ASBISc Enterprises Plc

INTERIM REPORT
FOR THE THREE AND NINE MONTHS
ENDED 30 SEPTEMBER 2018

Limassol, 7 November 2018

TABLE OF CONTENTS

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

We have prepared this report as required by Paragraph 60 section 2 of the Regulation of the Ministry of Finance dated 29 March 2018 on current and periodic information to be published by issuers of securities and conditions of recognition of information required by the law of non-member country as equal.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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

Financial and Operating Data

This quarterly report contains financial statements of, and financial information relating to the Group. In particular, this quarterly report contains our interim consolidated financial statements for the three months ended 30 September 2018. The financial statements appended to this this quarterly report, are presented in U.S. dollars and have been prepared in accordance with International Accounting Standard ("IAS") 34.

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

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

Currency Presentation

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

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

FORWARD-LOOKING STATEMENTS

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

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

Part I Additional information

1. Overview

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

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

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

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

2. Executive summary for the three and nine month periods ended September 30th, 2018

During Q3 2018, the Company’s results improved significantly as compared to the corresponding periods of 2017. The Company achieved a double-digit growth in revenues and controlled expenses. As a result, net profit after taxation in Q3 2018 has enormously increased as compared to the corresponding period of 2017. Having seen Q3 2018 results, the Directors believe that the Company will be able to deliver better results from the ones originally forecasted.

The principal events of the three-month period ended September 30th, 2018, were as follows (in U.S. $ thousand):

- Revenues in Q3 2018 have strongly increased by 42.8% to U.S. $ 532,331 from U.S. $ 372,786 in Q3 2017.
- Gross profit in Q3 2018 increased by 28.1% to U.S. $ 25,576 from U.S. $ 19,974 in Q3 2017.
- Gross profit margin in Q3 2018 reached 4.80% that was improved compared to previous quarters of 2018.
- Selling expenses in Q3 2018 have increased by 28.7% to U.S. $ 11,503 from U.S. $ 8,937.
- Administrative expenses in Q3 2018 have increased by 28.3% to U.S. $5,699, from U.S. $ 4.441 in Q3 2017.
- EBITDA in Q3 2018 was significantly higher year-on-year and reached U.S. $ 9,018 as compared to U.S. $ 7,170 in Q3 2017, an improvement of 25.8%.

- The Group finished Q3 2018 with a net profit after tax amounting to U.S. $ 4,173, a number double from the one of the corresponding period of last year.

The following table presents revenues breakdown by regions in the three-month period ended September 30th 2018 and 2017 respectively (in U.S. $ thousand):

Region	Q3 2018	Q3 2017	Change %
Former Soviet Union	269,887	177,634	52%
Central and Eastern Europe	146,558	129,233	13%
Middle East and Africa	48,799	39,211	24%
Western Europe	51,615	22,450	130%
Other	15,472	4,258	263%
Grand Total	**532,331**	**372,787**	**43%**

The principal events of the nine-month period ended September 30th, 2018, were as follows (in U.S. $ thousand):

- Revenues in Q1-Q3 2018 increased by 58.9% to U.S. $ 1,498,517 from U.S. $ 943,118 in the corresponding period of 2017.
- Gross profit in Q1-Q3 2018 increased by 36.9% to U.S. $ 68,759 from U.S. $ 50,215 in the corresponding period of 2017.
- Selling expenses in Q1-Q3 2018 increased by 49.5% to U.S. $ 34,467 from U.S. $ 23,057 in the corresponding period of 2017.
- Administrative expenses in Q1-Q3 2018 increased by 32.6% to U.S. $ 16,783 from U.S. $12,662 in the corresponding period of 2017.
- EBITDA in Q1-Q3 2018 amounted to U.S. $ 19,395, as compared to U.S. $ 16,155 in the corresponding period of 2017, an improvement of 20.1%.
- As a result, in Q1-Q3 2018 the Group significantly improved its net profit after taxation by 130.1% to U.S. $ 7,122, as compared to U.S. $ 3,096 in the corresponding period of 2017.

The following table presents revenues breakdown by regions in the nine month periods ended September 30th, 2018 and 2017 respectively (in U.S.$ thousand):

Region	Q1-Q3 2018	Q1-Q3 2017	Change %
Former Soviet Union	776,921	446,325	74%
Central and Eastern Europe	399,632	311,886	28%
Middle East and Africa	159,779	112,834	42%
Western Europe	127,234	64,073	99%
Other	34,951	8,000	337%
Grand Total	**1,498,517**	**943,118**	**59%**

3. Summary historical financial data

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

For your convenience, certain U.S. $ amounts as of and for the three and nine months ended 30 September 2018 and 2017, have been converted into Euro and PLN as follows:

- Individual items of the statement of financial position – based at average exchange rates quoted by the National Bank of Poland for a given balance sheet date December 31st, 2017, that is: 1 US$ = 3,4813 PLN and 1 EUR = 4,1709 PLN and September 30th, 2018, that is: 1 US$ = 3,6754 PLN and 1 EUR = 4,2714 PLN.

- Individual items in the income statement and statement of cash flows – based at exchange rates representing the arithmetic averages of the exchange rates quoted by the National Bank of Poland for the last day of each month in a given period 1 July to 30 September 2018, that is: 1 US$ = 3,6681 PLN and 1 EUR = 4,2815 PLN and 1 July to 30 September 2017, that is: 1 US$ = 3,6202 PLN and 1 EUR = 4,2751 PLN.

- Individual items in the income statement and statement of cash flows for separate Q3 2018 and Q3 2017 – based at exchange rates representing the arithmetic averages of the exchange rates quoted by the National Bank of Poland for the last day of each month in a given period 1 January to 30 September 2018, that is: 1 US$ = 3,5688 PLN and 1 EUR = 4,2535 PLN and 1 January to 30 September 2017, that is: 1 US$ = 3,8043 PLN and 1 EUR = 4,2566 PLN.

	Period from 1 July to 30 September 2018			Period from 1 July to 30 September 2017		
	USD	PLN	EUR	USD	PLN	EUR
Revenue	**532,331**	**1,952,643**	**456,062**	**372,787**	**1,349,562**	**315,680**
Cost of sales	(506,754)	(1,858,824)	(434,149)	(352,812)	(1,277,252)	(298,765)
Gross profit	**25,576**	**93,815**	**21,912**	**19,974**	**72,310**	**16,914**
Selling expenses	(11,503)	(42,194)	(9,855)	(8,937)	(32,353)	(7,568)
Administrative expenses	(5,699)	(20,905)	(4,882)	(4,441)	(16,075)	(3,760)
Profit from operations	**8,375**	**30,720**	**7,175**	**6,597**	**23,881**	**5,586**
Financial expenses	(4,372)	(16,037)	(3,746)	(4,232)	(15,322)	(3,584)
Financial income	1,402	5,143	1,201	536	1,942	454
Other gains and losses	(4)	(15)	(3)	(250)	(905)	(212)
Share of (loss)/ profit from associates	(22)	(81)	(19)	-	-	-
Profit before taxation	**5,379**	**19,731**	**4,608**	**2,651**	**9,597**	**2,245**
Taxation	(1,206)	(4,424)	(1,033)	(566)	(2,051)	(480)
Profit after taxation	**4,173**	**15,307**	**3,575**	**2,085**	**7,546**	**1,765**
Attributable to:						
Non-controlling interest	(19)	(70)	(16)	(15)	(55)	(13)
Equity holders of the parent	**4,192**	**15,377**	**3,591**	**2,100**	**7,602**	**1,778**

	Period from 1 July to 30 September 2018			Period from 1 July to 30 September 2017		
	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	7,55	27,69	6,47	3.78	13.70	3.20

	USD	PLN	EUR	USD	PLN	EUR
Net cash outflows from operating activities	49,853	182,866	42,710	(3,137)	(11,357)	(2,657)
Net cash outflows from investing activities	(1,706)	(6,258)	(1,462)	(546)	(1,975)	(462)
Net cash inflows/(outflows) from financing activities	(2,248)	(8,246)	(1,926)	(128)	(462)	(108)
Net decrease in cash and cash equivalents	**45,898**	**168,358**	**39,322**	**(3,811)**	**(13,795)**	**(3,227)**
Cash at the beginning of the period	**(4,064)**	**(14,907)**	**(3,482)**	**(7,360)**	**(26,643)**	**(6,232)**
Cash at the end of the period	**41,834**	**153,451**	**35,840**	**(11,170)**	**(40,438)**	**(9,459)**

	As at 30 September 2018			As at 31 December 2017		
	USD	PLN	EUR	USD	PLN	EUR
Current assets	488,185	1,794,275	420,067	495,568	1,725,221	413,633
Non-current assets	29,268	107,572	25,184	28,356	98,716	23,668
Total assets	**517,454**	**1,901,850**	**445,252**	**523,923**	**1,823,933**	**437,300**
Liabilities	420,081	1,543,966	361,466	429,455	1,495,062	358,451
Equity	97,372	357,881	83,785	94,468	328,871	78,949

	Period from 1 January to 30 September 2018			Period from 1 January to 30 September 2017		
	USD	**PLN**	**EUR**	**USD**	**PLN**	**EUR**
Revenue	**1,498,517**	**5,347,974**	**1,257,318**	**943,118**	**3,587,903**	**842,904**
Cost of sales	(1,429,759)	(5,102,587)	(1,199,627)	(892,903)	(3,396,869)	(798,027)
Gross profit	**68,759**	**245,390**	**57,692**	**50,215**	**191,034**	**44,880**
Selling expenses	(34,467)	(123,007)	(28,919)	(23,057)	(87,714)	(20,607)
Administrative expenses	(16,783)	(59,896)	(14,082)	(12,662)	(48,170)	(11,317)
Profit from operations	**17,508**	**62,483**	**14,690**	**14,497**	**55,150**	**12,956**
Financial expenses	(12,183)	(43,479)	(10,222)	(10,781)	(41,014)	(9,635)
Financial income	3,654	13,041	3,066	911	3,466	814
Other gains and losses	151	539	127	(639)	(2,635)	(619)
Share of (loss)/profit from associates	(22)	(79)	(18)	-	-	-
Profit before taxation	**9,108**	**32,505**	**7,642**	**3,935**	**14,968**	**3,561**
Taxation	(1,987)	(7,091)	(1,667)	(839)	(3,191)	(750)
Profit after taxation	**7,121**	**25,414**	**5,975**	**3,096**	**11,777**	**2,767**
Attributable to:						
Non-controlling interests	(12)	(43)	(10)	(26)	(96)	(23)
Equity holders of the parent	**7,134**	**25,460**	**5,986**	**3,122**	**11,875**	**2,790**

	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	12,85	45,86	10,78	5.62	21.40	5.03

	USD	**PLN**	**EUR**	**USD**	**PLN**	**EUR**
Net cash inflows/(outflows) from operating activities	(3,824)	(13,647)	(3,208)	(22,002)	(83,703)	(19,664)
Net cash outflows from investing activities	(3,036)	(10,835)	(2,547)	(1,366)	(5,197)	(1,221)
Net cash inflows/(outflows) from financing activities	2,761	9,854	2,317	5,661	21,537	5,060
Net decrease in cash and cash equivalents	**(4,099)**	**(14,629)**	**(3,439)**	**(17,707)**	**(67,362)**	**(15,825)**
Cash at the beginning of the period	**45,933**	**163,928**	**38,540**	**6,537**	**24,868**	**5,842**
Cash at the end of the period	**41,834**	**149,299**	**35,100**	**(11,170)**	**(42,494)**	**(9,983)**

4. Organization of ASBIS Group

The following table presents our corporate structure as at 30 September 2018:

Company	**Consolidation Method**
ASBISC Enterprises PLC	**Mother company**
Asbis Ukraine Limited (Kiev, Ukraine)	Full (100% subsidiary)
Asbis PL Sp.z.o.o (Warsaw, Poland)	Full (100% subsidiary)
Asbis Poland Sp. z o.o. (Warsaw, Poland)	Full (100% subsidiary)
Asbis 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)
ISA Hardware s.r.o Slovakia (Bratislava, Slovakia)	Full (100% subsidiary)
Prestigio Plaza Sp. z o.o in liquidation (Warsaw, Poland)	Full (100% subsidiary)
Prestigio Plaza Ltd (formerly Prestigio Technologies) (Limassol, Cyprus)	Full (100% subsidiary)
Perenio IoT spol. s.r.o. (Prague, Czech Republic) (former Prestigio Europe s.r.o)	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)
ASBIS Close Joint-Stock Company (former CZAO ASBIS) (Minsk, Belarus)	Full (100% subsidiary)
ASBIS Kazakhstan LLP (Almaty, Kazakhstan)	Full (100% subsidiary)
Euro-Mall SRO (Bratislava, Slovakia)	Full (100% subsidiary)
Prestigio China Corp. (former AOSBIS TECHNOLOGY (SHENZHEN) CORP.) (Shenzhen,China)	Full (100% subsidiary)
ASBIS DE GMBH, (Munchen, Germany)	Full (100% subsidiary)
EUROMALL BULGARIA EOOD (Sofia, Bulgaria)	Full (100% subsidiary)
Advanced Systems Company LLC (Riyadh, Kingdom of Saudi Arabia)	Full (100% subsidiary)
SHARK Computers a.s. (merged with SHARK ONLINE a.s.) (Bratislava, Slovakia)	Full (100% subsidiary)
E-vision Production Unitary Enterprise (Minsk, Belarus)	Full (100% subsidiary)
ASBIS CLOUD Ltd (Moscow, Russia)	Full (100% subsidiary)
ASBIS SERVIC Ltd (Kiev, Ukraine)	Full (100% subsidiary)
I ON Ltd (Kiev, Ukraine)	Full (100% subsidiary)
ASBC MMC LLC (Baku, Azerbaijan)	Full (65.85% subsidiary)
ASBC KAZAKHSTAN LLP (Almaty, Kazakhstan)	Full (100% subsidiary)

5. Changes in the structure of the Company

During the three months ended September 30th, 2018 there have been the following changes in the structure of the Company and the Group:

- On August 13rd, 2018, the Issuer has acquired 100% shares of the company named ASBC KAZAKHSTAN LLP (Almaty, Kazakhstan). The Issuer holds 100% in this subsidiary, being equal to share capital of USD 300,000. We acquired this entity to expand the retail business with Apple stores.
- On September 26th, 2018, S.C. EUROMALL 2008 S.R.L (formerly ISA Hardware International S.R.L) (Bucharest, Romania) has been liquidated being dormant company.
  .

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

On March 29th 2018, the Company announced its official financial forecast for 2018. Having seen Q3 2018 results, we fully sustain our forecasts that assume revenues between US$ 1,80 billion and 1,90 billion and net profit after tax between US$ 9 and US$ 10 million. On October 31st the Company upgraded its forecast with revenues to be between US$2.1 and US$2.2 billion and net profit after tax between US$11.5 and US$13million.

7. Information on dividend payment

Following the Board of Directors' recommendation and the Annual General Meeting of Shareholders resolution, a dividend of U.S. $ 0.06 per share has been paid out on June 12th, 2018. The Dividend record date was May 17th, 2018.

On November 6th 2018, the Company's Board of Directors decided for a payment of an interim dividend, from 2018 profits. This dividend is of an amount of US$0.05 cents per share. The record date for the shareholders to receive dividend is Friday the 7th of December 2018 and the payment date is planned for December 20th 2018.

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

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

Name	Number of shares	% of share capital	Number of votes	% of votes
KS Holdings Ltd*	20,443,127	36,83%	20,443,127	36,83%
ASBISc Enterprises Plc (buy-back program)	13,389	0,02%	13,389	0,02%
Free-float	35,043,484	63,14%	35,043,484	63,14%
TOTAL	**55,500,000**	**100%**	**55,500,000**	**100%**

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

Below we present the changes in the number of shares possessed by major shareholders during the period between August 8th 2018 (the date of the publication of the Interim Report for H1 2018) and the date of this report:

On September 24th, 2018 the Company has received from NOBLE Funds Towarzystwo Funduszy Inwestycyjnych S.A. acting on behalf of managed investment funds - Noble Funds Otwarty Fundusz Inwestycyjny Otwarty (UCITS), Open Finance Fundusz Inwestycyjny Otwarty (UCITS), Noble Funds Specjalistyczny Fundusz Inwestycyjny Otwarty (AIF) and Noble Fund Opportunity FIZ (AIF) ("Funds") notification that the total share of these Funds jointly fell below the threshold of 5% of the total voting rights of the Company. According to the notification, the decrease below the 5% threshold in the Company followed transactions conducted on Warsaw Stock Exchange on September 21th,2018. According to the notification, before the abovementioned change of share the Funds had 2,814,736 Company's shares that was equal to 5,07% in the Company's share capital and had 2,814,736 votes from these shares, that were equal to 5,07% of the total number of votes. According to the notification, as of September 24th 2018 the Funds held 2,769,303 of the Company's shares, equal to 4,99% in the Company's share capital and had 2,769,303 votes from these shares, equal to 4,99% 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 months ended September 30th, 2018 and in the period between August 8th, 2018 (the date of the publication of the Interim Report for H1 2018) and November 7th, 2018 (date of this report) there were no changes in the number of shares possessed by the members of the Board of Directors.

The table below presents the number of shares held by the members of the Board of Directors as of the date of this report. The information included in the table below is based on information received from members of our Management Board**:**

Name	Number of Shares	% of the share capital
Siarhei Kostevitch (directly and indirectly)	20,443,127	36.83%
Constantinos Tziamalis	555,000	1.00%
Marios Christou	463,061	0.83%
Yuri Ulasovich	210,000	0,38%
Demos Demou	0	0%
Chris Pavlou	0	0%

Siarhei Kostevitch holds ASBIS shares as a shareholder of KS Holdings Ltd.

The members of the Board of Directors do not have any rights to the Company's shares.

10. Changes in the members of managing bodies

During the three-month period ended September 30th, 2018 there were no changes in the members of the Company's Board of Directors.

11. Significant administrative and court proceedings against the Company

Neither the Company nor any of the members of our Group are involved in any significant proceedings before a court, competent body or a body of public administration concerning payables or debt of the Company or its subsidiaries.

12. Related party transactions

In the three and nine month periods ended September 30th, 2018 neither the Company nor any of the members of our Group have concluded any material related party transaction, other than with market conditions.

13. Information on guarantees granted to third parties

The total corporate guarantees the Company has issued, as at September 30th 2018 to support its subsidiaries' local financing, amounted to U.S. $ 164,746,724. The total bank guarantees and letters of credit raised by the Group (mainly to Group suppliers) as at September 30th, 2018 was U.S. $ 40,948,128 – as per note number 17 to the financial statements.

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

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

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

In the three and nine month periods ended September 30th, 2018, the Company's results of operations have been affected and are expected to continue to be affected by a number of factors. These factors are presented in brief below:

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

Throughout the years of operation, the Company has from time to time suffered from specific in-country problems, emanating from the deterioration of specific countries' financial situation, due to a number of issues including but not limited to the political instability. We need to monitor any developments, react fast and weather every risk showing up in specific market to secure our results.

The Company needs to keep in mind that different in-country problems might arise at any time and affect our operations. Despite the fact that we have improved our procedures, we cannot be certain that all risks are mitigated.

Currency fluctuations

The Company’s reporting currency is the U.S. dollar. About 40% of the Company’s revenues are denominated in U.S. dollars, while the balance is denominated in Euro, Ruble and other currencies, some of which are pegged to the Euro. Since most of the Company’s trade payable balances are denominated in U.S. dollars (about 80%), the Company is exposed to foreign exchange risk that remains a crucial risk factor that might affect the Group’s results in the future. Although the problem still persists and will persist as the Euro and other Eastern European currencies fluctuate in a steep manner against the U.S. dollar, the Group has adopted hedging strategies to tackle this problem and this has been successful despite large volatility of some currencies. Especially, and given the fact that our FSU business is growing, the risk of devaluation of currencies of countries like Kazakhstan, Belarus and Ukraine, might cause significant losses to the group.The management believes that hedging is very important in our industry and we shall continue enhancing it going forward, by adopting to new market realities and finding solutions to hedge all exotic currencies in the region

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:

1. International IT and CE distributors with presence in all major markets we operate
2. Regional IT and CE distributors who cover mostly a region but they are quite strong
3. Strong local distributors who focus mostly on a single market but they are very strong
4. International IT and mobile phones brokers, who sell opportunistically in any region and/or country

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

This was also visible for the 9 months of 2018, where the Group had to sacrifice some of its gross profit margin in order to gain market share against competitors.

Low gross profit margins

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

In the traditional distribution business, the Company’s gross profit margins, like those of other distributors of IT products, are low and the Company expects that in the distribution arm of its business they will remain low in the foreseeable future. Increased competition arising from industry consolidation and low demand for certain IT products may hinder the Company’s ability to maintain or improve its gross margins.

A portion of the Company’s operating expenses is relatively fixed, and planned expenditures are based in part on anticipated orders that are forecasted with limited visibility of future demand. As a result, the Company may not be able to reduce its operating expenses as a percentage of revenue in order to mitigate any reductions in gross margins in the future.

In an effort to increase gross margins, the Company has developed its own brand business, that allows for higher gross profit margins. It has also invested in the VAD Business Unit which is also expected to bring higher gross profit margins. It is very important for the Company to address all risks associated with these business lines and avoid negative surprises which might lead to significant losses.

Inventory obsolescence and price erosion

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

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

For the own brand business division, the Company needs to balance between satisfying consumer demand on one side and the risk of inventory obsolence or price erosion on the other, by having a proper level of inventory.

Credit risk

The Company buys components and finished products from its suppliers on its own account and resells them to its customers. The Company extends credit to some of its customers at terms ranging from 21 to 90 days or, in a few cases, to 120 days. The Company’s payment obligations towards its suppliers under such agreements are separate and distinct from its customers' obligations to pay for their purchases, except in limited cases where the Company’s arrangements with its suppliers require the Company to resell to certain resellers or distributors. Thus, the Company is liable to pay its suppliers regardless of whether its customers pay for their respective purchases. As the Company’s profit margin is relatively low compared to the total price of the products sold, in the event where the Company is not able to recover payments from its customers, it is exposed to a financial liquidity risk. The Company has in place credit insurance which covers such an eventuality for approximately 65% of its revenue.

Despite all efforts to secure our revenues, certain countries remained non- insured (Ukraine and Belarus) therefore is very important for us to ensure that we find other sources of securities which help us minimizing our credit risk. The Group Directors, have decided to enhance risk management procedures. These do not guarantee that all issues will be avoided, however these have granted the Company with confidence that is in a position to weather any possible major credit issue that may arise.

Worldwide financial environment

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

However, there are many uncertainties about the world economy following turmoils in diferent countries, volatility of currencies and fragility of demand in many markets. Additionally, from time to time, unpredictable situations may happen in selected markets. However, with the experience the management have gained, we believe that the Company is much more flexible and better prepared to weather any obstacles that may arise due to the worldwide financial environment.

Seasonality

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

Development of own brand business

The Company's strategy is to focus more on profitability than on revenues, thus we continue to develop the own brand business that allows for higher gross profit margins. This includes the development of smartphones, tablets and other product lines that are sold under Prestigio and Canyon brands in all regions of the Company's operations. The Company has also invested in a third own brand - Perenio, which is expected to start delivering results after Q3 2018.

In order to keep quality under control and get the maximum possible gross profit margins, the Company's Directors have decided to go under a back-to-back scheme. This implies that orders are placed with ODMs, only if they are in advance confirmed by customers.

The Company is undertaking a number of quality control measures to mitigate this risk, but given the volumes and the large amount of factories used to produce these products, these controls might not be sufficient. Moreover, competition has already been intensified and the Company may not be able to sustain its profitability levels.

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

Warranty claims from own brand products

The own brand business requires us to put extra efforts to avoid any problems with the quality of devices. Despite all our efforts, we have noticed significant returns on specific models produced in the recent past, though this situation has much improved in the course of the nine months of 2018.

This risk has negatively affected our results in the past when certain ODMs have not honored their contractual obligations on products with epidemic failure. The Group is undertaking all possible steps towards ensuring proper compensation of past expenses. In the same time, in an effort to avoid such problems in the future, a much more scrutinized selection of suppliers is currently in place, which however, does not guarantee 100% elimination of the risk of warranty losses.

High cost of debt

The distribution business entails a 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 quite high. The Company has already negotiated improved terms with some of its supply-chain financiers and is currently undertaking certain extra steps to further lower cost of financing.

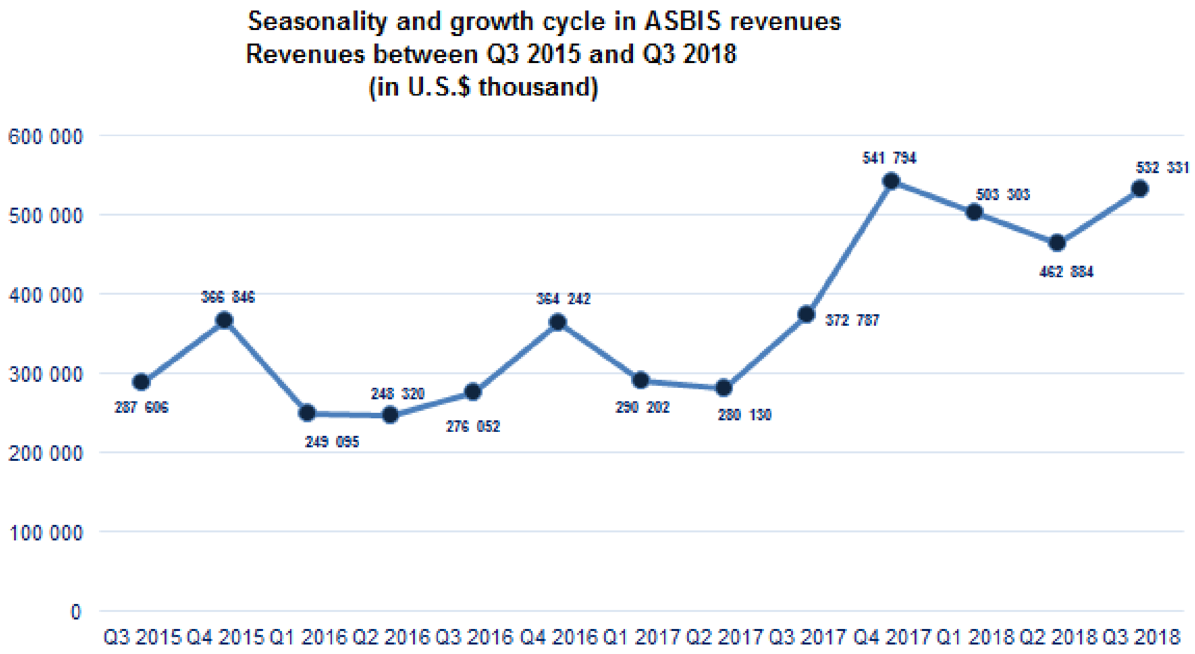
However, the sanctions imposed to Russia and tensions related to the Ukrainian crisis have resulted in significantly increased cost of financial facilities in these countries and this may limit our efforts to further decrease our average cost of debt. In the course of the nine months of 2018, we have experienced a stable cost of financing in the F.S.U. and this is reflected in our overall financial cost.

Results of Operations (in U.S. $ thousand)

Three and nine month periods ended 30 September 2018 compared to the three and nine month periods ended 30 September 2017

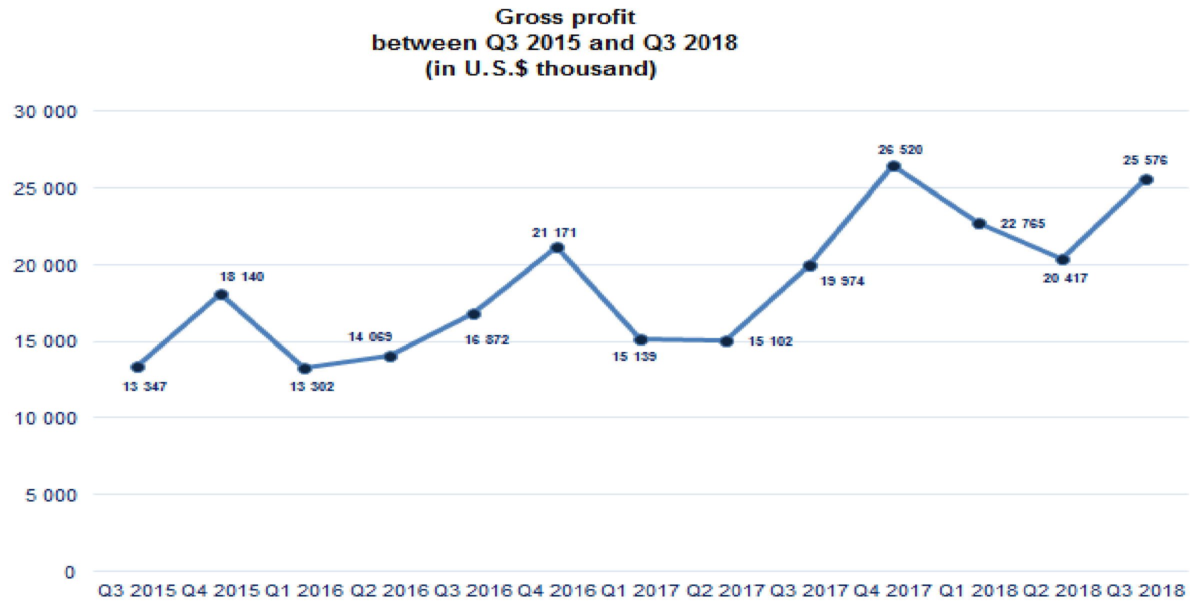
Revenues: Revenues in Q3 and the nine months of 2018 significantly increased as compared to the corresponding periods of 2017 and we expect this upward trend to continue in Q4 2018.

- Revenues in Q3 2018 have increased by 42.8% to U.S. $ 532,331 from U.S. $ 372,787 in Q3 2017.
- Revenues in Q1-Q3 2018 increased by 58.9% to U.S. $ 1,498,517 from U.S. $ 943,118 in the corresponding period of 2017.



Gross profit: Gross profit has increased significantly both in Q3 2018 and 9M 2018 compared to the corresponding periods of 2017, similarly to revenues.

- Gross profit in Q3 2018 increased by 28.1% to U.S. $ 25,576 from U.S. $ 19,974 in Q3 2017.
- Gross profit in Q1-Q3 2018 increased by 36.9% to U.S. $ 68,759 from U.S. $ 50,215 in the corresponding period of 2017.



Gross profit margin has stabilized at levels above 4.5%.

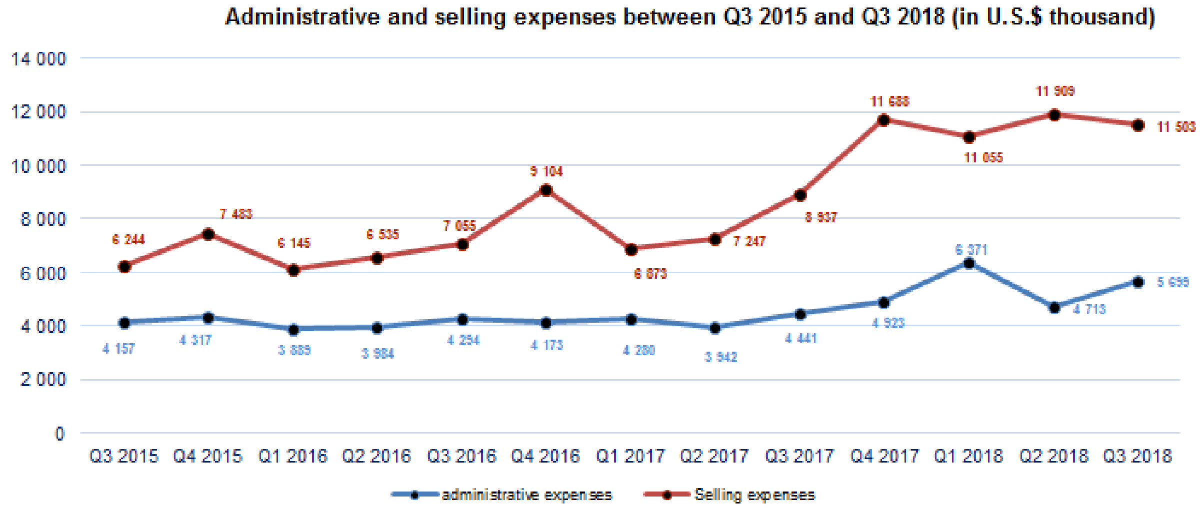
- Gross profit margin in Q3 2018 decreased to 4.80% from 5.36% in Q3 2017.
- Gross profit margin in Q1-Q3 2018 decreased to 4.59% from 5.32% in the corresponding period of 2017. In Q3 2018 the gross profit margin has improved, as compared to that of H1 2018.

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

- Selling expenses in Q3 2018 have increased by 28.7% to U.S. $ 11,503 from U.S. $ 8,937 in Q3 2017.
- Selling expenses in Q1-Q3 2018 increased by 49.5% to U.S. $ 34,467 from U.S. $ 23,057 in the corresponding period of 2017.

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

- Administrative expenses in Q3 2018 have increased by 28.3% to U.S. $ 5,699 from U.S. $ 4,441 in Q3 2017.
- Administrative expenses in Q1-Q3 2018 increased by 32.6% to U.S. $ 16,783 from U.S. $12,662 in the corresponding period of 2017.



EBITDA:

- In Q3 2018 EBITDA was significantly higher compared to Q3 2017 and reached U.S. $ 9,018 as compared to U.S. $ 7,170 in Q3 2017 (an improvement of 25.8%).
- EBITDA in Q1-Q3 2018 amounted to U.S. $ 19,395, as compared to U.S. $ 16,155 in the corresponding period of 2017 (an improvement of 20.1%).

Net profit:

- Because of the growth in revenues and gross profit with expenses that remained under control, the Group net result has significantly improved as compared to all previous quarters of 2018 and the corresponding period of last year. In Q3 2018, the Group's net profit after tax improved by 100.2% to U.S. $ 4,173, as compared to U.S. $ 2,085 in Q3 2017.
- In Q1-Q3 2018, the Group improved its net profit after taxation by 130.1% to U.S. $ 7,122, as compared to U.S. $ 3,096 in the corresponding period of 2017.

Sales by regions and countries

The F.S.U. and the CEE regions traditionally contribute the majority of our revenues. This has not changed either for Q3 or for the 9 months of 2018. In Q3 2018, sales in F.S.U. grew significantly by 52% while in CEE by 13%. As a result, for the 9M of 2018 sales in the F.S.U. region reached a strong 74% growth while sales in CEE grew by 28%. We strongly believe that the upward trend in sales for both territories will remain in place in the near future. Following all the above-mentioned changes, the F.S.U. share in our total revenues grew to 51.9% for the 9months of 2018, from 47.3% for the 9 months of 2017. We have also significantly improved our sales in Western Europe (increase by 99%), as well as MEA region (increase by 42%).

Country-by-country analysis reveals a better understanding of the above-mentioned trends. Growth in F.S.U. has arisen from a continuous improvement in Russia (+63% in Q3 2018 and +58% in 9M 2018), Ukraine (+38% in Q3 2018 and +79% in 9M 2018), Kazakhstan (+48% in Q3 2018 and +59% in 9M 2018) and Belarus (+51% in Q3 2018 and +71% in 9M 2018).

The 22% growth in 9 M 2018 in Slovakia was combined with an 11% growth in Romania and 8% growth in Czech Republic, which has led the CEE growth. The MEA result is mainly determined by our revenues in UAE (+31% in Q3 2018 and +55% in 9M 2018).

The tables below provide a geographical breakdown of sales for the three and nine month periods ended September 30th, 2018 and 2017 (in U.S. $ thousand).

	Q3 2018		Q3 2017	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Former Soviet Union	269,887	50.70%	177,634	47.65%
Central and Eastern Europe	146,558	27.53%	129,233	34.67%
Middle East and Africa	48,799	9.17%	39,211	10.52%
Western Europe	51,615	9.70%	22,450	6.02%
Other	15,472	2.91%	4,258	1.14%
Total	**532,331**	**100%**	**372,787**	**100%**

	Q1-Q3 2018		Q1-Q3 2017	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Former Soviet Union	776,921	51.85%	446,325	47.32%
Central and Eastern Europe	399,632	26.67%	311,886	33.07%
Middle East and Africa	159,779	10.66%	112,834	11.96%
Western Europe	127,234	8.49%	64,073	6.79%
Other	34,951	2.33%	8,000	0.85%
Total	**1,498,517**	**100%**	**943,118**	**100%**

Revenue breakdown – Top 10 countries in Q3 2018 and Q3 2017 (in U.S. $ thousand)

	Q3 2018		Q3 2017	
	Country	Sales	Country	Sales
1.	**Russia**	98,804	**Russia**	60,673
2.	**Ukraine**	73,736	**Ukraine**	53,427
3.	**Kazakhstan**	50,915	**Slovakia**	42,775
4.	**Slovakia**	47,519	**Kazakhstan**	34,503
5.	**United Arab Emirates**	37,640	**United Arab Emirates**	28,649
6.	**Belarus**	30,384	**Czech Republic**	22,110
7.	**The Netherlands**	21,074	**Belarus**	20,120
8.	**Czech Republic**	18,791	**Romania**	19,028
9.	**Romania**	16,898	**The Netherlands**	8,927
10.	**Poland**	14,905	**Bulgaria**	5,791
11.	**Other**	121,665	**Other**	76,785
	TOTAL	**532,331**	**TOTAL**	**372,787**

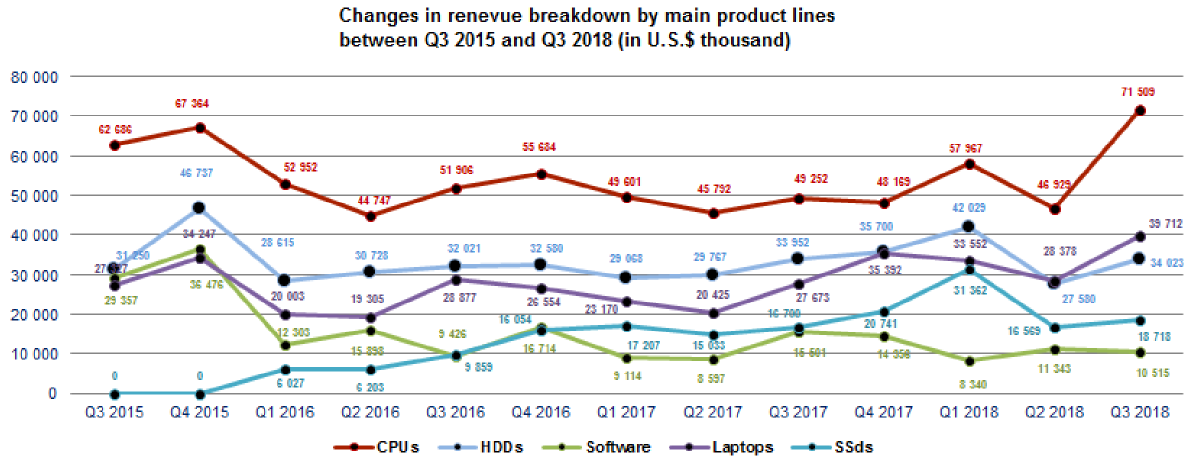
Revenue breakdown – Top 10 countries in Q1-Q3 2018 and Q1-Q3 2017 (in U.S. $ thousand)

	Q1-Q3 2018		Q1-Q3 2017	
	Country	Sales	Country	Sales
1.	Russia	273,960	Russia	173,778
2.	Ukraine	202,887	Ukraine	113,038
3.	Kazakhstan	144,778	Slovakia	105,355
4.	Slovakia	128,537	Kazakhstan	91,119
5.	United Arab Emirates	122,046	United Arab Emirates	78,630
6.	The Netherlands	58,851	Czech Republic	53,502
7.	Belarus	82,154	Belarus	47,958
8.	Czech Republic	58,014	Romania	43,352
9.	Romania	48,072	The Netherlands	30,566
10.	Hungary	26,987	Bulgaria	18,693
11.	Other	352,231	Other	187,127
	TOTAL	**1,498,517**	TOTAL	**943,118**

Sales by product lines

ASBIS remains the distributor of first choice for many worldwide suppliers. During Q3 2018 and 9M 2018, almost all major product lines of the Group have significantly grown as compared to Q3 2017 and 9M 2017. All changes in our product portfolio have to comply with our main focus, which is the increase of margins and profitability

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



Growth in Q3 2018 sales was driven by sales of smartphones, CPUs, laptops, accessories& multimedia and HDDs.

Revenues from CPUs increased by 45% in Q3 2018 and by 22% in 9M 2018. Revenues from HDDs remained stable in Q3 2018 and increased by 15% in 9M 2018. In Q3 2018 revenues from software decreased by 32% and by 9% in 9M 2018. Laptops business grew by 44% in Q3 2018 and by 43% in 9M 2018. Revenues from SSD increased by 12% in Q3 2018 and by 36% in 9M 2018.

Finaly, smartphones, which is the key driver of sales growth, increased by 111% in Q3 2018 and by 145% in 9M 2018.

From ”Other” product lines, the Company has noticed a positive trend for Q3 2018 and 9M 2018 in accessories&multimedia (+109% and +96%), servers and server blocks (+45% and +36%) and tablets (+7% and +45%).

The table below sets a breakdown of revenues, by product lines, for Q3 2018 and Q3 2017(in U.S. $ thousand):

	Q3 2018		Q3 2017	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Smartphones	219,158	41.17%	104,008	27.90%
Central processing units (CPUs)	71,509	13.43%	49,252	13.21%
PC-mobile (laptops)	39,712	7.46%	27,673	7.42%
Accessories & Multimedia	37,045	6.96%	17,732	4.76%
Hard disk drives (HDDs)	34,023	6.39%	33,952	9.11%
Servers and server blocks	19,007	3.57%	13,077	3.51%
SSD	18,718	3.52%	16,700	4.48%
Tablets	17,716	3.33%	16,481	4.42%
Other	75,443	14.17%	93,912	25.19%
Total revenue	**532,331**	**100%**	**372,787**	**100%**

	Q1-Q3 2018		Q1-Q3 2017	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Smartphones	589,055	39.31%	240,529	25.50%
Central processing units (CPUs)	176,405	11.77%	144,644	15.34%
Hard disk drives (HDDs)	103,632	6.92%	89,787	9.52%
PC-mobile (laptops)	101,642	6.78%	71,268	7.56%
Accessories & Multimedia	93,096	6.21%	47,478	5.03%
SSD	66,648	4.45%	48,940	5.19%
Tablets	52,454	3.50%	36,270	3.85%
Servers and server blocks	51,944	3.47%	38,214	4.05%
Other	263,641	17.59%	225,988	23.96%
Total revenue	**1,498,517**	**100%**	**943,118**	**100%**

Liquidity and Capital Resources

The Company has funded in the past its liquidity requirements, including ongoing operating expenses, capital expenditures and investments, for the most part, through operating cash flows, debt financing and equity financing. Cash flow for Q3 and for the 9 months of 2018 has been impacted by revenue growth, increased working capital utilization and dividend payout. Nevertheless, cash from operations for the 9 months of 2018 has improved year-on-year by over U.S. $ 18 million.

The management team will focus on generating a positive cash flow from operations for the full year, despite high growth in revenues.

The following table presents a summary of cash flows for the nine months ended September 30th, 2018 and 2017(in U.S. $ thousand) :

	Nine months ended September 30th	
	2018	**2017**
Net cash outflows from operating activities	(3,824)	(22,002)
Net cash outflows from investing activities	(3,036)	(1,366)
Net cash inflows from financing activities	2,761	5,661
Net decrease in cash and cash equivalents	(4,099)	(17,707)

Net cash outflows from operations

Net cash outflows from operations amounted to U.S. $ 3,824 for the nine months ended September 30th, 2018, compared to outflows of U.S. $ 22,002 in the corresponding period of 2017. This is mainly attributed to increased profitability and improved working capital utilization. The Company expects cash from operations to turn positive for the year 2018. Cash from operations was positive in Q3 2018 standalone and amounted to U.S. $ 49,853 as compared to a negative cash from operations of U.S. $ 3,137 in Q3 2017.

Net cash outflows from investing activities

Net cash outflows from investing activities was U.S. $ 3,036 for the nine months ended September 30th 2018, compared to U.S. $ 1,366 in the corresponding period of 2017.

Net cash inflows from financing activities

Net cash inflows from financing activities was U.S. $ 2,761 for the nine months ended September 30th 2018, compared to inflows of U.S. $ 5,661 in the corresponding period of 2017.

Net decrease in cash and cash equivalents

Because of higher revenues and improved working capital utilization, cash and cash equivalents have decreased by US$ 4,099, as compared to a decrease of US$ 17,707 in the corresponding period of 2017.

16.Factors which may affect our results in the future

Political and economic stability in Europe and our regions

The markets the Group operates into have traditionally shown a vulnerability in political and economic environment. The weak economies in the F.S.U. region and certain politically driven events in all markets are considered by the management as a crucial external factor, which might adversely affect our results, in the short term.

Having seen the recent improvement in F.S.U. and other regions, we do believe to be able to further benefit from the work done during the tough times. What is more important, we develop more markets of this region with new product lines and our revenues and profitability benefit from that. We will continue this strategy and focus more on our core regions and strengths, to maximize profits and take advantage of market changes.

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

The diversified geographic coverage of the Group's revenues ensures that we do mitigate the risk of lower sales in a particular country with the possibility of higher sales in a number of other countries. Russia, Ukraine and Kazakhstan are currently the markets that lead in terms of revenue. We need to ensure that we adapt quickly to any changes that may occur in these markets and reinforce our diversified sales strategy.

The F.S.U. and CEE regions are expected to continue having the leading share in our revenues breakdown. This follows the focus of the Group to its strong competencies and further development of the product portfolio at these market places. We do expect the positive trend in revenues in these regions to continue throughout the remainder of the 2018.

Despite all measures taken by the Company, the possibility of a decrease in demand and sales in a particular country or region cannot be excluded in the future. Such a situation may limit overall growth.

It is of extreme importance for the Company to prepare its structure to offset such a situation with higher sales in other markets. This means both a constant upgrade of the product portfolio and close relations with customers to gain more market share from weaker competitors.

The Group's ability to increase gross profit margins

The Group's ability to increase its gross profit margin is of a very big importance. The decrease observed in 9M 2018 as compared to the corresponding period of 2017 was a result of the high margins in comparable periods of the previous year, the efforts to gain additional market share in certain territories and some large volume transactions but with low margin to certain customers in 9M 2018. The pace of growth in gross profit margin is hard to estimate, as this may remain under pressure due to enhanced competition and lower demand in a number of markets. Important for the Group to manage its stock levels and refine its product portfolio in order to achieve optimum gross profit margins.

The Directors believe that the Group will be able to sustain and increase its gross profit margins for the remainder of 2018.

Currency volatilities

The multi-currency environment that the Group operates in exposes its financial results to steep currency fluctuations. We have been successfully shielded by our hedging policy in the course of Q3 2018. Therefore, the hedging strategy should be followed and further improved without any exception in future periods.

Ability of the Group to control expenses

Selling expenses in Q3 and 9M 2018 increased as compared to Q3 and 9M 2017, because of increased revenues and gross profit and investments made in human capital in all regions of our operations. This is expected to allow us to benefit in the remainder of 2018 from stronger market position. Increased expenses in 9M 2018 have been expected and budgeted for; however, any further increase will only follow increased profitability.

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

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

Ability to cover warranty claims from customers

The own brand business requires us to be very careful with quality as it may affect both consumer satisfaction and our expenses. Since we do not manufacture the devices ourselves, we have built increased warranty provisions and signed separate agreements with our suppliers to cover us against warranty losses of such products. We have much improved our procedures and this has covered us to a large extend . Therefore, we have not faced any specific problems in this area in Q3 2018.However, we need to be constantly overlooking and analyzing the situation to avoid any possible looses.

17. Information about important events that occurred after the period ended on September 30th, 2018 and before this report release

According to our best knowledge, in the period between September 30th 2018 and November 7th 2018 no events have occurred that could affect either the Company's operations or its financial stability.

Part II Financial Information

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

Report and Condensed Consolidated Interim Financial Statements
for the period ended 30 September 2018

Contents **Page**

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2018

ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2018

CONTENTS

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Note	For the three months ended 30 September 2018 US$	For the three months ended 30 September 2017 US$	For the nine months ended 30 September 2018 US$	For the nine months ended 30 September 2017 US$
Revenue	4,24	532,330,532	372,786,456	1,498,517,378	943,117,820
Cost of sales		(506,754,240)	(352,812,420)	(1,429,758,768)	(892,902,571)
Gross profit		25,576,292	19,974,036	68,758,610	50,215,249
Selling expenses		(11,502,729)	(8,936,886)	(34,467,223)	(23,056,587)
Administrative expenses		(5,698,519)	(4,440,467)	(16,782,930)	(12,661,937)
Profit from operations		8,375,044	6,596,683	17,508,457	14,496,725
Financial income	7	1,401,820	536,373	3,654,218	911,130
Financial expenses	7	(4,372,387)	(4,232,216)	(12,182,887)	(10,780,844)
Other gains and losses	5	(4,054)	(249,867)	150,704	(692,565)
Share of loss of equity-accounted investees	11	(21,606)	-	(21,606)	-
Profit before tax	6	5,378,817	2,650,973	9,108,886	3,934,446
Taxation	8	(1,205,807)	(566,439)	(1,986,669)	(838,820)
Profit for the period		4,173,010	2,084,534	7,122,217	3,095,626
Attributable to:					
Equity holders of the parent		4,191,720	2,099,769	7,134,057	3,121,501
Non-controlling interests		(18,710)	(15,235)	(11,840)	(25,875)
		4,173,010	2,084,534	7,122,217	3,095,626
		US$ cents	US$ cents	US$ cents	US$ cents
Earnings per share					
Basic and diluted from continuing operations		7.55	3.78	12.85	5.62

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	For the three months ended 30 September 2018 US$	For the three months ended 30 September 2017 US$	For the nine months ended 30 September 2018 US$	For the nine months ended 30 September 2017 US$
Profit for the period	4,173,010	2,084,534	7,122,217	3,095,626
Other comprehensive income				
Exchange difference on translating foreign operations	(86,363)	898,747	(717,976)	2,596,089
Reclassification adjustments relating to foreign operations liquidated in the period	(35,592)	-	(153,609)	7,193
Other comprehensive (loss)/income for the period	(121,955)	898,747	(871,585)	2,603,282
Total comprehensive income for the period	4,051,055	2,983,281	6,250,632	5,698,908
Total comprehensive income attributable to:				
Equity holders of the parent	4,071,170	2,991,309	6,276,198	5,697,855
Non-controlling interests	(20,115)	(8,028)	(25,566)	1,053
	4,051,055	2,983,281	6,250,632	5,698,908

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	Note	As at 30 September 2018 US$	As at 31 December 2017 US$
ASSETS			
Non-current assets			
Property, plant and equipment	9	25,170,675	24,533,220
Intangible assets	10	3,315,737	3,164,273
Financial assets at fair value through other comprehensive income	12	-	11,794
Equity-accounted investees	11	58,393	-
Goodwill	28	404,035	418,589
Deferred tax assets	21	319,618	227,615
Total non-current assets		29,268,458	28,355,491
Current assets			
Inventories	13	178,849,416	144,980,373
Trade receivables	14	198,805,496	238,192,248
Other current assets	15	17,380,698	18,127,273
Derivative financial asset	26	1,269,620	373,302
Current taxation	8	352,094	493,119
Cash at bank and in hand	27	91,527,885	93,401,246
Total current assets		488,185,209	495,567,561
Total assets		517,453,667	523,923,052
EQUITY AND LIABILITIES			
Equity			
Share capital	16	11,100,000	11,100,000
Share premium		23,518,243	23,518,243
Retained earnings and other components of equity		62,488,071	59,541,873
Equity attributable to owners of the parent		97,106,314	94,160,116
Non-controlling interests		266,103	307,690
Total equity		97,372,417	94,467,806
Non-current liabilities			
Long term borrowings	18	119,998	169,324
Other long term liabilities	19	505,661	369,341
Deferred tax liabilities	21	58,251	60,072
Total non-current liabilities		683,910	598,737
Current liabilities			
Trade payables		224,190,336	253,021,109
Other current liabilities	22	61,884,973	38,083,176
Short term borrowings	17	131,710,386	136,491,999
Derivative financial liability	25	49,609	739,587
Current taxation	8	1,562,036	520,638
Total current liabilities		419,397,340	428,856,509
Total liabilities		420,081,250	429,455,246
Total equity and liabilities		517,453,667	523,923,052

The financial statements were approved by the Board of Directors on 6 November 2018.

....

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Attributable to the owners of the parent							
	Share capital US$	**Share premium US$**	**Treasury stock US$**	**Translation of foreign operations US$**	**Retained earnings US$**	**Total US$**	**Non controlling interests US$**	**Total US$**
Balance at 1 January 2017	11,100,000	23,518,243	(14,234)	(13,340,843)	64,464,342	85,727,508	167,361	85,894,869
Profit/(loss) for the period 1 January 2017 to 30 September 2017	-	-	-	-	3,121,501	3,121,501	(25,875)	3,095,626
Other comprehensive profit for the period 1 January 2017 to 30 September 2017	-	-	-	2,576,354	-	2,576,354	26,928	2,603,282
Payment of final dividend	-	-	-	-	(1,665,000)	(1,665,000)	-	(1,665,000)
Minority interest on establishment of new subsidiary	-	-	-	-	-	-	216,260	216,260
Balance at 30 September 2017	11,100,000	23,518,243	(14,234)	(10,764,489)	65,920,843	89,760,363	384,674	90,145,037
Profit/(loss) for the period 1 October 2017 to 31 December 2017	-	-	-	-	3,834,320	3,834,320	(21,236)	3,813,084
Other comprehensive profit for the period 1 October 2017 to 31 December 2017	-	-	-	565,446	-	565,446	3,652	569,098
Minority interest on establishment of new subsidiary	-	-	-	-	-	-	(59,400)	(59,400)
Share-based payments	-	-	(13)	-	-	(13)	-	(13)
Balance at 31 December 2017	11,100,000	23,518,243	(14,247)	(10,199,043)	69,755,163	94,160,116	307,690	94,467,806
Profit/(loss) for the period 1 January 2018 to 30 September 2018	-	-	-	-	7,134,057	7,134,057	(11,840)	7,122,217
Other comprehensive loss for the period 1 January 2018 to 30 September 2018	-	-	-	(857,859)	-	(857,859)	(13,726)	(871,585)
Payment of final dividend	-	-	-	-	(3,330,000)	(3,330,000)	-	(3,330,000)
Minority interest on establishment of new subsidiary	-	-	-	-	-	-	(16,021)	(16,021)
Balance at 30 September 2018	11,100,000	23,518,243	(14,247)	(11,056,902)	73,559,220	97,106,314	266,103	97,372,417

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Note	For the three months ended 30 September 2018 US$	For the three months ended 30 September 2017 US$	For the nine months ended 30 September 2018 US$	For the nine months ended 30 September 2017 US$
Profit for the period before tax and minority interest		5,378,817	2,650,973	9,108,886	3,934,446
Adjustments for:					
Exchange difference arising on consolidation		(40,405)	485,882	(503,989)	1,272,622
Depreciation of property, plant and equipment	9	385,092	391,334	1,137,170	1,119,047
Amortization of intangible assets	10	257,588	181,588	749,363	539,082
Impairment losses on intangible assets and goodwill	5	-	306,252	-	866,672
Provision for slow moving and obsolete stock	13	333,265	(76,957)	(377,408)	565,681
Share of loss of equity-accounted investees	11	21,606	-	21,606	-
Loss/(profit) from the sale of property, plant and equipment and intangible assets	5	14,157	(387)	(9,881)	(28,978)
Provision for bad debts and receivables written off	14	689,242	1,484,300	761,268	2,947,148
Bad debts recovered	5	(1,015)	(6,347)	(50,380)	(14,297)
Impairment loss on disposal of financial assets through other comprehensive income		11,794	-	11,794	-
Interest received	7	(21,627)	(25,039)	(106,439)	(40,663)
Interest paid	7	1,049,491	1,051,534	3,088,608	3,012,313
Operating profit before working capital changes		8,078,005	6,443,133	13,830,598	14,173,073
Increase in inventories		(22,226,100)	(12,250,457)	(33,491,635)	(1,196,324)
(Increase)/decrease in trade receivables		(13,932,761)	(37,483,464)	38,675,864	14,024,789
Increase in other current assets		(1,072,685)	(469,700)	(149,743)	(854,618)
Increase/(decrease) in trade payables		43,395,611	23,387,474	(28,830,773)	(45,807,004)
Increase in other current liabilities		20,752,327	10,173,451	23,111,819	5,303,509
Increase in other non-current liabilities		18,283	22,543	136,320	49,175
Increase/(decrease) in factoring creditors		16,012,312	8,395,923	(13,147,803)	(4,224,653)
Cash inflows/(outflows) from operations		51,024,992	(1,781,097)	134,647	(18,532,053)
Interest paid	7	(1,049,491)	(1,051,534)	(3,088,608)	(3,012,313)
Taxation paid, net	8	(122,667)	(304,595)	(870,118)	(457,709)
Net cash inflows/(outflows) from operating activities		49,852,834	(3,137,226)	(3,824,079)	(22,002,075)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Note	**For the three months ended 30 September 2018 US$**	**For the three months ended 30 September 2017 US$**	**For the nine months ended 30 September 2018 US$**	**For the nine months ended 30 September 2017 US$**
Cash flows from investing activities					
Purchase of intangible assets	10	(212,216)	(194,521)	(917,368)	(622,271)
Purchase of property, plant and equipment	9	(1,426,161)	(391,740)	(2,159,692)	(958,502)
Payment for purchase of investments in associate		(80,000)	-	(80,000)	-
(Write-offs)/proceeds from sale of property, plant and equipment and intangible assets		(9,564)	15,596	14,475	174,109
Interest received	7	21,627	25,039	106,439	40,663
Net cash outflows from investing activities		(1,706,314)	(545,626)	(3,036,146)	(1,366,001)
Cash flows from financing activities					
Payment of final dividend		-	(1,665,000)	(3,330,000)	(1,665,000)
Proceeds/(repayments) of long term loans and long term obligations under finance lease		10,347	(740,892)	(49,326)	(961,338)
(Repayments)/proceeds of short term borrowings and short term obligations under finance lease		(2,258,474)	2,278,184	6,140,662	8,287,542
Net cash (outflows)/inflows from financing activities		(2,248,127)	(127,708)	2,761,336	5,661,204
Net increase/(decrease) in cash and cash equivalents		45,898,393	(3,810,560)	(4,098,889)	(17,706,872)
Cash and cash equivalents at beginning of the period		(4,064,086)	(7,359,463)	45,933,196	6,536,849
Cash and cash equivalents at end of the period	27	41,834,307	(11,170,023)	41,834,307	(11,170,023)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

1. Incorporation and principal activities

ASBISC Enterprises Plc was incorporated in Cyprus on 9th of November 1995 with limited liability. These condensed consolidated interim financial statements ("interim financial statements") as at and for the nine months ended 30 September 2018 comprise the interim financial statements of the Company and its subsidiaries (together referred to as the "Group"). The Group's and the Company's principal activity is the trading and distribution of computer hardware and software. The main shareholder of the Company is K.S. Holdings Limited, a company incorporated in Cyprus.

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

2. Basis of preparation

(a) Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements and they should be read in conjunction with the audited financial statements for the year ended 31 December 2017. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2017.

This is the first set of Group's financial statements where IFRS 15 and IFRS 9 have been applied. Changes to significant accounting policies are described in note 3.

These interim financial statements were authorized for issue by the Company's Board of Directors on 6th of November 2018.

(b) Use of the judgments and estimates

Preparing the interim financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2017, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9, which are described in Note 3.

3. Significant accounting policies

Except as described below, the accounting policies adopted for the preparation of the condensed consolidated interim financial statements for the nine months ended 30 September 2018 are consistent with those followed for the preparation of the annual financial statements for the year 2017. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2018.

The Group has initially adopted IFRS 15 and IFRS 9 from 1 January 2018. A number of other new standards are effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

A. IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes comprehensive framework for determining whether, how much and when revenue is recognized. It replaces IAS 18 Revenue and related interpretations. There was no material impact on the Group's interim statement of financial position as at the 30th September 2018, its interim statement of profit or loss and other comprehensive income and its interim statement of cash flows for the nine months ended 30 September 2018. Accordingly, the information presented for year ended 31 December 2017, has not been restated.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

B. IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces *IAS 39 Financial Instruments: Recognition and Measurement.*

The details of the new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities, but it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. However, although there is a reclassification impact on the financial statements there is no monetary impact, as follows:

In thousands of US$	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amount under IAS 39**	**New carrying amount under IFRS 9**
Financial assets				
Financial assets at fair value through other comprehensive income	Available-for-sale	FVOCI – equity instrument	-	-
Trade receivables	Loans and receivables	Amortized cost	198,805	198,805
Derivative financial asset	Fair value – hedging instrument	Fair value – hedging instrument	1,270	1,270
Cash at bank and in hand	Loans and receivables	Amortized cost	91,528	91,528
Total financial assets			**291,603**	**291,603**

ii. Impairment of financial assets – impact of the new impairment model on trade receivables

The Group has calculated the expected credit losses related to trade receivables and determined that the application of IFRS 9 impairment requirements at 1 January 2018 does not have a material effect on the financial statements. The IFRS 9 loss allowances were measured on the lifetime expected credit losses basis that result from the possible default events over the expected life of the receivable.

4. Effects of seasonality

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

5. Other gains and losses

	For the three months ended 30 September 2018 US$	For the three months ended 30 September 2017 US$	For the nine months ended 30 September 2018 US$	For the nine months ended 30 September 2017 US$
(Loss)/profit on disposal of property, plant and equipment	(14,157)	387	9,881	28,978
Other (loss)/income	(8,534)	23,492	44,232	65,920
Bad debts recovered	1,015	6,347	50,380	14,297
Rental income	17,622	26,159	46,211	64,912
Impairment loss on goodwill	-	(306,252)	-	(866,672)
	(4,054)	(249,867)	150,704	(692,565)

6. Profit before tax

	For the three months ended 30 September 2018 US$	For the three months ended 30 September 2017 US$	For the nine months ended 30 September 2018 US$	For the nine months ended 30 September 2017 US$
Profit before tax is stated after charging :				
(a) Amortization of intangible assets (Note 10)	257,588	181,588	749,363	539,082
(b) Depreciation (Note 9)	385,092	391,334	1,137,170	1,119,047
(c) Auditors' remuneration	88,879	94,738	281,709	274,223
(e) Directors' remuneration – executive (Note 29)	247,874	94,711	551,604	269,730
(e) Directors' remuneration – non-executive (Note 29)	586	592	1,796	1,686

7. Financial expense, net

	For the three months ended 30 September 2018 US$	For the three months ended 30 September 2017 US$	For the nine months ended 30 September 2018 US$	For the nine months ended 30 September 2017 US$
Financial income				
Interest income	21,627	25,039	106,439	40,663
Other financial income	1,023,703	511,334	2,961,443	870,467
Net exchange gain	356,490	-	586,336	-
	1,401,820	536,373	3,654,218	911,130
Financial expense				
Bank interest	1,049,491	1,051,534	3,088,608	3,012,313
Bank charges	540,680	418,091	1,475,078	1,039,606
Derivative charges	216,544	280,198	572,103	743,110
Factoring interest	1,747,695	1,657,988	4,591,680	4,427,096
Factoring charges	42,824	68,156	198,499	219,943
Other financial expenses	(4,776)	45,515	197,256	132,955
Other interest	779,929	277,276	2,059,663	880,145
Net exchange loss	-	433,458	-	325,676
	4,372,387	4,232,216	12,182,887	10,780,844
Net	(2,970,567)	(3,695,843)	(8,528,669)	(9,869,714)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

8. Tax

	For the nine months ended 30 September 2018 US$	As at 31 December 2017 US$
Payable/(receivable) balance 1 January	27,519	(328,631)
Provision for the period/year	2,076,806	1,407,137
Under/(over) provision of prior year periods	89,863	(14,800)
Exchange difference on retranslation	(34,128)	22,327
Amounts paid, net	(870,118)	(1,058,514)
Net payable balance 30 September/31 December	1,209,942	27,519

	For the nine months ended 30 September 2018 US$	As at 31 December 2017 US$
Tax receivable	(352,094)	(493,119)
Tax payable	1,562,036	520,638
Net	1,209,942	27,519

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

	For the three months ended 30 September 2018 US$	For the three months ended 30 September 2017 US$	For the nine months ended 30 September 2018 US$	For the nine months ended 30 September 2017 US$
Provision for the period	1,199,932	450,688	2,076,806	779,978
Under/(over) provision of prior years	5,875	(11,989)	9,863	(14,820)
Deferred tax charge (Note 21)	-	127,740	(100,000)	73,662
Charge for the period	1,205,807	566,439	1,986,669	838,820

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2018

9. Property, plant and equipment

	Land and buildings US$	Computer hardware US$	Warehouse machinery US$	Motor vehicles US$	Furniture and fittings US$	Office equipment US$	Total US$
Cost							
At 1 January 2017	23,785,847	6,035,737	374,861	2,021,169	2,332,396	2,711,637	37,261,647
Additions	137,566	521,513	34,056	361,777	116,820	231,999	1,403,731
Disposals	(324,448)	(142,665)	-	(204,671)	(42,385)	(53,812)	(767,981)
Foreign exchange difference on retranslation	1,605,806	369,770	419	115,263	171,423	156,594	2,419,275
At 31 December 2017	25,204,771	6,784,355	409,336	2,293,538	2,578,254	3,046,418	40,316,672
Additions	195,332	593,803	7,020	392,521	298,577	672,439	2,159,692
Disposals	(72,665)	(432,878)	-	(81,333)	(54,467)	(128,261)	(767,604)
Foreign exchange difference on retranslation	(426,389)	(144,107)	(120)	(54,017)	(69,905)	(71,791)	(768,329)
At 30 September 2018	24,901,049	6,801,173	416,236	2,550,709	2,752,459	3,518,805	40,940,431
Accumulated depreciation							
At 1 January 2017	3,764,457	4,828,142	155,331	1,445,151	1,842,977	2,016,051	14,052,109
Charge for the year	312,896	593,243	41,191	236,821	136,545	198,944	1,519,640
Disposals	(231,574)	(142,665)	-	(204,671)	(42,385)	(53,812)	(675,107)
Foreign exchange difference on retranslation	263,877	283,424	408	83,578	133,993	121,530	886,810
At 31 December 2017	4,109,656	5,562,144	196,930	1,560,879	2,071,130	2,282,713	15,783,452
Charge for the period	276,261	397,676	34,725	189,070	57,020	182,418	1,137,170
Disposals	(68,072)	(432,878)	-	(81,333)	(54,467)	(128,261)	(763,011)
Foreign exchange difference on retranslation	(75,123)	(160,738)	(120)	(37,883)	(54,502)	(57,489)	(387,855)
At 30 September 2018	4,242,722	5,366,204	231,535	1,630,733	2,019,181	2,279,381	15,769,756
Net book value							
At 30 September 2018	20,658,327	1,434,969	184,701	919,976	733,278	1,239,424	25,170,675
At 31 December 2017	21,095,115	1,222,211	212,406	732,659	507,124	763,705	24,533,220

10. Intangible assets

	Computer software US$	Patents and licenses US$	Total US$
Cost			
At 1 January 2017	8,200,717	2,501,126	10,701,843
Additions	842,599	85,392	927,991
Disposals/ write-offs	(117,752)	(114,184)	(231,936)
Foreign exchange difference on retranslation	69,329	42,816	112,145
At 31 December 2017	8,994,893	2,515,150	11,510,043
Additions	313,524	603,844	917,368
Disposals/ write-offs	(139,864)	(98,070)	(237,934)
Foreign exchange difference on retranslation	(40,826)	(2,567)	(43,393)
At 30 September 2018	9,127,727	3,018,357	12,146,084
Accumulated amortization			
At 1 January 2017	6,209,056	1,501,202	7,710,258
Charge for the year	433,275	282,789	716,064
Disposals/ write-offs	(117,752)	(55,329)	(173,081)
Foreign exchange difference on retranslation	66,388	26,141	92,529
At 31 December 2017	6,590,967	1,754,803	8,345,770
Charge for the period	540,785	208,578	749,363
Disposals/ write-offs	(139,864)	(98,070)	(237,934)
Foreign exchange difference on retranslation	(31,265)	4,413	(26,852)
At 30 September 2018	6,960,623	1,869,724	8,830,347
Net book value			
At 30 September 2018	2,167,104	1,148,633	3,315,737
At 31 December 2017	2,403,926	760,347	3,164,273

11. Equity-accounted investees

	As at 30 September 2018 US$	As at 31 December 2017 US$
Cost		
At 1 January	-	-
Increase in share capital (i)	80,000	-
At 30 September/ 31 December	80,000	-
Accumulated share of loss from equity-accounted investees		
At 1 January	-	-
Share of loss from equity-accounted investees during the period/year	21,606	-
At 30 September/ 31 December	21,606	-
Carrying amount of equity-accounted investees	58,394	-

(i) In April 2018, the Group acquired 40% shareholding of iSpace LLC, for the consideration of US$ 80,000.

12. Financial assets at fair value through other comprehensive income

The details of the investments are as follows:

Name	Country of incorporation	Participation %	Cost US$	Impairment US$	As at 30 September 2018 US$	As at 31 December 2017 US$
Other investments						
Asekol s.r.o.	Czech Republic	9.09%	-	-	-	9,580
Regnon S.A.	Poland	0.01%	-	-	-	2,214
			-	-	-	11,794

13. Inventories

	As at 30 September 2018 US$	As at 31 December 2017 US$
Goods in transit	28,083,156	17,217,879
Goods held for resale	155,080,235	132,491,293
Provision for slow moving and obsolete stock	(4,313,975)	(4,728,799)
	178,849,416	144,980,373

Movement in provision for slow moving and obsolete stock

	As at 30 September 2018 US$	As at 31 December 2017 US$
On 1 January	4,728,799	7,128,737
Provisions for the period/year	1,081,111	403,105
Provided stock written off	(1,458,519)	(2,904,799)
Exchange difference	(37,416)	101,756
On 30 September/31 December	4,313,975	4,728,799

14. Trade receivables

	As at 30 September 2018 US$	As at 31 December 2017 US$
Trade receivables	205,477,393	244,427,686
Allowance for doubtful debts	(6,671,897)	(6,235,438)
	198,805,496	238,192,248

Movement in provision for doubtful debts:

	As at 30 September 2018 US$	As at 31 December 2017 US$
On 1 January	6,235,438	7,714,943
Provisions for the period/year	3,982,075	3,856,736
Amount written off as uncollectible	(3,220,807)	(5,963,311)
Bad debts recovered	(50,380)	(11,906)
Exchange difference on retranslation	(274,429)	638,976
On 30 September/31 December	6,671,897	6,235,438

15. Other current assets

	As at 30 September 2018 US$	As at 31 December 2017 US$
Deposits and advances to service providers	557,091	539,913
Employee floats	106,748	47,573
VAT and other taxes refundable	4,708,887	7,727,844
Other debtors and prepayments	12,007,972	9,811,943
	17,380,698	18,127,273

16. Share capital

	As at 30 September 2018 US$	As at 31 December 2017 US$
Authorized		
63,000,000 (2017: 63,000,000) shares of US$ 0.20 each	12,600,000	12,600,000
Issued and fully paid		
55,500,000 (2017: 55,500,000) ordinary shares of US$ 0.20 each	11,100,000	11,100,000

17. Short term borrowings

	As at 30 September 2018 US$	As at 31 December 2017 US$
Bank overdrafts (Note 27)	49,693,578	47,468,050
Current portion of long term loans	190,851	298,609
Bank short term loans	29,072,165	22,819,311
Short term obligations under finance leases (Note 20)	61,842	66,276
Total short term debt	79,018,436	70,652,246
Factoring creditors	52,691,950	65,839,753
	131,710,386	136,491,999

Summary of borrowings and overdraft arrangements

The Group had, for the period ending 30 September 2018, cash lines (overdrafts, loans and revolving facilities) and factoring lines.

As at 30 September 2018 the Group enjoyed factoring facilities of US$ 114,732,000 (31 December 2017 US$ 139,661,000).

In addition, as at 30 September 2018, the Group had the following financing facilities with banks in the countries that the Company and its subsidiaries are operating:

- overdraft lines of US$ 78,362,000 (31 December 2017: US$ 75,791,000)
- short term loans/revolving facilities of US$ 40,771,000 (31 December 2017: US$ 36,322,000)
- bank guarantee and letters of credit lines of US$ 40,948,000 (31 December 2017: US$ 22,633,000)

The Weighted Average Cost of Debt (cash lines and factoring lines) for the period was 7.8% (for 2017: 9.3%).

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$ 26,558,000 (31 December 2017: US$ 17,583,000)

.

18. Long term borrowings

	As at 30 September 2018 US$	As at 31 December 2017 US$
Bank loans	82,365	156,825
Long term obligations under finance leases (Note 20)	37,633	12,499
	119,998	169,324

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

19. Other long term liabilities

	As at 30 September 2018 US$	As at 31 December 2017 US$
Pension provision	505,661	369,341

20. Finance leases

	As at 30 September 2018 US$	As at 31 December 2017 US$
Obligation under finance lease	99,475	78,775
Less: Amount payable within one year	(61,842)	(66,276)
Amounts payable within 2-5 years inclusive	37,633	12,499

21. Deferred tax

	For the nine months ended 30 September 2018 US$	For the year ended 31 December 2017 US$
Debit balance on 1 January	(167,543)	(856,909)
Deferred tax (credit)/charge for the period/year (Note 8)	(100,000)	711,890
Exchange difference on retranslation	6,176	(22,524)
At 30 September/31 December	(261,367)	(167,543)

	For the nine months ended 30 September 2018 US$	For the year ended 31 December 2017 US$
Deferred tax assets	(319,618)	(227,615)
Deferred tax liabilities	58,251	60,072
Net deferred tax assets	(261,367)	(167,543)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

22. Other current liabilities

	As at 30 September 2018 US$	As at 31 December 2017 US$
Accruals and deferred income	46,709,508	23,176,940
Salaries payable and related costs	1,212,453	1,176,671
VAT payable	4,799,446	8,822,098
Provision for warranties	4,016,307	2,580,305
Non-trade accounts payable	5,147,259	2,327,162
	61,884,973	38,083,176

23. Commitments and contingencies

As at the 30th of September 2018 the Group was committed in respect of purchases of inventories of a total cost value of US$ 9,624,000 (31 December 2017: US$ 2,218,000) which were in transit at 30 September 2018 and delivered in October 2018. Such inventories and the corresponding liability towards the suppliers have not been included in these financial statements since, according to the terms of purchase, title of the goods has not passed to the Group at period end.

As at the 30th September 2018 the Group was contingently liable in respect of bank guarantees and letters of credit of US$ 40,948,000 (31 December 2017: US$ 22,633,000) which the Group has extended mainly to its suppliers.

As at the 30th September 2018 the Group had no other capital or legal commitments and contingencies.

24. Operating segments

1.1 Reportable segments

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

1.2 Segment revenues

	For the three months ended 30 September 2018 US$	For the three months ended 30 September 2017 US$	For the nine months ended 30 September 2018 US$	For the nine months ended 30 September 2017 US$
Former Soviet Union	299,887,177	177,634,154	776,920,929	446,324,829
Central Eastern Europe	116,557,801	129,233,211	399,631,577	311,886,008
Western Europe	51,614,478	22,449,525	127,234,092	64,073,206
Middle East & Africa	48,798,887	39,211,127	159,779,228	112,833,510
Other	15,472,189	4,258,439	34,951,552	8,000,267
	532,330,532	372,786,456	1,498,517,378	943,117,820

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

1.3 Segment results

	For the three months ended 30 September 2018 US$	For the three months ended 30 September 2017 US$	For the nine months ended 30 September 2018 US$	For the nine months ended 30 September 2017 US$
Former Soviet Union	4,210,657	2,957,243	9,385,135	6,944,022
Central Eastern Europe	2,140,175	2,760,759	4,898,660	5,895,504
Western Europe	737,737	278,892	974,976	500,291
Middle East & Africa	942,490	535,178	1,619,185	1,045,878
Other	343,985	64,611	630,501	111,030
Profit from operations	8,375,044	6,596,683	17,508,457	14,496,725
Net financial expenses	(2,979,567)	(3,695,843)	(8,528,669)	(9,869,714)
Share of loss form equity-accounted investees	(21,606)	-	(21,606)	-
Other gains and losses	(4,054)	(249,867)	150,704	(692,565)
Profit before taxation	5,378,817	2,650,973	9,108,886	3,934,446

1.4 Segment capital expenditure (CAPEX)

	As at 30 September 2018 US$	As at 31 December 2017 US$
Former Soviet Union	5,653,665	4,372,717
Central Eastern Europe	12,032,877	12,502,008
Middle East & Africa	2,964,036	3,084,118
Unallocated	8,239,869	8,157,239
	28,890,447	28,116,082

1.5 Segment depreciation and amortization

	For the three months ended 30 September 2018 US$	For the three months ended 30 September 2017 US$	For the nine months ended 30 September 2018 US$	For the nine months ended 30 September 2017 US$
Former Soviet Union	135,547	93,190	344,039	271,733
Central Eastern Europe	146,898	191,355	481,768	536,054
Middle East & Africa	46,740	49,214	143,012	148,670
Unallocated	313,494	239,165	917,713	701,672
	642,680	572,924	1,886,533	1,658,129

24. Operating segments (continued)

1.6 Segment assets

	As at 30 September 2018 US$	As at 31 December 2017 US$
Former Soviet Union	264,039,554	232,984,691
Central Eastern Europe	135,454,644	177,942,005
Western Europe	42,169,997	34,503,594
Middle East & Africa	35,016,681	45,286,320
Total	476,680,876	490,716,610
Assets allocated in capital expenditure (1.4)	28,890,446	28,116,082
Other unallocated assets	11,882,345	5,090,360
Consolidated assets	517,453,667	523,923,052

25. Derivative financial liability

	As at 30 September 2018 US$	As at 31 December 2017 US$
Derivative financial liabilities carried at fair value through profit or loss		
Foreign currency derivative contracts	49,609	739,587

26. Derivative financial asset

	As at 30 September 2018 US$	As at 31 December 2017 US$
Derivative financial assets carried at fair value through profit or loss		
Foreign currency derivative contracts	1,269,620	373,302

27. Cash and cash equivalents

	As at 30 September 2018 US$	As at 31 December 2017 US$
Cash at bank and in hand	91,527,885	93,401,246
Bank overdrafts (Note 17)	(49,693,578)	(47,468,050)
	41,834,307	45,933,196

The cash at bank and in hand balance includes an amount of US$ 26,558,000 (31 December 2017: US$ 17,818,000) which represents pledged deposits against financial facilities granted and margin accounts for foreign exchange hedging.

28. Goodwill

	As at 30 September 2018 US$	As at 31 December 2017 US$
At 1 January	418,589	1,255,204
Goodwill written off (note ii)	-	(1,172,924)
Foreign exchange difference on retranslation	(14,554)	336,309
At 30 September/31 December (note i)	404,035	418,589

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

	As at 30 September 2018 US$	As at 31 December 2017 US$
ASBIS d.o.o. (BA) (formerly Megatrend D.O.O. Sarajevo)	404,035	418,589
	404,035	418,589

(ii) The write-off of goodwill relates to the business combinations of the following subsidiaries:

	As at 30 September 2018 US$	As at 31 December 2017 US$
SHARK Computers a.s.	-	(1,172,924)
	-	(1,172,924)

29. Transactions and balances of key management

	For the three months ended 30 September 2018 US$	For the three months ended 30 September 2017 US$	For the nine months ended 30 September 2018 US$	For the nine months ended 30 September 2017 US$
Director's remuneration - executive (Note 6)	247,874	94,711	551,604	269,730
Director's remuneration - non-executive (Note 6)	586	592	1,796	1,678
	248,460	95,303	553,400	271,408

30. Business combinations

1. Acquisitions

Acquisitions of subsidiaries to 30 September 2018

During the period, the Group has acquired the remaining 15% of the share capital of ASBIS Cloud Ltd, 100% of ASBC KAZAKHSTAN LLP and 51% of ASBC LLC.

Name of entity	Type of operations	Date acquired	% acquired	% owned
ASBIS Cloud Ltd	Information Technology	09 February 2018	15%	100%
ASBC LLC	Information Technology	08 May 2018	51%	51%
ASBS KAZAKHSTAN LLP	Information Technology	13 August 2018	100%	100%

Disposals of subsidiaries to 30 September 2018

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

Name of disposed entity	Type of operations	Date liquidated	% liquidated
OU ASBIS Estonia	Information Technology	29 November 2017	100%
Prestigio Plaza NL BV	Information Technology	03 January 2018	100%
ASBIS UK	Information Technology	30 April 2018	100%
S.C. EUROMALL 2008 S.R.L	Information Technology	26 September 2018	100%

Acquisitions of subsidiaries to 31 December 2017

During the year, the Group has acquired 100% of the share capital of I ON LTD and ASBIS SERVIC Ltd, 65.85% of ASBC LLC and 85% of ASBIS Cloud Ltd.

Name of entity	Type of operations	Date acquired	% acquired	% owned
I ON LTD	Information Technology	04 April 2017	100%	100%
ASBC LLC	Information Technology	08 May 2017	65.85%	65.85%
ASBIS SERVIC Ltd	Warranty Services	04 July 2017	100%	100%
ASBIS Cloud Ltd	Information Technology	27 July 2017	100%	100%

Disposals of subsidiaries to 31 December 2017

During the year the following Group's subsidiary went into liquidation. Loss of US$ 12,461 arose on this event.

Name of disposed entity	Type of operations	Date liquidated	% liquidated
Shark Online a.s	Information Technology	01 January 2017	100%

31. Fair values

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