ASBISc Enterprises Plc

ANNUAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

Limassol, March 26th, 2015

Siarhei Kostevitch
Chairman & CEO

Dear Shareholders,

The year we left behind was very tough due to external factors that affected demand and economic stability in a number of our markets, most importantly in Russia and Ukraine.

As a result we had to significantly change our business to adapt to new realities.

This change was successful, although it took time to find and implement all necessary steps. However, taking into consideration market conditions, results of our efforts were satisfactory. Especially, since in the second half of the year we have covered all losses of the first six months (mainly related to the situation in Ukraine, Russia and Kazakhstan) and even produced profits, after a very strong and profitable last quarter.

In order to achieve that, we have significantly rebuilt the structure of the Company and product portfolio.

Since demand in our major markets of Russia and Ukraine decreased significantly, and a number of nearby countries were also adversely affected, we have focused on sales in other regions, most importantly Central and Eastern Europe and Western Europe. As a result, our significantly higher sales in countries like Poland and United Kingdom allowed us to partially offset lower sales in F.S.U. countries.

This was however not enough to substitute the lost business. Therefore, we have decided to force two waves of cost cutting actions. This included a significant decrease in the number of employees, restructuring of some non-performing subsidiaries, decrease in financing lines and other cost cutting in selling and administration expenses. This, coupled with a successful FX hedging that adapted to the situation and shielded our H2 results from any losses, significantly improved our profitability.

Another development of 2014 was significantly improved cash flow. Our cash from operations was positive and even better than in 2013, and we expect this trend to continue. This is mainly owed to working capital improvement efforts.

As a result, today we are a smaller, but more flexible and – most importantly – more profitable company.

We expect that 2015 will be a tough year again, since large F.S.U. markets continue to be negatively affected, but we believe that with enhanced structure and organization of our business, we will be able to benefit from our strong market position in a number of CEE and WE countries. As a result, we expect that even if revenues will not grow significantly compared to 2014, our profitability is expected to improve.

The management and myself are confident and committed to making 2015 a successful year for our shareholders, employees and stakeholders.

Siarhei Kostevitch
Chairman & CEO

Directors' report on the Group operations

For the fiscal year ended 31 December 2014

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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: Central and Eastern Europe, the Baltic States, the Former Soviet Union, the Middle East and Africa, combining a broad geographical reach with a wide range of products distributed on a "one-stop-shop" basis. Our main focus is on the following countries: Slovakia, Poland, Czech Republic, Romania, Croatia, Slovenia, Bulgaria, Serbia, Hungary, Middle East countries (i.e. United Arab Emirates, Saudi Arabia, Qatar and other Gulf states), Russia, Belarus and Ukraine.

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

ASBISc commenced business in 1990 in Belarus and in 1995 we incorporated our holding Company in Cyprus and moved our headquarters to Limassol. Our Cypriot headquarters support, through three master distribution centres (located in the Czech Republic, the United Arab Emirates and China), our network of 31 warehouses located in 24 countries. This network supplies products to the Group's in-country operations and directly to its customers in approximately 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 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 and GfK - a leading research companies on IT,
- IDC – a dedicated organization on publishing data for IT industry, and
- Other independent research conducted on our sector

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. The data of independent surveyors might not have taken into consideration recent developments in the markets we operate and therefore in certain instances might have become outdated and not represent the real market trends.

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 2014. 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)	**2010**	**2011**	**2012**	**2013**	**2014**
Exchange rate at end of period	2.96	3.42	3.10	3.01	3.51
Average exchange rate during period[1]	3.04	2.97	3.23	3.16	3.18
Highest exchange rate during period	3.49	3.51	3.58	3.37	3.55
Lowest exchange rate during period	2.75	2.65	3.07	3.01	3.00

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 2014	3.13	3.03
February 2014	3.14	3.03
March 2014	3.05	3.02
April 2014	3.04	3.01
May 2014	3.06	3.00
June 2014	3.07	3.01
July 2014	3.11	3.03
August 2014	3.20	3.11
September 2014	3.30	3.19
October 2014	3.36	3.28
November 2014	3.41	3.35
December 2014	3.55	3.35
January 2015	3.77	3.57
February 2015	3.72	3.64

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)	2010	2011	2012	2013	2014
Exchange rate at end of period	0.7485	0.7737	0.7582	0.7263	0.8228
Average exchange rate during period[1]	0.7589	0.7158	0.7740	0.7532	0.7586
Highest exchange rate during period	0.8188	0.7745	0.8261	0.7828	0.8228
Lowest exchange rate during period	0.7161	0.6714	0.7718	0.7236	0.7163

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 2014	0.7387	0.7282
February 2014	0.7403	0.7266
March 2014	0.7288	0.7163
April 2014	0.7297	0.7200
May 2014	0.7348	0.7176
June 2014	0.7394	0.7324
July 2014	0.7467	0.7306
August 2014	0.7587	0.7447
September 2014	0.7897	0.7606
October 2014	0.7971	0.7794
November 2014	0.8069	0.7981
December 2014	0.8228	0.7994
January 2015	0.8898	0.8293
February 2015	0.8912	0.8729

Selected Financial Data

The following table set forth our selected historical financial data for the years ended December 31, 2014 and 2013 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 2014, 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 2014, that is: 1 US$ = 3.5072 PLN and 1 EUR = 4.2623 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 2014, that is 1 US$ = 3.1784 PLN and 1 EUR = 4.1893 PLN.

	Period from 1 January to 31 December			
		2014		2013
	USD	PLN	EUR	USD
Revenue	**1,551,170**	**4,930,240**	**1,176,865**	**1,920,427**
Cost of sales	(1,463,422)	(4,651,339)	(1,110,290)	(1,804,856)
Gross profit	**87,749**	**278,900**	**66,574**	**115,571**
Selling expenses	(42,543)	(135,219)	(32,277)	(53,651)
Administrative expenses	(28,947)	(92,005)	(21,962)	(29,982)
Profit from operations	**16,258**	**51,676**	**12,335**	**31,939**
Financial expenses	(17,232)	(54,771)	(13,074)	(16,833)
Financial income	2,018	6,415	1,531	590
Other gains and losses	210	669	160	726
Share of loss from joint ventures	-	-	-	(57)
Profit before taxation	**1,255**	**3,989**	**952**	**16,365**
Taxation	(276)	(878)	(210)	(3,652)
Profit after taxation	**979**	**3,111**	**743**	**12,712**
Attributable to:				
Non-controlling interest	28	89	21	46
Owners of the Company	**951**	**3,023**	**722**	**12,666**
	979	**3,111**	**743**	**12,712**
	USD (cents)	**PLN (grosz)**	**EUR (cents)**	**USD (cents)**
Earnings per share				
Weighted average basic and diluted earnings per share from continuing operations	1.71	5.45	1.30	22.87
	USD	**PLN**	**EUR**	**USD**
Net cash inflows from operating activities	41,809	132,885	31,720	11,019
Net cash outflows from investing activities	(1,563)	(4,967)	(1,186)	(3,245)
Net cash outflows from financing activities	(11,320)	(35,980)	(8,589)	(2,891)
Net increase in cash and cash equivalents	**28,926**	**91,939**	**21,946**	**4,883**
Cash at the beginning of the year	**490**	**1,558**	**372**	**(4,392)**
Cash at the end of the year	**29,416**	**93,497**	**22,318**	**490**

	As of 31 December 2014			As of 31 December 2013
	USD	**PLN**	**EUR**	**USD**
Current assets	464,706	1,629,817	382,380	592,676
Non-current assets	28,454	99,795	23,413	31,291
Total assets	493,160	1,729,611	405,793	623,966
Liabilities	389,522	1,366,130	320,515	510,518
Equity	103,639	363,481	85,278	113,448

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

The Ukranian crisis affecting both Russia and Ukraine, two of our major markets

We have experienced during 2014 and 2015 to-date, a severe crisis in our third largest market (in terms of 2013 sales) - Ukraine, which has resulted into a significantly lower demand from customers and a significant devaluation of the local currency (UAH) to US Dollar, our reporting currency. Russia is also deeply involved in this crisis and this is significantly affecting our largest market in terms of revenues and profit contribution. If this situation is not eased and stability does not return soon to the region, the Company's results are expected to continue to be adversely affected during 2015. The Company is undertaking a number of measures to protect itself from this crisis and mitigate its risks.

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.

The Company's reporting currency is the U.S. dollar. In 2014 approximately 40% of our revenues were denominated in U.S. dollars, while the balance is denominated in Euro and other currencies, certain of which are linked to the Euro. Our trade payable balances are principally (about 80%) denominated in U.S. dollars. In addition, approximately half of our operating expenses are denominated in U.S. dollars and the other half in Euro or other currencies, certain of which are linked to the Euro. As a result, reported results are affected by movements in exchange rates, particularly in the exchange rate of the U.S. dollar against the Euro and other currencies of the countries in which we operate, including the Russian Rouble, the Ukrainian Hryvnia, the Czech Crown, the Polish Zloty, the Croatian Kuna, the Kazakhstani Tenge and the Hungarian Forint.

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

Our 2014 results were significantly impacted due to the depreciation of local currencies in Russia and Ukraine. This resulted in significant losses in the first half of the year. These losses further increased by the devaluation of Tenge in Kazakhstan.

However, we have successfully adapted our FX hedging strategies to this unusual situation and not only shielded our results in the second half of the year, but actually had FX gains, that allowed the Company to improve its profitability.

Having had a very successful hedging in Q4 2014, the Group will continue its efforts trying to hedge all possible FX risks. The recent developments are not in favor of this objective since no financial institution is ready to give quotations on both the UAH and the KZT. Moreover, hedging the RUB has become too expensive and very few institutions are ready to undertake such positions.

Therefore, despite all these efforts of the Company 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. Therefore careful observation of the currency environment remains a crucial factor for our success.

Worldwide financial environment

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

However, there are many uncertainties about the world economy and especially the Euro-zone, followed by volatility of currencies and fragility of demand in many markets. Additionally, from time to time, unpredictable situations may happen in selected markets, as was the case of Ukraine and Russia in 2014 to date, which has led to a significant instability in these countries' financial environment.

This is undoudebtly one of our major risk factors since the financial and economic envirnonment dictates the business envirnonment in which the Company operates. Demand might be negatively affected and the results of the Company could be severely impacted if the instability within the financial markets occurs and continues for an extended period of time.

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 position.

The Company buys components and finished products from its suppliers on its own account and resells them to its customers. The Company extends credit to some of its customers at terms ranging from 21 to 90 days or, in a few cases, to 120 days. The Company's payment obligations towards its suppliers under such agreements are separate and distinct from its customers' obligations to pay for their purchases, except in limited cases 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, in the event where the Company is not able to recover payments from its customers, it is exposed to a financial liquidity risk. The Company has in place credit insurance which covers such an eventuality for approximately 61 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 not easily granting credit limits to customers in certain countries (i.e., Ukraine). As a result, the Group is exposed to increased 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 highly competitive, 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, 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.

This was also visible in the tablets and smartphones segments where we have experienced the entrance of a number of new competitors (i.e. Lenovo, Samsung etc.). This has led into lower gross profit margin, especially in the tablets segment.

Turbulence in the big markets of Russia and Ukraine has also affected nearby countries, leading to lower margins and more fierce competition. This was the case of 2014. However, this also cleans the market from weaker competitors and makes more space for us to benefit from market revival.

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 business is both traditional distribution of third party products and own brands sales. This allows for higher gross profit margins, which is especially important in tough times. However, the own brands business is not living separately from all other products. When demand in a particular market shrinks, all business lines suffer.

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

Therefore, the Company develops the own brands business, that allows for higher gross profit margins. Since this business has a big chunk of total sales, it positively affects the overall gross profit margin and profitability of the Company. However, this business is also connected with risks, including the risk of technology change, the risk of changes in demand and customer preferences. Additionally, no matter the product line or if it is own brand or third party, the margins shrink over time, due to more market entrants and market saturation. Therefore, it is extremely important for the Company to foresee market demand changes and offer new products right in time to satisfy consumer needs and sell the previous technology as well.

Even when a particular market segment is saturating, the Company may still increase its sales, because of market share gained at a cost of its competitors. This is the case of the tablets market, which has already shown saturation signs, but the Company expects to benefit from customers who will substitute old devices with new ones, choosing from well recognized market participants.

However, due to both, strong new market entrants like Lenovo and weak seasonality observed in Q4 2014 that left the Company with some old stock, we do not expect our gross profit margin to grow in the first half of 2015, but rather in the second one.

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 elect to proceed with price reductions in order to dispose of their existing inventories, forcing the Company to lower its prices to stay competitive. The Company’s ability to manage its inventory and protect its business against price erosion is critical to its success.

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

For the own brands business division, the Company needs to balance between satisfying consumer demand and risk of inventory obsolence or price erosion, by having the proper level of inventory. This risk materialized in Q1 2014 (then stock was sold in Q2 at a cost of margin) and in Q4 2014 (when stronger seasonality effect was expected in Ukraine and Russia and finally the Company was left with stocks to be sold in Q1 2015).

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.

The part of our business consisting of distribution of third party products is dependent on the decisions and actions of a limited number of suppliers. In the year ended 31 December 2014, the Company held contracts with namely Intel, Advanced Micro Devices (AMD), Seagate, Microsoft, Dell, Toshiba, Acer, Apple, Lenovo and other international suppliers. 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 a risk of termination of our distribution agreements, in the event that we do 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 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.

In the part of our business related to distribution of third party products, 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.

In the third party products distribution part of our business, 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 three 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 Chairman of the Board of Directors 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.

Increased cost of debt

The private label business implies a much higher need for cash available to support growth. The Group has managed to raise cash from various financial institutions, however in certain cases the cost of this financing is expensive. The Company has already negotiated better terms with some of its supply-chain financiers and is currently undertaking certain extra steps to further lower cost of financing. However, the sanctions imposed to Russia and tensions related to the Ukraine’s crisis have resulted in significantly increased cost of facilities in this country and this may limit our efforts to decrease the average cost of debt.

Development of own brand business

Following a strategy to focus more on profitability than on revenues, the Company has increased its engagement into the development of own brands business that allows for higher gross profit margins. This included the development of tablets, smartphones, GPS and other product lines that are sold under Prestigio and Canyon brands in all regions of the Company’s operations.

Due to the fact that the Company’s products, namely tablets and smartphones, were well welcomed by the markets, it is expected that further development of own brands business may positively affect further revenues and profits. However, competition has already been intensified and the Company may not be able to sustain its profitability levels. In addition to competition, due to increased volumes of our brands and the fact that we are not the manufacturers of these products, certain warranty and quality issues which are possible to arise, might adversely affect our results. The Company is undertaking all quality control measures to mitigate this risk, but given the volumes and the large amount of factories used to produce these products, these controls might not be enough.

Despite the Company’s efforts, there can be no assurance of a similar development pace in own brand business in future periods. This is because there may be a significant change in market trends, customer preferences or technology changes that may affect the development of own brands business of the Company, and therefore its results. Therefore the Company, similar to the past, has started to invest in new technologies, that will be sold under own brands.

This is especially right, since – in line with expectations – the tablets market already started to show saturation signs. Thus leveraging on our market share and working on new segments is expected to allow the Company to continue to grow dynamically its own brands segment.

We do not expect growth in revenues from own brands in 2015, until the situation on large and less saturated Eastern markets will improve.

Warranty Claims from own brand products

Increased own brands business require us to put extra efforts to avoid any problems with quality of devices. Despite all our efforts, we have noticed significant returns on specific models. The Group's warranty policy is similar to the ones of other brands. The fact that we do not control the quality of production and we rely on the warranty agreements we sign with our manufacturers, is a significant risk for the Company. We have noticed that several factories are unwilling to compensate enough for epidemic failure on certain models and the Group is undertaking all possible steps towards ensuring proper compensation. Moreover, a much more scrutinized selection of suppliers is currently in place in order to avoid significant failure rates in the future. It might be the case that we will need to re-assess our provisions for returns, before we return back to normal levels of provisions and this might have an adverse impact on our results.

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

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, Apple, Lenovo and Hitachi. In addition, a significant part of our revenue is comprised of sales of IT products under our private labels, Prestigio and Canyon.

ASBISc commenced business in 1990 in Belarus and in 1995 we incorporated our holding Company in Cyprus and moved our headquarters to Limassol. Our Cypriot headquarters support, through three master distribution centres (located in the Czech Republic, the United Arab Emirates and China), our network of 31 warehouses located in 24 countries. This network supplies products to the Group's in-country operations and directly to its customers in approximately 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. $ 1,551,170 in 2014, compared to U.S. $ 1,920,427 in 2013, following the crisis in the F.S.U. region and fierce competition. As a result, despite good Q3 and Q4 2014, but losses from H1 2014, net profit after taxation in 2014 decreased by 92.30% to U.S. $ 0,979 in comparison to U.S. $ 12,712 in 2013.

Our headquarters are home to our centralized purchasing department and 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 2014.

We combine the international experience of our central management team with the local expertise of our offices in each of the 24 countries in which we operate. With our broad local presence, we have developed an 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 the Former Soviet Union, but also in the Middle East and Africa ("EMEA") region.

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 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. The changes in the shareholders' structure that occurred in 2014 were the following:

(1) On November 6th, 2014 the Company has received from Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. notification that following the sale of the Company's shares on November 5th, 2014 the share of Noble Funds Fundusz Inwestycyjny Otwarty and Noble Fund 2DB Fundusz Inwestycyjny Zamknięty managed by Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. („the Funds") descended below the threshold of 5% of the total number of votes at the Company's General Meeting of Shareholders.
According to the notification, before the abovementioned sale of shares the Funds had 2 781 332 Company's shares that were equal to 5,01% in the Company's share capital and had 2 781 332 votes from these shares, that were equal to 5,01% of total number of votes.
According to the notification, after the abovementioned sale of shares the Funds hold 2 760 166 Company's shares, equal to 4,97% in the Company's share capital and have 2 760 166 votes from these shares, equal to 4,97% of the total number of votes.

(2) On October 22nd, 2014 the Company has received from Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. notification that following the sale of the Company's shares on October 21st, 2014 the share of Noble Funds Fundusz Inwestycyjny Otwarty („the Fund") managed by Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. descended below the threshold of 5% of the total number of votes at the Company's General Meeting of Shareholders.
According to the notification, before the abovementioned sale of shares the Fund had 2 815 753 Company's shares that were equal to 5,07% in the Company's share capital and had 2 815 753 votes at the Company's General Meeting of Shareholders, that were equal to 5,07% of the total number of votes.
According to the notification, after the abovementioned sale of shares the Fund hold 2 739 496 Company's shares, equal to 4,94% in the Company's share capital and have 2 739 496 votes at the Company's General Meeting of Shareholders, equal to 4,94% of the total number of votes.

(3) On March 4th, 2014 the Company has received from Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. notification that following the purchase of the Company's shares on February 26th, 2014, the share of Noble Funds Fundusz Inwestycyjny Otwarty („the Fund") managed by Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. exceeded the threshold of 5% of total number of votes at the Company's General Meeting of Shareholders.
According to the notification, before the abovementioned purchase of shares, the Fund had 2 741 976 of the Company's shares that were equal to 4,94% in the Company's share capital and had 2 741 976 votes at the Company's General Meeting of Shareholders, that were equal to 4,94% of total number of votes.
According to the notification, after the abovementioned purchase of shares the Fund hold 2 829 691 Company's shares, equal to 5,10% in the Company's share capital and have 2 829 691 votes at the Company's General Meeting of Shareholders, equal to 5,10% of total number of votes.

Strengths of the Group

The Directors consider that our key strengths are:

- Broad geographic coverage combined with strong 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.

- 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 most of our key executives have served for longer than thirteen 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 revenues exceeding 1,5 billion U.S. Dollars, sales in approximately 80 countries and facilities in 24 countries, we believe that we have become a strong partner for leading international suppliers of IT components and finished products, 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.

- Strong portfolio of own brands

In the past years we have invested in the development of our own brands and built a strong market position. This paid off in terms of both revenues and profitability, though in 2014 the amount of own brand business has decreased due to the turbulence in our big markets – Russia and Ukraine. To be precise, 2014 revenues from own brands amounted to U.S.$ 349,699, compared to U.S.$ 468,988 in 2013. Own brands' contribution in total revenue was 22.54%, compared to 24.42% in 2013. Despite the decrease in revenues from own brands in 2014, the Directors consider our own brands to be a significant advantage over competitors. The Company was proactive enough to invest in the right segments of products (i.e., tablets and smartphones) following the market trend which led to transition from the mobile computing (laptops) towards enhanced mobility and access to internet through these products. Therefore, it is expected that own brands will continue to produce significant part of our revenues, and improve our profitability in future periods.

- Significant improvement in cost structure and major decrease in expenses conducted in 2014

Following the turbulence in Russia and Ukraine in 2014 we have enforced two waves of a cost cutting program. This resulted in a significant decrease in selling and aministrative expenses in 2014, and further savings are expected in 2015. We do not plan to increase these expenses even if the situation in Russia and Ukraine will get better. Therefore, we consider this improvement as an important factor that will help our profitability in the future.

Group Structure and Operations

The following table presents our corporate structure as at December 31st, 2014:

Company	**Consolidation Method**
ASBISC Enterprises PLC	**Mother company**
Asbis Ukraine Limited (Kiev, Ukraine)	Full (100% subsidiary)
Asbis PL Sp.z.o.o (Warsaw, Poland)	Full (100% subsidiary)
ASBIS Estonia AS (formerly 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 Limited (Charlestown, Ireland)	Full (100% subsidiary)
FPUE Automatic Systems of Business Control (Minsk, Belarus)	Full (100% subsidiary)
E.M. Euro-Mall Ltd (former ISA Hardware Limited–Group) (Limassol, Cyprus)	Full (100% subsidiary)
OOO ' Asbis'-Moscow (Moscow, Russia)	Full (100% subsidiary)
Asbis Morocco Limited (Casablanca, Morocco)	Full (100% subsidiary)
EUROMALL CZ s.r.o. (formerly ISA Hardware s.r.o.) (Prague, Czech Republic)	Full (100% subsidiary)
EUROMALL d.o.o. (formerly ISA Hardware d.o.o.) (Zagreb, Croatia)	Full (100% subsidiary)
S.C. EUROMALL 2008 S.R.L (formerly ISA Hardware International S.R.L) (Bucharest, Romania)	Full (100% subsidiary)
ISA Hardware s.r.o Slovakia (Bratislava, Slovakia)	Full (100% subsidiary)
Euro-Mall SRB d.o.o. (former ISA Hardware d.o.o Beograd) (Belgrade, Serbia)	Full (100% subsidiary)
Prestigio Plaza Sp. z o.o (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 Plaza 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)
Asbis d.o.o. (former Megatrend d.o.o.) (Sarajevo, Bosnia Herzegovina)	Full (90% ownership)
PTUE IT-MAX (Minsk, Belarus)	Full (100% subsidiary)
ASBIS Close Joint-Stock Company (former CZAO ASBIS) (Minsk, Belarus)	Full (100% subsidiary)
ASBIS Kazakhstan LLP (Almaty, Kazakhstan)	Full (100% subsidiary)
Euro-Mall SRO (Bratislava, Slovakia)	Full (100% subsidiary)
ASBIS Taiwan (Taipei City, Taiwan)	Full (100% subsidiary)
Prestigio China Corp. (former AOSBIS TECHNOLOGY (SHENZHEN) CORP.) (Shenzhen, China)	Full (100% subsidiary)
ASBIS DE GMBH, (Munchen, Germany)	Full (100% subsidiary)
EUROMALL BULGARIA EOOD (Sofia, Bulgaria)	Full (100% subsidiary)
Advanced Systems Company LLC (Riyadh, Kingdom of Saudi Arabia)	Full (100% subsidiary)
SHARK ONLINE a.s. (Bratislava, Slovakia)	Full (100% subsidiary)
SHARK Computers a.s. (Bratislava, Slovakia)	Full (100% subsidiary)
E-vision Production Unitary Enterprise (Minsk, Belarus)	Full (100% subsidiary)
ASBIS UK LTD (Hounslow, England)	Full (100% subsidiary)

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 the ASBIS name are involved in the 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, Apple 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

During the year ended December 31st, 2014 there were the following changes in the structure of the Company and the Group:

- On January 22nd, 2014 ASBIS NL B.V. (Amsterdam, Netherlands) changed name to Prestigio Plaza NL.B.V. (Amsterdam, Netherlands) since this subsidiary will focus on own brands sales in Western Europe.
- On June 6th, 2014 the Company filed documents to close its dormant subsidiary ASBIS Taiwan (Taipei City, Taiwan) due to the fact that operations in Asia are conducted through other subsidiaries.
- On July 31st, 2014 the Company has received information that the Issuer's inactive subsidiary ASBIS IT S.R.L." (Rome, Italy) has been deregistered from the competent registry on December 30th, 2013. The Issuer continues its operations in Italy for own brands business through ASBISc Enterprises Plc.
- On August 11th, 2014 the Company has received information about registration at the competent court on August 7th, 2014 of its new subsidiary in Belarus - E-vision Production Unitary Enterprise (Minsk, Belarus) with a capital of 1,100,000 Belarusian Ruble. The subsidiary was incorporated in

order to enter the High Tech Park in Belarus with the purpose of engaging mainly in IT-programming services and software development for the ASBIS Group.

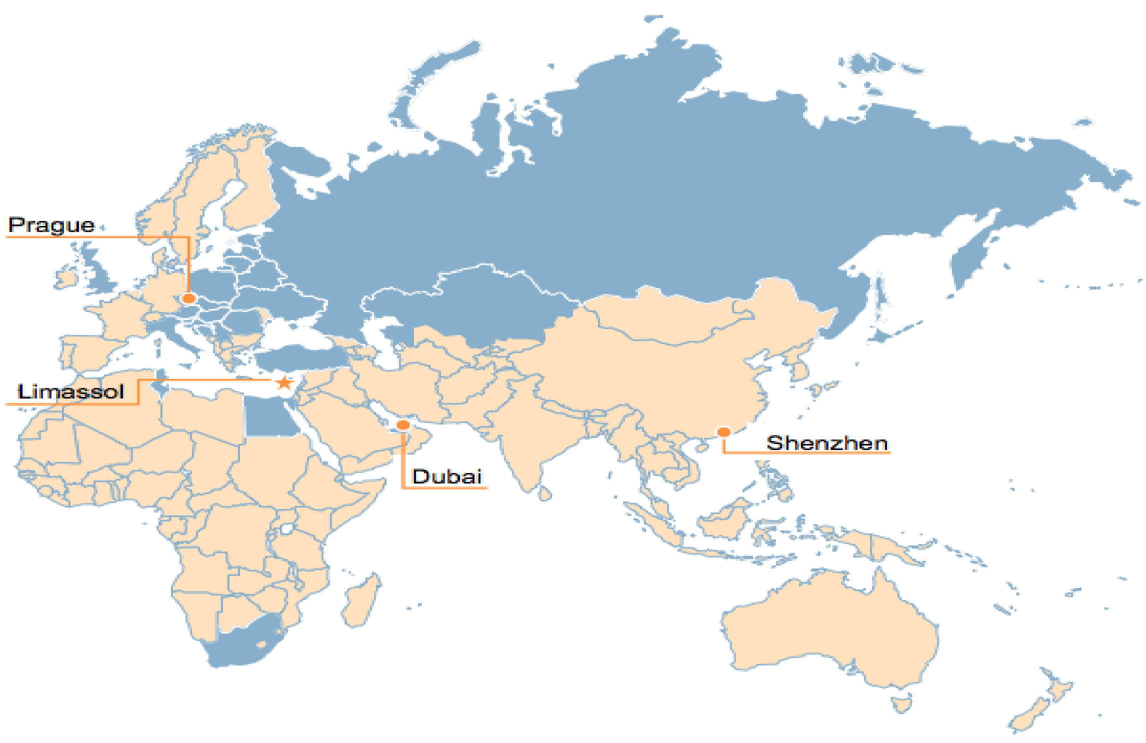
- On December 17th, 2014 the Company has received information about registration by the Companies House on December 9th, 2014 of its new subsidiary in the UK - ASBIS UK LTD (Hounslow, England) with a capital of 1000 British Pounds. The subsidiary was incorporated in order to develop trading activities in the UK and Ireland.

Regional operations

We operate as a one-stop-shop for the desktop PC, server, laptop, tablet PC, smartphones 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 an in-depth knowledge of their respective product lines. Our sales staff are also trained by our suppliers, such as Intel, AMD, Seagate, Werstern Digital, Apple, 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 and Regions

Historically, the regions of Central Eastern Europe ("CEE") and Former Soviet Union ("FSU") have been the larger revenue contributors of the Group. This has not changed in 2014, however CEE and MEA share in total revenues grew as a result of strong development of our own brands sales, while FSU suffered because of the turbulence in Russia and Ukraine.

The following table presents a breakdown of our revenue by regions for the years ended 31 December 2014, 2013 and 2012:

	Year ended 31 December		
	2014	**2013**	**2012**
		%	
Former Soviet Union	33.30	38.05	40.41
Central and Eastern Europe	42.61	38.61	34.82
Middle East & Africa	13.31	12.08	13.20
Western Europe	7.73	9.46	8.31
Other	3.05	1.80	3.25
Total revenue	**100**	**100**	**100**

Products

We are engaged in the 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, Western Europe, North and South Africa and the Middle East.

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

- sales of a range of private label products (such as tablet PCs, smartphones, e-book readers, data storage devices, GPS devices, peripherals, accessories) with larger volumes and 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 and tablet PCs and smartphones.

The following table presents revenues from each category of product in 2014, 2013 and 2012:

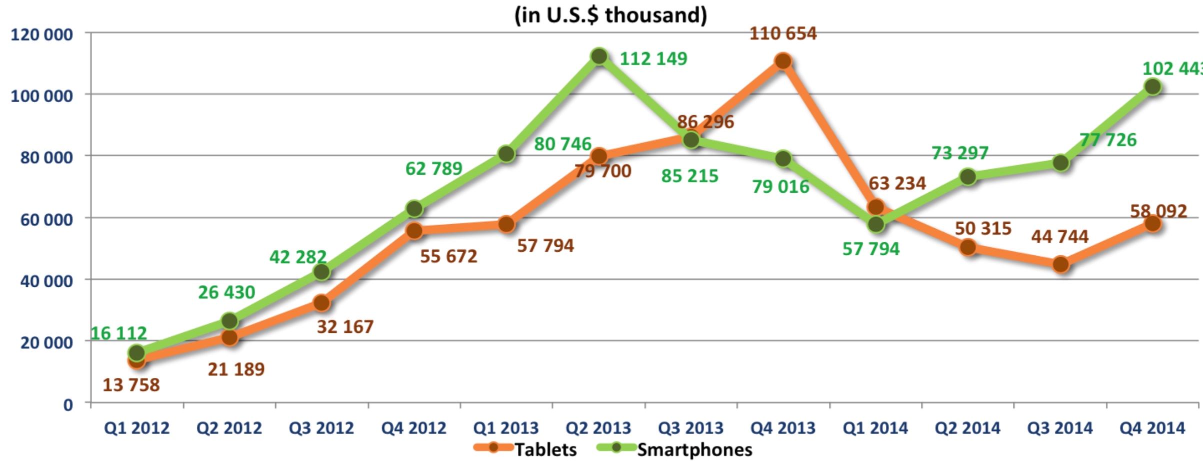
	Year ended 31 December		
	2014	**2013**	**2012**
		(U.S. $)	
Central processing units (CPU)	255,530	259,221	294,374
Hard disk drives (HDD)	158,532	181,105	201,760
Software	113,928	137,263	152,704
PC mobile (laptops)	170,376	240,925	360,589
Mainboards & VGA cards	10,750	18,996	23,010
PC desktop	34,599	39,663	32,739
Peripherals	22,951	27,264	43,119
Display products	20,445	33,198	36,949
Memory modules (RAM)	19,992	16,408	12,271
Accessories & multimedia	60,089	88,494	94,661
Servers & server blocks	76,752	72,349	67,969
Tablets	216,384	334,444	129,041
Smartphones	305,380	357,126	115,510

Optical & floppy drives	2,185	6,448	7,771
Flash memory	25,848	41,638	37,501
Networking products	34,636	38,538	33,264
Other	22,795	27,346	101,646
Total revenue	**1,551,170**	**1,920,427**	**1,744,878**

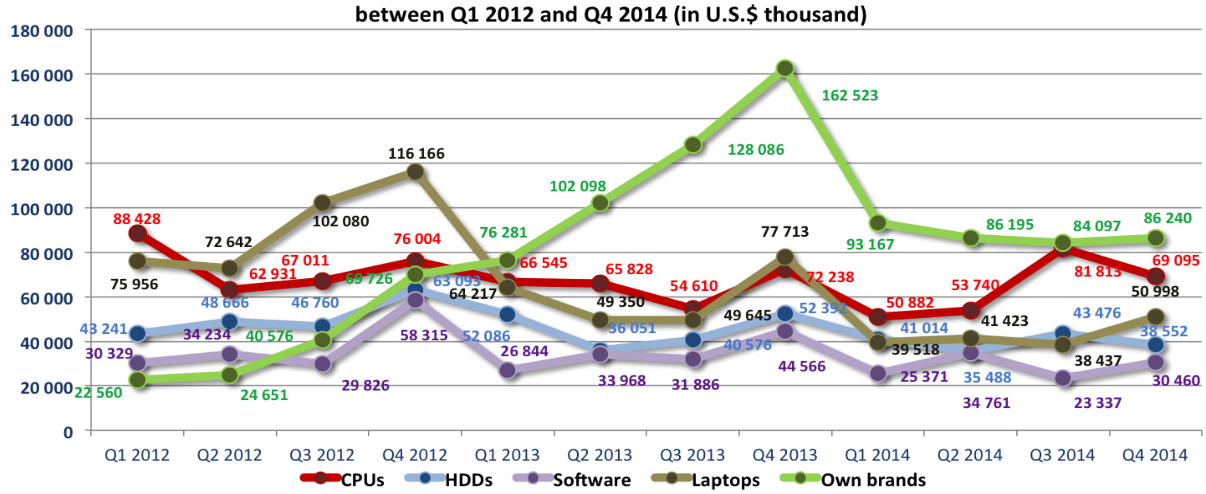
It is worth mentioning that in 2014 the Company continued changes in its product potfolio by decreasing share of large volume, low margin product lines (traditional components, laptops) in certain countries, and by increasing share of new booming product lines like smartphones and tablets (both third party and own brand). As a result, tablets and smartphones have become the leading product lines offered by the Company. However, due to the turbulence in Russia and Ukraine, revenues from both traditional lines, and new lines of tablets and smartphones decreased in 2014. In 2014 sales of traditional segments: CPUs, HDDs, laptops and software have decreased by 1.42%, 12.46%, 29.28% and 17.00% respectively. In the same time tablets and smartphones decreased by 35.30% and 14.49% respectively.

As a result, in 2014 the share of large traditional lines of CPUs, HDDs, Laptops and Software in total revenue increased (to 45.02% in 2014 compared to 42.62% in 2013), while the combined share of tablets and smartphones decreased slightly to 33.64% in 2014 from 36.01% in 2013. Despite that, the Company strategically develops this business, since it allows for higher gross margins and is expected to grow and drive the Company's profitability in the future (especially smartphones).

Revenues from sale of tablets and smartphones between Q1 2012 and Q4 2014 (in U.S.$ thousand)



Changes in revenues breakdown by main product lines between Q1 2012 and Q4 2014 (in U.S.$ thousand)



Private labels: Prestigio and Canyon

We have developed two private label brands, Canyon and Prestigio. We, mainly through our purchasing office in China, select products or ranges of products with high profit potential from a number of ODM/OEM producers in the Far East, particularly in 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 brand at more competitive 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, web cams, mice, networking products, external HDD, MP3 players, handbags, phone accessories and speakers. Canyon is perceived to be a brand targeting younger customers who want good quality products at affordable prices. Canyon uses attractive colors and packaging to promote this image. During 2014 Canyon launched several new products which proved very successful and we plan to continue these projects going forward.

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 2011 Prestigio was recognized as the leading GPS Navigator device in the F.S.U. and CEE regions with about 500 thousand unit sales. Additionally, we have sold almost 150 thousand units of E-book readers and tablet PCs. In 2012 we have further developed sales of tablets and e-book readers under Prestigio brand in most of the countries of our operations with great success (in most of the countries we managed to reach top five position). In 2012 we have also decided to enter the smartphones segment with our own brand and started successfully selling Prestigio MultiPhones from Q4 2012. These moves were connected with anticipated and observed changes in the markets, and proved the Company’s ability to benefit from its experience and know-how in order to improve its market share. Further development of Prestigio product mix was conducted in 2014 and allowed to benefit from the techology change.

- In 2014 revenues from own brands decreased by 25.44% to U.S.$ 349,699, compared to U.S.$ 468,988 in 2013. This was a direct result of the turbulence in Russia and Ukraine and fierce competition. As a result, own brands’ contribution in total revenue was 22.54% in 2014, compared to 24.42% in 2013.

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 manufacturers’ products, our own brands enable us to reach higher gross profit margins. Therefore, their contribution in our profitability is much higher than their contribution in total revenues.

The Company has decided for a number of changes in its own brands portfolio. This means less models and increased focus on more profitable devices.

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 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 establish 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 customer 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 2014 and 2013.

Product Category	Suppliers	Y 2014	Y 2013
CPU & Mainboards	INTEL, AMD	16.54%	14.5%
Hard Disk Drives (HDD)	Seagate, HGST, Western Digital, Samsung, Toshiba	9.98%	9.4%
Mobile Computers	Dell, Apple, Toshiba, Acer, Lenovo, HP	9.66%	12.5%

In 2014, a significant portion of our revenues was generated from our ten biggest suppliers. However, the management believe that we place no reliance on anyone of our suppliers since we carry for every category a wide potfolio of brands. Additionally, since a growing part of our revenues is derived from sales of our own brands, our reliance on third party suppliers decreases.

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 decline 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, with whom 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 a 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, holding weekly meetings to review and approve requirements. We strive to keep our stock, including stock in transit, for our main product lines at a level of four weeks of sales revenues, and to cover four 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 any 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 537 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 twenty years. Our key distribution objectives are to maintain availability of adequate in-country stock levels in order to meet customer demand, 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 and our private label products 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, 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 facility in Prague is responsible for distribution across whole Europe; Dubai serves our operations in the Middle East and Africa and certain Central Asian countries, and Shenzen facility is primarily responsible for our purchasing activities and quality control in the Far East.

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	1255	1321	2,576	Leased

In order to ensure visibility and bottom-line efficiencies of our warehousing environment, we have connected our warehouse management system ("WMS") to IT4Profit. Thus when an order is placed on IT4Profit, this 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 31 local offices in 24 countries. Customer orders are mainly served through the supply of 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.

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 owned by us, which was internally developed, and which we continuously improve. 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.

IT4Profit provides the following functions:

- 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, Dell 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, we outsource services for storing daily back-ups at an external site in Amsterdam. In the event of a system failure, we can restore applications and recover 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 32,000 customers in approximately 80 countries in 2014. We have no reliance on any single customer, as our biggest customer is responsible only for about 1% of total revenues. Approximately 50% of our total sales were 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 decade 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 have not successfully replicated 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 small and medium business

("SMBs") segment of the IT clientele since this sector has been too small for OEMs to dedicate their sales 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.

New development of 2014 was that some vendors, like Lenovo, joined the global market of new booming segments like tablets and smartphones. This has affected the market by decreasing overall gross profit margin. This is however typical to any product line that is introduced to the market, as margins usually shrink over time as markets saturate. Thus, for companies having own brands business, like us, it is important to find new niches all the time, and leverage on market position and brand recognition. The need for new product lines is especially important, since the recently booming line of tablets started showing signs of saturation in WE and CEE markets, while FSU markets are currently under a serious turbulence.

Market trends

The world's financial crisis eased from 2011 and therefore demand grew in many markets of our operations. However, due to a lot of uncertainties over the economic situation in the Euro-zone, Russia and Ukraine and a number of other economic uncertainties in different countries, overall gross margins have shrinked in a number of countries. Thus, the Company decided to conduct more selective sales and focus more on profitability than just on revenues. This strategy included a decrease in engagement in large volume, low margin product lines and an increase in the new segments of tablets and smartphones, as well as accessories, that allow for better margins. This included large investments in the development of our own brands sales.

Independent market analysis shows that the smartphones business is already three times bigger than the whole PC segment and it is still growing. Thus the Company entered into a number of distribution agreements with various vendors and also started selling smartphones under its own brand. It has proven a very successful strategy in 2013 since tablets and smartphones segments were growing very fast, while demand for laptops decreased significantly leaving many vendors and distributors in various countries with unsold stocks. This trend continued in 2014, however total revenues from both of these segments decreased due to the turbulence in Russia and Ukraine, that significantly affected demand and sales. Also, while the smartphones segment continued to grow and still has a lot of potential, the tablets market started showing signs of saturation.

The policy described above and the fact that the Company built solid market position and gained recognition from customers, allows the Company's management to be optimistic about 2015. This is particularly true, because the Company already started preparation to introduce next generation of products under own brands, to satisfy consumer needs in the future. This next generation solutions includes for example MultiBoards, wearable IT products, SmartHome and SmartHealth solutions, as the Company's management believe that the idea of internet of things will dominate in the next couple of years.

In 2014 the Company made a great effort of refocusing its business in the direction of CEE and WE rather than the F.S.U. region. The F.S.U. region will be developed by the Company, but with much decreased credit and FX risk. The Company will focus on the development of the CEE and WE regions mostly with own brands. We also plan to continue to penetrate some new markets, including South Europe and South America with our own brands.

As there are many factors affecting our business nowadays, it is hard to estimate the pace of growth. However, due to upgraded product portfolio, strong development of own brands and broad geographical presence, the management believes that in 2015 the Company will try to increase its revenues faster than the market itself and deliver an increase in its profitability, as compared to 2014. However, growth in revenues is the Company aim only to the extent this allows for good margins, because the Company's main focus is on profitability.

Competitive Landscape – traditional distribution

IT distribution in Central and Eastern Europe and the Former Soviet Union is fragmented. Major multinational players who dominate the U.S. and Western European markets (such as Ingram Micro, Tech Data, Actebis and 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 have the largest share 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.

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) Merlion 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, ASESOFT in the Balkans and the Adriatic region.

As some consolidation is seen on the market, and this trend may continue due to the effects of the recent 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. However, if we consider any acquisitions, they would be considered rather by access to interesting product lines or markets, not just adding same products or markets that we already have.

Competitive Landscape – Private Labels

The private labels, Canyon and Prestigio, are competing with a variety of brands in all markets we operate. The market leaders of the tablet and smartphone segments are Apple and Samsung. However, due to Prestigio positioning in the countries where we operate, we face competition from brands in the same segment. Also, as a new development of 2014, we face competition from A-brands like Lenovo. This means that the overall gross profit margin in this segment started eroding. This is expected to continue, however the smartphones business is expected to keep growing, while the tablets market is expected to be rather market for players like us, who already have market share and brand recognition and can address customers with new devices.

Directions of further development

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

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

b) Keep enhancing the IT component business and adding more third party smartphones to our product portfolio and improving the gross profit margin;

c) further optimizing of our private label business;

d) decreasing cost of financing

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

f) continuing our successful foreign exchange hedging.

- **Increasing sales and market share in particular countries of Central and Eastern Europe, Western Europe and Middle East and Africa ("EMEA"), selective sales in the Former Soviet Union and taking advantage of the weaknesses of competition**

The recent world's financial crisis has led some of our competitors to bankrupcy or to decision of moving out from particular markets. We have signed a number of agreements with suppliers for many countries, including Slovakia, Ukraine and the Middle East countries. We have also developed sales of our own brands in almost all regions of our operations.

Following the turbulence in Russia and Ukraine, that also affected a number of nearby markets, in 2014 we have been forced to change our sales profile significantly. Since demand in Russia and Ukraine decreased, we have focused towards the development of sales in other regions, most importantly in CEE and WE. This allowed us to decrease dependance from FSU markets, by increasing sales in other regions. However, we had to achieve it quickly, and therefore sometimes at a cost of lower gross profit margin. Finally, this strategy was proven successful, as we were able to substitute a significant piece of sales lost in the FSU region and produce profits.

As for the FSU region, we have decided to adapt our sales strategy to current market conditions, and focus on less customers, but achieve more profit with even with lower inventory levels. We do not intend to exit from these countries, since they are much less penetrated with IT products than other regions.

- **Keep enhancing the IT component business and adding more third party smartphones to our product portfolio and improving gross profit margin;**

Traditional IT components segment is characterized by high volumes, low gross profit margins. The same happens to every single product line over time. Such was the case of laptops in 2012, and then tablets in 2014, as this market already started showing signs of saturation. Thus, the Company continues its efforts to rebuild its product portfolio by adding more finished-goods, namely smartphones and smart health solutions, accessories and other products in order to benefit from growing sales and better margins. In the same time, we do not intend to exit the tablets or laptops segments, but we shall conduct this business focusing on less models and better margins. This strategy paid off well in the second half of 2014 and therefore the Company will continue this, in order to increase its overall gross profit margin in the future.

- **Further optimizing of our 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. 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 will have a positive impact on the overall profitability, as these products deliver a higher profit margin, compared to international suppliers' products distributed by us. However, we will increase such sales only to the extent this does not drive up our financial expenses nor affect our cashflows. We aim to continue expanding the range of our private label products and strengthening their promotion in our markets and we expect that this will have a positive impact on our revenues and profitability.

- **Decreasing cost of financing**

Private label business demands a much higher need for cash available, compared to distribution business. In the past, the Group has managed to raise cash from various financial institutions however in certain cases the cost of this financing was above our weighted average cost of debt. Thus, in 2014 we have started working on decreasing this cost.

The Company currently undertakes all necessary steps to continue to decrease its cost of financing and deliver a higher net profit.

- **Controlling our cost structure, enhancing operating efficiency and automated processes, including our online sales channels;**

We continue to focus on improving our 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 2014, and we aim to increase this percentage going forward.

- **Continuing our successful foreign exchange hedging;**

The year 2014 was a pecular one due to the market turbulence in Russia and Ukraine, that nobody could have forecasted. As a result, we have suffered significant currency losses in the first half of the year. In the second half of the year, our FX hedging gave us significant gains that offset H1 losses and helped deliver a net profit after tax for the year.

However, since there is no such thing as perfect hedging, the currency environment needs to be closely monitored and FX hedging strategies to be updated as soon as new developments will be visible in the markets. This is especially true because of some non-predictable situations in particular countries, as the cases of Russia, Ukraine and Kazakhstan of 2014 may happen again.

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	--	1,630	200	1,830
Asbis CZ, spol.s.r.o.	Czech Republic	5,000	232	1,300	1,532
Asbis Ukraine Limited	Ukraine	--	2,646	348	2,994
ZAO Automatic Systems of Business Control-Minsk	Belarus	--	1056	--	1,056
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
CJSC ASBIS (Asbis BY)	Belarus	-	1205	1030	2235
ASBIS BULGARIA LTD	Bulgaria	3,855	-	-	3,855

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, including their word and graphical representations in color and design.

a) ASBIS
b) "CANYON";
c) "PRESTIGIO" and its product group trademarks, which include Nobile, Cavaliere, Signore, Visconte, Emporio, Prestigio MultiPad and Prestigio Grace
d) “Euromall”; and
e) “PrestigioPlaza.com”

Most of these trademarks are registered and protected in the countries in which we operate, both under international, regional and national registration schemes and systems, to the extent and other terms set forth in the provisions based on which they were registered. The registrations are mostly in the international class of goods 09, computers and IT prodcuts, and related classes of services.

In addition, we have registered a number of domain names for ASBIS, ISA Hardware, Canyon and Prestigio.

The Company further owns several industrial design patents covering Europe and certain countries of FSU for such products as LCDs displays and monitors and GPS and a few utility model patents for LCDs and Multimedia devices, covering the territory of Russia and Czech Republic.

Insurance

We hold two different types of insurance: products or “cargo” 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, and thereafter. Under our product insurance policy, covering the twenty four months ending 31 December 2015 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. $ 120 and the Middle East: U.S. $ 140.

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

- The Czech Republic: U.S. $ 20,000.
- The Middle East: U.S. $ 15,000.

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

Credit Insurance: We have a major credit insurance policy in place with Atradius Credit Insurance N.V. reducing our exposure in respect to possible non-recoverability of our receivables. The 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 61% of our 2014 revenues.

The major insurance policy is held with Atradius Credit Insurance N.V. which was signed in April 2008 and is renewed every year. It covers Asbisc Enterprises PLC, the Company, Asbis Middle East FZE, Asbis D.o.o. (Slovenia), Asbis CR d.o.o. (Croatia), Asbis Doo (Serbia), 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. $ 65.

We also hold stand-alone credit insurance policies with Atradius in Slovakia covering the receivables of the country. For the Baltic region (LV, LT, Estonia) we hold a policy with COFACE Lietuva covering the receivables of the region. Finally for the receivables of Czech Republic we insured through a standalone policy with Euler Hermes in the Czech Republic.

ITEM 3. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following Management's discussion and analysis of our financial position and results of operations reviews our historical financial results as at, and for the years ended, 31 December 2014 and 2013. The reader shall read the following discussion in conjunction with our audited financial statements as at the end of the years ended 31 December 2014 and 2013, including the accompanying notes thereto, which are included elsewhere in this Annual Report, and have been prepared in accordance with IFRS and audited by KPMG 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 2014 were as follows:

- Revenues in 2014 decreased by 19.23% to U.S. $ 1,551,170 from U.S. $ 1,920,427 in 2013. This decrease has mainly resulted from the crisis in the F.S.U. region and fierce competition. However, revenues in 2014 were in accordance with the Company’s revised financial forecasts for 2014.

- Gross profit in 2014 decreased by 24.07% to U.S. $ 87,749 from U.S. $ 115,571 in 2013.

- Gross profit margin in 2014 decreased to 5.66% from 6.02% in 2013. This followed the tough situation in our markets, fierce competition and inventory issues.

- Selling expenses in 2014 decreased by 20.70% to U.S. $ 42,543 from U.S. $ 53,651 in 2013. This was the result of cost cutting actions and lower sales and gross profit.

- Administrative expenses in 2014 decreased by 3.45% to U.S. $ 28,947 from U.S. $ 29,982 in 2013.

- EBITDA in 2014 decreased by 45.08% to U.S. $ 19,134 in comparison to U.S. $ 34,840 in 2013.

- As a result, despite good Q3 and Q4 2014, but losses from H1 2014, net profit after taxation in 2014 decreased by 92.30% to U.S. $ 0,979 in comparison to U.S. $ 12,712 in 2013. Net profit in 2014 was close to the lower range of the Company’s financial forecast.

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 Ukrainian crisis seriously affecting both Ukraine and Russia, currency fluctuations, competition and price pressures, low gross profit margins, potential inventory obsolescence and price erosions, the worldwide unstable financial environment, seasonality, development of own brands business, warranty claims from own brand products and increased cost of debt. These factors are discussed in more detail below.

The Ukranian crisis affecting both Russia and Ukraine, two of our major markets

We have experienced during 2014 and 2015 to-date, a severe crisis in our third largest market (in terms of 2013 sales) - Ukraine, which has resulted into a significantly lower demand from customers and a significant devaluation of the local currency (UAH) to US Dollar, our reporting currency. Russia is also deeply involved in this crisis and this is significantly affecting our largest market in terms of revenues and profit contribution. If this situation is not eased and stability does not return soon to the region, the Company's results are expected to continue to be adversely affected during 2015. The Company is undertaking a number of measures to protect itself from this crisis and mitigate its risks.

After a very tough H1 2014, in the second half of the year the Company started to produce profits again, with a very successful Q4. However, the full year results are still not comparable to 2013, due to a much lower demand mainly in the FSU region.

Currency fluctuations

The Company's reporting currency is the U.S. dollar. About 40% of the Company's revenues are denominated in U.S. dollars, while the balance is denominated in Euro, RUB and other currencies, some of which are pegged to the Euro. Since most of the Company's trade payable balances are denominated in U.S. dollars (about 80%), the Company is exposed to foreign exchange risk that remains a crucial risk factor that might affect the Group's results in the future. Although the problem persists and will persist as the Euro and other Eastern European currencies fluctuate in a steep manner against the U.S. Dollar, the Group has adopted hedging strategies to tackle this problem.

Having had a very successful hedging in Q4 2014, the Group will continue its efforts trying to hedge all possible FX risks. The recent developments are not in favor of this objective since no financial institution is ready to give quotations on both the UAH and the KZT. Moreover, hedging the RUB has become too expensive and very few institutions are ready to undertake positions on this currency.

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

This was also visible in the tablets and smartphones segments where we have experienced the entrance of a number of new competitors (i.e. Lenovo, Samsung etc.). This has led into lower gross profit margin, especially in the tablets segment.

Turbulence in the big markets like Russia and Ukraine has also affected nearby countries, leading to lower margins and more fierce competition. This was the case of 2014. However, this also cleans the market from weaker competitors and makes more space for us to, benefit from market revival.

Low gross profit margins

The Company's business is both traditional distribution of third party products and own brands sales. This allows for higher gross profit margins, which is especially important in tough times. However, the own brand business can not live separately from all other products; when demand in a particular market shrinks, all business lines suffer.

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

Therefore, the Company develops the own brand business, that allows to generate higher gross profit margins. Since this business already accounts for a significant part of total sales, it positively affects the overall gross profit margins and profitability of the Company. However, this business is also connected with risks, including the risk of technology change, the risk of changes in demand and customer preferences. Additionally, no matter the product line or if it is own brand or third party, the margins shrink over time, due to more market entrants and market saturation. Therefore, it is extremely important for the Company to foresee market demand changes and offer new products right in time to satisfy consumer needs and be able to sell the previous technology as well.

Even when a particular market segment is saturating, the Company may still increase its sales, because of market share gained at a cost of competitors. This is the case of the tablets market, which is already saturated, but the Company expects to benefit from customers who will substitute old devices with new ones, choosing from well recognized market participants.

However, due to both, strong new market entrants like Lenovo and weak seasonality observed in Q4 2014 that left the Company with some old stock, we do not expect our gross profit margin to grow in the first half of 2015, but rather in the second one.

Inventory obsolescence and price erosion

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

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

For the own brands business division, the Company needs to balance between satisfying consumer demand and risk of inventory obsolence or price erosion, by having the proper level of inventory. This risk materialized in Q1 2014 (then stock was sold in Q2 at a cost of margin) and in Q4 2014 (when stronger seasonality effect was expected in Ukraine and Russia and finally the Company was left with stocks to be sold in Q1 2015).

Credit risk

The Company buys components and finished products from its suppliers on its own account and resells them to its customers. The Company extends credit to some of its customers at terms ranging from 21 to 90 days or, in a few cases, to 120 days. The Company's payment obligations towards its suppliers under such agreements are separate and distinct from its customers' obligations to pay for their purchases, except in limited cases 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 where the Company is not able to recover payments from its customers, it is exposed to a financial liquidity risk. The Company has in place credit insurance which covers such an eventuality for approximately 61 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 do not easily grant credit limits to customers. As a result, the Group is exposed to increased credit risk and its ability to analyse and assess its credit risk is of extremely high importance.

Worldwide financial environment

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

However, there are many uncertainties about the world economy and especially the Euro-zone, followed by volatility of currencies and fragility of demand in many markets. Additionally, from time to time, unpredictable situations may happen in selected markets, as was the case of Ukraine and Russia in 2014, continuing to-date, which has led to a significant instability in these countries' financial environment.

Seasonality

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

Traditional seasonality effect was expected to be seen also in 2014, despite the turbulence faced in Q1 2014 in the F.S.U. countries. However, due to depreciation of local currencies in Russia and Ukraine, the Company noticed that the 2014 seasonality effect was much weaker compared to 2013. This was only to some extent offset by growing sales in other regions.

Development of own brand business

Due to the Company's strategy to focus more on profitability than on revenues, the Company has increased its engagement into the development of own brands business that allows for higher gross profit margins. This included the development of tablets, smartphones, GPS and other product lines that are sold under Prestigio and Canyon brands in all regions of the Company's operations.

Due to the fact that the Company's products, namely tablets and smartphones, were well welcomed by the markets, it is expected that further development of own brands business may positively affect further revenues and profits. However, competition has already been intensified and the Company may not be able to sustain its profitability levels. In addition to competition, due to increased volumes of own brands and the fact that we are not the manufacturers of these products, certain warranty and quality issues which are possible to arise, might adversely affect our results. The Company is undertaking all quality control measures to mitigate this risk, but given the volumes and the large amount of factories used to produce these products, these controls might not be enough.

Despite the Company's efforts, there can be no assurance of a similar development pace in own brand business in future periods. This is because there may be a significant change in market trends, customer preferences or technology changes that may affect the development of own brand business and therefore its results. Therefore the Company, similar to the past, has started to invest in new technologies, that will be sold under own brands.

This is especially right, since – in line with expectations – the tablets market already started to show saturation signs. Thus leveraging on our market share and working on new segments is expected to allow the Company to continue to grow dynamically its own brands segment.

Therefore, we do not see growth in revenues from own brands in 2014, nor we expect it in 2015, until the situation on large and less saturated eastern markets will improve.

Warranty Claims from own brand products

Increased own brands business require us to put extra efforts to avoid any problems with quality of devices. Despite all our efforts, we have noticed significant returns on specific models. The Group's warranty policy was similar to the ones of other brands. The fact that we do not control the quality of productions and we rely on the warranty agreements we sign with our manufacturers, is a significant risk for the Company. We have noticed that several factories are unwilling to compensate enough for epidemic failure on certain models and the Group is undertaking all possible steps towards ensuring proper compensation. Moreover, a much more scrutinized selection of suppliers is currently in place in order to avoid significant failure rates in the future. It might be the case that we will need to re-assess our provisions for returns, before we return back to normal levels of provisions and this might have an impact on our results.

Increased cost of debt

Increased private label business implies a much higher need for cash available to support growth. The Group has managed to raise cash from various financial institutions, however in certain cases the cost of this financing is expensive. The Company has already negotiated better terms with some of its supply-chain financiers and is currently undertaking certain extra steps to further lower cost of financing. However, the sanctions imposed to Russia and tensions related to the Ukraine's crisis have resulted in significantly increased cost of facilities in this country and this may limit our efforts to decrease the average cost of debt.

Financial position and results of operations

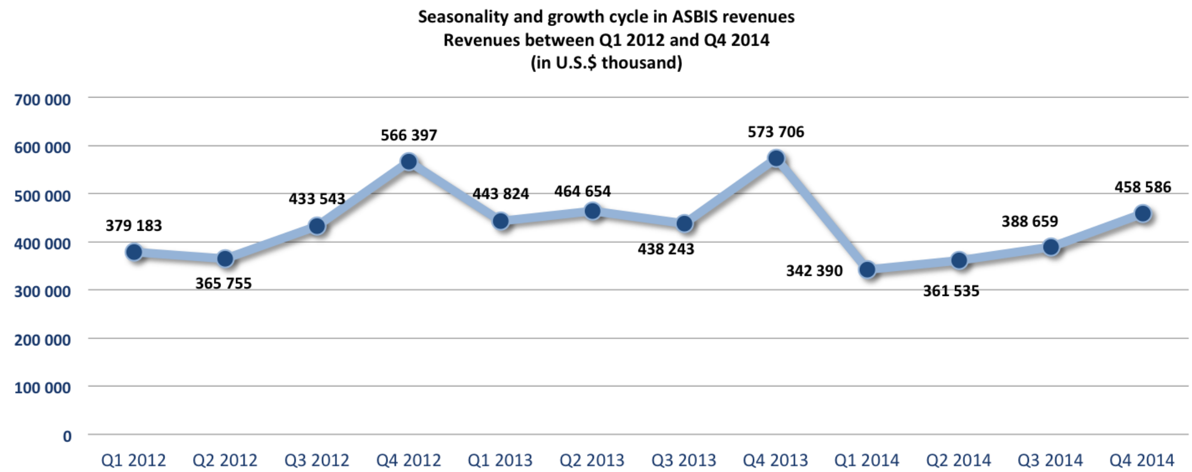
The Company has originally announced its financial forecasts for 2014 on May 8th 2014. Having seen that the development of operations in CEE and WE markets is not fast enough to offset the negative effects of crisis in the markets of Russia and Ukraine, on November 6th, 2014 the Company has amended its financial forecasts for Y2014. According to this amendment the Company expected to generate revenues from U.S.$ 1.45 billion to U.S.$ 1.60 billion revenues, while net profit after tax for the year was expected to range from U.S.$ 1 million to U.S.$ 2 million. Actually, the Company:

- generated revenues of U.S.$ 1,551,170, which is just in line with the Company's financial forecast for 2014.

- delivered net profit after tax amounting of U.S.$ 0,979, which is close to the lower range of the Company's financial forecast for 2014.

Year ended December 31, 2014 compared to year ended December 31, 2013

Revenues: Revenues in 2014 decreased by 19.23% to U.S. $ 1,551,170 from U.S. $ 1,920,427 in 2013. This decrease has mainly resulted from the crisis in the F.S.U. region and fierce competition. However, revenues in 2014 were in accordance with the Company's revised financial forecasts for 2014. Despite the decline in revenues, the management considers its actual amount to be a good achievement, having in mind the market situation.



The table below sets forth a breakdown of our revenues, by product, for the years ended 31 December 2014 and 2013:

	2014		2013	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Smartphones	305,380	19.69%	357,126	18.60%
Central processing units (CPUs)	255,530	16.47%	259,221	13.50%
Tablets	216,384	13.95%	334,444	17.42%
PC-mobile (laptops)	170,376	10.98%	240,925	12.55%
Hard disk drives (HDDs)	158,532	10.22%	181,105	9.43%
Software	113,928	7.34%	137,263	7.15%
Other	331,040	21.34%	410,343	21.37%
Total revenue	**1,551,170**	**100%**	**1,920,427**	**100%**

Starting from February 2014 our revenues were under a serious pressure from the turbulence in Ukraine that affected a number of countries across our operations. This has affected revenues from all product lines the Group is carrying. Following our efforts to weather this crisis, we have seen a positive reaction in the second half of the year. ASBIS remains the distributor of first choice for many worldwide suppliers. A major and good example is APPLE that has entrusted a distributorship to ASBIS for Ukraine and Kazakhstan for iPhones as well.

In 2014 compared to 2013, revenues from all main product lines decreased due to the market turbulence. The smallest decrease was noted for CPUs, while tablets and laptops suffered the most. Own brands segment also decreased, although this decrease was offset to some extent by sales developed in WE and CEE regions.

Revenues from own brands business decreased in 2014 to 22.54% of our total revenues compared to 24.42% in 2013. The Company's intention is to continue developing its own brand sales to the extent they bring the targeted gross margin and deliver healthy cash flow. We do not expect our own brands sales to grow in 2015.

The table below presents a geographical breakdown of sales for the years ended 31 December 2014 and 2013:

	2014		2013	
	U.S. $ thousand	**% of total revenues**	**U.S. $ thousand**	**% of total revenues**
Former Soviet Union	516,564	33.30%	730,683	38.05%
Central and Eastern Europe	660,959	42.61%	741,549	38.61%
Western Europe	119,927	7.73%	181,659	9.46%
Middle East and Africa	206,394	13.31%	231,997	12.08%
Other	47,327	3.05%	34,540	1.80%
Grand Total	1,551,170	100%	1,920,427	100%

The table below presents a country-by-country breakdown of sales for our most important markets for the years ended 31 December 2014 and 2013 by its performance:

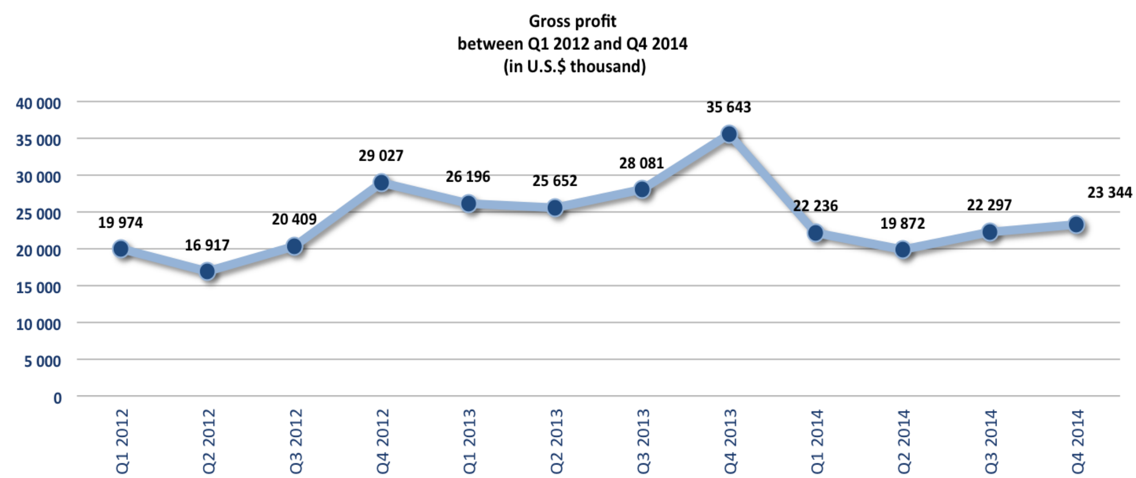
	2014			*2013*		
	Country	*Sales in U.S. $ thousands*	*% of total revenues*	*Country*	*Sales in U.S. $ thousands*	*% of total revenues*
1.	Russia	284,464	*18.34%*	*Russia*	*410,880*	*21.40%*
2.	Slovakia	237,787	*15.33%*	*Slovakia*	*221,242*	*11.52%*
3.	United Arab Emirates	144,264	*9.30%*	*Ukraine*	*163,699*	*8.52%*
4.	Poland	105,046	*6.77%*	*United Arab Emirates*	*139,252*	*7.25%*
5.	Ukraine	84,626	*5.46%*	*Bulgaria*	*107,690*	*5.61%*
6.	Kazakhstan	83,144	*5.36%*	*Czech Republic*	*89,722*	*4.67%*
7.	Czech Republic	77,408	*4.99%*	*Belarus*	*78,597*	*4.09%*
8.	United Kingdom	65,025	*4.19%*	*Kazakhstan*	*66,149*	*3.44%*
9.	Romania	60,945	*3.93%*	*United Kingdom*	*56,391*	*2.94%*
10.	Belarus	52,831	*3.41%*	*Romania*	*49,831*	*2.59%*
11.	*Other*	*355,630*	*22.93%*	*Other*	*536,974*	*27.96%*
	TOTAL	*1,551,170*	***100%***	***TOTAL***	*1,920,427*	***100%***

Revenue breakdown – Top 10 countries in 2014 and 2013 listed by performance

(in U.S. Dollar thousand)

Country	SALES PERFORMANCE			
	2014	2013	Change USD	Change %
Poland	105,046	44,005	61,041	138.71%
Kazakhstan	83,144	66,149	16,995	25.69%
Romania	60,945	49,831	11,114	22.30%
United Kingdom	65,025	56,391	8,635	15.31%
Slovakia	237,787	221,242	16,546	7.48%
United Arab Emirates	144,264	139,252	5,011	3.60%
Czech Republic	77,408	89,722	(12,314)	-13.72%
Russia	284,464	410,880	(126,416)	-30.77%
Belarus	52,831	78,597	(25,765)	-32.78%
Ukraine	84,626	163,699	(79,073)	-48.30%

Gross Profit: Trends in gross profit were similar to the trends of revenues. Following a significant decrease in H1 2014, gross profit has started growing from Q3 2014. Gross profit in 2014 decreased by 24.07% to U.S. $ 87,749 from U.S. $ 115,571 in 2013.



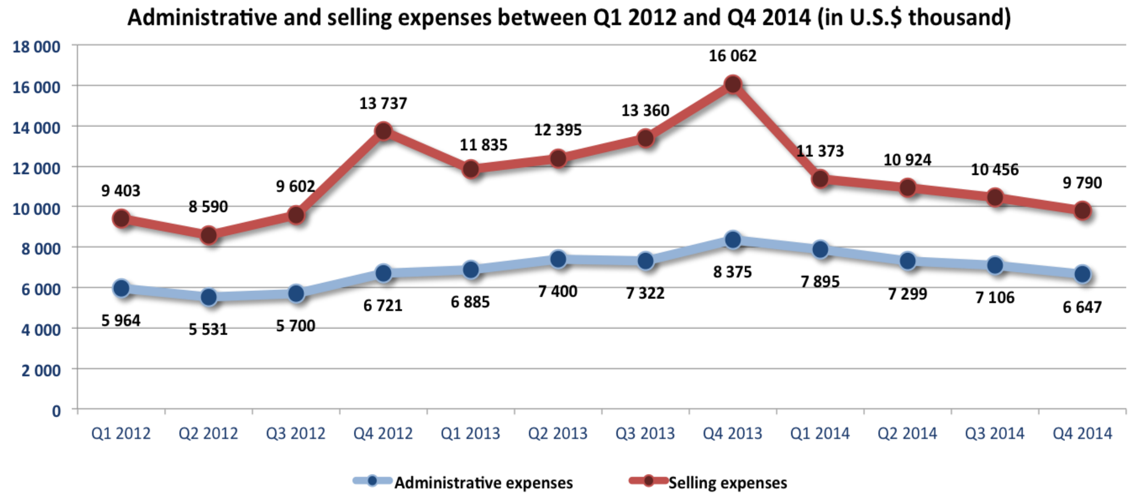
Gross profit margin (gross profit as a percentage of revenues): Gross profit margin in 2014 decreased to 5.66% from 6.02% in 2013. This was the result of less demand in Russia and Ukraine, more fierce competition especially on own brand sales and inventory clean-up.

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

In 2014 selling expenses decreased by 20.70% to U.S. $ 42,543 from U.S. $ 53,651 in 2013 as a result of our cost cutting program and less gross profit.

Administrative Expenses: Administrative expenses largely comprise of salaries and wages of administration personnel and rent expense. It decreased in 2014 - mostly due to decreased number of employees and improved utilization of our workforce.

Administrative expenses in 2014 decreased by 3.45% to U.S. $ 28,947 from U.S. $ 29,982 in 2013. This decrease would have been more significant, however the cost cutting actions started only in Q2 2014; in addition, significant amounts have been paid out as compensations (i.e., redundancy, termination etc.) to staff released. Further savings are planned and expected for 2015.



Operating profit: Operating profit for the year ended 31 December 2014 amounted to U.S.$ 16,258 compared to U.S. $ 31,939 in 2013.

Operating margin (operating profit as a percentage of revenues) amounted 1.05% for the year 2014, compared to 1.66% for 2013.

Profit Before Taxation: In 2014 profit before taxation amounted to U.S.$ 1,255, compared to U.S.$ 16,365 in 2013.

EBITDA: In 2014 EBITDA decreased by 45.08% to U.S. $ 19,134, in comparison to U.S. $ 34,840 in 2013.

Profit After Taxation: In 2014 net profit after taxation decreased by 92.30% to U.S. $ 0,979, in comparison to U.S. $ 12,712 in 2013. This was mostly due to lower sales related to the turbulence in our biggest markets – Russia and Ukraine, and losses from the first half of the year. Profit after taxation in 2014 was close to the lower range of the Company's financial forecast.

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 following table presents a summary of cash flows for the twelve months ended December 31st, 2014 and 2013:

	Twelve months ended December 31st	
	2014	**2013**
	U.S. $	
Net cash inflows from operating activities	41,809	11,019
Net cash outflows from investing activities	(1,563)	(3,245)
Net cash outflows from financing activities	(11,320)	(2,891)
Net increase in cash and cash equivalents	28,926	4,883

Net cash inflows from operations

In Q4 2014 the Company continued to significantly improve its cash inflows from operating activities, increasing it by U.S.$ 70,620. As a result, net cash inflows from operations amounted to U.S. $ 41,809 for the year, compared to inflows of U.S. $ 11,019 in 2013. Thus, a positive trend in operating cash flows has continued as expected by the Company. It is important to underline that the Company was able to generate a positive number on operating cash flows both in Q4 2014 and for the twelve months of 2014 despite a tough market situation. This was primarily due to improved efficiencies in working capital management.

Net cash outflows from investing activities

Net cash outflows from investing activities was U.S. $ 1,563 for the twelve months ended December 31st, 2014, compared to U.S. $ 3,245 in the corresponding period of 2013. These outflows relate to on-going investments for fixed assets, such as computers, furniture etc.

Net cash outflows from financing activities

Net cash outflows from financing activities was U.S. $ 11,320 for the twelve months ended December 31st, 2014, compared to outflows of U.S. $ 2,891 for the corresponding period of 2013. This is primarily related to a dividend payment made in July 2014 and repayment of some loans.

Net increase in cash and cash equivalents

As a result of improved cash flows from operating activities (mainly owed to improved working capital management) cash and cash equivalents have increased by U.S. $ 28,926, compared to an increase of U.S. $ 4,883 in the corresponding period of 2013.

Capital Resources

The Company's management believes that we have enough resources to finance our operations (as described in the audited financial statements attached to this annual report) going forward.

As at 31 December 2014, we had a total short-term and long-term debt (excluding amounts due to factoring creditors) of U.S. $ 60,244 (including U.S. $ 58,706 of current maturities due within one year from 31st, December 2014), compared to U.S. $ 76,214 (including U.S. $ 73,642 of current maturities, as at 31 December 2013).

The table below presents our principal debt facilities as at 31 December 2014:

ENTITY	Financial institution	Type of facilities	Credit limit	Currency	Rate	US$ Equivalent	Valid from	Valid till
Asbisc Enterprises Plc						21 858 654		
Asbisc Enterprises Plc	Cyprus Development Bank	Overdraft	2 500 000	Euro	0,82	3 038 750	23.Sep.10	30.Nov.14
Asbisc Enterprises Plc	Cyprus Development Bank	L/C-Bank Guarantees	2 433 000	USD	1,00	2 433 000	23.Sep.10	30.Nov.14
Asbisc Enterprises Plc	Cyprus Development Bank	Overdraft	3 100 000	USD	1,00	3 100 000	23.Sep.10	30.Nov.14
Asbisc Enterprises Plc	Cyprus Development Bank	Loan	675 083	Euro	0,82	820 563	23.Sep.10	30.Jun.23
Asbisc Enterprises Plc	Bank of Cyprus	Overdraft-Multicurrency	8 261 353	USD	1,00	8 261 353	14.Apr.10	non term
Asbisc Enterprises Plc	Bank of Cyprus	Guarantees	767 407	USD	1,00	767 407	14.Apr.10	non term
Asbisc Enterprises Plc	Bank of Cyprus Factors	Factoring	2 000 000	USD	1,00	2 000 000	24.Mar.11	non term

Asbisc Enterprises Plc	Bank of Cyprus Factors	Factoring	360 000	Euro	0,82	437 580	24.Mar.11	non term
Asbisc Enterprises Plc	Bank of Cyprus	Overdraft	1 000 000	USD	1,00	1 000 000	1.Nov.09	non term
ASBIS Kypros Ltd						1 580 150		
ASBIS Kypros Ltd	Bank of Cyprus	Overdraft	100 000	Euro	0,82	121 550	18.Jul.12	15.May.15
ASBIS Kypros Ltd	Bank of Cyprus	Factoring	800 000	Euro	0,82	972 400	18.Jul.12	18.Jul.15
ASBIS Kypros Ltd	Bank of Cyprus	Overdraft	400 000	Euro	0,82	486 200	20.Aug.08	28.May.15
Prestigio Plaza-CY						121 550		
Prestigio Plaza	Cyprus Development Bank	Overdraft	50 000	Euro	0,82	60 775	15.Dec.11	non term
Prestigio Plaza	Bank of Cyprus	Overdraft	50 000	Euro	0,82	60 775	30.Jul.13	30.Jul.15
ASBIS Czech						5 693 264		
Asbis CZ, spol s.r.o	CSOB bank	Revolving	80 000 000	Koruna	22,83	3 503 547	19.Mar.13	non term
Asbis CZ, spol s.r.o	CSOB bank	Overdraft	15 000 000	Koruna	22,83	656 915	23.Jul.12	non term
Asbis CZ, spol s.r.o	Transfinance	Factoring	35 000 000	Koruna	22,83	1 532 802	02.Jun.09	non term
ASBIS Poland						36 841 355		
Asbis PL, SP z.o.o	BZ WBK Faktor Sp. z o.o.	Factoring	50 000 000	Polish Zloty	3,51	14 256 387	17.Apr.12	unlimited period
Asbis PL, SP z.o.o	BOŚ Bank S.A.	Overdraft	24 000 000	Polish Zloty	3,51	6 843 066	11.Oct.12	28.Sep.15
Asbis PL, SP z.o.o	BOŚ Bank S.A.	Factoring	30 000 000	Polish Zloty	3,51	8 553 832	17.Jan.14	16.Feb.15
Asbis PL, SP z.o.o	Bank Zachodni WBK S.A.	Overdraft	5 000 000	Polish Zloty	3,51	1 425 639	31.Oct.12	30.Jun.15
Asbis PL, SP z.o.o	Bank Zachodni WBK S.A.	Bank guarantee	20 210 000	Polish Zloty	3,51	5 762 432	31.Jan.13	29.Sep.16
ASBIS Estonia						607 750		
ASBIS Estonia	SEB Liising AS	Factoring	500 000	Euro	0,82	607 750	1.Kwi.14	31.Mar.15
ASBIS Romania						7 784 469		
Asbis Romania SRL	Alpha Bank	Overdraft	13 500 000	RON	3,67	3 678 474	30.Oct.14	31.Jan.14
Asbis Romania SRL	Alpha Bank	Overdraft	6 500 000	RON	3,67	1 771 117	30.Oct.14	31.Jan.14
Asbis Romania SRL	BRD-GSG	Factoring	700 000	USD	1,00	700 000	1.Jul.14	1.Jul.15
Asbis Romania SRL	BRD-GSG	Factoring	6 000 000	RON	3,67	1 634 877	1.Dec.14	1.Dec.15
ASBIS Slovakia						32 961 413		
Asbis SK spol s.r.o	Tatrabanka a.s.	Overdraft	13 310 000	Euro	0,82	16 178 305	1.Nov.14	31.Oct.15
Asbis SK spol s.r.o	Tatrabanka a.s.	Bank Guarantee	1 690 000	Euro	0,82	2 054 195	1.Nov.14	31.Oct.15
Asbis SK spol s.r.o	Tatrabanka a.s.	Revolving Credit	11 000 000	Euro	0,82	13 370 500	1.Nov.14	31.Oct.15
Asbis SK spol s.r.o	Tatrabanka a.s.	Long Term Loan	1 025 583	Euro	0,82	1 246 596	1.Nov.13	30.Jun.17
Asbis SK spol s.r.o	CSOB Leasing	Financial Leasing	91 993	Euro	0,82	111 817	-	-
ASBIS Croatia						3 982 795		
ASBIS Cr d.o.o	Erste&Steiermarkische bank d.d.	Short term Loan	19 500 000	HRK	6,30	3 094 203	22.Jul.14	23.Jul.15
ASBIS Cr d.o.o	Societe Generale-Splitska Banka D.D	Bank guarantee	750 000	HRK	6,30	119 008	15.Nov.14	15.11.2015+ 3 months respiro
ASBIS Cr d.o.o	Prvi faktor d.o.o.	Factoring	4 850 000	HRK	6,30	769 584	22.Feb.10	no date

ASBIS Serbia						2 090 503		
Asbis D.o.o Beograd	Societe Generale	Short Term Loan	60 000 000,00	RSD	99,5	603 233	30.Oct.14	30.Apr.16
Asbis D.o.o Beograd	Societe Generale	Overdraft	119 250 000,00	RSD	99,5	1 198 925	30.Oct.14	30.Oct.15
Asbis D.o.o Beograd	Societe Generale	Customs Guarantee	12 000 000,00	RSD	99,5	120 647	27.Feb.14	27.Feb.15
Asbis D.o.o Beograd	Societe Generale	Factoring	16 680 000,00	RSD	99,5	167 699	31.Mar.14	31.Mar.15
ASBIS Hungary						2 039 734		
Asbis Hungary Ltd	Erste Bank	Short term Loan	500 000 000	Huf	245,13	2 039 734	20.Mar.14	20.Mar.15
ASBIS Slovenia						2 431 000		
Asbis Siovenia d.o.o	Nova ljubljanska banka d.d (Domzale)	Overdraft	200 000	Euro	0,82	243 100	31.Dec.13	20.May.15
Asbis Siovenia d.o.o	S-factoring d.o.o.	Factoring	1 500 000	Euro	0,82	1 823 250	23.Sep.13	
Asbis Siovenia d.o.o	Sparkasse Bank	Short term Loan	300 000	Euro	0,82	364 650	28.May.14	28.May.15
ASBIS Bulgaria						7 460 784		
Asbis Bulgaria Ltd	Unicredit Bulbank Plc	Revolving loan up to	9 000 000	BGN	1,61	5 595 588	11.Sep.13	31.May.15
Asbis Bulgaria Ltd	Unicredit Factoring EAD	Factoring line	1 000 000	Bng	1,61	621 732	31.Oct.14	30.Sep.15
Asbis Bulgaria Ltd	Citibank N.A. - Sofia Branch	Factoring line	2 000 000	Bng	1,61	1 243 464	13.Sep.13	non term
ASBIS Middle East						19 529 542		
Asbis Middle East FZE	National Bank of Fujairah	Trust Receipt Loan	15 500 000	Dirham	3,68	4 211 957	From the date of completion of the security documentation (26/12/06)	till date
Asbis Middle East FZE	National Bank of Fujairah	Factoring / Discounting	8 000 000	Dirham	3,68	2 173 913	From the date of completion of the security documentation (26/12/06)	till date
Asbis Middle East FZE	HSBC Bank Middle East Limited	Import Line Facility	11 017 500	Dirham	3,68	3 000 000	05.May.13	till date
Asbis Middle East FZE	HSBC Bank Middle East Limited	Factoring / Discounting	27 000 000	Dirham	3,68	7 336 957	17.Jun.09	till date
Asbis Middle East FZE	Citibank N.A.	Short Term Loan -Import Line Facility	5 500 000	Dirham	3,68	1 494 565	28.Jan.14	till date
Asbis Middle East FZE	Citibank N.A.	Local Bill/Cheque Discounting	4 500 000	Dirham	3,68	1 222 826	28.Jan.14	till date
Asbis Middle East FZE	HSBC	Long Term Loan	21 356	Dirham	3,68	5 803	01.Jan.13	01.Apr.17
Asbis Middle East FZE	HSBC	Long Term Loan	28 787	Dirham	3,68	7 823	21.Nov.13	21.Nov.17
Asbis Middle East FZE	HSBC	Long Term Loan	160 784	Dirham	3,68	43 691	21.Nov.13	21.Nov.17
Asbis Middle East FZE	HSBC	Long Term Loan	39 044	Dirham	3,68	10 610	21.Nov.13	21.Nov.17
Asbis Middle East FZE	HSBC	Long Term Loan	78 744	Dirham	3,68	21 398	01.Aug.14	31.Jul.18
ASBIS Moscow						43 988 455		
OOO Asbis-Moscow	Moscow Credit bank	Factoring	1 603 000 000	Rur	55,54	28 863 485	19.Jun.09	till date
OOO Asbis-Moscow	Moscow Credit bank	Overdraft	100 000 000	Rur	55,54	1 800 592	28.Mar.14	27.Mar.15
OOO Asbis-Moscow	Moscow Credit bank	Short Term Loan	250 000 000	Rur	55,54	4 501 479	28.Feb.14	27.Feb.15

OOO Asbis-Moscow	Moscow Credit bank	Short Term Loan	190 000 000	Rur	55,54	3 421 124	25.Mar.14	24.Mar.15
OOO Asbis-Moscow	Moscow Credit bank	Short Term Loan	300 000 000	Rur	55,54	5 401 775	28.Feb.14	27.Feb.15
ASBIS Bosnia						1 377 882		
Megatrend	SBERBANK BH d.d.	Overdraft	350 000	KM	1,61	217 606	9.May.14	9.May.15
Megatrend	SBERBANK BH d.d.	Revolving	250 000	KM	1,61	155 433	7.Feb.14	31.Jan.15
Megatrend	SBERBANK BH d.d.	Revolving	250 000	KM	1,61	155 433	30.Apr.14	30.Apr.15
Megatrend	Raiffeisen Bank d.d.	Bank guarantee	156 466	KM	1,61	97 280	10.Jun.14	23.Jun.15
Megatrend	Raiffeisen Bank d.d.	Revolving	200 000	KM	1,61	124 346	30.Sep.14	30.Mar.15
Megatrend	Raiffeisen Bank d.d.	Overdraft	300 000	KM	1,61	186 519	8.Sep.14	9.Mar.15
Megatrend	Raiffeisen Bank d.d.	Revolving	200 000	KM	1,61	124 346	26.May.14	26.May.15
Megatrend	Raiffeisen Bank d.d.	Revolving	300 000	KM	1,61	186 519	30.Sep.14	30.Mar.15
Megatrend	Raiffeisen Bank d.d.	Bank guarantee	100 000	USD	1,00	100 000	30.May.14	15.Jun.15
Megatrend	Raiffeisen Bank d.d.	Bank guarantee	48 896	KM	1,61	30 400	28.Jan.14	28.Jan.15
Asbis Latvia						607 750		
Asbis Latvia	Pohjola bank plc filiāle Latvijā	Overdraft	500 000	EUR	0,82	607 750	20.Dec.13	1.Apr.15
Asbis Lithuania						729 300		
Asbis Lithuania	Pohjola bank	Overdraft	600 000	eur	0,82	729 300	7.Aug.14	31.Aug.15
Belarus						3 763 713		
Zao Asbis (Asbis Belarus)	Bank Moscow-Minsk	Short Term Loan	40 500 000 000	Byr	11 850,00	3 417 722	20.Sep.13	19.Sep.16
Zao Asbis (Asbis Belarus)	Bank Moscow-Minsk	Short Term Loan	4 100 000 000	Byr	11 850,00	345 992	22.Apr.14	21.Apr.15
ASBIS Kazakhstan						5 882 353		
ASBIS Kazakhstan	Alfabank	Short Term Loan	270 000 000	KZT	181,90	1 484 332	8.Aug.14	8.Aug.17
ASBIS Kazakhstan	Alfabank	Factoring	800 000 000	KZT	181,90	4 398 021	8.Aug.14	8.Aug.17
ASBIS Ukraine						5 155 816		
ASBIS Ukraine	Fidobank	Factoring	58 800 000	UAH	15,77	3 728 930	7.Nov.14	6.Nov.15
ASBIS Ukraine	OTP Bank	Short Term Loans	22 500 000	UAH	15,77	1 426 886	14.Nov.14	14.Nov.16
PRESTIGIO Europe						94 692		
Prestigio Europe	ČSOB bank	Overdraft	2 000 000	CZK	21,12	94 692	1.Sep.14	non term

Capital Expenditure

Our total capital expenditure for tangible and intangible assets amounted to U.S. $ 4,622 for the year ended 31 December 2014, compared to U.S. $ 3,818 for the year ended 31 December 2013.

Commitments and contingencies

Commitments and contingencies are presented in the 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 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.

Financial forecast for the year 2015

Due to the unstable economic environment and the political crisis in Ukraine also affecting Russia, the Company's management have decided not to publish a financial forecast for Y2014 as yet. We plan to announce it to the market at a later stage, once the situation crystalises.

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	4 June 2016	Belarussian/Cypriot
Marios Christou	1968	Chief Financial Officer	28 December 2001	4 June 2016	Cypriot
Constantinos Tziamalis	1975	Director of Credit & Investor Relations	23 April 2007	5 June 2017	Cypriot
Efstathios Papadakis	1936	Non Executive Director	5 May 2009	24 May 2015	Cypriot
Chris Pavlou	1945	Non Executive Director	18 June 2012	4 June 2016	Cypriot

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

Siarhei Kostevitch, born in 1964, holds a Master's 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 has 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. In January 2010 Constantinos has been also appointed as head of the FX Risk Management team.

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.

Chris Pavlou, born in 1945, joined the Group in 2012. He served as a member of the Board and Chairman of both the Board’s Audit Committee and the Board’s Risk Committees at Marfin Laiki Bank (since December 2011). He specialized in risk management, foreign exchange risk management and team building. His career includes a number of positions related to banking business with international institutions. He started at Barclays Bank in 1966, and he stayed at this institution until 1986. During this time he held positions of Senior Trader, Chief Dealer, Head of Treasury and finally Deputy Chief Manager. Between 1986 and 1998 he was a Head of Treasury at HSBC. Between 1999 and 2004 he was a Member of the Board at Marfin Laiki Bank. Between 2006 and 2011 he held the position of the Chairman of the Board at TFI Markets (financial services industry). Chris 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 budgetary figures. All such bonus amounts are included in the remuneration tables set forth below.

The following table presents the remuneration (including bonuses) of Directors for the years ended 31 December 2014 and 2013, respectively (U.S.$):

Name	2014			2013		
	Salary	Other benefits	**Total**	Salary	Other benefits	**Total**
Siarhei Kostevitch	253	-	**253**	587	-	**587**
Marios Christou	82	-	**82**	103	-	**103**
Constantinos Tziamalis	77	-	**77**	80	8	**88**
Laurent Journoud	-	-	**-**	199	230	**429**
Efstathios Papadakis	17	-	**17**	22	-	**22**
Chris Pavlou	23	-	**23**	25	-	**25**

Share ownership

The table below presents the 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)	22,718,127	40.93%
Marios Christou	268,000	0.48%
Constantinos Tziamalis	55,000	0.10%
Efstathios Papadakis	0	0%
Chris Pavlou	0	0%

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

During 2014 there were the following changes in the number of shares possesed by the Directors:

- On October 13th, 2014 the Company received notification on the basis of art. 160 of Act on Trading on financial instruments from Mr. Marios Christou, Director and the Company's CFO, who informed that on October 13th, 2014 he received information that the Company filed with brokerage house disposition to transfer to him with no consideration 20.000 shares.

- On October 13th, 2014 the Company received notification on the basis of art. 160 of Act on Trading on financial instruments from Mr. Constantinos Tziamalis, Director of the Company, who informed that on October 13th, 2014 he received information that the Company filed with brokerage house disposition to transfer to him with no consideration 20.000 shares.

Committees

The Audit Committee of the Company, comprising Efstathios Papadakis and Chris Pavlou (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 at least once a year with the auditors.

The Remuneration Committee of the Company, comprising Chris Pavlou and Efstathios Papadakis (both non-executive Directors) and Siarhei Kostevitch (as attending member) is chaired by Chris Pavlou. It sets and reviews the scale and structure of the executive Directors' remuneration packages, including share options and 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 2014.

List of all agreements signed with directors 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 2014, we employed 1310 employees, of whom 144 were employed by the Company and the remainder in the rest of the Company's offices worldwide. The split of employees by area of activity as at 31 December 2014 and 2013 is as follows:

	As at 31 December	
	2014	**2013**
Sales and Marketing	647	940
Administration and IT	245	321
Finance	129	172
Logistics	289	382
Total	**1,310**	**1,815**

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	22,676,361	40.86%	22,676,361	40.86%
Quercus Towarzystwo Funduszy Inwestycyjnych S.A. Quercus Parasolowy SFIO and Quercus Absolutnego Zwrotu FIZ)*	3,274,931	5.90%	3,274,931	5.90%
ING OFE	2,872,954	5.18%	2,872,954	5.18%

* Including 2,775,045 shares corresponding to 5.00% votes at the AGM held by Quercus Parasolowy SFIO - according to notification from December 9th, 2011.

Related Party Transactions

During the year ended 31 December 2014 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 transactions, please refer to the notes on the audited financial statement attached on this annual report.

In the year 2014, a number of transactions have 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 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 or any of the members of our Group, whose single or aggregate value exceeds 10% of our equity.

Information on loans granted to any other party

During the year ended 31st December 2014 we have not granted any loan to any other party other than our subsidiaries which are disclosed in the third part of this report (audited financial statements).

Information on granted guarantees

We grant 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 and letters of credit raised by the Group (mainly to Group suppliers) as at December 31st, 2014 was U.S. $ 11,484 – as per note number 16 to the financial statements – which is more than 10% of the Company's equity.
Additionally, as at December 31st, 2014 the Company has granted corporate guarantees of U.S.$ 177,663 as compared to U.S.$ 188,815 as at December 31st, 2013. These guarantees are used to support subsidiaries' local financing. The total amount of these quarantees represents more than 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 32 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 prior years and in 2015 intends 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

The 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 the financial statements included in this annual report:

a) note 13 - Trade receivables - Ageing analysis of receivables

b) note 32 – Financial risk management – point 1.3. Liquidity risk

Information about the structure of main deposits and capital investments in 2014

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 ones disclosed in note 9 of the financial statements included in this annual report.

Information about relevant off balance sheet positions as at December 31st, 2014

There were no relevant off balance sheet positions as at December 31st, 2014 other than Bank Guarantees disclosed in note 22 of the audited financial statements.

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. After a temporary pause in dividend payout in 2008-2010 (caused by the fact that results were not satisfactory enough due to world's financial crisis effects), in 2012 the Company started to pay dividend again and continued since.

Following the strong results of 2013, the Company paid the dividend in July 2014. This followed a resolution of the Company's AGM from June 5th, 2014. The dividend pay-out was U.S.$ 0.06 per share (compared to U.S.$ 0.05 in 2013), in line with the recommendation of the Board of Directors. The dividend record date was June 18th, 2014 and the dividend pay-out date was July 3rd, 2014.

However, since the 2014 results were much weaker, the Board of Directors will not recommend to the forthcoming Annual General Meeting of Shareholders to pay any from 2014 results.

Any future dividends will be solely at the discretion of the Board of Directors and the general meeting of shareholders after taking into account various factors, including business prospects, future earnings, cash requirements, financial position, expansion plans and requirements of the Cypriot law. The Cyprus law does not limit dividends that may be paid out except that it 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 year period 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 several TOSHIBA Authorised Distributor Agreements in 2006 with TOSHIBA (TEG) pursuant to which ASBIS was appointed as authorised non-exclusive distributor to sell and distribute 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 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

Report on Application of Corporate Governance Rules in 2014

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. These rules are changed by the Warsaw Stock Exchange from time to time. Current rules (obligatory from 2013) can be found at the WSE dedicated website: http://corp-gov.gpw.pl. The Company's Statement on Corporate Governance, information on application of its rules and any deviations can be found on the Company's internet site for investors, at http://investor.asbis.com and http://inwestor.asbis.pl.

II. Indication of which corporate governance rules were not applied by the issuer and indication of under what circumstances and for what reasons the specific rule was not applied, and how the company intends to remove effects, if any, of not having applied a given rule and what steps it intends to take to mitigate the risk of the specific rule not being applied in the future

The following table summarizes information about application of corporate governance rules applied, not applied, partially applied or non-applicable for the Company in 2014:

No.	RULE	YES/NO Partially N/A	COMMENTS
INTRODUCTION			
Note: Companies formed under Cyprus laws do not have a supervisory board or a management board. Cyprus companies have a board of directors, members of which are appointed to fill certain executive (the "Executive			

<table>
<tr><td colspan="4">Directors”) and non-executive positions (the “Non-executive Directors”) (the “Board of Directors”). The Non-executive Directors (called independent directors), generally, are neither officers nor employees of Cyprus companies as opposed to the Executive Directors, who generally, are officers and employees of Cyprus companies. Generally, officers of a Cyprus law corporation may be treated as the management authority of a corporation, which however should not be equated with a management board within the meaning of Polish law.

The management of the business and the conduct of the affairs of Asbisc Enterprises PLC (the “Company”) are vested in the Board of Directors. The Board of Directors takes its decisions in a group by majority voting. In case of an equality of votes, the chairman has a casting vote.

Due to a fact that Cyprus companies do not have either a supervisory board or a management board these terms used in this Best Practices refer to the Board of Directors of the Company.</td></tr>
<tr><td colspan="4">I RECOMMENDATIONS FOR BEST PRACTICE FOR LISTED COMPANIES</td></tr>
<tr><td>1.</td><td>A company should pursue a transparent and effective information policy using both traditional methods and modern technologies and latest communication tools ensuring fast, secure and effective access to information. Using such methods to the broadest extent possible, a company should in particular:

- maintain a company website whose scope and method of presentation should be based on the model investor relations service available at http://naszmodel.gpw.pl/;
- ensure adequate communication with investors and analysts, and use to this purpose also modern methods of Internet communication.</td><td>YES</td><td>The company uses different channels to make communication with investors as effective as it can be. Some of the channels are:

- ESPI reports
- Company’s website
- Press releases
- Press conferences
- Cyclic meetings and contact with analysts and portfolio managers
- Meetings with individual investors
- Dedicated team taking care about contact with investors, as well as answering investors questions
The Company provides dedicated websites for investors both in English and Polish available at http://investor.asbis.com and http://inwestor.asbis.pl, that contain all information required by WSE

Additionally the Company introduced a system for fast answering investors questions through internet communication.

The company still develops new channels of communication to ensure best possible access to information for investors.</td></tr>
<tr><td>2.</td><td>[deleted]</td><td>-</td><td>-</td></tr>
<tr><td>3.</td><td>A company should make every effort to ensure that any cancellation of a General Meeting or change of its date should not prevent or restrict the exercise of the shareholders’ right to</td><td>YES</td><td></td></tr>
</table>

	participate in a General Meeting.		
4.	Where securities issued by a company are traded in different countries (or in different markets) and in different legal systems, the company should strive to ensure that corporate events related to the acquisition of rights by shareholders take place on the same dates in all the countries where such securities are traded.	**N/A**	Company is listed only at Warsaw Stock Exchange.
5.	A company should have a remuneration policy and rules of defining the policy. The remuneration policy should in particular determine the form, structure, and level of remuneration of members of supervisory and management bodies. Commission Recommendation of 14 December 2004 fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC) and Commission Recommendation of 30 April 2009 complementing that Recommendation (2009/385/EC) should apply in defining the remuneration policy for members of supervisory and management bodies of the company.	**YES**	Remuneration committee chaired by non-executive members reviews and approves remuneration of members of the company governing bodies.
6.	A member of the Supervisory Board should have appropriate expertise and experience and be able to devote the time necessary to perform his or her duties. A member of the Supervisory Board should take relevant action to ensure that the Supervisory Board is informed about issues significant to the company.	**YES**	Due to a fact that Cyprus companies do not have either a supervisory board or a management board these terms used in this Best Practices refer to the Board of Directors of the Company and its non-executive Directors. (see the Introduction Note).
7.	Each member of the Supervisory Board should act in the interests of the company and form independent decisions and judgments, and in particular: - refuse to accept unreasonable benefits which could have a negative impact on the independence of his or her opinions and judgments; - raise explicit objections and separate opinions in any case when he or she deems that the decision of the Supervisory Board is contrary to the interest the company.	**YES**	Due to a fact that Cyprus companies do not have either a supervisory board or a management board these terms used in this Best Practices refer to the Board of Directors of the Company. (see the Introduction Note).
8.	No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related entities.	**YES**	
9.	The WSE recommends to public companies and their shareholders that they ensure a balanced proportion of women and men in management and supervisory functions in companies, thus reinforcing the creativity and innovation of the companies' economic business.	**YES**	Members of the Company's Board of Directors'are appointed by the General Meeting of Shareholders.
10.	If a company supports different forms or artistic and cultural expression, sport activities, educational or scientific activities, and considers its activity in this area to be a part of its business mission and development strategy, impacting the innovativeness and competitiveness of the enterprise, it is good practice to publish, in a mode adopted by the company, the rules of its activity in this area.	**YES**	
11.	As part of a listed company's due care for the adequate quality of		

	reporting practice, the company should take a position, expressed in a communication published on its website, unless the company considers other measures to be more adequate, wherever with regard to the company: - published information is untrue or partly untrue from the beginning or at a later time; - publicly expressed opinions are not based on material objective grounds from the beginning or as a result of later circumstances. This rule concerns opinions and information expressed publicly by company representatives in the broad sense or by other persons whose statements may have an opinion-making effect, whether such information or opinions contain suggestions advantageous or disadvantageous to the company.	**YES**	
12.	A company should enable its shareholders to exercise the voting right during a General Meeting either in person or through a plenipotentiary, outside the venue of the General Meeting, using electronic communication means.	**YES**	
II BEST PRACTICE FOR MANAGEMENT BOARDS OF LISTED COMPANIES			
1.	A company should operate a corporate website and publish on it, in addition to information required by legal regulations: 1) basic corporate regulations, in particular the statutes and internal regulations of its governing bodies; 2) professional CVs of the members of its governing bodies; 2a) on an annual basis, in the fourth quarter – information about the participation of women and men respectively in the Management Board and in the Supervisory Board of the company in the last two years; 3) current and periodic reports; 4) [deleted] 5) where members of the company's governing body are elected by the General Meeting – the basis for proposed candidates for the company's Management Board and Supervisory Board available to the company, together with the professional CVs of the candidates within a timeframe enabling a review of the documents and an informed decision on a resolution; 6) annual reports on the activity of the Supervisory Board taking account of the work of its committees together with the evaluation of the internal control system and the significant risk management system submitted by the Supervisory Board; 7) shareholders' questions on issues on the agenda submitted before and during a General Meeting together with answers to those questions; 8) information about the reasons for cancellation of a General Meeting, change of its date or agenda together with grounds; 9) information about breaks in a General Meetings and the grounds of those breaks; 9a) a record of the General Meeting in audio or video format; 10) information on corporate events such as payment of the dividend, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles of such operations. Such information should be published within a timeframe	**YES**	Due to a fact that Cyprus companies do not have either a supervisory board nor a management board annual reports on the activity of the Supervisory Board taking account of the work of its committees together with the evaluation of the work of the Supervisory Board and of the internal control system and the significant risk management system are not published on the company website.

	enabling investors to make investment decisions; 11) information known to the Management Board based on a statement by a member of the Supervisory Board on any relationship of a member of the Supervisory Board with a shareholder who holds shares representing not less than 5% of all votes at the company's General Meeting; 12) where the company has introduced an employee incentive scheme based on shares or similar instruments – information about the projected cost to be incurred by the company from to its introduction; 13) a statement on compliance with the corporate governance rules contained in the last published annual report, as well as the report referred to in § 29.5 of the Exchange Rules, if published; 14) information about the content of the company's internal rule of changing the company authorised to audit financial statements or information about the absence of such rule.		
2.	A company should ensure that its website is also available in English, at least to the extent described in section II.1.	**YES**	
3.	Before a company executes a significant agreement with a related entity, its Management Board shall request the approval of the transaction/agreement by the Supervisory Board. This condition does not apply to typical transactions made on market terms within the operating business by the company with a subsidiary where the company holds a majority stake. For the purpose of this document, related entity shall be understood within the meaning of the Regulation of the Minister of Finance issued pursuant to Article 60.2 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies (Dz.U. No. 184, item 1539, as amended).	**N/A**	This rule is non-applicable as the company has only one Board of Directors.
4.	A member of the Management Board should provide notification of any conflicts of interest which have arisen or may arise, to the Management Board and should refrain from taking part in the discussion and from voting on the adoption of a resolution on the issue which gives rise to such a conflict of interest.	**YES**	Cyprus Companies have only one Board. Individual Board members are obliged to disclose to the board any conflict of interest in connection with the performed function or of the risk of such conflict.
5.	[deleted]	-	-
6.	A General Meeting should be attended by members of the Management Board who can answer questions submitted at the General Meeting.	**YES**	There is no Management Board. But the Company's Board of Directors members attend the General Shareholders Meeting in the number that makes it possible to answer all questions submitted by the shareholders. Company treats presence of Board of Directors members in the General Meeting as a substitute of Management Board members presence called in this rule.
7.	A company shall set the place and date of a General Meeting so as to enable the participation of the highest possible number of		The Company believes that the system of voting at its shareholders' meeting allows

	shareholders.	**YES**	the participation of as many shareholders as possible. It is the practice of the Company to hold its shareholders meeting at its registered office. What is more, the Company intends to start internet transmition of the General Shareholders meetings if it is considered necessary to improve the shareholders attendance.
8.	If a company's Management Board is informed that a General Meeting has been summoned pursuant to Article 399 § 2–4 of the Code of Commercial Partnerships and Companies, the company's Management Board shall immediately perform the actions it is required to take in connection with organising and conducting a General Meeting. This rule shall also apply if a General Meeting is summoned on the basis of authorisation given by the registration court pursuant to Article 400 § 3 of the Code of Commercial Partnerships and Companies.	**N/A**	The Company is registered in Cyprus and complies with Cyprus law. Additionally the Company has the Board of Directors, and does not have the Management Board and Supervisory Board.
III BEST PRACTICE FOR SUPERVISORY BOARD MEMBERS			
1.	In addition to its responsibilities laid down in legal provisions the Supervisory Board should: 1) once a year prepare and present to the Ordinary General Meeting a brief assessment of the company's standing including an evaluation of the internal control system and the significant risk management system; 2) [deleted] 3) review and present opinions on issues subject to resolutions of the General Meeting.	**N/A**	There is no supervisory board. The Directors and Auditors report together with the accounts are available to shareholders before the holding of the Annual General Meeting. A copy of every set of financial statements which is to be laid before the Company in an Annual general meeting, together with a copy of the Directors' and Auditors' report, shall be available to every shareholder of the Company not less than twenty-one days before the date of the meeting. The Company meets this criteria by publishing proper reports and by publishing documents at its websites dedicated for investors.
2.	A member of the Supervisory Board should submit to the company's Management Board information on any relationship with a shareholder who holds shares representing not less than 5% of all votes at the General Meeting. This obligation concerns financial, family, and other relationships which may affect the position of the member of the Supervisory Board on issues decided by the Supervisory Board.	**YES**	
3.	A General Meeting should be attended by members of the Supervisory Board who can answer questions submitted at the General Meeting.		There is no Supervisory Board. But the Company's Board of Directors members attend the General Shareholders Meeting in the

		YES	number that makes it possible to answer all questions submitted by the shareholders The Company treats presence of Board of Directors members in the General Meeting as a substitute of Management Board members presence called in this rule.
4.	A member of the Supervisory Board should notify any conflicts of interest which have arisen or may arise to the Supervisory Board and should refrain from taking part in the discussion and from voting on the adoption of a resolution on the issue which gives rise to such a conflict of interest.	YES	There is no Supervisory Board. But members of the Board of Directors are to notify any conflicts of interest and are to act according to this rule.
5.	A member of the Supervisory Board should not resign from this function if this action could have a negative impact on the Supervisory Board's capacity to act, including the adoption of resolutions by the Supervisory Board.	YES	
6.	At least two members of the Supervisory Board should meet the criteria of being independent from the company and entities with significant connections with the company. The independence criteria should be applied under Annex II to the Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board. Irrespective of the provisions of point (b) of the said Annex, a person who is an employee of the company or an associated company cannot be deemed to meet the independence criteria described in the Annex. In addition, a relationship with a shareholder precluding the independence of a member of the Supervisory Board as understood in this rule is an actual and significant relationship with any shareholder who has the right to exercise at least 5% of all votes at the General Meeting.	YES	The Company treats non-executive directors in its Board as independent from the Company. Thus the Company always aims to have a number of non-executive directors in its Board who are called independent directors (see Introduction Note). However, because under Cyprus law there is only one Board and the management of the business and the conduct of the affairs of the Company are vested in the Directors it is not possible to have at least half of the Directors to be non-executive since it may hinder the operations of the Company.
7.	[deleted]	-	-
8.	Annex I to the Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors... should apply to the tasks and the operation of the committees of the Supervisory Board.	YES	Companies formed under Cyprus laws do not have a supervisory board or management board. Instead of that Board of Directors exists that include non-executive Directors.
9.	Execution by the company of an agreement/transaction with a related entity which meets the conditions of section II.3 requires the approval of the Supervisory Board.	NO	Companies formed under Cyprus laws do not have a supervisory board or management board Instead of that Board of Directors exists. However agreements or transactions with a related entity which meets the

			conditions of section II.3 is a matter of approval of all members of the Board of Directors – including independent non-executive members.
IV BEST PRACTICES FOR SHAREHOLDERS			
1.	Presence of representatives of the media should be allowed at General Meetings.	**YES**	
2.	The rules of General Meetings should not restrict the participation of shareholders in General Meetings and the exercising of their rights. Amendments of the rules should take effect at the earliest as of the next General Meeting.	**YES**	
3.	[deleted]	-	-
4.	A resolution of the General Meeting concerning an issue of shares with subscription rights should specify the issue price or the mechanism of setting it or obligate the competent body to set it before the date of subscription rights within a timeframe enabling an investment decision.	**N/A**	Board of Directors makes the decision regarding issue of shares.
5.	Resolutions of the General Meeting should allow for a sufficient period of time between decisions causing specific corporate events and the date of setting the rights of shareholders pursuant to such events.	**YES**	
6.	The date of setting the right to dividend and the date of dividend payment should be set so to ensure the shortest possible period between them, in each case not longer than 15 business days. A longer period between these dates requires detailed grounds.	**YES**	
7.	A resolution of the General Meeting concerning a conditional dividend payment may only contain such conditions whose potential fulfillment must take place before the date of setting the right to dividend.	**YES**	
8.	[deleted]	**-**	**-**
9.	A resolution of the General Meeting to split the nominal value of shares should not set the new nominal value of the shares at a level which could result in a very low unit market value of the shares, which could consequently pose a threat to the correct and reliable valuation of the company listed on the Exchange.	**YES**	
10.	A company should enable its shareholders to participate in a General Meeting using electronic communication means through: 1) real-life broadcast of General Meetings; 2) real-time bilateral communication where shareholders may take the floor during a General Meeting from a location other than the General Meeting.	**YES**	

III. 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 the 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 ASBIS Group Financial Department, headed by the CFO and also member of the Board of Directors, 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 medium level managers based on the financial data from the Company’s IT system and from 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 financial statements are verified by the head of the 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 the 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 the 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 external auditor. Adequacy of financial data and the scope of the necessary disclosures particularly scrutinised. 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 are 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 to the Board of Directors approval of such documents.

IV. Information about shareholders with a significant stake in the Company's share capital (directly or indirectly)

This has been presented in Item 5, page 53 of this annual report.

V. Information about shareholders with preference shares

There are no shareholders with preference shares.

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. 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.

VIII. 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.

<u>Alternate</u>
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 appointer is not present.

<u>Powers</u>
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.

<u>Shares</u>

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.

IX. 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

X. Description of the procedures of the General Meeting and its main powers and the rights of the shareholders and procedures of their execution

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 favor 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.

XI. Members of the Board of Directors and its committees and description of its operations during the year ended December 31st, 2014

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	4 June 2016	Belarussian/Cypriot
Marios Christou	1968	Chief Financial Officer	28 December 2001	4 June 2016	Cypriot
Constantinos Tziamalis	1975	Director of Credit & Investor Relations	23 April 2007	5 June 2017	Cypriot
Efstathios Papadakis	1936	Non Executive Director	5 May 2009	24 May 2015	Cypriot
Chris Pavlou	1945	Non Executive Director	18 June 2012	4 June 2016	Cypriot

During the year ended December 31st, 2014 there were no changes in the Board of Directors members, as on June 5th, 2014 – at the Company's AGM – with immediate effect Mr. Constantinos Tziamalis has been been re-elected to the Board of Directors, as executive Director.

During the year ended December 31st, 2014, 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 2013 annual report, 2014 six months report, 2014 Q1 and Q3 reports)
- Discussion on the current market situation, especially in Russia and Ukraine and the Company's action plan to overcome the market difficulties and the Group's perspectives
- Discussion on the expenses structure and its amendments
- Approval of budget for the year
- Discussion and approval of the Company's financial forecasts
- Discussion and approval of the amendment to the Company's financial forecast
- Discussion of the results compared to forecasts
- Discussion on latest developments of the Company and perspectives
- Discussion and decision on dividend payment
- Discussion on buyback program and utilization of shares bought to date
- Application of corporate governance rules
- Review of the Board role and effectiveness

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

During the year ended December 31st, 2014, the Audit Committee - comprising Efstathios Papadakis and Chris Pavlou (both non-executive Directors) and Marios Christou (as attending member) and chaired by Efstathios Papadakis - had conducted a total number of two 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 Chris Pavlou and Efstathios Papadakis (both non-executive Directors) and Siarhei Kostevitch (as attending member) and chaired by Chris Pavlou – 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, KPMG 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).

The last agreement has been signed on 14th September, 2014.
The following table presents a summary of accountant fees and services for the twelve months ended December 31, 2014 and 2013 :

(U.S. $)	**2014**	**2013**
Auditors fees regarding annual report (1)	420	499
Auditors fees regarding other approval services	0	72
Auditors fees for tax advisory	0	0
Auditors fees for other services	0	0
Total fees	**420**	**571**

(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 63 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 opinion on the audited annual consolidated financial statements, in accordance with the principles of compulsory law regulations and professional standards.

Limassol, March 24th, 2015

……………………………………………….…
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 CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

ASBISC ENTERPRISES PLC

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

Board of Directors	Siarhei Kostevitch (Belarusian/Cypriot) Chairman and Chief Executive Officer
	Marios Christou (Cypriot)
	Constantinos Tziamalis (Cypriot)
	Efstathios Papadakis (Cypriot) Non-Executive Director
	Christakis Pavlou (Cypriot) Non-Executive Director
Secretary	Alfo Secretarial Limited Limassol, Cyprus
Registered office	Kolonakiou 43, Diamond Court Ayios Athanasios, 4103, Limassol, Cyprus
Independent auditors	KPMG Limited Limassol, Cyprus
Legal adviser	Costas Tsirides & Co. Law Office Limassol, Cyprus
Bankers	Credit Bank of Moscow Bank Moscow-Minsk Tatra banka, a.s. Bank of Cyprus Public Company Ltd The Cyprus Development Bank Public Company Ltd Ceskoslovenska obchodni banka, a. s. (CSOB bank) BRD Groupe Societe Generale Raiffeisen Group Erste & Steiermarkische Bank d.d. Unicredit Bulbank Plc National Bank of Fujairah HSBC Bank Middle East Limited BZ WBK Faktor Sp. z o.o. Bank Ochrony Srodowiska S.A Toyota Tsusho Europe S.A. Citibank N.A Alfabank KZ

DECLARATION BY THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY OFFICIALS RESPONSIBLE FOR THE DRAFTING OF THE CONSOLIDATED FINANCIAL STATEMENTS
(In accordance with the provisions of Law 190(I)/2007 on Transparency Requirements)

In accordance with Article 9 sections (3c) and (7) of the Transparency Requirements (Traded Securities in a Regulated Market) Law 190 (1) / 2007 (the "Law") we, the members of the Board of Directors and the Financial Controller responsible for the drafting of the consolidated financial statements of Asbisc Enterprises Plc (the "Company") and its subsidiaries (the "Group") and the Company's separate financial statements for the year ended 31 December 2014, confirm to the best of our knowledge that:

a) the consolidated financial statements of the Group and the Company's separate financial statements for the year ended 31 December 2014 which are presented on pages 7 to 63:
   (i) have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union and Article 9(4) of the Law, and
   (ii) give a true and fair view of the assets and liabilities, the financial position and the profit or loss of the Group and the Company, and

b) the Board of Directors' report provides a fair review of the developments and the performance of the business and the financial position of the Group and the Company, together with a description of the principal risks and uncertainties that they face.

Members of the Board of Directors:

Siarhei Kostevitch (Belarusian/Cypriot)
Chairman and Chief Executive Officer ....

Marios Christou (Cypriot)
Executive Director ....

Constantinos Tziamalis (Cypriot)
Executive Director ....

Efstathios Papadakis (Cypriot)
Non-Executive Director ....

Christakis Pavlou (Cypriot)
Non-Executive Director ....

Financial Controller responsible for the drafting of the financial statements

Loizos Papavassiliou (Cypriot)
Financial Controller ....

Limassol, 24 March 2015

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

The Directors present their annual report on the affairs of Asbisc Enterprises Plc (the "Company" or the "parent company") and its subsidiaries (together with the Company, the "Group") together with the Group's and the Company's audited financial statements for the year ended 31 December 2014.

Principal activity
The principal activity of the Group and the Company continues to be the worldwide trading and distribution of computer hardware and software.

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 9 to the financial statements.

Results
The consolidated profit for the year attributable to the members was US$ 978,923 compared to US$ 12,712,358 in 2013. Details of the consolidated results of the Group are presented on page 7 of the financial statements.

Significant events after the end of the financial year
There are no significant events after the reporting date that require disclosure in or adjustment to the financial statements.

Existence of branches
The Group also operates through a branch maintained in Switzerland and a warehouse in the Czech Republic.

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 the Company's development to date, financial results and position are presented in the financial statements on pages 16 to 63.

The Group has reached revenues for the year of US$ 1,551,170,250 as compared to US$ 1,920,427,254 in 2013. This is mainly attributed to the turbulence in Ukraine that has also negatively impacted nearby countries like Russia; as a result, demand in these two major markets has significantly decreased. Also, the own brand business has faced a fierce competition mainly from A-brands, squeezing our sales and most importantly, profitability.

The Group and the Company face the following major risks and uncertainties:

- competitive pressures in the market places it operates that may significantly affect gross and net margins;
- national and international economic and geopolitical factors;
- technological changes and other market trends;
- financial and other risks as described in notes 32 and 33.

The Company has systems and procedures in place 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 and other risks.

Dividends
Our dividend policy is to pay dividends at levels consistent with our growth and development plans, while maintaining a reasonable level of liquidity. During 2014 the Board of Directors proposed and paid a final dividend for the year 2013 of i.e US$ 0.06 per share.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

Share Capital
On 31 December 2014 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 and up to the date of the financial statements.

Following the annual general meeting of the shareholders on 4 June 2013, a share buyback program with the following conditions was approved:

- the maximum amount of money that can be used to realize the program is US$ 500.000
- the maximum number of shares that can be bought within the program is 1.000.000 shares
- the program's time frame is 12 months from the resolution's date
- the shares purchased within the program could be held for a maximum of two years from acquisition
- the minimum price for transaction of purchase of shares within the program is PLN 4.0 per share with the maximum price of PLN 6.0 per share

At the end of 2014 the Company held a total of 16,389 (2013: 118,389) shares purchased under the buyback program.

Board of Directors
The members of the Board of Directors at 31 December 2014 and at the date of this report are set out on page 1. They were all members of the Board of Directors throughout the year. There were no significant changes in the assignment of the responsibilities of the members of the Board of Directors. The remuneration of the members of the Board of Directors is disclosed in notes 5 and 27 to the financial statements.

In accordance with the Company's Articles of Association Mr. Efstathios Papadakis who is subject to retirement by rotation, retire at the next annual general meeting of the Company and, being eligible, offers himself for re-election.

Corporate Governance
The Directors of the Company recognize the importance of the corporate governance policies, practices and procedures. Being listed on the Warsaw Stock Exchange in Poland, the Company follows the provisions of Corporate Governance of the Warsaw Stock Exchange Code of Best Practices, to the extent where practicable and appropriate for a public company of the size of the Company. Those rules, information on their 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.

The Board of the Company 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 KPMG Limited, have expressed their willingness to continue in office and 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 OF DIRECTORS
Director

……………………..
Limassol, 24 March 2015

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ASBISC ENTERPRISES PLC

Report on the consolidated and the separate financial statements of Asbisc Enterprises Plc

We have audited the accompanying consolidated financial statements of Asbisc Enterprises Plc ("the Company") and its subsidiaries (together with the Company, the "Group") and the separate financial statements of the Company on pages 7 to 63, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2014, and the consolidated income statement, and statements of comprehensive income, changes in equity and cash flows of the Group, and the income statement, and statements of comprehensive income, changes in equity and cash flows of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation of consolidated and separate financial statements of the Group and the Company 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, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements of the Group and the Company 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 about whether the consolidated and separate 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal control relevant to the entity's preparation of consolidated and separate 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the separate financial statements of the Company give a true and fair view of the financial position of the Group and the Company as at 31 December 2014, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, 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, so far as appears from our examination of those books.
- The consolidated and the separate financial statements are in agreement with the books of account.
- In our opinion and to the best of the information available to us and according to the explanations given to us, the consolidated and separate financial statements give the information required by the Cyprus 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 3-4 is consistent with the consolidated and the separate financial statements.

Pursuant to the requirements of the Directive DI190-2007-04 of the Cyprus Securities and Exchange Commission, we report that a corporate governance statement has been made for the information relating to paragraphs (a), (b), (c), (f) and (g) of article 5 of the said Directive, and it forms a special part of the Report of the Board of Directors.

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 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 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 whose knowledge this report may come to.

Sylvia A. Loizides
Certified Public Accountant and Registered Auditor
for and behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors

KPMG Center,
No.11, 16th June 1943 Street,
3022 Limassol,
Cyprus.

Limassol, 24 March 2015

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 US$	2013 US$
Revenue	3	1,551,170,250	1,920,427,254
Cost of sales		(1,463,421,640)	(1,804,856,301)
Gross profit		87,748,610	115,570,953
Selling expenses		(42,543,227)	(53,651,018)
Administrative expenses		(28,946,962)	(29,981,472)
Profit from operations		16,258,421	31,938,463
Financial income	6	2,018,310	590,057
Financial expenses	6	(17,232,177)	(16,832,647)
Other gains and losses	4	210,437	725,949
Share of loss from joint ventures	9	-	(57,029)
Profit before tax	5	1,254,991	16,364,793
Taxation	7	(276,068)	(3,652,435)
Profit for the year		978,923	12,712,358
Attributable to:			
Owners of the company		950,988	12,665,962
Non-controlling interests		27,935	46,396
		978,923	12,712,358
		US$ cents	US$ cents
Earnings per share			
Basic and diluted from continuing operations		1.71	22.87

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 US$	2013 US$
Profit for the year	978,923	12,712,358
Other comprehensive income:		
Exchange difference on translating foreign operations	(7,531,321)	232,233
Reclassification adjustments relating to foreign operations liquidated and disposed of in the period	-	121,285
Other comprehensive (loss)/income for the year	(7,531,321)	353,518
Total comprehensive (loss)/income for the year	(6,552,398)	13,065,876
Total comprehensive (loss)/income attributable to:		
Owners of the company	(6,559,248)	13,013,071
Non-controlling interests	6,850	52,805
	(6,552,398)	13,065,876

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Notes	2014 US$	2013 US$
ASSETS			
Non-current assets			
Property, plant and equipment	8	24,358,674	27,981,605
Intangible assets	10	1,438,467	927,789
Available-for-sale financial assets	11	11,794	11,794
Goodwill	31	1,734,340	1,969,009
Deferred tax assets	20	910,954	400,670
Total non-current assets		28,454,229	31,290,867
Current assets			
Inventories	12	132,322,616	171,965,789
Trade receivables	13	262,334,038	367,048,481
Other current assets	14	11,353,220	16,323,358
Derivative financial assets	25	183,804	42,043
Current taxation	7	847,119	519,296
Cash at bank and in hand	26	57,665,105	36,776,501
Total current assets		464,705,902	592,675,468
Total assets		493,160,131	623,966,335
EQUITY AND LIABILITIES			
Equity			
Share capital	15	11,100,000	11,100,000
Share premium		23,518,243	23,518,243
Retained earnings and other components of equity		68,853,671	78,670,332
Equity attributable to owners of the parent		103,471,914	113,288,575
Non-controlling interests		166,651	159,801
Total equity		103,638,565	113,448,376
Non-current liabilities			
Long term borrowings	17	1,615,712	2,712,201
Other long term liabilities	18	455,063	382,125
Deferred tax liabilities	20	47,667	143,532
Total non-current liabilities		2,118,442	3,237,858
Current liabilities			
Trade payables		256,100,201	317,002,958
Other current liabilities	21	30,244,306	45,762,464
Short term borrowings	16	99,262,555	143,251,994
Derivative financial liabilities	24	1,264,863	391,798
Current taxation	7	531,199	870,887
Total current liabilities		387,403,124	507,280,101
Total liabilities		389,521,566	510,517,959
Total equity and liabilities		493,160,131	623,966,335

Signed on behalf of the Board of Directors on 24 March 2015.

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

The notes on pages 16 to 63 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Attributable to equity holders of the parent							
	Share capital US$	**Share premium** US$	**Treasury stock** US$	**Translation of foreign operations** US$	**Retained earnings** US$	**Total** US$	**Non-controlling interests** US$	**Total** US$
Balance at 1 January 2013	11,100,000	23,518,243	(130,834)	(974,126)	69,431,190	102,944,473	140,674	103,085,147
Total comprehensive income								
Profit for the year	-	-	-	-	12,665,962	12,665,962	46,396	12,712,358
Other comprehensive income for the year	-	-	-	347,109	-	347,109	6,409	353,518
Transactions with owners recorded directly in equity								
Dividend declared (note 30)	-	-	-	-	(2,768,081)	(2,768,081)	-	(2,768,081)
Acquisition of shares from non-controlling interests	-	-	-	-	16,368	16,368	(33,678)	(17,310)
Share-based payments	-	-	51,319	-	31,425	82,744	-	82,744
Balance at 31 December 2013	11,100,000	23,518,243	(79,515)	(627,017)	79,376,864	113,288,575	159,801	113,448,376
Total comprehensive income								
Profit for the year	-	-	-	-	950,988	950,988	27,935	978,923
Other comprehensive loss for the year	-	-	-	(7,510,236)	-	(7,510,236)	(21,085)	(7,531,321)
Transactions with owners recorded directly in equity								
Dividend declared (note 30)	-	-	-	-	(3,322,717)	(3,322,717)	-	(3,322,717)
Share-based payments	-	-	65,304	-	-	65,304	-	65,304
Balance at 31 December 2014	11,100,000	23,518,243	(14,211)	(8,137,253)	77,005,135	103,471,914	166,651	103,638,565

The retained earnings shown above at 31 December 2014 were readily distributable up to the amount of US$ 25,303,827 which represents the retained earnings of the Company. The remaining amount in retained earnings of US$ 43,549,844 represents the earnings retained in the subsidiary companies of the Group.
Treasury stock represents remaining balance of own shares bought back during 2011 and 2012 (note 15).

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 US$	2013 US$
Profit for the year before tax		1,254,991	16,364,793
Adjustments for:			
Exchange difference arising on consolidation		(5,366,260)	206,849
Depreciation of property, plant and equipment	8	2,501,689	2,479,214
Amortisation of intangible assets	10	373,863	422,720
Share of loss from joint ventures	9	-	57,029
Loss/(profit) from the sale of property, plant and equipment and intangible assets	4	65,888	(179,483)
Provision for bad debts and receivables written off		2,062,878	4,953,753
Bad debts recovered	4	(35,220)	(46,794)
Interest received	6	(204,647)	(173,489)
Interest paid	6	8,059,720	7,210,405
Share based payments		65,304	82,744
Operating profit before working capital changes		8,778,206	31,377,741
Decrease/(increase) in inventories		39,643,172	(60,934,593)
Decrease/(increase) in trade receivables		102,686,785	(56,111,586)
Decrease in other current assets		4,828,376	4,027,162
(Decrease)/increase in trade payables		(60,902,756)	55,925,370
(Decrease)/increase in other current liabilities		(14,645,092)	22,783,984
Increase in other non-current liabilities		72,938	43,660
(Decrease)/increase in factoring creditors		(29,051,064)	24,261,569
Cash inflows from operations		51,410,565	21,373,307
Interest paid	6	(8,059,720)	(7,210,405)
Taxation paid, net	7	(1,542,056)	(3,144,422)
Net cash inflows from operating activities		41,808,789	11,018,480
Cash flows from investing activities			
Purchase of intangible assets	10	(911,432)	(171,113)
Purchase of property, plant and equipment	8	(1,163,742)	(3,647,086)
Proceeds from sale of property, plant and equipment and intangible assets		307,923	384,446
Interest received	6	204,647	173,489
Net payments on business combinations		-	(64,125)
Net cash acquired on business combinations		-	79,428
Net cash outflows from investing activities		(1,562,604)	(3,244,961)
Cash flows from financing activities			
Payment of final dividend		(3,322,717)	(2,768,081)
Repayments of long term loans and long term obligations under finance lease		(1,096,489)	(830,966)
(Repayments)/proceeds of short term borrowings and short term obligations under finance lease		(6,900,904)	708,023
Net cash outflows from financing activities		(11,320,110)	(2,891,024)
Net increase in cash and cash equivalents		28,926,075	4,882,495
Cash and cash equivalents at beginning of the year		490,184	(4,392,311)
Cash and cash equivalents at end of the year	26	29,416,259	490,184

The notes on pages 16 to 63 form an integral part of these consolidated financial statements.

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 US$	2013 US$
Revenue	3	941,015,485	1,089,170,775
Cost of sales		(932,640,345)	(1,066,394,078)
Gross profit		8,375,140	22,776,697
Selling expenses		(6,604,520)	(11,031,339)
Administrative expenses		(8,755,560)	(8,242,766)
(Loss)/profit from operations		(6,984,940)	3,502,592
Financial income	6	3,999,019	2,015,389
Financial expenses	6	(3,398,595)	(2,292,968)
Other gains and losses	4	2,754,235	968,697
(Loss)/profit before tax	5	(3,630,281)	4,193,710
Taxation	7	460,949	(581,680)
(Loss)/profit for the year		(3,169,332)	3,612,030
Other comprehensive income for the year		-	-
Total comprehensive (loss)/income for the year		(3,169,332)	3,612,030

PARENT COMPANY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 US$	2013 US$
ASSETS			
Non-current assets			
Property, plant and equipment	8	5,839,325	6,147,776
Intangible assets	10	1,270,226	668,449
Investment in subsidiary companies	9	11,317,265	9,587,157
Deferred tax assets	20	503,529	26,320
Total non-current assets		18,930,345	16,429,702
Current assets			
Inventories	12	48,156,087	90,062,049
Trade receivables	13	68,239,239	99,669,528
Other current assets	14	79,561,749	95,195,245
Cash at bank and in hand	26	35,784,290	16,528,966
Total current assets		231,741,365	301,455,788
Total assets		250,671,710	317,885,490
EQUITY AND LIABILITIES			
Equity			
Share capital	15	11,100,000	11,100,000
Share premium		23,518,243	23,518,243
Retained earnings and other components of equity		25,303,827	31,730,572
Total equity		59,922,070	66,348,815
Non-current liabilities			
Long term borrowings	17	680,202	956,171
Deferred tax liabilities	20	108,707	100,364
Total non-current liabilities		788,909	1,056,535
Current liabilities			
Trade payables		165,820,263	215,451,775
Other current liabilities	21	15,569,913	19,881,135
Short term borrowings	16	7,434,821	14,732,013
Derivative financial liabilities	24	1,118,196	285,317
Current taxation	7	17,538	129,900
Total current liabilities		189,960,731	250,480,140
Total liabilities		190,749,640	251,536,675
Total equity and liabilities		250,671,710	317,885,490

The financial statements were approved by the Board on 24 March 2015.

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

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Share capital US$	Share premium US$	Treasury stock US$	Retained earnings US$	Total US$
Balance at 1 January 2013	11,100,000	23,518,243	(130,834)	30,934,713	65,422,122
Total comprehensive income					
Total comprehensive profit for the year	-	-	-	3,612,030	3,612,030
Transactions with owners recorded directly in equity					
Dividend declared (note 30)	-	-	-	(2,768,081)	(2,768,081)
Share-based payments	-	-	51,319	31,425	82,744
Balance at 31 December 2013	11,100,000	23,518,243	(79,515)	31,810,087	66,348,815
Total comprehensive income					
Loss for the year	-	-	-	(3,169,332)	(3,169,332)
Transactions with owners recorded directly in equity					
Dividend declared (note 30)	-	-	-	(3,322,717)	(3,322,717)
Share-based payments	-	-	65,304	-	65,304
Balance at 31 December 2014	11,100,000	23,518,243	(14,211)	25,318,038	59,922,070

The retained earnings of US$ 25,318,038 shown above at 31 December 2014 are all distributable. Treasury stock represents remaining balance of own shares bought back during 2011 and 2012 (note 15).

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 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter is 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 by the Company for the account of the shareholders.

Dividends paid to non-Cyprus tax resident shareholders are not subject to withholding tax in Cyprus. Dividends paid to Cyprus tax resident individuals are subject to withholding tax at the above rates.

PARENT COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 US$	2013 US$
(Loss)/profit for the year before tax		(3,630,281)	4,193,710
Adjustments for:			
Depreciation of property, plant and equipment	8	491,696	465,551
Amortisation of intangible assets	10	166,055	133,895
Loss/(profit) from the sale of property, plant and equipment and intangible assets	4	1,897	(68,308)
Loss from the disposal of investment	4	15,601	170,662
Provision for bad debts and receivables written off		373,013	212,948
Bad debts recovered		(6,672)	-
Impairment charge - investments in subsidiaries	4	-	38,270
Dividend income	4	(858,084)	(886,024)
Interest received	6	(5,435)	(1,544,911)
Interest paid	6	999,181	1,091,138
Share based payments		65,304	82,744
Operating (loss)/profit before working capital changes		(2,387,725)	3,889,675
Decrease/(increase) in inventories		41,905,962	(61,343,178)
Decrease/(increase) in trade receivables		31,063,948	(2,306,571)
Decrease/(increase) in other current assets		16,695,220	(14,638,727)
Increase in non- current assets		(349)	(26,320)
(Decrease)/increase in trade payables		(49,631,511)	64,112,206
(Decrease)/increase in other current liabilities		(3,478,343)	10,731,692
Increase in other non-current liabilities		8,344	32,975
Increase/(decrease) in factoring creditors		372,051	(584,389)
Cash inflows/(outflows) from operations		34,547,597	(132,637)
Interest paid	6	(999,181)	(1,091,138)
Taxation paid, net		(131,165)	(641,065)
Net cash inflows/(outflows) from operating activities		33,417,251	(1,864,840)
Cash flows from investing activities			
Purchase of intangible assets	10	(767,832)	(20,270)
Purchase of property, plant and equipment	8	(183,369)	(458,336)
Proceeds from sale of property, plant and equipment and intangible assets		1,117	106,764
Interest received	6	5,435	1,544,911
Dividends received		858,084	886,024
Net increase in investment in subsidiary companies		(1,745,709)	(870,000)
Net advances for loans to related parties		(1,061,724)	(365,008)
Net cash (outflows)/inflows from investing activities		(2,893,998)	824,085
Cash flows from financing activities			
Payment of final dividend		(3,322,717)	(2,768,081)
Repayments of long term loans		(275,969)	(622,865)
(Repayments)/proceeds of short term borrowings		(9,584)	16,814
Net cash outflows from financing activities		(3,608,270)	(3,374,132)
Net increase /(decrease) in cash and cash equivalents		26,914,983	(4,414,887)
Cash and cash equivalents at beginning of the year		3,456,632	7,871,519
Cash and cash equivalents at end of the year	26	30,371,615	3,456,632

1. Incorporation and principal activities

Asbisc Enterprises Plc (the "Company or "the parent 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 in a number of geographical regions as disclosed in note 23. The main shareholder of the Company is K.S. Holdings Limited, a company incorporated in Cyprus. The details of the Company's registered office are disclosed on page 1.

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

2. Summary of significant accounting policies

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

Statement of compliance

The consolidated 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 were approved by the Board of Directors and authorised for issue on 24 March 2015.

Basis of preparation

The financial statements which are expressed in United States Dollars, the Group's presentation and the Company's presentation and functional currency, have been prepared under the historical cost convention except for certain financial instruments that are measured at fair value, as explained in the accounting policies below.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Group's and the Company'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 on page 29.

2. Summary of significant accounting policies (continued)

Adoption of new and revised International Financial Reporting Standards

In the current year, the Group and the Company have adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for annual periods beginning on 1 January 2014.

The following Standards, Amendments to Standards and Interpretations, that may be relevant to the Group, had been issued but were not yet effective for the year ended 31 December 2014. The Group does not plan to adopt these early:

- IFRS 10, IFRS 12 and IAS 28 (Amendments): Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016).
- IFRS 11 'Accounting for acquisitions of interests in Joint Operations'" (Amendments) (effective for annual periods beginning on or after 1 January 2016).
- IAS 1 (Amendments): Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016).
- IFRS 10 and IAS 28 (Amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016).
- IAS 27 (Amendments) "Equity method in separate financial statements" (effective for annual periods beginning on or after 1 January 2016).
- IAS 16 and IAS 38 (Amendments) "Clarification of acceptable methods of depreciation and amortisation" (effective for annual periods beginning on or after 1 January 2016).
- Annual Improvements to IFRSs 2012–2014 Cycle (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2016)
- IFRS 15 "Revenue from contracts with customers" (effective for annual periods beginning on or after 1 January 2017).
- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018).
- Improvements to IFRSs 2010-2012 (effective for annual periods beginning on or after 1 July 2014)
- Improvements to IFRSs 2011-2013 (effective for annual periods beginning on or after 1 July 2014)

Other than resulting increased disclosure, the impact of the above on the financial statements has not yet been fully assessed by the Board of Directors, therefore it is not currently known or reasonably estimable.

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.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

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

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

2. Summary of significant accounting policies (continued)

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 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 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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.

Changes in the group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

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 in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained earnings). 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.

Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

2. Summary of significant accounting policies (continued)

Interests in joint ventures (continued)

When a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The Group reports its interests in jointly controlled entities using the equity method of accounting, whereby an interest in jointly controlled entity is initially recorded at cost and adjusted thereafter for the post-acquisition change in the venturer’s share of net assets of the jointly controlled entity. The Group’s share of the venturer’s profit or loss is recognised in the consolidated statement of comprehensive income.

Any goodwill arising on the acquisition of the Group’s interest in a jointly controlled entity is accounted for in accordance with the Group’s accounting policy for goodwill arising in a business combination.

When a Group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group' consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

Investments in subsidiary, associate and jointly controlled companies

In the individual accounts of the Company, investments in subsidiary, associate and jointly controlled companies are presented at cost less provision for impairment.

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.

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. Summary of significant accounting policies (continued)

Segmental reporting

The Group is organised by geographical segments and this is the primary format for segmental reporting. Each geographical segment is subject to risks and returns that are different from those of other segments.

Revenue recognition

Sale of goods

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

- the Company/Group has transferred to the buyer the significant risks and rewards of ownership of the goods
- the Company/Group 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 income

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

Interest income 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 income 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.

Borrowing costs

All borrowing costs are recognised in the income statement in the period in which they are incurred using the effective interest method.

Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the 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 both the consolidated and separate 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.

2. Summary of significant accounting policies (continued)

Exchange differences are recognised in the profit and loss in the period in which they arise. 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 (attributed 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 reclassified to other comprehensive income.

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.

Employee benefits

Defined contribution pension plans
A defined contribution plan, Employee Provident Fund, is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company operates a defined contribution scheme, the assets of which are held in a separate trustee-administered fund. Obligations for contributions to defined contribution pension plans are recognized as staff costs in the statement of comprehensive income in the year during which services are rendered by employees.

Contributions to the Government Social Insurance Fund
The Company and the employees contribute to the Government Social Insurance Fund at the prevailing statutory rate which is applied on employees' salaries. The scheme is funded by payments from employees and by the Company. The Company's contributions are expensed as incurred and are included in staff costs. The Company has no further payment obligations once the contributions have been paid. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available

Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

2. Summary of significant accounting policies (continued)

Tax

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.

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 in other comprehensive income, in which case the tax is also recognised in equity.

Dividend distribution

Dividend distribution to the shareholders is recognized in the financial statements in the year in which dividends are declared.

2. Summary of significant 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, are carried at cost less any recognized impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and are ready for their intended use. 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 (other than freehold land and properties under construction) on a straight-line basis over their estimated useful economic lives as follows:

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

No depreciation is provided on land.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

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.

The estimated useful life and depreciation 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.

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 reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

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. Summary of significant 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.

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 Company/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.

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.

2. Summary of significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Available-for-sale financial assets (AFS financial assets)

Available-for-sale financial assets (AFS) are non-derivative financial assets that are either designated as AFS or are not classified as (a) loans and receivables, (b) held to maturity investments, or (c) financial assets at fair value through profit and loss.
The Group also has investments in unlisted shares that are not traded in an active market and that are also classified as AFS financial assets.

AFS are recognised initially at fair value and are subsequently also remeasured at fair value. The resulting gain or loss is recognised in the statement of comprehensive income. AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

Derivative financial instruments

The Company/Group enters into derivative contracts to manage its exposure to foreign exchange rate risks. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise cash and cash equivalents, and trade and other receivables:

- *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.

- *Factored trade receivables*

Certain Group companies 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 consolidated statement of financial position under current liabilities until the date of settlement by the debtors. Factoring expenses are charged to the consolidated statement of comprehensive income.

- *Loans granted*

Loans granted by the Company/Group to the borrower are categorized as loans. They are measured at initial recognition at fair value and are subsequently measured at amortized cost. Fair value 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/Group 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*

Cash and cash equivalent are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method, The Company/Group considers all short-term highly liquid instruments with maturities of 3 months or less which are subject to insignificant risk of changes in value to be cash equivalents.

Derecognition of financial assets

The Company/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 Company/Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company/Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company/Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company/Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

<u>Financial liabilities and equity instruments issued by the Company/Group</u>

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, and the definitions of a financial liability and an equity instrument.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

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.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Accounting for financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company/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.

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.

Trade payables

Trade payables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method.

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. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (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 liability, or, where appropriate, a shorter period.

2. Summary of significant accounting policies (continued)

Inventories

Inventories comprise IT products (components and finished products) 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 the 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/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 the expected cost of warranty 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/Group's obligations.

Impairment

(i) Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity-investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

2. Summary of significant accounting policies (continued)

Impairment (continued)

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in other comprehensive income to profit or loss. The amount reclassified is the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through other comprehensive income.

(ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. Goodwill is tested annually for impairment.

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.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) 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 (CGU) 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 (CGU) 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.

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:

Revenue recognition

In making its judgment, management considers the detailed criteria for the recognition of revenue from the sale of goods as set out in IAS18 Revenue and, in particular, whether the Company/Group has transferred to the buyer the significant risks and rewards of ownership of the goods on the basis of the relevant incoterms rules. 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.

2. Summary of significant accounting policies (continued)

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

Provision for bad and doubtful debts

The Company/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 Company/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.

Impairment of investments in subsidiaries, associated and jointly controlled enterprises

The Company periodically evaluates the recoverability of investments in subsidiaries, associates and jointly controlled enterprises whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that the investment in subsidiaries/associates/jointly controlled enterprises may be impaired, the estimated future undiscounted cash flows associated with these entities would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

Warranty provisions

Warranty provisions represent the Company's/Group'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.

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 Company/Group 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.

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.

	The Group	
	2014	2013
	US$	US$
Former Soviet Union	516,563,716	730,683,121
Central Eastern Europe	660,959,032	741,548,448
Western Europe	119,926,726	181,659,235
Middle East & Africa	206,393,583	231,996,997
Other	47,327,193	34,539,453
	1,551,170,250	1,920,427,254

Revenue analysis by currency

	The Group		The Company	
	2014	2013	2014	2013
	US$	US$	US$	US$
US Dollar	489,642,996	560,640,679	770,296,321	850,948,550
Euro	444,245,902	593,030,488	78,100,089	91,694,982
Russian Rouble	159,888,165	255,567,023	92,327,976	146,527,243
Kazakhstan Tenge	75,377,233	62,422,882	-	-
Romanian New Lei	60,826,956	46,790,723	-	-
Czech Koruna	46,830,530	53,964,396	-	-
Belarusian Ruble	45,729,432	72,371,899	-	-
Polish Zloty	38,486,226	25,022,058	-	-
Bulgarian Lev	37,013,985	55,071,952	-	-
Ukraine Hryvnia	35,091,886	42,717,805	-	-
Croatian Kuna	27,244,480	31,693,251	-	-
Hungarian Forint	20,692,955	21,629,701	-	-
Saudi Riyal	14,793,366	39,734,368	-	-
Other	55,306,138	59,770,029	291,099	-
	1,551,170,250	1,920,427,254	941,015,485	1,089,170,775

4. Other gains and losses

	The Group		The Company	
	2014	2013	2014	2013
	US$	US$	US$	US$
Dividend received	-	-	858,084	886,024
(Loss)/profit on disposal of property, plant and equipment	(65,888)	179,483	(1,897)	68,308
Impairment of investments	-	-	-	(38,270)
Loss on disposal of investment	-	-	(15,601)	(170,662)
Other income	159,398	272,615	1,803,467	115,140
Bad debts recovered	35,220	46,794	6,672	-
Rental income	81,707	227,057	103,510	108,157
	210,437	725,949	2,754,235	968,697

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FOR THE YEAR ENDED 31 DECEMBER 2014

5. (Loss)/profit before tax

	The Group		The Company	
	2014	2013	2014	2013
	US$	US$	US$	US$
(Loss)/profit before tax is stated after charging:				
(a) Amortisation of intangible assets (Note 10)	373,863	422,720	166,055	133,895
(b) Depreciation (Note 8)	2,501,689	2,479,214	491,696	465,551
(c) Auditors' remuneration – audit fees	420,308	499,165	241,423	291,231
(d) Auditors' remuneration – non audit fees	-	72,237	-	72,237
(e) Directors' remuneration – executives (Note 27)	412,137	1,207,190	159,157	190,867
(f) Directors' remuneration – non-executives (Note 27)	40,192	46,616	40,192	46,616

6. Financial expense, net

	The Group		The Company	
	2014	2013	2014	2013
	US$	US$	US$	US$
Financial income				
Interest income	204,647	173,489	2,752	1,538,921
Interest income from loans to subsidiary companies (Note 27)	-	-	2,683	5,990
Other financial income	588,403	416,568	87,599	281,542
Net exchange gain	1,225,260	-	3,905,985	188,936
	2,018,310	590,057	3,999,019	2,015,389
Financial expense				
Bank interest	8,059,720	7,210,405	999,181	1,091,138
Bank charges	2,001,153	1,612,572	324,974	343,293
Derivative charges	1,195,706	680,130	1,020,831	360,228
Factoring interest	3,981,412	4,886,053	98,887	120,416
Factoring charges	631,713	552,569	21,973	12,852
Other financial expenses	362,658	202,584	-	-
Other interest	999,815	390,520	932,749	365,041
Net exchange loss	-	1,297,814	-	-
	17,232,177	16,832,647	3,398,595	2,292,968
Net	(15,213,867)	(16,242,590)	600,424	(277,579)

7. Tax

	The Group		The Company	
	2014	2013	2014	2013
	US$	US$	US$	US$
Payable balance 1 January	351,591	126,122	129,900	189,285
Provision for the year	893,202	3,229,703	13,785	520,475
Under/(over) provision of prior year periods	23,559	64,860	(5,868)	54,551
Exchange difference on retranslation	(42,216)	75,328	-	-
Amounts paid, net	(1,542,056)	(3,144,422)	(120,279)	(634,411)
Net (receivable)/payable balance 31 December	(315,920)	351,591	17,538	129,900

7. Tax (continued)

	The Group		The Company	
	2014	2013	2014	2013
	US$	US$	US$	US$
Tax receivable	(847,119)	(519,296)	-	-
Tax payable	531,199	870,887	17,538	129,900
Net	(315,920)	351,591	17,538	129,900

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 taxable results of the foreign subsidiary companies.

The Company and all Cyprus resident companies of the Group are subject to corporation tax at the rate of 12.5%. The tax rates of subsidiaries in foreign jurisdictions range between 0% to 23%.

Bank interest received by the Company and all Cyprus resident companies of the Group are subject to defence tax of 15% up to 28 April 2013 and 30% thereafter.

Dividends received by the Cyprus companies of the Group are exempt from corporation tax and they are also exempt from defence tax.

With effect as from 1 January 2012, dividends received by a Cyprus resident company from another Cyprus resident company are exempt from defence tax, provided such dividends are indirectly distributed within four years from the end of the year in which the profits distributed as dividends were earned. Otherwise, such dividends are subject to defence tax at the rate of 17% (2013: 20%).

Tax charge for the year

	The Group		The Company	
	2014	2013	2014	2013
	US$	US$	US$	US$
Provisions and withholding tax for the year	893,202	3,229,703	13,785	520,475
Under/(over) provision of prior years	23,559	64,860	(5,868)	54,551
Deferred tax charge	(640,693)	357,872	(468,866)	6,654
Net	276,068	3,652,435	(460,949)	581,680

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:

	The Group		The Company	
	2014	2013	2014	2013
	US$	US$	US$	US$
Profit/(loss) before tax	1,254,991	16,364,793	(3,630,281)	4,193,710
Corporation tax thereon at the applicable tax rates	4,154	2,785,745	(453,785)	524,214
Tax on income not taxable in determining taxable profit.	(279,376)	(256,672)	(184,401)	(219,891)
Effect of using tax losses brought forward	(117,951)	(421,911)	476,860	-
Effect of unused current year tax losses	619,006	145,331	-	-
Temporary differences	298,483	(80,699)	16,967	3,703
Tax on non-allowable expenses	372,067	1,055,417	161,326	209,957
	896,383	3,227,211	16,967	517,983
Special contribution to defence fund	(3,182)	2,492	(3,182)	2,492
Under/(over) provision of prior years	23,560	64,860	(5,868)	54,551
Deferred tax charge	(640,693)	357,872	(468,866)	6,654
Tax charge	276,068	3,652,435	(460,949)	581,680

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8. Property, plant and equipment

The Group	Land and buildings US$	Assets under construction US$	Computer hardware US$	Warehouse machinery US$	Motor vehicles US$	Furniture and fittings US$	Office equipment US$	Total US$
At 1 January 2013	24,079,113	-	6,448,346	161,539	3,327,183	2,552,366	3,347,033	39,915,580
Additions from acquisitions of subsidiaries	94,491	-	32,214	-	252,672	77,620	183,131	640,128
Additions	133,317	130,269	1,363,654	18,297	1,029,056	578,516	393,977	3,647,086
Disposals	(46,303)	-	(714,519)	(5,398)	(1,003,499)	(176,061)	(182,872)	(2,128,652)
Transfers	107,803	(107,803)	-	-	-	-	-	-
Foreign exchange difference on retranslation	237,557	2,413	90,339	(32)	47,986	29,347	23,151	430,761
At 31 December 2013	24,605,978	24,879	7,220,034	174,406	3,653,398	3,061,788	3,764,420	42,504,903
Additions	17,292	-	636,005	-	279,627	109,444	121,374	1,163,742
Disposals	(432,761)	-	(433,336)	(4,103)	(353,914)	(151,784)	(242,356)	(1,618,254)
Transfers	24,822	(24,822)	-	-	-	-	-	-
Foreign exchange difference on retranslation	(1,704,439)	(57)	(595,519)	(846)	(458,594)	(345,833)	(390,185)	(3,495,473)
At 31 December 2014	22,510,892	-	6,827,184	169,457	3,120,517	2,673,615	3,253,253	38,554,918
Accumulated depreciation								
At 1 January 2013	2,767,311	-	4,895,599	55,925	2,262,500	1,407,507	1,807,467	13,196,309
Charge for the year	571,720	-	769,726	19,837	408,986	408,018	300,927	2,479,214
Acquisitions through business combinations	40,129	-	27,748	-	249,799	68,494	179,140	565,310
Disposals	(8,296)	-	(705,080)	(309)	(985,242)	(150,359)	(74,934)	(1,924,220)
Foreign exchange difference on retranslation	22,424	-	79,596	27	49,266	27,501	27,871	206,685
At 31 December 2013	3,393,288	-	5,067,589	75,480	1,985,309	1,761,161	2,240,471	14,523,298
Charge for the year	463,461	-	860,590	18,454	453,924	399,739	305,521	2,501,689
Disposals	(350,520)	-	(402,904)	(3,543)	(251,252)	(83,569)	(167,822)	(1,259,610)
Foreign exchange difference on retranslation	(348,346)	-	(438,098)	(458)	(261,358)	(267,418)	(253,455)	(1,569,133)
At 31 December 2014	3,157,883	-	5,087,177	89,933	1,926,623	1,809,913	2,124,715	14,196,244
Net book value								
At 31 December 2014	19,353,009	-	1,740,007	79,524	1,193,894	863,702	1,128,538	24,358,674
At 31 December 2013	21,212,690	24,879	2,152,445	98,926	1,668,089	1,300,627	1,523,949	27,981,605

Land and buildings of a total cost value of US$ 35,157,504 (2013: US$ 24,605,978) are mortgaged for financing purposes. The cost of fully depreciated assets of the Group that are still in use amounted to US$ 8,774,154 (2013: US$ 5,959,898).

8. Property, plant and equipment (continued)

The Company	Land and buildings US$	Computer hardware US$	Motor vehicles US$	Furniture and fittings US$	Office equipment US$	Total US$
At 1 January 2013	5,710,813	2,272,814	912,445	404,665	730,652	10,031,389
Additions	-	222,064	174,395	23,127	38,750	458,336
Disposals	-	(1,041)	(376,943)	-	(329)	(378,313)
At 31 December 2013	5,710,813	2,493,837	709,897	427,792	769,073	10,111,412
Additions	38,560	142,864	-	1,945	-	183,369
Disposals	-	(6,580)	-	-	(658)	(7,238)
At 31 December 2014	5,749,373	2,630,121	709,897	429,737	768,415	10,287,543
Accumulated depreciation						
At 1 January 2012	620,967	1,922,831	592,613	304,719	396,812	3,837,942
Charge for the year	119,979	155,984	104,099	19,050	66,439	465,551
Disposals	-	(719)	(338,913)	-	(225)	(339,857)
At 31 December 2013	740,946	2,078,096	357,799	323,769	463,026	3,963,636
Charge for the year	132,833	171,518	101,227	20,172	65,946	491,696
Disposals	-	(6,580)	-	-	(534)	(7,114)
At 31 December 2014	873,779	2,243,034	459,026	343,941	528,438	4,448,218
Net book value						
At 31 December 2014	4,875,594	387,087	250,871	85,796	239,977	5,839,325
At 31 December 2013	4,969,867	415,741	352,098	104,023	306,047	6,147,776

The land and buildings have been mortgaged as securities for financing purposes. The cost of fully depreciated assets of the Company that are still in use amounted to US$ 3,005,030 (2013: US$ 2,451,197).

9. Investments

a. Investment in subsidiary companies

	2014 US$	2013 US$
The Company		
Shares at cost of acquisition or written down value	11,317,265	9,587,157
Balance at 1 January	9,587,157	8,887,819
Increase in investments	1,745,709	870,000
Liquidation of investments	(15,601)	(170,662)
At 31 December	11,317,265	9,587,157

During 2014 the Company increased its investment in its wholly owned subsidiary E.M. Euro-mall Ltd by US$ 1,744,042. The Company also established two new subsidiaries: "E-Vision" Unitary Enterprise for the amount of $102 and Asbis UK Ltd for the amount of $1,565. In addition ISA Hardware Hungary Commercial Ltd, an investment of US$ 15,601, went into liquidation.

During 2013 the Company increased its investment in its wholly owned subsidiary CJSC "ASBIS" by US$ 870,000. In addition ASBIS Europe B.V., an investment of US$ 170,662, went into liquidation.

All subsidiaries are involved in the trading and distribution of computer hardware and software.

9. Investments (continued)

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

Subsidiary Company	**Country of incorporation**	**Percentage of participation**	
		2014	**2013**
		%	**%**
ASBIS UKRAINE LTD	Ukraine	100	100
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 LIMITED	Ireland	100	100
ASBC F.P.U.E.	Belarus	100	100
E.M. EURO-MALL LTD	Cyprus	100	100
ASBIS LTD	Russia	100	100
ASBIS MOROCCO SARL – dormant	Morocco	100	100
ASBIS LV SIA	Latvia	100	100
ASBIS KYPROS LIMITED	Cyprus	100	100
PRESTIGIO PLAZA NL BV (ASBIS NL BV)	Netherlands	100	100
PRESTIGIO PLAZA LTD Ltd)	Cyprus	100	100
PRESTIGIO EUROPE SPOL S.R.O. (iv)	Czech Republic	100	100
EUROMALL CZ SRO – dormant (ii)	Czech Republic	100	100
EURO MALL D.O.O. - dormant (ii)	Croatia	100	100
S.C. EUROMALL S.R.L. - dormant (ii)	Romania	100	100
EURO-MALL SRO (ii)	Slovakia	100	100
ISA HARDWARE D.O.O - dormant (ii)	Serbia	100	100
ASBIS d.o.o.	Bosnia Herzegovina	90	90
PRESTIGIO PLAZA SP.ZO.O. - dormant (ii)	Poland	100	100
ASBIS TR BILGISAYAR LIMITED SIRKETI (v)	Turkey	100	100
PTUE IT-MAX (v)	Belarus	100	100
CJSC ASBIS	Belarus	100	100
ASBIS IT S.R.L. (viii)	Italy	-	100
ADVANCED SYSTEMS COMPANY LLC (v)	Saudi Arabia	100	100
E-Vision” Unitary Enterprise (vii)	Belarus	100	-
Asbis UK Ltd (vii)	United Kingdom	100	-

9. Investments (continued)

Subsidiary Company	Country of incorporation	Percentage of participation 2014 %	2013 %
ASBIS Kazakhstan LLP	Kazakhstan	100	100
ASBIS TAIWAN CO., LTD	Taiwan	100	100
ASBIS DE GMBH	Germany	100	100
EUROMALL BULGARIA EOOD – dormant (ii)	Bulgaria	100	100
Prestigio China Corp (iii)	China	100	100
SHARK ONLINE a.s. (iii) & (vi)	Slovakia	100	100
SHARK Computers a.s. (iii) & (vi)	Slovakia	100	100

(i) Liquidated during 2013
(ii) Held by E.M. Euro-Mall Ltd - Cyprus
(iii) Established/acquired during 2013
(iv) Held by Prestigio Plaza Ltd
(v) Held by Asbis Middle East FZE
(vi) Held by Euro-mall s.r.o
(vii) Established during 2014
(viii) Liquidated during 2014

b. Investment in joint ventures

	The Group 2014 US$	The Group 2013 US$	The Company 2014 US$	The Company 2013 US$
Cost				
At 1 January	-	386,400	-	-
Full acquisition of joint venture (note 31(1.1.a))	-	(386,400)	-	-
At 31 December	-	-	-	-
Accumulated share of losses from joint ventures				
At 1 January	-	(329,371)	-	-
Share of losses from joint ventures during the year	-	(57,029)	-	-
Full acquisition of joint venture (note 31(1.2.a))	-	386,400	-	-
At 31 December	-	-	-	-

The Group

During 2013 the Group acquired the remaining 50% of the share capital of SHARK Computers a.s. in Slovakia and obtained the total 100% of its share capital.

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10. Intangible assets

The Group	Computer software US$	Patents and licenses US$	Total US$
At 1 January 2013	6,479,284	1,128,596	7,607,880
Additions	144,904	26,209	171,113
Additions from acquisitions of subsidiaries	76,012	-	76,012
Disposals/ write-offs	(8,587)	(1,053)	(9,640)
Foreign exchange difference on retranslation	16,974	(8,270)	8,704
At 31 December 2013	6,708,587	1,145,482	7,854,069
Additions	899,068	12,364	911,432
Disposals/ write-offs	(73,474)	(598)	(74,072)
Foreign exchange difference on retranslation	(219,118)	(61,592)	(280,710)
At 31 December 2014	7,315,063	1,095,656	8,410,719
Accumulated amortisation			
At 1 January 2013	5,550,520	867,624	6,418,144
Charge for the year	270,147	152,573	422,720
Additions from acquisitions of subsidiaries	76,012	-	76,012
Disposals/ write-offs	(8,508)	(602)	(9,110)
Foreign exchange difference on retranslation	15,955	2,559	18,514
At 31 December 2013	5,904,126	1,022,154	6,926,280
Charge for the year	298,073	75,790	373,863
Disposals/ write-offs	(58,373)	(533)	(58,906)
Foreign exchange difference on retranslation	(216,854)	(52,131)	(268,985)
At 31 December 2014	5,926,972	1,045,280	6,972,252
Net book value			
At 31 December 2014	1,388,091	50,376	1,438,467
At 31 December 2013	804,461	123,328	927,789

The cost of fully amortized intangibles of the Group that are still in use amounted to US$ 4,944,299 (2013: US$ 4,150,965).

The Company	Computer software US$	Patents and licenses US$	Total US$
At 1 January 2013	5,578,929	446,110	6,025,039
Acquisitions	-	20,270	20,270
At 31 December 2013	5,578,929	466,380	6,045,309
Acquisitions	755,579	12,253	767,832
At 31 December 2014	6,334,508	478,633	6,813,141
Accumulated amortisation			
At 1 January 2013	4,801,152	441,813	5,242,965
Charge for the year	130,969	2,926	133,895
At 31 December 2013	4,932,121	444,739	5,376,860
Charge for the year	160,749	5,306	166,055
At 31 December 2014	5,092,870	450,045	5,542,915
Net book value			
31 December 2014	1,241,638	28,588	1,270,226
31 December 2013	646,808	21,641	668,449

The cost of fully amortized intangible assets of the Company that are still in use amounted to US$ 4,277,127 (2013: US$ 3,565,582).

11. Available-for-sale financial assets

The details of the investments are as follows:

	Country of incorporation	Participation %	Cost US$	Impairment US$	2014 US$	2013 US$
The Group						
Investments held in related companies						
E-Vision Ltd	Cyprus	18%	90,000	(90,000)	-	-
Other investments						
Asekol s.r.o.	Czech Republic	9.09%	9,580	-	9,580	9,580
Regnon S.A.	Poland	0.01%	2,214	-	2,214	2,214
			101,794	(90,000)	11,794	11,794

	Country of incorporation	Participation %	Cost US$	Impairment US$	2014 US$	2013 US$
The Company						
Investments held in related companies						
E-Vision Ltd	Cyprus	18%	90,000	(90,000)	-	-

(i) The remaining 82% is held by the main shareholder of the company, KS Holdings Limited.
(ii) The above available for sale investments are private equity investments with no quoted market price. Due to the fact that the fair value cannot be measured reliably they are measured at cost less any identified impairment losses.

12. Inventories

	The Group 2014 US$	The Group 2013 US$	The Company 2014 US$	The Company 2013 US$
Goods in transit	17,354,875	17,825,607	7,690,403	13,253,581
Goods held for resale	116,866,430	156,255,514	41,465,774	78,212,959
Provision for slow moving and obsolete stock	(1,898,689)	(2,115,332)	(1,000,090)	(1,404,491)
	132,322,616	171,965,789	48,156,087	90,062,049

The Group
As at 31 December 2014, inventories pledged as security for financing purposes amounted to US$ 37,694,346 (2013: US$ 42,944,204).

The Company
As at 31 December 2014, inventories pledged as security for financing purposes amounted to nil (2013: US$ 580,743).

<u>Movement in provision for slow moving and obsolete stock:</u>

	The Group 2014 US$	The Group 2013 US$	The Company 2014 US$	The Company 2013 US$
On 1 January	2,115,332	2,388,506	1,404,491	961,462
Net movement for the year	(91,690)	(293,860)	(404,401)	443,029
Exchange difference	(124,953)	20,686	-	-
On 31 December	1,898,689	2,115,332	1,000,090	1,404,491

13. Trade receivables

	The Group		The Company	
	2014	2013	2014	2013
	US$	US$	US$	US$
Trade receivables	268,515,408	372,917,867	68,666,766	99,760,629
Allowance for doubtful debts	(6,181,370)	(5,869,386)	(427,527)	(91,101)
	262,334,038	367,048,481	68,239,239	99,669,528

The Group

As at 31 December 2014, receivables of the Group that have been assigned as security for financing purposes amounted to US$ 86,454,197 (2013: US$ 132,838,364).

The Company

As at 31 December 2014, receivables of the Company that have been assigned as security for financing purposes amounted to US$ 1,881,783 (2013: US$ 1,048,907).

Movement in provision for doubtful debts:

	The Group		The Company	
	2014	2013	2014	2013
	US$	US$	US$	US$
On 1 January	5,869,385	6,634,235	91,101	1,378,646
Provisions during the year	2,062,878	4,953,753	373,012	20,780
Provision on acquisition of subsidiaries	-	66,800	(29,914)	-
Amount written-off as uncollectible	(788,949)	(5,795,610)	-	(1,308,325)
Bad debts recovered	(35,220)	(46,795)	(6,672)	-
Exchange difference	(926,724)	57,003	-	-
On 31 December	6,181,370	5,869,386	427,527	91,101

The Group

Ageing of non-impaired receivables

Year	Total receivables	Outstanding but not due yet	Overdue 1-30 days	Overdue between 30-60 days	Overdue more than 60 days
	US$	US$	US$	US$	US$
2014	262,334,038	192,254,318	27,608,615	15,961,282	26,509,823
2013	367,048,481	310,718,663	36,753,816	6,797,089	12,778,913

Ageing of impaired receivables (provision for bad debts)

Year	Total	Overdue 1-90 days	Overdue 90-120 days	Overdue more than 120 days
	US$	US$	US$	US$
2014	6,181,370	37,511	3,066	6,140,793
2013	5,869,386	27,229	1,430	5,840,727

13. Trade receivables (continued)

The Company

Ageing of non-impaired receivables

Year	Total receivables US$	Outstanding but not due yet US$	Overdue 1-30 days US$	Overdue between 30-60 days US$	Overdue more than 60 days US$
2014	68,239,239	25,086,167	14,494,882	14,323,379	14,334,811
2013	99,669,528	77,252,052	16,934,089	3,673,738	1,809,649

Ageing of impaired receivables (provision for bad debts)

Year	Total US$	Overdue 1-90 days US$	Overdue 90-120 days US$	Overdue more than 120 days US$
2014	427,527	-	-	427,527
2013	91,101	-	-	91,101

14. Other current assets

	The Group		The Company	
	2014 US$	2013 US$	2014 US$	2013 US$
Deposits and advances to service providers	776,259	832,353	-	-
Employee floats	62,994	83,303	-	-
VAT and other taxes refundable	6,753,191	10,817,197	36,695	337,817
Other debtors and prepayments	3,760,776	4,590,505	1,577,256	1,519,070
Amount due from subsidiary companies (Note 27)	-	-	76,895,115	93,329,317
Loans due from subsidiary companies (Note 27)	-	-	1,052,683	9,041
	11,353,220	16,323,358	79,561,749	95,195,245

15. Share capital

	2014 US$	2013 US$
Authorised		
63,000,000 (2012: 63,000,000) shares of US$ 0.20 each	12,600,000	12,600,000
Issued and fully paid		
55,500,000 (2012: 55,500,000) ordinary shares of US$ 0.20 each	11,100,000	11,100,000

On 31 December 2014 the issued and fully paid share capital of the Company consisted of 55.500.000 ordinary shares of US $0.20 each.

Following the annual general meeting of the shareholders on 4 June 2013, a share buyback program with the following conditions was approved:

- the maximum amount of money that can be used to realize the program is US$ 500.000
- the maximum number of shares that can be bought within the program is 1.000.000 shares
- the program's time frame is 12 months from the resolution's date
- the shares purchased within the program could be held for a maximum of two years from acquisition
- the minimum price for transaction of purchase of shares within the program is PLN 4.0 per share with the maximum price of PLN 6.0 per share

At the end of 2014 the Company held a total of 16,389 (2013: 118,389) shares purchased under the buyback program.

16. Short term borrowings

	The Group		The Company	
	2014 US$	2013 US$	2014 US$	2013 US$
Current borrowings				
Bank overdrafts (Note 26)	28,248,846	36,286,317	5,412,675	13,072,334
Current portion of long term loans	933,554	813,416	140,363	149,947
Bank short term loans	29,523,070	36,542,091	-	-
Short term obligations under finance leases (Note 19)	74,688	76,709	-	-
Total short term debt	58,780,158	73,718,533	5,553,038	13,222,281
Factoring creditors	40,482,397	69,533,461	1,881,783	1,509,732
	99,262,555	143,251,994	7,434,821	14,732,013

16. Short term borrowings (continued)

Summary of borrowings and overdraft arrangements

The Group

As at 31 December 2014 the Group enjoyed factoring facilities of US$ 83,045,488 (31 December 2013: US$ 108,434,684).

In addition, the Group as at 31 December 2014 had the following financing facilities with banks in the countries that the Company and its subsidiaries are operating:

- overdraft lines of US$ 51,761,403 (31 December 2013: US$ 57,134,972)
- short term loans/revolving facilities of US$ 58,023,364 (31 December 2013: US$ 85,348,277)
- bank guarantee and letter of credit lines of US$ 11,484,368 (31 December 2013: US$ 8,043,997)

The Group had for the year ending 31 December 2014 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 8.0% (31 December 2013: 8.7%).

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

- Floating charges over all assets of the Company
- Mortgage on land and buildings that the Group owns in Cyprus, Czech Republic, Belarus, Middle East, Bulgaria, Slovakia and Ukraine
- Charge over receivables and inventories
- Corporate guarantees to the extent of facilities granted to subsidiary companies
- Assignment of insurance policies
- Pledged deposits of US$ 6,222,423 (31 December 2013: US$ 3,103,256)

The Company

As at 31 December 2014 the Company enjoyed factoring facilities of US$ 2,437,580 (31 December 2013: US$ 2,486,756).

In addition, the Company, as at 31 December 2014 had the following financing facilities with banks:

- overdraft facilities of US$ 15,400,103 (2013: US$ 15,700,045)
- long term loan facilities US$ 820,563 (2013: US$ 1,144,757)
- bank guarantee and letter of credit lines of US$ 3,200,407 (2013: US$ 3,200,407)

The Company had for the year 2014 cash lines (overdrafts and revolving facilities) with average cost for the year of 6.4% (2013: 6.6%).

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

- Floating charges over all assets of the Company
- Pledged deposits US$ 2,817,157 (2013: US$ 580,743)
- Mortgage on immovable properties in the amount of US$ 8,917,199 (2013: US$ 8,811,520)

17. Long term borrowings

	The Group		The Company	
	2014	2013	2014	2013
	US$	US$	US$	US$
Bank loans	1,538,139	2,572,295	680,202	956,171
Long term obligations under finance leases (note 19)	77,573	139,906	-	-
	1,615,712	2,712,201	680,202	956,171

The Group

(i) The long-term bank loans mainly represent loans received in Slovakia and Cyprus.

The subsidiary company Asbis SK Spol s.r.o. obtained a loan for the purchase of land and erection of buildings in Slovakia. The loan bears interest at 1M EURIBOR +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.

The parent company obtained a loan for the acquisition of land and buildings in Cyprus. The loan bears interest at 6M EURIBOR + 5.7% per annum and is due for repayment on 30 June 2023. The loan is secured via mortgage on the acquired land and buildings.

The Company

(ii) The long-term bank loan mainly represents a loan received by the Company for the acquisition of land and buildings. The loan bears interest at 6M EURIBOR + 5.7% per annum and is due for repayment on 30 June 2023. The loan is secured via mortgage on the acquired land and buildings.

(iii) The bank loan granted to the Company is secured by:

- Mortgage on immovable properties in the amount of US$ 8,917,199 (2013: US$ 8,811,520)

18. Other long term liabilities

	The Group		The Company	
	2014	2013	2014	2013
	US$	US$	US$	US$
Pension provision	455,063	382,125	-	-

19. Finance leases

	The Group		The Company	
	2014	2013	2014	2013
	US$	US$	US$	US$
Obligation under finance lease	152,261	216,615	-	-
Less: Amount payable within one year	(74,688)	(76,709)	-	-
Amounts payable within 2-5 years inclusive	77,573	139,906	-	-

20. Deferred tax

The Group	**Temporary differences between accounting and tax base of PPE and intangibles (note i)**	**Tax losses (note ii)**	**Other temporary differences (note iii)**	**Total**
	US$	**US$**	**US$**	**US$**
Credit/(debit) balance on 1 January 2013	155,567	(535,278)	(223,138)	(602,849)
Deferred tax (credit)/charge for the year	(29,038)	365,331	21,579	357,872
Exchange difference on retranslation	17,003	(25,822)	(3,342)	(12,161)
Credit/(debit) balance on 31 December 2013	143,532	(195,769)	(204,901)	(257,138)
Deferred tax (credit)/charge for the year	(130,960)	(575,108)	65,374	(640,694)
Exchange difference on retranslation	35,095	5,409	(5,959)	34,545
Credit/(debit) balance on 31 December 2014	47,667	(765,468)	(145,486)	(863,287)

The Company	**Temporary differences between accounting and tax base of PPE and intangibles (note i)**	**Tax losses (note ii)**	**Other temporary differences (note iii)**	**Total**
	US$	**US$**	**US$**	**US$**
Charged/(credited) to:	90,097	-	(22,708)	67,389
Deferred tax charge/(credit) for the year	10,266	-	(3,612)	6,654
Credit/(debit) balance on 31 December 2013	100,363	-	(26,320)	74,043
Deferred tax charge/(credit) for the year	8,344	(476,860)	(349)	(468,865)
Credit/(debit) balance on 31 December 2014	108,707	(476,860)	(26,669)	(394,822)

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 companies subject to the carry forward of losses restrictions stipulated in the relevant laws of the country of each relevant subsidiary.

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 for 5 years.

20. Deferred tax (continued)

Note (iii)
The Group and the Company
Other temporary differences relate mainly to different accounting bases between treatment in accordance with IFRSs and treatment in accordance with local tax standards and mainly consist of the tax effect of unrealised profits/losses on revaluation of working capital and of 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.

	2014 US$	2013 US$
Deferred tax assets	(503,529)	(26,320)
Deferred tax liabilities	108,707	100,363
Net deferred tax assets	(394,822)	74,043

21. Other current liabilities

	The Group		The Company	
	2014 US$	2013 US$	2014 US$	2013 US$
Salaries payable and related costs	1,475,960	1,848,821	194,953	602,700
Amount due to directors - executive (Note 27)	1,122,681	481,506	1,122,681	-
VAT payable	10,305,056	15,789,382	1,776,792	2,677,241
Accruals and deferred income	12,831,772	20,376,016	6,943,039	10,217,586
Non-trade accounts payable	2,801,693	3,407,071	770,416	789,399
Provision of warranties	1,707,144	3,859,668	1,707,144	3,679,182
Amount due to subsidiary companies (Note 27)	-	-	3,054,888	1,915,027
	30,244,306	45,762,464	15,569,913	19,881,135

22. Commitments and contingencies

As at 31 December 2014 the Group was committed in respect of purchases of inventories of a total cost value of US$ 3,258,157 (2013: US$ 1,315,130) which were in transit at 31 December 2014 and delivered in January 2015. 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 at year end.

As at 31 December 2014 the Group was contingently liable in respect of bank guarantees and letters of credit lines of US$ 11,484,368 (31 December 2013: US$ 8,043,997) which the Group had extended 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 2014 the Company was contingently liable for the amount of US$ 164,072,105 (2013: US$ 188,815,093) in respect of corporate guarantees issued 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 16 to the financial statements.

23. Operating segments

The Group

1.1 Segment information

The Group mainly operates in a single industry segment as a distributor of IT products. Information reported to the chief operating decision maker for the purposes of allocating resources to the segments and to assess their performance is based on geographical locations. The Group operates in four principal geographical areas – Former Soviet Union, Eastern Europe, Western Europe and Middle East & Africa.

1.2 Segment revenues and results

	Segment revenue		Segment operating profit	
	2014 US$	2013 US$	2014 US$	2013 US$
Former Soviet Union	516,563,716	730,683,121	7,627,993	8,964,805
Central Eastern Europe	660,959,032	741,548,448	8,168,348	15,362,609
Western Europe	119,926,726	181,659,235	(1,574,226)	2,061,628
Middle East & Africa	206,393,583	231,996,997	2,397,613	5,233,723
Other	47,327,193	34,539,453	(361,307)	315,698
Total	1,551,170,250	1,920,427,254	16,258,421	31,938,463
Net financial expenses			(15,213,867)	(16,242,590)
Other gains and losses			210,437	725,949
Share of loss from joint ventures			-	(57,029)
Profit before taxation			1,254,991	16,364,793

1.3 Inter-segment revenues

Selling segment	Purchasing segment	2014 US$	2013 US$
Western Europe	Middle East & Africa	9,193	130,534

Revenue reported above represents revenue generated from external customers (note 1.2), as well as revenues from transactions with other operating segments of the same entity (note 1.3).

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.

23. Operating segments (continued)

1.4 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	
	2014 US$	2013 US$	2014 US$	2013 US$
Former Soviet Union	5,033,410	6,208,510	723,371	764,743
Central Eastern Europe	11,635,459	13,796,935	1,030,924	994,716
Western Europe	143,273	154,961	69,853	96,476
Middle East & Africa	3,446,663	3,602,488	292,863	349,477
Unallocated	7,272,676	7,115,509	758,541	696,522
	27,531,481	30,878,403	2,875,552	2,901,934

1.5 Segment assets and liabilities

Segment assets	2014 US$	2013 US$
Former Soviet Union	168,000,256	278,748,322
Central Eastern Europe	151,910,016	136,434,170
Western Europe	58,422,613	88,810,232
Middle East & Africa	24,173,211	71,725,239
Total	402,506,096	575,717,963
Assets allocated in capital expenditure (1.4)	27,531,481	30,878,403
Other unallocated assets	63,122,554	17,369,969
Consolidated assets	493,160,131	623,966,335

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.

1.6 Geographical information

Since the Group's operating segments are based on geographical location and this information has been provided above (1.2 – 1.5) no further analysis will be included.

1.7. Information about major customers

During 2014 (same for 2013) 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.

24. Derivative financial liabilities

	The Group 2014 US$	The Group 2013 US$	The Company 2014 US$	The Company 2013 US$
Derivative financial liabilities carried at fair value through profit or loss				
Foreign currency derivative contracts	1,264,863	391,798	1,118,196	285,317

Fair value measurement of derivative financial liabilities

The Group	Nominal amount 2014 US$	Nominal amount 2013 US$	Fair value 2014 US$	Fair value 2013 US$
Buying US$/Selling EUR	6,634,989	10,001,370	(150,726)	17,621
Buying US$/Selling RON	5,079,000	5,155,000	(236,559)	56,356
Buying US$/Selling GBP	4,188,130	615,000	(11,049)	908
Buying US$/Selling RSD	998,241	-	(1,680)	-
Buying US$/Selling RUB	11,183,000	-	1,311,548	-
Buying US$/Selling UAH	700,000	-	15,030	-
Buying EUR/Selling RON	437,580	551,098	(12,526)	6,548
Buying CZK/Selling USD	1,250,000	2,899,000	27,751	(19,776)
Buying PLN/Selling EUR	12,153	-	(104)	-
Buying PLN/Selling GBP	213,502	-	2,015	-
Buying PLN/Selling USD	5,065,234	-	141,074	-
Buying US$/Selling BGN	-	100,000	-	916
Buying US$/Selling CZK	-	4,452,000	-	32,269
Buying US$/Selling RUB	-	11,782,000	-	52,518
Buying US$/Selling HRK	-	992,354	-	5,081
Buying EUR/Selling CZK	-	809,790	-	(8,859)
Buying EUR/Selling HRK	-	569,591	-	362
Buying CZK/Selling EUR	-	1,127,266	-	37,228
Buying RUB/Selling USD	-	77,000	-	(50)
Charges on open contracts	-	-	180,089	210,676
	35,761,829	39,131,469	1,264,863	391,798

The Company	Nominal amount 2014 US$	Nominal amount 2013 US$	Fair value 2014 US$	Fair value 2013 US$
Buying US$/Selling EUR	6,274,411	9,701,370	(148,634)	16,814
Buying US$/Selling RUB	11,183,000	11,782,000	1,311,548	52,518
Buying US$/Selling RON	5,079,000	230,000	(236,559)	4,357
Buying US$/Selling RSD	500,000	-	(3,473)	-
Buying EUR/Selling RON	437,580	-	(12,526)	-
Buying CZK/Selling US$	1,250,000	1,395,000	27,751	658
Buying RUB/Selling US$	-	77,000	-	(50)
Buying EUR/Selling CZK	-	220,768	-	457
Charges on open contracts	-	-	180,089	210,563
	24,723,991	23,406,138	1,118,196	285,317

24. Derivative financial liabilities (continued)

(i) The Group and the Company enter into currency derivative contracts, namely forward and future currency derivatives, as part of their overall hedging strategy in order to minimise the exposure to foreign currency fluctuations.

(ii) A foreign currency forward derivative contract is a contractual agreement between two parties to exchange two currencies at a given exchange rate at some point in the future. The fair value of the derivative can be either positive (asset) or negative (liability) as a result of fluctuations in the forward exchange rates.

(iii) A foreign currency future derivative contract is a contractual agreement between two parties to buy or sell currency at a predetermined price in the future. The fair value of the derivative can be either positive (asset) or negative (liability) as a result of fluctuations in the period end exchange rate.

(iv) During the year the Group realised gains from execution of foreign currency derivative contracts of US$ 8,725,687 (2013: gains of US$ 1,252,146) and the Company realized gains of US$ 8,140,665 (2013: gains of US$ 1,438,426).

25. Derivative financial assets

	The Group		The Company	
	2014	2013	2014	2013
	US$	US$	US$	US$
Derivative financial assets carried at fair value through profit or loss				
Foreign currency derivative contracts	183,804	42,043	-	-

Fair value measurement of derivative financial assets

The Group	Nominal amount 2014 US$	Nominal amount 2013 US$	Fair value 2014 US$	Fair value 2013 US$
Buying US$/Selling EUR	133,670	331,833	997	(214)
Buying US$/Selling CZK	1,379,000	-	35,753	-
Buying US$/Selling HRK	1,206,150	-	11,648	-
Buying US$/Selling HUF	650,000	-	28,957	-
Buying CZK$/Selling EUR	920,985	-	(2,872)	-
Buying CZK$/Selling USD	1,183,000	-	(20,224)	-
Buying EUR$/Selling CZK	24,205	-	102	-
Buying EUR$/Selling USD	6,237,000	-	123,218	-
Buying HUF/Selling EUR	121,518	206,503	(332)	3,471
Buying PLN/Selling EUR	-	492,091	-	4,082
Buying PLN/Selling USD	-	2,080,437	-	38,912
Buying EUR/Selling PLN	-	571,085	-	(4,208)
Charges on open contracts	-	-	6,557	-
	11,855,528	3,681,949	183,804	42,043

25. Derivative financial assets (continued)

(i) The Group and the Company enter into currency derivative contracts, namely forward and future currency derivatives, as part of their overall hedging strategy in order to minimise the exposure to foreign currency fluctuations.

(ii) A foreign currency forward derivative contract is a contractual agreement between two parties to exchange two currencies at a given exchange rate at some point in the future. The fair value of the derivative can be either positive (asset) or negative (liability) as a result of fluctuations in the forward exchange rates.

(iii) A foreign currency future derivative contract is a contractual agreement between two parties to buy or sell currency at a predetermined price in the future. The fair value of the derivative can be either positive (asset) or negative (liability) as a result of fluctuations in the period end exchange rate.

(iv) During the year the Group realised gains from execution of foreign currency derivative contracts of US$ 8,725,687 (2013: gains of US$ 1,252,146) and the Company realized gains of US$ 8,140,665 (2013: gains of US$ 1,438,426).

26. Cash and cash equivalents

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	US$	**US$**	**US$**	**US$**
Cash at bank and in hand	57,665,105	36,776,501	35,784,290	16,528,966
Bank overdrafts (Note 16)	(28,248,846)	(36,286,317)	(5,412,675)	(13,072,334)
	29,416,259	490,184	30,371,615	3,456,632

The Group

The cash at bank and in hand balance includes an amount of US$ 6,222,423 (31 December 2013: US$ 3,103,256) which represents pledged deposits.

The Company

The cash at bank and in hand balance includes an amount of US$ 2,817,157 (31 December 2013: US$ 580,743) which represents pledged deposits.

27. Related party transactions and balances

Main shareholders

The following table presents shareholders possessing directly or indirectly more than 5% of the Company's shares and shares held by the Company under the share buyback program as at 31 December 2014:

Name	Number of votes/shares %	Votes/share capital %
Siarhei Kostevitch and KS Holdings Ltd	22,718,127	40.93
Quercus Towarzystwo Funduszy Inwestycyjnych S.A.	3,274,931	5.90
ING OFE	2,872,954	5.18
Asbisc Enterprises Plc (share buyback program)	16,389	0.03
Other	26,617,599	47.96
Total	55,500,000	100.00

Transactions and balances between the Company and its subsidiaries have been eliminated on consolidation.

27. Related party transactions and balances (continued)

The Company

In the normal course of business, the Company undertook during the year transactions with its subsidiary companies and had year end balances as follows:

Intercompany (trading) transactions

	Sales of goods		Purchases of goods	
	2014	**2013**	**2014**	**2013**
	US$	**US$**	**US$**	**US$**
Subsidiaries	623,915,649	683,921,711	39,434,117	32,924,038

	Sales of services		Purchases of services	
	2014	**2013**	**2014**	**2013**
	US$	**US$**	**US$**	**US$**
Subsidiaries	10,117,642	1,624,915	2,977,072	1,309,164

Intercompany (trading) balances
(Notes 14)

	Amounts owed by subsidiary companies		Amounts owed to subsidiary companies	
	2014	**2013**	**2014**	**2013**
	US$	**US$**	**US$**	**US$**
Subsidiaries	76,895,115	93,329,746	3,054,888	1,915,027

Loans to subsidiary companies

	2014	**2013**
	US$	**US$**
Loans to subsidiary companies (Note 14)	1,052,683	9,041

The total loans to subsidiary companies before provision for doubtful loans are unsecured and analysed below:

Subsidiary companies

Company	Interest rate %	Source currency	**2014** **US$**	**2013** **US$**
CJSC ASBIS (Note i)	4%	US Dollar	1,052,683	-
ASBC F.P.U.E. (Note ii)	3%	US Dollar	-	9,041
			1,052,683	9,041

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

	2014	**2013**
	US$	**US$**
CJSC ASBIS (Note i)	2,683	-
ASBC F.P.U.E. (Note ii)	-	5,990
Total interest received (Note 6)	2,683	5,990

(i) The subsidiary company CJSC ASBIS entered into a loan agreement with the Company on 24 November 2014 and is unsecured and repayable within 6 months.

(ii) The subsidiary company ASBC F.P.U.E. entered into a loan agreement with the Company on 30 July 2010. The loan was repaid during 2014.

27. Related party transactions and balances (continued)

Transactions and balances of key management

	The Group		The Company	
	2014	2013	2014	2013
	US$	US$	US$	US$
Directors' remuneration and benefits - executives	412,137	1,042,144	159,157	190,867
Directors' termination benefits - executives	-	165,046	-	-
Directors' remuneration - non executives	40,192	46,616	40,192	46,616
Other key management remuneration and benefits	1,385,040	1,569,234	635,879	784,443
Employer's contribution – provident fund	3,668	-	3,668	-
Employer's contributions – social insurance and other benefits	216,005	276,969	118,609	160,536
	2,057,042	3,100,009	957,505	1,182,462
Amounts due to Directors - executives	1,122,681	481,506	1,122,681	481,506
	1,122,681	481,506	1,122,681	481,506

Share-based payment arrangements

Following an extraordinary general meeting of the shareholders on 21 December 2011, a share buyback program that entitled key management personnel to purchase shares in the Company was approved.

At 31 December 2014, the Group has the following share-based payment arrangement.

Share option programme (equity-settled)

- the maximum amount of money that can be used to realize the program is US$ 500.000
- the maximum number of shares that can be bought within the program is 1.000.000 shares
- the program's time frame is 12 months from the resolution's date
- the shares purchased within the program could be held for a maximum of two years from acquisition
- the minimum price for transaction of purchase of shares within the program is PLN 4.0 per share with the maximum price of PLN 6.0 per share

At the end of 2014 the Company held a total of 16,389 (2013: 118,389) shares purchased for a total consideration of US$ 14,211 (2013: US$ 79,515).

28. Personnel expenses and average number of employees

	The Group		The Company	
	2014 US$	2013 US$	2014 US$	2013 US$
Salaries and other benefits	44,412,823	46,680,549	7,285,996	7, 681,000
The average number of employees was	1,446	1,581	154	150

29. Earnings per share

	2014 US$	2013 US$
Profit for the year attributable to members	950,988	12,665,962
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	1.71	22.87

30. Dividends

During the year, the Board of Directors proposed and paid a final dividend for 2013 of US$ 0,06 per share.

31. Business combinations

The Group

1. Acquisitions

1.1.a. Acquisition of shares from non-controlling interests to 31 December 2013

During 2013, the Group acquired the remaining 49% of the share capital of SHARK Online a.s. in Slovakia from the non-controlling interests and now owns the full 100% of its share capital. From the difference between the Group's interest in the net assets acquired and the consideration paid, the following gain arose:

- Gain on the acquisition of shares from non-controlling interest of SHARK Online a.s. of US$ 16,368 which was credited directly to equity.

Name of entity	Type of operations	Date acquired	% acquired	% owned
SHARK Online a.s.	Information Technology	16 May 2013	49%	100%

1.2.a. Acquisition of remaining shares of joint venture to 31 December 2013

During 2013, the Group acquired the remaining 50% of the share capital of SHARK Computers a.s. in Slovakia and obtained the total 100% of its share capital. From the difference between the Group's interest in the net assets acquired and the consideration paid, the following goodwill arose:

- Goodwill on the acquisition of shares of SHARK Computers a.s. in Slovakia of $1,422,923 (Note 31.1.5) which was capitalised in the statement of financial position.

Name of entity	Type of operations	Date acquired	% acquired	% owned
SHARK Computers a.s.	Information Technology	16 May 2013	50%	100%

31. Business combinations (continued)

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 acquisition was as follows:

	2014 US$	2013 US$
Tangible and intangible assets	-	98,517
Inventories	-	777,901
Receivables	-	730,439
Other receivables	-	36,297
Short term loans	-	(345,542)
Payables	-	(2,678,926)
Other payables and accruals	-	(154,941)
Cash and cash equivalents	-	228,877
Net identifiable assets and liabilities	-	(1,307,378)
Group’s interest in net liabilities acquired	-	(1,342,430)
Share of loss previously recognized as joint venture	-	386,400
Total purchase consideration	-	(450,525)
Net loss	-	(1,406,555)
Gain on the acquisition through equity	-	16,368
Goodwill capitalised in statement of financial position	-	(1,422,923)
	-	(1,406,555)

1.4. Financial information regarding acquired entities

	1 January to 31 December 2013 US$	Acquisition date to 31 December 2013 US$
Revenue for the year/period	9,114,561	6,373,689
(Loss)/profit for the year/period	(72,202)	16,295

1.5. Goodwill arising on acquisitions

	2014 US$	2013 US$
At 1 January	1,969,009	550,517
Additions	-	1,422,923
Foreign exchange difference on retranslation	(234,669)	(4,431)
At 31 December (note i)	1,734,340	1,969,009

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

	2014 US$	2013 US$
ASBIS d.o.o. (BA) (formerly Megatrend D.O.O. Sarajevo)	424,419	481,067
SHARK Computers a.s.	1,309,921	1,487,942
	1,734,340	1,969,009

31. Business combinations (continued)

During 2013, the re-measurement to fair value of the Group's existing 50% interest in Shark Computers a.s. resulted in no gain or loss:

	Profit or loss US$
Consideration transferred	(386,400)
Share of loss previously recognized as joint venture	386,400
	-

1.6. Impairment testing

For ASBIS d.o.o. (BA) (formerly Megatrend D.O.O. Sarajevo), a detailed impairment analysis was performed and based on the results it has been concluded that no impairment is required.

For SHARK Computers a.s., the recoverable amount was estimated by applying the following significant assumptions:

- Actual and budgeted EBIT which ranged from US$ 523,099 to US$ 2,636,330 based on expected efficiency improvements.
- Pre-tax discount rate calculated based on the company's weighted average cost of capital of 9%.
- Budgeted revenue growth rate of 15% to 30% per year based on expected expansion to local and foreign markets.

2. Disposals of subsidiaries

2.1.a Disposals to 31 December 2014

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

Name of disposed entity	Type of operations	Date liquidated	% liquidated
Asbis IT S.R.L.	Information Technology	30 December 2013	100%

2.1.b. Disposals to 31 December 2013

During the year the following Group's subsidiaries went into liquidation. No gains or losses arose on the events.

Name of disposed entity	Type of operations	Date liquidated	% liquidated
- ISA Hardware Hungary Commercial Ltd	Information Technology	31 March 2013	100%
- Asbis Europe B.V.	Information Technology	11 October 2013	100%
- E.M. Euro-Mall d.o.o.	Information Technology	11 December 2013	100%

32. 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 to 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 the 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, letter of guarantee – to safeguard itself from the credit risk. We insured more than 61% of our 2014 receivables.

During 2014 (same for 2013) none of the Group's customers accounted for more than 1% of total sales; it is of strategic importance for the Group not to rely on any single customer.

Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit insurance is purchased. The credit risk on liquid funds and derivative financial instruments is determined by the credit ratings assigned to the financial institutions with which these funds are held. As at 31 December 2014 the Group and the Company held liquid funds and financial instruments in financial institutions with credit ratings of A1, A2, A3, AA3, B1, B2, Baa1, Ba2, for long term and P1, P2, P3 for short-term, based on Moody's international credit rating agency. At the date of signing this report liquid funds held with lower rated financial institutions were not material and any exposure to credit risk was limited.

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		The Company	
	2014	**2013**	**2014**	**2013**
	US$	**US$**	**US$**	**US$**
Variable rate instruments				
Overdrafts	28,248,846	36,286,317	5,412,675	13,072,334
Short-term loans	30,456,624	37,355,507	140,363	149,947
Long-term loans	1,538,139	2,572,295	680,202	956,171
Factoring advances	40,482,397	69,533,461	1,881,783	1,509,732
	100,726,006	145,747,580	8,115,023	15,688,184

Sensitivity analysis
An increase of 100 basis points in interest rates at 31 December 2014 would have decreased 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.

32. Financial risk management (continued)

	Profit & loss			
	The Group		The Company	
	2014	2013	2014	2013
	US$	US$	US$	US$
Variable rate instruments				
Overdrafts	282,488	362,863	54,127	130,723
Short-term loans	304,566	373,555	1,404	1,499
Long-term loans	15,381	25,723	6,802	9,562
Factoring advances	404,824	695,335	18,818	15,097
	1,007,259	1,457,476	81,151	156,881

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.

The Group

31 December 2014	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	US$		US$	US$	US$	US$	US$
Bank loans	31,994,763	32,137,035	13,301,441	17,210,192	770,004	855,398	-
Bank overdrafts	28,248,846	28,248,846	7,765,648	20,483,198	-	-	-
Factoring advances	40,482,397	40,482,397	39,919,380	563,017	-	-	-
Trade and other payables	286,875,706	286,875,706	285,520,837	1,354,869	-	-	-
Other short and long term liabilities	1,872,187	1,872,187	1,339,551	-	39,546	493,090	-
	389,473,899	389,616,171	347,846,857	39,611,276	809,550	1,348,488	-

31 December 2013	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	US$	US$	US$	US$	US$	US$	US$
Bank loans	39,927,802	40,186,066	24,872,234	12,593,764	851,405	1,329,485	539,178
Bank overdrafts	36,286,317	36,286,317	16,879,716	19,406,601	-	-	-
Factoring advances	69,533,461	69,533,461	62,545,324	6,988,137	-	-	-
Trade and other payables	363,636,309	363,636,309	361,951,114	1,685,195	-	-	-
Other short and long term liabilities	990,538	990,538	19,224	449,283	72,883	449,148	-
	510,374,427	510,632,691	466,267,612	41,122,980	924,288	1,778,633	539,178

32. Financial risk management (continued)

The Company

31 December 2014	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	US$	US$	US$	US$	US$	US$	US$
Bank loans	820,565	929,375	46,431	131,072	218,309	533,563	-
Bank overdrafts	5,412,675	5,412,675	5,412,675	-	-	-	-
Factoring advances	1,881,783	1,881,783	1,881,783	-	-	-	-
Trade and other payables	165,820,264	165,820,264	165,820,264	-	-	-	-
Other short and long term liabilities	16,705,646	16,705,646	16,705,646	-	-	-	-
	190,640,933	190,749,743	189,866,798	131,072	218,309	533,563	-

31 December 2013	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	US$	US$	US$	US$	US$	US$	US$
Bank loans	1,106,118	1,305,255	81,083	159,190	196,475	612,076	256,431
Bank overdrafts	13,072,334	13,072,334	13,072,334	-	-	-	-
Factoring advances	1,509,732	1,509,732	1,509,732	-	-	-	-
Trade and other payables	235,462,810	235,462,810	235,332,910	129,900	-	-	-
Other liabilities	285,317	285,317	-	285,317	-	-	-
	251,436,311	251,635,448	249,996,059	574,407	196,475	612,076	256,431

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 companies measurement currency.

The Group uses short-term derivative financial instruments to minimise the risk 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 monetary assets and monetary liabilities at the reporting date are denominated in the following currencies:

The Group

2014	Cash at bank and in hand	Receivables	Trade and other liabilities	Borrowings
	US$	US$	US$	US$
US Dollar	38,773,400	95,251,816	(189,297,049)	(13,039,298)
Euro	1,738,849	82,073,138	(97,656,211)	(8,027,821)
Russian Rouble	1,870,250	26,760,755	(19,735,106)	(7,867,899)
Polish Zloty	24,197	10,873,313	(4,088,656)	(7,665,663)
Czech Koruna	1,385,860	6,423,273	(4,638,753)	(4,077,722)
Belarusian Rouble	630,397	3,196,637	(792,895)	(2,738,164)
Croatian Kuna	753,840	2,304,550	(722,492)	(3,094,203)
Romanian New Lei	1,524,447	12,966,589	(2,043,662)	(5,248,152)
Bulgarian Lev	1,134,815	3,564,125	(947,488)	(3,897,832)
Hungarian Forint	250,765	2,487,558	(679,354)	(878,202)
Kazakhstan Tenge	2,508,973	5,191,513	(610,116)	-
UAE Dirham	838,022	-	-	(60,388)
Saudi Riyal	198,822	3,796,034	(275,479)	-
Other	6,032,469	18,981,761	(7,135,705)	(4,255,589)
	57,665,106	273,871,062	(328,622,967)	(60,850,933)

32. Financial risk management (continued)

2013	Cash at bank and in hand	Receivables	Trade and other liabilities	Borrowings
	US$	US$	US$	US$
US Dollar	15,568,761	122,496,831	(243,364,142)	(16,572,140)
Euro	5,087,058	71,607,113	(94,035,125)	(8,643,096)
Russian Rouble	4,245,678	76,293,013	(55,332,181)	(9,578,831)
Polish Zloty	15,192	19,211,676	(8,621,958)	(7,610,011)
Czech Koruna	3,026,850	10,078,247	(7,049,559)	(4,208,466)
Belarusian Rouble	128,699	7,941,892	(882,488)	(6,738,878)
Croatian Kuna	820,878	3,920,766	(925,478)	(3,514,147)
Romanian New Lei	2,644,990	12,854,363	(1,860,731)	(6,139,367)
Bulgarian Lev	553,981	7,690,787	(5,165,508)	(4,901,875)
Hungarian Forint	151,310	2,809,971	(578,216)	(1,741,600)
Kazakhstan Tenge	580,681	10,338,572	(441,836)	(1,926,442)
UAE Dirham	546,380	15,558,804	(6,671,037)	(1,315,428)
Saudi Riyal	107,602	7,570,008	(508,476)	-
Other	3,298,441	15,041,839	(8,124,833)	(3,922,578)
	36,776,501	383,413,882	(433,561,568)	(76,812,859)

The Company

2014	Cash at bank and in hand	Receivables	Trade and other liabilities	Borrowings
	US$	US$	US$	US$
US Dollar	34,328,584	131,256,256	(170,458,496)	(3,901,947)
Euro	348,282	12,700,141	(11,972,146)	(2,317,276)
Czech Koruna	992,007	299,058	(1,962,951)	-
Russian Rouble	-	3,125,430	-	-
Swiss Franc	115,417	387,127	(14,101)	-
Other	-	32,976	-	(14,016)
	35,784,290	147,800,988	(184,407,694)	(6,233,239)

2013	Cash at bank and in hand	Receivables	Trade and other liabilities	Borrowings
	US$	US$	US$	US$
US Dollar	13,799,436	163,048,549	(223,225,118)	(9,495,669)
Euro	1,113,275	21,338,561	(10,957,676)	(4,668,416)
Czech Koruna	1,532,746	380,687	(3,074,795)	-
Russian Rouble	-	9,977,376	-	-
Swiss Franc	83,509	78,362	-	-
Other	-	41,238	-	(14,367)
	16,528,966	194,864,773	(237,257,589)	(14,178,452)

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 and Russian Ruble and this risk is mitigated by the appropriate use of currency derivative contracts.

32. 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 Company's/Group's financial instruments approximate their fair value at the reporting date. Financial assets and financial liabilities carried at fair value through profit or loss represent foreign currency derivative contracts categorized as a Level 2 (inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

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 2009.

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

The gearing ratio at the year-end was as follows:

	2014	**2013**
	US$	**US$**
Debt (i)	100,800,694	145,824,289
Cash at bank and in hand	(57,665,105)	(36,776,501)
Net debt	43,135,589	109,047,788
Equity (ii)	103,638,565	113,448,376
Net debt to equity ratio	42%	96%

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

The Company

The gearing ratio at the year-end was as follows:

	2014	**2013**
	US$	**US$**
Debt (i)	8,115,023	15,688,184
Cash at bank and in hand	(35,784,290)	(16,528,966)
Net debt	(27,669,267)	(840,782)
Equity (ii)	59,922,070	66,348,815
Net debt to equity ratio	-	-

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

32. Financial risk management (continued)

4.Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the fair value hierarchy of the Company's assets:

	The Group Level 2 US$	The Company Level 2 US$
Assets		
Derivative financial assets	183,804	-
Liabilities		
Derivative financial liabilities	1,264,863	1,118,196

The fair value of financial instruments that are not traded in an active market (for example, unlisted equity securities) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

33. 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.

33. Other risks (continued)

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.

Situation in Ukraine and Russia

The Group is exposed to the economic and financial markets of the Russian Federation and Ukraine. We have experienced throughout 2014 a severe crisis in Ukraine, which has resulted into a lower demand from customers and a significant devaluation of the local currency (UAH) to US Dollar, our reporting currency, that led the National Bank of Ukraine to introduce certain administrative restrictions on currency conversion transactions. Russia, as well as other nearby markets, have also been negatively affected. The accession of the Crimea region to the Russian Federation resulted in a significant deterioration of the relationship between Ukraine and Russia. Furthermore, the imposition of economic sanctions on Russian individuals and legal entities as well as retaliatory sanctions imposed by the Russian government, have resulted in increased economic uncertainty including a depreciation of the Russian Ruble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. All these developments have resulted in lower revenues and profitability for the Group.

The longer term effects on the Ukrainian economy of the political and economic crisis and the implemented sanctions on Russia, as well as the threat of additional future sanctions, are difficult to determine. Whilst management believes it is taking appropriate measures to support the sustainability of the Group's business in these markets in the current circumstances, a continuation of the current unstable business environment in these markets could negatively further affect the Group's results and financial position in a manner not currently determinable.

These consolidated financial statements reflect management's current assessment of the impact of the Russian and Ukrainian business environment on the operations and the financial position of the Group. The future business environment may differ from today's management's assessment.

Other risks

The general economic environment 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.

34. Operating lease arrangements

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

The Group

Non-cancellable operating lease arrangements

	2014		**2013**	
	Cars	**Offices and warehouses**	**Cars**	**Offices and warehouses**
	US$	**US$**	**US$**	**US$**
Within 1 year	635,493	1,397,063	840,281	1,284,921
Between 2 to 5 years	453,209	478,105	1,134,204	1,157,116
More than 5 years	-	517,363	-	-
	1,088,702	2,392,531	1,974,485	2,442,037

The payment recognised as an expense during the year amounted to US$ 3,245,492 (2013: US$ 3,269,495).

The Company

During 2013 and 2014, the Company had no operating leases.