ASBISc Enterprises plc

INTERIM REPORT
FOR THE SIX MONTHS
ENDED 30 JUNE 2014

Limassol, 7 August 2014

TABLE OF CONTENTS

DIRECTORS' REPORT ON THE COMPANY'S AND GROUP'S OPERATIONS

We have prepared this report as required by Paragraph 82 section 1 point 2 of the Regulation of the Ministry of Finance dated 19 February 2009 on current and periodic information to be published by issuers of securities and conditions of recognition of information required by the law of non-member country as equal.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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

Financial and Operating Data

This six month report contains financial statements of, and financial information relating to the Group. In particular, this six month report contains our interim consolidated financial statements for the six months ended 30 June 2014. The financial statements appended to this six month report are presented in U.S. dollars and have been prepared in accordance with International Accounting Standard ("IAS") 34.

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

Certain arithmetical data contained in this six month 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 six month report may not conform exactly to the total figure given for that column or row.

Currency Presentation

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

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

FORWARD-LOOKING STATEMENTS

This six month 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 six month 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 six month 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 six month report.

Part I Additional information

1. Overview

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

The Group distributes IT components (to assemblers, system integrators, local brands and retail) as well as A-branded finished products like desktop PCs, laptops, servers, and networking to SMB and retail. Our IT product portfolio encompasses a wide range of IT components, blocks and peripherals, and mobile IT systems. We currently purchase the majority of our products from leading international manufacturers, including Intel, Advanced Micro Devices ("AMD"), Seagate, Western Digital, Samsung, Microsoft, Toshiba, Dell, Acer, 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 33 warehouses located in 26 countries. This network supplies products to the Group's in-country operations and directly to its customers in approximately 75 countries.

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

2. Executive summary for the three and six months periods ended June 30th, 2014

In both Q2 2014 and H1 2014 the Company has faced negative trends in two of its biggest markets – namely Russia and Ukraine – emanating from the turbulence in the region. In Q2 2014 the Company has undertaken several actions and was able to limit the negative effects of the Ukrainian crisis. These actions included redirection of revenues to other markets, significant cost reductions and more precise and conservative stand on purchases. All these are expected to boost the Company's revenues and profitability in the second half of the year.

The principal events of the three months period ended June 30th, 2014, were as follows:

- Revenues decreased by 22.19% to U.S.$ 361,535 from U.S.$ 464,654 in the corresponding period of 2013. However in the same time, revenues in Q2 2014 were 5.59% higher than in Q1 2014 due to partial redirection of sales lost in Ukraine and Russia to other markets.

- Gross profit decreased by 22.53% to U.S.$ 19,872 from U.S.$ 25,652 in the corresponding period of 2013.

- Gross profit margin decreased by 0.43% to 5.50% from 5.52% in the corresponding period of 2013.

- Selling expenses decreased by 11.87% to U.S.$ 10,924 from U.S.$ 12,395 in the corresponding period of 2013. Selling expenses in Q2 2014 were also a 3.95% lower than in Q1 2014. This is due to a lower gross profit number and cost cutting actions that the Company has introduced beginning from Q2 2014.

- Administrative expenses decreased by 1.36% to U.S.$ 7,299 from U.S.$ 7,400 in the corresponding period of 2013, but also decreased by 7.55% compared to Q1 2014. This is also connected with cost cutting actions that the Company has undertaken, following the crisis in Ukraine and Russia.

- EBITDA decreased by 63.83% to U.S.$ 2,356 compared to U.S.$ 6,514 in the corresponding period of 2013.

- As a result of decreased revenues and gross profit, the Company closed Q2 2014 with a net loss attributable to owners of the parent amounting to U.S.$ 1,443 compared to a net profit of U.S.$ 1,370 in Q2 2013. In the same time, net result of Q2 2014 was significantly better than a loss of U.S.$ 3,392 in Q1 2014.

Following table presents revenues breakdown by regions in the three month period ended June 30th, 2014 and 2013 respectively (in U.S.$ thousand):

Region	Q2 2014	Q2 2013	Change %
Central and Eastern Europe and Baltic States	168,822	172,359	-2.05%
Former Soviet Union	104,116	164,017	-36.52%
Middle East and Africa	50,656	60,002	-15.58%
Western Europe	32,307	61,096	-47.12%
Other	5,634	7,179	-21.52%
Grand Total	**361,535**	**464,654**	**-22.19%**

The principal events of the six month period ended June 30th, 2014, were as follows:

- Revenues decreased by 22.52% to U.S.$ 703,925 from U.S.$ 908,478 in the corresponding period of 2013.

- Gross profit decreased slower than revenues by 18.78% to U.S.$ 42,108 from U.S.$ 51,848 in the corresponding period of 2013.

- Gross profit margin increased by 4.82% to 5.98% from 5.71% in the corresponding period of 2013.

- Selling expenses decreased by 7.97% to U.S.$ 22,297 from U.S.$ 24,229 in the corresponding period of 2013, as a result of lower sales and gross profit, as well as a result of the cost cutting actions taken by the Company.

- Administrative expenses increased by 6.36% to U.S.$ 15,194 from U.S.$ 14,285 in the corresponding period of 2013. This is connected with significantly higher number of admin employees and size of own brands business in 2014.

- EBITDA decreased by 58.38% to U.S.$ 6,103 from U.S.$ 14,664 in the corresponding period of 2013.

- The Company has generated a net loss attributable to owners of the parent amounting to U.S.$ 4,835 compared to a net profit of U.S.$ 4,699 in the corresponding period of 2013.

Following table presents revenues breakdown by regions in the six month periods ended June 30th, 2014 and 2013 respectively (in U.S.$ thousand):

Region	H1 2014	H1 2013	Change %
Central and Eastern Europe and Baltic States	314,742	341,413	-7.81%
Former Soviet Union	226,472	324,160	-30.14%
Middle East and Africa	98,796	125,509	-21.28%
Western Europe	50,965	103,552	-50.78%
Other	12,950	13,844	-6.45%
Grand Total	**703,925**	**908,478**	**-22.52%**

3. Summary historical financial data

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

For your convenience, certain U.S. $ amounts as of and for the three and six months ended 30 June 2014 and 2013, have been converted into Euro and PLN as follows:

- Individual items of the statement of financial position – based at average exchange rates quoted by the National Bank of Poland for a given balance sheet date December 31st, 2013, that is: 1 US$ = 3.0120 PLN and 1 EUR = 4.1472 PLN and June 30th, 2014, that is: 1 US$ = 3.0473 PLN and 1 EUR = 4.1609 PLN.

- Individual items in the income statement and statement of cash flows – 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 given period 1 January to 30 June 2013, that is: 1 US$ = 3.2165 PLN and 1 EUR = 4.2140 PLN and 1 January to 30 June 2014, that is: 1 US$ = 3.0539 PLN and 1 EUR = 4.1784 PLN.

- Individual items in the income statement and statement of cash flows for separate Q2 2014 and Q2 2013 – 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 given period 1 April to 30 June 2013, that is: 1 US$ = 3.2616 PLN and 1 EUR = 4.2541 PLN and 1 April to 30 June 2014, that is: 1 US$ = 3.0449 PLN and 1 EUR = 4.1674 PLN.

	Period from 1 January to 30 June 2014			Period from 1 January to 30 June 2013		
	USD	PLN	EUR	USD	PLN	EUR
Revenue	**703,925**	**2,149,717**	**514,483**	**908,478**	**2,922,120**	**693,431**
Cost of sales	(661,817)	(2,021,122)	(483,707)	(856,630)	(2,755,351)	(653,856)
Gross profit	**42,108**	**128,595**	**30,776**	**51,848**	**166,769**	**39,575**
Selling expenses	(22,297)	(68,093)	(16,296)	(24,229)	(77,933)	(18,494)
Administrative expenses	(15,194)	(46,402)	(11,105)	(14,285)	(45,949)	(10,904)
Profit from operations	**4,617**	**14,101**	**3,375**	**13,334**	**42,887**	**10,177**
Financial expenses	(10,098)	(30,839)	(7,381)	(7,680)	(24,704)	(5,862)
Financial income	597	1,823	436	199	640	152
Other gains and losses	88	269	64	358	1,152	273
Share of loss from joint ventures	-	-	-	(57)	(183)	(44)
Profit before taxation	**(4,796)**	**(14,647)**	**(3,505)**	**6,153**	**19,791**	**4,697**
Taxation	(29)	(87)	(21)	(1,436)	(4,617)	(1,096)
Profit after taxation	**(4,825)**	**(14,734)**	**(3,526)**	**4,718**	**15,174**	**3,601**
Attributable to:						
Non-controlling interest	11	33	8	19	60	14
Owners of the Company	**(4,835)**	**(14,767)**	**(3,534)**	**4,699**	**15,114**	**3,587**

	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	(8.71)	(26.61)	(6.37)	8.47	27.23	6.46

	USD	PLN	EUR	USD	PLN	EUR
Net cash outflows from operating activities	(53,589)	(163,656)	(39,167)	(16,867)	(54,253)	(12,874)
Net cash outflows from investing activities	(1,267)	(3,870)	(926)	(1,473)	(4,738)	(1,124)
Net cash inflows/(outflows) from financing activities	13,737	41,953	10,040	(2,801)	(9,009)	(2,138)
Net decrease in cash and cash equivalents	**(41,119)**	**(125,574)**	**(30,053)**	**(21,141)**	**(68,000)**	**(16,137)**
Cash at the beginning of the period	**490**	**1,497**	**358**	**(4,392)**	**(14,128)**	**(3,353)**
Cash at the end of the period	**(40,629)**	**(124,077)**	**(29,695)**	**(25,533)**	**(82,128)**	**(19,489)**

	As at 30 June 2014			As at 31 December 2013		
	USD	PLN	EUR	USD	PLN	EUR
Current assets	444,354	1,354,079	325,429	592,676	1,785,139	430,444
Non-current assets	30,490	92,912	22,330	31,291	94,248	22,726
Total assets	**474,843**	**1,446,990**	**347,759**	**623,966**	**1,879,387**	**453,170**
Liabilities	370,659	1,129,508	271,458	510,518	1,537,680	370,776
Equity	104,185	317,482	76,301	113,448	341,707	82,395

	Period from 1 April to 30 June 2014			Period from 1 April to 30 June 2013		
	USD	PLN	EUR	USD	PLN	EUR
Revenue	**361,535**	**1,100,838**	**264,155**	**464,654**	**1,515,514**	**356,248**
Cost of sales	(341,663)	(1,040,329)	(249,635)	(439,002)	(1,431,849)	(336,581)
Gross profit	**19,872**	**60,509**	**14,520**	**25,652**	**83,665**	**19,667**
Selling expenses	(10,924)	(33,262)	(7,982)	(12,395)	(40,426)	(9,503)
Administrative expenses	(7,299)	(22,225)	(5,333)	(7,400)	(24,136)	(5,674)
Profit from operations	**1,649**	**5,022**	**1,205**	**5,857**	**19,103**	**4,491**
Financial expenses	(3,629)	(11,051)	(2,652)	(4,092)	(13,346)	(3,137)
Financial income	495	1,508	362	67	220	52
Other gains and losses	39	118	28	168	549	129
Share of loss from joint ventures	-	-	-	(40)	(129)	(30)
Profit before taxation	**(1,446)**	**(4,402)**	**(1,056)**	**1,961**	**6,397**	**1,504**
Taxation	8	25	6	(588)	(1,916)	(451)
Profit after taxation	**(1,438)**	**(4,377)**	**(1,050)**	**1,374**	**4,481**	**1,053**
Attributable to:						
Non-controlling interests	5	16	4	4	12	3
Owners of the Company	**(1,443)**	**(4,394)**	**(1,054)**	**1,370**	**4,469**	**1,051**

	USD (cents)	PLN (grosz)	EUR (cents)	USD (cents)	PLN (grosz)	EUR (cents)
Basic and diluted earnings per share from continuing operations	(2.60)	(7.92)	(1.90)	2.47	8.05	1.89

	USD	PLN	EUR	USD	PLN	EUR
Net cash inflows from operating activities	9,997	30,440	7,304	19,793	64,557	15,175
Net cash outflows from investing activities	(671)	(2,042)	(490)	(798)	(2,601)	(612)
Net cash outflows from financing activities	(6,083)	(18,521)	(4,444)	(4,963)	(16,187)	(3,805)

4. Organization of ASBIS Group

The following table presents our corporate structure as at 30 June 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)

5. Changes in the structure of the Company

During the six months ended June 30th, 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.

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

We have not published any forecasts for the six months period ended June 30th, 2014. However on May 8th 2014 the Company has published the official financial forecasts for Y2014, that include the effects of the political and economical turbulence in Ukraine, Russia and Kazakhstan. According to this forecast, the Company expects to generate from U.S.$ 1.6 billion to U.S.$ 1.75 billion revenues, while net profit after tax for the whole year is expected to range from U.S.$ 4 million to U.S.$ 5 million. Having seen the results of H1 2014, the Company fully sustains this forecast. The Company is expected to generate a net profit after tax in Q3 2014, and fulfill the financial forecasts by producing the majority of profits in Q4 2014.

7. Information on dividend payment

In the period of six months ended 30 June 2014 a dividend has been declared. 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 per share 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.

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

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

Name	Number of shares	% of share 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%
Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. (Noble Funds Fundusz Inwestycyjny Otwarty, Noble Fund 2DB Fundusz Inwestycyjny Zamknięty, Noble Fund Opportunity Fundusz Inwestycyjny Zamknięty)**	2,780,500	5.01%	2,780,500	5.01%
Noble Funds Fundusz Inwestycyjny Otwarty***	2,829,691	5.10%	2,829,691	5.10%
ASBISc Enterprises PLC (buy-back program)	118,389	0.21%	118,389	0.21%

* 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.
** According to notification from December 17th, 2013
*** According to notification from March 4th, 2014

In the six month period ended on June 30th, 2014 the Company received the following information about changes in the shareholders structure:

(1) 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.

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

During the six month period ended on 30 June 2014 as well as in the period between May 8th, 2014 (the date of the publication of the first quarter results) and August 7th, 2014 (date of this report) there were no changes in the number of shares possessed by the members of the Board of Directors.

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

Name	Number of Shares	% of the share capital
Siarhei Kostevitch (directly and indirectly)	22,718,127	40.93%
Marios Christou	248,000	0.45%
Constantinos Tziamalis	35,000	0.06%
Efstathios Papadakis	0	0%
Chris Pavlou	0	0%

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

10. Changes in the members of managing bodies

The Company's Annual General Meeting of Shareholders held on June 5th, 2014 has re-elected Mr. Constantinos Tziamalis to the Board of Directors. There were no other changes in the members of the Company's Board of Directors during H1 2014.

11. Significant administrative and court proceedings against the Company

As of June 30th, 2014, no court, arbitration or administrative proceedings whose single or aggregate value exceeds 10% of our equity were pending against us or any of the members of our Group.

12. Related party transactions

During the six months ended June 30th, 2014 we have not had any material related party transaction exceeding the Polish Zloty equivalent of Euro 500 thousand other than typical or routine transactions.

13. Information on guarantees granted to third parties

The Company has increased corporate guarantees to support its subsidiaries' local financing from U.S.$ 188,815 at December 31st, 2013 (and U.S.$ 240,810 at March 31st, 2014) to U.S.$ 249,948 at June 30th, 2014, representing more than 10% of the Company's equity. The total bank guarantees and letters of credit raised by the Group (mainly to Group suppliers) as at June 30th, 2014 was U.S. $ 12,037 – as per note number 18 to the financial statements – which is more than 10% of the Company's equity.

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

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

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

In the six month period ended June 30th, 2014 the Company's results of operations have been affected and are expected to continue to be affected by a number of factors. These factors are: the instability of Ukraine's political and financial environment and the involvement of Russia into the Ukrainian crisis, currency fluctuations, competition and price pressures, low gross profit margins, potential inventory obsolescence and price erosion, the worldwide unstable financial environment, and seasonality.

Similar to a number of previous periods, the Company has continued its strategy to focus more on profitability than just on revenues. Therefore, changes in product portfolio continued and included an intentional decrease in sales of a number of low profit product lines to the benefit of development of sales of high gross profit segments of tablets and smartphones (both own brands and third party). This resulted in increased gross profit margin compared to Q1 2014. However in Q2 2014 the Company was forced to sell off stocks that pilled up during clashes in Ukraine, at a cost of gross profit margin. As a result, gross profit margin in Q2 2014 was stable and did not grow at the expected level.

The Company's results were overshadowed by the negative effects following the turbulence in the F.S.U. countries, namely Ukraine and Russia. This situation has decreased significantly demand in these two big markets, and has also adversely affected nearby markets. Thus, revenues derived in H1 2014 were significantly lower compared to H1 2013, similarly to Q1 2014 results published in May this year.

However, while in Q1 2014 the Company faced major currency losses due to a strong depreciation of the Ukrainian Hryvna and the Kazakhstan Tenge, in Q2 2014 the Company's actions to limit exposure in these countries, as well as improved market conditions have resulted in no FX losses. Additionally the Company has started a number of actions to rescale and adapt into the contracted level of business. This resulted in significant cuts of expenses. Unfortunately, cutting of expenses and effective FX hedging was not enough to produce a net profit as sales in two of our main eastern markets dropped significantly. The Company has started to build up sales channels in Western Europe and Central and Eastern Europe to offset sales drop in Ukraine and Russia, but it expects to see results of that only in H2 2014.

Below we present all factors that have affected and continue to affect our business:

Instability of Ukraine's political and financial environment and the involvement of Russia in the crisis

We have experienced during the course of 2014 to-date, a severe crisis in our third largest market (in terms of 2013 sales) - 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. 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 2014. The Company is undertaking a number of measures to protect itself from this crisis and mitigate possible losses.

After a very tough Q1 2014, some stabilization in these markets has been seen in Q2 2014 due to the Company's efforts to optimize its operations in the region to new realities. In addition to lower demand in affected markets, the Company has decided to shrink its operations only to the level it can be financed locally and sell only to selected customers, so the Company does not hold any additional significant risk in case the crisis becomes tougher. This allowed the Company to decrease losses in this markets in Q2 2014, however it was too early to produce any profits. Having seen that the situation is manageable and under control to the possible extent, it is expected that the Company will generate profits for the whole year, as announced in the financial forecasts for the Y2014 on May 7th, 2014.

Currency fluctuations

As mentioned in previous reports, 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's reporting currency, the Group has adopted hedging strategies to tackle this problem successfully.

However, in Q1 2014 the Group has faced a strong depreciation of the Ukrainian Hryvnia and the Russian Ruble emanating from the political turbulence in Ukraine. Additionally, the Group has absorbed another unexpected fx loss, due to the devaluation of the Kazakhstan Tenge. All these were offset to the extent of typical business (i.e. by having liabilities in local currencies), however these developments have resulted in significant currency losses.

The Company has undertaken all necessary steps and no more FX losses were generated in Q2 2014. Unfortunately, the abovementioned one-off losses that have adversely affected Q1 2014 results, have also distorted H1 2014 results.

Therefore it is crucial to continue our successful hedging (as shown in 2013 and in Q2 2014) and further improve it over time to immune the Group from some non-predictable situations in particular countries, as was the case of Kazakhstan and Ukraine in the beginning of 2014.

USD/UAH in H1 2014

USD/RUB in H1 2014

Competition and price pressure

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

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

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

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

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.) which has led into lower gross profit margin.

Low gross profit margins

The Company's business is twofold – the traditional distribution of third party products and own brands sales.

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

For this reason, the Company has developed its own brand business, that generates higher gross profit margins. Since this business is already responsible for a significant part 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 and no matter if its 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 on time to satisfy consumer needs and be able to sell the previous technology as well.

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 this 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 the consumer demand on one side and risk of inventory obsolence or price erosion on the other, by having the proper inventory level.

In Q1 2014 due to the unexpected clash in Ukraine, the Company was left with large stocks (both third party and own brands) that were purchased to satisfy expected demand and had to partially sell them off at a lower margin in Q2 2014.

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 55 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. As a result, the Group is exposed to more credit risk and the ability of the Group to analyse and assess its credit risk is of extremely high importance.

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, 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 significant instability in the country's financial environment.

In most cases, the Company is able to secure itself from such factors. However, we can never be 100% secure from any external factors, as shown in H1 2014, the results of which have been significantly affected by the situation in Ukraine and Russia.

Therefore, it is of extreme importance to follow a strategy of further securing the Company from external factors and improving it constantly in future periods and focus more on growing profitability and improving cash flow rather than just on growing revenues.

Seasonality

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

Traditional seasonality effect is expected to be seen also in 2014, despite the turbulence faced in Q1 2014 in the F.S.U. countries.

Development of own brands business

Due to the Company's strategy to focus more on profitability than on revenues, the Company has increased its engagement into development of own brands business that allows to generate 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.

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 includes smart home, smart health and wearable IT solutions adressed to a large group of potential customers.

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 above the weighted average cost of debt.

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.

Results of Operations

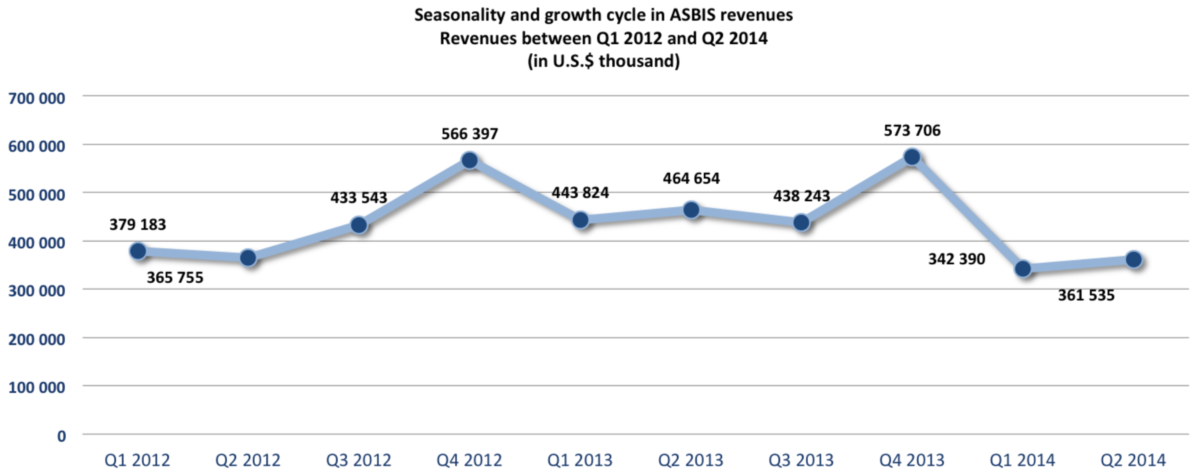
Three and six month periods ended 30 June 2014 compared to the three and six month periods ended 30 June 2013

- **Revenues:** In H1 2014 revenues have been negatively affected by the crisis in Ukraine, that has also influenced many other markets. The Company's management considers March and April to be the weakest months due to the crisis in the F.S.U.. It is expected that revenues will start growing from the middle of Q3 2014.

  Revenues in Q2 2014 have decreased by 22.19% to U.S.$ 361,535 from U.S.$ 464,654 in the corresponding period of 2013. However, revenues in Q2 2014 were 5.59% higher than in Q1 2014 due to partial redirection of sales lost in Ukraine and Russia to other markets.

  Revenues in H1 2014 have decreased by 22.52% to U.S.$ 703,925 from U.S.$ 908,478 in the corresponding period of 2013.

  It is forecasted that the Company will close the year with revenues between U.S.$ 1.6 billion and U.S.$ 1.75 billion.

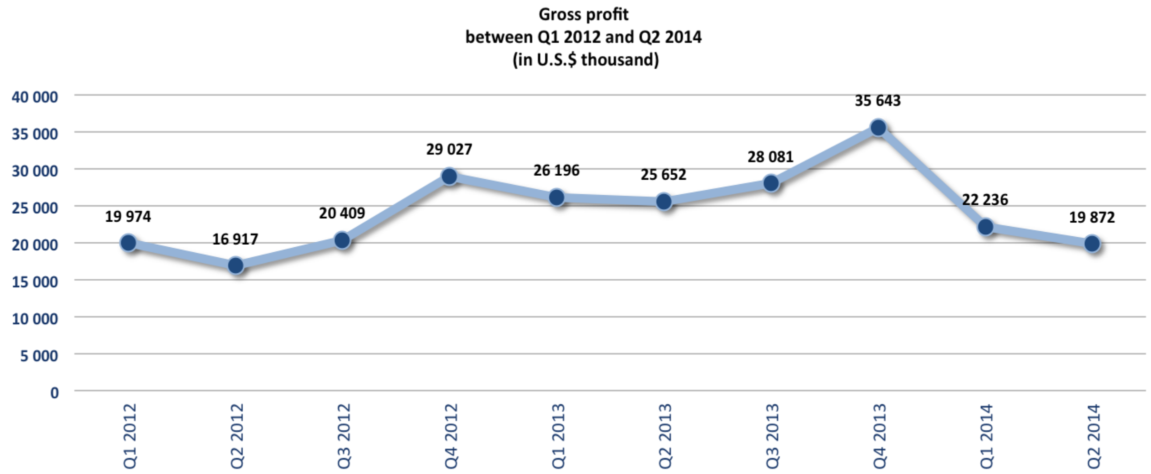


- **Gross profit:** Gross profit has decreased significantly both in Q2 2014 and in H1 2014 due to the crisis in Ukraine that affected many other countries, most importantly our market no.1 – Russia.

  Gross profit in Q2 2014 has decreased by 22.53% to U.S.$ 19,872 from U.S.$ 25,652 in the corresponding period of 2013.

  Gross profit in H1 2014 has decreased slower than revenues, by 18.78% to U.S.$ 42,108 from U.S.$ 51,848 in the corresponding period of 2013.

  The Company's management expect positive signals from the Ukrainian market as the turbulence is now isolated in the eastern part of the country. Assuming there will be no other changes in our regions and the overall economic environment will not change dramatically, growth of gross profit is expected in the second part of 2014 due to the redirection of sales to other than F.S.U. regions and further development of own brands.



- **Gross profit margin:** Despite lost business in Ukraine and Russia, and sell off actions undertaken in Q2 2014 to decrease stocks, gross profit margin behaved much better than revenues. This was mostly due to own brands business in Western Europe and Central and Eastern Europe.

  Gross profit margin in Q2 2014 has decreased by 0.43% to 5.50% from 5.52% in the corresponding period of 2013. In the same time, the gross profit margin in Q2 2014 was lower compared to 6.49% in Q1 2014.

  Gross profit margin in H1 2014 increased by 4.82% to 5.98% from 5.71% in the corresponding period of 2013.

- **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.

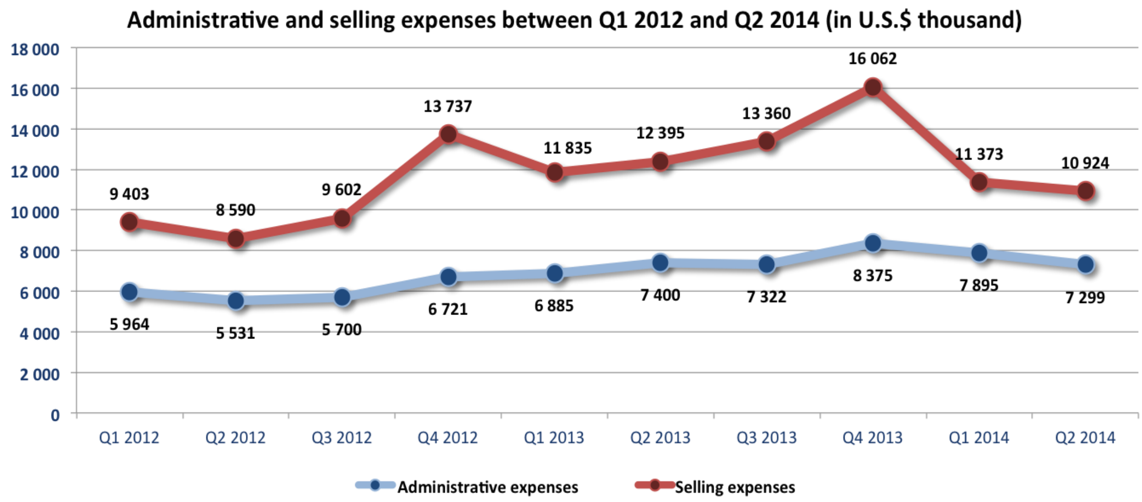
  Selling expenses in Q2 2014 have decreased by 11.87% to U.S.$ 10,924 from U.S.$ 12,395 in the corresponding period of 2013. Selling expenses in Q2 2014 were also a 3.95% lower than in Q1 2014.

  Selling expenses have decreased by 7.97% to U.S.$ 22,297 from U.S.$ 24,229 in the corresponding period of 2013, as a result of lower sales and gross profit and cost cutting actions performed by the Company.

- **Administrative expenses** largely comprise of salaries and wages of administration personnel and rent expense.

  Administrative expenses in Q2 2014 have decreased by 1.36% to U.S.$ 7,299 from U.S.$ 7,400 in the corresponding period of 2013, but also decreased by 7.55% compared to Q1 2014.

  Administrative expenses in H1 2014 have increased by 6.36% to U.S.$ 15,194 from U.S.$ 14,285 in the corresponding period of 2013. This is connected with significantly higher number of employees and size of own brands business in 2014. Due to cost cutting actions conducted in Q2 2014 (more than 200 jobs were cut) the Company expects to see lower administrative expenses in the forthcoming quarters.



- **Operating profit:** In Q2 2014 the Company had an operating profit of U.S. $ 1,649, compared to U.S. $ 5,857 in the corresponding period of 2013. In H1 2014 the Company has generated an operating profit that amounted to U.S. $ 4,617, compared to U.S. $ 13,334 in the corresponding period of 2013.

- **EBITDA:** In Q2 2014 EBITDA has decreased by 63.83% to U.S.$ 2,356, compared to U.S.$ 6,514 in the corresponding period of 2013. In H1 2014 EBITDA has decreased by 58.38% to U.S.$ 6,103 from U.S.$ 14,664 in the corresponding period of 2013.

- **Net profit:** As a result of decreased revenues and gross profit, the Company closed Q2 2014 with a net loss attributable to owners of the parent amounting to U.S.$ 1,443 compared to net profit of U.S.$ 1,370 in Q2 2013. The net result of Q2 2014 was significantly better than a loss of U.S.$ 3,392 in Q1 2014. In H1 2014 the Company has generated a net loss attributable to owners of the parent amounting to U.S.$ 4,835 compared to a net profit of U.S.$ 4,699 in the corresponding period of 2013.

Sales by regions and countries

Traditionally and throughout the Company's operations, the F.S.U. and the CEE regions contribute the majority of our revenues. This has not changed in Q2 2014 and H1 2014, however due to the political turbulence in Ukraine spreading to nearby markets, the CEE region contribution in total revenues has grown significantly at the cost of the F.S.U. region.

Revenues derived in the F.S.U region in Q2 2014 decreased by 36.52% for the same reasons as in Q1 2014 (crisis in Ukraine that affected also Russia) and as a result sales to this region in H1 2014 decreased by 30.14%. The decrease in Q2 2014 was higher because the crisis was affecting sales for whole quarter, while in Q1 2014 it was mainly for February and March.

However, sales in the Central and Eastern Europe region in Q2 2014 have decreased by only 2.05% and for the whole H1 2014 by 7.81%. Despite the decrease in total numbers for this region, the Company's business was actually growing healthily in many countries of the region (especially Poland, Slovakia, Czech Republic), and the decrease was mostly related to a decrease in the low margin trading business.

Sales in Western Europe were lower due to the limited trading business of smartphones coupled with lost revenue from Ukrainian clients buying through Western European subsidiaries.

As a result of the above mentioned facts, the contribution of the F.S.U. region in our total sales decreased significantly both in Q2 2014 and in H1 2014, while contribution of other regions – most importantly CEE – grew significantly. This should make the Company's business more stable in the future, due to lower dependence from one region. Therefore, the Company intends to further support this trend in the future, especially by further developing its own brands business in CEE and Western Europe.

Country-by-country analysis confirms that the major decrease in sales was noted in the markets directly affected by the political crisis in Ukraine. The decrease in Ukraine was the most dramatic, since demand in this country was lower by about 50%. Additionally, the Company decided for more selective sales financed only from local sources. As a result, revenues in Ukraine have decreased by 46.01% in Q2 2014 and by 40.55% in H1 2014 compared to the corresponding periods of 2013. In conjunction to this, revenues derived from our single biggest market - Russia – have decreased by 37.66% in Q2 2014 and 28.14% in H1 2014 compared to the corresponding periods of 2013. On the other hand though, the Company was able to increase sales in markets that were not directly affected by the crisis in Ukraine, like in Poland (+228.82% in Q2 2014), Slovakia (+30.91% in Q2 2014) and Czech Republic (+25.83% in Q2 2014).

The tables below provide a geographical breakdown of sales in the three and six months periods ended June 30th, 2014 and 2013.

	Q2 2014		Q2 2013	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Central and Eastern Europe	168,822	46.70%	172,359	37.09%
Former Soviet Union	104,116	28.80%	164,017	35.30%
Middle East and Africa	50,656	14.01%	60,002	12.91%
Western Europe	32,307	8.94%	61,096	13.15%
Other	5,634	1.56%	7,179	1.54%
Total	361,535	100%	464,654	100%

	H1 2014		H1 2013	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Central and Eastern Europe	314,742	44.71%	341,413	37.58%
Former Soviet Union	226,472	32.17%	324,160	35.68%
Middle East and Africa	98,796	14.04%	125,509	13.82%
Western Europe	50,965	7.24%	103,552	11.40%
Other	12,950	1.84%	13,844	1.52%
Total	703,925	100%	908,478	100%

Revenue breakdown – Top 10 countries in Q2 2014 and Q2 2013 (in U.S. Dollar thousand)

	Q2 2014		Q2 2013	
	Country	Sales	Country	Sales
1.	**Russia**	62,806	**Russia**	100,751
2.	**Slovakia**	56,537	**Slovakia**	43,188
3.	**Poland**	40,432	**United Arab Emirates**	35,740
4.	**United Arab Emirates**	36,122	**Ukraine**	31,704
5.	**Czech Republic**	18,514	**United Kingdom**	23,721
6.	**Ukraine**	17,116	**Belarus**	15,240

7.	Romania	14,237	Czech Republic	14,714
8.	United Kingdom	13,227	Bulgaria	14,612
9.	Belarus	12,705	Kazakhstan	13,990
10.	Kazakhstan	9,357	Poland	12,296
11.	Other	80,483	Other	158,698
	TOTAL	361,535	TOTAL	464,654

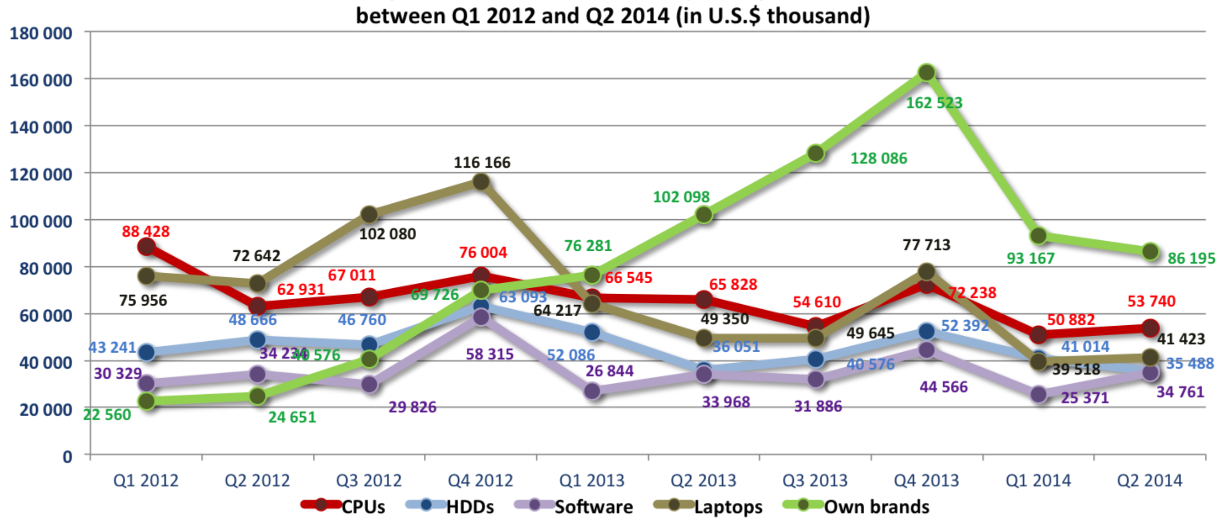
Revenue breakdown – Top 10 countries in H1 2014 and H1 2013 (in U.S. Dollar thousand)

	H1 2014		H1 2013	
	Country	Sales	Country	Sales
1.	Russia	136,187	Russia	189,517
2.	Slovakia	102,876	Slovakia	81,285
3.	United Arab Emirates	65,498	United Arab Emirates	72,188
4.	Poland	57,432	Ukraine	65,766
5.	Ukraine	39,096	Bulgaria	51,927
6.	Czech Republic	38,359	United Kingdom	34,423
7.	Bulgaria	28,708	Czech Republic	33,810
8.	Romania	25,413	Belarus	32,349
9.	Belarus	25,098	Kazakhstan	31,137
10.	Kazakhstan	21,373	Saudi Arabia	26,487
11.	Other	163,887	Other	289,589
	TOTAL	703,925	TOTAL	908,478

Sales by product lines

H1 2014 was under a great pressure from turbulences in Ukraine that affected sales in a number of countries across our operations both in Q1 and Q2 2014. In Q2 2014 revenues from almost all main product lines (except software) decreased or remained relatively stable (HDDs) compared to Q2 2013. As a result, revenues from sale of all product lines in H1 2014 were lower than in H1 2013. However, the Company already noticed some progress towards the end of Q2 compared to Q1 2014, while revenues from most of the major product lines for Q2 have grown, as compared to Q1.

Changes in revenues breakdown by main product lines between Q1 2012 and Q2 2014 (in U.S.$ thousand)



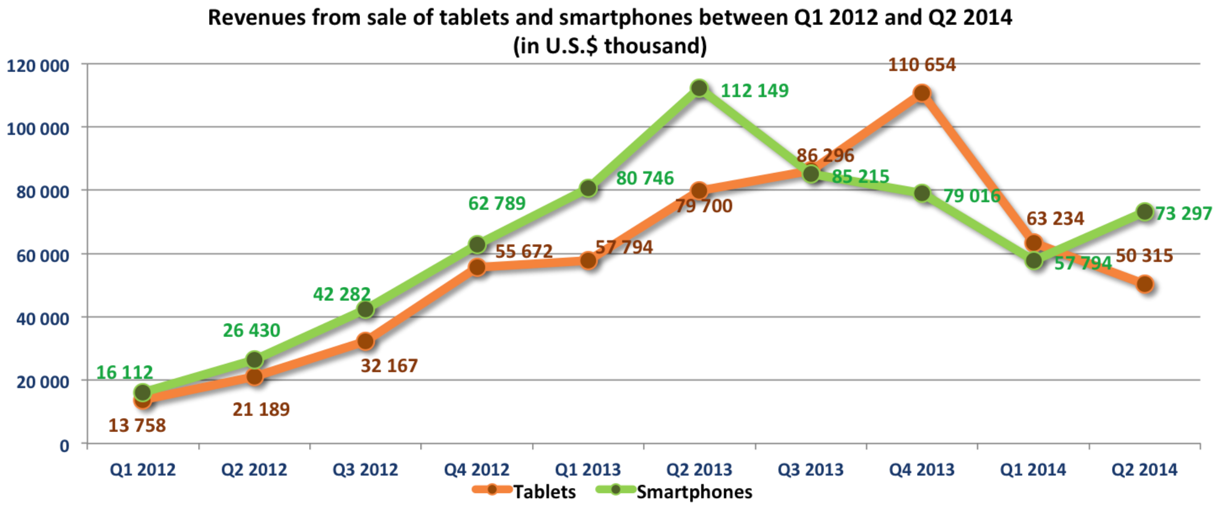
Revenues from own brands business decreased in Q2 2014 compared to Q2 2013 by 15.58% and remained stable in H1 2014 compared to H1 2013 (growth of 0.55%). Consequently, the share of own brands business in total revenues in Q2 2014 grew to 23.84% from 21.97% in Q2 2013 and to 25.48% in H1 2014 compared to 19.63% in H1 2013. In order to offset the negative effects emanating from the turbulence in Ukraine and Russia, the Company focused on development of own brands sales in other regions, most importantly in CEE and WE regions.

The Company's intention is to further develop its own brand sales. This should be possible because of undertaken efforts that include more products of lighter technology, as well as growing sales of tablets and smartphones under the Prestigio brand in all regions of our operations.

From smaller business lines, the Company noticed a positive trend in desktop PCs (+16.74% in H1 2014), while – as expected – corporate customers started to invest in IT infrastructure. Should this continue, revenues and profits from components shall grow as well, as these segments are relatively big in the Company's portfolio. The share of the four traditional product lines' (CPUs, HDDs, Laptops and Software) in total revenue was 45.75% in Q2 2014, compared to 39.86% in Q2 2013 and 45.77% in H1 2014 compared to 43.47% in H1 2013.

Revenues from smartphones decreased by 34.64% in Q2 2014 compared to Q2 2013, and by 35.09% in H1 2014 compared to H1 2013. This decrease is however mostly related to third party products business.

At the same time, revenues from tablets decreased by 36.87% in Q2 2014 and by 17.42% in H1 2014 compared to the corresponding periods of 2013. This was connected with lower business in Ukraine and Russia and marginal growth noted in this market segment.



The table below sets a breakdown of revenues, by product category, for Q2 2014 and Q2 2013 (U.S.$ thousand):

	Q2 2014		Q2 2013	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Smartphones	73,297	20.27%	112,149	24.14%
Tablets	50,315	13.92%	79,700	17.15%
Central processing units (CPUs)	53,740	14,86%	65,828	14.17%
PC-mobile (laptops)	41,423	11.46%	49,350	10.62%
Hard disk drives (HDDs)	35,488	9.82%	36,051	7.76%
Software	34,761	9.61%	33,968	7.31%
Other	72,511	20.06%	87,607	18.85%
Total revenue	**361,535**	**100%**	**464,654**	**100%**

The table below sets a breakdown of revenues, by product category, for H1 2014 and H1 2013 (U.S.$ thousand):

	H1 2014		H1 2013	
	U.S. $ thousand	% of total revenues	U.S. $ thousand	% of total revenues
Smartphones	125,212	17.79%	192,895	21.23%
Tablets	113,549	16.13%	137,494	15.13%
Central processing units (CPUs)	104,622	14.86%	132,373	14.57%
PC-mobile (laptops)	80,941	11.50%	113,567	12.50%
Hard disk drives (HDDs)	76,503	10.87%	88,137	9.70%
Software	60,132	8.54%	60,812	6.69%
Other	142,967	20.31%	183,199	20.17%
Total revenue	**703,925**	**100%**	**908,478**	**100%**

Liquidity and Capital Resources

The Company has in the past funded its liquidity requirements, including ongoing operating expenses and capital expenditures and investments, for the most part, through operating cash flows, debt financing and equity financing. The following table presents a summary of cash flows for the six months ended June 30th, 2014 and 2013:

	Six months ended June 30th	
	2013	2012
	U.S. $	
Net cash outflows from operating activities	(53,589)	(16,867)
Net cash outflows from investing activities	(1,267)	(1,473)
Net cash inflows/(outflows) from financing activities	13,737	(2,801)
Net decrease in cash and cash equivalents	(41,119)	(21,141)

Net cash outflows from operations

Net cash outflows from operations amounted to U.S. $ 53,589 for the six months ended June 30th 2014, compared to U.S. $ 16,867 in the corresponding period of 2013. This is attributed to increased working capital utilization and lower profitability. However for Q2 2014 standalone, the Company generated positive cash flows (inflows) from operations of U.S.$ 9,997 due to improved working capital utilization.

Net cash outflows from investing activities

Net cash outflows from investing activities was U.S. $ 1,267 for the six months ended June 30th 2014, compared to U.S. $ 1,473 in the corresponding period of 2013. These outflows relate to on-going investments for fixed assets, such as computers, furniture etc.

Net cash inflows/(outflows) from financing activities

Net cash inflows from financing activities was U.S. $ 13,737 for the six months ended June 30th 2014, compared to outflows of U.S. $ 2,801 in the corresponding period of 2013. This primarily relates to additional financing lines utilization.

Net decrease in cash and cash equivalents

As a result of increased working capital utilization and lower profitability, cash and cash equivalents have decreased by U.S. $ 41,119, compared to a decrease of U.S. $ 21,141 in the corresponding period of 2013.

16. Factors which may affect our results in the future

Political and economic stability in Ukraine and Russia

Following the recent developments in two of our top three major markets, Ukraine and Russia, the Company has been facing significant demand deduction in both countries. This uncertainty has led to consumers' purchasing behaviour to change since the fear of war is looming in both countries. This has created FX losses and lost sales for the Company in Q1 2014. In Q2 2014 the Company was able to hedge against currencies and faced no FX losses, but limited demand in both of these big markets continued to negatively affect our results.

Therefore, it is of extreme importance for the Company to adapt its strategy to the recent economic and political developments and react fast to the much altered external environment (products, vendors and customer relations) and create chances to offset lower business in one region with higher sales in other regions, namely Central and Eastern Europe and Western Europe.

This crisis is considered by the management as a crucial external factor which might adversely alter our results, in the short term, however we remain confident that we will be in a position to properly manage this crisis and get stronger out of it.

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

The very well diversified geographic coverage of the Group's revenues ensures that we do mitigate the risk of lower sales in a particular country with the possibility of higher sales in a number of other countries. Since Russia (as a country) and CEE (as a region) are the biggest contributors to the Company's revenues, it is very important to adapt to any market changes that might arise in these geographies.

Since CEE and Western Europe regions contribution in our total revenues grew at the cost of F.S.U. region, our reliance on one geography decreases. This is especially important while facing the crisis in Ukraine also affecting Russia. Therefore, we now pay more and more attention to any possible market developments in all other growing regions, focusing especially on own brands.

Despite all precautionary measures taken by the Company, the possibility of a decrease in demand and sales in a particular country cannot be excluded in the future. Such situation may limit overall growth (as was the case of H1 2014 due to Ukraine and Russia), therefore it is of extreme importance for the Company to prepare its structure to offset such situation with higher sales in other markets. This means both a constant upgrade of the product portfolio and close relations with customers to win more market share from weaker competitors and weather any unforeseen issues that may appear in the future.

The Group's ability to increase gross profit margins

The Group has increased its gross profit margin in H1 2014, compared to H1 2013, despite lower revenues, the turbulence in Ukraine and enhanced competition. This was achieved due to an upgraded product portfolio, and an increased own brands business (mostly smartphones and tablets).

It is of extreme importance for the Company to continue working on refining its third party as well as its own products portfolio by adding high margin products for growing segments and forecasting new market trends to offer new products at the right time.

Currency volatilities

The multi-currency environment that the Group operates in exposes its financial results to steep currency fluctuations. Currency movements in Q1 2014 were strongly related to the Ukrainian crisis and the devaluation in the Kazakhstan currency (Tenge) that could not be successfully weathered by the hedging policy of the Group. This was however a once-off unpredictable situation that is not expected to be repeated in the near future. The Company is now in a position to manage it and had no major FX losses in Q2 2014, nor expects any later in 2014. Therefore, the hedging strategy should be followed and further improved without any exception during 2014.

It is also important to underline that with such a turbulent environment there is no perfect hedging strategy that could completely eliminate foreign exchange risk. Therefore, going forward, the Group will continue to be exposed to currency volatilities despite the precautionary measures taken. It is our belief that should the currency environment stabilize, the results of the Group will be improved.

Ability of the Group to control expenses

Selling expenses in Q2 2014 and H1 2014 decreased as a result of both lower gross profit and cost cutting actions. In the same time administration expenses decreased in Q2 2014 and grew in H1 2014. However the Company already started severe cost cutting actions and decreased a number of jobs, therefore administrative expenses should also decrease later on in 2014. We consider cost control to be a significant factor towards delivering improved results going forward and the Group is undertaking significant steps towards reducing its expenses.

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

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

It will be also important to develop new product lines inside the own brands portfolio, to support growth of this business and benefit from its access to end users with whom the Company may interact at any time. New products that are now under development (wearable IT, smart home, smart health and other solutions), will be crucial for further growth of revenues, since the Company expects the tablet segment to saturate somewhere between 2015 and 2016. At the same time, the smartphones segment is expected to continue grow for another couple of years, as forecasted by independent analysts.

Ability to decrease the average cost of debt

Fast development of own brands business, that – by its nature – consumes more cash, has led to an increase in debt and in the average cost of debt. This is an issue that the Group has already addressed, in order to decrease its debt and the average cost of debt by optimizing the utilization of its financial facilities.

17. Information about important events that occurred after the period ended on June 30th, 2014 and before this report release

According to our best knowledge, in the period between June 30th, 2014 and August 7th, 2014 no events have occurred that could affect the Company's operations or its financial stability.

Part II Financial Information

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

Report and Interim Condensed Consolidated Financial Statements
for the period ended 30 June 2014

Contents **Page**

ASBISC ENTERPRISES PLC

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014

ASBISC ENTERPRISES PLC

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014

CONTENTS

BOARD OF DIRECTORS REPRESENTATIONS

In accordance with the requirements of the Ordinance of the Minister of Finance dated February 19th, 2009 on current and periodical information published by issuers of securities and on the conditions of recognition of information required by the laws of non-EU Member States as equal, the Board of Directors of ASBISC ENTERPRISES PLC hereby represents that:

- to its best knowledge, the semi-annual condensed 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 financial result, and that the semi-annual Director's Report on operations gives a true view of the group's development, achievements, and position, including description of basic risks and threats;

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

Limassol, August 6th, 2014

STATEMENT BY THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY OFFICIALS RESPONSIBLE FOR THE DRAFTING OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ACCORDING TO THE CYPRUS SECURITIES AND EXCHANGE COMMISSION LEGISLATION

In accordance with Article 9 sections (3c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 190 (1) / 2007 we, the members of the Board of Directors and the Company officials responsible for the drafting of the interim condensed consolidated financial statements of Asbisc Enterprises Plc (the "company") and its subsidiaries for the period ended 30 June 2014, confirm to the best of our knowledge that:

a) the interim condensed consolidated financial statements for the period ended 30 June 2014 which are presented on pages 4 to 22:

(i) have been prepared in accordance with the International Financial Reporting Standards and requirements of the section (4), and

(ii) give a true and fair view of the assets and liabilities, the financial position and the profit or loss of the company and the undertakings included in the consolidation taken, as a whole, and

b) the Board of Directors' report provides a fair review of the developments and the performance of the business and the position of the company's and the undertakings included in the consolidation taken, as a whole, together with a description of the principal risks and uncertainties that they face.

Members of the Board of Directors:

Constantinos Tziamalis (Cypriot)
Executive Director ....

Marios Christou (Cypriot)
Executive Director ....

Limassol, 6th August, 2014

AUDITORS' REVIEW REPORT

TO THE BOARD OF DIRECTORS OF ASBISC ENTERPRISES PLC

Introduction
We have reviewed the accompanying interim condensed consolidated financial statements of Asbisc Enterprises PLC and its subsidiaries (the "Group") on pages 4 to 22 which comprise the interim consolidated statement of financial position of the Group as at 30 June 2014 and the related interim consolidated income statement and interim consolidated statements of comprehensive income, changes in equity and cash flows of the Group for the period from 1 January 2014 to 30 June 2014 and a summary of significant accounting policies and other explanatory notes (the "Interim Condensed Consolidated Financial Statements"). Management is responsible for the preparation and fair presentation of these Interim Condensed Consolidated Financial Statements in accordance with the International Accounting Standard 34 *"Interim Financial Reporting"*. Our responsibility is to express a conclusion on these Interim Condensed Consolidated Financial Statements based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Condensed Consolidated Financial Statements do not give a true and fair view of the financial position of the Group as at 30 June 2014 and of its financial performance and its cash flows for the six month period then ended in accordance with International Accounting Standard 34 *"Interim Financial Reporting"* .

Chartered Accountants and Registered Auditors

Limassol, 6 August 2014

INTERIM CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2014

	Note	For the six months ended 30 June 2014 US$	For the six months ended 30 June 2013 US$
Revenue	5,25	703,925,140	908,478,043
Cost of sales		(661,816,767)	(856,630,185)
Gross profit		42,108,373	51,847,858
Selling expenses		(22,296,958)	(24,229,035)
Administrative expenses		(15,194,190)	(14,285,303)
Profit from operations		4,617,225	13,333,520
Financial income	8	596,936	198,892
Financial expenses	8	(10,098,146)	(7,680,386)
Other gains and losses	6	87,969	358,022
Share of loss from joint ventures	11	-	(57,029)
(Loss)/profit before tax	7	(4,796,016)	6,153,019
Taxation	9	(28,598)	(1,435,480)
(Loss)/profit for the period		(4,824,614)	4,717,539
Attributable to:			
Owners of the company		(4,835,355)	4,698,919
Non-controlling interests		10,741	18,620
		(4,824,614)	4,717,539
		US$ cents	US$ cents
Earnings per share			
Basic and diluted from continuing operations		(8.71)	8.47

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2014

	For the six months ended 30 June 2014 US$	For the six months ended 30 June 2013 US$
(Loss)/profit for the period	(4,824,614)	4,717,539
Other comprehensive loss:		
Exchange difference on translating foreign operations	(1,116,223)	(1,124,839)
Reclassification adjustments relating to foreign operations liquidated and disposed of in the period	-	(1,667)
Other comprehensive loss for the period	(1,116,223)	(1,126,506)
Total comprehensive (loss)/income for the period	(5,940,837)	3,591,033
Total comprehensive (loss)/income attributable to:		
Owners of the company	(5,949,641)	3,573,444
Non-controlling interests	8,804	17,589
	(5,940,837)	3,591,033

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Notes	As at 30 June 2014 US$	As at 31 December 2013 US$
ASSETS			
Non-current assets			
Property, plant and equipment	10	26,949,455	27,981,605
Intangible assets	12	1,166,263	927,789
Available-for-sale financial assets	13	11,794	11,794
Goodwill	29	1,944,871	1,969,009
Deferred tax assets	22	417,499	400,670
Total non-current assets		30,489,882	31,290,867
Current assets			
Inventories	14	151,347,072	171,965,789
Trade receivables	15	262,838,679	367,048,481
Other current assets	16	10,886,435	16,323,358
Derivative financial asset	27	19,095	42,043
Current taxation	9	915,202	519,296
Cash at bank and in hand	28	18,347,063	36,776,501
Total current assets		444,353,546	592,675,468
Total assets		474,843,428	623,966,335
EQUITY AND LIABILITIES			
Equity			
Share capital	17	11,100,000	11,100,000
Share premium		23,518,243	23,518,243
Retained earnings and other components of equity		69,397,975	78,670,332
Equity attributable to owners of the parent		104,016,218	113,288,575
Non-controlling interests		168,604	159,801
Total equity		104,184,822	113,448,376
Non-current liabilities			
Long term borrowings	19	2,324,758	2,712,201
Other long term liabilities	20	409,564	382,125
Deferred tax liabilities	22	142,958	143,532
Total non-current liabilities		2,877,280	3,237,858
Current liabilities			
Trade payables		174,882,290	317,002,958
Other current liabilities	23	28,940,400	45,762,464
Short term borrowings	18	162,949,679	143,251,994
Derivative financial liability	26	263,888	391,798
Current taxation	9	745,069	870,887
Total current liabilities		367,781,326	507,280,101
Total liabilities		370,658,606	510,517,959
Total equity and liabilities		474,843,428	623,966,335

The financial statements were approved by the Board on 6 August 2014.

....

Constantinos Tziamalis — **Director**

Marios Christou — **Director**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2014

	Attributable to owners of the parent							
	Share capital US$	**Share premium US$**	**Treasury stock US$**	**Translation of foreign operations US$**	**Retained earnings US$**	**Total US$**	**Non-controlling interests US$**	**Total US$**
Balance at 1 January 2013	11,100,000	23,518,243	(130,834)	(974,126)	69,431,190	102,944,473	140,674	103,085,147
Profit for the period 1 January 2013 to 30 June 2013	-	-	-	-	4,698,919	4,698,919	18,620	4,717,539
Other comprehensive loss for the period 1 January 2013 to 30 June 2013	-	-	-	(1,125,475)	-	(1,125,475)	(1,031)	(1,126,506)
Payment of final dividend	-	-	-	-	(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	-	-	36,656	-	9,335	45,991	-	45,991
Balance at 30 June 2013	11,100,000	23,518,243	(94,178)	(2,099,601)	71,387,731	103,812,195	124,585	103,936,780
Profit for the period 1 July 2013 to 31 December 2013	-	-	-	-	7,967,043	7,967,043	27,776	7,994,819
Other comprehensive income for the period 1 July 2013 to 31 December 2013	-	-	-	1,472,584	-	1,472,584	7,440	1,480,024
Share-based payments	-	-	14,663	-	22,090	36,753	-	36,753
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
(Loss)/profit for the period 1 January 2014 to 30 June 2014	-	-	-	-	(4,835,355)	(4,835,355)	10,741	(4,824,614)
Other comprehensive loss for the period 1 January 2014 to 30 June 2014	-	-	-	(1,114,285)	-	(1,114,285)	(1,938)	(1,116,223)
Dividend declared	-	-	-	-	(3,322,717)	(3,322,717)	-	(3,322,717)
Balance at 30 June 2014	11,100,000	23,518,243	(79,515)	(1,741,302)	71,218,792	104,016,218	168,604	104,184,822

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2014

	Note	For the six months ended 30 June 2014 US$	For the six months ended 30 June 2013 US$
(Loss)/profit for the period before tax and minority interest		(4,796,016)	6,153,019
Adjustments for:			
Exchange difference arising on consolidation		(391,308)	(800,317)
Depreciation of property, plant and equipment	10	1,286,927	1,120,339
Amortisation of intangible assets	12	198,527	210,000
Share of loss from joint ventures	11	-	57,029
Loss/(profit) from the sale of property, plant and equipment and intangible assets		78,491	(63,145)
Provision for bad debts and receivables written off		871,989	1,777,359
Bad debts recovered		(6,692)	(25,076)
Interest received	8	(121,107)	(59,441)
Interest paid	8	4,184,738	3,687,999
Share based payments		-	45,991
Operating profit before working capital changes		1,305,549	12,103,757
Decrease/(increase) in inventories		20,618,717	(16,726,209)
Decrease in trade receivables		103,344,505	45,336,383
Decrease/(increase) in other current assets		5,459,870	(4,081,151)
Decrease in trade payables		(142,120,669)	(64,654,281)
(Decrease)/increase in other current liabilities		(20,272,690)	4,348,084
Increase in other non-current liabilities		27,439	55,011
(Decrease)/increase in factoring creditors		(17,116,861)	11,620,319
Cash outflows from operations		(48,754,140)	(11,998,087)
Interest paid	8	(4,184,738)	(3,687,999)
Taxation paid, net	9	(650,289)	(1,180,939)
Net cash outflows from operating activities		(53,589,167)	(16,867,025)
Cash flows from investing activities			
Purchase of intangible assets	12	(451,941)	(96,432)
Purchase of property, plant and equipment	10	(1,164,416)	(1,621,440)
Proceeds from sale of property, plant and equipment and intangible assets		227,876	169,998
Interest received	8	121,107	59,441
Net payments on business combinations		-	(64,125)
Net cash acquired on business combinations		-	79,428
Net cash outflows from investing activities		(1,267,374)	(1,473,130)
Cash flows from financing activities			
Payment of final dividend		-	(2,768,081)
Repayments of long term loans and long term obligations under finance lease		(387,442)	(781,566)
Proceeds of short term borrowings and short term obligations under finance lease		14,124,845	748,813
Net cash inflows/(outflows) from financing activities		13,737,403	(2,800,834)
Net decrease in cash and cash equivalents		(41,119,138)	(21,140,989)
Cash and cash equivalents at beginning of the period		490,184	(4,392,311)
Cash and cash equivalents at end of the period	28	(40,628,954)	(25,533,300)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014

1. Incorporation and principal activities

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

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

2. Basis of preparation

(a) Statement of compliance

The interim condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting.

The interim condensed consolidated financial statements were approved by the Board of Directors on 6 August 2014 and have not been audited by the group's independent auditors.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the last annual consolidated financial statements as at and for the year ended 31 December 2013. The interim condensed consolidated financial statements do not include all the information and disclosures required for the annual financial statements and should be read in conjunction with the audited financial statements for the year ended 31 December 2013.

(b) Judgments and estimates

Preparing the interim financial report requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these interim condensed consolidated financial statements, significant judgments made by Management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2013.

3. Basis of consolidation

The interim condensed consolidated financial statements consolidate the financial statements of the company and its subsidiaries, which are together referred to as the group.

4. Significant accounting policies

The interim condensed consolidated financial statements have been prepared under the historical cost convention except for derivative financial instruments which are measured at fair value.

The interim condensed consolidated financial statements are presented in US Dollars (US$).

The accounting policies adopted for the preparation of the interim condensed consolidated financial statements for the six months ended 30 June 2014 are consistent with those followed for the preparation of the annual financial statements for the year 2013 except for the adoption by the group of all the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual periods beginning on 1 January 2014. The adoption of new and revised standards and interpretations did not have any material effect on the group's condensed consolidated financial statements.

5. Effects of seasonality

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014

6. Other gains and losses

	For the six months ended 30 June 2014 US$	For the six months ended 30 June 2013 US$
(Loss)/profit on disposal of property, plant and equipment	(78,491)	63,145
Other income	128,180	155,994
Bad debts recovered	6,692	25,076
Rental income	31,588	113,807
	87,969	358,022

7. (Loss)/profit before tax

	For the six months ended 30 June 2014 US$	For the six months ended 30 June 2013 US$
(Loss)/profit before tax is stated after charging :		
(a) Amortisation of intangible assets (Note 12)	198,527	210,000
(b) Depreciation (Note 10)	1,286,927	1,120,339
(c) Auditors' remuneration	247,769	245,368
(d) Directors' remuneration – executive (Note 30)	241,219	493,105
(e) Directors' remuneration – non-executive (Note 30)	22,346	22,944

8. Financial expense, net

	For the six months ended 30 June 2014 US$	For the six months ended 30 June 2013 US$
Financial income		
Interest income	121,107	59,441
Other financial income	475,829	139,451
	596,936	198,892
Financial expense		
Bank interest	4,184,738	3,687,999
Bank charges	707,979	812,551
Derivative charges	304,802	186,680
Factoring interest	1,934,465	1,865,492
Factoring charges	291,845	238,579
Other financial expenses	91,352	71,254
Other interest	392,455	218,286
Net exchange loss	2,190,510	599,545
	10,098,146	7,680,386
Net	(9,501,210)	(7,481,494)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014

9. Tax

	For the six months ended 30 June 2014 US$	For the year ended 31 December 2013 US$
Payable balance 1 January	351,591	126,122
Provision for the period/year	28,934	3,229,703
Under provision of prior year periods	19,883	64,860
Exchange difference on retranslation	79,748	75,328
Amounts paid, net	(650,289)	(3,144,422)
Net (receivable)/payable balance 30 June/ 31 December	(170,133)	351,591

	For the six months ended 30 June 2014 US$	For the year ended 31 December 2013 US$
Tax receivable	(915,202)	(519,296)
Tax payable	745,069	870,887
Net	(170,133)	351,591

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

	For the six months ended 30 June 2014 US$	For the six months ended 30 June 2013 US$
Provision for the period	28,934	1,330,953
Under provision of prior years	19,883	(6,097)
Deferred tax charge (Note 22)	(20,219)	110,624
Charge for the period	28,598	1,435,480

The taxation charge of the group comprises corporation tax charge in Cyprus on the taxable profits of the company and those of its subsidiaries which are subject to tax in Cyprus and corporation tax in other jurisdictions on the results of the foreign subsidiary companies.

10. Property, plant and equipment

	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$
Cost								
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	150,344	-	493,243	-	231,899	101,735	187,196	1,164,417
Disposals	(18,427)	-	(158,374)	-	(192,906)	(141,705)	(211,257)	(722,669)
Transfers	24,822	(24,822)	-	-	-	-	-	-
Foreign exchange difference on retranslation	(370,514)	(57)	(68,864)	(31)	(198,442)	(113,730)	(145,423)	(897,061)
At 30 June 2014	24,392,203	-	7,486,039	174,375	3,493,949	2,908,088	3,594,936	42,049,590
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
Acquisitions through business combinations	40,129	-	27,748	-	249,799	68,494	179,140	565,310
Charge for the year	571,720	-	769,726	19,837	408,986	408,018	300,927	2,479,214
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 period	301,224	-	422,127	9,259	235,591	175,016	143,710	1,286,927
Disposals	(2,561)	-	(145,327)	-	(126,297)	(59,570)	(82,694)	(416,449)
Foreign exchange difference on retranslation	(58,215)	-	(44,900)	(9)	(88,758)	(40,667)	(61,092)	(293,641)
At 30 June 2014	3,633,736	-	5,299,489	84,730	2,005,845	1,835,940	2,240,395	15,100,135
Net book value								
At 30 June 2014	20,758,467	-	2,186,550	89,645	1,488,104	1,072,148	1,354,541	26,949,455
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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014

11. Investment in joint ventures

	As at 30 June 2014 US$	As at 31 December 2013 US$
Cost		
At 1 January	-	386,400
Full acquisition of joint venture (Note 31(1.1.))	-	(386,400)
At 30 June/ 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.))	-	386,400
At 30 June/ 31 December	-	-

12. Intangible assets

	Computer software US$	Patents and licenses US$	Total US$
Cost			
At 1 January 2013	6,479,284	1,128,596	7,607,880
Additions from acquisitions of subsidiaries	76,012	-	76,012
Additions	144,904	26,209	171,113
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	443,257	8,684	451,941
Disposals/ write-offs	(17,666)	(322)	(17,988)
Foreign exchange difference on retranslation	(56,533)	(4,281)	(60,814)
At 30 June 2014	7,077,645	1,149,563	8,227,208
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 period	143,768	54,759	198,527
Disposals/ write-offs	(17,519)	(322)	(17,841)
Foreign exchange difference on retranslation	(43,747)	(2,274)	(46,021)
At 30 June 2014	5,986,628	1,074,317	7,060,945
Net book value			
At 30 June 2014	1,091,017	75,246	1,166,263
At 31 December 2013	804,461	123,328	927,789

13. Available-for-sale financial assets

The details of the investments are as follows:

	Country of incorporation	Participation %	Cost US$	Impairment US$	As at 30 June 2014 US$	As at 31 December 2013 US$
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

14. Inventories

	As at 30 June 2014 US$	As at 31 December 2013 US$
Goods in transit	18,384,515	17,825,607
Goods held for resale	135,519,280	156,255,514
Provision for slow moving and obsolete stock	(2,556,723)	(2,115,332)
	151,347,072	171,965,789

15. Trade receivables

	As at 30 June 2014 US$	As at 31 December 2013 US$
Trade receivables	268,968,090	372,917,867
Allowance for doubtful debts	(6,129,411)	(5,869,386)
	262,838,679	367,048,481

16. Other current assets

	As at 30 June 2014 US$	As at 31 December 2013 US$
Deposits and advances to service providers	794,670	832,353
Employee floats	83,547	83,303
VAT and other taxes refundable	5,771,407	10,817,197
Other debtors and prepayments	4,236,811	4,590,505
	10,886,435	16,323,358

17. Share capital

	As at 30 June 2014 US$	As at 31 December 2013 US$
Authorised		
63,000,000 (2013: 63,000,000) shares of US$ 0.20 each	12,600,000	12,600,000
Issued and fully paid		
55,500,000 (2013: 55,500,000) ordinary shares of US$ 0.20 each	11,100,000	11,100,000

18. Short term borrowings

	As at 30 June 2014 US$	As at 31 December 2013 US$
Bank overdrafts (Note 28)	58,976,017	36,286,317
Current portion of long term loans	796,851	813,416
Bank short term loans	50,674,204	36,542,091
Short term obligations under finance leases (Note 21)	86,007	76,709
Total short term debt	110,533,079	73,718,533
Factoring creditors	52,416,600	69,533,461
	162,949,679	143,251,994

Summary of borrowings and overdraft arrangements

As at 30 June 2014 the group enjoyed factoring facilities of US$ 96,349,025 (31 December 2013: US$ 108,434,684).

In addition, the group as at 30 June 2014 had the following financing facilities with banks in the countries that the company and its subsidiaries are operating:

- overdraft lines of US$ 59,931,649 (31 December 2013: US$ 57,134,972)
- short term loans/revolving facilities of US$ 75,904,792 (31 December 2013: US$ 85,348,277)
- bank guarantee and letters of credit lines of US$ 12,037,280 (31 December 2013: US$ 8,043,997)

The group had for the period ending 30 June 2014 cash lines (overdrafts, loans and revolving facilities) and factoring lines.

The Weighted Average Cost of Debt (cash lines and factoring lines) for the period was 7.6% (for 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$ 4,699,637 (31 December 2013: US$ 3,103,256)

19. Long term borrowings

	As at 30 June 2014 US$	As at 31 December 2013 US$
Bank loans	2,195,644	2,572,295
Long term obligations under finance leases (Note 21)	129,114	139,906
	2,324,758	2,712,201

20. Other long term liabilities

	As at 30 June 2014 US$	As at 31 December 2013 US$
Pension provision	409,564	382,125

21. Finance leases

	As at 30 June 2014 US$	As at 31 December 2013 US$
Obligation under finance lease	215,121	216,615
Less: Amount payable within one year	(86,007)	(76,709)
Amounts payable within 2-5 years inclusive	129,114	139,906

22. Deferred tax

	For the six months ended 30 June 2014 US$	For the year ended 31 December 2013 US$
Debit balance on 1 January	(257,138)	(602,849)
Deferred tax (credit)/charge for the period/year (Note 9)	(20,219)	357,872
Exchange difference on retranslation	2,816	(12,161)
Debit balance on 30 June/ 31 December	(274,541)	(257,138)

	For the six months ended 30 June 2014 US$	For the year ended 31 December 2013 US$
Deferred tax assets	(417,499)	(400,670)
Deferred tax liabilities	142,958	143,532
Net deferred tax assets	(274,541)	(257,138)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014

23. Other current liabilities

	As at 30 June 2014 US$	As at 31 December 2013 US$
Salaries payable and related costs	1,706,440	1,848,821
Amount due to directors - executive (Note 30)	365,419	481,506
VAT payable	6,575,959	15,789,382
Accruals and deferred income	15,353,448	24,235,684
Dividend payable	3,322,717	-
Non-trade accounts payable	1,616,417	3,407,071
	28,940,400	45,762,464

24. Commitments and contingencies

As at 30 June 2014 the group was committed in respect of purchases of inventories of a total cost value of US$ 1,573,267 (31 December 2013: US$ 1,315,130) which were in transit at 30 June 2014 and delivered in July 2014. 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 period/year end.

As at 30 June 2014 the group was contingently liable in respect of bank guarantees and letters of credit lines of US$ 12,037,280 (31 December 2013: US$ 8,043,997) which the group has extended mainly to its suppliers.

As at 30 June 2014 the group had no other capital or legal commitments and contingencies.

25. Operating segments

1.1 Reportable segments

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

1.2 Segment revenues

	For the six months ended 30 June 2014 US$	For the six months ended 30 June 2013 US$
Former Soviet Union	226,471,742	324,160,324
Central Eastern Europe	314,741,987	341,413,035
Western Europe	50,964,771	103,552,027
Middle East & Africa	98,796,212	125,508,878
Other	12,950,428	13,843,779
	703,925,140	908,478,043

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014

25. Operating segments (continued)

1.3 Segment results

	For the six months ended 30 June 2014 US$	For the six months ended 30 June 2013 US$
Former Soviet Union	2,461,373	5,139,289
Central Eastern Europe	2,535,917	5,557,638
Western Europe	(732,645)	821,291
Middle East & Africa	506,991	1,684,205
Other	(154,411)	131,097
Profit from operations	4,617,225	13,333,520
Net financial expenses	(9,501,210)	(7,481,494)
Other gains and losses	87,969	358,022
Share of loss from joint ventures	-	(57,029)
(Loss)/profit before taxation	(4,796,016)	6,153,019

1.4 Inter-segment revenues

Selling segment	Purchasing segment	For the six months ended 30 June 2014 US$	For the six months ended 30 June 2013 US$
Western Europe	Middle East & Africa	7,031	128,535

1.5 Segment capital expenditure (CAPEX)

	As at 30 June 2014 US$	As at 31 December 2013 US$
Former Soviet Union	5,653,734	6,208,510
Central Eastern Europe	13,416,789	13,796,935
Western Europe	210,356	154,961
Middle East & Africa	3,514,691	3,602,488
Unallocated	7,265,019	7,115,509
	30,060,589	30,878,403

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014

1.6 Segment depreciation and amortisation

	For the six months ended 30 June 2014 US$	**For the six months ended 30 June 2013 US$**
Former Soviet Union	394,493	264,900
Central Eastern Europe	523,691	475,288
Western Europe	39,748	54,029
Middle East & Africa	160,859	175,552
Unallocated	366,663	360,570
	1,485,454	1,330,339

1.7 Segment assets

	As at 30 June 2014 US$	**As at 31 December 2013 US$**
Former Soviet Union	176,575,443	278,748,322
Central Eastern Europe	145,283,722	136,434,170
Western Europe	48,258,459	88,810,232
Middle East & Africa	62,594,126	71,725,239
Total	432,711,750	575,717,963
Assets allocated in capital expenditure (1.5)	30,060,589	30,878,403
Other unallocated assets	12,071,089	17,369,969
Consolidated assets	474,843,428	623,966,335

26. Derivative financial liability

	As at 30 June 2014 US$	**As at 31 December 2013 US$**
Derivative financial liabilities carried at fair value through profit or loss		
Foreign currency derivative contracts	263,888	391,798

27. Derivative financial asset

	As at 30 June 2014 US$	**As at 31 December 2013 US$**
Derivative financial assets carried at fair value through profit or loss		
Foreign currency derivative contracts	19,095	42,043

28. Cash and cash equivalents

	As at 30 June 2014 US$	As at 31 December 2013 US$
Cash at bank and in hand	18,347,063	36,776,501
Bank overdrafts (Note 18)	(58,976,017)	(36,286,317)
	(40,628,954)	490,184

The cash at bank and in hand balance includes an amount of US$ 4,699,637 (31 December 2013: US$ 3,103,256) which represents pledged deposits.

29. Goodwill

	As at 30 June 2014 US$	As at 31 December 2013 US$
At 1 January	1,969,009	550,517
Additions (Note 31)	-	1,422,923
Foreign exchange difference on retranslation	(24,138)	(4,431)
At 30 June/ 31 December (note i)	1,944,871	1,969,009

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

	As at 30 June 2014 US$	As at 31 December 2013 US$
ASBIS d.o.o. (BA) (formerly Megatrend D.O.O. Sarajevo)	475,377	481,067
SHARK Computers a.s.	1,469,494	1,487,942
	1,944,871	1,969,009

30. Transactions and balances of key management

	For the six months ended 30 June 2014 US$	For the six months ended 30 June 2013 US$
Directors' remuneration - executive (Note 7)	241,219	493,105
Directors' remuneration - non executive (Note 7)	22,346	22,944
	263,565	516,049

	As at 30 June 2014 US$	As at 31 December 2013 US$
Amount due to directors – executive (Note 23)	365,419	481,506

31. Business combinations

1. Acquisitions

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

During the year, the group has 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. Acquisition of remaining shares of joint venture to 31 December 2013

During the year, the group has 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 29) 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%

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:

	As at 30 June 2014 US$	As at 31 December 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 (Note 29)	-	(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

2. Disposals of subsidiaries

2.1. Disposals to 30 June 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%

2.2. 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. Significant events and transactions

All significant events and transactions that are required to be disclosed in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", have been included in the current set of interim condensed consolidated financial statements.

33. Events after the reporting period

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