ASBISc Enterprises Plc

INTERIM REPORT
FOR THE THREE AND TWELVE MONTHS
ENDED 31 DECEMBER 2014

Limassol, February 26th, 2015

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

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

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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

Financial and Operating Data

This quarterly report contains financial statements of, and financial information relating to the Group. In particular, this quarterly report contains our interim consolidated financial statements for the three months ended 31 December 2014. The financial statements appended to this quarterly report are presented in U.S. dollars and have been prepared in accordance with International Accounting Standard ("IAS") 34.

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

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

Currency Presentation

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

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

FORWARD-LOOKING STATEMENTS

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

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

Part I Additional information

1. Overview

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

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

ASBISc commenced business in 1990 in Belarus and in 1995 we incorporated our holding Company in Cyprus and moved our headquarters to Limassol. Our Cypriot headquarters support, through three master distribution centres (located in the Czech Republic, the United Arab Emirates and China), our network of 31 warehouses located in 24 countries. This network supplies products to the Group's in-country operations and directly to its customers in approximately 75 countries.

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

2. Executive summary for the three and twelve month periods ended 31 December 2014

Both the three and the twelve month results were under the pressure of the crisis in Ukraine and Russia beginning from February 2014 that has adversely affected both revenues and profitability. Despite this negative factor, the Company has decreased its expenses adapting to the new market realities. This together with other factors allowed us to deliver significant profits in Q4 2014 and profit for the whole year, covering the losses of H1.

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

- Revenues in Q4 2014 decreased by 20.07% to U.S. $ 458,586 from U.S. $ 573,706 in the corresponding period of 2013. Revenues during Q4 2014, were the highest of all precedent quarters in 2014.

- Gross profit in Q4 2014 decreased by 34.51% to U.S. $ 23,344 from U.S. $ 35,643 in the corresponding period of 2013.

- Gross profit margin in Q4 2014 decreased to 5.09% from 6.21% in the corresponding period of 2013, mostly because of much lower demand in our major markets and high level of inventories we needed to flush out at lower prices.

- Selling expenses in Q4 2014 decreased by 39.05% to U.S. $ 9,790 from U.S. $ 16,062 in the corresponding period of 2013. This was the result of both cost cutting actions and lower sales and gross profit.

- Administrative expenses in Q4 2014 decreased by 20.63% to U.S. $ 6,647 from U.S. $ 8,375 in the corresponding period of 2013, mainly due to cost cutting actions.

- EBITDA in Q4 2014 decreased by 37.15% to U.S. $ 7,594 in comparison to U.S. $ 12,083 in the corresponding period of 2013.

- Net profit after taxation in Q4 2014 increased by 7.20% to U.S. $ 5,310 in comparison to U.S. $ 4,953 in the corresponding period of 2013 as a result of lower expenses and FX gains.

Following table presents revenues breakdown by regions in the three month periods ended December 31st, 2014 and 2013 respectively (in U.S.$ thousand):

Region	Q4 2014	Q4 2013	Change (%)
Former Soviet Union	155,400	233,241	-33.37%
Central and Eastern Europe	199,603	244,410	-18.33%
Western Europe	38,064	35,537	+7.11%
Middle East and Africa	47,287	51,423	-8.04%
Other	18,232	9,095	+100.46%
Grand Total	458,586	573,706	-20.07%

The principal events of the twelve months ended 31 December 2014 were as follows:

- Revenues in Q1-Q4 2014 decreased by 19.23% to U.S. $ 1,551,170 from U.S. $ 1,920,427 in the corresponding period of 2013. This decrease has mainly resulted from the crisis in the F.S.U. region and fierce competition. However, revenues in Y2014 were in accordance with the Company's revised financial forecasts for Y2014.

- Gross profit in Q1-Q4 2014 decreased by 24.07% to U.S. $ 87,749 from U.S. $ 115,571 in the corresponding period of 2013.

- Gross profit margin in Q1-Q4 2014 decreased to 5.66% from 6.02% in the corresponding period of 2013. This followed the tough situation in our markets, fierce competition and inventory issues.

- Selling expenses in Q1-Q4 2014 decreased by 20.70% to U.S. $ 42,543 from U.S. $ 53,651 in the corresponding period of 2013. This was the result of cost cutting actions and less sales and gross profit.

- Administrative expenses in Q1-Q4 2014 decreased by 3.45% to U.S. $ 28,947 from U.S. $ 29,982 in the corresponding period of 2013.

- EBITDA in Q1-Q4 2014 decreased by 45.08% to U.S. $ 19,134 in comparison to U.S. $ 34,840 in the corresponding period of 2013.

- As a result, despite good Q3 and Q4 2014, but losses from H1 2014, net profit after taxation in Q1-Q4 2014 decreased by 92.30% to U.S. $ 0,979 in comparison to U.S. $ 12,712 in the corresponding period of 2013. Net profit in Y2014 was close to the lower range of the Company's financial forecast.

  Following table presents revenues breakdown by regions in the twelve month periods ended December 31st, 2014 and 2013 respectively (in U.S.$ thousand):

Region	Q1-Q4 2014	Q1-Q4 2013	Change (%)
Former Soviet Union	516,564	730,683	-29.30%
Central and Eastern Europe	660,959	741,549	-10.87%
Western Europe	119,927	181,659	-33.98%
Middle East and Africa	206,394	231,997	-11.04%
Other	47,327	34,540	+37.02%
Grand Total	1,551,170	1,920,427	-19.23%

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 twelve months ended December 31st, 2014 and 2013, have been converted into Euro and PLN as follows:

- Individual items of the balance sheet – based at average exchange rates quoted by the National Bank of Poland for a given balance sheet date December 31st, 2014, that is: 1 US$ = 3.5072 PLN and 1 EUR = 4.2623 PLN and December 31st, 2013, that is: 1 US$ = 3.0120 PLN and 1 EUR = 4.1472 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 October 1st to December 31st, 2014, that is 1 US$ = 3.4045 PLN and 1 EUR = 4.2160 PLN and October 1st to December 31st, 2013, that is 1 US$ = 3.0491 PLN and 1 EUR = 4.1745 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 December 31st, 2014, that is 1 US$ = 3.1784 PLN and 1 EUR = 4.1893 PLN and January 1st to December 31st, 2013, that is 1 US$ = 3.1653 PLN and 1 EUR = 4.2110 PLN.

	Period from 1 October to 31 December 2014			Period from 1 October to 31 December 2013		
	USD	PLN	EUR	USD	PLN	EUR
Revenue	**458,586**	**1,561,255**	**370,317**	**573,706**	**1,749,288**	**419,041**
Cost of sales	(435,242)	(1,481,782)	(351,466)	(538,064)	(1,640,610)	(393,008)
Gross profit	**23,344**	**79,473**	**18,850**	**35,643**	**108,678**	**26,034**
Selling expenses	(9,790)	(33,331)	(7,906)	(16,062)	(48,975)	(11,732)
Administrative expenses	(6,647)	(22,630)	(5,368)	(8,375)	(25,535)	(6,117)
Profit from operations	**6,906**	**23,513**	**5,577**	**11,206**	**34,168**	**8,185**
Financial expenses	(5,135)	(17,481)	(4,146)	(5,295)	(16,144)	(3,867)
Financial income	3,652	12,432	2,949	295	900	216
Other gains and losses	101	342	81	160	488	117
Profit before taxation	**5,524**	**18,807**	**4,461**	**6,367**	**19,413**	**4,650**
Taxation	(214)	(729)	(173)	(1,413)	(4,309)	(1,032)
Profit after taxation	**5,310**	**18,077**	**4,288**	**4,953**	**15,103**	**3,618**
Attributable to:						
Non-controlling interests	3	9	2	15	46	11
Owners of the Company	**5,307**	**18,068**	**4,286**	**4,938**	**15,057**	**3,607**

	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	9.56	32.56	7.72	8.90	27.13	6.50

	Period from 1 January to 31 December 2014			Period from 1 January to 31 December 2013		
	USD	PLN	EUR	USD	PLN	EUR
Net cash inflows from operating activities	41,809	132,885	31,720	11,019	34,877	8,282
Net cash outflows from investing activities	(1,563)	(4,967)	(1,186)	(3,245)	(10,271)	(2,439)
Net cash outflows from financing activities	(11,320)	(35,980)	(8,589)	(2,891)	(9,151)	(2,173)
Net increase in cash and cash equivalents	**28,926**	**91,939**	**21,946**	**4,883**	**15,455**	**3,670**
Cash at the beginning of the period	**490**	**1,558**	**372**	**(4,392)**	**(13,903)**	**(3,302)**
Cash at the end of the period	**29,416**	**93,497**	**22,318**	**490**	**1,552**	**369**

	As at 31 December 2014			As at 31 December 2013		
	USD	PLN	EUR	USD	PLN	EUR
Current assets	464,706	1,629,817	382,380	592,676	1,785,139	430,444
Non-current assets	28,454	99,795	23,413	31,291	94,248	22,726
Total assets	493,160	1,729,611	405,793	623,966	1,879,387	453,170
Liabilities	389,522	1,366,130	320,515	510,518	1,537,680	370,776
Equity	103,639	363,481	85,278	113,448	341,707	82,395

	Period from 1 January to 31 December 2014			Period from 1 January to 31 December 2013		
	USD	PLN	EUR	USD	PLN	EUR
Revenue	**1,551,170**	**4,930,240**	**1,176,865**	**1,920,427**	**6,078,728**	**1,443,536**
Cost of sales	(1,463,422)	(4,651,339)	(1,110,290)	(1,804,856)	(5,712,912)	(1,356,664)
Gross profit	**87,749**	**278,900**	**66,574**	**115,571**	**365,817**	**86,872**
Selling expenses	(42,543)	(135,219)	(32,277)	(53,651)	(169,822)	(40,328)
Administrative expenses	(28,947)	(92,005)	(21,962)	(29,982)	(94,900)	(22,536)
Profit from operations	**16,258**	**51,676**	**12,335**	**31,939**	**101,095**	**24,007**
Financial expenses	(17,232)	(54,771)	(13,074)	(16,833)	(53,280)	(12,653)
Financial income	2,018	6,415	1,531	590	1,868	444
Other gains and losses	210	669	160	726	2,298	546
Share of loss from joint ventures	-	-	-	(57)	(181)	(43)
Profit before taxation	**1,255**	**3,989**	**952**	**16,365**	**51,800**	**12,301**
Taxation	(276)	(878)	(210)	(3,652)	(11,561)	(2,745)
Profit after taxation	**979**	**3,111**	**743**	**12,712**	**40,238**	**9,556**
Attributable to:						
Non-controlling interests	28	89	21	46	147	35
Owners of the Company	**951**	**3,023**	**722**	**12,666**	**40,092**	**9,521**

	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	1.71	5.45	1.30	22.87	72.39	17.19

4. Organization of ASBIS Group

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

Company	Consolidation Method
ASBISC Enterprises PLC	**Mother company**
Asbis Ukraine Limited (Kiev, Ukraine)	Full (100% subsidiary)
Asbis PL Sp.z.o.o (Warsaw, Poland)	Full (100% subsidiary)
ASBIS Estonia AS (formerly AS Asbis Baltic) (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 (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)
ASBIS Taiwan (Taipei City, Taiwan)	Full (100% subsidiary)
Prestigio China Corp. (former AOSBIS TECHNOLOGY (SHENZHEN) CORP.) (Shenzhen, China)	Full (100% subsidiary)
ASBIS DE GMBH, (Munchen, Germany)	Full (100% subsidiary)
EUROMALL BULGARIA EOOD (Sofia, Bulgaria)	Full (100% subsidiary)
Advanced Systems Company LLC (Riyadh, Kingdom of Saudi Arabia)	Full (100% subsidiary)
SHARK ONLINE a.s. (Bratislava, Slovakia)	Full (100% subsidiary)
SHARK Computers a.s. (Bratislava, Slovakia)	Full (100% subsidiary)
E-vision Production Unitary Enterprise (Minsk, Belarus)	Full (100% subsidiary)
ASBIS UK LTD (Hounslow, England)	Full (100% subsidiary)

5. Changes in the structure of the Company

During the three months ended December 31st, 2014 there were the following changes in the structure of the Company and the Group:

- On December 17th, 2014 the Company has received information about registration by the Companies House on December 9th, 2014 of its new subsidiary in the UK - ASBIS UK LTD (Hounslow, England) with a capital of 1000 British Pounds. The subsidiary was incorporated in order to develop trading activities in the UK and Ireland.

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

We have not published any forecasts for the three months ended December 31st, 2014. The Company has originally announced its financial forecasts for Y2014 on May 8th 2014. Having seen that development of operations in CEE and WE markets is not fast enough to offset the negative effects of crisis in the markets of Russia and Ukraine, on November 6th, 2014 the Company has amended its financial forecasts for Y2014. According to this amendment the Company expected to generate revenues from U.S.$ 1.45 billion to U.S.$ 1.60 billion revenues, while net profit after tax for the whole year was expected to range from U.S.$ 1 million to U.S.$ 2 million.

Having seen the Q4 2014 numbers it is clear that the Company's results for the twelve months were just in line with its forecasts, as the revenues were in the middle of the forecasted range and net profit was close to the lower range of the guidance. The 2014 results will be published on March 26th, 2015 as part of the 2014 Annual Report that will contain audited financial statements.

7. Information on dividend payment

For the three month period ended December 31st, 2014 no dividend was paid.

However, a dividend has been paid in July 2014. This followed a resolution of the Company's AGM from June 5th, 2014. The dividend pay-out was U.S.$ 0.06 per share (compared to U.S.$ 0.05 in 2013), in line with the recommendation of the Board of Directors. The dividend record date was June 18th, 2014 and the dividend pay-out date was July 3rd, 2014.

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

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

Name	Number of shares	% of share capital	Number of votes	% of votes
KS Holdings Ltd	22,676,361	40.86%	22,676,361	40.86%
Quercus Towarzystwo Funduszy Inwestycyjnych S.A. Quercus Parasolowy SFIO and Quercus Absolutnego Zwrotu FIZ)*	3,274,931	5.90%	3,274,931	5.90%
ING OFE	2,872,954	5.18%	2,872,954	5.18%

* 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.

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

(1) On November 6th, 2014 the Company has received from Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. notification that following the sale of the Company's shares on November 5th, 2014 the share of Noble Funds Fundusz Inwestycyjny Otwarty and Noble Fund 2DB Fundusz Inwestycyjny Zamknięty managed by Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. („the Funds") descended below 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 sale of shares the Funds had 2 781 332 Company's shares that were equal to 5,01% in the Company's share capital and had 2 781 332 votes from these shares, that were equal to 5,01% of total number of votes.
According to the notification, after the abovementioned sale of shares the Funds hold 2 760 166 Company's shares, equal to 4,97% in the Company's share capital and have 2 760 166 votes from these shares, equal to 4,97% of the total number of votes.

(2) On October 22nd, 2014 the Company has received from Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. notification that following the sale of the Company's shares on October 21st, 2014 the share of Noble Funds Fundusz Inwestycyjny Otwarty („the Fund") managed by Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. descended below 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 sale of shares the Fund had 2 815 753 Company's shares that were equal to 5,07% in the Company's share capital and had 2 815 753 votes at the Company's General Meeting of Shareholders, that were equal to 5,07% of the total number of votes.
According to the notification, after the abovementioned sale of shares the Fund hold 2 739 496 Company's shares, equal to 4,94% in the Company's share capital and have 2 739 496 votes at the Company's General Meeting of Shareholders, equal to 4,94% of the total number of votes.

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

During the three month period ended on 31 December 2014 as well as in the period between November 6th, 2014 (the date of the publication of the Q3 2014 results) and February 26th, 2015 (date of this report) there were two changes in the number of shares possessed by the members of the Board of Directors:

- On October 13th, 2014 the Company received notification on the basis of art. 160 of Act on Trading on financial instruments from Mr. Marios Christou, Director and the Company's CFO, who informed that on October 13th, 2014 he received information that the Company filed with brokerage house disposition to transfer to him with no consideration 20.000 shares.

- On October 13th, 2014 the Company received notification on the basis of art. 160 of Act on Trading on financial instruments from Mr. Constantinos Tziamalis, Director of the Company, who informed that on October 13th, 2014 he received information that the Company filed with brokerage house disposition to transfer to him with no consideration 20.000 shares.

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

Name	Number of Shares	% of the share capital
Siarhei Kostevitch (directly and indirectly)	22,718,127	40.93%
Marios Christou	268,000	0.48%
Constantinos Tziamalis	55,000	0.10%
Efstathios Papadakis	0	0%
Chris Pavlou	0	0%

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

10. Changes in the members of managing bodies

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

11. Significant administrative and court proceedings against the Company

As of December 31st, 2014, no court, arbitration or administrative proceedings whose single or aggregate value exceeds 10% of our equity were pending against us or any of the members of our Group.

12. Related Party Transactions

During the three months ended December 31st, 2014 we have not had any material related party transaction exceeding the Polish Zloty equivalent of Euro 500 thousand other than typical or routine transactions.

13. Information on guarantees granted to third parties

The Company has significantly decreased corporate guarantees that are used to support its subsidiaries' local financing from U.S.$ 188,815 at December 31st, 2013 (and U.S.$ 229,500 at September 30th, 2014) to U.S.$ 177,663 at December 31st, 2014, representing more than 10% of the Company's equity. The total bank guarantees and letters of credit raised by the Group (mainly to Group suppliers) as at December 31st, 2014 was U.S. $ 11,484 – as per note number 18 to the financial statements – which is more than 10% of the Company's equity.

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

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

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

Both in the three month and twelve month period ended December 31st, 2014, the Company's results of operations have been adversely affected and are expected to continue to be affected by a number of factors. These factors were: the Ukrainian crisis seriously affecting both Ukraine and Russia, currency fluctuations, competition and price pressures, low gross profit margins, potential inventory obsolescence and price erosions, the worldwide unstable financial environment, seasonality, development of own brands business, warranty claims from own brand products and increased cost of debt.

Similarly to previous quarters, the most important factor affecting our business was the turbulence in both Russia and Ukraine, resulting in lower revenues from these countries. Therefore, the Company continued enforcing its strategy to focus in markets outside the FSU, i.e., in the CEE and WE regions.

During Q4 2014, the revenues increased significantly compared to other quarters of the year. We have also seen a significant further decrease in expenses. This is a continuous effort which will be running in the next quarters to follow.

FX hedging was the significantly positive milestone of the Group during Q4 2014. It showed that the decision to hedge in advance the future sales of Russia was the very right thing to do. During December 2014, the Group had purchased a significant amount of contracts of USDRUB which has executed on December 16th, when the USDRUB reached its highest level ever. This gave the Group a significant amount of profits, without affecting its receivables. This is shown in financial expenses, therefore a positive number appears in Q4.

As a result, the Company was able to deliver these results just in line with its amended financial guidance for Y2014.

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

The Ukranian crisis affecting both Russia and Ukraine, two of our major markets

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

After a very tough H1 2014, in the second half of the year the Company started to produce profits again, with a very successful Q4. However, the full year results are still not comparable to 2013, due to a much lower demand mainly in the FSU region.

Currency fluctuations

As mentioned in our previous reports, the Company's reporting currency is the U.S. dollar. About 40% of the Company's revenues are denominated in U.S. dollars, while the balance is denominated in Euro, RUB and other currencies, some of which are pegged to the Euro. Since most of the Company's trade payable balances are denominated in U.S. dollars (about 80%), the Company is exposed to foreign exchange risk that remains a crucial risk factor that might affect the Group's results in the future. Although the problem persists and will persist as the Euro and other Eastern European currencies fluctuate in a steep manner against the U.S. Dollar, the Group has adopted hedging strategies to tackle this problem successfully.

Having had a very successful hedging in Q4 2014, the Group will continue its efforts trying to hedge all possible FX risks. The recent developments are not in favor of this objective since no financial institution is ready to give quotations on both the UAH and the KZT. Moreover, hedging the RUB has become too expensive and very few institutions are ready to undertake such positions.

Competition and price pressure

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

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

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

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

This was also visible in the tablets and smartphones segments where we have experienced the entrance of a number of new competitors (i.e. Lenovo, Samsung etc.). This has led into lower gross profit margin, especially in the tablets segment.

Turbulence in the big markets like Russia and Ukraine has also affected nearby countries, leading to lower margins and more fierce competition. This was the case of 2014. However, this also cleans the market from weaker competitors and makes more space for us to, benefit from market revival.

Low gross profit margins

The Company’s business is both traditional distribution of third party products and own brands sales. This allows for higher gross profit margins, which is especially important in tough times. However, the own brands business is not living separately from all other products. When demand in a particular market shrinks, all business lines suffer.

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

Therefore, the Company develops the own brands business, that allows to generate much higher gross profit margins. Since this business is already responsible for a significant part of total sales, it positively affects the overall gross profit margins and overall profitability of the Company. However this business is also connected with risks, including the risk of technology change, the risk of changes in demand and customer preferences. Additionally, no matter the product line or if it is own brand or third party, the margins shrink over the time, due to more market entrants and market saturation. Therefore, it is extremely important for the Company to foresee market demand changes and offer new products right in time to satisfy consumer needs and be able to sell the previous technology as well.

Even when a particular market segment is saturating, the Company may still increase its sales, because of market share gained at a cost of competitors. This is the case of the tablets market, which is already saturated, but the Company expects to benefit from customers who will substitute old devices with new ones, choosing from well recognized market participants.

However, due to both, strong new market entrants like Lenovo and weak seasonality observed in Q4 2014 that left the Company with some old stock, we do not expect our gross profit margin to grow in the first half of 2015, but rather in the second one.

Inventory obsolescence and price erosion

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

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

For the own brands business division, the Company needs to balance between satisfying consumer demand and risk of inventory obsolence or price erosion, by having the proper level of inventory. This risk materialized in Q1 2014 (then stock was sold in Q2 at a cost of margin) and in Q4 2014 (when stronger seasonality effect was expected in Ukraine and Russia and finally the Company was left with stocks to be sold in Q1 2015).

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 which the Company’s arrangements with its suppliers require the Company to resell to certain resellers or distributors. Thus, the Company is liable to pay its suppliers regardless of whether its customers pay for their respective purchases. As the Company’s profit margin is relatively low compared to the total price of the products sold, in the event where the Company is not able to recover payments from its customers, it is exposed to a financial liquidity risk. The Company has in place credit insurance which covers such an eventuality for approximately 50 percent of its revenue.

Due to the recent market developments following the credit crisis that affected all countries the Group operates in, credit risk has become one of the most important factors that might affect the Group’s results in the future. Despite the fact that the Group has managed to credit insure a large portion of its receivables, credit insurance companies are nowadays more risk averse and 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 its credit risk is of extremely high importance.

Worldwide financial environment

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

However, there are many uncertainties about the world economy and especially the Euro-zone, followed by volatility of currencies and fragility of demand in many markets. Additionally, from time to time, unpredictable situations may happen in selected markets, as was the case of Ukraine and Russia in 2014 to date, which has led to a significant instability in these countries' financial environment.

Seasonality

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

Traditional seasonality effect was expected to be seen also in 2014, despite the turbulence faced in Q1 2014 in the F.S.U. countries. However, due to depreciation of local currencies in Russia and Ukraine, the Company noticed that the 2014 seasonality effect was much weaker compared to 2013. This was only to some extent offset by growing sales in other regions.

Development of own brand business

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

Due to the fact that the Company's products, namely tablets and smartphones, were well welcomed by the markets, it is expected that further development of own brands business may positively affect further revenues and profits. However, competition has already been intensified and the Company may not be able to sustain its profitability levels. In addition to competition, due to increased volumes of our brands and the fact that we are not the manufacturers of these products, certain warranty and quality issues which are possible to arise, might adversely affect our results. The Company is undertaking all 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 brands business of the Company, and therefore its results. Therefore the Company, similar to the past, has started to invest in new technologies, that will be sold under own brands.

This is especially right, since – in line with expectations – the tablets market already started to show saturation signs. Thus leveraging on our market share and working on new segments is expected to allow the Company to continue to grow dynamically its own brands segment.

Therefore, we do not see growth in revenues from own brands in 2014, nor we expect it in 2015, until the situation on large and less saturated eastern markets will improve.

Warranty Claims from own brand products

Increased own brands business require us to put extra efforts to avoid any problems with quality of devices. Despite all our efforts, we have noticed significant returns on specific models. The Group's warranty policy was similar to the ones of other brands. The fact that we do not control the quality of productions and we are relying on the warranty agreements we sign with our manufacturers, is a significant risk for the Company. We have noticed that several factories are unwilling to compensate enough for epidemic failure on certain models and the Group is undertaking all possible steps towards ensuring proper compensation. Moreover, a much more scrutinized selection of suppliers is currently in place in order to avoid significant failure rates in the future. It might be the case that we will need to re-assess our provisions for returns, before we return back to normal levels of provisions and this might have an impact on our results.

Increased cost of debt

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

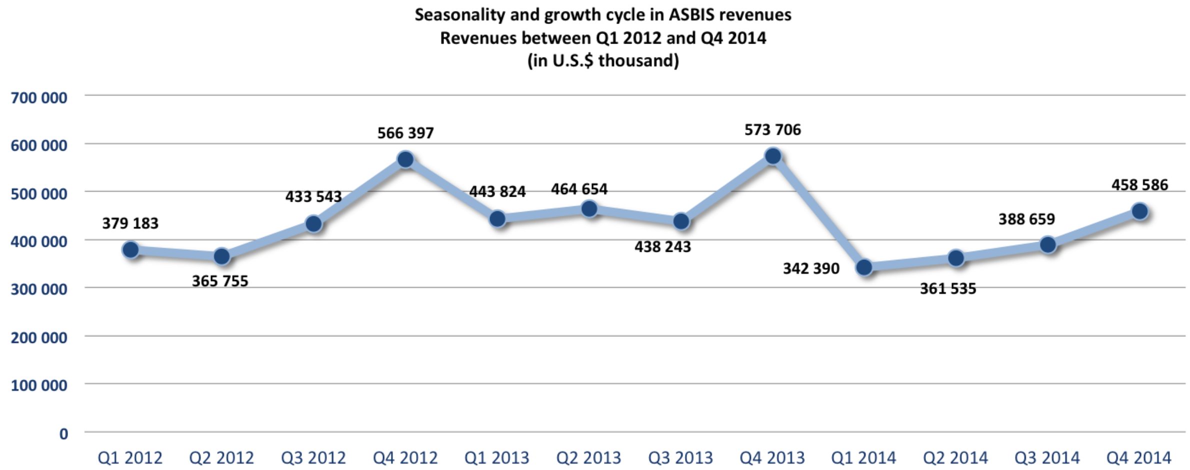
Results of Operations

Three and twelve month periods ended 31 December 2014 compared to the three and twelve month periods ended 31 December 2013

Revenues: During 2014 revenues in all quarters were negatively affected by the crisis in Ukraine that has also influenced many other markets, especially Russia. There were significant efforts from the management team to redirect some of the lost revenues to other territories. These efforts partially paid off having seen the increased revenues from WE, however was not enough to totally offset the negative effects from the crisis.

Revenues in Q4 2014 decreased by 20.07% to U.S. $ 458,586 from U.S. $ 573,706 in the corresponding period of 2013; it however grew compared to any other quarter of 2014.

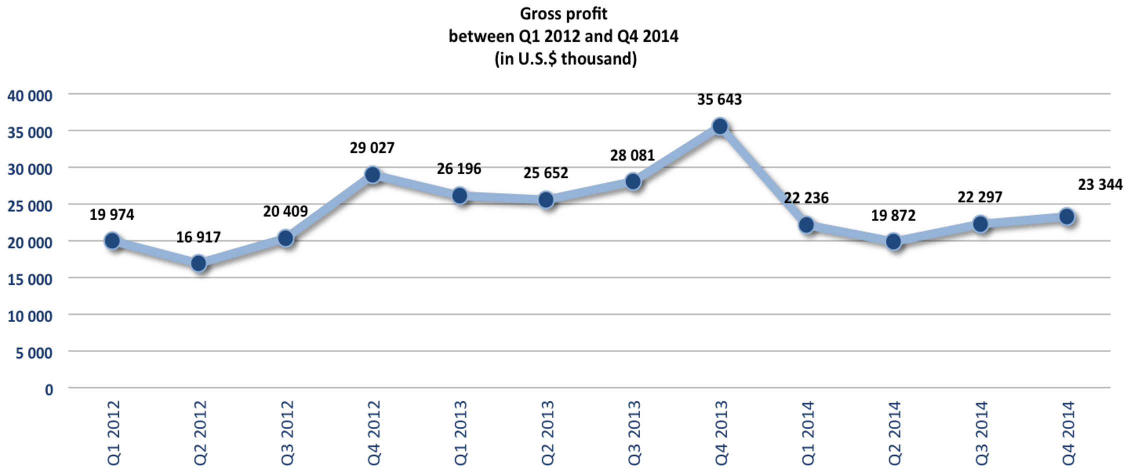
Revenues in Q1-Q4 2014 decreased by 19.23% to U.S. $ 1,551,170 from U.S. $ 1,920,427 in the corresponding period of 2013. Revenues in Y2014 were in accordance with the Company's revised financial forecasts for Y2014.



- **Gross profit:** Trends in gross profit were similar to the trends of revenues. Following a significant decrease in H1 2014, gross profit has started growing from Q3 2014.

  Gross profit in Q4 2014 decreased by 34.51% to U.S. $ 23,344 from U.S. $ 35,643 in the corresponding period of 2013. The major drivers of this decrease were the crisis in our major markets as well as the clean-up of inventories.

  Gross profit in Q1-Q4 2014 decreased by 24.07% to U.S. $ 87,749 from U.S. $ 115,571 in the corresponding period of 2013.



- **Gross profit margin:** In Q4 2014 gross profit margin decreased to 5.09% from 6.21% in the corresponding period of 2013.

  Gross profit margin in Q1-Q4 2014 decreased to 5.66% from 6.02% in the corresponding period of 2013. This was the result of more fierce competition especially on own brand sales and inventory clean-up.

- **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 decreased both in Q4 2014 and in Q1-Q4 2014 as a result of cost cutting actions combined with lower commission pay-out.

  In Q4 2014 selling expenses decreased by 39.05% to U.S. $ 9,790 from U.S. $ 16,062 in the corresponding period of 2013. They also decreased significantly compared to Q3 2014.

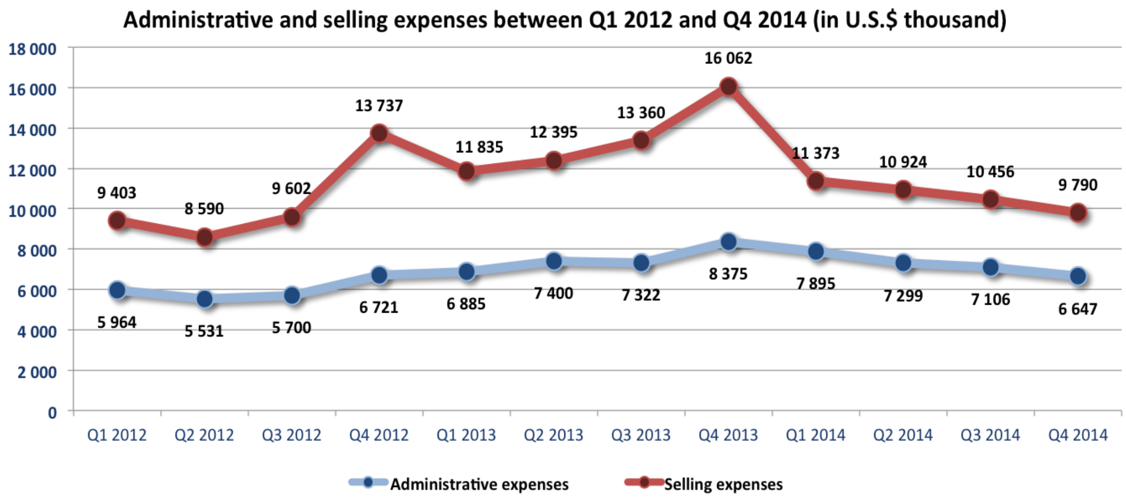
  In Q1-Q4 2014 selling expenses decreased by 20.70% to U.S. $ 42,543 from U.S. $ 53,651 in the corresponding period of 2013.

- **Administrative expenses** largely comprise of salaries and wages of administration personnel and rent expense. It decreased both in Q4 2014 and in Q1-Q4 2014 - mostly due to decreased number of employees and improved utilization of our workforce.

  Administrative expenses in Q4 2014 decreased by 20.63% to U.S. $ 6,647 from U.S. $ 8,375 in the corresponding period of 2013. They also decreased significantly compared to Q3 2014.

  Administrative expenses in Q1-Q4 2014 decreased by 3.45% to U.S. $ 28,947 from U.S. $ 29,982 in the corresponding period of 2013.

  This decrease would have been more significant for the whole year, however the cost cutting actions started only in Q2 2014; in addition significant amounts have been paid out as compensations (i.e., redundancy, termination etc.) to staff released. Further savings are planned and expected for 2015.



- **Operating profit** decreased both in Q4 2014 and Q1-Q4 2014 compared to the corresponding periods of 2013.

  In Q4 2014 operating profit amounted to U.S.$ 6,906 compared to U.S. $ 11,206 in the corresponding period of 2013.

  In Q1-Q4 2014 operating profit amounted to U.S.$ 16,258 compared to U.S. $ 31,939 in the corresponding period of 2013.

- **EBITDA:** In Q4 2014 EBITDA decreased by 37.15% to U.S. $ 7,594 in comparison to U.S. $ 12,083 in the corresponding period of 2013. EBITDA in Q1-Q4 2014 decreased by 45.08% to U.S. $ 19,134 in comparison to U.S. $ 34,840 in the corresponding period of 2013.

- **Net profit:** Decreased expenses and once-off significant FX gains during Q4 2014 allowed the Company to increase its profits compared to previous quarters of 2014, despite lower revenues. Q4 2014 net profit was even higher than in Q4 2013.

  In Q4 2014 net profit after taxation increased by 7.20% to U.S. $ 5,310 in comparison to U.S. $ 4,953 in the corresponding period of 2013.

  In Q1-Q4 2014 net profit after taxation decreased by 92.30% to U.S. $ 0,979 in comparison to U.S. $ 12,712 in the corresponding period of 2013.

  Net profit in Q1-Q4 2014 was close to the lower range of the Company's financial forecast.

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 Q4 2014 and Q1-Q4 2014. However, due to the political tensions related to Russia and Ukraine spreading to nearby markets, the CEE region contribution in total revenues has grown significantly at the cost of the F.S.U. region.

Revenues derived from the F.S.U. region in Q4 2014 decreased by 33.37% for the same reasons as in previous quarters of 2014 (crisis in Ukraine that also affected Russia) and, as a result, sales to this region in Q1-Q4 2014 decreased by 29.30%.

Sales in the Central and Eastern Europe region in Q4 2014 have decreased by 18.33% and for Q1-Q4 2014 by 10.87%.

Despite the decrease in total numbers for this region, the Company's business was actually growing healthily in many countries of the region (especially Poland and Romania for the whole year, Slovakia for the first nine months of 2014), and the decrease was mostly related to Bulgaria (whole year) and Czech Republic (less Prestigio sales in Q4) and Slovakia that decided to significantly cut down low margin trading business.

In the same time, sales in Western Europe grew by 7.11% in Q4 2014 as a result of efforts to increase sales in this region to substitute lower sales in the F.S.U. region. Sales in Western Europe for the whole Q1-Q4 2014 were decreased by 33.98% mostly because of the decision of the Group to limit trading business of smartphones.

As a result of the abovementioned facts, the contribution of the F.S.U. region in total sales continued to decrease both in Q4 2014 and in Q1-Q4 2014, while the contribution of other regions – most importantly CEE and WE – has grown. This is expected to make the Company's business more stable in the future, due to lower dependence from the F.S.U. region. Therefore, the Company intends to further support this trend in the future, especially by further developing its own brands business in the CEE and Western Europe regions.

Country-by-country analysis confirms that the major decrease in sales was noted in the markets directly affected by the political crisis in Ukraine. Similarly to previous quarters of 2014, the decrease in Ukraine was the most dramatic, since demand in this country was lower by about 70%.

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

	Q4 2014		Q4 2013	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Former Soviet Union	155,400	33.89%	233,241	40.66%
Central and Eastern Europe	199,603	43.53%	244,410	42.60%
Western Europe	38,064	8.30%	35,537	6.19%
Middle East and Africa	47,287	10.31%	51,423	8.96%
Other	18,232	3.98%	9,095	1.59%
Grand Total	458,586	100%	573,706	100%

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

	Q1-Q4 2014		Q1-Q4 2013	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Former Soviet Union	516,564	33.30%	730,683	38.05%
Central and Eastern Europe	660,959	42.61%	741,549	38.61%
Western Europe	119,927	7.73%	181,659	9.46%
Middle East and Africa	206,394	13.31%	231,997	12.08%
Other	47,327	3.05%	34,540	1.80%
Grand Total	1,551,170	100%	1,920,427	100%

Revenue breakdown – Top 10 countries in Q4 2014 and Q4 2013 listed by performance

(in U.S. Dollar thousand)

Country	SALES PERFORMANCE			
	Q4 2014	Q4 2013	Change USD	Change %
United Kingdom	25,241	8,885	16,356	184.09%
Poland	26,856	10,928	15,929	145.76%
Kazakhstan	35,806	18,709	17,097	91.39%
Romania	21,673	16,411	5,262	32.07%
United Arab Emirates	33,385	34,482	(1,098)	-3.18%
Slovakia	81,090	100,853	(19,762)	-19.60%
Czech Republic	22,802	36,587	(13,784)	-37.68%
Russia	73,664	124,806	(51,143)	-40.98%
Belarus	14,364	27,181	(12,817)	-47.15%
Ukraine	27,517	59,032	(31,514)	-53.39%

Revenue breakdown – Top 10 countries in Q1-Q4 2014 and Q1-Q4 2013 listed by performance

(in U.S. Dollar thousand)

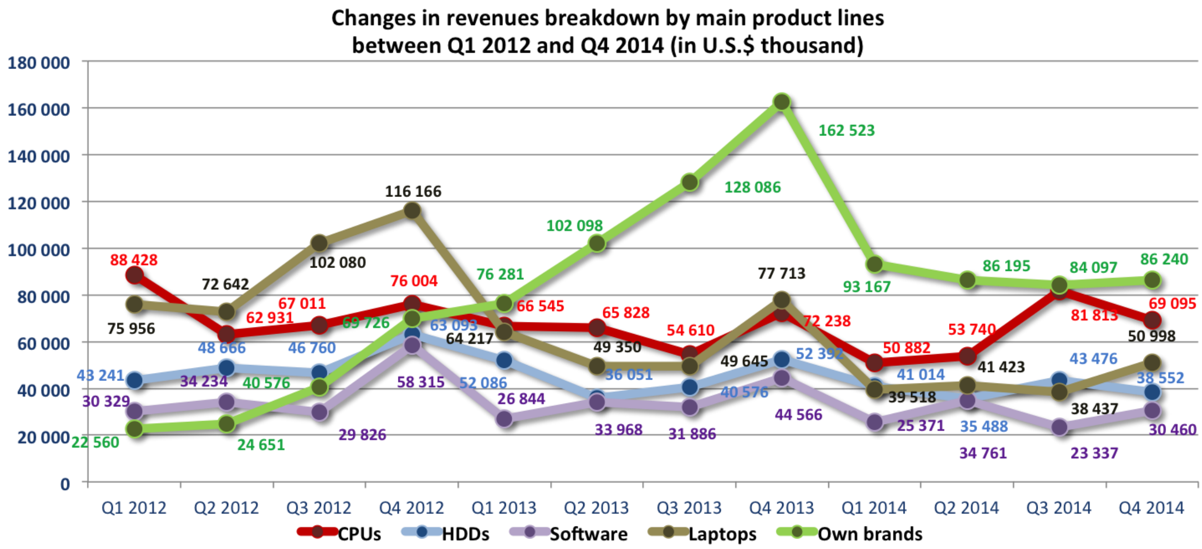
Country	SALES PERFORMANCE			
	2014	2013	Change USD	Change %
Poland	105,046	44,005	61,041	138.71%
Kazakhstan	83,144	66,149	16,995	25.69%
Romania	60,945	49,831	11,114	22.30%
United Kingdom	65,025	56,391	8,635	15.31%
Slovakia	237,787	221,242	16,546	7.48%
United Arab Emirates	144,264	139,252	5,011	3.60%
Czech Republic	77,408	89,722	(12,314)	-13.72%
Russia	284,464	410,880	(126,416)	-30.77%
Belarus	52,831	78,597	(25,765)	-32.78%
Ukraine	84,626	163,699	(79,073)	-48.30%

Sales by product lines

Starting from February 2014 our revenues were under a serious pressure from the turbulence in Ukraine that affected a number of countries across our operations. This has affected revenues in all product lines the Group is carrying. Following our efforts to weather this crisis, we have seen a positive reaction in the second half of the year. ASBIS remains the distributor of first choice for many worldwide suppliers. A major and good example is APPLE who has entrusted a distributorship to ASBIS for Ukraine and Kazakhstan for iPhones as well.

For Q1-Q4 2014 compared to Q1-Q4 2013, revenues from all main product lines decreased due to the market turbulence. The smallest decrease was for CPUs, while tablets and laptops suffered the most. Own brands segment also decreased, as expected. Although this decrease was offset to some extent by sales developed in WE and CEE regions.

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

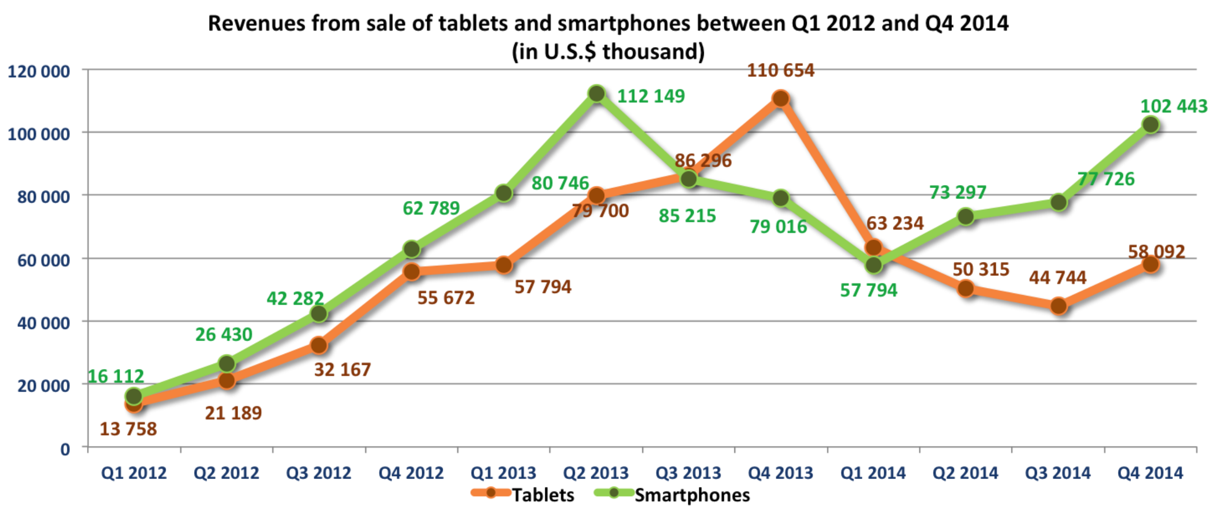


Revenues from own brands business decreased in Q4 2014 compared to Q4 2013 by 46.94% and the share of own brands business in total revenues in Q4 2014 decreased to 18.81% from 28.33% in Q4 2013. In Q1-Q4 2014 own brands business decreased down to 22.54% compared to 24.42% in Q1-Q4 2013. The Company's intention is to continue developing its own brand sales to the extent they bring the needed value to the Group. We do not expect our own brands sales to grow in 2015, as it will be conducted only to the level it can produce healthy gross profit margin and cash flows.

From smaller product lines, the Company noticed a positive trend in memory modules (+48.73% in Q4 2014) and servers and servers blocks (+1.62% in Q4 2014). The share of the four traditional product lines' (CPUs, HDDs, Laptops and Software) in total revenue was 41.24% in Q4 2014, compared to 43.04% in Q4 2013 and 45.02% in Q1-Q4 2014 compared to 42.62% in Q1-Q4 2013.

Revenues from smartphones increased by 29.65% in Q4 2014 compared to Q4 2013 (and as a result its share in total sales grew significantly to 22.34% from 13.77%), and decreased by 14.49% in Q1-Q4 2014 compared to Q1-Q4 2013. The increase in Q4 mostly relates to the iPhone distribution in Kazakhstan and other teritorries.

Revenues from tablets decreased by 47.50% in Q4 2014 and by 35.30% in Q1-Q4 2014 compared to the corresponding periods of 2013. This was connected with lower business in Ukraine and Russia and marginal growth noted in this market segment due to saturation and stronger competition. During the periods under review it has been noticed a significant decrease of the Average Selling Price (ASP) of tablets.



The table below sets a breakdown of revenues, by product lines, for Q4 2014 and Q4 2013:

	Q4 2014		Q4 2013	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Smartphones	102,443	22.34%	79,016	13.77%
Central processing units (CPUs)	69,095	15.07%	72,238	12.59%
Tablets	58,092	12.67%	110,654	19.29%
PC-mobile (laptops)	50,998	11.12%	77,713	13.55%
Hard disk drives (HDDs)	38,552	8.41%	52,392	9.13%
Software	30,460	6.64%	44,566	7.77%
Other	108,946	23.76%	137,128	23.90%
Total revenue	**458,586**	**100%**	**573,706**	**100%**

The table below sets a breakdown of revenues, by product lines, for Q1-Q4 2014 and Q1-Q4 2013:

	Q1-Q4 2014		Q1-Q4 2013	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Smartphones	305,380	19.69%	357,126	18.60%
Central processing units (CPUs)	255,530	16.47%	259,221	13.50%
Tablets	216,384	13.95%	334,444	17.42%
PC-mobile (laptops)	170,376	10.98%	240,925	12.55%
Hard disk drives (HDDs)	158,532	10.22%	181,105	9.43%
Software	113,928	7.34%	137,263	7.15%
Other	331,040	21.34%	410,343	21.37%
Total revenue	**1,551,170**	**100%**	**1,920,427**	**100%**

Liquidity and Capital Resources

The Company has in the past funded its liquidity requirements, including ongoing operating expenses and capital expenditures and investments, for the most part, through operating cash flows, debt financing and equity financing. The following table presents a summary of cash flows for the twelve months ended December 31st, 2014 and 2013:

	Twelve months ended December 31st	
	2014	**2013**
	U.S. $	
Net cash inflows from operating activities	41,809	11,019
Net cash outflows from investing activities	(1,563)	(3,245)
Net cash outflows from financing activities	(11,320)	(2,891)
Net increase in cash and cash equivalents	28,926	4,883

Net cash inflows from operations

In Q4 2014 the Company continued to significantly improve its cash inflows from operating activities position increasing it by U.S.$ 70,620. As a result, net cash inflows from operations amounted to U.S. $ 41,809 for the twelve months ended December 31st, 2014, compared to inflows of U.S. $ 11,019 in the corresponding period of 2013. Thus, a positive trend in operating cash flows has continued as expected by the Company. It is important to underline that the Company was able to generate a positive number on operating cash flows both in Q4 2014 and for the twelve months of 2014 despite a tough market situation. This was primarily due to better efficiencies in working capital.

Net cash outflows from investing activities

Net cash outflows from investing activities was U.S. $ 1,563 for the twelve months ended December 31st, 2014, compared to U.S. $ 3,245 in the corresponding period of 2013. These outflows 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. $ 11,320 for the twelve months ended December 31st, 2014, compared to outflows of U.S. $ 2,891 for the corresponding period of 2013. This is primarily related to a dividend payment made in July 2014 and repayment of some loans.

Net increase in cash and cash equivalents

As a result of improved cash flows from operating activities (mainly owed to improved working capital management) cash and cash equivalents have increased by U.S. $ 28,926, compared to an increase of U.S. $ 4,883 in the corresponding period of 2013.

16. Factors which may affect our results in the future

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

Following the recent developments in Ukraine and Russia, the Company has been facing significant demand reduction from both of these countries. This uncertainty has led to a change in consumers' purchasing behaviour since the fear of war is looming in both countries. This is creating a very big instability in the local currencies and the risk of default of both countries has increased significantly. We will be undertaking all possible measures to protect our interests, however there are certain things which might be outside our control and still continue to negatively affect our results.

Furthermore, recent tensions between Russia and other Western countries has led to isolation of Russia and If this continues we might see an even lower demand from this country. Its currency devaluation together with oil price decrease are putting our biggest market into a recession which is expected to severely affect all businesses in the country.

The crisis in F.S.U. is considered by the management as a crucial external factor which might adversely affect our results, in the short term; however, we remain confident that we are in a position to properly manage this crisis and get stronger out of it.

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

The well diversified geographic coverage of the Group's revenues ensures that we do mitigate the risk of lower sales in a particular country with the possibility of higher sales in a number of other countries. Since Russia (as a country) and CEE (as a region) are the biggest contributors to the Company's revenues, it is very important to adapt to any market changes that might arise in these geographies.

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

However, the pace of this development may not be fast enough to offset the negative effects of the situation in F.S.U. countries in the short term and may be also costly in the meaning of temporary sacrifice of margins. Therefore, improvement in the results may be hindered over a longer period of time.

Despite all precautionary measures taken by the Company, the possibility of a decrease in demand and sales in a particular country cannot be excluded in the future. Such situation may limit overall growth (as was the case of 2014 due to Ukraine and Russia). Therefore it is of extreme importance for the Company to prepare its structure to offset such situation with higher sales in other markets. This means both a constant upgrade of the product portfolio and close relations with customers to win more market share from weaker competitors and weather any unforeseen issues that may appear in the future.

The Group's ability to increase gross profit margins

The Group's gross profit margin has decreased in Q4 2014 and in Q1-Q4 2014 compared to the corresponding periods of 2013, mainly as a result of the turbulence in Russia and Ukraine. The margins may remain under pressure due to enhanced competition as well as lower demand and high level of inventories held by the Company. It is of extreme importance for the Group to manage its stock level and product portfolio in order to achieve optimum gross profit margins.

Currency volatilities

The multi-currency environment that the Group operates in exposes its financial results to steep currency fluctuations. Currency movements in Q1 2014 related to the Ukrainian crisis and the devaluation in the Kazakhstan currency (Tenge) could not be successfully weathered by the hedging policy of the Group. The Company is now in a position to manage it and had no major FX losses beginning from Q2 2014; in Q4 2014 we actually had significant FX gains. Therefore, the hedging strategy should be followed and further improved without any exception in 2015. Inability of the Group to hedge certain currencies like the UAH and the BYR might expose the Company into FX losses.

Ability of the Group to control expenses

Selling and admin expenses in Q4 2014 and Q1-Q4 2014 have decreased as a result of both lower gross profit and cost cutting actions. This was an important piece of our Q4 2014 profitability. We consider cost control to be a significant factor towards delivering improved results going forward and the Group is undertaking significant steps towards reducing its expenses. Therefore, expenses are expected to be further reduced in 2015.

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

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

It will be also important to develop new product lines inside the own brands portfolio, to support growth of this business and benefit from its access to end users with whom the Company may interact at any time. New products that are now under development will be crucial for further growth of revenues, since – as expected by the Company - the tablet segment has already shown signs of saturation in many markets. At the same time, the smartphones segment is expected to continue growing for another couple of years, as forecasted by independent analysts.

Ability to decrease the average cost of debt

Fast development of own brands business that – by its nature – consumes more cash, has led to an increase in debt and in the average cost of debt. This is an issue that the Group has already addressed, in order to decrease its debt and the average cost of debt by optimizing the utilization of its financial facilities on one side and levering its working capital utilization on the other. Results of such efforts are visible in Q4 2014 and further improvement is expected in 2015. Additionally, the Group may move towards more financing in CEE to replace expensive F.S.U. based financing lines, together with increase of CEE and WE share in our total sales.

Ability to cover warranty claims from customers

Increased own brands business require us to be very careful with customer satisfaction when it comes to after sales services relating mostly to the quality of our products. Since we are not manufacturing the devices ourselves, we have built special provisions and signed separate agreements with our suppliers to cover us against warranty losses of such products. Certain suppliers might refuse to cover the increased warranty cost and, is such a case, we will be forced to cover it from our own funds and negatively impact our results.

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

According to our best knowledge, in the period between December 31st, 2014 and February 26th, 2015 no events have occurred that could affect the Company's operations or its financial stability.

Part II Financial Information

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

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

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INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2014

	Note	For the three months ended 31 December 2014 US$	For the three months ended 31 December 2013 US$	For the twelve months ended 31 December 2014 US$	For the twelve months ended 31 December 2013 US$
Revenue	5,25	458,585,711	573,706,413	1,551,170,250	1,920,427,254
Cost of sales		(435,242,186)	(538,063,802)	(1,463,421,640)	(1,804,856,301)
Gross profit		23,343,525	35,642,611	87,748,610	115,570,953
Selling expenses		(9,790,230)	(16,061,970)	(42,543,227)	(53,651,018)
Administrative expenses		(6,646,978)	(8,374,719)	(28,946,962)	(29,981,472)
Profit from operations		6,906,317	11,205,922	16,258,421	31,938,463
Financial income	8	3,651,669	295,243	2,018,310	590,057
Financial expenses	8	(5,134,545)	(5,294,583)	(17,232,177)	(16,832,647)
Other gains and losses	6	100,560	160,112	210,437	725,949
Share of loss from joint ventures	11	-	-	-	(57,029)
Profit before tax	7	5,524,001	6,366,694	1,254,991	16,364,793
Taxation	9	(214,195)	(1,413,343)	(276,068)	(3,652,435)
Profit for the period		5,309,806	4,953,351	978,923	12,712,358
Attributable to:					
Owners of the company		5,307,163	4,938,287	950,988	12,665,962
Non-controlling interests		2,643	15,064	27,935	46,396
		5,309,806	4,953,351	978,923	12,712,358
		US$ cents	US$ cents	US$ cents	US$ cents
Earnings per share					
Basic and diluted from continuing operations		9.56	8.90	1.71	22.87

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

	For the three months ended 31 December 2014 US$	For the three months ended 31 December 2013 US$	For the twelve months ended 31 December 2014 US$	For the twelve months ended 31 December 2013 US$
Profit for the period	5,309,806	4,953,351	978,923	12,712,358
Other comprehensive (loss)/profit				
Exchange difference on translating foreign operations	(3,781,867)	337,880	(7,531,321)	232,233
Reclassification adjustments relating to foreign operations liquidated and disposed of in the period	-	122,952	-	121,285
Other comprehensive (loss)/income for the period	(3,781,867)	460,832	(7,531,321)	353,518
Total comprehensive income/(loss) for the period	1,527,939	5,414,183	(6,552,398)	13,065,876
Total comprehensive income/(loss) attributable to:				
Owners of the company	1,532,333	5,396,279	(6,559,248)	13,013,071
Non-controlling interests	(4,394)	17,904	6,850	52,805
	1,527,939	5,414,183	(6,552,398)	13,065,876

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Notes	As at 31 December 2014 US$	As at 31 December 2013 US$
ASSETS			
Non-current assets			
Property, plant and equipment	10	24,358,674	27,981,605
Intangible assets	12	1,438,467	927,789
Available-for-sale financial assets	13	11,794	11,794
Goodwill	29	1,734,340	1,969,009
Deferred tax assets	22	910,954	400,670
Total non-current assets		28,454,229	31,290,867
Current assets			
Inventories	14	132,322,616	171,965,789
Trade receivables	15	262,334,038	367,048,481
Other current assets	16	11,353,220	16,323,358
Derivative financial asset	27	183,804	42,043
Current taxation	9	847,119	519,296
Cash at bank and in hand	28	57,665,105	36,776,501
Total current assets		464,705,902	592,675,468
Total assets		493,160,131	623,966,335
EQUITY AND LIABILITIES			
Equity			
Share capital	17	11,100,000	11,100,000
Share premium		23,518,243	23,518,243
Retained earnings and other components of equity		68,853,671	78,670,332
Equity attributable to owners of the parent		103,471,914	113,288,575
Non-controlling interests		166,651	159,801
Total equity		103,638,565	113,448,376
Non-current liabilities			
Long term borrowings	19	1,615,712	2,712,201
Other long term liabilities	20	455,063	382,125
Deferred tax liabilities	22	47,667	143,532
Total non-current liabilities		2,118,442	3,237,858
Current liabilities			
Trade payables		256,100,201	317,002,958
Other current liabilities	23	30,244,306	45,762,464
Short term borrowings	18	99,262,555	143,251,994
Derivative financial liability	26	1,264,863	391,798
Current taxation	9	531,199	870,887
Total current liabilities		387,403,124	507,280,101
Total liabilities		389,521,566	510,517,959
Total equity and liabilities		493,160,131	623,966,335

The financial statements were approved by the Board on 25 February 2015.

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

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

	Attributable to owners of the parent							
	Share capital US$	Share premium US$	Treasury stock US$	Translation of foreign operations US$	Retained earnings US$	Total US$	Non-controlling interests US$	Total US$
Balance at 1 January 2013	11,100,000	23,518,243	(130,834)	(974,126)	69,431,190	102,944,473	140,674	103,085,147
Profit for the year	-	-	-	-	12,665,962	12,665,962	46,396	12,712,358
Other comprehensive income for the year	-	-	-	347,109	-	347,109	6,409	353,518
Payment of final dividend	-	-	-	-	(2,768,081)	(2,768,081)	-	(2,768,081)
Acquisition of shares from non-controlling interests	-	-	-	-	16,368	16,368	(33,678)	(17,310)
Share-based payments	-	-	51,319	-	31,425	82,744	-	82,744
Balance at 31 December 2013	11,100,000	23,518,243	(79,515)	(627,017)	79,376,864	113,288,575	159,801	113,448,376
Profit for the year	-	-	-	-	950,988	950,988	27,935	978,923
Other comprehensive loss for the year	-	-	-	(7,510,236)	-	(7,510,236)	(21,085)	(7,531,321)
Payment of final dividend	-	-	-	-	(3,322,717)	(3,322,717)	-	(3,322,717)
Share-based payments	-	-	65,304	-	-	65,304	-	65,304
Balance at 31 December 2014	11,100,000	23,518,243	(14,211)	(8,137,253)	77,005,135	103,471,914	166,651	103,638,565

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2014

	Note	For the three months ended 31 December 2014 US$	For the three months ended 31 December 2013 US$	For the twelve months ended 31 December 2014 US$	For the twelve months ended 31 December 2013 US$
Profit for the period before tax and minority interest		5,524,001	6,366,694	1,254,991	16,364,793
Adjustments for:					
Exchange difference arising on consolidation		(3,344,451)	368,147	(5,366,260)	206,849
Depreciation of property, plant and equipment	10	600,209	768,063	2,501,689	2,479,214
Amortisation of intangible assets	12	87,049	108,962	373,863	422,720
Share of loss from joint ventures	11	-	-	-	57,029
(Profit)/loss from the sale of property, plant and equipment and intangible assets		(17,844)	(48,076)	65,888	(179,483)
Provision for bad debts and receivables written off		734,426	2,181,411	2,062,878	4,953,753
Bad debts recovered		(20,274)	(12,237)	(35,220)	(46,794)
Interest received	8	(68,392)	(79,810)	(204,647)	(173,489)
Interest paid	8	1,738,901	2,023,873	8,059,720	7,210,405
Share based payments		65,304	-	65,304	82,744
Operating profit before working capital changes		5,298,929	11,677,027	8,778,206	31,377,741
Decrease/(increase) in inventories		19,750,011	(24,301,786)	39,643,172	(60,934,593)
Decrease/(increase) in trade receivables		4,389,373	(80,642,542)	102,686,785	(56,111,586)
(Increase)/decrease in other current assets		(865,356)	(2,155,502)	4,828,376	4,027,162
Increase/(decrease) in trade payables		44,470,165	90,464,618	(60,902,756)	55,925,370
Increase/(decrease) in other current liabilities		5,434,309	11,098,007	(14,645,092)	22,783,984
Increase/(decrease) in other non-current liabilities		28,896	(38,158)	72,938	43,660
(Decrease)/increase in factoring creditors		(5,930,760)	1,515,179	(29,051,064)	24,261,569
Cash inflows from operations		72,575,567	7,616,843	51,410,565	21,373,307
Interest paid	8	(1,738,901)	(2,023,873)	(8,059,720)	(7,210,405)
Taxation paid, net	9	(217,141)	(665,797)	(1,542,056)	(3,144,422)
Net cash inflows from operating activities		70,619,525	4,927,173	41,808,789	11,018,480

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2014

	Note	For the three months ended 31 December 2014 US$	For the three months ended 31 December 2013 US$	For the twelve months ended 31 December 2014 US$	For the twelve months ended 31 December 2013 US$
Cash flows from investing activities					
Purchase of intangible assets	12	(189,798)	(37,853)	(911,432)	(171,113)
Purchase of property, plant and equipment	10	(2,221,435)	(1,074,713)	(3,710,085)	(3,647,086)
Proceeds from sale of property, plant and equipment and intangible assets		2,417,103	104,937	2,854,266	384,446
Interest received	8	68,392	79,810	204,647	173,489
Net payments on business combinations		-	-	-	(64,125)
Net cash acquired on business combinations		-	-	-	79,428
Net cash inflows from/(used in) investing activities		74,262	(927,819)	(1,562,604)	(3,244,961)
Cash flows from financing activities					
Payment of final dividend		-	-	(3,322,717)	(2,768,081)
Repayments of long term loans and long term obligations under finance lease		(324,961)	(116,172)	(1,096,489)	(830,966)
(Repayments)/proceeds of short term borrowings and short term obligations under finance lease		(5,700,629)	(632,956)	(6,900,904)	708,023
Net cash outflows from financing activities		(6,025,590)	(749,128)	(11,320,110)	(2,891,024)
Net increase in cash and cash equivalents		64,668,197	3,250,226	28,926,075	4,882,495
Cash and cash equivalents at beginning of the period/year		(35,251,938)	(2,760,042)	490,184	(4,392,311)
Cash and cash equivalents at end of the period/year	28	29,416,259	490,184	29,416,259	490,184

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014

1. Incorporation and principal activities

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

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

2. Basis of preparation

(a) Statement of compliance

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

The interim condensed consolidated financial statements were approved by the Board of Directors on 25 February 2015 and have not been audited by the group's independent auditors.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the last annual consolidated financial statements as at and for the year ended 31 December 2013. The interim condensed consolidated financial statements do not include all the information and disclosures required for the annual financial statements and should be read in conjunction with the audited financial statements for the year ended 31 December 2013.

(b) Judgments and estimates

Preparing the interim financial report requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these interim condensed consolidated financial statements, significant judgments made by Management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2013.

3. Basis of consolidation

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

4. Significant accounting policies

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

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

The accounting policies adopted for the preparation of the interim condensed consolidated financial statements for the twelve months ended 31 December 2014 are consistent with those followed for the preparation of the annual financial statements for the year 2013 except for the adoption by the group of all the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual periods beginning on 1 January 2014. The adoption of new and revised standards and interpretations did not have any material effect on the group's condensed consolidated financial statements.

5. Effects of seasonality

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014

6. Other gains and losses

	For the three months ended 31 December 2014 US$	For the three months ended 31 December 2013 US$	For the twelve months ended 31 December 2014 US$	For the twelve months ended 31 December 2013 US$
Profit/(loss) on disposal of property, plant and equipment	17,844	48,076	(65,888)	179,483
Other income	44,046	42,578	159,398	272,615
Bad debts recovered	20,274	12,237	35,220	46,794
Rental income	18,396	57,221	81,707	227,057
	100,560	160,112	210,437	725,949

7. Profit/(loss) before tax

	For the three months ended 31 December 2014 US$	For the three months ended 31 December 2013 US$	For the twelve months ended 31 December 2014 US$	For the twelve months ended 31 December 2013 US$
Profit before tax is stated after charging :				
(a) Amortisation of intangible assets (Note 12)	87,049	108,962	373,863	422,720
(b) Depreciation (Note 10)	600,209	768,063	2,501,689	2,479,214
(c) Auditors' remuneration	70,809	126,332	420,308	571,402
(d) Directors' remuneration – executive (Note 30)	80,780	491,979	412,137	1,207,190
(e) Directors' remuneration – non-executive (Note 30)	8,686	11,999	40,192	46,616

8. Financial expense, net

	For the three months ended 31 December 2014 US$	For the three months ended 31 December 2013 US$	For the twelve months ended 31 December 2014 US$	For the twelve months ended 31 December 2013 US$
Financial income				
Interest income	68,392	79,810	204,647	173,489
Other financial income	82,619	215,433	588,403	416,568
Net exchange gain	3,500,658	-	1,225,260	-
	3,651,669	295,243	2,018,310	590,057
Financial expense				
Bank interest	1,738,901	2,023,873	8,059,720	7,210,405
Bank charges	928,344	424,017	2,001,153	1,612,572
Derivative charges	714,905	269,353	1,195,706	680,130
Factoring interest	1,130,512	1,584,682	3,981,412	4,886,053
Factoring charges	143,730	185,115	631,713	552,569
Other financial expenses	137,008	71,304	362,658	202,584
Other interest	341,145	74,053	999,815	390,520
Net exchange loss	-	662,186	-	1,297,814
	5,134,545	5,294,583	17,232,177	16,832,647
Net	(1,482,876)	(4,999,340)	(15,213,867)	(16,242,590)

9. Tax

	For the twelve months ended 31 December 2014 US$	For the year ended 31 December 2013 US$
Payable balance 1 January	351,591	126,122
Provision for the period/year	893,202	3,229,703
Under provision of prior year periods	23,559	64,860
Exchange difference on retranslation	(42,216)	75,328
Amounts paid, net	(1,542,056)	(3,144,422)
Net (receivable)/payable balance 31 December	(315,920)	351,591

	For the twelve months ended 31 December 2014 US$	For the year ended 31 December 2013 US$
Tax receivable	(847,119)	(519,296)
Tax payable	531,199	870,887
Net	(315,920)	351,591

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

	For the three months ended 31 December 2014 US$	For the three months ended 31 December 2013 US$	For the twelve months ended 31 December 2014 US$	For the twelve months ended 31 December 2013 US$
Provision for the period	714,794	1,116,800	893,202	3,229,703
Under provision of prior years	3,966	2,363	23,559	64,860
Deferred tax (credit)/charge (Note 22)	(504,565)	294,180	(640,693)	357,872
Charge for the period	214,195	1,413,343	276,068	3,652,435

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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014

10. Property, plant and equipment

	Land and buildings US$	Assets under construction US$	Computer hardware US$	Warehouse machinery US$	Motor vehicles US$	Furniture and fittings US$	Office equipment US$	Total US$
Cost								
At 1 January 2013	24,079,113	-	6,448,346	161,539	3,327,183	2,552,366	3,347,033	39,915,580
Additions from acquisitions of subsidiaries	94,491	-	32,214	-	252,672	77,620	183,131	640,128
Additions	133,317	130,269	1,363,654	18,297	1,029,056	578,516	393,977	3,647,086
Disposals	(46,303)	-	(714,519)	(5,398)	(1,003,499)	(176,061)	(182,872)	(2,128,652)
Transfers	107,803	(107,803)	-	-	-	-	-	-
Foreign exchange difference on retranslation	237,557	2,413	90,339	(32)	47,986	29,347	23,151	430,761
At 31 December 2013	24,605,978	24,879	7,220,034	174,406	3,653,398	3,061,788	3,764,420	42,504,903
Additions	2,239,077	-	706,926	-	348,241	119,044	296,797	3,710,085
Disposals	(2,654,546)	-	(504,257)	(4,103)	(422,528)	(161,384)	(417,779)	(4,164,597)
Transfers	24,822	(24,822)	-	-	-	-	-	-
Foreign exchange difference on retranslation	(1,704,439)	(57)	(595,519)	(846)	(458,594)	(345,833)	(390,185)	(3,495,473)
At 31 December 2014	22,510,892	-	6,827,184	169,457	3,120,517	2,673,615	3,253,253	38,554,918
Accumulated depreciation								
At 1 January 2013	2,767,311	-	4,895,599	55,925	2,262,500	1,407,507	1,807,467	13,196,309
Acquisitions through business combinations	40,129	-	27,748	-	249,799	68,494	179,140	565,310
Charge for the year	571,720	-	769,726	19,837	408,986	408,018	300,927	2,479,214
Disposals	(8,296)	-	(705,080)	(309)	(985,242)	(150,359)	(74,934)	(1,924,220)
Foreign exchange difference on retranslation	22,424	-	79,596	27	49,266	27,501	27,871	206,685
At 31 December 2013	3,393,288	-	5,067,589	75,480	1,985,309	1,761,161	2,240,471	14,523,298
Charge for the year	463,461	-	860,590	18,454	453,924	399,739	305,521	2,501,689
Disposals	(350,520)	-	(402,904)	(3,543)	(251,252)	(83,569)	(167,822)	(1,259,610)
Foreign exchange difference on retranslation	(348,346)	-	(438,098)	(458)	(261,358)	(267,418)	(253,455)	(1,569,133)
At 31 December 2014	3,157,883	-	5,087,177	89,933	1,926,623	1,809,913	2,124,715	14,196,244
Net book value								
At 31 December 2014	19,353,009	-	1,740,007	79,524	1,193,894	863,702	1,128,538	24,358,674
At 31 December 2013	21,212,690	24,879	2,152,445	98,926	1,668,089	1,300,627	1,523,949	27,981,605

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11. Investment in joint ventures

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

12. Intangible assets

	Computer software US$	Patents and licenses US$	Total US$
Cost			
At 1 January 2013	6,479,284	1,128,596	7,607,880
Additions from acquisitions of subsidiaries	76,012	-	76,012
Additions	144,904	26,209	171,113
Disposals/ write-offs	(8,587)	(1,053)	(9,640)
Foreign exchange difference on retranslation	16,974	(8,270)	8,704
At 31 December 2013	6,708,587	1,145,482	7,854,069
Additions	899,068	12,364	911,432
Disposals/ write-offs	(73,474)	(598)	(74,072)
Foreign exchange difference on retranslation	(219,118)	(61,592)	(280,710)
At 31 December 2014	7,315,063	1,095,656	8,410,719
Accumulated amortisation			
At 1 January 2013	5,550,520	867,624	6,418,144
Charge for the year	270,147	152,573	422,720
Additions from acquisitions of subsidiaries	76,012	-	76,012
Disposals/ write-offs	(8,508)	(602)	(9,110)
Foreign exchange difference on retranslation	15,955	2,559	18,514
At 31 December 2013	5,904,126	1,022,154	6,926,280
Charge for the year	298,073	75,790	373,863
Disposals/ write-offs	(58,373)	(533)	(58,906)
Foreign exchange difference on retranslation	(216,854)	(52,131)	(268,985)
At 31 December 2014	5,926,972	1,045,280	6,972,252
Net book value			
At 31 December 2014	1,388,091	50,376	1,438,467
At 31 December 2013	804,461	123,328	927,789

13. Available-for-sale financial assets

The details of the investments are as follows:

	Country of incorporation	Participation %	Cost US$	Impairment US$	As at 31 December 2014 US$	As at 31 December 2013 US$
Investments held in related companies						
E-Vision Ltd	Cyprus	18%	90,000	(90,000)	-	-
Other investments						
Asekol s.r.o.	Czech Republic	9.09%	9,580	-	9,580	9,580
Regnon S.A.	Poland	0.01%	2,214	-	2,214	2,214
			101,794	(90,000)	11,794	11,794

14. Inventories

	As at 31 December 2014 US$	As at 31 December 2013 US$
Goods in transit	17,354,875	17,825,607
Goods held for resale	116,866,430	156,255,514
Provision for slow moving and obsolete stock	(1,898,689)	(2,115,332)
	132,322,616	171,965,789

15. Trade receivables

	As at 31 December 2014 US$	As at 31 December 2013 US$
Trade receivables	268,515,408	372,917,867
Allowance for doubtful debts	(6,181,370)	(5,869,386)
	262,334,038	367,048,481

16. Other current assets

	As at 31 December 2014 US$	As at 31 December 2013 US$
Deposits and advances to service providers	776,259	832,353
Employee floats	62,994	83,303
VAT and other taxes refundable	6,753,191	10,817,197
Other debtors and prepayments	3,760,776	4,590,505
	11,353,220	16,323,358

17. Share capital

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

18. Short term borrowings

	As at 31 December 2014 US$	As at 31 December 2013 US$
Bank overdrafts (Note 28)	28,248,846	36,286,317
Current portion of long term loans	933,554	813,416
Bank short term loans	29,523,070	36,542,091
Short term obligations under finance leases (Note 21)	74,688	76,709
Total short term debt	58,780,158	73,718,533
Factoring creditors	40,482,397	69,533,461
	99,262,555	143,251,994

Summary of borrowings and overdraft arrangements

As at 31 December 2014 the group enjoyed factoring facilities of US$ 94,881,124 (31 December 2013: US$ 108,434,684).

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

- overdraft lines of US$ 52,499,746 (31 December 2013: US$ 57,134,972)
- short term loans/revolving facilities of US$ 61,177,652 (31 December 2013: US$ 85,348,277)
- bank guarantee and letters of credit lines of US$ 11,484,368 (31 December 2013: US$ 8,043,997)

The group had for the period ending 31 December 2014 cash lines (overdrafts, loans and revolving facilities) and factoring lines.

The Weighted Average Cost of Debt (cash lines and factoring lines) for the period was 8.0% (for 2013: 8.7%).

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

- Floating charges over all assets of the company
- Mortgage on land and buildings that the group owns in Cyprus, Czech Republic, Belarus, Middle East, Bulgaria, Slovakia and Ukraine
- Charge over receivables and inventories
- Corporate guarantees to the extent of facilities granted to subsidiary companies
- Assignment of insurance policies
- Pledged deposits of US$ 6,222,423 (31 December 2013: US$ 3,103,256)

19. Long term borrowings

	As at 31 December 2014 US$	As at 31 December 2013 US$
Bank loans	1,538,139	2,572,295
Long term obligations under finance leases (Note 21)	77,573	139,906
	1,615,712	2,712,201

20. Other long term liabilities

	As at 31 December 2014 US$	As at 31 December 2013 US$
Pension provision	455,063	382,125

21. Finance leases

	As at 31 December 2014 US$	As at 31 December 2013 US$
Obligation under finance lease	152,261	216,615
Less: Amount payable within one year	(74,688)	(76,709)
Amounts payable within 2-5 years inclusive	77,573	139,906

22. Deferred tax

	For the twelve months ended 31 December 2014 US$	For the year ended 31 December 2013 US$
Debit balance on 1 January	(257,138)	(602,849)
Deferred tax (credit)/charge for the period/year (Note 9)	(640,693)	357,872
Exchange difference on retranslation	34,544	(12,161)
Debit balance on 31 December	(863,287)	(257,138)

	For the twelve months ended 31 December 2014 US$	For the year ended 31 December 2013 US$
Deferred tax assets	(910,954)	(400,670)
Deferred tax liabilities	47,667	143,532
Net deferred tax assets	(863,287)	(257,138)

23. Other current liabilities

	As at 31 December 2014 US$	As at 31 December 2013 US$
Salaries payable and related costs	1,475,960	1,848,821
Amount due to directors - executive (Note 30)	1,122,681	481,506
VAT payable	10,305,056	15,789,382
Accruals and deferred income	14,538,916	24,235,684
Non-trade accounts payable	2,801,693	3,407,071
	30,244,306	45,762,464

24. Commitments and contingencies

As at 31 December 2014 the group was committed in respect of purchases of inventories of a total cost value of US$ 3,258,157 (31 December 2013: US$ 1,315,130) which were in transit at 31 December 2014 and delivered in January 2015. Such inventories and the corresponding liability towards the suppliers have not been included in these financial statements since, according to the terms of purchase title of the goods had not passed to the group at period/year end.

As at 31 December 2014 the group was contingently liable in respect of bank guarantees and letters of credit lines of US$ 11,484,368 (31 December 2013: US$ 8,043,997) which the group has extended mainly to its suppliers.

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

25. Operating segments

1.1 Reportable segments

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

1.2 Segment revenues

	For the three months ended 31 December 2014 US$	For the three months ended 31 December 2013 US$	For the twelve months ended 31 December 2014 US$	For the twelve months ended 31 December 2013 US$
Former Soviet Union	155,399,461	233,241,284	516,563,716	730,683,121
Central Eastern Europe	199,602,809	244,409,768	660,959,032	741,548,448
Western Europe	38,064,194	35,537,256	119,926,726	181,659,235
Middle East & Africa	47,287,238	51,423,136	206,393,583	231,996,997
Other	18,232,009	9,094,969	47,327,193	34,539,453
	458,585,711	573,706,413	1,551,170,250	1,920,427,254

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25. Operating segments (continued)

1.3 Segment results

	For the three months ended 31 December 2014 US$	For the three months ended 31 December 2013 US$	For the twelve months ended 31 December 2014 US$	For the twelve months ended 31 December 2013 US$
Former Soviet Union	3,231,447	1,273,181	7,627,993	8,964,805
Central Eastern Europe	3,282,612	5,609,433	8,168,348	15,362,609
Western Europe	(1,019,292)	1,126,661	(1,574,226)	2,061,628
Middle East & Africa	1,773,586	3,091,137	2,397,613	5,233,723
Other	(362,036)	105,510	(361,307)	315,698
Profit from operations	6,906,317	11,205,922	16,258,421	31,938,463
Net financial expenses	(1,482,876)	(4,999,340)	(15,213,867)	(16,242,590)
Other gains and losses	100,560	160,112	210,437	725,949
Share of loss from joint ventures	-	-	-	(57,029)
Profit before taxation	5,524,001	6,366,694	1,254,991	16,364,793

1.4 Inter-segment revenues

Selling segment	Purchasing segment	For the three months ended 31 December 2014 US$	For the three months ended 31 December 2013 US$
Western Europe	Middle East & Africa	2,162	1,219

Selling segment	Purchasing segment	For the twelve months ended 31 December 2014 US$	For the twelve months ended 31 December 2013 US$
Western Europe	Middle East & Africa	9,193	130,534

1.5 Segment capital expenditure (CAPEX)

	As at 31 December 2014 US$	As at 31 December 2013 US$
Former Soviet Union	5,033,410	6,208,510
Central Eastern Europe	11,635,459	13,796,935
Western Europe	143,273	154,961
Middle East & Africa	3,446,663	3,602,488
Unallocated	7,272,676	7,115,509
	27,531,481	30,878,403

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25. Operating segments (continued)

1.6 Segment depreciation and amortisation

	For the three months ended 31 December 2014 US$	For the three months ended 31 December 2013 US$	For the twelve months ended 31 December 2014 US$	For the twelve months ended 31 December 2013 US$
Former Soviet Union	152,617	337,397	723,371	764,743
Central Eastern Europe	250,108	261,025	1,030,924	994,716
Western Europe	20,065	19,711	69,853	96,476
Middle East & Africa	66,163	90,525	292,863	349,477
Unallocated	198,305	168,367	758,541	696,522
	687,258	877,025	2,875,552	2,901,934

1.7 Segment assets

	As at 31 December 2014 US$	As at 31 December 2013 US$
Former Soviet Union	168,000,256	278,748,322
Central Eastern Europe	151,910,016	136,434,170
Western Europe	58,422,613	88,810,232
Middle East & Africa	24,173,211	71,725,239
Total	402,506,096	575,717,963
Assets allocated in capital expenditure (1.5)	27,531,481	30,878,403
Other unallocated assets	63,122,554	17,369,969
Consolidated assets	493,160,131	623,966,335

26. Derivative financial liability

	As at 31 December 2014 US$	As at 31 December 2013 US$
<u>Derivative financial liabilities carried at fair value through profit or loss</u>		
Foreign currency derivative contracts	1,264,863	391,798

27. Derivative financial asset

	As at 31 December 2014 US$	As at 31 December 2013 US$
<u>Derivative financial assets carried at fair value through profit or loss</u>		
Foreign currency derivative contracts	183,804	42,043

28. Cash and cash equivalents

	As at 31 December 2014 US$	As at 31 December 2013 US$
Cash at bank and in hand	57,665,105	36,776,501
Bank overdrafts (Note 18)	(28,248,846)	(36,286,317)
	29,416,259	490,184

The cash at bank and in hand balance includes an amount of US$ 6,222,423 (31 December 2013: US$ 3,103,256) which represents pledged deposits.

29. Goodwill

	As at 31 December 2014 US$	As at 31 December 2013 US$
At 1 January	1,969,009	550,517
Additions (Note 31)	-	1,422,923
Foreign exchange difference on retranslation	(234,669)	(4,431)
At 31 December (note i)	1,734,340	1,969,009

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

	As at 31 December 2014 US$	As at 31 December 2013 US$
ASBIS d.o.o. (BA) (formerly Megatrend D.O.O. Sarajevo)	424,419	481,067
SHARK Computers a.s.	1,309,921	1,487,942
	1,734,340	1,969,009

30. Transactions and balances of key management

	For the three months ended 31 December 2014 US$	For the three months ended 31 December 2013 US$	For the twelve months ended 31 December 2014 US$	For the twelve months ended 31 December 2013 US$
Directors’ remuneration - executive (Note 7)	80,780	491,979	412,137	1,207,190
Directors’ remuneration - non executive (Note 7)	8,686	11,999	40,192	46,616
	89,466	503,978	452,329	1,253,806

	As at 31 December 2014 US$	As at 31 December 2013 US$
Amount due to directors – executive (Note 23)	1,122,681	481,506

31. Business combinations

1. Acquisitions

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

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

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

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

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

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

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

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

1.3. Acquired assets and liabilities

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

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

31. Business combinations (continued)

1.4. Financial information regarding acquired entities

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

2. Disposals of subsidiaries

2.1. Disposals to 31 December 2014
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 IT S.R.L.	Information Technology	30 December 2013	100%

2.2. Disposals to 31 December 2013
During the year the following group's subsidiaries went into liquidation. No gains or losses arose on the events.

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

32. Significant events and transactions

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

33. Events after the reporting period

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