ASBISc Enterprises Plc

INTERIM REPORT
FOR THE THREE AND NINE MONTHS
ENDED 30 SEPTEMBER 2016

Limassol, November 8th, 2016

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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 30 September 2016. The financial statements appended to this quarterly report are presented in U.S. dollars and have been prepared in accordance with International Accounting Standard ("IAS") 34.

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

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

Currency Presentation

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

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

FORWARD-LOOKING STATEMENTS

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

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

Part I Additional information

1. Overview

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

The Group distributes IT components (to assemblers, system integrators, local brands and retail) as well as A-branded finished products like desktop PCs, laptops, servers, and networking to SMB and retail. Our IT product portfolio encompasses a wide range of IT components, blocks and peripherals, and mobile IT systems. We currently purchase the majority of our products from leading international manufacturers, including Intel, Advanced Micro Devices ("AMD"), Seagate, Western Digital, Samsung, Microsoft, Toshiba, Dell, Acer, Apple, Lenovo and Hitachi. In addition, a significant part of our revenue is comprised of sales of IT products under our private labels, Prestigio and Canyon.

ASBISc commenced business in 1990 in Belarus and in 1995 we incorporated our holding Company in Cyprus and moved our headquarters to Limassol. Our Cypriot headquarters support, through two master distribution centres (located in the Czech Republic and the United Arab Emirates), our network of 31 warehouses located in 24 countries. This network supplies products to the Group's in-country operations and directly to its customers in approximately 60 countries.

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

2. Executive summary for the three and nine month periods ended 30 September 2016

During Q3 2016 the Group has managed to deliver the budgeted numbers at all levels - revenues, gross profit, operating profit and net profit. This was possible due to operational improvement driven by an increase in gross profit margin and significantly decreased expenses.

This development was expected and in line with the Company’s predictions to fulfill the forecasted numbers as were announced earlier this year. It is the management’s belief that the projected numbers will be met and shareholders should be relaxed that the Company has completed its stabilization process.

The principal events of the three months ended 30 September 2016 were as follows:

- Revenues in Q3 2016 have slightly decreased by 4.02% to U.S.$ 276,052 from U.S.$ 287,606 in Q3 2015. This decrease is insignificant since the Group has placed all efforts in refining its product mix and boosting gross profit margins.

- Gross profit in Q3 2016 increased by 26.41% to U.S.$ 16,872 from U.S.$ 13,347 in Q3 2015. This significant increase is owed to refined product mix and has continued the positive trend of the first two quarters of 2016.

- Gross profit margin in Q3 2016 increased to 6.11% from 4.64% in Q3 2015. Again this was possible due to the significant improvement on the product mix and is a proof for the Company’s efforts to focus in profitability. Gross profit margin in Q3 2016 was also higher compared to 5.67% in Q2 2016.

- Selling expenses, which are mostly associated with gross profit, during Q3 2016 have increased by 12.98% (to U.S. $ 7,055 from U.S. $ 6,244) mostly due to payments made on higher gross profit numbers.

- Administrative expenses in Q3 2016 have increased by only 3.30% to U.S. $ 4.294 from U.S. $ 4.157 in Q3 2015. This proves the much lower cost structure of the Company which contributes to the delivery of net profit numbers.

- EBITDA in Q3 2016 was significantly higher compared to Q3 2015 and reached U.S.$ 6,058 as compared to U.S. $ 3,588 in Q3 2015 (an improvement of 68.84%).

- As a result, the Group profit from operations and net result have improved as compared to all previous quarters of 2016 and the corresponding period of last year. In Q3 2016, profit from operations amounted to U.S. $ 5,523, as compared to U.S. $ 2,946 in Q3 2015. More importantly, in Q3 2016 the Group produced U.S. $ 1,380 of net profit, as compared to a net profit of U.S. $ 153 in Q3 2015.

- It is also very important to stress out that the Company has generated a positive cash from operating activities amounting to U.S. $ 4,272 and expects to have a positive cash from operations for the full year.

The following table presents revenues breakdown by regions in the three month periods ended September 30th, 2016 and 2015 respectively (in U.S.$ thousand):

Region	Q3 2016	Q3 2015	Change Q3/Q3
Former Soviet Union	123,374	90,770	+35.92%
Central and Eastern Europe	95,153	125,066	-23.92%
Middle East and Africa	38,883	43,342	-10.29%
Western Europe	10,555	15,036	-29.80%
Other	8,087	13,392	-39.61%
Total	276,052	287,606	-4.02%

The nine month results ended 30th September 2016 were significantly improved when compared with Q3 2015. The principal events of the nine month period ended September 30th, 2016, were as follows:

- Revenues in Q1-Q3 2016 decreased by 5.07% to U.S.$ 773,467 from U.S.$ 814,767 in the corresponding period of 2015.

- Gross profit in Q1-Q3 2016 increased by 55.19% to U.S.$ 44,243 from U.S. $ 28,509 in the corresponding period of 2015.

- Gross profit margin in Q1-Q3 2016 increased to 5.72% from 3.50% in the corresponding period of 2015.

- Selling expenses in Q1-Q3 2016 decreased by 14.75% to U.S. $ 19,734 from U.S. $ 23,148 in the corresponding period of 2015.

- Administrative expenses in Q1-Q3 2015 decreased by 17.56% to U.S. $ 12,167 from U.S. $14,758 in the corresponding period of 2015.

- EBITDA in Q1-Q3 2016 was positive and amounted to U.S. $ 13,929, as compared to negative EBITDA of U.S. $ 7,483 in the corresponding period of 2015.

- As a result, in Q1-Q3 2016 the Company posted a net profit after taxation of U.S. $ 2,001, as compared to a net loss after taxation of U.S. $ 19,191 in the corresponding period of 2015 – more than a U.S.$ 21 million improvement year-on-year.

The following table presents revenues breakdown by regions in the nine month periods ended September 30th, 2016 and 2015 respectively (in U.S.$ thousand):

Region	Q1-Q3 2016	Q1-Q3 2015	Change %
Central and Eastern Europe	296,689	355,717	-16.59%
Former Soviet Union	291,252	258,419	+12.71%
Middle East and Africa	119,324	122,816	-2.84%
Western Europe	40,186	39,325	+2.19%
Other	26,015	38,490	-32.41%
Total	773,467	814,767	-5.07%

3. Summary historical financial data

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

For your convenience, certain U.S. $ amounts as of and for the three and nine months ended September 30th, 2016 and 2015, have been converted into Euro and PLN as follows:

- Individual items of the balance sheet – based at average exchange rates quoted by the National Bank of Poland for a given balance sheet date December 31st, 2015, that is: 1 US$ = 3.9011 PLN and 1 EUR = 4.2615 PLN and September 30th, 2016, that is: 1 US$ = 3.8558 PLN and 1 EUR = 4.3120 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 July 1st to September 30th, 2015, that is 1 US$ = 3.7821 PLN and 1 EUR = 4.2073 PLN and July 1st to September 30th, 2016, that is 1 US$ = 3.9001 PLN and 1 EUR = 4.3453 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 September 30th, 2015, that is 1 US$ = 3.7453 PLN and 1 EUR = 4.1585 PLN and January 1st to September 30th, 2016, that is 1 US$ = 3.9240 PLN and 1 EUR = 4.3688 PLN.

	Period from 1 July to 30 September 2016			Period from 1 July to 30 September 2015		
	USD	PLN	EUR	USD	PLN	EUR
Revenue	**276,052**	**1,076,632**	**247,769**	**287,606**	**1,087,754**	**258,540**
Cost of sales	(259,180)	(1,010,830)	(232,626)	(274,259)	(1,037,275)	(246,542)
Gross profit	**16,872**	**65,802**	**15,143**	**13,347**	**50,479**	**11,998**
Selling expenses	(7,055)	(27,513)	(6,332)	(6,244)	(23,616)	(5,613)
Administrative expenses	(4,294)	(16,748)	(3,854)	(4,157)	(15,723)	(3,737)
Profit from operations	**5,523**	**21,540**	**4,957**	**2,946**	**11,141**	**2,648**
Financial expenses	(3,862)	(15,061)	(3,466)	(3,251)	(12,297)	(2,923)
Financial income	135	526	121	570	2,155	512
Other gains and losses	27	107	25	(56)	(212)	(50)
Profit before taxation	**1,824**	**7,112**	**1,637**	**208**	**788**	**187**
Taxation	(444)	(1,730)	(398)	(55)	(208)	(50)
Profit for the period	**1,380**	**5,383**	**1,239**	**153**	**580**	**138**
Attributable to:						
Non-controlling interests	6	23	5	0	0	0
Owners of the Company	**1,374**	**5,360**	**1,234**	**153**	**580**	**138**

	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	2.48	9.66	2.22	0.28	1.04	0.25

	Period from 1 July to 30 September 2016			Period from 1 July to 30 September 2015		
	USD	PLN	EUR	USD	PLN	EUR
Net cash inflows from operating activities	4,272	16,661	3,834	18,197	68,824	16,358
Net cash outflows from investing activities	(684)	(2,668)	(614)	(578)	(2,186)	(520)
Net cash (outflows)/inflows from financing activities	(3,421)	(13,342)	(3,070)	1,909	7,219	1,716
Net increase in cash and cash equivalents	**167**	**651**	**150**	**19,528**	**73,857**	**17,554**
Cash at the beginning of the period	**(30,539)**	**(119,106)**	**(27,410)**	**(37,460)**	**(141,677)**	**(33,674)**
Cash at the end of the period	**(30,372)**	**(118,455)**	**(27,261)**	**(17,932)**	**(67,821)**	**(16,120)**

	As at 30 September 2016			As at 31 December 2015		
	USD	PLN	EUR	USD	PLN	EUR
Current assets	337,664	1,301,966	301,940	352,259	1,374,199	322,468
Non-current assets	29,548	113,932	26,422	29,345	114,477	26,863
Total assets	367,213	1,415,898	328,362	**381,604**	**1,488,676**	**349,331**
Liabilities	282,788	1,090,374	252,870	300,124	1,170,815	374,743
Equity	84,425	325,524	75,493	81,480	317,860	74,589

	Period from 1 January to 30 September 2016			Period from 1 January to 30 September 2015		
	USD	PLN	EUR	USD	PLN	EUR
Revenue	**773,467**	**3,035,083**	**694,718**	**814,767**	**3,051,547**	**733,810**
Cost of sales	(729,223)	(2,861,473)	(654,979)	(786,258)	(2,944,773)	(708,134)
Gross profit	**44,243**	**173,611**	**39,739**	**28,509**	**106,773**	**25,676**
Selling expenses	(19,734)	(77,437)	(17,725)	(23,148)	(86,694)	(20,848)
Administrative expenses	(12,167)	(47,742)	(10,928)	(14,758)	(55,273)	(13,292)
Profit/(loss) from operations	**12,342**	**48,432**	**11,086**	**(9,397)**	**(35,194)**	**(8,463)**
Financial expenses	(10,400)	(40,809)	(9,341)	(10,674)	(39,976)	(9,613)
Financial income	400	1,571	360	772	2,891	695
Other gains and losses	188	736	168	23	86	21
Profit/(loss) before taxation	**2,530**	**9,929**	**2,273**	**(19,276)**	**(72,194)**	**(17,361)**
Taxation	(529)	(2,077)	(475)	85	317	76
Profit/(loss) for the period	**2,001**	**7,852**	**1,797**	**(19,191)**	**(71,876)**	**(17,284)**
Attributable to:						
Non-controlling interests	13	51	12	2	5	1
Owners of the Company	**1,988**	**7,802**	**1,786**	**(19,193)**	**(71,882)**	**(17,286)**

	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	3.58	14.06	3.22	(34.58)	(129.52)	(31.15)

	USD	PLN	EUR	USD	PLN	EUR
Net cash outflows from operating activities	(28,932)	(113,529)	(25,986)	(42,918)	(160,741)	(38,654)
Net cash outflows from investing activities	(1,418)	(5,564)	(1,274)	(2,475)	(9,270)	(2,229)
Net cash outflows from financing activities	(4,312)	(16,921)	(3,873)	(1,955)	(7,323)	(1,761)
Net decrease in cash and cash equivalents	**(34,662)**	**(136,014)**	**(31,133)**	**(47,348)**	**(177,333)**	**(42,644)**
Cash at the beginning of the period	**4,290**	**16,833**	**3,853**	**29,416**	**110,173**	**26,493**
Cash at the end of the period	**(30,372)**	**(119,181)**	**(27,280)**	**(17,932)**	**(67,161)**	**(16,150)**

4. Organization of ASBIS Group

The following table presents our corporate structure as at September 30th, 2016:

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

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

5. Changes in the structure of the Company

During the three months ended September 30th, 2016 there have been the following changes in the structure of the Company and the Group:

- the Issuer's inactive subsidiary - Euro-Mall SRB d.o.o. (Belgrad, Serbia) has been finally deregistered from the competent registry. This was a result of the Company‘s application made under the Group restructuring actions that started in 2015 in order to decrease administrative expenses. This subsidiary has been inactive and the Issuer’s operations in Serbia are now conducted through other entities. Therefore, closure of this subsidiary will not have any impact on the Issuer’s operations.

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

We have not published any forecasts for the three months period ended September 30th, 2016.

However, on March 21st, 2016 we have announced our financial forecasts for the year 2016. Having seen Q3 2016 results, we fully sustain our forecasts that assume revenues between USD 1,15 bn and 1,25 bn and a net profit after tax between USD 4 and 5 million.

7. Information on dividend payment

In the period of the three months ended 30 September 2016 no dividend has been paid.

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

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

Name	Number of shares	% of share capital	Number of votes	% of votes
KS Holdings Ltd	20,401,361	36.76%	20,401,361	36.76%
Quercus Towarzystwo Funduszy Inwestycyjnych S.A. Quercus Parasolowy SFIO and Quercus Absolutnego Zwrotu FIZ)*	3,274,931	5.90%	3,274,931	5.90%
Noble Funds TFI S.A. managing Noble Funds Fundusz Inwestycyjny Otwarty, Noble Funds Specjalistyczny Fundusz Inwestyjny Otwarty and Noble Fund Opportunity Fundusz Inwestycyjny Zamknięty	2,934,690	5.29%	2,934,690	5.29%
Noble Funds Fundusz Inwestycyjny Otwarty**	2,866,781	5.17%	2,866,781	5.17%
ING OFE	2,872,954	5.18%	2,872,954	5.18%

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

In the three month period ended on September 30th, 2016 the Company received the following information about changes in the shareholders' structure:

(1) On August 12th, 2016 the Company has received from Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. notification that following to purchase of the Company's shares on August 10th, 2016 the share of Noble Funds Fundusz Inwestycyjny Otwarty, Noble Funds Specjalistyczny Fundusz Inwestyjny Otwarty and Noble Fund Opportunity Fundusz Inwestycyjny Zamknięty („the Funds") managed by Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. exceeded the threshold of 5% of the total number of votes at the Company's General Meeting of Shareholders.
According to the notification, before the abovementioned purchase of shares the Funds had 2 769 690 Company's shares that were equal to 4,99% in the Company's share capital and had 2 769 690 votes from these shares, that were equal to 4,99% of total number of votes.
According to the notification, after the abovementioned purchase of shares the Funds hold 2 934 690 Company's shares, equal to 5,29% in the Company's share capital and have 2 934 690 votes from these shares, equal to 5,29% of total number of votes.

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

781 votes from these shares, equal to 5,17% of total number of votes

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

During the three month period ended on 30 September 2016 as well as in the period between August 11th, 2016 (the date of the publication of the six months results) and November 8th, 2016 (date of this report) there were the following changes in the number of shares possessed by the members of the Board of Directors:

- On 18th of August, 2016 Mr. Marios Christou informed about sales of a total number of 28,251 shares of the Company in the period between August 12th, 2016 and August 18th, 2016.
- On 23rd of August, 2016 Mr. Marios Christou informed about sales of a total number of 26,688 shares of the Company in the period between August 18th, 2016 and August 22nd, 2016.

The table below presents the number of shares held by the members of the Board of Directors as of the date of this report. The information included in the table below is based on information received from the members of our Management Board pursuant to Art. 160 sec. 1 of the Act on Public Trading.

Name	Number of Shares	% of the share capital
Siarhei Kostevitch (directly and indirectly)	20,443,127	36.83%
Constantinos Tziamalis	555,000	1.00%
Marios Christou	463,061	0.83%
Yuri Ulasovich	210,000	0.38%
Demos Demou	0	0%
Chris Pavlou	0	0%

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

10. Changes in the members of managing bodies

During the three month period ended September 30th, 2016 there were no changes in the members of the Company's Board of Directors.

11. Significant administrative and court proceedings against the Company

As of September 30th, 2016, no court, arbitration or administrative proceedings whose single or aggregate value exceeds 10% of our equity were pending against us or any of the members of our Group.

12. Related Party Transactions

During the nine months ended September 30th, 2016 we have not had any material related party transaction exceeding the Polish Zloty equivalent of Euro 500 thousand other than typical or routine transactions.

13. Information on guarantees granted to third parties

The Company has granted corporate guarantees to support its subsidiaries' local financing from U.S.$ 136,683 at December 31st, 2015 and U.S.$ 126,702 at June 30th, 2016 to 176,278 at September 30th, 2016, representing more than 10% of the Company's equity. The total bank guarantees and letters of credit raised by the Group (mainly to Group suppliers) as at September 30th, 2016 was U.S. $ 11,002 – as per note number 16 to the financial statements – which is more than 10% of the Company's equity.

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

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

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

In the three and nine month periods ended September 30th, 2016, the Company's results of operations have been affected and are expected to continue to be affected by a number of factors. These factors were: the in-country crisis seriously affecting major markets, currency fluctuations, competition and price pressures, low gross profit margins, potential inventory obsolescence and price erosions, the worldwide unstable financial environment, seasonality, development of own brand business, warranty claims and high cost of debt.
Despite the fact that revenues were still lower than a year ago, they have stabilized in Q3 2016 and – more importantly - all other lines of our income statement have been significantly improved. Improved gross profit coupled with significant savings in expenses has led the Company to its fifth consecutive profitable quarter. Below we present all factors that have affected and continue to affect our business:

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

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

Despite the fact that the crisis in Ukraine and Russia is not over yet, we have adapted to market needs and have won some market share from weaker competitors, and achieved a significant sales growth in Ukraine. In Russia, we have decided to offload risks and mostly focus on profits, thus for our revenues in this market were still lower than a year ago for H1 2016. But in Q3 2016 and for Q1-Q3 2016 they were already significantly higher year-on-year. Should improvement in these two major markets continue, we expect our results to benefit much faster due to our low cost leverage.

Currency fluctuations

The Company's reporting currency is the U.S. dollar. About 40% of the Company's revenues are denominated in U.S. dollars, while the balance is denominated in Euro, Ruble and other currencies, some of which are pegged to the Euro. Since most of the Company's trade payable balances are denominated in U.S. dollars (about 80%), the Company is exposed to foreign exchange risk that remains a crucial risk factor that might affect the Group's results in the future. Although the problem still persists and will persist as the Euro and other Eastern European currencies fluctuate in a steep manner against the U.S. Dollar, the Group has adopted hedging strategies to tackle this problem and this has been successful despite large volatility of some currencies. It is also believed by the management that hedging is a very important function in our industry and we shall continue enhancing this procedure.

Competition and price pressure

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

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

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

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

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

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

Low gross profit margins

The Company's business is both traditional distribution of third party products and own brand sales. This allows the Company to deliver healthier gross profit margins when conditions are favourable. However, the own brand business, has been significantly affected by the new entrants and the margins were lowered.

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

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

Inventory obsolescence and price erosion

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

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

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

Credit risk

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

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

Worldwide financial environment

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

However, there are many uncertainties about the world economy following the developments in China and turmoil in the ME region coupled with volatility of currencies and fragility of demand in many markets. Additionally, from time to time, unpredictable situations may happen in selected markets, as was the case of Ukraine and Russia in 2014, continuing to-date, which has led to a significant instability in these countries’ financial environment. However, with the experience we gained, the management strongly believes today the Company is much more flexible and much better prepared to weather any obstacles that may arise due to worldwide financial environment.

Seasonality

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

Development of own brand business

The Company’s strategy is to focus more on profitability than on revenues, thus the Company has increased in 2013-2014 its engagement into the development of own brands business that allows for higher gross profit margins. This included the development of tablets, smartphones, GPS and other product lines that are sold under Prestigio and Canyon brands in all regions of the Company’s operations.

Due to the fact that the Company’s products, namely tablets and smartphones, were welcomed by the markets, it is expected that further development of own brands business may positively affect revenues and profits. However, competition has already been intensified and the Company may not be able to sustain its profitability levels. In addition to competition, due to increased volumes of own brands and the fact that we are not the manufacturers of these products, certain warranty issues have arisen and have negatively affected our results. The Company is undertaking a number of quality control measures to mitigate this risk, but given the volumes and the large amount of factories used to produce these products, these controls might not be enough.

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

Warranty claims from own brand products

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

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

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

The Company updated its procedures and started to decrease warranty cost beginning from Q3 2015. This positive trend has continued in the first nine months of 2016 and it is expected to further continue in the periods to follow.

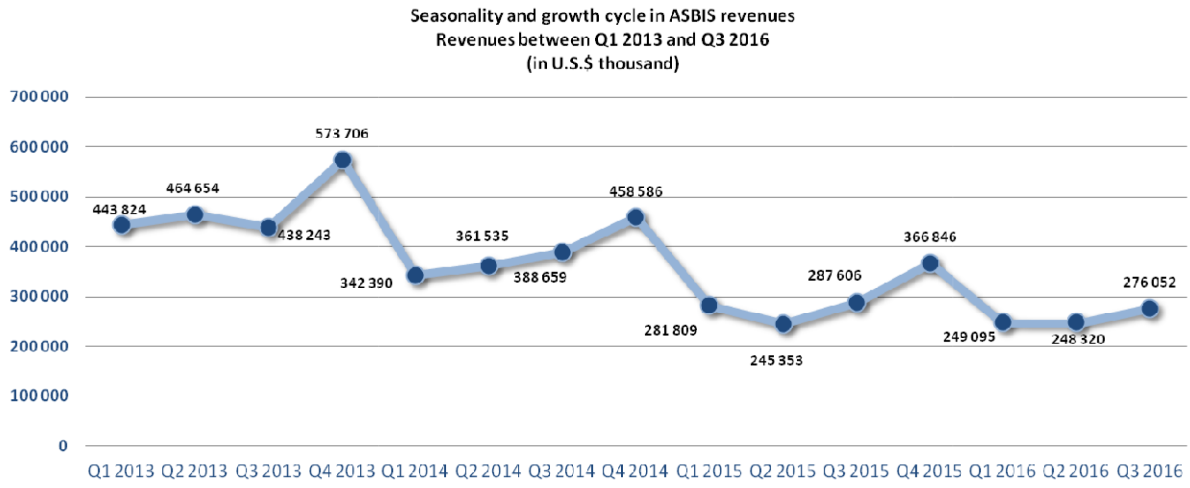
High cost of debt

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

Results of operations

Three and nine month periods ended 30 September 2016 compared to the three and nine month periods ended 30 September 2015:

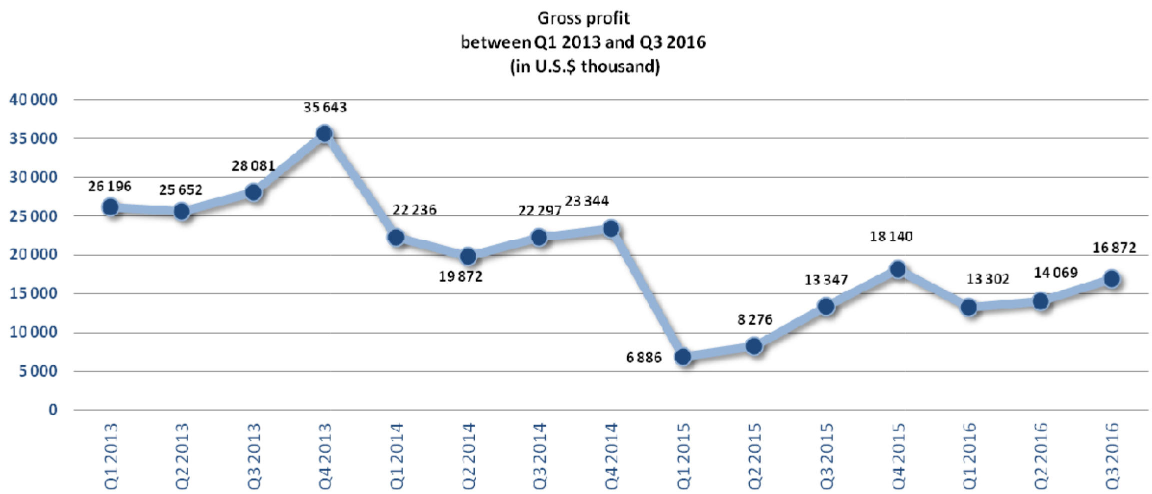
> **Revenues:** Despite the minor decrease in revenues compared to Q3 and the nine months of 2015, the Company has experienced a positive increase of revenues during Q3 2016 when compared with the two precedent quarters of the year.
> Revenues in Q3 2016 decreased by 4.02% to U.S. $ 276,052 from U.S. $ 287,606 in Q3 2015. Q3 2016 revenues were 11.17% higher compared to that of Q2 2016.
> Revenues in Q1-Q3 2016 decreased by 5.07% to U.S. $ 773,467 from U.S. $ 814,767 in the corresponding period of 2015.



- **Gross profit:** In Q3 2016 and in Q1-Q3 2016 gross profit has increased significantly when compared to the corresponding periods of 2015. Gross profit in Q3 2016 also grew significantly as compared to Q2 2016. The positive trend in gross profit observed in Q3 2016 is expected to continue in the remainder of the year.

  Gross profit in Q3 2016 increased by 26.41% to U.S. $ 16,872 from U.S. $ 13,347 in Q3 2015. Gross profit also increased by 19.92% as compared to that of Q2 2016.

  Gross profit in Q1-Q3 2016 increased by 55.19% to U.S. $ 44,243 from U.S. $ 28,509 in the corresponding period of 2015.



- **Gross profit margin:** In Q3 2016 gross profit margin continued to grow. The management believe that the current GM % levels are very satisfactory and will try to retain them going forward.

  Gross profit margin in Q3 2016 increased to 6.11% from 4.64% in Q3 2015. Gross profit margin in Q3 2016 was 7.87% higher as compared to 5.67% in Q2 2016.

  Gross profit margin in Q1-Q3 2016 increased to 5.72% from 3.50% in the corresponding period of 2015.

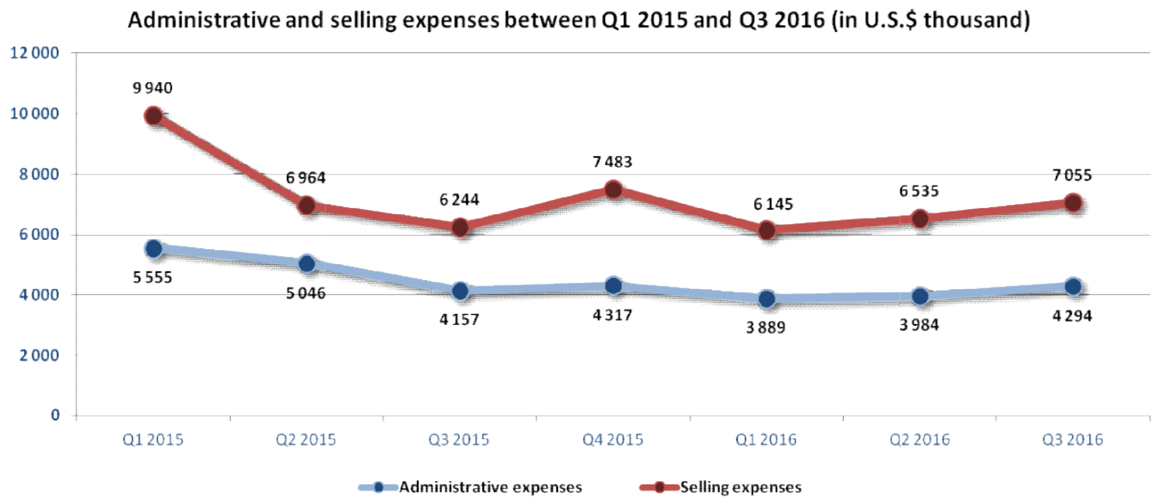
- **Selling expenses** largely comprise of salaries and benefits paid to sales employees (sales, marketing and logistics departments), marketing and advertising fees, commissions, and traveling expenses. Selling expenses usually grow together (but not in-line) with growing sales and, most importantly,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

Selling expenses in Q3 2016 increased by 12.98% to U.S. $ 7,055 from U.S. $ 6,244 in Q3 2015. This growth relates to improvement in gross profit, but is much lower than the increase in gross profit. Further growth in selling expenses is expected only under the condition of even higher growth in gross profit.

Selling expenses in Q1-Q3 2016 decreased by 14.75% to U.S. $ 19,734 from U.S. $ 23,148 in the corresponding period of 2015.

- **Administrative expenses** largely comprise of salaries and wages of administration personnel and rent expense. In Q3 2016 we continued to have it stabilized. Administrative expenses in Q3 2016 increased slightly by 3.30% to U.S. $ 4,294 from U.S. $ 4,157 in Q3 2015.

  Administrative expenses in Q1-Q3 2016 decreased by 17.56% to U.S. $ 12,167 from U.S. $ 14,758 in the corresponding period of 2015 as a result of restructuring actions.



- **Operating profit:** In Q3 2016 the Company had an operating profit of U.S. $ 5,523, almost doubled as compared to U.S. $ 2,946 in Q3 2015.

  For Q1-Q3 2016 operating profit amounted to U.S.$ 12,342 as compared to operating loss of U.S.$ 9,397 in Q1-Q3 2015. This is an improvement exceeding U.S.$ 21 million year-on-year.

- **EBITDA:** In Q3 2016 EBITDA was positive and amounted to U.S. $ 6,058 as compared to U.S. $ 3,588 in Q3 2015.

  EBITDA in Q1-Q3 2016 was positive as well and amounted to U.S. $ 13,929 as compared to a minus U.S. $ 7,483 in the corresponding period of 2015.

- **Net profit:** As a result of stable sales, significantly increased gross profit and relatively stable expenses, the Group has generated in Q3 2016 a net profit of U.S. $ 1,380, as compared to a net profit of U.S. $ 153 in Q3 2015. In Q1-Q3 2016 the Company posted a net profit after taxation of U.S. $ 2,001 compared to a net loss after taxation of U.S.$ 19,191 in the corresponding period of 2015.

Sales by regions and countries

Traditionally and throughout the Company's operations, the F.S.U. and the CEE regions contribute the majority of our revenues. This has not changed in H1 2016. However, following better performance of the F.S.U. countries, in Q3 2016 this region regained first position in our sales structure after an impressive 35.92% growth year-on-year. Further improvement in this region is expected in the remainder of the year. Revenues derived from the F.S.U. region in Q1-Q3 2016 were higher by 12.71% year-on-year.

Sales in the Central and Eastern Europe region have decreased by 23.92% and 16.59% in Q3 2016 and Q1-Q3 2016 respectively, as compared to the corresponding periods of 2015.
Sales in Western Europe in Q3 2016 decreased by 29.80% compared to Q3 2015, while in Q1-Q3 2016 it grew by 2.19%. Sales in MEA region have decreased by 10.29% and 2.84% over the same periods.

Country-by-country analysis explains why results in the F.S.U. region improved so significantly. It followed a continuous improvement in Ukraine that grew by 169.18% in Q3 and by 191.29% in Q1-Q3 2016 as compared to the corresponding periods of 2015. In the same time, our business in Russia started to grow again and we posted an increase of 21.02% and 3.80% in Q3 2016 and Q1-Q3 2016 respectively.

In CEE region, our sales in Slovakia decreased by 45.06% in Q3 2016 (and as a result by 21.44% in Q1-Q3 2016), but in the same time our business in Czech Republic grew by 34.11% and 23.69% over the same periods. The Slovakian decrease had solely to do with the huge fulfillment of projects during 2015, where Slovakia enjoyed the large EU funding for IT infrastructure. The company in Slovakia remains a leader in its segment and continues to dominate the IT distribution market.

As a result, Russia became the new leader in our sales by countries breakdown in Q3 2016. Although for Q1-Q3 2016 it is still Slovakia, we expect Russia to remain our no. 1 geography for the full year following its recent improvement.

The tables below provide a geographical breakdown of sales in the three and nine month periods ended 30 September 2016 and 2015.

	Q3 2016		Q3 2015	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Former Soviet Union	123,374	44.69%	90,770	31.56%
Central and Eastern Europe	95,153	34.47%	125,066	43.49%
Middle East and Africa	38,883	14.09%	43,342	15.07%
Western Europe	10,555	3.82%	15,036	5.23%
Other	8,087	2.93%	13,392	4.66%
Total	276,052	100%	287,606	100%

	Q1-Q3 2016		Q1-Q3 2015	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Central and Eastern Europe	296,689	38.36%	355,717	43.66%
Former Soviet Union	291,252	37.66%	258,419	31.72%
Middle East and Africa	119,324	15.43%	122,816	15.07%
Western Europe	40,186	5.20%	39,325	4.83%
Other	26,015	3.36%	38,490	4.72%
Total	773,467	100%	814,767	100%

Revenue breakdown – Top 10 countries in Q3 2016 and Q3 2015 (in U.S. Dollar thousand)

	Q3 2016		Q3 2015	
	Country	Sales	Country	Sales
1.	Russia	55,346	Slovakia	65,201
2.	Slovakia	35,823	Russia	45,733
3.	Ukraine	34,943	United Arab Emirates	33,336
4.	United Arab Emirates	30,035	Kazakhstan	14,851
5.	Czech Republic	16,365	Belarus	14,291
6.	Kazakhstan	16,276	Ukraine	12,981
7.	Belarus	13,650	Czech Republic	12,203
8.	Romania	9,854	Romania	10,990
9.	The Netherlands	5,544	Bulgaria	7,642
10.	Bulgaria	5,205	Croatia	6,300
11.	Other	53,012	Other	64,078
	TOTAL	**276,052**	TOTAL	**287,606**

Revenue breakdown – Top 10 countries in Q1-Q3 2016 and Q1-Q3 2015 (in U.S. Dollar thousand)

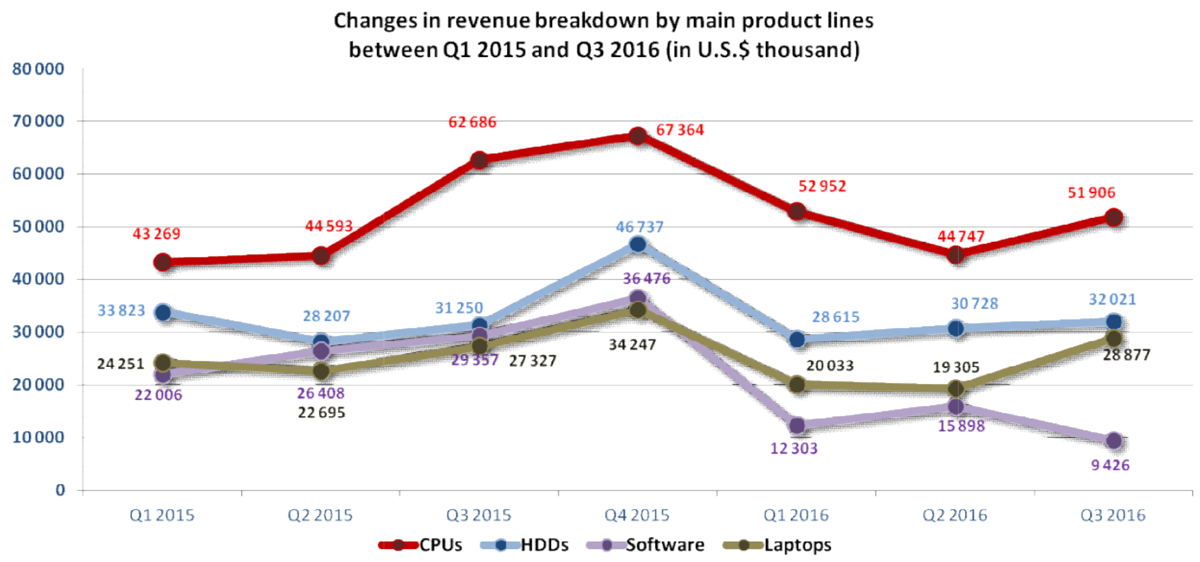
	Q1-Q3 2016		Q1-Q3 2015	
	Country	Sales	Country	Sales
1.	Slovakia	125,383	Slovakia	159,608
2.	Russia	133,656	Russia	128,767
3.	United Arab Emirates	79,670	United Arab Emirates	95,628
4.	Ukraine	78,520	Kazakhstan	67,693
5.	Czech Republic	44,087	Poland	43,011
6.	Kazakhstan	35,697	Czech Republic	35,645
7.	Belarus	33,424	Romania	31,787
8.	Romania	31,192	Belarus	29,778
9.	Hungary	18,200	Ukraine	26,956
10.	The Netherlands	18,180	Bulgaria	19,713
11.	Other	175,457	Other	176,181
	TOTAL	**773,467**	TOTAL	**814,767**

Sales by product lines

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

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

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



Revenues from CPUs, that traditionally lead in our revenue breakdown by product line, decreased by 17.20% in Q3 2016 and by 0.63% in Q1-Q3 2016. Revenues from HDDs increased by 2.47% and decreased by 2.06% over the same periods. On Laptops our sales grew in Q3 but was lower for the nine months year-on-year. Our smartphones segment increased in Q3 2016 by 60.37% year-on-year (mostly following an improvement in iPhone sales) and was stable (+0.28%) in Q1-Q3 2016 year-on-year. It became no. 1 segment in our portfolio in Q3 2016. This was also partially due to the introduction of I-Phone 7 by Apple.

From other product lines, the most important is the increase in SSD business that built from zero to U.S.$ 6,203 in Q2 and U.S.$ 9,859 in Q3 2016 respectively. We expect this segment to continue to grow rapidly in the remainder of the year. Apart from that, the Company has noticed a positive trend both for Q3 2016 and Q1-Q3 2016 in mainboards and VGA cards (+58.14% and +76.62%), peripherals (+15.51% and +11.01%), display products (+26.29% and +29.23%), memory modules (+19.83% and +28.91%) and accessories and multimedia (+23.96% and +10.23%).

The table below sets a breakdown of revenues, by product lines, for Q3 2016 and Q3 2015:

	Q3 2016		Q3 2015	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Smartphones	58,530	21.20%	36,497	12.69%
Central processing units (CPUs)	51,906	18.80%	62,686	21.80%
Hard disk drives (HDDs)	32,021	11.60%	31,250	10.87%
PC-mobile (laptops)	28,877	10.46%	27,327	9.50%
Tablets	13,230	4.79%	13,922	4.84%
Software	9,426	3.41%	29,357	10.21%
Other	82,062	29.73%	86,566	30.10%
Total revenue	**276,052**	**100%**	**287,606**	**100%**

	Q1-Q3 2016		Q1-Q3 2015	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Central processing units (CPUs)	149,605	19.34%	150,549	18.48%
Smartphones	146,050	18.88%	145,641	17.88%
Hard disk drives (HDDs)	91,363	11.81%	93,280	11.45%
PC-mobile (laptops)	68,215	8.82%	74,273	9.12%
Software	37,627	4.86%	77,770	9.55%
Tablets	33,100	4.28%	56,117	6.89%
Other	247,507	32.00%	217,137	26.65%
Total revenue	**773,467**	**100%**	**814,767**	**100%**

Liquidity and Capital Resources

The Company has in the past funded its liquidity requirements, including ongoing operating expenses and capital expenditures and investments, for the most part, through operating cash flows, debt financing and equity financing. While our cash flow was stretched in H1 2016, it started to improve in Q3 2016 when operating cash flows turned positive. We do expect cash from operations to be positive for the full year.
The following table presents a summary of cash flows for the nine months ended September 30th, 2016 and 2015:

	Nine months ended September 30th	
	2016	2015
	U.S. $	
Net cash outflows from operating activities	(28,932)	(42,918)
Net cash outflows from investing activities	(1,418)	(2,475)
Net cash outflows from financing activities	(4,312)	(1,955)
Net decrease in cash and cash equivalents	(34,662)	(47,348)

Net cash outflows from operations

Net cash outflows from operations amounted to U.S. $ 28,932 for the nine months ended September 30th, 2016, compared to outflows of U.S. $ 42,918 in the corresponding period of 2015. This is attributed mainly to improved profitability and working capital utilization. The Company expects cash from operations to turn positive for 2016.

For Q3 2016 stand-alone, the Company has generated inflows from operations of U.S.$ 4,272 due to improved working capital utilization and profitability.

Net cash outflows from investing activities

Net cash outflows from investing activities was U.S. $ 1,418 for the nine months ended September 30th 2016, compared to U.S. $ 2,475 in the corresponding period of 2015. These outflows mainly relate to on-going investments for fixed assets (such as computers, furniture etc.).

Net cash outflows from financing activities

Net cash outflows from financing activities was U.S. $ 4,312 for the nine months ended September 30th 2016, compared to outflows of U.S. $ 1,955 in the corresponding period of 2015. This primarily relates to lower utilization of certain financing lines and installment against long term loans.

Net decrease in cash and cash equivalents

As a result of increased working capital efficiency, improved profitability and decreased financing, in Q1-Q3 2016 cash and cash equivalents have decreased by U.S. $ 34,662, compared to a decrease of U.S. $ 47,348 in the corresponding period of 2015 – almost a U.S.$ 13 million improvement.

16. Factors which may affect our results in the future

Political and economic stability in Europe and our regions

The markets the Group operates into, have traditionally shown a vulnerability in political and economic instability. The turbulence that started in Ukraine and also affected Russia has caused a significant demand reduction. This has affected revenues and gross profit margins, but also negatively impacted some of our customers, whose financial situation has worsened.

The weak economies in the F.S.U. region and certain politically driven events in all markets, are considered by the management as a crucial external factor, which might adversely affect our results, in the short term.

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

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

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

There is no reliance on any single market nor any single region since the CEE contribution to our total revenues is bigger than that of the F.S.U. region. We now pay more attention to any possible market developments in all other growing regions, focusing on our core competences.

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

The Group's ability to increase gross profit margins

The Group's gross profit margin has increased significantly in 2016 to date (especially in Q3 2016) as compared to the corresponding periods of 2015. This is a continuation of an improvement that started in Q3 2015 and is a result of changes in product portfolio and focus on margins rather than on sales. Additionally, our business was safeguarded and we have not had any negative one off events like in 2015. However, the pace of this growth is hard to estimate, as the margins may remain under pressure due to enhanced competition together with lower demand in a number of markets. It is of extreme importance for the Group to manage its stock level and refine its product portfolio in order to achieve optimum gross profit margins.

Currency volatilities

The multi-currency environment that the Group operates in exposes its financial results to steep currency fluctuations. Although volatility of a number of currencies in Q3 and Q1-Q3 2016 was strong, we have been successfully shielded by our hedging policy. Therefore, the hedging strategy should be followed and further improved without any exception in the remainder of 2016.

Ability of the Group to control expenses

Selling and administrative expenses in Q1, Q2 and Q1-Q3 2016 decreased significantly as compared to the corresponding periods of 2015. The decrease in expenses was a result of restructuring actions undertaken by the Company in H2 2015. This included less employees, revised compensation schemes and stricter expenses control. In Q3 2016 standalone, admin expenses grew insignificantly, while selling expenses grew as a function of growth in gross profit.

We consider cost control to be a significant factor towards delivering improved results going forward and the Group is undertaking significant steps towards further reducing its expenses.

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

Because of its size, geographical coverage and good relationship with vendors, the Company has managed to build an extensive product portfolio. It is crucial for the Company to continue refining its product mix constantly by adding new product lines with higher gross (and net) profit margins to boost its profitability.

Ability to cover warranty claims from customers

The own brand business requires us to be very careful with customer satisfaction when it comes to after sales services relating mostly to the quality of our products. Since we do not manufacture the devices ourselves, we have built increased warranty provisions and signed separate agreements with our suppliers to cover us against warranty losses of such products.

We have reviewed all our contracts with factories, and we signed new ones after ensuring the contractor will be able to pay any contractual penalties that may arise. This is an important part of our cooperation with third party factories, to make sure the warranty risk is mitigated.

17. Information about important events that occurred after the period ended on September 30th, 2016 and before this report release

According to our best knowledge, in the period between September 30th, 2016 and November 8th, 2016 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 September 30th, 2016

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ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	Note	For the three months ended 30 September 2016 US$	For the three months ended 30 September 2015 US$	For the nine months ended 30 September 2016 US$	For the nine months ended 30 September 2015 US$
Revenue	4,23	276,052,300	287,605,747	773,466,629	814,766,966
Cost of sales		(259,180,413)	(274,258,874)	(729,223,368)	(786,258,320)
Gross profit		16,871,887	13,346,873	44,243,261	28,508,646
Selling expenses		(7,054,517)	(6,244,076)	(19,734,087)	(23,147,511)
Administrative expenses		(4,294,345)	(4,157,111)	(12,166,734)	(14,757,890)
Profit/(loss) from operations		5,523,025	2,945,686	12,342,440	(9,396,755)
Financial income	7	134,788	569,790	400,277	771,839
Financial expenses	7	(3,861,555)	(3,251,258)	(10,399,873)	(10,673,683)
Other gains and losses	5	27,396	(55,909)	187,454	22,814
Profit/(loss) before tax	6	1,823,654	208,309	2,530,298	(19,275,785)
Taxation	8	(443,528)	(55,060)	(529,237)	84,703
Profit/(loss) for the period		1,380,126	153,249	2,001,061	(19,191,082)
Attributable to:					
Owners of the company		1,374,297	153,287	1,988,192	(19,192,534)
Non-controlling interests		5,829	(38)	12,869	1,452
		1,380,126	153,249	2,001,061	(19,191,082)
		US$ cents	US$ cents	US$ cents	US$ cents
Earnings per share					
Basic and diluted from continuing operations		2.48	0.28	3.58	(34.58)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	For the three months ended 30 September 2016 US$	For the three months ended 30 September 2015 US$	For the nine months ended 30 September 2016 US$	For the nine months ended 30 September 2015 US$
Profit/(loss) for the period	1,380,126	153,249	2,001,061	(19,191,082)
Other comprehensive income/(loss)				
Exchange difference on translating foreign operations	187,016	(1,187,935)	943,585	(3,502,933)
Reclassification adjustments relating to foreign operations liquidated in the period	254	-	254	-
Other comprehensive income/(loss) for the period	187,270	(1,187,935)	943,839	(3,502,933)
Total comprehensive income/(loss) for the period	1,567,396	(1,034,686)	2,944,900	(22,694,015)
Total comprehensive income/(loss) attributable to:				
Owners of the company	1,559,584	(1,035,634)	2,927,732	(22,682,366)
Non-controlling interests	7,812	948	17,168	(11,649)
	1,567,396	(1,034,686)	2,944,900	(22,694,015)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

	Notes	As at 30 September 2016 US$	As at 31 December 2015 US$
ASSETS			
Non-current assets			
Property, plant and equipment	9	23,641,279	23,504,905
Intangible assets	10	2,896,701	2,752,302
Available-for-sale financial assets	11	11,794	11,794
Goodwill	27	1,602,305	1,555,972
Deferred tax assets	20	1,396,134	1,519,787
Total non-current assets		29,548,213	29,344,760
Current assets			
Inventories	12	98,360,283	96,921,653
Trade receivables	13	198,988,224	217,466,159
Other current assets	14	17,642,802	13,695,820
Derivative financial asset	25	171,978	1,069,705
Current taxation	8	549,790	722,723
Cash at bank and in hand	26	21,951,272	22,383,203
Total current assets		337,664,349	352,259,263
Total assets		367,212,562	381,604,023
EQUITY AND LIABILITIES			
Equity			
Share capital	15	11,100,000	11,100,000
Share premium		23,518,243	23,518,243
Retained earnings and other components of equity		49,633,863	46,706,131
Equity attributable to owners of the parent		84,252,106	81,324,374
Non-controlling interests		172,429	155,261
Total equity		84,424,535	81,479,635
Non-current liabilities			
Long term borrowings	17	1,402,419	1,840,933
Other long term liabilities	18	294,083	366,588
Deferred tax liabilities	20	57,711	83,771
Total non-current liabilities		1,754,213	2,291,292
Current liabilities			
Trade payables		143,470,955	190,693,046
Other current liabilities	21	22,358,090	19,857,706
Short term borrowings	16	114,659,768	86,670,131
Derivative financial liability	24	158,952	124,563
Current taxation	8	386,049	487,650
Total current liabilities		281,033,814	297,833,096
Total liabilities		282,788,027	300,124,388
Total equity and liabilities		367,212,562	381,604,023

The financial statements were approved by the Board of Directors on 7 November 2016.

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	Attributable to the owners of the parent							
	Share capital US$	**Share premium US$**	**Treasury stock US$**	**Translation of foreign operations US$**	**Retained earnings US$**	**Total US$**	**Non - controlling interests US$**	**Total US$**
Balance at 1 January 2015	11,100,000	23,518,243	(14,211)	(8,137,253)	77,005,135	103,471,914	166,651	103,638,565
(Loss)/profit for the period 1 January 2015 to 30 September 2015	-	-	-	-	(19,192,534)	(19,192,534)	1,452	(19,191,082)
Other comprehensive loss for the period 1 January 2015 to 30 September 2015	-	-	-	(3,489,832)	-	(3,489,832)	(13,101)	(3,502,933)
Balance at 30 September 2015	11,100,000	23,518,243	(14,211)	(11,627,085)	57,812,601	80,789,548	155,002	80,944,550
Profit for the period 1 October 2015 to 31 December 2015	-	-	-	-	2,034,498	2,034,498	4,164	2,038,662
Other comprehensive loss for the period 1 October 2015 to 31 December 2015	-	-	-	(1,499,649)	-	(1,499,649)	(3,905)	(1,503,554)
Share-based payments	-	-	(23)	-	-	(23)	-	(23)
Balance at 31 December 2015	11,100,000	23,518,243	(14,234)	(13,126,734)	59,847,099	81,324,374	155,261	81,479,635
Profit for the period 1 January 2016 to 30 September 2016	-	-	-		1,988,192	1,988,192	12,869	2,001,061
Other comprehensive profit for the period 1 January 2016 to 30 September 2016	-	-	-	939,540	-	939,540	4,299	943,839
Balance at 30 September 2016	11,100,000	23,518,243	(14,234)	(12,187,194)	61,835,291	84,252,106	172,429	84,424,535

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	Note	For the three months ended 30 September 2016 US$	For the three months ended 30 September 2015 US$	For the nine months ended 30 September 2016 US$	For the nine months ended 30 September 2015 US$
Profit/(loss) for the period before tax and minority interest		1,823,654	208,309	2,530,298	(19,275,786)
Adjustments for:					
Exchange difference arising on consolidation		13,449	(1,198,255)	554,292	(2,362,935)
Depreciation of property, plant and equipment	9	384,102	498,812	1,148,196	1,524,704
Amortisation of intangible assets	10	151,277	143,798	438,350	389,198
Loss/(profit) from the sale of property, plant and equipment and intangible assets	5	6,818	72,832	(15,276)	65,509
Provision for bad debts and receivables written off		651,912	614,071	1,449,086	2,716,605
Bad debts recovered	5	(1,817)	(280)	(3,044)	(4,347)
Interest received	7	(28,866)	(19,532)	(98,209)	(63,590)
Interest paid	7	1,133,043	1,406,416	3,329,887	4,667,326
Operating profit/(loss) before working capital changes		4,133,572	1,726,171	9,333,580	(12,343,315)
Decrease/(increase) in inventories		6,758,043	(7,365,060)	(1,438,630)	19,107,726
(Increase)/decrease in trade receivables		(17,628,241)	(5,294,071)	17,031,893	53,484,749
Increase in other current assets		(554,868)	(3,296,127)	(3,049,255)	(1,242,295)
Increase/(decrease) in trade payables		4,312,409	41,332,346	(47,222,091)	(79,323,316)
Increase/(decrease) in other current liabilities		59,500	(2,728,132)	2,534,772	(12,599,441)
(Decrease)/increase in other non-current liabilities		(9,640)	18,436	(72,505)	39,112
Increase/(decrease) in factoring creditors		8,397,038	(4,742,196)	(2,366,836)	(4,865,426)
Cash inflows/(outflows) from operations		5,467,813	19,651,367	(25,249,072)	(37,742,206)
Interest paid	7	(1,133,044)	(1,406,416)	(3,329,887)	(4,667,326)
Taxation paid, net	8	(62,948)	(47,539)	(353,068)	(508,419)
Net cash inflows/(outflows) from operating activities		4,271,821	18,197,412	(28,932,027)	(42,917,951)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	Note	For the three months ended 30 September 2016	For the three months ended 30 September 2015	For the nine months ended 30 September 2016	For the nine months ended 30 September 2015
		US$	**US$**	**US$**	**US$**
Cash flows from investing activities					
Purchase of intangible assets	10	(211,147)	(156,029)	(543,306)	(1,739,971)
Purchase of property, plant and equipment	9	(495,041)	(467,505)	(988,045)	(940,235)
(Write-offs)/proceeds from sale of property, plant and equipment and intangible assets		(6,818)	25,940	15,276	141,512
Interest received	7	28,866	19,532	98,209	63,590
Net cash outflows from investing activities		(684,140)	(578,062)	(1,417,866)	(2,475,104)
Cash flows from financing activities					
Proceeds/(repayments) of long term loans and long term obligations under finance lease		13,001	(157,197)	(438,514)	(647,943)
(Repayments)/proceeds of short term borrowings and short term obligations under finance lease		(3,433,848)	2,065,793	(3,873,720)	(1,307,215)
Net cash (outflows)/inflows from financing activities		(3,420,847)	1,908,596	(4,312,234)	(1,955,158)
Net increase/(decrease) in cash and cash equivalents		166,834	19,527,946	(34,662,127)	(47,348,213)
Cash and cash equivalents at beginning of the period		(30,539,105)	(37,459,900)	4,289,856	29,416,259
Cash and cash equivalents at end of the period	26	(30,372,271)	(17,931,954)	(30,372,271)	(17,931,954)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2016

1. Incorporation and principal activities

Asbisc Enterprises Plc was incorporated in Cyprus on 9 November 1995 with limited liability. These condensed consolidated interim financial statements as at and for the nine months ended 30 September 2016 ("interim financial statements") comprise the interim financial statements of the company and its subsidiaries (together referred to as the "group"). The group's and the company's principal activity is the trading and distribution of computer hardware and software. The main shareholder of the company is K.S. Holdings Limited, a company incorporated in Cyprus.

The Company is listed on the Warsaw Stock Exchange since 30th October 2007.

2. Basis of preparation

(a) Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for a complete set of IFRS financial statements and they should be read in conjunction with the audited financial statements for the year ended 31 December 2015. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the last annual consolidated financial statements as at and for the year ended 31 December 2015.

These interim financial statements were authorised for issue by the company's Board of Directors on 7 November 2016.

(b) Use of judgments and estimates

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

Financial instruments comprise financial assets and financial liabilities. Financial assets mainly consist of bank balances, receivables and investments. Financial liabilities mainly consist of trade payables, factoring balances, bank overdrafts and loans. The Directors consider that the carrying amount of the company's/group's financial instruments approximate their fair value at the reporting date. Financial assets and financial liabilities carried at fair value through profit or loss represent foreign currency derivative contracts categorized as a Level 2 (inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

3. Significant accounting policies

The accounting policies adopted for the preparation of the condensed consolidated interim financial statements for the nine months ended 30 September 2016 are consistent with those followed for the preparation of the annual financial statements for the year 2015 except for the adoption by the group of all the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual periods beginning on 1 January 2016. The adoption of new and revised standards and interpretations did not have any material effect on the group's condensed consolidated financial statements.

4. Effects of seasonality

The group's revenue and consequently its profitability are significantly lower during the first half of the year. The seasonality is driven by increased household expenditure during the Christmas period as well as the commencement of the academic period during the second half of the year resulting in a positive effect on demand for the group's products.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2016

5. Other gains and losses

	For the three months ended 30 September 2016 US$	For the three months ended 30 September 2015 US$	For the nine months ended 30 September 2016 US$	For the nine months ended 30 September 2015 US$
(Loss)/profit on disposal of property, plant and equipment	(6,818)	(72,832)	15,276	(65,509)
Other income	10,680	7,817	114,298	55,320
Bad debts recovered	1,817	280	3,044	4,347
Rental income	21,717	8,826	54,836	28,656
	27,396	(55,909)	187,454	22,814

6. Profit/(loss) before tax

	For the three months ended 30 September 2016 US$	For the three months ended 30 September 2015 US$	For the nine months ended 30 September 2016 US$	For the nine months ended 30 September 2015 US$
Profit/(loss) before tax is stated after charging :				
(a) Amortisation of intangible assets (Note 10)	151,277	143,798	438,350	389,199
(b) Depreciation (Note 9)	384,102	498,812	1,148,196	1,524,704
(c) Auditors' remuneration	85,092	89,809	258,399	252,953
(e) Directors’ remuneration – executive (Note 28)	89,419	64,584	313,414	214,492
(e) Directors’ remuneration – non-executive (Note 28)	560	576	1,678	16,126

7. Financial expense, net

	For the three months ended 30 September 2016 US$	For the three months ended 30 September 2015 US$	For the nine months ended 30 September 2016 US$	For the nine months ended 30 September 2015 US$
Financial income				
Interest income	28,867	19,532	98,209	63,590
Other financial income	105,922	42,064	302,068	192,325
Net exchange gain	-	508,194	-	515,924
	134,788	569,790	400,277	771,839
Financial expense				
Bank interest	1,133,044	1,406,416	3,329,887	4,667,326
Bank charges	344,509	218,910	1,004,322	1,024,600
Derivative charges	175,125	268,120	489,740	560,114
Factoring interest	1,558,884	927,918	3,535,154	2,933,013
Factoring charges	76,085	118,565	233,239	405,104
Other financial expenses	21,525	11,196	41,586	53,441
Other interest	320,179	300,133	899,753	1,030,085
Net exchange loss	232,204	-	866,192	-
	3,861,555	3,251,258	10,399,873	10,673,683
Net	(3,424,699)	(2,681,468)	(9,999,594)	(9,901,844)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2016

8. Tax

	For the nine months ended 30 September 2016 US$	As at 31 December 2015 US$
Receivable balance 1 January	(235,073)	(315,920)
Provision for the period/year	421,101	677,306
Under provision of prior periods	6,189	13,000
Exchange difference on retranslation	(2,890)	67,653
Amounts paid, net	(353,068)	(677,112)
Net receivable balance 30 September/31 December	(163,741)	(235,073)

	For the nine months ended 30 September 2016 US$	As at 31 December 2015 US$
Tax receivable	(549,790)	(722,723)
Tax payable	386,049	487,650
Net	(163,741)	(235,073)

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

	For the three months ended 30 September 2016 US$	For the three months ended 30 September 2015 US$	For the nine months ended 30 September 2016 US$	For the nine months ended 30 September 2015 US$
Provision for the period	202,676	40,587	421,101	(130,460)
Under/(over) provision of prior years	2,378	(47)	6,189	12,640
Deferred tax charge (Note 20)	238,474	14,520	101,949	33,117
Charge/(credit) for the period	443,528	55,060	529,237	(84,703)

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2016

9. Property, plant and equipment

	Land and buildings US$	Computer hardware US$	Warehouse machinery US$	Motor vehicles US$	Furniture and fittings US$	Office equipment US$	Total US$
Cost							
At 1 January 2015	22,510,892	6,827,184	169,457	3,120,517	2,673,615	3,253,253	38,554,918
Additions	1,935,613	328,696	198,990	-	50,811	90,412	2,604,522
Disposals	-	(269,355)	-	(552,196)	(87,578)	(114,393)	(1,023,522)
Foreign exchange difference on retranslation	(1,091,328)	(449,694)	520	(314,559)	(252,719)	(361,533)	(2,469,313)
At 31 December 2015	23,355,177	6,436,831	368,967	2,253,762	2,384,129	2,867,739	37,666,605
Additions	370,648	363,512	6,005	154,730	42,171	50,979	988,045
Disposals	-	(594,650)	-	(330,148)	(30,762)	(125,175)	(1,080,735)
Foreign exchange difference on retranslation	278,043	108,841	85	25,620	41,184	37,326	491,099
At 30 September 2016	24,003,868	6,314,534	375,057	2,103,964	2,436,722	2,830,869	38,065,014
Accumulated depreciation							
At 1 January 2015	3,157,883	5,087,177	89,933	1,926,623	1,809,913	2,124,715	14,196,244
Charge for the year	566,795	709,590	25,909	312,223	189,056	238,568	2,042,141
Disposals	-	(258,328)	-	(387,553)	(29,578)	(114,393)	(789,852)
Foreign exchange difference on retranslation	(213,967)	(446,470)	670	(190,711)	(184,517)	(251,838)	(1,286,833)
At 31 December 2015	3,510,711	5,091,969	116,512	1,660,582	1,784,874	1,997,052	14,161,700
Charge for the period	193,507	443,317	29,189	177,497	130,720	173,966	1,148,196
Disposals	-	(594,650)	-	(330,148)	(30,762)	(125,175)	(1,080,735)
Foreign exchange difference on retranslation	36,063	82,208	68	19,639	29,978	26,618	194,572
At 30 September 2016	3,740,281	5,022,844	145,769	1,527,570	1,914,810	2,072,461	14,423,735
Net book value							
At 30 September 2016	20,263,587	1,291,690	229,288	576,394	521,912	758,408	23,641,279
At 31 December 2015	19,844,466	1,344,862	252,455	593,180	599,255	870,687	23,504,905

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2016

10. Intangible assets

	Computer software US$	Patents and licenses US$	Total US$
Cost			
At 1 January 2015	7,315,063	1,095,656	8,410,719
Additions	687,396	1,164,805	1,852,201
Disposals/ write-offs	(18,204)	(23,733)	(41,937)
Foreign exchange difference on retranslation	(133,040)	(4,634)	(137,674)
At 31 December 2015	7,851,215	2,232,094	10,083,309
Additions	396,501	146,805	543,306
Foreign exchange difference on retranslation	21,790	11,532	33,322
At 30 September 2016	8,269,506	2,390,431	10,659,937
Accumulated amortisation			
At 1 January 2015	5,926,972	1,045,280	6,972,252
Additions from acquisitions of subsidiaries	297,030	235,292	532,322
Disposals/ write-offs	(7,282)	(14,223)	(21,505)
Foreign exchange difference on retranslation	(124,600)	(27,462)	(152,062)
At 31 December 2015	6,092,120	1,238,887	7,331,007
Charge for the period	249,865	188,485	438,350
Foreign exchange difference on retranslation	(17,134)	11,013	(6,123)
At 30 September 2016	6,324,851	1,438,385	7,763,236
Net book value			
At 30 September 2016	1,944,655	952,046	2,896,701
At 31 December 2015	1,759,095	993,207	2,752,302

11. Available-for-sale financial assets

The details of the investments are as follows:

Name	Country of incorporation	Participation %	Cost US$	Impairment US$	As at 30 September 2016 US$	As at 31 December 2015 US$
Investments held in related companies						
E-Vision Ltd	Cyprus	18%	90,000	(90,000)	-	-
Other investments						
Asekol s.r.o.	Czech Republic	9.09%	9,580	-	9,580	9,580
Regnon S.A.	Poland	0.01%	2,214	-	2,214	2,214
			101,794	(90,000)	11,794	11,794

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2016

12. Inventories

	As at 30 September 2016 US$	As at 31 December 2015 US$
Goods in transit	14,432,967	9,746,106
Goods held for resale	89,581,099	91,463,696
Provision for slow moving and obsolete stock	(5,653,783)	(4,288,149)
	98,360,283	96,921,653

Movement in provision for slow moving and obsolete stock

	As at 30 September 2016 US$	As at 31 December 2015 US$
On 1 January	4,288,149	1,898,689
Net movement for the period/year	1,343,497	2,497,744
Exchange difference	22,137	(108,284)
On 30 September/31 December	5,653,783	4,288,149

13. Trade receivables

	As at 30 September 2016 US$	As at 31 December 2015 US$
Trade receivables	205,171,085	223,529,664
Allowance for doubtful debts	(6,182,861)	(6,073,505)
	198,988,224	217,456,159

14. Other current assets

	As at 30 September 2016 US$	As at 31 December 2015 US$
Deposits and advances to service providers	650,011	599,117
Employee floats	66,273	40,330
VAT and other taxes refundable	8,573,290	6,568,663
Other debtors and prepayments	8,353,228	6,487,710
	17,642,802	13,695,820

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2016

15. Share capital

	As at 30 September 2016 US$	As at 31 December 2015 US$
Authorised		
63,000,000 (2015: 63,000,000) shares of US$ 0.20 each	12,600,000	12,600,000
Issued and fully paid		
55,500,000 (2015: 55,500,000) ordinary shares of US$ 0.20 each	11,100,000	11,100,000

16. Short term borrowings

	As at 30 September 2016 US$	As at 31 December 2015 US$
Bank overdrafts (Note 26)	52,323,543	18,093,347
Current portion of long term loans	1,965,653	934,818
Bank short term loans	19,400,993	24,308,125
Short term obligations under finance leases (Note 19)	37,094	34,520
Total short term debt	73,727,283	43,370,810
Factoring creditors	40,932,485	43,299,321
	114,659,768	86,670,131

Summary of borrowings and overdraft arrangements

As at 30 September 2016 the group enjoyed factoring facilities of US$ 102,015,560 (31 December 2015: US$ 66,864,392).
In addition, the group as at 30 September 2016 had the following financing facilities with banks in the countries that the company and its subsidiaries are operating:

- overdraft lines of US$ 60,351,271 (31 December 2015: US$ 44,425,253)
- short term loans/revolving facilities of US$ 27,192,696 (31 December 2015: US$ 48,447,298)
- bank guarantee and letters of credit lines of US$ 11,002,213 (31 December 2015: US$ 8,725,281)

The Weighted Average Cost of Debt (cash lines and factoring lines) for the period was 8.8% (for 2015: 9.5%).

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

- Floating charges over all assets of the company
- Mortgage on land and buildings that the group owns in Cyprus, Czech Republic, Belarus, Middle East, Bulgaria, Slovakia and Ukraine
- Charge over receivables and inventories
- Corporate guarantees to the extent of facilities granted to subsidiary companies
- Assignment of insurance policies
- Pledged deposits of US$ 7,759,904 (31 December 2015: US$ 5,626,714)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2016

17. Long term borrowings

	As at 30 September 2016 US$	As at 31 December 2015 US$
Bank loans	1,367,440	1,812,754
Long term obligations under finance leases (Note 19)	34,979	28,179
	1,402,419	1,840,933

18. Other long term liabilities

	As at 30 September 2016 US$	As at 31 December 2015 US$
Pension provision	294,083	366,588

19. Finance leases

	As at 30 September 2016 US$	As at 31 December 2015 US$
Obligation under finance lease	72,073	62,698
Less: Amount payable within one year	(37,094)	(34,520)
Amounts payable within 2-5 years inclusive	34,979	28,179

20. Deferred tax

	For the nine months ended 30 September 2016 US$	For the year ended 31 December 2015 US$
Debit balance on 1 January 2015	(1,436,016)	(863,287)
Deferred tax charge/(credit) for the period/year (Note 8)	101,949	(599,558)
Exchange difference on retranslation	(4,356)	26,829
Debit balance on 30 September/31 December	(1,338,423)	(1,436,016)

	For the nine months ended 30 September 2016 US$	For the year ended 31 December 2015 US$
Deferred tax assets	(1,396,134)	(1,519,787)
Deferred tax liabilities	57,711	83,771
Net deferred tax assets	(1,338,423)	(1,436,016)

21. Other current liabilities

	As at 30 September 2016 US$	As at 31 December 2015 US$
Salaries payable and related costs	1,048,864	1,173,825
VAT payable	3,985,625	6,624,220
Accruals and deferred income	13,719,529	10,979,387
Non-trade accounts payable	3,604,072	1,080,274
	22,358,090	19,857,706

22. Commitments and contingencies

As at 30 September 2016 the group was committed in respect of purchases of inventories of a total cost value of US$ 3,447,306 (31 December 2015: US$ 2,010,060) which were in transit at 30 September 2016 and delivered in October 2016. Such inventories and the corresponding liability towards the suppliers have not been included in these financial statements since, according to the terms of purchase, title of the goods has not passed to the group at period end.

As at 30 September 2016 the group was contingently liable in respect of bank guarantees and letters of credit lines of US$ 11,002,213 (31 December 2015: US$ 8,725,281) which the group has extended mainly to its suppliers.

As at 30 September 2016 the group had no other capital or legal commitments and contingencies.

23. Operating segments

1.1 Reportable segments

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

1.2 Segment revenues

	For the three months ended 30 September 2016 US$	For the three months ended 30 September 2015 US$	For the nine months ended 30 September 2016 US$	For the nine months ended 30 September 2015 US$
Former Soviet Union	123,373,997	90,769,594	291,252,090	258,419,014
Central Eastern Europe	95,152,715	125,066,385	296,689,396	355,717,283
Western Europe	10,555,011	15,035,634	40,186,285	39,324,742
Middle East & Africa	38,883,158	43,342,247	119,323,591	122,815,866
Other	8,087,419	13,391,887	26,015,267	38,490,061
	276,052,300	287,605,747	773,466,629	814,766,966

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2016

23. Operating segments (continued)

1.3 Segment results

	For the three months ended 30 September 2016 US$	For the three months ended 30 September 2015 US$	For the nine months ended 30 September 2016 US$	For the nine months ended 30 September 2015 US$
Former Soviet Union	2,855,265	2,249,426	6,300,195	(6,898,750)
Central Eastern Europe	2,138,120	116,253	4,871,473	457,464
Western Europe	117,398	214,824	228,888	(1,150,363)
Middle East & Africa	340,091	98,980	811,711	(736,023)
Other	72,151	266,203	130,173	(1,069,083)
Profit/(loss) from operations	5,523,025	2,945,686	12,342,440	(9,396,755)
Net financial expenses	(3,726,767)	(2,681,468)	(9,999,596)	(9,901,844)
Other gains and losses	27,396	(55,909)	187,454	22,814
Profit/(loss) before taxation	1,823,654	208,309	2,530,298	(19,275,785)

1.4 Segment capital expenditure (CAPEX)

	As at 30 September 2016 US$	As at 31 December 2015 US$
Former Soviet Union	4,028,297	4,105,812
Central Eastern Europe	12,755,905	12,158,485
Western Europe	58,334	85,910
Middle East & Africa	3,279,727	3,406,971
Unallocated	8,018,022	8,056,001
	28,140,285	27,813,179

1.5 Segment depreciation and amortisation

	For the three months ended 30 September 2016 US$	For the three months ended 30 September 2015 US$	For the nine months ended 30 September 2016 US$	For the nine months ended 30 September 2015 US$
Former Soviet Union	72,514	104,354	201,716	363,426
Central Eastern Europe	191,998	203,325	565,323	610,520
Western Europe	7,692	25,108	25,989	32,973
Middle East & Africa	55,350	62,844	164,344	187,011
Unallocated	207,825	246,979	629,174	719,972
	535,379	642,610	1,586,546	1,913,902

23. Operating segments (continued)

1.6 Segment assets

	As at 30 September 2016 US$	As at 31 December 2015 US$
Former Soviet Union	131,479,083	101,836,477
Central Eastern Europe	125,599,174	159,681,004
Western Europe	21,489,365	24,880,728
Middle East & Africa	46,734,532	50,096,896
Total	325,302,154	336,495,105
Assets allocated in capital expenditure (1.5)	28,140,284	27,813,179
Other unallocated assets	13,770,124	17,266,559
Consolidated assets	367,212,562	381,574,843

24. Derivative financial liability

	As at 30 September 2016 US$	As at 31 December 2015 US$
Derivative financial liabilities carried at fair value through profit or loss		
Foreign currency derivative contracts	158,952	124,563

25. Derivative financial asset

	As at 30 September 2016 US$	As at 31 December 2015 US$
Derivative financial assets carried at fair value through profit or loss		
Foreign currency derivative contracts	171,978	1,069,705

26. Cash and cash equivalents

	As at 30 September 2016 US$	As at 31 December 2015 US$
Cash at bank and in hand	21,951,272	22,383,203
Bank overdrafts (Note 16)	(52,323,543)	(18,093,347)
	(30,372,271)	4,289,856

The cash at bank and in hand balance includes an amount of US$ 7,759,904 (31 December 2015: US$ 5,626,714) which represents pledged deposits.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2016

27. Goodwill

	As at 30 September 2016 US$	As at 31 December 2015 US$
At 1 January	1,555,972	1,734,340
Foreign exchange difference on retranslation	46,333	(178,368)
At 30 September/31 December (note i)	1,602,305	1,555,972

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

	As at 30 September 2016 US$	As at 31 December 2015 US$
ASBIS d.o.o. (BA) (formerly Megatrend D.O.O. Sarajevo)	391,645	381,349
SHARK Computers a.s.	1,210,660	1,174,623
	1,602,305	1,555,972

28. Transactions and balances of key management

	For the three months ended 30 September 2016 US$	For the three months ended 30 September 2015 US$	For the nine months ended 30 September 2016 US$	For the nine months ended 30 September 2015 US$
Director's remuneration – executive (Note 6)	89,419	64,584	313,414	214,492
Director's remuneration - non-executive (Note 6)	560	576	1,678	16,126
	89,979	65,160	315,092	230,618

29. Business combinations

Disposals of subsidiaries to 30 September 2016

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

Name of disposed entity	Type of operations	Date liquidated	% liquidated
- Euro-Mall SRB d.o.o	Information Technology	3 August 2016	100%

Disposals of subsidiaries to 31 December 2015

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

Name of disposed entity	Type of operations	Date liquidated	% liquidated
- Asbis Taiwan Co. Ltd	Information Technology	13 April 2015	100%

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2016

30. Fair values

Financial instruments comprise financial assets and financial liabilities. Financial assets mainly consist of bank balances, receivables and investments. Financial liabilities mainly consist of trade payables, factoring balances, bank overdrafts and loans. The Directors consider that the carrying amount of the company's/group's financial instruments approximate their fair value at the reporting date. Financial assets and financial liabilities carried at fair value through profit or loss represent foreign currency derivative contracts categorized as a Level 2 (inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).