ASBISc Enterprises Plc

ANNUAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

Limassol, March 30th, 2010

Siarhei Kostevitch
Chairman & CEO

Dear Shareholders,

Last year was the most challenging and certainly the most difficult year of my business life.The world's financial crisis had affected all sectors of the economy and IT distribution could not be an exemption. The consequences of this crisis were multiple and in all countries of the group's operations.

The large scale credit unavailability had a direct impact on the purchasing powers of both private consumers and corporate customers as well. As a result we have experienced a dramatic decrease in demand for IT products and therefore the group's revenues were found significantly decreased especially in the Former Soviet Union countries. In addition to this, the crisis has led to enormous risk aversion which led to many investors withdrawing funds from the Emerging Markets of Europe causing a steep depreciation of the local currencies against our reporting curreny, the U. S. Dollar. This As a result the group sufferred from a vast amount of currency losses reaching the amount of about 4 million for the year. The two aforementioned factors, alongside with others mentioned elsewhere in this report have resulted to the group not to be profitable for the first time since its inception back in 1990.

Having to manage a business under this environment and having to cope with such extraordinary circumstances, I am satisfied with the results achieved for 2009. Not only we have managed to cut our cost structure in order to abide with the new facts of the economies, we have also managed to improve our operational efficiencies that led to a significant increase of our cash-flow from operations and our position at year end.

At times where the demand was so much affected from the economy, the group was proactive enough to sign a large number of new distribution agreements in most of the countries the company operates. This reflected in significant growth of sales, when the world's financial crisis eased down towards the end of the year.

All these new distribution agreements, the significant reshaping of our private products portfolio and the strict control of our costs have created the foundations of a successful 2010 and the years to come. At times where demand is much slower only the strong are to survive and ASBIS has proven robust and is coming out of the crisis much stronger. We know that this crisis is not over yet and that a lot of challenges are awaiting for us, but I aim personally, as well as the management team, confident and committed to making 2010 a very successful yearfor shareholders, our employees and our suppliers.

Siarhei Kostevitch

Chairman & CEO

Directors report on the Group operations

For the fiscal year ended 31 December 2009

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ASBISc Enterprises Plc is one of the leading distributors of Information Technology ("IT") products in Europe, Middle East and Africa ("EMEA") Emerging Markets. It has presence in 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: Russia, Slovakia, Ukraine, Poland, Czech Republic, Belarus, Romania, Croatia, Slovenia, Bulgaria, Serbia, Hungary, Turkey and Middle East countries (i.e. United Arab Emirates, Saudi Arabia, Qatar and other Gulf states).

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

ASBISc commenced business in 1990 in Belarus and in 1995 we incorporated our holding company in Cyprus and moved our headquarters to Limassol. Our Cypriot headquarters support, through three master distribution centres (located in the Czech Republic, the United Arab Emirates and China), our network of 33 warehouses located in 26 countries. This network supplies products to the Group's in-country operations and directly to its customers in approximately 75 countries.

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

We have prepared this annual report as required by Paragraph 82 section 1 point 3 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 rules of recognition of information required by the law of non-member country as equivalent.

In this annual 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. "Shares" refers to our existing ordinary shares traded on the Warsaw Stock Exchange.

Forward-Looking Statements

This annual 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 annual 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 annual 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 annual report.

Industry and Market Data

In this annual report, we set out information relating to our business and the market in which we operate and compete. The information regarding our market, market size, market share, market position, growth rates and other industry data relating to our business and the market in which we operate consists of data and reports compiled by various third-party sources, discussions with our customers and our own internal estimates. We have obtained market and industry data relating to our business from providers of industry data, including:

- Gartner - a leading research company on IT, and
- IDC – a dedicated organization on publishing data for IT industry.

We believe that these industry publications, surveys and forecasts are reliable, but we have not independently verified them and cannot guarantee their accuracy or completeness. Some of this data we used were produced prior to the recent global economic crisis in discussion and therefore some of the data might have become inaccurate.

In addition, in many cases we have made statements in this annual report regarding our industry and our position in the industry based on our experience and our own investigation of market conditions. We cannot assure you that any of these assumptions are accurate or correctly reflect our position in the industry, and none of our internal surveys or information have been verified by any independent sources.

Financial and Operating Data

This annual report contains financial statements and financial information relating to the Group. In particular, this annual report contains our audited consolidated financial statements for the twelve months ended 31 December 2009. The financial statements appended to this annual report are presented in U.S. dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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 annual 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 annual report may not conform exactly to the total figure given for that column or row.

All numbers are presented in thousands, except share, per share and exchange rate data, unless otherwise stated.

PART I

ITEM 1. KEY INFORMATION

Currency Presentation and Exchange Rate Information

Unless otherwise indicated, all references in this annual 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 all references to "PLN" or "Polish Zloty" are to the lawful currency of the Republic of Poland.

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

The following tables set out, for the periods indicated, certain information regarding the average of the 11:00 a.m. buying/selling rates of the dealer banks as published by the National Bank of Poland, or NBP, for the złoty, the “effective NBP exchange rate”, expressed in Polish Zloty per dollar and Polish Zloty per Euro. The exchange rates set out below may differ from the actual exchange rates used in the preparation of our consolidated financial statements and other financial information appearing in this annual report. Our inclusion of the exchange rates is not meant to suggest that the U.S. dollars amounts actually represent such polish Zloty or Euro amounts or that such amounts could have been converted into Polish Zloty or Euros at any particular rate, if at all.

	Year ended December 31,				
Year (Polish Zloty to U.S. dollar)	**2005**	**2006**	**2007**	**2008**	**2009**
Exchange rate at end of period	3.26	2.91	2.44	2.96	2.85
Average exchange rate during period[(1)]	3.25	3.10	2.77	2.41	3.12
Highest exchange rate during period............................	3.45	3.30	3.04	3.13	**3.90**
Lowest exchange rate during period	2.91	2.86	2.43	2.02	**2.71**

The average exchange rate as certified for customs purposes by NBP on the last business day of each month during the applicable period

Month (Polish Zloty to U.S. dollar)	Highest exchange rate during the month	Lowest exchange rate during the month
January 2009	3.46	2.88
February 2009	3.90	3.47
March 2009	3.79	3.33
April 2009	3.52	3.19
May 2009	3.33	3.15
June 2009	3.27	3.12
July 2009	3.19	2.92
August 2009	2.98	2.85
September 2009	2.94	2.80
October 2009	2.92	2.78
November 2009	2.92	2.74
December 2009	2.93	2.71
January 2010	2.91	2.79
February 2010	2.83	2.99

The following table shows for the dates and periods indicated the period-end, average, high and low Euro to U.S. dollar exchange rate as calculated based on the rates reported by the National Bank of Poland.

Year ended December 31 (Euro to U.S. dollar)	2005	2006	2007	2008	2009
Exchange rate at end of period	0.8449	0.7597	0.6798	0.7099	0.6938
Average exchange rate during period[1]	0.8044	0.7970	0.7269	0.6809	0.7182
Highest exchange rate during period	0.8565	0.8442	0.7747	0.6259	0.7992
Lowest exchange rate during period	0.7387	0.7515	0.6727	0.8053	0.6616

The average NBP exchange rate, euro per U.S. $, on the last business day of each month during the applicable period

Month (Euro to U.S. dollar)	Highest exchange rate during the month	Lowest exchange rate during the month
January 2008	0.7821	0.7169
February 2008	0.7955	0.7716
March 2008	0.7992	0.7308
April 2008	0.7737	0.7390
May 2008	0.7526	0.7135
June 2008	0.7213	0.7026
July 2008	0.7200	0.7007
August 2008	0.7092	0.6937
September 2008	0.7030	0.6759
October 2008	0.6873	0.6651
November 2008	0.6804	0.6633
December 2008	0.7020	0.6616
January 2009	0.7821	0.7169
February 2009	0.7413	0.7136

Selected Financial Data

The following table set forth our selected historical financial data for the years ended December 31, 2009 and 2008 and should be read in conjunction with Item 3. *"Operating and Financial Review and Prospects"* and the consolidated financial statements (including the notes thereto) included elsewhere in the annual report. We have derived the financial data presented in accordance with IFRS from the audited consolidated financial statements.

For your convenience, certain U.S. $ amounts as of and for the year ended 31 December 2009, 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 31 December 2009, that is: 1 US$ = 2.8503 PLN and 1 EUR = 4.1082 PLN.

- Individual items in the income statement and cash flow statement – based at exchange rates representing the arithmetic averages of the exchange rates quoted by the National Bank of Poland for the last day of each month in a period between 1 January to 31 December 2009, that is 1 US$ = 3.1236 PLN and 1 EUR = 4.3406 PLN.

	Period from 1 January to 31 December			
		2009		2008
	USD	PLN	EUR	USD
Revenue	**1,162,458**	**3,631,052**	**836,532**	**1,495,324**
Cost of sales	(1,109,500)	(3,465,635)	(798,423)	(1,418,115)
Gross profit	**52,957**	**165,417**	**38,109**	**77,209**
Selling expenses	(27,114)	(84,692)	(19,512)	(34,706)
Administrative expenses	(22,954)	(71,700)	(16,518)	(27,175)
Profit from operations	**2,889**	**9,025**	**2,079**	**15,327**
Financial expenses	(7,042)	(21,996)	(5,068)	(8,745)
Financial income	626	1,956	451	200
Other Income	707	2,208	509	346
Negative goodwill and goodwill written off	2	6	1	90
Impairment of investments	0	0	0	(90)
Profit before taxation	**(2,817)**	**(8,801)**	**(2,028)**	**7,127**
Taxation	(179)	(559)	(129)	(3,024)
Profit after taxation	**(2,997)**	**(9,360)**	**(2,156)**	**4,103**
Attributable to:				
Non-controlling interest	212	662	153	83
Owners of the parent	**(3,208)**	**(10,022)**	**(2,309)**	4,021
	(2,997)	**(9,360)**	**(2,156)**	**4,103**
	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)
Earnings per share				
Weighted average basic and diluted earnings per share from continuing operations	(5.78)	(18.06)	(4.16)	7.24
	USD	PLN	EUR	USD
Net cash inflows/(outflows) from operating activities	34,124	106,588	24,556	(623)
Net cash inflows/(outflows) from investing activities	(3,393)	(10,599)	(2,442)	(13,654)
Net cash inflows/(outflows) from financing activities	(7,093)	(22,154)	(5,104)	(2,075)
Net increase/(decrease) in cash and cash equivalents	**23,638**	**73,835**	**17,010**	**(16,352)**
Cash at the beginning of the year	12,934	40,401	9,308	29,286
Cash at the end of the year	36,572	114,236	26,318	12,934

	As of 31 December 2009			As of 31 December 2008
	USD	PLN	EUR	USD
Current assets	357,920	1,020,179	248,328	336,117
Non-current assets	27,903	79,532	19,359	26,773
Total assets	385,823	1,099,711	267,687	362,891
Liabilities	294,471	839,332	204,307	267,878
Equity	91,352	260,379	63,380	95,013

Risk Factors

This section describes the significant risks and uncertainties affecting our business. The risks and uncertainties described below are not the only ones we face. There may be additional risks and uncertainties not presently known to us or that we currently deem immaterial. Any of these risks could adversely affect our business, financial condition, our results of operations or our liquidity.

Risk factors relating to our business and industry

Fluctuation in the value of currencies in which operations are conducted and activities are financed relative to the U.S. dollar could adversely affect our business, operating results and financial condition.

Our reporting currency is the U.S. dollar. At the end of 2009 approximately 50% of our revenues are denominated in U.S. dollars, while the balance of our revenues is denominated in Euro and other currencies, certain of which are linked to the Euro. Our trade payable balances are principally 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 Rouble, the Czech Crown and the Polish Zloty. 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 our revenues, 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, 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 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.

There can be no assurance that fluctuations in the exchange rates of the Euro and 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.

World's Financial Crisis

As it was announced in interim reports during 2009, the world's financial crisis that has led the global economy into a dramatic slowdown has affected the Company's results. This impacted the Company's results in the second half of 2008 and continued to affect them throughout 2009. The crisis led to several negative effects, with the most important one being lower demand in most of the countries of the Company's operations.

Despite recovery signals from our markets, it is clear that the crisis is not over yet. For this reason, the Company continues its efforts to minimize the impact of the global financial crisis on its financial results. The Company has revised its strategy and has adapted to the new environment. Because of the crisis, many risks appeared and the management team successfully managed to weather most of them. Principally the Group has managed to improve cash generated from operating activities and increase its cash position at year end.

Credit risk faced by us due to our obligations under supply contracts and the risk of delinquency of customer accounts receivable could have a material adverse effect on our business, operating results and financial condition.

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 60 days or, in a few cases, to 90 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 in which the Company's arrangements with its suppliers require the Company to resell to certain resellers or distributors. Thus, the Company is liable to pay its suppliers regardless of whether its customers pay for their respective purchases. As the Company's profit margin is relatively low compared to the total price of the products sold, in the event the Company is unable to recover payments from its customers, it is exposed to a financial liquidity risk. The Company has in place credit insurance which covers such an eventuality for approximately 50 percent of its revenue.

Due to the recent market developments following the credit crisis that affected all countries the Group operates in, credit risk has become one of the most important factors that might affect the Group's results in the future. Despite the fact that the Group has managed to credit insure a large portion of its receivables, credit insurance companies are nowadays more risk averse and they are cancelling and/or withdrawing credit limits to customers. As a result the Group is exposed to more credit risk and the ability of the Group to analyse and assess its credit risk is of extremely high importance.

Competition and price pressure in the industry in which we operate on a global scale may lead to a decline in market share, which could have a material adverse effect on our business, operating results and financial condition.

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

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

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

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

The IT distribution business has low profit margins, which means that operating results are highly sensitive to increased operating costs, which if not successfully managed could have a material adverse effect on our business, results of operations and financial condition.

The Company's gross profit margins, like those of other distributors of IT products, are low and the Company expects them to 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.

Despite that the Company continues its strategy of product portfolio diversification by adding more A-branded goods, laptops, software and more own brands sales to traditional IT components business, in order to reach better margins in the future.

Inventory obsolescence and price erosion in the industry in which we operate may have a material adverse effect on our business, financial condition and results of operations.

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 resort to price reductions 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.

Our business is highly dependent on distribution contracts with a limited number of suppliers; a loss of or change in the material terms of these contracts could have a material adverse effect on our business, operating results and financial condition.

Our business is dependent on the decisions and actions of a limited number of suppliers. In the year ended 31 December 2009, namely Intel, Advanced Micro Devices (AMD), Seagate and Microsoft. Contracts with these suppliers are typically on a non-exclusive basis, allow for termination with or without cause and are open-ended with respect to requirements and output rather than imposing any commitment to a specific volume of business or scope of work.

We face the risk of termination of our distribution agreements, in the event that it does not perform pursuant to the supplier's expectations or for any other reason, including a number of factors outside our control. Changes in the suppliers' business strategies, including by way of moving part or all of their distribution arrangements to our competitors, or directly distributing products to end-users, could result in the termination of the respective distribution contracts. Any of these suppliers may merge with, acquire or be acquired by, any of our competitors which already has its own distribution network in the market. Any supplier may consider us redundant as a distributor and may terminate our distribution agreement or may experience financial difficulties, as a result of which it may not be able to grant beneficial credit terms and/or honor financial terms in the relevant distribution agreements, such as those relating to price protection, stock returns, rebates, performance incentives, credit from returned materials and reimbursement of advertising expenses incurred during joint promotion campaigns. Termination or material change in the terms of a vendor contract due to any of the aforesaid factors could have a material adverse effect on our business, results of operations and financial condition.

Our inability to maintain or renew our distribution and supply contracts on favorable terms with key customers and suppliers, could have a material adverse effect on our business, operating results and financial condition.

We have significant contracts with a limited number of customers and other business partners, some of which are oral agreements, the precise terms of which and the enforceability of which, remain uncertain, or are agreements that may be terminated without cause or by written notice at the expiry of their term.

In addition, a number of our most significant contracts with our major suppliers contain terms that protect us against exposure to price fluctuations, defective products and stock obsolescence. Specifically, our contracts terms including terms such as (i) a price protection policy, which allows us to request reimbursement from the suppliers for inventory in transit or held at our warehouses in the event that product prices decline; (ii) a stock rotation policy under which we have the right to return to the supplier slow moving inventory in exchange for credit, which reduces our exposure to obsolescence of inventory; and (iii) a return material authorization policy under which we can return defective items to our suppliers in return for either credit, replacements or refurbished products. If we are unable to maintain or enforce our significant contracts, or if any of our significant suppliers refuses to renew contracts with us on similar terms, or new significant suppliers of ours do not make such terms available to us, we could face a higher risk of exposure to price fluctuations and stock obsolescence, which given our narrow gross profit margins, could have a material adverse effect on our business, operating results and financial condition.

Our suppliers' increasing involvement in e-commerce activities, which would enable them to directly sell to our customers, could threaten our market share, and therefore adversely affect our business, operating results and financial condition.

We operate as a distributor, or a "middleman", between manufacturers and our customers. Manufacturers are sometimes able to outsource their sales and marketing functions by engaging the services of a distributor and concentrating on their core competencies. With the emergence, however, of new internet technologies and e-commerce, more manufacturers are developing their own online commerce platforms with the capability to accept orders and conduct sales through the internet. Global distributors have also set up their own web-sites to enable sales and purchases to be conducted online. Although we have developed the IT4Profit platform, an online purchasing platform for electronic dealing with our customers (B2B), there can be no assurance that any of our suppliers or competing distributors will not successfully implement similar electronic purchasing platforms and manage to fully satisfy our customers' needs, in which case our risks losing a significant part of our business. In addition, market prices of components may deteriorate as a result of increasing online competition, as online customers have the ability to search globally for the cheapest available components. If we are unable to effectively leverage our internet technologies and e-commerce or successfully compete with emerging competitors offering online services, this could have a material adverse effect on our business, operating results and financial condition.

Our success is dependent on our own logistics and distribution infrastructure and on third parties that provide those services, a loss of which could adversely affect our business, operating results and financial performance.

We maintain four large regional distribution centers from which the great majority of our products are shipped. As a result, we are highly dependent on third party providers for logistics such as courier and other transportation services. An interruption or delay in delivery services causing late deliveries could result in loss of reputation and customers and could force us to seek alternative, more expensive delivery services, thereby increasing operating costs, which would have an adverse effect on our business, operating results and financial performance. An important part of our strategy to achieve cost efficiencies while maintaining turnover growth is the continued identification and implementation of improvements to our logistics and distribution infrastructure. We need to ensure that our infrastructure and supply chain keep pace with our anticipated growth. The cost of this enhanced infrastructure could be significant and any delays to such expansion could adversely affect our growth strategy, business, operating results and financial performance. Therefore, any significant disruption to the services of these third party providers could have a material adverse effect on our business, results of operations and financial condition.

Our inability to recruit and retain key executives and personnel could have a material adverse effect on our business, operating results and financial condition.

Our business depends upon the contribution of a number of our executive Directors, key senior management and personnel, including Siarhei Kostevitch, our Chief Executive Officer and principal shareholder. There can be no certainty that the services of Mr. Kostevitch and of other of our key personnel will continue to be available to us. We have in the past experienced and may in the future continue to experience difficulty in identifying expert personnel in our areas of activity, and particularly in the areas of information technology and sales and marketing, in the countries in which we operate. In addition, we do not currently maintain "key person" insurance. If we are not successful in retaining or attracting highly qualified personnel in key management positions, this could have a material adverse effect upon our business, operating results and financial condition.

ITEM 2. INFORMATION ON THE COMPANY

History and Development of Asbisc Enterprises Plc and Business Overview

Asbisc Enterprises Plc is the parent entity for the Group described in this chapter, in the section "*Group Structure and Operations*".

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: Russia, Slovakia, Ukraine, Poland, Czech Republic, Belarus, Romania, Croatia, Slovenia, Bulgaria, Serbia, Hungary, Turkey and Middle East countries (i.e. United Arab Emirates, Saudi Arabia, Qatar and other Gulf states).

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

ASBISc commenced business in 1990 in Belarus and in 1995 we incorporated our holding company in Cyprus and moved our headquarters to Limassol. Our Cypriot headquarters support, through three master distribution centres (located in the Czech Republic, the United Arab Emirates and China), our network of 33 warehouses located in 26 countries. This network supplies products to the Group's in-country operations and directly to its customers in approximately 75 countries.

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

Our revenues amounted to U.S. $ 1,162,458 in 2009, compared to U.S. $ 1,495,324 in 2008, following the crisis hiting all our markets. Over the same period, we have reported a net loss after taxation amounting to U.S. $ 2,997 in 2009, compared to net profit after taxation of U.S. $ 4,103 in 2008, mainly due to foreign exchange losses in Q1 2009, lower demand and decrease in average selling prices.

Our headquarters are home to our centralized purchasing department and our global control function, which centrally monitors and controls our global activities, including purchasing, warehousing and transportation operations. In line with our strategy of focusing on automation and innovation in order to increase our cost-efficiency, in 2002, we began developing the IT4Profit platform, our online purchasing platform for electronic trading with our customers (B2B) and electronic data interchange for the Company and its subsidiaries. Within this platform, we have also implemented our end-to-end online supply chain management system, in order to effectively manage our multinational marketplace and to increase automation and reporting transparency both internally and vis-à-vis our suppliers. Dealings through the IT4Profit online platform have grown to represent approximately 55% of our revenues in 2009.

We combine the international experience of our central management team with the local expertise of our offices in each of the 26 countries in which we operate. With our broad local presence, we have developed in-depth knowledge and understanding of fast-growing IT markets in regions such as Central and Eastern Europe and our diverse cultural, linguistic and legal landscape, which may form significant barriers to entry for most of our international competitors. The Directors believe that this advantage has helped us to quickly and cost-effectively penetrate emerging markets and strengthen our competitive position not only in Eastern Europe and Former Soviet Union, but also the Middle East and Africa ("EMEA").

History of the Group

We were established in Minsk, Belarus in 1990 by Mr. Siarhei Kostevitch and our main activity was the distribution of Seagate Technology products in the territory of the Former Soviet Union. Then, in 1995, we were incorporated in Cyprus and we moved our headquarters to Limassol. In 2002, in order to fund further growth, we privately placed U.S. $ 6,000 worth of shares with MAIZURI Enterprises Ltd (formerly named Black Sea Fund Limited), and U.S. $ 4,000 with Alpha Ventures SA. In 2006, we listed our common stock on Alternative Investment Market of London Stock Exchange (AIM), however after the successful listing on the Warsaw Stock Exchange (October 2007) the Board of Directors took a decision and cancelled the AIM listing as at 18 of March 2008.

As of the date of this report our Cypriot headquarters support, through two master distribution centres (located in the Czech Republic and the United Arab Emirates), our network of 33 warehouses located in 26 countries. This network supplies products to the Group's in-country operations and directly to its customers in approximately 75 countries.

Strengths

The Directors consider that our key strengths are:

- Broad geographic coverage combined with local presence.

Unlike most of our international competitors, we operate with active local presence in a number of countries across different regions. Since many of our competitors target the same markets from a number of different locations in Western Europe, we benefit from increased logistical cost efficiencies. In particular, our broad geographic coverage, combined with our centralized structure and automated processes, results in reduced shipping costs and lower revenue collection expense, as well as a consistent marketing approach, as compared to our competitors. As a result, we have become an authorized distributor for leading international suppliers wishing to penetrate a number of fast-growing markets served by us, offering them the ability to penetrate these markets in a cost-efficient manner and through a consistent marketing approach.

- Our experienced management team, combined with local expertise.

Our management team consists of experienced executives. Our Chief Executive Officer has been with the Company since inception in 1990, while all of our key executives have served for longer than eight years. In addition, our subsidiary operations are managed by teams of mainly local experienced managers, which provides us with strong expertise and understanding of the diverse markets in which we operate. The Directors believe that local presence represents a significant competitive advantage for us over our multinational competitors.

- Critical mass of operations.

Having repeating revenues exceeding one billion U.S. Dollars and with sales in approximately 75 countries and facilities in 26 countries, we believe that we have become a strong partner for, and has improved our position with, leading international suppliers of IT components, including Intel, AMD, Seagate, Samsung, Microsoft, Hitachi, Dell and Toshiba, Acer and Lenovo in most of our regions of operation. Thanks to our size and the scope of our regional reach, we have achieved authorized distributor status with leading international suppliers, either on a pan-European, regional, or on a country-by-country basis, thus enjoying a number of beneficial commercial terms and achieving agreements with respect to the distribution of products offering higher profit margins.

- Price protection and stock rotation policy for inventory.

As an authorized distributor for a number of leading international suppliers of IT components, we are able to benefit from certain beneficial contract terms that provide protection from declining prices or slow moving inventory. In particular, such terms allow us to return part of the inventory to the respective distributors in the event market prices decline or such inventory becomes obsolete. See "*Our Main Suppliers - Price Protection Policy and Stock Rotation Policy*". In contrast, in some of the countries in which we operate, many of our major competitors tend to buy from the open market, which leaves them exposed to the risk of price changes and obsolete stock.

- One-stop-shop for producers and integrators of IT equipment.

We distribute a broad range of IT components, blocks, peripherals and finished products supplied by a large number of leading international suppliers. As a result, we serve as a one-stop-shop, providing complete solutions to producers and integrators of server, mobile and desktop segments in the countries in which we operate. The Directors consider this to be a significant advantage over competitors with more limited product offerings.

Group Structure and Operations
The following table presents our corporate structure as at December 31st, 2009:

Company	Consolidation Method
ASBISC Enterprises PLC	**Mother company**
Asbis Ukraine Limited (Kiev, Ukraine)	Full (100% subsidiary)
Asbis PL Sp.z.o.o (Warsaw, Poland)	Full (100% subsidiary)
AS Asbis Baltic (Tallinn, Estonia)	Full (100% subsidiary)
Asbis Romania S.R.L (Bucharest, Romania)	Full (100% subsidiary)
Asbis Cr d.o.o (Zagreb, Croatia)	Full (100% subsidiary)
Asbis d.o.o Beograd (Belgrade, Serbia)	Full (100% subsidiary)
Asbis Hungary Commercial Limited (Budapest, Hungary)	Full (100% subsidiary)
Asbis Bulgaria Limited (Sofia, Bulgaria)	Full (100% subsidiary)
Asbis CZ,spol.s.r.o (Prague, Czech Republic)	Full (100% subsidiary)
UAB Asbis Vilnius (Vilnius, Lithuania)	Full (100% subsidiary)
Asbis Slovenia d.o.o (Trzin, Slovenia)	Full (100% subsidiary)
Asbis Middle East FZE (Dubai, U.A.E)	Full (100% subsidiary)
Asbis SK sp.l sr.o (Bratislava, Slovakia)	Full (100% subsidiary)
Asbis Europe B.V (Schiphol, Netherlands)	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 Nordic AB (Jaelfaella, Sweden)	Full (100% subsidiary)
Asbis Morocco Limited (Casablanca, Morocco)	Full (100% subsidiary)
EUROMALL CZ s.r.o. (formerly ISA Hardware s.r.o.) (Prague, Czech Republic)	Full (100% subsidiary)
EUROMALL d.o.o. (formerly ISA Hardware d.o.o.) (Zagreb, Croatia)	Full (100% subsidiary)
ISA Hardware Hungary Commercial Limited Liability Co (Budapest, Hungary)	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)
E.M.Euro-Mall D.o.o. (former ISA Hardware s.r.o Slovenia) (Ljubljana, Slovenia)	Full (100% subsidiary)
Prestigio Plaza Sp. z o.o (Warsaw, Poland)	Full (100% subsidiary)
Prestigio Plaza Ltd (formerly Prestigio Technologies) (Limassol, Cyprus)	Full (100% subsidiary)
Prestigio Europe s.r.o (Prague, Czech Republic)	Full (100% subsidiary)
Prestigio Ukraine Limited (Kiev, Ukraine)	Full (100% subsidiary)
ASBIS NL.B.V. (Amsterdam, Netherlands)	Full (100% subsidiary)
Asbis Kypros Ltd (Limassol, Cyprus)	Full (100% subsidiary)
Asbis TR Bilgisayar Limited Sirketi (Istanbul, Turkey)	Full (100% subsidiary)
SIA “ASBIS LV” (Riga, Latvia)	Full (100% subsidiary)
Megatrend d.o.o. (Sarajevo, Bosnia Herzegovina)	Full (80% ownership)
PTUE IT-MAX (Minsk, Belarus)	Full (100% subsidiary)
ASBIS Close Joint-Stock Company (former CZAO ASBIS) (Minsk, Belarus)	Full (66.6% ownership)
ASBIS IT S.R.L.” (Rome, Italy)	Full (100% subsidiary)
ASBIS Kazakhstan LLP (Almaty, Kazakhstan)	Full (100% subsidiary)
Euro-Mall SRO (Bratislava, Slovakia)	Full (100% subsidiary)
ASBIS Taiwan (Taipei City, Taiwan)	Full (100% subsidiary)

Asbisc Enterprises Plc is the parent company of the Group. Our subsidiaries are involved in diverse activities related to distribution of IT components and equipment. In particular, our subsidiaries operating under ASBIS name are involved in distribution of IT components finished products and equipment, including distribution of products from worldwide leading manufacturers such as Intel, AMD, Seagate, Western Digital, Samsung, Microsoft, Hitachi Dell, Acer, Lenovo, Toshiba and many other well known international suppliers. Our subsidiaries operating under Prestigio and Canyon brands are primarily responsible for the procurement, quality control, marketing and wholesale distribution of our private label (Canyon and Prestigio) IT equipment.

Changes in the Group's structure

1) Six subsidiaries changed names:

    a. ISA Hardware s.r.o (Prague, Czech Republic) - changed its name to EUROMALL CZ s.r.o.

    b. ISA Hardware d.o.o (Zagreb, Croatia) - changed its name to EUROMALL d.o.o.

    c. ISA Hardware s.r.o Slovenia was renamed to E.M.Euro-Mall D.o.o.

    d. Canyon Technology Co Ltd (Taiwan) changed name to ASBIS Taiwan

    e. ISA HARWARE Limited-Group (Cyprus) changed name to E.M. Euro-Mall Ltd

    f. ISA HARDWARE D.O.O. (Serbia) changed name to Euro-Mall SRB d.o.o.

2) Two subsidiaries were established or bought:

    a. Euro-Mall SRO (Slovakia) was established

    b. Canyon Technology Co Ltd (Taiwan) was acquired

3) Three subsidiaries were liquidated, disposed or sold:

    a. Prestigio Limited (Moscow, Russia) was sold, due to the fact that on the day of transaction it was not conducting any operations

    b. Canyon Technology Ltd (Hong Kong, People's Republic of China) was voluntarily liquidated, due to the fact that it was not conducting any operations

    c. Warranty RU Limited (Russia) was disposed

Regional operations

We operate as a one-stop-shop for the desktop PC, server, laptop and software segments. The management believes that the company is currently the only IT component and A- Branded finished products distributor that covers substantially all of Eastern Europe, as part of a single supply chain with highly integrated sales and distribution systems. We also have operations in the Baltic States, the Balkans, the Former Soviet Union, the United Arab Emirates and other Middle East countries, Ireland and the Netherlands. In countries with a large geographic area and a less developed infrastructure, such as Russia, Ukraine, Belarus, Kazakhstan, Egypt, Morocco, Algeria and Tunisia, we have developed and manage sales through a network of local resellers. These resellers distribute products, supported by pre-sales and post-sales services provided by us. As the level of infrastructure development increases in these countries, the Directors intend to shift from an indirect to a direct sales model through establishing local operations. See "*Directions of Further Development*".

We also provide technical support for all new products that we stock through product line sales managers. Sales personnel receive internal training and focus groups are established that have in-depth knowledge of their respective product lines. Our sales staff are also trained by our suppliers, such as Intel, AMD, Seagate, Werstern Digital, Samsung, Microsoft, Hitachi and others, as a result of our status as an authorized distributor of their products. The Directors consider that this organisational process allows us to provide added value to our customers and differentiate us from our competitors.

We are represented in the following locations:

Key Markets

Historically, the regions of Central Eastern Europe ("CEE") and Former Soviet Union have been the larger contributors of revenues of the group.

The following table presents the breakdown of our revenue by regions for the years ended 31 December 2009, 2008 and 2007:

	Year ended 31 December		
	2009	**2008**	**2007**
		%	
Former Soviet Union	32.05	43.4	48.8
Central and Eastern Europe	39.39	33.7	32.4
Middle East & Africa	15.73	11.3	8.0
Western Europe	9.55	9.5	8.9
Other	3.28	2.1	1.9
Total revenue	**100**	**100**	**100**

Products

We are engaged in sales and distribution of a variety of products including IT components, laptops, server and mobile building blocks and peripherals to third party distributors, OEMs, retailers and e-tailers and resellers. Our customers are located mainly in Central and Eastern Europe, the Former Soviet Union, North and South Africa and the Middle East. In 2009 we have signed a total number of 25new distribution agreements.

We engage in three primary lines of business:

- sales and distribution of the IT components and blocks described below that we purchase from a variety of suppliers such as Intel, AMD, Seagate and Western Digital,

- sales of a range of finished products from worldwide manufacturers (Dell, Toshiba, Lenovo, Acer) as well as software (Microsoft and antivirus software producers),

- sales of a range of private label products (such as data storage devices, GPS Devices, peripherals, accessories) with larger volumes and with profit potential selected by us and manufactured by ODM/OEM producers in the Far East under our own private label brands, Canyon and Prestigio.

The products that are purchased from suppliers and distributed by us are divided into various categories, which consist of (i) central processing units, (ii) hard disk drives, (iii) memory modules, which includes random access memory and flash memory modules, (iv) mainboards and VGA cards, (v) software, (vi) peripherals, which are external or internal devices attached to a computer for added functionality such as a scanner or a printer, (vii) PC-mobile, which are mainly laptops, (viii) display products such as LCD TVs and monitors, (ix) optical and floppy drives, which include DVD drives, (x) desktop computers, (xi) servers and server blocks, (xii) accessories and multimedia, (xiii) networking products, and (xiv) other products, which include cameras, special customer orders and products purchased by our subsidiaries to service their customers.

In 2009, we sold, among other products, approximately 3.75 million central processing units ("CPUs"), 2.99 million hard disk drives ("HDDs"), 2.52 million memory modules (including both RAM and flash memory modules) and 0.39 million laptops, either sourced from leading industry manufacturers or sold under our private brands. These compared to approximately 4.17 million CPUs, 3.27 million HDDs, 2.66 million memory modules and 0.36 million laptops in 2008.

The following table presents revenues from each category of product in 2008, 2007 and 2006:

	Year ended 31 December		
	2009	**2008**	**2007**
		(U.S. $)	
Central Processing Units	281,583	396,972	402,843
Hard disk drives (HDD)	173,614	211,062	265,967
Software	82,453	183,305	157,381
PC mobile (laptops)	223,734	254,579	115,298
Mainboards & VGA cards	31,348	45,907	64,437
PC desktop	45,930	52,139	35,788
Peripherals	54,361	42,487	30,256
Display products	8,896	29,326	43,095

Memory modules (RAM)	39,542	31,972	63,523
Accessories & multimedia	24,994	25,546	22,098
Servers & server blocks	13,399	22,091	27,457
Optical & floppy drives	9,377	15,464	28,895
Flash memory	1,863	8,588	12,360
Networking products	9,157	6,835	7,666
Other	162,207	169,051	120,284
Total revenue	**1,162,458**	**1,495,324**	**1,397,349**

Private Labels: Prestigio and Canyon

We have developed two private labels brands, Canyon and Prestigio. We, through our purchasing office in Taiwan and recently in China, select products or ranges of products with high profit potential from a number of ODM/OEM producers in the Far Eastern region and, in particular, in Korea, Taiwan, and China, and purchase these products at larger volumes in order to benefit from economies of scale. We then resell these products in the markets in which we operate under our own brands at cheaper prices than similar products sold by competitors.

Canyon. Canyon was launched in 2001 as a supplier of motherboards and video graphics adaptors (VGA) cards to Eastern European markets. The brand has evolved and currently primarily targets retail chains with IT and consumer electronic peripherals and accessories, supplying products such as RAM and flash memory modules, networking products, external HDD, MP3 players and speakers. Canyon is perceived to be a brand aimed at younger customers who want good quality products at affordable prices. Canyon uses attractive colors and packaging to promote this image.

Prestigio. Prestigio was launched at the end of 2002 with the aim of becoming a supplier of premium quality IT products and now supplies data storage devices, peripherals and accessories.. Prestigio's brand slogan "The Art of High Tech" reflects the positioning of these products in this premium, high-specification design segment.

In parallel to the Prestigio and Canyon brands, we also offer, in all countries in which we operate, white label product platforms to enable our largest local customers create their own brand with exclusive designs.

Unlike distribution of other producers products, our own brands enable us to reach high double digit gross profit margins. Therefore their contribution in our profitability is much higher than its contribution in our total revenues.

Suppliers and Procurement

In the early 1990s when suppliers of IT components began expanding their business in Eastern Europe and the Former Soviet Union, we commenced strengthening our position by building our expertise and infrastructure in these markets and expanding our strategic alliances over the years with a number of leading international suppliers of IT components.

Our Main Suppliers

We believe that establishing strong supplier relationships is a critical success factor for our business and have devoted considerable resources over the years to establishing strong relationships based on mutual trust with our key suppliers. In that direction, we strive to provide full visibility to our suppliers by reporting to them crucial information on a daily/weekly basis, including stock levels, sales-out reports by country, thus assisting them in monitoring customers' demand and allowing them time to comprehend and react to specific market peculiarities, trends and dynamics.

The following table presents the percentage of sales generated by product categories from our key suppliers for the years 2009 and 2008.

Product Category	Suppliers	Y 2009	Y 2008
CPU & Mainboards	INTEL, AMD	25.2%	28.0%
Hard Disk Drives (HDD)	Seagate, Hitachi, Western Digital, Samsung	14.2%	13.1%
Mobile Computers	DELL, Toshiba, ACER, Lenovo,	19.0%	16.8%

In 2009, a significant proportion of our revenues were generated from our eleven biggest suppliers however the management believes that we place no reliance on any of our suppliers since we carry for every category a wide potfolio of brands.

Acting as a non-exclusive distributor, we are generally responsible for promoting, marketing, advertising, selling, and providing training and after-sales support for each supplier's products in the respective markets. A monitoring mechanism is established by the suppliers to ensure that minimum sales targets are met, pursuant to which we are responsible for providing our suppliers with various reports, including weekly inventory reports and monthly point of sales reports.

Price Protection Policy. In an attempt to reduce distributors' exposure to market price fluctuations, a number of our large suppliers provide in their standard contractual terms for protection from declines in product prices by allowing such distributors, including us, to request, within an agreed time frame, reimbursement for inventory in transit or held in warehouses. This is not, however, usually the case with smaller suppliers, where we are more exposed to potential price variations.

Stock Rotation Policy. Our exposure to the risk of obsolescence of inventory is limited through the stock rotation policy provided by many of our large suppliers, but not generally under arrangements with smaller suppliers. In general under the stock rotation policy, we have the right to return to the supplier, within a pre-defined time frame, slow-moving inventory in exchange for credit. In practice, we can return a certain percentage of products we hold immediately after the end of each quarter, usually based on our sales performance in the preceding quarter.

Return Material Authorization Policy (“RMA”). Subject to the specific provisions of each suppliers' RMA policy, we have the flexibility to return defective items to our major suppliers in return for either credit, replacements or refurbished products.

Procurement Policies

We operate a system of centralized purchasing through our headquarters in Limassol, Cyprus. Country managers communicate expected sales levels and targets, analyzed by product lines and suppliers, to our Product Line Managers ("PLMs") who then identify purchasing requirements for the forthcoming three weeks and in turn forward this information to the Vice President of Product Marketing who verifies and, upon agreement, consolidates the information. The Vice President of Product Marketing then presents the relevant information to management, which holds meetings on a weekly basis to review and approve requirements. We strive to keep our stock, including stock in transit, for our main product lines at a level of three weeks of sales revenues, and to cover three to five weeks of sales revenues for other product lines in order to ensure adequate supply, while reducing the length of time over which we hold our inventory at our warehouses. Since we maintain a stable supplier base, there is no need for formal supplier take-on procedures.

Sales and Marketing

We focus on developing efficient online sales infrastructure and a rewarding profit commission scheme, as well as on investing in training our 470 sales managers in order to instil a thorough understanding of our product offerings with the goal of enhancing customer satisfaction. We also have the possibility to use some of our main suppliers marketing funds, to increase our sales and our clients satisfaction.

Our marketing department is divided into two groups. The product marketing group establishes pricing policies, oversees product supply and communicates with suppliers with regards to the training of PLMs. The channel marketing group is responsible for both central and in-country activities such as public relations, marketing and website content management.

Our marketing team consists of the Central Marketing Group and the Local Marketing Coordinators, both of which work in close coordination with suppliers, product managers and sales teams.

Distribution

We have developed our distribution model for small emerging markets and countries with less developed infrastructure over a period exceeding ten years. Our key distribution objectives are to maintain availability of adequate in-country stock levels in order to meet customers' demands, while keeping stock levels at our regional warehouses for periods no longer than 10-14 days of lag time behind in-country sales.

Distribution model. Our distribution model is based on a system of centralized purchasing operations at our headquarters in Cyprus, which is in direct contact with the suppliers. Suppliers replenish their product stocks with our warehouses weekly or even several times per week, after receiving our product orders, most of them by shipping their products directly to our three master distribution centers, leading to significant cost savings for us. Local in-country operations place their orders online through our IT4profit online platform and receive their goods directly from one of the three distribution centers. On the other hand, products such as memory modules with small size, high-price dynamics and high value are supplied directly to our local in-country operations from the suppliers' factories.

In countries where infrastructure is not optimum, such as Russia, Ukraine, Egypt, Kazakhstan, countries of the Middle East and North Africa, we operate through a system of authorized resellers (dealers). In these countries, sales and marketing efforts are carried out by our representative offices. We sell to resellers directly from our Cyprus headquarters, ship the products from our regional distribution centers, and provide different loyalty schemes designed on a country-specific basis.

Distribution centers. Our three master distribution centers are located in Dubai, Prague and Shenzen.

The table below presents information with respect to the size and ownership of each of our three master distribution centers:

Facility Location	Office Square Meters	Warehouse Square Meters	Total Square Meters	Owned or Leased
Prague	575	4,473	5,048	Leased
Dubai	550	6,475	7,025	Owned
China- Shenzen	20	1319	1339	Leased

In order to ensure visibility and bottom-line efficiencies of our warehousing environment, we have connected our warehousing management system ("WMS"), of the J.D. Edwards platform, to IT4Profit. Thus when an order is placed on IT4Profit, the order is communicated to our relevant master distribution center, which can then process the order for delivery. This WMS is currently functional in the Prague and

Dubai warehouses. The Directors believe that the advantages of operating the WMS connected through IT4Profit include the ability to meet or exceed shipping commitments, instant visibility of inventory movements, consistency of inventory management records, reduction of inventory write-offs and simplicity in shipment planning, lot replenishment and storage activities.

In-Country Operations. We operate through 33 local offices in 26 countries. Customer orders are mainly served through the supply of the local offices, and in the event that local inventory levels are insufficient, additional inventory is drawn from one of the three distribution centers. Each local office operates its own logistics function and is responsible for direct shipments to its customers. Our headquarters monitor and assess the performance of each local logistics center by using a number of key performance indicators, including transit time of incoming shipments, order fulfilment, (such as pick, pack and ship time and the percentage of orders shipped to commitment by date and time), on-time delivery, transport, cost per kilogram shipped and cycle count performance.

Transport Management System. Our transport management system aims at providing information concerning costs of delivery, delivery schedules, tracking and tracing as well as electronic invoicing, to our direct customers. Our successfully piloted Global Positioning System ("GPS") with a number of our transport service providers in Central and Eastern Europe, allows us to communicate with our customers on a real-time basis regarding expected delivery times.

Distribution Operations Management - "Asbis on IT4Profit"

The Directors consider that an efficient logistics and distribution model is one of the key contributors to maintaining our success in the distribution industry. Each in-country logistics center is focused on continuous improvement with key performance indicators in place to measure performance.

IT4Profit is our online supply chain management software, which was internally developed, and which we are continuously in the process of improving. We use IT4Profit to effectively manage the flow of goods within our distribution network. This system collaborates and exchanges business data with our key suppliers, master distribution centers, subsidiaries and customers. Local subsidiaries place their orders online through our e-market place on www.IT4Profit.com and receive their goods directly from one of the three distribution centers. In addition, local logistics staff use this online system to ensure that every online order is picked, packed and shipped within the allocated timeframe.

On January 28th 2009, the Company has signed a purchase agreement with E-Vision Ltd and purchased full ownership, all rights, title and interest in and to certain computer programs known as IT4PROFIT platform.

IT4Profit provides the following functions:

- our interconnectivity with suppliers;
- B2B and B2C online shops to our customers for both front and back office administration;
- online supply chain management;
- statistics for product pricing and product content management; and
- comprehensive operational reports and a balanced scorecards management system.

In addition, IT4Profit provides us with a platform that allows for future growth with additional modules and functionality. Productivity on IT4Profit is measured by the quantity of the processed steps during the order lines per hour (a step is defined as a change in the status of the order). At 150,000 transactions per hour, the system will begin to slow down. We use Webserver Stress Test Tool Enterprise and real time loading to monitor the productivity of IT4Profit. Currently the system is working at a maximum daily level of 27,000 transactions per hour.

Disaster Recovery

We have developed, and will continue to enhance, an enterprise-wide business plan, incorporating a disaster recovery plan, that will enable us to restore all major procedures from offices around the world. For our servers, we use Intel and IBM hardware. In case of a system failure, spare servers kept at a number of locations where we operate can be made available within 24 hours. In addition to the daily back-ups that we maintain in Cyprus, UUNET, an external company, is outsourced by us for storing daily back-ups at an external site in Amsterdam. In the event of a system failure, UUNET is responsible for restoring the applications and the recovery of the data. In such an instance, this will enable us to continue operating with electronic means and servicing our clients. All sites follow the same procedures for back-ups. Every week a full back-up of each site is taken and stored off-site. There are also daily differential back-ups, which can be easily restored.

Customers

We served over 30,000 customers in approximately 75 countries in the year ended 31 December 2009, the same number with 2008. This is considered an achievement taking into account the siginficant decrease in revenues. We have no reliance on any single customer, as our biggest customer is responsible only for about 2% of our total revenues. Approximately 55% of our total sales was conducted on-line, based on our IT4Profit platform described above.

We have managed to become a supplier of choice to most of the major OEMs (Original Equipment Manufacturers) and VARs (Value Added Resellers) as well as to smaller integrators. In each country in which we operate, customers from all tiers of the supply chain can purchase online via the Asbis B2B shops on IT4Profit.

Industry Overview and competition

European market characteristics

The IT industry encompasses three areas of activity: hardware, software and IT services. Distribution plays a key role in the IT sector, especially with respect to hardware and software, by facilitating producers' access to end-users, extending product market reach and offering value added services, where distributors offer their customers logistical support, order management and delivery services such as just-in-time ("JIT").

The IT hardware distribution landscape in Europe has changed significantly over the past decades as improved technology and competing business models have given IT vendors multiple options for distribution of their products. While one of the global leaders in IT hardware, Dell Inc., developed a highly successful direct sales franchise in the mature markets of the U.S and Western Europe, other sector players did not successfully replicate this business model, especially in the regions where we operate Having re-evaluated their distribution strategies, most hardware manufacturers reinforced their relationships with distributors.

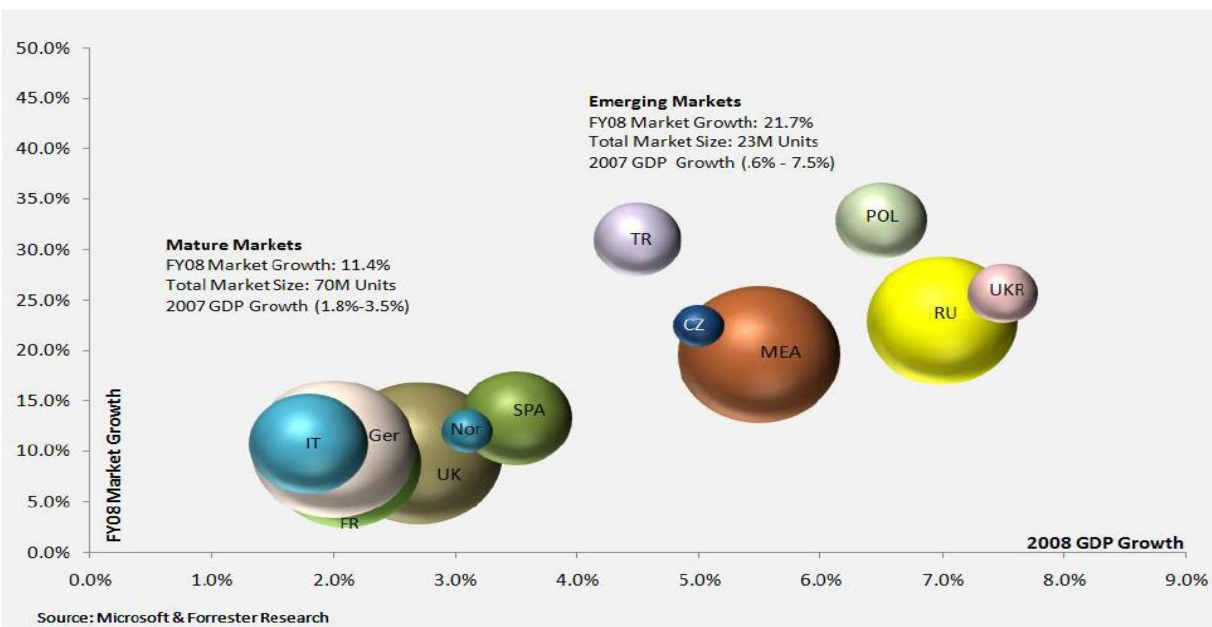
This is particularly true of the European market, where a diversity of national business practices, as well as cultural and language differences make it difficult to pursue efficient hardware distribution models without having strong local presence. In the Central and Eastern European and Former Soviet Union markets, different currencies, varying levels of economic development, import regulations and periodic episodes of political and economic instability create additional impediments to IT distribution not found in Western Europe. The European IT components distribution market is characterised by a three-tier structure: pan-European, regional and local distributors who buy directly from manufacturers and sell mainly to local Original Equipment Manufacturers ("OEMs"), value-added resellers ("VARs"), other resellers and local distributors, as well as to retailers and e-tailers that in turn resell to end users. Historically European OEMs have relied on distribution companies to serve the Small and Medium Business ("SMBs") segment of the IT clientele since the SMB sector has been too small for OEMs to dedicate their selling efforts on.

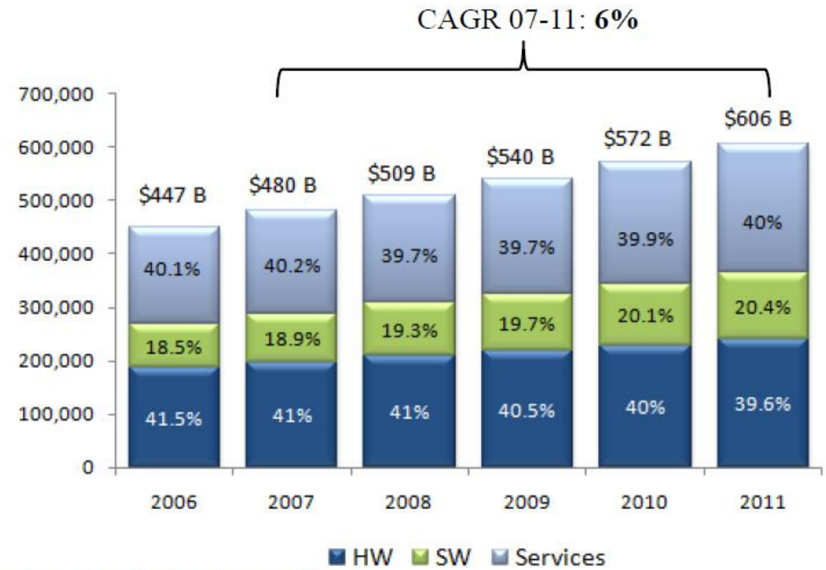
At the same time, leading manufacturers of IT components do not want to rely solely on multinational OEMs and world-wide distributors for distribution as this would reduce producers' bargaining power. Instead, producers use a mixture of direct sales to OEMs and sales to multinational and local distributors. We, as a pan-regional distributor of IT components, building blocks and peripherals, as well as a significant marketer of "private label" computer hardware and associated software, active mainly in the fast growing markets of Central and Eastern Europe, the Former Soviet Union, Africa and the Middle East take advantage of these market characteristics.

Market trends

The recent world's financial crisis limited demand and sales in the whole IT business starting from the second part of 2008. This situation continued in the first quarter of 2009, but beginning from Q3 2009 signals of recovery started to be seen in particular markets. The IT distribution sector growth prospects depend on the overall IT spending, which is highly correlated to GDP growth, and the level of saturation of a particular market, i.e. PC ownership and internet/broadband technology usage. Having in mind the Company's geographical presence in markets that are less penetrated that the Western Europe, and having seen growth in sales beginning from Q3 2009, the Company's management has all grounds to believe that the market in 2010 will grow again. Because of many factors affecting this business nowadays, it is hard to estimate the pace of this growth at the general level of the IT industry. However due to upgraded product portfolio and large geographical presence, the management believes that in 2010 the Company will be able to increase its revenues by at least 10% year-on-year.

The graphs below indicate the potential growth of the markets where the group operates. However it is very important to stress out that all these graphs and data were generated before the global economic crisis appeared and severely affected all markets we operate. Therefore in the Company's management opinion all the charts should be read in parallel with any recent surveys available, taking into account the changes of the business environment across the globe.





EMEA IT Spending:
2007: $480.2 BUSD
2011: $600.2 BUSD

EMEA Y/Y Growth	CAGR 07-11
HW	5.1%
SW	8.1%
Services	5.9%
Total IT Spending	**6.0%**

Source: IDC Blackbook EMEA, January 2008

Despite the current world's financial crisis, in the coming years, IT spending trends in Central Eastern Europe, the Former Soviet Union and the Middle East and Africa, which are the key markets of our operations, are expected to remain positive for the distribution industry. These countries have lagged behind the U.S. and Western Europe in terms of IT spending, while globalization and privatization necessitate increasing focus on IT infrastructure to increase competitiveness. According to Gartner, end-users from CEE countries spend 3 - 5 times less from end-users in Western Europe and the United States. In order to compete effectively in the global arena, these countries will require increased IT spending, which leaves considerable room for growth for us.

Competitive Landscape

IT distribution in Central and Eastern Europe and the Former Soviet Union is fragmented. Major multinational players which dominate the market in the U.S. and Western Europe (such as Ingram Micro, Tech Data, Actebis or Bell Micro) are present in a few countries each. A large number of local distributors operate mostly in a single country with only a few operating in more than one country. Typically, these local players command the largest shares in each of the countries.

The Directors consider us to be one of the largest distributors of IT components in Eastern Europe, with a distribution network covering the majority of countries in Eastern Europe, and one of the three largest distributors in the EMEA region for IT components such as HDDs and CPUs. As no other distributor has a pan-regional presence like ASBIS, we believe we are very much protected with our current set up and infrastructure.

While some consolidation has taken place in the last few years, the biggest international competitors such as Ingram Micro Europe (with its dedicated components sales force), Tech Data and Actebis have not managed to establish themselves locally in Central and Eastern Europe and Former Soviet Union and rely on trade-desk teams to sell into these countries. While these trade desk teams are strong competitors with respect to larger accounts in the region (such as regional operations of multinational OEMs), the Directors consider that they are not significantly impacting the lower distribution tiers due to their inability to support large numbers of geographically dispersed customers.

We compete with local distributors but the Directors consider that none of them have a comparable geographic coverage, nor carry as diverse a portfolio as we do. The Directors consider that we do not have one main competitor but rather a group of competitors varying from country-to-country. The key competitors are as follows:

a) Elko (Riga) in the Baltic States, Russia and Ukraine;

b) Kvazar Micro in the Former Soviet Union;

c) AB, ABC Data and Action in Poland;

d) AT Computers and ED System- BGS-Levi in the Czech Republic and Slovakia; and

e) CT Group and MSAN in the Balkans and Adriatic region.

As some consolidation is seen on the market, and this trend may continue due to the world's financial crisis and limited abilities of the smaller distributors to finance themselves, ASBIS is ready to benefit from any opportunities that may arise. As the global financial crisis deepens more consolidation is expected to happen in the next couple of years. Many small competitors might be forced to seek alliances with bigger and more solid distributors in the market place. The directors believe that this might create opportunities for which ASBIS will be benefiting from.

Directions of further development

Our strategy is to grow our business and increase profitability, mainly by improving our operating efficiency in the distribution of IT components within all of regions we operate in, by upgrading our product portfolio and by increasing sales of our private label products. We intend to achieve this by:

a) increasing sales and market share in particular countries of the Former Soviet Union, Central and Eastern Europe, Middle East and Africa ("EMEA") taking advantage of the weakenesses of competition;

b) decreasing dependance on traditional IT component business by adding more finished-goods (i.e. laptops) to our product portfolio;

c) developing our software sales;

d) developing our private label business;

e) enhancing operating efficiency and automated processes, including our online sales channels;

f) decreasing the foreign exchange exposure by adding hedging as a daily tool of operations

- **Increasing sales and market share in the EMEA region taking advantage of the weaknesses of competition.**

The recent world's financial crisis led some of our competitors to bankrupcy or to decission of moving out from particular markets. Additionally we have signed a significant number of agreements with suppliers for many countries, including Slovakia, Ukraine or the Middle East countries. This resulted in increased market share and sales even while the market was significantly smaller than year before.

As confirmed by independent market reports produced by Gartner, computer penetration in the markets in which we operate, is still significantly lower than in more developed Western European markets. As the current environment is getting better, demand for computer products in these markets is growing and this will give a boost the group's revenues.

- **Decreasing dependance from traditional IT component business by adding more finished-goods (i.e. laptops) to our product portfolio;**

Traditional IT components segment is characterized by high volumes and low gross profit margins. Therefore the Company continues its efforts to rebuild its product portfolio by adding more finished-goods, namely laptops, in order to benefit from growing sales and better margins. This paid off in many counties in 2009, even during the world's financial crisis.The Company expects to continues this policy, in order to increase its total gross profit margins in the future.

- **Developing of our software sales;**

Taking advantage of its extensive customer base for its hardware products, the company plans to supply its customers with complementary products, like software, that can be sold together with hardware products and are characterized by higher gross profit margins and of course lower inventory and warehousing costs. In this case we aim to become an one-stop-shop for both hardware and software solutions with ultimate goal to increase our gross profit margins

- **Development of private label business;**

Our private label (branded) product lines, Canyon and Prestigio, are manufactured by leading Original Equipment Manufacturers ("OEM") in the Far East (i.e., Korea, Taiwan, and China), often based on designs developed by us, selected on the basis of their quality and potential for achieving high profit margins in our markets. We market and sell these products under our own brands, successfully competing with products of comparable quality marketed under international brands. We believe that increasing sales of private label products as part of our total revenues will have a positive impact on our overall profitability, as these products return a higher profit margin, compared to international suppliers' products distributed by us. As a result, we aim to continue expanding the range of our private label products and strengthening their promotion in our markets.

- **Enhancing operating efficiency and automated processes, including our online sales channels;**

We continue to focus on improving operating efficiency and enhancing our automated processes, with a view to reducing operating expenses and increasing our profit margins, mainly through enhancing our own online, end-to-end supply chain management system, which operates over our IT4Profit platform. This automated system covers a wide range of our activities, from purchasing processes with key suppliers, to intercompany transactions, order processing and business data exchange with customers, as well as automated B2C (business-to-customer) connection with e-shops of resellers. More than 50% of our revenues were derived from online transactions with customers in 2009, and we aim to increase this percentage going forward.

- **Decreasing FX exposure by adding hedging as a daily tool in operations**

The biggest negative impact on the Company's revenues and profitability in 2009 came from steep currencies volatility. Although the Company was able to limit the foreign exchange risk because of upgraded hedging policies, further monitoring of situation is crucial for success. Actions to mitigate its foreign exchange risk include:

a) The Company started to invoice some of its customers in countries with weakening currency in U.S. Dollar or U.S. Dollar equivalent
b) The Company hedges the balance sheets of its subsidiaries by converting their assets and liabilities in local currencies
c) The Company is covering some of its subsidiaries' un-hedged positions with forward contracts.

Real property and other tangible assets

The table below presents our main real properties:

Name of Subsidiary	Country	Square meters			
		Plot	Office	Warehouse	Total
ASBISc Enterprises Plc	Cyprus	--	1,080	--	1,080
Asbis CZ, spol.s.r.o.	Czech Republic	5,000	232	1,300	1,532
Asbis Ukraine Limited	Ukraine	--	532	2,368	2,990
ZAO Automatic Systems of Business Control-Minsk	Belarus	--	1,047	--	1,047
Asbis SK sp.l. sr.o.	Slovakia	9,128	1,206	2,875	4,081
Asbis Middle East FZE	United Arab Emirates	6,500	930	4,307	5,237
IT-MAX	Belarus	-	621	919	1,540

Our remaining premises are under lease.

Information regarding the real property owned by us and the relevant encumbrances are provided in the annual consolidated audited Financial Statements included elsewhere in this report. Other than this real property, we do not hold any other significant tangible assets.

Intellectual Property

We have registered the following trademarks:

a) ASBIS", in blue and white and color formats and also "ASBIS ISP";

b) "CANYON";

c) "PRESTIGIO";

d) “Euromall”; and

e) “PrestigioPlaza.com”

These trademarks are registered and protected in the countries in which we operate, to the extent and other terms set forth in the provisions based on which they were registered. Generally, the trademarks have a 10-year protection period, which expires (depending on the trademark and the country to which the protection refers) from 2010 to 2014, it being understood that we can apply for extension of such protection periods upon expiry of the current registration. In addition, we have registered a number of domain names for ASBIS, ISA Hardware, Canyon and Prestigio.

Insurance

We hold two different types of insurance: products insurance and credit insurance.

Products insurance. We have a products insurance policy with M.N. Leons B.V. We assume the risks of products we receive from our suppliers only upon transfer of legal title, which is when the goods reach us and thereafter. Under our product insurance policy, covering the twenty four months ending 31 December 2011 with tacit renewal thereafter our products are insured for a maximum of U.S. $ 4,000 from any single shipment of computers, monitors and supplies of accessories transported from country to country or warehouse to warehouse. Typical shipment values for each warehouse are as follows: Czech Republic: U.S. $ 120and the Middle East: U.S. $ 140.

Furthermore, goods held in storage at all distribution centres are insured as follows:

- The Czech Republic: U.S. $ 20,000.

- The Middle East: U.S. $ 15,000.

The aforementioned insurance coverage equals the typical value of stock held in each warehouse.

Credit Insurance: We have two major credit insurance policies in place with Atradius Credit Insurance N.V. and Euler Hermes Kreditversicherungs AG ("Euler Hermes") reducing our exposure in respect to possible non-recoverability of our receivables. Both insurers have agreed to indemnify us for losses due to bad debts in respect of goods delivered and services performed during the policy period, which covers a term of twelve months, subject to annual renewal. We insured more than 50% of our 2009 revenues.

The first major insurance policy is held with Atradius Credit Insurance N.V.; which was signed in April 2008 and covers Asbisc Enterprises PLC, the Company, Asbis Middle East FZE, Asbis Limited (Ireland), Asbis D.o.o. (Slovenia), Asbis NL B.V. (Netherlands), Asbis Europe B.V. (Netherlands), Asbis Turkey, Asbis IT Srl (Italy), Asbis CR d.o.o. (Croatia), Asbis Doo (Serbia) and Asbis OOO (Russian Federation), ASBIS Polska Sp. z o.o. and ASBIS Hungary. Each buyer, primarily our large customers, who has an approved credit limit is insured for a coverage amounting to 85%. Atradius also offers us a discretionary credit limit up to a maximum of U.S. $ 85.

The second insurance policy is with Euler Hermes Kreditversicherungs AG ("Euler Hermes"), which commenced in May 2003, is considered by the management as a milestone in credit insurance for us. One of our core vendors in co-operation with Euler-Hermes offered us the Credit Insurance Program ("CIP"). At that time, we were the only Central and Eastern European distributor to participate in such a vendor-driven program. This flexible and tailor-made program has given us a competitive advantage over other distributors on insurance of small customers. This insurance policy is held by the Company and extends to cover ASBIS CZ, spol s.r.o., ASBIS CR d.o.o., ASBIS Hungary Limited, ASBIS Vilnius UAB, ASBIS PL Sp z.o.o., ASBIS SK spol s.r.o. (Slovakia); and ASBIS d.o.o. (Slovenia), ASBIS Bulgaria Limited, ASBIS Romania S.R.L., AS ASBIS Baltic, ASBIS LV SIA (Latvia), as well as to specific customers in Algeria, Tunisia and Morocco. Under this policy we have the flexibility of providing eligible customers a discretionary credit limit up to a maximum of U.S.$ 75. This policy has been renewed till January 2011.

ITEM 3. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following Management's discussion and analysis of our financial condition and results of operations discusses our historical financial results as at, and for the years ended, 31 December 2009 and 2008. The reader shall read the following discussion in conjunction with our audited financial statements as at and for the years ended 31 December 2009 and 2008, including the accompanying notes thereto, which are included elsewhere in this Annual Report, and have been prepared in accordance with IFRS and audited by Deloitte & Touche Limited, our independent auditors and in conjunction with the information set forth under "*Risk Factors"* and *"Information on the Company*".

Unless we indicate otherwise, references to U.S. $, PLN and € are in thousands except for share and per share data.

Summary

The principal events of 2009 were as follows:

- Revenues ammounted to U.S. $ 1,162,458 compared to U.S.$ 1,495,324 in 2008.
- Gross profit amounted to U.S.$ 52,957 compared to U.S.$ 77,209 in 2008.
- Gross profit margin was 4.55% compared to 5.16% in 2008.
- EBITDA ammounted to U.S.$ 5,789 compared to U.S.$ 18,249 in 2008.
- EBITDA margin was 0.5% compared to 1.22% in 2008.
- Net result after taxation was negative and amounted to U.S.$ - 2,997 compared to U.S.$ 4,103 in 2008.

Principal Factors Affecting Financial Condition and Results of Operations

The Company's results of operations have been affected and are expected to continue to be affected by a number of factors, including the global financial crisis, currency fluctuations, competition and price pressures, low gross profit margins, potential inventory obsolescence and price erosion, credit risk, growth markets and seasonality. These factors are discussed in more detail below.

World's Financial Crisis

The world's financial crisis that has led the global economy into a dramatic slowdown has affected the Company's results starting from Q3 2008 and continued throughout the whole 2009. This resulted in higher volatility of currencies, decreased access on credit facilities by customers and decreased purchasing power of consumers, limiting demand. Although the Company was able to partially offset this negative impact due to its broad geographical presence, it was not possibible to achieve the desired revenues and therefore the crisis affected the Company's sales levels. This continued up until the last three months of the year when signals of crisis easing down were present in particular markets i.e. Ukraine. Positive trend in sales was observed in Q4 2009 when the Company's revenues grew significantly both year-on-year and quarter-on-quarter to exceed U.S.$ 404 million compared to U.S.$ 289 million in Q3 2009. The management believes despite the fact that the crisis is not over yet and a "double dip" recession scenario is possible, the Company is much better prepared to weather any further storms with much better results.

Currency fluctuations

As mentioned above, the Company's reporting currency is the U.S. dollar. Since most of the Company's trade payable balances are denominated in U.S. dollars (about 80%), the Company was exposed to foreign exchange risk as the majority of its receivables are denominated in local currencies. Additionally, a large amount of the Company's operating expenses are denominated in U.S. dollars and this has also affected the Group's results.

This foreign exchange risk grew dramatically beginning from September 2008 and continued in 2009. The biggest impact of the foreign exchange losses that the Group suffered during Q1 2009. It was created by the steep depreciation of the local currencies (i.e., the Russian Ruble, the Hungarian Forint, the Czech Koruna. the Polish Zloty etc) against the US Dollar

This steep and constant depreciation of the aforementioned currencies had multiple negative effects on the Group's results such as lower revenues, lower profitability, instability in prices and translation losses.

It is hard to eliminate the foreign exchange risk in such a dynamically changing environment, however the Group is taking appropriate measures possible to mitigate such risk:

d) The Company has started to invoice some of its customers in countries with weakening currency in U.S. Dollar or U.S. Dollar equivalent
e) The Company hedges the balance sheets of its subsidiaries by converting their assets and liabilities in local currencies
f) The Company is covering some of its subsidiaries' un-hedged positions with forward contracts.

Competition and price pressure

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

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

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

Low gross profit margins

The Company's gross profit margins, like those of other distributors of IT products, are low and the Company expects them to 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 revenues.

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 resort to price reductions 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 60 days or, in a few cases, to 90 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 in which the Company's arrangements with its suppliers require the Company to resell to certain resellers or distributors. Thus, the Company is liable to pay its suppliers regardless of whether its customers pay for their respective purchases. As the Company's profit margin is relatively low compared to the total price of the products sold, in the event the Company is unable to recover payments from its customers, it is exposed to a financial liquidity risk. The Company has in place credit insurance which covers such an eventuality for approximately 50 percent of its revenue.

Due to the recent market developments following the credit crisis that affected all countries the Group operates in, credit risk has become one of the most important factors that might affect the Group's results in the future. Credit insurance companies are nowadays more risk averse and they are cancelling and/or withdrawing credit limits to customers. As a result the Group is exposed to more credit risk and the ability of the Group to analyse and assess its credit risk is of extremely high importance.

Seasonality

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

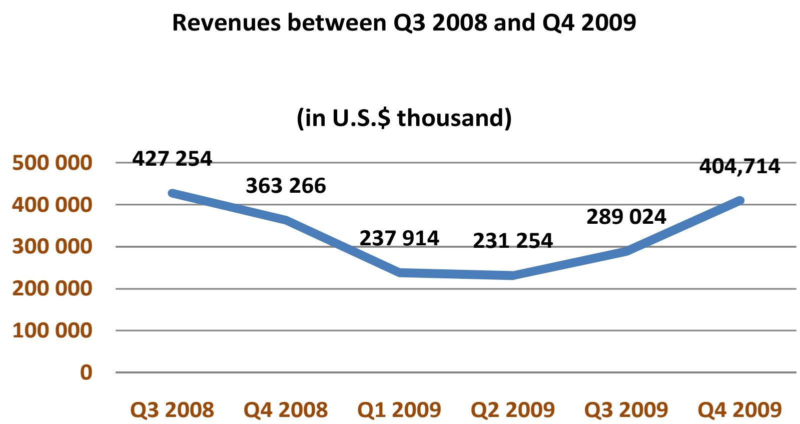
During 2009, seasonality effects came back to normal levels only towards the end of the year when financial crisis seemed to eased down. Seasonality creates uncertainty and thus less predictability on the company's revenues and profitability.

Financial condition and results of operations

We did not publish any financial forecast for the year ended 31 December 2009.

Year ended December 31, 2009 compared to year ended December 31, 2008

Revenues: The Company's revenues amounted to U.S. $ 1,162,458 compared to U.S. $ 1,495,324 in 2008. This decrease reflected the effects of the world's financial crisis on the markets, especially in H1 2009.



The table below sets forth a breakdown of our revenues, by product, for the years ended 31 December 2009 and 2008:

	For the years ended 31 December			
	2009		2008	
	U.S. $	**percent of total revenues**	**U.S. $**	**percent of total revenues**
Central processing units (CPUs)	281,583	24.22%	396,972	26.53%
Hard disk drives (HDDs)	173,614	14.94%	211,062	14.10%
Software	82,453	7.09%	183,305	12.25%
PC-mobile (laptops)	223,734	19.25%	254,579	17.02%
Other	401,075	34.50%	449,406	30.09%
Total revenue	**1,162,458**	**100%**	**1,495,324**	**100.0%**

Revenues from central processing units ("CPUs") decreased by 29.07% to U.S. $ 281,583 (24.22% of our revenues) for the year 2009, from U.S. $ 396,972 (26.53% of our revenues) for 2008, mainly due to lower unit sales in first two quarters of 2009 and decrease of the average selling price (ASP).

Revenues from the sale of hard disk drives ("HDDs") decreased by 17.74% to U.S. $ 173,614 (14.94% of our revenues) for the year 2009, from U.S. $ 211,062 (14.10% of our revenues) for 2008 mainly due to lower unit sales in first two quarters of 2009 and slightly lower average sales price ("ASP").

Revenues from the sale of software decreased by 55.02% to U.S. $ 82,453 (7.09% of our revenues) for the year 2009 from U.S. $ 183,305 (12.25% of our revenues) in 2008, mainly due to lower unit sales, especially in Russia, and lower average sales price ("ASP") only partially offset by development of different software sales in other markets.

Revenues from the sale of PC-mobile (laptops) decreased by 12.12% to U.S. $ 223,734 (19.25% of our revenues) for the year 2009 from U.S. $ 254,579 (17.02% of our revenues) in 2008, mainly due to lower average sales price ("ASP") only partially offset by better unit sales.

The Company is also developing its own brands, Canyon and Prestigio, as it allows the Company to reach, double digit gross margins. In 2009 own brands contribution in total sales revenue was close to 5%. It is the Company's intention to further develop own brands sales so that in the medium term their contribution in total sales revenue will reach 10-12%.

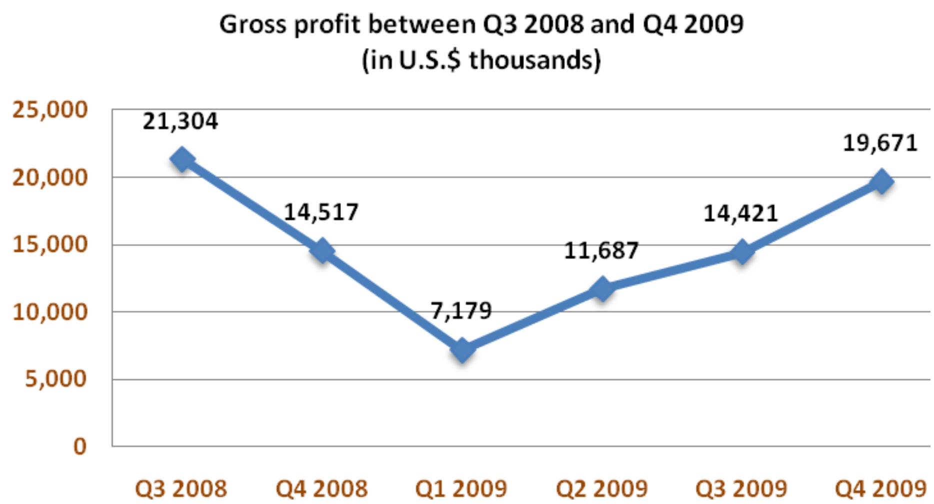
The table below presents a geographical breakdown of sales for the years ended 31 December 2009 and 2008:

	For the years ended 31 December			
	2009		**2008**	
	U.S. $	**percent of total revenues**	**U.S. $**	**percent of total revenues**
Former Soviet Union	372,574	32.05%	649,444	43.4%
Eastern Europe	457,844	39.39%	503,809	33.7%
Western Europe	110,974	9.55%	142,057	9.5%
Middle East & Africa	182,897	15.73%	169,465	11.3%
Other	38,169	3.28%	30,550	2.0%
Total revenues	**1,162,458**	**100.0%**	**1,495,324**	**100.0%**

The table below presents a country-by-country breakdown of sales for our most important markets for the years ended 31 December 2009 and 2008:

	For the years ended 31 December			
	2009		**2008**	
	U.S.$	**percent of total revenues**	**U.S.$**	**percent of total revenues**
Russia	203,056	17.47%	429,895	28.73%
Slovakia	168,202	14.47%	163,609	10.99%
Ukraine	119,039	10.24%	149,604	9.99%
United Arab Emirates	73,393	6.31%	79,874	5.34%
Poland	37,443	3.22%	68,041	4.55%
Czech Republic	64,076	5.51%	66,816	4.47%
Belarus	37,285	3.21%	47,874	3,20%
Other	459,964	39.57%	488,808	32.69%
Total revenues:	**1,162,458**	**100.0%**	**1,495,324**	**100.0%**

Gross Profit: Gross profit for the year ended 31 December 2009 ammounted to U.S. $ 52,957 compared to U.S. $ 77,209 in 2008. Despite that it is important to underline the positive trend in gross profit level visible in 2009 quarter –on-quarter.



Gross profit margin (gross profit as a percentage of revenues) amounted to 4.55% for the year ended 31 December 2009, compared to 5.16% in 2008. This decrease in gross profit margin was mainly a result of large foreign exchange losses in Q1 2009.

Selling Expenses: Selling expenses largely comprise of salaries and benefits paid to sales employees, marketing and advertising fees, commissions and traveling expenses. The employees that fall under the category "sales employees" for the purposes of selling expenses are those that are part of our sales, marketing and logistics departments.

Selling expenses decreased by 21.88% to U.S. $ 27,114 for the year ended 31 December 2009 compared to U.S. $ 34,706 for the year ended 31 December 2008. This decrease was driven primarily by the Company's cost cutting actions, better operational efficiency and lower revenues.

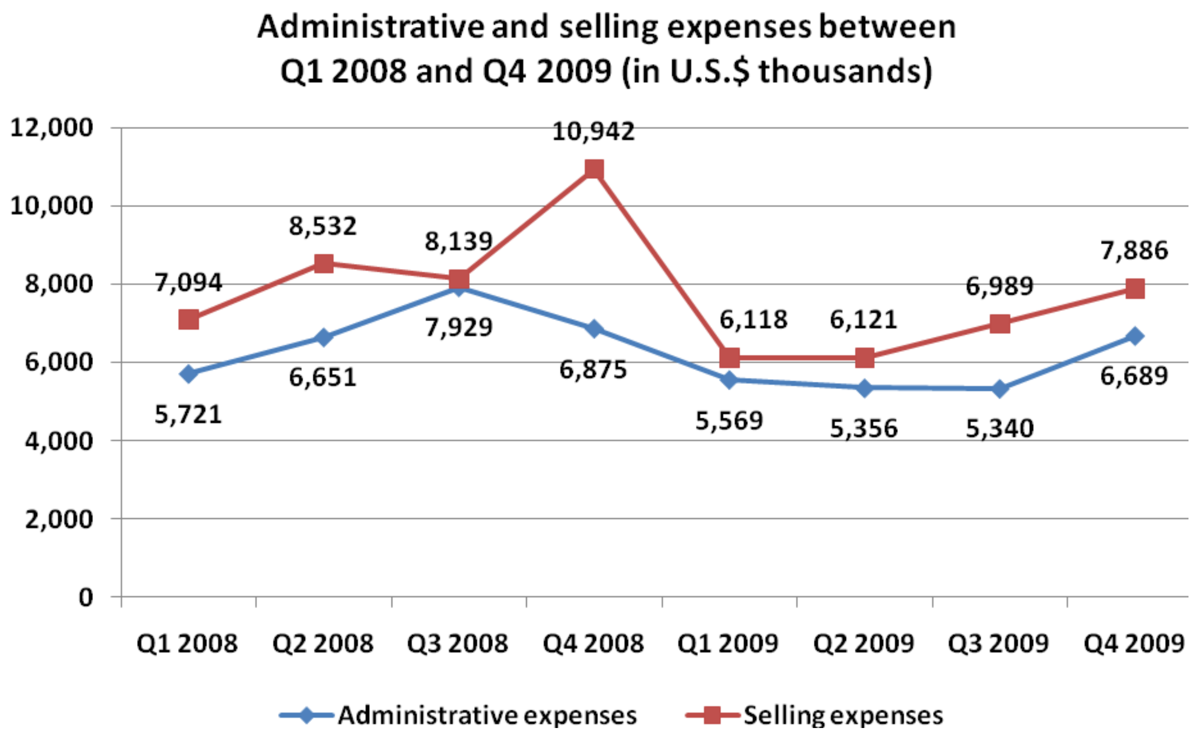
Selling expenses represented 2.32% of our revenues for the years ended 31 December 2009 and 2008.

Administrative Expenses: Administrative expenses largely comprise of salaries and wages and rent expense.

Administrative expenses decreased by 15.53% to U.S. $ 22,954 for the year ended 31 December 2009 compared to U.S. $ 27,175 for the year ended 31 December 2008. In each year, administrative expenses were comprised largely of salaries and wages paid to administrative employees and rent payable.

Administrative expenses represented 1,97% and 1.8% of our revenues for each of the years 2009 and 2008, respectively.

It is important to underline the effectiveness of the Company's cost cutting actions started in November 2008 and continued in 2009. This can be clearly visible at the quarterly based chart below.



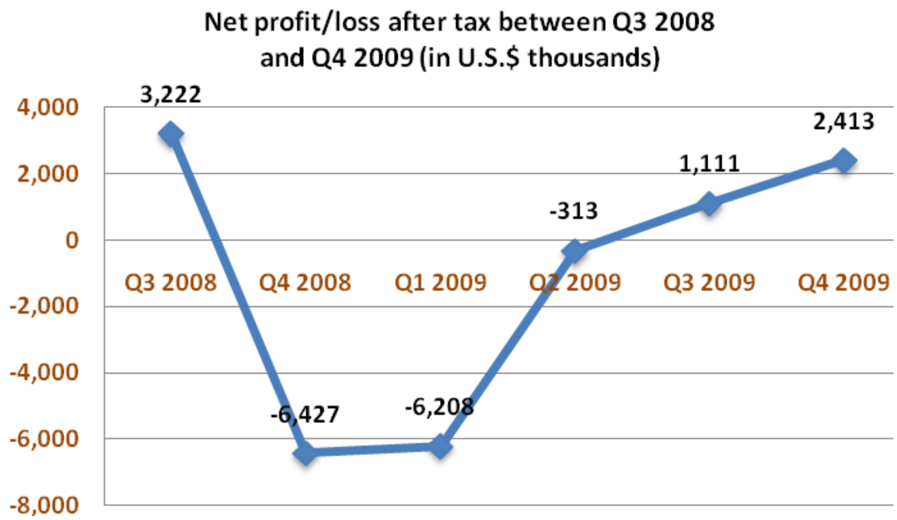
Operating Profit: Operating profit for the year ended 31 December 2009 amounted U.S. $ 2,889 compared to U.S. $ 15,327 in 2008.

Operating margin (operating profit as a percentage of revenues) amounted 0.25% for the year 2009 compared to 1.0% for 2008, mainly due to foreign exchange losses in Q1 2009.

Profit/(loss) Before Taxation: In 2009 the Company generated loss before taxation amounting to U.S. $ 2,817 compared to profit before taxation of U.S. $ 7,127 in 2008.

Profit/(loss) After Taxation: In 2009 the Company generated loss after taxation amounting to U.S. $ 2,997 compared to profit after taxation of U.S. $ 4,103 in 2008.

Although the Company's efforts in 2009 were not enough to offset the negative effect of foreign exchange losses suffered in Q1 2009, and the whole year was ended with a net loss, it is important to underline the effectiveness of applied changes during the second half of 2009, when the Company regained its profitability. This is expected to continue in 2010.



Liquidity and Capital Resources

The Company has in the past funded its liquidity requirements, including ongoing operating expenses and capital expenditures and investments, for the most part, through operating cash flows, debt financing and equity financing. The Company expects to continue this policy.

The following table presents a summary of cash flows for the twelve months ended December 31st, 2009 and 2008:

	Twelve months ended December 31st	
	2009	2008
	U.S. $	
Net cash inflows/(outflows) from operating activities	34,124	(623)
Net cash outflows from investing activities	(3,393)	(13,654)
Net cash outflows from financing activities	(7,093)	(2,075)
Net increase/(decrease) in cash and cash equivalents	23,638	(16,352)

Net cash inflows/(outflows) from operations

Net cash inflows from operations amounted to U.S. $ 34,124 for the twelve months ended December 31st, 2009, compared to cash outflows of U.S. $ 623 in the corresponding period of 2008. This is primarily due to much improved management of inventories and receivables.

Net cash outflows from investing activities

Net cash outflows from investing activities was U.S. $ 3,393 in the twelve months ended December 31st, 2009, compared to U.S. $ 13,654 in the corresponding period of 2008. This decrease in the cash outflows was mainly due to lower expenditure on property, plant and equipment.

Net cash outflows from financing activities

Net cash outflows from financing activities was U.S. $ 7,093 for the twelve months ended December 31st, 2009, compared to net cash outflow of U.S. $ 2,075 for the corresponding period of 2008. This increase was primarily due to a net repayment in 2009 of certain expensive loans, as compared to net loans proceeds and a dividend payout in 2008.

Net increase in cash and cash equivalents

As a result of the above, the Company was able to increase its cash and cash equivalents position by U.S. $ 23,638 compared to a decrease of U.S. $ 16,352 in the corresponding period of 2008. This created much better liquidity for the Company, that allows to benefit from growing demand on the Company's markets.

Capital Resources

In our opinion we have enough resources to finance our operations (as described in audited financial statements attached to this annual report) going forward.

As at 31 December 2009, we had total short-term and long-term debt (excluding amounts due to factoring creditors) of U.S. $ 39,722, including U.S. $ 35,807 of current maturities (due within one year), compared to U.S. $ 58,832, including U.S. $ 54,165 of current maturities, as at 31 December 2008.

The table below presents our principal outstanding debt facilities as at 31 December 2009:

ENTITY	Financial institution	Type of facilities	Credit limit	Currency	Valid from	Valid till
Asbisc Enterprises Plc	Bnp Paribas Cyprus	Overdraft-Multicurrency	10 000 000	USD	5-Sep-09	5-Sep-10
Asbisc Enterprises Plc	Cyprus Development Bank	Overdraft	3 056 909	USD	30-Nov-08	28-Feb-10
Asbisc Enterprises Plc	Bank of Cyprus	Overdraft-Multicurrency	10 000 000	USD	15-Apr-08	15-Apr-10
Asbisc Enterprises Plc	Marfin Laiki Bank	Overdraft	1 000 000	USD	1-Nov-09	1-Nov-10
ASBIS Kypros Ltd	Bank of Cyprus	Overdraft	300 000	Euro	19-Feb-09	19-Feb-10
ASBIS Kypros Ltd	Marfin Laiki	Overdraft	300 000	Euro	20-Aug-09	20-Aug-10
ASBIS Kypros Ltd	Marfin Laiki	Loan	300 000	Euro	11-Feb-09	11-Feb-10
Prestigio Plaza	Bank of Cyprus	Overdraft	50 000	Euro	10-Jun-08	10-Jun-10
Asbis CZ, spol s.r.o	Csob Bank	Overdraft	60 000 000	Koruna	12-Jul-06	non term
Asbis CZ, spol s.r.o	Csob Bank	Loan	3 934 400	Koruna	1-Nov-02	1-Nov-10
Asbis PL, SP z.o.o	Bre Bank S.A.	Overdraft	5 000 000	Polish Zloty	14-Mar-08	30-Apr-10
AS Asbis Baltic	Swedbank AS	Overdraft	650 000	Kroon	26-Dec-09	26-Jan-10
Asbis Romania SRL	Alpha Bank	Short Term Loan	3 000 000	Usd	17-Feb-09	11-Feb-10
Asbis Romania SRL	Alpha Bank	Short Term Loan	1 800 000	Ron	17-Feb-09	11-Feb-10
Asbis SK spol s.r.o	Tatrabanka a.s.	Overdraft	9 000 000	Euro	30-Oct-09	31-Oct-10
Asbis SK spol s.r.o	Tatrabanka a.s.	Loan	3 076 983	Euro	22-Nov-07	30-Jun-17
ASBIS Cr d.o.o	Erste&Steiermarkische bank d.d.	bank loan	18 000 000,00	Hrk	23-Jan-09	23-Jan-10
Asbis D.o.o Beograd	Societe Generale	Short Term Loan	45 100 000,00	Csd	15-Dec-09	30-Jun-10
Asbis D.o.o Beograd	Societe Generale	Overdraft	80 400 000,00	Csd	15-Dec-09	30-Jun-10
Asbis Hungary Ltd	Raiffeisen Hungary	Short-term loan	80 000 000	Forint	13-Jun-09	1-May-10
Asbis Siovenia d.o.o	Nova ljubljanska banka d.d	Overdraft	50 000	Euro	10-Sep-09	10-Mar-10
Asbis Siovenia d.o.o	Raiffeisen Krekova banka	Overdraft	1 500 000	Euro	30-Sep-09	30-Nov-10

Asbis Bulgaria Ltd	Unicredit Bulbank Plc	Revolving loan	3 000 000	Bng	25-Aug-09	24-Dec-10
Asbis Middle East FZE	National Bank of Fujairah	Loan	8 000 000	Dirham	26-Dec-06	TILL DATE
Asbis Middle East FZE	HSBC Bank Middle East Limited	Loan	5 000 000	Dirham	01-lip-08	TILL DATE
OOO Asbis-Moscow	Mosocw Credit bank	Overdraft	50 000 000	Rur	23-Nov-09	22-May-10
OOO Asbis-Moscow	Mosocw Credit bank	Short Term Loan	150 000 000	Rur	8-Sep-09	8-Sep-10
Megatrend	Volksbank BH d.d.	Overdraft	850 000	Bam	20-Nov-09	20-May-10
Megatrend	Volksbank BH d.d.	Loan	250 000	Bam	2-Dec-08	2-Dec-10
Megatrend	UniCredit Zagrebačka banka d.d.	Revolving Facility	250 000	Bam	12-Dec-08	12-Jan-10
IT Max	Bank Moskva-Minsk	Short Term Loan	2 500 000 000	BLR	27-Mar-09	31-Mar-10
ASBIS Turkey	GARANTI BANK	Short term Loan	150 000	TRL	10-Apr-09	4-Jan-10
ASBIS Turkey	GARANTI BANK	Short term Loan	349 990	TRL	11-Sep-09	28-Feb-10

Capital Expenditure

Our total capital expenditure for fixed and intangible assets ammounted to U.S. $ 4.690 for the year ended 31 December 2009 compared to U.S. $ 14,037 for the year ended 31 December 2008. This was largely due to completion of property, plant and equipment mainly in Slovakia, Belarus and the United Arab Emirates. The decrease is mainly due to the fact that all buildings were completed during 2009 – in contrary to 2008 where there was continuous capital expenditure on the buildings.

Commitments and Contingencies

Commitments and contingencies are presented in the our audited financial statements included elsewhere in this annual report.

Critical Accounting Policies

The preparation of our financial statements under IFRS requires Management to select and apply certain accounting policies that it believes are important to the presentation of our financial condition and results of operations. Certain of our accounting policies have been identified as critical accounting policies. A "critical accounting policy" is one that both (i) is significant to our financial condition and results of operations (in that the application of a different accounting principal or changes in related estimates and assumptions that Management could reasonably have used or followed would have a material impact on our financial condition and results of operations) and (ii) requires difficult, complex or subjective analysis to be made by Management based on assumptions determined at the time of analysis.

Our accounting policies are reviewed on a regular basis and Management believes that the assumptions and estimates made in the application of such policies for the purposes of preparing our financial statements are reasonable; actual amounts and results, however, could vary under different methodologies, assumptions or conditions.

Our accounting policies and certain critical accounting estimates and judgments with respect to the preparation of our financial statements are described in Note 2 to the financial statements included elsewhere in this annual report.

ITEM 4. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Board of Directors

The Board of Directors is responsible for formulating, reviewing and approving our strategy, budgets and corporate actions. We intend to hold Board of Directors meetings at least four times each financial year and at other times as and when required.

The following table sets out our current Directors:

Name	Year of Birth	Position	Appointed to the Board	Expiry of term	Nationality
Siarhei Kostevitch	1965	Chairman, Chief Executive Officer	30 August 1999	31 December 2010	Belarussian/Cypriot
Marios Christou	1968	Chief Financial Officer	28 December 2001	31 December 2010	Cypriot
Constantinos Tziamalis	1975	Director of Credit & Investor Relations	23 April 2007	5 May 2011	Cypriot
Laurent Journoud	1970	Director, Executive Vice-President Sales and Marketing	26 June 2003	31 December 2011	French
EfstathiosPapadakis	1936	Non Executive Director	5 May 2009	5 May 2011	Cypriot
KyriacosChristofi	1939	Non Executive Director	5 May 2009	5 May 2011	Cypriot

The biographical details of the members of our Board of Directors are set out below:

Siarhei Kostevitch, born in 1965, holds a Masters degree in radio engineering design from the Radio Engineering University of Minsk (1987). Between 1987 and 1992, Siarhei worked as a member of the Research Center at the Radio Engineering University in Minsk, where he published a series of articles on microelectronics design in local and world-wide specialist magazines. In 1990, Siarhei established a design and manufacturing business in Minsk, Belarus, and within 15 years built it into the leading computer component distributor in Eastern Europe and the Former Soviet Union. Siarhei is the Chairman and the CEO of the Group.

Marios Christou, born in 1968, holds a B.A., dual major in Accounting and Information Systems and Economics, from Queens College of the City University of New York (C.U.N.Y.) (1992), and an M.B.A. in International Finance from St. John's University, New York (1994). Marios is also a Certified Public Accountant (CPA) and a member of the American Institute of Certified Public Accountants (AICPA). Marios worked with Deloitte & Touche Limassol, Cyprus, for four years, as an audit manager. Marios then worked as a Financial Controller at Photos Photiades Breweries Ltd (part of the Carlsberg Group of companies) for three years. Marios joined the Company in August 2001 and is the Chief Financial Officer.

Constantinos Tziamalis, born in 1975, holds a B.Sc. in Banking and Financial Services (1998) and a Masters (M.Sc.) in Finance (1999) from the University of Leicester. Constantinos Tziamalis worked at the private banking department of BNP Paribas in Cyprus and then joined a brokerage house, Proteas Asset Management Limited, for 3 years as Investor Accounts Manager. Constantinos joined the Company in January 2002 as Financial Project Manager. He was promoted to his current position as Corporate Credit Controller & Investor Relations in March 2003 and became Director of Credit and Investor Relations as of 23 April 2007.

Laurent Journoud, born in 1970, holds an M.I.T. (Management – International Trade) and M.M.E. (Master's in European Management) from ICL Lyon, France (1993 and 1994 respectively). For more than 10 years, Laurent held senior international product management positions in the EMEA distribution industry with major multinationals, including Ingram Micro, Karma International and Actebis. Laurent joined the Company in January 2002 as Director of Product Lines. He is responsible for the Group's product portfolio and market development for each of the Group's technology offerings. Laurent is a Director and Executive Vice-President, responsible for Sales and Marketing.

Efstathios Papadakis, born in 1936 joined the Group in 2009. His career includes a number of positions related to business and public administration. Since 1962 he was involved in the petroleum business. Then he served as a member of the Board of Directors' of many Cyprus private and public companies, including KEO (Vice President), Amathus Navigation, Orphanides Supermarkets, A.S.G. and Phil. Andreou. He served as a Minister of Labour and Social Insurance Ministry (1997-1998) and a president of the CYTA Board of Directors (2000-2003). He also served on the BOD of Limassol's Chamber Of Commerce and on the Cyprus Commercial and Industrial Chamber centre of productivity. From the 1st of January 2009 he is a member of the Temporary Managing Committee of the Cyprus University of Technology (TEPAK). He also served as an Officer in Civil Defence and is a member of the Board of Directors of the Institute of Eurodemocracy and is a member of many charitable institutions. He graduated from the University of Economics and Commerce, Athens. Efstathios is the Company's Non-Executive Director.

Kyriacos Christofi, born in 1939, joined the Group in 2009. Currently he is a Chairman of the Health Insurance Organization in Cyprus (since 2005). He is also a chairman and a member of the Boards at several institutions, including Radio and Television Committee (chairman), Air Transport Licensing Authority (chairman) and the Cyprus Development Bank (member). Previously he was Minister of Commerce, Industry and Tourism (1995-1997) and for fourteen years (1982-1995) Director-General in Ministry of Interior, Ministry of Commerce, Industry and Tourism and Communications and Works in Cyprus. His fifty two years career includes a number of positions related to government and international activities, including representing Cyprus on the Second Committee of the U.N. General Assembly at its four sessions in a row. He headed a number of Delegations on bilateral trade and other relations, participated in the Commonwealth Round Table on International Trade Strategies, and was also a member of the Cyprus Delegation to the Commonwealth Heads of State and Government meeting. He graduated with distinction from the American University of Beirut with a B.A. degree in Political Science and Public Administration. Kyriacos is the Company's Non-Executive Director.

Directors' remuneration

Unless determined by ordinary resolution, the number of Directors shall be not less than three and there shall be no maximum number of Directors.

Subject to our Articles of Association, we may by ordinary resolution appoint a person who is willing to act as a Director, either to fill a vacancy or as an addition to the existing Board of Directors.

The remuneration of the Directors will from time to time be determined by the general meeting on the recommendation of the remuneration committee. Any Director performing special or extraordinary services in the conduct of our business or in discharge of his or her duties as Director, or who travels or resides abroad in discharge of his or her duties as Director may be paid such extra remuneration as determined by the Directors, upon recommendation by the remuneration committee.

Executive Directors are also entitled to receive a bonus every quarter depending upon our quarterly results. The bonus consists of a certain amount or percentage which is agreed and described in each Director's service agreements or contracts, as applicable, however, Directors only receive such a bonus to the extent that our profit meets certain pre-set budetary figures. All such bonus amounts are included in the remuneration tables set forth below.

We also operate a healthcare plan for our Executive Directors. This plan covers between the other Directors medical expenses. The contract is held with BUPA International. All amounts paid for this plan are also included in the table below.

The following table presents the remuneration (including bonuses) of Directors for the years ended 31 December 2009 and 2008, respectively (U.S.$):

			2009			**2008**
Name	Salary	Other benefits	**Total**	Salary	Other benefits	**Total**
Siarhei Kostevitch	173	-	**173**	262	9	**271**
Marios Christou	86	13	**99**	98	34	**132**
Constantinos Tziamalis	84	-	**84**	75	14	**89**
Laurent Journoud	160	8	**168**	165	47	**213**
Efstathios Papadakis	19	-	**19**	-	-	**-**
Kyriacos Christofi	19	-	**19**	-	-	**-**
Paul Swigart	8	-	**8**	43	-	**43**
John Hirst	31	-	**31**	66	-	**66**
Richard Henri	8	-	**8**	43	-	**43**

Share ownership

The table below presents beneficial interests of Directors in our issued share capital as at the date of the publication of this annual report:

Name	**Number of Shares**	**% of the share capital**
Siarhei Kostevitch (directly and indirectly)	25,696,361	46.30%
Marios Christou	350,000	0.63%
Laurent Journoud	400,000	0.72%
Constantinos Tziamalis	35,000	0.06%
Efstathios Papadakis	0	0%
Kyriacos Christofi	0	0%

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

During 2009 there were the following changes in the number of shares possesed by the Directors.

On September 30th, 2009 the Company has been notified by its CEO, Mr. Siarhei Kostevitch about a transaction of purchase of the Company’s shares. Mr. Siarhei Kostevitch bought on September 28, 29 and

30th 2009 a total number of 20,000 (twenty thousand) shares at the price of PLN 3.60 per share (the total price for all the acquired shares was PLN 72,000). These shares were purchased at the Warsaw Stock Exchange due to ordinary market session transaction. Before this transaction Mr. Siarhei Kostevitch had 25,676,361 of Company's shares (via KS Holdings Ltd) which represented 46.26% of the Company's total share capital and given right to 46.26% of votes on the Company's General Shareholders Meeting. As a result of the aforementioned transaction, Mr. Siarhei Kostevitch controls 25,696,361 Company's shares, which represents 46,30% of the Company's total share capital and gives right to 46,30% of votes on the Company's General Shareholders Meeting.

On November 13th, 2009 the Company has been notified by its CFO, Mr. Marios Christou about a transaction of sale of the Company's shares. Mr. Marios Christou sold on November 10th a total number of 44,904 (forty four thousand nine hundred and four) shares at the average price of PLN 4.53 per share and on November 12th a total number of 5,096 (five thousand and ninety six) shares at the average price of PLN 4.57 per share. These shares were sold at the Warsaw Stock Exchange during an ordinary market session transaction. Before these transactions Mr. Marios Christou had 400,000 of the Company's shares which represented 0.72% of the Company's total share capital and given right to 0.72% of votes on the Company's General Shareholders Meeting. As a result of the aforementioned transactions, Mr. Marios Christou now controls 350,000 of the Company's shares, which represents 0,63% of the Company's total share capital and gives right to 0,63% of votes on the Company's General Shareholders Meeting.

Committees

The Audit Committee of the Company, comprising Efstathios Papadakis and Kyriacos Christofi (both non-executive Directors) and Marios Christou (as attending member) is chaired by Efstathios Papadakis. The audit committee meets at least twice a year. The audit committee is responsible for ensuring that the Group's financial performance is properly monitored, controlled and reported. It also meets the auditors and reviews reports from the auditors relating to accounts and internal control systems. The audit committee meets once a year with the auditors.

The remuneration committee of the Company, comprising Kyriacos Christofi and Efstathios Papadakis (both non-executive Directors) and Siarhei Kostevitch (as attending member) is chaired by Kyriacos Christofi. It sets and reviews the scale and structure of the executive Directors' remuneration packages, including share options and the terms of their service contracts. The remuneration and the terms and conditions of the non-executive Directors are determined by the Directors with due regard to the interests of the Shareholders and the performance of the Group. The remuneration committee also makes recommendations to the Board concerning the allocation of share options to employees.

Changes in main management rules

There were no changes to main management rules in 2009.

List of all agreements signed with managing person that gives right to compensation in case that the person resigns or is fired

There were no changes in the service agreements of any of the directors

Information about ownership of shares of any related parties - owned by the Directors

None of our Directors holds shares of any of our subsidiary companies, other than disclosed.

Employees

As at 31 December 2009, we employed 1090 employees, of whom 96 were employed at headquarters in Cyprus and the remainder in the rest of the Company's offices worldwide. The split of employees by area of activity as at 31 December 2009 and 2008 is as follows:

	As at 31 December	
	2009	**2008**
Sales and Marketing	470	550
Administration and IT	160	184
Finance	140	151
Logistics	320	375
Total	**1090**	**1260**

ITEM 5. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Major Shareholders

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

Name	Number of shares	% of share capital	Number of Votes	% of votes
KS Holdings Ltd	25,676,361	46.26%	25,676,361	46.26%
Maizuri Enterprises Ltd	4,800,000	8.65%	4,800,000	8.65%
Alpha Ventures S.A.	3,200,000	5.76%	3,200,000	5.76%
Sangita Enterprises Ltd	2,800,000	5.05%	2,800,000	5.05%
Free float	19,023,639	34.28%	19,023,639	34.28%
Total	**55,500,000**	**100.00%**	**55,500,000**	**100.00%**

Related Party Transactions

During the year ended 31 December 2009 the Company did not have any material related party transactions exceeding the Polish Zloty equivalent of Euro 500 thousand other than typical or routine transactions. For ordinary course of business transaction, please refer to the notes on the audited financial statement attached on this annual report.

In the period from 1 January 2009 to 31 December 2009, a number of transactions occurred between us and our subsidiaries and between our subsidiaries. In our opinion all of these transactions were based on terms that did not vary from market terms and their nature and conditions resulted from the ongoing needs and operations of the Company and of the Group, such as contracts related to the purchases of goods for onward distribution to external clients. All of these transactions and related outstanding balances were eliminated in the Financial Statements included in this Annual Report and, as a result, did not have any impact on our consolidated financial results and on our financial position as a whole.

ITEM 6. FINANCIAL INFORMATION

Legal Proceedings

Currently there are no legal proceedings pending against us, with a value exceeding 10% of our equity.

Information on loans given to any other party

During the year ended 31st December 2009 we did not give any loan to any other party other than our subsidiaries which are disclosed in the second part of this report (Audited financial statements).

Information on given guarantees

We give certain guarantees to some of our vendors and to certain customs authorities. All our guarantees are reported in the financial statements section of this annual report. The total bank guarantees raised by the Group (mainly to Group suppliers) as at December 31st, 2009 amounted to U.S. $ 11.970 as per note number 14 to the financial statements – which exceeded 10% of the Company's equity.

Evaluation of financial resources management (including ability to pay back commitments) and information about actions undertaken to avoid risks

This has been discussed in note 28 of our financial statements to this annual report under the headline Financial Risk management.

Evaluation of possibility of realisation of investment intentions

The Company has completed all its current investments in 2008 and 2009 and therefore in 2010 intend to grow organically, therefore there is no risk connected with the realization of current investment intentions.

Characteristics of structure of assets and liabilities in the consolidated balance sheet including characteristics from the point of view of company liquidity

Structure of assets and liabilities in the balance sheet including characteristics from the point of view of the Company's liquidity has been discussed in detail in our financial statements to this annual report:

a) note 10 - Trade receivables - Ageing analysis of receivables
b) note 28 – Financial risk management – point 1.3. Liquidity risk (ageing of payables)

Information about the structure of main deposits and capital investments in 2009

There were no deposits other than those disclosed as pledged deposits in the financial statements to this annual report.

There were no other capital investments than the one disclosed in note 16 of our financial statements to this annual report.

Information about relevant off balance sheet positions as at December 31st, 2009

There were no relevant off balance sheet positions as at December 31st, 2009.

DIVIDEND POLICY

Our dividend policy is to pay dividends at levels consistent with our growth and development plans, while maintaining a reasonable level of liquidity. However in the case of dividend for 2009, it is important to notice that for the whole year the Company generated a net loss and therefore no dividend is to be proposed to the forthcomming Annual General Meeting of Shareholders. The dividend policy will be reviewed from time to time and payment of any future dividends will be effectively at the discretion of the Board of Directors and the general meeting of shareholders after taking into account various factors, including our business prospects, future earnings, cash requirements, financial position, expansion plans and the requirements of the Cypriot law. The Cyprus law does not limit dividends that may be paid out except that the law states that dividends may only be paid out of profits and may not be higher than recommended by the Board of Directors.

Material Contracts

Contract with Intel International B.V.

We entered into a distribution agreement with Intel International B.V. ("Intel") on 1 August 1998, pursuant to which we are to act as a non-exclusive distributor of Intel's products in the territories to be agreed in writing between the parties from time-to-time. We were also appointed as a non-exclusive distributor of Intel services on Intel's "Distributor Cost List". Such appointment is terminable 'at will' without prior notice and without liability. Under the contract Intel gives limited warranties regarding the products delivered, limits the remedies for breach of warranty and has the ability to vary the limited warranties given. There are also limitations on any warranties that we may give to our customers and exclusions of liability for any loss of profits or incidental, consequential or special damages irrespective of whether Intel has prior notice of the possibility of such damages. The agreement may be renewed each year for an additional period of one year, unless prior to that date either party has given 30 days' notice of its intention not to renew. In addition, either party may terminate the agreement at any time with or without cause and without liability (except in regard to possible return of inventory) upon 60 days' written notice.

Contract with AMD

ISA Hardware Limited ("ISA Hardware") entered into a commercial distribution agreement dated 31 December 2003 with AMD pursuant to which ISA Hardware was appointed as a non-exclusive commercial distributor to promote and distribute AMD integrated circuits, electronic devices and other products listed in the agreement within the territories allocated to ISA Hardware under the agreement. This agreement has been transferred to ASBISc Enterprises Plc ("ASBIS") as of 1 January 2009. The prices that ASBIS is charged are described as the "distributor's best buy" price for each product, as published in AMD's pricing supplement, unless otherwise agreed in writing between the parties. The agreement continues in force unless terminated by 30 days' written notice of either party. AMD also has the right to terminate upon 24 hours' notice for cause, including insolvency or such similar event whereby ASBIS discontinues its business or if there is a change of control. In addition, AMD has the right to terminate upon 24 hours' notice if ASBIS fails to pay invoices after a warning or if it misrepresents or falsifies information or if it is in breach of any of its representations, warranties covenants, obligations or duties under the agreement. If the agreement is so terminated, all outstanding amounts payable by ASBIS to AMD will become immediately due.

Contract with Seagate Technology International

We entered into a distributor agreement with Seagate Technology International ("Seagate") on 26 June 2001 by which we were appointed as a non-exclusive distributor of certain products as described in Seagate's distribution price list in territories across Europe and the Middle East. This price list is subject to change at Seagate's discretion. We are also under an obligation to actively promote products in the territories in which we operate. Pursuant to the agreement we are entitled to an early payment discount of 1%, which may be amended or discontinued by Seagate at any time without prior notice to us. A credit line is also available under the contract but at the sole discretion of Seagate. We are authorized under the agreement to use Seagate's current and future trademarks, service marks and trade names solely in connection with the marketing and distribution of Seagate products. The agreement may be terminated by either party upon 30 days' written notice. Alternatively, it may be terminated for cause including an event of force majeure, petition for bankruptcy or a material breach which remains uncured.

Contract with Microsoft Ireland Operations Limited

Asbis Romania entered into an International Distribution Agreement with Microsoft Ireland Operations Limited ("Microsoft Ireland") dated 1 April 2006, for the distribution of Windows operating systems and applications within the territory of Romania. Asbis Romania is able to ship software packages, software licences and hardware under the terms of the agreement and is liable for royalty fees on a "per item" basis. These fees are calculated in accordance with a price schedule. Software royalties are payable within 75 days and hardware royalties within 60 days with late payment charges applicable. All products distributed by Asbis Romania are covered by the Microsoft warranty which accompanies the particular hardware or software. Unless terminated earlier, the agreement will continue until 30 June 2009, at which date it will automatically end. Either party may negotiate a new fixed term by mutual consent, which will be governed by the same terms and conditions as the present agreement. In any event, either party may terminate the agreement upon 30 days' written notice or immediately if the other party becomes insolvent, is subject to bankruptcy proceedings, is subject to reorganisation or receivership, is unable to pay its debts, or makes or attempts to make an assignment for the benefit of creditors.

Agreements with DELL

ASBISc Enterprises PLC (ASBIS) has entered into a several DELL International Distributor Agreements since 19.04.2007 with DELL pursuant to which ASBIS was appointed as a non-exclusive distributor to market, distribute, sell and support DELL Products and DELL Branded Services listed in the agreements within the territories allocated to ASBIS under the agreements.
DELL provides ASBIS from time to time with its latest price list for the sale of Products and DELL Services for the territories.
The agreements continue in force for an initial period of one year. Thereafter Agreements continue in force for a further four years unless terminated by of either party giving the other 3 months' written notice.
DELL also has right to terminate agreements or any part of it immediately on giving notice in writing to ASBIS if there is a change of control or if any export control requirement or regulation is breached or could be breached or if any of the sales targets is failed to achieve or if ASBIS enters into arrangements which could result in a conflict of interest with DELL.
In addition, agreements may be terminated by either party forthwith on giving notice in writing if continuance of agreements becomes unduly difficult by the reason of diplomatic relations between the respective countries of the parties or if any material or persistent breach of any terms of agreements is committed and shall have been failed after warning in writing or if party shall have a receiver or administrative receiver or the equivalent appointed of it or a court of competent jurisdiction shall make an order to that effect or if party shall enter into any voluntary arrangement with its creditors.
If the agreements are so terminated, all outstanding unpaid invoices shall become immediately payable by ASBIS in place of the payment terms previously agreed between parties.

Agreements with TOSHIBA

ASBISC Enterprises PLC (ASBIS) has entered into a several TOSHIBA Authorised Distributor Agreements in 2006 with TOSHIBA (TEG) pursuant to which ASBIS was appointed as authorised non-exclusive distributor to sale and distribution of a range of computer hardware/software products, particularly portable personal computers and a range of mobile storage products listed in the agreements in the Territories allocated to ASBIS under the agreements.
The prices payable by ASBIS for the products shall be TEG's Distributor Price List current at the date upon which each order is accepted, less any discounts offered by TEG, if any.
The agreements continued to be effective until 31 of March 2007 and are automatically renewed for succeeding 1 year periods unless a termination notice is given by either party at least 3 months prior to expiration of the term then in effect.
Agreements may be terminated by TEG at any time if ASBIS is in material breach hereof and has not remedied that breach within 30 days of receipt of TEG's written notice or if ASBIS being a body corporate goes into liquidation including insolvency or such similar event whereby ASBIS discontinues its business or if there is a change of control.

ITEM 7. ADDITIONAL INFORMATION

Corporate Governance

I. Specification of the set of corporate governance rules to which the Issuer is subject, and place where text of such set of rules is available to public

The Company applies the rules of Corporate Governance according to Warsaw Stock Exchange Code of Best Practices as approved by the Company's Board of Directors on November 7th, 2007. Those rules, information on its application and any deviation can be found on the Company's internet site for investors, at http://investor.asbis.com and http://inwestor.asbis.pl

II. Characteristic of applied internal control system and management of the risk regarding preparation of interim reports and financial statements

These characteristics can be clearly read in the audited financial statements in the third part of this report.

The Company's Board of Directors is responsible for its internal control system and its effectiveness in course of the process applied in the preparation of our financial statements and interim reports which are to be prepared and published in accordance with the provisions of the Decree of the Minister of Finance dated February 19, 2009 on current and periodic information to be published by issuers of securities.
The effectiveness of the Company's internal control system applied in the process of preparing financial statements is based on the general assumption of ensuring adequacy and correctness of financial information included in the financial statements and interim reports. An effective internal control and risk management system for the process of financial reporting has been built according to the following principles:

- Defined scope of financial reporting applied by the Company.
- Defined division of duties and organization of work in the financial reporting process.
- Regular review of Company's results using the applied financial reporting method.
- Regular independent review of published financial statements of the Company by an auditor.
- Principles of authorizing financial reports prior to their publication.
- Involving internal audit function in assessing effectiveness of the control mechanisms used.

Defined scope of financial reporting applied by the Company
The Company carries out annual reviews of its strategy, development, results and plans. Based on conclusions drawn from that review, a detailed budgeting process is performed including all functional areas of the Company, with the participation of the medium and top level management. The budget prepared for the following year is adopted and approved by the Board of Directors.
During the course of the year, the Board of Directors analyzes the current financial results, product portfolio development, market position and compares them with the budget, using the management reporting system, built based on the accounting policies accepted by the Company (IFRS), and takes into consideration the format and detailed content of financial data presented in interim financial statements of the Company and the Group.
Accounting policies adopted by the Company in respect to statutory reporting are used both during this process and in the course of preparing the interim management reports. The Company applies coherent accounting principles for the recognition and disclosure of financial data in financial statements, interim financial reports and other reports made available to investors.

Defined division of duties and organization of work in the financial reporting process
The ASBISc Group Financial Department, headed by the Board of Directors Member, Mr. Marios Christou is responsible for preparing the financial statements, interim financial reports and interim management reports of the Company.
The financial statements of the Company are prepared by the medium level managers based on the financial data from the Company's IT system and from the monthly management reports, after their acceptance by the Group's CFO and taking into consideration other, supplementary operating data supplied by dedicated employees from other departments. The prepared financial statements are verified

by the head of Financial Department prior to their issue to the independent auditor (in case of half-year and annual reports).
Interim reports of the Company are prepared by the group reporting team within the Credit and Investor Relations Department based on the financial data from monthly management reports, after their acceptance by Group's CFO, taking into consideration other, supplementary operating data supplied by dedicated employees from other departments. The prepared interim reports are verified by the Board of Directors prior to their issue to the independent auditor (in case of half-year and annual reports).

Regular review of Company's results using the applied financial reporting method
Financial data on which financial statements and interim reports are based, are derived from the monthly financial and operational reports system used by the Company and from its dedicated IT system. After general ledger closing each calendar month, the executive Directors jointly analyze financial results of the Company comparing these with the assumptions and divided by each business segment. Identified mistakes are immediately adjusted in the Company's ledgers and the Group's reporting system, according to the adopted accounting policy. The process of preparing financial statements and interim reports begins once the preliminary results of the reporting period are accepted by the Group's CFO and double-checked and verified after the final results are accepted by the Group's CFO.

Regular independent review of published financial statements of the Company by an auditor
Half-year and annual financial statements and financial reports before their publishing, as well as financial data on which such reports are based, are reviewed (half-year) and audited (annual) by the Company's auditor. Adequacy of financial data and the scope of the necessary disclosures are scrutinized particularly. Results of half-year reviews or full year audits are presented by the auditor to the Company's Board of Directors and its Audit Committee.

Principles of authorizing financial reports prior to their publication
Financial statements and interim reports are submitted to the Board of Directors' members prior and after the review or audit is complete.
The Audit Committee holds a meeting prior to acceptance of interim financial statements for publication by the Board of Directors, during which the Company's CFO presents key aspects of the quarterly/semiannual/annual financial statements – underlining changes to accounting policies, if any, important estimates and accounting judgments, major disclosures and business transactions.
The Audit Committee reviews interim financial statements taking into consideration information presented by the CFO and the independent auditor, and thereafter recommends the Board of Directors approval of such documents.

III. Information about shareholders with significant stake in the company's share (directly or indirectly)
This has been presented in Item 5, page 49 of this annual report.

IV. Information about shareholders with preference shares
There are no shareholders with preference shares.

V. Transfer of shares and limitation of transfer of shares
In accordance with the Articles of Association, any shareholder may transfer all or any of his shares by an instrument in writing in any usual or common form, or any other form, including electronic form, which the Directors may approve.

The Company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the Board of Directors refuses to register shall be returned to the person lodging it when notice of the refusal is given.

The Board of Directors may refuse to register the transfer of a share which is not fully paid or on which the Company has a lien and unless the instrument of transfer:

(a) is lodged, duly stamped, at the office or at such other place as the Board of Directors may appoint, accompanied by the certificate for the shares to which it relates and such other evidence as the Board of Directors may reasonably require to show the right of the transferor to make the transfer;

(b) is in respect of only one class of shares; and

(c) is in favor of not more than four transferees.

The Board of Directors must refuse to register any transfer of shares when required by the Cypriot Companies Law for example in the case of certificated shares when the transfer is not supported by an approved instrument of transfer or if a court order is issued by a court of competent authority. If the Board of Directors decline to register a transfer, the Company must within 2 months after the date of lodgment of such transfer give to the lodging party written notice of the refusal and the reasons for it. However, in the case of dematerialized shares listed on the WSE, the Board of Directors may not decline to register a transfer of such shares, since the procedure for making such transfer does not require notification to or acceptance of the Board of Directors. This means that the Board of Directors has no influence on the registration and is not in the position to refuse to register a transfer of WSE listed shares.

The Articles of Association shall not preclude any share from being issued, held, registered, converted, transferred or otherwise dealt with in uncertificated form via a specialized system for such purpose.

In relation to any share which is in uncertificated form, these rules shall have effect subject to the following provisions:

a) the Company shall not be obliged to issue a certificate evidencing title to shares, and all references to a certificate in respect of any shares held in uncertificated form shall be deemed inapplicable to such shares or securities which are in uncertificated form; and

b) the registration of title in a securities account to and transfer of any shares in uncertificated form shall be sufficient for our purposes and shall not require a written instrument of transfer.

Description of Lock up

As a result of listing of our shares on the Warsaw Stock Exchange there was a lock up period signed for all shareholders owning more than 1% of the total share capital. The lock up period ended on 30 October 2008.

VI. Information about any limitations of shareholders rights

Voting rights

Each share confers the right to cast one vote.

Each shareholder is entitled to attend the meeting, to address the meeting, and, if voting rights accrue to him or her, to exercise such voting rights. Shareholders may attend meetings in person or be represented by a proxy authorized in writing.

For a shareholder to be recognized as being entitled to attend and vote at a general meeting he or she must present to the meeting proper evidence of his or her shareholding as of the Record Date to the satisfaction of the chairman of the meeting. A depository certificate issued by an entity maintaining the securities account of a shareholder will be deemed sufficient evidence of a shareholding. Therefore, in order to be able to participate and vote at the general meeting, the Company's shareholders holding their shares in dematerialized form through securities accounts with participants of the NDS shall present depository certificates issued in accordance with the relevant provisions of the Act on Trading, accompanied by a sworn English translation.

Pursuant to the Articles of Association, no objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.

The Company will publish in a daily paper distributed nationwide a notice to the shareholders on the date of the decision to hold a general meeting. The notice will state a date (the "Record Date") which will be used to ascertain which shareholders are entitled to participate in the General Meeting as well as detailed conditions of participation in the general meeting. With respect to the shareholders holding their shares in dematerialized form through securities accounts with participants of the NDS, additionally the Company shall send such written notice to the NDS, which will then pass it on to the NDS participants and publish such information in a current report form.

Subject to any rights or restrictions attaching to any class of shares, voting at meetings shall be conducted in person or by proxy or attorney and, where the shareholder is a corporate body, by representative.

All shares have equal rights.

No shareholder shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

No business shall be transacted at any general meeting unless a quorum of shareholders is present at the time when the meeting proceeds to business. Save as otherwise provided in the Articles of Association, a quorum shall be three shareholders present, in person or through telephone or other telecommunication connection or by proxy, and entitled to vote upon the business to be transacted. The provisions governing the quorum are set forth in Articles 62-66 of the Articles of Association.

At any general meeting, any resolution put to the vote of the meeting shall be decided on a show of hands, or in the case of participation by a telephone or other telecommunication connection by an oral declaration, unless (before or upon the declaration of the result of the show of hands or oral declaration) a poll is demanded:

(a) by the chairman of the general meeting (the "Chairman"); or

(b) by at least three shareholders present in person or by proxy; or

(c) by a shareholder or shareholders present in person or through a telephone or other telecommunication connection or by proxy and representing not less than 10% of the total voting rights of all the shareholders having the right to vote at the meeting; or

(d) by a shareholder or shareholders present in person or through a telephone or other telecommunication connection, holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than 10% of the total sum paid on all the shares conferring that right.

It is impossible to hold a poll through a telephone or other telecommunication connections.

Unless a poll be so demanded, a declaration by the Chairman that a resolution has on a show of hands or by a declaration been carried or carried unanimously, or by a particular majority, or lost, shall be final (and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the proportion of the votes recorded in favor of or against such resolution).

In accordance with Cypriot law, the instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing, or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorized. A proxy need not be a shareholder of the Company.

In accordance with Cypriot law, the instrument appointing a proxy must contain the agenda of the general meeting.

The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

The instrument appointing a proxy, which should contain such language as is set out in Article 82 of the Articles of Association set forth in Annex A, and the power of attorney or other authority, if any, under which it is signed, or a notarized certified copy of that power or authority, shall be deposited at the Registered Office of the Company, or at such other place within Cyprus as is specified for that purpose in the notice convening the meeting, at any time before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, at any time before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid. For more detailed information regarding the proxy, see Articles 81-85 of the Articles of Association.

Other Rights attaching to Shares and limitations of those rights

In addition to the voting rights, the shareholders of the Company have the following rights:

- A right to participate share in the Company's profits through a dividend distribution if such dividend is decided to be paid by the general meeting following a proposal by the Board of Directors. The dividends are subject to a lien by the Company if any amount is owed by the shareholder to the Company.

- A right to transfer his or her shares to any person by signing an instrument of transfer in a form approved by the Directors.

- A right to pledge any share as security for any loan, debt or obligation of such shareholder, without the approval of the Board of Directors.

- A right to sell or otherwise dispose of a forfeited share on such terms and in such manner as the Directors think fit. At any time before a sale or disposition such forfeiture may be cancelled on such terms as the Directors think fit. A share may be forfeited by resolution of the Directors if a shareholder fails to pay any amount owed to the Company after a written notice was given to that effect.

- Pursuant to Cyprus legislation, a right to receive the annual accounts of the Company together with the Directors' Report and the Auditors' Report.

- A right to share in any surplus in the event of liquidation of the Company in proportion to shareholding.

- For existing shareholders, pre-emption rights when new shares are issued in the same class. The new shares have to be offered first to the existing shareholders in proportion to their current shareholding.

Under Cypriot law, the Company has to notify all shareholders in writing of its intention to issue new shares and the price of the shares to be issued. Each individual notice should include the number of shares each shareholder is entitled to buy, a period during which a shareholder may exercise its pre-emptive rights and purchase the offered shares, and the price per share. In general, under Cypriot law, a shareholder may exercise its right by sending to the Company the signed form together with payment for shares up to the maximum amount allowed to be purchased. If the shareholder does not exercise his or her pre-emptive rights within the period specified, the shares may be sold to third party buyers.

With respect to the shareholders holding their shares in dematerialized form through securities accounts with participants of NDS, such notice will be sent to NDS. Furthermore, the Company shall comply with disclosure obligations according to Polish law.

Notwithstanding the above, any issuance of shares after the Company's listing on the WSE will, in accordance with the stipulations of the Polish Act on Public Offering, require an offering prospectus to be prepared and approved by the Polish Commission, unless expressly exempted by the Polish Act on Public Offering. The prospectus will contain terms and conditions upon which shareholders will be able to exercise their pre-emptive rights.

Pre-emption rights may be waived by an ordinary resolution of the general meeting following a proposal by the Board of Directors. The Board of Directors cannot waive pre-emption rights without the approval of the general meeting.

No special rights attach to any specific shares and there are no different classes of shares.

The Company cannot redeem ordinary shares. The Company may by ordinary resolution convert any paid up shares into stock, and reconvert any stock into paid up shares of any denomination. The Company may by ordinary resolution: (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares or (b) subdivide its existing shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association subject to Cypriot law under which in the case of non-fully paid up shares if there is a subdivision, that subdivision must be in a way that the new shares have the same percentage of paid and non-paid proportion per share as the old shares.

VII. Information on rules of calling and removing of Directors and information about Directors powers (including decision of shares issue)

Pursuant to article 89 the Company may, by ordinary resolution appoint any Director up to the maximum permitted by the Articles or the decision of the Company. At the moment there is no maximum number of Directors imposed.

In addition, pursuant to article 90 the Board of Directors has a right to appoint any Director up to the maximum permitted by the Articles or the decision of the Company.

In the event of appointment by the Board the Director shall retire at the next Annual General Meeting but he will be eligible for re-election.

In addition at every Annual General Meeting 1/3 of the Directors (who are the longest serving) shall retire but are eligible for re-election.

The Company may by ordinary resolution remove any Director from his office.

Alternate

Every Director has the right to nominate any other person to be his alternate and such alternate Director shall have all the rights of a director when his appointor is not present.

Powers

Pursuant o the article 104 the management of the business and the conduct of the affairs of the Company are vested in the Directors.

Pursuant to article 103 the Directors may exercise all the powers of the Company to borrow money, and to charge or mortgage its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

It is possible for the Board of Directors to delegate any of its powers to any sub-committee or any third party.

Shares

Pursuant to regulation 4.1 Any original shares for the time being unissued and not allotted and any new shares from time to time to be created shall be at the disposal of the Board of Directors which has the right, at its absolute discretion, to issue or generally dispose of the same to such persons, at such times and under such terms, conditions and restrictions which it deems to be most beneficial to the Company.

However regulation 4.2 adopt re-iterates the Cyprus law provision which stipulates that all new shares in the Company issued in consideration of cash must be offered in the first instance to the Members on a date certain as determined by the Directors and in proportion to their participation in the share capital of the Company. Each member will have no less than 14 days following its receipt of the notice of the offer, which notice will identify the proposed terms and conditions of the offer, to notify the Company of its desire to exercise its pre-emption right on the same terms and conditions proposed in the notice. The Company may by ordinary resolution of a general meeting, before the issue of such new shares, disapply the Members' pre-emption rights as to the issue of such new shares.

VIII. Information on the rules of changing the Company's statute

Pursuant to section 12 of the Cyprus Companies Law Cap.113 the Company may change its articles by a special resolution. Special resolution requires at least ¾ majority of the votes cast.

Articles of the Company are available on the Company website, at http://investor.asbis.com and http://inwestor.asbis.pl

IX. Information on the rules of conduction of the Company's Shareholders meeting, its main powers, rights of shareholders and rules of conduction of those rights

The rules of conducting Shareholders meetings are found in the articles of association of the company.

Pursuant to article 59 an annual general meeting and a meeting called for the passing of a special resolution shall be called by twenty one days' notice in writing at the least, and all other meetings shall be called by fourteen days' notice in writing at the least.

No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Three Members present in person or through telephone or other telecommunication connection or by proxy and entitled to vote upon the business to be transacted shall be a quorum.

The voting procedure is stipulated in article 67 and it is as follows

At any general meeting, any resolution put to the vote of the meeting shall be decided on a show of hands or in the case of participation by a telephone or other telecommunication connection, by an oral declaration, unless a poll is (before or on the declarations of the result of the show of hands or by oral declaration) demanded:

(a) by the Chairman; or

(b) by at least three Members present in person or by proxy; or

(c) by a Member or Members present in person or through a telephone or other telecommunication connection or by proxy and representing not less than 10% of the total voting rights of all the Members having the right to vote at the meeting; or

(d) by a Member or Members present in person or through a telephone or other telecommunication connection, holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than 10% of the total sum paid on all the shares conferring that right.

Unless a poll be so demanded, a declaration by the Chairman that a resolution has on a show of hands or by a declaration been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number of proportion of the votes recorded in favour of or against such resolution
At a poll every share has one vote.

At the annual general meeting the following issues are decided: declaring a dividend, the consideration of the financial statements and the reports of the Directors and auditors, the election of Directors in the place of those retiring and the appointment of, and the fixing of the remuneration of the auditors.

Any other issue can be decided upon at an extraordinary general meeting.

The General Meeting of shareholders has the power to decide on any matter put forward for decision and it has the power to refrain the Directors from taking actions that the General Meeting disagrees with.

A general meeting may be convened on the request of the Board of Directors or at the request of shareholders holding at least 10% of the issued share capital of the company.

X. Members of the Board of Directors and its committees and description of its operations during the year ended December 31st, 2009

The following table sets out our current Directors:

Name	Year of Birth	Position	Appointed to the Board	Expiry of term	Nationality
Siarhei Kostevitch	1965	Chairman, Chief Executive Officer	30 August 1999	31 December 2010	Belarussian/Cypriot
Marios Christou	1968	Chief Financial Officer	28 December 2001	31 December 2010	Cypriot
Constantinos Tziamalis	1975	Director of Credit & Investor Relations	23 April 2007	5 May 2011	Cypriot
Laurent Journoud	1970	Director, Executive Vice-President Sales and Marketing	26 June 2003	31 December 2011	French
Efstathios Papadakis	1936	Non Executive Director	6 May 2009	5 May 2011	Cypriot
Kyriacos Christofi	1939	Non Executive Director	6 May 2009	5 May 2011	Cypriot

During the year ended December 31st, 2009 there were the following changes in the Board of Directors members:

- On 5 May, 2009 two of Non-executive Directors, Mr. Henri Richard and Mr. Paul Swigart resigned from their offices.
- On 5 May, 2009, two new Non-executive Directors, Mr. Kyriacos Christofi and Mr. Efstathios Papadakis were appointed to the Board of Directors.
- On 5 May, 2009 the Annual General Meeting of Shareholders re-elected, Mr. John Hirst, Mr. Constantinos Tziamalis, Mr. Kyriacos Christofi and Mr. Efstathios Papadakis to the Board of Directors.
- On August 11th, 2009 Mr. John Hirst, the Board of Directors' Chairman, resigned from his position due to personal reasons and other commitments.
- On August 11th, 2009 Mr. Siarhei Kostevitch, the Company's CEO, has been appointed by the Board of Directors to the position of the Board of Directors' Chairman.

During the year ended December 31st, 2009, the Board of Directors had conducted a total number of five formal meetings. Main purpose and issues discussed during those meetings were:

- Discussion and approval of interim reports and financial statements (including 2008 annual report, 2009 six months report, 2009 Q1 and Q3 reports)
- Discussion on latest developments of the Company
- Discussion over share performance on WSE
- Decision on dividend for 2008
- Approval of budget for the year
- Application of corporate governance rules
- Reappointment of auditors
- Action marketing plan
- Investor Relations Plan going forward
- Review of the Board role and effectiveness
- Changes in the Board and its committies member

Additionally to formal meetings, Directors were in constant contact regarding the Company business.

During the year ended December 31st, 2009, the Audit Committee - comprising John Hirst, Paul Swigart (both non-executive Directors) and Siarhei Kostevitch, chaired by John Hirst and beginning on May 2009 comprising Efstathios Papadakis and Kyriacos Christofi (both non-executive Directors) and Marios Christou (as attennding member) and chaired by Efstathios Papadakis - had conducted a total number of three meetings. Issues discussed on the Audit Committee meetings were then presented to the Board of Directors.

There were no specific reasons to call a formal meeting of the remuneration committee - comprising John Hirst and Paul Swigart (both non-executive Directors), chaired by Paul Swigart, and beginning on May 2009 comprising Kyriacos Christofi and Efstathios Papadakis (both non-executive Directors) and Siarhei Kostevitch (as attending member) and chaired by Kyriacos Christofi – therefore any issues were discussed directly during the Board of Directors meetings.

PART II

ITEM 8. PRINCIPAL ACCOUNTANT FEES AND SERVICES

We enter into agreements with our principal auditors, Deloitte & Touche Limited, as well as other auditors of group companies, to review interim (period ending 30 June) and audit annual financial statements (fiscal year ending 31 December).

Those agreements are signed annually. The last agreement – for the audit of 2009 - has been signed on November 25th, 2009.

The following table presents a summary of accountant fees and services for the twelve months ended December 31, 2009 and 2008:

(U.S. $)	**2009**	**2008**
Auditors fees regarding annual report [1]	636	697
Auditors fees regarding other approval services	43	47
Auditors fees for tax advisory	0	0
Auditors fees for other services	0	0
Total fees	**679**	**744**

[1] Positions in the table include fees and expenses for certain services (i.e. in relation to reviews and audits of financial statements) for the periods covered by the fiscal year, notwithstanding when the fees and expenses were billed.

PART III

ITEM 9. FINANCIAL STATEMENTS

The consolidated financial statements of ASBISc Enterprises Plc presented as a part of this annual report are included on pages 1 through 60 as follows:

MANAGEMENT REPRESENTATIONS

In accordance with the requirements of the Decree of the Minister of Finance of February 19th, 2009 on current and periodic information to be published by issuers of securities and on rules of recognition of information required by law of a non-member country as equivalent, the Board of Directors of ASBISc Enterprises Plc hereby represents that:

- to its best knowledge, the annual consolidated financial statements and the comparative data have been prepared in accordance with the applicable accounting policies and that they give a true, fair and clear reflection of the Group's financial position and its results of operations, and that the annual Directors' Report gives a true view of the Group's development, achievements and position, including a description of the basic risks and threats;

- the registered audit company which audited the annual consolidated financial statements was appointed in accordance with the legal regulations and the said company and the registered auditors who performed the audit fulfilled the conditions for issuing an unbiased and independent audit report, in accordance with the principles of compulsory law regulations and professional standards.

Limassol, March 29th, 2010

……………………………………………………
Siarhei Kostevitch
Chairman, Chief Executive Officer
Member of the Board of Directors

....
Marios Christou
Chief Financial Officer
Member of the Board of Directors

....
Constantinos Tziamalis
Director of Credit and Investor Relations

Member of the Board of Directors

ASBISC ENTERPRISES PLC

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2009

ASBISC ENTERPRISES PLC

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

C o n t e n t s

FOR THE YEAR ENDED 31 DECEMBER 2009

OFFICERS AND PROFESSIONAL ADVISERS

Directors	Siarhei Kostevitch (Belarusian) Chairman and Chief Executive Officer
	Marios Christou (Cypriot)
	Laurent Journoud (French)
	Constantinos Tziamalis (Cypriot)
	Efstathios Papadakis (Cypriot) (appointed 5 May 2009) Non-Executive Director
	Kyriacos Christofi (Cypriot) (appointed 5 May 2009) Non-Executive Director
	John Raymond Hirst (British) (resigned 11 August 2009) Non-Executive Chairman
	Paul Marshall Swigart (American) (resigned 5 May 2009) Non-Executive Director
	Henri Richard (French) (resigned 5 May 2009) Non-Executive Director
Secretary	Alfo Secretarial Limited Limassol, Cyprus
Auditors	Deloitte Limited Limassol, Cyprus
Legal adviser	Costas Tsirides & Co. Law Office Limassol, Cyprus
Bankers	BNP PARIBAS Cyprus Limited Limassol, Cyprus
	Bank of Cyprus Public Company Ltd Limassol, Cyprus
	Marfin Popular Bank Public Company Ltd Nicosia, Cyprus
	The Cyprus Development Bank Public Company Ltd Nicosia, Cyprus

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2009

The directors present their annual report on the affairs of the group and the company together with the group's and the company's audited financial statements for the year ended 31 December 2009.

Principal activity
The principal activity of the group and the company is the trading and distribution of computer hardware and software.

Results
The consolidated loss for the year attributable to the members was US$ 3.208.380 compared to the profit of US$ 4.020.700 in 2008. Details of the consolidated results of the group are presented on page 6 of the financial statements.

Group financial statements
The consolidated financial statements include the financial statements of the company and those of its subsidiary companies. The names and more details about the subsidiaries are shown in note 14 to the financial statements.

Significant events after the end of the financial year
All significant events that occurred after the end of the financial year are described in note 32 to the financial statements.

Existence of branches
The company maintains a branch in Finland which during 2009 ceased all operations.

Expected future developments of the group and the company
The directors do not expect any significant changes in the activities of the group and the company for the foreseeable future.

Review of the development, financial performance and current position of the group and the company and the description of its major risks and uncertainties
The group's and company's development to date, financial results and positions as presented in the financial statements are considered satisfactory, given the current turbulent economic conditions that have adversely affected the group.

The group has reached revenues for the year of US$ 1.162.457.483 as compared to US$ 1.495.323.942 in 2008, representing a drop of 22%. This is mainly owed to lower demand and a decrease in average selling prices.

The results of the group have also been affected by the high volatility of local currencies during the first quarter of 2009 in the major markets in which the group operates. Most of the local currencies of the group depreciated significantly against the US Dollar, the group's reporting currency, leading to foreign exchange losses.

The group and the company face the following major risks and uncertainties:

- competition pressures in the market place it operates that may significantly affect gross and net margins;
- technological changes and other market trends;
- financial risks as described in note 28.

The company has in place systems and procedures to maintain its expertise and keep it aware of changes in its market places to help mitigate market risks. It also has rigorous controls to help mitigate financial risks.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

Dividends
Our dividend policy is to pay dividends at levels consistent with our growth and development plans, while maintaining a reasonable level of liquidity. However, due to the adverse impact of the world's financial crisis resulting in losses for 2009, the Board of Directors intends not to propose a payment of dividend to the forthcoming general meeting of shareholders.

No dividend has been paid in 2009 based on 2008 results.

Share Capital
On 31 December 2009 the issued and fully paid up share capital of the company consisted of 55.500.000 ordinary shares of US$ 0,20 each. There were no changes in the share capital of the company during the year.

Board of Directors
The members of the Board of Directors at 31 December 2009 and at the date of this report are set out on page 1. Except as noted, they were all members of the Board of Directors throughout the year. There were no significant changes in the assignment of the responsibilities and remuneration of the members of the Board of Directors. In May 2009 two new non-executive Directors were appointed and replaced the existing two non-executive Directors, who resigned. In August 2009, the non-executive chairman resigned and the company's CEO has also undertaken the chairman role.

Corporate Governance
The Directors of Asbisc Enterprises Plc recognize the value deriving from the Code of Best Practice of Corporate Governance. The Directors take all necessary actions to adhere to the corporate governance rules that are practicable and appropriate for a public company of the size of Asbisc Enterprises Plc.

The Board of Asbisc Enterprises Plc has two committees:

- the Audit Committee and
- the Remuneration Committee

The Remuneration Committee consists of the two non-executive directors together with the Chairman. The Audit Committee consists of the two non-executive directors.

Auditors
The auditors of the company, Messrs Deloitte Limited have expressed their willingness to continue in office. A resolution authorising the Board of Directors to fix their remuneration will be submitted at the forthcoming annual general meeting.

BY ORDER OF THE BOARD
Director

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Limassol, 24 March 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASBISC ENTERPRISES PLC

Report on the Consolidated and Company's Separate Financial Statements

We have audited the accompanying consolidated financial statements of Asbisc Enterprises Plc (the "Company") and its subsidiaries (the "Group") and the Company's separate financial statements on pages 6 to 60 which comprise the statements of financial position of the Group and the Company as at 31 December 2009, and the statement of income and the statements of comprehensive income, changes in equity and cash flows of the Company and the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated and Company's separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated and the Company's separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2009, and of the financial performance and the cash flows of the Group and the Company for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.

Report on Other Legal and Regulatory Requirements

Pursuant to the requirements of the Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements of the Group and the Company give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on pages 2-3 is consistent with the consolidated and Company's separate financial statements.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 156 of the Companies Law, Cap.113 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report may be divulged.

DELOITTE LIMITED
Certified Public Accountants (Cyprus)

Limassol, 24 March 2010

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009
(Expressed in United States Dollars)

	Note	2009 US$	2008 US$
Revenue	3	1.162.457.483	1.495.323.942
Cost of sales		(1.109.500.338)	(1.418.115.063)
Gross profit		52.957.145	77.208.879
Selling expenses		(27.113.644)	(34.706.367)
Administrative expenses		(22.954.170)	(27.175.249)
Profit from operations		2.889.331	15.327.263
Financial income	4	626.224	199.625
Financial expenses	4	(7.041.820)	(8.745.077)
Other income	5	706.908	345.484
Negative goodwill written off	15	1.927	89.715
Impairment of investments	16	-	(90.000)
(Loss)/profit before taxation	6	(2.817.430)	7.127.010
Taxation	7	(179.050)	(3.023.806)
(Loss)/profit after taxation		(2.996.480)	4.103.204
Attributable to:			
Non-controlling interest		211.900	82.504
Owners of the parent		(3.208.380)	4.020.700
		(2.996.480)	4.103.204
		US$ Cents	**US$ Cents**
Earnings per share			
Weighted average basic and diluted earnings per share from continuing operations	26	(5,78)	7,24

The notes on pages 15 to 60 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009
(Expressed in United States Dollars)

	2009 US$	2008 US$
(Loss)/profit after taxation	(2.996.480)	4.103.204
Other comprehensive loss:		
Exchange difference on translating foreign operations	(447.305)	(1.514.366)
Reclassification adjustments relating to foreign operations liquidated and disposed off in the year	(217.964)	-
Other comprehensive loss for the year	(665.269)	(1.514.366)
Total comprehensive (loss)/income for the year	(3.661.749)	2.588.838
Total comprehensive (loss)/income attributable to:		
Non-controlling interests	188.354	77.101
Owners of the parent	(3.850.103)	2.511.737
	(3.661.749)	2.588.838

The notes on pages 15 to 60 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009
(Expressed in United States Dollars)

	Note	2009 US$	2008 US$
ASSETS			
Current assets			
Inventories	2,9	83.476.504	80.974.446
Trade receivables	10	214.444.867	202.898.802
Other current assets	11	6.985.056	8.183.223
Current taxation	7	156.135	2.853.297
Cash at bank and in hand	22	52.857.260	41.207.621
Total current assets		357.919.822	336.117.389
Non-current assets			
Goodwill	15	550.517	550.517
Property, plant and equipment	12	24.541.436	24.470.498
Investments	16	9.580	9.580
Intangible assets	13	2.175.799	1.601.797
Deferred tax assets	8	625.795	140.992
Total non-current assets		27.903.127	26.773.384
Total assets		385.822.949	362.890.773
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Trade payables		210.325.327	175.925.349
Other current liabilities	17	43.777.114	32.533.655
Current taxation	7	220.794	189.678
Short-term obligations under finance lease	20	101.409	89.648
Bank overdrafts and short term loans	18	35.806.853	54.165.127
Total current liabilities		290.231.497	262.903.457
Non-current liabilities			
Long term liabilities	19	4.099.294	4.805.689
Long-term obligations under finance lease	20	140.626	168.346
Total non-current liabilities		4.239.920	4.974.035
Total liabilities		294.471.417	267.877.492
Equity			
Share capital	21	11.100.000	11.100.000
Share premium		23.518.243	23.518.243
Retained earnings and other components of equity		56.413.886	60.263.989
Equity attributable to equity holders of the parent		91.032.129	94.882.232
Non-controlling interests		319.403	131.049
Total equity		91.351.532	95.013.281
Total liabilities and equity		385.822.949	362.890.773

Signed on behalf of the Board on 24 March 2010

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- Directors
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The notes on pages 15 to 60 form an integral part of these financial statements

ASBISC ENTERPRISES PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009
(Expressed in United States Dollars)

	Attributable to equity holders of the parent						
	Share capital US$	Share premium US$	Retained earnings US$	Translation of foreign operations US$	Total US$	Non-controlling interests US$	Total equity US$
Balance at 1 January 2008	11.100.000	23.518.243	58.807.754	2.274.498	95.700.495	-	95.700.495
Non-controlling interests from acquisition of subsidiaries	-	-	-	-	-	45.346	45.346
Payment of dividend for 2007	-	-	(3.330.000)	-	(3.330.000)	-	(3.330.000)
Increase of non-controlling interests due to additional share capital	-	-	-	-	-	8.602	8.602
Profit for the year	-	-	4.020.700	-	4.020.700	82.504	4.103.204
Other comprehensive loss for the year	-	-	-	(1.508.963)	(1.508.963)	(5.403)	(1.514.366)
Balance at 31 December 2008	11.100.000	23.518.243	59.498.454	765.535	94.882.232	131.049	95.013.281
(Loss)/income for the year	-	-	(3.208.380)	-	(3.208.380)	211.900	(2.996.480)
Other comprehensive loss for the year	-	-	-	(641.723)	(641.723)	(23.546)	(665.269)
Balance at 31 December 2009	11.100.000	23.518.243	56.290.074	123.812	91.032.129	319.403	91.351.532

The retained earnings shown above at 31 December 2009 were readily distributable up to the amount of US$ 33.114.192 which represents the retained earnings of the Company. The remaining amount of US$ 23.175.882 represents the earnings retained in the subsidiary companies of the group. The share premium account is available for distribution only in the form of issue of bonus shares.

The notes on pages 15 to 60 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009
(Expressed in United States Dollars)

	Note	2009 US$	2008 US$
(Loss)/profit for the year before tax and minority interest		(2.817.430)	7.127.010
Adjustments for:			
Exchange difference arising on consolidation		(44.927)	(1.027.769)
Provision for bad debts and receivables written off		1.530.770	1.894.243
Bad debts recovered		(291.108)	(11.636)
Depreciation	12	2.126.432	1.871.292
Amortization of intangible assets	13	769.782	960.867
Gains and losses arising on business combinations		(51.026)	(89.715)
Interest received	4	(626.224)	(199.625)
Interest paid	4	4.196.570	4.365.937
Impairment of investments	16	-	90.000
Profit from the sale of property, plant and equipment and intangible assets	5	(2.897)	(35.414)
Operating profit before working capital changes		4.789.942	14.945.190
(Increase)/decrease in inventories		(2.103.308)	10.990.000
(Increase)/decrease in trade receivables		(13.807.926)	7.863.302
Decrease/(increase) in other current assets		1.244.111	(1.566.377)
Increase/(decrease) in trade payables		35.527.824	(11.635.288)
Increase/(decrease) in other current liabilities		11.467.074	(10.634.254)
Cash inflows from operations		37.117.717	9.962.573
Taxation received/(paid), net	7	1.202.364	(6.219.532)
Interest paid	4	(4.196.570)	(4.365.937)
Net cash inflows/(outflows) from operating activities		34.123.511	(622.896)
Cash flows from investing activities			
Interest received	4	626.224	199.625
Purchase of property, plant and equipment		(3.314.559)	(12.510.984)
Purchase of intangible assets	13	(1.375.930)	(1.525.722)
Net payments arising on business combinations		(2.315)	(660.040)
Net cash acquired from business combinations		89.434	600.925
Proceeds from sale of property, plant and equipment and intangible assets		583.904	242.184
Net cash outflows from investing activities		(3.393.242)	(13.654.012)
Cash flows from financing activities			
Dividends paid	27	-	(3.330.000)
(Repayments)/proceeds of long term liabilities and long term obligations under finance lease, net		(734.116)	1.480.422
Repayments of short term loans and short term obligations under finance lease, net		(6.358.483)	(225.152)
Net cash outflows from financing activities		(7.092.599)	(2.074.730)
Net increase/(decrease) in cash and cash equivalents		23.637.670	(16.351.638)
Cash and cash equivalents at beginning of the year	22	12.934.088	29.285.726
Cash and cash equivalents at end of the year	22	36.571.758	12.934.088

The notes on pages 15 to 60 form an integral part of these financial statements

PARENT COMPANY COMPREHENSIVE INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009
(Expressed in United States Dollars)

	Note	2009 US$	2008 US$
Revenue	3	749.704.363	910.556.813
Cost of sales		(737.773.867)	(893.896.316)
Gross profit		11.930.496	16.660.497
Selling expenses		(8.538.837)	(9.007.958)
Administrative expenses		(6.448.832)	(6.519.918)
(Loss)/profit from operations		(3.057.173)	1.132.621
Financial income	4	480.466	166.381
Financial expenses, net	4	(1.248.218)	(2.403.776)
Other income	5	3.679.377	1.959.825
Impairment of investments	16	-	(90.000)
(Loss)/profit before taxation	6	(145.548)	765.051
Taxation	7	(39.626)	(317.434)
(Loss)/profit after taxation attributable to members		(185.174)	447.617
Other comprehensive income for the year		-	-
Total comprehensive (loss)/income for the year		(185.174)	447.617

The notes on pages 15 to 60 form an integral part of these financial statements

PARENT COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009
(Expressed in United States Dollars)

	Note	2009 US$	2008 US$
ASSETS			
Current assets			
Inventories	2,9	18.859.790	16.680.019
Trade receivables	10	67.174.482	61.208.549
Other current assets	11	71.098.530	73.309.200
Cash at bank and in hand	22	40.309.240	23.350.719
Total current assets		197.442.042	174.548.487
Non-current assets			
Property, plant and equipment	12	2.725.010	3.089.133
Intangible assets	13	1.714.062	1.022.457
Deferred tax asset	8	124.391	-
Other non-current assets	11	1.865.892	-
Investment in subsidiary companies	14	4.575.909	3.571.296
Total non-current assets		11.005.264	7.682.886
Total assets		208.447.306	182.231.373
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Trade payables		126.777.890	98.790.119
Other current liabilities	17	9.360.484	5.445.622
Current taxation	7	78.558	148.915
Bank overdrafts and short term loans	18	4.497.939	9.893.810
Total current liabilities		140.714.871	114.278.466
Non-current liabilities			
Deferred tax liability	8	-	35.298
Total non-current liabilities		-	35.298
Total liabilities		140.714.871	114.313.764
Equity			
Share capital	21	11.100.000	11.100.000
Share premium		23.518.243	23.518.243
Retained earnings and other components of equity		33.114.192	33.299.366
Total equity		67.732.435	67.917.609
Total liabilities and equity		208.447.306	182.231.373

Signed on behalf of the Board on 24 March 2010

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\- Directors

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The notes on pages 15 to 60 form an integral part of these financial statements

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009
(Expressed in United States Dollars)

	Share capital US$	Share premium US$	Retained earnings US$	Total US$
Balance at 1 January 2008	11.100.000	23.518.243	36.181.749	70.799.992
Total comprehensive income for the year	-	-	447.617	447.617
Payment of dividend	-	-	(3.330.000)	(3.330.000)
Balance at 31 December 2008	11.100.000	23.518.243	33.299.366	67.917.609
Total comprehensive loss for the year	-	-	(185.174)	(185.174)
Balance at 31 December 2009	11.100.000	23.518.243	33.114.192	67.732.435

The retained earnings of US$ 33.114.192 shown above at 31 December 2009 are all distributable. The share premium account is available for distribution in the form of issue of bonus shares.

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 15% will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable for the account of the shareholders.

PARENT COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009
(Expressed in United States Dollars)

	Note	2009 US$	2008 US$
(Loss)/profit for the year before tax		(145.548)	765.051
Adjustments for:			
Depreciation	12	464.616	413.472
Amortisation of intangible assets	13	555.975	758.084
Provision for bad debts and receivables written off		2.275.046	1.660.519
Bad debts recovered	5	(8.000)	-
Dividends received	5	(3.660.000)	(1.800.036)
Interest received	4	(429.756)	(166.381)
Interest paid	4	737.895	621.744
Impairment of investments	16	-	90.000
Loss/(profit) from the sale of property, plant and equipment and intangible assets		2.156	(30.584)
Operating (loss)/profit before working capital changes		(207.616)	2.311.869
(Increase)/decrease in inventories		(2.179.770)	17.994.949
(Increase)/decrease in trade receivables		(6.219.140)	29.224.687
Increase in other current assets		(2.276.041)	(17.727.903)
Increase/(decrease) in trade payables		27.987.771	(11.054.857)
Increase/(decrease) in other current liabilities		3.914.862	(10.778.772)
Cash inflows from operations		21.020.066	9.969.973
Taxation paid, net	7	(269.672)	(494.519)
Interest paid	4	(737.895)	(621.744)
Net cash inflows from operating activities		20.012.499	8.853.710
Cash flows from investing activities			
Interest received	4	429.756	166.381
Dividends received	5	3.660.000	1.800.036
Purchase of property, plant and equipment	12	(102.593)	(1.068.669)
Purchase of intangible assets	13	(1.247.635)	(862.131)
Proceeds from sale of property, plant and equipment and intangible assets		-	34.000
Net increase in investment in subsidiary companies	14	(504.613)	(791.988)
Proceeds/(advancements) of loans to related parties, net		106.978	(5.838.114)
Net cash inflows/(outflows) from investing activities		2.341.893	(6.560.485)
Cash flows from financing activities			
Dividends paid	27	-	(3.330.000)
Repayments of short term loans, net		(3.041.291)	(5.567.817)
Net cash outflows from financing activities		(3.041.291)	(8.897.817)
Net increase/(decrease) in cash and cash equivalents		19.313.101	(6.604.592)
Cash and cash equivalents at beginning of the year	22	16.498.200	23.102.792
Cash and cash equivalents at end of year	22	35.811.301	16.498.200

The notes on pages 15 to 60 form an integral part of these financial statements

1. Incorporation and principal activities

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

On the 30th October 2007 the company was listed at the Warsaw Stock Exchange.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law Cap 113. The financial statements have been prepared under the historical cost convention.

Adoption of new and revised International Financial Reporting Standards

Standards and Interpretations effective in the current year

During the current year, the group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2009. This adoption did not have a material effect on the accounting policies of the group, with the exception of the following:

(a) International Accounting Standard (IAS) 1 "Presentation of financial statements" (revised). As a result of the adoption of this revised standard, the group presents in the statement of changes in equity all changes resulting from transactions with shareholders, whereas all changes in equity resulting from transactions with non-shareholders of the group are presented in the statement of comprehensive income. The presentation of comparative information has been adjusted in conformity with the revised standard. The change had an impact only on the presentation of the financial statements.

(b) IFRS 8 "Operating Segments". This standard replaces IAS 14 "Segmental reporting", and the requirement to determine primary and secondary segments. In accordance with the provisions of IFRS 8, the group's segment reporting to third parties will be based on the internal reporting to the Chief Executive Officer, who makes decisions on the allocation of resources and assesses the performance of the reportable segments. The group has applied IFRS 8 as shown in note 31 of the consolidated financial statements.

Standards and Interpretations in issue not yet adopted

At the date of approval of these financial statements, the following standards were issued by the International Accounting Standards Board but were not yet effective:

(Expressed in United States Dollars)

2. Accounting policies (continued)
Adoption of new and revised International Financial Reporting Standards (continued)

Standard / Interpretation	***Effective for annual periods beginning on or after***
(i) Adopted by the European Union	
• *IFRS 1 "First time adoption of International Financial Reporting Standards" (Revised)*	*1 July 2009*
• *IFRS 3 "Business Combinations" (Revised)*	*1 July 2009*
• *International Accounting Standard (IAS) 27 "Consolidated and separate financial statements" (Amended)*	*1 July 2009*
• *International Financial Reporting Interpretation Committee (IFRIC) 17 "Distribution of non-cash assets to owners"*	*1 July 2009*
• *Amendments to IAS 39 "Eligible hedged items"*	*1 July 2009*
• *Improvements to IFRSs 2008 – Amendments to IFRS 5 "Non-current assets held for sale and discontinued operations"*	*1 July 2009*
• *Amendments to IAS 32 "Classification of rights issues"*	*1 February 2010*
(ii) Not adopted by the European Union	
• *Improvements to IFRSs – 2009*	*1 July 2009/1 January 2010*
• *Amendments to IFRS 2 "Group cash-settled share-based payment transactions"*	*1 January 2010*
• *Amendments to IFRS 1 "Additional exemptions for first-time adopters"*	*1 January 2010*
• *IFRIC 19 "Extinguishing financial liabilities with equity instruments"*	*1 July 2010*
• *Amendments to IFRIC 14 "Prepayments of a minimum funding requirement"*	*1 January 2011*
• *IAS 24 "Related party disclosures" (Revised)*	*1 January 2011*
• *IFRS 9 "Financial instruments"*	*1 January 2013*

The Board of Directors expects that the adoption of the above financial reporting standards in future periods will not have a material effect on the financial statements of the group and the company.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the company (its subsidiaries). Control is achieved when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of the subsidiary companies that are acquired during the year are included in the consolidated Income Statement from the date of acquisition and cease to be consolidated from the date control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

2. Accounting policies (continued)

Basis of consolidation (continued)

Non-controlling interests in subsidiaries are identified separately from the group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When the group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration of each acquisition is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3(2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively*;*
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

2. Accounting policies (continued)

Business combinations involving entities under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. A group of individuals shall be regarded as controlling an entity when, as a result of contractual arrangements, they collectively have the power to govern its financial and operating policies so as to obtain benefits from its activities.

Therefore, a business combination is outside the scope of IFRS 3 when the same group of individuals has, as a result of contractual arrangements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory.

The excess between the carrying value of the net assets transferred and the consideration paid, is recognized directly to equity.

Subsidiary companies

In the individual accounts of the company, investments in subsidiary companies are presented at cost less provision for permanent diminution in value.

Investments

Investments are stated at cost less provision for permanent diminution in value.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2. Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost less any recognized impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is provided at rates calculated to write off the cost less the estimated residual value of property, plant and equipment on a straight-line basis over their estimated useful economic lives as follows:

Buildings	33 years
Leasehold property	Over the remaining period of the right for usage of the land
Motor vehicles	5 years
Furniture, fittings and office equipment	10 years
Computer hardware	5 years
Warehouse machinery	3 – 5 years

Depreciation is not provided on land.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the profit and loss.

Intangible assets

Intangible assets consist of computer software, patents and licences which are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided at rates calculated to write off the cost less the estimated residual value of the assets using the straight line method as follows:

Computer software	3 - 10 years
Patents and licences	3 years

The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Repairs and maintenance

Expenditure for repairs and maintenance of property, plant and equipment and costs associated with maintenance of computer software programmes are recognised as an expense as incurred.

2. Accounting policies (continued)

Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the group and the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group and the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent basis of allocation is identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimated of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2. Accounting policies (continued)

Taxation (continued)

Deferred tax (continued)

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interest in joint ventures except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for business combinations.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in United States Dollars (US$), which is the functional currency of the company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items are measured in terms of historical cost in a foreign currency and are not retranslated.

Exchange differences are recognised in the profit and loss in the period in which they arise.

2. Accounting policies (continued)

Foreign currencies (continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are expressed in United States Dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributable to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Inventories

Inventories comprise finished IT components which are stated at the lower of cost and net realizable value. Cost is determined on the basis of standard cost method for the price protected stock items and on the weighted average cost method for its non price-protected stock items and comprises the cost of acquisition plus any other costs that are incurred to bring the stock items to their present location and condition. Net realizable value represents the estimated selling price for inventories less all cost necessary to make the sale.

Provisions

A provision is recognized in the statement of financial position when the company and the group has a legal or constructive present obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Warranties

Provisions for warranty costs are recognized at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the company's and the group's obligations.

2. Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognized on the group's and company's statement of financial position when the group and the company become a party to the contractual provisions of the instrument.

Financial assets

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in profit and loss when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Factored trade receivables

Certain subsidiaries of the company have entered into various invoice discounting agreements with factoring companies from which a percentage of approved invoices are collected in advance. The invoices which are given for collection in advance are with recourse and included within trade receivables, whereas the amount collected from the factoring company is presented in the statement of financial position under current liabilities until the date of settlement by the debtors. Factoring expenses are charged to the income statement.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Loans granted

Loans granted by the company to the borrower are categorized as loans and are carried at amortized cost. This is defined as the fair value of cash consideration given to originate those loans as is determined by reference to market prices at granting date. All loans are recognized when cash is advanced to the borrower. An allowance for loan impairment is established if there is objective evidence that the company will not be able to collect all amounts due according to the original contractual terms of loans. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

Cash and cash equivalents

The company considers all short-term highly liquid instruments with maturities of 3 months or less to be cash equivalents.

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments issued by the group

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs.

Accounting for financial guarantee contracts

Financial guarantee contracts issued by the group are accounted for in accordance with IAS 39 and measured initially at their fair values, and subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies as set out below.

The Directors of the company have considered the amendments of IAS 39 *Financial Instruments: Recognition and Measurement* and have assessed the impact on the financial statements. The possibility of having to exercise their obligation under the guarantee contracts is remote and thus does not meet the initial recognition criteria in accordance with IAS 37.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

2. Accounting policies (continued)

Financial liabilities and equity instruments issued by the group (continued)

Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

Derecognition of financial liabilities

The group and the company derecognises financial liabilities when, and only when, the group's and the company's obligations are discharged, cancelled or expired.

Revenue recognition

Revenue represents amounts invoiced to customers in respect of sales of goods during the year and is stated net of trade discounts, rebates, customer returns and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the group and the company has transferred to the buyer the significant risks and rewards of ownership of the goods
- the group and the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect to the transaction can be measured reliably

Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.

Interest revenue is recognised when it is probable that the economic benefits will flow to the group and the company and the amount of revenue can be measured reliably.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance Leases

Assets held under finance leases are initially recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

2. Accounting policies (continued)

Leasing (continued)

Finance Leases (continued)

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Borrowing costs

All borrowing costs are recognised in the income statement in the period in which they are incurred.

Dividend distribution

Dividend distribution to the company's shareholders is recognized in the company's financial statement in the year in which they are approved by the company's shareholders.

Comparative figures

Where necessary, comparative figures have been restated to coincide with current year's financial statements.

Critical judgements in applying the entity's accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The estimates and assumptions, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

2. Accounting policies (continued)

Critical judgements in applying the entity's accounting policies and key sources of estimation uncertainty (continued)

Revenue recognition

In making its judgment, management considered the detailed criteria for the recognition of revenue from the sale of goods as set out in *IAS18 Revenue* and, in particular, whether the group and the company had transferred to the buyer the significant risks and rewards of ownership of the goods. The management is satisfied that the significant risks and rewards have been transferred and the recognition of the revenue in the current year is appropriate.

Provision for bad and doubtful debts

The group reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record, the customer's overall financial position and expected recovery from credit insurance. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through the income statement. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

Provision for obsolete and slow-moving inventory

The group reviews its inventory records for evidence regarding the saleability of inventory and its net realizable value on disposal. The provision for obsolete and slow-moving inventory is based on management's past experience, taking into consideration arrangements with suppliers for price protection and for returning defective stock; the value of inventory as well as the movement and the level of stock of each category of inventory.

The amount of provision is recognized in the income statement. The review of the net realizable value of the inventory is continuous and the methodology and assumptions used for estimating the provision for obsolete and slow-moving inventory are reviewed regularly and adjusted accordingly.

Useful lives of property, plant and equipment and intangible assets

The estimation of the useful life of an item of property, plant and equipment and intangible assets is a matter of management judgement based upon experience with similar assets. In determining the useful life of an asset, management considers the expected usage, estimated technical obsolescence, physical wear and tear and the physical environment in which the asset is operated. Changes in any of these conditions of estimates may result in adjustments for future depreciation and amortisation rates.

Warranty provisions

Warranty provisions represent the group's and the company's best estimate of the liability as a result of the warranties granted on certain products and is based on past experience and industry averages for defective products.

(Expressed in United States Dollars)

2. Accounting policies (continued)

Critical judgements in applying the entity's accounting policies and key sources of estimation uncertainty (continued)

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Income taxes

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group/company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Fair value of financial assets

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The group/company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

3. Revenue

Revenue analysis by geographical market

The Group

The group operates as a trader and distributor of computer hardware and software in a number of geographical regions.

The following table produces an analysis of the group's sales by geographical market, irrespective of the origin of the goods.

Revenue analysis by geographical market	**2009** **US$**	**2008** **US$**
Former Soviet Union	372.573.766	649.443.986
Eastern Europe	457.844.333	503.808.484
Western Europe	110.973.607	142.056.609
Middle East & Africa	182.896.942	169.465.077
Other	38.168.835	30.549.786
	1.162.457.483	1.495.323.942

(Expressed in United States Dollars)

3. Revenue (continued)

Revenue analysis by currency	2009 US$	2008 US$
The Group		
US Dollars	612.945.712	735.552.223
Euro	227.725.742	107.829.102
Russian Rouble	41.050.871	240.527.374
Slovak Koruna	-	94.963.041
Czech Koruna	44.488.655	39.497.202
Polish Zloty	35.300.971	61.832.803
Other	200.945.532	215.122.197
	1.162.457.483	1.495.323.942

	2009 US$	2008 US$
The Company		
US Dollars	685.405.769	871.857.354
Euro	64.298.594	38.699.459
	749.704.363	910.556.813

4. Financial expense, net

	2009 US$	2008 US$
The Group		
Financial income		
Interest income	626.224	199.625
	626.224	199.625
Financial expense		
Bank interest	4.196.570	4.365.937
Bank charges	1.219.661	1.384.123
Factoring interest and charges	1.256.551	1.247.306
Other financial expenses	75.923	74.022
Other interest	21.623	110.439
Net exchange loss	271.492	1.563.250
	(7.041.820)	(8.745.077)
Net	(6.415.596)	(8.545.452)

(Expressed in United States Dollars)

4. Financial expense, net (continued)

	2009 US$	2008 US$
The Company		
Financial income		
Interest income	7.845	130.182
Interest income from loans to subsidiary companies (note 24)	421.911	36.199
Other financial income	50.710	-
	480.466	166.381
Financial expense		
Bank interest	737.895	621.744
Bank charges	225.188	412.000
Interest to suppliers	-	117.941
Factoring charges	113	2.198
Net exchange loss	283.397	1.248.526
Other interest	1.625	1.367
	(1.248.218)	(2.403.776)
Net	(767.752)	(2.237.395)

5. Other income

	2009 US$	2008 US$
The Group		
Profit on disposal of property, plant and equipment	2.897	35.414
Bad debts recovered	291.108	11.636
Other income	412.903	298.434
	706.908	345.484

	2009 US$	2008 US$
The Company		
Dividends received	3.660.000	1.800.036
Other income	11.377	129.205
Bad debts recovered	8.000	-
Profit on disposal of property, plant and equipment	-	30.584
	3.679.377	1.959.825

6. Profit before taxation

	2009 US$	2008 US$
The Group		
Profit before taxation is stated after charging:		
(a) Depreciation	2.126.432	1.871.292
(b) Amortisation of intangible assets	769.782	960.867
(c) Auditors' remuneration	678.639	743.831
(d) Directors' remuneration – executive (Note 24)	523.998	704.326
(e) Directors' remuneration – non-executive (Note 24)	85.237	152.854

(Expressed in United States Dollars)

6. Profit before taxation (continued)

	2009 US$	2008 US$
The Company		
Profit before taxation is stated after charging:		
(a) Depreciation	464.616	413.472
(b) Amortisation of intangible assets	555.975	758.084
(c) Auditors' remuneration	406.358	373.257
(d) Directors' remuneration – executive (Note 24)	355.998	704.326
(e) Directors' remuneration – non-executive (Note 24)	85.237	152.854

7. Taxation

	2009 US$	2008 US$
The Group		
(Debit)/credit balance 1 January	(2.663.619)	314.464
Tax liability from subsidiaries acquired	-	34.043
Tax asset on disposal of subsidiary	628.040	
Provision for the year	643.811	3.196.296
Under provision of prior year	12.571	11.110
Exchange difference on retranslation	241.492	
Amounts recovered/(paid), net	1.202.364	(6.219.532)
Net credit/(debit) balance 31 December	64.659	(2.663.619)

	2009 US$	2008 US$
Tax receivable	(156.135)	(2.853.297)
Tax payable	220.794	189.678
Net	64.659	(2.663.619)

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.

As of 1 January 2006 all Cyprus resident companies of the group are taxed at 10%.

Dividends received by Cyprus companies are exempt from Corporation Tax. They are also exempt from Special Defence Contribution provided certain conditions are met.

Dividends received by a Cyprus resident company from another Cyprus resident company are exempt from Special Defence Contribution.

Dividends received by a Cyprus resident company from a non resident company are exempt from Special Defence Contribution.

This exemption does not apply and the dividends are subject to 15% Defence Contribution if the foreign company paying the dividends

(a) carries on more than 50% investment activities giving rise to investment income; and

(b) the foreign tax burden on its profits is significantly lower than the Cyprus tax burden (in practice lower than 5%).

Dividends paid by a Cyprus resident company to its non resident shareholders (companies or individuals tax resident outside Cyprus) would not be subject to withholding tax in Cyprus, regardless of the existence of a Treaty between Cyprus and the country of residence of the shareholders.

(Expressed in United States Dollars)

7. Taxation (continued)

The Group (continued)

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

	2009 US$	2008 US$
Provision for the year	643.811	3.196.296
Under provision of prior years	12.571	11.110
Deferred tax income	(477.332)	(183.600)
Charge for the year	179.050	3.023.806

The charge for taxation is based on the group's profits for the year as adjusted for tax purposes. The reconciliation of the charge for the year is as follows:

	2009 US$	2008 US$
Accounting (loss)/profit before taxation	(2.817.430)	7.127.010
Corporation tax thereon at the applicable rates	(152.824)	2.825.598
Tax on income not taxable in determining taxable profit	(327.906)	(16.178)
Temporary differences	485.540	40.219
Tax on non-allowable expenses	441.994	74.323
	446.804	2.923.962
Special contribution to defence fund	197.007	272.334
Under provision of prior years	12.571	11.110
Deferred tax income	(477.332)	(183.600)
Taxation charge for the year	179.050	3.023.806

	Corporation tax 2009 US$	Defence contribution 2009 US$	Total 2009 US$	Total 2008 US$
The Company				
(Debit)/credit balance 1 January	(107.738)	256.653	148.915	287.004
(Over)/under provision of prior years	(2.748)	5.169	2.421	2.958
Provision for the year	-	196.894	196.894	353.472
Amount paid, net	(7.379)	(262.293)	(269.672)	(494.519)
(Debit)/credit balance 31 December	(117.865)	196.423	78.558	148.915

The charge for taxation is based on the company's profits for the year as adjusted for tax purposes.

(Expressed in United States Dollars)

7. Taxation (continued)
The Company (continued)
The reconciliation of the accounting result to the taxation charge for the year is as follows:

	2009 US$	2008 US$
Accounting (loss)/profit before taxation	(145.548)	765.051
Corporation tax thereon at the applicable rate of 10%	(14.555)	76.505
Tax effects of:		
Tax on income not taxable in determining taxable profit	(390.050)	(194.076)
Temporary differences	(21.563)	44.113
Effect of unused current year tax losses	196.904	-
Tax on non-allowable expenses	229.264	158.808
	-	85.350
Special contribution to defence fund	196.894	268.122
Under provision of prior years	2.421	2.958
Deferred tax credit	(159.689)	(38.996)
	39.626	317.434
The taxation charge for the year consists of the following:		
Provision for the current year	-	85.350
Special contribution to defence fund	196.894	268.122
Deferred tax credit	(159.689)	(38.996)
Under provision of prior years	2.421	2.958
	39.626	317.434

8. Deferred tax

	Temporary differences between accounting and tax NBV of PPE and intangibles (note i) US$	Tax losses (note ii) US$	Other temporary differences (note iii) US$	Total US$
The Group				
Credit/(debit) balance on 1 January 2008	74.294	-	(51.699)	22.595
Deferred tax credit for the year	(38.996)	-	(144.604)	(183.600)
Exchange difference on retranslation	-	-	20.013	20.013
Credit/(debit) balance on 1 January 2009	35.298	-	(176.290)	(140.992)
Deferred tax charge/(credit) for the year	37.215	(446.904)	(67.643)	(477.332)
Exchange difference on retranslation	-	-	(7.471)	(7.471)
Credit/(debit) balance on 31 December 2009	72.513	(446.904)	(251.404)	(625.795)

(Expressed in United States Dollars)

8. Deferred tax (continued)

	Temporary differences between accounting and tax NBV of PPE and intangibles (note i)	Tax losses (note ii)	Total (note iv)
	US$	US$	US$
The Company			
Credit balance on 1 January 2008	74.294	-	74.294
Deferred tax credit for the year	(38.996)	-	(38.996)
Credit balance on 1 January 2009	35.298	-	35.298
Deferred tax charge/(credit) for the year	37.215	(196.904)	(159.689)
Credit/(debit) balance on 31 December 2009	72.513	(196.904)	(124.391)

Note (i)
The Group and the Company
The deferred tax liability relates to excess of capital allowances over depreciation.

Note (ii)
The Group
The deferred tax asset arises from the tax losses that can be carried forward and set-off against the first available taxable profits of the group and the company.

The Company
The deferred tax asset arises from the tax losses that can be carried forward and set-off against the first available taxable profits of the company.

In accordance with the Cyprus tax legislation, tax losses can be carried forward indefinitely. The company's management, based on their projections with respect to the future profitability of the company, are of the opinion that the tax losses of US$ 1.969.044 carried forward will be utilised in future periods.

Note (iii)
The Group
Other temporary differences relate mainly to difference between treatment in accordance with International Financial Reporting Standards and treatment in accordance with local tax standards and mainly consist of unrealised profits/losses on revaluation of working capital and different treatment in valuing inventory.

Note (iv)
The Company
Deferred tax assets and liabilities are offset when there is a legally unforeseeable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

	2009	2008
	US$	US$
Deferred tax receivable	(196.904)	-
Deferred tax payable	72.513	35.298
Net	(124.391)	35.298

(Expressed in United States Dollars)

9. Inventories

	2009 US$	2008 US$
The Group		
Goods held for resale	78.755.070	77.699.396
Goods in transit	6.060.882	4.128.856
Provision for slow moving and obsolete stock	(1.339.448)	(853.806)
	83.476.504	80.974.446

The cost of inventory, net of rebates, recognised as an expense and included in cost of sales amounted to US$ 1.092.735.958 (2008: US$ 1.381.095.135).

As at 31 December 2009, inventories pledged as security for financing purposes amounted to US$ 22.371.574 (2008: US$ 16.773.116).

	2009 US$	2008 US$
The Company		
Goods held for resale	17.598.923	13.306.795
Goods in transit	1.405.110	3.623.224
Provision for slow moving and obsolete stock	(144.243)	(250.000)
	18.859.790	16.680.019

The cost of inventory, net of rebates, recognised as an expense and included in cost of sales amounted to US$ 736.610.581 (2008: US$ 885.372.363).

As at 31 December 2009, inventories pledged as security for financing purposes amounted to nil (2008: nil).

Change of valuation basis of inventories

As from 1 April 2009, the company and the group amended the way for valuing certain items of its inventory which are not covered under the price protection scheme provided by its key suppliers from the standard cost method to the weighted average cost method.

In the opinion of the management this amended valuation basis provides a more fair and relevant method for valuing these particular stock items.

10. Trade Receivables

	2009 US$	2008 US$
The Group		
Trade receivables	219.001.324	206.447.056
Allowance for doubtful debts	(4.556.457)	(3.548.254)
	214.444.867	202.898.802

As at 31 December 2009, receivables that had been assigned as security for financing purposes amounted to US$ 42.461.176 (2008: US$ 24.120.187). In 2009, the group has recognised a loss of US$ 1.530.770 (2008: US$ 1.894.243) for the impairment of its trade receivables. The loss has been included in selling expenses in the income statement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009
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10. Trade Receivables (continued)
The Group (continued)

Movement in provision for doubtful debts:

	2009 US$	2008 US$
On 1 January	3.548.253	2.489.539
Provisions during the year	1.530.770	1.894.243
Amount written-off as uncollectible	(530.070)	(731.391)
Bad debts recovered	(291.108)	(11.636)
Exchange difference	298.612	(92.501)
On 31 December	4.556.457	3.548.254

Ageing of the group's receivables:

Year	Total receivables US$	Outstanding but not due yet US$	Overdue 0-30 days US$	Overdue between 30-60 days US$	Overdue more than 60 days US$
2009	219.001.324	151.540.308	33.693.056	10.077.730	23.690.230
2008	206.447.056	114.949.431	41.352.604	25.592.561	24.552.460

Ageing of impaired receivables (provision for bad debts)

Year	Total US$	Overdue 60-90 days US$	Overdue 90-120 days US$	Overdue more than 120 days US$
2009	4.556.457	12.798	558.525	3.985.134
2008	3.548.254	574.238	234.122	2.739.894

	2009 US$	2008 US$
The Company		
Trade receivables	68.112.926	61.908.866
Allowance for doubtful debts	(938.444)	(700.317)
	67.174.482	61.208.549

In 2009, the company has recognised a loss of US$ 261.205 (2008: US$ 275.473) for the impairment of its trade receivables.

Movement in provision for doubtful debts:

	2009 US$	2008 US$
On 1 January	700.317	424.844
Provisions during the year	261.205	275.473
Amount written-off as uncollectible	(15.078)	-
Bad debts recovered	(8.000)	-
On 31 December	938.444	700.317

(Expressed in United States Dollars)

10. Trade Receivables (continued)
The Company (continued)
Ageing of the company's receivables:

Year	Total receivables US$	Outstanding but not due yet US$	Overdue 0-30 days US$	Overdue between 30-60 days US$	Overdue more than 60 days US$
2009	68.112.926	42.998.297	13.606.657	4.661.714	6.846.258
2008	61.908.866	23.100.618	11.569.949	17.208.147	10.030.152

Ageing of impaired receivables (provision for bad debts)

Year	Total US$	Overdue 60-90 days US$	Overdue 90-120 days US$	Overdue more than 120 days US$
2009	938.444	-	-	938.444
2008	700.317	-	-	700.317

11. Other current and non-current assets

1.1 Other current assets	**2009 US$**	**2008 US$**
The Group		
Other debtors and prepayments	2.648.844	3.533.074
VAT and other taxes refundable	3.133.742	3.224.715
Loan due from related company	-	110.000
Loans advanced	-	28.114
Advances to service providers/suppliers	256.587	594.497
Employee floats	350.425	280.703
Deposits	595.458	412.120
	6.985.056	8.183.223

The Company	**2009 US$**	**2008 US$**
Other debtors and prepayments	624.302	876.185
Loan due from fellow subsidiary (Note 24)	-	110.000
Amount due from subsidiary companies (Note 24)	69.052.935	66.018.260
Loans due from subsidiary companies (Note 24)	1.085.579	5.572.289
VAT refundable	335.714	732.466
	71.098.530	73.309.200

The directors consider that the carrying amount of other current assets of the group and the company approximate their fair value.

1.2 Other non-current assets	**2009 US$**	**2008 US$**
The Company		
Long-term loans due from subsidiary companies (Note 24)	1.865.892	-
	1.865.892	-

(Expressed in United States Dollars)

12. Property, plant and equipment

The Group

	Land and buildings US$	Assets under construction US$	Warehouse machinery US$	Furniture and fittings US$	Office equipment US$	Motor vehicles US$	Computer hardware US$	Total US$
Cost								
At 1 January 2008	6.448.719	6.474.166	164.787	1.256.935	1.826.713	2.327.801	3.593.284	22.092.405
Additions from acquisition of subsidiaries	-	62.909	-	16.268	10.987	56.514	83.717	230.395
Additions	2.380.297	3.397.336	71.620	674.280	944.922	1.203.477	1.920.909	10.592.841
Disposals upon sale of subsidiaries	-	-	-	(57)	(55)	-	-	(112)
Disposals	-	-	-	(57.367)	(54.959)	(162.634)	(111.455)	(386.415)
Transfers	4.380.999	(4.380.999)	-	-	-	-	-	-
Foreign exchange difference on retranslation	(294.808)	(1.573)	(13.188)	(207.329)	(68.072)	(164.825)	(183.823)	(933.618)
At 1 January 2009	12.915.207	5.551.839	223.219	1.682.730	2.659.536	3.260.333	5.302.632	31.595.496
Additions from acquisition of subsidiaries	-	-	-	26.934	39.085	-	14.947	80.966
Additions	183.592	1.198.901	74.546	337.103	268.759	315.429	672.348	3.050.678
Disposals upon sale of subsidiaries	-	-	-	-	-	-	(1.661)	(1.661)
Disposals	-	-	(150.132)	(61.343)	(264.195)	(305.502)	(729.625)	(1.510.797)
Transfers	6.182.145	(6.182.145)	-	-	-	-	-	-
Foreign exchange difference on retranslation	235.179	(568.595)	(4.605)	25.604	23.087	6.120	119.250	(163.960)
At 31 December 2009	19.516.123	-	143.028	2.011.028	2.726.272	3.276.380	5.377.891	33.050.722
Accumulated depreciation								
At 1 January 2008	839.211	-	133.153	580.788	835.649	1.132.840	2.380.496	5.902.137
Charge for the year	262.276	-	25.008	175.561	282.063	475.384	651.000	1.871.292
Disposals upon sale of subsidiaries	-	-	-	(57)	(55)	-	-	(112)
Disposals	-	-	-	(14.775)	(15.931)	(116.636)	(29.960)	(177.302)
Foreign exchange difference on retranslation	(77.977)	-	(11.808)	(85.808)	(32.608)	(118.341)	(144.475)	(471.017)
At 1 January 2009	1.023.510	-	146.353	655.709	1.069.118	1.373.247	2.857.061	7.124.998
Charge for the year	330.181	-	14.769	232.527	261.270	541.094	746.591	2.126.432
Disposals upon sale of subsidiaries	-	-	-	-	-	-	(1.186)	(1.186)
Disposals	-	-	(144.652)	(36.347)	(217.163)	(240.733)	(322.280)	(961.175)
Foreign exchange difference on retranslation	11.557	-	(4.224)	22.505	35.186	26.750	128.443	220.217
At 31 December 2009	1.365.248	-	12.246	874.394	1.148.411	1.700.358	3.408.629	8.509.286
Net book value								
At 31 December 2009	18.150.875	-	130.782	1.136.634	1.577.861	1.576.022	1.969.262	24.541.436
At 31 December 2008	11.891.697	5.551.839	76.866	1.027.021	1.590.418	1.887.086	2.445.571	24.470.498

Assets under construction which related to the construction of warehouse and offices in Belarus (US$ 2.791.971) and the Middle East (US$ 3.390.174) became operational in 2009 and were transferred to land and buildings. During 2008 buildings in Slovakia of US$ 4.263.010 which were under construction in 2007 were completed and transferred to land and buildings. The contractual commitments for the completion of the buildings are disclosed in note 23. The fully depreciated assets of the group that are still in use amounted to US$ 1.807.738 (2008: US$ 2.623.784). Land and buildings of a total cost value of US$ 13.616.698 have been mortgaged for financing purposes.

(Expressed in United States Dollars)

12. Property, plant and equipment (continued)

The Company

	Land and buildings US$	Furniture and fittings US$	Office equipment US$	Motor vehicles US$	Computer hardware US$	Total US$
Cost						
At 1 January 2008	1.550.918	330.145	455.257	518.654	1.470.160	4.325.134
Additions	-	24.419	328.183	341.230	374.837	1.068.669
Disposals	-	-	-	(50.727)	(6.417)	(57.144)
At 1 January 2009	1.550.918	354.564	783.440	809.157	1.838.580	5.336.659
Additions	-	4.474	14.843	-	83.276	102.593
Disposals	-	-	-	(16.770)	(10.067)	(26.837)
At 31 December 2009	1.550.918	359.038	798.283	792.387	1.911.789	5.412.415
Accumulated depreciation						
1 January 2008	271.826	174.249	112.786	256.675	1.072.247	1.887.783
Charge for the year	46.997	31.679	55.925	89.797	189.074	413.472
Disposals	-	-	-	(49.036)	(4.693)	(53.729)
At 1 January 2009	318.823	205.928	168.711	297.436	1.256.628	2.247.526
Charge for the year	46.997	31.816	77.040	123.189	185.574	464.616
Disposals	-	-	-	(16.770)	(7.967)	(24.737)
At 31 December 2009	365.820	237.744	245.751	403.855	1.434.235	2.687.405
Net book value						
31 December 2009	1.185.098	121.294	552.532	388.532	477.554	2.725.010
31 December 2008	1.232.095	148.636	614.729	511.721	581.952	3.089.133

The fully depreciated assets of the company that are still in use amounted to US$ 1.296.614 (2008: US$ 1.188.819).
The land and buildings have been mortgaged as securities for financing purposes.

13. Intangible assets

The Group

	Computer Software US$	Patents and licenses US$	Total US$
Cost			
At 1 January 2008	4.230.986	555.463	4.786.449
Additions from acquisition of subsidiaries	15.597	-	15.597
Additions	1.407.054	118.668	1.525.722
Disposals upon sale of subsidiaries	-	(330)	(330)
Disposals	(9.337)	-	(9.337)
Foreign exchange difference on retranslation	(150.974)	(1.347)	(152.321)
At 1 January 2009	5.493.326	672.454	6.165.780
Additions from acquisition of subsidiaries	1.380	-	1.380
Additions	1.369.405	6.525	1.375.930
Disposals	(413.671)	(2.397)	(416.068)
Foreign exchange difference on retranslation	83.521	2.854	86.375
At 31 December 2009	6.533.961	679.436	7.213.397
Accumulated amortization			
At 1 January 2008	3.405.403	366.663	3.772.066
Charge for the year	834.705	126.162	960.867
Disposals upon sale of subsidiaries	-	(330)	(330)
Disposals	(8.252)	-	(8.252)
Foreign exchange difference on retranslation	(157.202)	(3.166)	(160.368)
At 1 January 2009	4.074.654	489.329	4.563.983
Charge for the year	706.320	63.462	769.782
Disposals	(382.966)	(1.717)	(384.683)
Foreign exchange difference on retranslation	85.793	2.723	88.516
At 31 December 2009	4.483.801	553.797	5.037.598
Net book value			
At 31 December 2009	2.050.160	125.639	2.175.799
At 31 December 2008	1.418.672	183.125	1.601.797

The fully amortized intangibles of the group that are still in use amounted to US$ 3.418.200 (2008: US$ 3.216.685).

(Expressed in United States Dollars)

13. Intangible Assets (continued)

The Company	**Computer software US$**	**Patents & licences US$**	**Total US$**
Cost			
At 1 January 2008	3.431.299	441.194	3.872.493
Additions	862.131	-	862.131
At 1 January 2009	4.293.430	441.194	4.734.624
Additions	1.247.635	-	1.247.635
Write-offs	(137)	-	(137)
At 31 December 2009	5.540.928	441.194	5.982.122
Accumulated amortisation			
At 1 January 2008	2.671.396	282.687	2.954.083
Charge for the year	644.622	113.462	758.084
At 1 January 2009	3.316.018	396.149	3.712.167
Charge for the year	538.655	17.320	555.975
Write-offs	(82)	-	(82)
At 31 December 2009	3.854.591	413.469	4.268.060
Net book value			
31 December 2009	1.686.337	27.725	1.714.062
31 December 2008	977.412	45.045	1.022.457

The fully amortized intangible assets of the company that are still in use amounted to US$ 3.340.508 (2008: US$ 2.775.754).

14. Investment in subsidiary companies

	2009 US$	**2008 US$**
The Company		
Shares at cost of acquisition or written down value	4.575.909	3.571.296
Balance at 1 January	3.571.296	2.779.308
Increase in investments	974.185	-
Acquisitions during the year	30.428	791.988
Balance at 31 December	4.575.909	3.571.296

During the year the loan that was outstanding at the end of the 2008 by the subsidiary ASBIS CZ, SPOL S.R.O. of US$ 500.000 was repaid through a full set-off against a US$ 500.000 increase in investment from the company (note 24).

(Expressed in United States Dollars)

14. Investment in subsidiary companies (continued)

At the year end the company held a participation in the following subsidiaries:

Subsidiary Company	Country of incorporation	Percentage of participation 2009 %	2008 %
ASBIS UKRAINE LTD	Ukraine	100	100
ISA HARDWARE LTD (i)	Ukraine	-	-
ASBIS PL SP.Z O.O.	Poland	100	100
ASBIS-BALTIC AS	Estonia	100	100
ASBIS ROMANIA SRL	Romania	100	100
ASBISC-CR D.O.O.	Croatia	100	100
ASBIS D.O.O.	Serbia	100	100
ASBIS HUNGARY COMMERCIAL LTD	Hungary	100	100
ASBIS BULGARIA LTD	Bulgaria	100	100
ASBIS CZ, SPOL S.R.O.	Czech Republic	100	100
ASBIS VILNIUS UAB	Lithuania	100	100
ASBIS D.O.O.	Slovenia	100	100
ASBIS ME FZE	United Arab Emirates	100	100
ASBIS SK SPOL S.R.O.	Slovakia	100	100
ASBIS Europe BV	Netherlands	100	100
ASBIS LIMITED	Ireland	100	100
ASBC F.P.U.E.	Belarus	100	100
ISA HARDWARE LTD-Group	Cyprus	100	100
ASBIS LTD	Russia	100	100
ASBIS NORDIC AB – dormant	Sweden	100	100
ASBIS MOROCCO SARL – dormant	Morocco	100	100
ASBIS LV SIA	Latvia	100	100
ASBIS KYPROS LIMITED	Cyprus	100	100
ASBIS NL BV (formerly Canyon Technology BV)	Netherlands	100	100
CANYON TECHNOLOGY LTD (iii)	Hong Kong	-	100
PRESTIGIO PLAZA LTD (formerly Prestigio Technologies (Cyprus) Ltd)	Cyprus	100	100
PRESTIGIO EUROPE SPOL S.R.O. (iv)	Czech Republic	100	100
PRESTIGIO LTD (iv) (i)	Russia	-	100
PRESTIGIO LTD (iv)	Ukraine	100	100
WARRANTY.RU LTD (ii) (i)	Russia	-	100
ISA HARDWARE SRO – dormant (ii)	Czech Republic	100	100
ISA HARDWARE DOO (ii)	Croatia	100	100
ISA HARDWARE HUNGARY COMMERCIAL LTD – dormant (ii)	Hungary	100	100
S.C. EUROMALL S.R.L. (formerly ISA Hardware International SRL) (ii)	Romania	100	100
ISA HARDWARE SRO – dormant (ii)	Slovakia	100	100
ISA HARDWARE D.O.O - dormant (ii)	Serbia	100	100
ISA HARDWARE SRO (ii)	Slovenia	100	100
PRESTIGIO PLAZA SP.ZO.O. (formerly ISA Hardware Sp.z.o.o.) (ii)	Poland	100	100
ASBIS TR BILGISAYAR LIMITED SIRKETI (v)	Turkey	100	100
MEGATREND D.O.O. SARAJEVO	Bosnia Herzegovina	80	80
PTUE IT-MAX (v)	Belarus	100	100
CJSC ASBIS	Belarus	66.6	66.6
ASBIS IT S.R.L.	Italy	100	100
ASBIS Kazakhstan LLP	Kazakhstan	100	100
ASBIS TAIWAN CO., LTD	Taiwan	100	-

(i) Sold during 2009 and 2008
(ii) Held by ISA Hardware Limited – Cyprus
(iii) Liquidated during 2009
(iv) Held by Prestigio Technologies (Cyprus) Ltd
(v) Held by Asbis Middle East FZE

The principal activity of all subsidiary companies is the trading and distribution of computer hardware and software.

(Expressed in United States Dollars)

15. Business combinations

1. Acquisitions

1.1. Acquisitions 2009 – the Group

During the year the group acquired 100% of the share capital of ASBIS TAIWAN CO., LTD. From the difference between the group's interest in the net assets acquired and the consideration paid, the following goodwill arose:

- Negative goodwill on the acquisition of ASBIS TAIWAN CO., LTD of US$ 1.927 which was credited to the income statement

Name of acquired entity	Type of operations	Date acquired	% acquired
ASBIS TAIWAN CO., LTD	Information Technology	1 June 2009	100%

1.2. Acquisitions 2008 – the Group

During the year the group acquired 100% of the share capital of PTUE IT-MAX and 80% of the share capital of MEGATREND D.O.O. SARAJEVO. In addition the company acquired from a minority shareholder of the group 66.6% of the share capital of CJSC ASBIS. From the difference between the group's interest in the net assets acquired and the consideration paid, the following goodwill arose:

- Capitalized goodwill on the acquisition of MEGATREND D.O.O. SARAJEVO of US$ 550.517

- Negative goodwill on the acquisition of PTUE IT-MAX and CJSC ASBIS of US$ 89.715 which was credited to the income statement

Name of acquired entity	Type of operations	Date acquired	% acquired
PTUE IT-MAX	Information Technology	18 March 2008	100%
MEGATREND D.O.O. SARAJEVO	Information Technology	15 April 2008	80%
CJSC ASBIS	Information Technology	3 March 2008	66,6%

1.3. Acquired assets and liabilities

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

	2009 **US$**	**2008** **US$**
Tangible and intangible assets	82.346	245.992
Inventories	398.751	3.685.054
Receivables	65.507	2.904.045
Other receivables	67.396	1.466.606
Short and long term loans	-	(2.462.585)
Payables and accruals	(684.421)	(6.195.452)
Cash and cash equivalents	102.778	600.925
Net identifiable assets and liabilities	32.357	244.585
Group's interest in net assets acquired	32.357	199.238
Goodwill	-	550.517
Negative goodwill	(1.927)	(89.715)
Total purchase consideration	30.430	660.040

Net cash flow arising on transfer:

Total purchase consideration	(30.430)	(660.040)
Cash and cash equivalents acquired	102.778	600.925
Net cash inflow/(outflow)	72.348	(59.115)

(Expressed in United States Dollars)

15. Business combinations (continued)

1. Acquisitions (continued)

1.4. Financial information regarding acquired entities

	1 January to 31 December	Acquisition date to 31 December
	2009 US$	**2009 US$**
Revenue for the year/period	3.318.663	2.315.145
Profit for the year/period	-	-
	2008 US$	**2008 US$**
Revenue for the year/period	52.895.780	43.521.966
Profit for the year/period	1.001.850	869.767

1.5. Goodwill arising on acquisitions	**2009 US$**	**2008 US$**
At 1 January	550.517	-
Goodwill arising from business combinations	-	550.517
At 31 December	550.517	550.517

Capitalised goodwill of $550.517 relates to the acquisition of Megatrend D.O.O. Sarajevo, a company operating in Bosnia Herzegovina. The goodwill represents the economic value of the infrastructure acquired by the group plus gaining access to the acquired entity's own distribution network. These intangibles have not been recognised separately from goodwill because their fair value could not be measured reliably due to their nature.

2. Disposals of subsidiaries

2.1. Disposals 2009 – the Group

During the year the group liquidated one of its dormant subsidiaries CANYON TECHNOLOGY LTD. In addition during the year the group sold 100% of the share capital of WARRANTY.RU LTD and PRESTIGIO LTD. From the difference between the group's interest in the net assets sold and the consideration received, the following gains arose:

- Gain on sale of WARRANTY.RU LTD of US$ 1.324 which was credited to the income statement
- Gain on sale of PRESTIGIO LTD of US$ 47.775 which was credited to the income statement

Name of disposed entity	Type of operations	Date sold/ liquidated	% sold/ liquidated
WARRANTY.RU LTD	Information Technology	31 May 2009	100%
PRESTIGIO LTD	Information Technology	29 December 2009	100%
CANYON TECHNOLOGY LTD	Information Technology	29 December 2009	100%

(Expressed in United States Dollars)

15. Business combinations (continued)
2. Disposals of subsidiaries (continued)
2.2. Disposed assets and liabilities

The net carrying value of underlying separately identifiable assets and liabilities disposed from the group at the date of disposal were as follows:

	2009 US$
Tangible and intangible assets	475
Receivables	432.704
Other receivables	654.268
Payables and accruals	(1.117.001)
Cash and cash equivalents	8.569
Net identifiable assets and liabilities	(20.985)
Group's interest in net liabilities sold	(20.985)
Gain on sale of subsidiaries	49.099
Total sale consideration received	28.114

Net cash flow arising on transfer:

Total sale consideration received	28.114
Cash and cash equivalents disposed	(8.569)
Net cash inflow	19.545

2.3. Financial information regarding disposed subsidiaries

	1 January to disposal date 2009 US$
Revenue for the period	2.046.860
Loss for the period	(1.026.733)

16. Investments

	Country of incorporation	**Participation %**	**Cost US$**	**Impairment US$**	**2009 US$**	**2008 US$**
The Group						
Investments held in related companies						
E-Vision Ltd (i)	Cyprus	18%	90.000	(90.000)	-	-
Other Investments						
Asekol s.r.o.	Czech Republic	9,09%	9.580	-	9.580	9.580
			99.580	(90.000)	9.580	9.580
The Company						
Investments held in related companies						
E-Vision Ltd (i)	Cyprus	18%	90.000	(90.000)	-	-

(i) The remaining 82% is held by the main shareholder of the company, KS Holdings Limited.

(Expressed in United States Dollars)

17. Other current liabilities

	2009 US$	2008 US$
The Group		
Factoring creditors (i)	24.359.986	12.776.071
Non-trade accounts payable	4.822.123	4.910.867
Salaries payable and related costs	1.372.243	1.499.340
VAT payable	9.294.206	8.678.807
Amount due to directors – executive	1.071	2.873
Amounts due to directors – non-executive	14.790	112.737
Creditors for construction of buildings	-	263.881
Accruals and deferred income	3.912.695	4.289.079
	43.777.114	32.533.655

(i) As at 31 December 2009 the group enjoyed factoring facilities of US$ 34.962.429 (2008: US$ 32.254.260). The factoring facilities are secured as mentioned in note 18.

	2009 US$	2008 US$
The Company		
Accruals and deferred income	1.727.362	2.475.175
Non-trade accounts payable	722.761	1.447.018
Salaries payable and related costs	258.249	81.999
Amount due to subsidiary companies (Note 24)	5.975.402	1.325.820
Amount due to directors – executive (Note 24)	1.071	2.873
Amounts due to directors – non-executive (Note 24)	14.790	112.737
VAT payable	660.849	-
	9.360.484	5.445.622

The directors consider that the carrying amount of other current liabilities of the group and the company approximate their fair value.

18. Bank overdrafts and short term loans

	2009 US$	2008 US$
The Group		
Bank overdrafts (Note 22)	16.285.502	28.273.533
Bank short term loans	18.657.298	25.159.446
Current portion of long term loans	864.053	732.148
	35.806.853	54.165.127

Summary of borrowings and overdraft arrangements

The group as at 31 December 2009 had the following financing facilities with banks in the countries that the company and its subsidiaries are operating:

- overdraft lines of US$41.158.551 (31 December 2008: US$ 43.576.351)
- short term loans/revolving facilities of US$20.947.902 (31 December 2008: US$ 27.792.062)
- bank guarantees of US$11.970.088 (31 December 2008: US$ 5.569.535)

The group had for the year 2009 cash lines (overdrafts, loans and revolving facilities) and factoring lines.

The Weighted Average Cost of Debt (cash lines and factoring lines) for the year was 8,1% (2008: 7,5%)

(Expressed in United States Dollars)

18. Bank overdrafts and short term loans (continued)

The Group (continued)

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

- First, second and third floating charges over all assets of the company.
- Mortgage on land and buildings that the group owns in Cyprus, Czech Republic and Slovakia of a total cost value of US$ 13.616.698
- Charge over receivables of US$ 42.461.176 (2008: US$ 24.120.187) and inventories of US$ 22.371.574 (2008: US$ 16.773.116)
- Corporate guarantees and, in some cases, cross guarantees by all group companies to the extent of facilities granted
- Assignment of insurance policies
- Pledged deposits of US$ 910.489 (31 December 2008: US$ 764.541)

	2009 US$	2008 US$
The Company		
Bank overdrafts (Note 22)	4.497.939	6.852.519
Bank short term loans	-	3.041.291
	4.497.939	9.893.810

Summary of borrowings and overdraft arrangements

The company, as at 31 December 2009 enjoyed the following financing facilities from its bankers:

- overdraft facilities of US$ 16.486.531 (2008: US$ 18.485.000)
- revolving / short term loan facilities nil (2008: US$ 3.041.000)
- bank guarantee facilities US$ 10.431.378 (2008: US$ 4.605.000)

The company had for the year 2009 cash lines (overdrafts and revolving facilities) with average cost for the year 2009 of 5,5% (2008: 4,1%).

The overdraft, revolving and factoring facilities granted to the company are secured by:

- First, second and third floating charges over all assets of the company
- Pledged deposits of US$ 523.643 (2008: US$ 533.921)

19. Long term liabilities

	2009 US$	2008 US$
The Group		
Bank loans (i)	3.915.227	4.667.223
Other long term liabilities	184.067	138.466
	4.099.294	4.805.689

(i) The long-term bank loans mainly represent a loan received from the subsidiary company in Slovakia for the purchase of land and erection of buildings. The loan bears interest at 1M BRIBOR +1,5% per annum and is due for repayment on 3 June 2017. The loan is secured via mortgage on the land and buildings of the subsidiary in Slovakia.

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20. Finance leases

	2009 US$	2008 US$
The Group		
Obligation under finance lease	242.035	257.994
Less: Amount payable within one year	(101.409)	(89.648)
Amounts payable within 2-5 years inclusive	140.626	168.346

21. Share Capital

	2009 US$	2008 US$
Authorised		
63.000.000 (2008: 63.000.000) shares of US$ 0,20 each	12.600.000	12.600.000
Issued, called-up and fully paid		
55.500.000 (2008: 55.500.000) ordinary shares of US$ 0,20 each	11.100.000	11.100.000

On 31 December 2009 the issued and fully paid share capital of the company consisted of 55.500.000 ordinary shares of US $0,20 each.

22. Cash and cash equivalents

	2009 US$	2008 US$
The Group		
Cash at bank and in hand	52.857.260	41.207.621
Bank overdrafts (Note 18)	(16.285.502)	(28.273.533)
	36.571.758	12.934.088

The cash at bank and in hand balances include an amount of US$ 910.489 (2008: US$ 764.541) which represents pledged deposits.

	2009 US$	2008 US$
The Company		
Cash at bank and in hand	40.309.240	23.350.719
Bank overdrafts (Note 18)	(4.497.939)	(6.852.519)
	35.811.301	16.498.200

The cash at bank and in hand balances include an amount of US$ 523.643 (2008: US$ 533.921) which represents pledged deposits.

(Expressed in United States Dollars)

23. Commitments and contingencies

As at 31 December 2009 the group was committed in respect of purchases of inventories of a total cost value of US$13.631.812 (2008: US$4.701.594), which were in transit at 31 December 2009 and delivered in January 2010. Such inventories and the corresponding liability towards the suppliers have not been included in these financial statements since, according to the terms of purchase title of the goods had not passed to the group as at the year end.

As at 31 December 2009:

- the group was contingently liable in respect of bank guarantees of US$11.970.088 (2008: US$5.569.535) which the group had extended mainly to its suppliers
- the company had extended bank guarantees of US$ 10.431.378 (2008: US$ 4.605.000) mainly to its suppliers

  The liabilities towards the company's and the group's suppliers covered by these guarantees are reflected in the financial statements under trade payables.

As at 31 December 2009 the group had no capital commitments (2008: US$1.900.000 representing the estimated cost of completion at that time of the buildings under construction in Belarus and Middle East).

As at 31 December 2009 the company was contingently liable for the amount of US$ 51.650.939 (2008: US$ 58.631.000) in respect of corporate guarantees given to financial institutions as security for financing facilities granted to the subsidiary companies. The liabilities of the subsidiary companies covered by the said corporate guarantees are reflected in note 18 of the financial statements.

As at 31 December 2009 the group and the company had no other legal commitments and contingencies.

24. Related party transactions and balances

Main shareholders

The following table presents shareholders possessing more than 5% of the company's shares as at 31 December 2009:

Name	**Number of votes/shares**	**% of votes/share capital**
KS Holdings Ltd	25.676.361	46,26%
Maizuri Enterprises Ltd	4.800.000	8,65%
Alpha Ventures S.A.	3.200.000	5,76%
Sangita Enterprises Ltd	2.800.000	5,05%
Other	19.023.639	34,28%
Total	**55.500.000**	**100,00%**

Transactions between the company and its subsidiaries had been eliminated on consolidation. In the normal course of business, the group and the company undertook during the year 2009 on an arm's-length basis transactions with the fellow subsidiary company E-Vision Limited and its subsidiaries as follows:

The Group and the Company	**2009 US$**	**2008 US$**
Purchases of services and computer software from E-Vision Limited	1.240.000	811.148
Interest income	-	4.639

(Expressed in United States Dollars)

24. Related party transactions and balances (continued)

Related party balances	**2009 US$**	**2008 US$**
Loan due from related company (Note 11)		
E-Vision Limited	-	110.000

The loan receivable from E-Vision Limited was unsecured and carried interest at 3 months Libor + 2% per annum. The loan was fully repaid during the year 2009.

The Company

In the normal course of business, the company undertook during the year on an arm's-length basis transactions with its subsidiary companies as follows:

Intercompany transactions

	Sales of goods		**Purchases of goods**	
	2009 US$	**2008 US$**	**2009 US$**	**2008 US$**
Subsidiaries	413.023.578	462.272.412	20.917.952	38.374.113

	Sales of services		**Purchases of services**	
	2009 US$	**2008 US$**	**2009 US$**	**2008 US$**
Subsidiaries	421.911	3.252.122	2.913.846	5.333.294

Intercompany balances
(Notes 11 & 17)

	Amounts owed by subsidiary companies		**Amounts owed to subsidiary companies**	
	2009 US$	**2008 US$**	**2009 US$**	**2008 US$**
Subsidiaries	69.052.935	66.018.260	5.975.402	1.325.820

During the year 2008 a balance of US$ 285.046 owed by related parties has been written off.

Loans owed from subsidiary companies

	2009 US$	**2008 US$**
Total loans owed from subsidiary companies	7.589.312	8.196.289
Provision for doubtful loans	(4.637.841)	(2.624.000)
Net loans owed from subsidiary companies (Note 11)	2.951.471	5.572.289
Net loans included in other current assets	1.085.579	5.572.289
Net loans included in other non-current assets	1.865.892	-
	2.951.471	5.572.289

(Expressed in United States Dollars)

24. Related party transactions and balances (continued)

During the year loans owed from subsidiary companies amounting to US$ 2.013.841 (2008: US$ 1.100.000) were provided as doubtful.

The total loans owed from subsidiary companies before provision for doubtful loans are analysed below:

Subsidiary companies	Interest rate %	2009 US$	2008 US$
ASBIS CZ, SPOL S.R.O. (note i)	-	-	500.000
PRESTIGIO LTD (Russia) (note ii)	7%	-	355.175
ASBIS KAZAKHSTAN LLP (note iii)	6%	5.366	102.145
ASBIS LV SIA (note iv)	7.5%	-	425.651
ASBIS ME FZE (note v)	9%	1.995.670	-
PRESTIGIO PLAZA LTD (note vi)	5%	103.026	-
ASBIS PL SP.Z O.O. (note vii)	7%	628.646	-
ASBIS EUROPE B.V. (note viii)	5%	218.763	2.479.284
ASBIS NL BV (note ix)	5%	4.637.841	4.334.034
		7.589.312	8.196.289

The total interest received from subsidiary companies before provision for doubtful loans are analysed below:

Subsidiary companies	2009 US$	2008 US$
ASBIS CZ, SPOL S.R.O. (note i)	-	-
PRESTIGIO LTD (Russia) (note ii)	1.266	21.000
ASBIS KAZAKHSTAN LLP (note iii)	4.907	459
ASBIS LV SIA (note iv)	17.333	1.397
ASBIS ME FZE (note v)	127.591	-
PRESTIGIO PLAZA LTD (note vi)	3.668	-
ASBIS PL SP.Z O.O. (note vii)	3.645	-
ASBIS EUROPE B.V. (note viii)	49.954	5.070
ASBIS NL BV (note ix)	213.547	8.273
Total interest received (note 4)	421.911	36.199

Notes on the loans provided to subsidiary companies

(i) During the year the amount that was outstanding at the end of the 2008 by ASBIS CZ, SPOL S.R.O. of US$ 500.000 was repaid through a full set-off against a US$ 500.000 increase in investment from the company (note 14).

(ii) The loan due from PRESTIGIO LTD (Russia) was assigned to its immediate parent company PRESTIGIO PLAZA LTD.

(iii) The loan due from ASBIS KAZAKHSTAN LLP was fully repaid after the end of the year.

(iv) The loan due from ASBIS LV SIA was fully repaid during the year 2009.

(v) The subsidiary company ASBIS ME FZE entered into a loan agreement with the company on 13 January 2009. The loan is repayable on 13 January 2012 and it is unsecured.

(vi) The subsidiary company PRESTIGIO PLAZA LTD entered into a loan agreement with the company on 6 April 2009. The loan is repayable on 6 April 2010 and it is unsecured.

(vii) The subsidiary company ASBIS PL SP.Z O.O. entered into a loan agreement with the company on the 1 December 2009. The loan is subordinated to the loan obtained by the subsidiary company from a Polish financial institution and is repayable on 30 April 2010. The loan is unsecured.

(viii) The subsidiary company ASBIS EUROPE B.V. entered into a loan agreement with the company on 17 December 2008. The loan is unsecured.

(ix) The subsidiary company ASBIS NL BV entered into a loan agreement with the company on 18 December 2008. The loan is fully provided at the year end.

(Expressed in United States Dollars)

24. Related party transactions and balances (continued)

Transactions and balances of key management	**2009**	**2008**
The Group	**US$**	**US$**
Directors' remuneration - executive	523.998	704.326
Directors' remuneration - non executive	85.237	152.854
	609.235	857.180
Amount due to directors - executive	1.071	2.873
Amount due to directors - non executive	14.790	112.737
	15.861	115.610

Transactions and balances of key management	**2009**	**2008**
The Company	**US$**	**US$**
Directors' remuneration - executive	355.998	704.326
Directors' remuneration - non executive	85.237	152.854
	441.235	857.180
Amount due to directors - executive	1.071	2.873
Amount due to directors - non executive	14.790	112.737
	15.861	115.610

25. Personnel expenses and average number of employees

	2009	**2008**
The Group	**US$**	**US$**
Salaries and other benefits	30.656.609	36.870.021
The average number of employees was	1.191	1.267

	2009	**2008**
The Company	**US$**	**US$**
Salaries and other benefits	5.882.699	7.277.568
The average number of employees was	170	179

26. Earnings per share

	2009	**2008**
	US$	**US$**
(Loss)/profit for the year attributable to members	(3.208.380)	4.020.700
Weighted average number of shares for the purposes of basic and diluted earnings per share	55.500.000	55.500.000
	US$ Cents	**US$ Cents**
Basic and diluted earnings per share	(5,78)	7,24

(Expressed in United States Dollars)

27. Dividends

	2009 US$	2008 US$
Dividend paid	-	3.330.000

The company's dividend policy is to pay dividends at levels consistent with its growth and development plans, while maintaining a reasonable level of liquidity. However, due to the adverse impact of the world's financial crisis resulting in losses for 2009, the board of Directors intends not to propose a payment of dividend to the forthcoming general meeting of shareholders.

The proposed dividend for the year 2007 was approved at the 2008 annual general meeting of the company and was paid during the year 2008.

28. Financial risk management

1.Financial risk factors

The group's activities expose it to credit risk, interest rate risk, liquidity risk and currency risk arising from the financial instruments it holds. The risk management policies employed by the group to manage these risks are discussed below:

1.1.Credit risk

Credit risk is defined as the risk of failure of debtors to discharge their obligations towards the group. The group sets up and maintains specific controls to mitigate its credit risk, as it realizes its importance for the group's viability.

The group had established and systematically follows a thorough procedure prior to registering new customers into its system. Every new customer is checked both internally and via various reputable credit sources prior to such registration and, more importantly, prior to granting of any credit. The group runs an internal credit department consisting of local, regional and corporate credit managers. Corporate managers decide for all significant credit line requests and review the work of regional and local managers. The group uses all available credit tools – i.e. credit insurance, credit information bureaus – to safeguard itself from the credit risk. During 2009 (same for 2008) none of the group's customers accounted for more than 3% of total sales; it is of strategic importance for the group not to rely on any single customer.

1.2.Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The group's income and operating cash flows are dependent on changes in market interest rates. The group deposits excess cash and borrows at variable rates. The group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the profile of interest-bearing financial instruments was:

The Group	2009 US$	2008 US$
Variable rate instruments		
Overdrafts	16.285.502	28.273.533
Short-term loans	19.521.351	25.891.594
Long-term loans	3.915.227	4.667.223
Factoring advances	24.359.986	12.776.071
	64.082.066	71.608.421

(Expressed in United States Dollars)

28. Financial risk management (continued)
1.Financial risk factors (continued)

1.2.Interest rate risk (continued)

	2009 US$	2008 US$
The Company		
Variable rate instruments		
Overdrafts	4.497.939	6.852.519
Short-term loans	-	3.041.291
	4.497.939	9.893.810

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 2009 would have decreased equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant, as well as it assumes that financial facilities outstanding at the end of the reporting period were also outstanding for the whole year. For a decrease of 100 basis points there would be an equal and opposite impact on the profit and loss and equity.

	Equity and Profit & loss	
	2009 US$	2008 US$
The Group		
Variable rate instruments		
Overdrafts	162.855	282.735
Short-term loans	195.214	258.916
Long-term loans	39.152	46.672
Factoring advances	243.600	127.761
	640.821	716.084

	Equity and Profit & loss	
	2009 US$	2008 US$
The Company		
Variable rate instruments		
Overdrafts	44.979	68.525
Short-term loans	-	30.413
	44.979	98.938

1.3.Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The group/company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the group's/company's remaining contractual maturity for its financial liabilities. The tables had been drawn up based on the earliest date on which the group/company can be required to pay and include only principal cash flows.

(Expressed in United States Dollars)

28. Financial risk management (continued)

1.Financial risk factors (continued)

1.3.Liquidity risk (continued)

The Group

31 December 2009	Carrying amounts US$	3 months or less US$	3-12 months US$	1-2 years US$	2-5 years US$	More than 5 years US$
Bank loans	23.436.578	3.726.970	15.794.381	648.916	1.788.857	1.477.454
Bank overdrafts	16.285.502	4.511.789	11.773.713	-	-	-
Factoring advances	24.359.986	10.210.859	14.149.127	-	-	-
Trade and other payables	229.742.455	229.742.455	-	-	-	-
Other short and long term liabilities	426.102	16.122	85.287	117.842	76.238	130.613
Total	294.250.623	248.208.195	41.802.508	766.758	1.865.095	1.608.067

31 December 2008	Carrying amounts US$	3 months or less US$	3-12 months US$	1-2 years US$	2-5 years US$	More than 5 years US$
Bank loans	30.558.817	-	25.891.594	659.788	1.394.204	2.613.231
Bank overdrafts	28.273.533	28.273.533	-	-	-	-
Factoring advances	12.776.071	12.776.071	-	-	-	-
Trade and other payables	195.682.933	195.682.933	-	-	-	-
Other short and long term liabilities	396.460	-	89.648	306.812	-	-
Total	267.687.814	236.732.537	25.981.242	966.600	1.394.204	2.613.231

The Company

31 December 2009	Carrying amounts US$	3 months or less US$	3-12 months US$	1-2 years US$	2-5 years US$	More than 5 years US$
Bank loans	-	-	-	-	-	-
Bank overdrafts	4.497.939	4.497.939	-	-	-	-
Trade and other payables	136.138.374	136.138.374	-	-	-	-
Total	140.636.313	140.636.313	-	-	-	-

31 December 2008	Carrying amounts US$	3 months or less US$	3-12 months US$	1-2 years US$	2-5 years US$	More than 5 years US$
Bank loans	3.041.290	-	3.041.290	-	-	-
Bank overdrafts	6.852.519	6.852.519	-	-	-	-
Trade and other payables	104.485.740	104.485.740	-	-	-	-
Total	114.379.549	111.338.259	3.041.290	-	-	-

28. Financial risk management (continued)

1.4.Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the group's measurement currency.

The group has a policy to hedge external foreign exchange risks on balances and material transactions denominated in currencies other than US Dollars, the group's reporting currency. As a significant portion of the group's cash flow is denominated in Russian Rouble, Euro and other local currencies (i.e. the Czech Crown, the Polish Zloty, the Hungarian Forint, etc), the group raises debt in such currencies in order to hedge against foreign exchange risk.

The carrying amounts of the group's/company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

The Group

2009	**Cash at bank and in hand US$**	**Receivables US$**	**Trade and other liabilities US$**	**Borrowings US$**
US Dollars	40.566.541	115.765.824	(157.292.759)	(8.319.849)
Euro	4.695.867	46.304.739	(62.978.116)	(11.019.869)
Russian Rouble	1.059.350	21.598.465	(12.691.877)	(4.197.927)
Polish Zloty	22.675	2.450.170	(1.650.845)	(1.447.646)
Czech Koruna	2.081.804	4.470.045	(6.084.994)	(3.154.040)
Belarusian Rouble	1.069.662	3.930.462	(3.271.595)	-
Croatian Kuna	403.486	3.339.717	(868.768)	(3.536.754)
Romanian New Lei	85.840	4.387.095	(1.380.358)	(3.101.461)
Bulgarian Lev	321.809	4.189.737	(1.096.705)	(2.125.959)
Hungarian Forint	234.036	2.881.867	(716.361)	(425.600)
Ukraine Hryvna	135.971	715.042	(1.428.671)	-
UAE Dirham	964.381	-	(2.850.758)	-
Other	1.215.838	11.396.760	(1.790.634)	(2.819.077)
	52.857.260	221.429.923	(254.102.441)	(40.148.182)

2008	**Cash at bank and in hand US$**	**Receivables US$**	**Trade and other liabilities US$**	**Borrowings US$**
US Dollars	27.427.325	96.585.353	(131.857.344)	(524.854)
Euro	1.622.944	22.750.163	(33.865.939)	(12.715.534)
Russian Rouble	5.198.261	33.304.462	(10.708.444)	(1.701.815)
Polish Zloty	40.015	6.797.655	(5.731.062)	(2.288.862)
Czech Koruna	1.781.265	4.399.308	(3.489.263)	(5.077.308)
Slovak Koruna	37.313	20.702.454	(11.103.691)	(15.681.304)
Croatian Kuna	774.135	2.862.148	(255.272)	(3.879.349)
Romanian New Lei	243.558	6.384.136	(961.497)	(3.713.639)
Bulgarian Lev	119.901	5.971	(1.346.206)	(2.162.441)
Hungarian Forint	589.832	4.325.316	(514.790)	(1.653.890)
Ukraine Hryvna	405.688	1.828.184	(2.957.956)	-
UAE Dirham	1.178.359	647.755	(843.898)	(3.666.394)
Other	1.789.025	10.489.120	(4.823.642)	(6.163.420)
	41.207.621	211.082.025	(208.459.004)	(59.228.810)

28. Financial risk management (continued)

1.4.Currency risk (continued)

A strengthening/weakening of the group's major currencies in which it transacts against the US Dollar positively/negatively affects the group's net profit and equity's foreign exchange reserve respectively.

In 2009, and mainly in the first quarter of 2009, the Euro and the other local currencies the group transacts in (i.e. the Russian Rouble, the Czech Crown, the Polish Zloty, the Hungarian Forint, etc) significantly depreciated against the US Dollar, the group's reporting currency.

In 2008, the Russian Rouble and the other local currencies the group transacts in (i.e. the Czech Crown, the Polish Zloty, the Hungarian Forint, etc) significantly depreciated to the US Dollar – especially in the second half of 2008. In 2009 and 2008 the group's profit and loss had been affected as follows:

- Negative effect on gross profit of US$ 3.936.795 (2008: negative effect of US$ 13.839.900)
- Negative effect on financial expenses of US$ 271.492 (2008: negative effect of US$ 1.563.250)

Additionally, the group's investment in subsidiaries in other currencies had a negative impact on equity amounting to US$ 447.305 (2008: negative impact of US$ 1.508.963).

The impact on the group's Profit and Loss and Equity from a steep depreciation of the Russian Rouble, the Euro and the other local currencies the group transacts in (i.e. the Czech Crown, the Polish Zloty, the Hungarian Forint, etc), is expected to be similar to 2009 results, if all other variables (such as operating volume and currency structure) remain stable. An impact in the opposite direction is expected from a weakening of US Dollar against the currencies in which the group transacts.

The Company

2009	**Cash at bank and in hand US$**	**Receivables US$**	**Trade and other liabilities US$**	**Borrowings US$**
US Dollars	37.063.819	116.492.535	(125.933.083)	(4.497.939)
Euro	2.820.128	23.646.369	(9.536.003)	-
Czech Koruna	416.919	-	(660.849)	-
Other	8.374	-	(8.439)	-
	40.309.240	140.138.904	(136.138.374)	(4.497.939)

2008	**Cash at bank and in hand US$**	**Receivables US$**	**Trade and other liabilities US$**	**Borrowings US$**
US Dollars	22.338.096	116.632.586	(92.353.576)	(404.397)
Euro	851.519	17.793.156	(11.849.100)	(9.488.690)
Czech Koruna	160.224	92.007	(33.064)	-
Other	880	-	-	(723)
	23.350.719	134.517.749	(104.235.740)	(9.893.810)

The company is not exposed to any material foreign exchange risk, as most of its operations are conducted in US Dollars, the company's reporting currency. Its exposure to foreign exchange risk is restricted to monetary assets denominated in foreign currencies, mainly Euro.

(Expressed in United States Dollars)

28. Financial risk management (continued)

2.Fair values

The Group and The Company

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 group's financial instruments approximate their fair value.

3.Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximizing the return to stakeholders through optimization of debt and equity. The group's overall strategy remains unchanged from 2008.

The capital structure of the group consists of debt, which includes borrowings, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

Gearing ratio

The group's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risk associated with it. The group has a target gearing ratio of 30% determined as the proportion of net debt to equity. Based on the committee's recommendations, the group expects to maintain its gearing ratio at approximately the same level.

The gearing ratio at the year end was as follows:

	2009 US$	2008 US$
Debt (i)	64.082.066	71.608.421
Cash at bank and in hand	(52.857.260)	(41.207.621)
Net debt	11.224.806	30.400.800
Equity (ii)	91.351.532	95.013.281
Net debt to equity ratio	12%	32%

(i) Debt includes short-term (factoring advances, overdrafts and short-term loans) and long-term borrowings.
(ii) Equity includes all capital and reserves.

(Expressed in United States Dollars)

29. Other risks

Operational risk

Operational risk is the risk that derives from the deficiencies relating to the group's/company's information technology and control systems as well as the risk of human error and natural disasters. The group's/company's systems are evaluated, maintained and upgraded continuously.

Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Compliance Officer, as well as by the monitoring controls applied by the group/company.

Litigation risk

Litigation risk is the risk of financial loss, interruption of the group's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the group/company to execute its operations.

Reputation risk

The risk of loss of reputation arising from the negative publicity relating to the group's/company's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the group. The group/company applies procedures to minimize this risk.

Other risks

The general economic environment prevailing in Cyprus and internationally may affect the group's/company's operations to a great extent. Concepts such as inflation, unemployment, and development of the gross domestic product are directly linked to the economic course of every country and any variation in these and the economic environment in general may create chain reactions in all areas hence affecting the group/company.

30. Operating lease arrangements

Operating leases relate to office, warehouse and car facilities with lease terms between 1 to 10 years.

Non-cancellable operating lease arrangements

	2009		2008	
	Cars	**Offices and warehouses**	**Cars**	**Offices and warehouses**
	US$	**US$**	**US$**	**US$**
Within 1 year	565.093	2.188.641	616.651	2.740.386
Between 2 to 5 years	637.212	2.099.601	645.870	2.615.814
More than 5 years	-	178.782	-	215.312
	1.202.305	4.467.024	1.262.521	5.571.512

The payment recognised as an expense during the year amounted to US$ 3.729.911 (2008: US$ 4.221.858).

(Expressed in United States Dollars)

31. Operating segments

1.1. Adoption of IFRS 8 Operating Segments

The group has adopted IFRS 8 *Operating Segments* with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of IFRS 8, the identification of the group's reportable segments has changed.

1.2 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, Eastern Europe, Western Europe and Middle East & Africa.

1.3 Segment revenues and results

The following is an analysis of the group's revenue and results from continuing operations by reportable segment:

	Segment revenue		Segment operating profit	
	2009 US$	2008 US$	2009 US$	2008 US$
Former Soviet Union	372.573.766	649.443.986	(533.426)	11.018.209
Eastern Europe	457.844.333	503.808.484	1.859.348	1.909.701
Western Europe	110.973.607	142.056.609	134.249	(1.043.112)
Middle East & Africa	182.896.942	169.465.077	1.236.813	3.107.111
Other	38.168.835	30.549.786	192.347	335.354
Total	1.162.457.483	1.495.323.942	2.889.331	15.327.263
Net financial expenses			(6.415.596)	(8.545.452)
Other gains and losses			708.835	345.199
(Loss)/profit before tax			(2.817.430)	7.127.010

1.4 Inter-segment revenues

Selling segment	Purchasing segment	2009 US$	2008 US$
Middle East & Africa	Former Soviet Union	1.356.685	210.904
Western Europe	Middle East & Africa	991.927	1.084.968

Revenue reported above represents revenue generated from external customers (note 1.3), as well as revenues from transactions with other operating segments of the same entity (note 1.4).

The accounting policies of the reportable segments are the same as the group's accounting policies described in note 2. Segment profit represents the profit earned by each segment without allocation of finance costs, other income and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(Expressed in United States Dollars)

31. Operating segments (continued)

1.5 Segment capital expenditure (CAPEX) and depreciation & amortisation

The following is an analysis of the group's capital expenditure in both tangible and intangible assets as well as their corresponding charges in the income statement:

	Segment CAPEX		Segment depreciation and amortisation	
	2009 US$	**2008 US$**	**2009 US$**	**2008 US$**
Former Soviet Union	4.412.332	4.306.651	242.874	277.482
Eastern Europe	13.545.517	13.385.769	1.111.535	926.033
Western Europe	636.818	844.625	242.369	355.106
Middle East & Africa	4.164.720	3.974.177	270.513	101.874
Unallocated	4.508.365	4.111.590	1.028.923	1.171.664
Total	27.267.752	26.622.812	2.896.214	2.832.159

1.6 Segment assets and liabilities

Segment assets	**2009 US$**	**2008 US$**
Former Soviet Union	129.247.148	138.329.609
Eastern Europe	119.860.646	116.293.919
Western Europe	36.583.229	32.039.614
Middle East & Africa	56.681.836	39.406.304
Total	342.372.859	326.069.446
Assets allocated in capital expenditure (1.5)	27.267.752	26.622.812
Other unallocated assets	16.182.338	10.198.515
Consolidated assets	385.822.949	362.890.773

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 (1.3 – 1.6) no further analysis will be included.

1.8. Information about major customers

During 2009 (same for 2008) none of the group's customers accounted for more than 3% of total sales; it is of strategic importance for the group not to rely on any single customer.

32. Events after the reporting period

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