

**INTERIM MANAGEMENT REPORT  
FOR THE THREE MONTHS  
ENDED 31 MARCH 2018**

**Table of Contents**

Directors' report on the Company's and Group's operations..... 3  
Part I: Additional information..... 4  
Part II: Financial Information..... **Error! Bookmark not defined.**

## **Directors' report on the company's and group's operations**

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

### **Presentation of financial and other information**

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

### **Financial and Operating Data**

This quarterly report contains financial statements of, and financial information relating to the Group. In particular, this quarterly report contains our interim consolidated financial statements for the three months ended 31 March 2018. The financial statements appended to this quarterly report are presented in U.S. dollars and have been prepared in accordance with International Accounting Standard ("IAS") 34.

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

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

### **Currency Presentation**

Unless otherwise indicated, all references in this quarterly report to "US\$" 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, Czech Republic, Romania, Croatia, Slovenia, Bulgaria, Serbia, Hungary, Poland, Middle East countries (i.e. United Arab Emirates, Iraq, Qatar and other Gulf states), Russia, Belarus, Kazakhstan and Ukraine.

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

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

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

### 2. Executive summary for the three-month period ended 31 March 2018

The principal events of the three months ended 31 March 2018 were as follows:

- Revenues in Q1 2018 increased by 73% to US\$ 503,303 from US\$ 290,201 in Q1 2017.
- Gross profit in Q1 2018 has increased by 50% to US\$ 22,765 from US\$ 15,139 in Q1 2017.
- Gross profit margin in Q1 2018 reached 4.52% from 5.22% in Q1 2017.
- Selling expenses in Q1 2018 have increased to US\$ 11,055 from US\$6,873 Q1 2017.
- Administrative expenses in Q1 2018 have increased to US\$ 6,371 from US\$ 4,280 in Q1 2017.
- Financial expenses in Q1 2018 have increased to US\$ 4,053 from US\$ 3,570 in Q1 2017.
- EBITDA in Q1 2018 increased by 32% to US\$5,965 in comparison to US\$4,517 in Q1 2017.
- As a result, in Q1 2018, net profit after taxation have increased by 211% to US\$ 1,713 in comparison to US\$ 551 in Q1 2017.

The following table presents revenues breakdown by regions for Q1 2018 and Q1 2017 (in US\$ thousand):

Region	Q1 2018	Q1 2017	YoY change
Former Soviet Union	251,984	139,736	80%
Central and Eastern Europe	160,014	91,313	75%
Middle East and Africa	46,998	36,398	29%
Western Europe	35,174	21,135	66%
Other	9,142	1,620	464%
<b>Total</b>	<b>503,303</b>	<b>290,201</b>	<b>73%</b>

### 3. Summary historical financial data

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

For your convenience, certain US\$ amounts as of and for the three months ended March 31st, 2018 and 2017, have been converted into Euro and PLN, based on the exchange rates provided by the National Bank of Poland:

	<b>As at 31 March 2018</b>	<b>Three months ended 31 March 2018 average</b>	<b>As at 31 March 2017</b>	<b>Three months ended 31 March 2017 average</b>
<b>USD/PLN</b>	3.4139	3.4010	3.9455	3.9416
<b>EUR/PLN</b>	4.2085	4.1811	4.2198	4.3559

Balance sheet items have been translated using the exchange rate as at the reporting date, while income statement and cash flow statement items have been translated using the arithmetic average rate for the period.

<i>(in thousands)</i>	<b>Three months ended 31 March 2018</b>			<b>Three months ended 31 March 2017</b>		
	<b><u>USD</u></b>	<b><u>PLN</u></b>	<b><u>EUR</u></b>	<b><u>USD</u></b>	<b><u>PLN</u></b>	<b><u>EUR</u></b>
<b>Revenue</b>	<b>503,303</b>	<b>1,711,733</b>	<b>409,398</b>	<b>290,201</b>	<b>1,167,481</b>	<b>272,197</b>
Cost of sales	(480,538)	(1,634,308)	(390,880)	(275,062)	(1,106,575)	(257,997)
<b>Gross profit</b>	<b>22,765</b>	<b>77,425</b>	<b>18,518</b>	<b>15,139</b>	<b>60,906</b>	<b>14,200</b>
Selling expenses	(11,055)	(37,598)	(8,992)	(6,873)	(27,651)	(6,447)
Administrative expenses	(6,371)	(21,668)	(5,182)	(4,280)	(17,217)	(4,014)
<b>Profit from operations</b>	<b>5,339</b>	<b>18,159</b>	<b>4,343</b>	<b>3,987</b>	<b>16,038</b>	<b>3,739</b>
Financial income	911	3,098	741	187	753	176
Financial expenses	(4,053)	(13,785)	(3,297)	(3,570)	(14,363)	(3,349)
Other gains and losses	27	92	22	68	275	64
<b>Profit before taxation</b>	<b>2,224</b>	<b>7,565</b>	<b>1,809</b>	<b>672</b>	<b>2,702</b>	<b>630</b>
Taxation	(511)	(1,737)	(416)	(121)	(487)	(114)
<b>Profit after taxation</b>	<b>1,713</b>	<b>5,827</b>	<b>1,394</b>	<b>551</b>	<b>2,215</b>	<b>516</b>
<i>Attributable to:</i>						
Non-controlling interests	(9)	(32)	(8)	3	11	3
Owners of the Company	1,723	5,859	1,401	548	2,204	514
	<b>1,713</b>	<b>5,827</b>	<b>1,394</b>	<b>551</b>	<b>2,215</b>	<b>517</b>
	<b><u>USD cents</u></b>	<b><u>PLN grosz</u></b>	<b><u>EUR cents</u></b>	<b><u>USD cents</u></b>	<b><u>PLN grosz</u></b>	<b><u>EUR cents</u></b>
Basic and diluted earnings per share from continuing operations	3.10	10.56	2.53	0.99	3.97	0.93

<i>(in thousands)</i>	<b>Three months ended 31 March 2018</b>			<b>Three months ended 31 March 2017</b>		
	<b><u>USD</u></b>	<b><u>PLN</u></b>	<b><u>EUR</u></b>	<b><u>USD</u></b>	<b><u>PLN</u></b>	<b><u>EUR</u></b>
Net cash movement from operating activities	(45,924)	(156,186)	(37,112)	(29,679)	(119,400)	(27,838)
Net cash movement from investing activities	(713)	(2,423)	(576)	(375)	(1,507)	(352)
Net cash movement from financing activities	2,253	7,664	1,821	(432)	(1,736)	(405)
<b>Net movement in cash and cash equivalents</b>	<b>(44,383)</b>	<b>(150,946)</b>	<b>(35,867)</b>	<b>(30,486)</b>	<b>(122,643)</b>	<b>(28,594)</b>
Cash at the beginning of the period	45,933	156,219	37,120	6,537	26,298	6,131

Cash at the end of the period	1,550	5,273	1,253	(23,949)	(96,345)	(22,463)
	As at 31 March 2018			As at 31 March 2017		
<i>(in thousands)</i>	<u>USD</u>	<u>PLN</u>	<u>EUR</u>	<u>USD</u>	<u>PLN</u>	<u>EUR</u>
Current assets	441,156	1,500,372	358,846	339,603	1,339,904	317,528
Non-current assets	28,903	98,298	23,510	28,624	112,935	26,763
<b>Total assets</b>	<b>470,059</b>	<b>1,598,670</b>	<b>382,356</b>	<b>368,227</b>	<b>1,452,839</b>	<b>344,291</b>
Current liabilities	372,448	1,266,695	302,957	279,319	1,102,053	261,162
Non-current liabilities	617	2,098	502	1,958	7,725	1,831
<b>Total liabilities</b>	<b>373,065</b>	<b>1,268,793</b>	<b>303,459</b>	<b>281,277</b>	<b>1,109,778</b>	<b>262,993</b>
<b>Equity</b>	<b>96,994</b>	<b>329,877</b>	<b>78,897</b>	<b>86,950</b>	<b>343,061</b>	<b>81,298</b>

#### 4. Organization of ASBIS Group

The following table presents our corporate structure as at March 31<sup>st</sup>, 2018:

Company	Consolidation Method
<b>ASBISC Enterprises PLC</b>	<b>Mother company</b>
Asbis Ukraine Limited (Kiev, Ukraine )	Full (100% subsidiary)
Asbis PL Sp.z.o.o (Warsaw, Poland)	Full (100% subsidiary)
Asbis Poland Sp. z o.o. (Warsaw, Poland)	Full (100% subsidiary)
Asbis Romania S.R.L (Bucharest, Romania)	Full (100% subsidiary)
Asbis Cr d.o.o (Zagreb, Croatia)	Full (100% subsidiary)
Asbis d.o.o Beograd (Belgrade, Serbia)	Full (100% subsidiary)
Asbis Hungary Commercial Limited (Budapest, Hungary)	Full (100% subsidiary)
Asbis Bulgaria Limited (Sofia, Bulgaria)	Full (100% subsidiary)
Asbis CZ, spol.s.r.o (Prague, Czech Republic)	Full (100% subsidiary)
UAB Asbis Vilnius (Vilnius, Lithuania)	Full (100% subsidiary)
Asbis Slovenia d.o.o (Trzin, Slovenia)	Full (100% subsidiary)
Asbis Middle East FZE (Dubai, U.A.E)	Full (100% subsidiary)
Asbis SK sp.l sr.o (Bratislava, Slovakia)	Full (100% subsidiary)
Asbis Limited (Charlestown, Ireland)	Full (100% subsidiary)
FPUE Automatic Systems of Business Control (Minsk, Belarus)	Full (100% subsidiary)
E.M. Euro-Mall Ltd (former ISA Hardware Limited–Group) (Limassol, Cyprus)	Full (100% subsidiary)
OOO ‘ Asbis’-Moscow (Moscow, Russia)	Full (100% subsidiary)
Asbis Morocco Limited (Casablanca, Morocco)	Full (100% subsidiary)
EUROMALL CZ s.r.o. (formerly ISA Hardware s.r.o.) (Prague, Czech Republic)	Full (100% subsidiary)
S.C. EUROMALL 2008 S.R.L (formerly ISA Hardware International S.R.L) (Bucharest, Romania)	Full (100% subsidiary)
ISA Hardware s.r.o Slovakia (Bratislava, Slovakia)	Full (100% subsidiary)
Euro-Mall SRB d.o.o. (former ISA Hardware d.o.o Beograd) (Belgrade, Serbia)	Full (100% subsidiary)
Prestigio Plaza Sp. z o.o in liquidation (Warsaw, Poland)	Full (100% subsidiary)
Prestigio Plaza Ltd (formerly Prestigio Technologies) (Limassol, Cyprus)	Full (100% subsidiary)
Prestigio Europe s.r.o (Prague, Czech Republic)	Full (100% subsidiary)
Asbis Kypros Ltd (Limassol, Cyprus)	Full (100% subsidiary)
Asbis TR Bilgisayar Limited Sirketi (Istanbul, Turkey)	Full (100% subsidiary)
SIA “ASBIS LV” (Riga, Latvia)	Full (100% subsidiary)
Asbis d.o.o. (former Megatrend d.o.o.) (Sarajevo, Bosnia Herzegovina)	Full (90% ownership)
ASBIS Close Joint-Stock Company (former CZAO ASBIS) (Minsk, Belarus)	Full (100% subsidiary)

ASBIS Kazakhstan LLP (Almaty, Kazakhstan)	Full (100% subsidiary)
Euro-Mall SRO (Bratislava, Slovakia)	Full (100% subsidiary)
Prestigio China Corp. (former AOSBIS TECHNOLOGY (SHENZHEN) CORP.) (Shenzhen,China)	Full (100% subsidiary)
ASBIS DE GMBH, (Munchen, Germany)	Full (100% subsidiary)
EUROMALL BULGARIA EOOD (Sofia, Bulgaria)	Full (100% subsidiary)
Advanced Systems Company LLC (Riyadh, Kingdom of Saudi Arabia)	Full (100% subsidiary)
SHARK ONLINE a.s. (Bratislava, Slovakia)	Full (100% subsidiary)
SHARK Computers a.s. (Bratislava, Slovakia)	Full (100% subsidiary)
E-vision Production Unitary Enterprise (Minsk, Belarus)	Full (100% subsidiary)
ASBIS UK LTD (Hounslow, England)	Full (100% subsidiary)

## 5. Changes in the structure of the Company

During the three months ended March 31<sup>st</sup>, 2018 ASBIS ESTONIA AS and PRESTIGIO PLAZA NL BV have both been liquidated, being dormant and empty companies.

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

We have not published any forecasts for the three-month period ended March 31<sup>st</sup>, 2018. However, on March 27<sup>th</sup>, 2018 the Company announced its official financial forecast for 2018. Having seen Q1 2018 results, we fully sustain our forecasts that assume revenues between US\$ 1,80 billion and 1,90 billion and net profit after tax between US\$ 9 and US\$ 10 million.

## 7. Information on dividend payment

For the three-month period ended March 31<sup>st</sup>, 2018 no dividend was paid.

However, on March 27<sup>th</sup>, 2018 the Company's Board of Directors announced its decision to recommend to the forthcoming Annual General Meeting of Shareholders the payment of a dividend on Y2017 results. The Board of Directors will recommend to the AGM to pay US\$ 0.06 per share, an amount of US\$ 3,330,000. The dividend was approved by the Annual General Meeting on May 8<sup>th</sup> 2018.

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

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

Name	Number of shares	% of share	Number of votes	% of votes
KS Holdings Ltd	20,401,361	36.76%	20,401,361	36.76%
ASBISc Enterprises Plc (buy-back program)	13,389	0.02%	13,389	0.02%
Free float	35,085,250	63.22%	35,085,250	63.22%
<b>Total</b>	<b>55,500,000</b>	<b>100%</b>	<b>55,500,000</b>	<b>100%</b>

In the three-month period ended on March 31<sup>st</sup>, 2018 the Company has not received any information about changes in its shareholders' structure.

On April 23<sup>rd</sup> 2018, the BOD has received from Nationale-Nederlanden Otwarty Fundusz Emerytalny (Fund) notification that total share of this Fund descended below the threshold of 5% of total number of votes at the Company's General Meeting of Shareholders.

According to the notification, before the abovementioned change of share the Fund had 2,792,890 Company's shares that were equal to 5.03% in the Company's share capital and had 2,792,890 votes from these shares, that were equal to 5.03% of total number of votes.

According to the notification, as of April 19th 2018 the Fund held 2,692,890 Company's shares, equal to 4.85% in the Company's share capital and had 2,692,890 votes from these shares, equal to 4.85% of total number of votes.

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

During the three-month period ended on 31 March 2018, as well as for the period between March 29<sup>th</sup>, 2018 (the date of the publication of the Annual Report for 2017) and May 9<sup>th</sup>, 2018 (date of this report) there were no changes in the number of shares possessed by the members of the Board of Directors.

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

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

Siarhei Kostevitch holds shares as the shareholder of KS Holdings Ltd.

## 10. Changes in the members of managing bodies

During the three-month period ended March 31<sup>st</sup>, 2018 there were no changes in the members of the Company's Board of Directors.

## 11. Significant administrative and court proceedings against the Company

As of March 31<sup>st</sup>, 2018, no court, arbitration or administrative proceedings whose single or aggregate value exceeds 10% of our equity were pending against us or any of the members of our Group.

## 12. Related Party Transactions

During the three months ended March 31<sup>st</sup>, 2018 we have not had any material related party transaction exceeding the Polish Zloty equivalent of Euro 500 thousand other than typical or routine transactions.

## 13. Information on guarantees granted to third parties

The Company has increased, as at 31<sup>st</sup> March 2018, corporate guarantees, to support its subsidiaries' local financing, to an amount of US\$ 171,314 representing more than 10% of the Company's equity. The total bank guarantees and letters of credit raised by the Group (mainly to Group suppliers) as at March 31<sup>st</sup>, 2018 was US\$ 22,259 – as per note number 16 to the financial statements – which is less than 10% of the Company's equity.

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

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

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

In the three month period ended March 31<sup>st</sup>, 2018, the Company's results of operations have been affected and are expected to continue to be affected by a number of factors. These factors are presented in brief below:

### *The in-country financial conditions affecting our major markets, gross profit and gross profit margin*

Throughout the years of operation, the Company has from time to time suffered from specific in-country problems, emanating from the deterioration of specific countries' financial situation, due to a number of issues including but



not limited to the political instability. We need to monitor any developments, react fast and weather every risk showing up in specific market to secure our results.

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

### ***Currency fluctuations***

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

### ***Competition and price pressure***

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

- a) international distributors such as Avnet Inc., Tech Data Corp., Ingram Micro Inc. and Arrow Electronics Inc., which are much larger than the Company, but do not always cover the same geographic regions with local presence as the Company does,
- b) regional or local distributors, such as Elko, mainly in the Baltic States, Russia and Ukraine, Merlion in the Former Soviet Union, AB, ABC Data in Poland and ATC and ED System-BGS Levi in the Czech Republic and Slovakia.

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

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

### ***Low gross profit margins***

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

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

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

### ***Inventory obsolescence and price erosion***

The Company is often required to buy components and finished products according to forecasted requirements and orders of its customers and in anticipation of market demand. The market for IT finished products and components is characterized by rapid changes in technology and short product shelf life, and, consequently, inventory may rapidly become obsolete. Due to the fast pace of technological changes, the industry may sometimes face a

shortage or, at other times, an oversupply of IT products. As the Company increases the scope of its business and, in particular, of inventory management for its customers, there is an increasing need to hold inventory to serve as a buffer in anticipation of the actual needs of the Company's customers. This increases the risk of inventory becoming devalued or obsolete and could affect the Company's profits either because prices for obsolete products tend to decline quickly, or as a result of the need to make provisions for write-offs. In an oversupply situation, other distributors may elect to proceed with price reductions in order to dispose of their existing inventories, forcing the Company to lower its prices to stay competitive. The Company's ability to manage its inventory and protect its business against price erosion is critical to its success.

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

### ***Credit risk***

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

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

### ***Worldwide financial environment***

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

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

### ***Seasonality***

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

### ***Development of own brand business***

The Company's strategy is to focus more on profitability than on revenues, thus 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.

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

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

### **Warranty claims from own brand products**

The own brand business requires us to put extra efforts to avoid any problems with quality of devices. Despite all our efforts, we have noticed significant returns on specific models produced in the recent past, though this situation has much improved in the course of Q1 2018.

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

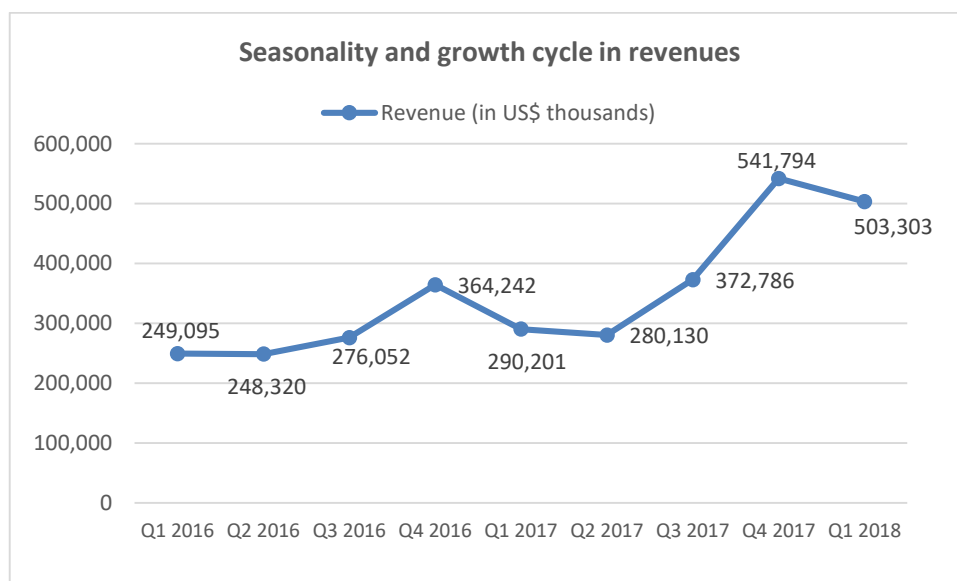
### **High cost of debt**

The distribution business entails a higher need for cash available to support growth. The Group has managed to raise cash from various financial institutions, however in certain cases the cost of this financing is expensive. The Company has already negotiated better terms with some of its supply-chain financiers and is currently undertaking certain extra steps to further lower cost of financing. However, the sanctions imposed to Russia and tensions related to the Ukrainian crisis have resulted in significantly increased cost of financial facilities in these countries and this may limit our efforts to further decrease our average cost of debt. In the course of Q1 2018 we have experienced a stable cost of financing in the F.S.U.

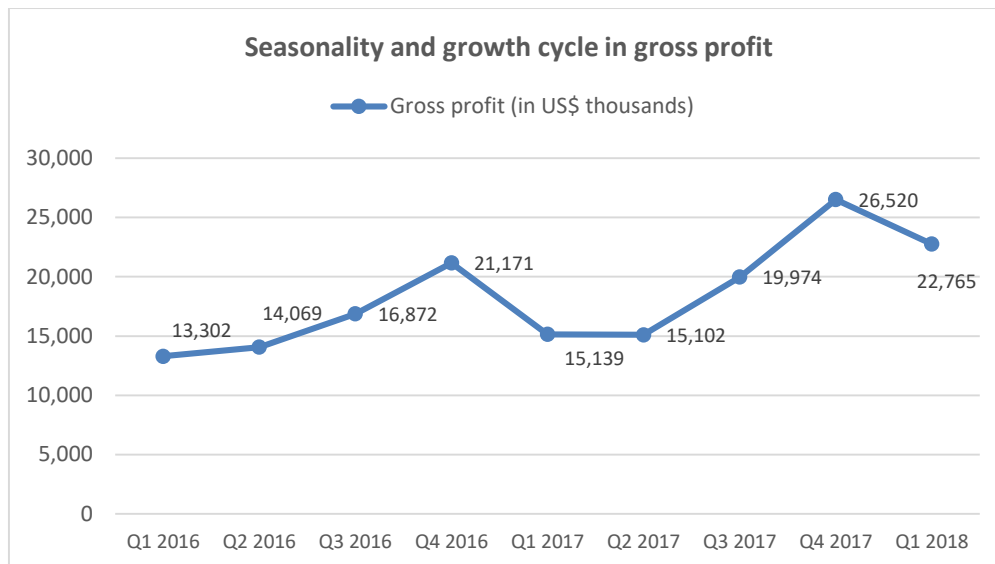
### **Results of Operations**

#### **Three-month period ended 31 March 2018 compared to the three-month period ended 31 March 2017**

- **Revenues:** In Q1 2018 revenues increased by 73% to US\$ 503,302 from US\$ 290,201 in Q1 2017.

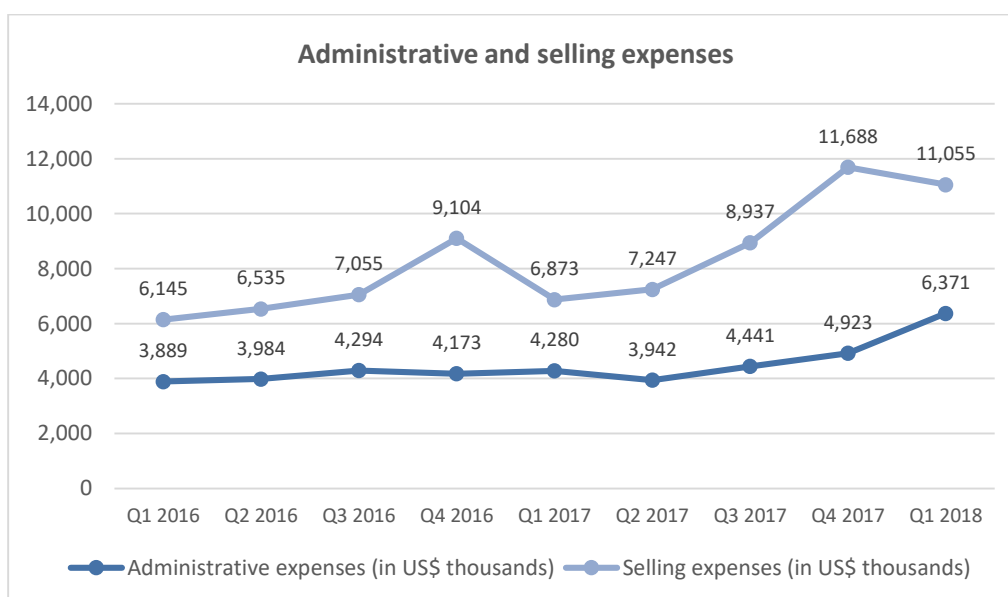


- **Gross profit:** In Q1 2018 gross profit has increased by 50% to US\$22,765 from US\$ 15,139 in Q1 2017.



- Gross profit margin:** In Q1 2018 gross profit margin has decreased to 4.52% from 5.22% in Q1 2017. The decrease of the Gross Profit Margin followed a significant increase in revenues. The company had to sacrifice a certain percentage of Gross Profit Margin in order to ensure its presence in large projects of Data Centers in FSU. In addition to this, the company decided to increase its volumes and market share in the smartphone segment. The company was able to achieve that, having grabbed the opportunity presented by the leading supplier in this segment.
- Selling expenses** largely comprise of salaries and benefits paid to sales employees (sales, marketing and logistics departments), marketing and advertising fees, commissions, and traveling expenses, provisions for doubtful debts and other provisions. Selling expenses usually grow together (but not in-line) with growing sales and, most importantly, gross profit.
 

Selling expenses in Q1 2018 have increased by 61% to US\$ 11,055 from US\$ 6,873 in Q1 2017. This was a result of higher revenues and gross profit and therefore commissions paid to employees. During Q1 2018 a full impact of the new hiring of approximately 200 new employees was visible thus the higher expenses.
- Administrative expenses** largely comprise of salaries and wages of administration personnel and rent expense. Administrative expenses in Q1 2018 have increased by 49% to US\$6,371 from US\$ 4,280 in Q1 2017.



- **Financial expenses** in Q1 2018 have increased by 14% to US\$ 4,053 from US\$ 3,570 in Q1 2017. This however should be combined with Financial Income, which was increased significantly due to the ability of group to take advantage of the early payment discounts. As a result, the amount of Net Financial expenses was slightly decreased. This is considered a great achievement taking into consideration the significant increase of revenues.
- **Operating profit:** In Q1 2018 operating profit has increased by 34% to US\$ 5,339 from US\$3,987 in Q1 2017.
- **EBITDA:** In Q1 2018 EBITDA was positive and have increased by 32% to US\$ 5,965 from US\$ 4,517 in Q1 2017.
- **Net profit:** Net profit after taxation in Q1 2018 increased more than threefold to US\$ 1,713 when compared to US\$ 551 in Q1 2017. This result is considered to be very good for the group, confirming once again the strengths of the company and its ability to deliver better results.

### Sales by regions and countries

The F.S.U. and the CEE regions traditionally contribute the majority of our revenues. This has not changed in Q1 2018. However, our focus on F.S.U. region allowed it to continue its very good performance and show an impressive 80% growth year-on-year. Following that, the F.S.U. share in our total revenues grew to more than 50% from 48% in Q1 2017.

Our focus on F.S.U. region, did not affect sales in other regions where we have experienced equal strong growth rates. Sales in the Central and Eastern Europe region increased by an impressive 75% in Q1 2018 as compared to Q1 2017.

Sales in Western Europe in Q1 2018 also increased by 66% coupled with an increase of 29% on the MEA region when compared to Q1 of 2017.

Country-by-country analysis confirms the excellent growth rates the Group was able to achieve in all major countries of operations. Leading the chart is, as expected, Russia being number one in revenues and with a growth rate at 35%: however, all three other main countries of the F.S.U. region (Ukraine, Kazakhstan and Belarus) have experienced a 100%+ growth rate indicating the strengthening of our market position in these countries.

In the same time the 24% increase in Slovakia was combined with a 60% growth in Czech Republic, a 53% growth in Romania and have led the CEE growth. The MEA region has grown at a pace of 60% mainly because of the enhanced product portfolio of the local subsidiary.

The table below provides a geographical breakdown of sales in the three month periods ended March 31<sup>st</sup>, 2018 and 2017.

	Q1 2018		Q1 2017	
	US\$ thousand	% of total revenues	US\$ thousand	% of total revenues
<b>Former Soviet Union</b>	251,984	50.07%	139,736	48.15%
<b>Central and Eastern Europe</b>	160,014	31.79%	91,313	31.47%
<b>Middle East and Africa</b>	46,989	9.34%	36,398	12.54%
<b>Western Europe</b>	35,174	6.99%	21,135	7.28%
<b>Other</b>	9,142	1.82%	1,620	0.56%
<b>Total</b>	<b>503,303</b>	<b>100%</b>	<b>290.201</b>	<b>100%</b>

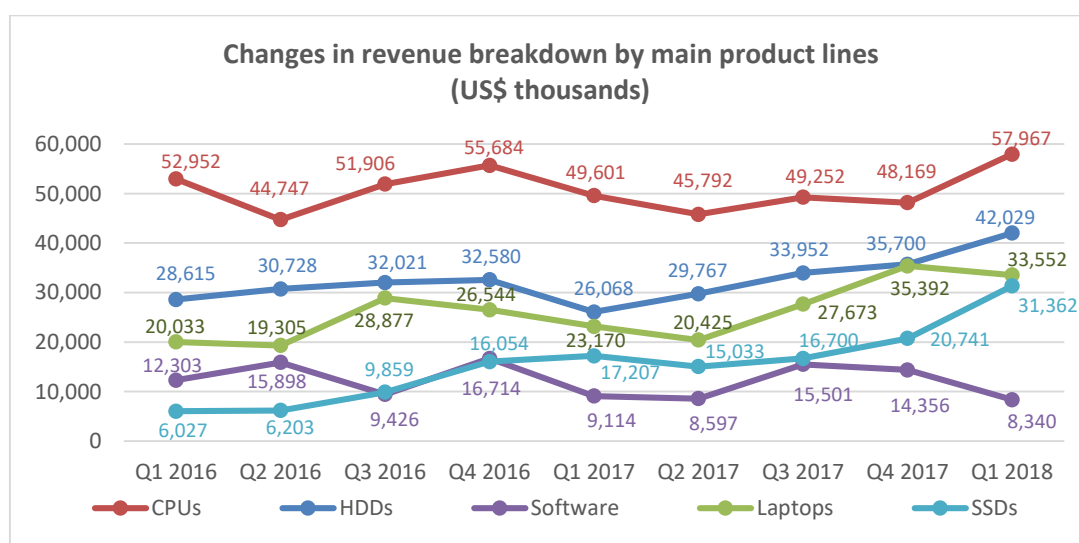
### Revenue breakdown – Top 10 countries in Q1 2018 and Q1 2017 (in U.S. dollar thousand)

Q1 2018		Q1 2017		
Country	Sales	Country	Sales	
1	Russia	80,681	Russia	59,673
2	Ukraine	66,299	Slovakia	31,760
3	Kazakhstan	55,022	Ukraine	32,079
4	Slovakia	39,491	Kazakhstan	27,548
5	United Arab Emirates	40,399	United Arab Emirates	25,117
6	Belarus	28,661	Czech Republic	15,592
7	Czech Republic	24,883	Belarus	14,133
8	The Netherlands	21,357	Romania	13,341
9	Romania	20,424	The Netherlands	10,747
10	Bulgaria	12,379	Hungary	6,954

### Sales by product lines

The Quarter under reporting has proven that ASBIS Group has no issue in significantly raising its revenues when the markets are stable. During Q1 2018, all major product lines of the Group have significantly grown.

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



In Q1 2018 revenues from CPUs and HDDs increased by 17% and 61%, respectively, as compared to Q1 2017. Sales of SSDs have grown by 82%, however the champion of our revenues per product group is, for one more quarter, smartphones with an immense 163% growth. The Group had the ability and the strength to ensure enough supply from its main vendor ensuring that its market position is strengthened.

From other product lines, the Company has noticed a positive trend for Q1 2018 in accessories and multimedia (+88%), PC mobile (laptops) (+45%) and PC tablets (+86%).

The table below sets a breakdown of revenues, by product lines, for Q1 2018 and Q1 2017 (in US\$ thousand):

PRODUCT CATEGORY	Q1 2018	Q1 2017	YoY change %
Smartphones	179,160	68,224	163%
Central Processing Units (CPU)	57,967	49,601	17%
Hard Disk Drives (HDD)	42,029	26,068	61%
PC mobile (laptops)	33,552	23,170	45%
Solid State Drives (SSD)	31,362	17,207	82%
Accessories & Multimedia	30,466	16,208	88%
PC tablets	18,738	10,065	86%
Other Categories	110,029	79,659	38%
<b>Total</b>	<b>503,303</b>	<b>290,201</b>	<b>73%</b>

### Liquidity and Capital Resources

The Company has in the past funded its liquidity requirements, including ongoing operating expenses, capital expenditures, and investments, for the most part, through operating cash flows, debt financing and equity financing. Cash flow in Q1 2018 has been negatively impacted by revenue growth and the usage of own funds to take advantage of early payment discounts from its suppliers. We do expect cash flow from operations for the full year to be positive.

The following table presents a summary of cash flows for the three months ended March 31<sup>st</sup>, 2018 and 2017:

<i>(in thousands)</i>	<b>Three months ended 31 March 2018 USD</b>	<b>Three months ended 31 March 2017 USD</b>
Net cash movement from operating activities	(45,924)	(29,679)
Net cash movement from investing activities	(713)	(375)
Net cash movement from financing activities	2,253	(432)
<b>Net movement in cash and cash equivalents</b>	<b>(44,383)</b>	<b>(30,486)</b>

#### **Net cash outflows from operations**

Net cash outflows from operations amounted to US\$ 45,924 for the three months ended March 31<sup>st</sup>, 2018, compared to outflows of US\$ 29,679 in the corresponding period of 2017. This is attributed mainly to increased revenues and working capital utilization. The Company expects cash from operations to turn positive for the year 2018.

#### **Net cash outflows from investing activities**

Net cash outflows from investing activities was US\$ 713 for the three months ended March 31<sup>st</sup>, 2018, compared to US\$ 375 in the corresponding period of 2017. These outflows mainly relate to on-going investments for fixed assets (such as computers, furniture etc.).

#### **Net cash outflows from financing activities**

Net cash inflows from financing activities was US\$ 2,253 for the three months ended March 31<sup>st</sup>, 2018, compared to outflows of US\$ 432 for the corresponding period of 2017. This primarily relates to increased utilization of certain financing lines.

#### **Net decrease in cash and cash equivalents**

As a result of higher revenues and increased working capital utilization, cash and cash equivalents have decreased by US\$ 44,383, compared to a decrease of US\$ 30,486 in the corresponding period of 2017.

## **16. Factors which may affect our results in the future**

### ***Political and economic stability in Europe and our regions***

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

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

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

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

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

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

### ***The Group's ability to increase gross profit margins***

The Group's ability to increase its gross profit margin is of a very big importance. The decrease observed in Q1 2018 as compared to the corresponding period of 2017 was a result of the exceptionally high margins in comparable periods of the previous year and some large volume transactions but with low margin to certain customers in Q1 2018. The pace of growth in gross profit margins is hard to estimate, as the margins may remain under pressure due to enhanced competition together with lower demand in a number of markets. It is of extreme importance for the Group to manage its stock level and refine its product portfolio in order to achieve optimum gross profit margins. The Directors believe that the Group will be able to increase its gross profit margin level for 2018.

### ***Currency volatilities***

The multi-currency environment that the Group operates in exposes its financial results to steep currency fluctuations. Although volatility of a number of currencies in Q1 2018 was strong, we have been successfully shielded by our hedging policy. Therefore, the hedging strategy should be followed and further improved without any exception for the quarters to come.

Further depreciation of U.S. dollar against our key selling local currencies, may have a positive impact on demand on specific markets, as seen in the end of 2017, however this will adversely affect expenses and profitability.

### ***Ability of the Group to control expenses***

The Group must ensure that its expenses and overheads remain under strict control. The good results of the last couple of years should not make the management less strict on expenses control. It is of high importance to benefit from economies of scale. Increased expenses in Q1 2018 were expected and budgeted for, however further increase might adversely impact the Group's results.

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



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

***Ability to cover warranty claims from customers***

The own brand business requires us to be very careful with quality as it may affect both consumer satisfaction and our expenses. Since we do not manufacture the devices ourselves, we have built increased warranty provisions and signed separate agreements with our suppliers to cover us against warranty losses of such products. We have much improved our procedures from H2 2015 onwards and this has covered us since then. Therefore, we have not faced any specific problems in this area in Q1 2018 and we do not expect any significant warranty losses in the foreseeable future.

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

According to our best knowledge, in the period between March 31<sup>st</sup>, 2018 and May 9<sup>th</sup>, 2018 no events have occurred that could affect either the Company's operations or its financial stability.

**Part II: Financial Information**

**ASBISC ENTERPRISES PLC**

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

# **ASBISC ENTERPRISES PLC**

---

## **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018**

<b>CONTENTS</b>	<b>PAGE</b>
Condensed consolidated interim statement of profit or loss	1
Condensed consolidated interim statement of comprehensive income	2
Condensed consolidated interim statement of financial position	3
Condensed consolidated interim statement of changes in equity	4
Condensed consolidated interim statement of cash flows	5
Notes to the condensed consolidated interim financial statements	6 - 18

# ASBISC ENTERPRISES PLC

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

	Note	For the three months ended 31 March 2018 US\$	For the three months ended 31 March 2017 US\$
<b>Revenue</b>	4,23	503,302,918	290,201,493
Cost of sales		<u>(480,537,588)</u>	<u>(275,062,112)</u>
<b>Gross profit</b>		22,765,330	15,139,381
Selling expenses		(11,055,017)	(6,873,133)
Administrative expenses		<u>(6,371,013)</u>	<u>(4,279,693)</u>
<b>Profit from operations</b>		5,339,300	3,986,555
Financial income	7	910,853	187,062
Financial expenses	7	(4,053,136)	(3,570,288)
Other gains and losses	5	<u>27,187</u>	<u>68,347</u>
<b>Profit before tax</b>	6	2,224,204	671,676
Taxation	8	<u>(510,815)</u>	<u>(121,129)</u>
<b>Profit for the period</b>		<u>1,713,389</u>	<u>550,547</u>
<b>Attributable to:</b>			
Equity holders of the parent		1,722,854	547,768
Non-controlling interests		<u>(9,465)</u>	<u>2,779</u>
		<u>1,713,389</u>	<u>550,547</u>
		US\$ cents	US\$ cents
<b>Earnings per share</b>			
Basic and diluted from continuing operations		<u>3.10</u>	<u>0.99</u>

# ASBISC ENTERPRISES PLC

---

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2018

	<b>For the three months ended 31 March 2018 US\$</b>	<b>For the three months ended 31 March 2017 US\$</b>
<b>Profit for the period</b>	<u>1,713,389</u>	<u>550,547</u>
<b>Other comprehensive income</b>		
Exchange difference on translating foreign operations	948,792	497,430
Reclassification adjustments relating to foreign operations liquidated in the period	<u>(119,954)</u>	<u>7,193</u>
<b>Other comprehensive income for the period</b>	<u>828,838</u>	<u>504,623</u>
<b>Total comprehensive income for the period</b>	<u><u>2,542,227</u></u>	<u><u>1,055,170</u></u>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the parent	2,551,975	1,049,249
Non-controlling interests	<u>(9,748)</u>	<u>5,921</u>
	<u><u>2,542,227</u></u>	<u><u>1,055,170</u></u>

# ASBISC ENTERPRISES PLC

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	As at 31 March 2018 US\$	As at 31 December 2017 US\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	24,920,693	24,533,220
Intangible assets	10	3,308,479	3,164,273
Financial assets at fair value through other comprehensive income	11	11,794	11,794
Goodwill	27	430,037	418,589
Deferred tax assets	20	<u>231,643</u>	<u>227,615</u>
<b>Total non-current assets</b>		<u>28,902,646</u>	<u>28,355,491</u>
<b>Current assets</b>			
Inventories	12	157,972,370	144,980,373
Trade receivables	13	197,919,375	238,192,248
Other current assets	14	17,769,349	18,127,273
Derivative financial asset	25	704,613	373,302
Current taxation	8	397,669	493,119
Cash at bank and in hand	26	<u>66,392,721</u>	<u>93,401,246</u>
<b>Total current assets</b>		<u>441,156,097</u>	<u>495,567,561</u>
<b>Total assets</b>		<u>470,058,743</u>	<u>523,923,052</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	15	11,100,000	11,100,000
Share premium		23,518,243	23,518,243
Retained earnings and other components of equity		<u>62,093,846</u>	<u>59,541,873</u>
Equity attributable to owners of the parent		96,712,089	94,160,116
Non-controlling interests		<u>281,923</u>	<u>307,690</u>
<b>Total equity</b>		<u>96,994,012</u>	<u>94,467,806</u>
<b>Non-current liabilities</b>			
Long term borrowings	17	134,028	169,324
Other long term liabilities	18	421,019	369,341
Deferred tax liabilities	20	<u>61,964</u>	<u>60,072</u>
<b>Total non-current liabilities</b>		<u>617,011</u>	<u>598,737</u>
<b>Current liabilities</b>			
Trade payables		191,141,219	253,021,109
Other current liabilities	21	37,422,121	38,083,176
Short term borrowings	16	142,533,263	136,491,999
Derivative financial liability	24	834,887	739,587
Current taxation	8	<u>516,230</u>	<u>520,638</u>
<b>Total current liabilities</b>		<u>372,447,720</u>	<u>428,856,509</u>
<b>Total liabilities</b>		<u>373,064,731</u>	<u>429,455,246</u>
<b>Total equity and liabilities</b>		<u>470,058,743</u>	<u>523,923,052</u>

The financial statements were approved by the Board of Directors on 8 May 2018.

.....  
**Constantinos Tziamalis**  
Director

.....  
**Marios Christou**  
Director

# ASBISC ENTERPRISES PLC

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2018

### Attributable to the owners of the parent

	Share capital US\$	Share premium US\$	Treasury stock US\$	Translation of foreign operations US\$	Retained earnings US\$	Total US\$	Non controlling interests US\$	Total US\$
<b>Balance at 1 January 2017</b>	11,100,000	23,518,243	(14,234)	(13,340,843)	64,464,342	85,727,508	167,361	85,894,869
Profit for the period 1 January 2017 to 31 March 2017	-	-	-	-	547,768	547,768	2,779	550,547
Other comprehensive income for the period 1 January 2017 to 31 March 2017	-	-	-	501,481	-	501,481	3,142	504,623
<b>Balance at 31 March 2017</b>	11,100,000	23,518,243	(14,234)	(12,839,362)	65,012,110	86,776,757	173,282	86,950,039
Profit/(loss) for the period 1 April 2017 to 31 December 2017	-	-	-	-	6,408,053	6,408,053	(49,890)	6,358,163
Other comprehensive income for the period 1 April 2017 to 31 December 2017	-	-	-	2,640,319	-	2,640,319	27,438	2,667,757
Payment of final dividend	-	-	-	-	(1,665,000)	(1,665,000)	-	(1,665,000)
Minority interest on establishment of new subsidiary	-	-	-	-	-	-	156,860	156,860
Share-based payments	-	-	(13)	-	-	(13)	-	(13)
<b>Balance at 31 December 2017</b>	11,100,000	23,518,243	(14,247)	(10,199,043)	69,755,163	94,160,116	307,690	94,467,806
Profit/(loss) for the period 1 January 2018 to 31 March 2018	-	-	-	-	1,722,852	1,722,852	(9,465)	1,713,387
Other comprehensive income/(loss) for the period 1 January 2018 to 31 March 2018	-	-	-	829,121	-	829,121	(283)	828,838
Acquisition of shares from non-controlling interests (note 32)	-	-	-	-	-	-	(16,019)	(16,019)
<b>Balance at 31 March 2018</b>	<u>11,100,000</u>	<u>23,518,243</u>	<u>(14,247)</u>	<u>(9,369,922)</u>	<u>71,478,015</u>	<u>96,712,089</u>	<u>281,923</u>	<u>96,994,012</u>

# ASBISC ENTERPRISES PLC

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

	Note	For the three months ended 31 March 2018 US\$	For the three months ended 31 March 2017 US\$
<b>Profit for the period before tax and minority interest</b>		2,224,204	671,676
Adjustments for:			
Exchange difference arising on consolidation		385,049	253,840
Depreciation of property, plant and equipment	9	387,505	354,325
Amortization of intangible assets	10	238,351	175,846
Profit from the sale of property, plant and equipment and intangible assets	5	(1,391)	(6,731)
Provision for bad debts and receivables written off		937,553	687,461
Bad debts recovered	5	(1,795)	(5,815)
Provision for slow moving and obsolete stock		338,512	199,603
Interest received	7	(34,294)	(6,537)
Interest paid	7	997,586	993,953
<b>Operating profit before working capital changes</b>		5,471,280	3,317,621
Increase in inventories		(13,330,509)	(2,207,412)
Decrease in trade receivables		39,337,115	37,148,487
Decrease/(increase) in other current assets		26,613	(622,351)
Decrease in trade payables		(61,879,888)	(60,274,979)
Decrease in other current liabilities		(565,755)	(1,217,162)
Increase in other non-current liabilities		51,678	15,430
Decrease in factoring creditors		(13,621,638)	(4,732,695)
<b>Cash outflows from operations</b>		(44,511,104)	(28,573,061)
Interest paid	7	(997,586)	(993,953)
Taxation paid, net	8	(414,926)	(112,266)
<b>Net cash outflows from operating activities</b>		(45,923,616)	(29,679,280)
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	10	(372,793)	(217,760)
Purchase of property, plant and equipment	9	(381,307)	(294,945)
Proceeds from sale of property, plant and equipment and intangible assets		7,292	131,463
Interest received	7	34,294	6,537
<b>Net cash outflows from investing activities</b>		(712,514)	(374,705)
<b>Cash flows from financing activities</b>			
(Repayments)/proceeds of long term loans and long term obligations under finance lease		(35,296)	294,443
Proceeds/(repayments) of short term borrowings and short term obligations under finance lease		2,288,683	(725,925)
<b>Net cash inflows/(outflows) from financing activities</b>		2,253,387	(431,482)
<b>Net decrease in cash and cash equivalents</b>		(44,382,743)	(30,485,467)
<b>Cash and cash equivalents at beginning of the period</b>		45,933,196	6,536,849
<b>Cash and cash equivalents at end of the period</b>	26	1,550,452	(23,948,618)



# ASBISC ENTERPRISES PLC

---

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

### 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 three months ended 31 March 2018 comprise the interim financial statements of the Company and its subsidiaries (together referred to as the "Group"). The Group's and the Company's principal activity is the trading and distribution of computer hardware and software. The main shareholder of the Company is K.S. Holdings Limited, a company incorporated in Cyprus.

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

### 2. Basis of preparation

#### (a) Statement of compliance

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

These interim financial statements were authorized for issue by the Company's Board of Directors on 8 May 2018.

#### (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 2017.

### 3. Significant accounting policies

The accounting policies adopted for the preparation of the condensed consolidated interim financial statements for the three months ended 31 March 2018 are consistent with those followed for the preparation of the annual financial statements for the year 2017 except for the adoption by the Group of all the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual periods beginning on 1 January 2018. The adoption of new and revised standards and interpretations did not have any material effect on the Group's condensed consolidated financial statements.

### 4. Effects of seasonality

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

# ASBISC ENTERPRISES PLC

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

### 5. Other gains and losses

	For the three months ended 31 March 2018 US\$	For the three months ended 31 March 2017 US\$
Profit on disposal of property, plant and equipment	1,391	6,731
Other income	11,276	36,099
Bad debts recovered	1,795	5,815
Rental income	12,725	19,702
	<u>27,187</u>	<u>68,347</u>

### 6. Profit before tax

	For the three months ended 31 March 2018 US\$	For the three months ended 31 March 2017 US\$
Profit before tax is stated after charging :		
(a) Amortization of intangible assets (Note 10)	238,351	175,846
(b) Depreciation (Note 9)	387,505	354,325
(c) Auditors' remuneration	95,119	83,639
(e) Directors' remuneration – executive (Note 28)	166,825	85,448
(e) Directors' remuneration – non-executive (Note 28)	618	534
	<u>618</u>	<u>534</u>

### 7. Financial expense, net

	For the three months ended 31 March 2018 US\$	For the three months ended 31 March 2017 US\$
<b>Financial income</b>		
Interest income	34,294	6,537
Other financial income	876,559	166,905
Net exchange gain	-	13,620
	<u>910,853</u>	<u>187,062</u>
<b>Financial expense</b>		
Bank interest	997,586	993,953
Bank charges	505,386	301,195
Derivative charges	202,503	204,223
Factoring interest	1,458,781	1,523,208
Factoring charges	85,111	70,335
Other financial expenses	45,528	36,650
Other interest	632,536	440,724
Net exchange loss	125,705	-
	<u>4,053,136</u>	<u>3,570,288</u>
Net	<u>(3,142,283)</u>	<u>(3,383,226)</u>

# ASBISC ENTERPRISES PLC

---

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

### 8. Tax

	<b>As at 31 March 2018 US\$</b>	<b>As at 31 December 2017 US\$</b>
Payable/(receivable) balance 1 January	27,519	(328,631)
Provision for the period/year	509,130	1,407,137
Exchange difference on retranslation	(4,847)	22,327
Amounts paid, net	(414,926)	(1,058,514)
Under/(over) provision of prior year periods	1,685	(14,800)
Net payable balance 31 March/31 December	<u>118,561</u>	<u>27,519</u>

	<b>As at 31 March 2018 US\$</b>	<b>As at 31 December 2017 US\$</b>
Tax receivable	(397,669)	(493,119)
Tax payable	516,230	520,638
Net	<u>118,561</u>	<u>27,519</u>

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

	<b>For the three months ended 31 March 2018 US\$</b>	<b>For the three months ended 31 March 2017 US\$</b>
Provision for the period	509,130	157,704
Under provision of prior years	1,685	-
Deferred tax charge (Note 20)	-	(36,575)
Charge for the period	<u>510,815</u>	<u>121,129</u>

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.

# ASBISC ENTERPRISES PLC

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

### 9. Property, plant and equipment

	Land and buildings US\$	Computer hardware US\$	Warehouse machinery US\$	Motor vehicles US\$	Furniture and fittings US\$	Office equipment US\$	Total US\$
<b>Cost</b>							
<b>At 1 January 2017</b>	23,785,847	6,035,737	374,861	2,021,169	2,332,396	2,711,637	37,261,647
Additions	137,566	521,513	34,056	361,777	116,820	231,999	1,403,731
Disposals	(324,448)	(142,665)	-	(204,671)	(42,385)	(53,812)	(767,981)
Foreign exchange difference on retranslation	1,605,806	369,770	419	115,263	171,423	156,594	2,419,275
<b>At 31 December 2017</b>	25,204,771	6,784,355	409,336	2,293,538	2,578,254	3,046,418	40,316,672
Additions	90,209	120,650	7,020	102,554	28,514	32,360	381,307
Disposals	(28,694)	(333,383)	-	(26,609)	-	(49,142)	(437,828)
Foreign exchange difference on retranslation	356,102	94,064	95	35,658	58,482	45,912	590,313
<b>At 31 March 2018</b>	25,622,388	6,665,686	416,451	2,405,141	2,665,250	3,075,548	40,850,464
<b>Accumulated depreciation</b>							
<b>At 1 January 2017</b>	3,764,457	4,828,142	155,331	1,445,151	1,842,977	2,016,051	14,052,109
Charge for the year	312,896	593,243	41,191	236,821	136,545	198,944	1,519,640
Disposals	(231,574)	(142,665)	-	(204,671)	(42,385)	(53,812)	(675,107)
Foreign exchange difference on retranslation	263,877	283,424	408	83,578	133,993	121,530	886,810
<b>At 31 December 2017</b>	4,109,656	5,562,144	196,930	1,560,879	2,071,130	2,282,713	15,783,452
Charge for the period	88,492	134,017	11,324	64,241	24,219	65,212	387,505
Disposals	(22,793)	(333,383)	-	(26,609)	-	(49,142)	(431,927)
Foreign exchange difference on retranslation	58,666	26,713	95	21,562	48,594	35,112	190,742
<b>At 31 March 2018</b>	4,234,021	5,389,491	208,349	1,620,072	2,143,943	2,333,895	15,929,771
<b>Net book value</b>							
At 31 March 2018	21,388,367	1,276,195	208,102	785,069	521,307	741,653	24,920,693
At 31 December 2017	21,095,115	1,222,211	212,406	732,659	507,124	763,705	24,533,220

# ASBISC ENTERPRISES PLC

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

### 10. Intangible assets

	Computer software US\$	Patents and licenses US\$	Total US\$
<b>Cost</b>			
<b>At 1 January 2017</b>	8,200,717	2,501,126	10,701,843
Additions	842,599	85,392	927,991
Disposals/ write-offs	(117,752)	(114,184)	(231,936)
Foreign exchange difference on retranslation	69,329	42,816	112,145
<b>At 31 December 2017</b>	8,994,893	2,515,150	11,510,043
Additions	111,228	261,565	372,793
Disposals/ write-offs	(126,234)	(87,461)	(213,695)
Foreign exchange difference on retranslation	24,304	5,431	29,735
<b>At 31 March 2018</b>	9,004,191	2,694,685	11,698,876
<b>Accumulated amortization</b>			
<b>At 1 January 2017</b>	6,209,056	1,501,202	7,710,258
Charge for the year	433,275	282,789	716,064
Disposals/ write-offs	(117,752)	(55,329)	(173,081)
Foreign exchange difference on retranslation	66,388	26,141	92,529
<b>At 31 December 2017</b>	6,590,967	1,754,803	8,345,770
Charge for the period	169,268	69,083	238,351
Disposals/ write-offs	(126,234)	(87,461)	(213,695)
Foreign exchange difference on retranslation	15,204	4,767	19,971
<b>At 31 March 2018</b>	6,649,205	1,741,192	8,390,397
<b>Net book value</b>			
At 31 March 2018	2,354,986	953,493	3,308,479
At 31 December 2017	2,403,926	760,347	3,164,273

### 11. Financial assets at fair value through other comprehensive income

The details of the investments are as follows:

Name	Country of incorporation	Participation %	Cost US\$	Impairment US\$	As at 31 March 2018 US\$	As at 31 December 2017 US\$
<i>Investments held in related companies</i>						
E-Vision Ltd	Cyprus	18%	90,000	(90,000)	-	-
<i>Other investments</i>						
Asekol s.r.o.	Czech Republic	9.09%	9,580	-	9,580	9,580
Regnon S.A.	Poland	0.01%	2,214	-	2,214	2,214
			101,794	(90,000)	11,794	11,794

# ASBISC ENTERPRISES PLC

---

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

### 12. Inventories

	<b>As at 31 March 2018 US\$</b>	<b>As at 31 December 2017 US\$</b>
Goods in transit	16,760,160	17,217,879
Goods held for resale	146,298,090	132,491,293
Provision for slow moving and obsolete stock	<u>(5,085,880)</u>	<u>(4,728,799)</u>
	<u>157,972,370</u>	<u>144,980,373</u>

#### Movement in provision for slow moving and obsolete stock:

	<b>For the three months ended 31 March 2018 US\$</b>	<b>For the year ended 31 December 2017 US\$</b>
On 1 January	4,728,799	7,128,737
Provisions for the period/year	(50,950)	403,105
Provided stock written off	389,462	(2,904,799)
Exchange difference	<u>18,570</u>	<u>101,756</u>
On 31 March/31 December	<u>5,085,881</u>	<u>4,728,799</u>

### 13. Trade receivables

	<b>As at 31 March 2018 US\$</b>	<b>As at 31 December 2017 US\$</b>
Trade receivables	205,211,296	244,427,686
Allowance for doubtful debts	<u>(7,291,921)</u>	<u>(6,235,438)</u>
	<u>197,919,375</u>	<u>238,192,248</u>

#### Movement in provision for doubtful debts:

	<b>For the three months ended 31 March 2018 US\$</b>	<b>For the year ended 31 December 2017 US\$</b>
On 1 January	6,235,438	7,714,943
Provisions for the period/year	837,798	3,856,736
Amount written-off as uncollectible	99,755	(5,963,311)
Bad debts recovered	(1,795)	(11,906)
Exchange difference	<u>120,725</u>	<u>638,976</u>
On 31 March/31 December	<u>7,291,921</u>	<u>6,235,438</u>

# ASBISC ENTERPRISES PLC

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

### 14. Other current assets

	<b>As at 31 March 2018 US\$</b>	<b>As at 31 December 2017 US\$</b>
Deposits and advances to service providers	563,172	539,913
Employee floats	77,784	47,573
VAT and other taxes refundable	7,343,142	7,727,844
Other debtors and prepayments	<u>9,785,251</u>	<u>9,811,943</u>
	<u>17,769,349</u>	<u>18,127,273</u>

### 15. Share capital

	<b>As at 31 March 2018 US\$</b>	<b>As at 31 December 2017 US\$</b>
<b>Authorized</b> 63,000,000 (2017: 63,000,000) shares of US\$ 0.20 each	<u>12,600,000</u>	<u>12,600,000</u>
<b>Issued and fully paid</b> 55,500,000 (2017: 55,500,000) ordinary shares of US\$ 0.20 each	<u>11,100,000</u>	<u>11,100,000</u>

### 16. Short term borrowings

	<b>As at 31 March 2018 US\$</b>	<b>As at 31 December 2017 US\$</b>
Bank overdrafts (Note 26)	64,842,269	47,468,050
Current portion of long term loans	370,704	298,609
Bank short term loans	25,037,340	22,819,311
Short term obligations under finance leases (Note 19)	<u>64,835</u>	<u>66,276</u>
Total short term debt	<u>90,315,148</u>	<u>70,652,246</u>
Factoring creditors	<u>52,218,115</u>	<u>65,839,753</u>
	<u>142,533,263</u>	<u>136,491,999</u>

### Summary of borrowings and overdraft arrangements

As at 31 March 2018 the Group enjoyed factoring facilities of US\$ 142,898,000 (31 December 2017 US\$ 139,661,000).

In addition, the Group as at 31 March 2018 had the following financing facilities with banks in the countries that the Company and its subsidiaries are operating:

- overdraft lines of US\$ 81,105,000 (31 December 2017: US\$ 75,791,000)
- short term loans/revolving facilities of US\$ 36,806,000 (31 December 2017: US\$ 36,322,000)
- bank guarantee and letters of credit lines of US\$ 22,259,000 (31 December 2017: US\$ 22,633,000)

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

# ASBISC ENTERPRISES PLC

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

The Weighted Average Cost of Debt (cash lines and factoring lines) for the period was 7.3% (for 2017: 9.3%).

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

- Floating charges over all assets of the Company
- Mortgage on land and buildings that the Group owns in Cyprus, Czech Republic, Belarus, Middle East, Bulgaria, Slovakia and Ukraine
- Charge over receivables and inventories
- Corporate guarantees to the extent of facilities granted to subsidiary companies
- Assignment of insurance policies
- Pledged deposits of US\$ 16,194,000 (31 December 2017: US\$ 17,583,000)

### 17. Long term borrowings

	<b>As at 31 March 2018 US\$</b>	<b>As at 31 December 2017 US\$</b>
Bank loans	113,657	156,825
Long term obligations under finance leases (Note 19)	20,371	12,499
	<u>134,028</u>	<u>169,324</u>

### 18. Other long term liabilities

	<b>As at 31 March 2018 US\$</b>	<b>As at 31 December 2017 US\$</b>
Pension provision	<u>421,019</u>	<u>369,341</u>

### 19. Finance leases

	<b>As at 31 March 2018 US\$</b>	<b>As at 31 December 2017 US\$</b>
Obligation under finance lease	85,206	78,775
Less: Amount payable within one year	<u>(64,835)</u>	<u>(66,276)</u>
Amounts payable within 2-5 years inclusive	<u>20,371</u>	<u>12,499</u>

### 20. Deferred tax

	<b>For the three months ended 31 March 2018 US\$</b>	<b>For the year ended 31 December 2017 US\$</b>
Debit balance on 1 January	(167,543)	(856,909)
Deferred tax charge for the period/year (Note 8)	-	711,890
Exchange difference on retranslation	<u>(2,136)</u>	<u>(22,524)</u>
At 31 March/31 December	<u>(169,679)</u>	<u>(167,543)</u>



# ASBISC ENTERPRISES PLC

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

### 20. Deferred tax (continued)

	<b>As at 31 March 2018 US\$</b>	<b>As at 31 December 2017 US\$</b>
Deferred tax assets	(231,643)	(227,615)
Deferred tax liabilities	61,964	60,072
Net deferred tax assets	<u>(169,679)</u>	<u>(167,543)</u>

### 21. Other current liabilities

	<b>As at 31 March 2018 US\$</b>	<b>As at 31 December 2017 US\$</b>
Salaries payable and related costs	1,262,242	1,176,671
VAT payable	4,374,472	8,822,098
Accruals and deferred income	26,323,225	23,176,940
Non-trade accounts payable	2,416,020	2,327,162
Provision for warranties	3,046,162	2,580,305
	<u>37,422,121</u>	<u>38,083,176</u>

### 22. Commitments and contingencies

As at 31 March 2018 the Group was committed in respect of purchases of inventories of a total cost value of US\$ 7,396,000 (31 December 2017: US\$ 2,218,000) which were in transit at 31 March 2018 and delivered in April 2018. Such inventories and the corresponding liability towards the suppliers have not been included in these financial statements since, according to the terms of purchase title of the goods has not passed to the Group at period end.

As at 31 March 2018 the Group was contingently liable in respect of bank guarantees and letters of credit of US\$ 22,259,000 (31 December 2017: US\$ 22,633,000) which the Group has extended mainly to its suppliers.

As at 31 March 2018 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

	<b>For the three months ended 31 March 2018 US\$</b>	<b>For the three months ended 31 March 2017 US\$</b>
Former Soviet Union	251,983,664	139,736,394
Central Eastern Europe	160,014,005	91,312,547
Middle East & Africa	46,989,403	36,397,807
Western Europe	35,174,369	21,135,212
Other	9,141,477	1,619,533
	<u>503,302,918</u>	<u>290,201,493</u>

# ASBISC ENTERPRISES PLC

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

### 1.3 Segment results

	For the three months ended 31 March 2018 US\$	For the three months ended 31 March 2017 US\$
Former Soviet Union	3,104,048	2,304,882
Central Eastern Europe	1,738,846	1,338,550
Middle East & Africa	304,357	249,494
Western Europe	77,266	60,521
Other	<u>114,783</u>	<u>33,108</u>
<b>Profit from operations</b>	5,339,300	3,986,555
Net financial expenses	(3,142,283)	(3,383,226)
Other gains and losses	<u>27,187</u>	<u>68,347</u>
<b>Profit before taxation</b>	<u>2,224,204</u>	<u>671,676</u>

### 1.4 Segment capital expenditure (CAPEX)

	As at 31 March 2018 US\$	As at 31 December 2017 US\$
Former Soviet Union	4,366,979	4,372,717
Central Eastern Europe	12,967,754	12,502,008
Middle East & Africa	3,044,546	3,084,118
Unallocated	<u>8,279,930</u>	<u>8,157,239</u>
	<u>28,659,209</u>	<u>28,116,082</u>

### 1.5 Segment depreciation and amortization

	For the three months ended 31 March 2018 US\$	For the three months ended 31 March 2017 US\$
Central Eastern Europe	185,824	170,134
Former Soviet Union	99,627	87,006
Middle East & Africa	49,027	50,256
Unallocated	<u>291,378</u>	<u>222,775</u>
	<u>625,856</u>	<u>530,171</u>

# ASBISC ENTERPRISES PLC

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

### 1.6 Segment assets

	<b>As at 31 March 2018 US\$</b>	<b>As at 31 December 2017 US\$</b>
Former Soviet Union	205,547,527	232,984,691
Central Eastern Europe	161,853,556	177,942,005
Middle East & Africa	37,053,552	45,286,320
Western Europe	<u>29,184,059</u>	<u>34,503,594</u>
Total	433,638,694	490,716,610
Assets allocated in capital expenditure (1.4)	28,659,209	28,116,082
Other unallocated assets	<u>7,760,840</u>	<u>5,090,360</u>
Consolidated assets	<u>470,058,743</u>	<u>523,923,052</u>

### 24. Derivative financial liability

	<b>As at 31 March 2018 US\$</b>	<b>As at 31 December 2017 US\$</b>
<u>Derivative financial liabilities carried at fair value through profit or loss</u>		
Foreign currency derivative contracts	<u>834,887</u>	<u>739,587</u>

### 25. Derivative financial asset

	<b>As at 31 March 2018 US\$</b>	<b>As at 31 December 2017 US\$</b>
<u>Derivative financial assets carried at fair value through profit or loss</u>		
Foreign currency derivative contracts	<u>704,613</u>	<u>373,302</u>

### 26. Cash and cash equivalents

	<b>As at 31 March 2018 US\$</b>	<b>As at 31 December 2017 US\$</b>
Cash at bank and in hand	66,392,721	93,401,246
Bank overdrafts (Note 16)	<u>(64,842,269)</u>	<u>(47,468,050)</u>
	<u>1,550,452</u>	<u>45,933,196</u>

The cash at bank and in hand balance includes an amount of US\$ 16,194,000 (31 December 2017: US\$ 17,818,000) which represents pledged deposits against financial facilities granted and margin accounts for foreign exchange hedging.

# ASBISC ENTERPRISES PLC

---

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

### 27. Goodwill

	<b>As at 31 March 2018 US\$</b>	<b>As at 31 December 2017 US\$</b>
At 1 January	418,589	1,255,204
Goodwill written off (note ii)	-	(1,172,924)
Foreign exchange difference on retranslation	11,448	336,309
At 31 March/31 December (note i)	<u>430,037</u>	<u>418,589</u>

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

	<b>As at 31 March 2018 US\$</b>	<b>As at 31 December 2017 US\$</b>
ASBIS d.o.o. (BA) (formerly Megatrend D.O.O. Sarajevo)	<u>430,037</u>	<u>418,589</u>
	<u>430,037</u>	<u>418,589</u>

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

	<b>As at 31 March 2018 US\$</b>	<b>As at 31 December 2017 US\$</b>
SHARK Computers a.s.	<u>-</u>	<u>(1,172,924)</u>

### 28. Transactions and balances of key management

	<b>For the three months ended 31 March 2018 US\$</b>	<b>For the three months ended 31 March 2017 US\$</b>
Director's remuneration - executive (Note 6)	166,825	85,448
Director's remuneration - non-executive (Note 6)	<u>618</u>	<u>534</u>
	<u>167,443</u>	<u>85,982</u>

# ASBISC ENTERPRISES PLC

---

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

### 29. Business combinations

#### ***Acquisitions of subsidiaries to 31 March 2018***

During the period, the group has acquired the remaining 15% of the share capital of ASBIS Cloud Ltd.

<u>Name of entity</u>	<u>Type of operations</u>	<u>Date acquired</u>	<u>% acquired</u>	<u>% owned</u>
ASBIS Cloud Ltd	Information Technology	9 February 2018	15%	100%

#### ***Disposals of subsidiaries to 31 March 2018***

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

<u>Name of disposed entity</u>	<u>Type of operations</u>	<u>Date liquidated</u>	<u>% liquidated</u>
OU ASBIS Estonia	Information Technology	29 November 2017	100%
Prestigio Plaza NL BV	Information Technology	3 January 2018	100%

#### ***Acquisitions of subsidiaries to 31 December 2017***

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

<u>Name of entity</u>	<u>Type of operations</u>	<u>Date acquired</u>	<u>% acquired</u>	<u>% owned</u>
I ON LTD	Information Technology	04 April 2017	100%	100%
ASBC LLC	Information Technology	08 May 2017	65.85%	65.85%
ASBIS SERVIC LTD	Warranty Services	04 July 2017	100%	100%
ASBIS Cloud Ltd	Information Technology	27 July 2017	100%	85%

#### ***Disposals of subsidiaries to 31 December 2017***

During the period the following group's subsidiary went into liquidation. Loss of US\$ 12,461 arose on the event.

<u>Name of disposed entity</u>	<u>Type of operations</u>	<u>Date liquidated</u>	<u>% liquidated</u>
Shark Online a.s.	Information Technology	01 January 2017	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)).