INTERIM REPORT
FOR THE THREE AND TWELVE MONTHS ENDED
31 DECEMBER 2019

Limassol, February 27th, 2020

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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 2019. 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 most 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 part of our revenue is comprised of sales of IT products under our private labels: Prestigio, Canyon Perenio and Atlantech.

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 26 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 2019.

In the three-month period ended December 31, 2019, we continued focusing on the implementation of our strategic areas, i.e. the development of a product portfolio which encompasses all major segments of the industry as well as strengthening of ASBIS competences in sectors that are promising, i.e. solutions and IT services for corporate clients.

In the course of the three and twelve-month period ended December 31, 2019, we improved gross profit margin in comparison to the corresponding periods in 2018, which is the result of the strong efforts of the management team to develop its product portfolio by adding new product lines with higher gross profit margins.

In the course of the twelve-month period ended December 31, 2019, despite the fact that the Company’s strategy was to focus mostly on profitability we managed to generate almost similar revenues as compared to those achieved in 2018 - a record-breaking in the whole history of ASBIS.

We are very pleased with the results achieved not only in Q4 2019 but also in the whole of 2019. Our results have exceeded all our expectations.

The principal events of the three months ended 31 December 2019 were as follows (in U.S. $ thousand):

- Revenues in Q4 2019 increased by 16.3% to U.S. $ 663,966 from U.S. $ 571,046 in Q4 2018.
- Gross profit in Q4 2019 increased by 18.6% to U.S. $ 34,788 from U.S. $ 29,334 in Q4 2018.
- Gross profit margin in Q4 2019 improved and reached 5.24% as compared to 5.14% in Q4 2018.

- Selling expenses in Q4 2019 increased by 6.4% to U.S. $ 12,304 from U.S. $ 11,562 in Q4 2018.

- Administrative expenses in Q4 2019 increased by 46.2% to U.S. $ 8,579 from U.S. $ 5,870 in Q4 2018.

- EBITDA in Q4 2019 was significantly higher year-on-year and reached 14,872 as compared to U.S. $ 12,583 in Q4 2018, a strong improvement of 18.2%.

- Because of strong growth in revenues, in gross profit and controlled expenses, in Q4 2019 the Company has enormously improved its net profit after taxation by 63.4% to U.S. $ 8,030 as compared to U.S.$ 4,915 in Q4 2018.

- In Q4 2019, net cash inflows from operations amounted to U.S.$ 55,491 as compared to net cash inflows of U.S.$ 22,503 in Q4 2018.

  The following table presents revenues breakdown by regions for the three month period ended December 31st, 2019 and 2018 respectively (in U.S.$ thousands):

Region	Q4 2019	Q4 2018	Change %
Former Soviet Union	382,875	308,638	24%
Central and Eastern Europe	172,333	175,476	-2%
Middle East and Africa	55,455	42,885	29%
Western Europe	41,258	36,438	13%
Other	12,045	7,609	58%
Grand Total	**663,966**	**571,046**	**16%**

The principal events of the twelve months ended 31 December 2019 were as follows (in U.S.$ thousands):

- Revenues in Q1-Q4 2019 declined by 7.5% to U.S. $ 1,914,881 from U.S. $ 2,069,563 in Q1-Q4 2018.

- Gross profit in Q1-Q4 2019 increased by 6.2% to U.S. $ 104,146 from U.S. $ 98,093 in Q1-Q4 2018.

- Gross profit margin in Q1-Q4 2019 much improved to 5.44% from 4.74% in Q1-Q4 2018.

- Selling expenses in Q1-Q4 2019 decreased by 6.8% to U.S. $ 42,913 from U.S. $ 46,030 in Q1-Q4 2018

- Administrative expenses in Q1-Q4 2019 grew by 24.3% to U.S. $ 28,147 from U.S. $ 22,653 in Q1-Q4 2018.

- EBITDA in Q1-Q4 2019 amounted to U.S. $ 37,117 in comparison to U.S. $ 31,978 in Q1-Q4 2018, a strong improvement of 16.1%.

- Because of strong growth in gross profit and controlled expenses, in Q1-Q4 2019 the net profit after tax improved significantly by 26.6% to U.S. $ 15,239 in comparison to U.S. $ 12,037 in Q1-Q4 2018.

- In Q1-Q4 2019, net cash inflows from operations amounted to U.S.$ 29,491 as compared to net cash inflows of U.S.$ 18,679 in Q1-Q4 2018 and it is considered as a significant achievement for the Group, taking into account the second highest revenues in ASBIS history.

The following table presents revenues breakdown by regions for the twelve month periods ended December 31st, 2019 and 2018 respectively (in U.S.$ thousands):

Region	Q1-Q4 2019	Q1-Q4 2018	Change %
Former Soviet Union	1,024,436	1,085,559	-6%
Central and Eastern Europe	505,974	575,107	-12%
Middle East and Africa	217,855	202,664	7%
Western Europe	127,464	163,672	-22%
Other	39,152	42,561	-8%
Grand Total	**1,914,881**	**2,069,563**	**-7%**

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, 2019 and 2018, 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, 2018, that is: 1 US$ = 3.7597 PLN and 1 EUR = 4.3000 PLN and December 31st, 2019, that is: 1 US$ = 3.7977 PLN and 1 EUR = 4.2585 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, 2018, that is 1 US$ = 3.7844 PLN and 1 EUR = 4.3072 PLN and October 1st to December 31st, 2019, that is 1 US$ = 3.8480 PLN and 1 EUR = 4.2813 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, 2018, that is 1 US$ = 3.6227 PLN and 1 EUR = 4.2669 PLN and January 1st to December 31st, 2019, that is 1 US$ = 3.8440 PLN and 1 EUR = 4.3018 PLN.

	Period from 1 October to 31 December 2019			Period from 1 October to 31 December 2018		
	USD	**PLN**	**EUR**	**USD**	**PLN**	**EUR**
Revenue	**663,966**	**2,554,919**	**596,767**	**571,046**	**2,161,047**	**501,725**
Cost of sales	(629,178)	(2,421,056)	(565,500)	(541,712)	(2,050,037)	(475,952)
Gross profit	**34,788**	**133,863**	**31,267**	**29,334**	**111,011**	**25,773**
Selling expenses	(12,304)	(47,345)	(11,059)	(11,562)	(43,755)	(10,158)
Administrative expenses	(8,579)	(33,012)	(7,711)	(5,870)	(22,214)	(5,157)
Profit from operations	**13,905**	**53,506**	**12,498**	**11,902**	**45,042**	**10,457**
Financial expenses	(5,625)	(21,645)	(5,056)	(7,025)	(26,585)	(6,172)
Financial income	1,435	5,522	1,290	1,384	5,238	1,216
Other gains and losses	(28)	(108)	(25)	(232)	(878)	(204)
Share of (loss)profit from associates	(8)	(31)	(7)	(8)	(30)	(7)
Profit before taxation	**9,679**	**37,244**	**8,699**	**6,021**	**22,786**	**5,290**
Taxation	(1,648)	(6,341)	(1,481)	(1,106)	(4,186)	(972)
Profit after taxation	**8,031**	**30,903**	**7,218**	**4,915**	**18,600**	**4,318**
Attributable to:						
Non-controlling interest	5	19	4	11	42	10
Equity holders of the parent	**8,026**	**30,880**	**7,213**	**4,904**	**18,559**	**4,309**

	Period from 1 October to 31 December 2019			Period from 1 October to 31 December 2018		
	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	14.46	55.64	13.00	8.84	33.45	7.77

	USD	**PLN**	**EUR**	**USD**	**PLN**	**EUR**
Net cash inflows/(outflows) from operating activities	55,491	213,528	49,875	22,503	85,160	19,771
Net cash inflows/(outflows) from investing activities	(775)	(2,982)	(697)	(97)	(367)	(85)
Net cash inflows/(outflows) from financing activities	(10,614)	(40,842)	(9,540)	(6,132)	(23,206)	(5,388)
Net increase/(decrease) in cash and cash equivalents	**44,102**	**169,703**	**39,639**	**16,275**	**61,591**	**14,299**
Cash at the beginning of the period	**34,204**	**131,616**	**30,742**	**41,834**	**158,315**	**36,756**
Cash at the end of the period	**78,306**	**301,319**	**70,381**	**58,109**	**219,906**	**51,055**

	As at 31 December 2019			As at 31 December 2018		
	USD	**PLN**	**EUR**	**USD**	**PLN**	**EUR**
Current assets	599,470	2,276,607	534,603	474,614	1,784,406	414,978
Non-current assets	33,318	126,532	29,713	29,187	109,734	25,520
Total assets	**632,788**	**2,403,139**	**564,316**	**503,801**	**1,894,141**	**440,498**
Liabilities	524,593	1,992,247	467,828	404,568	1,521,054	353,734
Equity	108,194	410,888	96,487	99,233	373,086	86,764

	Period from 1 January to 31 December 2019			Period from 1 January to 31 December 2018		
	USD	PLN	EUR	USD	PLN	EUR
Revenue	**1,914,881**	**7,360,707**	**1,711,093**	**2,069,563**	**7,497,458**	**1,757,114**
Cost of sales	(1,810,735)	(6,960,375)	(1,618,030)	(1,971,471)	(7,142,097)	(1,673,831)
Gross profit	**104,146**	**400,332**	**93,062**	**98,093**	**355,364**	**83,284**
Selling expenses	(42,913)	(164,955)	(38,346)	(46,030)	(166,754)	(39,081)
Administrative expenses	(28,147)	(108,196)	(25,151)	(22,653)	(82,066)	(19,233)
Profit from operations	**33,086**	**127,181**	**29,565**	**29,410**	**106,544**	**24,970**
Financial expenses	(17,662)	(67,892)	(15,782)	(18,622)	(67,462)	(15,811)
Financial income	3,488	13,408	3,117	4,452	16,128	3,780
Other gains and losses	(33)	(127)	(29)	(81)	(293)	(69)
Negative goodwill and goodwill written off, net	111	427	99	0	0	0
Share of (loss)/profit from associates	(25)	(96)	(22)	(30)	(109)	(25)
Profit before taxation	**18,965**	**72,901**	**16,947**	**15,130**	**54,812**	**12,846**
Taxation	(3,725)	(14,319)	(3,329)	(3,092)	(11,201)	(2,625)
Profit after taxation	**15,239**	**58,578**	**13,617**	**12,037**	**43,607**	**(10,220)**
Attributable to:						
Non-controlling interests	(17)	(65)	(15)	0	0	0
Equity holders of the parent	**15,256**	**58,643**	**13,632**	**12,038**	**43,607**	**10,221**

	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	27.49	105.67	24.56	21.69	78.58	18.42

	USD	PLN	EUR	USD	PLN	EUR
Net cash inflows from operating activities	29,491	113,362	26,352	18,679	67,669	15,859
Net cash outflows from investing activities	(3,641)	(13,996)	(3,254)	(3,133)	(11,350)	(2,660)
Net cash outflows from financing activities	(5,653)	(21,730)	(5,051)	(3,370)	(12,209)	(2,861)
Net increase in cash and cash equivalents	**20,197**	**77,636**	**18,048**	**12,176**	**44,110**	**10,338**
Cash at the beginning of the period	**58,109**	**223,368**	**51,925**	**45,933**	**166,403**	**38,998**
Cash at the end of the period	**78,306**	**301,004**	**69,972**	**58,109**	**210,513**	**49,336**

4. Organization of ASBIS Group

The following table presents our corporate structure as at December 31st, 2019:

Company	Consolidation Method
ASBISC Enterprises PLC	**Mother**
Asbis Ukraine Limited (Kiev, Ukraine)	Full (100%)
Asbis PL Sp.z.o.o (Warsaw, Poland)	Full (100%)
Asbis Poland Sp. z o.o. (Warsaw, Poland)	Full (100%)

Asbis Romania S.R.L (Bucharest, Romania)	Full (100%)
Asbis Cr d.o.o (Zagreb, Croatia)	Full (100%)
Asbis d.o.o Beograd (Belgrade, Serbia)	Full (100%)
Asbis Hungary Commercial Limited (Budapest, Hungary)	Full (100%)
Asbis Bulgaria Limited (Sofia, Bulgaria)	Full (100%)
Asbis CZ,spoI.s.r.o (Prague, Czech Republic)	Full (100%)
UAB Asbis Vilnius (Vilnius, Lithuania)	Full (100%)
Asbis Slovenia d.o.o (Trzin, Slovenia)	Full (100%)
Asbis Middle East FZE (Dubai, U.A.E)	Full (100%)
Asbis SK sp.l sr.o (Bratislava, Slovakia)	Full (100%)
FPUE Automatic Systems of Business Control (Minsk, Belarus)	Full (100%)
E.M. Euro-Mall Ltd (former ISA Hardware Limited–Group) (Limassol, Cyprus)	Full (100%)
OOO ‘Asbis’-Moscow (Moscow, Russia)	Full (100%)
Asbis Morocco Limited (Casablanca, Morocco)	Full (100%)
Prestigio Plaza Sp. z o.o in liquidation (Warsaw, Poland)	Full (100%)
Prestigio Plaza Ltd (formerly Prestigio Technologies) (Limassol, Cyprus)	Full (100%)
Perenio IoT spol. s.r.o. (Prague, Czech Republic) (former Prestigio Europe s.r.o)	Full (100%)
Asbis Kypros Ltd (Limassol, Cyprus)	Full (100%)
Asbis TR Bilgisayar Limited Sirketi (Istanbul, Turkey)	Full (100%)
“ASBIS BALTICS” SIA (Riga, Latvia)	Full (100%)
Asbis d.o.o. (former Megatrend d.o.o.) (Sarajevo, Bosnia Herzegovina)	Full (90%)
ASBIS Close Joint-Stock Company (former CZAO ASBIS) (Minsk, Belarus)	Full (100%)
ASBIS Kazakhstan LLP (Almaty, Kazakhstan)	Full (100%)
Euro-Mall SRO (Bratislava, Slovakia)	Full (100%)
Prestigio China Corp. (former AOSBIS TECHNOLOGY (SHENZHEN) CORP.)	Full (100%)
ASBIS DE GMBH, (Munchen, Germany)	Full (100%)
EUROMALL BULGARIA EOOD (Sofia, Bulgaria)	Full (100%)
Advanced Systems Company LLC (Riyadh, Kingdom of Saudi Arabia)	Full (100%)
SHARK Computers a.s. (merged with SHARK ONLINE a.s.) (Bratislava, Slovakia)	Full (100%)
E-vision Production Unitary Enterprise (Minsk, Belarus)	Full (100%)
ASBIS SERVIC Ltd (Kiev, Ukraine)	Full (100%)
I ON Ltd (Kiev, Ukraine)	Full (100%)
ASBC MMC LLC (Baku, Azerbaijan)	Full (65.85%)
ASBC KAZAKHSTAN LLP (Almaty, Kazakhstan)	Full (100%)
Atlantech Ltd (Ras Al Khaimah, U.A.E)	Full (100%)
LLC Vizuatika (Minsk, Belarus)	Full (75%)
LLC Vizuators (Minsk, Belarus)	Full (75%)
ASBC LLC (Tblisi, Georgia)	Full (100%)
ALC Avectis (Minsk, Belarus)	Full (100%)
OOO Avectis (former Aksiomtech) (Moscow, Russia)	Full (100%)
Private Educational Institution “Center of excellence in Education for executives and specialists in Information Technology” (Minsk, Belarus)	Full (100%)
OOO Must (Moscow, Russia)	Full (100%)

5. Changes in the structure of the Company

During the three months ended December 31st, 2019 there was the following change in the structure of the Company and the Group:

- On November 27th, 2019, OOO IT Training (Minsk, Belarus) has been merged with ASBIS Close Joint-Stock Company (Minsk, Belarus), transferred all assets, liabilities and equity and finally has been liquidated.

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

On March 27th, 2019, the Company announced its official financial forecast for 2019 which assumed revenues between US$ 1,70 billion and 1,90 billion and net profit after tax between US$ 8.5 and US$ 10 million. On November 18th, 2019, the Company upgraded its forecast with net profit after tax between US$ 13 and US$ 14 million.

Having seen Q1-Q4 2019 results, it is clear that the Company not only delivered but also exceeded the upgraded forecasted numbers.

7. Information on the dividend payment

On November 28th, 2019, the Company's Board of Directors decided for payment of an interim dividend, from 2019 profits. The interim dividend of US$ 0.06 cents per share has been paid out on December 19th, 2019. The interim dividend record date was December 9th, 2019.

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)	274,389	0.49%	274,389	0.49%
Free-float	34,782,484	62.67%	34,782,484	62.67%
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 6th, 2019 (the date of the publication of the Interim Report for Q3 2019) and the date of this report.

Information on buy-back program realization:

On August 13th, 2019, the Company started to execute the buy-back program which was approved by the Extraordinary General Meeting of Shareholders held on 15th of July 2019. According to the resolution, the Board of Directors has been authorized to buy-back up to 500,000 shares for a maximum of USD 300,000.

Till the date of publication of this report, the Company purchased under the current buy-back program 258,000 of own shares. Thus, together with the own shares purchased in the past years at the amount of 16,389, the Company holds in total 274,389 of own shares.

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, 2019 as well as for the period between November 6th, 2019 (the date of the publication of the Interim Report for Q3 2019) and February 27th, 2020 (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%
Tasos A. Panteli	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, 2019 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, 2019 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, 2019 to support its subsidiaries' local financing, amounted to U.S.$ 194,343. The total bank guarantees and letters of credit raised by the Group (mainly to Group suppliers) as at December 31st, 2019 was U.S.$ 41,266 – as per note number 16 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, 2019, 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 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. In 2019 approximately 50% of our revenues were denominated in U.S. dollars, while the balance is denominated in Euro, Ruble, UAH, KZT and other currencies, certain of which are linked to the Euro. Our trade payable balances are principally (about 80%) denominated in U.S. dollars. In addition, approximately half of our operating expenses are denominated in U.S. dollars and the other half in Euro or other currencies, certain of which are linked to the Euro. As a result, reported results are affected by movements in exchange rates, particularly in the exchange rate of the U.S. dollar against the Euro and other currencies of the countries in which we operate, including the Russian Ruble, the Ukrainian Hryvnia, the Czech Koruna, the Polish Zloty, the Croatian Kuna, the Kazakhstani Tenge and the Hungarian Forint.

In particular, a strengthening of the U.S. dollar against the Euro and other currencies of the countries in which we operate may result in a decrease in revenues and gross profit, as reported in U.S. dollars, and foreign exchange loss relating to trade receivables and payables, which would have a negative impact on our operating and net profit despite a positive impact on our operating expenses. On the other hand, a devaluation of the U.S. dollar against the Euro and other currencies of the countries in which we operate may have a positive impact on our revenues and gross profit, as reported in U.S. dollars, which would have a positive impact on operating and net profit despite a negative impact on our operating expenses. In addition, foreign exchange fluctuation between the U.S. dollar and the Euro or other currencies of the countries in which we operate may result in translation gains or losses affecting foreign exchange reserve. Furthermore, a major devaluation or depreciation of any such currencies may result in a disruption in the international currency markets and may limit the ability to transfer or to convert such currencies into U.S. dollars and other currencies.

Despite all efforts of the Company, there can be no assurance that fluctuations in the exchange rates of the Euro and/or other currencies of the countries in which we operate against the U.S. dollar will not have a material adverse effect on our business, financial condition and results of operations. Therefore, careful observation of the currency environment remains a crucial factor for our success.

Competition and price pressure

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

1. International IT and CE distributors with presence in all major markets we operate
2. Regional IT and CE distributors who cover mostly a region but are quite strong
3. Strong local distributors who focus mostly on a single market but 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.

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 favorable.

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 deliver higher gross profit margins.

Inventory obsolescence and price erosion

The Company is often required to buy components and finished products according to forecasted requirements and orders of its customers and in anticipation of market demand. The market for IT finished products and components is characterized by rapid changes in technology and short product shelf life, and, consequently, inventory may rapidly become obsolete. Due to the fast pace of technological changes, the industry may sometimes face a shortage or, at other times, an oversupply of IT products. As the Company increases the scope of its business and, in particular, of inventory management for its customers, there is an increasing need to hold inventory to serve as a buffer in anticipation of the actual needs of the Company's customers. This increases the risk of inventory becoming devalued or obsolete and could affect the Company's profits either because prices for obsolete products tend to decline quickly, or as a result of the need to make provisions or even 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.

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 the majority of its revenue.
Despite all efforts to secure our revenues, certain countries remained non-insured (Ukraine and Belarus) therefore is very important for us to ensure that we find other sources of securities which help us minimizing our credit risk. The Board of Directors decided to enhance risk management procedures. These do not guarantee that all issues will be avoided, however, 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 profitability and sales last year.

However, there are many uncertainties about the world economy following turmoil 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 war between 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 two new own brands, Perenio - which includes the sales of smart home and smart security sensors and other products and Atlantech which aims to build an alternative servers' offering.
In order to keep quality under control and achieve 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 cannot predict if consumers decide to return significant amounts of products. This situation has much improved in 2018 and in the course of the twelve months of 2019.
This risk has negatively affected our results in the past when certain ODMs have not honored their contractual obligations on products with epidemic failure.
The Group is undertaking all possible steps towards ensuring proper compensation of past expenses.
In the same time, in an effort to avoid such problems in the future, a much more scrutinized selection of suppliers is currently in place, which, however, does not guarantee the 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 expensive. 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 increased financing cost in these countries and this may limit our efforts to further decrease our average cost of debt.
In the course of Q4 2019, we have experienced a stable cost of financing in the F.S.U. and this is reflected in our overall financial cost. A significant year-on-year reduction in the Weighted Average Cost of Debt («WACD») has been achieved due to lower US Libor rates and an overall decrease in the margin paid to financial institutions.

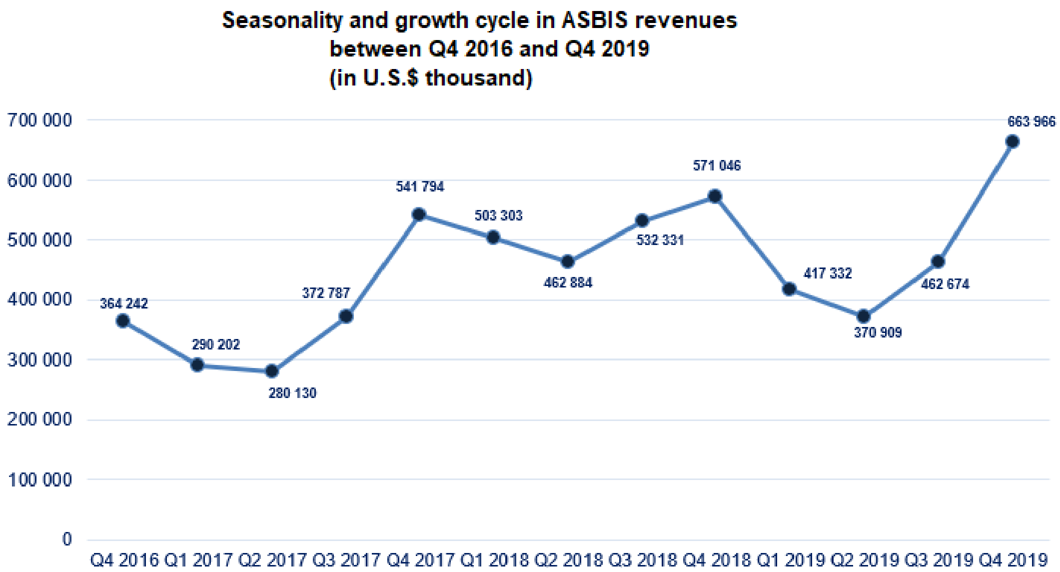
Environmental and Climate Changes
In terms of transition risks that arise from the transition to a low-carbon and climate-resilient economy we may face the following risks: policy and legal risks (there may be laws or policies put in place that may require more environmentally cautious approach to raw materials and land use), technology risks (changes in technology used to produce IT equipment) – these both may lead to growing prices in terms of IT equipment and solutions. We may also face market risk with consumers switching to more energy efficient appliances or making more savvy purchases to limit their own impact on environment. We will monitor these trends and introduce the latest hardware for our customers. We may also face reputational risks with difficulties in attracting customers, business partners and employees if we do not take strong enough actions against climate changes. In terms of physical risks resulting from climate changes we may face both acute and chronic risks. Acute physical risks may arise from weather-related events in the form of floods, fires or droughts that may damage factories in certain regions, cause factories to limit or temporarily stop their production or disrupt our supply chain in other ways. These may result in temporary limitations in our product offering or rising prices of hardware and components. Chronic physical risks i.e. risks that may result from long-term changes in the climate, may also affect ASBIS.

Growing temperatures worldwide may cause a need for more temperature-resilient hardware and appliances and may also result in more hardware malfunctions that may increase warranty claims.

Results of Operations (in U.S. $ thousands):

For the three and twelve-month periods ended December 31st, 2019 compared to the three and twelve-month periods ended December 2018:

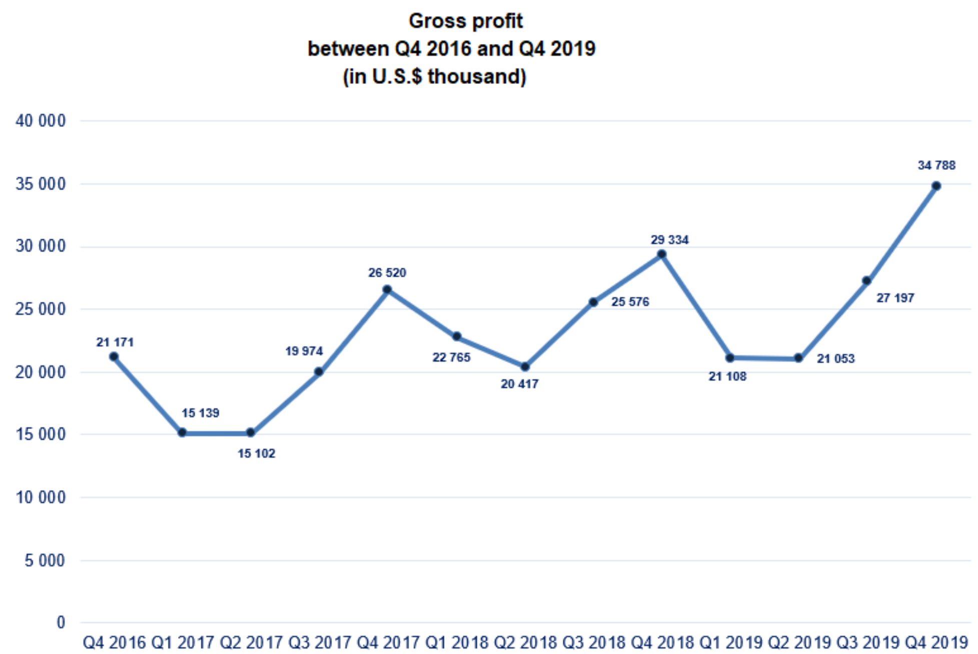
- **Revenues**: In Q4 2019 revenues increased by 16.3% to U.S. $ 663,966 from U.S. $ 571,046 in Q4 2018. Revenues in Q1-Q4 2019 decreased by 7.5% to U.S. $ 1,914,881 from U.S. $ 2,069,563 in Q1-Q4 2018.



- **Gross profit**: In Q4 2019 and in Q1-Q4 2019 gross profit has significantly increased compared to the corresponding periods of 2018.

  Gross profit in Q4 2019 increased significantly by 18.6% to U.S. $ 34,788 from U.S. $ 29,334 in Q4 2018.

  Gross profit in Q1-Q4 2019 increased by 6.2% to U.S. $ 104,146 from U.S. $ 98,093 in Q1-Q4 2018.



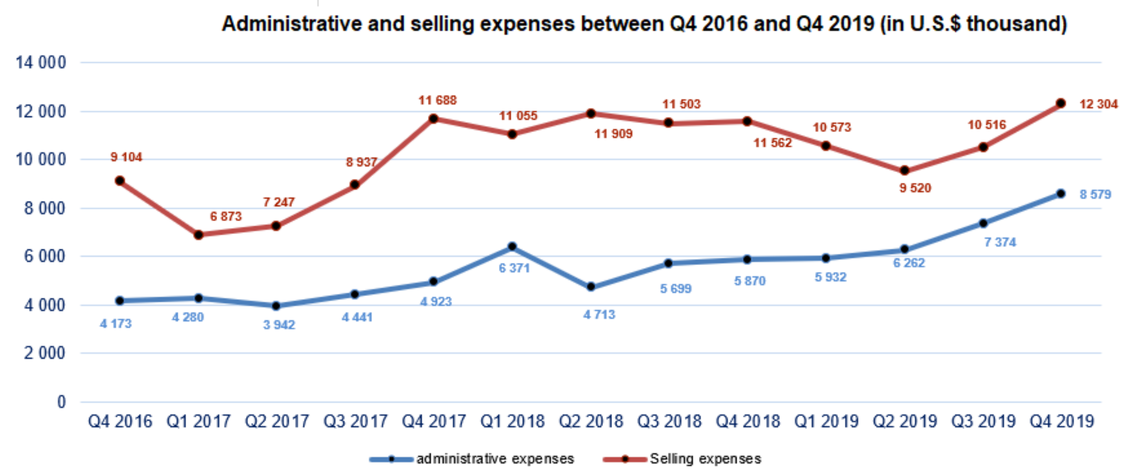
- **Gross profit margin**: Gross profit increased both in Q4 2019 and in Q1-Q4 2019 as compared to the corresponding periods of 2018.

  Gross profit margin in Q4 2019 increased to 5.24% from 5.14% in Q4 2018.
  Gross profit margin in Q1-Q4 2019 much increased to 5.44% from 4.74% in Q1-Q4 2018.

- **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 2019 increased by 6.4% to U.S. $ 12,304 from U.S. $ 11,562 in Q4 2018.
  Selling expenses in Q1-Q4 2019 decreased by 6.8% to U.S. $ 42,913 from U.S. $ 46,030 in Q1-Q4 2018.

- **Administrative expenses** largely comprise of salaries and wages of administrative personnel.
  Administrative expenses in Q4 2019 increased by 46.2% to U.S. $ 8,579 from U.S. $ 5,870 in Q4 2018.
  Administrative expenses in Q1-Q4 2019 increased by 24.3% to U.S. $ 28,147 from U.S. $ 22,653 in Q1-Q4 2018.



- **EBITDA**: In Q4 2019 EBITDA amounted to U.S. $ 14,872 in comparison to U.S. $ 12,583 in Q4 2018 (a strong improvement of 18.2%).

  EBITDA in Q1-Q4 2019 amounted to U.S. $ 37,117 in comparison to U.S. $ 31,978 in Q1-Q4 2018 (a strong improvement of 16.1%).

- **Net profit**: Because of growth in revenues and gross profit and expenses that remained under control, the Group continued to improve its net result both in Q4 2019 and in Q1-Q4 2019.

  In Q4 2019 net profit after taxation increased enormously by 63.4% to U.S. $ 8,030 as compared to U.S.$ 4,915 in Q4 2018.

  In Q1-Q4 2019 the net profit after tax increased significantly by 26.6% to U.S. $ 15,239 in comparison to U.S. $ 12,037 in Q1-Q4 2018.

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 either for Q4 or for the 12M of 2019. In Q4 2019 sales in the F.S.U increased by 24%, while in the CEE decreased slightly by 2%. Sales in the 12M of 2019 in the F.S.U and in the CEE decreased by 6% and 12% respectively. Following all the above-mentioned changes, the share of the F.S.U in our total revenues increased to 53.50% in the 12M 2019 from 52.45% in the 12M 2018.

Country-by-country analysis reveals a better understanding of the above-mentioned results. The increase in the F.S.U is a result of a trend in Russia (+10.2% in Q4 2019 and -4.6% in 12M 2019), Ukraine (+33.1% in Q4 2019 and +4.3% in 12M 2019), Kazakhstan (+56.5% in Q4 2019 and -12.0% in 12M 2019) and Belarus (+27.2% in Q4 2019 and +4.7% in 12M 2019). The increase of sales in the F.S.U. region was mostly driven by Apple new products sales and large projects delivered in December 2019.

At the same time, the drop in the CEE reflects the trend in Slovakia (+5.6% in Q4 2019 and -7.2% in 12M 2019) in the Czech Republic (-3.6% in Q4 2019 and -6.8% in 12M 2019) and in Romania (-26.3% in Q4 2019 and -22.6% in 12M 2019).

The MEA result is mainly determined by our revenues in UAE (+21.1% in Q4 2019 and -1.7% in 12M 2019).

Sales in Western Europe grew by 13.2% in Q4 2019 and dropped by 22.1% in 12M 2019 as compared to the corresponding periods of 2018.

The tables below provide a geographical breakdown of sales in the three and twelve month periods ended 31 December 2019 and 2018 (in U.S.$ thousands).

	Q4 2019		Q4 2018	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Former Soviet Union	382,875	57.66%	308,638	54.05%
Central and Eastern Europe	172,333	25.96%	175,476	30.73%
Middle East and Africa	55,455	8.35%	42,885	7.51%
Western Europe	41,258	6.21%	36,438	6.38%
Other	12,045	1.81%	7,609	1.33%
Total	**663,966**	**100%**	**571,046**	**100%**

	Q1-Q4 2019		Q1-Q4 2018	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Former Soviet Union	1,024,436	53.50%	1,085,559	52.45%
Central and Eastern Europe	505,974	26.42%	575,107	27.79%
Middle East and Africa	217,855	11.38%	202,664	9.79%
Western Europe	127,464	6.66%	163,672	7.91%
Other	39,152	2.04%	42,561	2.06%
Total	**1,914,881**	**100%**	**2,069,563**	**100%**

Revenue breakdown – Top 10 countries in Q4 2019 and Q4 2018 (in U.S. $ thousand)

	Q4 2019		Q4 2018	
	Country	Sales	Country	Sales
1.	Ukraine	126,534	Russia	95,081
2.	Russia	104,819	Ukraine	95,057
3.	Kazakhstan	84,575	Slovakia	63,130
4.	Slovakia	66,680	Kazakhstan	54,025
5.	Belarus	47,335	Belarus	37,222
6.	United Arab Emirates	37,089	United Arab Emirates	30,618
7.	Czech Republic	24,592	Czech Republic	25,506
8.	Poland	24,381	Romania	23,148
9.	The Netherlands	22,391	The Netherlands	13,867
10.	Romania	17,066	Bulgaria	11,536
11.	Other	108,504	Other	121,856
	TOTAL	**663,966**	**TOTAL**	**571,046**

Revenue breakdown – Top 10 countries in Q1-Q4 2019 and Q1-Q4 2018 (in U.S. $ thousand)

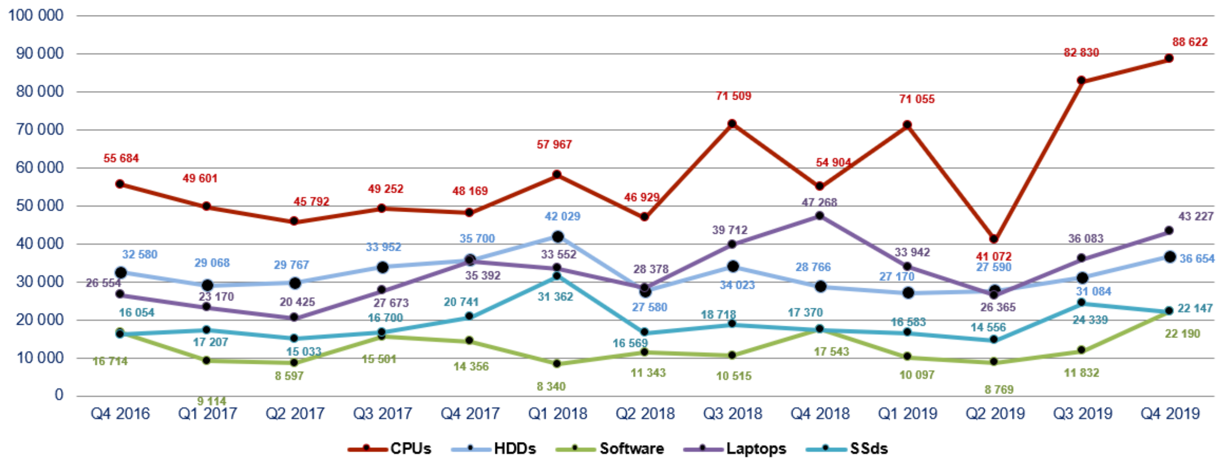
	Q1-Q4 2019		Q1-Q4 2018	
	Country	Sales	Country	Sales
1.	Russia	352,071	Russia	369,040
2.	Ukraine	310,763	Ukraine	297,944
3.	Slovakia	177,946	Kazakhstan	198,803
4.	Kazakhstan	175,023	Slovakia	191,667
5.	United Arab Emirates	150,010	United Arab Emirates	152,663
6.	Belarus	124,995	Belarus	119,377
7.	Czech Republic	77,803	Czech Republic	83,520
8.	Romania	55,109	The Netherlands	72,718
9.	The Netherlands	50,958	Romania	71,220
10.	Poland	49,783	Hungary	35,104
11.	Other	390,420	Other	477,507
	TOTAL	**1,914,881**	**TOTAL**	**2,069,563**

Sales by product lines

ASBIS remains the distributor of the first choice for many worldwide suppliers. During the Q4 2019, almost all major product lines of the Group have significantly grown as compared to Q4 2018. 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:

Changes in renevue breakdown by main product lines between Q4 2016 and Q4 2019 (in U.S.$ thousand)



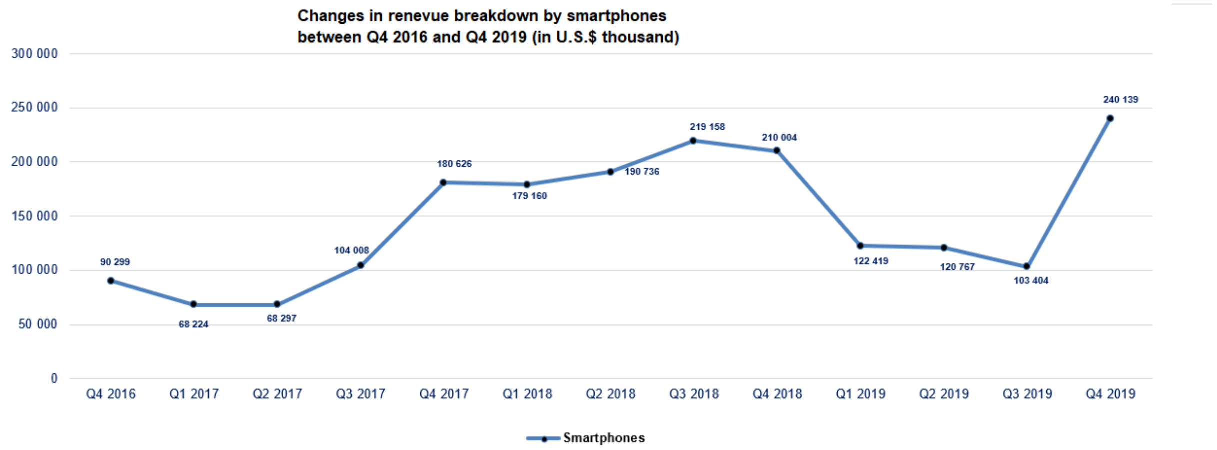
Strong growth in Q4 2019 sales was driven mainly by growth in sales of smartphones, CPUs and accessories & multimedia while in the 12M of 2019 the strongest growth in revenues were recorded on accessories & multimedia, CPUs and networking products (+44%, +23% and +15% respectively).

Sales of CPUs increased by 61% in Q4 2019 and by 23% in the 12M 2019. Sales of HDDs increased by 27% in Q4 2019 but decreased by 7% in the 12M 2019. In Q4 2019, revenues from software sales increased by 26% and by 11% in the 12M 2019. Laptops business shrunk by 9% in Q4 2019 and by 6% in the 12M 2019. Revenues from SSDs increased by 28% in Q4 2019 but decreased by 8% in 12M 2019.

PC desktop business dropped by 16% in Q4 2019 but increased by 3% in the 12M 2019. The tablet segment recorded a 12% decline in Q4 2019 and a 26% in 12M 2019.

Among other product lines, the Company recorded a positive trend in Q4 2019 and in the 12M of 2019 on the sale of accessories and multimedia (+ 32% and + 44%) and networking products (+ 21% and + 15%).

The chart below indicates the trends in smartphones sales



Sales of smartphones, which is the leader in of our revenues, significantly increased by 14% in Q4 2019 but declined by 27% in the 12M of 2019. This was the result of a quite positive reception of the newest Apple iPhone model launched at the end of 2019.

The table below sets a breakdown of revenues, by product lines, for Q4 2019 and Q4 2018 (in U.S. $ thousand)

	Q4 2019		Q4 2018	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Smartphones	240,139	36.17%	210,004	36.78%
Central processing units (CPUs)	88,622	13.35%	54,904	9.61%
Accessories & multimedia	65,598	9.88%	49,776	8.72%
PC-mobile (laptops)	43,227	6.51%	47,268	8.28%
Hard disk drives (HDDs)	36,654	5.52%	28,766	5.04%
Servers and server blocks	30,963	4.66%	29,023	5.08%
Software	22,190	3.34%	17,543	3.07%
SSD	22,147	3.34%	17,370	3.04%
Tablets	20,555	3.10%	23,388	4.10%
Networking products	18,948	2.85%	15,694	2.75%
Other	74,923	11.28%	77,310	13.54%
Total revenue	**663,966**	**100%**	**571,046**	**100%**

The table below sets a breakdown of revenues, by product lines, for Q1-Q4 2019 and Q1-Q4 2018

	Q1-Q4 2019		Q1-Q4 2018	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Smartphones	586,730	30.64%	799,059	38.61%
Central processing units (CPUs)	283,579	14.81%	231,308	11.18%
Accessories & multimedia	205,683	10.74%	142,872	6.90%
PC-mobile (laptops)	139,617	7.29%	148,910	7.20%
Hard disk drives (HDDs)	122,498	6.40%	132,398	6.40%
Servers and server blocks	89,681	4.68%	80,967	3.91%
SSD	77,625	4.05%	84,018	4.06%
Networking products	58,053	3.03%	50,660	2.45%
Tablets	55,959	2.92%	75,841	3.66%
Software	52,889	2.76%	47,741	2.31%
Other	242,567	12.67%	275,789	13.33%
Total revenue	**1,914,881**	**100%**	**2,069,563**	**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 2019 and for the 12 months of 2019 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 into positive.

The following table presents a summary of cash flows for the twelve months ended December 31st, 2019 and 2018 (in U.S. $ thousand):

	Twelve months ended December 31st	
	2019	**2018**
Net cash inflows from operating activities	29,491	18,679
Net cash outflows from investing activities	(3,641)	(3,133)
Net cash outflows from financing activities	(5,653)	(3,370)
Net increase in cash and cash equivalents	20,197	12,176

Net cash inflows from operations

Net cash inflows from operations amounted to U.S. $ 29,491 for the twelve months of 2019, compared to inflows of U.S. $ 18,679 in the corresponding period of 2018.

Net cash outflows from investing activities

Net cash outflows from investing activities were U.S. $ 3,641 for the twelve months of 2019, compared to U.S. $ 3,133 in the corresponding period of 2018.

Net cash outflows from financing activities

Net cash outflows from financing activities were U.S. $ 5,653 for the twelve months of 2019, compared to outflows of U.S. $ 3,370 in the corresponding period of 2018.

Net increase in cash and cash equivalents

Because of increased working capital efficiency and higher profitability, in Q1-Q4 2019 cash and cash equivalents have increased by U.S. $ 20,197 as compared to an increase of U.S. $ 12,176 in the corresponding period of 2018.

16. Factors which may affect our results in the future

Political and economic stability in Europe and our regions and trade wars across the globe

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. During last year, there have been significant tensions between the largest economies and this might adversely affect our results.

What is more important, we develop more markets in our regions with new product lines and our revenues and profitability should 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. It is of high importance to follow all developments and swiftly adapt to any significant changes arising.

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 few other countries. Russia and Ukraine 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 revenue breakdown. This follows the focus of the Group to its strong competencies and further development of the product portfolio at these marketplaces. In 2019, an increase in revenues was not a primary target for the Group, since the focus has been 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 an increased market share from weaker competitors.

The Group's ability to increase gross profit margins

The Group's ability to increase its gross profit margin is of a huge importance. The increase observed both in Q4 2019 and for the 12M of 2019 - as compared to the corresponding periods of 2018 - was a result of the current Company's strategy to focus mostly on high margin products.

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 several market we trade in. It is quite important for the Group to manage its stock levels and refine its product portfolio 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 2019. Therefore, the hedging strategy should be followed and further improved without any exception in the course of 2020 and going forward.

Ability of the Group to control expenses

Selling and administrative expenses increased in total in Q4 2019 by 19.8% and by 3.5% in the 12M of 2019 as compared to the corresponding periods of 2018. This was a result of increased revenues and gross profit and investments made in human capital in all regions of our operations. We consider cost control to be a significant factor towards delivering improved results going forward and it is very important that the Group is undertaking all necessary steps to further reduce its expenses.

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

Because of its size, geographical coverage and good relationship with vendors, the Company has managed to build an extensive product portfolio.

It is crucial for the Company to continue refining its product mix constantly by adding new product lines with higher gross (and net) profit margins to boost its profitability. Such additions like Perenio, Atlantech and other VAD products give a new stream of income with improved gross margin 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 increase costs. 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.

As a result, we have not faced any specific problems in this area in the 12M of 2019. However, we need to be constantly overlooking and analysing the situation to avoid any possible losses.

Spreading of the Covid-19 Virus in and outside China

During the recent weeks the spreading of the newly found virus in China has negatively affected the supply of major products from multiple suppliers. The closure of factories in the country has led to significant shortages in the markets we operate in and not only. Should this shortage continue, the results of the Group might be negatively affected, as the revenues might be decreased.

The Company is monitoring the evolution of the virus very closely and is ready to undertake measures to weather the situation.

17. Information about important events that occurred after the period ended on December 31st, 2019 and before this report release

On January 29th, 2020 ASBISc Enterprises Plc signed an agreement to acquire 40% of the share capital in CLEVETURA LLC with its registered office in Minsk (Belarus). The price for the purchased shares was USD 584,000.

There were no other events that occurred and could either affect the Company's operations or its financial stability in the period between December 31st, 2019 and February 27th, 2020.

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, 2019

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ASBISC ENTERPRISES PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 DECEMBER 2019
(in thousands of US$)

	Note	**For the three months ended 31 December 2019 US$**	**For the three months ended 31 December 2018 US$**	**For the twelve months ended 31 December 2019 US$**	**For the twelve months ended 31 December 2018 US$**
Revenue	4,23	663,966	571,046	1,914,881	2,069,564
Cost of sales		(629,178)	(541,712)	(1,810,735)	(1,971,471)
Gross profit		34,788	29,334	104,146	98,093
Selling expenses		(12,304)	(11,562)	(42,913)	(46,030)
Administrative expenses		(8,579)	(5,870)	(28,147)	(22,653)
Profit from operations		13,905	11,902	33,086	29,410
Financial income	7	1,435	1,384	3,488	4,452
Financial expenses	7	(5,625)	(7,025)	(17,662)	(18,622)
Other gains and losses	5	(28)	(232)	(33)	(81)
Share of loss of equity-accounted investees		(8)	(8)	(25)	(30)
Negative goodwill on acquisition of subsidiary		-	-	111	-
Profit before tax	6	9,679	6,021	18,965	15,129
Taxation	8	(1,648)	(1,106)	(3,725)	(3,092)
Profit for the period		8,031	4,915	15,240	12,037
Attributable to:					
Equity holders of the parent		8,026	4,904	15,257	12,037
Non-controlling interests		5	11	(17)	-
		8,031	4,915	15,240	12,037
		US$ cents	US$ cents	US$ cents	US$ cents
Earnings per share					
Basic and diluted from continuing operations		14.46	8.84	27.49	21.69

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE PERIOD ENDED 31 DECEMBER 2019

(in thousands of US$)

	For the three months ended 31 December 2019 US$	For the three months ended 31 December 2018 US$	For the twelve months ended 31 December 2019 US$	For the twelve months ended 31 December 2018 US$
Profit for the period	8,031	4,915	15,240	12,037
Other comprehensive income/(loss)				
Exchange difference on translating foreign operations	673	(279)	(38)	(997)
Reclassification adjustments relating to foreign operations liquidated in the period	-	-	10	(154)
Other comprehensive income/(loss) for the period	673	(279)	(28)	(1,151)
Total comprehensive income for the period	8,704	4,636	15,212	10,886
Total comprehensive income attributable to:				
Equity holders of the parent	8,694	4,627	15,234	10,903
Non-controlling interests	10	9	(22)	(16)
	8,704	4,636	15,212	10,886

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

(in thousands of US$)

	Note	As at 31 December 2019 US$	As at 31 December 2018 US$
ASSETS			
Non-current assets			
Property, plant and equipment	9	29,680	25,250
Intangible assets	10	2,593	3,068
Equity-accounted investees	11	227	336
Goodwill	27	591	400
Deferred tax assets	20	227	133
Total non-current assets		33,318	29,187
Current assets			
Inventories	12	266,039	180,211
Trade receivables	13	212,168	174,580
Other current assets	14	16,035	16,859
Derivative financial asset	25	945	1,088
Current taxation	8	595	451
Cash at bank and in hand	26	103,687	101,425
Total current assets		599,469	474,614
Total assets		632,787	503,801
EQUITY AND LIABILITIES			
Equity			
Share capital	15	11,100	11,100
Share premium		23,518	23,518
Retained earnings and other components of equity		73,323	64,340
Equity attributable to owners of the parent		107,941	98,958
Non-controlling interests		254	275
Total equity		108,195	99,233
Non-current liabilities			
Long-term borrowings	17	3,338	87
Other long-term liabilities	18	635	578
Deferred tax liabilities	20	511	34
Total non-current liabilities		4,484	699
Current liabilities			
Trade payables		321,277	208,145
Trade payables factoring facilities		29,106	30,104
Other current liabilities	21	59,036	46,938
Short-term borrowings	16	107,173	116,462
Derivative financial liability	24	2,082	358
Current taxation	8	1,434	1,862
Total current liabilities		520,108	403,869
Total liabilities		524,592	404,568
Total equity and liabilities		632,787	503,801

The financial statements were approved by the Board of Directors on 26th February 2020.

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Siarhei Kostevitch	**Marios Christou**
Director	**Director**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2019

(in thousands of US$)

	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 2018	11,100	23,518	(14)	(10,199)	69,755	94,160	308	94,468
Profit for the period 1 January 2018 to 31 December 2018	-	-	-	-	12,037	12,037	-	12,037
Other comprehensive loss for the period 1 January 2018 to 31 December 2018	-	-	-	(1,135)	-	(1,135)	(16)	(1,151)
Payment of final dividend	-	-	-	-	(6,105)	(6,105)	-	(6,105)
Acquisition of shares from non-controlling interests (note 29)	-	-	-	-	-	-	(16)	(16)
Balance at 31 December 2018	11,100	23,518	(14)	(11,334)	75,688	98,958	276	99,233
Profit/(loss) for the period 1 January 2019 to 31 December 2019	-	-	-	-	15,257	15,257	(17)	15,240
Other comprehensive loss for the period 1 January 2019 to 31 December 2019	-	-	-	(23)	-	(23)	(5)	(28)
Payment of final dividend	-	-	-	-	(6,089)	(6,089)	-	(6,089)
Acquisition of treasury shares	-	-	(162)	-	-	(162)	-	(162)
Balance at 31 December 2019	11,100	23,518	(176)	(11,357)	84,856	107,941	254	108,195

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2019

(in thousands of US$)

	Note	For the three months ended 31 December 2019 US$	For the three months ended 31 December 2018 US$	For the twelve months ended 31 December 2019 US$	For the twelve months ended 31 December 2018 US$
Profit for the period before tax and minority interest		9,679	6,021	18,965	15,129
Adjustments for:					
Exchange difference arising on consolidation		202	(184)	(850)	(690)
Depreciation of property, plant and equipment	9	828	425	2,998	1,562
Amortization of intangible assets	10	139	256	1,033	1,005
Impairment loss on intangible assets	5	174	360	315	360
Provision for slow moving and obsolete stock		225	(1,106)	554	(1,483)
Share of loss of equity-accounted investees		8	8	25	30
(Loss)/profit from the sale of property, plant and equipment and intangible assets	5	114	(15)	96	(25)
Provision for bad debts and receivables written off		(1,874)	(3,017)	(1,835)	(2,256)
Bad debts recovered	5	(77)	-	(80)	(51)
Impairment charge - investments in subsidiaries		-	-	-	12
Impairment of investments in associates		-	-	152	-
Interest received	7	(80)	(30)	(249)	(137)
Interest paid	7	1,156	1,229	4,643	4,317
Operating profit before working capital changes		10,494	3,947	25,767	17,774
Increase in inventories		(55,780)	(21)	(86,383)	(33,513)
(Increase)/decrease in trade receivables		(13,941)	27,244	(35,675)	65,919
Decrease in other current assets		1,014	1,015	967	865
Increase/(decrease) in trade payables		103,320	20,953	113,132	(10,162)
Increase/(decrease) in trade payables factoring facilities		3,084	(8,604)	(998)	(6,320)
Increase/(decrease) in other current liabilities		6,236	(14,639)	14,076	8,473
(Decrease)/increase in other non-current liabilities		(14)	72	57	209
Increase/(decrease) in factoring creditors		3,946	(5,547)	7,054	(18,694)
Cash inflows from operations		58,359	24,420	37,997	24,551
Interest paid	7	(1,156)	(1,229)	(4,643)	(4,317)
Taxation paid, net	8	(1,710)	(686)	(3,863)	(1,556)
Net cash inflows from operating activities		55,493	22,505	29,491	18,678

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2019
(in thousands of US$)

	Note	For the three months ended 31 December 2019 US$	For the three months ended 31 December 2018 US$	For the twelve months ended 31 December 2019 US$	For the twelve months ended 31 December 2018 US$
Cash flows from investing activities					
Purchase of intangible assets	10	(219)	(100)	(515)	(1,017)
Purchase of property, plant and equipment		(644)	162	(2,355)	(1,997)
Payment for purchase of investments in associates		-	96	-	111
Payment for purchase of investments in subsidiaries		-	-	(1,045)	-
Proceeds/(write-offs) from sale of property, plant and equipment and intangible assets		7	(286)	26	(366)
Interest received	7	80	30	249	137
Net cash outflows from investing activities		(776)	(97)	(3,640)	(3,132)
Cash flows from financing activities					
Acquisition of treasury shares		(41)	-	(162)	-
Payment of final dividend		(3,314)	(2,775)	(6,089)	(6,105)
Proceeds/(repayments) of long-term loans and long-term lease liabilities		380	(33)	332	(82)
(Repayments)/proceeds of short-term borrowings and short-term lease liabilities		(7,639)	(3,324)	265	2,817
Net cash outflows from financing activities		(10,614)	(6,132)	(5,654)	(3,370)
Net increase in cash and cash equivalents		44,103	16,275	20,197	12,176
Cash and cash equivalents at beginning of the period		34,204	41,834	58,109	45,933
Cash and cash equivalents at end of the period	26	78,307	58,109	78,306	58,109

1. Incorporation and principal activities

ASBISC Enterprises Plc was incorporated in Cyprus on 9 November 1995 with limited liability. These condensed consolidated interim financial statements ("interim financial statements") as at and for the twelve months ended 31 December 2019 comprise the interim financial statements of the Company and its subsidiaries (together referred to as the "Group"). The Group's and the Company's principal activity is the trading and distribution of computer hardware and software. The main shareholder of the Company is K.S. Holdings Limited, a company incorporated in Cyprus.

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

2. Basis of preparation

(a) Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for a complete set of IFRS financial statements and they should be read in conjunction with the audited financial statements for the year ended 31 December 2018. 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 2018.

This is the first set of Group's financial statements where IFRS 16 has 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 2020.

(b) Use of judgments and estimates

Preparing the interim financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2018, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 16 which are described in the Note 3.

3. Changes in 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 2019 are consistent with those followed for the preparation of the annual financial statements for the year 2018. 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 2019.

The Group has initially adopted IFRS 16 from 1 January 2019. A number of other new standards are effective from 1 January 2019, but they do not have to have a material effect on the Group's financial statements.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e., it is presented, as previously reported, under IAS 17 and related interpretations.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(in thousands of US$)

Changes in significant accounting policies (continued)

A. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining Whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leased under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group elected not to separate components and will instead account for the lease and non-lease components as a single lease component.

B. As a lessee

The Group leases land and buildings and motor vehicles. As a lessee, the Group previously classified leases as operating or finance leased based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on balance sheet. The Group presents lease liabilities in 'long term borrowings' and 'short term borrowings' in the statements of financial position.

(i) Significant accounting policies

The Group recognizes a right-of use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The lease is subsequently increased by the interest cost on the lease liability and decreased by lease payment made.

(ii) Transition date

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, the Group applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.

C. Impact on financial statements

(i) Impact on transition

On transition to IFRS 16, the Group recognized additional right-of-use assets and additional lease liabilities. The impact on transition is summarized below.

	1 January 2019 US$
Right-of-use assets presented in property, plant and equipment (Note 9)	4,493
Lease liabilities	4,493

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(in thousands of US$)

Changes in significant accounting policies (continued)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 7.2%.

(ii) Impact for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognized US$ 4,493 of right-of-use assets and US$ 4,493 of lease liabilities as at 31 December 2019.

Also, in relation to those leases under IFRS 16, the Group has recognized depreciation and interest costs, instead of operating lease expense. During the twelve months ended 31 December 2019, the Group recognized US$ 972 of depreciation charges and US$ 297 of interest costs from these leases.

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.

5. Other gains and losses

	For the three months ended 31 December 2019 US$	For the three months ended 31 December 2018 US$	For the twelve months ended 31 December 2019 US$	For the twelve months ended 31 December 2018 US$
(Loss)/profit on disposal of property, plant and equipment	(114)	15	(96)	25
Other income	304	117	404	160
Bad debts recovered	77	-	80	51
Rental income	31	(4)	46	43
Impairment - investments in associates	(152)	-	(152)	-
Impairment loss on goodwill	(174)	(360)	(315)	(360)
	(28)	(232)	(33)	(81)

6. Profit before tax

	For the three months ended 31 December 2019 US$	For the three months ended 31 December 2018 US$	For the twelve months ended 31 December 2019 US$	For the twelve months ended 31 December 2018 US$
Profit before tax is stated after charging:				
(a) Amortization of intangible assets (Note 10)	139	256	1,033	1,005
(b) Depreciation (Note 9)	828	425	2,998	1,562
(c) Auditors' remuneration	118	96	390	378
(d) Directors' remuneration – executive (Note 28)	179	214	654	766
(e) Directors' remuneration – non-executive (Note 28)	7	1	23	2

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(in thousands of US$)

7. Financial expense, net

	For the three months ended 31 December 2019 US$	For the three months ended 31 December 2018 US$	For the twelve months ended 31 December 2019 US$	For the twelve months ended 31 December 2018 US$
Financial income				
Interest income	80	30	249	137
Other financial income	1,355	1,354	3,239	4,315
	1,435	1,384	3,488	4,452
Financial expense				
Bank interest	1,156	1,229	4,643	4,317
Bank charges	894	782	2,736	2,257
Derivative charges	431	518	1,827	1,090
Interest on lease liabilities	88	-	297	-
Factoring interest	1,848	1,905	5,437	6,497
Factoring charges	101	48	315	247
Other financial expenses	2	27	22	224
Other interest	505	713	2,301	2,773
Net exchange loss	600	1,803	84	1,217
	5,625	7,025	17,662	18,622
Net	(4,190)	(5,641)	(14,174)	(14,170)

8. Tax

	As at 31 December 2019 US$	As at 31 December 2018 US$
Payable balance 1 January	1,411	28
Provision for the period/year	3,708	2,911
(Over)/under provision of prior year	(400)	121
Exchange difference on retranslation	(16)	(93)
Amounts paid, net	(3,863)	(1,556)
Net payable balance 31 December	839	1,411

	As at 31 December 2019 US$	As at 31 December 2018 US$
Tax receivable	(595)	(451)
Tax payable	1,434	1,862
Net	839	1,411

(in thousands of US$)

8. Tax (continued)

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

	For the three months ended 31 December 2019 US$	For the three months ended 31 December 2018 US$	For the twelve months ended 31 December 2019 US$	For the twelve months ended 31 December 2018 US$
Provision for the period	1,758	835	3,708	2,911
(Over)/under provision of prior years	(400)	111	(400)	121
Deferred tax charge (Note 20)	290	160	417	60
Charge for the period	1,648	1,106	3,725	3,092

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.

(in thousands of US$)

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 2018	25,205	6,784	409	2,294	2,578	3,046	40,316
Additions	313	801	7	407	458	814	2,800
Disposals	(118)	(642)	-	(503)	(57)	(169)	(1,489)
Foreign exchange difference on retranslation	(580)	(197)	-	(74)	(87)	(102)	(1,040)
At 31 December 2018	24,820	6,746	416	2,124	2,892	3,589	40,587
Adjustment on transition to IFRS 16	3,771	-	-	722	-	-	4,493
Additions	863	762	139	247	39	277	2,327
Disposals	(235)	(397)	(31)	(98)	(73)	(119)	(953)
Foreign exchange difference on retranslation	469	139	-	114	(52)	92	762
At 31 December 2019	29,688	7,250	524	3,109	2,806	3,839	47,216
Accumulated depreciation							
At 1 January 2018	4,109	5,561	196	1,561	2,071	2,283	15,781
Charge for the year	390	574	44	250	69	235	1,562
Disposals	(118)	(642)	-	(503)	(57)	(169)	(1,489)
Foreign exchange difference on retranslation	(106)	(210)	4	(54)	(68)	(83)	(517)
At 31 December 2018	4,275	5,283	244	1,254	2,015	2,266	15,337
Charge for the period	1,532	503	167	484	37	275	2,998
Disposals	(235)	(397)	(31)	(98)	(9)	(119)	(889)
Foreign exchange difference on retranslation	69	58	-	(5)	(22)	(10)	90
At 31 December 2019	5,641	5,447	380	1,635	2,021	2,412	17,536
Net book value							
At 31 December 2019	24,047	1,803	144	1,474	785	1,427	29,680
At 31 December 2018	20,545	1,463	172	870	877	1,323	25,250

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(in thousands of US$)

9. Property, plant and equipment (continued)

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	As at 31 December 2019 US$
Land and buildings	3,913
Motor vehicles	550
Total right-of-use assets	4,464

10. Intangible assets

	Computer software US$	**Patents and licenses US$**	**Total US$**
Cost			
At 1 January 2018	8,995	2,515	11,510
Additions	956	61	1,017
Disposals/ write-offs	(150)	(181)	(331)
Foreign exchange difference on retranslation	(55)	(12)	(67)
At 31 December 2018	9,746	2,383	12,129
Additions	514	1	515
Disposals/ write-offs	(112)	(1,100)	(1,212)
Foreign exchange difference on retranslation	(11)	(3)	(14)
At 31 December 2019	10,137	1,281	11,418
Accumulated amortization			
At 1 January 2018	6,590	1,756	8,346
Charge for the year	725	280	1,005
Disposals/ write-offs	(150)	(95)	(245)
Foreign exchange difference on retranslation	(41)	(4)	(45)
At 31 December 2018	7,124	1,937	9,061
Charge for the period	802	231	1,033
Disposals/ write-offs	(112)	(1,043)	(1,155)
Foreign exchange difference on retranslation	(114)	-	(114)
At 31 December 2019	7,700	1,125	8,825
Net book value			
At 31 December 2019	2,437	156	2,593
At 31 December 2018	2,622	446	3,068

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(in thousands of US$)

11. Equity-accounted investees

	As at 31 December 2019 US$	As at 31 December 2018 US$
Cost		
At 1 January	366	-
Additions (i), (ii), (iii)	227	366
Full acquisition of investment in associate (iv), (v)	(319)	-
At 31 December	274	366
Accumulated share of loss from equity-accounted investees		
At 1 January	(30)	-
Share of loss from equity-accounted investees during the year	(25)	(30)
Exchange difference	8	-
At 31 December	(47)	(30)
Carrying amount of equity-accounted investees	227	336

(i) In April 2019, the Group acquired 50% shareholding of Redmond Europe Ltd, for the consideration of US$ 227.
(ii) In April 2018, the Group acquired 40% shareholding of iSpace LLC, for the consideration of US$ 80.
(iii) In December 2018, the Group acquired 25% shareholding of ALC Avectis, for the consideration of US$ 286.
(iv) In July 2019, the Group acquired the remaining 60% shareholding of iSpace LLC, for the consideration of US$ 260.
(v) In July 2019, the Group acquired the remaining 75% shareholding of ALC Avectis, for the consideration of US$ 288.

12. Inventories

	As at 31 December 2019 US$	As at 31 December 2018 US$
Goods in transit	50,309	16,059
Goods held for resale	219,459	167,334
Provision for slow moving and obsolete stock	(3,729)	(3,182)
	266,039	180,211

Movement in provision for slow moving and obsolete stock

	As at 31 December 2019 US$	As at 31 December 2018 US$
On 1 January	3,182	4,729
Provisions for the year	1,361	1,844
Provided stock written-off	(807)	(3,327)
Exchange difference	(7)	(64)
On 31 December	3,728	3,182

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(in thousands of US$)

13. Trade receivables

	As at 31 December 2019 US$	As at 31 December 2018 US$
Trade receivables	213,825	178,125
Allowance for doubtful debts	(1,657)	(3,545)
	212,168	174,580

Movement in provision for doubtful debts:

	As at 31 December 2019 US$	As at 31 December 2018 US$
On 1 January	3,545	6,236
Provisions for the year	904	4,666
Amount written-off as uncollectible	(2,739)	(6,922)
Bad debts recovered	(80)	(51)
Exchange difference	27	(384)
On 31 December	1,657	3,545

14. Other current assets

	As at 31 December 2019 US$	As at 31 December 2018 US$
Deposits and advances to service providers	733	753
Employee floats	584	64
VAT and other taxes refundable	7,900	5,314
Other debtors and prepayments	6,818	10,728
	16,035	16,859

15. Share capital

	As at 31 December 2019 US$	As at 31 December 2018 US$
Authorized		
63,000,000 (2018: 63,000,000) shares of US$ 0.20 each	12,600,000	12,600,000
Issued and fully paid		
55,500,000 (2018: 55,500,000) ordinary shares of US$ 0.20 each	11,100,000	11,100,000

(in thousands of US$)

16. Short-term borrowings

	As at 31 December 2019 US$	As at 31 December 2018 US$
Bank overdrafts (Note 26)	25,380	43,316
Current portion of long-term loans	176	114
Bank short-term loans	26,089	25,826
Short term obligations under finance leases (Note 19)	1,329	61
Total short-term debt	52,974	69,317
Factoring creditors	54,199	47,145
	107,173	116,462

Summary of borrowings and overdraft arrangements

As at 31 December 2019 the Group enjoyed factoring facilities of US$ 107,485 (31 December 2018 US$ 117,369).

In addition, the Group as at 31 December 2019 had the following financing facilities with banks in the countries that the Company and its subsidiaries are operating:

- overdraft lines of US$ 94,997 (31 December 2018: US$ 89,745)
- short-term loans/revolving facilities of US$ 53,270 (31 December 2018: US$ 40,803)
- bank guarantee and letters of credit lines of US$ 41,266 (31 December 2018: US$ 41,226)

The Group had for the period ending 31 December 2019 cash lines (overdrafts, loans and revolving facilities) and factoring lines.

The Weighted Average Cost of Debt (cash lines and factoring lines) for the period was 7.6% (for 2018: 8.1%).

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$ 27,485 (31 December 2018: US$ 26,649)

17. Long-term borrowings

	As at 31 December 2019 US$	As at 31 December 2018 US$
Bank loans	35	45
Long-term lease liabilities (Note 19)	3,303	42
	3,338	87

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(in thousands of US$)

18. Other long-term liabilities

	As at 31 December 2019 US$	As at 31 December 2018 US$
Pension provision	635	578

19. Lease liabilities

	As at 31 December 2019 US$	As at 31 December 2018 US$
Current lease liabilities (Note 16)	1,329	61
Non-current lease liabilities (Note 17)	3,303	42
	4,632	103

20. Deferred tax

	As at 31 December 2019 US$	As at 31 December 2018 US$
Debit balance on 1 January	(99)	(168)
Deferred tax charge for the year (Note 8)	417	60
Exchange difference on retranslation	(34)	9
At 31 December	284	(99)

	As at 31 December 2019 US$	As at 31 December 2018 US$
Deferred tax assets	(227)	(133)
Deferred tax liabilities	511	34
Net deferred tax assets	284	(99)

21. Other current liabilities

	As at 31 December 2019 US$	As at 31 December 2018 US$
Salaries payable and related costs	2,406	1,112
VAT payable	6,332	7,111
Accruals and deferred income	40,381	30,069
Non-trade accounts payable	5,344	3,989
Provision for warranties	4,573	4,657
	59,036	46,938

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(in thousands of US$)

22. Commitments and contingencies

As at 31 December 2019 the Group was committed in respect of purchases of inventories of a total cost value of US$ 12,684 (31 December 2018: US$ 9,365) which were in transit at 31 December 2019 and delivered in January 2020. 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 31 December 2019 the Group was contingently liable in respect of bank guarantees and letters of credit of US$ 41,266 (31 December 2018: US$ 41,226) which the Group has mainly extended to its suppliers. The liabilities towards the Group's suppliers covered by these guarantees are reflected in the financial statements under trade payables.

As at the 31[th] December 2019 the Group had no other capital or legal commitments and contingencies.

23. Operating segments

1.1 Reportable segments

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

1.2 Segment revenues

	For the three months ended 31 December 2019 US$	For the three months ended 31 December 2018 US$	For the twelve months ended 31 December 2019 US$	For the twelve months ended 31 December 2018 US$
Former Soviet Union	382,875	308,638	1,024,436	1,085,558
Central Eastern Europe	172,333	175,476	505,974	575,107
Middle East & Africa	55,455	42,885	217,855	202,664
Western Europe	41,258	36,438	127,464	163,672
Other	12,045	7,609	39,152	42,563
	663,966	571,046	1,914,881	2,069,564

1.3 Segment results

	For the three months ended 31 December 2019 US$	For the three months ended 31 December 2018 US$	For the twelve months ended 31 December 2019 US$	For the twelve months ended 31 December 2018 US$
Former Soviet Union	5,354	6,614	16,411	15,999
Central Eastern Europe	2,641	2,909	9,839	7,808
Western Europe	1,140	499	2121	1,474
Middle East & Africa	4,175	1,400	3,980	3,020
Other	595	479	735	1,110
Profit from operations	13,905	11,902	33,086	29,410
Net financial expenses	(4,190)	(5,641)	(14,174)	(14,170)
Share of loss form equity-accounted investees	(8)	(8)	(25)	(30)
Negative goodwill and goodwill written off, net	-	-	111	-
Other gains and losses	(28)	(232)	(33)	(81)
Profit before taxation	9,679	6,021	18,965	15,130

(in thousands of US$)

23. Operating segments (continued)

1.4 Segment capital expenditure (CAPEX)

	As at 31 December 2019 US$	As at 31 December 2018 US$
Central Eastern Europe	12,946	11,794
Former Soviet Union	7,794	5,914
Middle East & Africa	3,318	2,971
Unallocated	8,806	8,039
	32,864	28,718

1.5 Segment depreciation and amortization

	For the three months ended 31 December 2019 US$	For the three months ended 31 December 2018 US$	For the twelve months ended 31 December 2019 US$	For the twelve months ended 31 December 2018 US$
Former Soviet Union	353	169	1,198	513
Central Eastern Europe	282	139	1,048	621
Middle East & Africa	62	42	215	185
Unallocated	181	331	1,205	1,248
	887	681	3,665	2,567

1.6 Segment assets

	As at 31 December 2019 US$	As at 31 December 2018 US$
Former Soviet Union	366,466	240,880
Central Eastern Europe	91,037	161,983
Middle East & Africa	45,356	31,248
Western Europe	74,246	32,262
Total	599,924	466,373
Assets allocated in capital expenditure (1.4)	32,864	28,718
Other unallocated assets	22,819	8,710
Consolidated assets	632,787	503,801

For the purposes of monitoring segment performance and allocating resources between segments only assets were allocated to the reportable segments. As the Group liabilities are mainly used jointly by the reportable segments, these were not allocated to each segment.

1.7 Geographical information

Since the Group’s operating segments are based on geographical location and this information has been provided above (1.2 – 1.6) no further analysis is included.

(in thousands of US$)

24. Derivative financial liability

	As at 31 December 2019 US$	As at 31 December 2018 US$
Derivative financial liabilities carried at fair value through profit or loss		
Foreign currency derivative contracts	2,082	358

25. Derivative financial asset

	As at 31 December 2019 US$	As at 31 December 2018 US$
Derivative financial assets carried at fair value through profit or loss		
Foreign currency derivative contracts	945	1,088

26. Cash and cash equivalents

	As at 31 December 2019 US$	As at 31 December 2018 US$
Cash at bank and in hand	103,687	101,425
Bank overdrafts (Note 16)	(25,380)	(43,316)
	78,307	58,109

The cash at bank and in hand balance includes an amount of US$ 27,485 (31 December 2018: US$ 26,649) which represents pledged deposits against financial facilities granted and margin accounts for foreign exchange hedging.

27. Goodwill

	As at 31 December 2019 US$	As at 31 December 2018 US$
At 1 January	400	419
Additions	515	360
Impairment loss (note ii)	(315)	(360)
Foreign exchange difference on retranslation	(9)	(19)
At 31 December (note i)	591	400

(in thousands of US$)

27. Goodwill (continued)

(i) The capitalized goodwill arose from the business combination of the following subsidiary:

	As at 31 December 2019 US$	As at 31 December 2018 US$
OOO Must	201	-
ASBIS d.o.o. (BA) (formerly Megatrend D.O.O. Sarajevo)	390	400
	591	400

(ii) The impairment loss on goodwill relates to the following cash generating units and subsidiaries:

	As at 31 December 2019 US$	As at 31 December 2018 US$
Vizuatika LLC	(13)	-
Vizuators LLC	(1)	-
OOO IT Training	(4)	-
OOO Aksiomtech	(123)	-
ASBC LLC	(174)	-
iPoint Kazakhstan LLP	-	-
	(315)	(360)

28. Transactions and balances of key management

	For the three months ended 31 December 2019 US$	For the three months ended 31 December 2018 US$	For the twelve months ended 31 December 2019 US$	For the twelve months ended 31 December 2018 US$
Director's remuneration - executive (Note 6)	179	214	654	766
Director's remuneration - non-executive (Note 6)	7	1	23	2
	186	215	677	768

(in thousands of US$)

29. Business combinations

1. Acquisitions

1.1.a. Acquisitions of subsidiaries to 31 December 2019

During the year, the Group has acquired 75% of the share capital of Vizuatika LLC and Vizuators LLC, the remaining 75% and 60% of the remaining share capital of ALC Avectis and ASBC LLC respectively and 100% of share capital of OOO Aksiomtech, OOO IT Training, OOO Must and Center of excellence in Education for executives and specialists in Information Technology.

Name of entity	Type of operations	Date acquired	% acquired	% owned
Vizuatika LLC	Information Technology	28 March 2019	75%	75%
Vizuators LLC	Information Technology	28 March 2019	75%	75%
ALC Avectis	Information Technology	12 July 2019	75%	100%
ASBC LLC	Information Technology	31 July 2019	60%	100%
OOO Avectis (former OOO Aksiomtech)	Information Technology	12 July 2019	100%	100%
OOO IT Training	Educational and training Services	7 August 2019	100%	100%
Center of excellence in Education for executives and specialists in Information Technology	Educational Institution	7 August 2019	100%	100%
OOO Must	Information Technology	30 August 2019	100%	100%

1.1.b. Acquired assets and liabilities

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

	As at 31 December 2019 US$
Tangible and intangible assets	504
Inventories	12,670
Receivables	13,289
Other non-current assets	31
Other receivables	3,333
Short-term loans	(3,080)
Payables	(2,721)
Other payables and accruals	(24,146)
Other non-current liabilities	(1)
Cash and cash equivalents	558
Net identifiable assets	**437**
Share of loss previously recognized as investment in associate	48
Group's interest in net assets acquired	**489**
Impairment of investment in associate on the acquisition	152
Total purchase consideration	(1,045)
Net loss	**(404)**
Negative goodwill credited in income statement	(111)
Impairment loss on Goodwill (Note 27)	141
Goodwill capitalized in statement of financial position (Note 27)	**(374)**

(in thousands of US$)

29. Business combinations (continued)

1.2. 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%

2. Disposals

2.1. Disposals of subsidiaries to 31 December 2019

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
Asbis Limited	Information Technology	25 January 2019	100%
ASBIS Cloud Ltd	Information Technology	12 July 2019	100%
OOO IT Training	Information Technology	27 November 2019	100%

2.1. 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 2018	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%

30. Fair values

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