe	(334,884)	245,266
Middle East & Africa	443,769	862,384
Other	29,950	66,624
Profit from operations	2,967,978	7,476,596
Net financial expenses	(6,367,386)	(3,457,048)
Other gains and losses	49,133	189,600
Share of loss from joint ventures	-	(17,512)
(Loss)/profit before taxation	(3,350,275)	4,191,636

1.4 Inter-segment revenues

		For the three months ended 31 March 2014 US$	For the three months ended 31 March 2013 US$
Western Europe	Middle East & Africa	6,898	127,883

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2014

25. Operating segments (continued)

1.5 Segment capital expenditure (CAPEX)

	As at 31 March 2014 US$	As at 31 December 2013 US$
Former Soviet Union	5,833,803	6,208,510
Central Eastern Europe	13,585,184	13,796,935
Western Europe	241,506	154,961
Middle East & Africa	3,549,593	3,602,488
Unallocated	7,074,481	7,115,509
	30,284,567	30,878,403

1.6 Segment depreciation and amortisation

	For the three months ended 31 March 2014 US$	For the three months ended 31 March 2013 US$
Former Soviet Union	220,031	137,164
Central Eastern Europe	274,624	234,131
Western Europe	20,385	27,081
Middle East & Africa	87,646	93,374
Unallocated	175,892	181,425
	778,578	673,175

1.7 Segment assets

	As at 31 March 2014 US$	As at 31 December 2013 US$
Former Soviet Union	205,307,314	278,748,322
Central Eastern Europe	144,149,813	136,434,170
Western Europe	38,664,132	88,810,232
Middle East & Africa	60,593,368	71,725,239
Total	448,714,627	575,717,963
Assets allocated in capital expenditure (1.5)	30,284,567	30,878,403
Other unallocated assets	15,662,199	17,369,969
Consolidated assets	494,661,393	623,966,335

26. Derivative financial liability

	As at 31 March 2014 US$	As at 31 December 2013 US$
Derivative financial liabilities carried at fair value through profit or loss		
Foreign currency derivative contracts	90,070	391,798

27. Derivative financial asset

	As at 31 March 2014 US$	As at 31 December 2013 US$
Derivative financial assets carried at fair value through profit or loss		
Foreign currency derivative contracts	38,008	42,043

28. Cash and cash equivalents

	As at 31 March 2014 US$	As at 31 December 2013 US$
Cash at bank and in hand	11,678,205	36,776,501
Bank overdrafts (note 18)	(55,550,972)	(36,286,317)
	(43,872,767)	490,184

The cash at bank and in hand balance includes an amount of US$ 3,245,719 (31 December 2013: US$ 3,103,256) which represents pledged deposits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2014

29. Goodwill

	As at 31 March 2014 US$	As at 31 December 2013 US$
At 1 January	1,969,009	550,517
Additions (note 31)	-	1,422,923
Foreign exchange difference on retranslation	(4,290)	(4,431)
At 31 March/ 31 December (note i)	1,964,719	1,969,009

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

	As at 31 March 2014 US$	As at 31 December 2013 US$
ASBIS d.o.o. (BA) (formerly Megatrend D.O.O. Sarajevo)	480,229	481,067
SHARK Computers a.s.	1,484,490	1,487,942
	1,964,719	1,969,009

30. Transactions and balances of key management

	For the three months ended 31 March 2014 US$	For the three months ended 31 March 2013 US$
Directors' remuneration - executive (note 7)	134,250	244,985
Directors' remuneration - non executive (note 7)	11,962	11,516
	146,212	256,501

	As at 31 March 2014 US$	As at 31 December 2013 US$
Amount due to directors – executive (note 23)	481,506	481,506

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2014

31. Business combinations

1. Acquisitions

1.1. Acquisition of shares from non-controlling interests to 31 December 2013

During the year, the group has acquired the remaining 49% of the share capital of SHARK Online a.s. in Slovakia from the non-controlling interests and now owns the full 100% of its share capital. From the difference between the group's interest in the net assets acquired and the consideration paid, the following gain arose:

- Gain on the acquisition of shares from non-controlling interest of SHARK Online a.s. of US$ 16,368 which was credited directly to equity.

Name of entity	Type of operations	Date acquired	% acquired	% owned
SHARK Online a.s.	Information Technology	16 May 2013	49%	100%

1.2. Acquisition of remaining shares of joint venture to 31 December 2013

During the year, the group has acquired the remaining 50% of the share capital of SHARK Computers a.s. in Slovakia and obtained the total 100% of its share capital. From the difference between the group's interest in the net assets acquired and the consideration paid, the following goodwill arose:

- Goodwill on the acquisition of shares of SHARK Computers a.s. in Slovakia of $1,422,923 (note 29) which was capitalised in the statement of financial position.

Name of entity	Type of operations	Date acquired	% acquired	% owned
SHARK Computers a.s.	Information Technology	16 May 2013	50%	100%

1.3. Acquired assets and liabilities

The net carrying value of underlying separately identifiable assets and liabilities transferred to the group at the date of acquisition was as follows:

	As at 31 March 2014 US$	As at 31 December 2013 US$
Tangible and intangible assets	-	98,517
Inventories	-	777,901
Receivables	-	730,439
Other receivables	-	36,297
Short term loans	-	(345,542)
Payables	-	(2,678,926)
Other payables and accruals	-	(154,941)
Cash and cash equivalents	-	228,877
Net identifiable assets and liabilities	-	(1,307,378)
Group's interest in net liabilities acquired	-	(1,342,430)
Share of loss previously recognized as joint venture	-	386,400
Total purchase consideration	-	(450,525)
Net loss	-	(1,406,555)
Gain on the acquisition through equity	-	16,368
Goodwill capitalised in statement of financial position (note 29)	-	(1,422,923)
	-	(1,406,555)

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1.4. Financial information regarding acquired entities

	1 January to 31 December 2013 US$	Acquisition date to 31 December 2013 US$
Revenue for the year/period	9,114,561	6,373,689
(Loss)/profit for the year/period	(72,202)	16,295

2. Disposals of subsidiaries

2.1. Disposals to 31 December 2013

During the year the following group's subsidiaries went into liquidation. No gains or losses arose on the events.

Name of disposed entity	Type of operations	Date liquidated	% liquidated
- ISA Hardware Hungary Commercial Ltd	Information Technology	31 March 2013	100%
- Asbis Europe B.V.	Information Technology	11 October 2013	100%
- E.M. Euro-Mall d.o.o.	Information Technology	11 December 2013	100%

32. Comparative figures

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

33. Significant events and transactions

All significant events and transactions that are required to be disclosed in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", have been included in the current set of interim condensed consolidated financial statements.

34. Events after the reporting period

No significant events occurred after the end of the reporting period.