INTERIM REPORT
FOR THE THREE AND TWELVE MONTHS ENDED
31 DECEMBER 2018

Limassol, February 27th, 2019

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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 and twelve months ended 31 December 2018. The financial statements appended to this quarterly report are presented in U.S. dollars and have been prepared in accordance with International Accounting Standard ("IAS") 34.

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

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

Currency Presentation

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

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

FORWARD-LOOKING STATEMENTS

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

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

Part I Additional information

1. Overview

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

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 and smart home and other products under our private labels, Prestigio, Canyon and Perenio.

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 twelve month periods ended 31 December 2018.

In the three-month period ended December 31, 2018, we have continued a positive growth trend observed in prior periods of the year. It is important to note that Y2018 was a record year for ASBIS in terms of revenues. Following our strategy to focus on our core markets of FSU and CEE, we have enjoyed significant growth in revenues in all markets we operated in 2018. We have managed to strengthen our market position. Our profitability has met our expectations and cash flow from operations for the full year was positive despite high growth in revenues.

The principal events of the three months ended 31 December 2018 were as follows (in U.S. $ thousand):

- Revenues in Q4 2018 increased by 5.4 % to U.S. $ 571,046 from U.S. $ 541,794 in Q4 2017.
- Gross profit in Q4 2018 has increased by 10.6% to U.S. $ 29,334 from U.S. $ 26,520 in Q4 2017.
- Gross profit margin in Q4 2018 has increased to 5.14% from 4.89% in Q4 2017.
- Selling expenses in Q4 2018 have decreased by 1.1% to U.S. $ 11,562 from U.S. $ 11,688 in Q4 2017.
- Administrative expenses in Q4 2018 have increased by 19.2% to U.S. $ 5,870 from U.S. $ 4,923 in Q4 2017.
- EBITDA in Q4 2018 amounted to U.S. $ 12,583 in comparison to U.S. $ 10,487 in Q4 2017.
- As a result, in Q4 2018 the Company has improved its net profit after taxation by 28.9% to U.S. $ 4,915 as compared to U.S.$ 3,813 in Q4 2017.
- In Q4 2018, net cash inflows from operations amounted to U.S.$ 22,503 as compared to U.S.$ 64,055 in Q4 2017.

The following table presents revenues breakdown by regions for the three month period ended December 31st, 2018 and 2017 respectively (in U.S.$ thousands):

Region	Q4 2018	Q4 2017	Change %
Former Soviet Union	308,638	273,063	13%
Central and Eastern Europe	175,476	184,121	-5%
Middle East and Africa	42,885	49,776	-14%
Western Europe	36,438	29,593	23%
Other	7,609	5,241	45%
Grand Total	**571,046**	**541,794**	**5%**

The principal events of the twelve months ended 31 December 2018 were as follows (in U.S.$ thousands):

- Revenues in Q1-Q4 2018 increased by 39.4% to U.S. $ 2,069,563 from U.S. $ 1,484,912 in Q1-Q4 2017.
- Gross profit in Q1-Q4 2018 increased by 27.8% to U.S. $ 98,093 from U.S. $ 76,736 in Q1-Q4 2017.
- Gross profit margin in Q1-Q4 2018 decreased to 4.74% from 5.17% in Q1-Q4 2017.
- Selling expenses in Q1-Q4 2018 increased by 32.5% to U.S. $ 46,030 from U.S. $ 34,745 in Q1-Q4 2017 because of higher sales and gross profit.
- Administrative expenses in Q1-Q4 2018 have increased by 28.8% to U.S. $ 22,653 from U.S. $ 17,585 in Q1-Q4 2017.
- EBITDA in Q1-Q4 2018 amounted to U.S. $ 31,978 in comparison to U.S. $ 26,642 in Q1-Q4 2017.
- Because of strong growth in revenues and gross profit and controlled expenses, in Q1-Q4 2018 the net profit after tax improved significantly by 74.2% to U.S. $ 12,037 in comparison to U.S. $ 6,909 in Q1-Q4 2017.
- In Q1-Q4 2018, net cash inflows from operations amounted to U.S.$ 18,679 as compared to U.S.$ 42,112 in Q1-Q4 2017 and it is considered a significant achievement for the Group, taking into account the tremendous growth in revenues.

The following table presents revenues breakdown by regions for the twelve month periods ended December 31st, 2018 and 2017 respectively (in U.S.$ thousands):

Region	Q1-Q4 2018	Q1-Q4 2017	Change %
Former Soviet Union	1,085,559	719,388	51%
Central and Eastern Europe	575,107	496,007	16%
Middle East and Africa	202,664	162,610	25%
Western Europe	163,672	93,666	75%
Other	42,561	13,241	221%
Grand Total	**2,069,563**	**1,484,912**	**39%**

3. **Summary of historical financial data**

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

For your convenience, certain U.S.$ amounts as of and for the three and twelve months ended December 31st, 2018 and 2017, have been converted into Euro and PLN as follows:

- Individual items of the balance sheet – based at average exchange rates quoted by the National Bank of Poland for the balance sheet date of December 31st, 2017, that is: 1 US$ = 3.4813 PLN and 1 EUR = 4.1709 PLN and December 31st, 2018, that is: 1 US$ = 3.7597 PLN and 1 EUR = 4.3000 PLN.

- Individual items in the income statement and cash flow statement – based at exchange rates representing the arithmetic averages of the exchange rates quoted by the National Bank of Poland for the last day of each month for the period from October 1st to December 31st, 2017, that is 1 US$ = 3.5628 PLN and 1 EUR = 4.2087 PLN and October 1st to December 31st, 2018, that is 1 US$ = 3.7844 PLN and 1 EUR = 4.3072 PLN.

- Individual items in the income statement and cash flow statement – based at exchange rates representing the arithmetic averages of the exchange rates quoted by the National Bank of Poland for the last day of each month for the given period from January 1st to December 31st, 2017, that is 1 US$ = 3.7439 PLN and 1 EUR = 4.2447 PLN and January 1st to December 31st, 2018, that is 1 US$ = 3.6227 PLN and 1 EUR = 4.2669 PLN.

	Period from 1 October to 31 December 2018			Period from 1 October to 31 December 2017		
	USD	PLN	EUR	USD	PLN	EUR
Revenue	**571,046**	**2,161,047**	**501,725**	**541,794**	**1,930,305**	**458,646**
Cost of sales	(541,712)	(2,050,037)	(475,952)	(515,274)	(1,835,819)	(436,196)
Gross profit	**29,334**	**111,011**	**25,773**	**26,520**	**98,487**	**22,450**
Selling expenses	(11,562)	(43,755)	(10,158)	(11,688)	(41,643)	(9,894)
Administrative expenses	(5,870)	(22,214)	(5,157)	(4,923)	(17,539)	(4,167)
Profit from operations	**11,902**	**45,042**	**10,457**	**9,909**	**35,305**	**8,389**
Financial expenses	(7,025)	(26,585)	(6,172)	(5,382)	(19,174)	(4,556)
Financial income	1,384	5,238	1,216	843	3,005	714
Other gains and losses	(232)	(878)	(204)	(293)	(1,043)	(248)
Share of (loss)/ profit from associates	(8)	(30)	(7)	-	-	-
Profit before taxation	**6,021**	**22,786**	**5,290**	**5,079**	**18,094**	**4,299**
Taxation	(1,106)	(4,186)	(972)	(1,265)	(4,508)	(1,071)
Profit after taxation	**4,915**	**18,600**	**4,318**	**3,813**	**13,585**	**3,228**
Attributable to:						
Non-controlling interest	11	42	10	(21)	(76)	(18)
Equity holders of the parent	**4,904**	**18,559**	**4,309**	**3,834**	**13,661**	**3,246**

	Period from 1 October to 31 December 2018			Period from 1 October to 31 December 2017		
	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	8.84	33.45	7.77	6.91	24.61	5.85

	USD	PLN	EUR	USD	PLN	EUR
Net cash inflows/(outflows) from operating activities	22,503	85,160	19,771	64,055	228,215	54,225
Net cash inflows/(outflows) from investing activities	(97)	(367)	(85)	(737)	(2,627)	(624)
Net cash inflows/(outflows) from financing activities	(6,132)	(23,206)	(5,388)	(6,215)	(22,142)	(5,261)
Net increase/(decrease) in cash and cash equivalents	**16,275**	**61,591**	**14,299**	**57,103**	**203,447**	**48,340**
Cash at the beginning of the period	**41,834**	**158,315**	**36,756**	**(11,170)**	**(39,797)**	**(9,456)**
Cash at the end of the period	**58,109**	**219,906**	**51,055**	**45,933**	**163,651**	**38,884**

	As at 31 December 2018			As at 31 December 2017		
	USD	PLN	EUR	USD	PLN	EUR
Current assets	474,614	1,784,406	414,978	495,568	1,725,219	413,632
Non-current assets	29,187	109,734	25,520	28,356	98,714	23,667
Total assets	**503,801**	**1,894,141**	**440,498**	**523,923**	**1,823,933**	**437,300**
Liabilities	404,568	1,521,054	353,734	429,455	1,495,063	358,451
Equity	99,233	373,086	86,764	94,468	328,871	78,849

	Period from 1 January to 31 December 2018			Period from 1 January to 31 December 2017		
	USD	PLN	EUR	USD	PLN	EUR
Revenue	**2,069,563**	**7,497,458**	**1,757,114**	**1,484,912**	**5,559,363**	**1,309,719**
Cost of sales	(1,971,471)	(7,142,097)	(1,673,831)	(1,408,177)	(5,272,073)	(1,242,037)
Gross profit	**98,093**	**355,364**	**83,284**	**76,736**	**287,290**	**67,682**
Selling expenses	(46,030)	(166,754)	(39,081)	(34,745)	(130,081)	(30,646)
Administrative expenses	(22,653)	(82,066)	(19,233)	(17,585)	(65,835)	(15,510)
Profit from operations	**29,410**	**106,544**	**24,970**	**24,406**	**91,374**	**21,527**
Financial expenses	(18,622)	(67,462)	(15,811)	(16,006)	(59,925)	(14,118)
Financial income	4,452	16,128	3,780	1,598	5,983	1,410
Other gains and losses	(81)	(293)	(69)	(985)	(3,689)	(869)
Share of (loss)/profit from associates	(30)	(109)	(25)	-	-	-
Profit before taxation	**15,130**	**54,812**	**12,846**	**9,013**	**33,744**	**7,950**
Taxation	(3,092)	(11,201)	(2,625)	(2,104)	(7,878)	(1,856)
Profit after taxation	**12,037**	**43,607**	**(10,220)**	**6,909**	**25,866**	**6,094**
Attributable to:						
Non-controlling interests	0	0	0	(47)	(176)	(42)
Equity holders of the parent	**12,038**	**43,610**	**10,221**	**6,956**	**26,042**	**6,135**
	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	21.69	78.58	18.42	12.53	46.92	11.05

	USD	PLN	EUR	USD	PLN	EUR
Net cash inflows from operating activities	18,679	67,669	15,859	42,112	157,665	37,144
Net cash outflows from investing activities	(3,133)	(11,350)	(2,660)	(2,162)	(8,094)	(1,907)
Net cash outflows from financing activities	(3,370)	(12,209)	(2,861)	(553)	(2,072)	(488)
Net increase in cash and cash equivalents	**12,176**	**44,110**	**10,338**	**39,396**	**147,496**	**34,748**
Cash at the beginning of the period	**45,933**	**166,403**	**38,998**	**6,537**	**24,473**	**5,766**
Cash at the end of the period	**58,109**	**210,513**	**49,336**	**45,933**	**171,969**	**40,514**

4. Organization of ASBIS Group

The following table presents our corporate structure as at December 31st, 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,spoI.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)
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)
Atlantec Ltd (Ras Al Khaimah, U.A.E)	Full (100% subsidiary)

5. Changes in the structure of the Company

During the three months ended December 31st, 2018 there were the following changes in the structure of the Company and the Group:

- On November 21st, 2018, S.C. EUROMALL CZ s.r.o. (formerly ISA Hardware s.r.o.) (Prague, Czech Republic) has been liquidated being a dormant company.
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- On December 26th, 2018, the company named Atlantech Ltd (Ras Al Khaimah, U.A.E) has been incorporated into the Capital Group of Asbis. The parent company of issuer: Asbis Middle East holds 100% shares of this company, being equal to share capital of USD 13,605.44. We incorporated this entity to reinforce our sales in the MEA region.

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 which assumed 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.

Having seen Q4 2018 results, it is clear that the Company delivered the forecasted numbers.

7. Information on the dividend payment

On November 6th, 2018, the Company's Board of Directors decided for payment of an interim dividend, from 2018 profits. The interim dividend of US$ 0.05 cents per share has been paid out on December 20th, 2018. The interim dividend record date was December 7th, 2018.

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

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

Name	Number of shares	% of the 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

There were no changes in the number of shares possessed by major shareholders during the period between November 7th, 2018 (the date of the publication of the Interim Report for Q3 2018) and the date of this report.

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

During the three-month period ended on December 31st, 2018 as well as for the period between November 7th, 2018 (the date of the publication of the Interim Report for Q3 2018) and February 27th, 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 shares as the 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 December 31st, 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-month period ended December 31st, 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 December 31st, 2018 to support its subsidiaries' local financing, amounted to U.S.$ 191,300,000. The total bank guarantees and letters of credit raised by the Group (mainly to Group suppliers) as at December 31st, 2018 was U.S.$ 41,226,000 – 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 twelve month periods ended December 31st, 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 a 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 30% of the Company's revenues are denominated in U.S. dollars, while the balance is denominated in Euro, Ruble, UAH, KZT 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 adapting to new market realities and finding solutions to hedge all exotic currencies in the region.

Competition and price pressure

1. 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 International IT and CE distributors with a 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 twelve months of 2018, where the Group had to sacrifice some of its gross profit margins in order to gain market share against competitors.

Low gross profit margins

The Company's business is both a 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 are 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 obsolescence 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 financial liquidity risk. The Company has in place credit insurance which covers such an eventuality for approximately 70% 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 minimize our credit risk. The Group directors has 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 profitability. 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 different countries, the volatility of currencies and fragility of demand in many markets. Additionally, from time to time, unpredictable situations may happen in selected markets. A recent example is the trade was between the USA and China. 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 contains sales of Smarthome and Smart security sensors and other products.

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 a large number 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 twelve months of 2018.

This risk has negatively affected our results in the past when certain ODMs have not honoured 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.

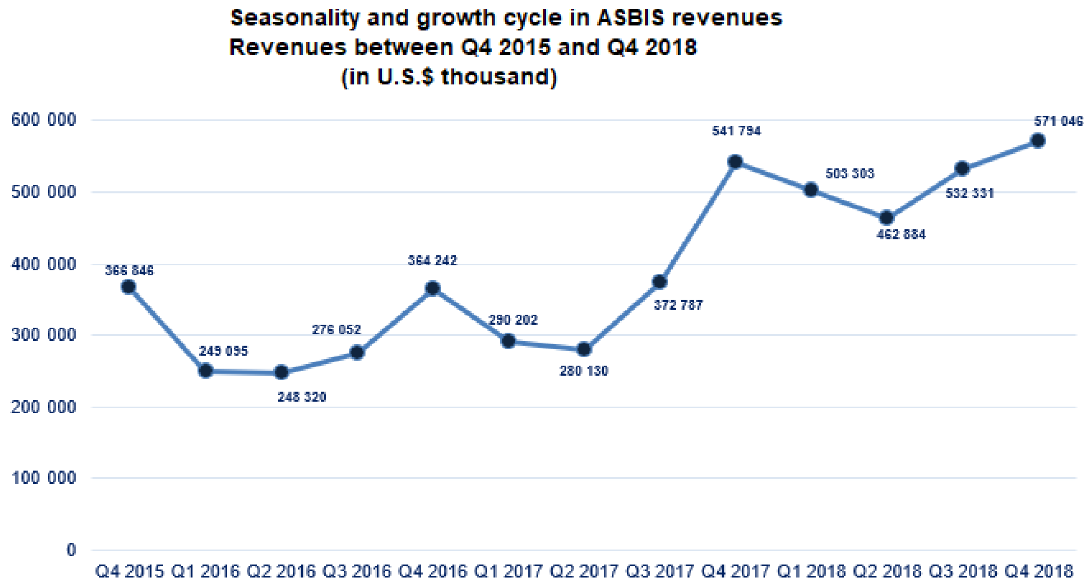
High cost of debt

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 twelve 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. $ thousands):

For the three and twelve month periods ended December 31st, 2018 compared to the three and twelve month periods ended December 2017:

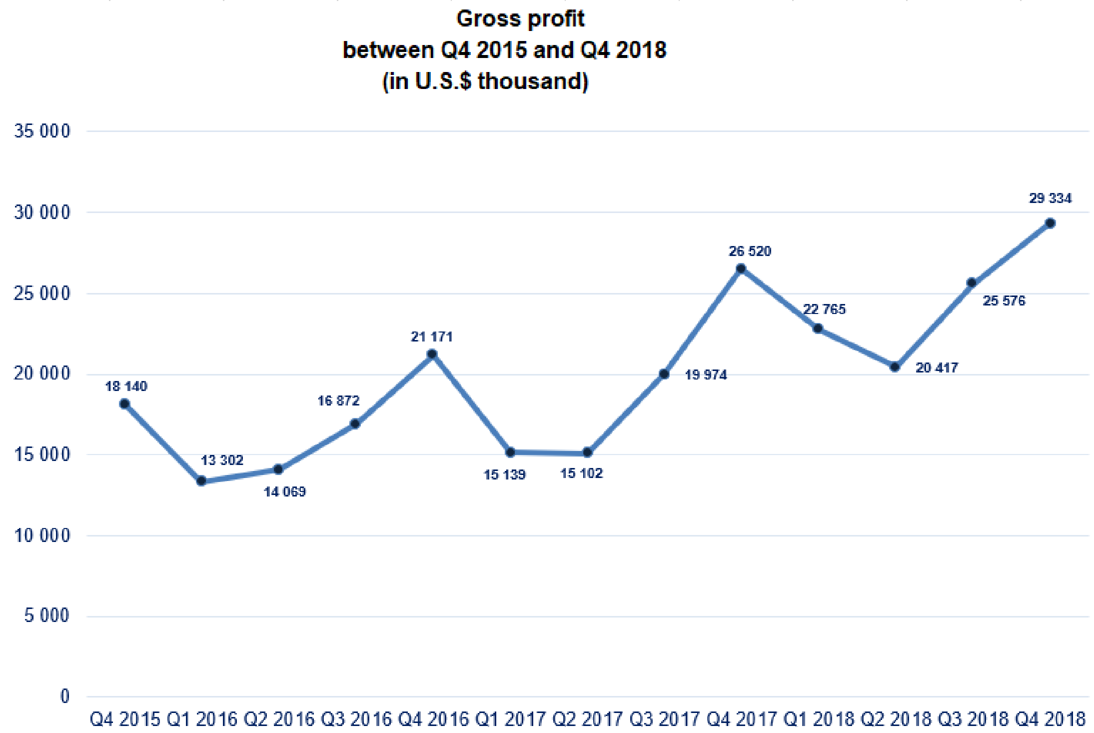
- **Revenues**: In Q4 2018 revenues increased by 5.4% to U.S. $ 571,046 from U.S. $ 541,794 in Q4 2017. Revenues in Q1-Q4 2018 increased by 39.4% to U.S. $ 2,069,563 from U.S. $ 1,484,912 in Q1Q4 2017.



- **Gross profit**: In Q4 2018 and in Q1-Q4 2018 gross profit has increased strongly when compared to the corresponding periods of 2017.

  Gross profit in Q4 2018 has increased by 10.6% to U.S. $ 29,334 from U.S. $ 26,520 in Q4 2017.

  Gross profit in Q1-Q4 2018 increased by 27.8% to U.S. $ 98,093 from U.S. $ 76,736 in Q1-Q4 2017.



- **Gross profit margin**: has stabilized at a level above 4.7%.

  Gross profit margin in Q4 2018 has increased to 5.14% from 4.89% in Q4 2017. In Q4 2018 the gross profit margin has much improved, as compared to the previous quarters of 2018.

  Gross profit margin in Q1-Q4 2018 decreased to 4.74% from 5.17% in Q1-Q4 2017.

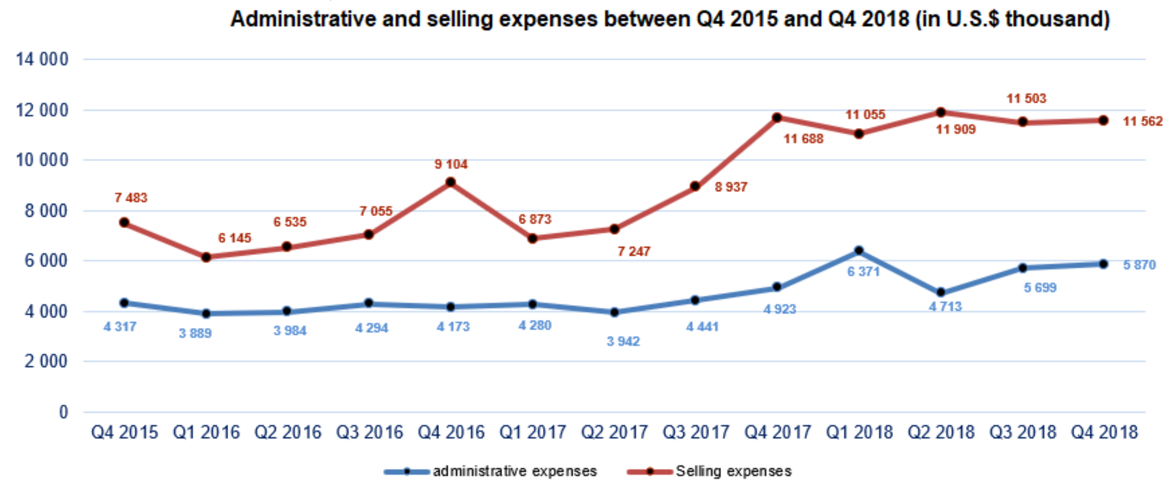
- **Selling expenses** largely comprise of salaries and benefits paid to sales employees (sales, marketing and logistics departments), marketing and advertising fees, commissions, and travelling expenses. Selling expenses usually grow together (but not in-line) with growing sales and, most importantly,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

  Selling expenses in Q4 2018 have decreased by 1.1% to U.S. $ 11,562 from U.S. $ 11,688 in Q4 2017.

  Selling expenses in Q1-Q4 2018 increased by 32.5% to U.S. $ 46,030 from U.S. $ 34,745 in Q1Q4 2017.

- **Administrative expenses** largely comprise of salaries and wages of administrative personnel and rent expense. Administrative expenses in Q4 2018 have increased by 19.2% to U.S. $ 5,870 from U.S. $ 4,923 in Q4 2017.

  Administrative expenses in Q1-Q4 2018 have increased by 28.8% to U.S. $ 22,653 from U.S. $ 17,585 in Q1-Q4 2017.



- **EBITDA**: In Q4 2018 EBITDA was positive and amounted to U.S. $ 12,583 in comparison to U.S. $ 10,487 in Q4 2017.

  EBITDA in Q1-Q4 2018 was positive and amounted to U.S. $ 31,978 in comparison to U.S. $ 26,642 in Q1-Q4 2017.

- **Net profit**: Because of growth in revenues and gross profit with expenses that remained under control, the Group continued to improve its net result both in Q4 2018 and in Q1-Q4 2018.

  In Q4 2018 net profit after taxation increased by 28.9% to U.S. $ 4,915 as compared to U.S.$ 3,813 in Q4 2017.

  In Q1-Q4 2018 the net profit after tax increased by 74.2% to U.S. $ 12,037 in comparison to U.S. $ 6,909 in Q1-Q4 2017.

Sales by regions and countries

The F.S.U. and the CEE regions traditionally contribute to the majority of our revenues. This has not changed in Q4 and in 12M of 2018. In Q4 2018 sales in the F.S.U increased by 13%, while in the CEE decreased slightly by 5%. As a result, sales in 12M 2018 in the F.S.U increased by 51%, while sales in the CEE increased by 16%. Following all the above-mentioned changes, the share of the F.S.U in our total revenues increased to 52.45% in 12M 2018 from 48.45% in 12M 2017.

The country-by-country analysis reveals a better understanding of the above-mentioned trends. Growth in the F.S.U resulted from a continuous improvement in Russia (+ 39.9% in Q4 2018 and + 52.7% in 12M 2018), in Belarus (+ 17.1% in Q4 2018 and +49.7% in 12M 2018). For Ukraine (-3.6% in Q4 2018 and + 40.8% in 12M 2018) and in Kazakhstan (-4.2% in Q4 2018 and + 34.8% in 12M 2018), the slight decrease of Q4 2018, were expected since they were based on very high numbers of previous periods.

At the same time, the decline in the CEE in Q4 2018 and robust growth in this region in 12M 2018 is the result of the trend in Slovakia (-3.7% in Q4 2018 and +12.1% in 12M 2018), in the Czech Republic (-10.1% in Q4 2018 and + 2.0% in 12M 2018) and in Romania (-13.7% in Q4 2018 and + 1.5% in 12M 2018) which was weak at the end of 2018. The MEA result is mainly determined by revenues in the UAE (-11.6% in Q4 2018 and + 34.8% in 12M 2018), while Western Europe was determined by the results of the Netherlands (2.1 % in Q4 2018 and + 64.7% in 12M 2018).

The tables below provide a geographical breakdown of sales in the three and twelve month periods ended 31 December 2018 and 2017(in U.S.$ thousands).

	Q4 2018		Q4 2017	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Former Soviet Union	308,638	54.05%	273,063	50.40%
Central and Eastern Europe	175,476	30.73%	184,121	33.98%
Middle East and Africa	42,885	7.51%	49,776	9.19%
Western Europe	36,438	6.38%	29,593	5.46%
Other	7,609	1.33%	5,241	0.97%
Total	**571,046**	**100%**	**541,794**	**100%**

	Q1-Q4 2018		Q1-Q4 2017	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Former Soviet Union	1,085,559	52.45%	719,388	48.45%
Central and Eastern Europe	575,107	27.79%	496,007	33.40%
Middle East and Africa	202,664	9.79%	162,610	10.95%
Western Europe	163,672	7.91%	93,666	6.31%
Other	42,561	2.06%	13,241	0.89%
Total	**2,069,563**	**100%**	**1,484,912**	**100%**

Revenue breakdown – Top 10 countries in Q4 2018 and Q4 2017 (in U.S. $ thousand)

	Q4 2018		Q4 2017	
	Country	Sales	Country	Sales
1.	Russia	95,081	Ukraine	98,628
2.	Ukraine	95,057	Russia	67,946
3.	Slovakia	63,130	Slovakia	65,567
4.	Kazakhstan	54,025	Kazakhstan	56,381
5.	Belarus	37,222	United Arab Emirates	34,639
6.	United Arab Emirates	30,618	Belarus	31,790
7.	Czech Republic	25,506	Czech Republic	28,386
8.	Romania	23,148	Romania	26,825
9.	The Netherlands	13,867	The Netherlands	13,578
10.	Bulgaria	11,536	Bulgaria	11,805
11.	Other	121,856	Other	106,251
	TOTAL	**571,046**	**TOTAL**	**541,794**

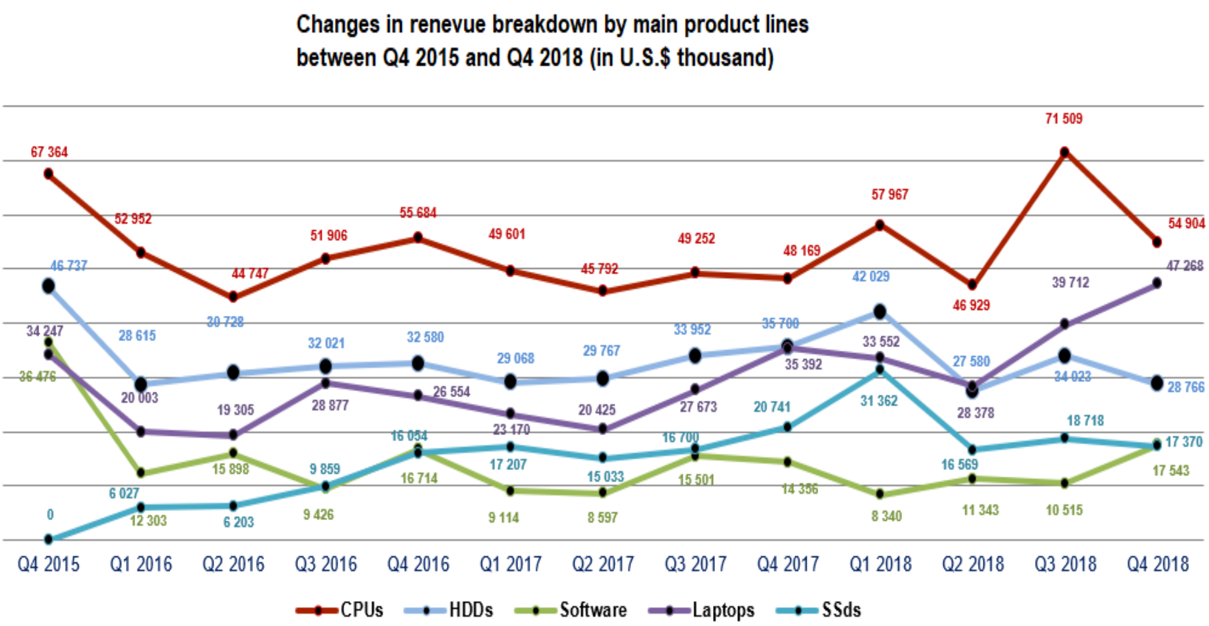
Revenue breakdown – Top 10 countries in Q1-Q4 2018 and Q1-Q4 2017 (in U.S. $ thousand)

	Q1-Q4 2018		Q1-Q4 2017	
	Country	Sales	Country	Sales
1.	Russia	369,040	Russia	241,724
2.	Ukraine	297,944	Ukraine	211,666
3.	Kazakhstan	198,803	Slovakia	170,921
4.	Slovakia	191,667	Kazakhstan	147,500
5.	United Arab Emirates	152,663	United Arab Emirates	113,269
6.	Belarus	119,377	Czech Republic	81,889
7.	Czech Republic	83,520	Belarus	79,748
8.	The Netherlands	72,718	Romania	70,177
9.	Romania	71,220	The Netherlands	44,144
10.	Hungary	35,104	Bulgaria	30,499
11.	Other	477,507	Other	293,378
	TOTAL	**2,069,563**	**TOTAL**	**1,484,912**

Sales by product lines

ASBIS remains the distributor of the first choice for many worldwide suppliers. During the 12M 2018, almost all major product lines of the Group have significantly grown as compared to the 12M 2017. All changes in our product portfolio comply with our main focus, which is the increase in margins and profitability.

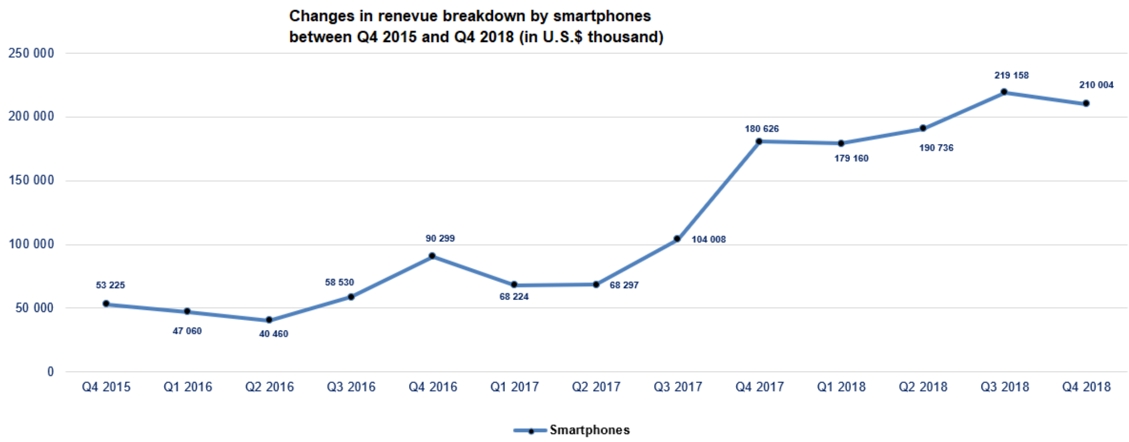
The chart below indicates the trends in sales per product line:



Growth in Q4 2018 sales was driven by strong growth in sales of PC desktop, accessories & multimedia, laptops and software, while in the 12M 2018 the main determinants of growth were smartphones, accessories & multimedia, PC desktop and laptops.

Sales of CPUs increased by 14% in Q4 2018 and by 20% in the 12M 2018. Sales of HDDs decreased by 19% in Q4 2018 but increased by 6% in the 12M 2018. In Q4 2018, revenues from software sales increased by 22% and by 0.4% in the 12M 2018. Sales of laptops increased by 34% in Q4 2018 and by 40% in the 12M 2018. Sales of SSD decreased by 16% in Q4 2018 but increased by 21% in 12M 2018.

The chart below indicates the trends in smartphones sales



Sales of smartphones, which is a key factor in sales growth, increased by 16% in Q4 2018 and by 90% in 12M 2018.

PC desktop business increased by 76% in Q4 2018 and by 59% in the 12M 2018. The tablet segment recorded a 6% decline in Q4 2018 but increased by 24% in 12M 2018.

Among other product lines, the Company recorded a positive trend in Q4 2018 and in the 12M 2018 on the sale of accessories and multimedia (+ 54% and + 79%) and flash memory (+ 2% and + 5%).

The table below sets a breakdown of revenues, by product lines, for Q4 2018 and Q4 2017 (in U.S. $ thousand):

	Q4 2018		Q4 2017	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Smartphones	210,004	36.78%	180,626	33.34%
Central processing units (CPUs)	54,904	9.61%	48,169	8.89%
Accessories & Multimedia	49,776	8.72%	32,321	5.97%
PC-mobile (laptops)	47,268	8.28%	35,392	6.53%
Servers and server blocks	29,023	5.08%	30,381	5.61%
Hard disk drives (HDDs)	28,766	5.04%	35,700	6.59%
Tablets	23,388	4.10%	24,915	4.60%
PC desktop	20,560	3.60%	11,707	2.16%
Software	17,543	3.07%	14,356	2.65%
SSD	17,370	3.04%	20,741	3.83%
Other	72,444	12.69%	107,486	19.84%
Total revenue	**571,046**	**100%**	**541,794**	**100%**

The table below sets a breakdown of revenues, by product lines, for Q1-Q4 2018 and Q1-Q4 2017 (in U.S. $ thousand):

	Q1-Q4 2018		Q1-Q4 2017	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Smartphones	799,059	38.61%	421,155	28.36%
Central processing units (CPUs)	231,308	11.18%	192,814	12.98%
PC-mobile (laptops)	148,910	7.20%	106,661	7.18%
Accessories & Multimedia	142,872	6.90%	79,800	5.37%
Hard disk drives (HDDs)	132,398	6.40%	125,487	8.45%
SSD	84,018	4.06%	69,681	4.69%
Servers and server blocks	80,967	3.91%	68,595	4.62%
Tablets	75,841	3.66%	61,186	4.12%
Memory modules (RAM)	54,964	2.66%	49,214	3.31%
Networking products	50,660	2.45%	46,537	3.13%
Other	268,566	12.98%	263,782	17.76%
Total revenue	**2,069,563**	**100%**	**1,484,912**	**100%**

Liquidity and Capital Resources

The Company has in the past funded its liquidity requirements, including ongoing operating expenses and capital expenditures and investments, for the most part, through operating cash flows, debt financing and equity financing. Cash flow for Q4 and for the 12 months of 2018 has been impacted by revenue growth, increased working capital utilization, dividend, and interim dividend payout. Nevertheless, the management team has managed to turn the full year cash from operations positive.

The following table presents a summary of cash flows for the twelve months ended December 31st, 2018 and 2017 (in U.S. $ thousand):

	Twelve months ended December 31st	
	2018	**2017**
Net cash inflows from operating activities	18,679	42,112
Net cash outflows from investing activities	(3,133)	(2,162)
Net cash outflows from financing activities	(3,370)	(553)
Net increase in cash and cash equivalents	12,176	39,396

Net cash inflows from operations

Net cash inflows from operations amounted to U.S. $ 18,679 for the twelve months ended December 31st, 2018, compared to inflows of U.S. $ 42,112 in the corresponding period of 2017.

Net cash outflows from investing activities

Net cash outflows from investing activities were U.S. $ 3,133 for the twelve months ended December 31st, 2018, compared to U.S. $ 2,162 in the corresponding period of 2017.

Net cash outflows from financing activities

Net cash outflows from financing activities were U.S. $ 3,370 for the twelve months ended December 31st, 2018, compared to outflows of U.S. $ 553 in the corresponding period of 2017.

Net increase in cash and cash equivalents

Because of increased working capital efficiency, improved revenues and dividend payments, in Q1-Q4 2018 cash and cash equivalents have increased by U.S. $ 12,176 compared to an increase of U.S. $ 39,396 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 vulnerability in the political and economic environment. The volatile 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 the 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 in 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 strategy to fully diversify our sales.

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 marketplaces. For the year to come, an increase in revenues will not be a primary target for the Group, since the focus will be mostly on profitability. 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 best 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 very big importance. The decrease observed in the 12M 2018 as compared to the corresponding period of 2017 was a result of high margins in comparable periods of the previous year, the efforts to gain additional market share in certain territories and some large volume transactions with low margin to certain customers in the 12M 2018.

The pace of growth in gross profit margins is hard to estimate, as the margins may remain under pressure, due to enhanced competition together with lower demand in a number of markets. It is quite important for the Group to manage its stock levels and refine its product portfolio in order to achieve optimum gross profit margins.

Currency volatilities

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

Ability of the Group to control expenses

Selling expenses in the 12M 2018 increased, as compared to the 12M 2018 because of increased revenues and gross profit and investments made in human capital in all regions of our operations. Increased expenses in the 12M 2018 were expected and budgeted for. We are still working on controlling expenses, which were visible in Q4 2018 where selling expenses decreased by 1.1% as compared to Q4 2017.

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. Such additions like Perenio, ATLANTECH and other VAD services, are promising a new stream of income for the Group.

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 extent.

Therefore, we have not faced any specific problems in this area in 2018. However, we need to be constantly overlooking and analyzing the situation to avoid any possible losses.

17. Information about important events that occurred after the period ended on December 31st, 2018 and before this report release

According to our best knowledge, in the period between December 31st, 2018 and February 27th, 2019 no events have occurred that could affect the Company's operations or its financial stability.

Part II Financial Information

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

Report and Interim Condensed Consolidated Financial Statements for the period ended December 31st, 2018

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ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2018

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018

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ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 DECEMBER 2018

	Note	For the three months ended 31 December 2018 US$	For the three months ended 31 December 2017 US$	For the twelve months ended 31 December 2018 US$	For the twelve months ended 31 December 2017 US$
Revenue	4,24	571,046,089	541,794,434	2,069,563,467	1,484,912,254
Cost of sales		(541,711,906)	(515,274,133)	(1,971,470,674)	(1,408,176,704)
Gross profit		29,334,183	26,520,301	98,092,793	76,735,550
Selling expenses		(11,562,311)	(11,688,150)	(46,029,534)	(34,744,737)
Administrative expenses		(5,869,904)	(4,922,715)	(22,652,834)	(17,584,652)
Profit from operations		11,901,968	9,909,436	29,410,425	24,406,161
Financial income	7	1,383,994	843,396	4,451,876	1,598,079
Financial expenses	7	(7,025,296)	(5,381,700)	(18,621,848)	(16,006,097)
Other gains and losses	5	(231,924)	(292,641)	(81,220)	(985,206)
Share of loss of equity-accounted investees	11	(7,996)	-	(29,602)	-
Profit before tax	6	6,020,746	5,078,491	15,129,631	9,012,937
Taxation	8	(1,105,696)	(1,265,407)	(3,092,365)	(2,104,227)
Profit for the period		4,915,050	3,813,084	12,037,266	6,908,710
Attributable to:					
Equity holders of the parent		4,903,614	3,834,320	12,037,670	6,955,821
Non-controlling interests		11,436	(21,236)	(404)	(47,111)
		4,915,050	3,813,084	12,037,266	6,908,710
		US$ cents	US$ cents	US$ cents	US$ cents
Earnings per share					
Basic and diluted from continuing operations		8.84	6.9	21.69	12.53

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 DECEMBER 2018

	For the three months ended 31 December 2018 US$	For the three months ended 31 December 2017 US$	For the twelve months ended 31 December 2018 US$	For the twelve months ended 31 December 2017 US$
Profit for the period	4,915,050	3,813,084	12,037,266	6,908,710
Other comprehensive income				
Exchange difference on translating foreign operations	(279,115)	569,098	(997,094)	3,165,187
Reclassification adjustments relating to foreign operations liquidated in the period	-	-	(153,609)	7,193
Other comprehensive (loss)/income for the period	(279,115)	569,098	(1,150,703)	3,172,380
Total comprehensive income for the period	4,635,935	4,382,182	10,886,563	10,081,090
Total comprehensive income attributable to:				
Equity holders of the parent	4,626,775	4,399,766	10,902,969	10,097,621
Non-controlling interests	9,160	(17,584)	(16,406)	(16,531)
	4,635,935	4,382,182	10,886,563	10,081,090

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	As at 31 December 2018 US$	As at 31 December 2017 US$
ASSETS			
Non-current assets			
Property, plant and equipment	9	25,250,316	24,533,220
Intangible assets	10	3,067,920	3,164,273
Financial assets at fair value through other comprehensive income	12	-	11,794
Equity-accounted investees	11	336,130	-
Goodwill	28	399,777	418,589
Deferred tax assets	21	133,093	227,615
Total non-current assets		29,187,236	28,355,491
Current assets			
Inventories	13	180,211,080	144,980,373
Trade receivables	14	174,579,610	238,192,248
Other current assets	15	16,859,358	18,127,273
Derivative financial asset	26	1,087,762	373,302
Current taxation	8	451,205	493,119
Cash at bank and in hand	27	101,425,123	93,401,246
Total current assets		474,614,138	495,567,561
Total assets		503,801,374	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		64,339,843	59,541,873
Equity attributable to owners of the parent		98,958,086	94,160,116
Non-controlling interests		275,262	307,690
Total equity		99,233,348	94,467,806
Non-current liabilities			
Long term borrowings	18	87,220	169,324
Other long term liabilities	19	577,985	369,341
Deferred tax liabilities	21	34,449	60,072
Total non-current liabilities		699,654	598,737
Current liabilities			
Trade payables		238,248,478	253,021,109
Other current liabilities	22	46,938,140	38,083,176
Short term borrowings	17	116,462,273	136,491,999
Derivative financial liability	25	357,693	739,587
Current taxation	8	1,861,788	520,638
Total current liabilities		403,868,372	428,856,509
Total liabilities		404,568,026	429,455,246
Total equity and liabilities		503,801,374	523,923,052

The financial statements were approved by the Board of Directors on 26 February 2019.

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Constantinos Tziamalis — **Director**

Marios Christou — **Director**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 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 year	-	-	-	-	6,955,821	6,955,821	(47,111)	6,908,710
Other comprehensive profit for the year	-	-	-	3,141,800	-	3,141,800	30,580	3,172,380
Payment of final dividend	-	-	-	-	(1,665,000)	(1,665,000)	-	(1,665,000)
Minority interest on establishment of new subsidiary	-	-	-	-	-	-	156,860	156,860
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 year	-	-	-	-	12,037,670	12,037,670	(404)	12,037,266
Other comprehensive loss for the year	-	-	-	(1,134,700)	-	(1,134,700)	(16,002)	(1,150,702)
Payment of final and interim dividend	-	-	-	-	(6,105,000)	(6,105,000)	-	(6,105,000)
Minority interest on establishment of new subsidiary	-	-	-	-	-	-	(16,022)	(16,022)
Balance at 31 December 2018	11,100,000	23,518,243	(14,247)	(11,333,743)	75,687,833	98,958,086	275,262	99,233,348

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2018

	Note	For the three months ended 31 December 2018 US$	For the three months ended 31 December 2017 US$	For the twelve months ended 31 December 2018 US$	For the twelve months ended 31 December 2017 US$
Profit for the period before tax and minority interest		6,020,746	5,078,491	15,129,631	9,012,937
Adjustments for:					
Exchange difference arising on consolidation		(185,214)	168,030	(689,202)	1,440,639
Depreciation of property, plant and equipment	9	425,308	400,593	1,562,478	1,519,640
Amortization of intangible assets	10	255,505	176,982	1,004,868	716,064
Impairment losses on intangible assets and goodwill	5	360,463	306,252	360,463	1,231,779
Provision for slow moving and obsolete stock		(1,105,688)	197,638	(1,483,096)	(2,501,694)
Share of loss of equity-accounted investees	11	7,996	-	29,602	-
(Profit)/loss from the sale of property, plant and equipment and intangible assets	5	(14,852)	1,476	(24,733)	(27,502)
Provision for bad debts and receivables written off		(3,017,312)	1,534,825	(2,256,044)	(2,106,575)
Bad debts recovered	5	(379)	2,391	(50,759)	(11,906)
Loss on disposal of financial assets through other comprehensive income		-	-	11,794	-
Interest received	7	(30,065)	(8,625)	(136,504)	(49,288)
Interest paid	7	1,228,637	1,062,958	4,317,245	4,075,271
Share based payments	7	-	(13)	-	-
Operating profit before working capital changes		3,945,145	8,920,998	17,775,743	13,299,365
Increase in inventories		(21,307)	(30,689,620)	(33,512,942)	(28,620,931)
Decrease/(increase) in trade receivables		27,243,577	(35,619,071)	65,919,441	(15,005,734)
Decrease/(increase) current assets		1,014,744	423,686	865,001	(430,932)
Increase/(decrease) in trade payables		12,348,737	96,789,821	(16,482,036)	50,982,817
(Decrease)/increase in other current liabilities		(14,638,749)	6,572,511	8,473,070	11,876,020
Increase in other non-current liabilities		72,324	6,691	208,644	55,866
(Decrease)/increase in factoring creditors		(5,546,669)	19,313,808	(18,694,472)	15,089,155
Cash inflows from operations		24,417,802	65,718,824	24,552,449	47,245,626
Interest paid	7	(1,228,637)	(1,062,958)	(4,317,245)	(4,075,271)
Taxation paid, net	8	(686,084)	(600,805)	(1,556,202)	(1,058,514)
Net cash inflows from operating activities		22,503,081	64,055,061	18,679,002	42,111,841

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2018

	Note	For the three months ended 31 December 2018 US$	For the three months ended 31 December 2017 US$	For the twelve months ended 31 December 2018 US$	For the twelve months ended 31 December 2017 US$
Cash flows from investing activities					
Purchase of intangible assets	10	(99,536)	(305,720)	(1,016,904)	(927,991)
Purchase of property, plant and equipment		162,200	(445,229)	(1,997,492)	(1,403,731)
Payment for purchase of investments in associate		96,383	5,123	110,857	120,376
Write-offs from sale of property, plant and equipment and intangible assets		(285,732)	-	(365,732)	-
Interest received	7	30,065	8,625	136,504	49,288
Net cash outflows from investing activities		(96,620)	(737,201)	(3,132,767)	(2,162,057)
Cash flows from financing activities					
Payment of final and interim dividend		(2,775,000)	-	(6,105,000)	(1,665,000)
Repayments of long term loans and long term obligations under finance lease		(32,778)	(53,445)	(82,104)	(1,014,783)
(Repayments)/proceeds of short term borrowings and short term obligations under finance lease		(3,324,053)	(6,161,196)	2,816,609	2,126,346
Net cash outflows from financing activities		(6,131,831)	(6,214,641)	(3,370,495)	(553,437)
Net increase in cash and cash equivalents		16,274,630	57,103,219	12,175,740	39,396,347
Cash and cash equivalents at beginning of the period		41,834,307	(11,170,023)	45,933,196	6,536,849
Cash and cash equivalents at end of the period	27	58,108,936	45,933,196	58,108,936	45,933,196

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

1. Incorporation and principal activities

ASBISC Enterprises Plc was incorporated in Cyprus on the 9th of November 1995 with limited liability. These condensed consolidated interim financial statements ("interim financial statements") as at and for the twelve months ended 31 December 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 of 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 26th of February 2019.

(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 twelve months ended 31 December 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 to 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 31 December 2018, its interim statement of profit or loss and other comprehensive income and its interim statement of cash flows for the twelve months ended 31 December 2018. Accordingly, the information presented for year ended 31 December 2017, has not been restated.

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	174,580	174,580
Derivative financial asset	Fair value – hedging instrument	Fair value – hedging instrument	1,088	1,088
Cash at bank and in hand	Loans and receivables	Amortized cost	101,425	101,425
Total financial assets			**277,093**	**277,093**

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 31 DECEMBER 2018

5. Other gains and losses

	For the three months ended 31 December 2018 US$	For the three months ended 31 December 2017 US$	For the twelve months ended 31 December 2018 US$	For the twelve months ended 31 December 2017 US$
Profit/(loss) on disposal of property, plant and equipment	14,852	(1,476)	24,733	27,502
Other income	116,812	163	161,043	66,083
Bad debts recovered	379	(2,391)	50,759	11,906
Rental income	(3,504)	17,315	42,708	82,227
Impairment loss on goodwill	(360,463)	(306,252)	(360,463)	(1,172,924)
	(231,924)	(292,641)	(81,220)	(985,206)

6. Profit before tax

	For the three months ended 31 December 2018 US$	For the three months ended 31 December 2017 US$	For the twelve months ended 31 December 2018 US$	For the twelve months ended 31 December 2017 US$
Profit before tax is stated after charging :				
(a) Amortization of intangible assets (Note 10)	255,505	176,982	1,004,868	716,064
(b) Depreciation (Note 9)	425,308	400,593	1,562,478	1,519,640
(c) Auditors' remuneration	95,957	117,652	377,666	391,875
(e) Directors' remuneration – executive (Note 29)	214,406	164,712	766,010	434,442
(e) Directors' remuneration – non-executive (Note 29)	572	592	2,368	2,278

7. Financial expense, net

	For the three months ended 31 December 2018 US$	For the three months ended 31 December 2017 US$	For the twelve months ended 31 December 2018 US$	For the twelve months ended 31 December 2017 US$
Financial income				
Interest income	30,065	8,625	136,504	49,288
Other financial income	1,353,929	678,324	4,315,372	1,548,791
Net exchange gain	-	156,447	-	-
	1,383,994	843,396	4,451,876	1,598,079
Financial expense				
Bank interest	1,228,637	1,062,958	4,317,245	4,075,271
Bank charges	782,265	605,498	2,257,343	1,645,104
Derivative charges	518,165	211,034	1,090,268	954,144
Factoring interest	1,904,867	2,189,114	6,496,547	6,616,210
Factoring charges	48,105	128,519	246,604	348,462
Other financial expenses	26,849	(7,567)	224,105	125,388
Other interest	712,974	1,192,144	2,772,637	2,072,289
Net exchange loss	1,803,434	-	1,217,099	169,229
	7,025,296	5,381,700	18,621,848	16,006,097
Net	(5,641,302)	(4,538,304)	(14,169,972)	(14,408,018)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

8. Tax

	For the twelve months ended 31 December 2018 US$	As at 31 December 2017 US$
Payable/(receivable) balance 1 January	27,519	(328,631)
Provision for the period/year	2,911,057	1,407,137
Under/(over) provision of prior year periods	120,938	(14,800)
Exchange difference on retranslation	(92,730)	22,327
Amounts paid, net	(1,556,202)	(1,058,514)
Net payable balance 31 December	1,410,583	27,519

	As at 31 December 2018 US$	As at 31 December 2017 US$
Tax receivable	(451,205)	(493,119)
Tax payable	1,861,788	520,638
Net	1,410,583	27,519

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

	For the three months ended 31 December 2018 US$	For the three months ended 31 December 2017 US$	For the twelve months ended 31 December 2018 US$	For the twelve months ended 31 December 2017 US$
Provision for the period	834,251	627,159	2,911,057	1,407,137
Under/(over) provision of prior years	111,075	20	120,938	(14,800)
Deferred tax charge (Note 21)	160,370	638,228	60,370	711,890
Charge for the period	1,105,696	1,265,407	3,092,365	2,104,227

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 31 DECEMBER 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	312,579	801,471	7,020	406,906	458,445	813,797	2,800,218
Disposals	(118,246)	(642,361)	-	(503,045)	(56,801)	(169,343)	(1,489,796)
Foreign exchange difference on retranslation	(579,744)	(197,229)	(156)	(74,437)	(87,371)	(102,414)	(1,041,351)
At 31 December 2018	24,819,360	6,746,236	416,200	2,122,962	2,892,527	3,588,458	40,585,743
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 year	390,066	574,105	44,481	250,083	69,213	234,530	1,562,478
Disposals	(118,246)	(642,361)	-	(503,045)	(56,801)	(169,343)	(1,489,796)
Foreign exchange difference on retranslation	(105,879)	(209,874)	(156)	(53,861)	(67,719)	(83,219)	(520,708)
At 31 December 2018	4,275,597	5,284,014	241,255	1,254,057	2,015,823	2,264,681	15,335,427
Net book value							
At 31 December 2018	20,543,763	1,462,222	174,945	868,905	876,704	1,323,777	25,250,316
At 31 December 2017	21,095,115	1,222,211	212,406	732,659	507,124	763,705	24,533,220

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

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	955,649	61,255	1,016,904
Disposals/ write-offs	(150,205)	(180,823)	(331,028)
Foreign exchange difference on retranslation	(54,871)	(11,853)	(66,724)
At 31 December 2018	9,745,466	2,383,729	12,129,195
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 year	725,310	279,558	1,004,868
Disposals/ write-offs	(150,205)	(94,699)	(244,904)
Foreign exchange difference on retranslation	(41,493)	(2,966)	(44,459)
At 31 December 2018	7,124,579	1,936,696	9,061,275
Net book value			
At 31 December 2018	2,620,887	447,033	3,067,920
At 31 December 2017	2,403,926	760,347	3,164,273

11. Equity-accounted investees

	As at 31 December 2018 US$	As at 31 December 2017 US$
Cost		
At 1 January	-	-
Increase in share capital (i)	365,732	-
At 31 December	365,732	-
Accumulated share of loss from equity-accounted investees		
At 1 January	-	-
Share of loss from equity-accounted investees during the year	(29,602)	-
At 31 December	(29,602)	-
Carrying amount of equity-accounted investees	336,130	-

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

(ii) In December 2018, the Group acquired 25% shareholding of LLC Avectis, for the consideration of US$ 285,732.

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 31 December 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 31 December 2018 US$	As at 31 December 2017 US$
Goods in transit	16,058,511	17,217,879
Goods held for resale	167,334,457	132,491,293
Provision for slow moving and obsolete stock	(3,181,887)	(4,728,799)
	180,211,081	144,980,373

Movement in provision for slow moving and obsolete stock

	As at 31 December 2018 US$	As at 31 December 2017 US$
On 1 January	4,728,799	7,128,737
Provisions for the period/year	1,843,518	403,105
Provided stock written off	(3,326,614)	(2,904,799)
Exchange difference	(63,816)	101,756
On 31 December	3,181,887	4,728,799

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

14. Trade receivables

	As at 31 December 2018 US$	**As at 31 December 2017 US$**
Trade receivables	178,124,830	244,427,686
Allowance for doubtful debts	(3,545,220)	(6,235,438)
	174,579,610	238,192,248

Movement in provision for doubtful debts:

	As at 31 December 2018 US$	**As at 31 December 2017 US$**
On 1 January	6,235,438	7,714,943
Provisions for the year	4,666,301	3,856,736
Amount written off as uncollectible	(6,922,346)	(5,963,311)
Bad debts recovered	(50,759)	(11,906)
Exchange difference on retranslation	(383,414)	638,976
On 31 December	3,545,220	6,235,438

15. Other current assets

	As at 31 December 2018 US$	**As at 31 December 2017 US$**
Deposits and advances to service providers	752,818	539,913
Employee floats	64,062	47,573
VAT and other taxes refundable	5,314,344	7,727,844
Other debtors and prepayments	10,728,134	9,811,943
	16,859,358	18,127,273

16. Share capital

	As at 31 December 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 31 December 2018 US$	As at 31 December 2017 US$
Bank overdrafts (Note 27)	43,316,187	47,468,050
Current portion of long term loans	114,212	298,609
Bank short term loans	25,825,986	22,819,311
Short term obligations under finance leases (Note 20)	60,607	66,276
Total short term debt	69,316,992	70,652,246
Factoring creditors	47,145,281	65,839,753
	116,462,273	136,491,999

Summary of borrowings and overdraft arrangements

The Group had, for the period ending 31 December 2018, cash lines (overdrafts, loans and revolving facilities) and factoring lines.

As at 31 December 2018 the Group enjoyed factoring facilities of US$ 117,369,000 (31 December 2017 US$ 139,661,000).

In addition, as at 31 December 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$ 89,745,000 (31 December 2017: US$ 75,791,000)
- short term loans/revolving facilities of US$ 40,803,000 (31 December 2017: US$ 36,322,000)
- bank guarantee and letters of credit lines of US$ 41,226,000 (31 December 2017: US$ 22,633,000)

The Weighted Average Cost of Debt (cash lines and factoring lines) for the period was 8.4% (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$ 26,649,000 (31 December 2017: US$ 17,583,000)

18. Long term borrowings

	As at 31 December 2018 US$	As at 31 December 2017 US$
Bank loans	45,201	156,825
Long term obligations under finance leases (Note 20)	42,019	12,499
	87,220	169,324

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

19. Other long term liabilities

	As at 31 December 2018 US$	As at 31 December 2017 US$
Pension provision	577,985	369,341

20. Finance leases

	As at 31 December 2018 US$	As at 31 December 2017 US$
Obligation under finance lease	102,626	78,775
Less: Amount payable within one year	(60,607)	(66,276)
Amounts payable within 2-5 years inclusive	42,019	12,499

21. Deferred tax

	For the twelve months ended 31 December 2018 US$	For the year ended 31 December 2017 US$
Debit balance on 1 January	(167,543)	(856,909)
Deferred tax charge for the year (Note 8)	60,370	711,890
Exchange difference on retranslation	8,529	(22,524)
At 31 December	(98,644)	(167,543)

	For the twelve months ended 31 December 2018 US$	For the year ended 31 December 2017 US$
Deferred tax assets	(133,093)	(227,615)
Deferred tax liabilities	34,449	60,072
Net deferred tax assets	(98,644)	(167,543)

22. Other current liabilities

	As at 31 December 2018 US$	As at 31 December 2017 US$
Accruals and deferred income	30,708,972	23,176,940
Salaries payable and related costs	1,112,374	1,176,671
VAT payable	7,111,106	8,822,098
Provision for warranties	4,016,307	2,580,305
Non-trade accounts payable	3,989,378	2,327,162
	46,938,137	38,083,176

23. Commitments and contingencies

As at the 31th of December 2018 the Group was committed in respect of purchases of inventories of a total cost value of US$ 9,365,000 (31 December 2017: US$ 2,218,000) which were in transit at 31 December 2018 and delivered in January 2019. 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 31th December 2018 the Group was contingently liable in respect of bank guarantees and letters of credit of US$ 41,226,000 (31 December 2017: US$ 22,633,000) which the Group has extended mainly to its suppliers.

As at the 31th December 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 31 December 2018 US$	For the three months ended 31 December 2017 US$	For the twelve months ended 31 December 2018 US$	For the twelve months ended 31 December 2017 US$
Former Soviet Union	308,637,551	273,063,315	1,085,558,480	719,388,144
Central Eastern Europe	175,475,683	184,120,663	575,107,260	496,006,671
Western Europe	36,438,227	29,593,236	163,672,319	93,666,442
Middle East & Africa	42,885,148	49,776,381	202,664,376	162,609,891
Other	7,609,480	5,240,839	42,561,032	13,241,106
	571,046,089	541,794,434	2,069,563,467	1,484,912,254

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

1.3 Segment results

	For the three months ended 31 December 2018 US$	For the three months ended 31 December 2017 US$	For the twelve months ended 31 December 2018 US$	For the twelve months ended 31 December 2017 US$
Former Soviet Union	6,613,816	4,456,578	15,998,951	11,400,600
Central Eastern Europe	2,909,338	3,520,990	7,807,998	9,416,494
Western Europe	499,311	226,387	1,474,287	726,678
Middle East & Africa	1,400,465	1,479,625	3,019,650	2,525,503
Other	479,038	-	1,109,539	336,886
Profit from operations	11,901,968	9,909,436	29,410,425	24,406,161
Net financial expenses	(5,641,302)	(4,538,304)	(14,169,972)	(14,408,018)
Share of loss form equity-accounted investees	(7,996)	-	(29,602)	-
Other gains and losses	(231,924)	(292,641)	(81,220)	(985,206)
Profit before taxation	6,020,745	5,078,491	15,129,630	9,012,937

1.4 Segment capital expenditure (CAPEX)

	As at 31 December 2018 US$	As at 31 December 2017 US$
Former Soviet Union	5,914,415	4,372,717
Central Eastern Europe	11,794,076	12,502,008
Middle East & Africa	2,970,594	3,084,118
Unallocated	8,038,928	8,157,239
	28,718,013	28,116,082

1.5 Segment depreciation and amortization

	For the three months ended 31 December 2018 US$	For the three months ended 31 December 2017 US$	For the twelve months ended 31 December 2018 US$	For the twelve months ended 31 December 2017 US$
Former Soviet Union	168,659	98,726	512,698	370,459
Central Eastern Europe	138,853	186,371	620,622	722,425
Middle East & Africa	41,807	50,491	184,819	199,161
Unallocated	331,494	241,989	1,249,207	943,659
	680,813	577,577	2,567,346	2,235,704

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

24. Operating segments (continued)

1.6 Segment assets

	As at 31 December 2018 US$	As at 31 December 2017 US$
Former Soviet Union	240,879,815	232,984,691
Central Eastern Europe	161,982,723	177,942,005
Western Europe	32,261,905	34,503,594
Middle East & Africa	31,247,554	45,286,320
Total	466,371,997	490,716,610
Assets allocated in capital expenditure (1.4)	28,718,013	28,116,082
Other unallocated assets	8,711,364	5,090,360
Consolidated assets	503,801,374	523,923,052

25. Derivative financial liability

	As at 31 December 2018 US$	As at 31 December 2017 US$
Derivative financial liabilities carried at fair value through profit or loss		
Foreign currency derivative contracts	357,693	739,587

26. Derivative financial asset

	As at 31 December 2018 US$	As at 31 December 2017 US$
Derivative financial assets carried at fair value through profit or loss		
Foreign currency derivative contracts	1,087,762	373,302

27. Cash and cash equivalents

	As at 31 December 2018 US$	As at 31 December 2017 US$
Cash at bank and in hand	101,425,123	93,401,246
Bank overdrafts (Note 17)	(43,316,187)	(47,468,050)
	58,108,936	45,933,196

The cash at bank and in hand balance includes an amount of US$ 26,649,000 (31 December 2017: US$ 17,818,000) which represents pledged deposits against financial facilities granted and margin accounts for foreign exchange hedging.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

28. Goodwill

	As at 31 December 2018 US$	As at 31 December 2017 US$
At 1 January	418,589	1,255,204
Additions	360,463	-
Goodwill written off (note ii)	(360,463)	(1,172,924)
Foreign exchange difference on retranslation	(18,812)	336,309
At 31 December (note i)	399,777	418,589

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

	As at 31 December 2018 US$	As at 31 December 2017 US$
ASBIS d.o.o. (BA) (formerly Megatrend D.O.O. Sarajevo)	399,777	418,589
	399,777	418,589

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

	As at 31 December 2018 US$	As at 31 December 2017 US$
iPoint Kazakhstan LLP	(360,463)	-
SHARK Computers a.s.	-	(1,172,924)
	(360,463)	(1,172,924)

29. Transactions and balances of key management

	For the three months ended 31 December 2018 US$	For the three months ended 31 December 2017 US$	For the twelve months ended 31 December 2018 US$	For the twelve months ended 31 December 2017 US$
Director's remuneration - executive (Note 6)	214,406	164,712	766,010	434,442
Director's remuneration - non-executive (Note 6)	572	592	2,368	2,278
	214,978	165,304	768,378	436,720

30. Business combinations

Acquisitions of subsidiaries to 31 December 2018

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

Name of entity	Type of operations	Date acquired	% acquired	% owned
ASBIS Cloud Ltd	Information Technology	09 February 2018	15%	100%
ASBC KAZAKHSTAN LLP	Information Technology	13 August 2018	100%	100%
Atlantech Ltd	Information Technology	26 December 2018	100%	100%

Disposals of subsidiaries to 31 December 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%
EUROMALL CZ s.r.o.	Information Technology	21 November 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	85%	85%

Disposals of subsidiaries to 31 December 2017

During the period 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).